



## Introduction

*This Report, **Decent work in Asia**, is presented to the Thirteenth Asian Regional Meeting as a basis for a focused debate, leading to conclusions that will guide the Office in its future programming and action in the region. Thematically, it is organized around the four strategic objectives defined in the ILO's Programme and Budget proposals for 2000-01, highlighting illustrative actions aimed at addressing some of the major issues within these sectors from a regional perspective.*

*A full list of ILO activities in the region since the Twelfth Asian Regional Meeting in 1997 is contained in a separate annex, which will be distributed at the Meeting.*

The Asian financial crisis which overshadowed the last ILO Asian Regional Meeting exposed – more dramatically than at any other juncture in recent times – the political, social and economic risks which accompany globalization. The process of recovery which is continuing with varying speeds and intensities has led to a number of changes in policies, institutions and attitudes. There is much to understand and learn from how the countries affected have absorbed and adjusted to the effects of the crisis and how they envisage managing the transitions under way and still to come.

Since the last Asian Regional Meeting, held in 1997, there have been many changes both in the region and in the ILO. Two years ago, the ILO developed a new programme built around the goal of decent work. It is the unifying theme which brings together fundamental principles and rights at work, employment, social protection and social dialogue in an integrated and cohesive manner. Decent work expresses the aspirations of people all over the world and provides a universal development goal for social inclusion and poverty reduction. The conceptual foundations for decent work have been laid, and reiterated in the Director-General's Report to the 89th Session of the International Labour Conference (2001). The task at hand is now to determine the status of decent work in the region, to identify where decent work deficits exist and why, and move towards reducing them.

This Report documents wide differences in Asia in respect of fundamental principles and rights at work, employment, social protection and social dialogue. As a consequence, the decent work goals and the programmes to achieve them will vary in content and thrust depending on the situation prevailing in each country. While integrating in a cohesive manner all four strategic objectives of the ILO, they need to reflect the specific development priorities and possibilities in each case.

The Asian financial crisis which, in the second half of the 1990s, severely damaged the economic and social fabric in a number of countries also sparked a renewed and region-wide discussion on the protection of workers, especially in times of economic downturns. It brought to the fore the need for policies integrating social and economic concerns, for rights-based development, for employment, social dialogue and social protection.

Furthermore, Asia still houses the vast number of the world's poor, who toil, to a very large extent, in the unrecorded, informal economy. This poses a special challenge to the decent work agenda. Most policies, practices and rules of the formal economy are ineffective, totally or partially, in the informal economy. However, it is there where abject poverty reigns. Many countries in the region have made poverty alleviation a major policy goal. But the common reality persists where poverty frequently translates into social exclusion, and where often working children and women bear the brunt of the hazards of the labour market with little public support.

In 1998, the ILO adopted the Declaration on Fundamental Principles and Rights at Work which obliges all member States to promote and to realize its core values concerning freedom of association, the elimination of forced and compulsory labour, the effective abolition of child labour and the elimination of discrimination in employment. It is aimed at ensuring that nobody falls below the floor constituted by the fundamental rights and principles at work.

It is encouraging that there has been a significant increase in the ratifications of the fundamental Conventions under the Declaration. There are now three countries in the region (Cambodia, Indonesia and Papua New Guinea) which have ratified all eight fundamental Conventions. In many, six or seven of these Conventions have been ratified. Nevertheless, in several Asian countries serious problems still persist in the application and implementation of fundamental Conventions. In certain countries the very principles of freedom of association are not yet recognized; in others their application is uneven.

Child labour is still a major problem in Asia, in particular in South Asia. An unacceptably high number of children still toil under extremely dangerous conditions for meagre wages while they should be at school. They need to be rehabilitated on a priority basis, in accordance with the Worst Forms of Child Labour Convention, 1999 (No. 182). This Convention has been ratified by a considerable number of Asian countries which provides the platform for expanding technical assistance in this field. A recent development, globally, has been for countries (e.g. Nepal) to adopt time-bound programmes to eradicate, within a determined time frame, child labour in certain sectors, regions or nationwide.

While there are instances of forced labour practice in parts of the region, the most severe case is that of Myanmar. In May this year, an understanding was reached with the Government of Myanmar for an objective assessment of the implementation and impact of measures reported by Myanmar to eliminate forced labour, to be carried out by a high-level ILO mission. The results of this assessment will be presented to the Governing Body in November.

There has certainly been progress in the fight against various forms of discrimination in employment in a number of Asian countries, but much still remains to be done to eliminate all forms of discrimination, especially on the basis of gender. This is evident in the Arab region as well as in Asia and the Pacific, where discrimination widely results in exclusion or poverty. Equal treatment in the labour market is an important dimension of policies to reduce poverty.

Basic rights are an essential part of the decent work agenda, but they cannot be effectively realized if there is no work. To achieve the primary goal of ensuring that all women and men have opportunities for decent work, in conditions of freedom, equity, security and human dignity, means pursuing full employment. It is a goal enshrined in the Copenhagen Declaration adopted at the World Summit for Social Development in 1995.

Economic growth is important for employment creation, but does not automatically produce decent jobs. That requires political commitment to implement appropriately designed policies, based on sound labour market information. It calls for training and skills development and fostering the growth of enterprises. It also means taking into account factors such as migration for employment – a notable characteristic of the region. It means macroeconomic policies to guard against economic shocks such as the recent Asian financial crisis, and their catastrophic impact on employment and poverty. At the same time, globalization and rapid technological change are trans-

forming the world of work. Achieving decent work for all means coming to grips with both, preparing to seize and share the opportunities they present, while minimizing the risks.

A decent job provides income, security and dignity – most importantly for the millions trapped in poverty. The ILO is collaborating with the World Bank and the International Monetary Fund (IMF) in their country-owned poverty reduction strategies, putting the fight against poverty at the heart of the assistance to low-income countries. Three of the seven countries that will be part of the programme are in Asia (Cambodia, Nepal and Pakistan) – and the ILO’s decent work agenda brings an important perspective to this effort. In particular, the ILO’s constituents have an important role to play in mapping out priorities, and the decent work agenda provides a framework for addressing the economic and social goals together.

In Asia, those receiving the poorest returns for their work are very often in rural areas and in the informal economy, which constitute the large majority of the workforce in many countries. Despite the absence of adequate employment opportunities, many simply cannot afford not to work. Instead, they toil long hours for any return they can obtain. Other workers suffer from time-related underemployment, in the sense that they cannot work enough hours to earn the income they need, a problem which is widespread in Sri Lanka and Pakistan, for example. Young people are particularly vulnerable to underemployment. In Viet Nam, 48 per cent of those aged 15-24 were underemployed in 1999. In Thailand, during the Asian financial crisis, open unemployment rates rose more in urban areas than in rural. Poor workers suffered the most. Wages fell further in rural areas than urban, and young workers were hit harder than adults. In this midst of the crisis, underemployment rates in Thailand rose to 60 per cent, as employers resorted to labour hoarding – keeping workers on, but reducing hours and rates of pay – often in a bid to avoid making the severance payments required by law.

Gaps in labour market information compound the difficulty of producing clear assessments of the situation – and tailoring policies to fit people’s needs. These shortcomings were thrown into sharp relief by the Asian financial crisis. Efforts to analyse the causes of the crisis and to reach target groups for assistance were often handicapped by the lack of data. Across Asia, interviewers and respondents in surveys often incorrectly define “work” as activities that produce an income in cash or in kind, making much of the work carried out by women virtually invisible.

On the supply side, for people to fill available jobs, government policies need to deal with training and retraining, guidance and counselling, job placement and labour mobility. On the demand side, these policies range through national job creation and public works schemes, subsidizing wage employment, promoting self-employment, supporting small enterprises in particular, promoting the private sector and encouraging community development through local initiatives.

To acquire decent work requires possessing the right skills. In today's globalizing world, human resource development plays a critical part in determining economic success. Rapid technological change means the training and knowledge required can change from month to month. Unskilled youth lead to high levels of youth unemployment and underemployment. Eighty per cent of the near 70 million youth seeking jobs worldwide are from developing and transition economies, many of them in Asia. Women often face discrimination in terms of their access to education, training and employment. The poor, together with other vulnerable groups, are also likely to be excluded from training – even though their needs are the greatest.

Government-funded, designed and implemented training programmes alone cannot cope with the problem. Instead, governments are helping employers' and workers' organizations forge cooperative approaches, along with the information and the systems to match training with the labour market's needs. The way training is delivered is also changing. It is now becoming more obvious that on-the-job training, backed up with face-to-face teaching, is the most efficient method of imparting skills. Firmly established in Japan, the Republic of Korea and Singapore, this enterprise-based approach is also increasingly used in Malaysia. The ILO's community-based training approach helps promote training and self-employment opportunities among poor communities, especially in rural areas and in the informal sector. Other innovative pathways to acquire the skills for available jobs include special mentoring programmes, electronic labour exchanges and on-line job markets, and creative opportunities using information communication technology (ICT) – besides the more traditional schemes.

Links with the informal economy will help meet the challenge of the growing numbers moving there in the wake of restructuring and transition. The informal economy can mean mere survival – but there are also modern and dynamic segments, generating growth, jobs and higher incomes. An ILO pilot programme working with a cluster of micro- and small enterprises making brassware in Maradabad, India,

is one example. The businesses, based on traditional artisan skills, are becoming exporters.

In Asia, the massive movements of people within and beyond the region must be taken into account at every level of policy planning. Irregular migration is a major issue, together with the trafficking of women and children, managing migration flows and protecting migrant workers' basic rights. Despite the important role they play, receiving countries rarely acknowledge the positive contributions made by migrant workers. Instead, with few exceptions, in Asia, migrant workers are regarded as strictly temporary workers with no rights of residence, even if they have worked for many years in the host countries. The Asian financial crisis clearly highlighted this issue. Major labour-receiving countries announced plans for massive deportation of irregular workers, and for non-renewal of contracts for regular workers. And yet, actual repatriations were lower than expected, with local unemployed workers reluctant to take on the low-wage jobs their foreign counterparts had left.

Getting macroeconomic policy right is essential for sustainable employment creation. The macroeconomic environment should provide opportunities for enterprise development, including the complementary public policies for skill development and infrastructure, and offer a stable medium-term framework for investment, in particular providing protection from volatile speculative capital flows. It should take into account social as well as financial targets, so that employment becomes not merely a by-product of economic and financial policies, but one of the criteria by which those policies are judged. It should therefore aim to provide incentives which stimulate employment creation by enterprises. This in turn means supporting the development of comparative advantage in the global economy, taking advantage of technological and market opportunities, and designing policies for public expenditure and investment accordingly.

As part of creating decent jobs with respect for rights at work, there is the need to provide adequate social protection for all working people. Countries in the region have turned much of their attention towards this need, that has become even more pronounced in the wake of the Asian financial crisis. There has emerged a general recognition amongst policy-makers in Asian countries that economic progress alone does not result in balanced development. As the 1990s witnessed rapid economic growth in most of the region, governments and industry often stressed the necessity for greater productivity and competitiveness as well as for reduced public expenditure. But economic growth was not matched with equitable

improvements in conditions of work, occupational health and safety and social security. What people want from development is not just rising average income but greater security and protection. Enterprises too, increasingly find that a secure and protected workforce is more productive. Coherent social and economic policies can improve workers' health, safety, conditions of work and incomes, while achieving increases in productivity and competitiveness. Social protection is the appropriate means to achieve these ends, both to strengthen the social fabric of societies over the long term and to provide adequate support in situations such as accidents, illness, deprivation and natural disasters.

The ILO encourages the adoption of appropriate legislation and national standards, accompanied by effective inspection and implementation of occupational safety and health (OSH) management systems. This is particularly relevant as technological development has a direct impact on working conditions and the safety and health of people at work. Agriculture is a particularly hazardous sector of activity and, given the importance of the sector in most countries of the region, it needs greater attention. Rural occupational safety and health needs to be systematically integrated into the strategy for rural development. And, because most employment is found in small enterprises, they should be a particular target for: the promotion of safety; the reduction of health hazards at work; and the improvement of working conditions.

Since the last Asian Regional Meeting, seven countries have issued legislation or national standards on the implementation of OSH management systems at the enterprise level, while many others carried out policy reviews and started to develop legislation on the basis of ILO Conventions. An increasing number of countries have ratified ILO Conventions on occupational safety and health and the OSH information service in the Asia-Pacific region has benefited from the Finnish-funded regional project on OSH. Capacity building has been undertaken through intensive training and raising levels of awareness.

Governments are also faced with the growing need for more social security, social assistance and health support as the needs of the majority still remain unmet. Most countries of the region allocate less than 10 per cent of their GDP to social expenditures, including health and other social security and social assistance benefits. By international standards this is relatively low. As many countries of the region are still at the stage of introducing social insurance and relying on very limited portfolios of social welfare programmes, it is important

to ensure that the approaches which are adopted as adequate extend social protection to those in need. The general discussion at the 89th Session of the International Labour Conference emphasized the necessity for a stronger role of public-financed social assistance to reduce poverty amongst the most vulnerable groups of society. Appropriate solutions must be found which respect traditional patterns and develop community-level solidarity.

Since 1997, there has been a growing understanding of the inter-relationships between well-designed and self-financed social security and social assistance schemes, and enhancing productivity, contributing to harmonious labour relations, meeting enterprise delivery commitments, improving the investment climate and stimulating political stability and employment. A number of countries, such as the Republic of Korea and Thailand, recognize the importance of balanced social and economic development through comprehensive policies on social security aimed at universal coverage. Transition economies, such as the People's Republic of China, the Lao People's Democratic Republic and Viet Nam are facing the daunting task of restructuring their public enterprises, seriously straining the existing statutory social security systems or establishing new forms of insurance. At the same time, pressure from the populations in the rural and informal sectors is growing as the extended family concept is challenged and societies are rapidly ageing. The challenges are immense in terms of policy-making; of the capacities of local and national administration to manage and coordinate their efforts; and of the mobilization of national resources.

Serious concern has emerged amongst countries of the region over the rapidly spreading risk of HIV/AIDS, especially its effects on the working population. The ILO is responding through targeted activities focusing on interventions at the workplace in many countries of the region.

The Asian financial crisis underscored the fact that, with globalization, enhanced social dialogue is undoubtedly essential for reducing the decent work deficit. Policies and decisions that affect people's lives must be made through a broad-based participatory process. Decent work, with recognition of rights at work and adequate social protection, also means full participatory democracy.

However, social dialogue is far from being fully realized in the region. In a number of countries, freedom of association is still not fully guaranteed and, in several others, trade union density has decreased, while industrial relations institutions have weakened. In some enterprises, outmoded, hierarchical practices tend to breed a

confrontational culture that in the long run is unproductive for both enterprises and workers. In addition to these, social dialogue has been undermined by a number of recent developments that have tended to favour individual over collective action. More flexible types of employment, for example, have widened disparities between the skilled and the unskilled, between the formal and informal economies. At the same time, many enterprises have dismantled structures that underpinned traditional industrial relations systems, moving away from collective bargaining.

But there are also positive developments in the region. Social partners have renewed their efforts to build sound institutions with a growing recognition of the importance of social dialogue in the formulation of social and economic policies. In efforts to cope with the Asian financial crisis, social dialogue involving the tripartite constituents gained new or renewed acceptance. Democratization, in particular, has helped the resurgence of social dialogue in a number of countries. Intensifying competition has led social partners in the region to put more emphasis on building sound labour management relations at the workplace. Economic reforms in transition economies have led, though often with a significant time lag, to reforms of labour market institutions and strengthening democracy at the workplace. These developments have indicated that social dialogue is a necessary element to meet the complex challenges of building economic competitiveness and social equity. While the Asian financial crisis brought economic and social havoc on millions of working people and their families, it also brought awareness of the need for a more participatory approach in addressing social and economic concerns as, for instance, in the Republic of Korea and Indonesia.

Social dialogue should be available not only to workers in the formal sector, but also to the more vulnerable in the informal workforce, in order to reduce social and economic exclusion. Globalization has spawned new forms of work organization, altered established employment relations and, in some cases, weakened the traditional structure and role of the trade unions. Workers in the informal economy, the self-employed, part-time workers and home-based workers, usually fall outside the traditional channels of representation. There is a need for social dialogue to play a role in these forms of work arrangements, too. There are already signs, particularly in South Asia, that new forms of organization of informal workers, and particularly women, can successfully give them voice and promote their interests.

The plethora of trade unions in some countries has especially weakened the representative capacity of trade unions in the social di-

alogue process. Employers' organizations in the region mainly tend to represent the large and medium-sized enterprises but – as elsewhere – less so the interests of employers in the small and micro-enterprises. Ministries of labour generally do not have the financial and human resources needed to carry out their multiple responsibilities. As a result, even where formal tripartite structures have been established, their impact may be weak. As most important decisions on economic and social policy are taken by the ministries of finance and planning, or the office of the president or prime minister, tripartite bodies under the ministry of labour can only play a limited role. Not only is it critically important to augment the capacity of the ministries of labour, it is equally important for them to have the right status to engage in purposeful dialogue with the core policy-making sections of government, as well as to draw the social partners into the decision-making process.

Strengthening the capacities of the social partners to engage in social dialogue at all levels – workplace, enterprise or industry and national levels – is a challenge in many countries of Asia. Bipartite social dialogue, both at industry and national levels, a phenomenon which is now being more frequently resorted to in some countries, is another challenge for the social partners.

In Asia, the fight against poverty occasions hope and despair. Home to most of the world's poor, a daunting 700 million people, the region was the only part of the world to register a decline in poverty over the past decade – of 140 million in the East Asia and Pacific subregion. And yet, over the same period, the number of people in poverty in South Asia increased by 50 million.

Decent work can make the difference. High growth in East Asia has generated substantial growth in employment, with rising real incomes, improving conditions of work and progress in a number of countries towards stronger institutions for voice and representation. Here lies an essential ingredient of success in reducing poverty. Before the crisis, some countries, such as the Republic of Korea, Malaysia and Thailand had achieved near full employment, while larger countries, such as Indonesia, had reduced unemployment and underemployment significantly. As the financial crisis showed, there were weaknesses with respect to social protection and social dialogue, and in the recovery from the crisis it will be important to build the institutions which can tackle these dimensions of the decent work agenda, too, and indeed there are steps under way to do so in several countries of the region.

In South Asia, a different picture emerges. Countries have not in general been able to lower unemployment or underemployment rates and the majority of workers continue to eke out a living in low value-added, low-income activities in the urban or rural informal economy. Labour force participation rates and education enrolment levels for women are also low, in both South Asia and in the Arab States, representing a similar loss of potential.

Action is needed in all parts of the region to tackle decent work deficits – which exist to varying degrees in most countries and are even growing. These deficits are often associated with non-standard forms of employment: daily and casual work, self-employment, own-account and contributing family work. These diverse forms of work are significantly entrenched and even on the increase in the high-growth economies of East Asia; they are predominant in the low-income economies of South Asia; they are beginning to emerge in the transition economies, and are apparent in the Arab States as well. Promoting decent work needs to take this diversity into account through legal frameworks and institutions which can handle the needs of workers in these diverse situations and which ensure respect for rights at work.

The Asian crisis has also brought calls from some quarters for a completely flexible, unregulated labour market. The decent work agenda offers a much more attractive alternative – one whose progress is shared and spread on the basis of participation, security and integration.

While there is an initial cost associated with building the framework required for decent work – providing security of tenure, social protection systems, skills training and safe working conditions, combined with respect for rights and having a voice in the process – this also contributes to gains in productivity that bring medium- and long-term rewards. Decent work has an economic dividend. The ILO has long advocated and developed programmes that have a significant impact on productivity – including training for workers and management; better matches of skills and demand; better labour market information systems; providing access to capital and helping boost self-employment and cooperation in small and medium-sized enterprises. The decent work agenda reinforces the case.

It is an important aspect of the decent work agenda that the different objectives which make up this agenda need to be considered together – employment, rights, protection and dialogue. Progress in one dimension supports progress in others, so that employment creation is essential for effective social protection, while basic rights and

social dialogue provide a sound social base for employment creation and so contribute to just and sustainable development. It is a package which responds to the integrated vision that people have of their own lives. An integrated approach is already an important feature of the work of the ILO, reflected for instance in the Country Employment Policy Reviews (CEPRs) carried out by the ILO and national tripartite constituents, in Nepal, Pakistan and Thailand. The Thailand CEPR, for example, takes a broad approach and offers an example of how the ILO's decent work agenda might be put into practice in the region. This is now being taken forward with a pilot programme on decent work in the Philippines which tackles all aspects of the decent work deficit together. Another such programme is planned in Bangladesh. On the basis of these and other pilot exercises elsewhere, a more systematic framework is being developed, which will help governments, employers and workers in each of the countries in the region to map out practical programmes to promote progress towards decent work on the basis of the priorities, possibilities and development goals of each country concerned.

Three agents of change can reinforce the decent work agenda and reduce the decent work deficit. The first is the State which needs to strengthen its capacity to discharge its responsibility, while working closely with the social partners. The second is public opinion and public awareness of the importance of social change. The third is the international development community which must recognize and promote employment goals and rights at work in global development policies and programmes.

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This Report presents an account of some of the major issues and challenges faced in the Asian region, in particular those which have emerged in the context of globalization as well as those arising from structural problems of growth and adjustment.

The Asian region is noted for its diversity. Poverty continues to plague countries of South Asia and the poorest countries among the Arab States. The Asian financial crisis set back the gains made in several countries in combating poverty, especially in South and South-East Asia. Even the transition economies, the small islands of the Pacific, the Gulf countries and the industrialized economies have suffered as a result of the overall slowdown in growth. A major impact across much of the region has been growing unemployment and underemployment and changing labour market patterns. Limited, reduced or non-existent social protection continues to seriously affect

the social and economic security of workers and their families. While there is a greater awareness than hitherto of basic workers' rights, their recognition and application have been uneven.

This Report indicates some of the ways the ILO's work has attempted to address these and other issues, in each of the four dimensions of the decent work agenda – fundamental principles and rights at work, employment, social protection and social dialogue. But, to adequately address the decent work deficits in the region, it is not enough to tackle each of these dimensions separately – an integrated approach is needed. This was the message of the Director-General's Report to the International Labour Conference in June this year: *Reducing the decent work deficit: A global challenge*. Employment and job creation are central but they must go hand in hand with a safe and healthy working environment, with social and economic security, with representation and a voice in decisions that affect one's work and life, and with rights at work respected.

This points to the need to work in partnership, among the tripartite constituents of the ILO and with others, to make this aspiration a reality, through an agenda to which all can subscribe. We must deepen our understanding of the ways in which progress can be made towards decent work, responding to the diverse needs, priorities and possibilities in each national setting. The ILO stands ready to support tripartite dialogue to develop practical approaches that can build decent work goals into the diverse development patterns of Asia.

