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Labour market inventory

ASEAN 2010-15

Labour market policy
in an age of increasing
economic integration

Training

Occupational
safety and health

Benefits,
allowances
and leave

Anti-discrimination

Collective
bargaining

Migration

Labour Market Inventory

ASEAN 2010–15:

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International Labour Office - Geneva

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Executive summary

The history of the Association of Southeast Asian Nations (ASEAN) has been one of economic progress and success.

The growth of ASEAN into one of the largest economies in the world has been driven by an increase in trade flows and economic integration among its Member States. This economic progress has been paralleled by an impressive increase in living standards, with the share of the ASEAN population living below the international poverty line falling from close to 20 per cent in 2000 to 6 per cent in 2015.

The recent focus of ASEAN on social issues has been paralleled by stronger labour market policy action at the country level.

In recent years ASEAN documents have placed greater emphasis on socio-economic issues. According to the Labour Market Inventory II database developed for this project, this has been paralleled by stronger policy action at the country level. For instance, the signing of the ASEAN Declaration on Strengthening Social Protection in 2013 coincided with a period of more vigorous policy action by ASEAN countries in the area of social protection between 2013 and 2015. The adoption of the Bandar Seri Begawan Declaration on Youth Entrepreneurship and Employment, in 2013, was also followed by an increase in the number of policies that focused on youth employment, particularly through active labour market policies. These trends show that ASEAN can play a fundamental role in guiding labour market policy among Member States as they strive to extend access to decent work and social justice to all.

Policy-makers invested significant effort in addressing some of the decent work challenges in the region between 2010 and 2015.

The Labour Market Inventory II database identifies over 500 labour market policies implemented by ASEAN Member States and ten of their main trading partners between 2010 and 2015.

Close to 75 per cent of the policies benefited workers, either by enhancing their rights or by increasing the support offered to the unemployed. At the same time, almost 30 per cent of the policies led to an increase in public expenditure. This indicates that labour market policies in most countries were not significantly constrained by budgetary limitations. Finally, there was significant heterogeneity in the number of policies implemented in different countries, as well as in different areas of intervention.

Social protection schemes still struggle to cover most of the population in ASEAN, despite significant policy efforts by some countries.

Only 12 per cent of the policies in ASEAN countries identified in the Labour Market Inventory II database were dedicated to social protection. This illustrates the challenge of shoring up social protection in a region where only roughly one in every five workers is covered by at least one social protection benefit. That being said, some countries undertook important measures to improve their social protection systems.

Fundamental new social protection laws were introduced in countries such as the Lao People's Democratic Republic and Myanmar. ASEAN Member States also devoted considerable policy efforts to improving parental benefits in the form of paid parental leave, assistance with child care and other entitlements. Significant steps were taken by Viet Nam to improve the effectiveness and coverage of its unemployment insurance scheme.

Innovative social protection programmes have contributed to increasing social protection coverage.

Viet Nam's unemployment insurance system integrates both passive and active components. In 2017, it covered over 20 per cent of workers in the labour market. However, and despite continuous efforts by policy-makers to improve the institutional framework of the scheme, these numbers are still behind the originally established targets.

Close to all of the jobseekers receiving unemployment allowances surveyed in Viet Nam also received job counselling. However, in those cases where job counselling led to a job offer, such offers were mostly rejected by jobseekers. The survey data suggest that the vocational training component of the unemployment insurance scheme was well designed, while the on-the-job training component failed to attract any participants owing to very stringent eligibility criteria.

The Village Fund programme in Indonesia focused on alleviating poverty by increasing the autonomy of the villages and the financial resources at their disposal. The programme achieved positive impacts in terms of (temporary) job creation. This, as well as the fact that the investment decisions taken by village communities focused on infrastructure development, contributed significantly to poverty alleviation, too.

Active labour market policies in ASEAN have followed a more integrated approach in recent years.

The main objective of active labour market policies (ALMPs) is to match jobseekers with vacancies, train and retrain people, and create jobs for vulnerable groups either through public employment or subsidies for the private sector (Auer, Efendioğlu and Leschke,

2008). In ASEAN, there was a notable trend towards a more integrated approach over the period, with several countries implementing policies that addressed job search assistance and skills development within the same legislative framework. Most of the policies in this area involved either the creation of new training programmes or the enhancement of existing ones. In fact, training was the most popular category of labour market intervention according to the Labour Market Inventory II database, highlighting the focus that skills development has received from policy-makers.

In addition, employment subsidies introduced during the period focused mostly on small and medium-sized enterprises – an important outcome in a region where such businesses account for over 90 per cent of total employment in some countries.

The increase in the number of ALMPs executed by ASEAN Member States after 2012 coincided with the signing of the Bandar Seri Begawan Declaration on Youth Entrepreneurship and Employment in 2013. This is another example that highlights the important role that ASEAN can play in shaping and influencing national-level labour market policy.

There is still considerable room for improvement in the areas of social dialogue and minimum wage in many ASEAN Member States.

Some of the countries in the sample implemented policies that led to major changes in how collective bargaining functions, while others focused on improving labour dispute resolution mechanisms and institutions. There were promising initiatives regarding freedom of association and the right to organize in countries such as Malaysia and Cambodia, although it is too early to review the impact of the changes on the ground.

The most significant development in the region during this period with regard to minimum wage legislation was the introduction of a national minimum wage in Malaysia in 2013 and Myanmar in 2015.

Regulations in areas such as occupational safety and health or discrimination at work were significantly improved.

Some ASEAN countries implemented far-reaching multiannual plans to reduce discrimination in the labour market between 2010 and 2015, with a particular focus on gender-based discrimination. This was an important step towards guaranteeing equal access to decent work for women and men.

Occupational safety and health (OSH) was an area of significant focus for policy-makers, representing the category with the second largest number of policies implemented during the period according to the Labour Market Inventory II database (12 per cent of all policies).

Despite the considerable progress achieved in many areas, significant policy gaps still remain.

Workers more vulnerable to exploitation, such as migrants, members of national minorities and informal workers, were the target of a very small share of the policies included in the Labour Market Inventory II database.

With respect to social dialogue, there is still room for improvement regarding how effectively the rights of workers to organize and their right of freedom of association are upheld in some countries included in the sample.

In areas such as migration, evidence of greater attention by policy-makers has emerged in more recent years, as underlined by the signing of the ASEAN Consensus on the Protection and Promotion of the Rights of Migrant Workers in 2017.

Policies dedicated to improving occupational safety and health may also fail to achieve their full impact owing to the small number of policies designed to strengthen labour inspection mechanisms, since labour inspections are essential to ensure compliance with OSH standards.

Finally, informality, despite being so widespread in the region, was mentioned in only one of the over 500 policies identified by the Labour Market Inventory II database. This may significantly limit the beneficial effects of any labour market policies implemented, since these for the most part apply only to formal employment arrangements.

Introduction

The story of the Association of Southeast Asian Nations (ASEAN) is one of economic progress and success, demonstrating how an increase in trade flows and economic integration can benefit a whole group of countries. By 2015, the ASEAN region had the third largest economy in Asia; its combined gross domestic product (GDP) almost doubled between 2007 and 2015.

From five founding Member States in 1967 to ten Member States at present, ASEAN has expanded substantially, with the region as a whole ranking as the seventh largest economy in the world by 2015. This remarkable progress has been marked by several milestones, such as the conclusion of the Agreement on ASEAN Preferential Trading Arrangements (1977), the launching of the ASEAN Free Trade Area (1993) and the entry into force of the ASEAN Charter (2008). As the community has grown and evolved, so have its collective goals. Accordingly, the Heads of State and Government of ASEAN Member States agreed, at the 12th ASEAN Summit in January 2007, “to hasten the establishment of the ASEAN Economic Community by 2015 and to transform ASEAN into a region with free movement of goods, services, investment, skilled labour, and freer flow of capital”.

Although the above-mentioned instruments and mechanisms have been pivotal in setting the development path for the region, they focused initially on issues such as trade liberalization, regional integration and economic growth, and included only very few references to the world of work. In recent years, however, ASEAN has placed a greater emphasis on socio-economic issues, as evidenced by the ratification of documents such as the ASEAN Declaration on the Protection and Promotion of the Rights of Migrant Workers (adopted in 2007), the ASEAN Declaration on Strengthening Social Protection (2013) and the Bandar Seri Begawan Declaration on Youth Entrepreneurship and Employment (also adopted in 2013). This reflects the acknowledgement by ASEAN Member States of the strong relationship between economic performance and labour market developments.

In addition to economic growth, labour market policies also contribute to increasing living standards by: (a) improving job matching (i.e. the match between the skills of workers looking for a job and the actual vacancies that are available); (b) increasing labour productivity, notably through training; and (c) improving equity, for example by providing job opportunities for vulnerable groups of workers.

How has the alignment of policy priorities invoked in the various declarations mentioned above translated into national-level labour market policies? Which areas have been the focus of ASEAN Member States in recent years? And what gaps still remain in terms of

labour market policies in the quest to ensure decent work and livelihoods for all? These are some of the questions that this report will seek to answer.

In order to do so, the report analyses the labour market policies implemented by all ASEAN Member States between 2010 and 2015. To put these policies into perspective and determine whether they are specific to ASEAN Member States, the report also considers ten of the bloc's main trading partners. The non-ASEAN group contains countries of various sizes and at different stages of economic development, thus providing valuable reference and comparison points for the trends observed in ASEAN countries.

The report builds on the information gathered from three of the main outputs of the Labour Market Inventory project, namely:

- The Labour Market Inventory II database – a comprehensive qualitative database spanning six years (2010–15) and covering 20 countries and over 500 policies;
- Detailed employment projections for the next five to ten years for Indonesia and Viet Nam at the sectoral and occupational level;
- The evaluation of two specific social protection programmes that were recently introduced: the unemployment insurance scheme in Viet Nam and the “Village Fund” programme in Indonesia.

The latter two outputs with their focus on Indonesia and Viet Nam give additional depth to the analysis – a depth that could not be attained for all 20 countries or the more than 500 policies identified in the inventory.

Where relevant, the report also makes use of data from sources such as the ILOSTAT database or the United Nations Department of Economic and Social Affairs (UNDESA) data on migration, as well as from various publications, which help to complement and contextualize the analysis provided in the report.

The report highlights the significant efforts undertaken by policy-makers in ASEAN Member States to improve access to decent work for workers in their labour markets between 2010 and 2015. Furthermore, ASEAN-level initiatives and declarations were matched by stronger policy action at the national level, too. There is still, however, significant heterogeneity across countries, with some implementing a large number of policy measures during the given period, while others were much less active in that respect.

The intensity of labour market interventions also differs across policy areas. For instance, it was found that considerable efforts were taken to promote occupational safety and health, to develop the skills level of the labour force, to protect the rights of disadvantaged workers (including women and migrants), and to improve access to social protection. Some other areas, however, did not receive the same level of attention from

policy-makers. In particular, issues such as non-standard employment and informality were barely addressed during the period of analysis. This gives cause for concern, since ASEAN countries have high rates of informal employment and most of the policies implemented during the given period cover only workers operating under formal employment arrangements.

Overall, significant progress has been made in many ASEAN countries in terms of labour market policy between 2010 and 2015. However, there is still a long way to go before universal access to decent work and social protection can be achieved in the ASEAN region, and thus more vigorous policy action – inspired, where appropriate, by ASEAN-level initiatives and declarations – is strongly encouraged.

Given the varying nature of policies included in the inventory, the report analyses the most popular areas in separate chapters. The structure of the report is as follows: Chapter 1 gives a brief history of ASEAN and presents the macroeconomic outlook for the region, including broad trends related to the labour market and decent work; Chapter 2 looks at the main patterns that emerge from the Labour Market Inventory II database; Chapter 3 focuses on social protection; Chapter 4 deals with active labour market policies; Chapter 5 covers wages and industrial relations policies; and Chapter 6 focuses on labour market regulation.

1. ASEAN: History and trends

1.1. A brief history of ASEAN

The Association of Southeast Asian Nations (ASEAN) was established in 1967, when the five founding members – Indonesia, Malaysia, the Philippines, Singapore and Thailand – signed the ASEAN Declaration in Bangkok. The declaration contained five operative paragraphs, which proclaimed the establishment of an association for regional cooperation among South-East Asian countries and highlighted the new association's aims and purposes. Broadly, these envisaged cooperation across several dimensions, including, but not limited to, economic, social, cultural and educational fields. Regional peace and stability were also promoted, with the declaration emphasizing the need for adherence to the principles of the Charter of the United Nations. The first enlargement of the community took place in 1984, when Brunei Darussalam joined; this was followed by the accession of Viet Nam in 1995, Myanmar and the Lao People's Democratic Republic in 1997, and, finally, Cambodia in 1999, which brought the membership to the ten ASEAN Member States of today.

The first 30 years of ASEAN were marked by many accomplishments, including regional peace and security, as well as rapid economic growth. With the exception of a few years, the collective gross domestic product (GDP) of ASEAN grew at average annual rates of more than 5 per cent during 1980–95 (World Bank and ILO, 2001). An important driver of this growth was the implementation, by ASEAN Member States, of measures related to economic integration, international trade and investment. In that respect, agreements concluded during this period, such as the ASEAN Free Trade Area agreement (1992) and the ASEAN Framework Agreement on Services (1995), played pivotal roles. The former gathered Member States into a trade bloc, which had the effect of promoting local manufacturing, making the region more competitive on the world market and also increasing inward foreign direct investment flows. The latter agreement, on the other hand, reduced restrictions to trade in services within the region, improving the efficiency and competitiveness of ASEAN service suppliers.

For the most part, these changes also benefited workers. In the 1990s, for instance, real wages increased significantly in all of the ASEAN countries except for the Philippines (World Bank and ILO, 2001). Similarly, vibrant job growth kept unemployment at very low levels in most countries in the region. The composition of employment changed as well, with a pronounced shift of labour out of agriculture into industry and service employment in urban areas. By the late 1990s, at least half of all jobs in the region were to be found in non-agricultural sectors. Meanwhile, the region's labour force also underwent important developments. In particular, education levels rose and female participation rates increased across most countries.

However, after decades of sustained economic growth, South-East and East Asian countries experienced an economic shock of unprecedented dimensions in the latter half of the 1990s. The worst-affected countries faced substantial reductions in real GDP growth. In Thailand, for instance, growth rates tumbled from 6 per cent in 1996 to close to 0 per cent in 1997. Indeed, these steep drops in aggregate output were the result of a financial crisis

that was marked by precipitous currency devaluations and falling equity prices. Thus, in the worst-affected countries equity prices fell by as much as 50 per cent, while over certain periods their currencies depreciated by more than 50 per cent. As to the causes of the Asian financial crisis of 1997–98, many analysts have argued that it was triggered by malfunctioning international capital markets, crony capitalism and ineffective efforts on the part of governments to stabilize markets (Lee, 1999; Akyüz, 2005).

The crisis undoubtedly had serious consequences for workers throughout the region. In particular, it led to dwindling employment, fewer earning opportunities in the formal sector and reduced incomes (World Bank and ILO, 2001). The crisis also revealed the limited capacity of national safety nets and labour market policies to cope with a sudden upsurge in the number of unemployed individuals. Although labour market flexibility in the form of reduced real wages and working hours helped mitigate unemployment to some extent, the phenomenon of underemployment became more widespread. In that regard, the creation of jobs in the service sector did stimulate employment, but a large proportion of these new jobs were informal.

In response to the crisis, governments expanded existing institutions and launched several programmes in an attempt to revive labour markets. These measures included the strengthening of public employment services; active labour market policies in the form of training and retraining programmes; income replacement schemes; and microcredit and credit schemes for small and medium-sized enterprises. While some interventions were more effective than others, public employment services proved particularly useful. In Thailand, for instance, a programme known as “The Candlelight Measure” helped some 25,000 graduates to find employment. Similarly, public employment agencies in Malaysia were praised for their role in helping those most affected by job retrenchment to find new employment. Concurrently with the adoption of appropriate labour market policies, ASEAN countries were able to achieve a V-shaped recovery by using other policy tools. These included the promotion of exports by taking advantage of highly depreciated exchange rates, as well as of the deepening of regional value chains that resulted from China’s accession to the World Trade Organization in 2001 and was subsequently reinforced by Viet Nam’s accession in 2007.

Against the backdrop of the crisis, Member States made further commitments to economic integration. The “ASEAN Vision 2020”, adopted in 1997, called for the transformation of ASEAN into a “stable, prosperous, and highly competitive” region with “equitable economic development and reduced poverty and socio-economic disparities”. This was taken a step further by the Declaration of ASEAN Concord II (2003), in which ASEAN leaders emphasized that the ASEAN Economic Community (AEC) was the “end-goal” of regional economic integration.

These commitments were reaffirmed by the official adoption of the AEC Blueprint in 2007. In particular, Member States agreed to hasten the establishment of the AEC by 2015 and to transform ASEAN into “a region with free movement of goods, services, investment, skilled labour, and freer flow of capital”.

In 2015, the AEC was finally established. To date it has achieved most of its goals, including the elimination of tariffs and the facilitation of trade; making progress on the liberalization of trade in services; the liberalization and facilitation of investment; the streamlining and harmonization of capital market regulatory frameworks and platforms; and the facilitation of skilled labour mobility.

In terms of future directions, the next item on the agenda for the region is the AEC Blueprint 2025, which sets out five interrelated and mutually reinforcing objectives:

- (1) highly integrated and cohesive economy;
- (2) competitive, innovative and dynamic ASEAN;
- (3) enhanced connectivity and sectoral cooperation;
- (4) a resilient, inclusive, people-oriented and people-centred ASEAN; and
- (5) a global ASEAN.

The documents underpinning the establishment of the AEC and its further evolution focus primarily on trade liberalization, regional integration and economic growth within the region. However, they seldom make direct reference to the world of work. For the most part, regional-level labour policy is guided by ASEAN declarations stipulating the general principles and obligations that Member States are expected to adhere to and fulfil across different thematic areas. The labour market aspects addressed by these declarations include:

- (1) migration – ASEAN Declaration on the Protection and Promotion of the Rights of Migrant Workers (2007);
- (2) active labour market policies for youth – Bandar Seri Begawan Declaration on Youth Entrepreneurship and Employment (2013);
- (3) social protection – ASEAN Declaration on Strengthening Social Protection (2013); and
- (4) occupational safety and health – ASEAN Labour Ministers’ Statement on Improving Occupational Safety and Health for Sustainable Economic Growth (2017).

1.2. The economy of the ASEAN region

This section of the report provides an overview of the economic and labour market situation in the countries included in our sample, with a particular focus on ASEAN Member States and their largest trading partners. The sample contains a total of 20 countries

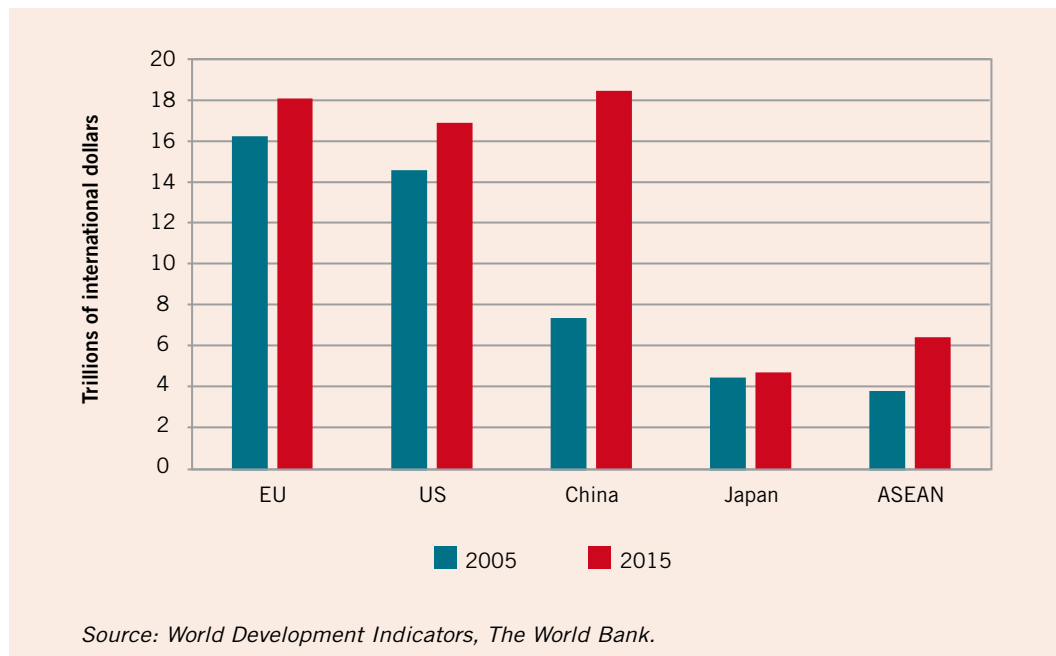
spread across three continents, though mainly in Asia. ASEAN is a major global hub for trade and manufacturing, but the region also constitutes one of the fastest growing consumer markets in the world. While it is true that its Member States are at markedly different stages of economic development, they all share substantial growth potential.

In terms of population, the countries in our sample accounted altogether for over 50 per cent of the global population in 2015. However, there is also considerable heterogeneity within the sample. China, for instance, has a population of around 1.4 billion, whereas the population of Brunei Darussalam is only 0.42 million. The ASEAN community itself has a combined population of 639 million, making it the third largest consumer market in the world (surpassed only by China and India). Moreover, the community's population has grown by over 25 per cent since 2000, and this trend is expected to continue. Indeed, the number of people living in the region is projected to reach 800 million by 2050 (ASEAN Secretariat, 2017a).

Apart from population figures, GDP statistics obtained from the World Bank repository illustrate another interesting aspect of the community's growth.

With a collective GDP of over 6.5 trillion international dollars in 2015 (see figure 1), the region's economic output has expanded by around 68 per cent since 2005. This makes ASEAN not only the third largest economy in Asia but also the fifth largest economy at

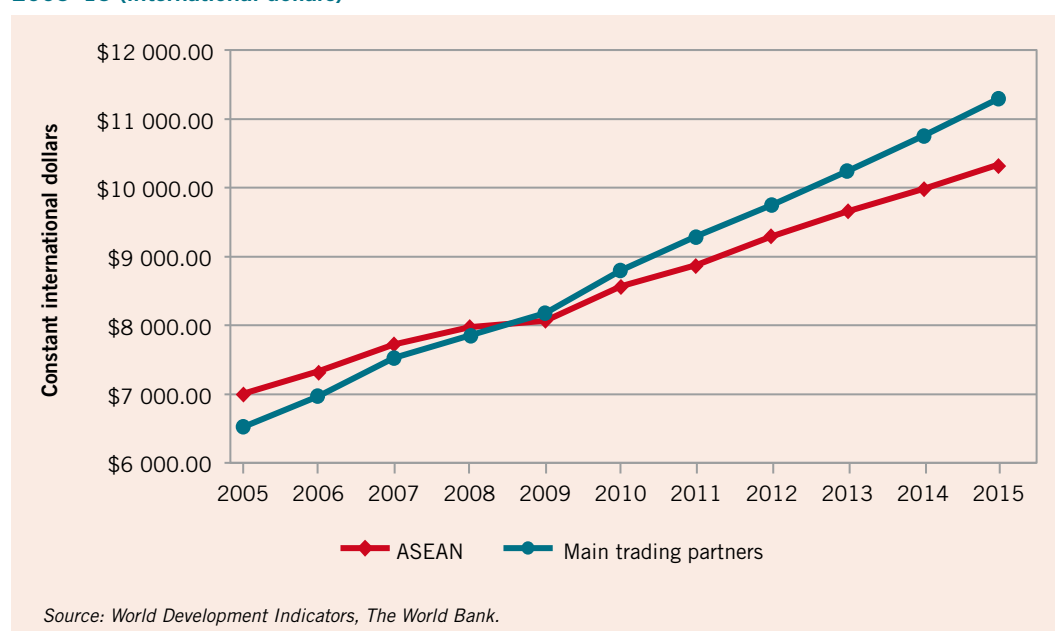
Figure 1. GDP at purchasing power parity (PPP) of the world's largest economies, 2005 and 2015 (constant international dollars)



the global level.¹ Furthermore, the ASEAN region has experienced an average annual real growth rate of 5.3 per cent between 2007 and 2015, consistently outperforming global growth during the same period by nearly 100 per cent. Indeed, the region is projected to capture an even greater slice of the global economy and become the fourth largest in the world by 2050 (ASEAN Secretariat, 2017a).

This rapid growth has led to an improvement in living standards:

Figure 2. GDP per capita (PPP-based) in the ASEAN region and its main trading partners, 2005–15 (international dollars)



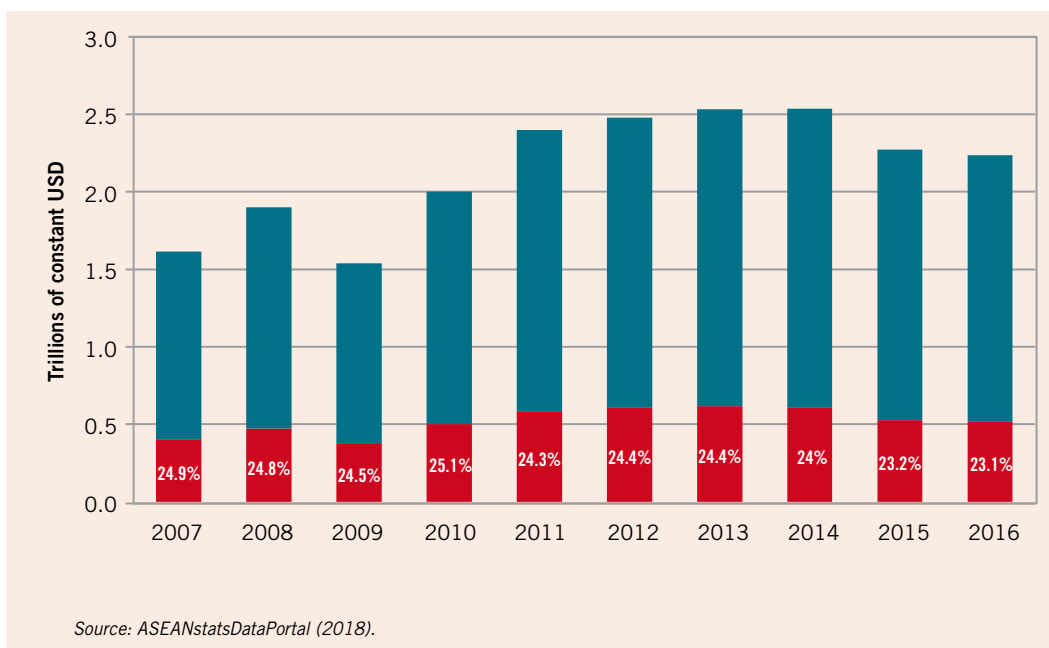
As can be seen in figure 2, GDP per capita in the ASEAN region has increased consistently during the period of analysis, except at the time of the global financial crisis of 2008. In fact, between 2005 and 2015 the average income per person almost doubled. While the region as a whole also enjoyed higher living standards than its main trading partners until the financial crisis, thereafter the two groups have diverged, with ASEAN lagging behind during the rest of the decade. Nonetheless, both GDP growth and a steady rise in living standards are expected to carry on in the future, especially as a result of the expansion of the manufacturing sector. In that regard, the ILO and the Asian Development Bank (2014) estimate that 14 million additional jobs could be generated within ASEAN by 2025.

¹ The ASEAN Secretariat (2015a) uses nominal GDP to compare countries, which results in ASEAN ranking seventh rather than fifth at the global level.

Along with manufacturing, the service sector is an expanding component of GDP that is likely to create further additional jobs in the ASEAN region. In 2013, for instance, an average Member State generated around 45 to 55 per cent of its GDP from services (ASEAN Secretariat, 2015b). As far as employment was concerned, the services sector accounted for the largest share of the workforce (48 per cent), followed by agriculture (32 per cent) and industry (20 per cent).² The share of services is expected to grow in the future, since the region is still undergoing a structural shift towards a service economy (ASEAN Secretariat, 2015b).

The region also boasted remarkable trade growth from 2007 to 2016. With an average annual growth rate of 4.7 per cent, trade in goods increased by US\$700 billion overall during that period, peaking at US\$2.5 trillion in both 2013 and 2014 (see figure 3). Moreover, intra-ASEAN trade has consistently accounted for approximately one quarter of total trade in goods since 2007. The concentration of trade flows within the region means that the main trading partners of each ASEAN Member State are other Member States. In 2016, for instance, intra-ASEAN trade made up 23 per cent of total trade, followed by China (16 per cent), the European Union (EU) (10 per cent), the United States of America (9 per cent) and Japan (9 per cent).

Figure 3. Trade in goods in ASEAN, 2007–16 (US\$ trillion, constant prices)



² Employment shares by sectors were obtained from the ILOSTAT database.

These developments are consistent with the objectives of the ASEAN Trade in Goods Agreement (signed in 2009), which aimed to establish an integrated market and production base by 2015. Looking beyond our period of analysis, we can assert with some confidence that these trends are likely to intensify, especially after the formal establishment of the AEC in 2015, as the ASEAN community makes further strides towards the regional economic integration targets outlined in the AEC Blueprint 2025.

Along with trade in goods, ASEAN has attracted sizeable foreign direct investment (FDI). In 2007 and 2014, FDI inflows stood at US\$85 billion and US\$136 billion, respectively – an increase of 60 per cent during that period. Moreover, ASEAN inflows as a share of global inflows grew from 5 to 11 per cent over the same period. As in the case of trade in goods, most of the FDI inflows in 2015 came from within the ASEAN region (18 per cent), followed by the EU (17 per cent) and Japan (15 per cent).

In respect of wages, the ASEAN region has experienced greater wage growth than the world average during the period of analysis, with the exception of 2007 (see figure 4). While part of the wage growth in the region can be explained by increases in labour productivity (in particular from 2005 to 2007 and between 2009 and 2010), the remainder, to some extent, is due to improved wage-related policies in the ASEAN countries – a topic that is examined in greater detail in Chapter 5.

Figure 4. Average wage and labour productivity growth, 2005–15 (%)

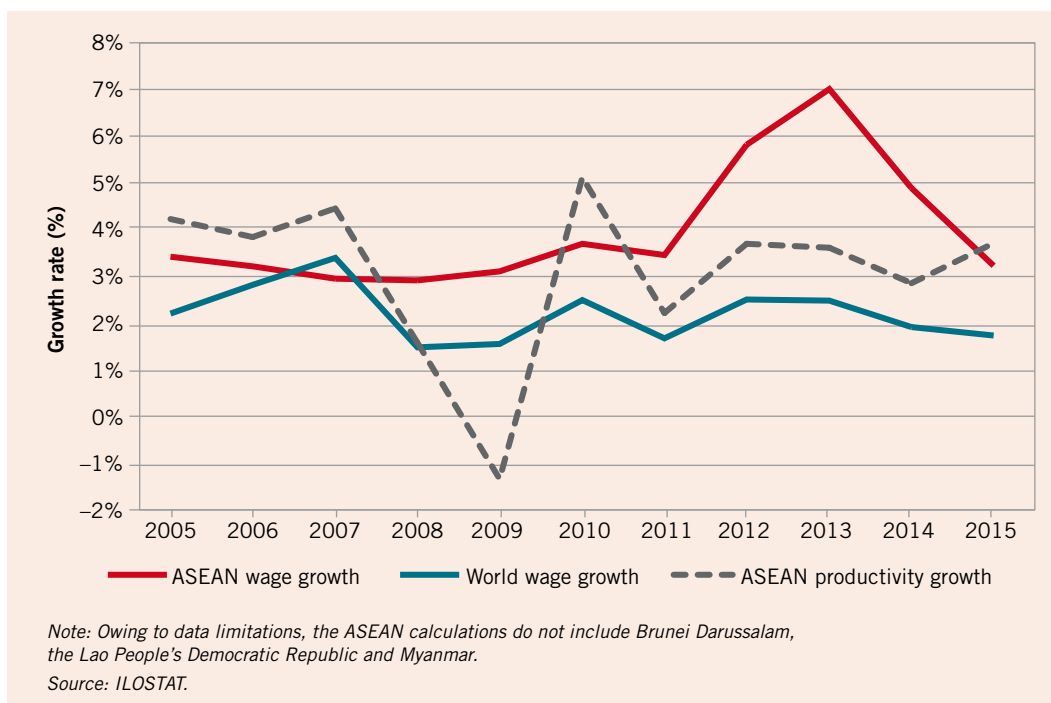
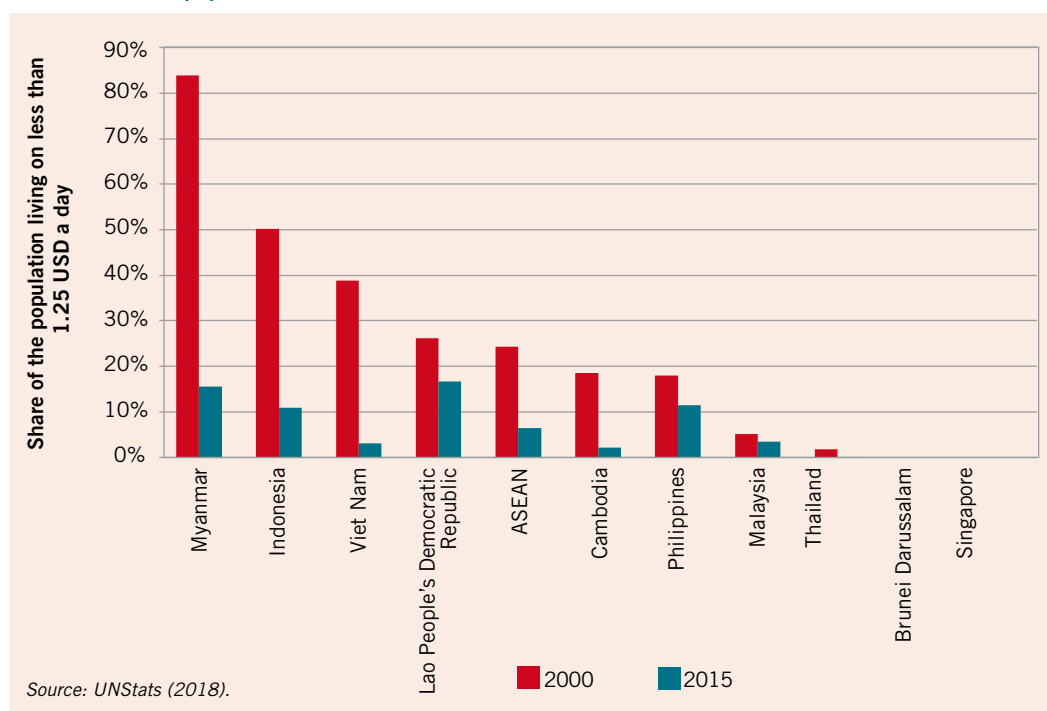


Figure 5. Proportion of the population living below the international poverty line of US\$1.25 a day, ASEAN countries (%)



The increases experienced by ASEAN in terms of economic output, living standards and trade flows were associated with a reduction in poverty levels (see figure 5). Indeed, from a regional perspective, the percentage of the population living below the international poverty line³ has fallen from around 20 per cent to 6 per cent between 2000 and 2015. While there is still heterogeneity across countries, the gaps have narrowed appreciably.

If we now turn to other labour market indicators, it will be seen that labour force participation rates (LFPRs) and unemployment rates vary substantially across the sample of countries studied in this project. From a regional perspective, ASEAN economies, on average, registered higher LFPRs and lower unemployment rates than their main trading partners – this is also the case when the data are disaggregated by gender. In fact, the six lowest unemployment rates observed in the sample all belonged to ASEAN Member States.

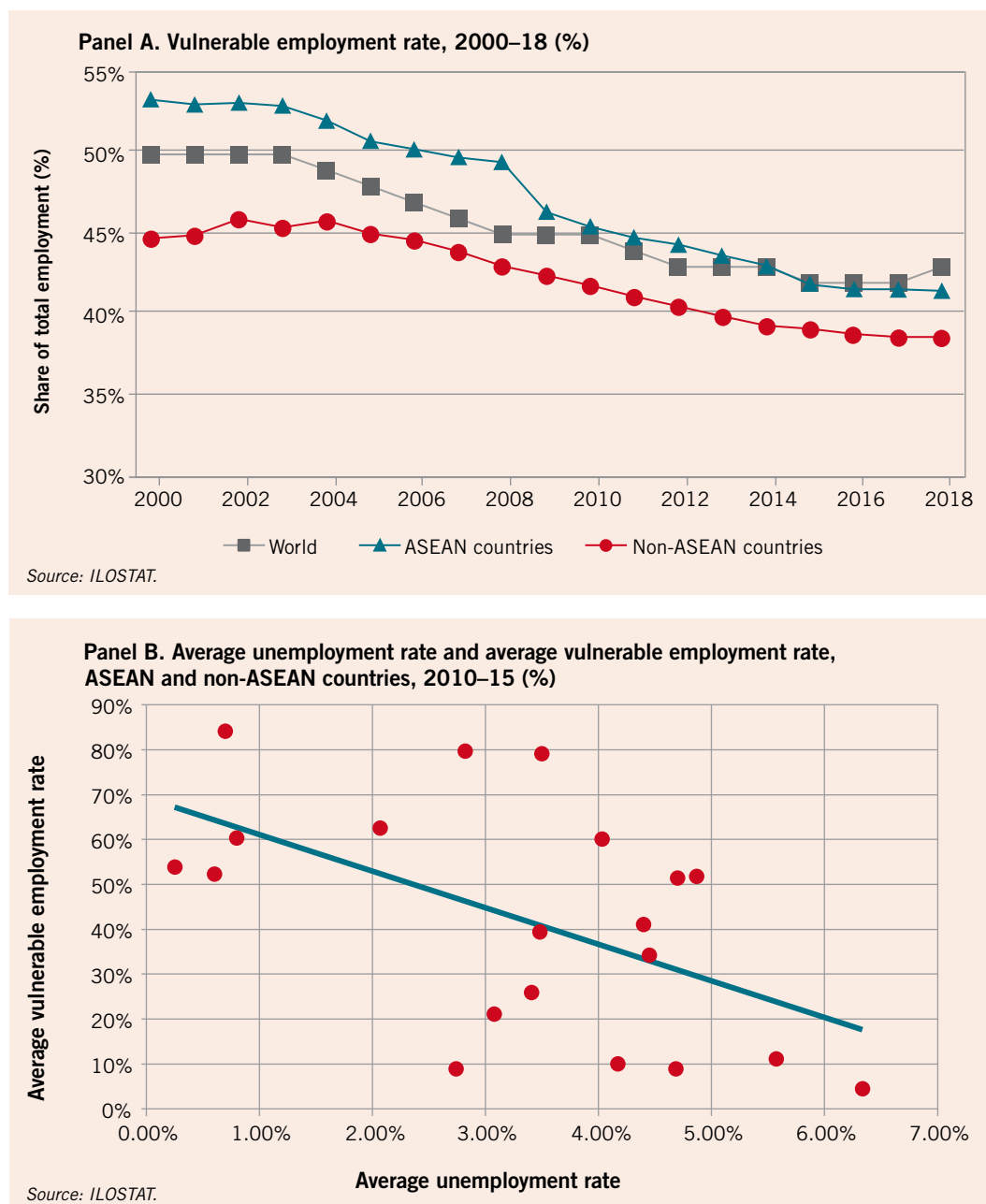
Although they are declining more rapidly in the ASEAN region than elsewhere, rates of vulnerable employment⁴ have been consistently higher in ASEAN countries, not only

³ The international poverty line threshold was until October 2015 defined by the World Bank as living on less than US\$1.25 a day. This is the threshold used for the purposes of our analysis. The threshold has subsequently been raised to US\$1.90 a day.

⁴ As defined by the ILO, the term “vulnerable employment” encompasses own-account workers and contributing family workers (also known as unpaid family workers).

compared with the world average (until 2016) but also compared with some of their major trading partners over almost two decades (see figure 6, panel A). As can be seen in figure 6, panel B, there is a negative correlation between the average unemployment rate and the average vulnerable employment rate within this sample of 20 countries.

Figure 6. Unemployment and vulnerable employment in working age population (15 years or older)



While Member States continue to create jobs, a significant proportion of these are in the informal sector and of low quality (ILO, 2012). Such jobs are characterized by poor working conditions, low wages and limited or even non-existent social protection coverage. Therefore, although the ASEAN region may be enjoying relatively high rates of labour force participation and employment, the creation of high quality jobs that offer formal work arrangements remains a challenge.

The economies of ASEAN countries have made significant gains since the turn of the millennium. These gains are reflected in a range of economic indicators, including GDP, living standards and poverty. The region also experienced strong trade growth over the 2007–16 period, and a considerable proportion of trade flows continued to be internal. This is a sign of further regional integration and means it is likely that the targets laid down in the AEC Blueprint 2025 will be met.

Box 1: Vulnerable employment in Indonesia and Viet Nam

Despite a recent downward trend, the Indonesian labour market still exhibits very high rates of vulnerable employment. The high growth experienced in manufacturing employment between 2008 and 2012 is thought to be part of the reason for the significant decline in vulnerable employment levels between 2010 and 2015. In terms of the sectoral distribution of vulnerable employment, elementary occupations make up the largest group, followed by service workers and shop and market sales workers.

However, projections suggest that this downward trend is unlikely to continue and vulnerable employment rates could stagnate or even increase over the period 2015–20. The share of employees in the workforce, for instance, has increased from 2010 to 2015 but is expected to remain stable until 2020. For policy-makers this should be cause for alarm since, even after recent positive developments, Indonesia is still experiencing high rates of vulnerable employment.

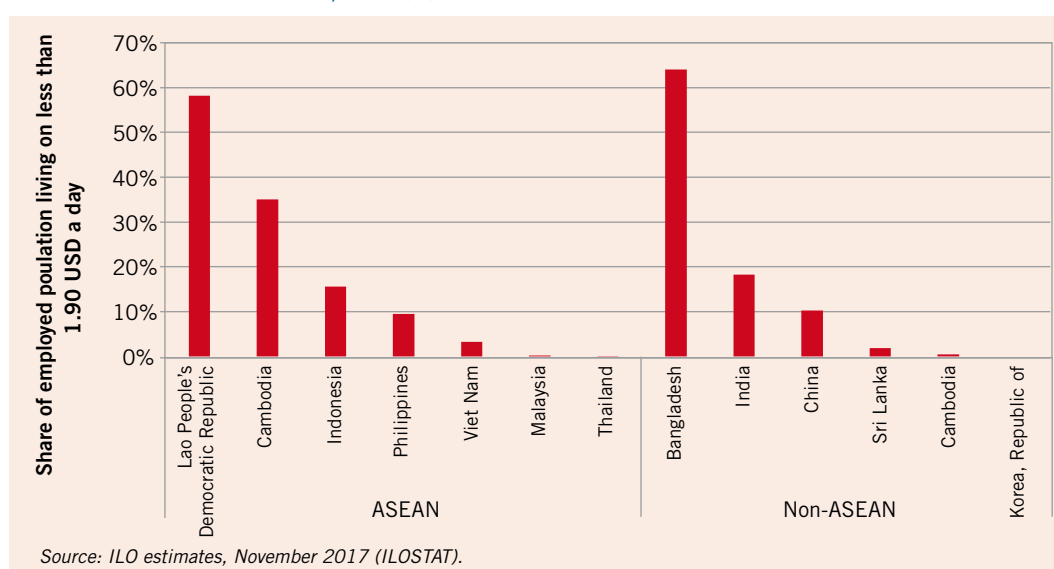
As in the case of Indonesia, the Vietnamese economy is also characterized by high rates of vulnerable employment. Indeed, in 2015, out of a total of 52.8 million workers, as many as 30.5 million (57.6 per cent) were either own-account workers or unpaid family workers. Although the total number of vulnerable employed has not changed significantly over the past 15 years, the vulnerable employment rate (i.e. as a proportion of total employment) has dropped from 81 per cent to 57.6 per cent during that period. Disaggregating this trend by occupation over the years 2009–15 reveals that the largest group of vulnerable employed comprises agricultural, forestry and fishery labourers. Employment projections for the period 2020–25 show that the size of this group is likely to decrease in the future, mostly as a result of a reduction in agricultural employment. This is also true for market-oriented skilled agricultural workers. Conversely, a strong increase is expected in the numbers of vulnerable personal service workers and sales workers. This serves as a reminder that aggregate numbers may disguise a significant heterogeneity of trends across different occupations and sectors in labour markets.

The labour market, on the other hand, illustrates another aspect of ASEAN's development as a community. Member States have achieved a seemingly healthy combination of high LFPRs, low unemployment rates and, compared to the world average, vibrant real wage growth. Yet, masked within these positive data are high rates of vulnerable employment and underemployment. Therefore, while the number of jobs may be increasing, an overarching challenge faced by the region is the promotion of decent work – an area in which there is considerable scope for policy action. Decent work gaps and suggestions for policies that can help ASEAN countries to close those gaps are the focus of the next section.

1.3. Decent work challenges

Section 1.2 highlighted the economic progress that countries in the ASEAN community have enjoyed in the last few decades. Much of this progress has translated into improvements in social indicators, including reduced poverty levels and higher standards of living (figures 2 and 5). Nevertheless, such gains have not been distributed equally among all members of society. Many people still struggle to find decent work, and in several of the ASEAN countries poverty was still widespread in 2010. This section presents an overview of some of the biggest challenges in the region with regard to ensuring universal access to decent work at the time of implementation of the first policies in the Labour Market Inventory II database (2010).

Figure 7. Proportion of the employed population living below the international poverty line of US\$1.90 a day, ASEAN and non-ASEAN countries, 2010 (%)



Many countries in the wider region, both within and outside the ASEAN community, still have a large proportion of their employed population living below the poverty line (figure 7). This represents millions of workers who, despite being employed, continue to suffer hardship. The large number of people left behind in spite of the region's economic progress points to a wide scope for policies directed at poverty alleviation, promoting decent work and furthering the 2030 Agenda for Sustainable Development.

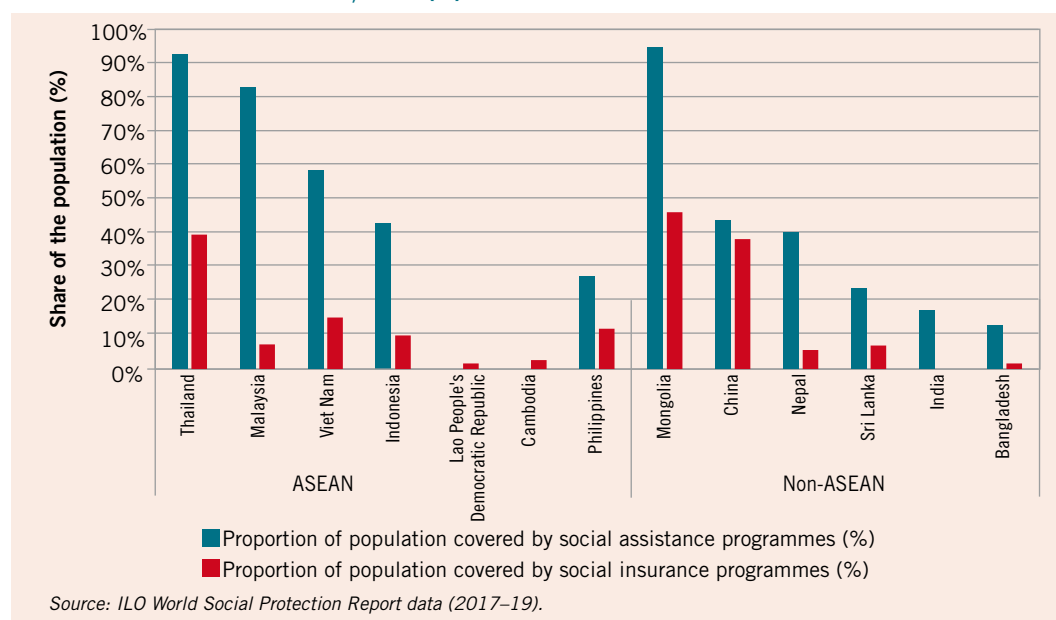
This section will pinpoint some of the areas where policy action at both the national and the ASEAN level can play a decisive role in overcoming various decent work challenges. The latter include high rates of informal employment, limited access to social protection for a large number of individuals and their families, and marked disparities between men and women in accessing decent work.

In doing so, this section serves the important purpose of contextualizing the policy trends that are identified and analysed in the later chapters of the report.

Despite the progress achieved with regard to the extension of social protection in many of the countries in the sample, the right to social security is not yet a reality for a majority of the workers in the region.

Universal social protection is one of the essential tools for realizing the basic human right to social security, as well as for advancing social justice and promoting inclusive growth. At the same time, social protection can have important positive effects in the economy by boosting aggregate demand and acting as an automatic stabilizer.

Figure 8. Proportion of the population covered by social assistance and insurance programmes, ASEAN and non-ASEAN countries, 2010 (%)



Social assistance and insurance programmes, which are so important for achieving the above goals, still did not cover great swaths of the population in 2010 among the countries studied in this report:

Although in some ASEAN countries a large proportion of the population were covered by either social assistance or insurance programmes (notably Thailand and Malaysia), other countries, such as Cambodia and the Philippines, had programmes that covered a much smaller share of the population. This heterogeneity can also be observed in the non-ASEAN countries, some of which have high degrees of coverage (notably Mongolia whose social assistance programmes achieve almost 100 per cent coverage), while in others, including Bangladesh and India, such programmes cover less than 20 per cent of the population.

If one extends the focus to all types of social protection programmes, less than 40 per cent of the population in the Asia and the Pacific region are covered by at least one social protection benefit (ILO, 2017a). This value is below the world average, as is the case with the values for all the different types of social protection programmes considered by ILO (2017a).

Hence, social protection is one of the key areas where appropriate labour market policies in the region can lead to significant improvements, helping to ensure access to better standards of living for all. It is worth noting that only 16 per cent of the policies recorded in the inventory were dedicated to strengthening social protection systems, as discussed further in Chapter 3.

Training, in all its different forms (on-the-job, vocational, etc.), is still only available to a small share of the workforce, despite its important contribution to upgrading the skills profile of workers and ensuring sustained development.

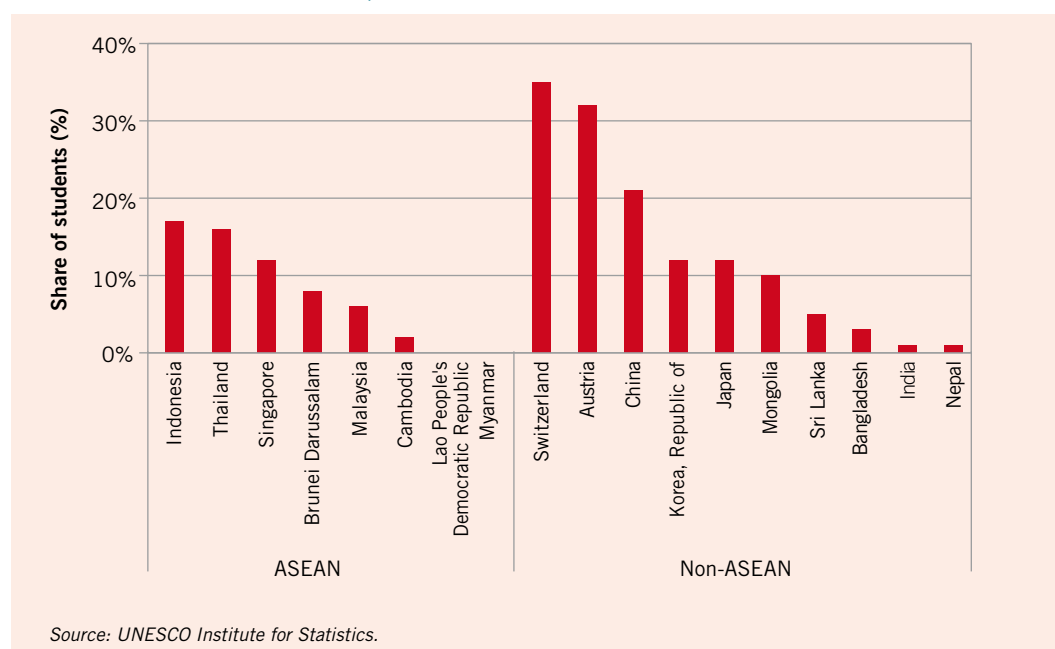
Skills, which are for the most part gained through education and training, are essential in order to enhance the ability of workers to secure and retain a job at different stages of their lives.

In both ASEAN countries and their main trading partners, great progress has been made over the past few decades in the areas of literacy and education. However, with regard to the component of education that is most directly linked to the labour market – vocational training – enrolment was still relatively low in 2010 (figure 9).

Low participation in vocational training seems to be a trend affecting the wider region rather than one specific to ASEAN, since the only two countries in the sample with over 20 per cent participation were the two countries outside Asia (Australia and Switzerland). Nonetheless, vocational education and training should be given high priority, in particular by countries that have already achieved strong results in the area of basic education.

Within the ASEAN region, the share of skilled workers in the labour force, as well as the extent to which skills mismatches persist, differs substantially across Member States. Several studies have conducted comparative analyses of skills development and skills

Figure 9. Proportion of students in secondary education enrolled in vocational programmes, ASEAN and non-ASEAN countries, 2010 (%)



mismatches across ASEAN Member States. Drawing on a survey of ASEAN employers that focused on skills and competitiveness, Emerging Markets Consulting (2014), for instance, found that almost 50 per cent of respondents across ASEAN disagreed with the proposition that high-school graduates possessed the skills required for work in the private sector.⁵ Moreover, while employer perceptions of skills mismatches were most pronounced in the Lao People's Democratic Republic and the Philippines, they were much less so in Singapore and Myanmar. Similarly, Hilal (2014) investigated such matters on the basis of a subsample of six ASEAN countries. Using a computable general equilibrium model, the author found that skills mismatches were lowest in Viet Nam, followed by the Philippines, Indonesia, Cambodia and Thailand, while they were most pronounced in the Lao People's Democratic Republic. Looking forward, however, it is expected that in all ASEAN countries, with the exception of Viet Nam, both actual and potential skills mismatches will be reduced in the period up to 2025.

The countries in the sample invested significant efforts in upgrading the skill levels of their workforces, as evidenced by the fact that the "Training" category was the one with the greatest number of policies identified in the whole inventory (see section 4.1).

Enhancing the skill level of the population is essential if ASEAN countries are to take full advantage of their growth potential. Moreover, ensuring that the workforce's skills profile matches the skills demanded by most employers in the twenty-first century is vital to

⁵ The ASEAN countries included in this survey were Cambodia, Indonesia, the Lao People's Democratic Republic, Malaysia, the Philippines and Singapore.

enable countries and their citizens to cope with the challenges associated with accelerating technological progress, the potential transition to a greener economy, demographic trends and other factors shaping the future of work.

Small and medium-sized enterprises employ the vast majority of workers in ASEAN, but still lag behind in terms of productivity and value added.

Small and medium-sized enterprises (SMEs) employ more than half of the employees in the ASEAN countries for which data are available, with the share of employment in SMEs being as high as 99 per cent in Indonesia (ILO, 2010). Nevertheless, SMEs account for only between 26 and 58 per cent of total value added in these countries.

Member States' cooperation on the development of SMEs dates back to 1995, when the ASEAN SME Agencies Working Group (SMEWG) was established.⁶ More recent initiatives in this area include the ASEAN Policy Blueprint for SME Development 2004–2014 and the ASEAN Strategic Action Plan for SME Development 2010–2015.

One of the objectives of the Policy Blueprint, for instance, was “to enhance the competitiveness and dynamism of ASEAN SMEs by facilitating their access to information, market, human resource development and skills, finance as well as technology”. The Strategic Action Plan, on the other hand, adopted as one of its guiding principles the promotion of SMEs by “strengthen[ing] human resource development through regional programmes”. However, most of the goals and programmes mentioned in both documents are not directly related to labour market issues. This may, in part, explain the relatively limited policy action recorded for this category in the sample. For one thing, many of the incentives given by governments to businesses are not directly concerned with their workforce. This is true even in the case of those incentives – such as improved credit access for SMEs, more favourable tax schemes and lower social security contributions – that can lead quickly to a higher rate of job creation. Such incentives fell outside the scope of the inventory, even though they may still have a direct impact on the employment decisions taken by companies. Moreover, incentives and subsidy programmes of that kind tend to be used when economies are sluggish and policy-makers would like to encourage job creation, which was not the case in our sample of countries during the period under analysis.

Because of their size and nature, SMEs are often confronted with specific challenges and opportunities. Accordingly, policies tailored to SMEs that are adopted as part of a broader “package” can help to ensure that workers in such companies are guaranteed the same access to decent work as the rest of the labour force. These SME policies may cover a wide range of initiatives focusing on aspects such as skills, entrepreneurship or hiring incentives.

⁶ Apart from the SMEWG, which consists of representatives of SME agencies from all Member States, another earlier initiative at the ASEAN community level was the establishment, in 2011, of an SME Advisory Board comprising both SME agencies and representatives of the private sector.

Policies directed at SMEs would at the same time be able to reach a large proportion of the employed population in ASEAN Member States and help improve their productivity, the latter being essential if ASEAN's full economic potential is to be realized. Significantly, some policies in the inventory were specifically designed for SMEs, in particular those policies that fell under the category "Employment subsidies", as discussed in section 4.3.

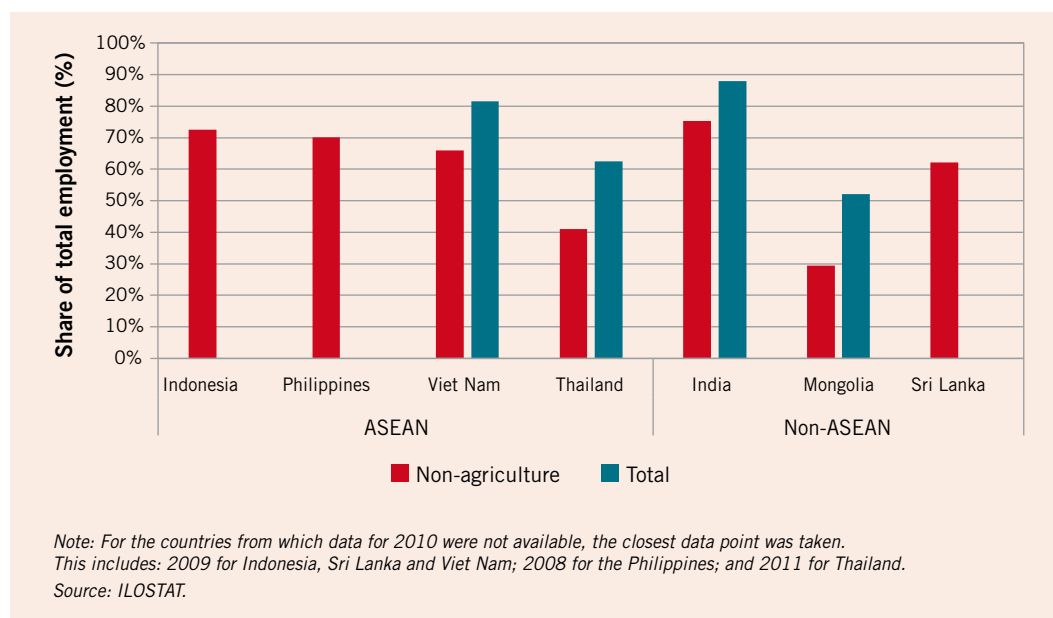
Furthermore, since many of the SMEs in developing countries operate in an informal setting, policies directed at such businesses in particular can help to integrate them into the formal economy, which, in turn, can serve to reduce the employment vulnerability and economic insecurity to which informal workers are often exposed.

Informality remains widespread in the region, and can limit the positive effect of most labour market policies.

The large spread of the informal economy can be a major obstacle to ensuring the rights of workers, including the fundamental principles and rights at work, as well as to achieving social protection, decent working conditions, inclusive development and the rule of law.

Two billion workers aged 15 and over – representing 61.2 per cent of the world's employed population – are in informal employment (ILO, 2018a). However, the prevalence of informality is even higher than the global average in some countries within the Asia and the Pacific region, including ASEAN Member States and their main trading partners.

Figure 10. Informal employment as a percentage of total employment, 2010



As can be seen in figure 10, in 2010 a very large proportion of workers in several ASEAN Member States were in informal employment and thus had limited access to decent work conditions. Therefore, policies that aim to establish formal employment arrangements can have a significant positive effect in terms of improving access to decent working (and living) conditions.

It is worth emphasizing that informality also prevents policy-makers from maximizing the benefits of their policy initiatives for the population, because most policies cover only formal employment arrangements. Accordingly, reducing informality is key to ensuring that labour market policy initiatives improve conditions for as many workers as possible, and that the policies themselves are enforceable. However, not a single policy in the inventory addressed directly the problem of informality. Although one could argue that several types of policies can help and encourage workers and businesses to transition into formality, the lack of specific measures for tackling informality may significantly limit the beneficial effects of many of the policies identified in the inventory.

The wage distribution in the region indicates high levels of inequality.

While it is true that wage inequality to some extent is related to differences in workers' skills and productivity, excessive inequality is undesirable, since it can have negative socio-economic consequences.

ILO (2016a) presents evidence of high wage inequality in several of the countries analysed for the purposes of the present report (China, India, Indonesia and Viet Nam). Both the introduction of a minimum wage and collective bargaining have the potential to reduce wage inequality. They are therefore two important options that should be considered by policy-makers seeking ways of increasing the wages of those at the bottom of the earnings distribution.

Moreover, some countries in the region are still facing challenges when it comes to freedom of association and collective bargaining (ILO, 2018b; 2016b).

In addition, some countries still did not have a statutory minimum wage in 2010 (Brunei Darussalam, Malaysia, Singapore and Switzerland). In those that do have statutory minimum wages, these often apply only to a small fraction of workers – in Cambodia, for instance, only workers in the garment and shoe industry are entitled to a minimum wage.

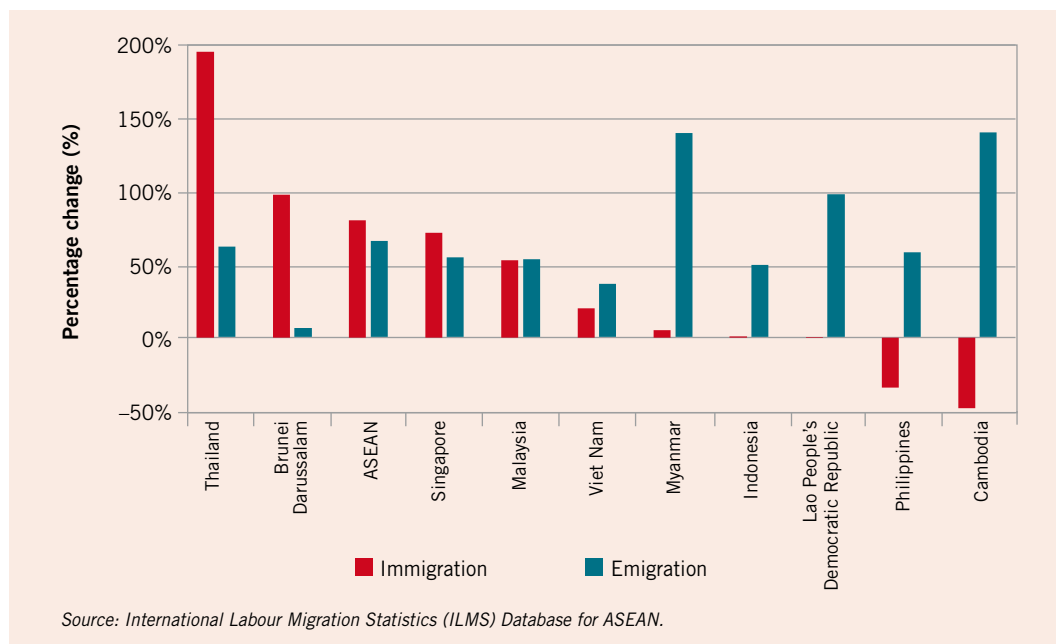
As far as wages and social dialogue are concerned, there is therefore still room for improvement in a number of the countries in the sample. Such progress can be achieved, inter alia, by strengthening collective bargaining, widening the scope of minimum-wage regulations and enforcing these regulations more effectively. The policies implemented with regard to both industrial relations and wages are discussed further in Chapter 5.

Although the ASEAN community may have benefited from increasing intra-regional migration in recent years, such migration flows often give rise to problems regarding workers' vulnerability and the potential for exploitation.

Migration in South-East Asia, particularly in ASEAN countries, has increased in volume and complexity since the beginning of the century. Figure 11 illustrates the variation in migration flows across ASEAN countries between 2000 and 2013. In the ASEAN region alone, there was an 80 per cent increase in the total number of immigrants between 2000 and 2013. Although migrant inflows from outside the ASEAN region have grown considerably (53 per cent), it was the number of intra-ASEAN immigrants that increased the most (96 per cent). In a similar trend, the total number of emigrants originating from the region grew by 65 per cent. Despite a lower proportion of emigrants remaining within the ASEAN region, the share has increased from 29 to 35 per cent during that period. Therefore, not only are more individuals entering the region as a whole, but also a declining proportion of emigrants from ASEAN countries are actually leaving it.

Nevertheless, even though intra-ASEAN migration has increased in absolute terms, it is highly concentrated in just a few channels. Indeed, approximately 97 per cent of the 6.5 million intra-ASEAN migrants in 2013 headed for only three destination countries: Malaysia, Singapore and Thailand (ILO, 2015a).

Figure 11. Percentage change in migration flows, ASEAN countries, 2000–13



The increase in migration flows can be attributed to a range of factors, including income disparities, demographic shifts, human security concerns, established migrant networks and improved transport (ILO and Asian Development Bank, 2014), but also to heat stress and environmental degradation (ILO, 2018c). Moreover, since these factors are structural as opposed to cyclical, such flows are expected not merely to continue but also to accelerate further. Here it is important to note that, although migrant workers contribute substantially to both their countries of origin and destination, a sizeable proportion have limited or even no access at all to decent work. More concretely, in view of the high costs, long waiting periods and complex procedures involved in using the official bilateral channels for migration, it is not surprising that a large amount of intra-ASEAN migrants are precariously employed and have an irregular legal status (Napier-Moore, 2017).

Nonetheless, irrespective of whether they are legal or illegal, migrants within the region often suffer from exploitation as a result of inadequate protection of their labour rights during recruitment and employment. Such vulnerability is more pronounced for women, who face additional challenges in accessing safe and legal migration opportunities. To a great extent, this is a reflection on the types of job available to women: these jobs usually provide less legal protection because of a lack of formalization (ILO, 2015a). Although the ASEAN Economic Community is meant to promote the free movement of skilled labour across certain occupations, most intra-ASEAN migration comprises low-skilled workers whose status is often irregular and who remain vulnerable to exploitation (ILO, 2007). The difficulties involved in protecting migrants' rights are exacerbated by the vastness of the informal sector in the region.

Policy action that contributes towards the objectives laid down in the ASEAN Declaration on the Protection and Promotion of the Rights of Migrant Workers (adopted in 2007) is essential to facilitate the orderly, safe, regular and responsible migration and mobility of people – one of the targets of Sustainable Development Goal 10. Some of the initiatives taken in this regard are discussed in section 6.1.

Although some important advances in the promotion of occupational safety and health have been observed in the region, there is still room for further improvement.

Over the decade that preceded this analysis, the ASEAN Member States experienced different trends with regard to the incidence of occupational injuries and fatalities (ILO, 2007).

Jobs in several of the larger sectors in most ASEAN economies, such as manufacturing, construction and mining, are fraught with serious OSH risks. Moreover, labour inspectors and OSH trainers and advisers may struggle to gain access to smaller workplaces, which makes the accurate reporting of injuries at work an even harder task. Shortly before 2010, many ASEAN countries improved their OSH programmes and plans, in line with the Promotional Framework for Occupational Safety and Health Convention,

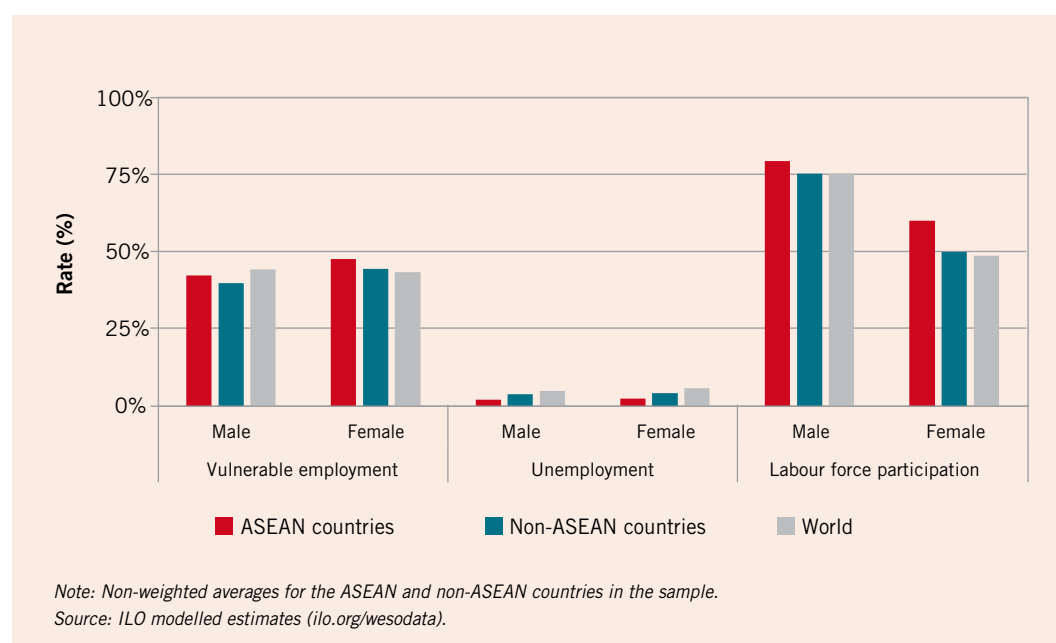
2006 (No. 187). However these countries still face significant challenges, among which compliance and coverage are the two most prominent ones. Stronger mechanisms for ensuring compliance with OSH regulations – which should include not only more frequent and effective workplace inspections, but also advocacy efforts, the collection and dissemination of information, and training – are essential to achieve safer and healthier workplaces for all in ASEAN countries in the years to come. Important developments that took place in Malaysia, Singapore and Thailand before 2010 show that government action can contribute significantly to the improvement of OSH outcomes.

Women in the region face greater obstacles in accessing decent work – a problem that can be addressed by gender-sensitive policy-making decisions at the labour market level.

The struggle for decent work is more arduous in certain groups of society. Women, for instance, face greater challenges than men in the pursuit of employment and decent work (ILO, 2017c) and they are substantially less likely to participate in the labour market. At 49.4 per cent, the global labour force participation rate for women was 26.7 percentage points lower than the rate for men in 2017 (ILO, 2017c).

Both in ASEAN Member States and in some of their main trading partners, women on average face a greater number of barriers in securing decent work:

Figure 12. Gender disaggregation of selected labour market indicators, 2010 (%)



Labour force participation was much higher among men than among women. In ASEAN in particular the labour force participation for men in 2010 averaged 80 per cent across Member States, 19 percentage points higher than that observed for women (61 per cent). This underlines the greater difficulties that women in the region have to contend with in terms of access to the labour market. Figure 12 also illustrates how, in 2010, women were more likely to be in vulnerable employment than men.

In a scenario like the one described above, gender-sensitive policies, which aim to facilitate the participation of women in the labour market and to promote and protect their rights, are essential if countries are fully to exploit their human resource potential in a fair and non-discriminatory way. The policies in the inventory whose main focus was reducing discrimination in the labour market are discussed in more detail in section 6.2.

The challenges presented above are some of the main obstacles on the road to ensuring decent work for all in ASEAN countries and some of their main trading partners. The following chapters will look at what policies were implemented in those countries between 2010 and 2015 to address various labour market challenges. The analysis will focus not only on country-level policies but also on ASEAN-wide policy initiatives, in order to identify the policy gaps that national governments and the ASEAN community as a whole should seek to close in the years to come as they put into practice the 2030 Agenda for Sustainable Development.

Box 2: Current and projected gender imbalances in Viet Nam

In Viet Nam, according to national Labour Force Surveys (LFSs), approximately 72 per cent of women are in the labour force – a far greater proportion than in most other countries around the world. According to our estimates based on LFS data, in 2015, women accounted for approximately 48.4 per cent of total employment in Viet Nam, and that share is not expected to change significantly by 2025. Nevertheless, the gender pay gap has been widening since the early 2000s. Although estimates vary, the average earnings of women may be as low as 70 per cent of those of men. This discrepancy can to some extent be explained by the concentration of women in lower-paying occupations and industries. The majority of garment workers and agricultural, forestry and fishery labourers in Viet Nam, for instance, are women, and salaries in these industries tend to be low. However, projections suggest that the share of female employment in unskilled occupations will fall from 43 per cent in 2015 to 15 per cent in 2025. The proportion of women employed in skilled occupations, meanwhile, is expected to climb from 12 to 31 per cent, which might narrow the future gender wage gap. Nevertheless, comparing male and female workers who were employed in the same profession, and who had similar qualifications, we found that women earned about 13 per cent less than men.

Along with lower wages, female workers in Viet Nam are also more likely to be employed in low quality jobs with limited access to social protection. A World Bank report (2011) suggests that as female labour force participation has increased, so have the levels of unemployment and underemployment faced by women. Moreover, women are also more heavily represented in the informal sector and in the vulnerable employment status categories. Another factor relevant to gender inequality in Viet Nam is that women have moved out of the agricultural sector more slowly compared to men.

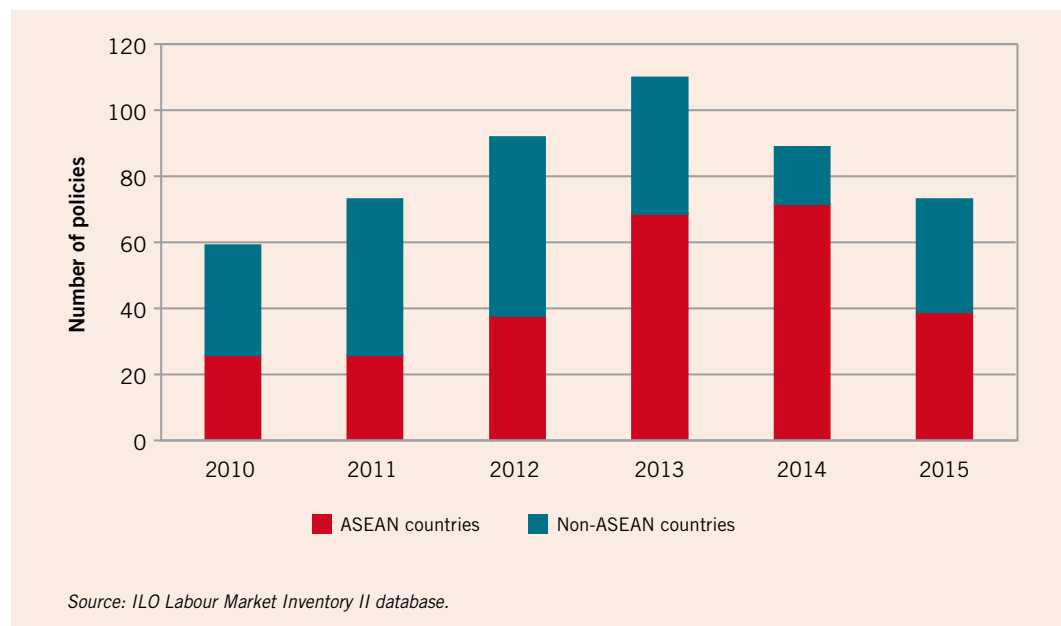
2. Inventory overview

The Labour Market Inventory is a database of labour market policies covering all ten ASEAN Member States and ten of their main trading partners from 2010 to 2015. The inventory includes over 500 labour market policy measures, classified across several dimensions, including budget impact, type of programme, main beneficiary and implementation date. The inventory focuses on four main policy areas: social protection, active labour market policies, wages and industrial relations, and labour market regulation. The choice of these areas was guided by the previous methodology used in ILO (2015d); it also allows for a clear mapping of the policies in the inventory to the decent work challenges identified in the preceding chapter.¹

The overall trend that emerges from the inventory is one of significant policy progress in many areas, including social protection, skills development and occupational safety and health. This progress was often catalysed by ASEAN-level initiatives and declarations, which highlights the important role that ASEAN can play in leading its Member States to more sustainable, decent and fair growth. However, in other areas, such as informality, employment vulnerability, labour inspection and migration, the policy efforts undertaken in the region between 2010 and 2015 were inadequate. Indeed, most countries in the sample continue to face considerable challenges in those areas.

The policies in the inventory were not distributed evenly over the six years of analysis:

Figure 13. Distribution of labour market policies over time, ASEAN and non-ASEAN countries, 2010–15



¹ Appendix I presents a series of definitions and examples of the policies included under each main area, as well as examples for the other dimensions (main beneficiary, budget impact, etc).

The above figure shows the distribution over time of policies implemented across all countries in the sample. There is a continuous increase in the number of policies between 2010 and 2013, with a subsequent decrease until 2015. If the sample of countries is broken down between ASEAN Member States and their main trading partners, both groups present an initial increase in the number of policies executed, and a subsequent decrease until 2015, although the timing is slightly different: among the main trading partners, the number of policies peaks in 2011 and 2012, whereas among ASEAN countries it peaks a few years later (2013/14).

Box 3: The definition of “policy” in the Labour Market Inventory II database

The Labour Market database II database considers as policies the labour market initiatives included in the ILO’s NATLEX database as at January 2017 for the 20 countries and 6 years (2010–15) covered by the project. “Policy” as defined in the context of the inventory refers to a change in a country’s labour market programme or legislation. This means that a country identified in the inventory as not having implemented any active labour market policies (ALMPs) during the period of analysis is one that has not significantly changed its ALMPs during the period, rather than one which has no ALMPs in place at all.

The inventory focuses only on national-level policies, and excludes any decentralized policies. This approach was necessary because the countries in the sample have varying degrees of policy-making decentralization. The fact that countries like Australia and Switzerland are represented with a large number of policies in the inventory, even though the Australian states and territories and the Swiss cantons have significant autonomy in many policy areas, suggests that such a focus on centralized policies does not impair the validity of the analysis and of the trends and gaps it identifies.

Given the differences in magnitude and scope between policies, there are cases (such as the Labour Law 2013 of the Lao People’s Democratic Republic or the National Human Resources and Employment Policy 2012 of Sri Lanka) where one legal instrument is broken down into several different policies in the inventory. Conversely, legal instruments enacted at the same time which cover the same area (for instance, several documents upgrading occupational safety and health requirements for various types of hazards) are grouped into a single policy in the inventory.

The classification of policies across the different dimensions was made in line with previous projects (ILO, 2015d) in order to ensure comparability. Further details and examples of how each dimension is classified, as well as examples of the policies that fall under each classification, are provided in Appendix I.

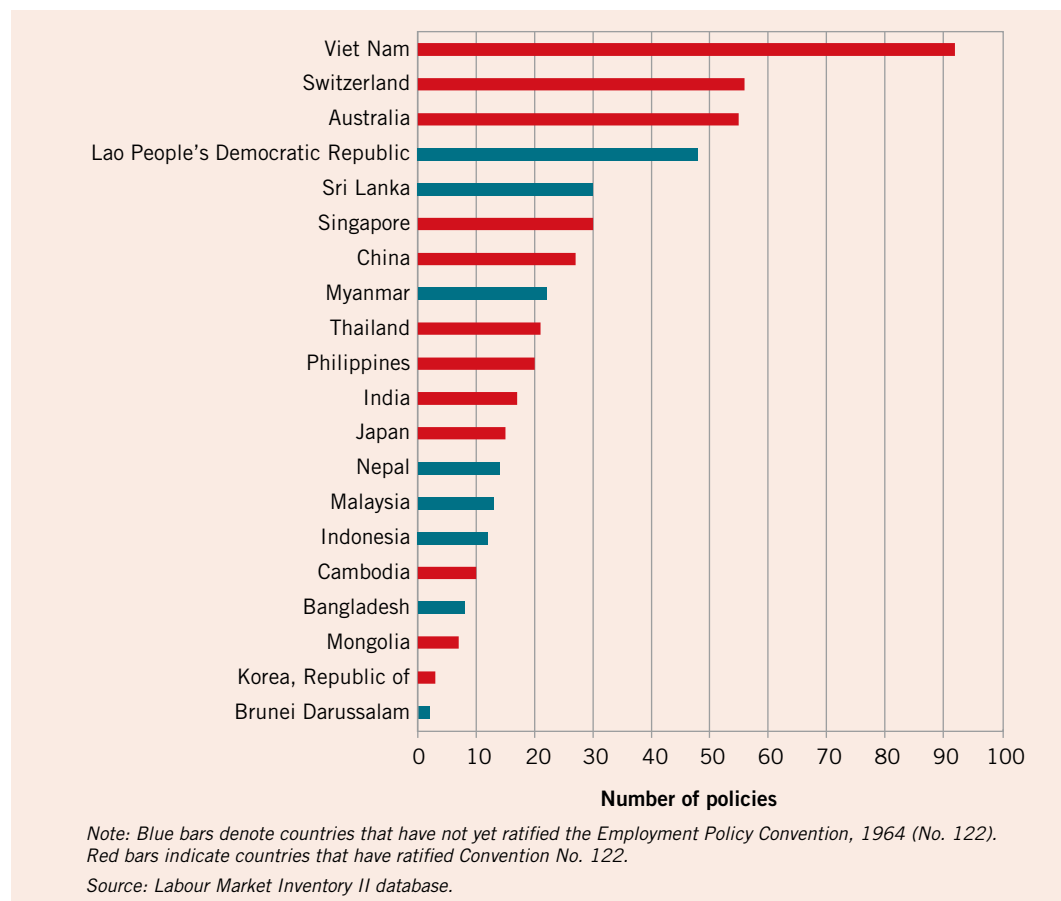
The overall structure of the report was designed to allow for a close and direct mapping between the report and the Labour Market Inventory II database. This has occasionally resulted in some policies being placed outside their canonical classification: for instance, on-the-job training policies fall under the main area of ALMPs in the report, even though in most cases they are not considered to be ALMPs. This is acknowledged whenever relevant throughout the report. Such simplifications are necessary to ensure: (1) that each category maps to only one main area; and (2) that the number of categories is not too large in order to allow for meaningful grouping and analysis of trends and gaps.

The peak in the number of policies executed in ASEAN Member States seems to be correlated, in some respects, with ASEAN-level initiatives such as the ASEAN Declaration on Strengthening Social Protection (2013) or the Bandar Seri Begawan Declaration on Youth Entrepreneurship and Employment (also adopted in 2013), highlighting ASEAN's potential for shaping Member States' policy efforts in connection with the 2030 Agenda for Sustainable Development. These relationships are explored further in Chapters 3 and 4, respectively.

The number of policies executed in each country also differed significantly among the countries included in the sample.

In the ASEAN group, four countries implemented fewer than 20 policies (Brunei Darussalam, Cambodia, Indonesia and Malaysia), while three implemented 30 policies or more during the period (Lao People's Democratic Republic, Singapore and Viet Nam).

Figure 14. Number of labour market policies implemented per country, ASEAN and non-ASEAN countries, 2010–15

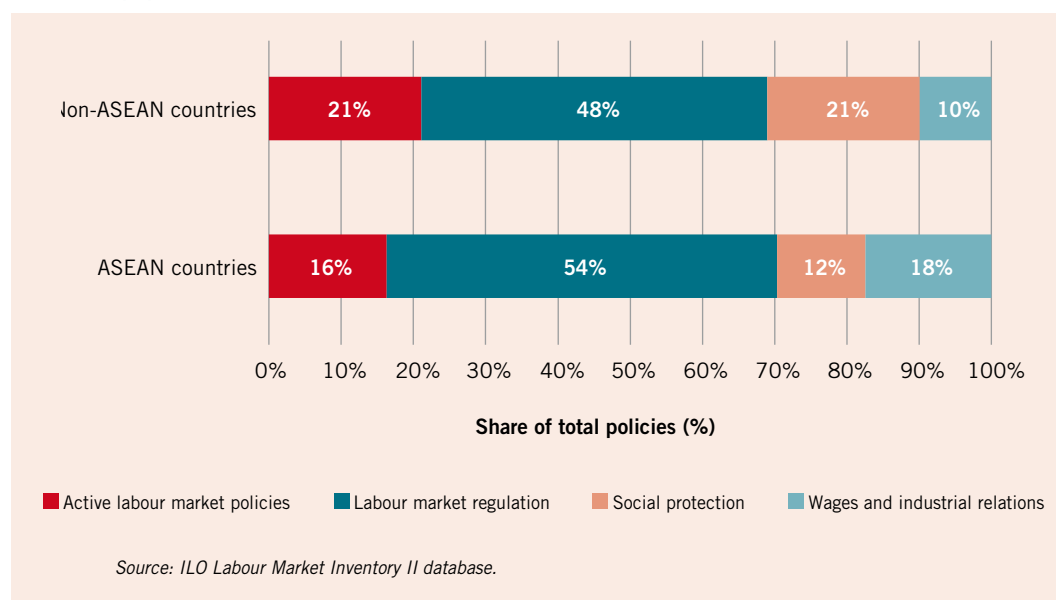


The heterogeneity in the numbers of policies executed by ASEAN Member States is comparable to that observed among the main trading partners in the sample: some of those countries (Sri Lanka, Switzerland and Australia) have implemented 30 policies or more, while others implemented fewer than 10 policies (Bangladesh, Mongolia and Republic of Korea).

In some countries, the relative scarcity of policies between 2010 and 2015 can be accounted for by significant policy changes in the years that preceded this study. In Indonesia, for instance, the preceding decade had seen the enactment of a new trade union law (Act No. 21 of 2000), a new labour law (Act No. 13 of 2003), a law on the settlement of industrial relations disputes (Act No. 2 of 2004) and a law on social security (Act No. 40 of 2004).

Another interesting aspect of this distribution of policies across countries has to do with the ratification of the Employment Policy Convention, 1964 (No. 122) by the countries in the sample. The countries that implemented the most policies were more often those that had ratified the Convention (denoted by red bars in figure 14), while the larger group of countries that have not yet signed it implemented relatively fewer policies (denoted by blue bars in the same figure), even if there were exceptions at both ends of the spectrum. This suggests that the ratification of international labour Conventions by ASEAN Member States is, to some extent, conducive to greater policy action with regard to the labour market.

Figure 15. Policy distribution across main areas of intervention, ASEAN and non-ASEAN countries, 2010–15 (%)



As already noted, the policies in the inventory are classified as belonging to one of four main areas of analysis: social protection, active labour market policies (ALMPs), wages and industrial relations or labour market regulation.² Figure 15 shows the share of the total number of policies dedicated to each of these main areas of intervention.

More than half of the policies in ASEAN countries were aimed at changing labour market regulation in one form or another (e.g. by improving the rights of migrants and women, or by improving occupational safety and health legislation): these are analysed in greater detail in Chapter 6. The ASEAN Labour Ministers' Work Programme 2010–2015 identified as two of the labour market strategic priorities that were to be addressed by Member States the following: “to ensure that labour rights and conditions of work are protected in law and its application” and “to ensure that Government bodies have the capacities to oversee enforcement of labour laws and regulations”. Since these two aspects are often a challenge for many countries in the region, it is not surprising that, as shown in figure 15, there was a strong focus by policy-makers on improving labour market regulation.

The remaining policies were distributed, in ASEAN countries, between ALMPs (16 per cent), social protection (12 per cent), and wages and industrial relations (18 per cent). Compared with the other countries in the sample, ASEAN countries placed a stronger emphasis on policies concerning wages and industrial relations, while recording a lower share of policies related to social protection. This reflects to some extent another of the strategic priorities highlighted in the ASEAN Labour Ministers' Work Programme 2010–2015, namely to ensure that “informed social dialogue ... takes place among labour sector partners at the national and regional levels”.

Policies in the inventory are also subdivided into categories, which break the areas of intervention down further. The distribution of policies per category is presented in table 1.

Training (including its various components) and occupational safety and health were the categories that governments focused on the most. Other categories with a significant number of policies (30 or more policies in each case) included benefits, allowances and leave; collective bargaining; anti-discrimination; and migration.

A further important aspect of the policy interventions identified in the inventory concerns their main beneficiaries. Were these policies implemented primarily to improve conditions for workers in the labour market, or were they intended to benefit employers? Alternatively, were they implemented to effect budget cuts deemed necessary by governments?

² See table 1 below for a list of the types of policies that fall under each main area; and Appendix I for further examples.

Table 1: Policy distribution across categories, ASEAN and non-ASEAN countries, 2010–15

	Number of policies	Share of total policies (%)	Number of countries active
Social protection	82	16%	17
Benefits, allowances and leave	50	10%	14
Other social protection measures	17	3%	9
Unemployment insurance	15	3%	6
Active labour market policies	93	19%	16
Employment subsidies	18	4%	8
Job search assistance	10	2%	7
Training	65	13%	15
Wages and industrial relations	70	14%	14
Collective bargaining	42	8%	13
Minimum wage	14	3%	9
Wage setting and regulations	14	3%	8
Labour market regulation	257	51%	19
Anti-discrimination	35	7%	15
Dismissals	11	2%	7
Forced and child labour	16	3%	12
Labour inspection and enforcement	13	3%	7
Migration	30	6%	11
Non-standard employment	21	4%	13
Occupational safety and health	60	12%	16
Other regulations (miscellaneous)	29	6%	13
Public employment	13	3%	7
Retirement	11	2%	9
Working time	18	4%	6

Source: ILO Labour Market Inventory II database.

Figure 16. Policy distribution according to main beneficiaries, ASEAN and non-ASEAN countries, 2010–15

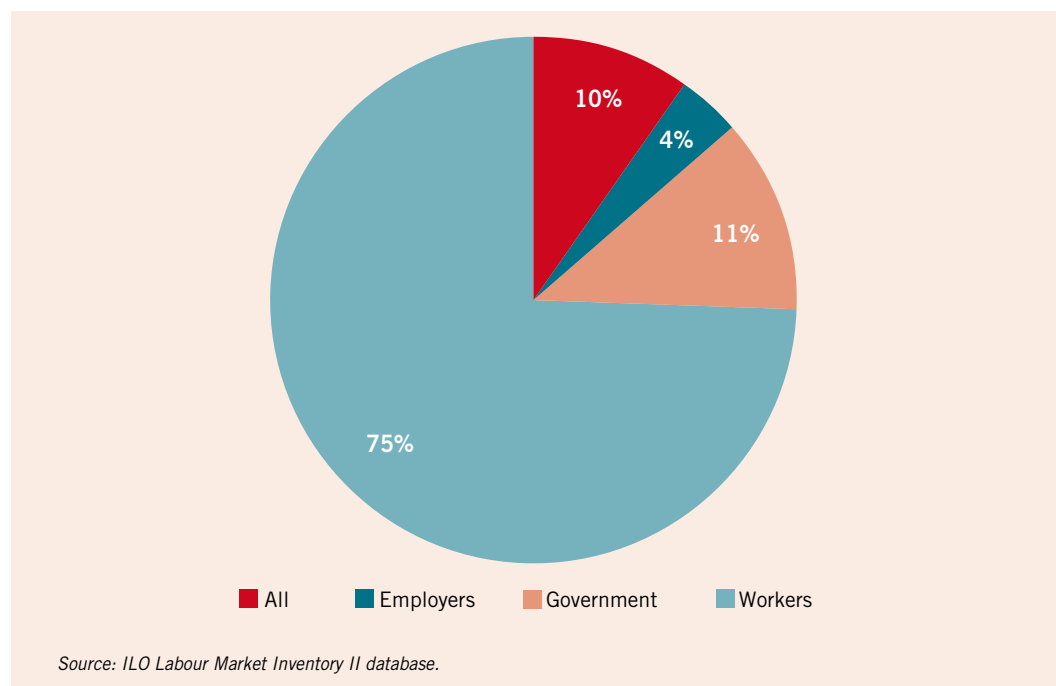


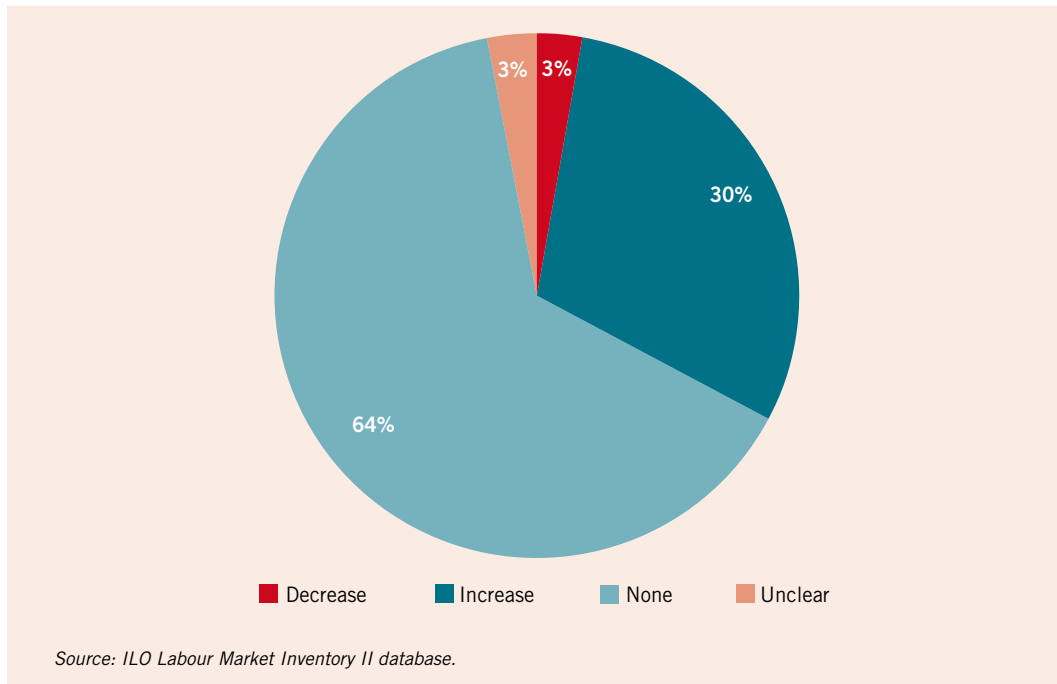
Figure 16 shows that three-quarters of the policies implemented by the countries in the sample had workers as the main beneficiary (these included policies aimed at strengthening workers' rights, improving working conditions and increasing the likelihood of finding a job). At the other end of the scale, just 4 per cent of the policies benefited employers, while 10 per cent benefited both workers and employers. Eleven per cent of the policies benefited governments, either by improving their budget position or by clarifying the rules and procedures that underpin public administration.³

This distribution contrasts with that observed in EU countries during a partially overlapping period (2008–13). In the EU countries' case, the share of policies benefiting workers was significantly lower (51 per cent), whereas there was a greater emphasis on policies aimed at businesses (30 per cent) – a consequence of the need for support to be extended to businesses struggling in the wake of the financial crisis, which did not affect ASEAN countries and their main trading partners to such a large extent (ILO, 2015d).

³ See Appendix I for more examples of policies benefiting workers, employers and governments.

The inventory also provides information on the impact of policies on public expenditure:

Figure 17. Policy distribution according to impact on public expenditure, ASEAN and non-ASEAN countries, 2010–15



As can be seen in the above figure, almost two-thirds of the policies implemented had no clear or direct impact on public expenditure. These included mostly legislative changes that did not lead to the modification of existing programmes and benefits or the creation of new ones. On the other hand, 30 per cent of the policies did increase public expenditure. About half of the policies that led to a clear and direct increase in public expenditure were ALMPs (which in general almost always have such an effect). Half of the social protection measures also resulted in a direct increase in expenditure,⁴ whereas only a small proportion of labour market regulation policies entailed an increase in public expenditure. Since ALMPs can have strong second-order effects, they can in some cases “pay for themselves”, for instance by increasing employment and economic productivity.

⁴ Social protection measures that did not lead to an increase in public expenditure included policies which clarified the administrative procedures related to social protection, as well as policies which clarified or strengthened existing social protection legislation and policies on parental leave and similar benefits that workers are entitled to receive from their employers.

Figure 18. Sustainable Development Goals and the extent to which they are supported by the policies identified in the inventory



Yet another important insight gained from the inventory is that almost 40 per cent of all the policies were directed at a specific type of worker or business: 14 per cent of the policies focused on a specific sector of the economy (agriculture, construction, public sector, etc.), 6 per cent were aimed at workers from a specific age group (mostly youth) and 6 per cent focused on either national or foreign workers. The latter findings need to be taken into account when we try to get an idea of the potential reach of these policies, because, significantly, more than one in every three policies identified in the inventory are directed not at the whole labour market, but at particular segments of it. Despite their lower coverage, such policies with a narrower scope are essential to a sound labour market, because they make it possible to address needs and challenges that may be specific to, or more pronounced for, certain types of workers or businesses.

The inventory also matches each policy with the Sustainable Development Goal (SDG) that it most closely supports.

Of the six SDGs pictured above, two of them combined were supported by over half the policies in the inventory, namely SDG 8 (“Decent Work and Economic Growth”) and SDG 10 (“Reduced Inequalities”). The link with these two SDGs is a direct reflection of the types of policy interventions that the Labour Market Inventory II project focused on. The following table lists the SDG targets which correspond most closely to the main objectives of 30 or more policies in the inventory. Together they account for almost two-thirds of all the policies identified.

Table 2: Most common Sustainable Development Goal targets supported by policies in the inventory

Sustainable Development Goal target	Number of policies	Share of total policies
8.8: “Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment”	139	28%
10.4: “Adopt policies, especially fiscal, wage and social protection policies, and progressively achieve greater equality”	74	15%
16.6: “Develop effective, accountable and transparent institutions at all levels”	71	14%
4.4: “By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship”	51	10%

Source: ILO Labour Market Inventory II database.

The list of SDG targets above illustrates the priorities of policy-makers in the twenty countries included in the sample during the period of analysis, while at the same time establishing a clear link between the SDG dimension of the inventory and the next chapters of the report. Chapter 3 looks at social protection policies that focused on achieving great equality (linked to SDG target 10.4); Chapter 4 focuses on ALMPs, which for the most part were aimed at increasing the number of young people and adults who have relevant skills (SDG target 4.4); Chapter 5 considers wage policies, as well as policies aimed at strengthening social dialogue institutions (SDG targets 10.4 and 16.6); and, finally, Chapter 6 discusses labour market regulations, which by and large focused on guaranteeing and promoting workers’ rights and safety (SDG target 8.8).

3. Social protection

Introduction

The ILO defines social protection as “the protection that a society provides to individuals and households to ensure access to health care and to guarantee income security, particularly in cases of old age, unemployment, sickness, invalidity, work injury, maternity or loss of a breadwinner”.

In the light of the challenges faced by countries in the ASEAN region with regard to extending social security coverage to all (see section 1.3), this chapter looks at the efforts undertaken by ASEAN Member States and some of their main trading partners to strengthen their social protection systems between 2010 and 2015.

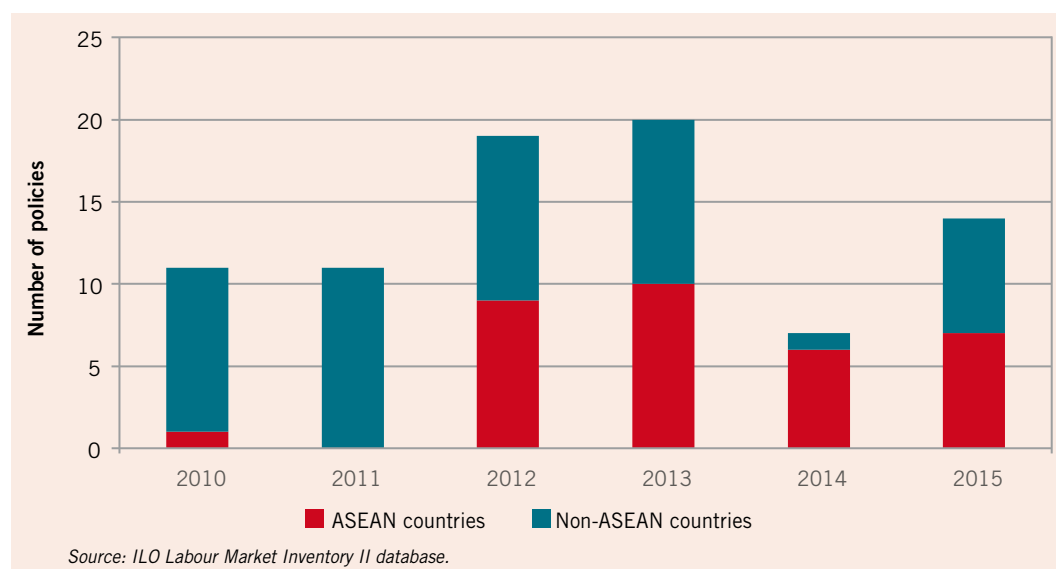
The overall trend observed is one of considerable progress having been achieved in making the right to social protection a reality for the majority of workers in the region. In particular, ASEAN Member States devoted significant efforts to improving their social protection systems. These efforts included new social security laws in Myanmar (2012), the Lao People’s Democratic Republic (2013) and Thailand (2015). The policy action in this area became more pronounced after the adoption of the ASEAN Declaration on Strengthening Social Protection in 2013, highlighting the key role that ASEAN-level initiatives can play in promoting decent work among its Member States and in complementing national-level policies.

Social security is a basic human right that has been enshrined in major international instruments, such as the Declaration of Philadelphia (1944) and the Universal Declaration of Human Rights (1948). These fundamental documents are complemented by the Social Security (Minimum Standards) Convention, 1952 (No. 102), the Maintenance of Social Security Rights Convention, 1982 (No. 157) and the Social Protection Floors Recommendation, 2012 (No. 202), among other instruments adopted under the auspices of the ILO that have helped to shape further the international labour standards on social security.

There have been several ASEAN-wide initiatives in this context as part of the community’s regional integration process. Specifically, calls have been made for improved social protection and the progressive extension of coverage to all following a life-cycle approach. In 2013, this culminated in the adoption of the ASEAN Declaration on Strengthening Social Protection by all ASEAN Heads of State and Government, who committed themselves to scaling up the provision of social protection floors as a priority for achieving growth with equity.

Despite this, ASEAN Member States reserve only a small proportion of public expenditure (measured as a share of GDP) for social security, resulting in low coverage rates. Indeed, among the South-East Asian countries only Thailand and Viet Nam spend more than 6 per cent of their GDP on social security (7.2 per cent and 6.8 per cent, respectively).

Figure 19. Distribution of social protection policies over time, ASEAN and non-ASEAN countries, 2010–15



The “Social protection” main area of analysis in the inventory encompasses all policy interventions that are designed to reduce and prevent poverty and reduce income insecurity throughout the life cycle. These include benefits for children and families, maternity, unemployment, injury at work, sickness, old age, disability, survivors, and health protection (ILO, 2017a). As discussed in Chapter 1, ASEAN countries have enjoyed high rates of economic growth, which have put them in a better position to harness the demographic dividends presented by their young and growing populations. Nevertheless, as the populations of ASEAN countries age at relatively low levels of income per capita, and as these countries further integrate with the global economy, it is increasingly likely that various structural challenges will emerge, putting additional pressure on budgetary resources. Still, budgetary constraints should not dissuade policy-makers from developing and strengthening their countries’ social protection systems, especially since these are often able to pay for themselves (ILO, 2017a). Against such a backdrop, robust social protection systems are crucial to sustaining economic and political stability, as well as ensuring social cohesion.

Currently, however, not only is nearly half of the workforce in the ASEAN region vulnerably employed but social protection coverage is fragmented throughout the region as well. As pointed out by the ILO (2015b), “[t]he state of social protection in ASEAN is very diverse: five countries have statutory schemes covering at least six social security policy areas while several are still in the process of developing their social protection systems”. In fact, Thailand is the only Member State with a comprehensive scope of social security legal coverage, having implemented at least one statutory programme across nine social security policy areas.¹

¹ The nine areas are medical care, sickness, maternity, old age, work injury, invalidity, survivors, family allowances, and unemployment.

The ASEAN Declaration on Strengthening Social Protection reflects a growing consensus in the region that the establishment of nationally defined social protection floors is fundamental to efforts to reduce poverty and inequality while also promoting inclusive and sustainable growth. Figure 19 illustrates how there was a significant increase in policy action related to social protection within ASEAN Member States in the years that followed the adoption of the Declaration in 2013. Thus, whereas between 2010 and 2012 only 14 policies in this area are recorded for ASEAN Member States, no less than 32 policies were implemented in the three following years. By contrast, non-ASEAN countries in the sample implemented most of their social protection policies before 2013.

Within ASEAN, the only countries with five or more policies dedicated to social protection were the Lao People's Democratic Republic (5), Myanmar (7) and Viet Nam (11). At the other end of the scale, no such policy was recorded for Brunei Darussalam or Indonesia, whereas Malaysia and the Philippines implemented only one measure each in this area. The same level of heterogeneity is observed among the main trading partners: some countries in this group implemented several policies dedicated to social protection (Australia, China, Switzerland), whereas several others were inactive in that respect (India, Mongolia, Nepal and Republic of Korea).

Figure 20. Number of social protection policies implemented per country, ASEAN and non-ASEAN countries, 2010–15



The “Social protection” main area of analysis is split into the following three categories:

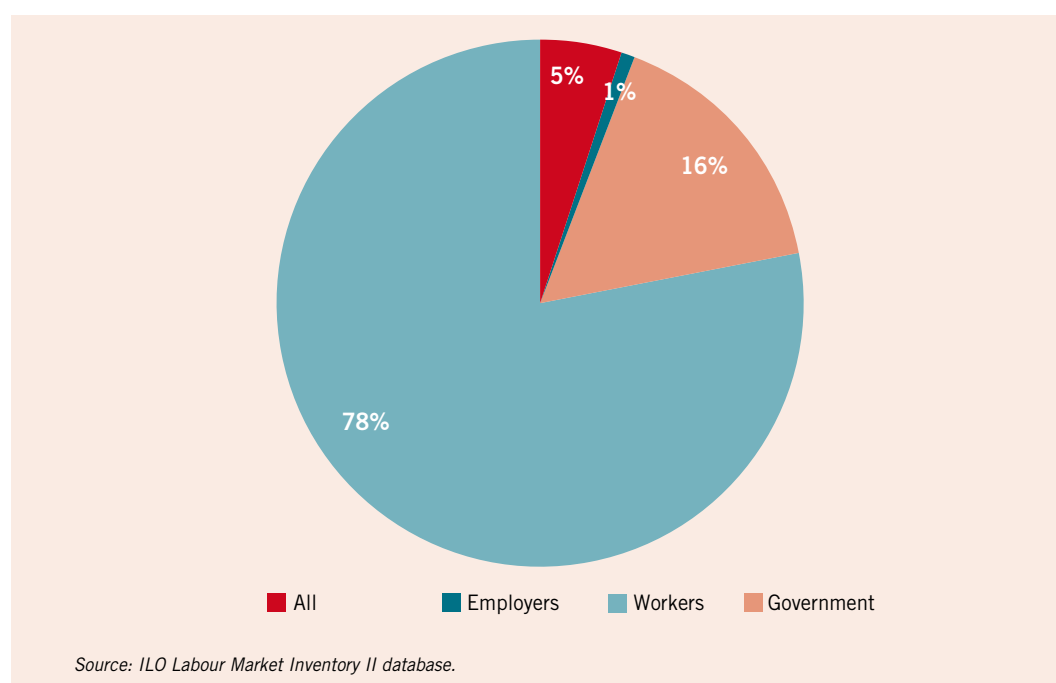
Table 3: Distribution of social protection policies across categories, ASEAN and non-ASEAN countries, 2010–15

	Number of policies	Share of total number of social protection policies	Number of countries active in each category
Benefits, allowances and leave	50	61%	13
Other social protection measures	17	21%	9
Unemployment insurance	15	18%	8

Source: ILO Labour Market Inventory II database.

Benefits that are intended to provide basic income in the event of sickness, maternity or disability, or to ensure access to essential health care, are grouped in the “Benefits, allowances and leave” category, in accordance with the basic social security guarantees mentioned in the Social Protection Floors Recommendation, 2012 (No. 202). Unemployment insurance policies are considered as a separate category in view of the specific nature of unemployment insurance and how closely it is linked to employment dynamics. The

Figure 21. Distribution of social protection policies according to main beneficiaries, ASEAN and non-ASEAN countries, 2010–15 (%)



category “Other social protection measures” includes mostly policy changes aimed at strengthening the institutional framework governing social protection systems, such as social insurance funds and social security boards, as well as other administrative bodies responsible for the management of social protection systems or parts thereof.

As can be seen in figure 21, the majority (78 per cent) of such measures had workers as their main beneficiary. The next largest share of policies (16 per cent) benefited governments, either by improving their budget position or by clarifying the rules and procedures that underpin public administration.

In terms of budget impact, 33 per cent of the social protection policies increased public expenditure. However, many of these policies can have a considerable second-order impact on factors such as aggregate demand, which can potentially more than offset the investments made. Almost half of the policies implemented had no clear or direct impact on public expenditure. These included policies aimed at clarifying definitions in existing laws and benefit programmes, and policies which introduced benefits to be paid for by employers (such as policies enshrining the right to parental leave).

3.1. Benefits, allowances and leave

Benefits, allowances and leave are a key aspect of social protection and cover a wide range of beneficiaries. Indeed, such policy measures can apply to families (typically in the form of parental leave and child and housing benefits), disadvantaged groups (e.g. people with disabilities or indigenous people) and, in some cases, to specific sectors (e.g. agriculture). They are an essential component of social protection floors, because they guarantee income security for workers in disadvantageous circumstances, in accordance with the Social Protection Floors Recommendation, 2012 (No. 202).

Although there has been substantial progress in the coverage of various types of benefits, allowances and leave, in some areas there has been greater success than in others. For instance, according to the ILO (2017a), in the Asia and the Pacific region,² the coverage rates of maternity and child benefits are, respectively, 33 per cent and 28 per cent, both around seven percentage points below the world average. The coverage of disability benefits is even lower, with less than ten per cent of the workforce being entitled to such benefits, compared to a world average of around 27 per cent. In the case of benefits where specific data for the South-East Asia subregion are available, the scenario is similar: for instance, the coverage of old-age pensions (as a proportion of the workforce) in the region is around 20 per cent, which is much lower than the world average of almost 35 per cent. Thus, despite the considerable variations in coverage for the different types of benefits, allowances and leave, interregional comparisons reveal that Asia and the

² Here and throughout the rest of the report, data and insights for the Asia and the Pacific region are used when there are no data for South-East Asia or for a sufficient number of the countries in the sample individually.

Pacific has some of the lowest rates in the world, particularly with regard to disability benefits.

In the inventory, over 60 per cent of the policies in the “Social protection” main area fall into the “Benefits, allowances and leave” category. Seven ASEAN countries implemented at least one measure in this category, while six of the ten main trading partners were also active in this policy area. Twenty-two per cent of the policies in this category focused on a particular type of worker. Most of the policies in this category focused on maternity or parental leave and associated rights, and on providing benefits for workers in specific sectors of the economy. The remaining measures were mostly to do with defining the terms and conditions for accessing benefits, allowances and leave, particularly in the context of health care, sickness and maternity.

In the case of Cambodia, for instance, the Government implemented two policy measures in this category related to specific sectors. These stipulate that workers in the textile, garment and footwear industries are to receive monthly allowances for transport, accommodation and health. Similarly, the policy interventions by Thailand in this category were also directed at specific sectors.

Myanmar, on the other hand, not only implemented measures directed at a specific sector (the Law of Protection of Farmer Rights and Enhancement of their Benefits, 2013), but also enacted the Social Security Law 2012, which provides for both maternity and paternity leave benefits, as well as family assistance benefits.

In Singapore, policy efforts were focused on several legislative amendments to define various forms of parental leave and to lay down rules for accessing sick leave benefits (i.e. an Act adopted in 2013 to amend the Child Development Co-Savings Act and the Employment Act), whereas the Lao People’s Democratic Republic enacted the Social Security Law 2013, which establishes several types of social security benefits, including health-care, childbirth, work injury and sickness benefits.

Viet Nam was also relatively active, implementing four policies in the “Benefits, allowances and leave” category. Three of these had to do with maternity and sickness benefits, and involved mostly establishing coverage, eligibility, duration and allowance levels.

As for ASEAN’s main trading partners, whether in relation to child care, parental leave or disability allowance, a common trend is that each country implemented at least one amendment to previous laws – e.g. in Bangladesh, the Labour (Amendment) Act 2013, and in Sri Lanka, the Employees’ Provident Fund (Amendment) Act 2012.

Overall, some countries in this group were considerably more active than others in executing policies related to benefits, allowances and leave. Whereas the policies implemented by the main trading partners tended to build on or reshape existing legislation, ASEAN Member States enforced new measures and devoted significant efforts to increasing the benefits and rights of individuals. In terms of target groups, some sections

of society benefited more than others: for instance, most countries implemented at least one policy to support parents – be it in the form of parental leave, child care or other benefits. Notwithstanding these positive achievements in improving workers' rights and their access to benefits, allowances and leave, further efforts are called for in order to overcome the challenges faced by many of these countries in extending social protection coverage, as highlighted in Chapter 1.

3.2. Unemployment insurance

The main purpose of unemployment insurance schemes is to protect the income of workers during periods of joblessness.

Guaranteeing basic income security for workers in case of unemployment is one of the basic social security guarantees as laid down in the Social Protection Floors Recommendation, 2012 (No. 202). Unemployment insurance gives jobseekers the time and conditions they need to find a new job that matches their skills, as well as to improve their skill level, which allows them to contribute to the economy to the best of their potential. It also helps to ensure decent working conditions. Moreover, unemployment insurance can also have important second-order effects in terms of reducing informality and increasing aggregate demand, thereby acting as an economic stabilizer during a recession.

Although significant progress has been achieved worldwide in this sphere over the years, only 38.6 per cent of the global labour force are covered by unemployment protection schemes (ILO, 2017a), and the figure is much lower for South-East Asia (15.9 per cent).

Unemployment protection schemes can be broadly grouped into: (a) contributory unemployment benefit schemes; (b) non-contributory unemployment benefit schemes; (c) employment guarantee schemes; and (d) unemployment insurance savings accounts.

In many countries where none of these schemes is in place, income compensation for dismissed workers is provided only in the form of severance payments.

According to ILO (2017b), of the ten ASEAN Member States only four (Lao People's Democratic Republic, Myanmar, Thailand and Viet Nam) had mandatory public social insurance alone or combined such insurance with other forms of social assistance, whereas the other six Member States (Brunei Darussalam, Cambodia, Indonesia, Malaysia, Philippines and Singapore) had no scheme anchored in national legislation or offered severance payments as the only form of insurance in case of job loss. Moreover, only two of the ten ASEAN Member States actually have unemployment insurance schemes in place (Thailand and Viet Nam).

Of the ASEAN countries that had no scheme anchored in national legislation or that offered only severance payments to provide workers with income security in case of

job loss, none implemented any policies in this area. On the other hand, of the four countries that had mandatory public social insurance systems, three (Lao People's Democratic Republic, Myanmar and Viet Nam) did implement at least one policy in this area. This reflects, to some extent, the fact that establishing social protection systems, or in this case unemployment insurance schemes, takes time and requires capacity building. Hence, it is easier for countries that already have institutions and schemes for unemployment insurance in place to implement policies that modify or build on those arrangements than for countries without any such arrangements to introduce unemployment insurance for the first time. Moreover, the sizeable share of informal employment in many of the countries in the sample means that the potential coverage of unemployment insurance schemes is fairly small, as is discussed in more detail further down in the context of Viet Nam (see section 3.4). Therefore, it is plausible that in some cases this limitation may induce policy-makers to focus on other labour market policies that can more quickly cover a larger proportion of the active population.

In the case of the Lao People's Democratic Republic, the Social Security Law of 2013 defined several features of the country's new unemployment insurance scheme, including qualifying conditions, the system used to calculate benefits, the duration of benefit payments, and the assistance with vocational training and job placement that each job-seeker is entitled to.

In Myanmar, a new Social Security Law was introduced in 2012, which, among other features, established the eligibility criteria for receiving unemployment benefits, as well as the various levels and duration of such benefits.

Viet Nam, the country with the most entries in this category, promulgated a series of decrees, circulars and specific sections of the Employment Law dealing with various aspects of the unemployment insurance scheme. Details of the implementation of this scheme and of how it has progressed over the last decade are presented in the section that closes this chapter.

Outside the ASEAN community, notable policies adopted between 2010 and 2015 include the chapter on unemployment insurance in China's Social Insurance Law (which defined the parties that are expected to pay unemployment insurance contributions, and the conditions which individuals must satisfy in order to qualify for unemployment insurance) and Bangladesh's Labour (Amendment) Act (which established the eligibility criteria for unemployment compensation, as well as its duration and amount).

These initiatives, as well as those undertaken by the three ASEAN Member States mentioned above, were important steps towards improving the existing unemployment insurance schemes in those countries. However, the lack of policy action in countries with no provisions for income security in case of joblessness beyond severance payments undermines the prospects of expanding social protection coverage in general, and unemployment benefit schemes in particular, in a region in which only about one in five workers is covered by at least one social protection benefit.

3.3. Other social protection measures

In the inventory, policy measures implemented by ASEAN Member States in the area of social protection that were not directly related to unemployment insurance or benefits, allowances and leave were grouped into the “Other social protection measures” category. The policies in this category mostly focused on defining functions and updating regulations relevant to administrative processes for the delivery of social protection. This was the case, for instance, with specific sections of the Social Security Law 2013 of the Lao People’s Democratic Republic, Myanmar’s Social Security Law 2012 and Thailand’s Social Security Act 2015.

Myanmar was particularly active in this category, implementing several comprehensive changes to its social security system. These policies include the Social Security Law 2012, which not only establishes a Social Security Board at the national level comprising government officials, experts, and representatives of employers and workers, but also specifies the entities and activities to which the social security system and associated benefits apply. Such measures demonstrate a determination to increase coverage rates by improving the institutional structure, efficiency and transparency of social protection in the country.

Similarly, both of the policies implemented in the Lao People’s Democratic Republic during the period of analysis focused on increasing social protection coverage rates. In particular, new regulations introduced in 2012 establish compulsory social security coverage for every labour unit, rendering employers liable for any worker that falls through the safety net. In addition, the country also sought to establish principles, rules and provisions in connection with its social security system.

Overall, most of the countries active in this category tailored their policy measures so as to improve the institutional framework for, and efficiency of, their social security systems and/or to design incentives for increasing coverage rates. Some countries executed policies that led to significant alterations to the way that social security operates at the national level, whereas others implemented measures that envisaged an array of smaller changes with a view to strengthening the institutional framework governing social protection systems and improving their efficiency and coverage.

3.4. Two country-level policy evaluations

Providing income security for workers faced with various risks is at the heart of most social protection systems and policies. In order to enable an analysis of greater depth, this section will summarize the main findings of the two programme evaluations carried out during the Labour Market Inventory project in cooperation with the Development Centre of the Organisation for Economic Co-operation and Development (OECD) and national researchers.

The first study looks at the evolution of the unemployment insurance system in Viet Nam since its introduction in 2009. It was undertaken by the ILO in cooperation

with the OECD Development Centre and Viet Nam's Institute of Labour Science and Social Affairs (ILSSA).

The study identifies the benefits of the programme, as well as the challenges it has faced during its different phases. The unemployment insurance scheme has quickly become an essential pillar of labour market institutions in the country since its introduction. Several changes to the programme have taken place over the first decade of its implementation, including the integration of the legislative framework for unemployment insurance into the Employment Law in 2015 to create stronger linkages between employment and unemployment insurance policies. However, the programme still has a number of challenges to overcome, particularly regarding the low coverage of the unemployment insurance system (compared with policy-makers' targets) and the lack of effectiveness of some of its components, particularly job counselling and on-the-job training. Overall, Viet Nam's experience shows that implementing an unemployment insurance scheme requires strong and long-term commitment by policy-makers to ensure that the programme is both effective and able to cover most of the labour force.

The second study focuses on the "Village Fund" programme in Indonesia, and is the fruit of the ILO's collaboration with the OECD Development Centre and four national researchers: Mr Fadilah Putra, Mr Hadi Prayitno, Mr Indra Sakti Gunawan Lubis and Mr Nasrun Annahar.

The Village Fund programme is quite far removed from the canonical definition of a labour market programme. However, it is an important example of how other policies that at first glance do not look like labour market programmes can nevertheless have significant similarities to these, in terms of their goals, components and outcomes.

Indonesia's Village Fund programme, which was launched in 2014, increased both the autonomy and the financial resources of villages in the country, in order to allow local actors to tailor the allocation of those resources to the specific needs of each village. The qualitative study whose results are summarized in this section focused on 15 villages in three different parts of the country. The study found that a large proportion of spending was dedicated to the development of infrastructures (almost 90 per cent of the funds), with only 2.5 per cent dedicated to capacity building. Infrastructure investment is often vital in areas where there is a clear shortage of roads, water facilities or sanitation, and can contribute significantly to the improvement of livelihoods in those areas. The infrastructure projects created temporary jobs, mostly for workers within the villages in question. Hence, the main way in which this programme sought to alleviate poverty at the village level was through the development of basic infrastructure from which individuals could benefit, as opposed to directly increasing the income level of people living in poverty through direct cash transfers. Moreover, the fact that in most cases workers were hired from the villages in which the projects were being implemented also implied an increase in income within each village, although the medium- and long-term effects of projects such as road development can potentially contribute much more towards facilitating the economic growth of underdeveloped areas of the country.

Overall, the studies provide important and in-depth insights into both the benefits and the challenges involved in the implementation of two such different programmes in the region. These are valuable lessons that can further enhance our understanding of some of the bigger obstacles to the implementation of effective labour market policy, and can also help us to identify best practices and ways of overcoming those obstacles.

3.4.1. Viet Nam: Unemployment insurance design

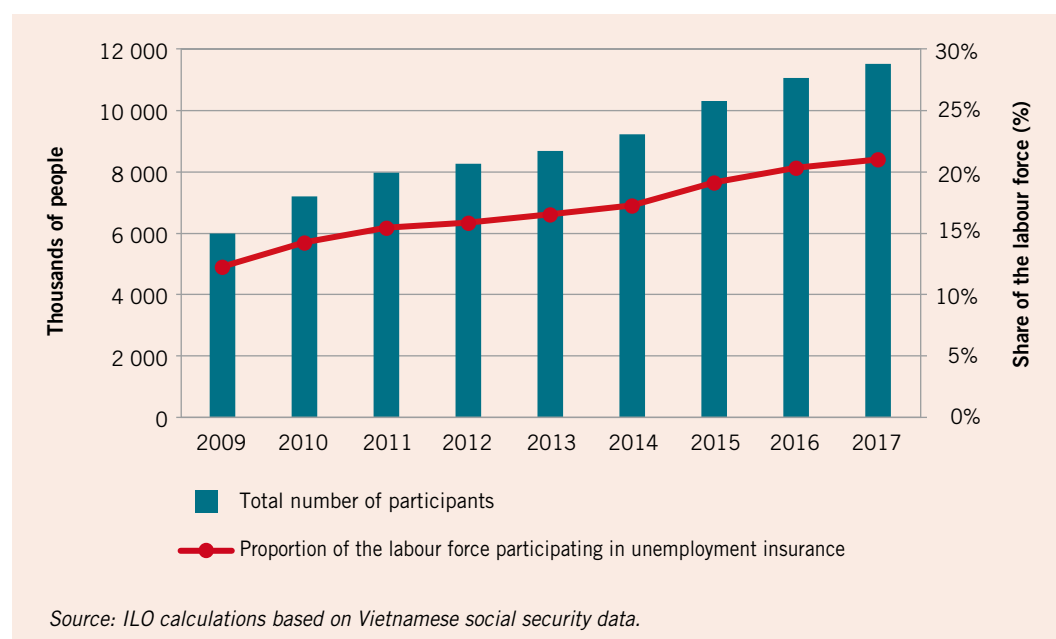
Unemployment insurance in Viet Nam was first introduced through the Social Insurance Law of 2006, which entered into force in 2009. In 2015, with the entry into force of the Employment Law of 2013 (Law No. 38/2013/QH13), the unemployment insurance regulations were incorporated into the former in order to create stronger links between employment and unemployment insurance.

The unemployment insurance regulations in Viet Nam stipulate that the following categories of workers are eligible for such insurance: (a) employees under labour contracts or working contracts of indefinite or definite duration; (b) employees under seasonal or job-based working contracts with a duration of between three and 12 months; and (c) employers who are the managers of a business or cooperative enterprise, and who are receiving wages and participating in compulsory social insurance. The list of employers obliged to participate in unemployment insurance includes most private and public organizations, both national and foreign, which hire or employ individuals under labour or working contracts. The main amendments to the original law of 2006 implemented in 2013 have to do with the scope of insurance: first, seasonal workers with contracts lasting three months or longer are now included and, second, the earlier restriction, under which only employers who employed ten or more workers were required to participate in unemployment insurance, was removed.

Workers eligible for unemployment insurance under Vietnamese law are entitled to:

- Unemployment allowance – the allowance level amounts to 60 per cent of the average monthly wage for the last six months before the worker became unemployed. The amount is limited to five times the basic wage or five times the regional minimum wage. The duration of the allowance may not exceed 12 months, and depends on the length of the previous working spell.
- Job counselling and referral – these services are free for employees currently paying unemployment insurance contributions.
- Vocational training support – those enrolled in unemployment insurance are entitled to one-off vocational training support, which means that they can receive training for one specific occupation at a vocational training establishment, for a maximum period of six months.

Figure 22. Status of participation in unemployment insurance, Viet Nam, 2009–17 (%)



In addition, a fourth component of unemployment insurance in Viet Nam includes provisions for the training and retraining of employed workers in order to help them avoid job loss. Employers must fulfil a fixed set of criteria to be entitled to apply for participation in this component, including the payment of unemployment insurance contributions, submitting proof of the economic difficulties they are facing because of a lack of funds, and having in place a plan for training and/or retraining that has been approved and authorized by a state agency.

However, despite the various components and the wide range of workers and employers eligible for unemployment insurance, the participation rate of workers in the system is still low, with a little more than one in five workers participating as recently as 2017.

As may be seen in the above figure, it is important to stress that, despite the low overall participation in unemployment insurance, participation has steadily increased over the last decade, rising from 12.2 per cent in 2009 to 21 per cent in 2017, with the greatest increase being due to foreign-owned companies. However, the rate at which participation is rising is still far from sufficient to ensure that the target of reaching 35 per cent by 2020, which was set by Resolution No. 15-NQ/TW of 2012, can be met. This lack of coverage is also directly correlated with the high proportion of informal employment, since informal workers often do not have a labour contract.

Even though the circumstances of workers and their participation in unemployment insurance vary significantly across the country's 63 provinces and cities, the national

averages based on the data provided by employment service centres (ESCs) still yield useful insights into the characteristics of unemployment allowance recipients:

- Around 57 per cent of those receiving unemployment allowances were women.
- The average duration of unemployment allowances was between four and five months.
- The monthly allowance is on average around 2.5 million Vietnamese dong (VND) (approximately US\$107).
- Only 10 per cent of recipients found a job through public employment services (ESCs).
- Only 5.1 per cent of recipients participated in vocational training.

As far as the financing of the system is concerned, both employees and employers must pay 1 per cent of the monthly wage into the unemployment insurance fund. The Government will contribute at most 1 per cent of the monthly wage to subsidize the fund only when the fund balance falls below a threshold set at twice the total expenditure on unemployment insurance in the previous year. This meant that from 2015 to 2017 there was no need for state contributions to the unemployment insurance fund. Nonetheless, estimates made as part of the study still point to a large amount of unpaid employer contributions to the fund.

On top of the problems with the level of participation of both employers and employees, Viet Nam's unemployment insurance scheme has also faced other challenges since its introduction. In particular, training and retraining measures have been very hard to implement in practice, even when the unemployment insurance fund reported a large positive balance. Moreover, there is still a shortage of information and data on the implementation of unemployment insurance from sources other than the Ministry of Labour, Invalids and Social Affairs and the social security system, especially from employers and other relevant agencies and organizations.

In order to close part of this gap, our evaluation also drew on a survey developed for this project that was conducted in two regions³ (Hanoi and Binh Duong) and that included both a quantitative and a qualitative component.

The quantitative component consisted of a questionnaire that was filled in by 360 participants benefiting from the various areas of unemployment insurance previously described.

³ Hanoi and Binh Duong were two of the five provinces/cities with the highest number of unemployed people applying for unemployment insurance benefits in 2017.

Table 4: Distribution of survey participants by sex, age and target group, Viet Nam

	Number of people			Share		
	Total	Hanoi	Binh Duong	Total	Hanoi	Binh Duong
Total	360	180	180	100%	100%	100%
I. By sex						
Male	166	69	97	46.1%	38.3%	53.9%
Female	194	111	83	53.9%	61.7%	46.1%
II. By age						
Under 35 years old	220	99	121	61.1%	55.0%	67.2%
35 years old and older	140	81	59	38.9%	45.0%	32.8%
III. By target group						
Participants receiving UI benefits but not vocational training support	123	65	58	34.2%	36.1%	32.2%
Participants receiving UI benefits and vocational training support	113	54	59	31.4%	30.0%	32.8%
Employed participants	124	61	63	34.4%	33.9%	35.0%

Note: UI = unemployment insurance.

Source: ILO calculations based on regional level survey.

The table above presents an overview of the number and structure of survey participants disaggregated by sex, age and target group. The distribution of respondents was broken down by gender and age (less than 35 years old and 35 years old or over) and across three groups:

- Group 1: participants who have applied for unemployment insurance benefits and who receive job counselling and referral;
- Group 2: participants who are receiving unemployment insurance benefits in the form of vocational training support;⁴ and
- Group 3: participants working in enterprises who have contributed to the unemployment insurance fund.

⁴ It is worth noting that the number of participants receiving vocational training support accounts for 5 per cent of total unemployment insurance benefit recipients.

Table 5 below presents a further characterization of the survey participants:

Table 5: Distribution of survey participants by occupation, educational level, technical qualification and migration status, Viet Nam (%)

	Total (N=360)	Hanoi (N=180)	Binh Duong (N=180)
By occupation			
1. Managers/leaders	7.8%	8.9%	6.7%
2. High-level skilled workers	7.8%	10.6%	5.0%
3. Intermediate-level skilled workers	10.8%	10.6%	11.1%
4. Staff of supporting divisions	20.0%	26.7%	13.3%
5. Skilled workers	29.4%	28.3%	30.6%
6. Unskilled workers	24.2%	15.0%	33.3%
By educational level			
1. Did not finish primary school	2.8%	0.6%	5.0%
2. Completed primary school	5.6%	0.0%	11.1%
3. Completed secondary school	16.7%	7.8%	25.6%
4. Completed high school	75.0%	91.7%	58.3%
By technical qualification			
1. No technical qualification	37.2%	22.8%	51.7%
2. Skilled workers without certificate	1.9%	0.6%	3.3%
3. Primary-level vocational training	7.8%	10.6%	5.0%
4. Intermediate-level vocational training	9.2%	7.8%	10.6%
5. Professional secondary vocational training	5.0%	5.6%	4.4%
6. Vocational college	3.3%	3.3%	3.3%
7. Professional college	8.1%	5.6%	10.6%
8. University and higher	27.5%	43.9%	11.1%
By migration status			
From another region	40.3%	25.6%	55.0%
From same region	59.7%	74.4%	45.0%

Source: ILO calculations based on regional level survey.

- Out of the 360 employees taking part in the survey, 29.4 per cent were skilled workers; 24.4 per cent were unskilled workers; 20 per cent were auxiliary/administrative staff; 10.8 per cent were intermediate-level skilled workers; and 15.6 per cent were high-level skilled workers and managers or leaders.
- Seventy-five per cent of respondents had completed high school, while 16.7 per cent had completed secondary school. In Hanoi, 91.7 per cent of employees had completed high school, while this proportion is much lower in Binh Duong (58.3 per cent).
- With regard to technical qualifications, 27.5 per cent of employees held graduate or postgraduate diplomas. The proportion of employees holding graduate or postgraduate diplomas in Hanoi (43.9 per cent) was nearly four times higher than in Binh Duong (11.1 per cent).

The qualitative part of the survey included in-depth interviews with representatives of public employment services (ESCs), social insurance agencies and companies participating in unemployment insurance. It was designed to gain a more in-depth understanding of the factors lying behind the successes achieved and the challenges faced in the implementation of unemployment insurance in Viet Nam to date.

The responses to the questionnaire indicate that, in Hanoi, all of those who registered for unemployment insurance benefited from job counselling and referral: in 9.2 per cent of cases, this led to referral to a specific potential employer, and out of this group 17 per cent were employed following such a referral. In the province of Binh Duong, participation was also close to 100 per cent, but almost 71 per cent of workers were referred to a potential employer after receiving job counselling and out of these 62 per cent subsequently became employed. In both regions, almost all applicants received an unemployment allowance. However, only 4.1 per cent of the applicants in Hanoi and 4.8 per cent in Binh Duong received vocational training as part of the unemployment insurance scheme.

With regard to the low rates of participation in unemployment insurance, one of the main reasons could be a lack of awareness among workers: the survey results show that around two in three workers knew little about the unemployment insurance scheme, or knew the name of the policy but not necessarily how it works. As for the channels through which workers found out about the unemployment insurance scheme, 62.8 per cent became aware of it through their employers, whereas the media and public employment services (ESCs) / social insurance agencies played a limited role (9.4 per cent and 2.8 per cent, respectively).

An interesting takeaway from the survey is that most of the respondents (81.4 per cent) stated that they had voluntarily quit their jobs, whereas only 11.5 per cent were laid off by their employers.

Seventy per cent of the respondents had received job counseling at least once after applying for unemployment insurance. Of the 30 per cent who did not receive counseling, more than half stated that this was because they felt they had no need for it.

Even though the job counselling offered by public employment services (ESCs) often leads to referral to potential employers and to subsequent job offers, these are often rejected. Out of the 94 jobseekers in the survey who received a job offer, almost 90 per cent had ended up rejecting the offer. The most common reason adduced was that the job offered did not match the jobseeker's occupation and/or qualifications (52.4 per cent). The regulations state that jobseekers lose their entitlement to an unemployment allowance if they reject two job offers "without good reason".

Most of the workers interviewed as part of the survey were receiving unemployment allowances for an average of five months, and the lowest allowance reported was around 70 per cent of Viet Nam's common minimum wage for the year 2018.⁵ With regard to income replacement rates, the unemployment allowance on average represented 48.2 per cent of workers' income before losing their jobs. The replacement rate was significantly higher for men (58.6 per cent) than for women (46 per cent), partly due to the fact that until 2018 the benchmark monthly wages used to calculate unemployment allowances for men and women were different. In 2018, however, new rules were introduced so that the wage on which unemployment allowances are based is now the wage indicated in the employment contract.

Not all of the workers receiving an unemployment allowance seemed to be entitled to it according to the law. About 42 per cent of the individuals surveyed who were receiving unemployment allowances in fact had a job at the time. The rate, however, was not the same for men and women: male recipients were more than twice as likely to be employed while receiving unemployment allowances as women (55.9 per cent and 27.1 per cent, respectively). The incidence of unemployment insurance fraud was also more common in Binh Duong (47 per cent) than Hanoi (36.1 per cent).

With regard to vocational training, the survey comprised 130 employees who were receiving or had received vocational training support. More than half of the participants were men (53.1 per cent) and employees aged under 35 years old (60.8 per cent), while the majority of the occupations for which training was provided were in the services sector (e.g. chef, bartender, chauffeur, IT technician, etc.). For the most part, the training was well received: 98.1 per cent of the jobseekers interviewed stated that, in their view, the courses were aligned with their needs and 88.5 per cent said that the courses met the needs of the labour market.

As for the training and retraining of workers still employed to prevent job destruction, there have been no applications, even though the relevant policy has been in force since 2015. According to the public employment services (ESCs), the main reason for this is the very strict eligibility criteria.

Some important policy implications emerge from the findings and analysis presented above, particularly with regard to the greater challenges faced by Viet Nam in the implementation of its unemployment insurance scheme over the last decade.

⁵ As at 1 July 2018, the common minimum wage was VND1,390,000/month (around US\$61/month).

First, strengthening the arrangements for data and information collection and sharing among the various agencies involved in the unemployment insurance scheme and other relevant areas could help to improve implementation of the scheme. The latter could also benefit from a wider-reaching awareness-raising campaign (through media, state agencies, social partners, etc.). Furthermore, modernizing the administration and delivery of unemployment insurance (through increased use of IT systems, the simplification of procedures, and greater transparency) could also help to make the scheme more efficient and increase participation.

Second, the fact that most jobseekers who are offered a job through the job counselling and referral services included in the unemployment insurance scheme end up rejecting such offers suggests that those services need to be improved so that job opportunities can be identified which are better matched to jobseekers' profiles.

Third, the violation of unemployment insurance rules in different areas calls for more effective enforcement – in particular, the imposition of more severe penalties on employers who fail to pay their contributions, as well as increasing the penalties for workers who conceal their employment status in order to receive unemployment allowances. These measures should also be complemented by mechanisms allowing employers and employees to lodge complaints when they identify violations of the unemployment insurance regulations by the agencies responsible.

Lastly, the vocational training component of the unemployment insurance scheme should be combined with the provision of training for employed workers at risk of losing their jobs. On both fronts, the eligibility criteria should be broadened and the forms of training on offer should be further diversified. This would allow those important components of the unemployment insurance scheme to achieve their goals, both in terms of effectiveness and participation.

3.4.2. Indonesia: The case of the Village Fund programme

In 2014, the Government of Indonesia enacted a new Village Law (Law No. 6/2014), which significantly increased the autonomy of every single one of the country's villages, as well as the financial resources at their disposal. Since 2015, 75 thousand villages in Indonesia have commonly received an average of one billion rupiah (IDR) each year (US\$80,373).

The purpose of the Village Fund is to finance village government, development programmes, capacity building and community empowerment. Village funds are expected to serve as a strategic policy instrument of the Government's efforts to alleviate poverty at the village level and to improve residents' welfare and quality of life. The scheme offers a means of supporting villages to enjoy basic rights and services, build infrastructure, develop local economies and promote the sustainable management of natural resources.

Out of the total funds of IDR20.7 trillion (US\$1.6 billion) earmarked by the programme in 2015, 89.4 per cent was used for village development, 5.4 per cent was spent on village government institutions, and around 2.5 per cent was used for citizen empowerment and capacity building. The fact that most of the funds were dedicated to village development (meaning mainly the creation and improvement of infrastructure) is not surprising, since the lack of infrastructure in many rural areas has been identified as a key constraint on communities' livelihoods and welfare. Infrastructure was a priority of existing village development plans, which to a large extent determined the allocation of the additional funds in the early years of the programme. Although the emphasis was on road construction, projects to improve drainage and sanitation have also been implemented. Village funds allocated by the government amounted to IDR46.9 trillion in 2016 (US\$3.4 billion) and IDR60 trillion in 2017 (US\$4.6 billion), nearly a threefold increase from 2015.

The Government of Indonesia has reported on some of the programme's impacts on village development to date, including the building of 121,709 km of roads, 2,049 ponds, 41,739 irrigation units and the construction of 32,711 clean water facilities, to cite a few examples.

Despite these positive results, there has been very little rigorous analysis of the programme so far. Anshari (2017) investigated how the village funds were allocated (in particular how the Government sought to ensure a fair distribution) and what their immediate impact was. Salim et al. (2017) examined the capacity of village officials to manage the funds and their impact on accountability. However, there is no detailed study of the overall impact of the Village Fund programme that takes into account the programme's contribution to inclusive development.

Analysing the Village Fund programme from that perspective is important because the programme is part of the Government of Indonesia's Inclusive Growth model. This development model is concerned with balancing economic development, social equity and justice, and environmental conservation.

Accordingly, our research focused on three key aspects. First, whether the village funds have had a positive effect on the villages' economic development (not just in the agricultural sector but also in non-agricultural sectors that support the livelihoods of rural communities). The second and third aspects relate, respectively, to the impact of village funds on poverty alleviation and their contribution to improving labour conditions in the villages, especially with regard to reducing unemployment.

In order to gain a comprehensive understanding of the programme's impact, evaluations were carried out at the start of 2018 in three areas of Indonesia covering the western region (Agam Regency), the central region (Malang Regency), and the east (North Halmahera Regency). Five villages were evaluated in each district so as to get a better idea of how the impact of the village funds might differ both between and within regions.

The evaluation of the Village Fund programme was based on qualitative research. Interviews were the main form of data collection: comparable groups of individuals were interviewed in each area, including representatives of the village government, community leaders and representatives of marginalized groups, as well as officials at the district and sub-district level.

This study takes into account the influence of environmental, individual and cultural differences on various aspects of the implementation of the Village Fund programme. We sought, in particular, to capture the views of participants and other key stakeholders regarding the programme's practical consequences.

The evaluation showed that projects financed by the Village Fund programme are quite effective in reducing unemployment but tend to create temporary rather than permanent jobs, and that the projects run for an average of three months. The fall in unemployment rates was prompted by the Cash for Work programme, which generally prioritizes the use of labour from within the village rather than outside. In many cases, young people are closely involved in the implementation of projects. These generally seek to make use of a combination of skilled and unskilled workers depending on the nature of the work to be done. Wages differ according to workers' skills: in some places, workers receive a market wage, whereas in others they are paid less, since it is expected that they will benefit from the assets created by the project. Some villages' projects were directed at specific marginalized groups, in particular some groups of women and youth, but in other cases the participation of such groups was limited.

At present, Village Fund projects are not perceived as a means of directly alleviating poverty among people who cannot work, such as young children, the elderly or people with disabilities, although in a few cases poor households did receive cash or their dwellings were renovated. For the most part, the expectation is instead that poor households will benefit from the infrastructure and public services that the projects generate. The construction of kindergartens and the training of staff for community health centres (*posyandu*) that are usually accessed by the poor are the two most prominent examples. The assessment indicates that marginalized groups do not have much say in how the money from the programme is spent: although they are represented at planning meetings, they are usually unable to advance their views in such settings.

When determining the extent of improvements in the village economy, it is not possible to use national economic development indicators. Economic growth, for example, is difficult to measure at the village level. Thus, in order to assess the impact of the Village Fund programme, we used three alternative indicators: the strength of economic institutions, the quality of village infrastructure, and the purchasing power of the villagers. We found that almost all of the villages studied have established village-owned enterprises. Although not all of these new entities are operating efficiently, they represent a genuine opportunity for villages to grow. In Malang Regency, for instance, village-owned enterprises have provided villagers with financial assistance and training so that they can set up their own businesses, spurring economic activity at the micro-level. The

development of infrastructure supporting the village economy has also accelerated under the Village Fund programme, as reflected in the construction of roads, bridges and irrigation channels, as well as of early childhood education facilities. Furthermore, the purchasing power of villagers has been strengthened both as a result of the Cash for Work programme and of the reinvigoration of the rural market by village funds. Thus, there is evidence to suggest that the Village Fund programme has been successful in encouraging economic development, at least in the 15 villages evaluated in this study.

It will take some time before the full economic impact of the Village Fund programme is felt, as new and better roads gradually enhance villages' access to markets and open up other opportunities. The evaluation shows that villages are as keen to generate non-agricultural activities as they are to boost the productivity of local farmers: funds are invested in village-owned enterprises, and individuals (especially women) receive training on a range of skills that are considered valuable to the local economy.

At present, the direct economic benefits – largely in the form of wages for participants and the purchase of building materials – tend to stay in the villages, but the meso-level benefits (i.e. benefits accruing to businesses and employers) associated with greater connectivity between villages could also be significant. It is important that national policies on infrastructure, rural development and labour take into account, and are aligned with the benefits of Village Fund projects as these gradually manifest themselves.

Evaluating the economic impact of the Village Fund programme as a whole is hampered by the tendency of villages to provide very little information on projects once they have been completed. Village-wide consultations to identify local needs and agree on the priority of projects are held regularly, but the individuals responsible for implementation rarely provide details of how the projects were conducted, of their overall cost and of the labour resources that were used. As a result, there is a risk that villagers may not feel so strong a sense of ownership over both the funds made available and the projects they finance. That would be regrettable, since it is precisely such ownership which is perhaps the most valuable asset of the programme.

Conclusion

Twelve per cent of policies in ASEAN countries were dedicated to social protection. ASEAN Member States seem to have intensified their policy efforts to improve their social protection systems after the adoption of the ASEAN Declaration on Strengthening Social Protection in 2013.

Although only a few countries in the sample implemented policies aimed at improving and strengthening their unemployment insurance schemes, those countries that were active in that respect did take significant steps towards a wider-reaching and better functioning unemployment insurance system. This was the case with the Social Security Law of 2013 in the Lao People's Democratic Republic, Myanmar's new Social Security Law of 2012 and several developments regarding the unemployment insurance scheme in Viet Nam. Outside ASEAN, important unemployment insurance policies were also implemented by China and Bangladesh.

As for benefits, allowances and leave, which together constitute another key aspect of social protection, ASEAN Member States devoted considerable policy efforts to improving the entitlement of parents to benefits – in the form of parental leave, child care or other benefits.

If we focus on social protection, the overall picture presented by policy trends in the region between 2010 and 2105 is of a dual nature: on the one hand, some countries undertook important measures to improve their social protection systems; on the other hand, several other countries were markedly inactive in this area. The latter is alarming, particularly in a region where only roughly one in five workers is covered by at least one social protection benefit. Accordingly, there is much scope for intensifying policy efforts aimed at establishing and improving social protection, which is essential for reducing poverty and inequality while also promoting inclusive and sustainable growth. The ratification, in 2013, of the ASEAN Declaration on Strengthening Social Protection by all ASEAN Member States and the subsequent increase in policy action in that area highlight the important role that ASEAN can play in paving the way for wider social protection coverage in the region. This would enable Member States to fight poverty and inequality, and steer their labour markets and economies towards more inclusive and sustainable growth. Further ASEAN-level initiatives of that kind should help countries to make progress in achieving some of the SDG targets linked to the policies identified in the inventory, particularly the reduction of inequality and poverty through the adoption of robust social protection policies.

4. Active labour market policies

Introduction

Active labour market policies (ALMPs) are government programmes that provide support for jobseekers by upgrading their skill level (training), by helping them find a new employer (job search assistance), or by providing incentives for businesses to create and/or maintain jobs (employment subsidies).¹

This chapter looks at ALMP trends in ASEAN Member States and some of their main trading partners between 2010 and 2015.

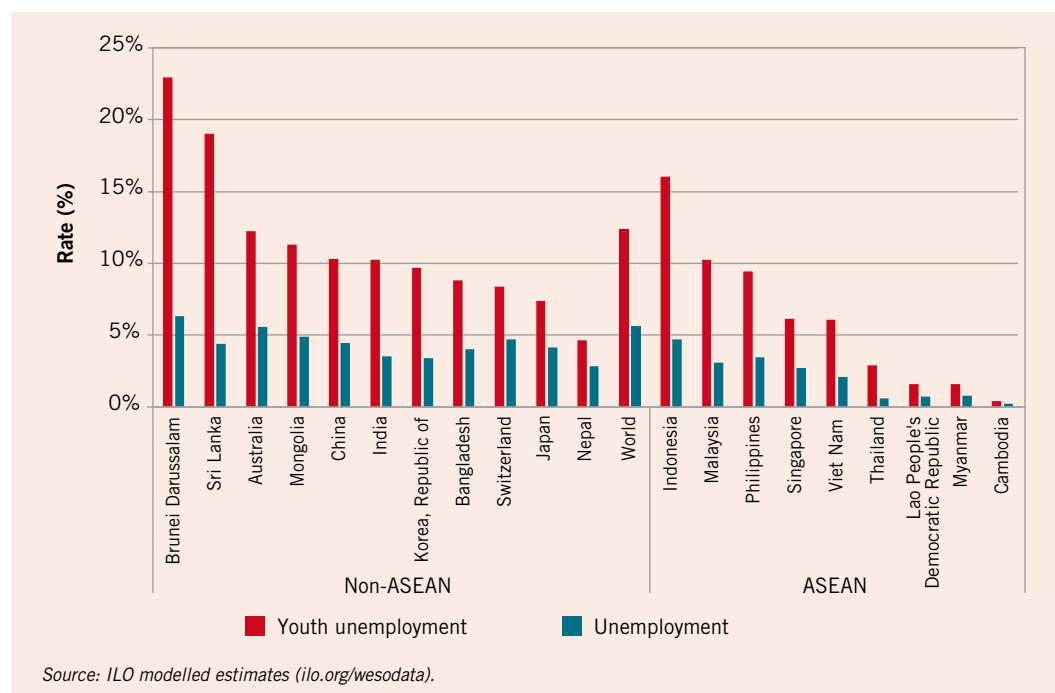
The analysis shows that significant efforts have been undertaken by policy-makers to improve the programmes that are already in place to promote the skills development of the workforce. The strengthening of such programmes is an encouraging trend, particularly when aimed at widening their coverage, which was still low in 2010, as highlighted in section 1.3. In addition, policies in this main area often followed an integrated approach (i.e. when a single policy includes elements of training, job search assistance and/or employment subsidies). This is an important aspect that policy-makers should take into account when exploring the synergies and complementarities between the different components of ALMPs. However, half of the countries in the sample were very inactive in this area,² which suggests that there is room for greater policy intervention, both at the national and the ASEAN level.

Successful ALMPs can have highly positive effects on the labour market and on the economy as a whole. They can help jobseekers to find a new job more quickly, which reduces the duration and rate of unemployment: this in turn leads to increased productivity, higher tax revenues and lower public expenditure on unemployment insurance. They can also help workers to find a job that better matches their skills profile, hence raising their individual productivity and potentially also their income. Moreover, such policies can have positive effects in terms of social cohesion, because they prevent jobseekers from becoming disengaged from the labour market. All of these factors combine to make this type of policy a powerful and important tool that policy-makers can draw on. However, ALMPs usually involve significant levels of expenditure by governments (in the form of subsidies, the wages of training staff, etc.), and hence careful budgetary planning is required, particularly during periods of economic downturn, when such expenditure tends to increase (owing to greater numbers of workers needing support) and fiscal spaces tend to tighten.

¹ Two other types of measures that fall under the ALMP umbrella are start-up incentives and direct job creation (e.g. through public works programmes or employment guarantee schemes). Given that almost none of the policies identified in the inventory fell into either of these categories, the report focuses on the three ALMP categories in which countries were most active during the period of analysis: training, job search assistance and employment subsidies.

² Ten out of the 20 countries in the sample adopted two or fewer ALMPs during the period of analysis.

Figure 23. Average unemployment and youth unemployment rates, ASEAN and non-ASEAN countries, 2010–15 (%)

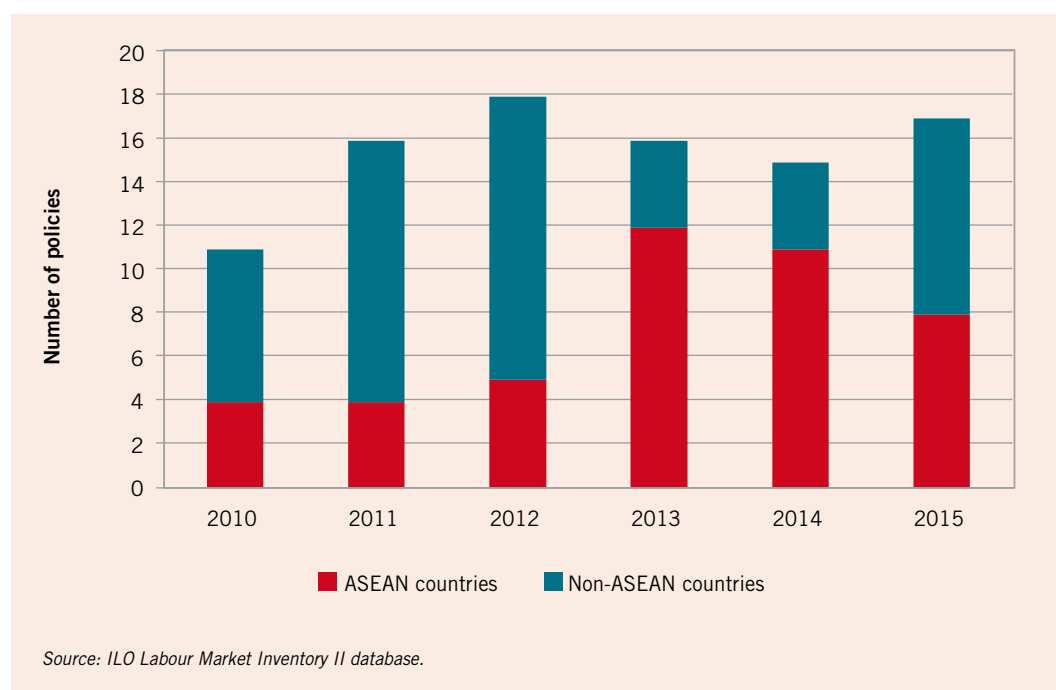


Because of their nature and objectives, ALMPs are often directed at groups of workers who usually face greater challenges when entering or returning to employment, including workers who have gone through long periods of joblessness, less skilled workers and workers struggling to find their first job, such as school drop-outs. This last group is a particular subset within a segment of the population that in general already has more difficulty in finding a job than the average worker, namely young people.

In most of the countries in the sample the difference between unemployment rates among young people and the overall population is wider than the world average (figure 23). Whereas, globally, the unemployment rate among young people is on average 2.2 times higher than that of the overall labour force, out of the 20 countries studied in this report only five had a lower ratio. Indeed, in countries like Brunei Darussalam, Indonesia, Malaysia, Sri Lanka or Thailand the youth unemployment rate was found to be more than three times the overall rate.

Within the ASEAN community, recognition of the need to provide dedicated support for young people translated, in 2013, into the Bandar Seri Begawan Declaration on Youth Entrepreneurship and Employment, which, among other things, agreed that “all stakeholders ... should intensify efforts to strengthen the entrepreneurial skills and volunteerism mindset of young people through different platforms and people-to-people-exchanges while accelerating the development of a regional training network across ASEAN that includes out-of-school youth and other vulnerable groups”.

Figure 24. Distribution of active labour market policies over time, ASEAN and non-ASEAN countries, 2010–15



All of these considerations make ALMPs an important policy priority in ASEAN Member States and their main trading partners. In the context of the Labour Market Inventory II database, ALMPs were the second most popular area of intervention in the inventory (after labour market regulation), with almost 100 policies identified during the period of analysis.

The data from the inventory indicate that the Bandar Seri Begawan Declaration coincided with a period of greater activity in the area of ALMPs on the part of ASEAN Member States. This confirms the important role that ASEAN-level declarations and other instruments can play in paving the way for further policy action and improvements in Member States' labour markets.

By contrast, in non-ASEAN countries the vast majority of ALMPs were implemented between 2010 and 2012.

Although 16 out of the 20 countries in the sample were active in this domain, the majority of policies (56 per cent) were concentrated in only four countries: Viet Nam (20 measures), Sri Lanka (13), Australia (10) and Lao People's Democratic Republic (9) (figure 25).

Figure 25. Number of active labour market policies implemented per country, ASEAN and non-ASEAN countries, 2010–15

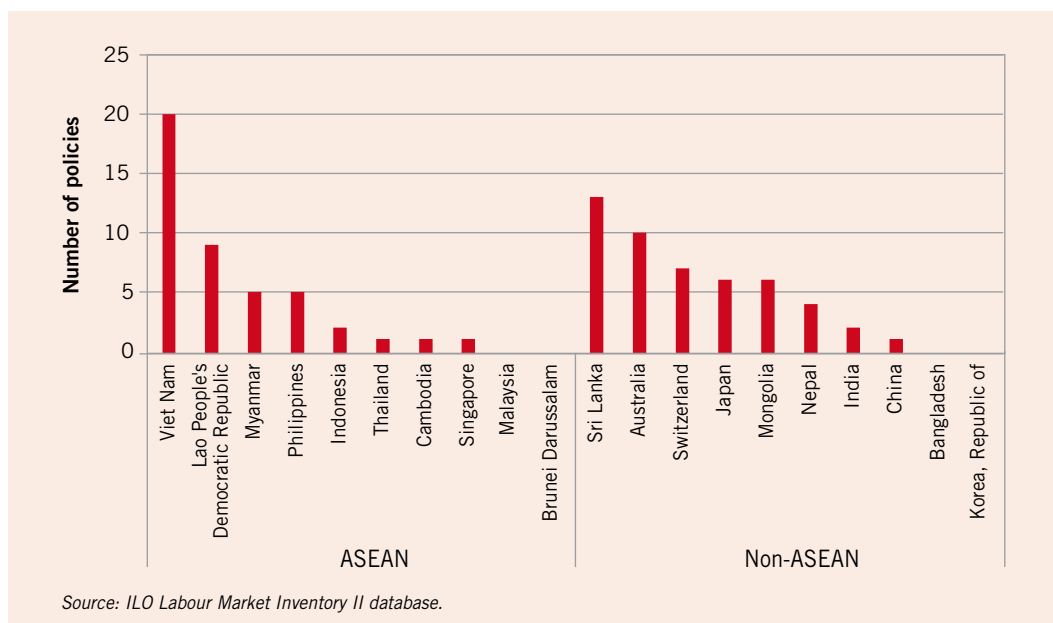
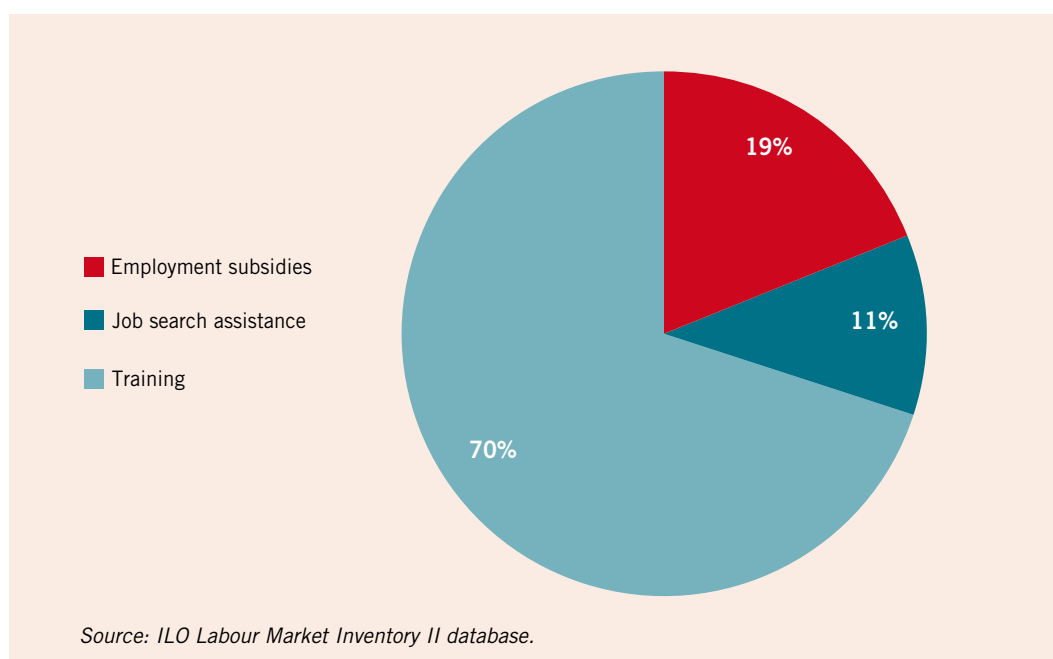


Figure 26. Distribution of active labour market policies by category, ASEAN and non-ASEAN countries, 2010–15 (%)



Within the ALMPs included in the inventory, the most popular category was training policies, which accounted for over two-thirds of the total.

The literature evaluating the impact of ALMPs (see Card, Kluve and Weber (2010) and Kluve (2010)) presents strong evidence that training programmes have a positive effect in the medium term. Most of the studies cited in the two above-mentioned publications, however, focused on developed countries. ILO (2016c) looks at countries in Latin America and the Caribbean, which are closer in terms of their development status to most of the countries in the ASEAN region. The results of that ILO study again point to a positive effect of training programmes on the employment opportunities of participants, as well as on their earnings and access to formal employment.

The focus on training policies among the ASEAN and non-ASEAN countries in the sample between 2010 and 2015 is in line with global trends as identified in the above studies. Similarly, the lack of policies focusing on direct job creation (to the point that there is no category dedicated to them in the inventory) also tallies with the findings for other regions and reflects the fact that such programmes tend to have no significant impact on the employment prospects of people looking for a job. By contrast, the low number of job search assistance programmes recorded in the inventory is at odds with the trends observed in several other regions. This is surprising, since such programmes are generally found to be among the most effective means of helping the unemployed in the long run to find a new job.

Several of the measures in the ALMP main area identified in the inventory were part of a broader and more integrated approach to employment and skills development policy, as was the case, for instance, with Mongolia's Employment Promotion Law of 2011, Sri Lanka's National Human Resources and Employment Policy of 2012 and Viet Nam's Law on Vocational Education of 2014.

In order to pay due account to the specific features of each type of programme, a separate section is dedicated to each of the three categories included in the ALMP main area.

4.1 Training

Skills development is one of the key areas of intervention for any government seeking to develop the national economy by harnessing the productive potential of the country's labour force. At the ASEAN level, this is recognized in the ASEAN Charter, which established that one of the community's main purposes is "to develop human resources through closer cooperation in education and life-long learning". Furthermore, the ASEAN Leaders Statement on Human Resources and Skills Development for Economic Recovery and Sustainable Growth (2010) has confirmed Member States' dedication to foster technical cooperation and capacity-building activities on a wide range of aspects related to human resources development.

In the context of skills development, ASEAN countries, guided by the Millennium Development Goals which preceded the SDGs, have made substantial efforts towards achieving universal primary education by 2015. More recently, however, many countries have focused on the secondary level and, in particular, on technical and vocational education and training in order to prepare their workforce for increased employment opportunities in semi-skilled occupations. In that regard, according to Hilal (2014), all countries in the sample are expected to make significant improvements by 2025. In Indonesia, for instance, the supply of semi-skilled workers is projected to increase by almost one-fifth (reaching 65 per cent) compared with the 2010 level. The Lao People's Democratic Republic and Thailand are also expected to see their share of semi-skilled workers rise from 34 to 42 per cent. In Viet Nam, the most significant change would clearly be within the semi-skilled category, since the share of workers who have attained a post-secondary and pre-university level of education is projected to increase from less than 1 per cent of the labour force to 10 per cent over the same period.

For the purposes of the inventory, training policies include all interventions that change or introduce programmes aimed at improving the skill level of the workforce. To mention just a few examples, such interventions may take the shape of a new training programme for a particular group of workers, a restructuring of the institutions and bodies that provide training in order to improve their efficiency, or programmes and initiatives that strengthen the connection between the education system and the labour market, such as apprenticeship programmes.³ Of the 65 policies in the "Training" category in the inventory, 26 were directed at specific types of unemployed workers, in particular youth (10 policies).

Between 2010 and 2015, Viet Nam was the country that undertook the greatest efforts to improve its skills development infrastructure through training policies. Apart from the fact that a large number of such policies were implemented, some of them also had a wide scope. These include the Law on Vocational Education of 2014, the Law on Higher Education of 2012 and the Employment Law of 2013 (which contains several components related to skills development, as well as job search assistance and assistance for young people interested in starting their own business). In addition to these far-reaching policies, Viet Nam also implemented several measures aimed at developing skills within specific segments of the labour market. These include women ("Scheme on support for women in vocational training and employment in the 2010–2015 period"), youth (Youth Development Strategy 2011–2020), members of cooperatives (Cooperative Law 2012), minorities (Ethnic Minority Affairs Strategy through 2020) and rural and "guest"⁴ workers (Employment Law 2013). Although significant progress has been made

³ The "Training" category also covers certain policies that have to do with training but do not fall under the canonical definition of an ALMP, in particular on-the-job training and education-related policies. They have been included in this category, and are considered in the above section, in order to ensure a clear mapping between the Labour Market Inventory II database and the structure of the report. In view of the small number of training policies that are not directed at the unemployed, this necessary simplification does not compromise the conclusions of the section and the chapter as a whole.

⁴ In the context of Viet Nam's labour market, guest workers are defined as Vietnamese citizens who are working abroad or who have the ability and intention to do so. In some cases, such workers may be entitled to vocational training, foreign language training and loans with preferential interest rates.

in Viet Nam since the 1990s in terms of ensuring universal access to primary education, skills gaps are still pervasive in the labour market. Nevertheless, skills mismatch rates in Viet Nam⁵ declined from 46.1 per cent in 2009 to 44.4 per cent in 2015. Furthermore, the percentage of workers who are overqualified for their occupation increased from 19.8 per cent to 23 per cent over the same period. The data presented in the study also show that, between 2009 and 2015, the employed population increased by over 5 million workers, of which more than 4 million were workers with a tertiary education level. This implies not only that employers are hiring workers who are better matched to the vacancies posted, but also that the overall skill level of the labour force has risen. The number of policies in this category recorded for Viet Nam in the inventory can therefore be said to be indicative of a reduction in skills mismatches and increased skills development.

In Myanmar, an overarching labour market issue is that a sizeable proportion of the workforce are unskilled and have a low level of educational attainment. For instance, data collected by the United Nations Educational, Scientific and Cultural Organization (UNESCO) show that, in 2014, the gross enrolment ratio in secondary education in Myanmar was 52.5 per cent, a much lower value than that of other ASEAN Member States, such as Malaysia (84.7 per cent) or Indonesia (83.6 per cent), and also significantly lower than the world average (76.2 per cent). This is an important issue, since Myanmar in the near future is expected to experience considerable structural change in which industry will play an increasing role in driving economic growth and job creation. Accordingly, the Government of Myanmar has enacted the Employment and Skill Development Law 2013 (which repeals the Employment and Training Act 1950) and the National Education Law 2014. Both measures are a major contribution towards improving the skill level of the labour force. Specifically, as decreed by the Employment and Skill Development Law 2013, a central body was established and tasked with drawing up policies for job creation, reducing unemployment, and the promotion of skills development among workers.⁶ In order to implement those policies, there are two teams subordinated to the central body: one in charge of skills development, and another responsible for employment development. To ensure that workers' skills are regularly updated and continue to be relevant, employers are obliged to comply with requirements set by the skills development team and to either conduct on-the-job training or offer other forms of training for their employees. In accordance with this Law, the central Government is also responsible for matching jobseekers with suitable employers, both in the private and the public sector. The National Education Law of 2014, on the other hand, was designed to overhaul Myanmar's education system. Although it is still too early to attempt a comprehensive assessment of the impact of these policies, educational data from UNESCO do point to the country having experienced a positive

⁵ The estimates of skills mismatch rates are based on a basic mapping of occupational category to appropriate education level, which makes it possible to obtain approximate figures for the proportions of underqualified, overqualified and appropriately qualified workers in the workforce.

⁶ This body is made up of the Union Minister for Labour, Immigration and Population (as Chairperson), other members of the central Government, members of regional and state governments, and representatives of both workers and employers.

evolution in recent years: the gross enrolment ratios for pre-primary, primary, secondary and tertiary education have all increased since 2010.⁷

The Lao People's Democratic Republic is another country that devoted a lot of attention to skills development, implementing five policy measures in this area. These focused mostly on improving the education system and on ensuring that it met the demands of the labour market in terms of skills requirements. Although most of these measures were implemented in the later years of the analysis – namely, the Vocational Education Law 2014, the Education Law 2015 and the Higher Education Decree of 2015 – a number of major policy efforts date back to the turn of the millennium. Specifically, both the “Education for All National Plan of Action 2003–2015” and the Seventh Five-Year National Socio-Economic Development Plan (2011–2015) emphasized the importance of human capital development through education and set several relevant targets, including the levels of enrolment to be achieved for students in technical fields. These measures have been crucial in improving the low skill base of the country's workforce. For instance, not only did enrolment rates in primary education increase from 75.6 per cent to 95.6 per cent from 2000 to 2015, but gross tertiary enrolment rates also went up from 2.7 per cent to 18.1 per cent over the same period. However, certain demographic trends are counteracting the progress in skills development achieved by the Lao People's Democratic Republic. The migration of skilled workers to neighbouring countries, for instance, is compounding the difficulties that domestic companies face in finding skilled workers (UNESCO, 2013). There are also few opportunities within the country for vocational and on-the-job training. According to UNESCO (2013), Lao businesses – particularly small, non-exporting and domestically owned firms – rarely provide training opportunities for staff. Therefore, system-wide educational reforms combined with a migration policy framework capable of attracting skilled immigrants (as well as encouraging qualified national workers not to leave the country) are necessary to create a competent workforce that can support inclusive and sustained socio-economic development in the years to come.

Turning to countries outside the ASEAN community, Sri Lanka (second only to Viet Nam in the level of its policy action in this category) implemented several measures as part of the National Human Resources and Employment Policy (NHREP) of 2012. These measures covered most aspects of the labour market, with the overarching goal being to put employment at the top of the policy-making agenda. This process culminated in the ratification, in 2016, of the Employment Policy Convention, 1964 (No. 122), making Sri Lanka the tenth out of the 20 countries in the sample to have ratified Convention No. 122.⁸ Several of the policy measures implemented within the framework of the NHREP have to do with the development of human capital in the country. These ranged from enhancing the teaching of English and setting up career guidance services in schools to facilitating the direct transition of secondary-school leavers into

⁷ Nevertheless, as indicated by ILO calculations, the increases range from 16 percentage points for pre-primary education to only 1.5 percentage points for tertiary education.

⁸ During the period of analysis (2010–15), two other countries ratified Convention No. 122: Viet Nam in 2012 and Switzerland in 2013.

the vocational education and training sector. In addition, the NHREP also included sector-specific initiatives, particularly in the domains of agriculture and tourism. Other milestones were the establishment of the National Institute of Labour Studies and various policy measures aimed at providing training and education for young people living in poverty and from deprived backgrounds (the Wariyaplola Rajamaha Vihara Development Foundation (Incorporation) Act and the Pulathisi Daruwo Foundation Trust (Incorporation) Act, both from 2010). These strong policy efforts are partly a response to the high youth unemployment rate in Sri Lanka, which between 2010 and 2015 was the second highest among the 20 countries analysed.

More developed countries in the sample, such as Australia and Switzerland (the only two non-Asian countries in the sample), were very active in this category, too. Australia, for instance, implemented several significant policies during the period of analysis, including the National Vocational Education and Training Regulator Act 2011, the Tertiary Education Quality and Standards Agency Act 2011 and the Australian Education Act 2013. The remaining policies were concerned mostly with minor amendments to the first two of those Acts, focusing on training (particularly vocational training). In Switzerland, on the other hand, policies were more heterogeneous and covered such areas as youth mobility, lifelong learning and vocational training.

The array of policies implemented in this area between 2010 and 2015 is testimony to the attention and dedication that policy-makers have given to skills development among the workforce in their countries. Such efforts are vital not only to accelerate the development of human capital in ASEAN countries, but also to combat high youth unemployment rates and skills mismatches in the labour market.

On top of these existing challenges, rapid technological progress can give rise to other complications. For instance, Chang, Rynhart and Huynh (2016) conducted research based on thousands of surveys and interviews in the ASEAN community and beyond to gain an understanding of how disruptive technologies might reshape labour markets in the region. The investigation revealed that most employers, workers and students in the region were aware of and, to some extent, concerned about the increasingly sophisticated skills profile required for new occupations created by technological developments. In order to harness labour market opportunities and minimize the threats posed by disruptive technologies, it is crucial that decision-makers take such innovations into account when drawing up policies for skills development. According to Chang and Huynh (2016), no less than 56 per cent of jobs in five ASEAN countries (Cambodia, Indonesia, Philippines, Thailand and Viet Nam) are at high risk of automation. This tallies with projections for Viet Nam,⁹ which suggest that, compared with a business-as-usual scenario, the changes brought about by technological advances would lead to lower employment rates while also increasing labour productivity. Moreover, those calculations assumed that the Vietnamese Government will have no choice but to step up its investment in education and training, since, in the absence of such investment, the aggregate

⁹ Based on ILO calculations.

macroeconomic impacts would be even worse, and the number of jobs lost would be even greater. All these findings highlight the need for decisive policy action aimed at further developing human capital in preparation for the “Fourth Industrial Revolution”. This would not only make labour markets more resilient during times of transformation, but also help countries to take advantage of the opportunities associated with technological change.

Overall, the “Training” category was the one with the largest number of policy measures in the whole inventory. This indicates a strong commitment on the part of policy-makers in the region to developing the skill level of their countries’ labour force – a commitment that does not shy at the costs involved, since, as identified by the inventory, three out of every four policy measures directed at the development of workforce skills resulted in a clear and direct increase in public expenditure.

Nonetheless, five of the countries in the sample were not active in this category at all, and seven others implemented only one training-related policy between 2010 and 2015. Indeed, in many of the ASEAN countries there is still scope for more vigorous policy action, which would help to raise the skill level of their labour force. This is a matter of high priority for several reasons. In particular, it is important that governments adequately respond to the struggles that jobseekers face in the labour market, and that they provide opportunities for decent work in the region. Moreover, such policy action is also necessary to deal with the challenges arising from technological progress, particularly with the implications that such change is likely to have for the level and range of skills demanded in the labour market.

4.2. Job search assistance

Job search assistance (JSA), supplied in most cases by public employment services, refers to programmes designed to help jobseekers find a new job. In this way, JSA can achieve multiple goals, from narrowing employment gaps to promoting formality in the labour market or reducing skills mismatches. Moreover, public employment services are often in charge of the planning and execution of several ALMPs at the same time, which can be used to help employers to fill vacancies, facilitate labour market adjustments and mitigate labour market disruptions during periods of economic transition.

Job search assistance can take many forms, such as intensive interviews with employment counsellors or direct help with looking for job vacancies that fit a jobseeker’s profile. It is worth noting, though, that the roles, mandates and functions of public employment services depend on a range of country-specific factors, including the political, economic, social and industrial context in which the labour market operates.

The data from the inventory indicate that there is significant overlap between countries that were active in the JSA category and those that scored highly in the “Training” category. Indeed, with only one exception, all the countries that implemented JSA-related

measures executed at least one policy aimed at skills development, too. Furthermore, only one of the five most active countries in the “Training” category, namely Switzerland, did not implement at least one policy measure focusing on JSA.

Policies in this category were recorded for less than half of the countries in the sample, and, significantly, none of these implemented more than two measures during the period of analysis. This shows that JSA was a less popular category – it was in fact the second lowest for the whole inventory in terms of total policies implemented. Nonetheless, the fact that many of these policies were integrated into broader ALMP initiatives, as detailed below, suggests that, despite their lower number in absolute terms, such policies have the potential to be very effective, especially by virtue of the natural complementarities between JSA services and other components of ALMPs, such as training programmes.

Almost half of the policies in this category were part of more comprehensive labour market programmes, both in ASEAN Member States (e.g. Myanmar’s Employment and Skill Development Law 2013 or Viet Nam’s Employment Law 2013) and non-ASEAN countries (e.g. Mongolia’s Employment Promotion Law 2011 or Sri Lanka’s National Human Resources and Employment Policy). This suggests that countries tended to adopt a more integrated approach to labour market policy implementation (at least in the case of those that were active in the relevant categories). The remaining policies, however, were more heterogeneous and ranged from changing the rules of the JSA process to providing support for specific types of employers, such as small companies and family-owned businesses.

The policies implemented by the Lao People’s Democratic Republic all stemmed from the replacement of the previous Labour Law dating from 2006. Following extensive discussions among various stakeholders – including governmental authorities, private sector entities and development organizations – a new Labour Law was enacted in 2014 which introduced a number of changes to the rules of employment, including a public employment service dimension. Specifically, the Ministry of Labour and Social Welfare and the Ministry of Education and Sports joined forces to create a mechanism for career advice, which is designed to raise awareness among workers and provide them with counselling in relation to study or training opportunities.

Viet Nam was one of the countries that implemented two policies within the JSA category. As mentioned above, this was actually done through broader labour market programmes that had a JSA component. More recently, in 2015, the Vietnamese Government promulgated the Decree on Job Creation Policies and the National Employment Fund, which provides support for guest workers, poor households and young jobseekers in the form of vocational training, financial support and labour market guidance.

Other ASEAN countries that implemented at least one policy in this category included Myanmar, which enacted the Employment and Skill Development Law in 2013. Under this law, the Ministry of Labour, Employment and Social Security (now the Ministry

of Labour, Immigration and Population) is tasked with arranging opportunities for job-seekers, taking into account a range of characteristics, including age, capability and skill level. This is an attempt to reduce skills mismatches by helping employers to find suitable employees who have the skills indicated in their job vacancies.

Outside ASEAN, Sri Lanka implemented two measures in this category. In 2012, for instance, the Government launched the National Human Resources and Employment Policy, which, among others, includes these two measures: “Career Guidance and Counselling” and “Enhancing Employability of the Youth”. Although both envisage a dialogue between the public and private sectors on labour market issues, they differ in their scope. More specifically, the first of these establishes a network linking a proposed new national career guidance council with career guidance units in all tertiary education and vocational training institutes. Within this framework, career guidance will be provided by both public and private institutions through a series of programmes dealing with education, information, careers advice, employment counselling, job placement, labour market adjustment and skills development for the self-employed. The second policy area, on the other hand, seeks to create a network of career centres across the country to provide young people with information on training opportunities and on career guidance, counselling and planning, as well as other employment related services. In fact, this area also encompasses ALMPs because it envisages the creation of employment service centres to improve the employability of young people. An additional goal is to improve job opportunities in underprivileged and underdeveloped regions by encouraging subcontracting arrangements between small and medium-sized enterprises and large private sector corporations. Still, challenges in connecting and matching employers and employees remain pervasive in Sri Lanka. According to UNESCAP (2017), for instance, jobseekers have voiced concerns over the absence of training for soft skills development and entrepreneurship, while employers have acknowledged the difficulties they face in assessing the qualifications of candidates and called for a standardized system for the verification of qualifications.

Mongolia was also active in this category, enacting, in 2011, the Employment Promotion Law, which is intended to establish a legal framework for employment promotion activities. These activities include employment promotion services (e.g. vocational and occupational training, counselling and information), employment promotion measures (e.g. ensuring that people who have trouble finding employment acquire the necessary skills), and the organization of employment training in the form of on-the-job training and retraining.

In the context of ALMPs as a whole, JSA was a category which policy-makers from the countries in the sample focused on less than, say, training programmes, even though such assistance tends to be both effective and inexpensive. On a more positive note, most policy initiatives in this category were part of broader “packages”, pointing to a trend towards more integrated policy-making at the labour market level, which can be observed in other areas of intervention, too.

4.3. Employment subsidies

Within the inventory, the third category of intervention under the main area of ALMPs consisted of policies related to employment subsidies, which are meant to serve as an incentive for businesses to either create or maintain jobs.

Overall, 18 policies were recorded for this category during the period of analysis, of which all but 2 led to a direct increase in public expenditure. Moreover, these policies were concentrated in just eight countries, with two of them (Mongolia and Viet Nam) implementing a combined total of nine policies.

An important aspect of this kind of policy action is the target groups of the policies. Thus, 12 out of the 18 policies concerning employment subsidies were directed at a particular type of business or worker. In particular, roughly half of the policies in this category were directed at small and medium-sized enterprises (SMEs) and/or new businesses.

In the case of the ASEAN community, SMEs and micro-enterprises are an integral part of economic development and growth (ASEAN SME Agencies Working Group, 2015). Indeed, according to the ASEAN Secretariat (2017b), between 88.8 and 99.9 per cent of all workplaces in ASEAN Member States are SMEs and micro-enterprises, which thus account for the majority of jobs in the community (estimates range from 51 to 97 per cent). The importance of SMEs for both the ASEAN economy and, in particular, the labour market is recognized by all members of the community.

All ASEAN Member States that were active in this category introduced at least one policy aimed at SME development. The fact that around two-thirds of Member States were not active in this category during the period of analysis could be partly because some of these countries implemented such measures in the years before 2010–15 and therefore had suitable arrangements in place. This is the case, for instance, with Indonesia, Malaysia, Singapore and Thailand (Organization for Small and Medium Enterprises and Regional Innovation, JAPAN, 2008).

As already noted, Viet Nam was one of the most active countries in the “Employment subsidies” category, notching up five policies in the inventory. These policies were directed not just at SMEs, but also at ethnic minorities and jobseekers. The “Credit incentives for employment creation” section of its Employment Law 2013, for instance, focused on creating a National Employment Fund to provide employers and workers with credit incentives that would bolster job creation, while Decision No. 42/2012/QĐ-TTg of 8 October 2012 subsidizes units and organizations that employ people from ethnic minorities. In addition, Viet Nam also implemented broader policies, such as the “Public employment policies” section of the Employment Law 2013, which, apart from credit incentives to support job creation, also addresses sustainability concerns, such as protecting the environment and responding to climate change.

Of the two policies implemented by the Philippines during the period of analysis, one was aimed at promoting job generation and inclusive growth through the development of SMEs. The other was directed at young people and sought to promote entrepreneurship among this group; it also included components related to financial literacy.

The Lao People's Democratic Republic is another ASEAN country that is active in the "Employment subsidies" category. As in the case of Viet Nam and the Philippines, the policies executed there were also directed at SMEs. In fact, under the Law on the Promotion of Small and Medium Sized Enterprises 2011, the Government not only laid down principles, rules and measures for the promotion of SMEs, but also established an "SMEs Promotion Fund" to provide assistance to start-up companies.

Rather than introducing new measures, Mongolia focused on revising earlier policy action. The Employment Promotion Law 2011, for instance, included five policies in the "Employment subsidies" category which instituted revisionary measures ranging from the provision of credit incentives for new businesses to raising the income of the unemployed by offering temporary employment.¹⁰ Meanwhile, other revisions included the creation of an "Employment Promotion Fund" and offering technical and administrative advice to new businesses.

Overall, the countries that were active in the "Employment subsidies" category placed a strong emphasis on establishing, or updating, policies aimed at supporting SMEs. Although some countries pursued policies providing such support in the form of technical advice or training, the preferred approach, particularly in the case of ASEAN Member States, was through the creation of national funds and by increasing credit channels. For instance, all the countries active in this category implemented at least one policy that loosened credit constraints for SMEs, with Viet Nam and the Lao People's Democratic Republic also setting up independent funds for that purpose. Although only three ASEAN countries were active, the prominence of SMEs policies exemplifies the importance of such businesses for both the ASEAN region's economy and its labour market. At the same time, other measures were directed at specific sections of the labour force, such as young people and ethnic minorities.

¹⁰ The latter measure is included in the "Employment subsidies" category, even though, strictly speaking, it falls under the traditional definition of direct job creation within the main area of ALMPs. However, because of the lack of other policy initiatives of this kind in the inventory, we decided to classify it under the "Employment subsidies" category in order to avoid having a separate category with just one policy.

Conclusion

Active labour market policies are important tools that can help jobseekers find a new job faster, and they also have positive impacts on unemployment levels, public expenditure and revenue and even on social cohesion.

Within the inventory, “Training” was the category with the largest number of policy measures overall. This indicates that policy-makers in the region are very much committed to developing their countries’ human capital, particularly when one bears in mind that three out of every four policies aimed at the development of workforce skills led to a clear and direct increase in public expenditure. Such a conclusion tallies with the findings of most studies of this kind, for these generally point to the significant positive effects of training programmes on participants’ prospects of finding employment afterwards.

It is still worth noting, though, that five of the countries in the sample were not active in the “Training” category at all, and that seven others implemented only one such measure between 2010 and 2015. Indeed, in many of the ASEAN countries there is still scope for more vigorous policy action, which would help to raise the skill level of their labour force. This should be a priority, especially in view of accelerating technological progress and the impact that such change is bound to have on the level and range of skills required of workers.

As for the “Employment subsidies” category, the countries that were active on that score placed much emphasis on establishing, or updating, policies aimed at supporting SMEs. However, only three ASEAN countries were active in this category, despite the importance of SMEs for both the ASEAN region’s economy and its labour market, as pointed out earlier in the report.

Job search assistance policies were also sparsely represented in the inventory, usually being part of broader policy initiatives. In fact, one of the most important takeaways from this chapter is the trend towards a more integrated approach in the area of ALMPs, with several countries implementing policies that addressed, for instance, JSA and skills development within the same legislative framework. This kind of integrated approach is an important step forward in policy-making, because it allows the same policy to take advantage of the synergies and complementarities between instruments such as training programmes, JSA programmes and job creation subsidies. Nevertheless, very few policies were executed during the period of analysis that sought to enhance public employment services, even though studies have consistently found these to be among the most efficient means of helping workers to transition between jobs.

If we now turn to the links between the policies within the main area of ALMPs and the SDGs, we find that over half of the policies in the inventory can be described as being first and foremost relevant to SDG 4, i.e. that they were aimed at ensuring “inclusive and equitable quality education” and promoting “lifelong learning opportunities for all”, in particular through skills development and vocational training. Some policies

could be related more closely to SDG 8, especially to target 8.3, which is to “[p]romote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services”.

Lastly, the trends observed in the inventory suggest that the Bandar Seri Begawan Declaration on Youth Entrepreneurship and Employment, which was ratified by all ASEAN Member States in 2013, led to more intense policy interventions in the area of ALMPs in those countries over the following years. This confirms that ASEAN can play a very important role beyond and above its traditional focus on trade and economic growth. Making labour markets more efficient, robust and equitable, particularly at a time when faster technological progress will lead to significant changes in the skills profile required of workers, is imperative. The ASEAN’s leaders can do a lot to pave the way for country-level policy-making that enables workers and employers alike to cope and thrive in an age of transformation.

5. Wages and industrial relations

Introduction

The “Wages and industrial relations” main area of analysis in the inventory includes all policy interventions that impinged on wages directly, or which affected the way that bargaining on wages and working conditions was conducted by the various stakeholders.

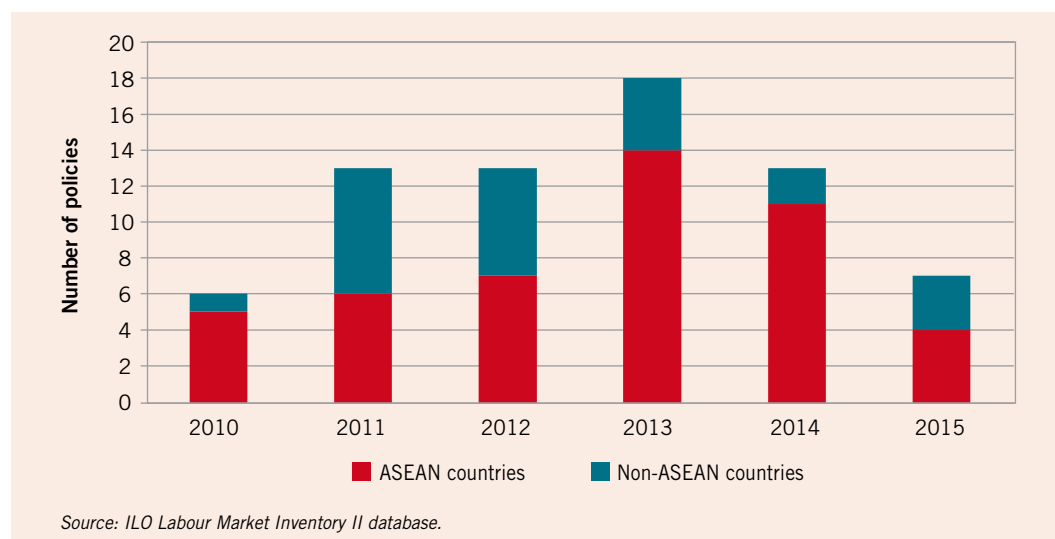
Taking into account the challenges experienced by the region regarding inequality and access to decent work (see section 1.3), this chapter looks at the efforts undertaken by ASEAN Member States and some of their main trading partners to strengthen collective bargaining and improve minimum wage systems between 2010 and 2015.

There have been promising advances in respect of freedom of association and the right to organize in countries such as Malaysia and Cambodia. As for minimum-wage policy, notable developments include the introduction of a minimum wage in Malaysia and Myanmar, as well as a modest extension of coverage in Cambodia, and the creation of an advisory tripartite institution in Viet Nam. However, many countries were not very active in this policy area, which suggests that much remains to be done in order to strengthen the institutional and legal framework governing wages and social dialogue in the region. This includes both country-level policies and broader ASEAN-level initiatives.

As in the other areas analysed in earlier chapters, policy initiatives dealing with wages and industrial relations were more numerous after 2012.

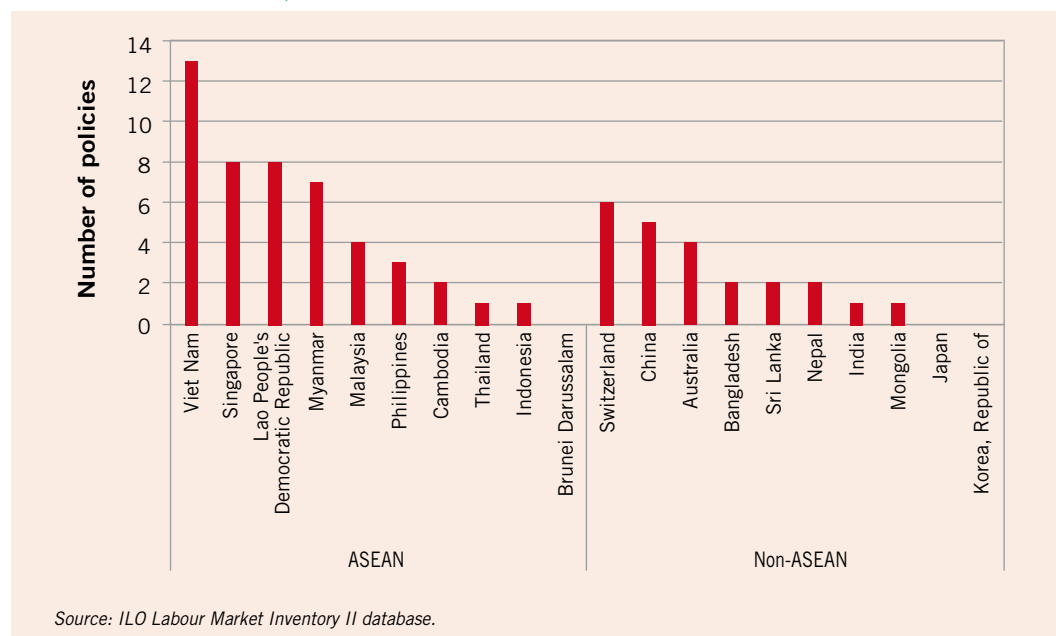
Again, ASEAN Member States account for a majority of the policies executed by the countries in the sample. Unlike the ASEAN countries, those outside the community implemented a greater number of policies before 2012 (figure 27).

Figure 27. Distribution of wages and industrial relations policies over time, ASEAN and non-ASEAN countries, 2010–15



Seventeen out of the 20 countries in the sample implemented at least one policy affecting wages and industrial relations, as can be seen in the figure below.

Figure 28. Number of wages and industrial relations policies implemented per country, ASEAN and non-ASEAN countries, 2010–2015



The countries that were most active in this area tended to be the same countries which were most active overall. Even though the relative share of policies in the inventory dealing with wages and industrial relations was just 14 per cent, some countries implemented a significant proportion of their policies in this area, both in ASEAN (36 per cent in Malaysia, 30 per cent in Myanmar) and outside the community (25 per cent in both Bangladesh and Mongolia). At the opposite end of the scale, countries such as Brunei Darussalam, Japan and the Republic of Korea did not implement any policies at all in this area during the period of analysis.

Within the main area, policies were split across the following categories:

Table 6: Distribution of wages and industrial relations policies across categories, ASEAN and non-ASEAN countries, 2010–15

Category	Number of policies	Share of total number of wages and industrial relations policies	Number of countries active in each category
Collective bargaining	42	60%	14
Minimum wage	14	20%	9
Wage setting and regulations	14	20%	6

Source: Labour Market Inventory II database.

Over half of these policies modified to some extent the arrangements for collective bargaining in the countries in question. In accordance with the definition of policy used for the purposes of the inventory (see box 3 in Chapter 2), collective bargaining policies do not include any collective bargaining agreements; rather, they include only interventions that alter in some way or another the procedures for collective bargaining, as decided by the government or any other centralized body. The remaining policies in this main area were almost equally distributed between minimum-wage policies and policies that change wage setting and other related wage regulations.

5.1. Collective bargaining

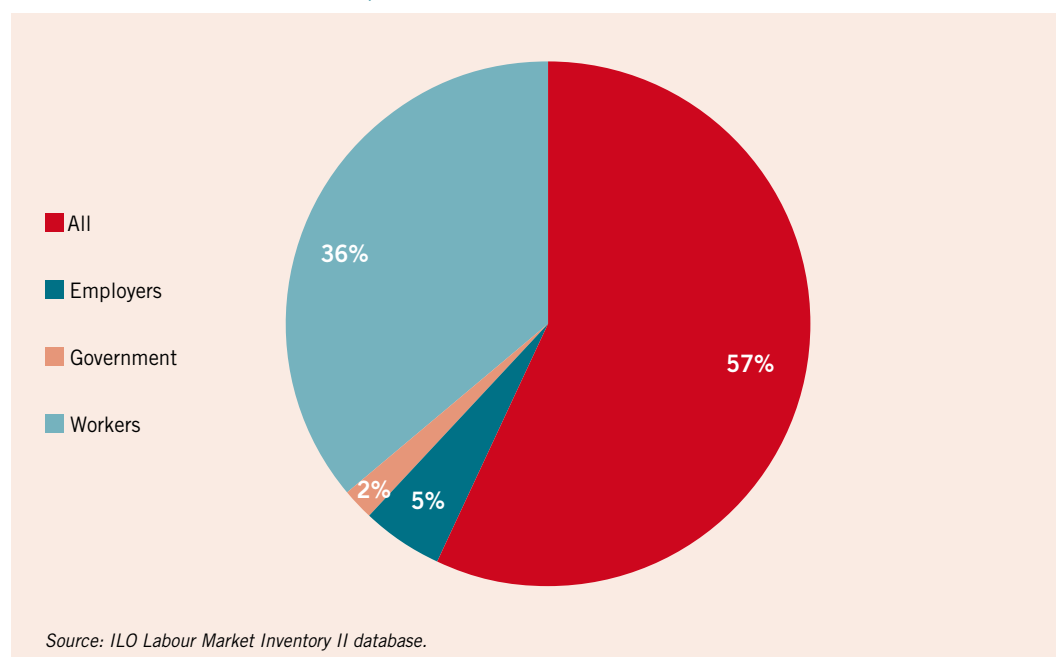
“A sound legal framework remains ... an important requirement and basis of good industrial relations practices in ASEAN countries. Such [a] legal framework needs to take into account national economic and social conditions and in particular guarantee and protect the basic rights and requirements of employers to manage their business and to grow and th[ose] of the workers to just working conditions, stable employment, minimum standards, a safe and healthy working environment and to express their views as well as participate in [the making of] decision[s] that have significant implications for themselves or their workplace.”

ASEAN Guidelines on Good Industrial Relations Practices

The relevance of social dialogue for the development and strengthening of ASEAN was underlined at the 21st ASEAN Labour Ministers’ Meeting in May 2010, at which a Work Programme focused on industrial relations was approved for the period 2010–15. The same meeting also resulted in the approval of the ASEAN Guidelines on Good Industrial Relations Practices, which cover, among other topics, “effective labour dispute settlement” and “tripartite partnership and social dialogue”. One of the key elements identified in these guidelines was the need for a sound legal framework. Following this meeting, governments in the ASEAN countries did indeed devote a great deal of attention to upgrading the institutions and legal framework upon which collective bargaining rests. However, issues remain in a few ASEAN countries with regard to the right to organize and collective bargaining, while in others, greater effectiveness could be achieved on both scores.¹

¹ Moreover, four ASEAN countries – Brunei Darussalam, Lao People’s Democratic Republic, Thailand and Viet Nam – have ratified neither the Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87), nor the Right to Organise and Collective Bargaining Convention, 1949 (No. 98).

Figure 29. Distribution of collective bargaining policies according to main beneficiary, ASEAN and non-ASEAN countries, 2010–15 (%)



The inventory shows that ASEAN Member States in particular took action to upgrade their legislation and institutions governing industrial relations: almost three-quarters of policies in this category were implemented by them.

Such policies can be grouped into two main subsets depending on the main beneficiary: (a) policies that improved the general framework for collective bargaining (i.e. the laws and institutions governing the process) and thus benefited all the stakeholders involved; and (b) policies that benefited mostly workers, usually by protecting and/or strengthening the rights of workers and trade unions in the context of social dialogue (figure 29).

The Lao People's Democratic Republic implemented, in 2014, several comprehensive changes to the way that collective bargaining is organized. These included the introduction of new "collective labour contracts" and of new rules for the agencies representing employers and employees, in an effort to improve workers' representation in the collective bargaining process. At the same time, new types of labour disputes were defined and new internal regulations for labour units were laid down in order to strengthen the rules and mechanisms that govern collective bargaining and the resolution of disputes between workers and employers.

This combination of strengthening workers' rights, as well as their representation in collective bargaining, and introducing new rules and mechanisms to make collective bargaining more efficient was, however, not specific to the Lao People's Democratic Republic, but, rather, an overarching trend across the inventory.

In Myanmar, of the four policies implemented in this category, two of them were aimed at safeguarding the rights of workers in the context of social dialogue, while the other two improved the legal framework for collective bargaining, notably by revoking the 1964 law that had imposed a single trade union system.

As in the case of other categories, Viet Nam was the country with the highest level of policy action in this category, too.² Like those of other countries, Viet Nam's 12 policy interventions were a mixture of measures strengthening the position of workers in collective bargaining (e.g. the Cooperatives Law 2012 and the Trade Unions Law 2012) and measures to improve the institutions and set of rules that govern collective bargaining and social dialogue in a broader context (e.g. the amendment, adopted in 2013, of the Statutes of the Vietnamese Trade Unions and Decree No. 05/2015/ND-CP, which deals with collective bargaining and labour disputes).

Outside ASEAN, Sri Lanka's National Human Resources and Employment Policy contains various sections that cover collective bargaining. In Nepal, Part 3 of the country's new Constitution, which was adopted in 2015, establishes the right to form unions and associations as a fundamental right, although, as in Indonesia, there is no adequate protection against anti-union discrimination (ILO, 2018d).

Overall, many countries in the sample invested significant efforts in upgrading the institutions and legal framework that govern collective bargaining in particular and social dialogue in general. One in every five collective bargaining policies was dedicated to improving the labour dispute resolution mechanisms and institutions, and six different countries were active on that score. With regard to freedom of association and the right to organize, much headway was made in Malaysia and Cambodia. The effectiveness of implementation of these rights could be enhanced in other ASEAN countries, especially those where there are known to be problems in specific sectors of the economy.

5.2. Minimum wage

Trade liberalization can create opportunities and benefits for workers and employers, but it can also confront them with new challenges. A minimum wage is one of the social standards that can ensure a level playing field in the regional and global economy. It can also contribute to restoring the link between wages and labour productivity. When wages rise in line with productivity, they can create a virtuous circle that stimulates further economic growth by increasing demand for goods and services (ILO, 2014b). However, determining the appropriate minimum-wage level can be difficult. If set too low, a minimum wage will have a negligible effect on protecting workers, whereas if set too high, it is likely that compliance will be poor and there could be adverse employment effects.

² Viet Nam is currently considering the ratification of Conventions Nos 87 and 98 by 2020, as indicated in ILO (2016d).

Furthermore, minimum-wage policies are hampered by the fact that they cover only a certain proportion of workers, namely those operating in the formal sector.

Regular updates on minimum wages are not included as minimum-wage policies in the inventory: such updates are not considered to be policies, because they do not so much change policy direction as continue the implementation of previously adopted policies. Twelve of the 16 policies dealing with minimum wages were executed by ASEAN Member States (Cambodia, Lao People's Democratic Republic, Malaysia, Myanmar, Thailand and Viet Nam).

Table 7: Minimum wage systems in selected countries

Country	Coverage (% of wage earners) ¹	How many minimum wage systems?	Level of minimum wage	Compliance ²	Updating
Viet Nam	100% ³	4 regions (decided by the Government)	Ratio to median wage: ~0.4 Ratio to mean wage: ~0.37	~95%	<i>To be adjusted every year</i>
India	70%	45 job categories at the national level and 1,679 job categories at state level	Ratio to median wage: ~0.75 Ratio to mean wage: ~0.4	~61%	<i>Fixed component adjusted any time within 5 years; variable component adjusted at irregular intervals</i>
Philippines	100% with exceptions ⁴	Differs by region and sector	Ratio to median wage: ~0.99 Ratio to mean wage: ~0.78	~57%	
Indonesia	~95% (domestic workers excluded)	National, province, district and occupation (by province or district)	Ratio to median wage: ~1.08 Ratio to mean wage: ~0.69	~65%	<i>Updated every year</i>

¹ Coverage is defined as “the proportion of wage-earning workers who are included within the scope of minimum wage regulations, and thus entitled to be paid at least the prescribed minimum”

² Compliance refers to “the proportion of technically covered workers earning the legal minimum wage”

³ In Viet Nam, the minimum wage applies to employees, who are defined by the Labour Code as workers with an employment contract.

⁴ In the Philippines, according to Article 98 of the Labour Code, the minimum wage provisions do not apply to “farm tenancy or leasehold, domestic service and persons working in their respective homes in needle work or in any cottage industry duly registered in accordance with law”. In addition, according to Republic Act No. 9178 of 13 November 2002, a barangay (village) micro business enterprise (BMBE) is exempted from the minimum wage law.

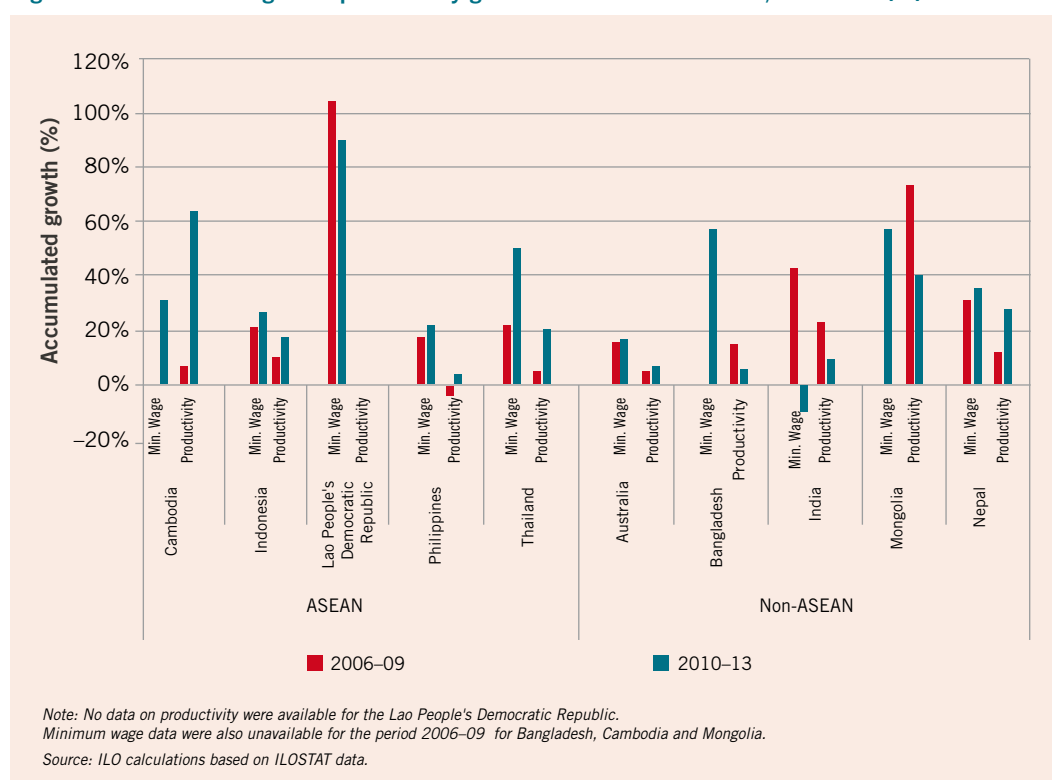
Source: Rani et al. (2013).

As far as minimum wage systems are concerned, there is considerable heterogeneity across the countries in the sample with regard to a wide range of features, including coverage, compliance, levels and also the number of different minimum wages in place within a single country. Table 7, which is based on Rani et al. (2013), offers a glimpse of this heterogeneity for a selected group of countries.

As already mentioned, the differences in minimum wage systems within the countries covered by this report are significant. Of the countries in table 7 above, none has a coverage lower than 70 per cent, but compliance does differ significantly, from the Philippines where compliance is slightly above 50 per cent to Viet Nam where the coverage is close to 100 per cent. In most countries studied in this report, the minimum wage can vary between regions, as well as across sectors and occupations, which can lead to a large number of different applicable minimum-wage levels (reaching almost 2,000 in the case of India, for instance). If one compares the minimum-wage level with the median and mean wages within each labour market, there are again striking differences between countries: in Viet Nam the minimum wage was around 40 per cent of the median and mean wages, whereas in the Philippines it was around 99 per cent and 80 per cent of these two wage indicators, respectively.

To avoid the bias that may result from looking at the minimum-wage level at a specific point in time, figure 30 illustrates the evolution of the nominal minimum wage for the ten countries for which data are available. It compares the minimum wage and productivity growth during the first four years covered by the inventory (2010–13) with the growth that took place in the four preceding years (2006–09).

Figure 30. Minimum wage and productivity growth in selected countries, 2006–13 (%)



Again, this graph points to significant disparities across the sample. Whereas in Australia, Indonesia, the Lao People's Democratic Republic, Nepal and the Philippines the minimum wage grew at a fairly similar rate during the two four-year periods, in other countries considerable differences can be observed. In Thailand the minimum wage grew much faster after 2010, while in India it actually decreased (after an increase of 40 per cent between 2006 and 2009). When compared with productivity growth, the evolution of the minimum wage across the ten selected countries is encouraging: seven of them experienced minimum wage growth that clearly surpassed productivity growth during each of the two periods. In fact, only Cambodia and India, and then only for the more recent period, presented minimum wage growth that lagged behind productivity growth.

Against this backdrop, what impact have policy-makers had on the minimum wage systems in their countries during the period covered by the inventory, i.e. between 2010 and 2015?

Nine of the 20 countries in the sample were active in this category. The most transformative developments were observed in Malaysia and Myanmar, where minimum wages were introduced in 2013 and 2015, respectively (see box 4 for a detailed description of the minimum wage system introduced in Malaysia). At first, the minimum wage rates in Malaysia covered only employers with more than five workers, but coverage was subsequently extended to companies employing five or fewer workers.³ The minimum wages in Malaysia are determined at the regional level by the federal Government and are revised once every two years. The federal Government takes the final decision after considering recommendations made by the National Wages Consultative Council (NWCC).⁴ This inspired further developments after the period of analysis of this report: in 2016, Malaysia became the 53rd country to ratify the Minimum Wage Fixing Convention, 1970 (No. 131).

In Cambodia, there was a sizeable increase of the minimum daily pay in 2015, from 8,000 riel (approximately US\$2) to 40,000 riel (approximately US\$10) – the only change to minimum pay in the country during the period identified in the NATLEX database. In addition, Cambodia also established a minimum wage to be paid to workers during probationary periods.

In Myanmar, the Minimum Wages Act 2013 led to the introduction of a national minimum wage in 2015, while it also introduced new rules defining the categories of workers covered. In particular, it stipulated that workers employed by commercial, production and service, agricultural and livestock breeding businesses were to be entitled to the minimum wage, while family members of employers, civil servants and seafarers were to be excluded. Furthermore, this policy specified not only some of the factors to be taken into account when determining the minimum wage (e.g. the needs of workers and their

³ Excluding companies that provide professional services classified under the Malaysia Standard Classification of Occupations.

⁴ The NWCC is a tripartite advisory body that also comprises technical experts.

families, existing salaries and social security benefits), but also the rights and obligations of workers and employers.

In the Lao People's Democratic Republic, amendments to the minimum wage legislation were introduced in 2014. In accordance with these, the Government is meant to promulgate the minimum wage on the basis of consultations with third parties, to be conducted at non-specified intervals. The amendments also updated the definition of minimum wage, and authorized the Government to set different minimum wages for different areas and sectors.⁵ A few years earlier, in 2010, new legislation concerning the employment of local staff by foreign organizations had been introduced, which, among other issues, included minimum wage rules for such workers.

In Thailand, an increase of the minimum wage in 2013 was the only update to take place during the period of analysis.

Outside ASEAN, Mongolia's Minimum Wages Law 2011 regulates the basic hourly pay to be used in labour contracts and contracts for hire, and covers various aspects related to the minimum wage, including enforcement and adjustment mechanisms. This was the most significant development in non-ASEAN countries in the inventory. In Switzerland, an ordinance adopted in October 2010 laid down a number of definitions and rights concerning domestic workers, including the minimum wage that such workers are entitled to.

In summary, minimum-wage policy in ASEAN countries during 2010–15 was characterized, apart from updates to existing levels, by the introduction of a minimum wage in Malaysia and Myanmar and a modest extension of coverage in Cambodia. As for adjustments to the minimum-wage levels, most of the countries for which data are available have seen increases that have resulted in minimum wage growth surpassing productivity growth. However, most of them still face challenges regarding wage inequality, and further policy efforts are necessary. Indeed, more countries should follow the examples of Malaysia and Myanmar and introduce minimum wage systems. In those countries that already have established minimum wage systems, the focus should be on extending their coverage and improving compliance.

⁵ These amendments to the minimum wage legislation do not address issues such as coverage, compliance, duration or minimum-wage levels.

Box 4: Introduction of a minimum wage in Malaysia

In its report of March 2012 on the Malaysian minimum wage policy, the newly established National Wages Consultative Council (NWCC) laid down the following objectives:

- 1) Ensuring that the basic needs of workers and their families are met;
- 2) Providing sufficient social protection for workers;
- 3) Encouraging industry to move up the value chain by investing in higher technology and increasing labour productivity; and
- 4) Reducing the nation's dependence on unskilled foreign labour.

Accordingly, on 30 April 2012, Malaysia announced the introduction of national minimum wages for the first time. This was implemented in several steps. The Minimum Wages Order 2012 was gazetted on 16 July 2012, resulting in the enforcement, as of 1 January 2013, of the minimum wage rates for employers with more than five workers (Ibrahim and Said, 2015). Coverage was later extended to employers employing five or fewer workers on 1 July 2013, although companies that provide professional services classified under the Malaysia Standard Classification of Occupations were excluded. The wage floors vary depending on the region of the country. In peninsular Malaysia, for instance, workers receive a minimum of 900 Malaysian ringgit (RM) (equivalent to US\$291), while those working in Sabah and Sarawak receive around RM800 (US\$259). The minimum wage for peninsular Malaysia was approximately 26 per cent of the mean nominal monthly earnings of employees in Malaysia as a whole in 2012 according to ILOSTAT data, and therefore significantly below the ratio for other countries presented in table 7 at the beginning of the section.

The minimum wages are set at the regional level by the Malaysian Government and are revised once every two years. Moreover, they are calculated on an hourly and monthly basis in accordance with the Minimum Wages Order 2012. Before taking its final decision, the Government considers recommendations submitted by the NWCC and consults various stakeholders throughout the country. The NWCC is a tripartite advisory body that also includes technical experts, and was founded in 2011.

The NWCC is obliged to meet four times a year, and there are several conditions it must fulfil before it is allowed to make any recommendations. For instance, the Council must: (a) hold consultations with the public on the rate and coverage of the minimum wage; and (b) collect and analyse data on wages and socio-economic factors, as well as conducting research of its own and disseminating the results. The Council is authorized to issue recommendations on the coverage of the minimum wage, on exemptions for certain sectors or regions, and on other implementation-related matters.

These first steps have been followed by further progress. Thus, on 7 June 2016, Malaysia became the 53rd country to ratify the Minimum Wage Fixing Convention, 1970 (No. 131), thereby demonstrating its ambition to protect wage earners from unduly low wages.

5.3. Wage setting and regulation

Wage setting and regulation are both very important for protecting the most vulnerable workers and their families against unduly low pay and poverty. The policy measures falling under this category are highly concentrated in a few countries. Of the 18 policies recorded, 14 were implemented by three countries: Singapore, Switzerland and Viet Nam.

In the case of Singapore, a number of these policies derived from the amendments to the Employment Act introduced in 2013, including a prohibition on deducting the tax payable by employees from their salary, a measure increasing the priority of salary payment over other debts within certain limits, and the introduction of a new schedule for overtime wage calculations. The remaining policies had to do with the Government's recommendations on wage adjustments.

In Viet Nam, updates to the regulations on wages and wage setting included the drawing up of wage scales and tables under the new Labour Code, as well as the introduction of a new official definition of "salary" and specifications on accepted forms of payment. In addition, in 2013 a National Wage Council was established, whose main function is to advise the Government on all matters falling under minimum-wage policy. Its advice is meant to be based on research on topics including but not limited to: (a) the minimum living standards for workers; (b) the payment capacity of employers; (c) regional differences in minimum wage rates; and (d) national and international experience related to minimum wages, and relevant best practices. The National Wage Council is a tripartite institution whose 15 members are divided equally among the three main stakeholders. There are five members representing the Government (specifically from the Ministry of Labour, Invalids and Social Affairs), five from the Viet Nam General Confederation of Labour, and five members drawn from organizations that represent employers at the central level.

In the Lao People's Democratic Republic, new definitions of "salary" and "wage" (both basic and total), as well as of daily wages and wages by unit of production, were introduced, and the acceptable forms and methods of payment were revised, too. The definition of what constitutes "payment", both in normal circumstances and in case of temporary suspension of work, was also updated.

Regulations governing the wages of public sector workers were the prevalent type of policy in this category for the rest of the sample: such regulations were updated in Sri Lanka, Switzerland and Australia.

In general, the policies for wage setting and regulation executed by the countries in the sample were aimed at protecting workers by making the wage-fixing process clearer and more transparent. However, no measures were identified that addressed the problem of non-payment of wages, which can lead to abuses by employers.

Conclusion

Many countries in the sample devoted a great deal of effort to upgrading the institutions and legal framework that govern wages and industrial relations.

Some ASEAN countries implemented policies that led to major changes to the way that collective bargaining functions, including Myanmar, which moved away from a single-union system and embarked upon labour law reform on the basis of tripartite consultation. Another relevant trend in collective bargaining policies in the region was that a significant number of policies were dedicated to improving the existing labour dispute resolution mechanisms and institutions. There have been promising developments regarding freedom of association and the right to organize in countries such as Malaysia or Cambodia, but there is still room for improvement in how those rights are upheld in other countries. A cause for concern is the number of countries in the sample that have not yet ratified the Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87) or the Right to Organise and Collective Bargaining Convention, 1949 (No. 98).

As for minimum-wage policy, the most significant development in the region during the period of analysis was the introduction of a minimum wage in Malaysia and Myanmar. In addition, the coverage of the minimum wage system in Cambodia was extended slightly and an advisory tripartite institution was created in Viet Nam. The minimum-wage level across the ASEAN region rose in most cases at a faster pace than productivity, which is a positive trend that should be kept up if ASEAN countries are to attain minimum-wage levels comparable to those of other developed countries. Those countries that still have no minimum wage should aim to remedy that situation as a matter of the highest priority in order to combat in-work poverty and inequality.

Overall, ASEAN countries have made great strides in wage policy-related areas such as collective bargaining and minimum-wage levels, and it is to be hoped that there will be further progress on these issues in the years to come. Future policies, both at the national and the ASEAN level, should focus on expanding minimum wage systems so that they encompass all countries in the region, while ensuring that they cover a majority of the population and that they are adequately enforced. In terms of social dialogue, future reforms should aim to bring the legal and institutional frameworks of ASEAN countries in line with the standards established in Conventions Nos 87 and 98.

6. Labour market regulation

Introduction

The labour market regulation (LMR) main area in the inventory includes all policy interventions that modify the terms and conditions of employment and of the employment relationship.¹

The analysis throughout this chapter confirms that policy-makers in many ASEAN countries are determined to improve the legislative framework for promoting and guaranteeing workers' occupational safety and health, as well as for safeguarding the rights of migrants and minorities. However, very few policy initiatives in this area addressed non-standard employment, which should be a priority, especially in a group of countries where formal, "standard" employment arrangements are not the norm. In fact, informality is one of the greatest obstacles denying workers access to decent work, as already mentioned in Chapter 1. Yet, none of the policies in the inventory was specifically designed to tackle the problem of informality. This neglect of policies aimed at promoting the formalization of contractual arrangements could potentially undermine the positive effects of the other policies analysed in the report, because these for the most part cover only formal employment arrangements. Hence, although most countries have made significant progress in strengthening their labour market legislation, there are some areas that still require attention and further action on the part of policy-makers. At the ASEAN level, future policy action by Member States could be encouraged by urging them to follow the example of the "ASEAN Declaration on the Protection and Promotion of the Rights of Migrant Workers" or the "ASEAN Declaration on the Gender-Responsive Implementation of the ASEAN Community Vision 2025 and Sustainable Development Goals".

Labour market regulation policies are one of the most effective means for policy-makers to influence working conditions. As discussed in section 1.3, issues such as workers' safety, informality and migration need to be addressed in order to achieve the goal of providing all workers with decent work opportunities. Legislative changes in this area can go a long way towards guaranteeing workers' rights and improving working conditions.

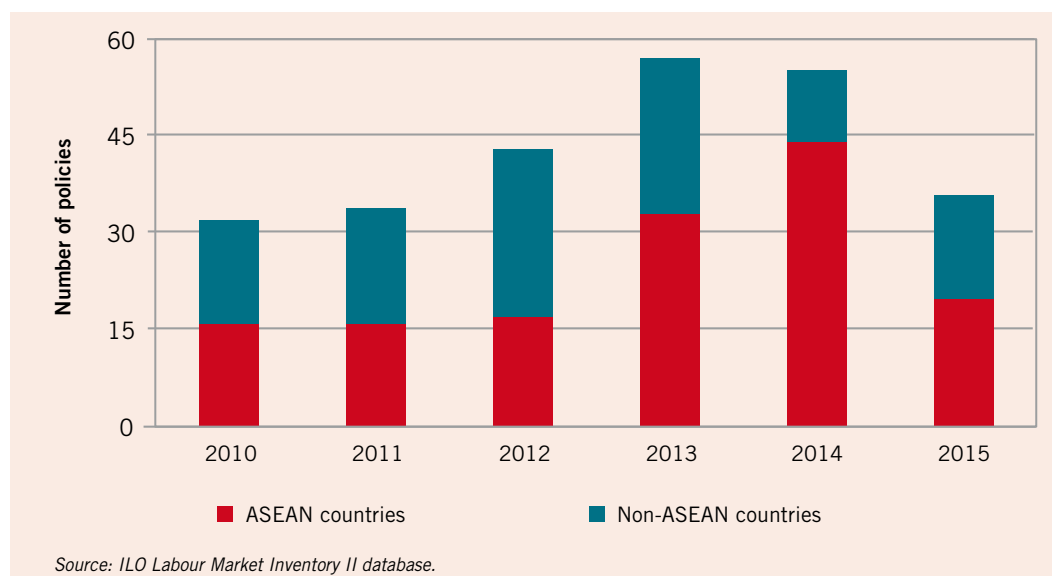
The LMR area accounts for the greatest share of policy interventions within the inventory, containing more than half the total number of policies (51 per cent). This is almost certainly because LMR covers such a vast set of policies (migration rules, occupational safety and health regulations, rules concerning anti-discrimination in the workplace, etc.).

The trend in the timing of the 257 policies in this area of intervention follows a similar pattern to that of the total sample.

The number of policies increased continuously until 2014, and dropped sharply in 2015 (figure 31). When the sample of countries is disaggregated into ASEAN Member States and their main trading partners, both groups present a similar trend.

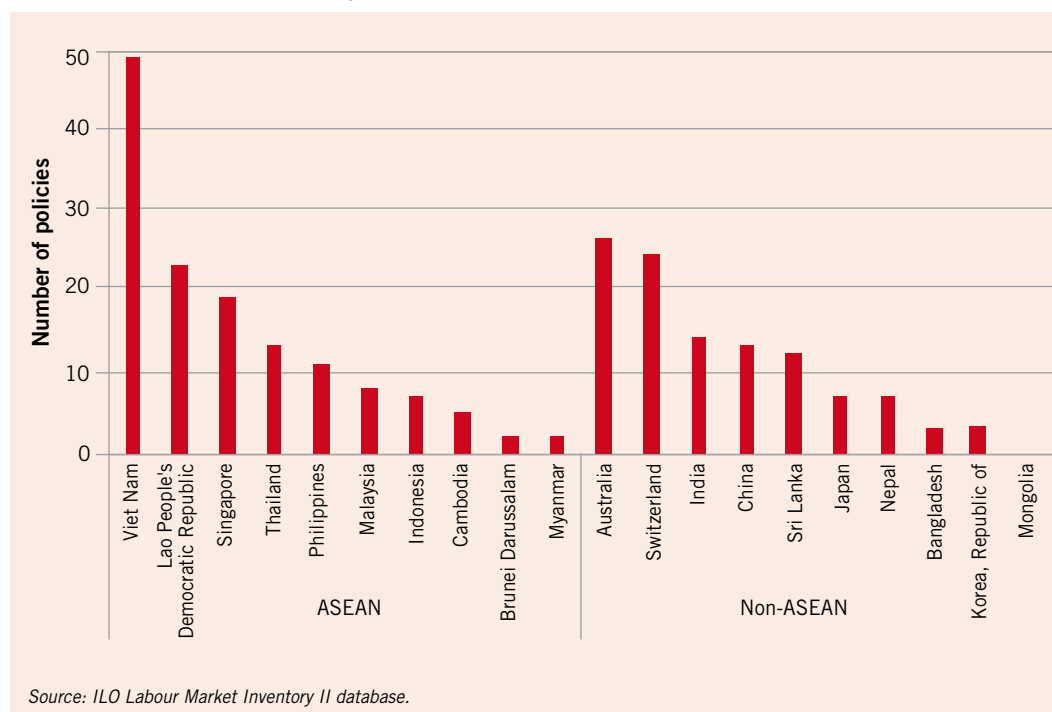
¹ One of the main aspects of working conditions – wages – was analysed in Chapter 5.

Figure 31. Distribution of labour market regulation policies over time, ASEAN and non-ASEAN countries, 2010–15



The number of LMR policies differs considerably among the various countries:

Figure 32. Number of labour market regulation policies implemented per country, ASEAN and non-ASEAN countries, 2010–15



Inside the ASEAN community, countries such as Viet Nam, the Lao People's Democratic Republic and Singapore implemented a large number of policies during the period of analysis, whereas Australia and Switzerland were the non-ASEAN countries that executed the most policies in this area. Mongolia was the only country that implemented no policies at all in the area of LMR. However, Brunei Darussalam, Myanmar, Nepal and the Republic of Korea also implemented considerably fewer policies than the sample average.

Within the LMR area, the policies in the inventory are classified into 11 separate categories. These categories are shown in the table below:

Table 8: Distribution of labour market regulation policies across categories, ASEAN and non-ASEAN countries, 2010–15

Category	Number of policies	Share of total number of labour market regulation policies	Number of countries active in each category
Anti-discrimination	35	14%	15
Dismissals	11	4%	7
Forced and child labour	16	6%	12
Labour inspection and enforcement	13	5%	7
Migration	30	12%	11
Non-standard employment	21	8%	13
Occupational safety and health	60	23%	16
Other regulations (miscellaneous)	29	11%	13
Public employment	13	5%	7
Retirement	11	4%	9
Working time	18	7%	6

Source: ILO Labour Market Inventory II database.

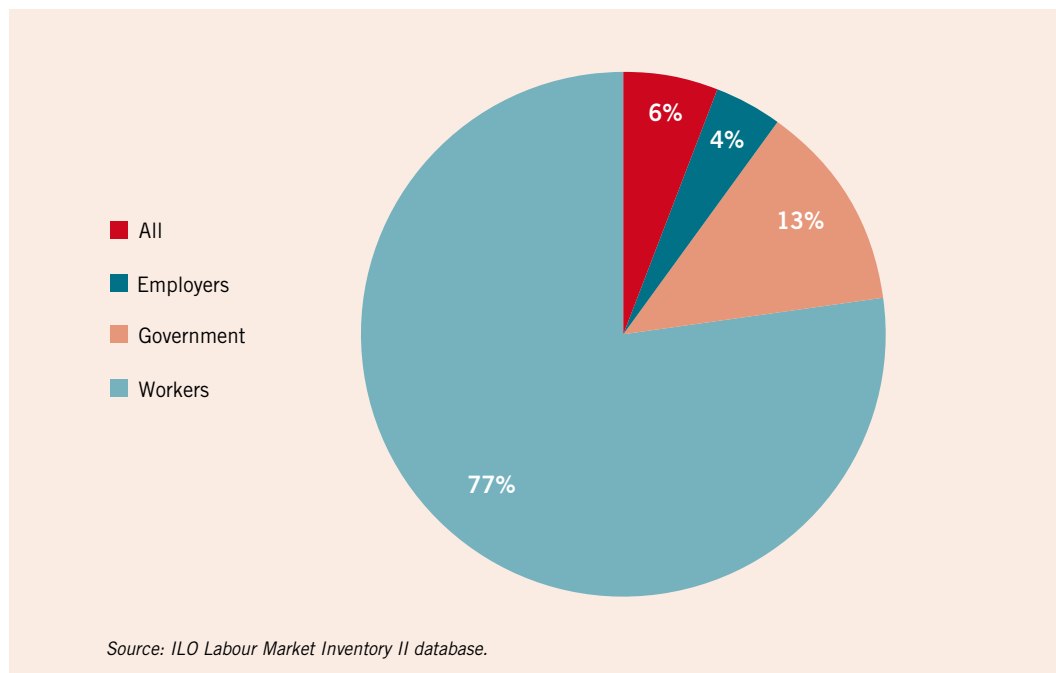
Occupational safety and health (OSH) attracted a great deal of attention from policy-makers, accounting for almost a fourth of all LMR changes during the period of analysis. Sixteen out of the 20 countries in the sample implemented at least one policy in this category. In 6 of those 16 countries, OSH was the category with the greatest number of policies.

Policies that regulate migration flows or the rights and obligations of migrant workers were also a significant focus for policy-makers, accounting for 12 per cent of all LMR changes. This is an important result in view of the increase in labour migration between ASEAN countries that has taken place since 2015 and is expected to continue, even if this movement is likely to remain limited to a specific set of occupations. A strong commitment to reducing discrimination is also evident from the large number of policies in that category.

At the other end of the scale, issues such as retirement or the dismissal of workers tended to be neglected by policy-makers during the period of analysis, as was labour inspection.

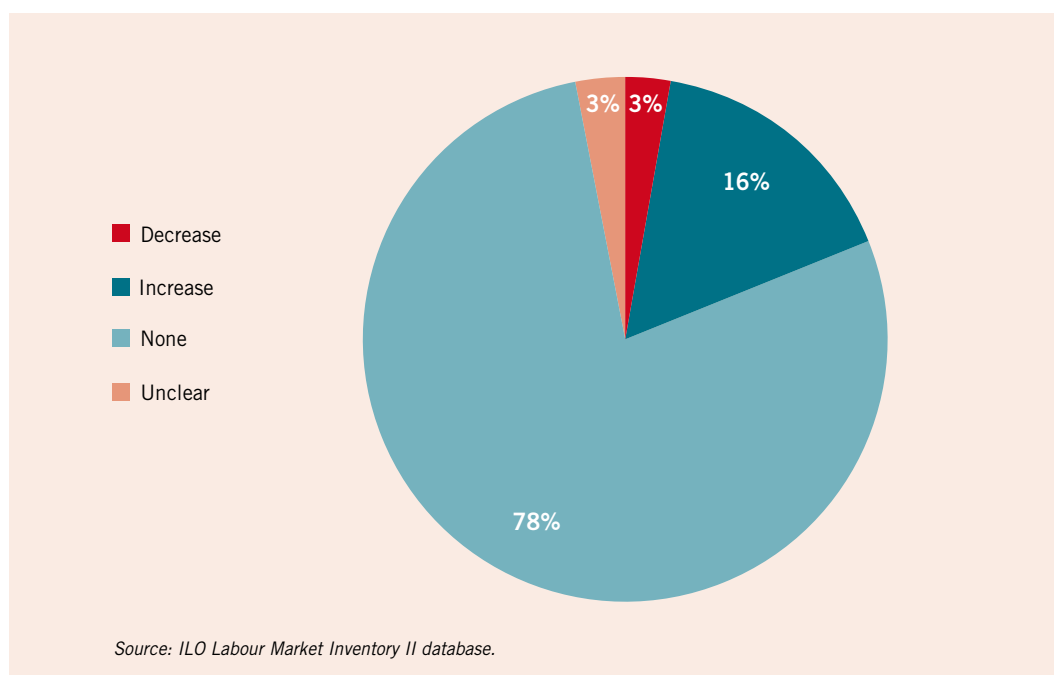
The middle ground in terms of the number of policies implemented was mostly occupied by measures aimed at improving working conditions, such as working time, and by legislation addressing non-standard forms of employment.

Figure 33. Distribution of labour market regulation policies according to main beneficiary, ASEAN and non-ASEAN countries, 2010–15 (%)



As can be appreciated in figure 33, over three-quarters of the LMR policies implemented had workers as their main beneficiary. By contrast, only 4 per cent of the policies benefited employers. The remaining share of LMR policies either benefited mostly the government (by either improving the budget position or by clarifying the rules and procedures that underpin public administration), or benefited all stakeholders.

Figure 34. Distribution of labour market regulation policies according to budget impact, ASEAN and non-ASEAN countries, 2010–15 (%)



As can be seen in figure 34, 78 per cent of the LMR policies implemented had no clear or direct impact on public expenditure. On the other hand, 16 per cent of the policies did increase public expenditure. These were mostly policies that created new institutions to regulate and supervise specific issues (e.g. the Gender Equality Promotion Committee and the Committee on Consideration of Unfair Gender Discrimination in Thailand, and the National Disability Commission of Viet Nam). Overall, though, the vast majority of LMR policies did not increase fiscal pressure in our sample of countries, which is not surprising, since such changes are mostly of a legislative nature and do not entail direct costs for the government.

6.1. Migration

“Migrant workers are a driving force of economic growth in ASEAN”

(HE Mr Khampheng Saysompheng,
Minister of Labour and Social Welfare of the
Lao People’s Democratic Republic)²

Currently, there is no effective, unilateral approach to international migration governance in the ASEAN region. Member States determine the conditions that migrants must fulfil if they wish to enter and remain within their territories. However, as part of the run-up to the establishment of the ASEAN Economic Community (AEC), all Member States endorsed, in 2007, the ASEAN Declaration on the Protection and Promotion of the Rights of Migrant Workers³ and adopted, in the same year, the AEC Blueprint 2015. The Declaration obligates sending and receiving countries to adhere to certain standards, including efforts to protect the fundamental human rights of migrant workers, and to promote their welfare and uphold their human dignity. Meanwhile, the Blueprint was designed to transform the region into a single market and production base characterized by, inter alia, the free flow of skilled labour.

Rather than striving for a wholly unrestricted flow of skilled labour, the AEC Blueprint envisaged mechanisms for facilitating a freer flow, mostly through the implementation of mutual recognition agreements based on national and ASEAN qualification frameworks.

The current intra-ASEAN migration flows, however, do not match the expectations with which the AEC was created. In fact, the majority of such migrants are unskilled workers, accounting for over 87 per cent of total flows (Sugiyarto and Agunias, 2014).

Twelve out of the 20 countries in the sample (including six of the ten ASEAN Member States) implemented a total of 20 policies that specifically dealt with migration. This represents 7 per cent of the total number of policies identified in the inventory, making migration one of the categories in which policy-makers were most active.

Indeed, at the ASEAN level several policies have been executed in the context of migration. Some of these policies focused on outlining the administrative processes for the preparation of labour contracts, such as Decree No. 106/2012/ND-CP in Viet Nam. Whether in the form of quotas, levies or regulations, around a third of policies in this category were measures for the protection of national employment. In line with the ASEAN Declaration on the Protection and Promotion of the Rights of Migrant Workers, Member States also made efforts to improve the working and living conditions of migrant workers, and these efforts constituted around 25 per cent of all policies. Despite the commitments made by Member States in 2007 in connection with the AEC Blueprint 2015, no policies in the inventory addressed the issue of skilled migration.

² See ASEAN Secretariat (2017c).

³ Available online at: <http://www.ilo.org/dyn/migpractice/docs/117/Declaration.pdf>.

In Viet Nam, three of the five policies implemented during the period of analysis were aimed at updating existing regulations in the Labour Code or introducing new ones to deal with the recruitment and employment of foreign workers entering the country. Although these policies were mostly intended to revise the roles and responsibilities of public institutions, attempts were also made to counteract irregular migration by enforcing a stricter policy for the issuance of employment permits and by expelling illegal foreign workers. The other two policies, on the other hand, were concerned with regulations for Vietnamese citizens working overseas. In particular, they defined not only the rights and obligations of contractual parties but also the procedures surrounding dispute settlements for labour supply and guest worker contracts.

Similarly, Singapore also implemented five policies in the “Migration” category during the period of analysis. Since gaining independence in 1965, the country has been an eager proponent of skilled immigration to help foster economic growth. UNDESA data show that total inward migration in 2013 was 72 per cent higher than in 2000 (see figure 11 in Chapter 1). This increase in foreign workers, however, has been accompanied by government efforts to protect national employment. The protectionist strategies adopted include the imposition of levies on employers who hire foreign workers, and the introduction of quotas to moderate demand and narrow the wage gap between foreign and native workers. The Government has also sought to improve the living conditions and general well-being of migrant workers through such measures as the Foreign Employee Dormitories Act 2015.

Both Indonesia and Cambodia implemented measures related to the working conditions of migrants. Whereas the Government of Indonesia enforced mandatory insurance for migrant workers, Cambodia’s efforts to improve working conditions for immigrants focused on tightening the regulations for workplace inspections. Moreover, Cambodia also introduced a policy for the protection of native employment by prioritizing Cambodian-born workers.

As part of the new Labour Law adopted in 2013, the Lao People’s Democratic Republic also introduced measures to protect native employment. For instance, employers are obliged to give priority to Lao workers and may only hire foreigners if workers with the required skills cannot be found in the domestic labour market.

Interestingly, the policies in this category implemented by the main trading partners are more in tune with the commitments made by the ASEAN community in 2007 than those of the ASEAN countries themselves. Thus, their policies addressed not only irregular migration (e.g. Australia’s Migration Amendment (Unauthorised Maritime Arrivals and Other Measures) Act 2013) but also the mobility of highly skilled workers (e.g. the “Science, Technology and Innovation Skills” section of Sri Lanka’s National Human Resources and Employment Policy).

More recently, however, several initiatives have attempted to tackle issues related to migration within the ASEAN region. The signing of the ASEAN Consensus on the Protection and Promotion of the Rights of Migrant Workers in 2017 is one notable example. Despite being a non-legally binding document, the Consensus lays down the general principles that ASEAN Member States are expected to observe regarding the fundamental rights of

migrant workers and their families, as well as a number of specific obligations and commitments. Moreover, it is designed to serve as the basis for a more inclusive framework for cooperation among Member States on issues related to migrant workers.

These efforts build on the results achieved under the ASEAN TRIANGLE (“Tripartite Action for the Protection and Promotion of the Rights of Migrant Workers in the ASEAN Region”) Project, which ran from 2012 to 2016, and which is currently being continued through the ongoing “TRIANGLE in ASEAN” programme. The aim is to increase legal and safe migration and improve labour protection with a view to harnessing the benefits of international migration while minimizing the exploitation of labour migrants in the region. Continued policy efforts are necessary not only at the national level, but especially at the ASEAN level, given the transnational nature of migration issues, if the ASEAN community is to reap the full benefits of growing regional integration.

6.2. Anti-discrimination

The “Anti-discrimination” category in the inventory includes all policies that aim to bring the rights of particular groups of disadvantaged workers, including their access to decent work and social protection, closer in line with the rights enjoyed by the rest of the workers in the labour market. The international labour standard most relevant to this category is the Discrimination (Employment and Occupation) Convention, 1958 (No. 111), which defines discrimination as “any distinction, exclusion or preference made on the basis of race, colour, sex, religion, political opinion, national extraction or social origin, which has the effect of nullifying or impairing equality of opportunity or treatment in employment or occupation”. Although ratified by all the main trading partners, four ASEAN countries have not yet ratified this Convention. This is all the more remarkable given that Convention No. 111 covers all formal sectors of employment and has been ratified by the vast majority of ILO member States (175).

Around five per cent (33 policies) of the total number of policies in the inventory were specifically aimed at reducing discrimination in the labour market. Thirteen of the 20 countries included in the sample were active in this category, with the Lao People’s Democratic Republic and Viet Nam leading the way with five measures each.

Of the policies in the “Anti-discrimination” category, 75 per cent were designed to reduce gender inequality in one way or another. It is also worth noting that over 25 per cent of the policies in this category involved increases in government expenditure. This implies that governments were willing to spend resources on reducing gender inequality and discrimination at all levels in the labour market.

Some of these policies had a wide scope, particularly Cambodia’s Five-Year Strategic Plan 2010–2014, which envisaged, inter alia, the introduction of various gender-related laws. Others focused on raising awareness of gender-based discrimination issues not only within the legal system (i.e. among judges, prosecutors and lawyers) but also among the public at large.

In the Lao People's Democratic Republic, there were several policy efforts directed at women, including the Women's Union Law 2012, the amendments introduced to the Labour Law in 2013 concerning gender equality and the rights of mothers in the workplace, and the Resistance and Prevention of Violence against Women and Children Law 2014.

Malaysia also implemented a policy aimed at preventing abuse and violence. Specifically, under the Employment (Amendment) Act 2012 and the new sections concerning sexual harassment that it introduced, employers are obliged to dismiss offending employees without notice.

Another country with significant policy action in this category was Viet Nam, as evidenced by the approval, in 2010, of the National Strategy on Gender Equality for the 2011–2020 Period; the promulgation, in 2011, of a set of national indicators on gender-related development statistics; and the approval, in 2015, of the National Action Programme on Gender Equality for 2016–2020, which is meant to contribute to the successful implementation of the first policy mentioned above.

It is interesting to note that, although only three policies in the inventory deal specifically with promoting the rights of disabled people in the labour market, all of them are considerably wide-ranging policies and were implemented recently. These three policies are Australia's Disability Inclusion Act 2014, the Decree on Persons with Disabilities (No. 137 of 2014) in the Lao People's Democratic Republic, and Myanmar's The Rights of Persons with Disabilities Law 2015. The relatively low number of policies in this area is surprising, since, according to the WHO and the World Bank (2011), the regional prevalence rate for disabilities in low- and middle income countries in South-East Asia is estimated at 16 per cent. Moreover, although there are no reliable, up-to-date statistics on disability across the ASEAN region (and disability definitions differ among ASEAN countries anyway), estimates of the number of people in the region living with a disability range from 16 to 95 million (SIDA, 2014). Also, many people with disabilities lack access to basic services, as well as to rehabilitation services and employment opportunities (Handicap International, 2014). Nonetheless, Member States have taken some legislative and policy steps that indicate their commitment to advancing the rights of persons with disabilities. For instance, nine of the ten ASEAN countries have signed the United Nations-sponsored Convention on the Rights of Persons with Disabilities and eight have ratified it.

Lastly, the inventory also contains some policies addressing other forms of discrimination, including discrimination based on ethnic background, religion and caste. Viet Nam implemented the Decree on Ethnic Minorities Work (No. 05/2011/ND-CP) to ensure that ethnic minority policy is constructed on the principles of equality, solidarity, respect and mutual assistance for development. A further objective of this decree is to ensure the preservation of the language, scripts, identity, habits, traditions and culture of each ethnic minority group in the country. In Nepal, the Caste Based Discrimination and Untouchability (Offence and Punishment) Act 2011 makes it a punishable offence to apply discrimination on the grounds of caste, race, descent, tradition, culture or ritual.

Although the available data on gender inequality indicate that some improvements have taken place in ASEAN countries since 2010, the evolution of conditions for women in the labour market has mostly paralleled that of the conditions for men in terms of such indicators as labour force participation, unemployment rates and vulnerable employment. The anti-discrimination policies adopted by ASEAN countries cannot therefore be said to have led to a narrowing of the gender gap in the labour market. Still, the impact of such broad policies cannot be gauged fully from the above-mentioned labour market indicators. On issues such as violence or abuse in the workplace there have been important developments which have helped to improve the working conditions and rights of women in these countries during the period of analysis.

There is still a long way ahead before gender inequalities disappear from the labour market. In the case of ASEAN, these issues are being addressed within the framework of the “ASEAN Declaration on the Gender-Responsive Implementation of the ASEAN Community Vision 2025 and Sustainable Development Goals” (2017). This is a milestone for the ASEAN community as it strives towards a more gender-balanced labour market and society.

To conclude, most countries in the sample implemented at least one policy aimed at increasing access to decent work for disadvantaged groups. Whether covering rights, working conditions or remuneration, the largest share of policies dealt with women and gender equality, accounting for 75 per cent of all interventions in the “Anti-discrimination” category. People with disabilities were the next largest target group in terms of policy action, with a total of three policies addressing their situation. Although these policies demonstrate an active effort by ASEAN countries and their main trading partners to mitigate discrimination and create equal opportunities, it cannot be denied that there are still pervasive inequalities. Also, these policies’ coverage is limited to formal employment and they fail to reach workers operating in the informal sector. Their limitations in terms of coverage can, moreover, be exacerbated if labour inspections and tribunals within countries are weak and fail to assess compliance and maintain standards. Thus, it is important that complementary policies be adopted to ensure that anti-discrimination measures benefit their target groups, and are effective in combating discrimination in the workplace in its many different forms.

6.3. Non-standard employment

Employment relationships can take many different shapes and forms. They may be formal or informal, permanent or temporary, and they can vary across many other dimensions, such as working hours, place of work and access to social protection, to mention just a few. Broadly speaking, non-standard employment (NSE) arrangements consist of four different types: temporary employment; part-time and on-call work; multiple-party employment relationships; and disguised employment (ILO, 2016d). Non-standard employment poses many risks for workers. Such arrangements are typically characterized by a lack of social protection, inadequate or absent training opportunities, limited collective agreement coverage (or even no coverage at all), employment insecurity and lower earnings compared with standard workers (ibid.).

According to ILO (2015c), globally only half of workers are in wage and salaried employment. More recently, ILO (2018e) provides evidence that almost half of the employed population in the Asia and the Pacific region is in vulnerable employment. In fact, in Asia the proportion of workers in NSE arrangements is found to be generally higher than in other parts of the world (ILO, 2016d). This implies that a large number of the workers who participate in the formal economy are still doing so under precarious conditions to some extent, and face additional challenges and risks compared with workers in standard forms of employment.

Analysing the issues associated with NSE arrangements is made harder by the informality which they sometimes entail, by the absence of a specific legislative framework and also by the lack of reliable, systematic statistics. Therefore, comparable data on non-standard forms of employment for most countries in this sample are scarce and often inexistent. However, the data that are available for specific types of employment in particular countries do highlight the prevalence of various types of NSE arrangements across the Asia and the Pacific region.

Part-time work still accounts for a significant share of employment in many countries in the region. The figure below shows the share of employees working less than 30 hours per week in 16 of the 20 countries included in the sample:

Figure 35. Share of employees working less than 30 hours per week, ASEAN and non-ASEAN countries, 2015 (%)

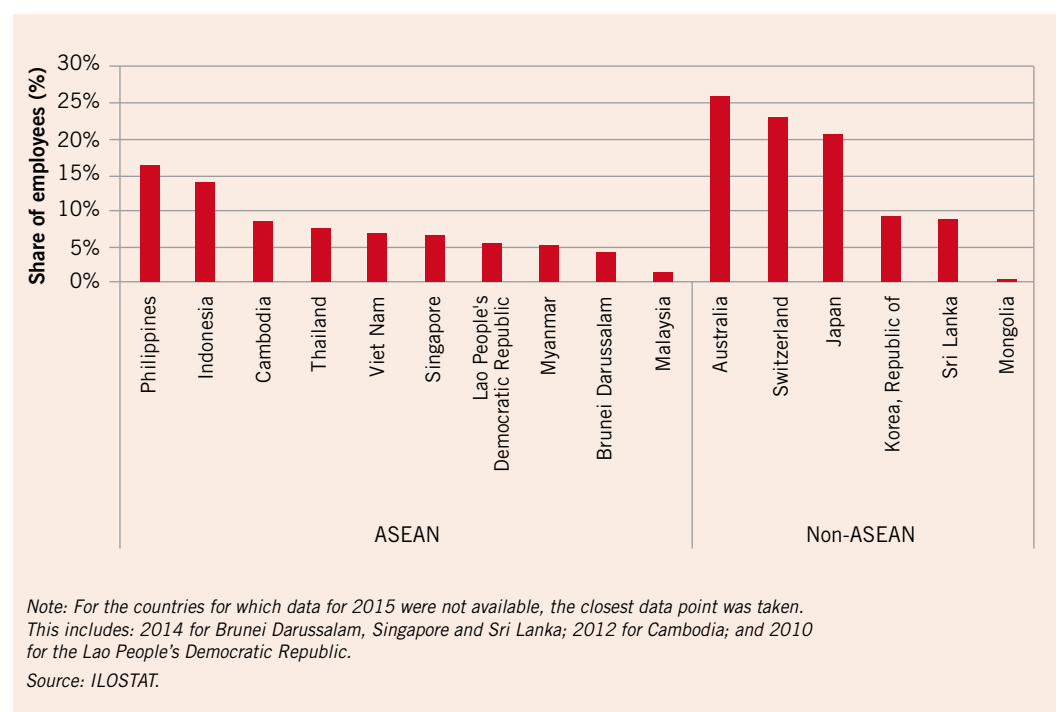


Figure 35 indicates that part-time employment as a share of total employment is just above 20 per cent in Japan and close to 15 per cent in both Indonesia and the Philippines. In Australia and Switzerland, the proportion reaches well over 20 per cent, and even in countries such as the Lao People's Democratic Republic, Cambodia, Thailand, Singapore and Sri Lanka more than 5 per cent of employees are working less than 30 hours per week.

In the case of other types of NSE arrangements for which fewer comparable data are available, we may draw on country-level evidence instead to complete the picture of non-standard forms of employment in the ASEAN region and its main trading partners.

In Viet Nam, results from the 2009 Labour Force Survey suggest that roughly 25 per cent of workers are on fixed-term contracts. In India, it is estimated that over half of the workers are self-employed, while almost a third are casual workers (Landau, Mahy and Mitchell, 2015).

Indeed, in terms of temporary employment, some countries in the sample rank among the highest in the world. In Cambodia, around half of wage employees were on temporary contracts, while the ratio was about one in four for both Indonesia and the Philippines (in or near 2013). In other countries in the sample, such as Australia, Japan and Switzerland, the share of wage employees on temporary contracts ranged from 10 to 20 per cent (ILO, 2016d).

Another type of NSE arrangement that has become more frequent in the region in recent years is temporary agency work, as have other employment contractual arrangements that involve multiple parties.

In the Philippines, for instance, a nationwide survey covering establishments with 20 or more workers revealed that more than half of the respondents hired agency workers in June 2016 (Philippine Statistics Authority, 2017).⁴

In Indonesia, labour outsourcing was legalized in 2003, and since then it has become widespread in some sectors. In the metals industry, for instance, 23 per cent of the workforce is estimated to be outsourced (Tjandraningsih, 2012). Meanwhile, the share of contract workers in India has been increasing progressively since the 1970s, reaching 35 per cent in 2011/12 (ILO, 2016d).

As confirmed by a recent study in Europe, workers in such employment arrangements earn lower wages than permanent employees. Moreover, the lack of training opportunities available to them means that they may not even receive training on basic safety and are therefore at a higher risk of having an industrial accident (Countouris et al., 2016).

⁴ Interestingly, over half of these establishments also provided job-related training opportunities.

Around 4 per cent of the total policies in the inventory addressed non-standard forms of employment. This is in stark contrast to the patterns observed, for instance, in the EU, where more than 10 per cent of policies dealt with non-standard forms of work (ILO, 2015d).

Breaking down further the policies implemented in the region between 2010 and 2015, we find a balanced distribution of policies addressing several types of NSE arrangements, such as agency work, cooperative workers, dispatched workers, workers working from home (“telework”) and domestic workers. None of these non-standard forms of work, however, attracted more than three policies during the period of analysis, which points to insufficient attention being devoted by policy-makers to improving the conditions of, and legal framework for, workers in these specific types of employment relationship.

It is worth noting that the only two countries in the sample to have ratified the Domestic Workers Convention, 2011 (No. 189) so far – the Philippines and Switzerland – were among the three countries that implemented policies concerning domestic workers during the period of analysis. This lends further credence to the idea that international labour standards can play a key role in guiding countries’ labour market policy efforts.

Forty-three per cent of the policies in this category were executed by ASEAN Member States. With the exception of Australia, no country in the sample implemented more than two measures addressing NSE arrangements. These findings again serve to underline how these types of workers are being neglected by policy-makers.

On a positive note, 15 out of 21 NSE policies did have workers as the main beneficiary (with workers also acting as employers in the case of cooperatives), which suggests that policy efforts in this category were mostly aimed at providing greater protection for workers in these more precarious employment arrangements. For instance, in Viet Nam, Decree No. 55/2013/ND-CP of 22 May 2013 provided detailed regulations and guidance for the implementation of those parts of the Labour Code dealing with the supply of hired labour, the payment of deposits and the list of jobs for which it is permitted to employ hired workers. The attention accorded to temporary work in Viet Nam’s new Labour Code of 2012 is linked to the fact that temporary workers make up a large proportion of wage workers in Viet Nam – around 67% in 2007 (ILO, 2016d). Other countries in the region with a high incidence of temporary work include Cambodia (around 50 per cent in 2012), Indonesia and the Philippines (both around 25 per cent in 2012 and 2009, respectively).

Bangladesh was the only country in the sample which implemented a policy that, among other aspects, clarified the definition of a casual worker (“A worker shall be called a casual worker if he/she is appointed in an establishment temporarily for work casual in nature”). Such definitions are particularly relevant in countries like Bangladesh and India where casual workers are estimated to account for two-thirds of wage employment.

Overall, despite a significant proportion of workers being in NSE arrangements, policy-makers paid relatively little attention to this category. This is true even if one

adopts a broader definition of NSE that includes, for instance, vulnerable employment. It might be argued that, in some cases, more general labour market regulation can apply to non-standard forms of employment as well. Nonetheless, it is vital that policy-makers step up their efforts to strengthen the legislative framework for, and the working rights and conditions of, workers in NSE arrangements. Each different type of employment relationship has its specific challenges with regard to the overarching goal of achieving decent work for all, and NSE arrangements are no exception.

Box 5: Casual employment in Australia

Although definitions and regulations concerning casual work are more often to be found in developing countries, this type of work is of course also a reality in advanced economies. In Australia, for instance, more than two million workers are employed casually. Women account for over half of that number, and as many as 40 per cent of casual workers (both male and female) are aged 15–24 years (compared with 14 per cent of regular employees).

Despite the high prevalence of such work arrangements, no general definition of “casual employee” exists in Australia. Nevertheless, as noted by the ILO (2016d), the Federal Court of Australia confirmed in 2011 that the term refers to “an employee who works only on demand by the employer”, and that “the essence of casualness is the absence of a firm advance commitment as to the duration of the employee’s employment or the days (or hours) the employee will work”. It is worth adding that, within the dimension of casual work, there are two dichotomies. The first of these is between, on the one hand, workers experiencing irregular hours and short-term tenure and, on the other, “permanent casuals” who expect to continue working that way in the foreseeable future. The second dichotomy is between formal and informal casual workers: remuneration of the latter tends to be cash-in-hand and to fall outside the taxation and social protection systems.

As with most forms of non-standard employment, Australian workers who fall into this broad category are excluded from a series of entitlements and employment provisions. Thus, under the Fair Work Act 2009 casual workers are not entitled to paid annual leave, paid personal leave, notice of termination or redundancy pay. Nonetheless, in principle they are entitled to a higher hourly pay rate (typically 25 per cent more) than equivalent full-time or part-time employees. This higher rate, known as “casual loading”, is meant to compensate such workers for being excluded from the entitlements that regular employees enjoy. In practice, however, it is reported that many casual workers do not actually receive premium payments and are often also excluded from bonuses available to other employees.

Australia has some of the highest levels of casual and non-standard employment among OECD countries – a trend driven mainly by institutional factors, as well as by supply and demand. More specifically, various institutional changes – including deregulation of the labour market and reduced trade union density, shifts in economic activity towards industries that use casual employees intensively, and an increasing tendency among new businesses to hire casual rather than permanent staff – are all contributing to the proliferation of casual work. Another important factor has been the increased workforce participation of full-time students and women with family responsibilities: their lifestyle is better suited to the flexible nature of casual, part-time jobs.

6.4 Occupational safety and health

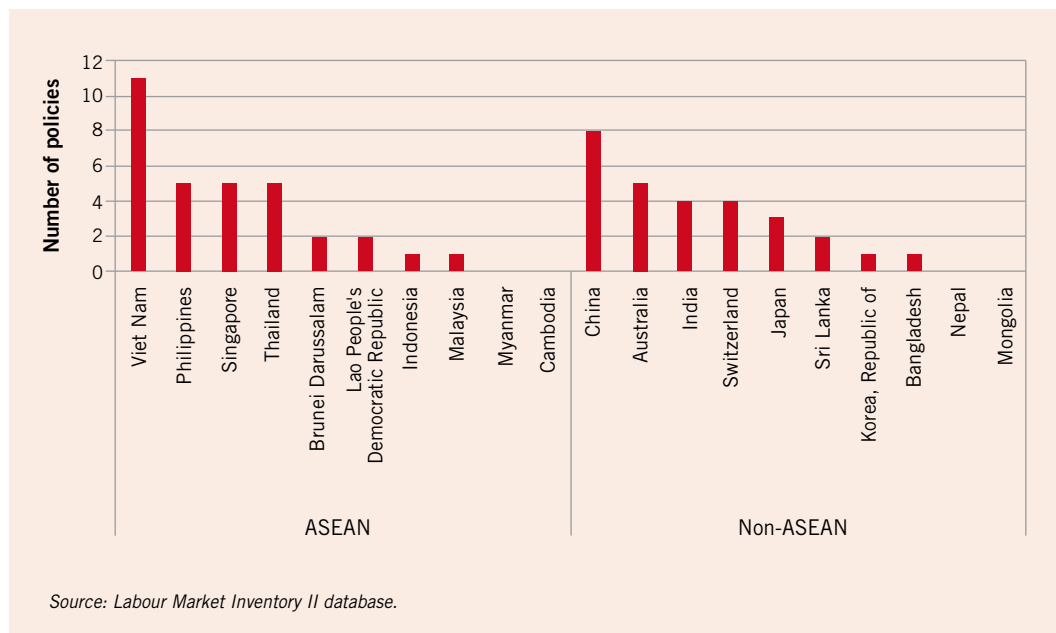
“The national policy should be developed in accordance with the principles of Article 4 of the Occupational Safety and Health Convention, 1981 (No. 155), and the national systems and programmes developed taking into account the principles set out in relevant ILO instruments, which are contained in the Promotional Framework for Occupational Safety and Health Recommendation, 2006 (No. 197).”

ASEAN-OSHNET (2015)

Occupational safety and health focuses on the protection of workers from hazards and the elimination of work-related injuries, ill health, diseases, incidents and deaths (ILO, 2009). It has also been a major concern of the ILO since its founding in 1919 (Humblet et al., 2001). Although the region has seen some improvements in the field of OSH, there still exist several challenges, particularly regarding compliance with regulations and the coverage of relevant training (see section 1.3). This section looks at the efforts made by ASEAN Member States and some of their main trading partners to improve the safety, health and welfare of people at work between 2010 and 2015.

Within the inventory, this category was the one with the second most policies implemented after the “Training” category. The figure below gives a breakdown of OSH policies by country.

Figure 36. Number of occupational safety and health policies implemented per country, ASEAN and non-ASEAN countries, 2010–15



As can be seen from figure 36, there is a heterogeneous group of countries at the top of the policy distribution. Only four countries were inactive in this category (Cambodia, Mongolia, Myanmar and Nepal). In four cases, the policies implemented resulted in significant reforms of the country's OSH legal framework (Lao People's Democratic Republic 2014, Thailand 2011, Viet Nam 2015 and Australia 2012).

The availability of OSH-related data is limited in most ASEAN Member States. It would be important to record, report and collect more reliable and comparable data on work-related injuries, ill health and diseases. Additional information on OSH-relevant knowledge, attitudes and behaviour among employers and workers, as well as on the impact of measures to improve OSH performance in workplaces, would also be helpful. Because of differences in the scope of, and the methodology for, OSH data collection, it is very difficult to make comparisons between countries. Taking these limitations into account, the ILOSTAT database provides a series of statistics on safety and health at work. These data will be used in the current analysis only to shed some light on the OSH profile of ASEAN Member States and certain of their main trading partners, but not to evaluate the impact of the OSH policies implemented over the period of analysis.⁵

From a regional perspective, ASEAN Member States are in the process of harmonizing OSH standards so they are aligned with the relevant international labour Conventions. The ASEAN Occupational Safety and Health Network (OSHNET) has been working on developing regional OSH guidelines and best practices since the turn of the millennium. First proposed during an ILO seminar in 1984, OSHNET was created 16 years later to serve as a regional centre for collecting and disseminating information, as well as managing research and training, in support of the improvement of working conditions in the region (ASEAN-OSHNET, 2015). From 2000 to 2011, the region not only focused on creating reliable platforms to raise OSH standards but also implemented measures to promote convergence towards global standards. On the whole, these initiatives have been successful. By the end of 2011, the majority of ASEAN countries had developed national OSH profiles and programmes, and had committed themselves to meeting international labour standards such as the Promotional Framework for Occupational Safety and Health Convention, 2006 (No. 187).⁶ More recently, ASEAN Member States have approved the ASEAN-OSHNET Plan of Action 2016–2020, which obliges them to carry out regular reviews of their OSH legislation, improve OSH inspection capacities, strengthen risk management capabilities and enhance the collection of OSH data. In addition, the Plan of Action also promotes an inclusive approach, recognizing the importance of social partners and other stakeholders (ASEAN Secretariat, 2016a).

⁵ Such an analysis would require an impact evaluation taking into account several factors in addition to the passage of laws, such as awareness of issues and regulations and the enforcement of laws. These aspects are beyond the scope of the report.

⁶ At the time of writing, Indonesia, Malaysia, Singapore, Thailand and Viet Nam had ratified Convention No. 187.

As for country-level initiatives, Viet Nam, for instance, has introduced a number of regulatory changes, such as addressing specific hazards and risks in the construction sector (Circular No. 22/2010/TT-BXD), as well as radiation hazards and risks that are present in various sectors (Circular No. 19/2012/TT-BKHCN). Other policy changes in the country had a broader scope and affected most of the labour market and the workforce, such as the Law on Occupational Safety and Health 2015. This law lays down provisions to ensure OSH-related protection, including compensation for the victims of occupational accidents and diseases. It establishes a labour administration system for OSH and determines the responsibilities and rights of organizations and individuals. With regard to employment injury insurance and protection, the law establishes eligibility criteria and procedures for the assessment of working capacity and the level of benefits to be allocated to workers who suffer from work-related accidents and diseases.

In the Philippines, OSH is a constitutionally enshrined objective described as “just and humane terms and conditions of work”. Historically, however, businesses in the country have provided inadequate OSH protection for their workers.⁷ In 2006, out of a workforce comprising 32.4 million workers, approximately 2.2 million (i.e. less than 10 per cent), mainly in medium-sized and large businesses, received protection (OSHC, 2006). The provision of OSH protection, as well as the awareness of OSH hazards and risks, is even more limited in micro-enterprises and businesses operating in the informal sector. More recently, the Government has introduced several initiatives (five in total) to improve OSH protection. Most of these policies are concerned with guidelines and requirements relating to HIV/AIDS (Department Order No. 102-10 S.2010) and working with chemicals (Department Order No. 136-14). There were also OSH policies in response to the recent ratification by the Philippines of the Maritime Labour Convention, 2006 (No. 186), including rules and regulations on medical certificates for seafarers (Labor Advisory No. 04) and on the promotion of compliance (Department Order No. 132-13).

In Thailand, over the last 20 years, government policy on working conditions and workers' health and safety has been strengthened to unprecedented levels. In part, this can be explained by the promulgation of the “People's Constitution” in 1997, which explicitly recognized the rights of individuals and communities. This strengthening of government policy was also driven by a series of workplace accidents and the fear of embargoes being placed on Thai exports if labour standards remained inadequate. Recent policy initiatives have brought about a comprehensive reform of workplace legislation (Kelly et al., 2010). Earlier initiatives include the Labour Protection Act 1998, which mandated OSH protection in all workplaces operating in the formal sector. Following this early initiative, the number of reported workplace accidents decreased significantly from over 600 per 100,000 workers in 2002 to less than 350 per 100,000 workers in 2011. More recently, there has been even further progress. During the period covered by the inventory, Thailand implemented four policies to improve its OSH legislation. Notably, the Safety, Occupational Hygiene and Workplace Environment Act 2011 was the first

⁷ See the observations by the ILO (2018c) on the obligation of employers to provide conditions for safe operations and a healthy working environment in the mining sector.

OSH-specific law to be enacted in the country. The Act obligates employers to keep their employees in safe and hygienic working conditions, as well as to minimize any risks of harm, whether physical or mental. Other policies prescribed standards for protection against specific hazards, such as chemicals (Ministerial Regulation B.E. 2556 (A.D. 2013)) and fires (Ministerial Regulation B.E. 2555 (A.D. 2012)). Following the implementation of these policies during the period from 2011 to 2014, a further downward trend could be observed in the incidence rates of both fatal and non-fatal injuries, with the numbers peaking in 2012 and decreasing thereafter. If we compare the years 2012 and 2014, the rate of reported fatal injuries decreased from 1.8 to 1.6 per 100,000 workers (– 10 per cent) and that of non-fatal injuries decreased from 91 to 77 per 100,000 workers (– 16 per cent).

In Singapore, a high rate of industrialization was important in driving social and economic development since the country gained independence, but it also gave rise to various challenges, particularly in the area of OSH. With the goal of becoming a global leader in safety and health standards, Singapore enacted multiple laws in the 1980s and 1990s addressing OSH, such as the Environmental Public Health Act 1987, which led to a reduction in the number of fatal and non-fatal injuries in occupational settings. Following a series of construction and shipyard accidents in 2004, however, the Government announced an ambitious objective, namely to reduce the rate of fatal injuries from 4.9 to 2.5 per 100,000 workers by 2010. Using a variety of strategic approaches, such as strengthening the labour inspectors' powers to enforce the application of OSH regulations, the Government even surpassed its original target, since by 2010 the rate of fatal injuries had fallen to just 2.2 per 100,000 workers (Koh, 2012). More recently and as reflected in the relatively high number of OSH policies in the sample (five), Singapore committed itself to further reducing fatality rates to 1.8 per 100,000 workers by 2018. Four of the five policies recorded for Singapore in the inventory were regulations concerned with specific workplace safety and health issues, namely noise, working at height, asbestos, and design for safety. The remaining policy was an amendment to the Radiation Protection Act and introduced licence requirements for any party importing, exporting, selling, manufacturing or transporting radioactive materials. Although we do not have sufficient data to assess the impact of these interventions, it is worth noting that in 2015 the rates of fatal and non-fatal work injuries had reached all-time lows, standing at 1.9 and 362 per 100,000 workers, respectively.

Other ASEAN countries executed fewer but nonetheless significant OSH policies, including the Lao People's Democratic Republic and Malaysia, which implemented one measure each. Malaysia implemented a policy concerning hazardous work for young people (Children and Young Persons (Employment) (Amendment) Act 2010) while the Lao People's Democratic Republic implemented new OSH regulations defining the obligations of various parties, including the State, employers and employees.

A range of OSH policies were also implemented by non-ASEAN countries. Australia was one of the countries with the most policies in this category (nine), having implemented the bulk of these measures between 2011 and 2013. Notably, the federal Government has

been in the process of harmonizing OSH laws across jurisdictions within the country. The main objective of this policy is to promote a balanced and nationally consistent framework to secure the health and safety of workers and workplaces (Australian Government, 2018). Adherence to the Work Health and Safety Act 2011, however, is determined on a regional basis, and while most jurisdictions have harmonized their legislation with the national model laws, Victoria and Western Australia remain decentralized.

India (with four policies) and China (with six) were other countries outside the ASEAN region that implemented a relatively large number of OSH policies. In India, these measures included the Prohibition of Manual Scavengers and their Rehabilitation Act 2013; the Plantations Labour (Amendment) Act 2010; and the Oil Mines Regulations 2011. In China, the policies focused on preventive measures in the areas of occupational disease, special equipment accidents and hazardous chemicals.

Japan has also been active in the OSH category, implementing three policies. These were concerned with amendments to the Industrial Safety and Health Law 1972; regulations for the prevention of asbestos injuries; and death from overwork (Prevention and Promotion Law 2014).⁸ The available data indicate a decreasing trend for both fatal and non-fatal work injuries from 2011 to 2015.

A smaller number of policies were implemented by Sri Lanka (2), Switzerland (2), Bangladesh (1) and the Republic of Korea (1). While Sri Lanka's policies were concerned with programmes to enhance OSH awareness among both employers and workers and with devising a strategic operational plan for sexually transmitted diseases and HIV/AIDS, Bangladesh focused on amending OSH aspects of the Labour Act 2006, covering such areas as emergency exits, access to gangways, and stairs. In addition to various measures on building safety, the collapse of the Rana Plaza building in Dhaka in 2013 and other factory accidents prompted efforts by the Government and national and international stakeholders to develop an employment injury insurance mechanism. The objective is to provide health care and compensation to the victims of such accidents in an efficient and diligent manner (ILO, 2013). Similarly, Switzerland introduced amendments to existing regulations dealing with construction, hygiene and dangerous substances. The Republic of Korea, on the other hand, introduced amendments to the Act on the Prevention of Pneumoconiosis and Protection of Pneumoconiosis Workers 1984 with a view to enhancing the protection of workers' health.

Overall, OSH is the category in which the countries in the sample were the most active during the period of analysis (2010–15). A considerable number of these policies were either amendments to existing legislation or focused on a specific occupation or type of risk. This does not, however, detract from the credit that policy-makers in the region deserve for their significant efforts, within the framework of labour market regulation, to ensure the safety and health of workers. The numbers of reported fatal and non-fatal

⁸ Long hours (more than 48 hours a week) are common in Japan and generally in eastern Asia, where 45 per cent of workers were working long hours in 2014–15 (ILO, 2018f).

workplace accidents decreased in all countries for which data were available. However, overarching challenges remain in the areas of labour inspection and data collection. The fact that these two areas, which are essential for promoting compliance with OSH standards, attracted relatively little policy attention may limit the effectiveness of the OSH measures that were adopted. To some extent, this was acknowledged by the Fourth ASEAN Labour Inspection Conference in 2014, specifically in its recommendation “[t]o support the inclusion in the post-2015 ASEAN Labor Ministers Work Programme [of] priority areas in promoting decent work, setting up of a regional network of labor inspectorates, and upholding and developing capacity on occupational safety and health” (ILO, 2014a). More recently, the development of OSH inspection capabilities and capacities was highlighted as a key objective in the ASEAN Labour Ministers’ Statement on Improving Occupational Safety and Health for Sustainable Economic Growth (2017). The examples of Singapore and Australia show how important it is for countries to have reliable data that they can use to evaluate their policy efforts. Significantly, both those countries also launched multifaceted strategies to improve OSH performance over an extended period of time. As with other policy instruments, awareness is as important as the regulatory framework. The negative publicity generated by a major OSH accident may have as much impact (or more) on OSH performance as any policies adopted in the wake of the accident.

6.5. Other labour market regulations

Although the categories analysed in the four previous sections account for over half of the labour market regulation policies in the inventory, there were other categories within this main area to which considerable efforts were devoted.

Some countries took important steps towards eliminating child labour in line with the Worst Forms of Child Labour Convention, 1999 (No. 182), which has been ratified by all 20 countries in the sample.⁹ Most of them did so by raising the child labour age limits or by restricting the activities in which children are allowed to participate as workers. Relevant policies were the Bangladesh Labour (Amendment) Act 2013 (sections 36 and 39); Sri Lanka’s Roadmap 2016 on the Elimination of the Worst Forms of Child Labour; and Viet Nam’s Circular No. 11/2013/TT-BLDTBXH, which promulgated a list of light tasks permitted for persons under 15 years of age.¹⁰

Although these are commendable initiatives, they should not blind us to the fact that only 11 out of 500 policies in these 20 countries over a period of six years were aimed at reducing (let alone eradicating) child labour. Given that the Asia-Pacific region ranks second in the world both in terms of the proportion of children engaged in labour

⁹ India ratified the Convention in 2017; Myanmar ratified it halfway through the period of analysis (December 2013).

¹⁰ At the ASEAN level, an interesting initiative in this area was the Agreement between the Royal Government of Cambodia and the Government of the Socialist Republic of Vietnam on Bilateral Cooperation for Eliminating Trafficking in Women and Children and Assisting Victims of Trafficking (2005).

(7 per cent) and the total number of such children (62 million), such efforts are a far cry from what is needed to ensure a better future for children. Apart from eliminating child labour, this can only be achieved by giving children access to education, which is indispensable for the development of the human capital of the ASEAN countries. This is particularly so in an age where technology is advancing at an accelerated pace: staying abreast of technological change requires a higher set of skills that be acquired only through education and training (ILO, 2017d).

Policy measures in the “Labour inspection and enforcement” category represented 4 per cent of the total and included measures to update and improve the labour inspection mechanisms in some countries, such as the Law on Inspection 2010 in Viet Nam or the Labour Inspection Decree (Presidential Decree No. 21/2010) in Indonesia. Other countries, including Singapore, focused on strengthening the penalties for non-compliance with labour laws and regulations. The “Dismissals” and “Retirement” categories were even smaller, accounting for only 2 per cent of the total number of policies in each case. Nevertheless, some of the policies in the “Dismissals” category had far-reaching effects in the labour market – at least for those employed under formal contracts. These included the Fair Work Australia Rules 2010 and the new rules introduced by the Lao People’s Democratic Republic concerning the termination and expiration of employment contracts.

Conclusion

Labour market regulation was by a wide margin the main area of policy intervention for which the most policies were identified in the inventory. This reflects how policy-makers in the region are very much focused on improving the legal framework governing employment relationships.

Despite the fact that migration is central to ASEAN integration, the policies implemented in the region that seek to improve the rights of migrants in the labour market have been few and far between. The need for stronger and more coordinated policy action in this area was underlined by the signing of the ASEAN Consensus on the Protection and Promotion of the Rights of Migrant Workers in 2017 (two years after the period covered by the inventory). The Consensus lays down the fundamental rights of migrant workers and their families, as well as relevant obligations and commitments that the Member States should fulfil. Moreover, it strives to establish a more inclusive framework for cooperation among Member States on tackling issues related to migrant workers in the region.

With regard to anti-discrimination, the overall picture that emerged from the analysis was twofold. On the one hand, there was a relatively low number of policies in this category, but on the other hand, some of the 15 countries that were active in this area implemented wide-reaching multiannual plans to reduce discrimination in the labour market, particularly gender discrimination.

Although a significant share of workers in the region are on what can be classified as non-standard employment arrangements, these did not attract much attention from policy-makers. It is true that broader labour market regulation can often apply to non-standard forms of employment as well as to the more standard forms, yet policy-makers should nevertheless also implement policy measures that take into account the specificities of contractual arrangements governing temporary, part-time or domestic work. All of these present different and very particular challenges that need to be addressed as part of wider efforts to achieve decent work for all.

Occupational safety and health was the second largest category in the inventory. However, the fact that very few policies addressed labour inspection may to some extent limit the effectiveness of OSH measures, because inspections are essential to ensure compliance with OSH standards. In OSH, as in so many other areas analysed in this report, initiatives at the ASEAN level have proved fundamental in guiding Member States' policy efforts and ensuring coordination and continued progress on labour market issues. Notable examples include the ASEAN Occupational Safety and Health Network and the annual ASEAN Labour Inspection Conferences. The positive influence of ASEAN-level initiatives was also felt in areas such as migration (ASEAN Declaration on the Protection and Promotion of the Rights of Migrant Workers), and the fight against gender discrimination (ASEAN Declaration on the Gender-Responsive Implementation of the ASEAN Community Vision 2025 and Sustainable Development Goals). Many of these issues are also addressed to some extent in more general documents such as the AEC Blueprint 2025.

Improving and strengthening labour market regulations should be a priority for any country striving to ensure that decent work is available for the entire labour force. This was undoubtedly the principal focus of policy-makers in ASEAN during the period analysed.

Still, there are significant policy gaps in this area. Informality, though widespread in most of the countries in the sample, was barely mentioned in any of the policies. The failure to tackle this problem may significantly dampen the positive effects of policies in all categories, since these for the most part apply only to formal employment arrangements. Labour inspection, particularly in relation to OSH, is an important mechanism for safeguarding the effectiveness of labour market regulation and therefore deserves greater attention. Lastly, it is important to promote and strengthen the rights of workers in situations that make them more vulnerable to exploitation (e.g. migrants, workers in non-standard employment arrangements).

A more integrated approach at the ASEAN level to the different yet intertwined issues that are relevant to labour market regulation could help Member States to progress faster towards the goal of ensuring decent work for all. This would mirror a tendency already observed for other policy areas analysed in this report. Maximizing the synergies between national policies and ASEAN-level policies represents the best chance of making the implementation of future policies as effective as possible.

Conclusion

This report analyses, on the basis of the Labour Market Inventory II database, labour market policies implemented between 2010 and 2015 by ASEAN Member States and ten of their main trading partners.

Policy-makers made significant efforts to address some of the main decent work challenges in the region. Most of the policies executed during this period benefited workers, either by enhancing their rights or by increasing the support offered to the unemployed. Many policies also entailed increased public spending, which suggests that labour market policy in most countries was not excessively constrained by budgetary considerations.

Significantly, a majority of the policies were aimed at improving skills development (through training), strengthening workers' rights (notably through anti-discrimination rules and occupational safety and health regulations), and expanding the coverage of social protection mechanisms.

Both the signing of the ASEAN Declaration on Strengthening Social Protection (in 2013) and the adoption of the Bandar Seri Begawan Declaration on Youth Entrepreneurship and Employment (also in 2013) were followed by an increase in the number of policies focused on those issues in most Member States. This suggests that ASEAN as a regional organization can play a fundamental role in shaping and coordinating labour market policy among the Member States.

Despite the positive developments mentioned above, there remain considerable policy gaps as far as labour market regulation is concerned. The rights of workers in situations that make them more vulnerable (migrants, minorities, informal workers) need to be defended and strengthened further in order to guarantee fair and equal access to decent work for all. Informality, though widespread in most of the countries in the sample, was barely mentioned in any of the over 500 policies included in the inventory. This may significantly limit the beneficial effects of any policies implemented, since these for the most part apply only to formal employment arrangements. Significant gaps also still remain in areas such as unemployment insurance, minimum wages and collective bargaining, despite the efforts of some countries to make relevant improvements.

Given the remaining policy and decent work gaps in the region, as well as the disparity of policy action among ASEAN Member States, it would be important for ASEAN to take the lead in guiding future labour market policy across its Member States. The success of earlier ASEAN-level initiatives in encouraging national policies aimed at guaranteeing

decent work and social justice for all testifies to the decisive role of ASEAN in this process.

Globalization, technological progress, environmental degradation and demographic shifts will alter the world of work significantly in the years to come. Despite the challenges that these and other factors represent, they also open up a new set of opportunities in the world of work. But in order to equip workers and employers with the right tools to adapt to these challenges, while harnessing the opportunities to make further progress on the road to social justice and decent work for all, effective, evidence-based labour market policy is indispensable. This report is intended to help policy-makers in their work by providing evaluations of specific policies, projections of employment levels and an overview of labour market policy trends in the ASEAN region between 2010 and 2015.

The report highlights the need for continued dedication by policy-makers to the task of improving labour market institutions and programmes. The mechanisms for collecting data to inform, guide and monitor the implementation and evaluation of policies also need to be improved. Moreover, efforts to advance the Decent Work Agenda in the region would benefit from new ASEAN-level initiatives dealing with labour and social issues.

Enhancing labour market policy further is the only way for the ASEAN region as a whole to build on the achievements of previous decades in providing greater access to decent work and social protection; it is also the only way for ASEAN Member States to benefit fully from rising levels of economic integration and technological progress. Improving working conditions is the only path towards sustainable growth.

Appendix I: Inventory user guide

Main area

Each policy measure is assigned to one of four main areas:

1. Social protection

- *Examples:* unemployment insurance; parental leave; childcare; policies changing the institutional and legislative framework governing social protection.

2. Active labour market policies

- *Examples:* vocational training; wage subsidies; apprenticeship programmes; hiring subsidies; policies changing the organization of public employment services.

3. Wages and industrial relations

- *Examples:* minimum-wage changes; changes to the legislative framework governing collective bargaining; introduction of new labour dispute resolution mechanisms and institutions.

4. Labour market regulation

- *Examples:* occupational safety and health rules; anti-discriminatory measures; rules concerning migration; working time and work organization; non-standard contracts.

Category

Each measure is assigned to a more specific category. Table I below lists every category in the inventory, together with some examples of policies for each one.

Table I. Categories and examples of policies

Category	Examples
Anti-discrimination	Gender equality rules; rules against discrimination based on ethnicity.
Benefits, allowances and leave	Parental leave and benefits; sick leave.
Collective bargaining	Social dialogue; labour disputes.
Dismissals	Severance payments; notice periods; collective dismissal rules.
Employment subsidies	Hiring subsidies; wage subsidies.
Forced and child labour	Forced labour; child labour; human trafficking.
Job search assistance	Changes to financing or organization of public employment services; careers advice; job counselling.
Labour inspection and enforcement	Workplace inspection; penalties for infringements of labour legislation.
Migration	Measures affecting migrant workers.
Minimum wage	Minimum-wage levels; minimum wage setting mechanism.
Non-standard employment	Self-employment; temporary work; part-time work.
Occupational safety and health	Changes related to health and safety in the workplace.
Other regulations	Miscellaneous.
Public employment	Measures concerning civil servants (wages, contracts).
Retirement	Changes to the retirement age.
Training	Apprenticeships; vocational training; internships.
Unemployment insurance	Changes to unemployment benefit levels and eligibility rules.
Wage setting and regulation	Changes to the way in which wage variations are determined; changes to wage-related definitions.
Working time	Overtime; job sharing; holidays.

Date

The date given for a policy in the inventory is that of its implementation (where known). If not available, the date indicated is the date when the policy was approved.

Main beneficiary

The inventory attempts to identify the main beneficiary of each policy. Since many policies benefit more than one party, it focuses on the party through which the policy will directly impact the labour market. The possible main beneficiaries and examples of relevant policies are listed below:

- *Workers*: minimum-wage hikes; improvement of workers' rights; training programmes for jobseekers; increase in unemployment benefits; stricter gender balance rules.
- *Employers*: lower dismissal costs; minimum-wage freezing/cuts; expansion of working-time arrangements; increase in maximum number of consecutive fixed-term contracts; reductions to wage subsidies and social security contributions.
- *Government*: tightening of the eligibility criteria for unemployment benefits; cuts/freezes in public wages; reduction of public employment; increases in tax/social security contributions; raising of retirement age.

Government spending and budget impact

For each policy, the inventory seeks to answer the following question: Does the policy increase or decrease the level of public expenditure in a clear and direct way?

- **Yes**: for policies that imply an increase in government spending or that lead to a decrease in government revenue.
 - *Examples*: increase in unemployment benefits; new training programmes; reductions to social security contributions.
- **No**: for policies with no direct and clear impact on government expenditure (even if they may have second-order effects).
 - *Examples*: changes to the minimum wage; strengthening of occupational safety and health regulations; new anti-discrimination legislation.

Target group and scope

This field is filled in whenever a policy applies only to a specific segment of the population or a specific sector of the economy. The criterion used to identify the target group is also indicated.

- *Examples:* youth – age;¹ temporary workers – contract type; immigrants – nationality; small and medium-sized enterprises – type of business; women – gender; agricultural workers – sector.

SDG and SDG target

Each policy is mapped to the Sustainable Development Goal (SDG) and associated target that most closely relate to the main objective of the policy. Given the nature and scope of different SDGs and their targets, the same policy can in some cases be reasonably argued to be closer in spirit to more than one SDG or SDG target.

Source

A link is included to NATLEX – the ILO’s database of national labour, social security and related human rights legislation – to provide the source data for each policy.

¹ In distinguishing policies directed at young people from those that were not, the following methodology was used: any measure that fixed a maximum age as an eligibility criterion was considered to have “youth” as its target group, whereas any measure directed at the population above a certain age threshold was recorded in the inventory with the designation “older”.

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The report reviews trends in labour market policies in ASEAN Member States and their main trading partners between 2010 and 2015.

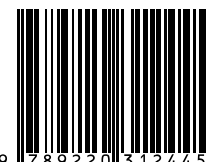
Policy-makers have invested significant effort in addressing some of the decent work challenges in the region between 2010 and 2015. In areas such as social protection and active labour market policies, national-level approaches have been positively influenced by ASEAN Declarations on these subjects.

Despite extensive progress in many areas, significant policy gaps still remain. Workers who are more vulnerable to exploitation, such as migrants, minorities or informal workers, were the focus of only a small proportion of these policies during the period under review.

This report highlights the need for continued dedication by policy-makers to the improvement of labour market institutions and programmes. This commitment to the advancement of the Decent Work Agenda in the region could also benefit from further ASEAN-level actions focusing on labour and social issues.



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