Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

OUTLOOK

The prospects for achieving this goal are challenging—relatively strong economic growth has not translated into commensurate increases in decent jobs and higher wages for most economies. A large proportion of the labour force is informally employed, and youths are facing high unemployment or underemployment rates. At the same time, exploitive labour practices and disregard for labour rights and workplace safety are prevalent across the region. Social protection policies, including minimum wage provisions and social transfer programmes, are critical in meeting the needs of the most vulnerable populations.

THE PHOTO

A young worker benefits from improved waste management at the Integrated Resource Recovery Centre in Matale, Sri Lanka

Photo credit: ESCAP
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INSIGHTS

• Since the 1990s, the Asia-Pacific region has experienced growth in both productivity and employment. Employment growth, however, has not kept pace with the economic growth. Providing employment and decent work for all workers is critical to ensure that growth is inclusive and sustainable and to lift millions of people out of extreme poverty in the region.

• The lack of decent jobs leads to vulnerable employment, which is more likely in informal employment characterized by low productivity, low pay and no social protection.

• The majority of people who are income poor and food insecure inhabit rural areas and rely on agriculture for their survival. A broad economic transformation is required to absorb surplus labour from agriculture to the non-agriculture sector. This would include strategies to raise agricultural productivity.

• Many economies need to accelerate efforts to expand their productive capacities, particularly in the least developed countries and the landlocked developing countries.

• Providing financial opportunities to small and medium-sized enterprises (SMEs) is important for fostering productivity. SMEs accounted for 98 per cent of all enterprises in Asia and, from 2007 to 2012, employed two-thirds of each national labour force, on average.¹

• Trade can significantly expand demand for manufacturing products as well as services, thereby facilitating growth and providing an impetus for structural transformation, which is an important driver of development and productivity growth. The Aid for Trade initiative was introduced in 2005 to help developing countries fully engage in trade and maximize their gains by reducing trade costs and by reforming their trade and related policies to build the supply-side capacity and infrastructure that they need to compete internationally.

BRIGHT SPOTS

Economic growth and financial inclusion

• Several least developed countries in South-East Asia are growing rapidly. For instance, per capita incomes expanded annually by an average of 8.4 per cent in Myanmar and around 6.2 per cent in the Lao People’s Democratic Republic and 5.3 per cent in Cambodia from 2006 to 2015.²

• Access to financial services—as measured by the proportion of adults (15 years and older) with an account at a bank or other financial institution or with a mobile money service provider—has increased significantly in the region, from 48.8 per cent in 2011 to 61.4 per cent in 2014.³
• Labour productivity in terms of real GDP per employed person has risen over time.4

• Several economies of the region have policies that link the quality of growth to better environmental performance, such as “green growth”.

Employment

• The region’s unemployment rate in the formal sector is low and has remained stable, within the range of 4.5 per cent to 4.6 per cent, since 2011.5 On average, there is little differential between female and male unemployment rates in the region’s developing countries, when compared with developing regions elsewhere in the world.6 Yet, pronounced disparities in the unemployment rates (as of 2015) between men and women exist in some economies, such as Fiji, the Islamic Republic of Iran, New Caledonia, Pakistan and Sri Lanka.7

Means of implementation

• The developing countries of the region experienced an increase in Aid for Trade commitments, from $9.9 billion in 2005 to $23.9 billion in 2014, while the actual disbursements increased from $6.6 billion to $17.2 billion.8 They experienced a higher annual average increase in Aid for Trade, compared with the global trends in Aid for Trade, both in terms of commitments and disbursements.

HOTSPOTS

Economic growth and financial inclusion

• The per capita economic growth in the region’s least developed economies, landlocked developing countries and small island developing countries, averaged only 5.1 per cent from 2006 to 2015. Countries in the Pacific that have least developed country status had the lowest growth rates: On average per year from 2006 to 2015, the per capita growth in Tuvalu and Vanuatu was less than 2.2 per cent and 0.7 per cent, respectively, and it even contracted in Kiribati, by an annual average of 0.5 per cent.9

• The least developed countries in Asia and the Pacific have not, as a group, reached the target of 7 per cent growth of real GDP since 2009, with an average growth rate of 6.1 per cent over the past five years.10

• Productivity growth also declined in the aftermath of the 2008 economic and financial crises. Growth of total factor productivity declined by more than half in developing countries in the region, averaging at slightly less than 1 per cent between 2008 and 2014, while growth in labour productivity declined by more than 30 per cent, to 3.9 per cent in 2013.11

• Despite increases in nominal wage levels, growth in real wages has not been commensurate with the increases in productivity levels.12
• The proportion of adults with an account at a bank or other financial institution is lowest in the least developed countries and has only increased marginally, from 26.8 per cent in 2011 to 27.3 per cent in 2014.\textsuperscript{13}

• Although many countries adopted green growth strategies, overall the economic growth of the region is resource intensive (see the SDG 12 profile).

**Employment**

• Employment growth in 2015 was merely 1.1 per cent, or 21.3 million jobs, for the Asia-Pacific region. Job growth was notably weak, at 0.3 per cent, in East and North-East Asia, weighed down by both the decelerating economy in China and its ageing population.\textsuperscript{14}

• A large portion of the region’s labour force is employed in the informal economy.

• There are low levels of female labour force participation in some areas of the region, particularly in South and South-West Asia.

• The youth unemployment rate in 2016 was estimated at 11.8 per cent and was higher for young women (at 12.1 per cent) than for men (at 11.7 per cent).\textsuperscript{15} Young people in the labour force are 3.8 times more likely to be unemployed than their adult counterparts in the region. By subregion, the ratio is even higher in South-East Asia (at 5.4 times) and South Asia (at 4 times).\textsuperscript{16}

**EMERGING ISSUES**

• The growing numbers of workers in vulnerable employment\textsuperscript{17} and working poor people require more attention. The vulnerable employment rate in the Asia-Pacific region was 54 per cent, or 1 billion workers, in 2015.\textsuperscript{18}

• Women are more likely than men to be in vulnerable employment. In South Asia, for example, the vulnerable employment rate in 2015 was 79.5 per cent for women and 71.1 per cent for men. In South-East Asia, the rates were 60.1 per cent and 52.8 per cent, respectively.\textsuperscript{19}

• The share of young workers from poor households, defined as earning less than the $1.90 extreme poverty line, was 14.2 per cent in 2015, compared with 9.8 per cent for adult workers. The working youth poverty rate was particularly high in South Asia, at 21.6 per cent.\textsuperscript{20}

• Active labour market policies are required to support employment in times of economic slowdown and to foster a virtuous cycle in which good-quality education and vocational training increases labour productivity that translates into higher wages.
8.1 Sustain per capita economic growth in accordance with national circumstances and, in particular, at least 7 per cent gross domestic product growth per annum in the least developed countries

8.2 Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors

8.3 Promote 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

8.4 Improve progressively, through 2030, global resource efficiency in consumption and production and endeavour to decouple economic growth from environmental degradation, in accordance with the 10-Year Framework of Programmes on Sustainable Consumption and Production, with developed countries taking the lead

8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value

8.6 By 2020, substantially reduce the proportion of youth not in employment, education or training

8.7 Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers, and by 2025 end child labour in all its forms

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

8.9 By 2030, devise and implement policies to promote sustainable tourism that creates jobs and promotes local culture and products

8.10 Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all

8.a Increase Aid for Trade support for developing countries, in particular least developed countries, including through the Enhanced Integrated Framework for Trade-related Technical Assistance to Least Developed Countries

8.b By 2020, develop and operationalize a global strategy for youth employment and implement the Global Jobs Pact of the International Labour Organization