

KEY INDICATORS FOR ASIA AND THE PACIFIC 2011

42nd Edition

Toward Higher Quality Employment in Asia

Guanghua Wan
Principal Economist,
Asian Development Bank

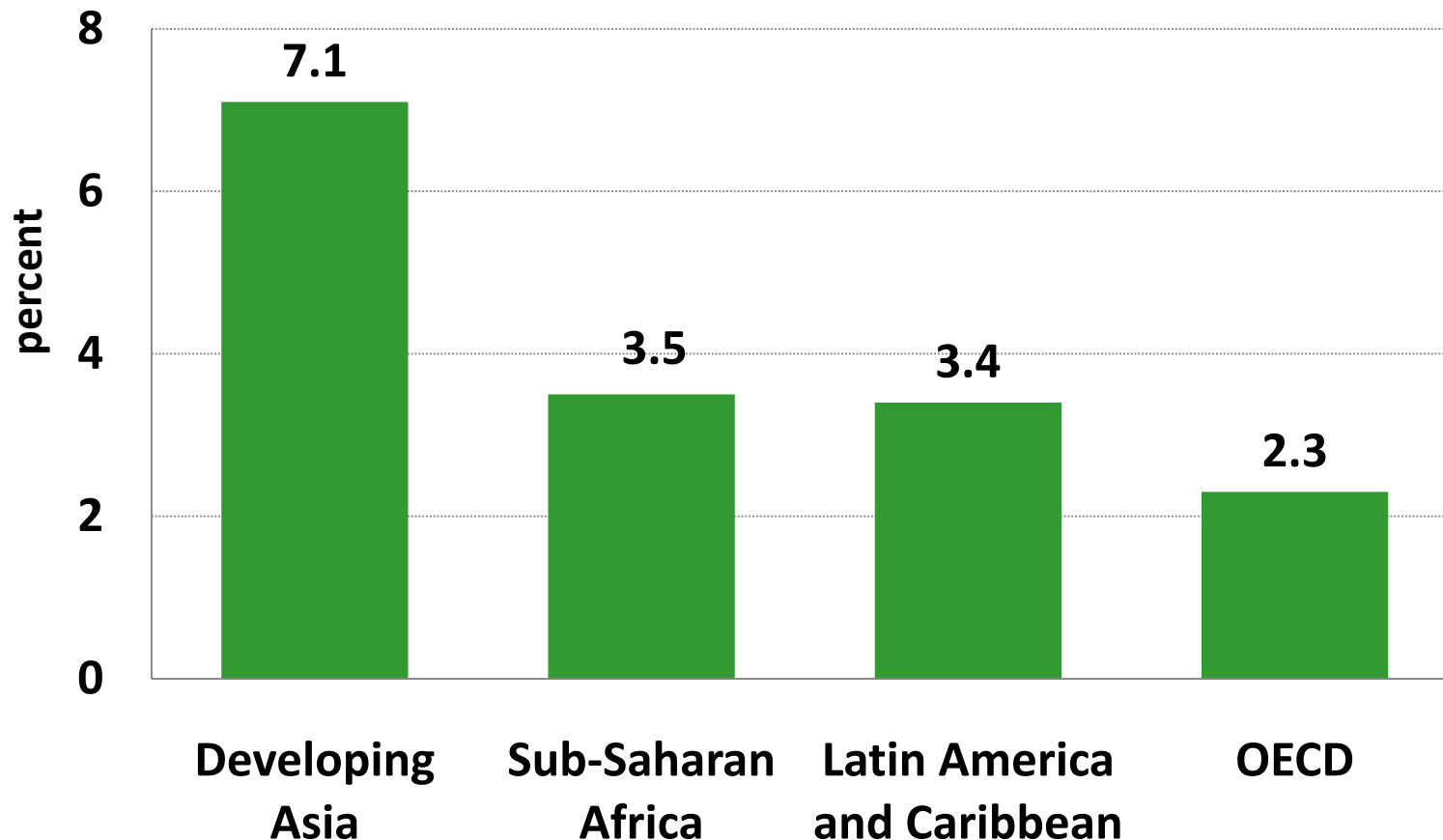


Key messages

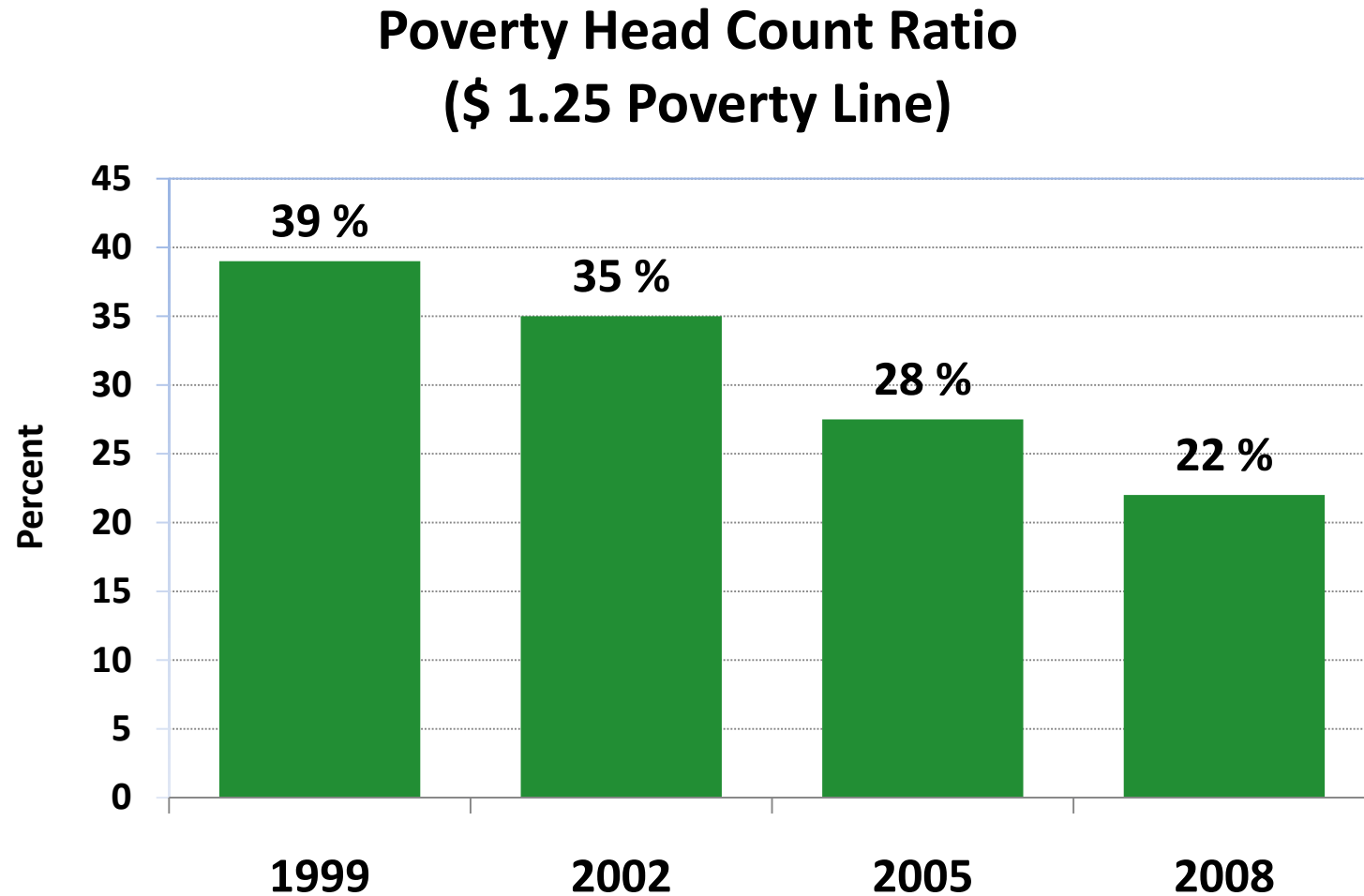
- **Asia continued its robust growth** accompanied by **significant poverty reduction**
- **But performance in countries has been uneven**
 - Low-income countries not doing as well
 - Non-income indicators diverge widely
 - Asia is far behind in terms of quality of employment
- **Inclusive growth is key** to avoiding social tensions and sustained growth
 - **Improving quality employment** supports inclusive growth (special chapter)
 - Different stages of development require different policy interventions

Asia exhibited high and robust growth...

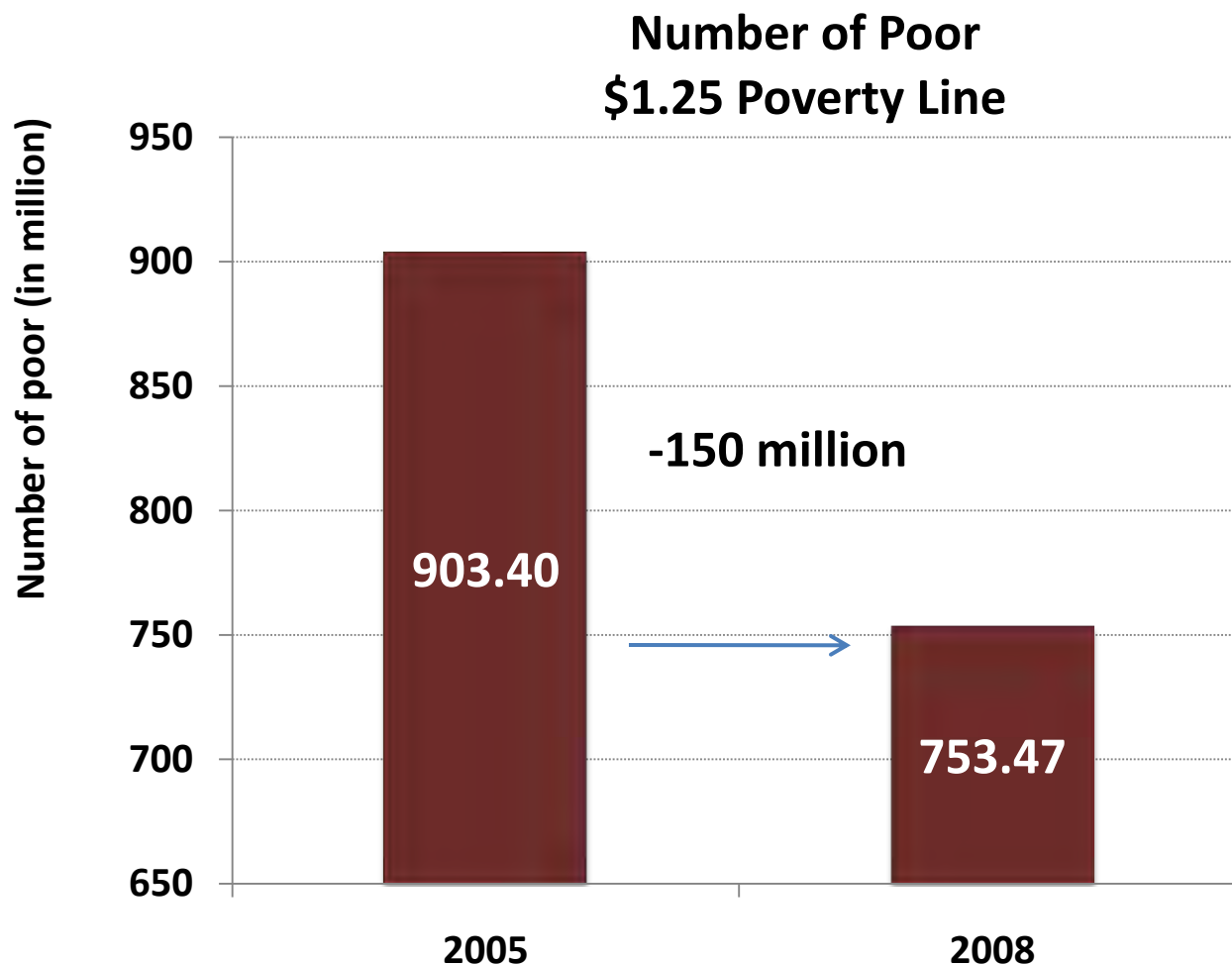
Annual Average Growth of Real GDP (%)
1990-2008



...that led to significant poverty declines

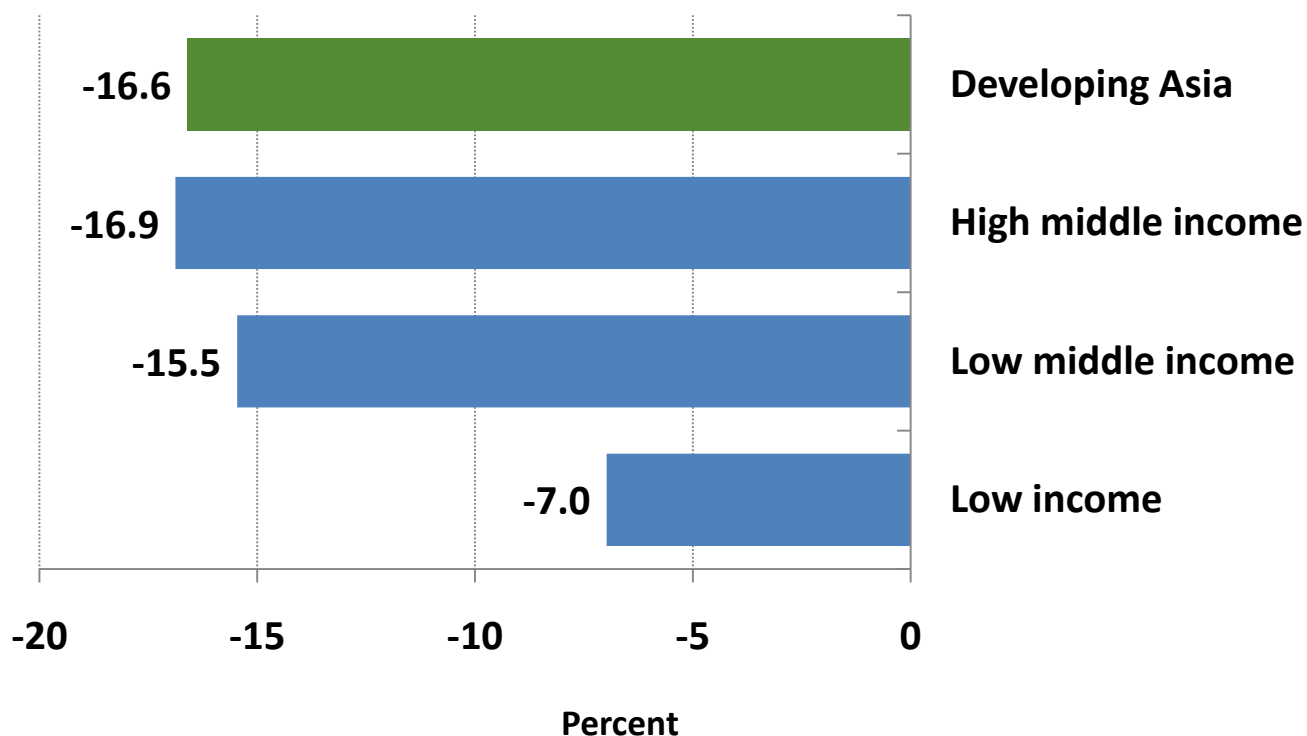


There are 150 million less poor between 2005 and 2008...



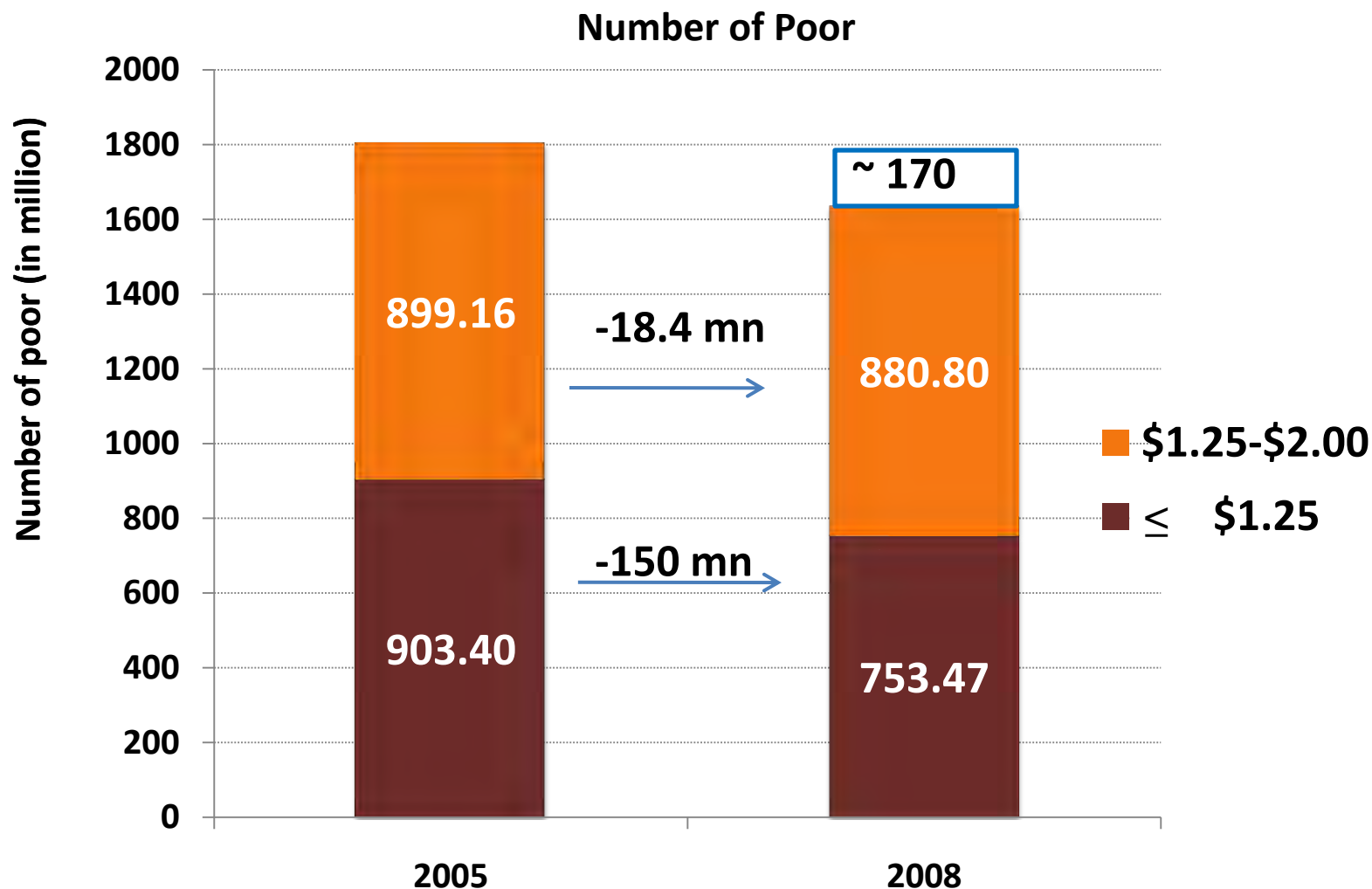
...but progress is limited in poorer countries...

**Percent Change in the Number of Poor, 2005-2008
(\$1.25 Poverty Line)**

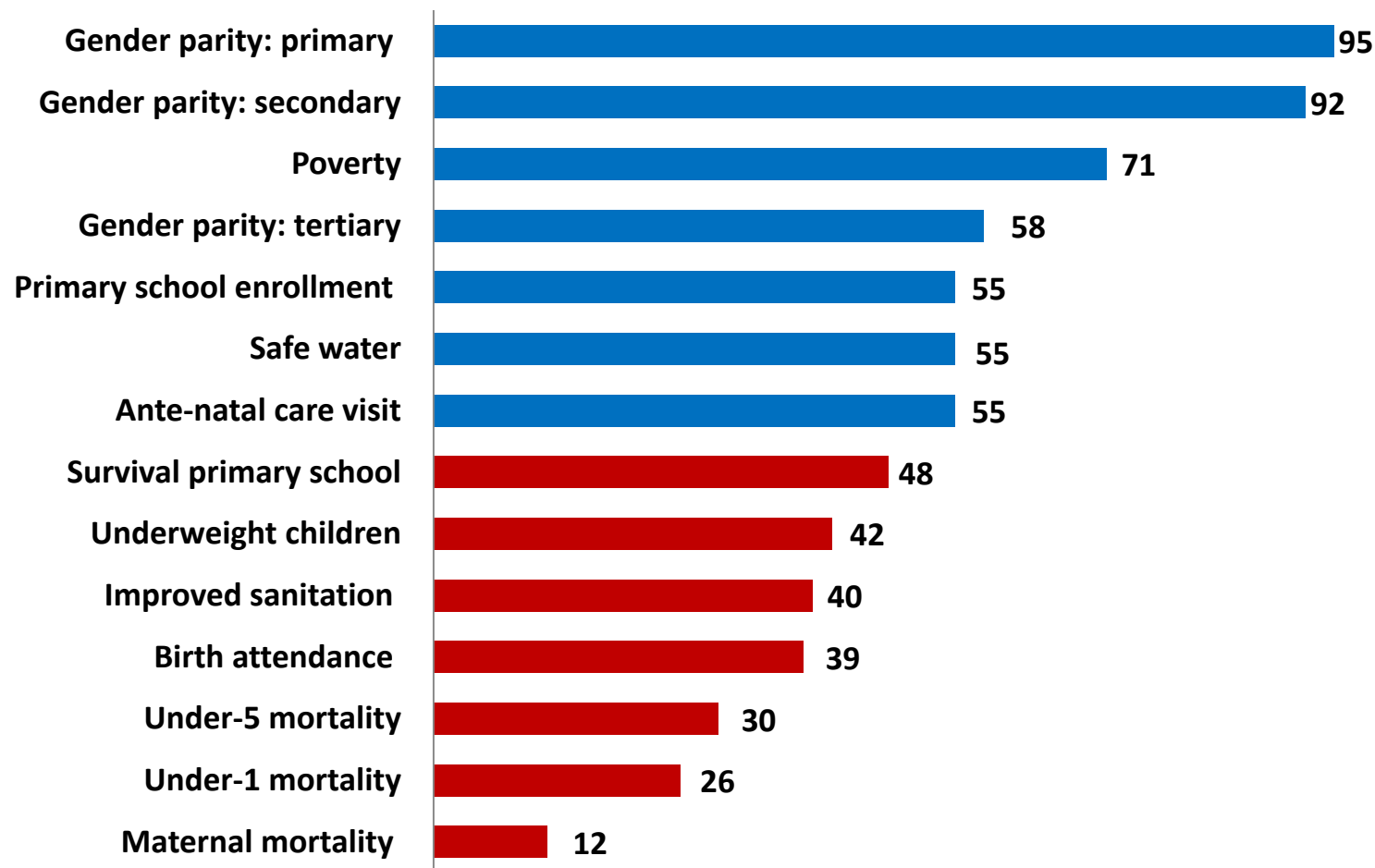


Note: High middle, low middle, and low income correspond to internal ADB classifications.

...and slower between the \$1.25 to \$2 poverty range



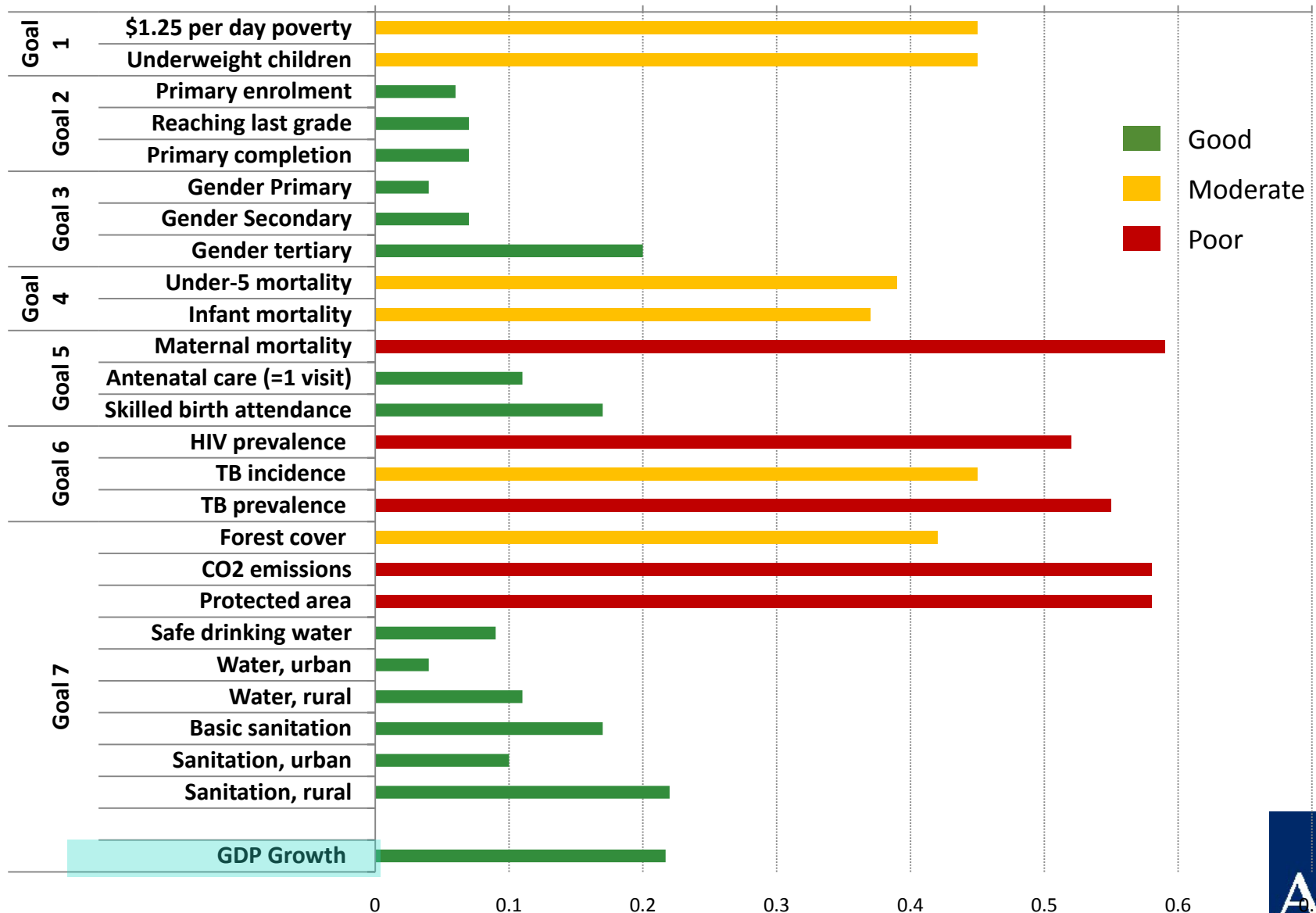
Achievements in non-income targets uneven...



Percent of Economies on Track to Meet the 2015 Targets

...and disparity is high

Gini Coefficients for MDGs



Source: Wan and Zhang (2011)

Inclusive growth is important to sustain growth



KI Special Supplement: “Framework for Inclusive Growth Indicators” presents 35 indicators useful for operationalizing inclusive growth

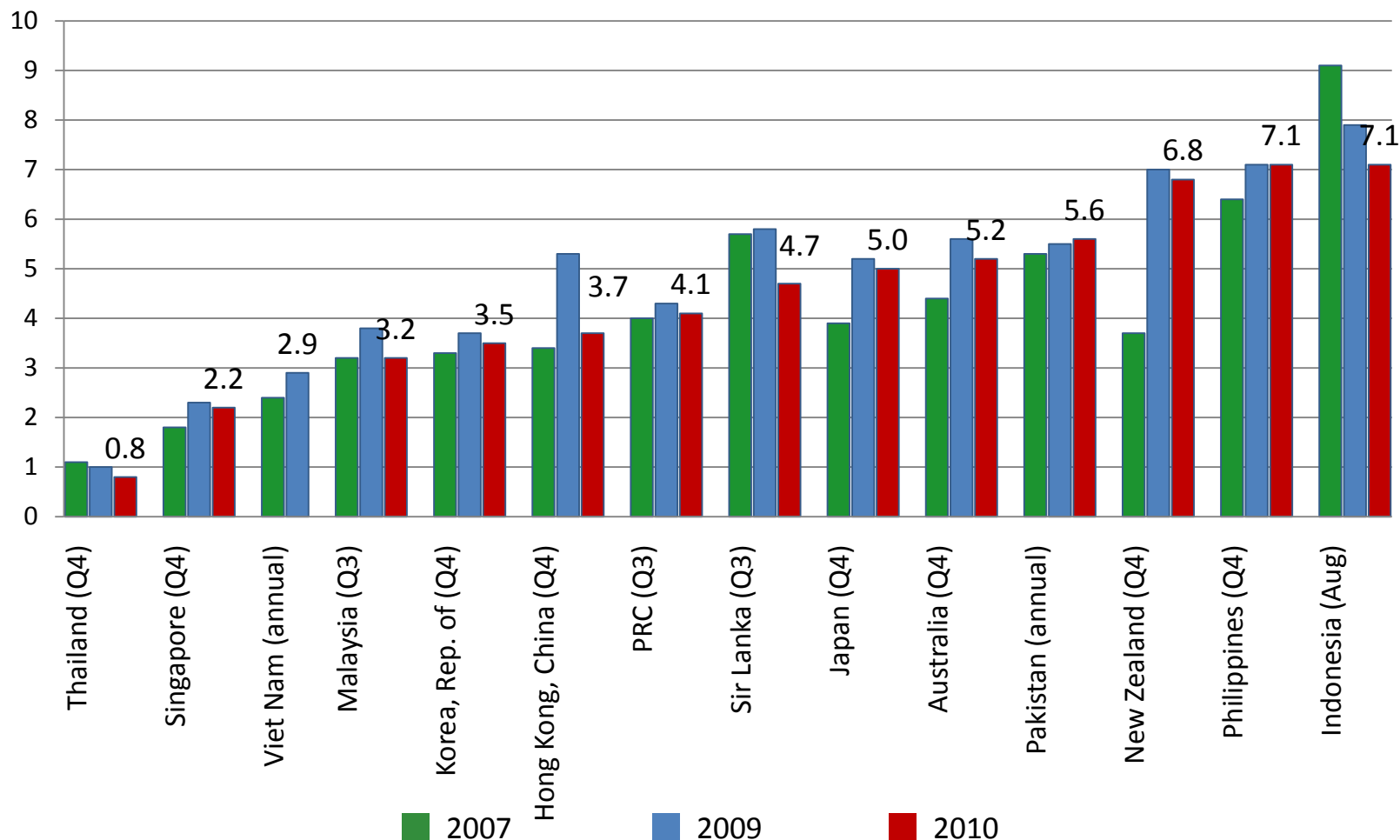
Theme Chapter:

**Toward Higher Quality
Employment in Asia**

Developing Asia has had high growth and low unemployment

Unemployment Rate of Selected Asian Economies

percent (2007, 2009 and 2010)



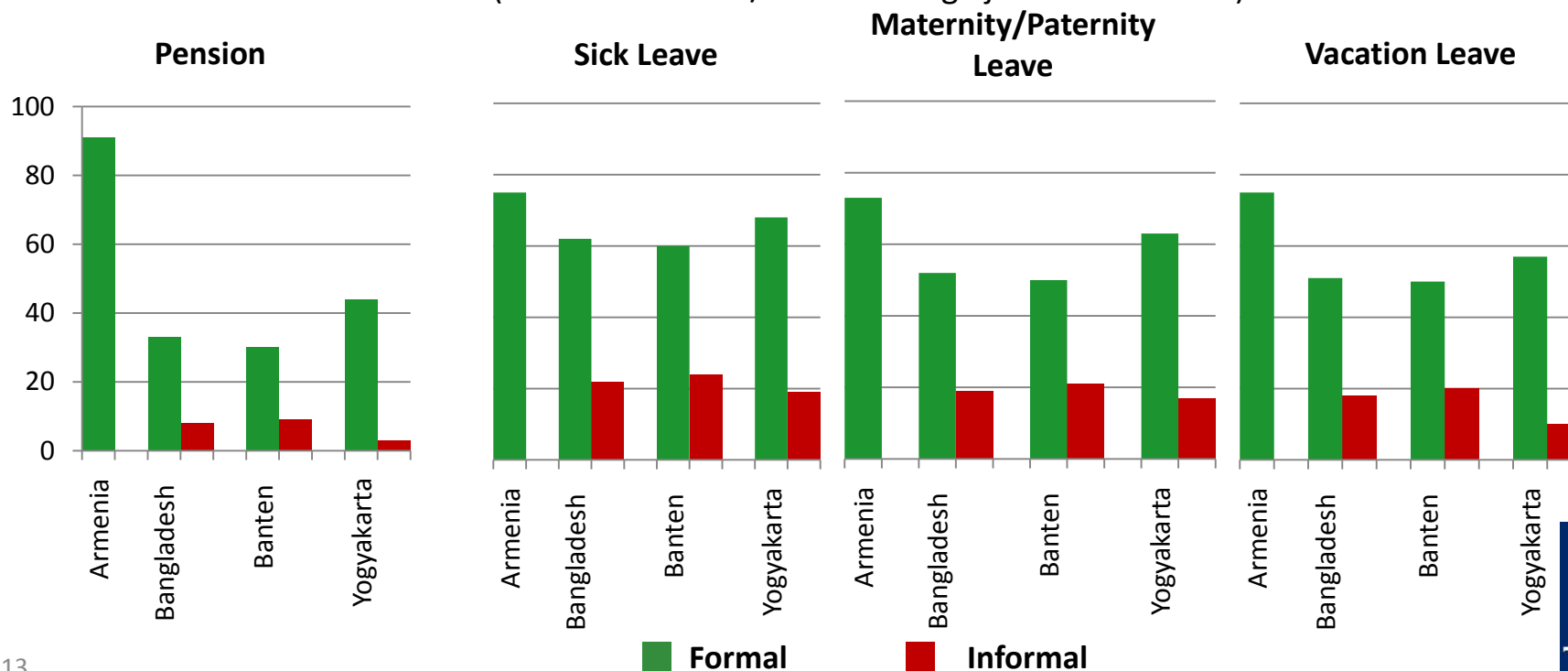
How about quality employment?

Informal work associated with:

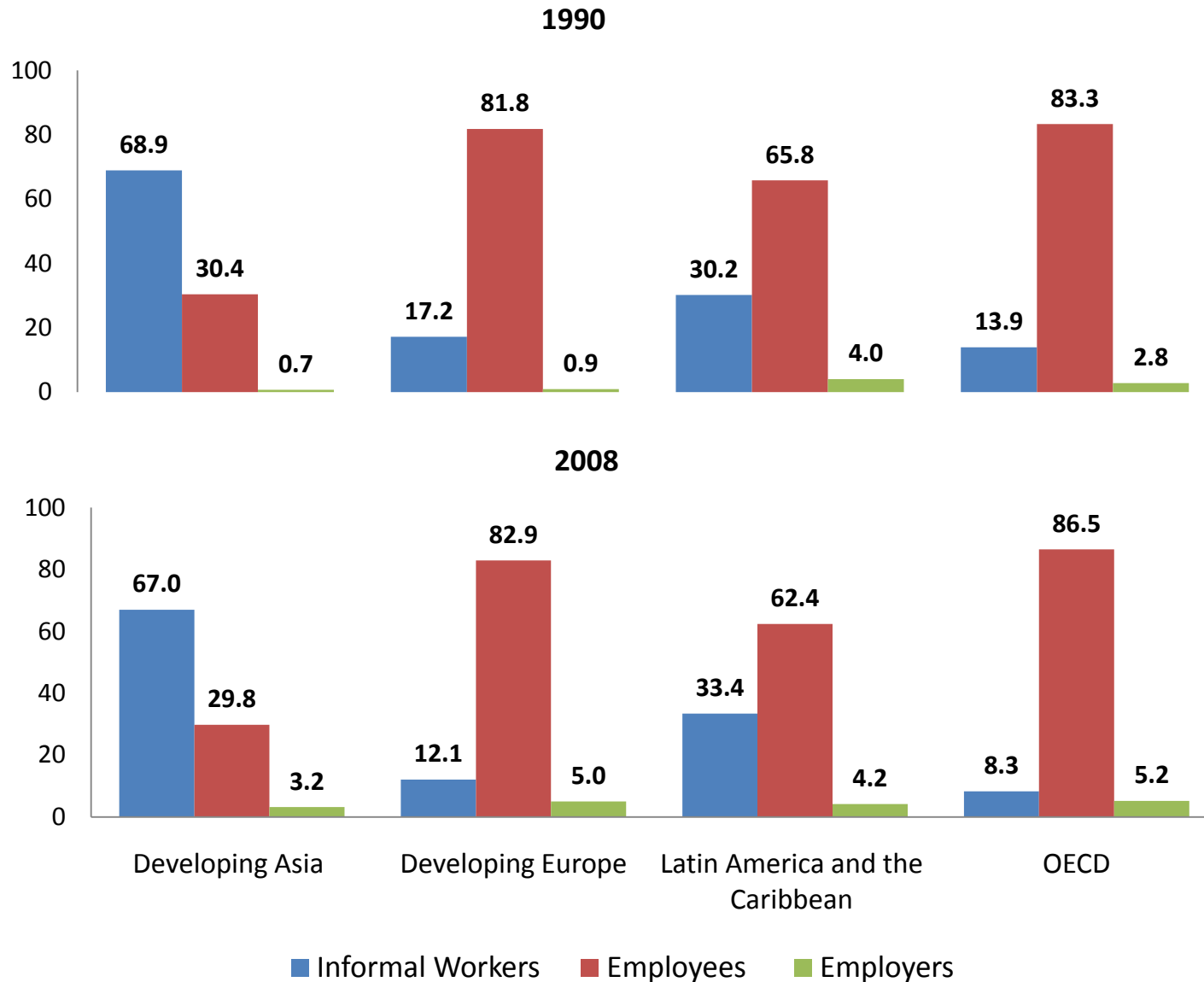
- Lower income and the working poor
- Underemployment
- Less security
- Absence of social safety nets

Benefits Received by Formal and Informal Wage Workers

(% of total formal/informal wage jobs with benefit)

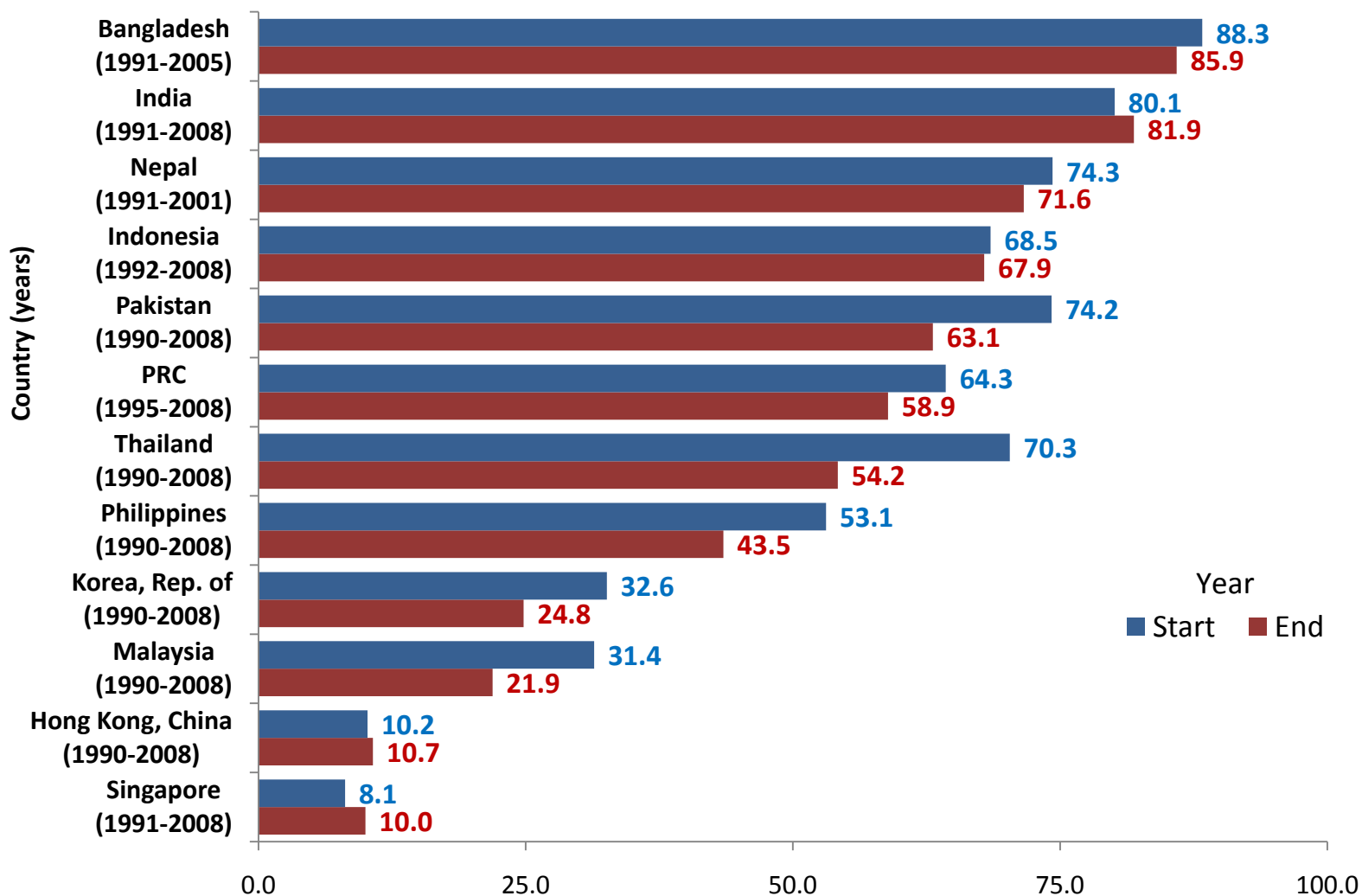


Asia's informal employment is high...



...as well as uneven and persistent

Percentage of Informal Workers to Total Employment



Why is quality of employment poor in Asia?

In middle-income countries

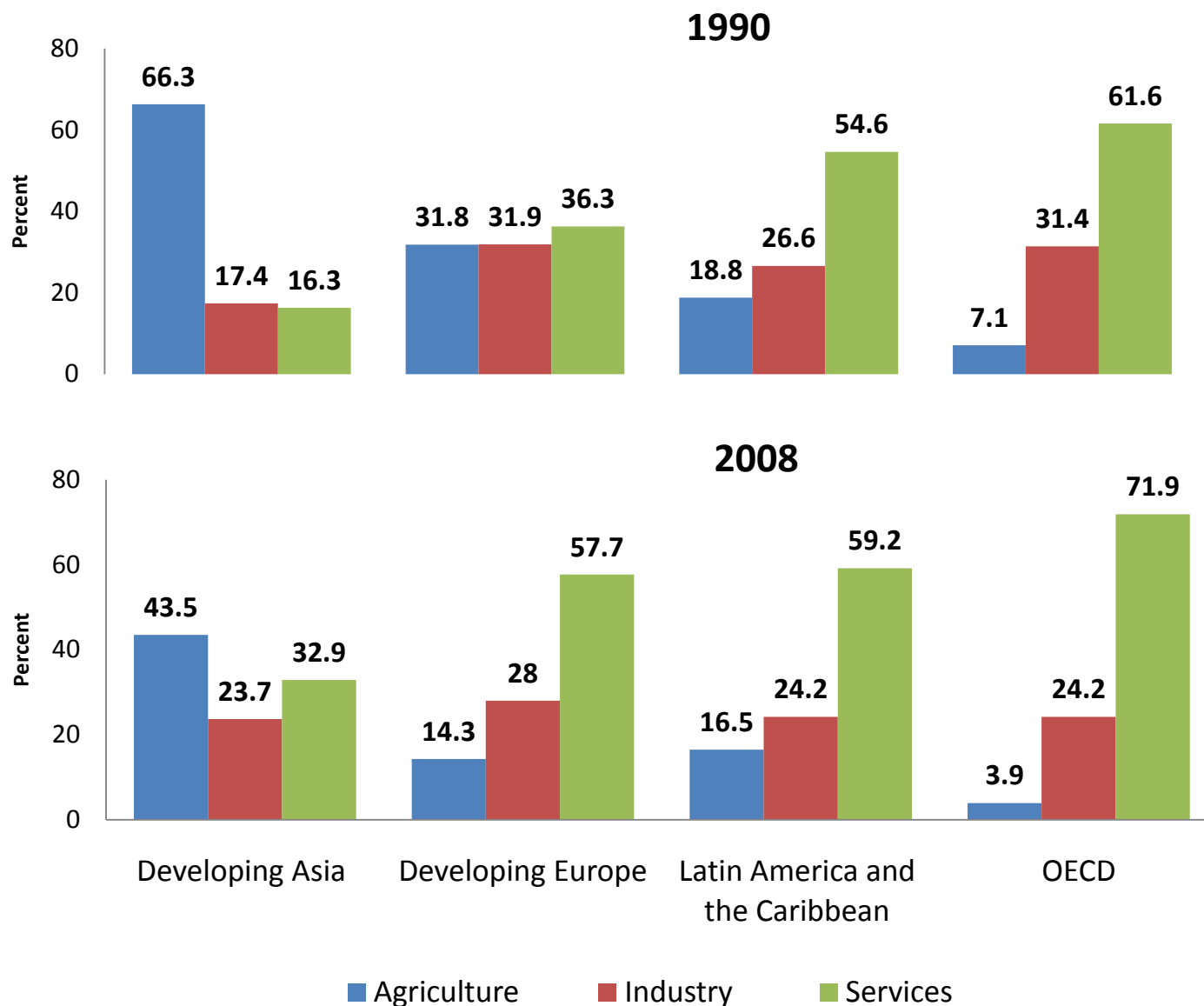
There was structural transformation, but...

- low wage manufacturing jobs
- restrictive labor policies and uncompetitive market structures

In low-income countries

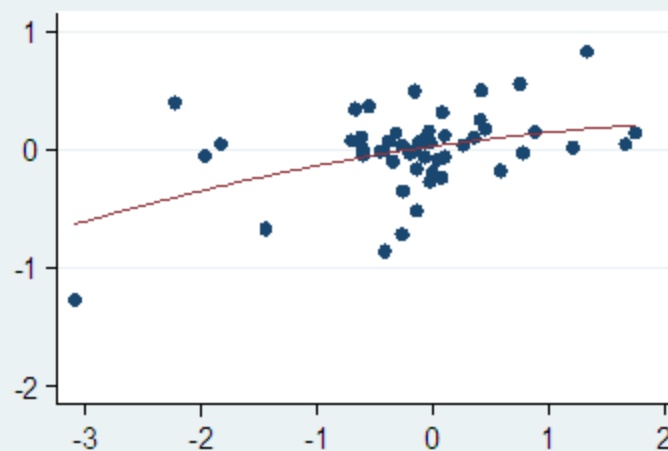
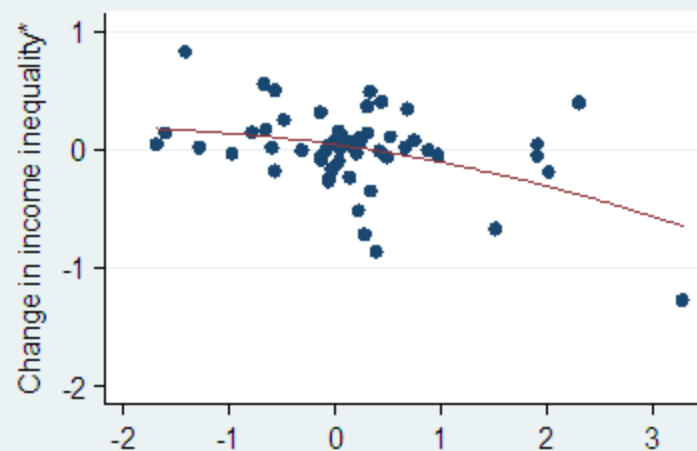
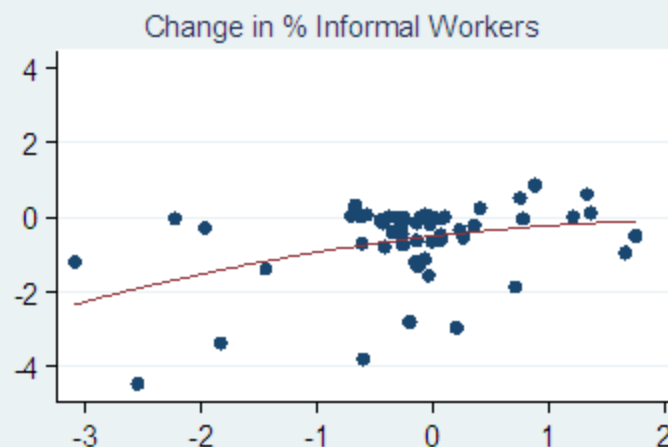
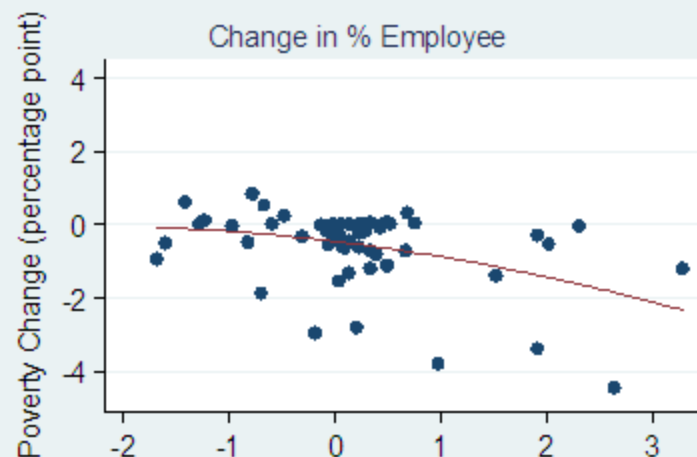
- Low productivity in all sectors
- Substantial transfer of surplus labor from the primary sector has not occurred

Primary sector in Asia remains high



High quality employment is important for reducing poverty and income inequality

Informality, Poverty and Inequality (1990 -2008)



Policy recommendations for low-income countries

- Increase trade and foreign direct investment in the modern sector.
- Managed migration from lower productivity to higher value added sectors.
- Support productivity increase in rural non-farm activities.
- Develop more skill-specific human capital through quality technical and vocational education.
- Extend basic level of social protection to informal workers.

Policy recommendations for middle-income countries

- Continue to promote open trade and foreign direct investment.
- Invest in human capital development through more general and higher quality secondary and tertiary education.
- Improve social protection systems by broadening basic health care and enhancing pension systems.

What does ADB do to support high quality employment?

Examples:

- **Technical Education and Vocational Training (TEVT) Sector Development Project** in Sri Lanka [TA 7746](#)
- **Trade Financing Program** in provides guarantees and loans to partner banks to support SMEs in international trade [TA 7380](#)
- **Infrastructure development**
- **Urban development project** in Bangladesh to overhaul urban infrastructure and services in Dhaka and Khulna city areas [TA 7415](#)
- **Social Protection Support Project** in the Philippines to support conditional cash transfer (CCT) and the national household targeting system for poverty reduction [TA 7468](#)

Summary

- Asia continues its high and resilient growth.
- But the progress is uneven: Poverty remains high in many LDCs, and achievements of non-income targets diverge widely.
- Asia is far behind in terms of quality of employment.
- Improving quality employment is key to inclusive growth.
- Policies should be tailored to address critical constraints, and be aligned with a country's development stage.

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Thank You

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