Inter-regional Technical Forum on
Skills for Trade, Employability and Inclusive Growth

Matching skills for the future of work and regional integration in Asia and the Pacific

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ILO-Bangkok

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Background

- ILO-KOREA TVET Forum, Oct. 2017
  - Jobs, Skills and Strategies for the Future: Perspectives from Asia-Pacific

- The 16th Asia-Pacific Regional Meeting (APRM)
  - Special Plenary Debate: Skills for the Future
CONTEXT
Robust economic growth in developing Asia...

Change in real gross domestic product, 2000-16p (%, annual average)

Note: 2016 figures are projections.
...has lifted millions of workers out of poverty...

Share of workers living in extreme poverty, 1991-2015p (% under $1.90 per day)

...improving the quality of employment still remains a big challenge...

% of non-wage and vulnerable employment in total employment

<table>
<thead>
<tr>
<th>Country</th>
<th>Year</th>
<th>Non-wage Salaried</th>
<th>Vulnerable</th>
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<tbody>
<tr>
<td>BRN</td>
<td>2014</td>
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<tr>
<td>SGP</td>
<td>2013</td>
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<td>MYS</td>
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<td>MDV</td>
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<td>WSM</td>
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<td>BGD</td>
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<td>LKA</td>
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<td>PAK</td>
<td>2008</td>
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<td>IND</td>
<td>2010</td>
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</table>
… income disparity rising overall…

Change in Gini coefficient, earliest year in 1990s and latest available year

<table>
<thead>
<tr>
<th>Country</th>
<th>Earliest Year</th>
<th>Latest Year</th>
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<tbody>
<tr>
<td>Malaysia (1992-2009)</td>
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<tr>
<td>Philippines (1991-2012)</td>
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<td></td>
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<tr>
<td>China* (1990-2010)</td>
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<tr>
<td>Thailand (1990-2012)</td>
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<td>Mongolia* (1995-2012)</td>
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<td>Lao PDR* (1992-2012)</td>
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<td>Viet Nam* (1993-2012)</td>
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<td>Indonesia* (1990-2010)</td>
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<tr>
<td>India* (1994-2009)</td>
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<td>Bangladesh* (1992-2010)</td>
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<td>Cambodia (1994-2012)</td>
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<td>Pakistan (1991-2011)</td>
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Note: * denotes a worsening in the inequality indicator since the early 1990s.

Source: World Bank: PovCalNet Database.

…notably in China, India and Indonesia which account for nearly 3 in 4 of the region’s population…
...and spatial inequalities persist...

Urban and rural poverty rate, latest available year (% below national poverty line)


...between rural and urban areas but also between regions...
...and wage gaps between women and men...

Male-female gap in wages, 2013 or latest available year (%)

Source: ILO: Wages in Asia and the Pacific: Dynamic but uneven progress (Bangkok, 2014).
KEY DRIVERS SHAPING THE FUTURE OF WORK

- Demographic change
- Technology
- Inter & Intra regional integration
- Climate change & environmental sustainability
- Key on-going characteristics: large informality & rural economy
Key Drivers of Change and Emerging Skills Needs

Demographic change

- Dual trends: Aging economies and young economies
- Increased demands for healthcare and care occupations
- Greater importance of lifelong learning, skills upgrading or reskilling for mature workers
- Need to equip young job seekers with relevant competencies
- Importance of quality basic education and/or core work skills
Key Drivers of Change and Emerging Skills Needs

- Technological change

  - While technology helps job creation, growing concern of negative impact on jobs
  - Likely to negatively impact on low-skilled occupations, women and those with limited education
  - Increased demand for retraining and skills upgrading
  - Increased demand for middle-higher skills, STEM and core work skills including ability to learn
  - The impact of technology on jobs varies considerably
Key Manufacturing Sectors at High Employment Risk of Automation

Source: Chang and Huynh (2016) ASEAN in Transformation: Future of jobs at risk of automation, ILO
Key Service Sectors at High Employment Risk of Automation
Women and less educated workers more likely to be at high employment risk

Source: Chang and Huynh (2016) ASEAN in Transformation: Future of jobs at risk of automation, ILO
SKILLS PROFILES
Labour force by educational attainment

- Education level of the workforce in the region varies considerably
  - More than 30% of the workforce without primary education (Cambodia, India and Pakistan).
  - At least 30% of the workforce with tertiary education (high income countries in the region)

- Considerable share (over 60%) of the workforce has less than secondary education
  - Cambodia, India, Indonesia, Thailand, Pakistan, Sri Lanka
Skills mismatch (over/under-skilled)

- Significant skills mismatch exists in the region
  - Less than half (45-48%) of employed persons had a ‘matching’ qualifications for their occupations
  - More ‘under-skilled mismatches’ (51% in India, 45% in Cambodia and Thailand 44%), less ‘over-skilled mismatch’
Skills mismatch (over/under-qualified)

Trends (2005- latest available data):

- Incidence of over-qualification is increasing in low and middle-skilled occupations, except Mongolia and Indonesia
- For middle- and high-skilled occupations, the incidence of under-qualified workers is in decline in general
- Expected skills shortages: high-skills in India, Indonesia, Pakistan, lesser extent in Cambodia, Mongolia, Thailand, Timor Leste; semi-skilled workers for most countries

Source: Bhulaor and Matsumoto (forthcoming), Skills mismatch and shortages in Asia and the Pacific, ILO Regional Office for Asia and the Pacific
SKILLS RESPONSES
Key areas of skills responses

- Anticipating future skills needs
- Improving relevance and responsiveness to meet labour market needs
- Greater engagement of industry, and better integration of training and the world of work
- Broadening access to TVET, and lifelong learning opportunities
  - flexible delivery, community-based training, informal apprenticeships, recognition of prior learning
Additional suggestions from APRM debate on skills for the future

Skills systems need to:

- Broaden the scope of careers through core work skills, clustering of skills and lifelong learning approach

- Be in sync with actual demands of skills in the business strategy, now and in the future

- Be part of the creation of more rewarding and productive jobs (that require more high skills and have high value-added content) for building an inclusive future

- Step up efforts for public-private partnerships (PPPs)

- Improve the status of vocational technical training
THANK YOU