



**High-Level Segment Roundtable 2
"Meeting the Challenge of Employment
Creation in Africa & the LDCs"
Geneva, 5 July 2006**

Employment Issues in Asia-Pacific LDCs

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Mr. Chairperson,
Mr. Co-Moderators,
Distinguished Panellists,
Honourable Ministers,
Ladies and Gentlemen

It is well known that overall Asian and Pacific economic growth outpaces that of other regions.

It is less well known that the 14 LDCs in the ESCAP region account for nearly 40% of the global LDC population.

I shall outline the main employment challenges that the LDCs of the ESCAP region face and discuss policy options for using job creation as a tool in poverty reduction.

Most Asia-Pacific LDC economies are relatively small and narrowed-based. Of the 14 LDCs in the ESCAP region, seven are small island developing states, and four are landlocked countries. These features make them especially vulnerable to internal and external shocks. Their labour markets are, in turn, easily affected by changes in economic growth and demographic change.

In many Asia-Pacific LDCs, population growth rates are high. So every year, more people enter the labour market than the economy is able to absorb. In the 10 countries for which data are available, the labour force is forecast to increase by 40%. In some countries [Afghanistan, Maldives, Timor-Leste], labour force growth projections exceed 70%.

Labour markets in Asia-Pacific LDCs have several special features.

In most Asia-Pacific LDCs, agriculture accounts for the largest share of economic output and employment. In some cases, over 80% of the labour force works in the agriculture sector.

The prevalence of subsistence agriculture, with low levels of productivity per worker, means that wages are also low. Output per worker in the Asia-Pacific LDCs – including all economic sectors – is about 37% of the productivity in the ESCAP developing countries [US\$9,900 output per worker].

In the Asia-Pacific LDCs there were over 4.3 million unemployed people, that is about 3.5% of the total LDC labour force (2005 data). However, the figures do not adequately reflect all the challenges that the LDCs face, as large segments of the labour force are in the informal sector and are underemployed. For example, up to 70% of the labour force of Lao PDR may be underemployed.

As a result, 88% of the workers in the Asia-Pacific LDCs – 105 million people – earn less than US\$2 / day. They are the “working poor”.

Unemployment and underemployment affect some groups disproportionately.

1. Youth constitutes a large share of the total LDC population. There are over 2 unemployed million young people (aged 15 to 24) in the Asia Pacific LDCs. They represent 6.2% of all LDC youth in the ESCAP region. This figure represents almost 50% of all unemployed people in Asia-Pacific LDCs.
2. Women face higher barriers than men to entering the job market. Women often have no choice but to work in the informal economy. Most women in Asia-Pacific LDCs work in agriculture (78% in Bangladesh, 75% in Cambodia).
3. Entrenched LDC poverty forces many children to work. While worldwide child labour seems to be declining, the Asia-Pacific region still has an estimated 127 million working children who account for over half of the world’s total.

Given the employment characteristics in the Asia-Pacific LDCs, let us turn to employment policies for poverty reduction.

Indeed, for the poor in the LDCs, access to sufficiently-remunerated work is central to staying out of poverty.

Employment creation should be an explicit goal of LDC economic policies and poverty reduction strategies.

We also need to balance economic growth with employment generation.

Furthermore, we need to:

- Increase more investment in education and technical skills development to improve the human capital endowment of the labour force.

- Create conditions that promote productive self-employment and entrepreneurship
- Improve access by the self-employed to productive assets, especially credit markets.

For example, the Grameen Bank experience in Bangladesh illustrates the importance of microfinance in promoting productive self-employment and reducing poverty.

We must improve employment opportunities in rural areas, especially through policies that promote non-farm economic activities, and public infrastructure works for rural development.

LDCs in post-disaster and post-conflict and situations need to integrate employment creation in reconstruction and peace-building programmes.

Thank you.