



ITUC - ASIA PACIFIC

**Redressing Inequality prevalent in the region
through strengthening labour market institutions
for sustainable and inclusive development**

**A Position Paper of
the International Trade Union Confederation – Asia Pacific**

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1. The ITUC-Asia Pacific, representing 58 free, independent and democratic trade union national centres effectively covering over 60 million workers in 34 countries and territories of the region, puts forward the following statement addressing rising inequality that impedes inclusive economic growth and increases socio-political instability.
2. With the three key drivers of development, i.e., technological progress, globalisation and market-oriented reform, Asia and the Pacific, the most dynamic and diverse region, has achieved substantial economic growth. The annual economic growth of developing Asia from 1990 to 2010 stands at 7%, the GDP per capita grew in the same period from USD1,633 to 5,133 in 2005 PPP terms, and during that period, 700 million people have been taken out of poverty.
3. However, the past growth cannot guarantee its continuation in future as risks and challenges in the region remain; uncertainty in the recovery of the global economy and increasing inequality in particular. As statistically evidenced, GINI Coefficients in countries in the region, the Quintile Ratio are on the rise. The rising inequality hit the youth as the Occupy Wall Street (2011), the Sunflower Student Movement (2014) and the Occupy Central (2014) clearly demonstrate. The three development drivers - technological progress, globalisation and market-oriented reform have their inherent deficiencies.
4. On the macro base, from 1980s, the labour share in the OECD countries has been constantly declining. The trend can be found in the region in a more serious magnitude, though statistical accuracy is limited. This macro based trend is also evidenced by the widening gap between the productivity growth and stagnant real wage growth in the past decades. The consequence is that the globalisation has not adequately benefited the workers who have contributed to such economic growth. In reality, the rich are getting richer much faster than the poor. Such a paradigm of economic growth needs to be changed.
5. In the past decades since 1990s, driven by neo-liberal labour market policies, the employment situation has drastically changed, from formal and full-time based employment to casual and informal type of employment. Women and youth are victims of the deterioration of quality of the labour market. Corporations keep huge internal reserves while corporate taxes are on the decline. Some have dominant power in controlling business and labour market through their corporate powers on governments and strong worldwide supply chains.
6. Falling labour share and growing inequality show the weaknesses in the distributive mechanisms in the society; weakness in labour market institutions, a regulatory mechanism where labour is exchanged with wealth, through direct distribution in direct monetary terms, and redistribution through social safety nets, taxation and fiscal structures. From labour statistics, the coverage of collective bargaining agreements or trade union density has positive effect on the level of equality, and the level of social safety nets coincides with redistributive equity in the society. The comparison of GINI Coefficients between the Developing Asia (28-51) with those of OECD countries (25-40) has strong indication that the labour market institution has strong impact on direct and indirect distributions of national wealth.

7. The key components of labour market institutions are:
 - International labour standards stipulated in the ILO conventions and recommendations
 - Employment
 - Social Safety Nets; and
 - Social Dialogues.

They are specified in the ILO Decent Work Agenda, an internationally recognised social infrastructure that guides industrial relations nationally, regionally and globally.
8. The current development paradigm will fail unless the distributional aspects are paid due attention to by policy maker in the region. The economic growth should be inclusive and sustainable. In this connection, the ITUC-Asia Pacific proposes the Income-led growth, a complements to the current supply-side growth model: a growth model based on high-income and pro-labour distributional policies, accompanied by legislative and structural policies aiming at building strong labour market institutions that generates, by boosting domestic demand and equitable, stable and inclusive growth regime for the sustainable future.
9. In relation to the sustainability of economic growth, environmental issue is one of our primary concerns as the climate change damage lives of the people, especially workers as seamless transfer of employment to green economy is the real challenge of the day. In this connection, the ITUC-AP welcomes the ADB's commitment to scale up its supports for environmentally sustainable development. After the three major nuclear accidents, Three Mile Island (1979) Chernobyl (1986) and Fukushima (2011), ultimate phasing out of nuclear energy, in parallel to efforts in developing alternative climate and environmentally neutral energy sources, should also be rigorously pursued.

Therefore, the ITUC-Asia Pacific puts forward the following recommendations for inclusion in the ADB's development policies, operational rules and country guidance:

1. **The ADB should include the Decent Work Agenda in the regional policy statements as its manifestation of policy duration of inclusive and sustainable development.**
2. **The ADB should promote engagement with the ILO, specifically in order to strengthen labour market institutions**
3. **The ADB should revise the Core Labour Standards Handbook paying more attention to the fundamental workers' rights, i.e. freedom of association and bargain collectively with the view to redress the growing inequality**
4. **The ADB should develop and implement labour safeguards for its funded projects.**
5. **In ADB's country consultations, the following policies should be included:
Promotion of full and regular type employment and decent job creation
Proper fiscal policy and fairer taxation system that enable to establish and improve social safety nets**
6. **The ADB should have more balanced approach to invest social infrastructure especially health care, education and other social protection schemes**
7. **The ADB should provide technical support for smooth transition towards green economy with trainings and green job creation;**
8. **The ADB should support just transition measures including eventual phasing out of nuclear energy in longer term; and**
9. **The ADB should continue the regional and national dialogues with trade unions as part of its inclusive approach for development**

Background/Statistical analysis

INTRODUCTION

1. The Asian and Pacific region has achieved substantial economic progress with the extreme poverty being significantly reduced. If such progress sustained, it could be possible for us to become the first generation to witness the end of extreme poverty and realisation of the Asian Century, in which the world economy would be led by Asia representing more than half of global GDP then. However, challenges and risks still remain prevalent; two thirds of the world extreme poverty is residing in the region; income inequality within and among countries is increasing; un/under-employment and informalisation are rampant; and more frequent and intense natural disasters due to climate change have ruined more people's livelihood, to name a few.

2. Furthermore, the global economy has not yet fully recovered from the prolonged recession and rather been losing its momentum out as the Developing Asia has been facing moderation of economic growth, especially in China, its largest economy, and Southeast Asia, as illustrated by the downward revision in the latest ADB Development Outlook (*ADO 2015*). Considering another downward revision of latest economic forecasts by IMF, World Bank and UN, uneasiness of external economies which demand products from our region has been deepened as the domestic risks continue to drag down its economic prosperity.

3. The Asian and Pacific region is at the most critical juncture to move forward to realise an inclusive and environmentally sustainable development with more regional integration or not. In this transition, it is high time for the ADB to renew its basics for poverty reduction as well as improving living conditions and quality of life while addressing increasing inequality, deficient aggregate demand with labour market slack, deficits in social protection and climate change. In order to tackle those multi-dimensional issues, collective and coordinated actions by all social partners should be taken. In this regard, the ITUC-Asia Pacific, representing 58 trade union national centres effectively covering over 60 million workers from 34 countries in Asia and the Pacific, puts forward the following policy viewpoints in three areas for discussion.

I. Addressing Inequality for Inclusive Growth

4. Remarkable economic growth in Asia and the Pacific over the last 2 decades has not led to sustainable development while the benefits of growth have not been fairly shared between labour and capital as well as among people. The labour income share has been falling while the real wage growth has been lagging behind the labour productivity growth. Between 1990 and 2008, the labour income share declined by 10 percentage points in Asia and the Pacific despite an increase in employment (*ILO, Global Wage Report 2008/9, 2008*). This is supported by the ADB's finding that labour income as a share of manufacturing output in the formal sector fell by 6 percentage points in China and 12 percentage points in India between the mid-1990s and the mid-2000s. This would be much worse if including the informal sector. Also International institutions including the ADB in its recent publication (*ADB & Routledge, Inequality in Asia and the Pacific – Trends, Drivers and policy Implications, 2014*) also found that inequality has been increasing among 80% of population in the Developing Asia. Again inequality could be much deeper and wider if Gini index in terms of income was adopted for this analysis instead of Gini index in terms of consumption expenditure.

5. Consequences of rising inequality have been substantial as more literatures have evidenced; long term economic growth is impeded; political instability is rising; social cohesion is undercut; and situation in health and education are undermined. In particular, inequality itself is hindering the ADB from achieving its goal as 240 million more people are trapped under the \$1.25-a-day poverty line in the 12 economies of developing Asia due to rising inequality. Therefore, it is an urgent matter to address inequality for ADB's pursuing its goal.

6. The ADB identifies technological progress, globalisation and market-oriented reform as the main drivers of development as well as contributing factor to rising inequality by affecting income distribution through capital, skill and spatial bias ((ADB & Routledge, *Inequality in Asia and the Pacific – Trends, Drivers and policy Implications*, 2014). However, there are weaknesses in this analysis. Firstly, it overlooks labour market institutions and the trade union movement as one of the main channels of direct distribution, without proper function of which has caused and exacerbated inequality. Secondly, the main drivers to increase inequality are also identified by the ADB as the drivers of development, which raises a problem of endogeneity. A new growth paradigm should be introduced in order to overcome the inherent deficiencies. Lastly there seems a lack of multi-dimensional approach in ADB's analysis and policies. It is argued that continuing market deregulation enables top earners more easily to manipulate the economic and political system for rent-seeking. Also according to the ILO (*The Global Wage Report 2012/13*), the technological progress increased the labour income share in emerging economies as well as the world as a whole.

7. Equality is not the natural output of the market only but also is the result of interaction of institutions, laws and practices in our society. There are clear evidences to show that the worsening labour market institutions, laws and practices are closely linked to inequality; a 65% of the working people, as high as 1.1 billion, in the Asia Pacific region are engaged in informal economy; Child labour still pervades the region as illustrated by the recent ILO study findings where around 17 million children are in child labour or employment in 7 South Asian countries; Discrimination against vulnerable workers, especially women and youth, persist; and without proper compensation and rehabilitation processes, 64% of globally estimated work related injuries occurred in South East Asia and Western Pacific countries. It is observable that in line with rising inequality and declining labour income share, most countries regardless of the level of development in our region, have been experiencing rapid labour market fragmentation with increasing job insecurity, which deteriorates effectiveness of labour laws and quality of employment, and weakens trade union movement.

8. Robust labour market institutions complying with core international labour standards are pivotal to achieving inclusive growth and sharing prosperity of development by redressing inequality. This is the reason why multilateral development banks have adopted comprehensive labour safeguards. All development banks adopted labour safeguards to date¹ require that projects comply with ILO core labour standards, in particular concerning freedom of association and right to collective bargaining, equal application to contract workers, assessment of supply chains and obligation to provide written information to workers about their conditions of employment. In order for the ADB to be a centre of cooperation and coordination with its experience and knowledge in the development of Asia and the Pacific, it is now time to develop and implement labour safeguards so that the ADB can ensure the internal consistency in its operation and also harmonisation of its approach with other multilateral development banks.

9. Already many prominent and influential international organisations and fora have demonstrated the importance of strong labour market, decent job creation, and strong wage-setting mechanism based on the trade union movement. *The World Development Report 2013 : Jobs (WDR 2013)* determined that some labour market regulations and institutions contribute to reducing inequality and found no evidence for the previously presumed strong and systematic negative relationship between levels of regulation and employment. A report for the G20 prepared by the ILO, OECD and World Bank also noted that "Wage growth has significantly lagged behind labour productivity growth in most G20 countries. The decline in labour's share of income observed in most G20 countries over recent decades has

¹ The African Development Bank, European Bank for Reconstruction and Development and International Finance Corporation (IFC) have adopted comprehensive labour safeguards. They include the requirement that borrowers comply with the core labour standards defined by the ILO Conventions for all workers irrespective of countries' level of development.

continued in some while in others the labour share has stagnated. Wage and income inequality has continued to widen within many G20 countries... re-igniting economic growth also depends on recovery of demand, and this in turn requires stronger job creation and wage growth.” A recent article in the IMF quarterly publication found that “Deunionization is associated with less redistribution of income and that reductions in minimum wages increase overall inequality considerably... On average, the decline in unionization explains about half of the 5 percentage point rise in the top 10 percent income share. Similarly, about half of the increase in the Gini of net income is driven by deunionization.”²

10. In the Asian and Pacific context, supply side economics is important. Investment in infrastructure has increased regional economic potential leading to the region’s fast economic growth as well as integration to the world economy. However, a supply side policy alone cannot sustain the level of economic growth and guarantee equitable society. Rising inequality shows it and the recent economic moderation in the region reflect it. The heavy reliance of our region on external demand also makes our economy vulnerable. Increasing inequality negatively affects the aggregate demand and the global economy as a whole is wage-led. Therefore, it is timely for the ADB to adopt, as one of two wings of the growth, ***the income-led growth, which is a growth model based on high-income and pro-labour distributional policies, accompanied by legislative and structural policies aiming at building strong labour market institutions, that generates, by boosting domestic demand, and equitable, stable and inclusive growth regime for the sustainable future***³. Also, the ADB should pursue the full employment through the funded projects by decent job creation, as ADB annual evaluation review noted, which is recognised as the most productive, sustainable and self-enhancing mechanism by drawing more people into the growth process. Also

11. Increasing income inequality within and among countries hinders the full realisation of harmonious regional integration and subsequently shared prosperity of its gains. In particular, without any adequate regulatory mechanism and institution, globalisation and financialisation which erode the government ability of policy implementation and workers’ bargaining power have contributed to fast growing disparities in incomes and living standards among countries, which, in fact, necessitated a new strategic course of the ADB, Strategy 2020. The ADB together with the ILO in their study on ASEAN Economic Community also pointed out that “Deeper regional integration offers immense economic prospects, but translating these gains into shared prosperity and equitable development requires robust labour market institutions... They can strengthen the productivity-wage link through appropriate mechanisms for minimum wage setting and collective bargaining, promote gender equality and youth employment through access to skills training, and protect migrant workers and ensure their equal treatment.”⁴

12. In addition, reducing the inequality of opportunity has an important inter/intra-generational role. In particular, education is, as emphasised by the ADB, instrumental to reduce poverty by enabling people to obtain productive jobs with higher wages and better quality of life. Also geographically balanced development is key for sustainable and inclusive growth, since it is true that poverty and social deprivations and inequalities are strongly associated with the spatial inequality. In order to tackle both issues, strong public services based on good governance and accountability of governments rooted in social dialogue and institutional reforms are required. In this regard, ADB’s commitment on education as well as addressing lagging regions is welcome. However, there seem some discrepancies between their publications and actual investments. Only 8% of Asia Development Fund approved in

² Florence Jaumotte and Carolina Osorio Buitron, ‘Power from the People’, *Finance & Development*, March 2015, Vol. 52, No. 1

³ This is the definitional of ‘Income-led Growth’ endorsed by the ITUC-AP 9th Regional General Council in Bangkok, Thailand on 25-26 November 2014.

⁴ ADB&ILO, *ASEAN Community 2015 : Managing Integration for better Jobs and shared Prosperity*, 2014

2013-2014 was utilised for education. On average in 18 ITUC-AP member countries⁵, only 4.93% of cumulative lending, and grants financed by ADB Special Funds up to 2013 was invested in education. Among them, 10 countries have no investment in education or less investment than the average. In terms of public sector management, 13 countries up to 2013 have no investment or less investment than the average, at 9.99%. Excluding Indonesia (18.06%), Myanmar (49.34%), Pakistan (12.45%), Philippines (22.38%) and Vanuatu (29.82%), less than 4% of cumulative lending and grants of ADB Special Funds were invested in public sector management up to 2013.

13. Furthermore, there is a concern about the policy responses focusing on financial sector development highlighted in the recent publication of the ADB (*Asian Development Outlook 2015*). It is important, as pointed out, to improve a sound and accessible financial sector with an adequate regulatory framework which links investments to the real economy, especially productive SMEs. However, financial regulation alone is not enough. Strong labour market institutions with sound industrial relations, fair business practices for SMEs and protective measures for vulnerable groups of society from increasing influence of financial institutions and players must be also introduced. Otherwise, as we witnessed in many countries, this could lead to bubble in the economy exacerbated by more short-term targeting and downsizing-oriented business practices as well as unsustainably increasing debts. The ILO(*Global Wage Report 2012/12*) showed that the financialisation was the most adverse single factor responsible for increasing the labour income share in advanced as well as developing economies.

Therefore, the ITUC-Asia Pacific puts forward the following recommendations as measures to support inclusive growth and shared prosperity of regional integration;

- a. The ADB should include the Decent Work Agenda in the regional policy statements as its manifestation of policy duration of inclusive and sustainable development;
- b. The ADB should promote engagement with the ILO, specifically in order to strengthen labour market institutions;
- c. The ADB should revise the Core Labour Standards Handbook paying more attention to the fundamental workers' rights, i.e. freedom of association and bargaining collectively with the view to redress the growing inequality;
- d. The ADB should design and adopt comprehensive labour safeguards for its funded projects;
- e. In ADB's country consultations, the following policies should be included:
 - i. Promotion of full and regular type employment and decent job creation,
 - ii. Proper fiscal policy and fairer taxation that enable to establish and improve social safety nets;
- f. The ADB should develop and support a more globally coordinated set of policies to robust labour market institutions and to promote workers' rights in order to address rising inequality and declining labour income share;
- g. The ADB should make more balanced approach between supply side and demand side economics;
- h. The ADB should be balanced between physical and social infrastructure investment while building capacity of the member governments in terms their governance, accountability and transparency in order to fully implement and utilize the ADB's investments;
- i. The ADB should promote, through its policy advices and technical supports to member countries, social dialogue to build up the government capacity for more inclusive and balanced policies;
- j. The ADB should promote, through its technical supports to member countries, capacity building of the government to collect statistical data for better policy design and implementation.

⁵ Afghanistan, Bangladesh, Cambodia, Cook Islands, Fiji, India, Indonesia, Lao PDR, Malaysia, Mongolia, Myanmar, Nepal, Pakistan, Philippines, PNG, Sri Lanka, Thailand, Vanuatu

II. Social Protection for strengthen Economic Resilience

14. It is the most urgent task to rectify the failure of direct distribution.. However, at the same time, it is also equally crucial to strengthen redistributive measures. It is commonly observed that a country has a discrepancy, different in degree, between the market income and the net income Gini index, which reflects the importance of redistributive measures to reduce inequality. In particular, social protection is an important tool not only to reduce poverty and inequality but also to enhance economic resilience to external shocks by sustaining a certain level of domestic demands. However, more than two-thirds of population in the Asian and Pacific region has no access to comprehensive social protection and the large number of people is living just above the poverty line without any essential cares. Under such vulnerable circumstances, any natural disasters and economic shocks which have become more frequent and severer as well as disproportionately affecting vulnerable people could lead to further deterioration in the region. Already the ADB identified that food insecurity and vulnerability doubled the number of poor in Asia.

15. In the Asia and Pacific region, 78 million children are engaged in some form of child labour. This represents half of the global number of child labourers estimated by the ILO in 2013. Again it was estimated that 17 million children in child labour or employment in 7 South Asian countries only. Many households under the extreme poverty continue to use their children as the source of income. Therefore, reduction of poverty and inequality would be fundamental solution to eradicate the child labour. However, in the meantime, well developed social safety nets including more educational opportunity with incentive programme and income protection for vulnerable families must be introduced.

16. One of five drivers of change under the Strategy 2020 is gender equity. Trade Unions have also led the struggles to achieve gender equality in the workplace, in their policy, in their own structures and in society. However, still women in our region are facing struggles to achieve equity in the workplace, community and society in general. Inequality against women in education, the labour market and insecurity persist regardless the level of economic advancement. Better access to education for women at all levels is essential to achieve gender equity by empowering them.

17. Without adequate health protection, most workers as well as their families exposed to industrial accidents and diseases easily descend into poverty. It is found that the rate of fatal accident in developing Asia is four times higher than the rate in industrialised countries. Also 64% of the total estimated 317 million work related injuries occurred in South-East Asian and Western Pacific countries. The region has continuously drawn world attention due to tragic industrial accidents such as Rana Plaza collapse in Bangladesh, Karachi factory fire in Pakistan and so on. Besides a trade union presence with which a workplace has lower accident rate, comprehensive social safety nets including health care and rehabilitation could reduce the social and economic burdens on individuals as well as their families and also the whole community.

18. It is important to ensure a fiscal space for governments to fulfil its constitutional obligation to provide social protection. Estimated hundreds of billions of US\$ corporate tax revenue were lost by aggressive tax abuses of large corporates. These wrongdoings harm developing countries the most due to their inefficient tax systems and high dependency on FDIs; US\$104 billion revenue losses, along with giving away US\$138billion as statutory corporate income tax exemptions, every year.⁶ Bangladesh government loses around US\$310million in tax revenues each year.⁷ In order to implement adequate social protection, it is prerequisite to build up more capability of governments to conduct institutional reforms

⁶ Oxfam, business Among Friends: Why corporate tax dodgers are not yet losing sleep over global tax reform, May 2014.

⁷ Ibid.

for accountable and transparent taxation. It should be also reminded that trade Unions have been an instrumental force for fair taxation and fair redistribution.

19. Education, health and government capability for institutional reforms are essential factors of social protection. However, as mentioned before, investments in education and public sector management are low. Also ADB's support for health and social protection is lower comparing with other sectors in terms of its share of total invested funds. The percentage of ADB support for health sector among 2013~2014 approvals is only 1%. Among 18 ITUC-AP member countries, the average percentage of cumulative lending and grants financed by ADB Special Funds up to 2013 is only 3.68%. 10 countries have no investment at all or less investment than the average rate. ADB's strong commitment to social protection is well recognised and many obstacles to implementation are understood. However, well established social protection is key to enhancing the economic resilience, mitigating the negative impacts of any economic shocks and increasing the productivity of the regional economy.

Therefore, the ITUC-Asia Pacific puts forward the following recommendations as measures to strengthen social protection strengthening economic resilience;

- a. The ADB should support member countries developing comprehensive social protection floors.
- b. The ADB should have more balanced approach to invest social infrastructure especially health care, education and other social protection schemes;
- c. The ADB should support member governments to increase their capability for institutional reforms towards more accountable and fair taxation.
- d. The ADB should support and promote eradication of child labour and discrimination against vulnerable workers in all projects funded by the ADB.

III. Green Economy for Environmentally Sustainable Development

20. Natural disasters have become more intense and frequent as recently seen a strong typhoon in Vanuatu and unseasonal rains in India. Climate change makes our workers and their families more vulnerable to poverty and our economic development hampered. Climate degradation is not about future but is a matter of the day. As mentioned before, the ADB calculated that increasing food insecurity and vulnerability to natural disasters doubled the number of population in poverty.

21. Asia and the Pacific is the most affected region by climate change. In particular, Pacific Islands are at grave risks of climate change. According to Global Climate Risk Index 2015 by Germanwatch, among top 10 most affected countries from 1994 to 2013 in terms of human and economic losses, 6 countries are from the Asia and Pacific region; Myanmar, Haiti, Philippines, Bangladesh, Vietnam, Pakistan. Also various studies identify the region as the most at risk by the climate change.

22. In this regard, it is welcome that the ADB has scaled up its supports for environmentally sustainable development by increasing the share of investment in renewable energy and demand-side energy efficiency from 5% of ADB financing in 2001-2008 to 27% in 2009-2012. This strong commitment should not be affected by current oil prices which could be a rather threat to the region by deepening deflationary pressure, especially in importing countries of our products, and decreasing revenues in oil exporting countries in the region. This could be an opportunity to accelerate investment in energy-efficient infrastructures. As the ADB pointed out, the policy dialogue with governments and businesses, and the more balance portfolio between environmental sustainability and other key imperatives in the regional context are important for the successful shift of the ADB. However, it should be reminded that the climate change is also workers' issue as industrial transformation towards green economy will lead to necessary employment adjustment. Hence, it is pivotal for the ADB in

engaging in social dialogue including workers to ensure investment in environmentally sustainable and inclusive industrial transformation.

Therefore, the ITUC-Asia Pacific puts forward the following recommendations as measures to support environmentally sustainable growth;

- a. The ADB should support and promote social dialogue with all stakeholders to ensure environmentally sustainable and inclusive industrial transformation;
- b. The ADB should provide technical support for smooth transition towards green economy with trainings and green job creation;
- c. The ADB should support just transition measures including eventual phasing out of nuclear energy in longer term.

Conclusion

23. Asia and the Pacific, the most dynamic region with great diversity, have experienced very rapid economic development in the past. However, the past growth cannot guarantee the future growth. This is why the ADB continuously makes every effort to review its direction. The ADB's commitment under Strategy 2020 is very clear, "achieving sustained and equitable development, improving the quality of life, and eradicating poverty with the aim of contributing most effectively to the harmonious growth of the region..." Now rising inequality is accepted as the global phenomenon threatening the sustainable and inclusive economic growth which is instrumental to achieve the ADB to pursue its aim.

24. The market is important and is the centre stage for the ADB to realise its aim. Labour is one of main columns for the market to rely on and is one of the ADB policy objectives. These labourers living in the market are also in other political, social and cultural spheres. Therefore, the labour market institutions have interacted with other norms, rules and institutions so that the underlying reason of rising inequality can be understood if the change of the labour market institutions as well as the trade union movement for the last 3 decades is observed. In order to make robust labour market institutions, it is essential to comply with the fundamental workers' right which, as human rights, cannot be compromised with any development agenda. The trade union movement exists to contribute to the economic development through constructive industrial relations⁸. As part of the socio-economic-political force, it contribute to keep balance in the distribution mechanism and to address the failure of the market. This is the reason why this paper is submitted as a responsible social partner.

⁸ Then ITUC-Asia Pacific defines **Constructive Industrial Relations as follows:** On the basis of full recognition and operations of trade unions in compliance with the ILO Conventions No. 87 and No. 98 in pursuit of Decent Work and common welfare, and in a stable political climate for social partners to operate without fear of reprisal; parties concerned share common interest in labour standards, performance of business, conditions of national economy, industries and labour market; and share a principle of fair distribution of output to stakeholders.

<Appendix>

Cumulative Lending, and Grants Financed by ADB Special Funds, by Sector (1966~2013) in 18 countries

Cumulative Lending, and Grants Financed by ADB Special Funds, by Sector (%)¹				
	Education	Social Protection and Health	Public Sector Management	Other Sectors
Afghanistan	0	0	1.67	98.33
Bangladesh	9.16	1.16	6.12	83.56
Cambodia	10.67	3.08	8.45	77.80
Cook Islands	4.06	0	7.52	88.42
Fiji	0	0	0	100
India	0.32	0.06	4.58	95.04
Indonesia	7.79	3.62	18.06	70.53
Lao PDR	9.77	4.33	2.73	83.17
Malaysia	12.96	9.09	0	77.95
Mongolia	7.11	15.88	3.22	73.79
Myanmar	0	5.41	49.34	45.25
Nepal	8.80	0	4.83	86.37
Pakistan	2.07	5.01	12.45	80.47
Philippines	1.75	2.55	22.38	73.32
PNG	2.88	7.67	4.93	84.52
Sri Lanka	8.89	0.60	3.65	86.86
Thailand	2.51	7.80	0	89.69
Vanuatu	0	0	29.82	70.18
AVERAGE	4.93	3.68	9.99	81.40
No. of country below the average or with no fund	10	10	13	
			3.67²	

1. Source : ADB Country Fact Sheets (latest publication)

2. Average excluding countries with high share of investment in public sector management (Indonesia, Myanmar, Pakistan, Philippines, Vanuatu)