



## Executive Summary: Preparing for a brighter future of work

Report for the 5th Ministerial Consultation of the ADD

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The world of work is rapidly changing due to technological progress, demographic transitions, climate change and globalization. These future of work drivers present both opportunities and challenges for migration and mobility, including among Abu Dhabi Dialogue (ADD) member States. While these changes are universal and profound, the impact on specific regions and countries will be diverse, subject to various factors including economic conditions, social structures and policy responses.

### **Migration and mobility are providing opportunities for millions of migrant workers but also pose challenges**

Asia and the Arab States<sup>1</sup> together host around 29 per cent of global migrant workers or over 47 million migrant workers. The majority of migrant workers in the Arab States come from South and South-East Asia, comprising over 19 million men and close to 4 million women migrant workers. In 2017, over 40 per cent of workers in the Arab States were migrants, compared to well below 10 per cent in most regions. Globally, migrant workers are sending back significant flows of remittances, which reached a record US\$689 billion in 2018. For countries of origin in South Asia, more than half of remittances come from ADD member States, especially GCC countries.

While labour migration and mobility can provide significant opportunities, it also creates challenges in terms of protecting migrant workers' rights and providing access to skills development and social protection. To improve labour market outcomes for migrant workers, these policy domains have become key priorities at the national, regional and global level, as reflected in the Sustainable Development Goals (SDGs), the Global Compact for Safe, Orderly and Regular Migration (GCM) and at discussions of international fora, including the ADD.

### **Diverse economic and labour market trends in the ADD member States**

Recent economic trends in ADD destination countries<sup>2</sup> indicate weak but recovering growth rates since 2015. ADD countries of origin<sup>3</sup> include some of the fastest growing countries in the world: in 2018, the economies of Bangladesh, India and Viet Nam all grew above 7 per cent. Economic growth is viewed as a necessary condition to create jobs, but it is, typically, not sufficient to guarantee the creation of decent and productive employment. Some features of labour markets in ADD countries reflect long-term, structural factors, which persist despite strong aggregate growth (e.g. youth unemployment and skills mismatch).

A key indicator of the labour market is the youth unemployment rate (ages 15-24), which is significantly higher than for the adult population, exceeding 15 per cent in Afghanistan, Indonesia, Nepal and Sri Lanka, along with Kuwait and Saudi Arabia. Unemployment rates are notably higher for young women in all countries apart from Pakistan. Other indicators on the nature of employment

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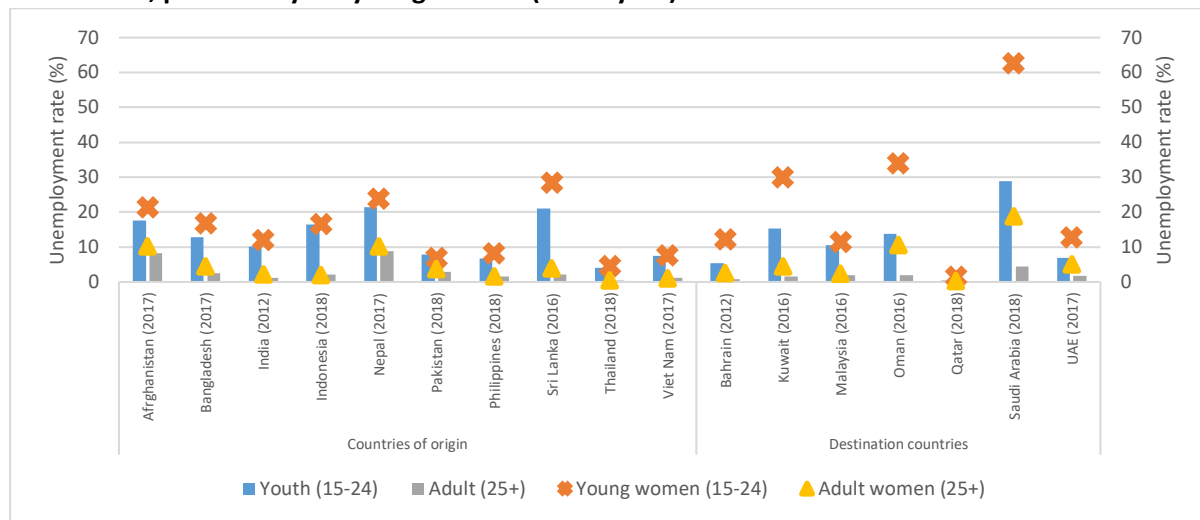
<sup>1</sup> Arab States including Bahrain, Iraq, Jordan, Kuwait Lebanon, Occupied Palestinian Territory, Oman, Qatar, Saudi Arabia, Syrian Arab Republic, United Arab Emirates (UAE) and Yemen.

<sup>2</sup> Destination countries: Bahrain, Kuwait, Malaysia, Oman, Qatar, Saudi Arabia and UAE.

<sup>3</sup> Countries of origin: Afghanistan, Bangladesh, India, Indonesia, Nepal, Pakistan, Philippines, Sri Lanka, Thailand, and Viet Nam.

reveal considerable decent work deficits in countries of origin, reflected in the high rates of informality and persistence of employment in low productivity sectors, such as agriculture. Gender disparities are evident across multiple dimensions, including low female labour force participation rates, particularly in GCC and South Asian countries, and gender wages gaps.

**Unemployment is much higher for youth (aged 15-24) in both ADD countries of origin and destination, particularly for young women (latest year)**



Source: National estimates, ILOSTAT, <https://www.ilo.org/ilostat>

**The world of work is changing with implications for migration and mobility**

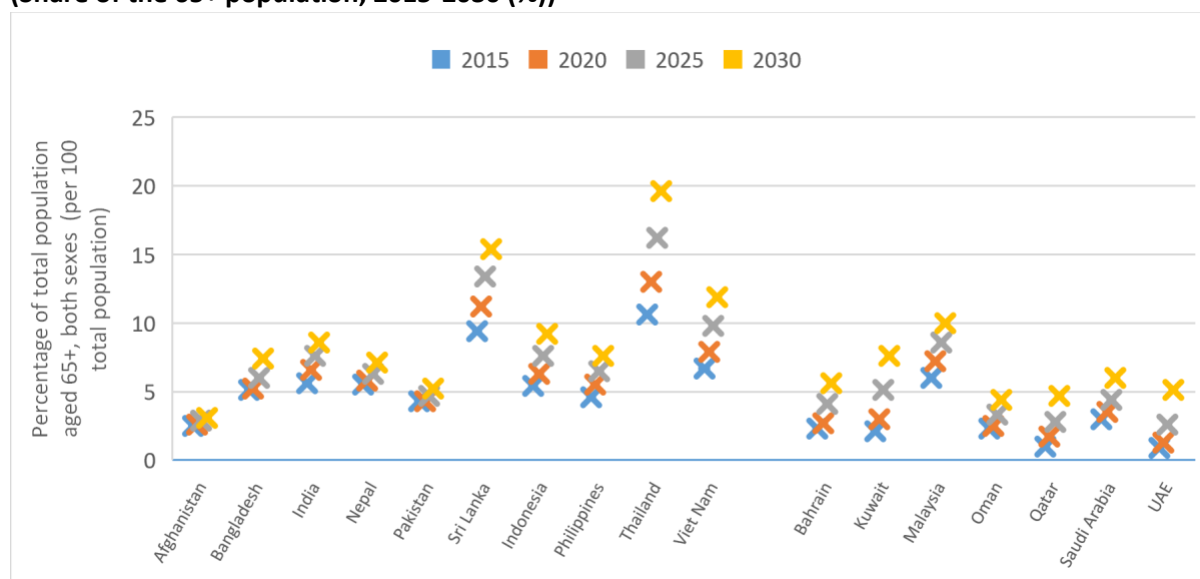
The key drivers of the future of work, such as demographics, technological progress and climate change, are increasingly affecting economies around the world. However, the impact of these factors and their implications for migration and mobility is diverse.

Demographic trends vary significantly across ADD member States. By 2030, the share of older persons aged 65 and above will reach 15.4 per cent in Sri Lanka and 19.6 per cent in Thailand, while it will be far lower in other countries of origin, most notably Afghanistan (3.1 per cent) and Pakistan (5.2 per cent). The share of older persons will grow in destination countries, but only in the case of Malaysia it is expected to surpass 10 per cent in 2030. Aging populations imply that the demand for care work will increase, while countries with younger populations will continue to experience surplus labour. The accelerated pace of aging in some countries of origin, most notably Sri Lanka, may impact the ability of migrant workers, particularly women, to take up job opportunities in countries of destination.

ADD member States are exposed to the effects of automation to different degrees. New technologies, such as machine learning, robotics, 3D printing, and the internet of things, which are often referred to as the “fourth industrial revolution”, are impacting manufacturing around the world. While automation does displace labour, the overall impact of technologies on employment will depend on the nature of the economy, among other factors. To date, there is little evidence that there has been significant job losses in ADD labour markets as a consequence of automation. However, over the longer term, technological change is likely to impact a broader range of occupations and sectors.

Climate change is affecting the world of work in both countries of origin and destination. An increased risk of extreme weather will put pressure on local labour markets and reduce the availability of income-earning opportunities and jobs (especially in agriculture), which could lead to increased distress migration. Warmer conditions in destination labour markets can affect migrant workers, particularly in the construction sector, who are exposed to the increased risk of heat stress.

**Where will the workers come from? The population in some ADD countries of origin is aging faster (Share of the 65+ population, 2015-2030 (%))**



Source: United Nations, Department of Economic and Social Affairs, Population Division (2019). World Population Prospects 2019, custom data acquired via website; access on 15 August 2019.

These future of work drivers have important implications for the economies of countries of origin and destination, along with the labour mobility and migration between the two. In order to shape a future of work that provides better access to decent and productive employment for all, the ILO Centenary Declaration for the Future of Work, adopted by the International Labour Conference in 2019, calls on member States to accelerate efforts along three areas of action: investment in people’s capabilities; investment in the institutions of work; and investment in decent and sustainable work.

**Investing in people’s capabilities**

As one of the pillars of the ILO’s Centenary Declaration for the Future of Work, investing in people’s capabilities covers four dimensions:

1. Enhancing the employability of workers by enabling them to up-skill and re-skill over the life-course through lifelong learning systems.
2. Supporting people to manage the various transitions, such as from school to work, from work to training, from job to job and from job to retirement.
3. Ensuring equal treatment and opportunities for both women and men to allow them to unfold their full potential.
4. Providing universal access to comprehensive and sustainable social protection systems to enable them to navigate future transitions with freedom from fear and insecurity.

Recognizing the need to shift to knowledge-based economies, vision strategies and national policies in ADD member States are prioritizing skills development as a key response to the rapid changes in the labour market. Going forward, countries need to shift from more traditional models to establishing comprehensive lifelong learning systems, which address formal, non-formal and informal learning throughout the life course, combining different skills needed for specific jobs, occupations or sectors. Individual training accounts could be a potential avenue to enable workers to participate in lifelong learning, as shown in the example of Singapore’s SkillsFuture Initiative. Many migrant workers, especially women, have no or only limited access to training, often because of a lack of funding. The recognition of prior learning is a key factor for the smooth transition to decent work for migrant

workers. Skills recognition systems aim to acknowledge skills acquired through different learning contexts, which can help returnees to successfully reintegrate into the domestic labour market. Global skills partnerships, as one of the objectives of the GCM, should be further strengthened.

Social protection enables workers and their families to navigate life transitions, economic and societal transformations, along with increasing demands for labour from globalized labour markets. A wide range of policy options is available to support a progressive extension of social protection to migrant workers and their families ensuring the application of the overarching principle of equality of treatment with national workers. Bilateral or multilateral social security agreements are the most effective way of ensuring the maintenance of rights and the portability of social security benefits. The inclusion of social security provisions in labour agreements is another important entry point. GCC states could also consider the enrolment of migrant workers in national social security schemes for short-term benefits (maternity, unemployment, health) and establishment of a “social security clearing house” linking employers/workers in the GCC and social security schemes in origin countries.

The establishment of both lifelong learning and comprehensive social protection systems for all workers will enable people to navigate the increasing number of labour market transitions over the course of their lives, while supporting businesses in their efforts to improve productivity and their competitiveness.

### **Investing in institutions of work**

Investing in the institutions of work is critical to ensure that workers are afforded freedom and dignity, economic security and equal opportunity, which can be achieved through regulations, employment contracts, collective representation and agreements, and labour inspection systems, amongst others. Migrant workers typically suffer from the lack of appropriate institutions, which provide protection and rights at work.

Ensuring that workers are effectively covered by occupational safety and health (OSH) protection is crucial, particularly in light of the new risks that have emerged through the use of certain materials and diverse working arrangements, as well as heat stress. In response, the governments of the GCC countries are developing measures to protect workers from OSH risks, including heat stress. While traditional hazard and risk prevention and control tools are still effective when applied correctly, they need to be complemented by prevention strategies designed to anticipate, identify, evaluate and control hazards arising from a constantly evolving world of work.

Minimum wages have been utilized around the world as a key institution to protect workers from unacceptably low wages, which, in turn, helps reduce poverty and inequality. Efforts are being made in ADD member States to address gaps in wage policies, such as expanding coverage of minimum wages in GCC states to migrant workers. Malaysia has taken important steps to improve its minimum wage system through an evidence-based approach and tripartite participation. To tackle late, under or non-payment of wages, GCC countries are implementing wage protection systems to ensure timely payments to migrant workers.

To better respond to the future of work challenges, greater investment in the institutions of work is needed, which will require both strengthening of existing legal and institutional systems and developing innovative solutions.

### **Investing in decent and sustainable work**

The 2019 ILO Centenary Declaration for the Future of Work calls upon ILO member States to promote sustained, inclusive and sustainable economic growth, full and productive employment and decent

work for all. Towards this goal, the ILO has supported member States to develop national employment policies, guided by the Employment Policy Convention, 1964 (No. 122). As of June 2019, 64 countries have adopted national employment policies, which are increasingly addressing future of work challenges as key priorities.

Stronger awareness of climate change has led to a growing number of global initiatives and national policy responses. Some countries are working hard to promote green jobs, which have great potential to generate a “double dividend” insofar that these jobs help achieve environmental sustainability, while providing decent work for all. One example of a comprehensive approach to promoting green jobs, including through the national employment policy, is the Philippines.

Technology adoption varies across ADD member States, which implies diverse effects on jobs. A key question is which businesses are ready to take advantage of technological change, while minimizing the costs to workers, especially those being replaced by new technologies. Focusing on different comparative advantages, the UAE and Malaysia have taken a proactive approach to respond to this situation by promoting not only technology adoption and digitization, but also taking the necessary steps to be prepared for industry 4.0 in terms of skilling the workforce and other factors.

National employment policies and related strategies need to focus more on future of work dimensions to ensure that effective measures are in place before the impact is felt. These policies and strategies will respond to country specific challenges, drawing from empirical evidence and social dialogue between policymakers and workers’ and employers’ organizations.

### **Responding to the future of work requires accelerated action**

International labour migration and mobility are fundamentally linked to the processes underpinning the future of work, acting as both a driver of change and an outcome of disruption occurring elsewhere in the economy. Despite the perception that these changes are universal, the impact of future of work drivers on specific regions and countries will be diverse depending on various economic, social and political factors. Migration and mobility between ADD member States will continue as migrant workers are drawn by better-paid jobs in more advanced economies. The task at hand is to further improve the quality of employment in both destination and origin countries, while also better regulating the movement of people between the two.

In response to the future of work challenges, countries around the world are developing and implementing innovative policies. Good practices are evident in various domains, including the promotion of lifelong learning and skills recognition, while improving access to social protection. In parallel, countries have invested in better governance of labour migration and mobility to promote and protect the rights of migrant workers. Efforts to improve occupational safety and health, particularly in light of increasing heat stress, are beneficial for both workers and employers. A number of ADD member States have progressively improved their wage policies, including minimum wages and wage protection systems. Innovative policies to support green jobs will help countries achieve the “double-dividend” of environmental sustainability and decent and productive employment. Finally, in terms of technological disruption, some ADD member States are putting in place policies to take advantage of opportunities arising out of new technologies.

At this juncture, countries need to further analyse economic and labour market trends and identify how the future of work drivers are impacting outcomes and, more importantly, develop scenarios on how these trends are likely to continue in the future. In line with the three pillars of the ILO Centenary Declaration for the Future of Work, further strengthening of policies, institutions and capabilities is crucial to ensure that all countries can shape the future of work they want.