



Jobs and livelihoods in the post-2015 development agenda: Meaningful ways to set targets and monitor progress

The first results of the consultations on post-2015 development goals launched by the United Nations (UN) indicate that job creation is a pressing need and top priority in almost all countries and will remain a major challenge well beyond 2015. Concerns about the lack of jobs have been voiced consistently in national meetings and online discussions – from Albania and Bolivia to Uganda and Viet Nam, and everywhere in between. Many participants have also focused on the need for better social protection, especially where jobs are in the informal and unorganized sectors and where economic and social insecurity is high (UNDG, 2013).

Those voices resonate with policy-makers in countries in all regions. In the developing world, improved jobs and livelihoods are an indispensable means to eradicate poverty and establish a virtuous circle of expanding and inclusive economic growth. In the Arab world, the events of the past few years have made it clear that countries can rank among the top Millennium Development Goal (MDG) performers for progress in health and education and yet suffer from distressed labour markets, leading to social and political unrest. In the developed world, a number of countries face unprecedented joblessness, particularly among youth, and will struggle with the resulting scars for many years to come. Jobs are truly an urgent global concern. The future development framework cannot neglect that reality and still be relevant to the world's citizens. This element of development was not fully addressed in the MDG framework.¹

An earlier note prepared by the ILO put forward the rationale for focusing on jobs and livelihoods in the post-2015 agenda, highlighting policy implications and suggesting that productive employment and decent work for all – including the need for social protection floors – should be explicit objectives of the global development agenda beyond 2015 (ILO, 2012).

The purpose of this note is to provoke discussion on how a possible employment-related development goal might be expressed in terms of targets and indicators of progress at country level. The note identifies the rough scale of the employment challenge up to 2030, a likely end date of the next development framework. It suggests that the quantity and the quality of jobs and livelihoods are a critical ingredient to gauge whether economic growth translates into inclusive and sustained development. It reviews options for targets and surveys the statistical indicators that are available, or could be made available, to track progress and inform policy. Finally, it calls for initiatives to involve national stakeholders in policy-making and to improve the quality of statistical information as goals in themselves.

The ideas expressed in this note are not meant as proposals, but rather as possible pathways, and are intended to provoke discussion and invite comments.

Scale of the challenge

On the basis of current UN population estimates, the ILO projects that the economically active population (aged 15 and above) of the world in 2020 will be 3.6 billion, assuming a labour force participation rate of around 63.5 per cent. This global labour force will consist of 2.2 billion males, assuming a male participation

¹ Full and productive employment and decent work was added in 2007 as a target under MDG1, together with a set of four basic indicators (ILO, 2013), but did not get much attention among donors or recipient countries.

rate of around 77 per cent, and 1.4 billion females, assuming female participation of around 50 per cent.

The world labour force is currently increasing by over 40 million per year. The rate of increase is gradually declining and by 2020 will be about 37 million. Projecting to 2030, the annual increase is likely to average around 31 million per year. To keep pace with the growth of the world's labour force, some 470 million new jobs will be needed over the fifteen-year period from 2016 to 2030. Were participation rates to improve, for example due to increased female participation, the number of jobs needed would be higher.

Globally, unemployment has risen by about 28 million since the onset of the crisis, and falling employment participation rates suggest that a further 39 million have given up the frustrating search for work. A 67 million global jobs gap has opened since 2007 and must also be taken into account.

The job challenge will differ across regions and countries, partly as a result of differences in population dynamics. The least developed countries (LDCs), for instance, have the world's highest population growth rate, triple that of other developing countries. Their population, about 60 per cent of which is now under the age of 25, is projected to double to 1.67 billion over the next 40 years. This will make the job creation challenge particularly intense in those countries and is also likely to fuel already high labour migration flows within and across countries.

Beyond the sheer number of additional jobs needed, the quality of jobs requires urgent attention. Around 870 million working women and men are not able to earn enough to lift themselves and their families above the US\$2 a day poverty line. Meeting the global demand for decent work will require a major commitment to the generation of more and better jobs.

Better jobs and livelihoods: Goal and means to achieve the goal

Is productive employment and decent work for all a goal in itself or part of the process of sustainable development? The answer is surely both, at the economy-wide as well as at the household level.

As countries grow and develop, labour markets, employment and livelihoods change. The way they change affects the speed and extent of poverty alleviation, the inclusiveness of growth and its sustainability. Among the most fundamental changes brought about by development is

a transformation of the structure of production and employment. Most people in less-developed economies live and work in rural areas, where agriculture is the predominant source of livelihood. The scale and productivity of the land and the work unit are typically too low to support an adequate income. As development takes hold, agriculture becomes more productive and manufacturing and service sectors grow. More formal employment relations increase, although informal work typically remains significant in small-scale services and commerce well into the development process. Shifting labour between sectors can generate significant improvements in overall productivity levels and support higher incomes, while increasing productivity in agriculture can also yield considerable development benefits.

At the household level, a secure and fairly remunerated job is not only the best path to escape poverty, it can also transform poor people's lives. The assurance of a more stable and predictable income stream for at least one of its members provides a household with some ability to plan for the future, to support investment in schooling for the children, to access health and credit services, and even for other members of the household to start and grow their own business.²

Measuring progress

Rising average per capita incomes are often used to define levels of development. However, the incidence of poverty can vary greatly between countries with similar average income levels. How employment structures and patterns change is an important determinant of the degree to which growth is pro-poor and on a sustainable path. Labour market information can help quantify the direction and pace of these fundamental characteristics of the development process.

There are obstacles, however, to identifying a parsimonious set of indicators to monitor progress. In the poorest countries there is an overall dearth of reliable statistics. In many developing countries available statistics fail to fully account for the distinctive features of labour markets characterized by widespread informality and surplus labour engaged in traditional activities. Unemployment rates, which in developed economies provide detailed and timely indicators of the health of the labour market, are much less useful in most developing

² See, for example, "Reluctant Entrepreneurs", Ch. 9, Banerjee and Duflo, 2011.

countries.³ The unemployment rate in Nepal, for instance, is around 2 per cent, against 3 per cent in Switzerland, although the two countries are at opposite ends of the development spectrum.⁴ A wider collection of indicators and proxies is necessary.

The reality of the labour markets in developing countries is that millions of people have no options other than subsistence farming, engaging in own-account survival activities or relying on unpredictable casual work at a daily wage. Nonetheless, according to international statistical standards, they are classified as “employed” as long as they have done at least one hour of work in paid employment during the reference week, or they were self-employed in farms and businesses, or they worked at least 15 hours a week in unpaid family labour.⁵ In fact, because the poor in developing countries cannot afford not to work, even if the job provides only a subsistence income, aggregate employment increases more or less in line with population growth, regardless of fluctuations in the business cycle or the quality of the jobs. Thus, the total number of people employed is not an adequate benchmark for targeting and monitoring progress on job creation, poverty reduction and development.

Which methods could be used to measure increases in the volume of good jobs, those that provide real opportunities to escape poverty and gradually improve living standards over sustained periods? Indicators of several dimensions of the quantity and quality of employment would be needed to reflect the differing features of labour markets in developing countries. Ideally those indicators would also be disaggregated to ensure equitable progress across gender and generations. Achieving a balance between the desirability of a few clear and universal goals and targets and indicators that are relevant and appropriate at the country level

will require realism regarding the availability of data and conceptual clarity over what can be captured in indicators.

Possible targets and indicators

If the global community accepts the centrality of jobs and livelihoods as necessary components of development and poverty reduction in the post-2015 agenda, the next question to be answered is how to set targets and indicators to measure progress.

As discussed above, there are a number of dimensions to the changes in employment, economic structures and household income that are part of an inclusive development process. Some of these dimensions can be captured through indicators that allow the pace and direction of change to be tracked over time. Below we suggest a number of such dimensions and possible indicators, along with information on the availability of data across a range of countries.

Possible target:

Improved livelihoods for the most vulnerable workers and households

Possible indicators:

■ Working poverty rates

The working poor are defined as employed persons living in households in which per capita consumption is below an internationally defined poverty line, for example, \$1.25 (PPP) or \$2 (PPP) per day. National figures on working poverty are compiled by the ILO based on household income and expenditure surveys for over 70 countries. They can be disaggregated to provide clearer profiles of the working poor. Women and youth, for example, tend to be disproportionately represented.⁶

In the current MDGs, a subgoal was added to MDG1 on poverty reduction in 2007, which uses, as one indicator, the proportion of employed people living in households with per capita consumption below \$1.25 (PPP) per day. This measure is useful and could be retained. However, as extreme poverty at that level is reduced, it would be valuable to also measure the reduction in the proportion of employed people living in moderate poverty in households with

³ More than an economy-wide scarcity of work, the unemployment rate in a developing country may reflect the experience of educated middle-class urban workers or the rates of attrition of workers in casual employment of short duration (Majid, 2012). However, high unemployment rates can suggest labour market distress in some middle-income countries, e.g. in North Africa, or in countries with high shares of assetless casual labourers, usually in agriculture.

⁴ In a few countries where data are available, “expanded” unemployment rates, which take into account the stock of discouraged workers, can be calculated. Those rates are somewhat better able to capture the extent of labour market distress in a country. Their significance varies depending on the country. For instance, in 2008 the expanded unemployment rate was 15.6 per cent in Mexico and 12.6 per cent in Brazil, against open unemployment rates of 5.1 per cent and 9 per cent, respectively, while in France, Germany and the United Kingdom the difference was less than 1 per cent (ILO, 2009, table 1.2).

⁵ A draft resolution will be discussed at the 19th International Conference of Labour Statisticians in October 2013 to review the definitions of labour force and unemployment.

⁶ Several countries have expressed a desire to be more closely involved in the post-2015 discussion on defining poverty lines through the UN Statistical Commission and the Economic and Social Council (ECOSOC). They point to limitations of the international definitions used by international organizations for the purposes of MDG reporting. This could lead to greater reliance on national poverty lines aligned with incomes and not only expenditures, as is currently the case. The challenge of comparability would still remain.

per capita consumption below \$2 (PPP) per day. This would provide a dynamic measure both of the movement of working households away from extreme poverty and also of their movement out of moderate poverty. As a further measure of progress in employment and incomes, an indicator measuring the proportion of the working “near poor” or lower middle class could be added. A variety of definitions exist as to what income levels should be included in this class for developing countries, with some consensus on a range of \$2 to \$4 (PPP) per day. Tracking the movement of households across these thresholds would allow countries to verify progress in reducing working poverty or to target policies towards groups or regions that are not benefiting from overall growth. In some countries, certain vulnerable groups may require special attention, for example, migrant workers or indigenous people.

Possible target:

Increases in the proportion of “good jobs”

Possible indicators:

- **Share of paid employment by sector (agriculture, manufacturing, services)**

This information is available for most countries. It is an important dimension because wage employment is likely to be better than working without pay (for example, unpaid family labour or payment in kind) or surviving as an own-account worker in markets with limited and uncertain demand. However, it is not possible in all countries to distinguish between regular wage employment and casual daily work that lacks any predictability or certainty of future paid employment.⁷ Where labour force and establishment surveys allow, estimates of full-time regular employment can be derived by linking these and others sources.⁸

- **Agricultural indicators**

In countries where this sector includes the poorest groups, it could be critical to introduce targets and indicators for agriculture. It is the sector where productive transformation typically begins and where improvements in living standards can accelerate poverty reduction. Indicators

could include such measures as the share of households engaged in subsistence farming; output per worker, which could signal that the productivity of small-scale farming is increasing; and, where available, the share of agricultural employment over total rural employment, where a decline could signal desirable diversification of rural economies.

- **Share of informal employment in total employment**

This is a new indicator recently proposed by the international community through the Delhi Group on Informal Sector Statistics. It is supported by the ILO and now available for over 70 countries. It covers the total number of people who have an informal employment situation, that is, workers whose employment relationship is not subject to labour legislation, income taxation, social protection or other employment benefits in law or in practice. An important aspect is the inclusion of workers who hold informal jobs in formal enterprises. The figures are estimated using household survey micro-data and cross-referencing with the number of people working in formal establishments whose jobs are not declared; jobs of casual or limited duration; hours or salaries below specified thresholds; and jobs for which labour regulations are not enforced.⁹

- **Low pay rate (below two-thirds of median hourly earnings)**

This is a value relative to the national context and refers to the proportion of the employed population whose hourly earnings are less than two-thirds of the median hourly earnings in the country. It captures trends in pay inequality and is monitored by the ILO through its wage database.¹⁰ Information is currently available for about 40 countries but, with some effort, data for many more countries could be produced.

Possible target:

Increased participation of women and youth in employment

Possible indicators:

- **Employment to population ratio (EPR) by gender and age group (15–64)**

Different patterns in female and youth participation due to social and economic factors account

⁷ Casual labourers are among the most vulnerable categories of workers. This group of workers is prevalent in many countries in rural areas and they are estimated to account for the majority of the poorest quintile in many countries in Asia and Africa (Campbell, 2013). In Africa, estimates of casual paid employment reach more than half of total employment in South Africa, while in Botswana and Mauritius the group accounts for slightly less than 20 per cent. The proportion is lower where small land-holder farming is more common (Sparreboom, 2011).

⁸ Majid, 2013.

⁹ In Latin America, the number of informal employees in formal enterprises ranges from 4 per cent of total non-agricultural employment in Uruguay to 20 per cent in Ecuador (ILO, 2011).

¹⁰ http://www.ilo.org/travail/areasofwork/wages-and-income/WCMS_142568/lang-en/index.htm.

for differences across countries and regions at different levels of development. The EPR has a distinctive U-shaped curve as gross domestic product (GDP) per capita increases. It is high in poor countries, as women and young people, including children, are absorbed in agricultural work. It declines as income increases (youth go to school and some women stop working to devote more time to family responsibilities). It grows again as incomes increase further, opportunities arise for more paid employment for women, and child care and labour-saving technologies become more widely available. A wide range of data exists for indicators on female and youth participation. Other data could be used to track changes in gender inequality (wage gaps, etc.).

- **Number of young people not in education or employment**

Where there are not enough good jobs, young people can be particularly affected and overrepresented among casual and vulnerable workers, the discouraged and the unemployed. In countries with adequate household surveys the number of youth not in education or employment could be used to track changes in the status of young people.

Additional indicators could be the share of youth among the working poor or, for middle-income countries, the youth unemployment rate, especially if supplemented by information about discouraged youth.

Possible target:

Coverage and level of social protection floors

Access to a nationally defined set of minimum guarantees of income security and essential health care is a powerful way to improve the livelihoods of poor people in most countries by sheltering households from unbearable economic risks. A social protection floor plays multiple developmental roles, such as acting as risk insurance to allow households to invest in their skills and assets in order to become more productive in the future and to avoid distress responses such as liquidating existing assets or taking children out of school. A basic social protection floor is affordable in most countries, although low-income and less-developed countries may need assistance to establish the systems and gradually raise them to acceptable levels. Progress in introducing, expanding and improving social protection floors could be measured concretely by looking at progress in different

components of the core package identified in the ILO Social Protection Floors Recommendation, 2012 (No. 202).

Income security for households could be measured by a range or combination of indicators focusing on specific household groups (the extreme poor, the moderately poor) and/or by coverage of different groups in the household, including persons of working age, children or the elderly.

Possible indicators:

- **Percentage of the poor receiving cash or other periodic income support**

This information is currently available for countries with fairly developed income support systems, such as conditional cash transfers or employment guarantees. The information is based on a combination of household survey data and administrative records. This is a crucial indicator and work is currently under way by a number of international organizations, including the ILO, to standardize definitions and to combine data sources to provide more extensive coverage.

- **Public social protection expenditure on programmes targeting the working-age population**

This indicator would assess the extent to which the public social protection system provides income replacement or benefits in kind to those who are unable to earn sufficient income, in particular in the event of sickness, unemployment, underemployment, maternity or disability. This indicator would include expenditures on unemployment insurance systems or other unemployment protections.

This indicator could also include programmes covered in the previous indicator in countries where unemployment insurance may not exist or may be limited in scope. One example of this is the rural employment guarantee programme in India, which offers a minimum guarantee of 100 days of work per year to rural households. Other countries have public employment programmes that can be increased in response to rising unemployment or other crises. They can be measured as a percentage of GDP or as proportion of total government expenditure.

Measures of the coverage of these programmes could be used to complement the measures of expenditure. Data on the number of unemployed people receiving periodic cash benefits during periods of unemployment are available for 71 of the 80 mainly developed countries providing

unemployment benefits. In developing countries coverage of households benefiting from major public employment programmes or other income support could be counted.

■ Income security for the elderly through social protection

This could be measured as the proportion of persons above statutory pensionable age receiving periodic cash benefits (pensions) guaranteeing at least basic income security as a percentage of the total number of older persons. Data for more than 170 countries are collected regularly by the ILO. It could also be measured as public social protection expenditure on programmes targeting older persons as a percentage of GDP. Such data have been compiled by the ILO for about 160 countries.

■ Income security for families with children

This could be measured as public social protection expenditure on programmes targeting children (or families with children) as a percentage of GDP or as a proportion of total government expenditure. Some data have been compiled by the ILO for about 130 countries.

With regard to possible indicators for the essential health security of households or population groups, there are a number of possible measures. The ILO is working to produce estimates of the percentage of the population covered by health insurance or having formal access to public health services for free or at limited cost. This could be combined with World Health Organization (WHO) Global Health Observatory data on measures of total health expenditure not financed by out-of-pocket payments or on the density of qualified medical personnel, that is to say the level of human resources available in the health system as an indicator of accessibility of health care.

Customizing goals and targets to national circumstances and priorities

These possible indicators are offered to stimulate discussion by suggesting areas where policy interventions can make a difference to the quality of jobs and livelihoods and where progress can be measured. They are not meant as a specific proposal and certainly are not an exhaustive list. However, they illustrate that if global policy-makers decide to make progress on creating jobs and improving livelihoods a key goal of the post-2015 development framework, there is widely available data that could be used to construct national targets and indicators.

Individual countries will ultimately determine their own targets and take most of the responsibility for achieving them. There must be adequate scope to choose and adapt targets and indicators according to national circumstances and priorities. The range of possible indicators must take into account the different features of employment and livelihoods in each country; the composition of employment by sector and status; inequalities in access opportunities across vulnerable groups; and the environmental sustainability of jobs.

And yet setting a globally agreed agenda to improve the quality and quantity of employment will stimulate all countries—and donors—to focus policy attention and resources on this critical aspect of development, which was not sufficiently addressed in the previous development paradigm or the MDGs.

Consideration could also be given to agreeing to introduce a common “process” goal to ensure that policies for job creation and improved livelihoods are designed and implemented through consultation with and the participation of national stakeholders. Suggestions for the parameters, scope and quality of such consultations could be included as part of the new framework. The long experience of the ILO and others provides evidence that policy dialogue on labour and social issues requires the participation of various government ministries and technical agencies and often entails capacity building for the stakeholders involved. International assistance can play a role in facilitating interactions, including by capacitating participants from the private sector, trade unions, civil society and other stakeholders.

Should baselines be developed by income levels?

While governments will have the responsibility for setting and implementing targets according to national circumstances and priorities, some parameters could be set to allow meaningful comparative reviews and benchmarks for monitoring by national stakeholders, peer reviewers and donors. International comparability of a core set of common indicators could help to focus national policy dialogue or contribute to overcoming institutional inertia and local bottlenecks.

To make comparisons meaningful, it could be useful to have benchmarks for country groupings by income level (for example: low, lower middle, upper middle and high income). This would make it easier to assess progress along development trajectories based on observed historical

and comparative experience. Labour market indicators can move differently as a country moves up the income ladder – open unemployment may increase in developing economies going through very rapid economic growth and urbanization, while other indicators show that progress in job quantity and quality is nonetheless positive. The point is that the monitoring of a country's efforts and progress by national actors or others might be better informed if set against reference points for its level of development.

Better statistics as a priority

The quality and availability of statistical information has been an important point in the debate on the post-2015 framework because of the implications for the accountability, transparency and effectiveness of policy-making. Improving the collection and availability of statistics could itself be an important factor in promoting employment creation and improved livelihoods. Upgrading labour force, household and establishment surveys to provide more information about the tenure and quality of employment, for instance, would be a major step in knowledge that could feed into policy-making. A relatively modest, internationally coordinated investment in the quantity and quality of labour market statistics could make a major difference, especially in those areas where there is currently no collection of information. The indicators for progress on social protection should benefit from a recent initiative to harmonize international social protection data taken by a group of key development partners coordinated by the ILO and the World Bank and involving the Organisation for Economic Co-operation and Development (OECD), the International Social Security Association (ISSA), the United Nations Development Programme (UNDP) and the Overseas Development Institute (ODI).

Setting goals and targets should not be limited by the current availability of indicators. A

country-driven process to agree on the criteria, define the indicators and produce the necessary statistics should be encouraged and supported by the international community.

Conclusions

The debate on a framework for a post-2015 sustainable development agenda is at an early stage. If consensus is reached on global goals that the international community commits to achieve by a certain date, for example 2030, the logic that led to the setting of the MDGs suggests that the number of global priorities should be limited to ensure focus and should be measurable to ensure accountability.

Another important lesson from the MDGs is the importance of connecting global goals, targets and indicators to national goals, targets and indicators. National action remains the primary mechanism to achieve sustainable development.

This note has sought to stimulate thinking on options for indicators to track progress on employment and improved livelihoods as part of a sustained and inclusive development process. It makes clear that data for numerous indicators are currently available, but also emphasizes the need in many countries for improved information about the quality of jobs, particularly those of the large number of people who are at the bottom of the economy. The generation of quality jobs requires a strong private sector, a coherent mix of policies and a stable and supportive international environment. To focus only on economic growth and expect adequate job creation to follow will not be sufficient; instead the international agenda for the post-2015 development framework should support countries as they take lessons from history, and each other, to design a robust and coherent set of policies that can finally provide productive employment and decent work for all.

References

- A.V. Banerjee and E. Duflo: *Poor Economics: A radical rethinking of the way to fight global poverty* (2011).
- D. Campbell: "The labour market in developing countries", in S. Cazes and S. Verick (eds): *Perspectives on Labour Economics for Development* (ILO, 2013).
- S. Kapsos: "Working poverty", in T. Sparreboom and A. Albee (eds): *Towards Decent Work in sub-Saharan Africa: Monitoring MDG Employment Indicators* (ILO, 2011).
- ILO: *Protecting people, promoting jobs*, an ILO report to the G20 Leaders' Summit, Pittsburgh (2009).
- ILO: *Labour overview: Latin America and the Caribbean*, ILO Regional Office for Latin America and the Caribbean (2011).
- ILO: *Jobs and livelihoods at the heart of the post-2015 development agenda*, ILO Concept Note on the post-2015 development agenda, Concept Note No. 1 (2012).
- ILO: *Guide to the Millennium Development Goals: Employment Indicators*, second edition (2013).
- B. Leo and J. Bartheimer: *Who Are the MDG Trailblazers? A New MDG Progress Index*, Center for Global Development, Working Paper 222 (2010).
- N. Majid: *How not to count the employed in developing countries*, Employment Working Paper No. 136 (ILO, 2012).
- T. Sparreboom: "Vulnerable employment", in T. Sparreboom and A. Albee (eds): *Towards Decent Work in sub-Saharan Africa: Monitoring MDG Employment Indicators* (ILO, 2011).
- United Nations Development Group (UNDG): *The global conversation begins: Emerging views for a new development agenda* (2013).