Sectoral engines of job-rich growth:

Some lessons from ILO sectoral country studies

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Sectoral policy and employment promotion

- When the objective is to improve employment outcomes, we would want to target productive sectors that would have high value-added multipliers or employment multipliers.

⇒ To that aim a better understanding of the national economic structure is needed.

⇒ And the best way to improve our understanding of these structures is to build a data-based model of the economy which illuminates these underlying structures and connections.

⇒ Using Input-Output models could allow us to indicate sectoral investments and financial policy that are more likely to generate demand for employment, either directly and/or indirectly through linkage effects.

⇒ we could use these data to show that the current allocation of credit in the economy is not well suited to expand investment in sectors having high multipliers.

Why shall we support sectorial analysis?

The sector analysis should aim at providing some specific policy recommendation to formulate:

- Targeted sectoral policies which mitigate the spill-over effect of the crisis on to the wider economy, accounting for the fact that some sectors tend to have much larger spill- over effects in terms of direct and indirect employment losses than other sectors.
- An integrated policy response that can have a rapid impact on the well-being of those who are dependent on sectors that are particularly seriously affected by the crisis.
- A sector-level policy supporting the development of sectors with a high potential in terms of income and employment generation within the whole economy.
- Supporting policies in the medium and long term to promote vertical integration within the domestic economy and develop backward and forward linkages of key sectors.

Input-Output Models

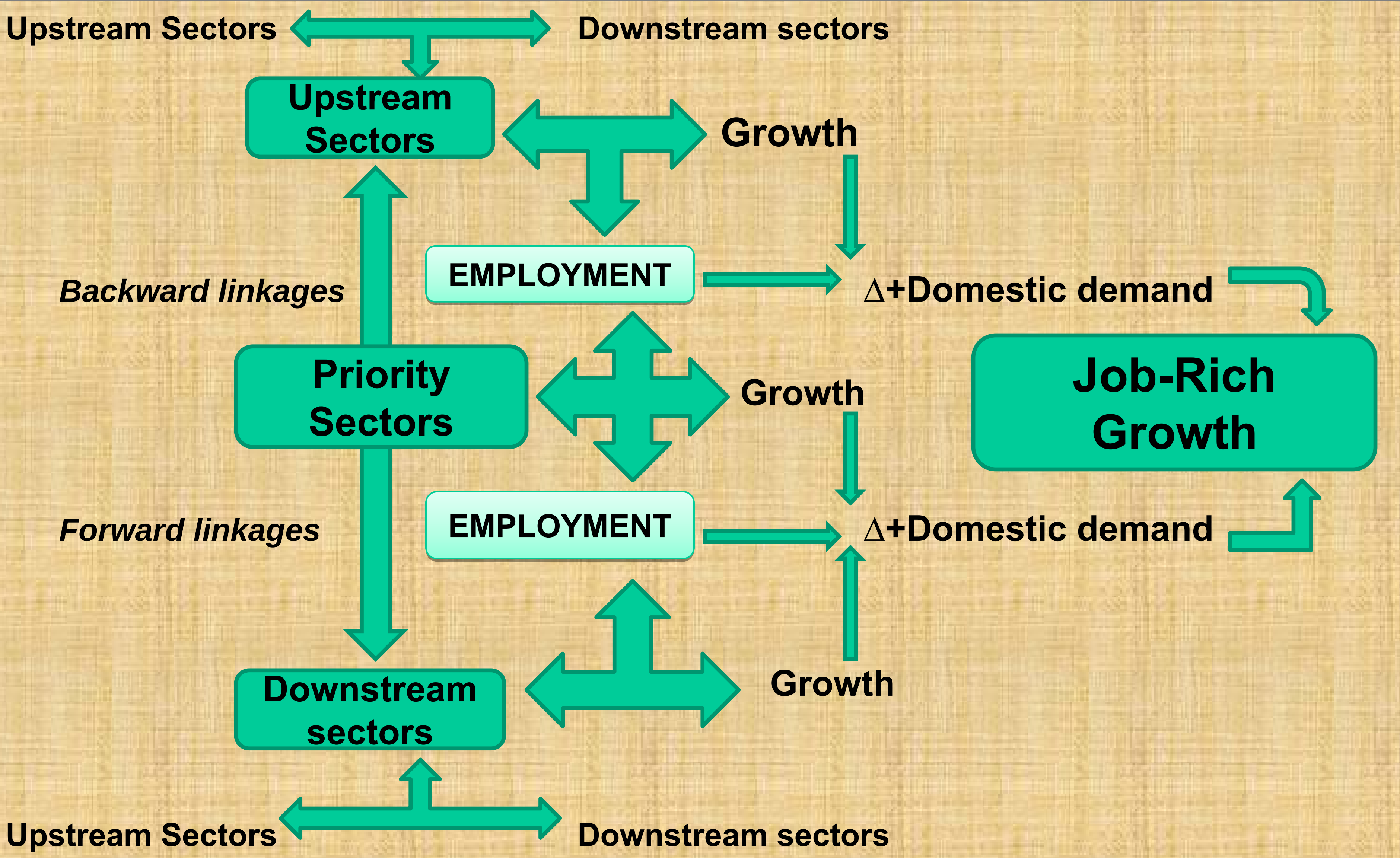
- Input-output (I-O) models enable us to derive sets of disaggregated multipliers, recognizing that the total impact on output (income or employment) will vary according to the sector which experiences the initial increase in demand.

⇒ It is crucial to determine the channels through which growth in a sector of the economy can raise or support aggregate employment creation and economic growth in the rest of an economy.

⇒ Some sectors have traditionally been regarded in the development literature as having special “employment-pulling” and/or “growth-enhancing” properties.

⇒ An effective employment policy should be articulated to an appropriate sectoral policy

Vertical Integration of the domestic economy and Job-Rich Growth



Some results from the Madagascar and Gabon studies

The studies identify for example:

1 - For Madagascar:

- A number of key sectors where more investment could generate greater employment and incomes such as: agriculture, fishing, recreation services.
- The impacts on employment and wages of improving domestic upstream linkages, including in hotels and tourism and the extractive industries.
- The impact of proper allocation of credit to the agricultural and informal economy on employment and incomes.

2 - For Gabon:

- The lack of upstream and downstream vertical integration of the “growth-pulling” sector (oil sector) leading to an overall production multiplier of 1.37 which is low and reflects a poorly diversified economy.
- The wood industry and the infrastructures as priority sectors with income multipliers of 2,2 and 1,89 respectively, with also more impact on direct and indirect jobs.