



# *Rethinking public policies for employment promotion*

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# Rethinking employment policy

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- Focus on structural “crisis” of employment; focus on developing countries
- Global financial and economic and jobs crises: rethinking of policies
  - Causes
  - Lessons learnt from crisis response
- Arab Spring: another momentum for reversing “priorities” and objectives of development policy, economic strategies
- Convergence on policy objective “**inclusive growth**”, employment an essential dimension of the inclusion. Yet convergence on policy approaches for employment promotion?



# Rethinking employment policy

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- A few caveats:
  - One size does not fit all
  - Country context matters
  - Policy matters ( content, implementation, governance)
  - Some 55 country requests every biennium policy advice on national employment policy



# The structural crisis

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- Disconnect between growth and employment: job-poor growth
  - High and steady GDP growth but poor performance in job creation and quality job creation
  - High of high levels of informality and growing informalization
  - growth of non-standard job creation, contract and agency labour processes, bringing into question labour market institutions



# Structural crisis

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- Rising income inequality
- Declining share of wages in total income
- Increasing incidence of low pay
- Migration for employment at all skills level: internal, international

# Implications for policy

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- **Growth maximization policies are not delivering: on employment**, on structural transformation and transition to higher productivity and formality
- **Unemployment and low quality employment: two sides of the same coin**; ( $\frac{3}{4}$  new jobs (9 out of 10) created in IE) not by-products to be fixed by crisis mitigation responses but questioning the policies, the model and patterns of growth
- **Pro-active policies needed, public policy can not be limited to enabling environment** for demand and supply side measures, when the real issue is demand management (not “skills mismatch”)



# Rethinking public policy: key areas

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- **Regaining macroeconomic policy instruments for employment promotion**
- Rebalancing sources of growth, **getting a higher rate of domestic savings, consumption and investment** to reduce dependence on external resources and exports
- **a more proactive approach to industrial policy and sectoral strategies:** real employment targeting/criteria for economic strategies



# Rethinking public policy: key areas

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- **Focus on productivity improvement in the informal employment** : I, public policies, access to formal finance, skills recognition
- **Counter-cyclical measures and “automatic stabilizers” as a permanent capability**: Employment Guarantee schemes, Expanded public works programme; ..
- **A new lens on Labour standards and protection of unprotected work** (adaptation and outreach) to informal;
- **Social transfers and redistribution**





# Policy convergence

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- Recall: Full, productive and freely chosen employment (C.122) ratified by 102 countries
- Strengthening policy coherence : a national agenda that needs global convergence