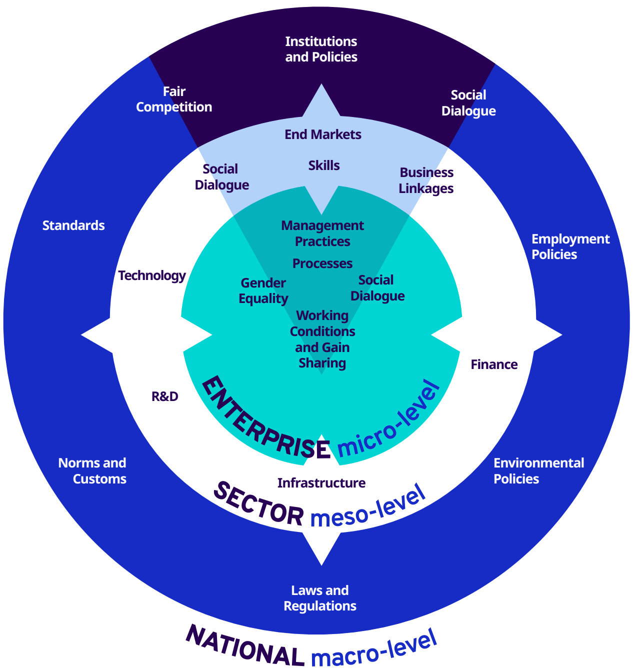
International Labour Organization | Productivity Ecosystems for Decent Work

▶ ILO Programme

Productivity Ecosystems for Decent Work

The Productivity Ecosystems for Decent Work Programme was launched by the ILO and the Governments of Norway and Switzerland to address constraints to productivity growth and decent job creation. Productivity growth is determined by a myriad of interfacing dynamics (an ecosystem) across enterprise, sector and national levels (see figure 1.)

Fig 1. The Productivity Ecosystem Conceptual Framework



Productivity growth is intimately related to decent work and social justice. At the **macroeconomic** level productivity growth drives wages and per-capita income growth. Higher incomes and business revenue feedback as higher demand, higher investment and higher public revenue to further improve education, infrastructures, social services and governance. The **sectoral** pattern is also important: at any given time, productivity growth is concentrated in strategic **sectors** that warrant particular attention. And at the **enterprise level**, a virtuous cycle of higher quality jobs and productivity growth can also be observed. Enterprises offering better than average jobs, that invest in the skills and the long-term retention and welfare of their workers, can achieve higher than average productivity.

Promoting productivity and decent work requires therefore a coherent approach across these levels:

- At the **national level** the programme supports national actors to analyse productivity and review and revise national policies or regulations with direct impact on productivity, informality, and decent work. There will be particular focus on employment, wages, and sectoral and SME policies.
- At the **sector level**, in industries with important challenges *and* opportunities for productivity and decent work, the programme strengthens the functions that shape productivity and working conditions, such as social dialogue, workforce skills, business support services, regulatory and social infrastructure or access to finance and to markets.
- At the **micro (or enterprise)** level the programme bolsters organizational and management processes that shape productivity and working conditions. Service providers, SMEs and entrepreneurs benefit from capacity development, awareness raising and specialised technical assistance.

An ecosystems approach requires that programme interventions are not predetermined across countries but designed following in-depth analysis and dialogue with and between Governments, employers' and workers' organizations. Only then the "slice" of the local productivity ecosystem is prioritised, ie. the economic sectors and conditions the programme will focus on for positive change.

The Productivity Ecosystems for Decent Work Programme is being piloted in South Africa, Ghana and Viet Nam. It is implemented by the ILO Enterprises and Employment Departments and funded by the Swiss State Secretariat for Economic Affairs (SECO) and the Norwegian Agency for Development Cooperation (NORAD). It will run from 2022 to 2025 with a budget of USD 16 Million.

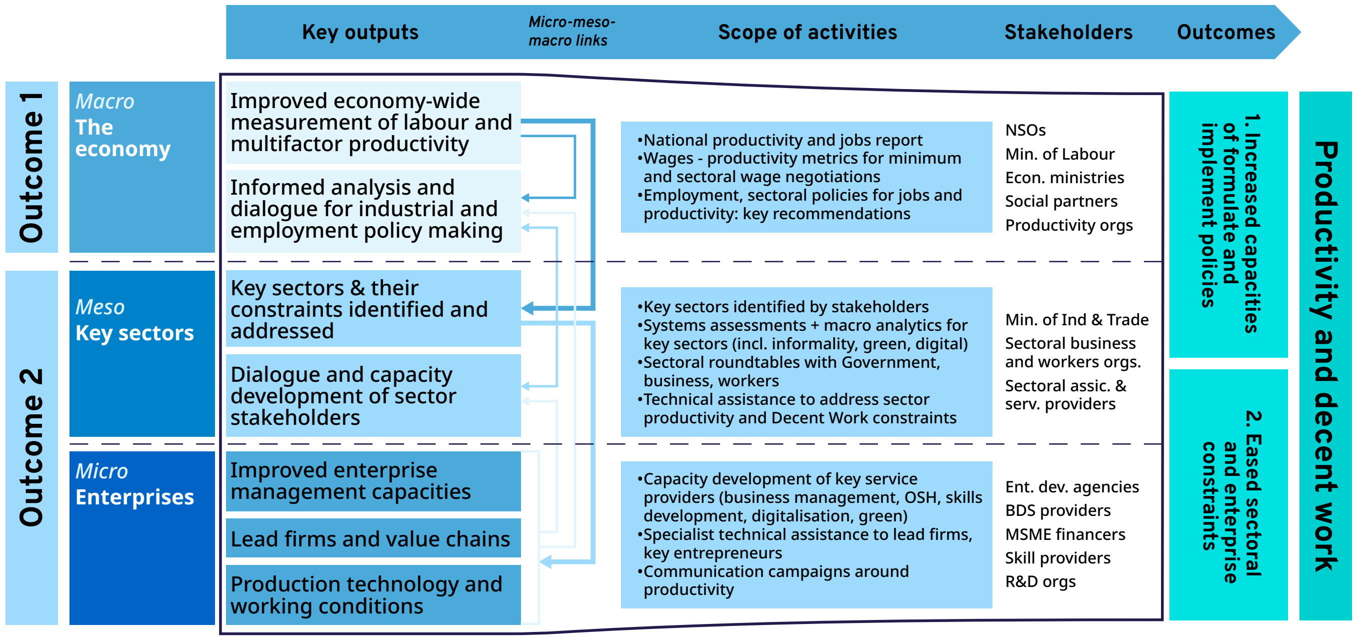
The project is steered globally by a **Global Advisory Committee**, composed of IOE, ITUC, SECO, NORAD, World Bank, UNCTAD, OECD and ILO. At country level, **Project Advisory Committees** advise the project in Ghana, South Africa and Vietnam with representatives from ministries (Labour, Industries and Trade), and employers and workers representatives.

The overall theory of change of the project is charted below (see figure 2.). Under **Outcome 1**, the Programme supports national statistical offices and where present Productivity Organisations in enhancing official measures of labour and multifactor productivity. A set of key productivity analytics at aggregate and sectoral level are developed aligning with international standards and current global practices, while also integrating often ignored dimensions such as the quality of labour, gender gaps or informality. Improved productivity data then informs national and sectoral wage setting mechanisms for a better alignment of wages with economic gains.

It also provides a basis to sharpen employment or sectoral policies for growth and decent work. Key policy instruments identified with country stakeholders, such as the national employment policies or industrial/sectoral policies will be focused on.

Under **Outcome 2** the Programme starts with sector identification. An extensive sector selection study looks at a wide variety of sectors from a productivity and decent work perspective, to narrow down the analysis progressively on a few most promising sectors. The selection is both data/expert driven and participatory, with the country stakeholders and PAC involved throughout. Once two or three priority sectors are identified, a deeper dive "systems assessment" is undertaken, to identify key productivity and decent jobs constraints. In close collaboration with the stakeholders, a coherent set of interventions is then devised, constituting the detailed workplan for a particular country.

Fig.2 Productivity Ecosystems for Decent Work Theory of Change



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