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Employment policies for reducing poverty and creating better quality jobs

Bangkok, 16 June 2016

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OVERVIEW

- ❑ Labour market challenges
 - A focus on youth
- ❑ Why is there a need for employment policy?
- ❑ Employment policy process



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LABOUR MARKET CHALLENGES

Achievement in reducing extreme poverty (UNDP)



- ❑ 47% in 1990 to 14% in 2015 (estimate, UNDP)
 - Number of extreme poor more than halved: 1.9 billion in 1990 to 0.8 billion in 2015

- ❑ Achievements not uniform across regions and countries
 - South Asia and sub-Saharan Africa, challenges remain

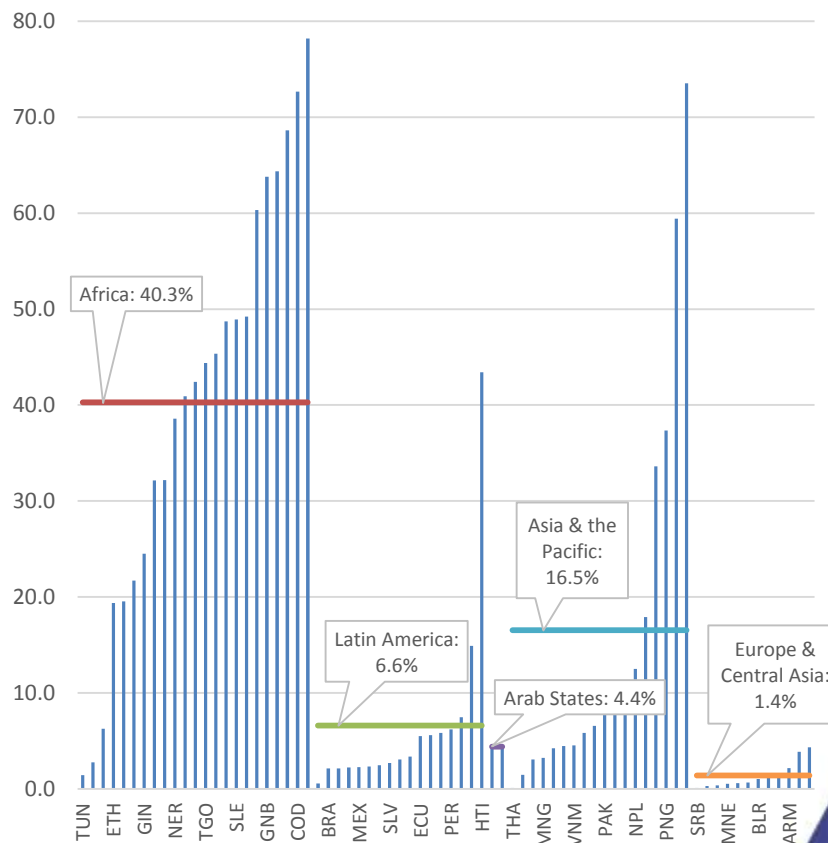
- ❑ Achievements not uniform across women and men
 - In majority of developing countries, women are more likely than men to live in poor households



Working poor in extreme poverty has reduced, though still very high in some countries/regions

- In 3 regions, less than 10% of employed people are in extreme poverty
- Progress in Asia and the Pacific and in Africa, but considerable differences across countries
 - More than 50% chances of being extremely poor when in employment (2 in AP, 6 in Africa)

Share of extreme poor (<US\$1.90, PPP) in total employment (%), 2010s

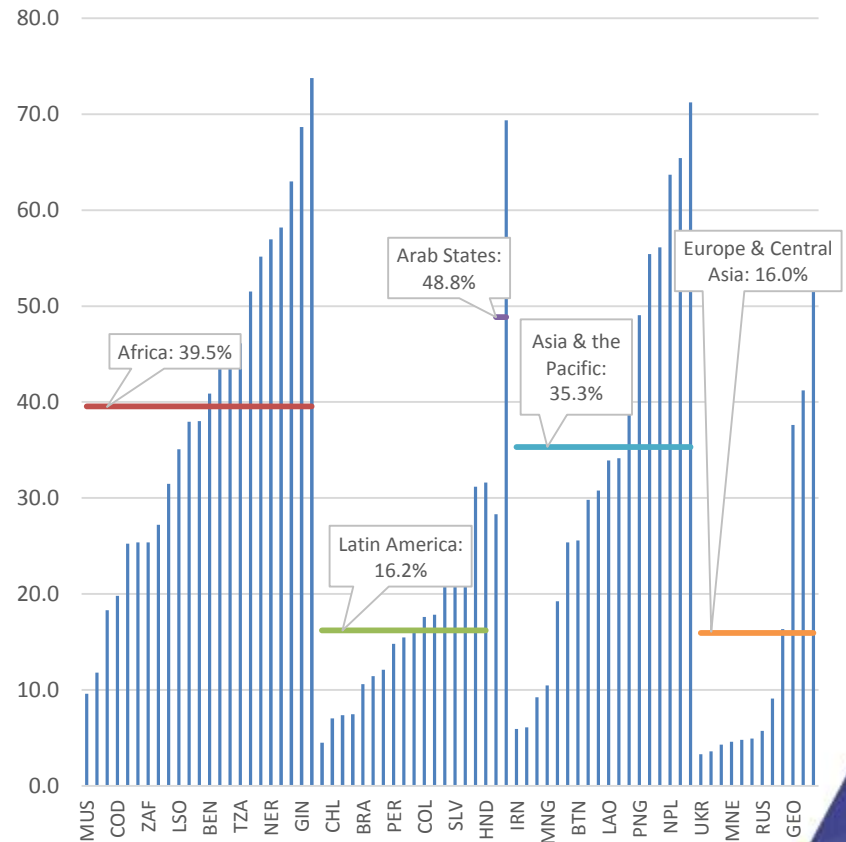


Note: Data for the latest available year in 2010s are presented.
Source: ILO World Employment and Social outlook, Trends 2016, table 17B

... a lot of people still remain vulnerable to poverty...

- ❑ Share of moderate and near poor is still quite large
- ❑ Susceptible to **set backs** in times of economic, natural or political shocks
- ❑ Combined with incidence of extreme poverty, more than 4 in 5 employed persons are vulnerable to poverty in 25 of the 72 countries presented

Share of moderate and near poor (US\$1.90-US\$5, PPP) in total employment (%), 2010s



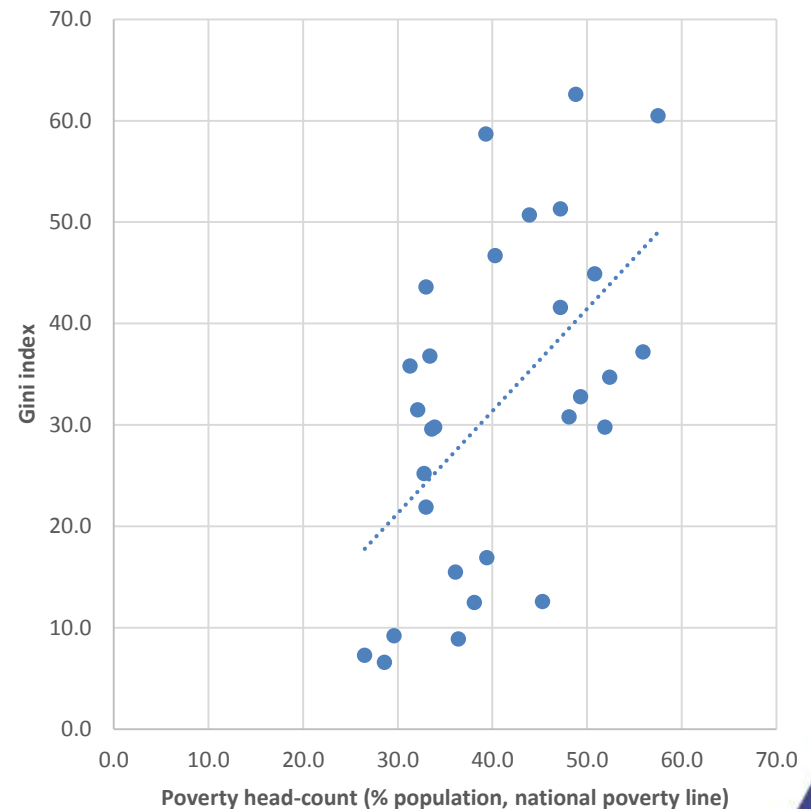
Note: Data for the latest available year in 2010s are presented.

Source: ILO World Employment and Social outlook, Trends 2016, table 17B

Higher incidence of poverty is also associated with higher income inequality

- ❑ Some positive association between higher incidence of poverty and income inequality
- ❑ Reducing poverty may also contribute to reduction in inequality

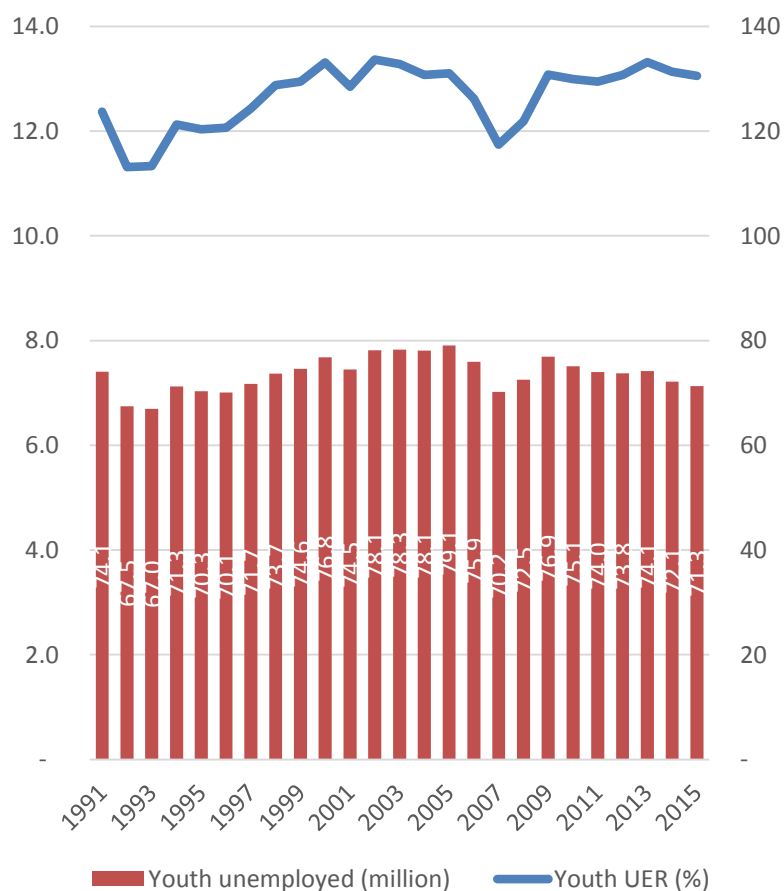
**Income Gini index and incidence of poverty
(national poverty line), 2010s**



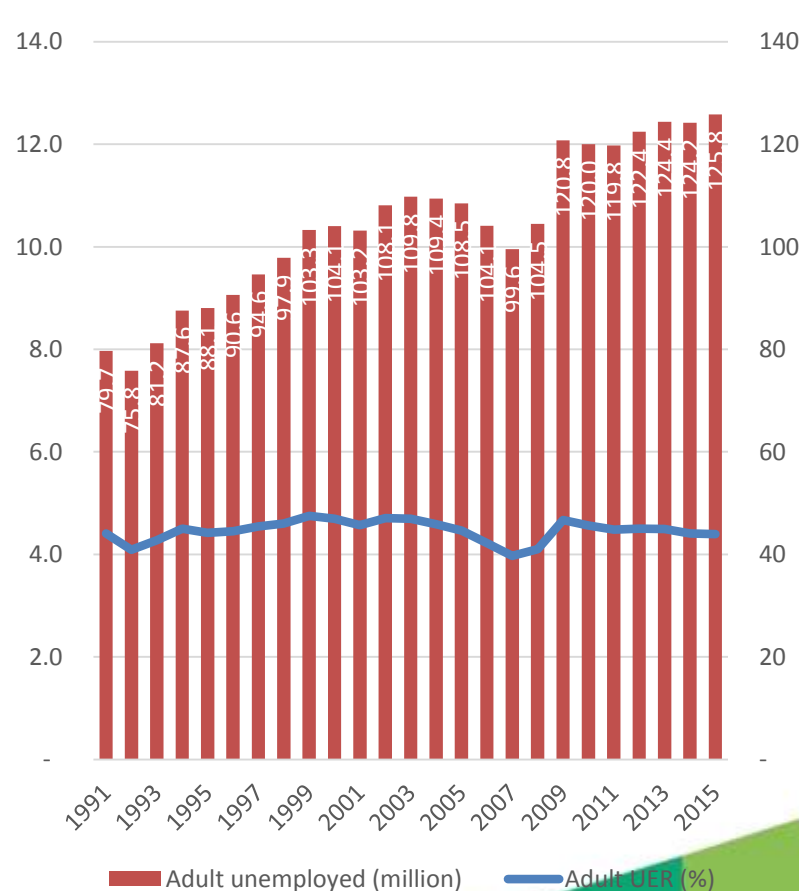
*Note: Data for the latest available year in 2010s are presented.
Source: ILO World Employment and Social outlook, Trends 2016, table 17A*

Young people are more likely to be without a job

□ Youth, world

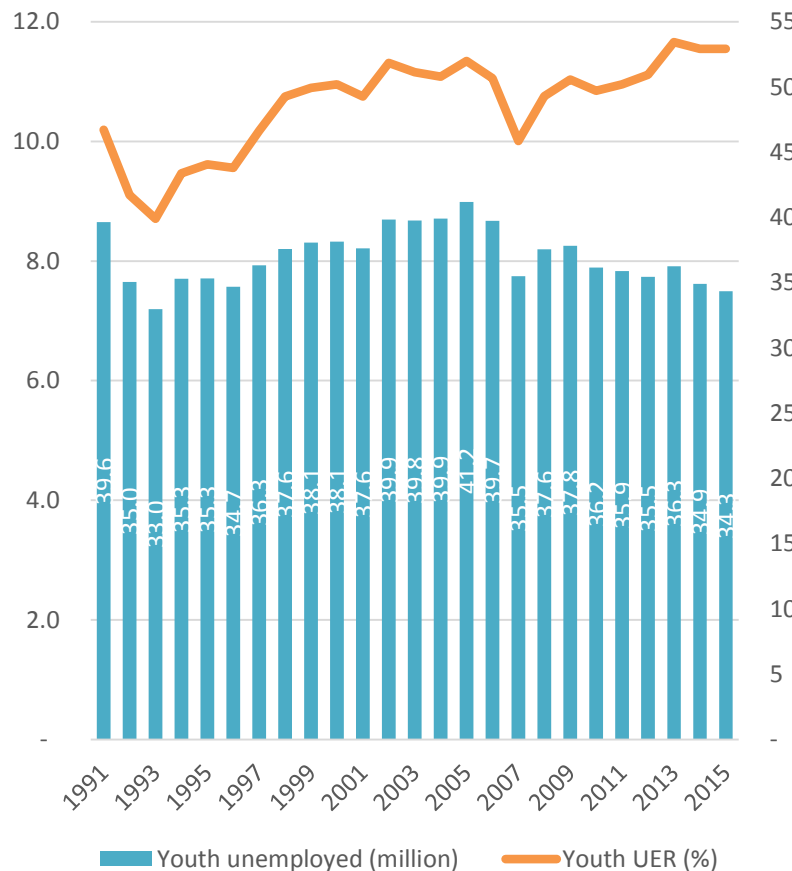


□ Adult, world

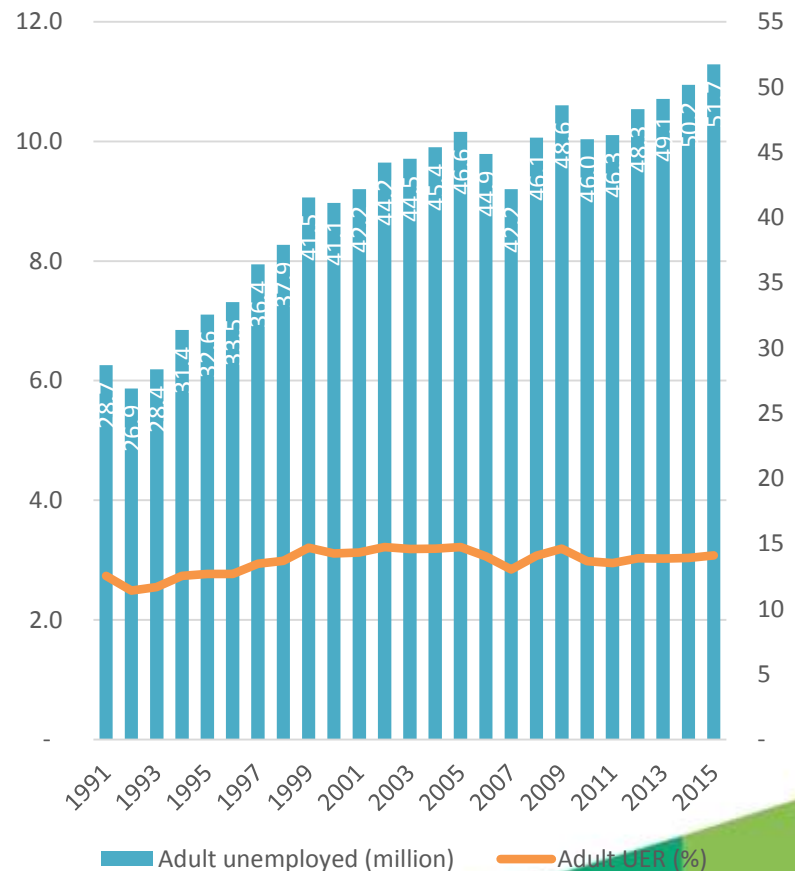


... reflecting difficulties in entering the labour market...

■ Youth, Asia Pacific



■ Adult, Asia Pacific



Global trends for youth employment:

The school-to-work transition is not long for a first job for most youth, ***but it takes on average 19 months to complete the transition to a stable or satisfactory job.***

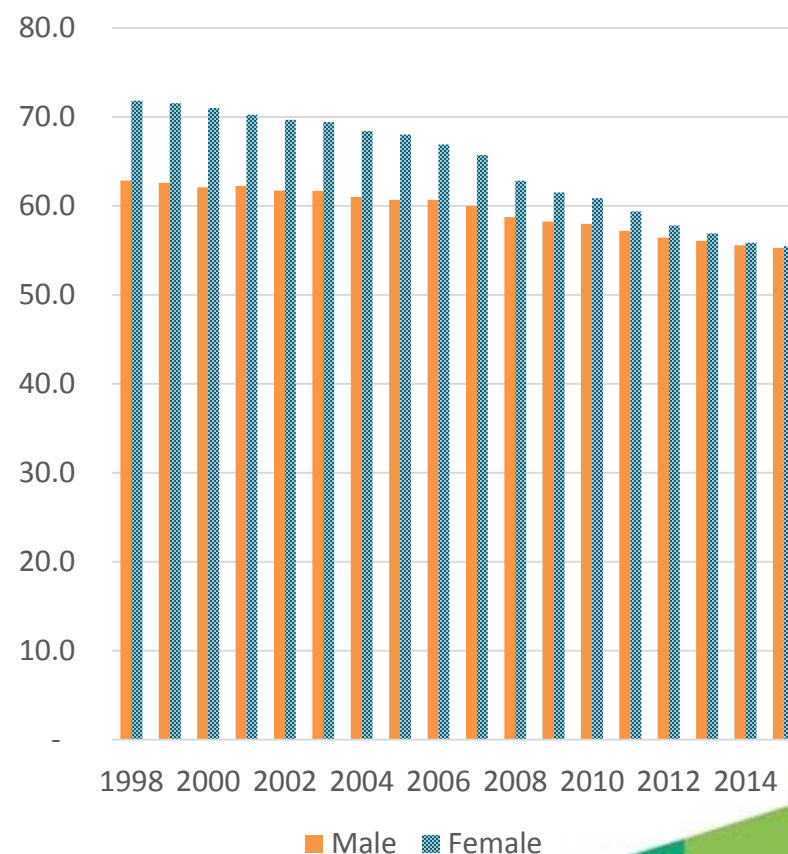


... and quality of employment remains low...

World, % vulnerable

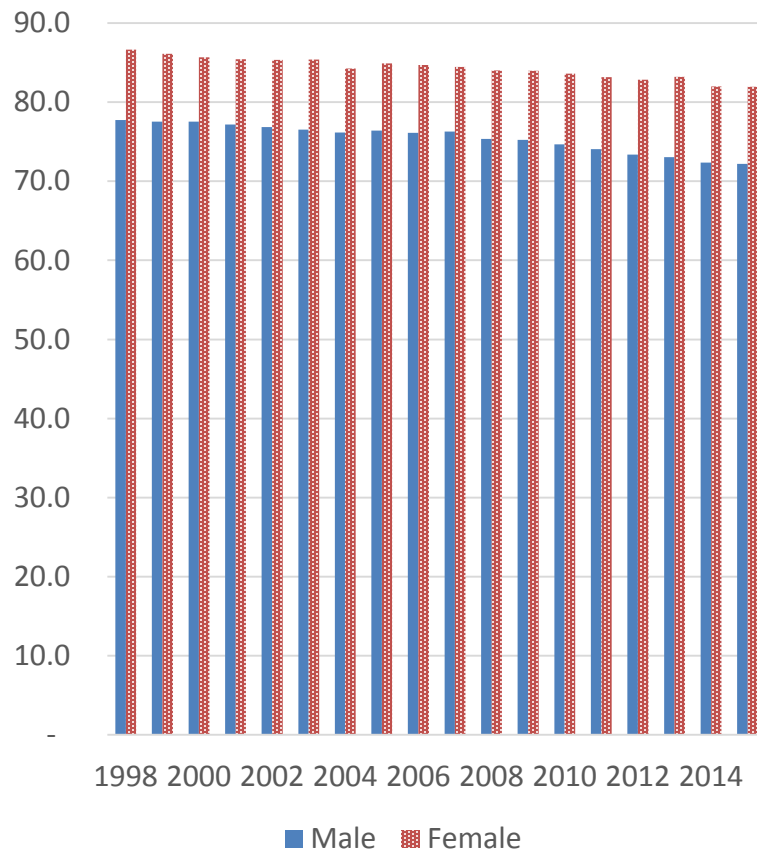


Asia Pacific, % vulnerable

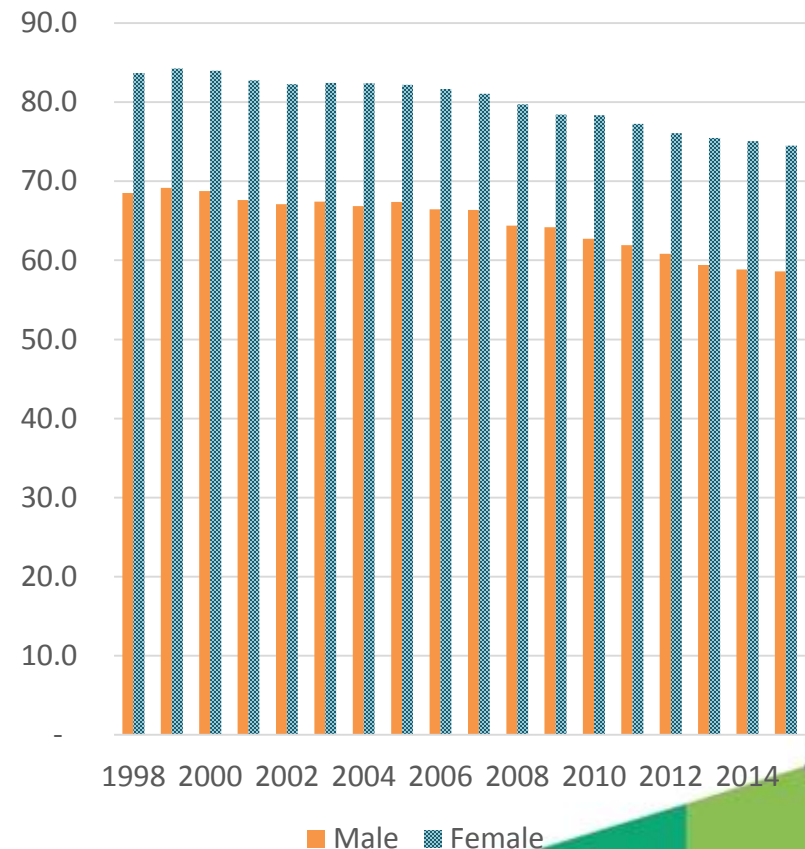


... particularly for women in low income countries...

World, low income, % vulnerable



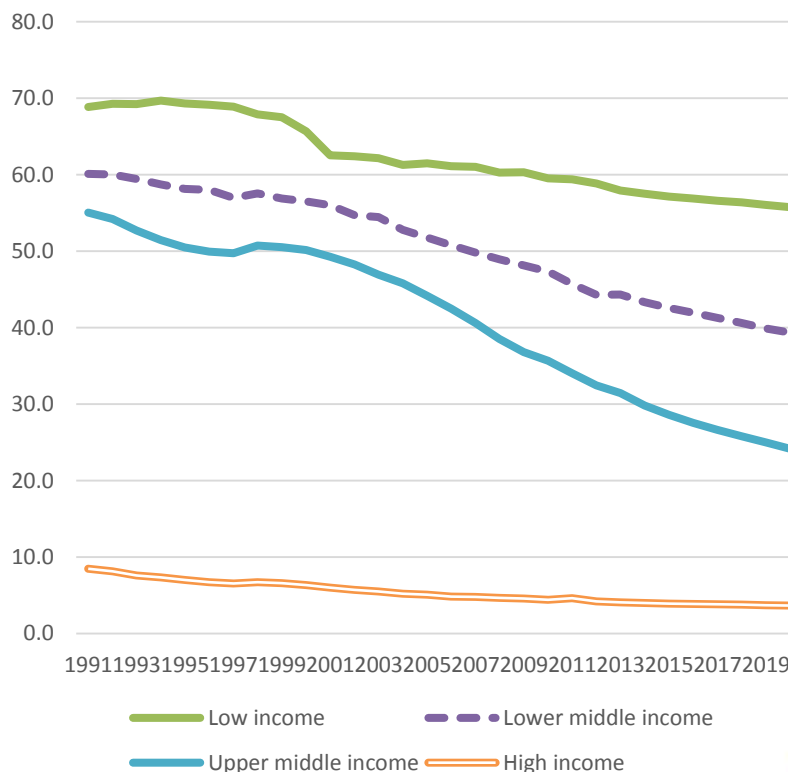
Asia Pacific, low income, % vulnerable



... and continued engagement in primary or subsistence activities...

- ❑ Households continue to engage in less productive primary or subsistence activities
 - Particularly in low-income countries
- ❑ Household income diversification strategies
 - Rural-urban migration by some members
- ❑ Some connections established between rural and urban, agricultural and non-agricultural labour markets
 - Linkages could be stronger

❑ Asia and the Pacific: Share of employment in agriculture (%), 1991-2020



Source: ILO: KILM 9th edition, table R4.

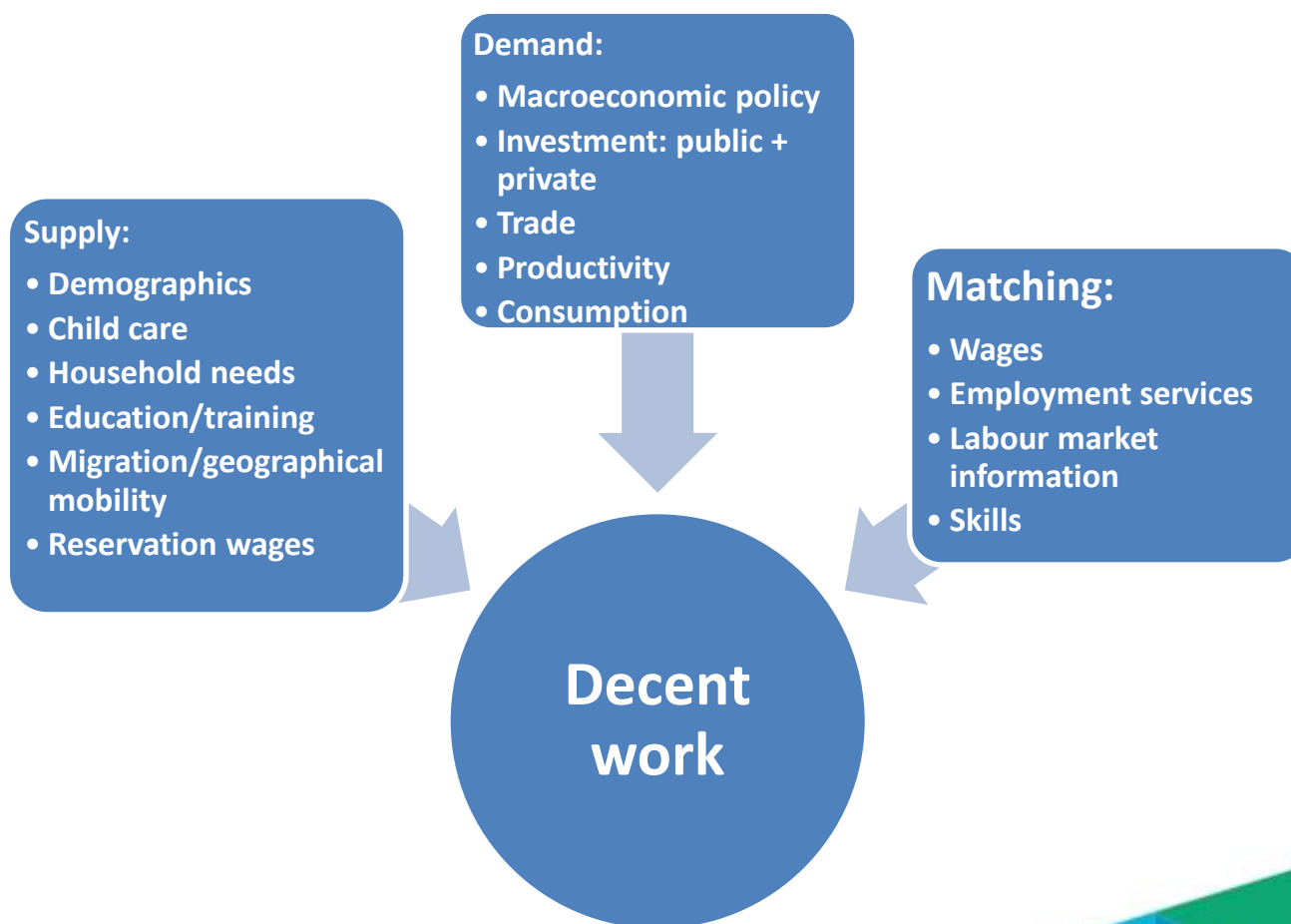


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NEED FOR AN EMPLOYMENT POLICY

Need for an employment policy

- Decent work outcomes are influenced by many factors



Need for an employment policy

□ .. and thus by many policies...



A policy coordination framework will be necessary, to pursue employment objectives and targets

-> *An employment policy*

Need for an employment policy

- How central are employment and DW objectives and targets?



Employment promotion frameworks

- ❑ Integrating employment objectives in national development plans
 - Philippine Development Plan 2011-16
- ❑ National employment policies
 - Cambodia 2015-2025
 - Fiji
- ❑ Employment (Promotion) Laws
 - China
 - Viet Nam
- ❑ G20 Employment Plans

Employment policy framework for poverty reduction needs to go beyond a narrow set of labour market policies and institutions

Having an employment policy framework

- ❑ Explicitly **commits** the government to improving employment outcomes (and poverty, in turn)
- ❑ Provides **platform** for stakeholder assessment of policy measures that work
- ❑ Commitments to regularly collect **statistics** for national M&E purposes
- ❑ Improves the **political economy** context in favour of decent employment objectives

The Employment Policy Convention, 1964
(No. 122) ratified by 110 member States of
the ILO.

As of 2014, approximately 60 countries
developing, reviewing or implementing
national employment policies with ILO
support.

An enabling condition...

- ❑ **Macroeconomic policy** framework that is connected to the core concerns of socio-economic development
- ❑ Identifying and pulling together **existing** policy frameworks
 - E.G.: Skills and trade/sectoral development
- ❑ Continuous investment in human resources and **capacity development**
- ❑ Investment in information, management and analyses
 - E.G.: LMIS

Employment policy – general content

- Demand – increase formal employment opportunities
 - Public works programmes
 - Investment and sectoral development policies
 - Active labour market policies that induce job placements or job retention
 - Enterprise development and support to SMEs (finance, market, business support)

Employment policy – general content

- ❑ Supply – timing and likelihood of participating in the labour market
 - Education and training - employability
 - Measures that affect participation rates (e.g. care services, provision of protection, retirement age)
 - Demographics
 - Migration
- ❑ Matching
 - Public employment services
 - Private employment agencies
 - Labour market information
 - Measures that facilitate mobility – geographical and occupational

Employment policy – general content

- ❑ Labour market institutions and protection
 - Social dialogue
 - Wage setting institutions – collective bargaining, minimum wage fixing
 - Employment protection measures
 - Social security and protection
- ❑ Possibility of focusing on priorities or issues of major concern
 - Priority sector development
 - Informality
 - Women's participation and employment
 - Youth employment and labour market entry

‘Too many’ policies??

- ❑ Fragmentation
- ❑ Higher coordination costs
- ❑ Thin spread of resources across policies/ministries
- ❑ Lower chances of full and effective policy implementation



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EMPLOYMENT POLICY PROCESS

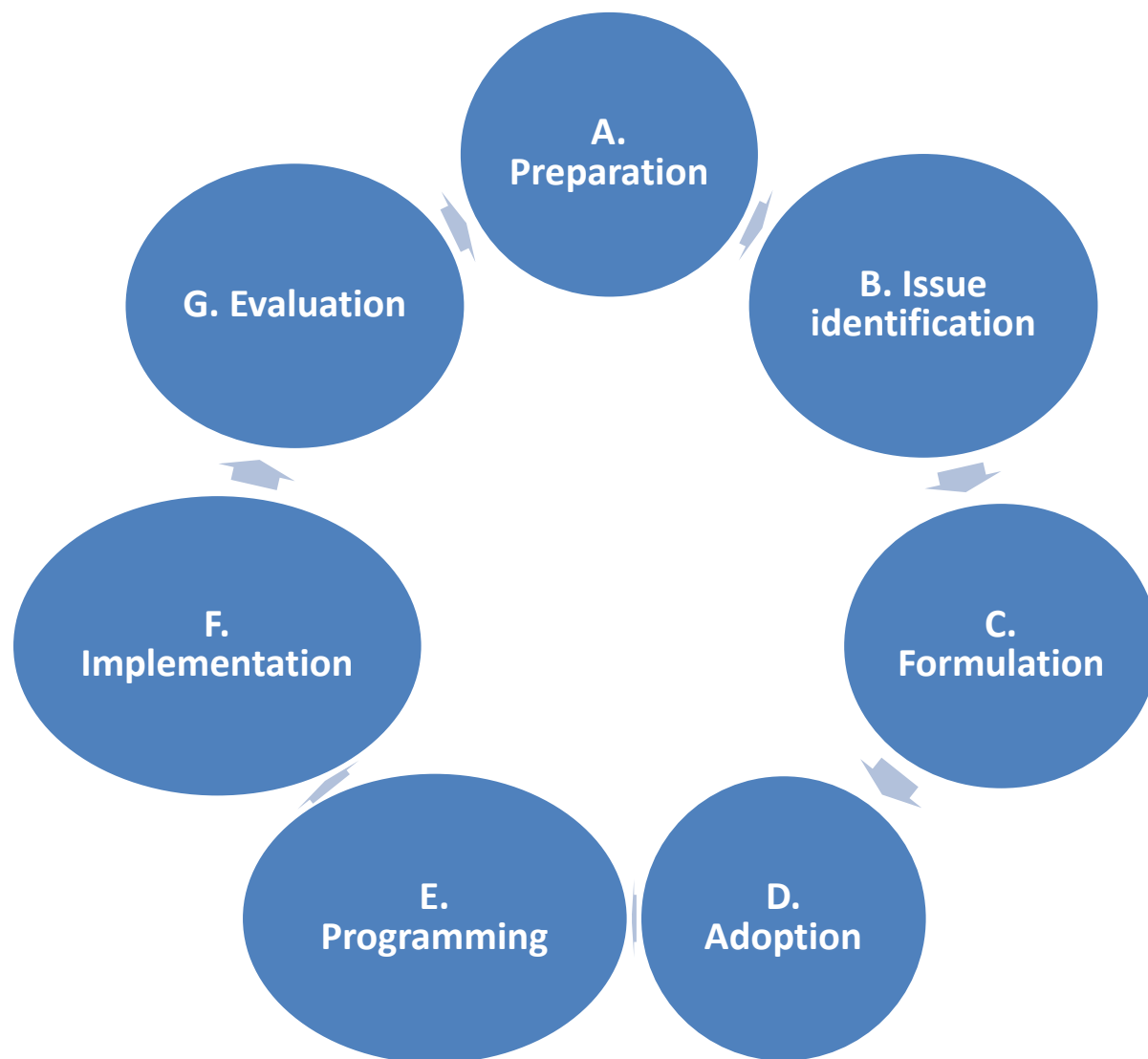
What is an employment policy?

- ❑ A medium- to long-term **vision**
- ❑ Concerted and **coherent framework** linking all policy interventions affecting employment and stakeholders

Guiding principles

- ❑ **Quantity** – work for all who want to work
- ❑ **Quality** – work is as productive as possible
- ❑ **Non-discrimination** – freedom of choice of employment, each worker can gain and apply necessary skills, irrespective of race, gender, age, religion, political opinion, social origin.

Policy cycle



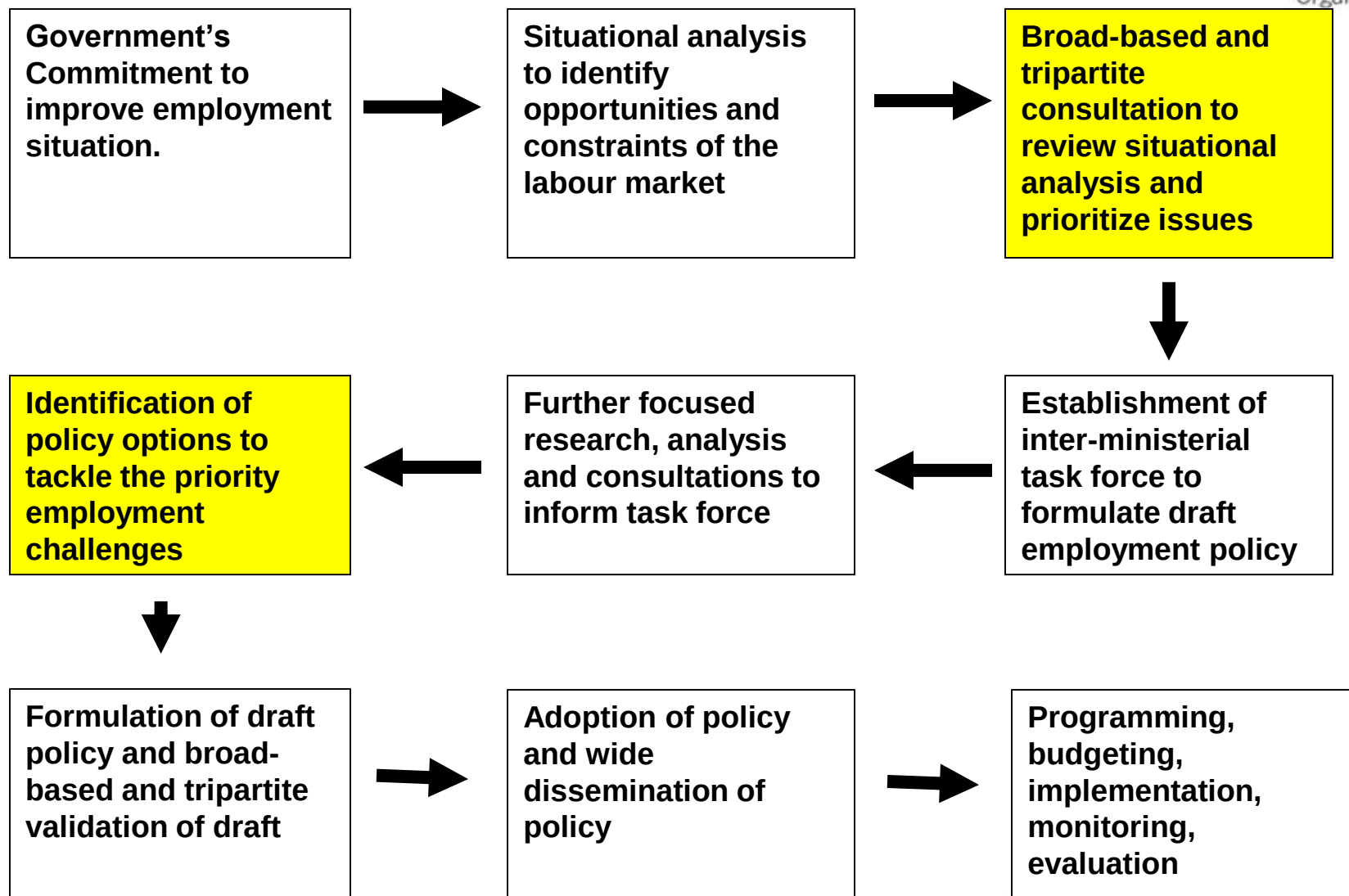
Involving tripartite+ stakeholders in the process:

Polling
Feedback
Analysis
Consultations
Political processes
Research
Advocacy
Engagement
Refinement

Who participate in employment policy?

- ❑ Ministry of Labour
- ❑ National coordinating bodies/agencies
 - An inter-ministerial committee on employment
 - High-level commitment and leadership
- ❑ Building partnerships: social partners, line ministries (especially economic), local governments, civil society

Getting started...



Capacity required

- ❑ **Organizational** capacity
- ❑ **Technical** capacity
 - identification of approaches to address employment challenges
 - Potential side-effects
- ❑ Documentation: consultation outcomes
- ❑ Clear **mandate** and division of work across responsible institutions
- ❑ **Institutional** capacity and realistic needs assessment:
 - Policy delivery and implementation

A long-term process and commitment: No dramatic changes over night...

- ❑ Investing in employment policymaking will not suddenly and persistently improve livelihood for the vast majority of people in the short run
 - Policy messaging and direction is important
 - Demonstration of commitments
 - Learning lessons in the short-run: what works, what does not work, why?
 - Systematic and coordinated development of policy implementation capacities
 - Monitoring and evaluation – data and statistics



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Group work – a case study of ‘Pala’

- ❑ A medium sized country:
 - Land area: 350,000 square km
 - Population: 70 million
 - Shares a border with 2 other countries (1 richer, 1 poorer)
 - Has sea access
 - Two main seasons: dry/wet
 - Good infrastructure coverage (road, electricity) due to heavy investments in the last decade: 95% of population

Group work – a case study of ‘Pala’

- Economic and labour market structure:
 - GDP: 40% agriculture, 25% manufacturing, 35% services
 - Average annual growth in the last decade: 6.5%
 - Poverty: 20% (30% in rural areas)
 - Income inequality (Gini): 45%
 - Share of youth (15-24) in working age population: 50%
 - Average education attained: junior secondary school
 - Labour force participation rate: 70% (55% for women)
 - Employment: 55% agriculture, 16% manufacturing, 29% services
 - Share of wage employment: 35% (avg monthly wage: US\$450)
 - Informal employment: 70%
 - Unemployment rate: 3% (youth: 10%)

Group work – a case study of ‘Pala’

- ❑ Government’s development priorities in the next 10 years:
 - Develop high value adding manufacturing and service industries
 - Reduce youth unemployment rate to 6%
 - Reduce incidence of informal employment to approx. 50%
 - Reduce income inequality: 35-40% (Gini)

- ❑ No employment policy, even though some basic labour market institutions are starting to be in place
 - Public employment services (10 branch offices) and LMIS
 - Unemployment benefits
 - Statutory minimum wage (equivalent to US\$350) that has not changed in the last 10 years

Group work – a case study of ‘Pala’

Please discuss...

- ☐ Should ‘Pala’ put develop a national employment policy (NEP)?
 - What are the pros and cons?
- ☐ How would you address youth employment issues?
- ☐ Based on experiences and practices from your country, please give examples of good practices or lessons learned in addressing labour market challenges, especially for youth.