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Employment policies for poverty eradication

Bangkok, 5 May 2016


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OVERVIEW

- ❑ Progress made and remaining challenges
 - ❑ Employment policy for poverty reduction
 - ❑ The gap between policies and the capacity to deliver
 - ❑ What are the **policy priorities**?
- 



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PROGRESS MADE AND REMAINING 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

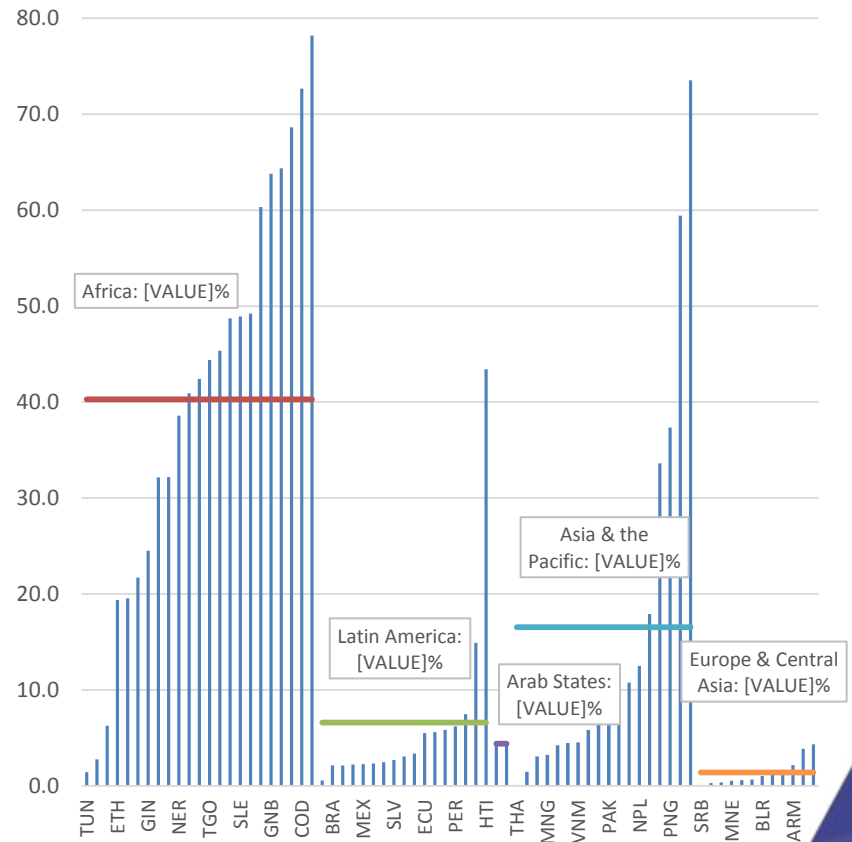
- Achievements not uniform across women and men
 - In majority of developing countries, women are more likely than men to live in poor households



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

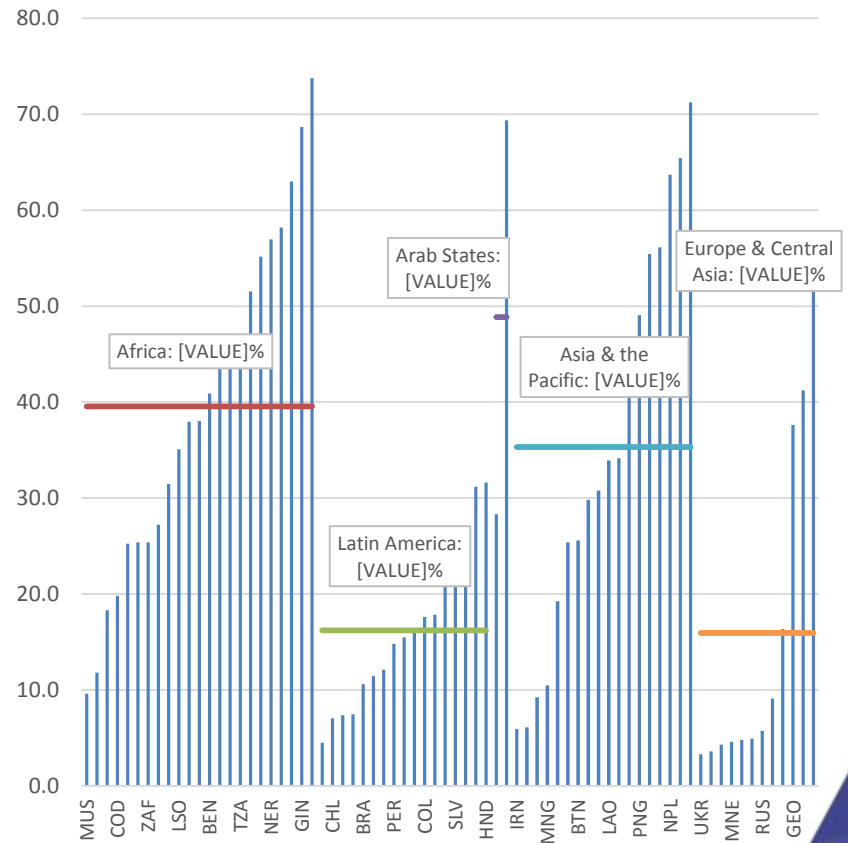


Note: Data for the latest available year in 2010s are presented.
Source: ILO World Employment and Social outlook, Trends 2016, table 17B

... 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

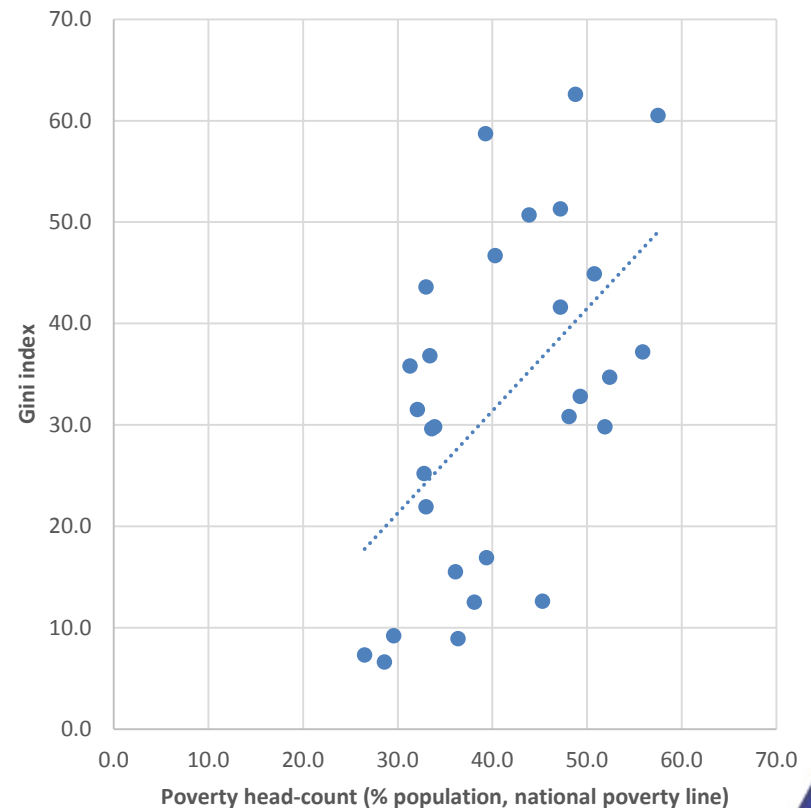


Note: Data for the latest available year in 2010s are presented.
Source: ILO World Employment and Social outlook, Trends 2016, table 17B

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



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EMPLOYMENT POLICY FOR POVERTY REDUCTION



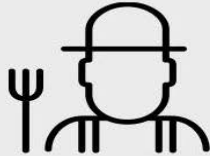
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The economic activities people do for a living (employment) importantly determines their likelihood of being poor



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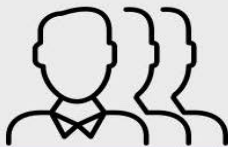
Obvious, but not so easy...



Employment



Has a
contract



**freedom of
association and the
right to collective
bargaining**



Remuneration
and wages



Skills upgrading and
career prospects
**Upward
occupational
mobility**



Entitled to
other benefits



Healthy



**Security and
protection**



**Non-
discrimination**

**Decent
Work**

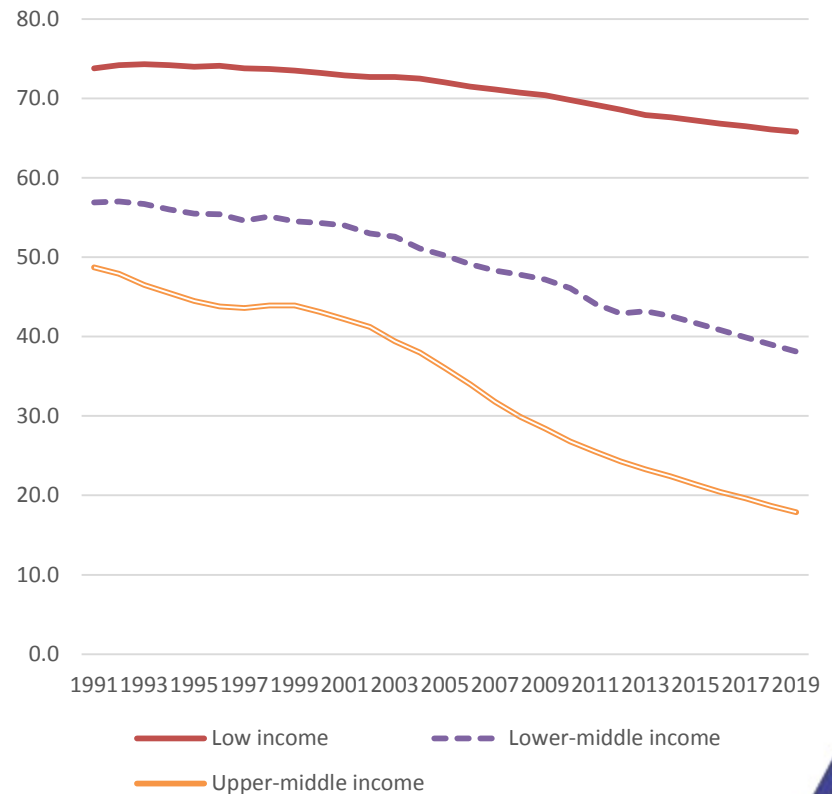
Continued engagement in primary or subsistence activities

- 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

Share of employment in agriculture (%), 1991-2019



Source: ILO: *World Employment and Social outlook, Trends 2016*, table R04

Accelerate structural change and enhance rural-urban and inter-sectoral linkages...

- In urban labour markets:
 - Improve earnings
 - Enhance security or protection, in event of job losses
 - Increase skills development opportunities

- In rural labour markets:
 - Increase off-farm, non-agricultural employment opportunities
 - Increase provision and quality of public services (skills, information, infrastructure)



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

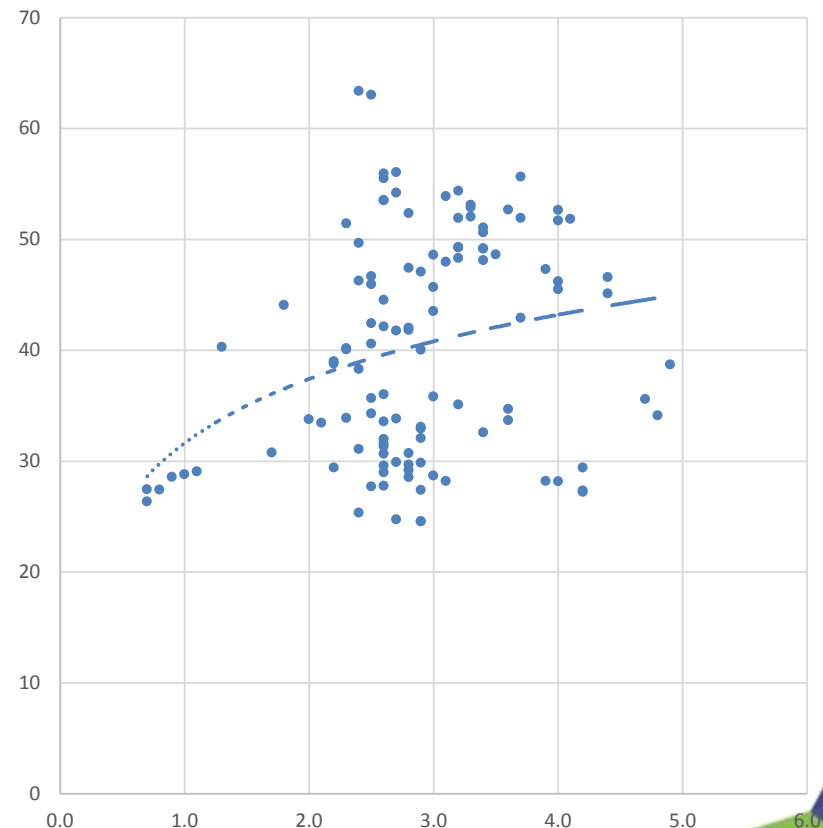


And successful integration of young people critical for reducing poverty and inequality

... and drive structural change

- ❑ Assessment of employment and skills needs (current + future)
- ❑ Informing education and training institutions and youth
- ❑ Providing employment counselling
- ❑ Opportunities to gain experience

Gini index and ratio of youth to adult unemployment rates, 2008-2013, pooled



Note: Developing countries, including high-income countries.

Source: World Bank, World Development Indicators database and ILO, WESO, table 10.

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.



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THE GAP BETWEEN POLICIES AND THE CAPACITY TO DELIVER

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

'Too many' policies??

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

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 as a repository of experiences and lessons learned from past labour market policies, programmes and projects...

... and to realistically coordinate across a set of **key** socio-economic policies, given capacity constraints.



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POLICY PRIORITIES?

PRIORITIES FOR ACTION

- ❑ Enabling macroeconomic policy framework

- ❑ Mechanism for coordinated and coherent economic, social and employment policies, with decent employment objectives

- ❑ Facilitate and manage structural change
 - Industrial and sectoral policies and sustainable enterprise development
 - Education and training for skills development of quality
 - Strengthen social protection measures to reduce vulnerability of workers to shocks and to mitigate adjustment costs

PRIORITIES FOR ACTION

- ❑ Ensure economic gains lead to shared prosperity
 - Wage setting system – reduce wage gaps, minimum wages, collective bargaining institutions
 - Promote women's and youths' access to decent employment and skills development opportunities
 - Protect migrant workers, enhance socio-economic linkages between source and destination communities/sectors

- ❑ Regular collection of labour market data and information

- ❑ Continuous investments to improve capacity to implement and monitor policies for decent work

'New normal' of slower expected growth...

- ❑ Balance between inward- and outward-looking growth path
- ❑ Balance between investment- and consumption-led growth path
- ❑ Many developing countries still have a considerable room to gain from further structural changes by having decent employment as a core objective of national development frameworks



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Thank you

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