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**CREATING JOBS GOOD FOR DEVELOPMENT: POLICY DIRECTIONS FROM THE
2013 WORLD DEVELOPMENT REPORT ON JOBS**

Attached for the October 13, 2012, Development Committee Meeting is a document entitled "Creating Jobs Good for Development: Policy Directions from the 2013 World Development Report on Jobs," prepared by the staff of the World Bank Group.

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**CREATING JOBS GOOD FOR DEVELOPMENT:
POLICY DIRECTIONS FROM THE 2013 *WORLD DEVELOPMENT REPORT ON JOBS*
EXECUTIVE SUMMARY**

1. **Today, the global spotlight remains squarely on jobs.** The recent financial crises have reduced employment prospects and earnings for millions of workers, while events such as the Arab spring have underscored that the aspirations of countless job-seekers—young and old, women and men—are sizeable, salient and serious. Globally, around 200 million men and women are formally unemployed. But with population growth, another 600 million jobs will need to be created by 2020, mainly for young men and women wanting to enter the labor force. While some 1.5 billion are employed and receive wages or salaries, another 1.5 billion work in farming and small household enterprises, or in casual or seasonal day labor. For a world still struggling to eradicate poverty and boost prosperity, jobs are the central vehicle to sustainably lift millions to better livelihoods.

2. **But, as the 2013 *World Development Report: Jobs* (WDR) underscores, jobs (or their absence) are not just the engine of poverty reduction or a derivative of growth—they are transformative in and of themselves, and can help drive the pathways to development.** For individual men and women, jobs establish pathways out of poverty, affect empowerment and agency, determine increased productivity and earnings, and engender social capital—not least providing a sense of identity. But the *Jobs* WDR also shows that who works, and how and where they work, has profound implications on the process of sustained development and socio-economic growth and for development policies around jobs.

3. **The majority of the world’s adults are at work. But the jobs agenda is not just about those in wage work or in the modern sector—most workers, especially in poorer countries, are self-employed in very small firms and on farms.** And this excludes those who cannot be considered to have “jobs”—in activities that exploit workers and expose them to physical and mental harm, including forced and compulsory labor, child labor, and discriminatory labor practices. The differences in jobs across regions, across genders, and across age-groups, are striking. Worldwide, 3 billion women and men are working, but half of them not for wages. While 6 out of 7 workers in Europe and Central Asia are in wage work, 4 out of 5 Sub-Saharan Africans work in non-wage activities. Many more women than men are in non-wage work in low- and lower-middle income countries—yet women are more likely than men to be wage workers in middle-income countries, often having worse labor market outcomes (see the 2012 WDR on gender). Much of work, especially in developing countries, is “informal”, lacking worker protection and usually associated with poor productivity, wages and working conditions. Youth unemployment rates are almost always 2 to 4 times those for adults—but across the world, a fifth to a quarter of youth are not unemployed but “idle” (not studying, not working, and not looking for work).

4. Creating good jobs involves facilitating the transitions from joblessness to jobs, and from jobs that do not adequately reward and empower women and men to those that do. **The central tenet of the *Jobs* WDR is that public policy can play an important role in ensuring that these jobs are also good for development, by amplifying the payoffs or externalities that particular kinds of jobs have to society and the development process.**

5. Going forward, analysis in the *Jobs* WDR frames five messages for policymakers and for the global community. **First, jobs are created primarily by private actors, but the public sector has an important role in providing the appropriate environment to catalyze jobs.** Since the private sector provides 9 out of 10 jobs in developing countries, the solutions have to involve creating environments where private actors can thrive and create jobs. While jobs of some sort, and for some people, will always exist, sustained, productive and inclusive job-creation by the private

sector needs fundamental actions by the public sector. The first set of fundamentals include macroeconomic stability, rule of law, appropriate regulatory policies, property rights and basic human rights: few longer-term productive jobs can exist if there is acute uncertainty about what the future will hold, or the unfettered ability to exploit men, women and children in the workplace. Essential infrastructure and access to finance are a second part of the fundamentals; reliable power is indispensable for modern production, basic transportation critical to connect that production to markets, and finance essential for producers to invest and expand jobs. Basic human capital is the third element: adequate nutrition, literacy and numeracy allow workers to participate fully in the workforce, to gain skills and to adapt to changing labor markets. There is thus a vital role that is played by the relatively small group of publicly-financed workers—policymakers, judges, regulators, educators—to effectively catalyze private job creation, and to stimulate private actors to also directly improve fundamentals such as infrastructure, access to finance and skills.

6. **Second, labor market policies are seldom the binding constraint for creating jobs good for development, except when they are excessive or minimal. But appropriate active labor market policies can be helpful.** Labor market policies—regulations, collective bargaining, active labor market programs and social protection—can be critical when excessive regulation hinders formal employment and productivity, or when inadequate regulation allows harmful forms of work. But available evidence shows that, if kept within reasonable bounds, their aggregate effects are more on redistribution than employment. Employment protection legislation, for example, tends to have only modest effects on aggregate employment. But distributionally, it favors prime-age males, counterbalanced by negative effects for youth, women and the low-skilled (often contrary to what policymakers want). But active labor market programs—including appropriate skills training and job search assistance—and well-designed social protection policies have been shown to promote greater employment and wage equality, as well as to foster labor mobility and investments in training. These programs work best when their designs target specific groups, involve collaboration with the private sector, and combine training with work experience.

7. **Third, policies for jobs good for development will differ greatly, depending on specific country conditions and priorities.** There is no magic formula for creating jobs—especially those good for development—across all milieus. But governments can enhance the development payoff from jobs by prioritizing policies supporting the jobs making the biggest contributions to living standards, productivity and social cohesion. Increasing poor women’s and poor men’s income from jobs can not only improve equity, but also both speed socio-economic mobility and spur local economies. Jobs for women can leverage an untapped productive potential and have large benefits for the capabilities of their children and thus future productivity. Jobs clustered in urban areas can foster innovation and “network externalities”. Jobs for ex-combatants in conflict-affected countries can lay the basis for unity and social stability. And switching away from some jobs that use outmoded technology would benefit the environment and can help sustainable growth.

8. **In each context, these policies will need to be necessarily multi-sectoral: too often, jobs policies focus on one necessary set of reforms, while not paying sufficient attention to other areas which provide the complementary sufficient conditions for sustainable jobs to flourish.** For instance, in the largely agrarian parts of sub-Saharan Africa, policies to increase smallholders’ productivity need to be combined with those that facilitate urbanization to fully unleash job creation. In many Eastern European countries, policies to improve productivity are insufficient to counterbalance rapidly aging labor forces and smaller contribution bases, unless combined with other policies, including rebalancing the social model of high labor taxes. In the Middle East and North Africa, the challenge of jobs for youth partly result from education policies that lead to an insufficiently skilled labor force, but also need competition policies to expand private firm entry, and social policies that move people away from “queuing” for public sector jobs. Reducing informal work in developing economies requires a policy agenda that goes beyond just

tax and regulatory factors, to increasing the *quality* of regulations, bolstering the capacity of the state to instill social norms of compliance, and creating opportunities in the formal private sector. And improving jobs for women in many parts of the world will require not just focused employment programs, but broad-based measures to ease women's time constraints by providing child care and improving infrastructure; to improve women's access to productive resources, especially to land and to credit; and to tackle information problems and legal, regulatory and institutional biases that work against women.

9. **But times of crises and disasters call for specific measures.** Jobs policies in times of financial crises need to restore macroeconomic stability and confidence in the future and lower investment costs for hiring firms, while preserving firm-specific capital embodied in formal jobs. Natural disasters require quick and focused investment in restoring the physical and institutional infrastructure that may have been destroyed. And post-conflict contexts entail prompt investment in jobs for ex-combatants to ensure social cohesion as the platform for broad-based jobs growth.

10. **Fourth, the World Bank Group (WBG) has played, and will continue to play, a catalytic role in helping partner countries prioritize, diagnose and implement policies for jobs good for development.** Jobs are central to the WBG's core objective of poverty reduction and improved living standards. To partner countries, the WBG brings an unique package of global development knowledge, evidence-based analysis, technical assistance and capacity building, and financing for both the public and private sectors, through by leveraging the comparative advantages of its IBRD/IDA, IFC and MIGA branches.

11. **The WBG can work with partner countries as a “solutions Bank” in all three of the necessary areas of action for job creation: prioritization, diagnosis and implementation capacity.** At countries' request, the WBG uses its Group-wide Country Partnership Strategy/Country Assistance Strategy to provide the initial framework for policy dialogue around policy and investment *priorities*, and for identifying the WBG's role in realizing them. Then, when priorities are set, the WBG can help countries to *diagnose* the most important cross-sectoral constraints to job creation (which may differ in the short-term and the long run), and to design appropriate policy packages and public and private sector investments across the sectors; in this, it brings to bear its global knowledge about “what works”, including through South-South learning. And finally, the WBG, with its public and private sector arms, is uniquely placed to help countries finance and *implement* the specific sectoral policies and multi-sectoral policy packages and to make the critical public and private sector investments that will lift the constraints to job creation.

12. **Fifth, there is a remaining agenda around necessary global public goods to help developing countries make the best evidence-based decisions around their strategy for creating jobs good for development, where both the WBG and donor partners can play an important role.** Most critically, there is a need for greater availability and frequency of jobs-relevant data to underpin decisions around detailed country-specific jobs-focused measures. There is also the need for global partners, including bilateral and multilateral organizations, to better collect and harmonize jobs-relevant data (as in the newly launched World Bank Group [jobs data portal](#)), and to develop improved analytical tools for multi-sectoral jobs diagnostics.

Questions for discussion:

1. *What role would policymakers want to see the World Bank Group play—in terms of global knowledge, policy advice, financing and capacity-building—in helping partner countries promote jobs good for development?*
2. *How can the global public goods agenda—around data and multi-sectoral analytical tools—be best supported?*

CREATING JOBS GOOD FOR DEVELOPMENT: POLICY DIRECTIONS FROM THE 2013 WORLD DEVELOPMENT REPORT ON JOBS

1. *Introduction*

1. **For a world still struggling to eradicate poverty, jobs are the central vehicle to sustainably lift millions to better livelihoods.** The Development Committee concluded, in fall 2011: “Jobs are vital in translating growth into lasting poverty reduction and broad-based economic opportunities”, and reiterated its commitment to job creation.¹ In spring 2012, it concluded that: “A vibrant private sector is crucial for growth, jobs and poverty reduction.”² Meeting in Los Cabos in June 2012, the leaders of the G20 nations vowed to “... work collectively to strengthen demand and restore confidence ... in order to create high quality jobs and opportunities for all of our citizens.”³ The need for that commitment and urgency has not diminished. Countries in the Middle East and North Africa, in the wake of the Arab spring, are continuing to struggle to find productive employment for their populations, particularly the young. Policymakers across the globe are trying to find ways of sustainably providing good jobs for their populations. And the global recovery in 2012 has continued to be slow, with attendant effects on job creation and unemployment in middle and high-income countries.

2. **But, as the 2013 *World Development Report: Jobs* (WDR) underscores, jobs are not just the engine of poverty reduction or a by-product of growth—they are transformative in of themselves, and help drive the pathways to development.**⁴ Much of the focus on jobs emphasizes their value to individuals—providing incomes and thus pathways out of poverty; constituting an important part of “who we are”, providing a sense of identity; and providing agency. Jobs can also contribute to connecting workers to others in the broader society, empowering women and men in their communities. Jobs also provide options for increasing productivity, improving lifetime earnings and raising growth more broadly. But for any given country, the story of jobs and their evolution is also the story of that nation’s development and transformation. The country’s development path is determined by who works and where—more rural or more urban, more women or more men, more in agriculture, manufacturing or services.

3. **Sustaining and enhancing development requires a strong policy focus on jobs—but the nature of the jobs challenge will differ from one country to another.** As the world becomes more urban (half of the developing country population will reside in urban areas by 2030), factory and service-sector jobs will increasingly drive development in many countries. For countries engaged in manufacturing, as production becomes technology-driven and moves rapidly across national boundaries, skills to complement this technology have more of a premium than ever before. Demographic shifts, and the ability for countries to adapt to them, will also be a factor. For many countries with low labor force participation, particularly by women and minorities, redressing this imbalance will be a primary driver of equitable growth. For countries with young populations and for those where there is rapid aging, finding productive jobs for the women and men will be the major challenge. And for the many countries today struggling to recover job growth after being hit by crises, short-term policies to promote employment will have to be accompanied by longer-term measures to promote competition and sustain that employment.

4. **Therefore, there are no “magic formulas” to address jobs issues—instead, country-specific options will be determined by both the country’s economic conditions and social preferences.** After a brief overview of work patterns across the world and across genders, this paper lays out some policy directions that emerge from the research and analysis of the 2013 WDR, the work of the World Bank Group (WBG) on job creation, and then concludes with the remaining agenda on data, analytical tools and knowledge-sharing needed for today’s developing countries to be better able to create jobs good for development.

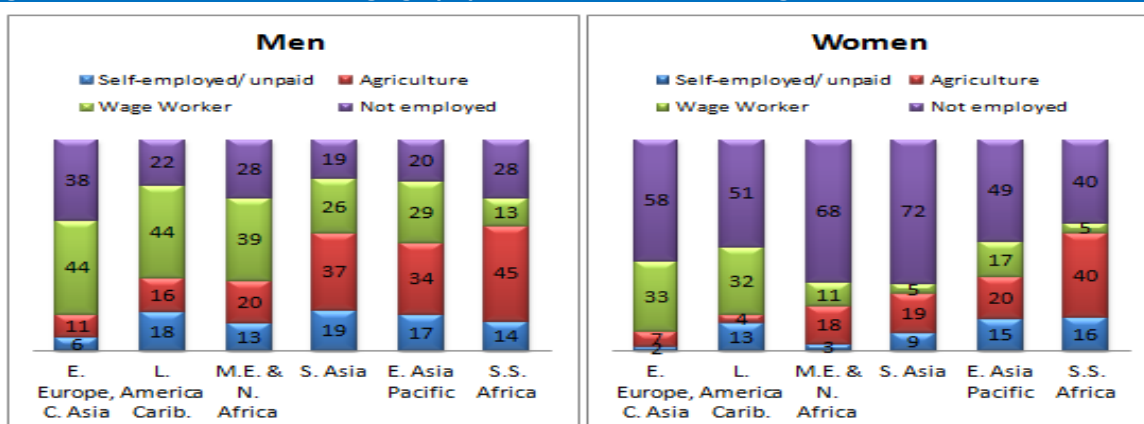
2. The World at Work

5. The WDR defines jobs broadly—not just as regular salaried activities commonly thought of as jobs, but as “all activities that generate actual or imputed income, monetary or in kind.” **Today’s jobs agenda is in improving wage work—but in many parts of the developing world,, it is also about non-wage activities, as most workers in the developing world are in self-employment or agriculture.** The proportion, of course, varies greatly across regions and levels of income. In low and middle income countries, fewer than half of all those who work are wage and salary employees (compared to 84% in high income countries), and 40% of all workers are in agriculture.⁵ There are considerable differences across regions as well—while 82% of all who work in Eastern Europe and Central Asian (ECA) countries are in wage or salaried employment, the corresponding number in Sub-Saharan Africa (SSA) is 17%. By contrast, agricultural workers are 64% of all SSA workers, but only 16% of workers in Latin America and the Caribbean (LAC).⁶

6. **The pervasiveness of self-employment makes it necessary to nuance some of the policy discussions around unemployment, part-time work and labor market policies.** In fact, in the lowest-income countries, over three in four workers are self-employed or in agriculture. With around a fifth of all workers in SSA and LAC own-account workers, and with a further half of the populations in SSA and in South Asia in smallholder (often subsistence) agriculture, traditional employment measures in these *agrarian economies* often do not capture the full extent of jobs. And many policy discussions that deal with policies relating to wage workers fail to account for the fact that they may, in many countries, be only a small fraction of the population—and the appropriate question then becomes how to best increases productivity of non-wage workers, while at the same time creating new opportunities in the modern sector.

7. **But the definition of “jobs” does not, and cannot, include activities that exploit workers and expose them to physical and mental harm.** These include forced and compulsory labor, child labor, and discriminatory labor practices. 15 million children worldwide work in hazardous conditions. 21 million people are victims of bonded labor, slavery and forced prostitution (and this disproportionately affects women and girls). And the large proportion of workers who work outside traditional employer-employee relationships are unable to fully enjoy freedom of association and collective bargaining over their working conditions, including health and safety. Thus, an important part of the jobs agenda lies in legal and institutional remedies to decrease such activity while helping to increase formal jobs, and in removing legal and social

Figure 1: Distribution of working age population (15-64) across regions



Source: Gindling and Newhouse 2012, from World Bank International Income Distribution Database (I2D2)

obstacles for women and some minorities to access productive work.

8. **Women and men have different patterns of work in every region of the world, and women typically are more disadvantaged.** Women are more likely than men to be out of the labor force and unemployed, and significantly less likely to be in wage employment (Figure 1). Broadly, similar proportions of women and men are self-employed. But the striking difference is in labor force participation. In 2008, participation rates ranged from below 15% in Iraq to above 70% in Botswana. In India, only one of three women is active in the labor market; in China, two of three are active. But in almost every case, women tend to earn less than men. Women are more likely to work in low-productivity, informal activities and have less mobility between the formal and informal sector. Within wage employment in today's fast *urbanizing economies*, women are highly concentrated in a small number of industries (public services such as education and health, retail services and trade) and represent 80% of home-based workers in countries like China and Thailand. Women farmers tend to farm smaller plots and less profitable crops than men, and women entrepreneurs operate in smaller firms and less profitable sectors. Among the most important disadvantages women face in the formal labor market are restrictive regulations on women's formal employment. In a recent survey, 44 of 141 economies were found to restrict women's working hours compared to men, and 71 limited the industries where women can work.⁷

9. **In many parts of the world, the jobs challenge is centered on finding productive work for youth.** In Sub-Saharan Africa, for instance, the number of youth will continue to grow rapidly, increasing from 174 million in 2010 to 269 million in 2030.⁸ In the Middle East and North Africa (MNA), and in South Asia, youth will represent over 30% of the labor force over the same time period. In contrast, in ECA and in East Asia the youth population will contract, and it would remain stable in LAC. For countries with *high youth employment*, the challenges in terms of job creation are considerable. Other things being equal, Sub-Saharan African economies will need to create around 4.6 million jobs per year to absorb the projected increase in the youth population—a 4.2% increase in total youth employment each year. But even in regions where the population of youth is not expected to expand, there are concerns regarding current labor market outcomes. Youth are often more likely to be unemployed than adults, a majority have low levels of education, many end-up in low productivity jobs (often in the informal sector), and others withdraw from the labor force and become idle. Even those with higher levels of education can face difficult transitions from schools into stable jobs, if their education is not geared towards skills needed by private firms.

10. **Although the focus of policy discussions is often on youth unemployment, this is only part of the problem—more worrisome is youth idleness and low productivity.** Over 30% of youth (20% in East Asia and Pacific and Latin America) are idle: not working and not studying. In countries such as Egypt and Lebanon, the combined share of unemployed and idle youth has reached 60 and 80% respectively. Youth are also more likely to be in low productivity activities than their adult counterparts. In the MNA, South Asia, and SSA, between 40 and 70% of youth are in the agricultural sector, where productivity is lower. Among those outside agriculture, the majority are either self-employed or working without pay.

11. **The patterns of the world of work have, of course, changed alongside the development process—with declines in the labor share of income, changes in the sectoral composition of labor, increased importance of the private sector and global supply chains and increased importance of skills for labor income.** Over the past two decades, the global share of labor in total income has declined for a majority of countries, due to a combination of factors including technological progress and the entry of China and India in world trade.⁹ In parallel, within countries, the employment share of agriculture has declined steadily over the last decades. According to ILO administrative data, it has shrunk globally from 41% of global employment in 2000 to 34% in 2011, with the largest drops being in East Asia (from 48% to 35%), but with a stagnating share of women in agriculture in North Africa.¹⁰ On the other hand, women

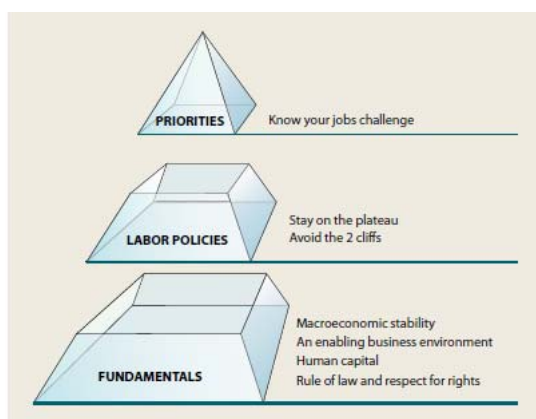
have moved much more into service sector jobs in East and South-East Asia, as well as in ECA (where the service sector employed 62% of working women in 2011). Finally, gaps in labor income have widened—between high-skilled and low-skilled workers, and between those who work in tradable sectors and those who do not. And fast-changing technology is expanding the set of activities, particularly in services, that can be traded: international value chains cover a larger share of jobs and are shifting opportunities across skilled workers in developed and developing countries.

3. *Jobs are created primarily by private actors, but the public sector has an important role in providing the appropriate environment to catalyze jobs*

12. **Globally, most jobs are created by private actors—be they large enterprises, small firms or individuals.** Though many jobs are in “modern sector” firms—multinational manufacturers, technological entrepreneurs, tourism conglomerates—private jobs are also those held by small farmers, retail shop owners and local craftspeople. In fact, in the mid-2000s, ILO data shows that jobs in the private sector were around nine out of ten jobs in countries as different as Japan, Mexico, Brazil, Chile and South Africa, and around four out of five in countries such as France and Georgia.¹¹

13. **To help the private sector create those jobs that are good for development, governments have an important role—in ensuring the “fundamentals” of job-creating growth, in getting labor policies right, and in tailoring policies towards tailoring the country’s specific jobs outcomes in ways that best help its desired development path.** This is summarized in the WDR’s “policy pyramid” in Figure 2, which unpacks the complex policy package required for creating good jobs into these three distinct areas. The first two slices of the pyramid—establishing the fundamentals and getting labor policies right—apply to all countries, regardless of their specific challenges (though the relative importance may vary in specific contexts, given particular jobs challenges).¹² But given these basics, the third slice is specific to each country’s priorities for jobs good for development, entailing policies that help create jobs with the greatest positive externalities and development payoff—whether

Figure 2: The “policy pyramid” for creating jobs good for development



Source: World Bank 2012a

it be, say, improving jobs in agriculture, in high-skilled activities, for youth or in cities.

14. **Constraints to job creation include the broader context of conditions affecting employment decisions.** World Bank work has used the *MILES* framework to analyze jobs-related binding constraints—recognizing that policy fundamentals may be needed on the demand side (*Macroeconomic and fiscal stability, or Investment climate and Infrastructure*), or on the supply side (*Education and skills*) as much as *Labor market policies and regulations* or *Social protection*.¹³ Investment climate issues, including competition policy, tax policy and non-labor regulations are often the binding constraints, as may be fundamentals such as access to finance and the quality and availability of infrastructure (particularly power and transportation).

15. **For policymakers in any country, establishing the fundamentals for job creation involve policies and actions that serve two purposes: reducing uncertainty and providing a basic level of public goods.** These include macroeconomic stability and rule of law, together with

Box 1: Growth AND jobs? The challenge of “inclusive growth”

The growth-jobs-poverty reduction linkages have long been part of the development debate, both on the analytical and the policy side. However a number of important questions remain unanswered. Among them are the direction of the causality from growth to jobs good for development and what determines the extent to which economic growth is associated with job creation.

Much of the discussion has concentrated on the sectoral pattern of growth as a major determinant of the extent to which growth yields jobs good for development (see, for example, Gutierrez and others 2009 and IFC 2012). For example, Satchi and Temple (2006) show how dualism (created by frictions rather than by institutionally set wages) may prevent growth from translating into higher employment and/or wages, and that urban growth may be more effective at fostering jobs good for development than growth that is concentrated in agriculture.

“Shared” or “inclusive” growth approaches recognize this, and emphasize the importance of going beyond simple employment numbers to focus on “productive employment” as the main instrument for sustainable and inclusive growth (see Paci and others, forthcoming and Ianchovichina and Lundstrom-Gable, forthcoming). The suggestion is that job creation per se does not guarantee inclusive growth, unless accompanied by higher earnings possibilities, which in turn is associated with higher labor productivity. For example, cross country evidence shows no clear relationship between job creation and poverty reduction; high job growth have done little to reduce poverty in countries like Nicaragua and Madagascar—mostly because growth was taking place in low-paying agriculture or high-skilled manufacturing (see Gutierrez and others 2009 and Hofstijzer and Paci 2008). By contrast, increases in labor productivity in agriculture combined with employment creation in non-agricultural sectors has led to more inclusive growth patterns by freeing up labor for other sectors of work, while simultaneously creating demand for the products and services of those sectors (see Gutierrez and others 2009 and Paci and others, forthcoming).

Source: Authors

investments in basic infrastructure and basic human capital. They also include other aspects of the enabling environment, for example making entry, operations and exit of private enterprises efficient, allowing the development of a financial sector that efficiently allocates resources to the most productive enterprises, and allowing competition that continuously reallocates resources to their most productive uses. These fundamentals are critical for driving private-sector-led growth—but, when combined with appropriate policies, including policies promoting “inclusive growth” (see Box 1), can improve living standards, productivity and social outcomes for the population.

16. Employers creating jobs, as well as workers, need to know how their investment of capital and work effort will yield returns and results—so the government has a role in fostering stability. This involves both macroeconomic stability as well as the rule of law. All private actors thinking of investing in the production process need to know that their efforts would have a reasonable return, with higher risk environments requiring higher returns for investors. Volatile prices significantly increase risks and are thus a major deterrent to this sort of longer-term environment for jobs—and affect major corporations deciding to hire workers for future production, small farmers deciding to plant marketable crops, and retailers deciding which goods to buy today in order to sell tomorrow. While price uncertainty is an inhibiting factor for all jobs, uncertainty about future taxes can be equally daunting for formal-sector firms.

17. An enabling business environment also includes access to financial services and aspects of regulation, including addressing unfair competition. Across firms and countries at varying levels of development, the most important constraints on formal private sector businesses are remarkably consistent: access to finance, infrastructure,¹⁴ and aspects of regulation including taxation and unfair competition (see Box 2). Access to financial services, especially, provides firms and entrepreneurs with the ability to expand, to invest in new technologies, to manage risks, or to smooth cash flow over time. Appropriate business regulation enhances the opportunities for businesses to grow and create jobs. Regulations can relieve or exacerbate uncertainty of enforcement and corruption, but they can also have a deeper influence on the degree of competition and thus the structure of industries in the economy. In particular, regulations that reduce the ability of firms to monopolize the market, and allow new firms and employers to enter and operate, can be a major factor in unleashing jobs.

Box 2: Assessing the impact of investment climate reforms and other private sector policies on job creation

There are now a growing number of rigorous impact evaluations of investment climate reforms, although the outcome of interest is not always job creation. There is more to learn about which policies may have more or less impact on employment creation and the types of jobs they lead to. However, studies indicate a number of significant findings:

Evidence from Mexico shows that a substantial reduction in the number of procedures required to start a business is associated with an increase of 2.8% in employment. In Portugal, a major reduction in time, procedures, cost and minimum capital to start a business led to an increase of 21% in employment. A cross-country study showed that a decrease of 61% in the number of days to register a business is associated with an increase of 0.4% in employment (manufacturing). However, in Peru, a reduction in time and cost to register did not find any impact on employment, so additional factors need to be understood in analyzing the effects of simplifying the regulations of firm entry.

Relaxing cumbersome bankruptcy proceedings and reducing the time to discharge have contributed to preserve jobs in distressed businesses. In Colombia, a decrease in the time of liquidations by 32% and in reorganizations by 65% protected 14% of the jobs that would have been lost without the introduction of the reform. A cross-country study shows that a decrease of 21.6% in the time to discharge in bankruptcy increases the rate of self employment by 1.5%. A microeconomic study in Brazil shows that the introduction of a simplified tax system for MSMEs increased employment by 12%.

In Peru, the introduction of a registering property program that titled 1.2 million households led to an increase of 2.3% in the labor force. An interesting side effect is the substitution of adults for child labor.

In Africa, a micro, small and medium enterprises (MSMEs) project in Nigeria financed by the World Bank, which supported the expansion of microfinance, the provision of business services to MSMEs, regulatory reforms to remove constraints facing MSMEs and credit bureau regulatory reforms, led to a 40 percentage point increase in job creation in beneficiary firms, especially self-employed microenterprises, compared to non-beneficiary firms in a control group.

Source: IFC 2012 and authors.

18. **Equally, the government has a role in providing the basic public goods enabling the business environment—which make the economy or work environment functional and investment costs manageable.** Basic infrastructure—rural roads that connect farmers to markets, reliable power and water supply—are essential to allow firms (and the self-employed) to produce and market their products. For instance, IFC's *Jobs Study* shows that access to reliable power is one of the most significant problems for job creation, particularly in lower income countries, and that providing access to reliable power (e.g., through a generator) can have very strong effects on employment growth. Transport infrastructure, power and water supply, as well as basic literacy, numeracy, nutrition and healthcare can, of course, be financed and provided by individual private actors, and often are. Larger firms build their own roads within corporate campuses, farms or logging sites; generators and artesian wells are pervasive in areas where public provision of these services are poor; and better-off individuals invest in education and health for themselves and their children. But private financing of such basic services may not be cost-effective and can be inequitable—since smaller firms and poorer individuals may not have scale economies of provision, excluding those who do not have the means to make the minimum level of investment. The high costs of providing these goods privately at small scale would force production—and associated jobs—to be only viable if there are high enough returns.

19. But while public financing, or public-private partnerships, may be necessary for such basic public goods, they can often be more efficiently supplied by private actors. In fragile or post-conflict situations, where the public sector is weak, private provision can be essential—as was the case in post-war Lebanon, where a mix of individual and collective electricity generators run by a few private businesses became, for a while, a less-efficient but still essential part of the utility market.

20. **Investments in basic human capital are also a prerequisite for a policy environment conducive to growth.** According to the Commission on Growth and Development, “every country that sustained high growth for long periods put substantial efforts into schooling its citizens and deepening its human capital.”¹⁵ Recent studies have confirmed that the actual skills acquired by the workforce are a crucial determinant of long-run growth and thus job creation.¹⁶ Basic human

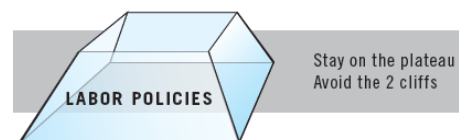
capital—comprising of adequate nutrition, literacy, numeracy and socio-emotional (soft) skills — allow workers to participate fully and to adapt to a constantly changing labor market.

21. **The government has a particularly important role to play improving women's labor market participation and the returns to their earnings**, as this requires a complex combination of policies to address the multiple constraints involved. Depending on context, these include measures in three areas: first, easing women's *time constraints* by providing child care (as with Colombia's subsidized day-care for working mothers), and improving infrastructure (as with South Africa's rural electrification program); second, improving women's *access to productive resources*, especially to land (as was done in Ethiopia by granting joint land titles to wives and husbands) and to credit (as in Bangladesh); and third, tackling *information problems and institutional biases* that work against women, as done by specific interventions such as Active Labor Market Policies (ALMPs) in many countries, affirmative action, supporting the creation of women's networks and removing discriminatory treatment in labor laws and regulation.

22. **While direct job creation is not the primary responsibility of the public sector, well-performing public employees play an important role in ensuring that the private sector has the fundamental stability, framework and investment to allow it to effectively create jobs.** There is thus a vital role that is played by the relatively very small group of publicly-financed workers—policymakers, judges, regulators, educators—in order to effectively catalyze private job creation.

4. Labor market policies are seldom the most important binding constraint for job creation, but appropriate and targeted active labor market policies can be helpful.

23. **Labor policies have long been a central point of debate as to their role in job creation (or job losses) and are important when excessive or inadequate regulation hinders productivity.** Policies around labor regulations, collective bargaining, active labor market programs and social protection all attempt to address the imperfections that exist in labor markets in the form of inadequate information, uneven bargaining power, limited ability to enforce long-term commitments, and insufficient insurance mechanisms against employment-related risks. The effects of these policies on job creation or losses, however, have long been debated—although there is consensus that at very high levels of regulation, these policies end up not redressing market imperfections but creating distortions of their own.



24. **On average, evidence shows that the aggregate effects of labor policies are smaller than has been assumed; they help prime-age skilled men, but can negatively affect already disadvantaged groups—youth, women and unskilled workers.** New data and evidence summarized in the *Jobs WDR* show that employment protection legislation (EPL), for example, tends to have no impact or only modest effects on aggregate employment. For example, studies of employment protection legislation in Latin America and the Caribbean, find negative employment effects in Argentina, Colombia, and Peru, while no significant effect in Brazil and some Caribbean countries. Though the majority of minimum wage studies do find some negative employment effects, especially for young workers, magnitudes of these effects are small and often insignificant or even positive. Overall, though such regulations do usually help prime-age males, this may be counteracted by negative effects on jobs for youth, women and the low-skilled, contrary to what many policy makers typically want to achieve.¹⁷

25. **Thus, the policy choice for countries is to stay on a “plateau” of a reasonable range of labor policies—where, at most levels between the extremes, the policies balance positive**

and negative effects on equity and longer-term productivity. In this “plateau” range, there are both effects that add to and subtract from efficiency, and the impact is redistributive between those who are covered by these regulations and those who are not. Countries can then choose the degree of redistribution that is socially optimal.

26. **But when regulations are too strict or too loose, impacts are no longer mostly balanced, but can significantly affect job creation and have distributional effects.** At one end, studies have found that more restrictive EPL is associated with significantly lower employment and output, as for some Indian states where the effect was strongest where dispute resolution was ineffective or costly.¹⁸ And large increases in the already high minimum wage in Colombia in the late 1990s led to significant employment losses, exacerbated by weak labor demand at the time.¹⁹ At the other end, if rules are too weak (or not enforced), the problems of poor information, unequal bargaining power, or inadequate risk management remain untreated and thus would lead to unbalanced and unsustainable labor markets.

27. **The overall evidence suggests that many active labor market programs (ALMPs) have promoted better labor outcomes, but other (less well conceived) ALMPs have not.** ALMPs comprise a variety of interventions, from skills training to assistance in job search and job finding, wage subsidies, and public works. The ones that have not succeeded in improving outcomes for participants were in countries where job challenges lie elsewhere—say, on insufficient demand for labor rather than specific labor market constraints relating to skills or information. Thus, evaluations show that youth skills training programs have been better in fostering employability in the developing world (and in some cases even help build trust and civic engagement) than in high-income countries. Evaluations also show that combining training with work experience tends to have better results than training alone. Job search assistance can improve employment and earnings at a low cost, but only when job vacancies exist and where high shares of self-employment do not deem them less relevant. It is important to ensure that the training is relevant, and meets the needs of the private sector. Public works programs can be useful as well-targeted safety nets, but are seldom a springboard for better jobs. Wage subsidies have the least positive record on job creation—while they can play a role when used temporarily to ease the transition of some groups, they have not delivered in creating sustained new jobs in a cost-effective fashion. And the time horizon matters: in some instances, training programs show their real value only in the medium- to long-run.

5. Policies for jobs good for development will differ greatly, depending on specific country conditions and priorities

28. **Although constraints to job creation are multi-sectoral and often need to be addressed together in a mutually reinforcing manner, the biggest payoffs come from policies that address the most critical issues that stimulate the development path, together with other complementary “sufficient” conditions for sustainable employment.** For instance, in many of the largely agrarian economies of sub-Saharan Africa, the greatest push for poverty-reducing jobs will come from policies to increase smallholders’ productivity, together with those that facilitate urbanization and thus allow more opportunities for the self-employed. In many Eastern European countries, policies to improve productivity alone are insufficient to counterbalance rapidly aging labor forces and smaller contribution bases—they have to be combined, among other options, with rebalancing the social model of high labor taxes that strive to finance generous social benefits. In the Middle East and North Africa, the complex youth employment problem needs to be addressed over the longer term with education policies that provide more market-demanded skills to young women and men, competition policies that open up greater private firm entry, and social policies that lower the incentives for young women and men

to wait for public sector jobs. And in Latin America, reducing informal work will require a broad policy agenda that goes beyond tax and regulatory factors to improving the quality of regulations and public services. Box 3 looks at what the research from previous World Development Reports has implied about particular jobs agendas.

29. The complexity of factors affecting employment decision is particularly evident in the case of women. As the *WDR 2012: Gender Equality and Development* points out, pervasive gender gaps in labor force participation, productivity and earnings are driven mainly by forces such as deep-seated gender differences in time use (reflecting social norms about house and care work), in rights of ownership and control over land and assets, and other pervasive *de-jure* or *de-facto* legal differentiations. Women in FYR Macedonia and Turkey cite family duties as a critical limitation to outside employment. In Egypt, exit rates from employment after marriage are very high, especially in the formal private sector, and have been associated travel restrictions and with restrictions on women's ability to use personal networking and marketing in their job search. Across the world, female farmers and entrepreneurs also have less access to land and have lower demand for, and use of, credit compared to male counterparts. These differences are rooted in failures of markets and institutions and in their interactions with household responses. For example, gender-based preferences in the households often lead to unequal resource allocations (of land, for example) to male and female members. Women are then at a disadvantage in terms of job opportunities and wages, because they have lower or less secure access to land, which results in them being disproportionately employed in the lower-productivity service sector.

30. But the specific context to frame multi-sectoral jobs policies will vary across countries, and can be determined by a combination of three initial conditions—the level of institutional development, the structure of the economy and demography. *First*, existing policies, which affect the prevailing investment climate and potentials for jobs, are important. But the level of development of institutions govern how well policies can be formulated, and are especially important for their enforcement. Even stringent tax and labor policies, for example, are often seen as less important by smaller firms in developing countries, since they are usually easy to evade. “Behind the border” impediments to trade are often much more important as limitations to the expansion of firms and jobs than formal trade barriers. So policies in countries with weaker institutions need to be formulated innovatively, with a clear sense of priorities and the capacity of institutions. On the other hand, countries with large formal sectors, established labor and social policies and strong institutions have a greater capacity to devise and implement policies, but may

Box 3: Jobs priorities from recent World Development Reports

Development priorities can all be enhanced by government policies that emphasize the creation of the appropriate kinds of jobs. Take the analysis from the past five World Development Reports:

For agrarian economies, the *2008 WDR: Agriculture for Development* (World Bank 2007) showed that agriculture plays a major role in generating poverty-reducing jobs.

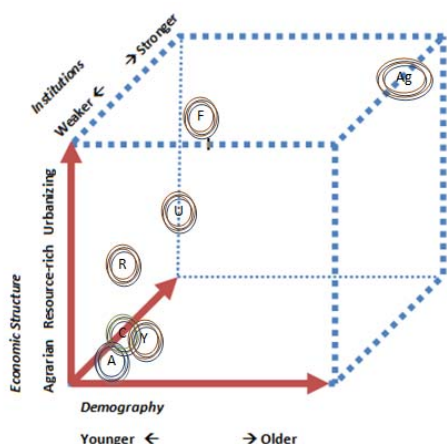
For urbanizing economies such as those in Latin America, the *2009 WDR: Reshaping Economic Geography* (World Bank 2008) showed how the world of labor is increasingly shaped by people being “pulled” into urban areas, where there are more options for higher-paid jobs due to agglomeration effects but also better basic public services such as piped water, electricity and health care.

For countries that are struggling to make their development greener, the *2010 WDR: Development and Climate Change* (World Bank 2009) described an agenda for investments in energy efficiency to produce a triple dividend of greater energy savings, fewer emissions, and more jobs—with low-carbon technologies possibly generating a net increase in jobs, because they can be more labor intensive than high-carbon sectors.

For countries emerging out of conflict, the *2011 WDR: Conflict, Security and Development* (World Bank 2010) suggested that reducing the risk of recurring violence involves transforming institutions that provide security together with justice and jobs for the idle and disaffected.

For all countries, the *2012 WDR: Gender Equality and Development* (World Bank 2011) showed how prioritizing jobs for women can leverage an untapped productive potential and have large benefits for the capabilities of their children and thus future productivity.

Figure 3: Different country conditions will imply different optimal policy combinations



A: Agrarian; C: Conflict-affected; Y: High youth employment;
R: Resource-rich; U: Urbanizing; F: Formalizing; Ag: Aging

Source: Authors, derived from World Bank 2012a

be hampered by political economy factors. Conflict-affected countries are special cases, where institutions are often both ill-developed and unstable.

31. *Second*, the existing structure of production and resources in a country is also an important determinant of policy priorities. Agrarian economies, where a majority of the population lives in rural areas and largely engaged in agricultural self-employment, have different jobs priorities than more manufacturing-oriented economies with either growing or already established urban populations, usually engaged in manufacturing and service industries. Resource-rich countries do not necessarily fit this traditional pattern, and face both challenges and opportunities. Countries or regions where rural populations and farming dominate may require policies packages that are targeted at these regions and sectors to

maximize their job creation outcomes.

32. *Third*, countries that have large and growing young populations for whom there is a need to find productive opportunities and harness their capabilities for development are again faced with options that are dissimilar to those countries with fast-aging populations, who may face insecurity in old age and need to be productive past historical retirement ages.

33. **Though the jobs agenda is country-specific, a broad taxonomy along these three sets of initial conditions can illustrate the types of challenges and solutions faced by different countries.** Following the *Jobs WDR*, Figure 3 illustrates seven stylized countries, each with a different combination of the three sets of initial conditions:

- **Agrarian economies:** Here, as in many parts of sub-Saharan Africa and South Asia, jobs are mostly in (typically low-productivity) agriculture and live in rural areas. Cities are magnets for migration, but are not fully functional to support sustained job creation. Populations are generally young, and institutional capacities are weaker. Using agriculture for development often requires making smallholder farming more productive and sustainable, through provision of better price incentives and higher quality public investments, facilitation of markets, improvement of access to infrastructure and financial services and risk management tools, and promotion of innovations through science and technology. In some cases, multi-sectoral interventions that provide productivity increases and jobs along entire agricultural value chains can be important ways to develop jobs.
- **Countries with high youth unemployment:** The key issue here is demography, with the demand for jobs for the young typically outstripping the supply. The country may be mostly rural as in Sub-Saharan Africa or urbanizing as in some parts of the Middle East and North Africa (and the solutions would differ between them). But the third dimension—policies and institutions, especially around education and private sector growth, are typically relatively weak for those countries that are particularly troubled by youth idleness and unemployment. The formation of appropriate skills, with a solid foundation laid by good education, is an essential part of the solution (Box 4).

- **Conflict-affected countries:** Though also with typically young populations, countries in conflict—in Africa, in the Middle East, in Asia—may sometimes have resources that are the source of internal strife. Across the world, however, the key difference from the typical agrarian economy is the weakness of institutions—both in terms of capacity but also because of a lack of a social compact that allows consensus and good governance. As analyzed in the WDR on *Conflict, Security and Development* (World Bank 2010a) business confidence is low in situations of violence and conflict, where rule of law has broken down—which in turn leads to low sustained job creation that may perpetuate instability. As countries emerge from periods of conflict, one of the most pressing challenges is to re-establish an investment climate that is conducive to private sector activity. Public employment programs and stimulus packages can serve as a bridge to more sustainable job creation. Public investments are often best channeled through the private sector to deliver services efficiently at the local levels, while creating jobs. Through such arrangements, a foundation can be laid for both long-term social development and short-term social needs.
- **Resource-rich countries:** In resource-rich countries, demography and institutions may vary greatly, but the jobs agenda is dominated by the natural resource sector. Often, these countries are prosperous, but unable to generate sustainable jobs outside the “enclave” resource sector, instead relying on transfers (sometimes through public sector jobs) to the population. In some cases, institutions may be relatively weak for their level of wealth, and so the difficult policy choices needed to generate a non-resource sector difficult to formulate and implement. Copper-rich Chile offers a good example of a resource-rich country that was able to overcome these challenges. Chile diversified its exports and its economy while effectively managing resource-related risks such as currency appreciation and inflation, implementing coordinated reforms across the *MILES* spectrum while maximizing jobs-related development externalities. Macro stability was assured by a resource stabilization fund and transparent fiscal policy, which stabilized the exchange rate. Governance reforms in all areas of public sector management promoted accountability and transparency, while channeling public resources to critical infrastructure, including ports. The

Box 4: Building job-relevant skills

New evidence points to the importance of the cumulative nature of human capital formation. There is solid evidence that adequate health and nutrition during the so-called “first 1,000 days” of life shape the development of generic skills (comprising both cognitive and socio-emotional skills) and readiness to learn over the work life. It does so by shaping individuals’ capacity and motivation to absorb new knowledge, and to adapt to different tasks and problem-solving environments. The development of these skills is highly influenced by maternal and child health and nutrition and the quality of nurturing environments from the womb through the first years of life and the schooling years. Socio-emotional skills continue to develop and remain malleable through the adolescence and early adult years. A strong foundation of generic skills is a key determinant of access to post-secondary education and on-the-job skills acquisition. Hence the need for adequate policies to ensure adequate maternal and child health and nutrition, especially in the first 1,000 days of life since conception; an enriching learning environment during ages 2-6; and quality basic education that develops both cognitive and socio-emotional skills through adolescence.

In this, the education system plays a fundamental role. Three main features of highly performing systems are: (a) institutional arrangements that empower schools to exercise an effective role in local management and decision making and establish clear mandates and roles in the education system at the central, regional and local level; (b) effective teaching, through enhanced incentives to attract and retain effective teachers, pedagogic support, teacher training and evaluation; and (c) adequate financing that is grounded on strong accountability systems to provide adequate school infrastructure, equipment and pedagogic material.

Successful programs linking individuals to jobs have two defining characteristics: first, that they integrate various interventions addressing multiple challenges faced by job-seekers, and second, that they have a strong involvement of the private sector. For example, “training plus” programs consisting of technical and/or life skills training followed by work experience through private sector internships and job placement assistance have been found to be quite successful at activating individuals. Interventions such the *Jovenes* programs in Latin America (mainly targeted to unskilled youth) and *Probecat* in Mexico fit in this category. Through the education for employment “e4e initiative for Arab Youth”, IFC and the Islamic Development Bank are using a similar approach, first identifying skills gaps and priority sectors, and then working with governments, the private sector and private education providers to fill them.

Sources: World Bank 2012c; World Bank 2010b.

regulatory environment was pro-exports, and built a conducive environment for foreign investment, thus supporting productivity spillovers from jobs connected to global markets. Labor policies have been kept “on the plateau”, expanding social protection, especially to the poor, while maintaining competitive labor costs. And public funding for education almost doubled between 1990 and 2009, leading to an unprecedented expansion of secondary and tertiary education, and laying the foundations for future growth.

- **Urbanizing countries:** In these countries, such as many in Latin America and Asia, increased productivity in agriculture has moved job-seeking populations to cities. Cities offer hugely positive drivers of job growth—links to value chains, agglomeration economies that drive innovation and the like. But the task for policymakers is to build sufficient institutional capacities in the cities to balance these positives with the possible negative externalities such as congestion, pollution and insufficient service delivery, to build a “virtuous cycle” of sustained urban job creation. Urbanization generates an increase in the demand for land, and clear definition of property rights along with robust systems for assessing land values are key for land redevelopment (an example is Korea, which during the 1970s encouraged the development of a cadre of property appraisers). This has to be combined with the development of connections –through reliable and affordable public transit and information and communication technologies (ICT). Finally, improvements in basic services (water, sanitation, electricity) are also essential both for enhancing firm performance and for improving workers’ health and education. Providing effective jobs for women are a critical part of this agenda.
- **Formalizing countries:** In many parts of Latin America and Eastern Europe, reasonably well-developed institutions, urban job drivers and increasing prosperity have brought workers and firms considerable oversight and protection through formal regulations and social programs. The balancing act required for sustained job creation in these countries is to “keep on the plateau” in terms of labor policies, as discussed earlier—to improve coverage and benefits for workers, while not doing it so excessively as to derail the train of continued employment growth or increasing the incentives for informality.
- **Aging countries,** such as those in Europe and East Asia, share some of the characteristics of formalizing countries—with complex institutions, relatively high capacity and mostly urban populations, their major jobs challenge is to assure effective social protection and opportunities for

Box 5. Pensions reform and lifelong learning in aging societies

In fast-aging regions, such as in East Asia and Eastern Europe and Central Asia, aging poses many challenges—chief among them how to sustainably finance old-age protection, and, given shrinking populations, how to ensure that older workers have the skills and abilities to continue being part of the workforce.

In many Eastern European and former Soviet countries, an inevitable consequence of population aging is that, at current benefit levels, pension spending will have to rise to accommodate the increased number of elderly people. This is an especially huge challenge for countries with unfunded pay-as-you-go social security systems, in many of which pension spending is already substantial and a burden on public expenditures. Therefore, a number of countries in the region have begun aggressive pension reform, including through parametric changes (such as raising retirement ages to keep up with longevity, changing indexation formulas and so on). There have also been increasing discussions about modes of financing public systems, recognizing that high payroll taxes to finance pensions have led to increasing informality and work disincentives.

On the other hand, there is an increasing need to address the outdated skills of many older workers. Even though older workers are less likely to be unemployed, they experience longer unemployment and are more likely to be laid off from industries in structural decline. There are several promising experiences with adult education and training programs. In the United Kingdom and Denmark, a partnership involving ministries and adult learning stakeholders, including employers, provides lifelong learning opportunities for adults and youth and focus on the provision of 'life skills', including 'learning how to learn'. Countries like the Czech Republic and Poland have developed lifelong learning and human capital development strategies that make learning paths more flexible for adults by fostering recognition of prior learning, through the introduction of Qualifications Frameworks defined in terms of acquired knowledge, skills and competences. And companies, such as BMW in Germany, are finding new successful ways of engaging an aging workforce and adjusting the work-place to its specific needs.

Source: Chawla, Betcherman and Banerji (2007); Aedo and Arias (2012)

their aging and shrinking populations. Providing and caring for a growing number of retired workers present a fiscal challenge, and part of the solutions there are to ensure that older workers have the skills and capacity to continue to work and contribute to production (see Box 5).

34. **Small island nations** are also a specific case, where geography is the determining factor—hampering links to markets and integration with value chains. Migration is one of the major jobs options—such as being used by Tonga, which is actively using the Recognized Seasonal Employer program launched by New Zealand in 2007 to provide employment opportunities through migration, leading to higher remittances, improved knowledge of agricultural techniques, computer literacy, and English-language skills.

35. **The “policy pyramid” for jobs described earlier is a critical lens to examine jobs policies in different contexts.** While these country typologies mostly speak to priorities, getting the fundamentals right is a critical agenda in most situations—to establish and maintain a stable macroeconomy in conflict-affected and resource-rich countries, to build rural roads and connections to markets in agrarian and urbanizing economies, to ensure reliable power supply in every part of the production process, to ensure the right type of basic education as the fundamental building block for job-relevant skills in countries with demographic pressures, and to ensure rule of law and stability as part of the jobs agenda in conflict-affected countries. Getting labor policies right, and staying “on the plateau” are critical for formalizing and aging societies, but using active labor market polices in the short run, especially for vulnerable groups, may be important for groups as different as ex-combatants in countries recovering from conflict, women in urban areas and youth in countries struggling to create sustainable employment for them.

36. **The policy mix for jobs may also change over time—crises and disasters call for instituting atypical measures that may need to be removed or adapted once the crisis is over.** As in the current global slowdown, jobs policies in times of financial crises put a premium on restoring macroeconomic stability and confidence in the future and lowering investment costs for hiring firms, while preserving firm-specific capital embodied in formal jobs. Thus policies that subsidize jobs in firms, together with an expanded social safety net, can be warranted under the assumption that the crisis is temporary and that restored growth and job creation would eventually eliminate the need for such policies.

37. **Initial conditions also influence the precise channels of transmission of shocks during economic crises, and thus affect the appropriate package of jobs measures.** In the aftermath of the global financial crisis of 2008-09, different countries had different labor markets outcomes despite facing similar trade shocks. For example, Jordan and Costa Rica experienced similar declines in export revenues between 2008 and 2009 of about 15%, but Jordan’s unemployment rate barely nudged up by 0.2 percentage points while Costa Rica’s increased by over 3 percentage points; the exports of Mexico and Thailand both fell by about 17%, but the unemployment rate in Mexico rose by 1.5 percentage points while Thailand’s rose by only 0.1 percentage points.²⁰ Hence, the degree and structure of international trade, as well as labor-market policies and institutions, are likely candidates to explain the notable difference in labor-market responses across countries that experienced similar export contractions in recent years.

38. **Natural disasters entail a different set of jobs policies than do economic crises.** The premium in such situations is on quick, focused investment in restoring the physical and institutional infrastructure that may have been destroyed, so that the connections to workplaces and to markets, as well as the fundamentals of basic infrastructure and rule of law are re-established. At the same time, public works programs (including to clear debris and to restore infrastructure) are important to maintain the human capital and provide basic incomes.

6. *The World Bank Group's Work on Jobs: Working with Client Countries on Prioritization, Diagnosis and Implementation*

39. **The World Bank Group (WBG) has played, and will continue to play, a catalytic role in helping partner countries develop and implement policies for jobs good for development.** Jobs are central to the WBG's core objective of poverty reduction and improved living standards, and, as described in the *Jobs WDR*, a driver for the entire development process that is at the heart of the WBG's work with countries. To partner countries, the WBG brings an unique package of global development knowledge, evidence-based analysis, technical assistance and capacity building, and financing for both the public and private sectors through leveraging the comparative advantages of its IBRD/IDA, IFC and MIGA branches.

40. For private sector development as a major driver of jobs (as synthesized in the paper "*World Bank Group Innovations in Leveraging the Private Sector for Development*" discussed at the April 21, 2012 Development Committee Meeting), the WBG provides financial support to country governments and private enterprises, knowledge and advisory services, with growing volumes of IBRD/IDA yearly commitments of loans aimed specifically at improving the investment climate, strengthening financial markets and building infrastructure for trade and private sector activity and analytical and advisory work provided by both the World Bank and IFC. Between FY06 and FY12, IFC has increased its commitments from \$8 billion to \$15.5 billion per year, and increased its mobilization of additional resources to \$4.9 billion—with the beneficiaries of this financing, in turn, providing 2.2 million jobs. During the same time, MIGA grew its issuances by 50 percent in support of foreign direct investment, from \$1.4 billion to \$2.1 billion.

41. **The WBG can work with partner countries in all three of the areas necessary for action on creating jobs: prioritization, diagnosis and implementation.** Countries interested in putting jobs at the center of development policy need to explicitly *prioritize* their policy objective in terms of what types of jobs are needed in the short run and over time, and the accompanying policy mix to achieve these goals. This requires a clear understanding of the particular jobs challenge for the country—including those posed by longer term factors such as changing demographics, trade patterns and technology. Countries also need to *diagnose* the most important constraints to job creation (which may differ in the short- and long-terms) and design appropriate policy packages. This requires the application of tools that identify binding constraints to job creation (including around political economy and institutions) and reliable data to underpin those diagnostics. And finally, countries need to have the capacity and coordination mechanisms to *implement* the policies to lift the constraints to job creation—including creating political and social consensus and support around the specific jobs agendas.

42. **First, for countries where jobs are a central development priority, the WBG uses its Country Partnership Strategy (CPS) or Country Assistance Strategy (CAS), which can provide an useful initial framework for policy dialogue around *priorities*, and for identifying the WBG's role in realizing them.** This entails elaborating a clear understanding of the particular jobs challenge facing the country (such as those explored in the country typology earlier), including those posed by longer term factors such as changing demographics, trade patterns and technology. A coordinated jobs-focused approach has been helpful in paving the way for jobs-oriented reforms in several countries, including today's industrialized nations. A recent example is the Korean government's 2010 "National Employment Strategy 2020 for the Balance of Growth, Employment and Welfare." The strategy is based on an analysis that for Korea, there was a mismatch between relatively strong growth and the inability of women and men—especially youth—to find proper jobs. The specific constraints that were identified, using good quality Korean data, were the need to directly involve the private sector as a collaborating partner to implement economic and industrial policies in a job-friendly manner; the need to improve flexibility and fairness in the workplace through changing labor regulations (including a mandatory 40-hour workweek for all firms and

more flexible hiring practices); the need for more flexible part-time work arrangements and training programs to increase labor force participation and skills of women, youth, and older workers; and social protection reforms that facilitate transitions from welfare to work.²¹

43. **For countries that want to use the “jobs lens” as a driver of their development imperatives, therefore, the CPS can provide an organizing structure within which to articulate priorities and programs towards that end.** This, for example, was the case with *Turkey* during the decade of the 2000s. Employment generation has been a constant objective and priority for policy action for Turkey during the last decades—being prominent in both the Seventh Five Year Development Plan (for 1996-2000) and the Eighth Development Plan (2001-07). In the Ninth Development Plan (for 2007-13), increasing employment was ranked second out of five main economic objectives. The CPSs that Turkey has had with the WBG have thus explicitly underlined the jobs lens as one of the key elements of the partnership. Accordingly, with better employment outcomes as the objective, the WBG has worked with Turkish authorities on a wide range of sequenced reforms—combining analytical pieces, development policy operations, private sector financing and capacity building. The work concentrated in earlier years on macroeconomic stabilization and accompanying structural reforms. It then sequentially moved to financial sector reforms, governance and other investment climate issues, reforming labor market regulations and active labor market programs, improving education, and consolidating social protection. Youth employment and improving women’s participation in the labor force have been particular issues that have been part of the dialogue on appropriate reforms.²² This broader CAS agenda was supported through WBG work at the company level. For example, given that women own 40% of businesses but only 15% have access to bank finance, IFC worked with client banks to increase such financing. These first “banking on women” projects in this region are expected to support financing to at least 600 women-owned SMEs by 2015, helping this under-served group expand their businesses—and to create jobs.

44. As another example, *Rwanda’s* jobs focus was also on exports (such as of coffee) but its jobs agenda had to balance short-term imperatives with building long-term fundamentals. The jobs that were needed immediately were for ex-combatants, in order to quickly build social cohesion, trust in institutions and rule of law. The government worked with the WBG and other partners on the Rwanda Demobilization and Reintegration Program, which supported reintegration and demobilization of former combatants. At the same time, the WBG, through the Investment Climate Reform Program, helped Rwanda put in place strong longer-term measures to reform regulations and the business environment. This has helped Rwanda become a top performer in terms of its investment climate. A recent evaluation estimated that the various investment climate reforms helped create between 15,000 and 17,300 jobs—while acknowledging that attributing job creation to any specific reform is difficult.²³ The WBG also made strong investments in infrastructure (especially transport and energy), rural development and human capital. These have yielded results in terms of jobs over the medium term (especially in the flourishing coffee export sector) and potentially in the future.²⁴ IFC, through the Rwanda Entrepreneurship Development Program, continues to provide support for the growth of smaller businesses, with training and tools to improve entrepreneurial skills. It also supports private investments, such as investments in the only five-star hotel in Kigali, where a 2011 evaluation showed that the hotel has supported over 1,100 direct and indirect local jobs.

45. **Second, when priorities are set, the WBG can help countries to *diagnose* the most important constraints to job creation (which may differ in the short-term and the long run), and to design appropriate policy packages across the sectors bringing to bear its global knowledge about “what works”.** This requires the application of tools that identify binding constraints to job creation (including around political economy and institutions). This analysis is especially important when barriers to job growth differ from the broader constraints to economic

growth or when they are linked to distortions or externalities—for example, how to specify the net loss in jobs that may occur when energy subsidies lead to adopt capital-intensive technologies. Binding constraints to the creation of jobs that are good for development may reside in the fundamentals of the economy, in the labor policies or in legal barriers and social norms, as it is often the case when the focus is on jobs for women. Thus, the diagnostics need to be comprehensive and extend well behind the labor market. The WBG, operating across sectors ranging from economic policy to agriculture and infrastructure, to private sector development and financing, to human development, is uniquely placed to provide this multisectoral lens to the job creation puzzle.

46. **Such analyses cut across all sectors and try to determine the constraints most binding to creating the right types of jobs—and offer policy options based on global knowledge on effective interventions** (see, for example, Box 2 earlier on evidence from investment climate reforms). The recent *Indonesia Jobs Report* is a good example of such a cross-sectoral jobs study. It identified the creation of poverty-reducing job opportunities and the realization of the demographic dividend as the key jobs challenges for Indonesia, and the report's analysis of the various constraints generated recommendations for much-needed reforms of labor policies and programs (the middle layer of the policy pyramid in Figure 2). However, it also emphasized a renewed focus on the “fundamentals” in terms of improving infrastructure and the investment climate, together with reforms to improve the quality of education.²⁵ Similar reports based on the *MILES* framework have also been done in *Serbia, FYR Macedonia, Lebanon* and *Tunisia*. Comprehensive labor market diagnostics have also been the focus of the Country Economic Memoranda of countries as diverse as *Pakistan* and *Thailand*, and of Poverty/Equity Assessments in *Bangladesh, West Bank Gaza, Colombia* and *Senegal*. These assessments, usually carried out in close partnership with national experts and statistical agencies, have laid the foundations for subsequent policies. Cross sectoral diagnostics of market and policy distortions associated with spatial and structural transformations of countries can be useful in assessing non labor market challenges that have significant bearing on jobs – particularly those that can generate positive spillovers. The WBG's Urbanization Reviews are cross-sectoral diagnostics of the urbanization process; 10 such reviews have been completed and 4 reviews (in *Nigeria, Philippines, Tunisia* and *Turkey*) in the coming year will pay particular attention to examine how land use and urban transport policies affect labor market opportunities, and identify specific interventions that can improve labor market outcomes.²⁶

47. **Third, the WBG is uniquely placed to leverage both the public sector and private sector to implement the specific sectoral policies and multi-sectoral policy packages and to make the critical investments that will lift the constraints to job creation.** The WBG's partnership with countries and private firms involves not just helping to identify the relevant policies and secure adequate financing, but developing the capacity to plan and implement policies and projects in a meaningful, measurable and cost-effective manner.

48. **Cross-sectoral jobs agendas in countries can be supported by multi-year policy advice provided through IBRD/IDA development policy operations, technical assistance or IFC advisory services.** These help governments and policymakers address specific binding constraints to broad and sustained job creation, and can bolster the government's ability to enact complex and interconnected series of reforms that are needed to effectively address their jobs agendas. The series of jobs-related Development Policy Loans (DPLs) described earlier for Turkey, or the sustained efforts to improve the investment climate, support entrepreneurs and support private investment in Rwanda are good examples of such multi-year support. As another recent example, to help create jobs through effective urbanization policies, *Colombia* has requested a Productive and Sustainable Cities DPL to enhance productivity, sustainability and inclusiveness of Colombia's urban system. To prepare this policy loan, the World Bank team worked across sectoral boundaries to put together a program that brings together multiple sectors including urban development and

housing, urban transport, logistics and connectivity, water and sanitation and disaster risk management. Additionally, the proposed DPL program reinforces linkages with additional areas of World Bank Group engagement in Colombia, including IBRD support for public sector management and sub-national capacity building and advisory support from the IFC towards that structuring of connective and logistics infrastructure concessions.

49. **IFC provides advisory services to governments, industries and companies, focusing on improving the investment climate, public-private partnerships, access to finance, and sustainable business advice.** The support to DCM Shriram Consolidated Limited (DSCL), a sugar producer in one of the poorest states in *India*, illustrates how combining investments with advice can help improve livelihoods of farmers. IFC supported DSCL in working with a total of 2000 existing sugarcane farmers, with plans to scale up to its broader 150,000 farmer supply chain. By June 2012, over 50 DSCL extension workers who were trained have reached out to 50,000 farmers in the supply-chain of DSCL, and more than 13,000 farmers have been trained on new package of practices. IFC is now scaling up this experience with six leading sugar companies in the country. Another example is IFC's advice, between 1999 and 2001, to assist the Government of Pernambuco, *Brazil*, in the establishment of a container terminal in the Suape port through a Public Private Partnership (PPP). A 2011 evaluation found that while direct employment effects were small, an estimated 6,200 jobs were created due to the new transport capabilities, allowing the expansion of firms in the regional economy. Almost 80% of firms reported that the new container terminal was important or indispensable for them in terms of location. Lessons from evaluations like this one inform IFC's ongoing operations, for example its support for the expansion of the container terminal in *Togo*.

50. **The WBG also works with clients on jobs interventions targeted to removing barriers in specific sectors or for specific groups.** For example, in agriculture, an essential pathway to increasing productive jobs lies in targeted interventions in the agribusiness industry, which can bring together infrastructure investments, policy reforms and support value-chains. One example is the FELDA palm oil land bank experiment in *Malaysia*, which has significantly improved rural living conditions and created at least 150,000 direct and indirect jobs. By focusing policies and investments along the palm oil value chain in one region (milling, fracturing, edible oil refining, shipping and dedicated financial services), it enabled major employment creation upstream and downstream, along the whole value chain. Similar agribusiness projects are ongoing elsewhere, as in the Ninh Thuan agri-cluster project in *Vietnam* and in Pran, a leading agribusiness firm in *Bangladesh*.²⁷ The idea is the same: designing policy packages, often sector-specific, that are tailored to the local conditions and economic and demographic structure of a country or a region in a country, in order to maximize sustainable job creation. Another priority area for the World Bank Group is improving access to infrastructure, especially access to power. The WBG often advises governments on legal and regulatory changes that may be necessary to allow and attract private investment in the sector. An example is a 2011 investment by IFC and guarantee by IDA to support *Cameroon's* biggest independent power producer, which followed several years of sustained World Bank Group efforts in the sector. Improving reliability of power supply has been shown to significantly improve growth in output and jobs.

51. **There are also ways in which the WBG can help design and implement jobs programs to help specific disadvantaged groups.** The World Bank's fee-based policy advice in *Slovakia* and *Latvia* and a results-based lending operation in *Romania* are helping develop policies for the inactive and long-term unemployed (including women and the Roma population) through examining the tax and benefit incentives built-in social assistance programs, and suggesting redesigns of key parameters, institutional and implementation arrangements such as eligibility and benefit rules, and weak links between social assistance and employment offices. In Tamil Nadu, *India*, the state government has worked with the World Bank in its Vazhndhu Kaattuvom Project

(VKP) project, which is focusing on training rural youth and the poor for jobs in the manufacturing and service sectors among other ways to improve livelihoods. As a result of the program, large multinational companies such as Nokia and FoxConn have already recruited over 2,200 economically disadvantaged youth, offering them around US\$100 after training. In most households, youth employment has almost doubled the family income. As of April 2012, 143,000 out of 171,000 trained youths were employed; 46 percent of them were female. Again, in several African countries rebuilding after war, the World Bank has joined with other donors to support programs that help young ex-combatants find work—through training programs and through directly employing them in public works to rebuild infrastructure. In *Sierra Leone*, a Bank-sponsored program is providing technical training, business development support, coaching, and other life skills training to 1,500 youth—many of them ex-combatants—who already have a micro-enterprise or are interested in self-employment.

52. **A specific goal for IFC is helping micro, small and medium sized enterprises (MSMEs) obtain access to finance.** With MSMEs creating numerous jobs in developing countries, helping them grow can foster jobs good for development in many countries. IFC works both through helping to improve the legal and regulatory framework for financial markets, setting up collateral registries and credit bureaus, and investing in and providing advice to financial intermediaries. In 2011, IFC's financial intermediary clients provided some 23 million loans to MSMEs, and a recently completed study estimated that these MSMEs in turn employed some 100 million people. Improved access to finance tends to be associated with higher levels of economic and job growth, with a case study in *Sri Lanka* showing that SMEs receiving finance—mostly for expansions and new technology—had job growth of 12%, about twice the country's average (though, of course, finance was not necessarily the sole reason for faster growth).

7. Improving Evidence-Based Policy-Making: The Agenda Ahead on Global Public Goods on Jobs

53. **Although the WBG is well-placed to help countries on their jobs agenda, there are three broad areas of jobs-relevant global public goods with still significant gaps for evidence-based solutions for jobs. These are adequate and timely data, cross-sectoral diagnostic tools, and a smooth flow of practical knowledge on country experience.** The WBG, as well as global donors, partners and international organizations, need to invest deeply in these three areas so as to fully equip developing country policymakers to make the critical decisions they need to create good jobs for development.

54. **Evidence-based policy decisions require improving the availability, quality and harmonization of data that can support detailed jobs-focused analyses.** And this poses three global challenges: to ensure that the right kinds of data are being collected; to improve statistical capacity and commitment to collect and openly share these data in developing countries; and to improve the coordinated use of the different types of data (individual, household, firm and macro) needed to investigate jobs.

55. **There is still much that needs to be done in improving the quality and availability of data, especially in developing countries.** As described in detail in Box 6 later, the agenda includes systematically including appropriate worker-oriented modules in household and enterprise surveys; improving the population of enterprises from whom data is collected; and the regular use of common enterprise identifiers. For many developing countries, especially lower-income ones, there is also a multi-year need to strengthen the capacity and resources of national statistical agencies, to regularly and reliably collect data and to promptly and publicly share the data collected.

56. **To fully capture the multi-sectoral nature of job creation, different types of data from various sources need to be combined.** This means bringing together information on the types of jobs workers seek, the skills they bring, the skills and characteristics demanded by firms, and labor market processes that match workers with jobs. And it means having the data to understand the determinants of firm entry and expansion, their choices of technology and their performance. The new Bank Group jobs data portal (datatopics.worldbank.org/jobs), for the first time, brings together available jobs-related data from across the sectors.

57. **Given the cross-cutting nature of jobs challenges, better cross-sectoral diagnostic tools are also needed to help flesh out possible solutions.** Many of the issues relevant for jobs are typically analyzed in core World Bank Group country analytical products (such as poverty assessments, growth diagnostics, investment climate assessments, country economic memoranda, gender assessments, labor market assessments, youth employment reports, green growth diagnostics and so on). However, the focus of these products on jobs would be facilitated by the availability of better-developed diagnostic and analytical tools. These would need to use fully multi-sectoral lenses to profile and benchmark progress towards job creation—and to analyze, evaluate and develop policy priorities from a jobs perspective. For instance, an innovative way to assess worker skills demanded by exporting firms is to combine labor force survey data with information on skills demand collected from surveys of private sector firms, together with administrative data from customs, which track firms exports by product, price (unit values), and export destination. World Bank research on Argentine manufacturing firms has shown that firms exporting to high-income consumers in Europe or the United States demand relatively more skilled workers and highly educated workers than firms that export the same product but to neighboring emerging markets.²⁸ But such multi-sectoral analyses are typically rare in much of the developing world.

58. *ADePT Labor* and the soon to be released *Business Diagnostics and Dynamics Tool (BuDDy)* are new tools from the World Bank that begin to develop the pre-conditions for such multi-sectoral analyses. ADePT is a user-friendly software package that derives basic diagnostics on jobs and earnings from household surveys. BuDDy, developed by the WBG operational teams working on Uganda and Moldova, uses pre-existing and nationally representative business registers and national accounts surveys to get quickly to facts about the links between business growth, productivity, investment and job creation, so as to diagnose desired policy reforms. These are useful early instruments, but work is beginning in the WBG to develop more and better tools that can be embedded into existing sectoral diagnostic instruments, so as to be able to identify complementary interventions needed from other sectors.

59. **The final part of the agenda ahead is to better share country experiences and to involve national stakeholders towards collective decisions on jobs good for the country's development.** Recently, the WBG initiated the Jobs Knowledge Platform (JKP, www.jobsknowledge.org), which can facilitate the global conversation around data improvement around jobs. The JKP brings together country representatives, World Bank Group staff and external partners, to coordinate jobs data efforts, discuss priority variables and sampling recommendations, and standards for access (as well as to facilitate knowledge exchanges about research findings, political economy and private sector perspectives on jobs). Such shared knowledge and combined problem-solving—nationally with country stakeholders including private firms and civil society, and internationally including other organizations such as the ILO, IMF, UN organizations and regional banks—is essential to build the best knowledge and capacity to address this complex issue.

60. **A critical part of national capacity-building processes is learning from the experience of other countries.** This is also because, in many cases, the most important constraints to jobs policies are not the lack of strategy or diagnostics, but political economy. And some of the best sources of knowledge to inform possible policy choices come from other countries' experiences in similar situations. The World Bank Group can support such conversations—both on specific

strategic challenges as well as on political economy issues—through facilitating South-South dialogue with relevant partners.

61. South-South conversations can also lead to opening specific policy avenues. As an example, through the World Bank Institute’s South-South Experience Exchange facility, *Haiti* has benefited from Brazil and Korea’s experiences with export-oriented garment production, identified as one of Haiti’s jobs priorities. Several Korean and Brazilian firms recently visited Haiti to assess potential business opportunities. Their subsequent report on employment and investment opportunities and technology transfer between these countries has spurred the development of policies promoting the Haitian apparel sector in Asia and Latin America; this is expected to lead to more of this kind of job in Haiti.²⁹ The World Bank Group can also support such joint learning at different levels, through capacity-building efforts anchored around the already existing Jobs Knowledge Platform and a range of learning and e-learning activities.

62. A global conversation focusing on these issues and sharing experiences on how to best address different country priorities on jobs will be central to developing effective ways to foster jobs good for development.

8. Questions for discussion:

1. *What role would policymakers want to see the World Bank Group play—in terms of global knowledge, policy advice, financing and capacity-building—in helping partner countries promote jobs good for development?*
2. *How can the global public goods around data and multi-sectoral analytical tools be best supported?*

Box 6: Ensuring adequate data for the proper analysis of jobs policies

Is the right data available? There are several data sources that provide information on the self-employed, wage workers, owners of household-enterprises (primarily informal) and formal enterprises (of a minimum size).

- Household surveys and labor force surveys are administered in most countries, and in many middle income countries on a regular basis. Some surveys include household enterprise modules.
- A limited number of middle income countries have panel surveys of firms or firm census data (although usually with a minimum threshold of employees)
- The World Bank's Group's Enterprise Surveys provide information on employment and firm performance for formal firms, with some panel data available.
- The Jobs Databank (datatopics.worldbank.org/jobs/) provides online access to multi-sectoral aggregate data on employment indicators, firm entry, human capital indicators, business environment measures, labor policies and institutions and structural indicators of the economy.
- In-country administrative data: when the databases from the relevant agencies (registry, social security and taxes) are connected, then governments can use matched firm-employees datasets to monitor formal job creation and destruction in the business sector.

Where are the gaps in the data? There are still holes in the types of enterprises covered and in the ability to look at changes over time using either enterprise or household surveys. There are also few examples of datasets that combine employer and employee data that would allow a joint analysis of labor demand and supply issues. The range of variables collected could also be improved and standardized.

- Many low income countries do not have a regular firm census (and countries with such data severely restrict access to it). Thus, there is need to build statistical capacity to carry out such surveys, and to provide researchers arms-length access to the data so that analysis can be done while preserving the confidentiality of individual records.
- Countries that do collect employer data often collect employee data too. However, the two types of data are rarely merged. Allowing employer-employee matched data would allow for detailed human capital information to be analyzed in conjunction with firm performance measures. Administrative data matching employers and employees would offer the most comprehensive panel databases of formal employment in the enterprise sector. But these require that the relevant agencies be computerized and connected through a common enterprise identifier.
- There is very little panel data available outside of national firm census data. The Enterprise Surveys do have some panel components, but the waves are often 3-5 years apart and do not always cover all of the initial wave and cannot always identify firms that exited from those that did not participate an additional time. Likewise most household surveys have a limited panel dimension; some do follow households over several quarters, but the household enterprise modules almost never have panel data. This makes it hard to study determinants of entrepreneurship, employment responses to shocks, transitions across employment categories etc.
- Larger household enterprises and smaller non-household enterprises tend not to be covered by either instrument. The Enterprise Surveys sample based on enterprises located in market areas and the household surveys enterprise cover family run enterprises, primarily those run out of the home. If the two types of surveys were fielded together, samples could be designed to cover these missing types of enterprises.
- Additional dimensions to capture: The WDR expands some of the dimensions in which jobs can matter, particularly on the social cohesion dimension. New questions may need to be designed to capture these indicators.

How can the gaps be filled? There is scope within existing instruments to address some of these gaps by expanding the questions asked and by expanding sampling methodologies.

- a) Enterprise Surveys ask about the number of employees, the gender of the senior management and owner. They will need to include a *more detailed labor module* (now available), with employment broken down by category of jobs and gender, information on which types of workers get training and from what source, and the time to fill vacancies.
- This can be complemented by administering a *worker survey* in conjunction with the Enterprise Survey, selecting 10 workers in the enterprise to complete a survey of their educational and training background, family characteristics and work history. This (piloted in some African countries among others) allows for an analysis of a broader set of human capital measures along with firm performance measures.
- The Enterprise Surveys target formal firms in urban areas, with a minimum size of 5 employees. The same instrument, however, can be used to capture *small firms and unregistered firms* (which require a few adaptations of the instrument). This has been demonstrated in a few countries in Sub-Saharan Africa, where surveys have been specifically administered to "micro" enterprises with less than 5 employees. Surveys of informal enterprises have also been conducted in a handful of countries. With selected industrial/market areas, a census of enterprises is taken, regardless of size or formality to provide the sampling frame. With additional resources, enterprises in more rural or peri-urban locations could be included too.
- b) Household surveys can have enterprise modules. However, the content of the modules vary greatly across countries. More needs to be done to standardize the information that is collected and to encourage more countries to include this module in their surveys
- c) Finally, countries could put in place common enterprise identifiers that are used jointly by the registrar's office, the tax authority and the social security or labor administrations, in order to enable connectivity between employers' administrative databases and workers databases. These would offer governments comprehensive matched employer-employee databases to track formal employment dynamics in the enterprise sector.

Source: Authors

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NOTES

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- ¹ September 24, 2011 communique of The Joint Ministerial Committee of the Boards of Governors of the Bank and the Fund on the Transfer of Real Resources to Developing Countries, available from <http://worldbank.org/devcomm>
- ² April 21, 2012 communique of The Joint Ministerial Committee of the Boards of Governors of the Bank and the Fund on the Transfer of Real Resources to Developing Countries, available from <http://worldbank.org/devcomm>
- ³ http://g20.org/images/stories/docs/g20/conclu/G20_Leaders_Declaration_2012_1.pdf
- ⁴ World Bank 2012a.
- ⁵ Gindling and Newhouse 2012.
- ⁶ Gindling and Newhouse 2012, Tables 2 and 3.
- ⁷ See the World Bank and IFC 2011.
- ⁸ See Lee and others 2012.
- ⁹ World Bank 2012, Chapter 1.
- ¹⁰ ILO 2012, Table A10.
- ¹¹ According to ILO LABORSTA data from the mid-2000s, the proportion of public sector employment to total employment was Brazil 2007 (11%); Chile 2008 (10%); Egypt 2008 (25%); Finland 2008 (25%); France 2006 (24%); Georgia 2006 (20%); Japan 2009 (7%); Mexico 2008 (9%); South Africa 2006 (12%); US 2008 (16%).
- ¹² As an example, the types of infrastructure needed varies with whether countries are exporting and the types of goods. Airports are needed for cut flowers, ports for manufacturing exports; and power may be more important for formalizing and urban economies than those that are primarily agriculture.
- ¹³ See World Bank 2012c.
- ¹⁴ 27% of more than 70,000 firms surveyed in the developing countries by the World Bank, rate “access to electricity” as the top constraint to business development (www.enterprisesurveys.org)
- ¹⁵ Commission on Growth and Development 2008.
- ¹⁶ Hanushek and Woessmann 2009.
- ¹⁷ See, for example, in the case of Chile, Pagés, and Montenegro 2007.
- ¹⁸ Ahsan and Pagés 2009
- ¹⁹ Kucera and Roncolato 2008.
- ²⁰ These data are from the IMF’s WEO database.
- ²¹ World Bank 2012a, “Question 2”.
- ²² See IEG 2009.
- ²³ Economisti Associati 2011
- ²⁴ World Bank 2012a, Overview.
- ²⁵ World Bank 2010.
- ²⁶ See www.urbanknowledge.org/ur
- ²⁷ Bangladesh positions is pursuing a comprehensive national plan called “A Road Map towards Investment in Agriculture, Food Security and Nutrition” with the support of Global Agriculture and Food Security Program (GAFSP). Since FY08, IFC has made two investments of a cumulative US\$ 21 million, including funding mobilized from GAFSP’s private sector window, in the firm Pran, helping finance capacity expansion in a few subsectors and dairy operations. Pran provides 1,150 direct jobs in its processing plants and collection centers, all based in rural areas. In addition, over a period of 3 years, about 2,200 indirect jobs are estimated to be created, mostly in rural areas, along with 300 direct jobs. Pran’s establishment of dairy hubs that provide extension services to dairy farmers for enhancing productivity, and guaranteed offtake of milk at higher prices, are likely to have significantly increased farmer incomes.
- ²⁸ Brambilla and others. 2012.
- ²⁹ See World Bank Institute’s South-South Learning website <http://wbi.worldbank.org/wbi/south-south-learning>