JOBS
AND Human Development

THE WORLD BANK
Jobs are taking center stage in discussions on international development. The reasons go beyond immediate political events, and, as outlined in the World Bank’s 2013 World Development Report on Jobs, are multi-faceted and deeply linked to the very process of development. For the majority of people, their livelihoods depend on the jobs they have, and work-related events are the most frequent reason for families to fall into or escape from poverty. Economic growth and development occurs through jobs; economies produce more when people become more productive in their jobs, and when they move from farms to firms or from villages to towns to urban centers. Jobs affect people’s physical and mental health and well-being. Jobs also influence how people interact and can shape people’s expectations and aspirations, including their sense of belonging in society.

All countries, regardless of income, face challenges creating and sustaining adequate job opportunities for their citizens. Over the next 20 years, for instance, the South Asia region will need to add at least one million additional jobs each month to accommodate an expected 350 million people entering the working age population. Often, the issue is not the quantity of jobs, but the fact that most workers are engaged in menial or low-productivity activities — as subsistence farmers or as self-employed or even unpaid workers in small household enterprises, lacking access to proper working conditions and social protection; an estimated two-thirds of the world’s labor force works in this type of setting. Another challenge for many countries is to integrate women into the workforce.

To advance the global jobs agenda, what is needed are the right investments in people.
labor market. In the Middle East and North Africa, for instance, less than 30 percent of women are gainfully employed or looking for a job.

Unemployment also remains a stubborn problem among youth. An estimated 25 percent of young people ages 15-24 in the Middle East and North Africa lack jobs – more than twice the unemployment rate for all adults in the region. In Africa and South Asia, a prolonged school-to-work transition – made more challenging by the youth population bulges in many countries – risks creating long-lasting consequences for both young people’s own development prospects and for broader social stability.

Jobs, at their core, are about people — and the huge developmental benefits from jobs can only be realized if societies and families make the right investments in people. As discussed in the 2013 World Development Report, countries that have developed the right fundamental conditions – including macroeconomic stability, an enabling business environment, and rule of law – are much better able to promote entrepreneurial activity, investments, new business start-ups, and expansion of existing firms. But preparing and enabling people to acquire and succeed in jobs is just as important.

So to advance the global jobs agenda, what is needed are the right investments in people—the right skills for people to secure good jobs, the right protection for people against risks arising from volatile economies, and the right mechanisms to help people transition safely and smoothly from one job to another. Following are some examples of how the World Bank is helping developing countries - with financing, knowledge, and technical support – to address the jobs challenge for development from a people-oriented perspective.
Policymakers worldwide are struggling with how to ensure people have the right skills to succeed in the labor market. Skills matter for better jobs and improved welfare: People with more education and better skills are more likely to be employed in stable and satisfying jobs and also to earn more so they can better provide for their families. Skills matter for social cohesion: With the right knowledge and skills, people can engage more actively in the political and cultural life of their community. And skills matter for productivity: People with more education and skills are more valued by employers and are better able to take advantage of new economic opportunities and productivity-boosting technologies, as well as to raise the productivity of their co-workers or their businesses.

Countries with a more highly skilled workforce, as reflected in test scores on international assessments, have seen faster economic growth. Yet many developing countries lack the skilled citizenry required to grow their economies more rapidly. In some of the poorest countries, recent studies show that the share of primary school graduates who cannot read a single sentence ranges between 25 and 50 percent. In middle-income countries, the share of working-age adults with a high school diploma still averages only 30 percent.

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A major challenge for all countries is a scarcity of workers with job-relevant combinations of cognitive, behavioral and technical skills. Firms in developing countries rank getting appropriately skilled workers as one of their top concerns. The capacity to learn new skills is essential in a globalized economy where workers may change jobs and areas of specialization multiple times over their working lives. These are the reasons why the World Bank supports countries’ efforts to invest in building a skilled workforce throughout the life-cycle, starting in early childhood, through primary and secondary education, to tertiary education, and through technical and vocational education and job training programs.

**Measuring skills to inform smarter policies in Vietnam.** Vietnam aims to improve the skills of its workforce to accelerate its economic and technological ascent, but is hampered by a lack of data on level and distribution of skills in the workforce and gaps in relation to employers’ needs. With support from the World Bank, Vietnam is undertaking a national skills measurement survey to fill this data gap so that the country can use international standards to gauge the skills of its working age adults. The data will make it possible for Vietnamese policymakers, educators, and employers to understand the skills levels and inequalities in the population, which skills employers need, and to design programs and policies to close the gap between skills supply and demand. Vietnam joins 13 other countries as part of the global World Bank’s Skills toward Employment and Productivity (STEP) measurement study. The data from Vietnam, together with those for 30 countries from the OECD’s Programme for the International Assessment of Adult Competencies, will create new evidence through an internationally comparable database on skills.

**Assessing policies and institutions for workforce development in Uganda.** The Ugandan government has adopted its $800 million Skilling Uganda Strategic Plan (2012-2021) which aims to reform the Business, Technical and Vocational Education and Training sub-sector to build skills, raise worker and firm productivity, and increase Uganda’s competitiveness in global markets in coming decades. To deepen dialogue with the government on the challenges of implementing the plan, the World Bank has deployed a new diagnostic tool for assessing workforce development.
development policies and institutions — the Systems Approach for Better Education Results (SABER) — to gauge the institutional bottlenecks that stand in the way of success. Assessment results have pinpointed the need for better coordination by key decision-makers and stronger collaboration between training institutions, employers, and industry stakeholders — insights which will guide systemic scaling up of education system reforms. As a follow-up to the SABER assessment, Uganda appointed a dedicated task force with representation from key stakeholders, including the private sector, to lead the reform effort.

**SAFER FOR WORKFORCE DEVELOPMENT**

The World Bank has launched the Systems Approach for Better Education Results – or SABER - initiative to help countries systematically examine and strengthen the performance of their education systems to achieve learning for all. Through SABER, the World Bank is working with partners in more than 100 countries to develop diagnostic tools that benchmark education policies according to evidence-based global standards and best practice. Workforce development is one policy domain that some countries are exploring through applying SABER, using institutional assessments to support policy implementation. By leveraging global knowledge, SABER fills a gap in the availability of policy data, information and knowledge on what matters to improve the quality of education and skills. More details can be found at www.worldbank.org/education/saber
Reforming job training programs in Chile. In Chile, the World Bank-supported Life-Long Training Project addressed several systemic issues in employment, including poor workforce skills; weak relevance of formal and non-formal training programs to meet labor market needs; inadequate information to connect trainees to training providers; and lack of a system to recognize and validate information on learning. The project encompassed some 1,000 industry-specified competencies (all now regulated under the Chilean Quality Assurance Standard) for 315 occupations in 12 priority sectors of the economy. Between 2003 and 2009, more than 29,000 workers were certified according to these standards. In addition, the National System for Certification of Labor Competencies was established in 2008, creating an institutional umbrella for articulating different types of education and training programs. A second-chance program under the project benefited 145,000 individuals with incomplete formal schooling, 92,000 of whom were able finish their basic or secondary education. The probability of getting a job rose by an average of 4 percent among program beneficiaries. Among those who took courses at the secondary level, average monthly incomes increased by 10 percent.

Facilitating access to training programs through vouchers in Kenya. In Kenya, the World Bank supported the Technical and Vocational Vouchers Program, a special initiative launched in 2008 to evaluate the demand for vocational training and the impact of training on job seekers. Evaluation results show that offering young adults vouchers to cover program costs led to a dramatic increase in the demand for vocational training, with 74 percent of those receiving vouchers enrolled in some type of training program, compared with less than 4 percent among those in the control group. Unrestricted vouchers that could be used for either a public or private training program were 10 percent more likely than restricted vouchers to encourage enrollment, and 16 percent more likely to reduce dropouts. The availability of well-targeted information also changed women’s training choices: Those who were shown videos of women working in traditionally male jobs, such as auto repair, and told that wages were higher in such fields, were more likely to express interest in or enroll in a male-dominated course. The program also has shown that both young women and men will take advantage of job training opportunities when cost is not an obstacle.
**Reaching disadvantaged populations in the Dominican Republic.**

In the Dominican Republic, the World Bank-financed Youth Development Project, launched in 2006, seeks to expand job opportunities and reduce risky behavior among at-risk youth. The project offers vulnerable youth ages 16-29 a package comprising classroom-based vocational and life skills training combined with an internship at a private business and a stipend to cover transportation costs. Preliminary project results confirm that 12 to 18 months after completing the training, female participants were more likely than individuals in the control group to be employed, to earn more, and to find greater satisfaction in their work. Furthermore, women were also more likely to delay pregnancy and to have fewer children. For all participants, the life skills training module increased their motivation to find a job.

**Investing in advanced skills through higher education in India.**

In India, the World Bank-financed Technical Engineering Education Quality Improvement Project is the first Bank project in India with an explicit focus on higher education. With more children entering elementary school than ever before, the need to focus on secondary education and beyond has emerged — including building the skills of India’s rapidly expanding workforce, whose ranks are joined by about 12 million new entrants each year. This multi-phase project was conceived as part of India’s National Policy on Education, which aims to improve the quality of technical education and enhance the capacities of educational institutions to be more responsive to a rapidly changing economic and technical environment and to create a pool of world class professionals to propel the knowledge economy forward. During the first phase of the project between 2002 and 2009, employment rates for undergraduate students in the beneficiary institutions nearly doubled from 41 to 76 percent, and more than doubled from 25 percent to 56 percent for postgraduate students, indicating the greater relevance of the training programs and increased skills of graduates. Through 2014, this project will continue to increase and enhance the supply of advanced engineering skills to promote India’s economic development.
People searching for their first job out of school, looking for a job after a period of unemployment, or trying to move from one job to another, face numerous challenges. They may not know where to find information on job openings, how to market themselves to potential employers, or how to navigate a new job search without putting their existing job in jeopardy. Such transitions are inevitable, but there are steps governments and the private sector can take to ensure they happen more quickly and smoothly, with minimal risk to family welfare, productivity, or social cohesion.

The World Bank works with countries to design and implement a range of programs to manage these types of job transitions. Employment services, for instance, can be used to address information problems and connect individuals to jobs more suitable for their skills. Wage subsidies provide incentives to employers to hire workers with little or no work experience, including youth entering the labor market for the first time. Other programs combine mentoring, advisory services, training in business management, and credit to support transitions into self-employment. During transitions from school or inactivity to work or between jobs, public works programs and services can provide a safety net that helps people stay afloat.

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Supporting self-employment opportunities in Uganda.

In 2005, Uganda launched the Youth Opportunities Program (YOP) as a component of the Northern Uganda Social Action Fund (NUSA). The program provides training to unemployed youth through vocational skills, trade skills, leadership abilities, community reconciliation, and conflict resolution. It is targeted to the most vulnerable, unskilled young people.

Improving open data for better labor market policies

There is no one-size-fits-all approach to tackle the jobs agenda. That’s why the World Bank is compiling the best data available on active labor market programs and conducting impact evaluations to help policy-makers determine what works best, what doesn’t, and why.

In collaboration with the German Agency for International Cooperation (GIZ), the Inter-American Development Bank (IDB), Youth Employment Network (YEN), and the International Labor Organization (ILO), the World Bank has developed a Youth Employment Inventory that provides comparative information of more than 500 youth employment programs in around 90 countries.

The World Bank is also developing a global inventory of labor market programs. This information will become part of ASPIRE, the Atlas of Social Protection with Indicators on Resilience and Equity, launched by the World Bank in 2012. ASPIRE is the first global compilation of data from household surveys documenting social protection. It provides a worldwide snapshot of social protection coverage, targeting, and impact on well-being by drawing on household surveys to identify countries’ social protection programs, group them into categories, harmonize core indicators, and detail people’s well-being.

For more information go to www.worldbank.org/spatlas
Addressing the high unemployment among university graduates in Tunisia. In Tunisia, a soaring unemployment rate among university graduates — 22% in 2009 — spurred creative ideas to help students transition to the workforce. A World Bank-supported program has helped graduates sharpen their entrepreneurial skills through writing a start-up business plan as a senior thesis. Under the program, students in their final semester receive training courses on entrepreneurial skills, supervision from professors, and private sector coaching from professionals in an industry relevant to the student’s business idea. Students then enter their business plans in a juried competition; winning entries receive start-up grants. The program has fostered business skills, expanded networks, promoted self-employment among new graduates, and affected a range of behavioral skills. Participation in the entrepreneurship track has also heightened graduates’ sense of opportunity and optimism toward the future in the context of the Tunisian revolution.

Providing a safety net while creating local demand and jobs in Ethiopia. Since 2005, with support from the World Bank, Ethiopia’s Productive Safety Net Programme has succeeded in combating food insecurity and poverty in rural and urban areas, where frequent droughts increase risks to households. It offers a package of labor-intensive public works to create sustainable community assets for environmental restoration, as well as direct cash or food transfers to poor citizens unable to find work. In 2011, the program provided more than 9 million people with reliable income, and proved to be critical for those affected by drought and lean agricultural yields. The program reported a 4 percent increase

(aged 15-35 years old), who are unemployed or under-employed, and to those who live in areas with limited access to education or areas beset by insecurity or political instability. Participants receiving cash grants through the program, to cover vocational training and materials or tools to start a business, have shown good progress. One year after receiving a YOP grant, some 68 percent of recipients were working in a skilled trade, compared with 34 percent of the control group. The recipients also had 50 percent higher net incomes than those in the control group, translating to an extra $9 a month.
in wage employment and increased livestock ownership and grain production, expanded household credit, and promoted creation of small businesses. One-quarter of beneficiaries reported that they started their own off-farm business activity. For participating households, food security improved, allowing them to better weather unanticipated shocks.

**Wage subsidies for bringing women into the labor market in Turkey.** In Turkey, as in much of the Middle East, low and declining participation of women in the labor force has been a major challenge. The World Bank worked with the Turkish government to produce a study that examines the causes of this low participation rate and outlines policy options that could help the country reap the substantial social and economic dividends associated with greater participation of women in the labor force. The study revealed that low-skilled Turkish women face important economic and cultural barriers to employment in urban settings, such as low salaries, lack of affordable child care, long working hours, and family or social demands to remain at home. As families anticipate these outcomes, they tend to under-invest in girls’ education, thus perpetuating low participation of women in the labor force. To encourage more formal employment for women, the Turkish government introduced a program that subsidizes employers’ social security contributions for newly hired women for up to five years. With World Bank support, the government also launched a comprehensive evaluation of the National Employment Training Agency to expand its coverage and better target training to serve the needs of women.

**Activating and connecting individuals to jobs in Argentina.** Following the economic crisis of 2001-2002, Argentina’s government shifted policies from large emergency workfare programs to active labor market programs to support sustainable job creation. The main goal was to promote the stable integration of unemployed, poor, and young workers into formal sector jobs. The World Bank supported Argentina in the design and implementation of an initiative to improve employment prospects, such as life-skills training workshops, access to Ministry of Labor programs for vulnerable groups such as poor high school drop-outs, and intermediation services through a net-
work of municipal employment offices — essentially one-stop shops. The program upgraded management and information systems, promoted links between employment offices and employers, and implemented a monitoring system to track applications, vacancies, and job referrals. Today, there are 461 functioning offices serving 1.5 million workers across the country each year. In each office, workers are able to access services including assistance with job applications, personalized counseling sessions, training and education referrals, and referrals to other social or employment programs. Data suggest that participants in the youth employment program had a 50 percent greater chance of securing formal employment as compared to other youth with similar characteristics in the overall labor force.

No national jobs strategy is complete without adequate measures to protect workers.
No national jobs strategy is complete without adequate measures to protect workers from abuse, discrimination, and social and economic risks. Many countries have adopted labor regulations to protect workers from arbitrary, unfair, or discriminatory actions by their employers, for example, but worldwide, only a minority of the labor force benefits from such regulations. Reasons for this vary by country. Workers who are self-employed or work in the agricultural sector often aren’t covered by the law. Regulations such as minimum wage and severance pay, or mandatory contributions to social security, can be expensive for small and low productivity firms, and as a result they may offer informal contracts to their employees. In addition, enforcing labor regulations and mandatory benefits is difficult in the presence of a large informal employment sector.

Recognizing there is no one-size-fits-all approach to worker protection, the World Bank supports countries in their efforts to develop the right solution for their unique social and economic circumstances, with a focus on expanding social protection and insurance coverage while also maintaining or providing incentives to create jobs.

Implementing a minimum wage in Malaysia. In Malaysia, the World Bank helped the government assess the suitability and best design for a national minimum wage policy — something that didn’t exist prior to 2010. The government’s primary objective was to offset gender disparities in the Malaysian labor market and the weak bargaining power of low-skilled workers, many of whom are women and youth. The World Bank’s analysis provided evidence to the Malaysian government on the best policy design features (e.g., coverage and wage levels) and the potential impact on the labor market, and recommended setting a minimum wage between 900 and 1,000 Malaysian Ringgit per month, which would apply equally to men and women, but with a different level...
for youth. The World Bank worked with the government to ensure that adjustments to the minimum wage are based on objective measures of changes in the cost of living, firms’ productivity, and labor market conditions. To achieve this, the government created an independent technical commission in charge of setting minimum wage policies.

**Setting unemployment benefits linked to pensions in Jordan.**

With support from the World Bank, Jordan developed an innovative unemployment insurance system that addressed potential costs to businesses and concerns about incentivizing people to seek and keep jobs. The country’s system is based on individual savings accounts integrated with the pension program. As in a traditional unemployment insurance system, when workers become unemployed they receive a percentage of their last salary for a certain number of months. The implementation of the unemployment benefit system did not increase social security contributions because it was accompanied by a reform of the pensions system. To provide better protection for workers, the new system allows workers to receive unemployment benefits, up to a maximum, even if their accounts run a negative balance. The difference is financed from the pensions account. Individuals are then allowed to contribute more to the pensions program or opt to retire with a lower pension. Because unemployment benefits are linked to worker savings for pensions, the system provides incentives to work and avoid unemployment.

**Expanding health insurance coverage for workers in India.**

Most of India’s workers are in the informal sector and thus not part of the payroll tax-financed social insurance programs. To address this coverage gap, and with the support of the World Bank, in early 2008 the government of India rolled out a national health insurance program targeted to the poor. By 2012, more than 100 million people had been enrolled in this innovative program which uses technology to make cashless and paperless hospital transactions possible. The “smart card” uses biometrics to verify the identity of the patient, thus reducing the potential for fraud and allowing for tracking transactions at the individual level. The premium is paid by the state and central government with only a nominal payment from the beneficiary.
The program is also notable for its public-private partnership with both private insurance companies and hospitals participating throughout most of the country.

**Reducing non-wage labor costs in Turkey to create jobs.** Prior to 2007, high non-wage labor costs in Turkey were constraining the creation of formal jobs, especially for low-skilled workers and for workers with families. The World Bank assisted the Turkish government in assessing the potential impacts on employment of reducing social security contributions, showing that targeted reductions could have significant positive effects on the employment of unskilled and young workers. As a result, the government supported a general reduction of the employers’ contribution to social security of 5 percent. The shift in policy has resulted in the creation of an estimated additional 85,000 jobs every year. Additionally, the government introduced a temporary measure between 2009-2011 to subsidize the hiring of young people (below 30 years of age) and women, consisting of 100 percent of employers’ social security contributions (at the legal minimum wage) in the first year, with a 20 percent decline per year in the subsidy over the following four years. This policy has contributed to the creation of about 200,000 jobs.

*The World Bank can, and will continue to, support countries with knowledge, financing, and technical support necessary to invest in people and create more and better jobs for their citizens.*
INVESTING IN PEOPLE, PROMOTING PROSPERITY

Strong human development policies and programs — those that improve skills and employability, help people find jobs or start a business, and protect people from risks such as unemployment or disability — are necessary for any national jobs strategy to succeed.

Clearly context matters: the economic and social impacts of a given policy or program will depend on the country’s level of development, demography and resource base, and institutional capacity. While there are lessons of what works and what does not, there are no universal recipes for when or how to set up a job training program or an unemployment benefit system. What’s critical is that countries systematically monitor and measure the impacts of the job policies and programs they implement, introducing adjustments and improvements over time. Countries also need to adapt their job policies and programs to changing labor market conditions, for instance, as a result of an economic downturn or during a demographic transition.

The 2013 World Development Report finds that poverty falls as people work their way out of hardship and as jobs empower people to invest more in their children. Efficiency increases as workers are more skilled and get better at what they do, as more productive jobs appear, and as less productive ones disappear. Societies flourish as jobs foster diversity and provide alternatives to conflict. This virtuous cycle begins with investing in people, so the human development aspect of the jobs agenda deserves greater attention and investment from decision-makers in both the public and private sectors. Amid uncertain economic times, the World Bank can, and will continue to, support countries with knowledge, financing, and technical support necessary to invest in people and create more and better jobs for their citizens, with the goal of ending poverty and expanding prosperity for all.
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