

Development in Brief



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2013 World Development Report: Jobs

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Around the world, some 200 million people are currently out of work and actively looking for a job. In order to merely sustain the current ratio of employment to working-age population, 600 million new jobs will have to be created over the next 15 years. Nearly half of the roughly three billion people in employment worldwide work in agriculture, small household enterprises, casual jobs or as seasonal workers, often under disastrous conditions.

Therefore, according to the World Bank, creating "good jobs" that contribute to development is the central development challenge of the coming decades. This was also the reason for devoting this year's World Development Report (WDR) to the topic of jobs.

Development happens through jobs – but some jobs contribute more than others

The WDR understands jobs as activities that contribute to people's monetary or in-kind income, therefore also including self-employment and informal employment. Employment does not arise automatically as a result of economic growth but, conversely, contributes significantly to growth. A major statement which the WDR therefore makes is that jobs are not primarily the result of development but first and foremost a means to achieve development. Jobs form the basis for improved standards of living, higher productivity and social cohesion.

Some jobs do more for development than others because, in addition to the individual value they have for the worker, they have important social externalities such as the integration of ex-combatants, which secures peace, or the empowerment of women. What types of jobs make a particularly large contribution to development depends on the country context.

Poor infrastructure and access to credit are the main impediments to job creation

The authors emphasise that it is not the role of public policies to create jobs. This must be done primarily by the private sector. The role of policies is to create the necessary prerequisites. These include site factors such as infrastructure, macroeconomic stability and the rule of law. According to the WDR, power shortages and lack of access to finance continue to be the main obstacles to the growth of private businesses.

In addition to ensuring that these conditions are in place, it is essential to understand and address a country's specific challenges to creating additional employment. Governments must set individual priorities as to what types of jobs are particularly important in their country. They should analyse why there are not more jobs of that type and either eliminate or offset the obstacles that prevent the creation of those jobs. To achieve this the WDR recommends the development of national jobs agendas.

Developing countries need national jobs agendas – eight types of countries

Here lies the main contribution of the World Development Report. It defines eight groups of countries according to level of development, institutional conditions, endowments and demography. For each group it describes the specific challenges and recommends the types of employment that can make a particularly valuable development contribution in this context. Some of the recommendations are listed below:

- In *agrarian economies* such as Mozambique, jobs that reduce poverty are most essential. Small-scale farming operations must become more productive in order to achieve higher incomes. Furthermore, jobs

should be created that make cities function better in fulfilling their roles as centres of growth.

- In *"urbanizing countries"* such as Bangladesh, productivity increases in agriculture have freed up workers who are now employed in higher-value-added sectors in cities. Here the WDR sees the priority in jobs for women, jobs that are not environmentally harmful and jobs that facilitate upgrading in the value chain.

- In *formalising countries* such as Mexico, formal (labour) legislation and social security systems already cover a large part of the population and the goal is to extend this cover to the overall population. According to the WDR, formalisation can be fostered through more effective and simplified regulation.

- In *conflict-affected countries* the focus is on promoting social cohesion. Here jobs for refugees, ex-combatants and young men, especially in construction and infrastructure, make a particularly significant development contribution.

- Countries with *high youth unemployment* should therefore focus on providing jobs on the basis of productivity criteria instead of privileges in order to improve equal opportunities practices.

- Further recommendations apply to small island nations, resource-rich countries and ageing societies.

Conclusion

The WDR recommends moving jobs centre stage in the development debate. It states that growth strategies in many cases are not sufficient to achieve significant improvements in living standards, productivity and social cohesion. A positive feature of the report is that it does not shy away from difficult issues and also considers unconventional views. However, its recommendations for courses of action fall significantly short of the detailed problem analysis. It leaves largely unanswered the question of how exactly the recommended types of jobs are to be promoted.

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