

world development report **2013** 

# *Jobs*



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# Foreword

Today, jobs are a critical concern across the globe—for policy makers, the business community, and the billions of men and women striving to provide for their families.

As the world struggles to emerge from the global crisis, some 200 million people—including 75 million under the age of 25—are unemployed. Many millions more, most of them women, find themselves shut out of the labor force altogether. Looking forward, over the next 15 years an additional 600 million new jobs will be needed to absorb burgeoning working-age populations, mainly in Asia and Sub-Saharan Africa.

Meanwhile, almost half of all workers in developing countries are engaged in small-scale farming or self-employment, jobs that typically do not come with a steady paycheck and benefits. The problem for most poor people in these countries is not the lack of a job or too few hours of work; many hold more than one job and work long hours. Yet, too often, they are not earning enough to secure a better future for themselves and their children, and at times they are working in unsafe conditions and without the protection of their basic rights.

Jobs are instrumental to achieving economic and social development. Beyond their critical importance for individual well-being, they lie at the heart of many broader societal objectives, such as poverty reduction, economy-wide productivity growth, and social cohesion. The development payoffs from jobs include acquiring skills, empowering women, and stabilizing post-conflict societies. Jobs that contribute to these broader goals are valuable not only for those who hold them but for society as a whole: they are good jobs for development.

The *World Development Report 2013* takes the centrality of jobs in the development process as its starting point and challenges and reframes how we think about work. Adopting a cross-sectoral and multidisciplinary approach, the Report looks at why some jobs do more for development than others. The Report finds that the jobs with the greatest development payoffs are those that make cities function better, connect the economy to global markets, protect the environment, foster trust and civic engagement, or reduce poverty. Critically, these jobs are not only found in the formal sector; depending on the country context, informal jobs can also be transformational.

Building on this framework, the Report tackles some of the most pressing questions policy makers are asking right now: Should countries design their development strategies around growth or focus on jobs? Are there situations where the focus should be on protecting jobs as opposed to protecting workers? Which needs to come first in the development process—creating jobs or building skills?

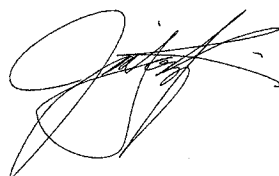
The private sector is the key engine of job creation, accounting for 90 percent of all jobs in the developing world. But governments play a vital role by ensuring that the conditions are in place for strong private sector-led growth and by alleviating the constraints that hinder the private sector from creating good jobs for development.

The Report advances a three-stage approach to help governments meet these objectives. First, policy fundamentals—including macroeconomic stability, an enabling business environment, investments in human capital, and the rule of law—are essential for both growth and job creation. Second, well-designed labor policies can help ensure that growth translates into employment opportunities, but they need to be complemented by a broader approach to job creation that looks beyond the labor market. Third, governments should strategically identify

which jobs would do the most for development given their specific country context, and remove or offset the obstacles that prevent the private sector from creating more of those jobs.

In today's global economy, the world of work is rapidly evolving. Demographic shifts, technological progress, and the lasting effects of the international financial crisis are reshaping the employment landscape in countries around the world. Countries that successfully adapt to these changes and meet their jobs challenges can achieve dramatic gains in living standards, productivity growth, and more cohesive societies. Those that do not will miss out on the transformational effects of economic and social development.

The *World Development Report 2013* is an important contribution to our collective understanding of the role of jobs in development. Its insights will provide valuable guidance for the World Bank Group as we collaborate with partners and clients to advance their jobs agendas. Working together, we can foster job creation and maximize the development impact of jobs.

A handwritten signature in black ink, appearing to read 'J. Kim', with a large, stylized flourish at the end.

Jim Yong Kim  
President  
The World Bank Group

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# *Abbreviations and data notes*

## **ABBREVIATIONS**

ADB	Asian Development Bank
ALMP	active labor market program
ARB	Asociación de Recicladores de Bogotá (Bogotá Association of Recyclers)
BPO	business process outsourcing
CAFTA	Central America Free Trade Agreement
CASEN	La Encuesta de Caracterización Socioeconómica Nacional (Chile National Socioeconomic Characterization)
CIRAD	Centre de coopération internationale en recherche agronomique pour le développement (Center for International Cooperation in Agronomic Research for Development)
CFA	Committee on Freedom of Association
COSATU	Confederation of South African Trade Unions
CSR	corporate social responsibility
ECLAC	Economic Commission for Latin America and the Caribbean
ECOSOC	United Nations Economic and Social Council
EMBRAPA	Empresa Brasileira de Pesquisa Agropecuária (Brazilian Enterprise for Agricultural Research)
EPL	employment protection legislation
EPZ	export processing zone
EU	European Union
FAO	Food and Agriculture Organization of the United Nations
FAFO	Forskningsstiftelsen Fafo (Fafo Research Foundation)
FDI	foreign direct investment
FACB	freedom of association and collective bargaining
GATT	General Agreement on Tariffs and Trade
GATS	General Agreement on Trade in Services
GDP	gross domestic product
GNP	gross national product
HOI	Human Opportunity Index
I2D2	International Income Distribution Database
IC	Industrial Council
ICLS	International Conference of Labour Statisticians
ICTWSS	Institutional Characteristics of Trade Unions, Wage Setting, State Intervention and Social Pacts
IDA	Industrial Disputes Act (India)
IDRC	International Development Research Center
IEA	International Energy Agency
IFC	International Finance Corporation

IFPRI	International Food Policy Research Institute
ILO	International Labour Organization
IMF	International Monetary Fund
IPCC	International Panel on Climate Change
ISSP	International Social Survey Programme
IT	information technology
IZA	Forschungsinstitut zur Zukunft der Arbeit (Institute for the Study of Labor)
KILM	Key Indicators of the Labor Market
KUT	Korea University of Technology and Education
MDG	Millennium Development Goal
MERCOSUR	Mercado Común del Sur (Southern Cone Common Market)
MFA	Multi-Fiber Arrangement
MGNREGA	Mahatma Gandhi National Rural Employment Guarantee Act
MIS	Management Information System
NASSCOM	National Association of Software and Service Companies
NEET	not in education, employment, or training
NGO	nongovernmental organization
ODI	Overseas Development Institute
OECD	Organisation for Economic Co-operation and Development
PISA	Programme for International Student Assessment
PPP	purchasing power parity
R&D	research and development
SEWA	Self Employed Women's Association
SEZ	special economic zone
SME	small and medium enterprise
SNA	System of National Accounts
SOE	state-owned enterprise
TEWA	Termination of Employment of Workmen Act
TFP	total factor productivity
TVE	technical and vocational education
UN	United Nations
UNDP	United Nations Development Programme
UNECE	United Nations Economic Commission of Europe
UNEP	United Nations Environment Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
WDR	World Development Report
WTO	World Trade Organization
WIEGO	Women in Informal Employment: Globalizing and Organizing

## DATA NOTES

The use of the word *countries* to refer to economies implies no judgment by the World Bank about the legal or other status of territory. The term *developing countries* includes low- and middle-income economies and thus may include economies in transition from central planning, as a matter of convenience. Dollar figures are current U.S. dollars, unless otherwise specified. *Billion* means 1,000 million; *trillion* means 1,000 billion.

