

“Delivering on SDG8 – Integrated pathways to economic transformation and inclusive labour markets”¹

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Introduction

It is urgent to accelerate progress in delivering SDG8. This paper synthesizes the findings of a series of studies of economic and labour market changes in a sample of 10 countries at different levels of development over the past 20 years. It illustrates the diversity of economic trajectories. It highlights economic gaps and labour market deficits that remain unaddressed. It reviews main policy insights. It concludes arguing that comprehensive and integrated national employment policies, centred on quality employment and inclusive labour markets according to local circumstances and priorities, could be a tool to prompt new types of economic transformation and support countries in a renewed drive toward achieving SDG8.²

1 Drivers of growth and productivity

A large set of targets and indicators covering economic, social and environmental dimensions provides the framework for SDG8. Output growth (indicator 8.1.1) and labour productivity (indicator 8.2.1) are points of departure. The weak performance of the poorest economies, many of whom are in Africa, is perhaps the most disappointing trends. As shown in Table 1, GDP per capita in low- income economies over the 2000-2018 period has been growing at an average annual rate of 2.2%, slightly higher than high-income countries, but quite below the SDG target of at least 7% per annum for the least developed countries. Robust economic growth was experienced mainly within the lower and upper-middle income groups of countries, driven by the outstanding accomplishments of the large emerging economies of China and India.

A few low-income countries were able to grow significantly. In our sample, a solid commitment to development strategy and a policy mix that favoured agricultural productivity, investment and structural change – ie the shift of workers to more productive non-farm activities – allowed Rwanda and Ethiopia to experience record economic growth, albeit from very low levels, with remarkable progress in reducing poverty and improving well-being (Malunda forthcoming, Ronnås and Sarkar forthcoming). Similar effects from structural change were at work in the emerging economies. In India, the shift of surplus labour outside of agriculture was a main driver of growth, compounded by the strengthening of productive capacities for the large domestic market, especially in services, within the organized and the unorganized sectors (Majid forthcoming).

Commodity booms were behind output increases in several middle income countries. Azerbaijan almost doubled its GDP in just a few years – from 2003 to 2010 - thanks to its large oil and gas reserves catering to new markets in advanced economies. Mining and fishing were main engines of growth in

¹ This paper has been prepared by Aurelio Parisotto with the assistance of Mauricio Dierckxsens and Miquel Bono Dalmases. A fuller version will be published as SDG8 Policy Brief 4, ILO forthcoming.

² The ten country studies are part of a global research project under the ILO/Sida Partnership on “More and better jobs for inclusive growth and improved youth employment prospects”. The focus is on the interlinkages between SDG targets 8.1 (sustaining per capita economic growth), 8.2 (sustaining labour productivity growth), 8.3 (promoting development-oriented policies), 8.5 (promoting full and productive employment for all women and men) and 8.6 (decreasing the share of NEETs by engaging young people in the labour market).

Peru (León forthcoming), despite some success of non-traditional exports, while Chile benefitted conspicuously from the rising price of copper, which alone constitutes about 50% of export revenues and helped the country reach high-incomes status (Pinto forthcoming). Where the export of extractives was not accompanied with industrial diversification, countries were exposed to vagaries in international prices and sudden drops in revenues. As the oil boom was slowing down after 2015, Azerbaijan experienced a significant decline in growth, a sharp devaluation, higher inflation, growing unemployment and a series of domestic bank failures that affected the local economy (Valiyev forthcoming).

TABLE 1 – Growth, productivity and export shares in selected countries and country groupings

Country by GNI per capita	GDP per capita avg. Growth (%)	GDP per employed person (constant 2011 PPP \$)	Exports as share of GDP (%)
2018	2000 - 2018	2018	2017
Low Income	2.2	4,141	20.4
Rwanda	5.1	3,863	18.2
Ethiopia	6.0	3,836	7.6
Lower-middle	4.0	17,854	23.8
India	5.2	18,565	18.8
Egypt	2.3	38,285	15.8
Philippines	3.5	19,918	31.0
Upper-middle	4.5	34,748	24.7
Azerbaijan	7.7	33,307	48.5
Peru	3.8	22,868	24.7
Costa Rica	2.6	36,699	33.1
High Income	1.3	94,489	31.5
Chile	2.8	50,669	28.5
Portugal	0.8	60,305	42.7

Source: WB WDI

Integration in global value chains in manufacturing was a less important driver. Exporters of non-extractives were affected by China's entry in WTO in 2001 and its gaining predominance as the world's manufacturing platform. Less opportunities to rapidly expand exports of labour-intensive light manufacturing goods through the vast production networks of multinational enterprises were available to the Philippines and Costa Rica, unlike those enjoyed by countries in East and South East Asia in the earlier decades. Both countries could still gain benefit from international trade, helped by economic reforms and good management and, in the Philippines, buoyant domestic demand from hefty remittances (Sauma forthcoming, Yap forthcoming).

There were strong headwinds from a turbulent international economic environment. The financial and economic crisis in the advanced economies in 2008-2009 had serious repercussions for the countries in our sample the more they were integrated in the global economy. Growth decelerated sharply in Peru and the Philippines and went into negative in Chile, Costa Rica and Egypt. Before starting its successful economic recovery in 2014, Portugal experienced a decline of almost 15% in its real GDP over the 2008-2013 period, with dramatic jobs losses and a burst of outmigration (Escária

and Pereira forthcoming). In most countries, adjustments to the global recession had negative employment effects, especially for the youth, making the path to inclusive labour markets particularly challenging.

The outlook for sustained economic growth in the run to 2030 remains subdued. Most experts agree that the prospects for buoyant global economic growth are slim. Increases in growth are projected to be moderate and fragile in the advanced economies, where very loose monetary policies are having a weak impact on the levels of productive investments and household consumption while running the risk of breeding financial vulnerabilities. Even emerging economies are slowing down their pace, either hit by balance of payment crises, declines in commodity prices or faltering investment and productivity. Given the importance that access to those markets has for lower income economies, the forecasts for the latter are also prudent. Greater uncertainty weighing on growth may also result from the effects of rising income inequalities, de-globalization, automation and climate change.

2 Diverse, incomplete structural transformations

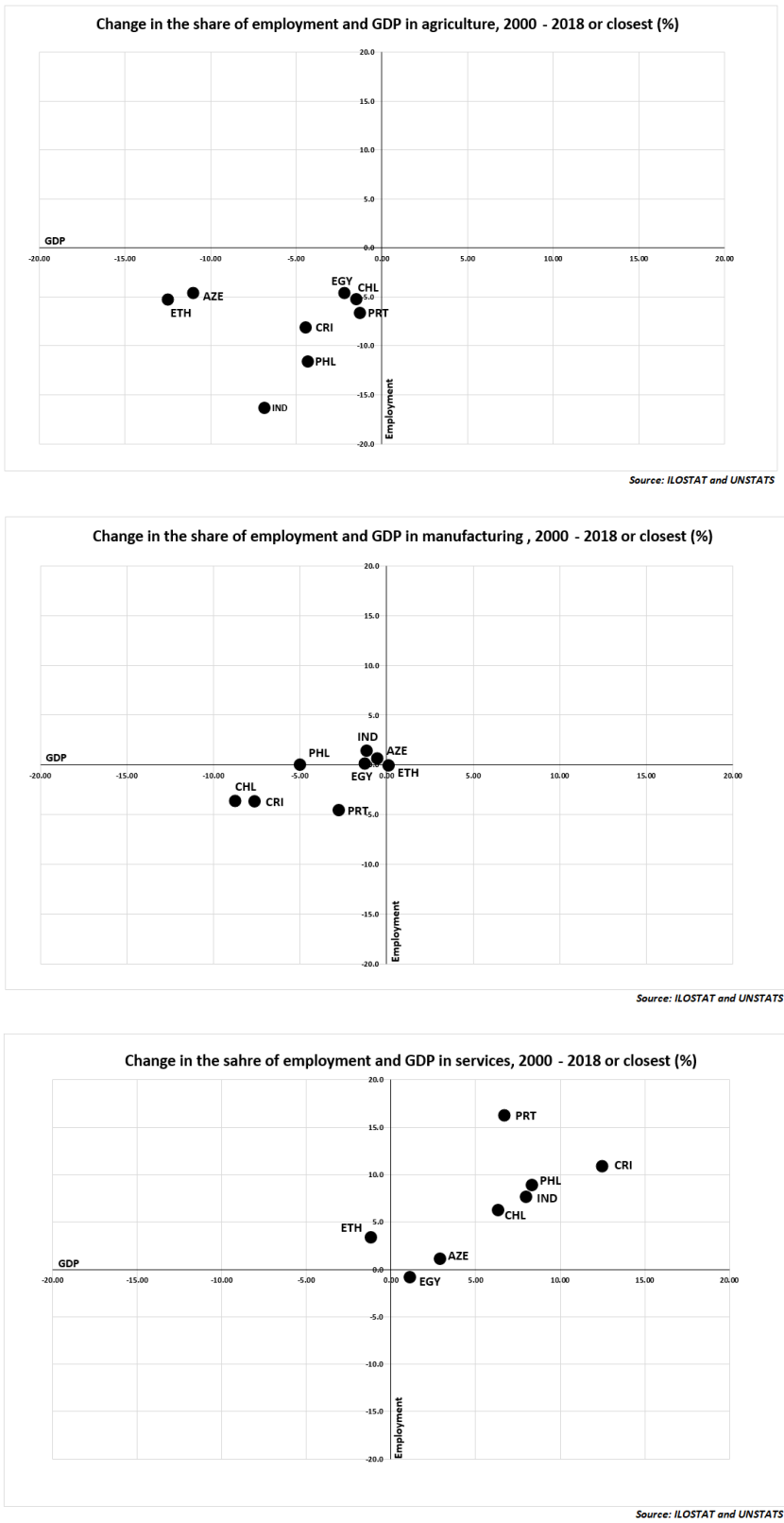
Structural transformation – ie changes in the sectoral composition of GDP - is the backbone of increases in productivity and robust long-run economic prospects for countries at lower levels of development, which stand far from the technological frontier. The typical pattern, based on the historical experience of advanced economies, consist of the switch from low-productive activities utilizing unskilled labour in agriculture to more modern, skill-intensive activities in manufacturing and high-end services. This worked differently across the countries in our sample.

The weight of agriculture in employment and production fell across the board. All 10 countries registered strong decline in the share of employment in agriculture over total employment and similar albeit less pronounced drops in the share of GDP (see Chart 1). The sector remains a prominent reservoir of jobs in low income countries, between 45% in India and 70% of total employment in Ethiopia. Continued transformation of agriculture remains key to further growth and development. In all countries, regardless of the level of development, pockets of poverty and extreme poverty remain concentrated in rural areas. In some cases, the shrinking of agriculture coexisted with within-sector productivity increases in niche markets – horticulture, fresh fruits or organic coffee. Costa Rica, Chile, Ethiopia, Peru and Portugal were able to develop competitive advantage in those niches and broaden their portfolio of non-traditional exports. New technologies and the spread of the so-called precision agriculture might boost this trend, with possible benefits for environmental sustainability.

Manufacturing was largely bypassed. The shift away from agriculture did not lead to a notable expansion of the manufacturing sector. Surplus labour out of agriculture moved directly into services, a pattern known as “premature deindustrialization” (Dasgupta et al., 2017; Rodrick 2016). With the partial exception of Ethiopia, the share of GDP in manufacturing declined in all countries, most significantly in the relatively more advanced countries - Chile, Costa Rica, Portugal and the Philippines. There were changes across subsectors and within-sector increases in productivity thanks to capital investment, skills development and organizational innovations. Costa Rica, for instance, experienced a shift in production in its Free Export Zones from the assembly of electronics to more skills-intensive manufacturing of medical products for the US market. The Philippines saw its textiles sector almost disappearing face to competition from other Asian countries, before enjoying a manufacturing boom that made the country one of the fastest growing economy in Asia in the past 10 years. Where it

occurred, however, the upgrading of manufacturing brought little benefits to the volume of employment (Yap forthcoming).

Chart 1 – Changes in the relative shares of employment and GDP by sector



The clearest increments took place in the service sector. All countries recorded visible increase in GDP and employment in services, with the only exception of Egypt where the aftermath of the Arab Spring had severe effects on the tourism industry and the country's public sector. The various activities comprised under services, however, are characterized by great heterogeneity and striking differentials in productivity. It is unclear how they contributed an alternative to manufacturing as the "engine of growth".³ Some of the most dynamic services were highly capital-intensive, with limited capacity for large-scale employment generation. In Chile, almost 25% of GDP increases over the 2000-2017 period was accounted for by business and financial services, a sector accounting for only 5% of total employment in 2018 (Pinto forthcoming). In other countries, assets inflation and real estate excesses bloated the nominal value of output.

Export opportunities were found in the service sector. Some countries were able to take advantage of the expansion of the service sector to export more. The Philippine took advantage of a large pool of English-educated young people to develop a thriving IT services offshore sector (Beom Kim forthcoming). In Ethiopia, the exports of services, driven largely by Ethiopian Airlines, outpaced the export of goods in recent years. Tourism was a conspicuous contributor to growth and recovery, more than doubling its share of GDP in Portugal and Philippines and almost tripling it in Rwanda. International tourism is a dynamic and highly competitive sector dominated by transnational value chains comprising the airline, transportation, hotel and accommodation industries. Yet local factors remain key ingredients of success - from availability of skills to infrastructure development, utilities, good administration and security - making it a challenge for poorest countries to break in. Sustainable tourism did not register a visible expansion, with the notable exception of Costa Rica that was able to develop a brand name for its commitment to good environmental practices.

Often, more traditional services accounted for the bulk of employment. Services such as commerce, education and health, personal services as well as the construction sector – which are less open to foreign competition – often accounted for very large shares of employment. In Portugal, non-tradable services including construction and the public sector accounted for 63% of employment in the last decade (Escária forthcoming). In Costa Rica, the public sector alone account for 28% of total jobs and an even larger share of formal wage employment, while direct formal jobs in the FDI sector account for only 5% of total employment (Sauma forthcoming). In Peru, gains in employment in services were largely due to retail (León forthcoming).

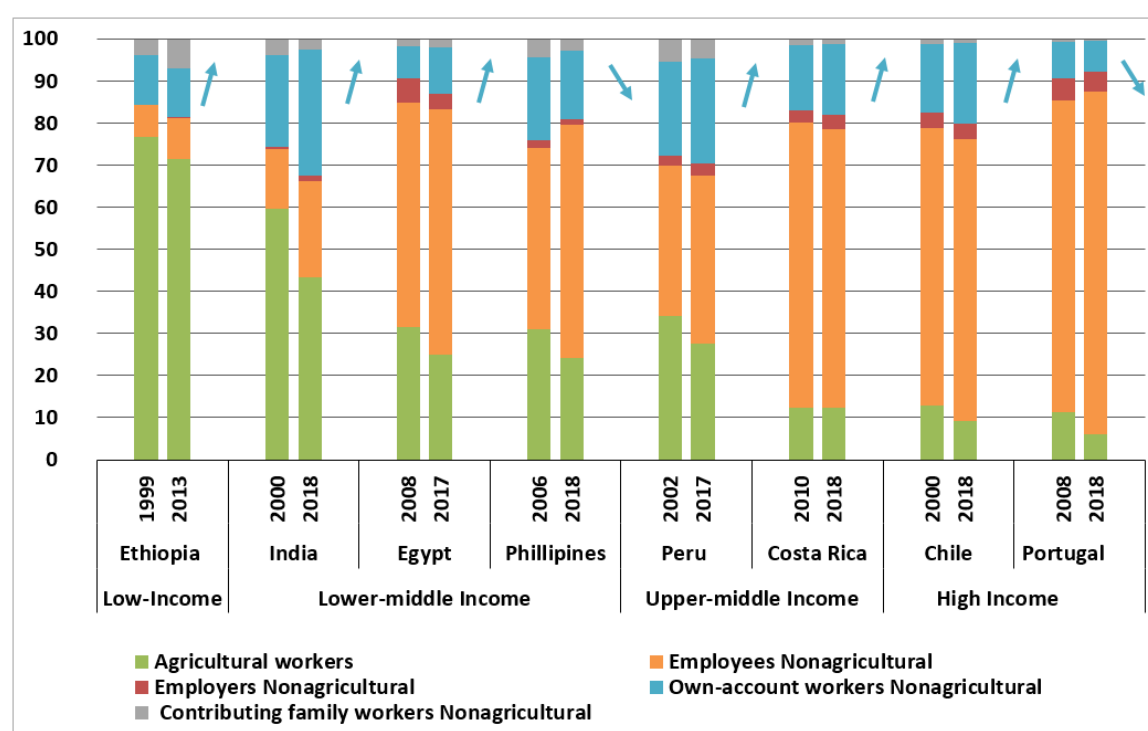
3 The elusive quest for inclusive labour markets

Economic growth, especially when strong, sustained and supported by productive investment, did generate job opportunities, but not without deficits in the number and quality of jobs.

The increase in services encouraged labour market informality. In the traditional trajectory of structural transformation, the shift from agriculture to higher value-adding activities in manufacturing and services is accompanied by a corresponding change in the structure of employment - from own-account and unpaid family work to paid employment. In countries at the bottom of the development ladder, in fact, wage employment in non-agricultural activities typically accounts for a small proportion of total employment - eg. around 10% in Ethiopia. Such proportion grows progressively as per capita income grows, up to levels of 80% or more in the advanced economies. Labour market informality is similarly expected to decline, as wage employment is usually characterized by more formal employment contractual relationships in registered enterprises. This pattern did not hold true for the majority of the countries in our sample.

³ See Kim forthcoming for a fuller discussion.

Chart 2 – Employment distribution by economic activity and status, 2000 and 2018 or closest (%)



Source: ILOSTAT

Statistical data on informal employment is patchy and it differs across countries as definitions and collection methods can be different. If we take the proportion of people engaged as own-account workers or unpaid family workers outside agriculture as a proxy of informality, this decreased slightly only in the Philippines and Portugal (see Chart 2). India provides a good account of how structural transformation was mirrored by changes in employment and incomes within the unorganized sector, with no aggregate impact on the share of formal employment (Majid forthcoming). To different degrees, a similar pattern took place in Egypt, Peru, Costa Rica and Chile, some reasons being the lack of opportunities for formal jobs in manufacturing or in the public sector (e.g. Egypt) and the expansion of service activities with low productivity and low barriers to entry.

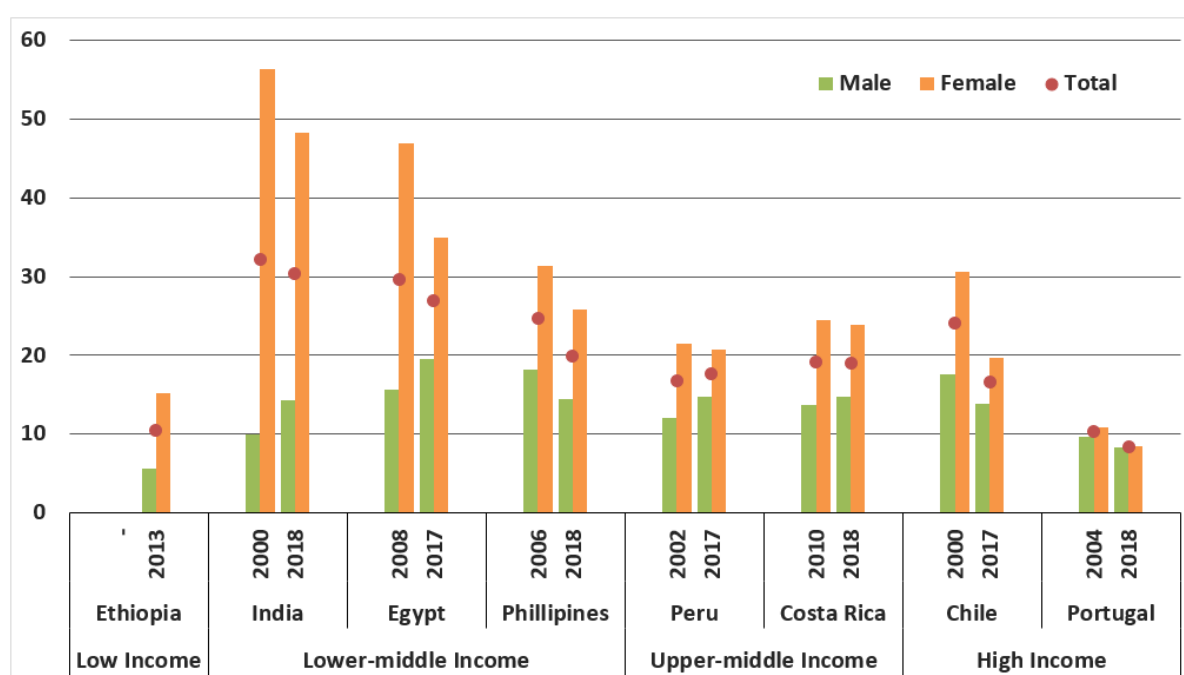
Not all self-employed jobs in services were informal. The boom in business and professional services opened up well-remunerated opportunities for educated and highly skilled workers, but the numbers remained low. It is important to recall that casual work and precarious working conditions do also occur among those in paid employment. In Portugal, self-employment declined as micro and own-account businesses were very severely affected by the great recession. Among those in paid employment, there was an increase of people involuntarily underemployed and those engaged with temporary contract, often with very short tenure especially for the youth (Escária and Pereira forthcoming).

The youth employment crisis. The unemployment rate is a SDG8 indicator with data available for most countries. However, it is not a good measure of the scarcity of good jobs nor of progress in structural transformation. In largely rural low-income countries, people cannot afford the luxury of remaining unemployed. They go and work, even for a few hours a week, in farms, in their family business or on their own. Unemployment rates are usually lower than in middle-income countries and most advanced economies. The more developed a country, the better the unemployment rate does its job of measuring how fluctuations in the business cycle are affecting the demand for formal jobs. The

global downturn in 2008-2009 was indeed followed by sharp hikes in unemployment especially among the youth in Azerbaijan, Chile, Costa Rica, Peru, and the Philippines. In Portugal, unemployment hit one third of young people in the 15-24 age bracket in 2012-2013. As recovery slowly took place, those rates went declining to their pre-crisis levels in most countries, but they remained relatively higher for the young people (Escária and Pereira forthcoming).

Little progress in reducing the youth NEET rate. Unemployment is not the only measure of labour market underutilization under SDG8. Target SDG8.6 calls for a substantial reduction by 2020 in the share of young people not in employment, education or training. Globally, about 22.5% of young people aged 15-24 are currently estimated to be in this group, a slightly higher number than the 21.5% estimate for 2015. A large proportion of the youth NEETs – about two thirds - is accounted for by young women (O’Higgins forthcoming).

Chart 3 – Share of young people not in education, employment or training in selected countries, 200 and 2018 or closest (% of total population)



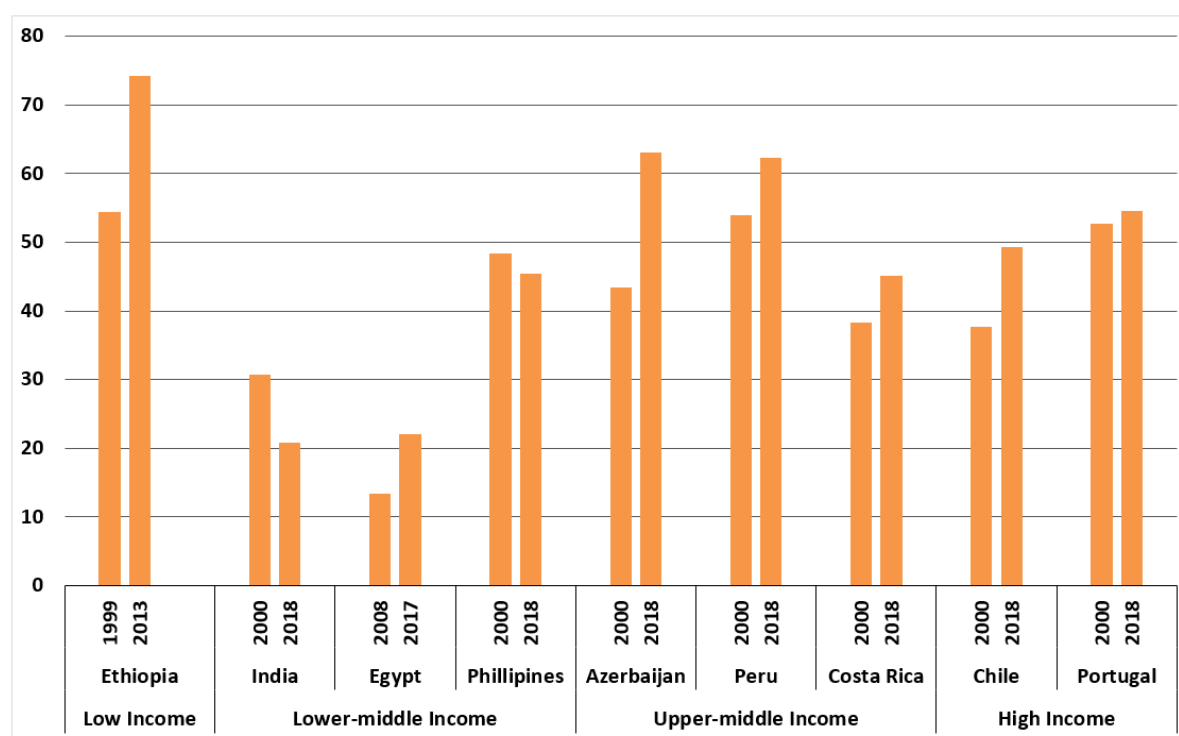
Source: ILOSTAT

Some encouraging changes. The NEET is a heterogeneous group, comprising the unemployed as well as people who stay inactive because they are discouraged, disabled or have family responsibilities. The latter sub-category - by far the largest in numbers - is dominated by women, leading to generally higher NEET rates for females. As for the unemployment rates, NEET rates tend to exhibit a parabolic behaviour, with the highest levels among middle income countries and lower levels (for different reasons) at the two extremes of the income ladder (see Chart 3). This pattern is apparent for young males but less so for women, as social norms influencing the role of women in the family and in the labour market can differ significantly across countries. A main positive development in the countries in our sample was the generalized reduction in the share of female NEETs with family responsibilities, due mainly to the expansion of women’s participation in education, which led to an overall fall in the NEET rate of young women (O’Higgins Forthcoming).

Higher labour market participation of women, hardly equal conditions. A generalized increased in the participation of women in the labour market was another encouraging development across the countries in our sample, following higher enrolment in education as well as the effects of sectoral

changes. The decline of employment in agriculture was stronger for males, leaving a relatively larger share of women workers in the sector, while the shift to services opened up a host of new opportunities in typically female dominated activities including commerce, hotels and restaurants, education, health and domestic work. Within the service sector, the female share of employment increased significantly with the exceptions of India and the Philippines. Higher female participation, however, did not necessarily equal better jobs for women. Throughout the economic transformation process, women encountered significant barriers to access decent employment opportunities. Female workers remained often prevalent in low-productivity sectors, poorly paid positions or informal settings, leading to lower earnings and inferior working conditions. (Esquivel 2019)

Chart 4 – Female labour force participation rate in selected countries, 2000 and 2018 or closest (%)



Source: ILOSTAT

4 - Policy options

A thorough review of policy frameworks goes behind the purpose of the country studies. However, a look at country experience provides some insight on policies that worked, or failed, in a given setting.

Compliant macroeconomic management. Most countries strengthened their macroeconomic frameworks by means of enhancing capacity and introducing inflation targeting, fiscal rules or regional criteria for macroeconomic convergence. They differed in the degree to which they were able to adopt a pro-active macroeconomic stance that could foster a stable positive path of investment and consumption and the sustainable creation of jobs.

Public investment was a primary lever for transformative change. In Ethiopia and Rwanda, public investment in education and health, basic social protection and infrastructure was a key factor. It directly helped create jobs - eg in construction and in the public sector - and had some effect in crowding in private investment. The quality of investment projects was a critical factor (Malunda forthcoming, Ronnås and Sarkar forthcoming). In other countries, large and visible infrastructure

investment with high import content in urban areas had limited effects on the domestic private sector and SMES and contributed to exacerbate inequalities vis-à-vis rural areas.

A prudent fiscal stance prevailed. Rwanda relied on the one hand on domestic resource mobilization through tax increases and, on the other hand, on international grants and lending at concessional terms (Malunda forthcoming). Ethiopia was able to attract international resources from the diaspora. The skilful countercyclical use of revenues from the extractive sector helped Chile maintain macroeconomic stability (Pinto forthcoming). But for the other countries it was difficult to sustain public spending and engage in countercyclical policies, given limited fiscal space and the threat to debt sustainability in a situation where the international pricing of country risk is highly volatile. Exogenous shocks could be quite sudden, as in the case of Portugal and Egypt, and adjustment had to take place through painful domestic recession, with severe job losses and effects on long-run potential output.

Monetary and financial policies broadened their scope. In line with the practice by central banks in the major economies, interest rates were set downward in some countries, fostering private investment without effecting inflation, eg Rwanda and Philippines (Malunda forthcoming, Yap forthcoming). A common concern was the large spreads between the policy rate and the lending rate, particularly in the presence of oligopolies in financial intermediation. Liberalization not always helped in directing more funds to the productive sector, as the entry of foreign banks did not necessarily break oligopolistic structures and actually exacerbated the preferences for lending for consumption or real estate speculation. Another common concern with financial liberalization was to manage volatile capital flows. The introduction of capital controls was a factor helping Chile maintain a stable macroeconomic framework (Pinto forthcoming). In Costa Rica, on the other end, tight monetary policy and high interest rates to tame inflation expectations provided an incentive for domestic households and firms to borrow in foreign currency, making it more difficult to manage the exchange rate to the needs of exporters (Sauma forthcoming).

Sectoral and enterprise policies helped trigger structural transformation. Access to finance was not the only constraint to the development of the private sector that countries tried to address. Countries ventured in a range of horizontal and vertical, targeted policies to support enterprises and industries. Horizontal policies included mainly skills development as well as efforts at reforming the business environment for instance simplifying administrative requirements. New technologies were used effectively in Rwanda in that regard. Business reforms, designed in consultations with the social partners, were part of a package that helped Portugal recover successfully, together with pro-employment macroeconomic policies, labour reforms, long-standing investment in education and training and public sector reforms (Escária and Pereira forthcoming). Azerbaijan, on the other end, rapidly raised up the ranks of doing business indicators but the impact on the private sector was poor particularly for small businesses (Valiyev forthcoming).

Vertical measures targeted distinctive sectors and locations. Financial and tax incentives, dedicated infrastructure, skills development and other measures were used to stimulate the development of targeted sectors. Success in supporting non-traditional activities was often clustered territorially. The business process outsourcing (BPO) sector in the Philippines concentrated in the highly urbanized areas of Makati and CEBU, where it could take advantage of skilled work and good telecommunications facilities (Yap forthcoming). In Rwanda, investments made the city of Kigali a major ICT hub for the region (Malunda forthcoming). In Costa Rica, the most dynamic economic activities and the most highly skilled workers are found in the Free Trade Zones around the capital city, San José.

Targeted support was instrumental in prompting some transition to greener industries. Renewable energy supply is burgeoning in Portugal and Costa Rica, setting the two countries in the group of the world's leaders in clean energy supply.

Success, however, was highly contingent on local circumstances. Few policies working reliably across diverse settings.⁴ Attracting large foreign investment in export-oriented manufacturing through tax breaks and other subsidies, a common element of traditional industrial policies, hardly led to sustainable job creation. The development of industrial parks was a main plank of Ethiopia's strategy but success has been limited so far, due to poor geographical choices, lack of qualified workers and poor linkages to the local economy (Malunda forthcoming). Where foreign investment was already in place, as in Costa Rica, the challenge was to deepen linkages with domestic firms and gain most benefit from advanced production techniques in order to develop the local economy.

Uneven efforts to promote an inclusive labour market, improve the quality of jobs and contain inequalities. The benefits of higher economic growth and employment did not reach all groups of the population equally. Countries followed different strategies in their efforts to make growth more inclusive. Large scale programmes to provide minimum income protection proved to be powerful tools to alleviate poverty particularly in rural areas, such as in Ethiopia and in India through the National Rural Employment Guarantee Act (NREGA). But, in general, labour market programmes were not used so comprehensively. Often, they were designed *ad hoc* to tackle employment emergencies and implemented through a variety of uncoordinated agencies. The youth were a favourite target, with training and entrepreneurship a common mode of intervention, at times without the necessary linkage to the country's genuine priorities for private sector development. Overall, the effects in containing inequalities were limited and the importance of improving design through accurate assessments of the impact on the target group perhaps the main policy lesson.

Policy and institutional preferences did make a difference. In Chile, emphasis on deregulation and private provision of essential services such as education, health, transport and pensions did little to avoid the country having record income inequality as measured by the Gini coefficient among the OECD countries (Pinto forthcoming). In Portugal, employment recovery and reduction in working poverty were supported through a policy mix that included: pre-market measures such as strong investment in quality public education, health and transportation; in-market measures including good industrial relations, collective bargaining and regular increases in the minimum wage; and post-market redistributive measures through progressive taxation and pensions for the most vulnerable groups (Escária and Pereira forthcoming).

5 Integrated employment policy frameworks to better deliver on SDG8

Good jobs matter. Decent work is the linchpin to the new types of transformation required for SDG8: toward job-rich, inclusive and environmentally sustainable economies that thrive on technology and innovation. Country experiences over the past two decades bear witness to pockets of success and a variety of steps forward, but also to setbacks, faltering political commitment and the lack of a coherent policy approach.

Uneven progress in achieving SDG 8 calls for a reinvigorated approach to economic and labour market policies that centre on the promotion of decent and productive jobs. Those policies and institutions

⁴ See Rodrick and Sabel, 2019, for a review of so-called place-based policies, such as regionally targeted employment subsidies and infrastructure investment, suggesting that the (few) programs that do perform well have a built in capacity for continuing adjustment through an iterative process of strategic interactions between public agencies and private firms.

should not be looked at as working in isolation, but as supporting and reinforcing each other. An integrated agenda could foster enabling conditions for a cumulative and circular process towards SDG8. This approach, for example, would stimulate the economy through wage and income growth, thereby boosting sustainable consumption, production and investment, which would lead to more productive and decent jobs. By setting a clear priority on employment, it could reinforce commitment to deliver, as the political demand for more and better jobs is strong in most countries.

BOX 1 – National employment policies in Azerbaijan, Costa Rica and Ethiopia

In Azerbaijan, the National Employment Strategy 2019 – 2030 is aligned with SDGs and seven SDG8 targets have been adapted and adopted, including the reduction of the unemployment rate to 4% and the NEET share to 15% by 2030. The strategy is part of a series of large-scale economic and public administration reforms. Its design process reviewed the country's economic and employment situation including macroeconomic challenges. The focus is on addressing bottlenecks in skills that stand in the way of diversifying the economy out of oil dependency. A sizable increase in Government funding of employment programmes is envisaged, including the reorganization of the system of public employment services to strengthen capacities to run entrepreneurship, self-employment, wage subsidies and vocational training programmes (Valiyev forthcoming).

Through its free trade zones, **Costa Rica** has been able to diversify its export basket from simple agriculture products to electronics components and, most recently, highly skilled activities in the IT, medical implements and back-office sectors. However, this has not translated in enough domestic jobs and the unemployment rate has reached over 8% in recent years, a historically high level. In September 2019, the Government has launched a Growth, Employment and Wellbeing strategy to address this challenge. It combines multiple policy areas: public investment promotion, enabling conditions for private investment, improving employment services and dual education, household debt management and product market competition. The strategy is accompanied by a tripartite Employment Pact, recently signed, encompassing programmes and regulatory reforms to encourage domestic firms in their transition to formality (Sauma 2019 forthcoming).

Despite much progress, **Ethiopia** faces the challenge of generating 1 million employment opportunities a year just to keep up with population growth. The country's Job Creation Commission (JCC) was established in 2018 under the auspices of the Prime Minister's Office, as part of a package of ambitious economic reforms to promote private sector development. Its main tasks are to drive the national job agenda to bridge the jobs gap by 2030, coordinate stakeholders, monitor and evaluate. JCC has engaged in an extensive consultation and review process to design a National Plan for Job Creation and Employment. The Plan calls for a job rich macroeconomic policy framework, services and skills to facilitate employability, support to micro, small and medium-sized enterprises, productive transformation through targeting promising value chains in agribusiness, leather and textiles, ICT, creative arts. Great attention is paid to coherence and alignment of administrative structures and programmes, resource mobilization and strengthening labour market information (JCC 2019)

Source: Information retrieved from the country studies.

There is no one-country-fits-all approach, rather a country-specific strategic policy mix. The entry points and the appropriate package of economic and social policies to boost employment generation can differ from country to country. Some countries can place strategic focus on public investment, for instance, green investments for job creation - as Portugal and Costa Rica - or investment in education, health or basic infrastructure - as done in Ethiopia and Rwanda. In others, the priority is to strengthen domestic firms by means of business reforms, access to credit and, as in Peru, promoting a progressive transition to formality. Some may prefer to prioritize social spending, as suggested recently by the IMF, others minimum wage policy and improvements in labour market legislation through social dialogue, as done in Portugal.

How to ensure an integrated approach? Through the interaction of three distinct elements.

1. A new breed of national employment policies grounded on a whole-of-government approach - what we need is a coherent policy framework that foster synergies across active macroeconomic policies that support employment and aggregate demand; sectoral and skills policies for structural transformation that promote supply; and inclusive and gender-responsive labour market policies that facilitate successful labour market transitions.

2. Labour market institutions, labour standards and social protection - to improve and protect the quality of jobs and incomes, so that the gains from structural transformation translate into a dynamic process of successive improvements in wages, working conditions and standards of employment. Those policies and institutions also play a role in driving the economics of transformation forward by means of boosting consumer demand, enhancing productivity and fostering social cohesion.

3. Effective mechanisms for policy implementation - Delivering on SDG 8 will depend on political will and buy-in by national stakeholders. Political leadership is key to ensure that the actions of different ministries and agencies are effectively coordinated and employment promotion is a collective responsibility. For that, we need independent and representative trade unions and employers' organizations and social dialogue. We also need to monitor better, and for that we need clear benchmarks and targets and robust labour market information systems.

Those are not easy steps, but countries are increasingly recognizing the value of a more comprehensive approach to their national employment policies and how it could contribute to achieving the goals of sustainable and inclusive economic growth, full employment and decent work for all (BOX 1).

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