



► Employment and Poverty

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▶ Roles of decent work in poverty eradication

Decent work is a necessary condition to eradicate poverty

Poverty eradication requires creation of decent work and access of the deprived to income opportunities

- ▶ US\$ 600 billion a year, or about 8% of global GDP, to eradicate extreme poverty (less than US\$ 1.90 PPP) and moderate poverty (between US\$ 1.90 and US\$ 3.10 PPP) globally
- ▶ An estimated 214 million workers, or 6.4% of the employed, were living in extreme poverty in 2022
- ▶ Nearly two-thirds of all the working extreme poor are in agriculture
- ▶ Unequal labour income distribution

▶ 8%

of the global GDP is required to eradicate extreme and moderate poverty globally

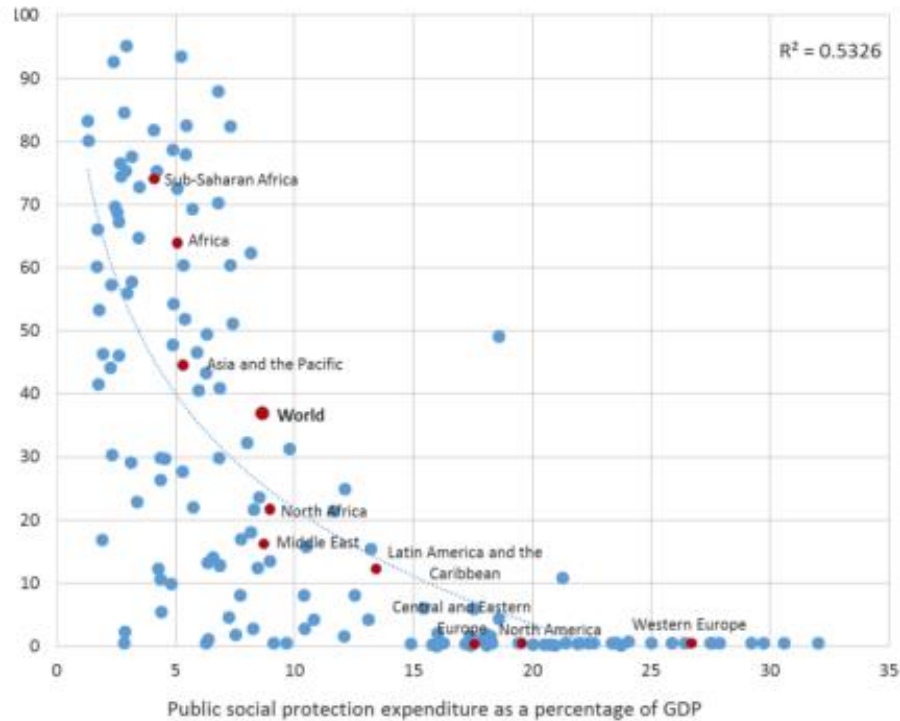
▶ 214m

workers lived in extreme poverty in 2022

▶ 92%

of labour income accrue to the upper half of workers

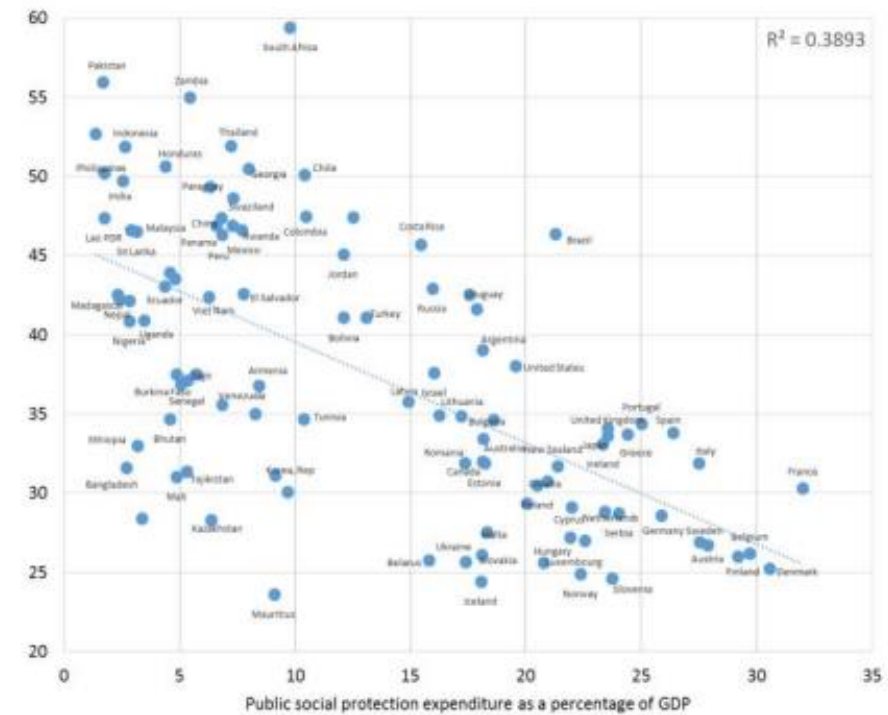
Figure 1: Social protection expenditure (percentage of GDP) and proportion of the population in poverty



Notes: $R^2 = 0.5326$.

Sources: Social protection expenditure: Based on data from IMF, OECD, Eurostat, ILO, CEPALSTAT, ADB and national sources. Poverty headcount: World Bank, World Development Indicators (accessed April 2013).

Figure 2: Social protection expenditure (per cent of GDP) and income equality (Gini coefficient), latest year



Note: $R^2 = 0.3893$.

Source: Social protection expenditure: based on data from IMF, OECD, Eurostat, ILO, CEPALSTAT, ADB and national sources. Gini index: World Bank, World Development Indicators (accessed Jan. 2014); ADB, UN ECLAC; Solt, 2009; Solt, 2013).

▶ Challenging labour market conditions to eradicate poverty

Slowing global employment growth

- ▶ The global economic growth rate: 2.1% for 2023, and 2.4% next year, according to the World Bank
- ▶ Employment growth rate: 1.0% in 2023, down from 2.3% in 2022
- ▶ Jobs recovery in 2022 was mainly driven by informal employment. Around 2 billion workers in informal employment
- ▶ Cost-of-living crisis directly affects low-income households
- ▶ Negative real wage growth in 2020-2021
- ▶ Labour participation rate of women at 47.4% in 2022, 72.3% for men
- ▶ 23.5% of the youth (age 15-24) not in education, employment or training (NEET)

▶ Pathways foreword

Maintain purchasing power of wages, create more income opportunities

- ▶ Adjust the minimum wages and encourage collective bargaining
- ▶ Invest in productivity of labour surplus sectors and create more income opportunities for low-skilled workers

Address informality and expand tax base

- ▶ Formalisation of the economy and employment via tax reforms, digitalisation of payments, capacity-building of micro enterprises etc.
- ▶ Expand the fiscal space for public investment in poverty eradication

Address gender inequality

- ▶ Globally, women's share in labour income is 51% of men due to lower labour participation of women and gender pay gaps
- ▶ Address unequal distribution of power and asset in economy and society, unequal value and distribution of paid and unpaid work

Cost-effective investment in human capital

- ▶ Enhance job-relevance and employment outcome of education
- ▶ Revitalise vocational and professional education and training
- ▶ Tap the training capacity of the private sector by promoting work-based learning