Focusing on economic growth is not enough

Data source: WDI
JOBS

Economic Growth
Poverty/ Inequality
Human Capital
Social Stability
\[ GDP_{pc} = \frac{Lv}{pop} = ev \]
\[ v = \sum_i v_i e_i \]
\[ Q = (Lh)^\alpha K^{1-\alpha} AQ \]
\[ \frac{Q}{L} = h^\alpha k^{1-\alpha} A \]
The global challenge

1.2 billion inactive
200 million unemployed

Data source: WDI
Informality is persistent...

Data source: WDI
It is driven in part by low productivity...

**Labor Productivity and Wage (Paraguay)**

- **MINIMUM WAGE**

**Data source: WDI**
There have been structural transformations but...

Data source: WDI
Most formal firms are micro and don’t grow

Data source: WDI

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**Firms Distribution by Size**

Micro Firms: size 1 to 9
Large Firms: size 100+
AFG, UGA-2010: Survey, all firms

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**Micro Firms may not Grow or Exit**

Data source: WDI
There are major disparities by gender, age, type of HH, & region

Data source: WDI
Demographics

Technological Change

Migration
If JOBS have social externalities, the private sector alone might not be able to create enough, or the right type of jobs.

Social Rate of Return (SRR) on investments can be higher than Private Rate of Return (PRR)

Subsidize job creation?  
Tax job destruction?
We need JOBS strategies, not growth strategies

**JOBS STRATEGIES**

**CREATION of FORMAL JOBS**
- Firm entry and growth
- Less churning

**QUALITY of INFORMAL JOBS**
- Productivity
- Earnings
- Working conditions
- Access to social insurance

**ACCESS TO JOBS for VULNERABLE GROUPS**
- Information
- Incentives
- Skills
- Mobility

**Macro and Regulatory Policies**

**Labor Policies**

**Sectoral and Regional Policies**

**World Bank Group**
Social Protection & Jobs
<table>
<thead>
<tr>
<th>MACRO AND REGULATORY POLICIES:</th>
<th>CREATION (FORMAL)</th>
<th>QUALITY (INFORMAL)</th>
<th>ACCESS</th>
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<tbody>
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<td>• Fiscal and monetary policies</td>
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<td>• Exchange rate</td>
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<td>• Business regulations</td>
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<td>• Financial sector regulations</td>
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<td>• Infrastructure</td>
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<td>• Governance</td>
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<tr>
<td>• Labor regulations</td>
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<td>• Social security and labor taxation</td>
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<td>• Active labor market programs</td>
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<td>• Migration policies</td>
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<tr>
<td>• Economic Inclusion Programs</td>
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<td>• Support to entrepreneurs and SMEs</td>
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<td>• Value chains development</td>
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<td>• Development of secondary towns</td>
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JOBS DIAGNOSTICS

SOLUTIONS

JOBS STRATEGIES

COST BENEFIT ANALYSIS

OPERATIONS AT THE COUNTRY LEVEL

M&E