

GDI ISSUE PERSPECTIVE: JOBS AND LIVELIHOODS

WHY IT MATTERS:

Today, many trends—population shifts, climate change, urbanization, conflict, and the changing nature of work—are converging, dramatically exacerbating unemployment challenges worldwide. The scale is staggering. According to a recent report from the International Labor Organization, insufficient paid work affects almost half a billion people. Then, there are an estimated 1.4 billion people who are in vulnerable or poor-quality employment.¹ These trends are quickly making jobs and livelihoods one of the most critical issues for governments worldwide, with disproportionate effects in Africa and South Asia. As the global population grows to over eight billion, trends point to over one billion people entering the job market over the next 10 years. For example, Africa will need an estimated 12-15 million new jobs per year to adequately absorb its youth population into the labor market.² These changes, alongside well-known shifts in work towards automation and away from manufacturing, have the potential to cause havoc. Youth unemployment especially is emerging as a primary cause of unrest, economic decline and environmental pressure. Most distressing, perhaps, is failing to harness this “youth dividend” for untapped human potential.

The World Bank, UN and many global funders and organizations are focusing on jobs and livelihoods as the most critical pathway to eliminating poverty (SDG1) and driving sustainable economic growth (SDG8). The global response has been an active encouragement in job training to skill up job seekers and match them to jobs. There has also been a recent shift to broaden the definition of jobs from a purely wage related labor approach to also include the scaling and fostering of entrepreneurship across the value chain—from livelihoods/economic inclusion, including in the informal sector, to micro/moderate and high growth ventures as a key driver of job creation. However, many of the interventions being tested are small and fragmented. The scale of solutions is nowhere near the scale of the problem.

THE CURRENT STATE / THE OPPORTUNITY:

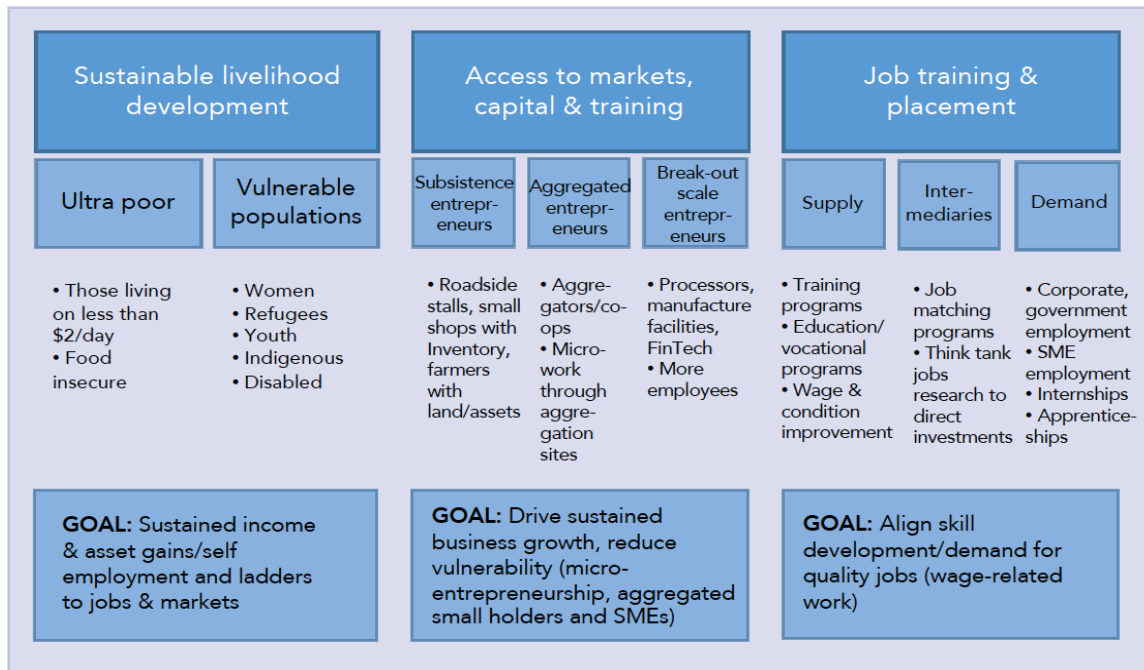
The world has largely been looking for silver bullet answers to our employment problems: scale a proven intervention and thereby shift the system. There are a few promising intervention-based efforts (including some of our work, referenced below), but in general, these alone cannot address the issue at scale across a range of target populations. In order to look for system-level opportunities, we first need to understand how to segment the opportunities. We suggest three specific areas:

1. *Sustainable livelihood development / “Economic Inclusion”*: A package of interventions that enables sustained income and asset gains for the extreme poor and vulnerable populations.
2. *Access to markets, capital and training for entrepreneurs*: Supporting enterprises from micro and small businesses to break-out scale entrepreneurs to achieve sustained business growth by enabling access to markets, capital, and entrepreneurship training.
3. *Aligning job training and placement programs to demonstrated labor demand*: This approach includes market clearing mechanisms that match job seekers to jobs and efforts to ensure that employees continue to improve their skills and are able to find and maintain quality jobs.³

¹ https://www.ilo.org/global/research/global-reports/weso/2020/WCMS_734455/lang-en/index.htm

² <https://www.brookings.edu/blog/africa-in-focus/2019/12/16/job-creation-for-youth-in-africa-assessing-the-employment-intensity-of-industries-without-smokestacks/>

³ <https://globaldevelopmentincubator.org/wp-content/uploads/2019/09/JobsLivelihoodsWhitePaper.pdf>



Within these lenses, GDI is focused on two primary opportunities, where GDI is well positioned to innovate, build and lead. One is to continue to scale specific interventions that work on certain populations, like those that appear to work well for the extreme poor. The second is harder and requires a complete shift in how leaders think about solutions, moving to a context-dependent and localized process that is not primarily rooted in one intervention. This is about local ecosystem development with clear feedback loops and incentive structures. It's context-specific and requires coalitions of sub-national actors co-creating complex, customized solutions, which may include new financing models and targeted approaches for certain types of jobs or for specific populations. Critically, both of these opportunity areas require healthy enabling systems to ensure the success of new approaches.

GDI's WORK:

GDI is actively pursuing work within this opportunity set, leading on both intervention-based approaches as well as weaving partnerships to facilitate context-specific and localized solutions.

- **Major multi-stakeholder initiatives** focused on jobs and livelihoods that support targeted interventions for specific populations. [Partnership for Economic Inclusion](#) manages a global community of practice consisting of hundreds of partners including NGOs, researchers and foundations who aim to shift existing government poverty programs from a focus on social protection and safety nets to a focus on programs that integrate livelihoods, social, and economic inclusion for the extreme poor. GDI has also supported The BOMA Project, Village Enterprise and Trickle Up to expand this approach.
- **Place-based approaches** to addressing youth employment. [Global Opportunity Youth Initiative](#) works to address problematic or broken systems that are hindering youth from accessing dignified work opportunities and developing economically viable careers locally, in six locations: Kenya, India, Colombia, Brazil, South Africa, Senegal. The approach for this initiative ensures the inclusion of youth and other private, civil society and government stakeholders in co-designing the initiative.
- **New financing vehicles and methods** across the continuum, based on the hypothesis that without these, the current system cannot reach and accelerate systems change. These include pay-for-results mechanisms, financing for SMEs, and financing for smallholder farmers.