Enhancing Social Cohesion: The Role of Inclusive Policy Tools and Social Dialogue

Social Dialogue for Development
Brussels, 18 November 2016

Alexandre Kolev
OECD Development Centre
Rising sentiments backed up by alarming evidence that the fruits of growth are not being equally shared and that decision making processes is often captured by the elite

Issues of inclusion and equality high in the Agenda 2030

Growing country demand for actionable, timely and forward looking evidence-based policy advice to support more inclusive policy making and to monitor and address the social impact of structural transformation

Policy reforms, however well-designed, are unlikely to be sustainable, or even implemented, without full country ownership, supported by a large degree of national consensus
## Exemples of OECD Inclusive Policy Tools that foster social dialogue

<table>
<thead>
<tr>
<th>Policy Tools</th>
<th>Objectives</th>
<th>Related SDGs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social Cohesion Policy Review</td>
<td>Help countries improve their economic and social policies for better social cohesion. The review process brings together all relevant stakeholders for a broad-based dialogue on social cohesion.</td>
<td>10.1; 10.2; 10.3; 10.4; 11.3; 5.1; 5.5; 8.5; 16.3; 16.7</td>
</tr>
<tr>
<td>Social Protection System Review</td>
<td>Support countries’ efforts to extend and reform their social protection systems from an holistic perspective (social assistance, social insurance and labour market programmes) and with particular attention to questions of sustainability and policy coherence within the social protection sector, as well as with other relevant policy areas.</td>
<td>1.3; 3.8; 5.4; 10.4</td>
</tr>
<tr>
<td>Youth Well-Being Policy Review</td>
<td>Help countries identify key reforms needed to help youth get-off to a better start in life. The reviews consider a broad range of youth well-being outcomes in areas such as education, employment, health and participation</td>
<td>2.2; 4.1; 4.3; 4.4; 4.6; 8.5; 8.6</td>
</tr>
<tr>
<td>Multi-Dimensional Country Review</td>
<td>Design policies and strategies that promote development in a holistic sense, and do not simply promote growth. This takes into account the complementarities and interactions across policies and in doing so helps to identify the sequencing of policies needed to remove binding constraints to sustainable development and well-being improvements</td>
<td>1; 7; 8; 9</td>
</tr>
</tbody>
</table>
Inclusive policy tools can help the social dialogue in partner countries in many ways:

- **Feed the social dialogue - when it already exists - with evidence**
  - An evidence-based social dialogue can enrich the quality of such dialogue

- **Create a space for the social dialogue**
  - Technical and policy workshops to discuss findings and identify policy options are a unique opportunity for social partners to voice their opinions
Examples of analytical tools relevant for inclusive policy making

- **Tools for social monitoring**
  1. Growth incidence curves
  2. Employment intensity of growth
  3. Income mobility
  4. Skills mobility
  5. Children’s educational aspiration

- **Tools for assessing distributive impacts**
  6. Labour productivity and wage growth
  7. Incidence analysis of taxes and transfers
  8. Incidence analysis of fiscal transfers

- **Simulation tools**
  9. Simulating the economic gains of gender parity in social institutions
Who has benefited from past growth?

The estimation of growth incidence curves (GICs) is a simple and useful way to identify the extent to which both poorer and richer households have benefited from growth.
Has growth translated into an increase in job opportunities? What makes growth “job rich”?

The employment intensity (IE) of growth is useful to measure how employment varies with economic output. Identifying its determinants through cross country econometric analysis has important policy implications. Yet, this indicator says nothing on the quality of employment.
Who are moving up or down the income ladder?

When panel data are available, one can measure upward and downward income mobility and estimate the factors correlated with upward/downward income mobility to identify who are the “winners” and “losers” in society.

**Upward and downward absolute income mobility in Vietnam, 2004-08**

Source: OECD 2014. Norte: Absolute income mobility refers to change in adult equivalent income of 20% or more of initial income.
Do workers have opportunities to upgrade in jobs requiring higher levels of skills?

When panel data are available, one can measure upward and downward skill mobility and identify the extent to which unskilled workers can upgrade in jobs requiring higher levels of skills.

Changes in skill level of the job in Vietnam between 2004 and 2008

Source: OECD 2014. Note: Absolute income mobility refers to change in adult equivalent income of 20% or more of initial income.
What drives children’s educational aspirations?

Monitoring children’s educational aspiration over time and identifying the factors that affect such aspirations is key to fostering inter-generational mobility.

Changes in children’s educational aspirations in Vietnam, 2002-2009

Source: OECD DEV staff calculations based on Young Lives Vietnam data.
Are workers benefiting from gains in labour productivity?

Changes in real wages are the most direct route through which labour productivity affects living standards. Comparing changes in average real wages and average labour productivity indicates the extent to which companies and the people who own and run them are able to pass on the benefits and lift the living standards of the average worker.
Are taxes and public transfers reducing income inequality?

Measuring income inequality before and after taxes and public transfers is a simple way to assess the extent to which fiscal policy play a redistributive role.

Inequality before and after taxes and transfers (Gini coefficient)

Sources: Viet Nam: own calculation based on VHLSS, 2012; Argentina, Chile, Mexico and Peru: OECD, 2008; remaining countries OECD, 2013.
Are fiscal transfers reducing spatial inequalities?

Equitable fiscal transfers from central government to sub-national governments is an important element of the social contract and can be assessed by looking at the relationship between fiscal transfers and measures of poverty rates at sub-national level.

Fiscal transfers and poverty rates by provinces in Vietnam, 2003 and 2009

What are the economic gains of greater gender parity in social institutions?

Forecasting a country’s national income in 2030 if discriminatory social institutions would be eradicated or at least reduced under different scenarios is a powerful advocacy tool.

- **2030 Sudan GDP per capita**
  - (Annual average growth rate 2015-2030)
  - + $218 (+0.7)
  - + $66 (+0.2)
  - + $14 (+0.05)

High levels of Gender Discrimination

Gender Parity