

LOCAL EMPLOYMENT DEVELOPMENT

～ Japan's Experience ～



November 14, 2014

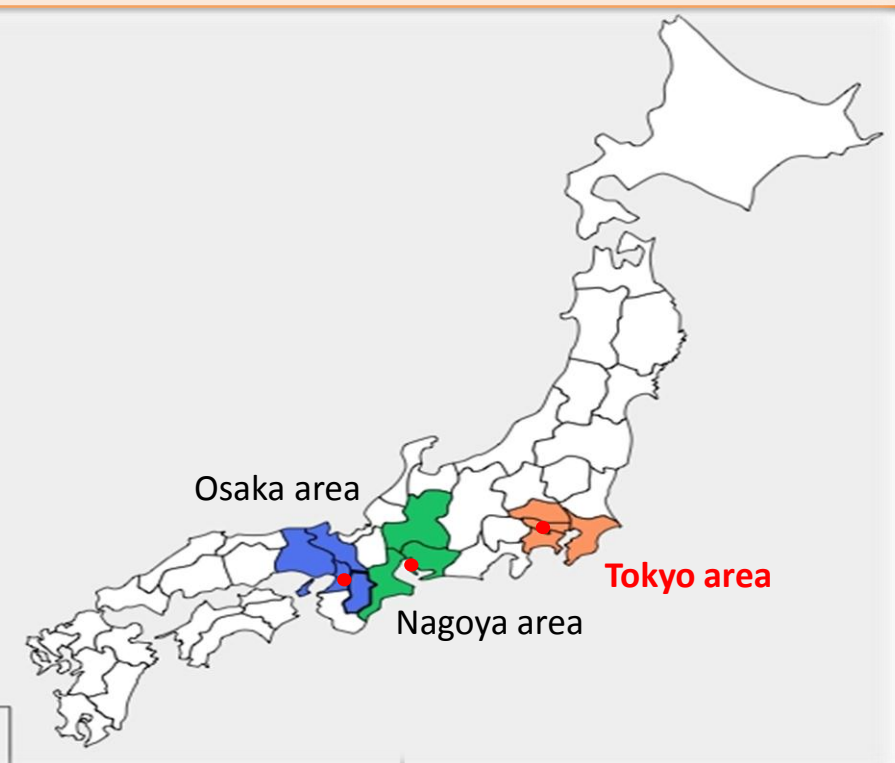
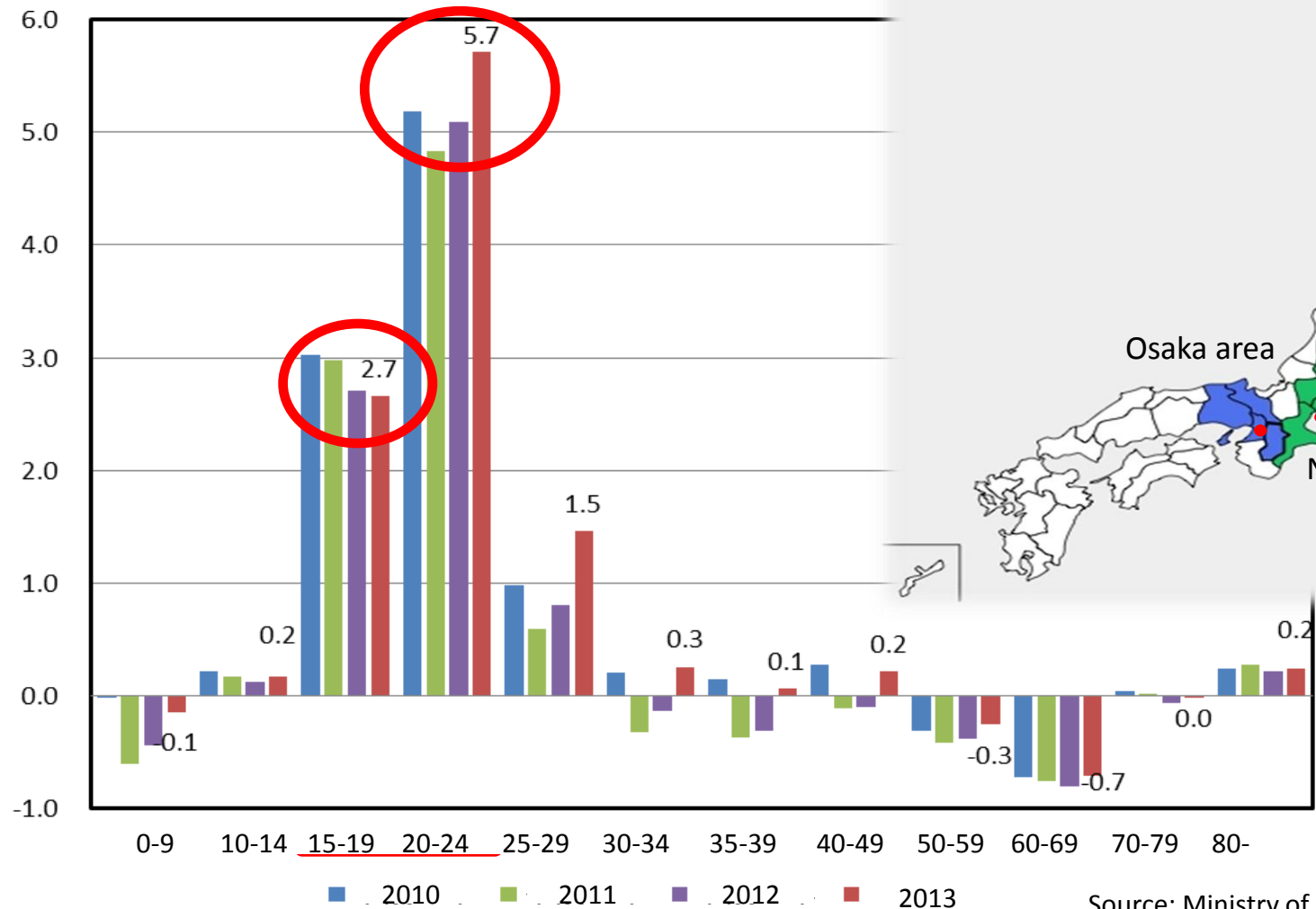
Tomoaki KATSUDA

Deputy Director-General, Employment Security Bureau,
Ministry of Health, Labour and Welfare,
Government of Japan

Migration To Urban Areas

- Major population flows into Tokyo metropolitan area
- Mostly youth (15-24yrs)
- Upon entering/graduating from college

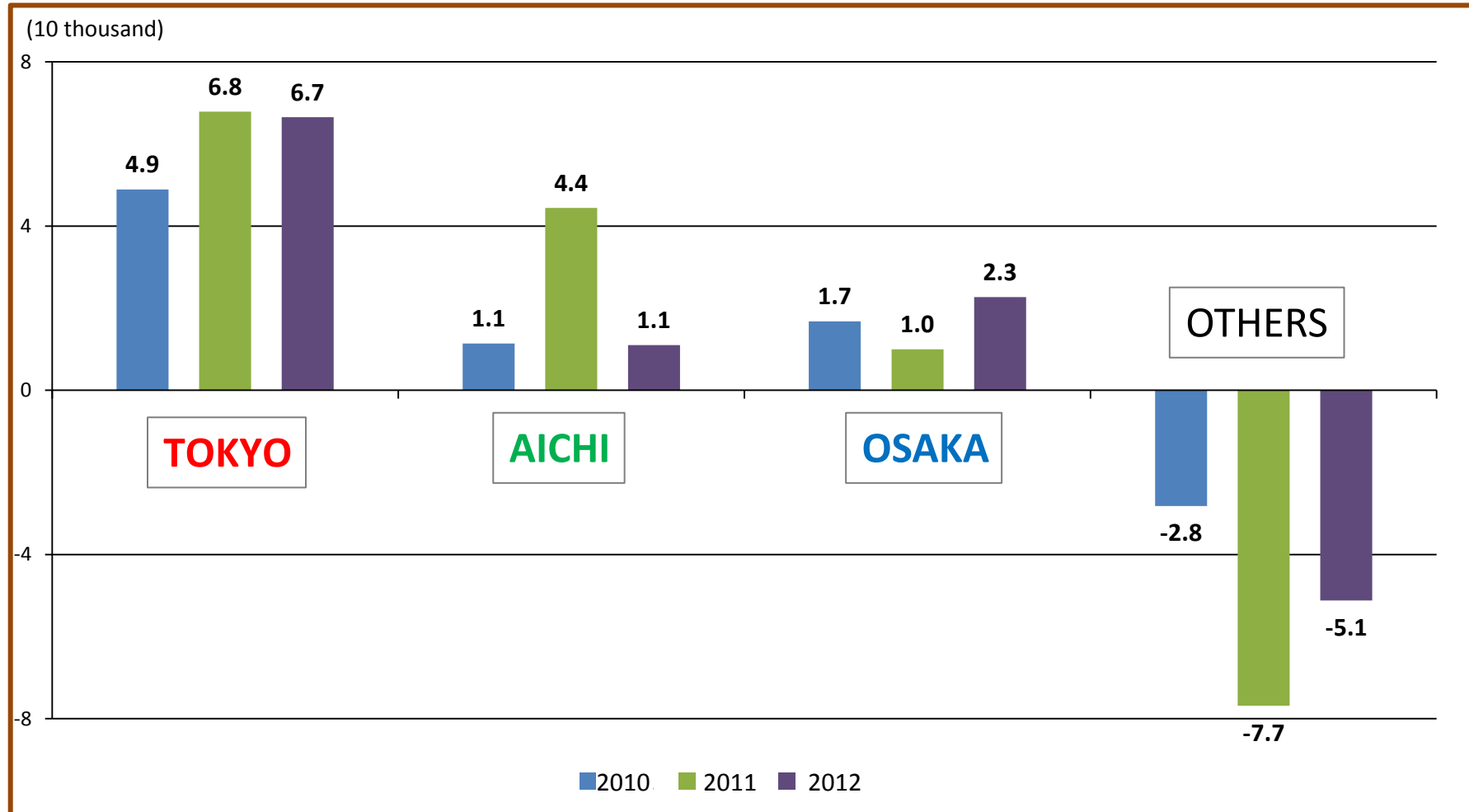
(10 thousand) Population flow by age group (Tokyo area in total)



Source: Ministry of Internal Affairs and Communications

Migration Associated With Employment

➤ Population flows into three metropolitan areas, especially Tokyo



Source: "Survey on Employment Trends", MHLW (2010 to 2012)

Employment Situations by Region

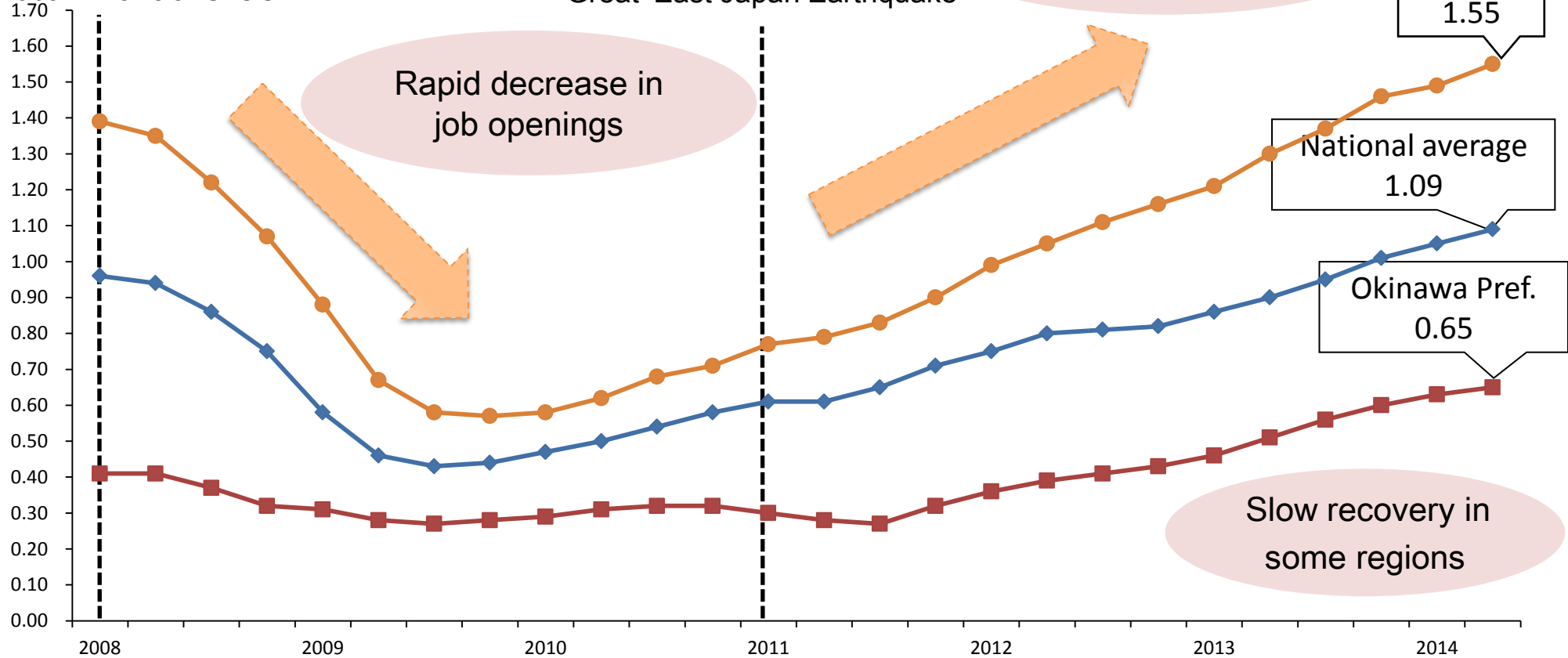
➤ As employment situation recovers from the Global Financial Crisis, the gaps widen by region

Vacancies-to-applicants ratio

(vacancy)

Global Financial Crisis

Great East Japan Earthquake




Source: "Employment Security Service Statistics" (Quarterly) MHLW


Overcoming Population Decline & Vitalizing Local Economy

Abe Administration's Goals


- ① Regaining vitality for regional growth
- ② Overcoming population decline

Aiming at :

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- Retain population of 100 million in 50 years
(current:130million)
 - Solutions specific to each local area

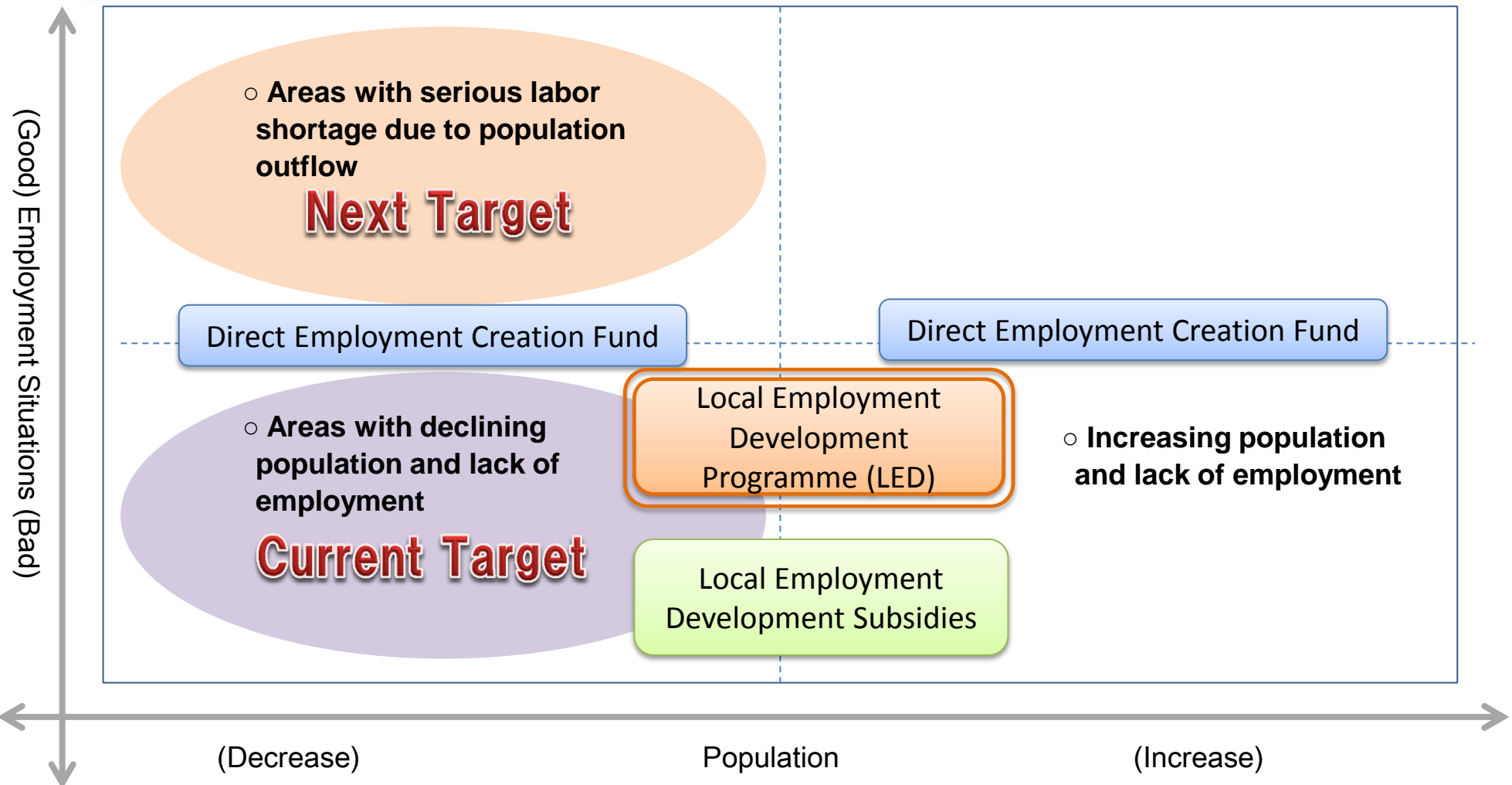
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- (1) Good environment for young generation
in employment, marriage and child-rearing
 - (2) Reverse the Tokyo centralization
 - (3) Utilize local strengths

Approaches

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- ① New flow to rural areas
 - ② Creating decent jobs
 - ③ Good environment for the young generation
 - ④ Secure local areas with contemporary standards
 - ⑤ Cooperation among areas

Regional Employment Measures

- To address difficult regional job market
- Successfully created 106,000 jobs in FY2013
(total budget ¥135.9billion / US\$1.19billion@114.53)
- Can be also applied to local areas with declining population



Local Employment Development Programme (LED)

What is LED ?

- Financial & policy support to local job creation initiatives
- Has been successfully carried out in 92 areas since launch of current model (2012)
- Created 15,000 jobs since 2012

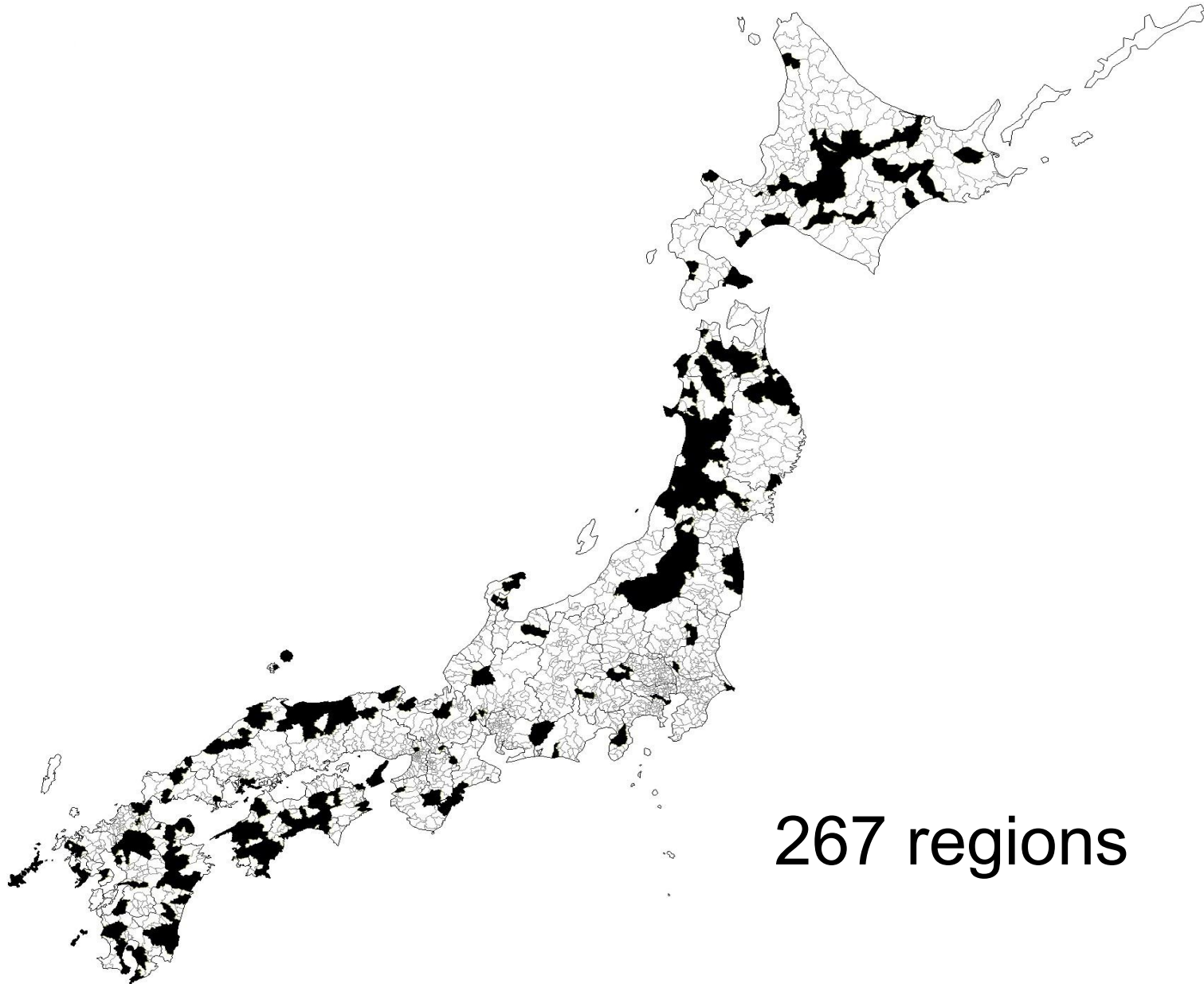
[Cost effectiveness]

FY 2012: ¥1,593 million (45 areas)	2,601 jobs	610 thousand yen per job
FY 2013: ¥3,768 million (71 areas)	5,934 jobs	630 thousand yen per job
FY 2014: ¥5,273 million (92 areas)	6,414 jobs	820 thousand yen per job (US\$7,000)



Job creation at low cost
Contributions to local economic stimulation

LED Areas (including old models since 2007)



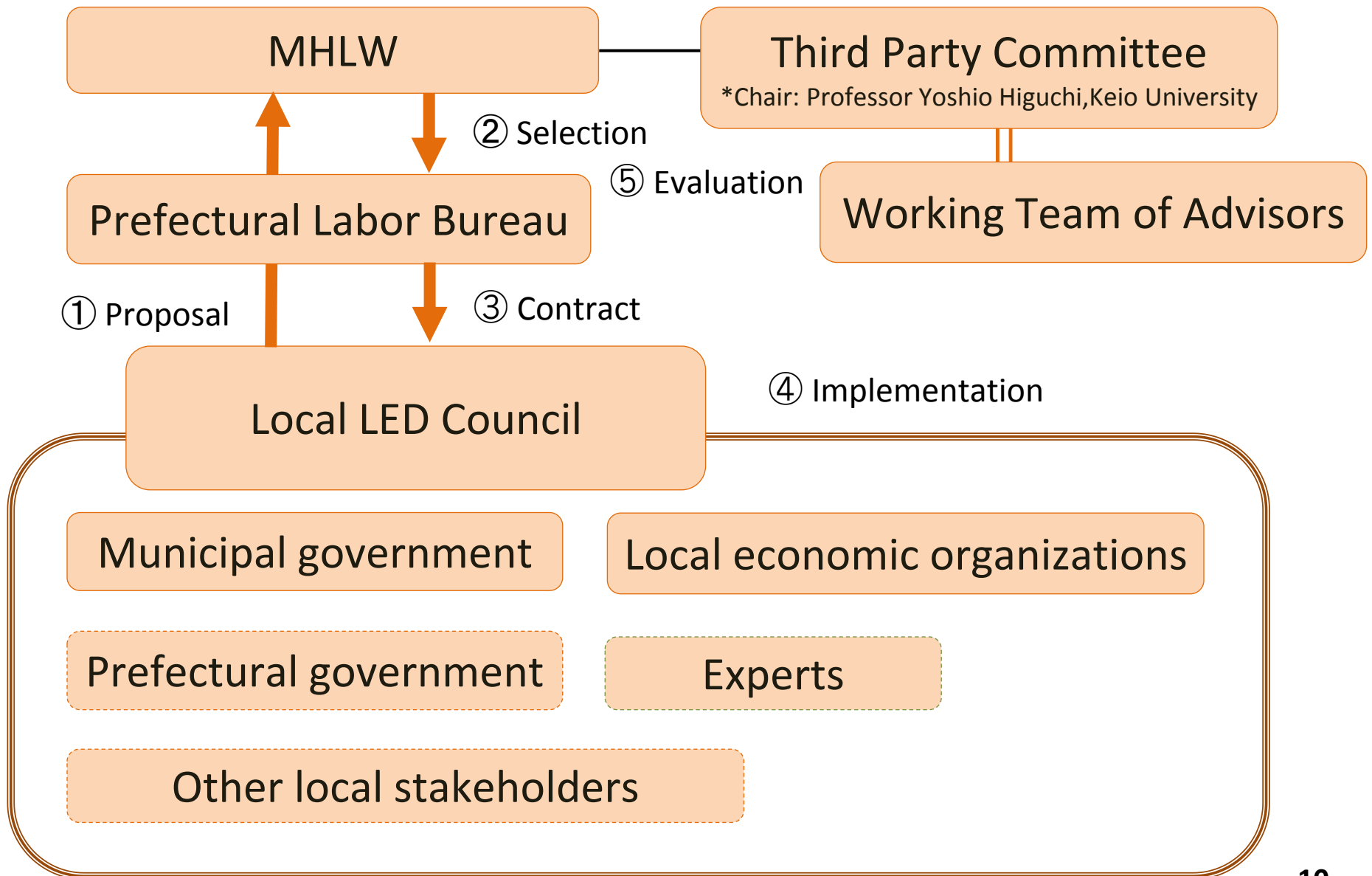
[Requirements]

1. Low regional vacancies-to-applicants ratio (< national average, and ≤ 1 , ≥ 0.67)
* 1,311 areas out of 1,718 are currently eligible (about 76%)
2. To establish a local LED council to carry out the programme
3. Region that has been approved by the Third-Party Committee which is composed of experts, etc. on the project design that has been proposed by the region through a competitive system
Each area's LED plan to be approved by the Committee in MHLW
4. Projects commissioned by the national government for a maximum of 3 years

[Examples]

- Job creation by developing the processed products of local vegetables and other produces (production and sales)
- Job creation by attracting tourists to local tourism resources

Implementation flow of LED



Role of LED Council

To identify goal and measures

- Local government
- Local economic organizations
- Experts
- Other stakeholders

Local agenda

(ex.) - Tourist decrease, One-day trip tourist site, Abandoned shopping districts, Successor problem

Local resources

- Tourist attractions, festivals and nature
- Rice, local vegetables, local fish

Employment agenda

- Labor shortage in the manufacturing, sales, etc.
- Start-ups of new business etc.

Process to Establish LED Plan ②

Menu

Council implements 4 menus for employment development

① Employment
(Seminars for local employers)

- Business expansion
- Renovation

② Human resources development
(Seminars for local job seekers)

- Skills (customer service skills, IT, processing skills)
- Business planning skills

③ Employment promotion

- Job fair
- Employment consultations
- On-line information distribution
(seminar information, Trainee recruitment, Community information)

④ Job creation implementation menu
(Employment development efforts)

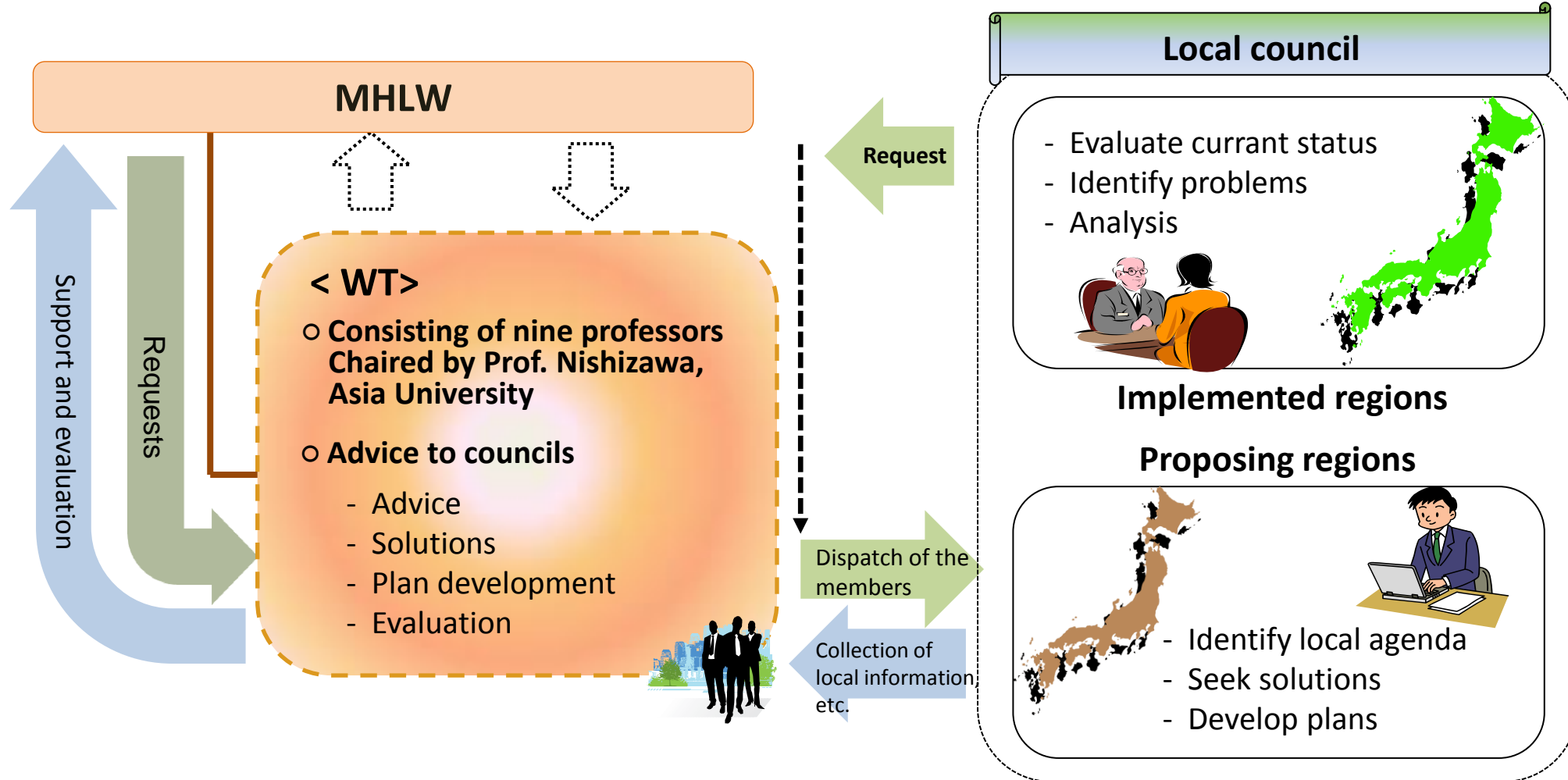
- Product development by utilizing local resources
- Projects to renovate vacant stores
- Projects for expanding the market for local products

Menus from ① to ③ and ④ were implemented as separate projects in the old model. These projects were integrated to be implemented together in the new model started in FY 2012. This makes it possible to couple the menus, and enable efficient and effective operations.

LED Working Team of Advisors

Overview

- Advisors dispatched to local councils at request
- Identify problems and provide advice



Direct effects

Outcome of implemented projects

- Increased employment due to start-ups and business expansions
- Increased employment due to business continuity after the projects end
- Increased employment due to local revitalization

Ripple effects

Aftereffect of direct effects

- Employment growth by business expansion in the area
- Employment growth in tourism through tourist increase
- Population increase by stopping outflow for job hunting

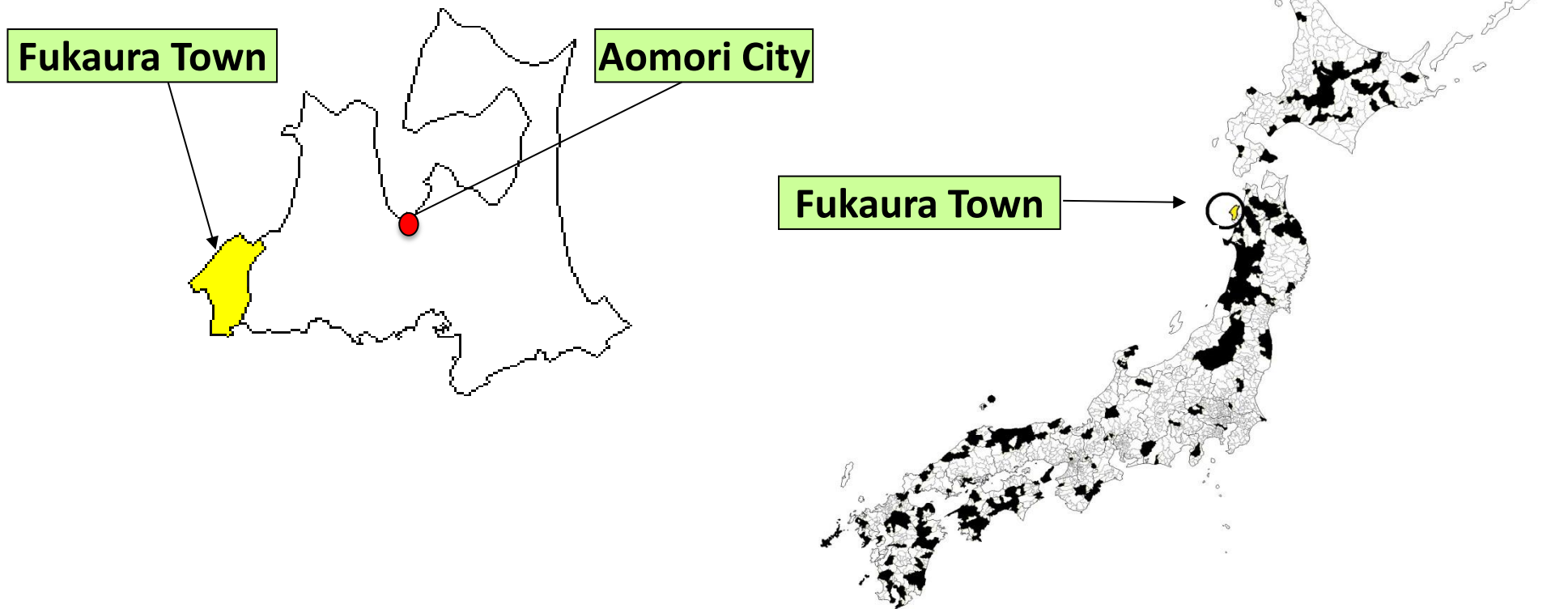
Conclusion

- Successful local economic development measures with employment creation
- Contributes to local HRD
- To be applied in counter-attacking local population decline planning to use the project for the Regional Formation

Fukaura Town (Aomori Prefecture)

Population: 9,488

Project period: July 2012 to March 2015



Scenery of Fukaura Town, Aomori Prefecture (Summer)



Scenery of Fukaura Town, Aomori Prefecture (Autumn)



Scenery of Fukaura Town, Aomori Prefecture (Winter)

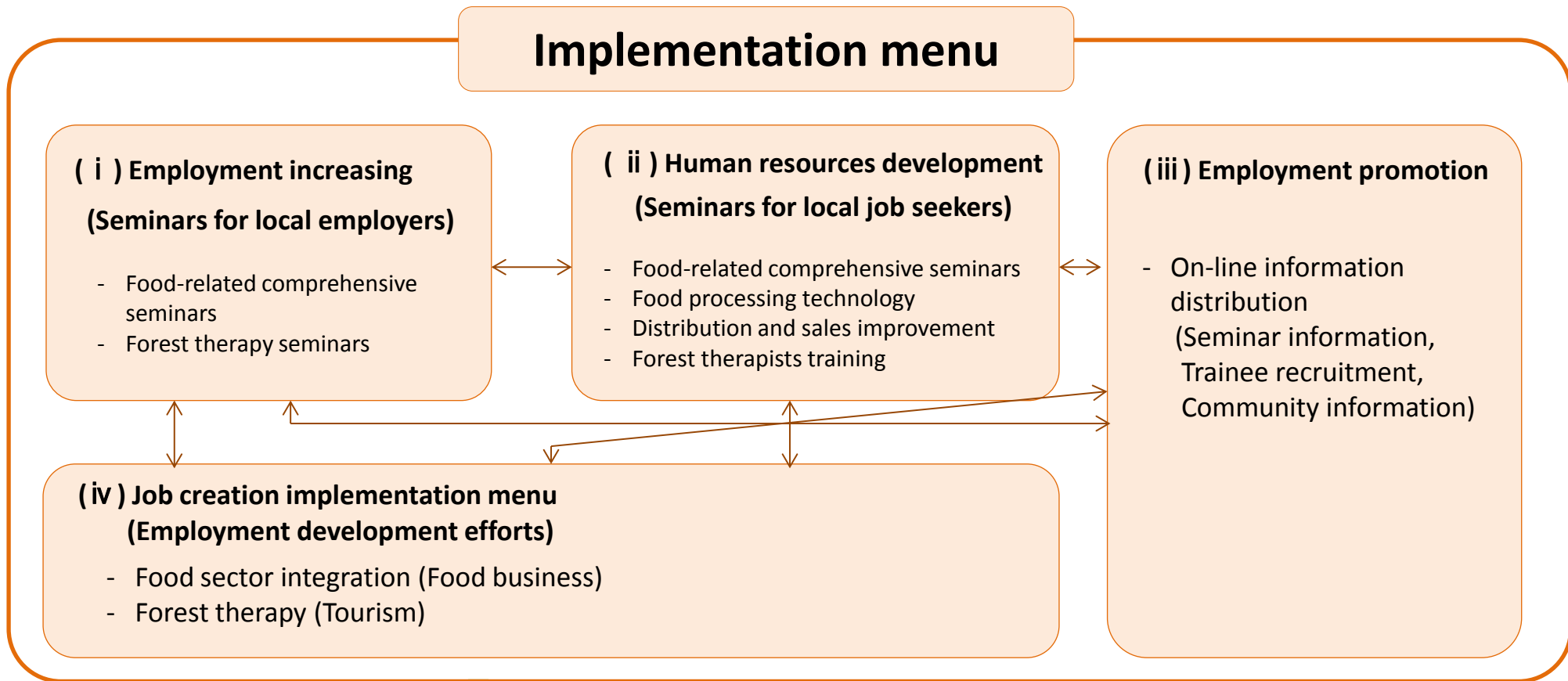


Local agenda

- Shrinking population, Ageing, Stagnant primary sector, Low government investment, Outflow of companies
→ Losing local vitality
- The Council set the agenda of (i) promoting integration of food-related sectors (1, 2, and 3), and (ii) health tourism.

Actions taken

Programs (i) to (iii) were implemented by targeting employers and job seekers of the region to develop human resources required to overcome local challenges



60 people were placed (including at start-ups)

Job seekers employed in (iv) Job creation implementation menu.

(iv) Job creation implementation menu (Employment development efforts)

- Food Sector Integration

Eight processed products using Japanese pepper that grows wild at the foot of Shirakami mountains, UNESCO World Natural Heritage, were developed.

- Forest Therapy

Development of model courses in forest therapy.
Monitor tours for travel agents.

FOOD BUSINESS

Food Sector Integration Seminar



Japanese Pepper Grows Wild at the foot of Shirakami mountains



Japanese Pepper Salad Dressing



Japanese Pepper Ice cream



Cherry Blossom and Japanese Pepper Jam



Japanese Pepper Oil



Japanese Pepper Paste



Tasting in a Business Meeting



Surveys



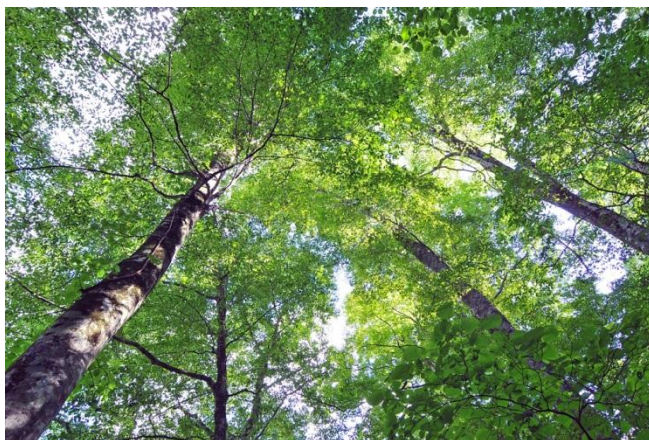
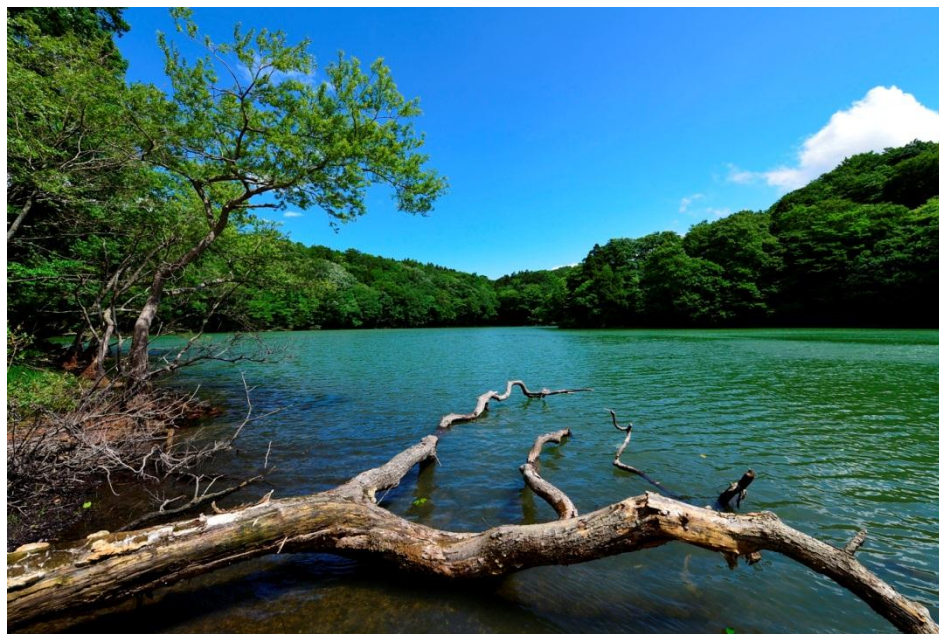
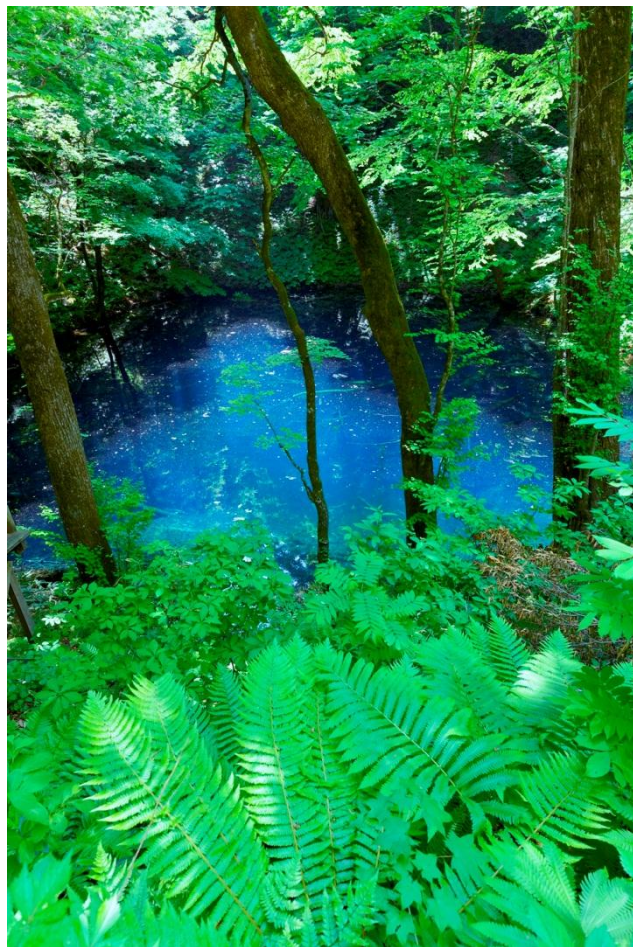
TOURISM

Forest Therapists Training Seminar





Forest Therapy Site (Summer)



Forest Therapy Site (Winter)



Guiding Forest Therapy



Evaluation from the locals

- In a severe employment environment, people have an opportunity to obtain varied knowledge and to exchange information by participating in seminars on local needs.
- This project promotes (i) awareness in local revitalization and (ii) business expansion, to lead to employment creation
- Dialogue and cooperation among local stakeholders are a must to stimulate the region.
- The project was also useful in motivating local residents to participate in vitalizing their town.