LOCAL EMPLOYMENT DEVELOPMENT
~ Japan’s Experience ~

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Migration To Urban Areas

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

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

<table>
<thead>
<tr>
<th>Area</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOKYO</td>
<td>4.9</td>
<td>6.8</td>
<td>6.7</td>
</tr>
<tr>
<td>AICHI</td>
<td>1.1</td>
<td>1.1</td>
<td>4.4</td>
</tr>
<tr>
<td>OSAKA</td>
<td>1.7</td>
<td>1.0</td>
<td>2.3</td>
</tr>
<tr>
<td>OTHERS</td>
<td>2.8</td>
<td>5.1</td>
<td>7.7</td>
</tr>
</tbody>
</table>

Employment Situations by Region

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

**Vacancies-to-applicants ratio**

<table>
<thead>
<tr>
<th>Year</th>
<th>Okinawa Pref.</th>
<th>National average</th>
<th>Tokyo</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>0.77</td>
<td>1.58</td>
<td></td>
</tr>
<tr>
<td>2009</td>
<td>0.76</td>
<td>1.59</td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td>0.75</td>
<td>1.56</td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td>0.74</td>
<td>1.55</td>
<td>1.70</td>
</tr>
<tr>
<td>2012</td>
<td>0.73</td>
<td>1.54</td>
<td>1.70</td>
</tr>
<tr>
<td>2013</td>
<td>0.72</td>
<td>1.53</td>
<td>1.90</td>
</tr>
<tr>
<td>2014</td>
<td>0.71</td>
<td>1.52</td>
<td>1.70</td>
</tr>
</tbody>
</table>

- Recovery mainly in urban areas
- Rapid decrease in job openings
- Slow recovery in some regions

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:

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

Approaches

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

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

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

Regional Employment Measures

- Direct Employment Creation Fund
- Local Employment Development Programme (LED)
- Local Employment Development Subsidies

Next Target
- Areas with serious labor shortage due to population outflow
- Areas with declining population and lack of employment

Current Target
- Increasing population and lack of employment
- Areas with increasing population and lack of employment

(Good) Employment Situations (Bad)
- (Decrease)
- Population
- (Increase)
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]

<table>
<thead>
<tr>
<th>Year</th>
<th>Funds (million)</th>
<th>Areas</th>
<th>Jobs</th>
<th>Cost per job</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2012</td>
<td>¥1,593</td>
<td>45</td>
<td>2,601</td>
<td>¥610,000</td>
</tr>
<tr>
<td>FY 2013</td>
<td>¥3,768</td>
<td>71</td>
<td>5,934</td>
<td>¥630,000</td>
</tr>
<tr>
<td>FY 2014</td>
<td>¥5,273</td>
<td>92</td>
<td>6,414</td>
<td>¥820,000 (US$7,000)</td>
</tr>
</tbody>
</table>

Job creation at low cost
Contributions to local economic stimulation
LED Areas (including old models since 2007)

267 regions
[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

1. Proposal
2. Selection
3. Contract
4. Implementation
5. Evaluation

MHLW

Prefectural Labor Bureau

Local LED Council

Municipal government

Prefectural government

Local economic organizations

Experts

Other local stakeholders

Third Party Committee
*Chair: Professor Yoshio Higuchi, Keio University

Working Team of Advisors
Process to Establish LED Plan

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.
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

< WT>
- Consisting of nine professors Chaired by Prof. Nishizawa, Asia University
- Advice to councils
  - Advice
  - Solutions
  - Plan development
  - Evaluation

MHLW

Local council
- Evaluate current status
- Identify problems
- Analysis

Implemented regions
- Identify local agenda
- Seek solutions
- Develop plans

Proposing regions

Support and evaluation

Requests

Collection of local information, etc.

Dispatch of members
Benefits from LED

**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.
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 (ⅴ) Job creation implementation menu.

(ⅴ) 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 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
Model Courses Developed
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.