International
Labour
Office

Guide for the formulation of national employment policies

Guide

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Employment Policy Department
International Labour Office

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ISBN: 978-92-2-126423-1 (print)
978-92-2-126424-8 (web pdf)

ILO Cataloguing in Publication Data

Guide for the formulation of national employment policies / International Labour Office, Employment Policy Department. - Geneva: ILO, 2012
1 v.

ISBN: 9789221264231; 9789221264248 (web pdf)

International Labour Office; Employment Policy Dept

employment policy / full employment / labour administration / capacity building

13.01.3

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Graphic design in Italy ITC-ILO
Printed in Italy




Foreword

The global financial and economic crisis has shed new light on the long-standing challenge of jobs deficit and unsatisfactory labour market outcomes across the world. The employment deficit, is reflected in persistently high levels of unemployment, especially among youth; pervasive informality and working poverty; the increasing incidence of low pay; the decline in labour's share of total income and growing inequalities. Gender-based inequities in the labour market remain a primary concern, made evident by the much higher share of women in vulnerable employment in comparison to men, and with female working poverty rates exceeding those of men in many countries across the world.

The employment challenge is compounded by the weakening relationship between growth and quality job creation observed in the last two decades in many parts of the world. Policy-makers increasingly project full and productive employment and decent work for all women and men on top of their policy agendas and develop strategies to achieve this objective.

Countries in all regions and at different levels of development request ILO support and advice to review and formulate national employment policies that express their political will to promote full, productive, and freely chosen employment. The Employment Policy Department and the field offices are called upon for technical assistance. For the 2012-2013 biennium alone, 67 such requests have been received. A major focus of the ILO support strategy is policy advice for making employment a central goal in national overarching policy frameworks and in economic and social policies; generating analysis and research on how to increase the employment content of growth; strengthening the capacity of governments and social partners; and most importantly facilitating tripartite dialogue on policy options.

The experience of recent years has shown that a piecemeal approach to employment promotion does not work, and that a first step is to integrate employment goals and targets in national development frameworks, economic policies, and sectoral strategies. This needs to be supported by multi-component and coordinated employment policies that are adapted to local conditions and contexts, and negotiated by tripartite constituents. Lessons learned indicate the need for a common framework that provides the main components of a National Employment Policy which can be adjusted to national circumstances. This calls for the development of policy and diagnostic tools that can be adapted to different countries' needs and circumstances. Experience also shows that sustained and concerted action, broad-based participation, and social dialogue are necessary conditions for formulating a National Employment Policy, as a broad range of actors are involved in this policy area. A typical cycle of dialogue, policy development, and policy implementation can therefore take up from six months to four years, during which the ILO's continued assistance can be provided.

This guide for the formulation of national employment policies has been prepared as a capacity building tool for ILO's tripartite constituents, ILO technical staff and a variety of national stakeholders who are engaged in the development and implementation of national employment policies (NEP). It provides practical guidance and a clear and value-based framework in which to develop national employment policies adapted to local contexts and conditions. It draws on practical experience gained through the ILO's policy advisory work in some 60 countries from 2006 to 2011, as well as on the most recent policy research and analysis regarding employment and labour markets.

This Guide provides a road map and framework for developing a coherent and integrated national employment policy through policy dialogue. It can be an essential component of the capacity-building strategy for Governments (Ministries of Labour, but also Finance, Planning, Economy, and others), Employers and Workers' organizations an all those concerned with employment. It can be used as a stand-alone resource or accompanied by training activities and workshops. The capacity-building strategy described is flexible and responsive to specific demands and relevant to a wide range of contexts. This guide is produced as a living and evolving resource to be enriched with further feedback and discussions.

Azita Berar Awad

Director, Employment Policy Department
International Labour Office




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Acknowledgements

The Guide for the formulation of national employment policies was developed over the course of 2010-11 and is a result of teamwork and contributions within the ILO. Based on the first draft prepared by Claire Harasty, it has gone into successive rounds of internal reviews to ensure relevance to all regional contexts and the reflection of latest experience and cutting edge research. Employment specialists in the Country Employment Policy Unit (CEPOL) of the Employment Policy Department reviewed in 2010. More than 18 field employment specialists commented on it in June 2011. The final draft was validated at a knowledge-sharing workshop organized by the Employment Policy Department with the participation of the ILO's global employment Team. Subsequent consultations took place with other technical departments and units - SKILLS, ENTERPRISE, EMP/ELM, Trade and Employment, YEP, and NORMES.

The guide was then pilot tested with Government officials, trade union and employers' representatives during the Employment Policy course that took place at the ILO's International Training Center in Turin in November 2011, as well as during selected training events at the country-level (in countries covered by the ILO offices in Moscow, Bangkok, New Delhi, Dakar, and Cairo).

The guide was prepared by Claire Harasty. Azita Berar Awad provided overall guidance. Eléonore d'Achon provided comments, substantive inputs, and country examples all along the preparation process. Fernando Casanova, Sukti Dasgupta, Drew Gardiner, Mohamed Gassama, Kee Beom Kim, Frédéric Lapeyre, Andrés Marinakis, Michael Mwasikakata, Jean Ndenzako, Natalia Popova, and Gerhard Reinecke provided relevant inputs and country examples. Mauricio Dierckxsens, Mariangels Fortuny, Dramane Haidara, Olga Koulaeva, Makiko Matsumoto, Naoko Otobe, Per Ronnas, Dorothea Schmidt, Zafiris Tsannatos, Sher Verick, and Piyasiri Wickramasekara provided insightful comments. The manuscript also benefited from the comments of Natan Elkin, Christine Evans-Clock, the EMP/ELM team and Miranda Kwong and from suggestions from Iyanatul Islam, Marion Jansen, Barbara Murray, Gianni Rosas and Marie-Josée Da Silva.

The Multimedia Design and Production Unit of the International Training Center in Turin organized the editing, graphic design, and production of the guide.

Introduction

The 1944 Declaration of Philadelphia recognizes the solemn obligation of the International Labour Organization to further, among the nations of the world, programmes which will achieve full employment and the raising of standards of living. The Declaration also states that it is the responsibility of the International Labour Organization to examine and consider the bearing of economic and financial policies upon employment policy. In the 1960s, the Employment Policy Convention, 1964 (No. 122) created a basic obligation on States which had ratified the instrument to make an explicit formal pronouncement of their employment policy. The Convention requires this policy to be positioned as a major goal within the national agenda and entails a focus on its design and implementation. The Employment Policy Recommendation, 1964 (No. 122) and the Employment Policy (Supplementary Provisions) Recommendation, 1984 (No. 169) outline in some detail policy approaches to support member States' efforts to design and implement effective employment policies.

From the mid-1980s onwards, employment policy-making lost ground in the wake of the neoliberal wave and the making of the Washington consensus. The economic context of the late 2000s and early 2010s, marked by the increased financialization of the economy, the rising social and economic imbalances, and by economic instability has reminded policy-makers that employment should be the central goal of economic and social policies. As a result of this new momentum for employment policies, the International Labour Conference at its June 2010 session recommended that the International Labour Office should, upon request, deliver high quality, timely, and customized policy advice on employment policies to government and social partners. As a response to this recommendation and in line with the Organization's mandate and legal instruments, the ILO Employment Policy Department has developed this guide for the formulation of national employment policies in order to enhance its policy advice to governments and social partners.

Objectives and audience of the guide

This guide responds to the request of ILO constituents to have a clear framework for the formulation and operationalization of their national employment policies. The ILO Employment Policy Department is called upon for technical assistance by numerous countries seeking advice on the formulation of their national employment policy - for the years 2010-2011 alone, 58 such requests were received. This tool builds on the vast experience accumulated by the ILO over the years in providing policy advice and practical guidance to policy-makers, social partners, and the experts supporting them.

Specifically, the national employment policy guide is designed to:

- Build a common understanding among national and international stakeholders of the desirable policy formulation process;
- Provide practical step-by-step guidance on the formulation, operationalisation and monitoring and evaluation of national employment policies;
- Suggest a concerted and coordinated process that draws and fosters broad-based national ownership;
- Provide a methodological tool for policy-makers, social partners, experts, ILO specialists and other international agencies by presenting the main tools available for use at each stage of the policy process;
- Present good practices and capitalize on the vast ILO experience in this field.

The guide describes the desired process for the formulation of a National Employment Policy (NEP) as well as the substantive framework that underpins it. It is not prescriptive, but points to the main components of a NEP and a desirable content, which can be adjusted to national circumstances. Indeed, the proposed approach is a common framework for all involved in policy development, but some flexibility can and should be applied to take into account specificities at the national level.

The NEP as conceived in this guide is an operational document that refers to a set of multidimensional interventions adopted on the basis of a common agreement reached by all interested parties and pursued by a government in order to address clearly identified challenges and opportunities and achieve specific quantitative and qualitative employment objectives. It includes a course of action, selected among alternatives and in light of given conditions.

The suggested framework is based on the policy cycle approach, disaggregating complex phenomena into manageable steps. A policy cycle is normative, suggesting a logical sequence of recurring events practitioners can use to comprehend and implement the policy task. All components are inter-linked and the completion of the tasks under each component is instrumental to move on to the subsequent one. No policy model, however, can claim universal application since every policy process is grounded in particular governmental institutions. Practice varies from problem to problem. A policy cycle is heuristic, an ideal type from which every reality will curve away.

The approach mainstreams gender equality and non-discriminatory employment approaches in national employment policies. Gender mainstreaming is promoted by strengthening constituents' engagement and advocacy capacity for inclusion of gender equality in national employment policies. Specifically, (i) when required in the country context, gender specific studies are commissioned to document the challenges faced by women in the labour market with the necessary depth to enable policy-makers to take informed decisions; (ii) capacity-building of constituents is undertaken to raise their awareness of gender issues in employment policies; (iii) a fully participatory process is encouraged, including the consultation of representatives of women's groups.

The approach advocated in this guide is based on sustained and concerted action. Broad-based participation and social dialogue are here a necessary condition for formulating a NEP as a broad range of actors is involved in the policy space that includes civil society organizations, the media, intellectuals, think tanks or policy research institutes, corporations, lobbyists, etc.

The scope of the NEP will depend on the Government's objective: whether it seeks to integrate employment priorities in the national development framework, or it aims to formulate a concerted and coordinated vision on employment in the country, or it wants to implement a carefully designed set of interventions to achieve a clear employment goal. It also depends on the institutional development in the country - the scope of a NEP in a post-crisis country will be different from that of an emerging economy, for example.

Organization of the guide

The guide is designed in a way that enables the reader to either read it in its entirety or pick and choose the topics for which he or she needs capacity-building. It is divided in five chapters that can be read independently. The first two chapters briefly, but comprehensively, present the framework and the policy cycle. The other three chapters are practical step-by-step "mini-guides" that present in some depth three of the seven steps of the policy cycle.

Chapter 1 presents the rationale for national employment policies and the ILO’s approach to employment policy-making. Chapter 2 presents the NEP formulation process. Its objective is to set out the prerequisites for a successful outcome of the formulation process and to suggest a step-by-step approach to such a formulation process. Chapter 3 guides those involved in the policy formulation to produce research-based evidence. Conducted by experts and researchers, this knowledge building phase will inform the choices the policy-makers have to take. Chapter 4 provides guidance to policy-makers and social partners on how to prioritize and generate policy options on the basis of the research-based evidence. Chapter 5 provides guidance on how to operationalize the NEP and presents the standard tools used for that purpose.

Each chapter spells out the main questions the users of the guide may ask themselves while addressing the specific phase in question, describes the actors involved and their role at each step of the process and underlines the relevant entry points. Each chapter contains boxes with country examples and good practices, as well as references and links to further reading, reference documents, national plans, as appropriate. A glossary is provided at the end to explain some of the concepts used throughout the guide.

Some important definitions

- **Public Policy:** a set of interrelated decisions, taken by public authorities, concerning the selection of goals and the means of achieving them.
- **Public Policy Dialogue:** interaction between governments and non-governmental organizations at the various stages of the policy development process to encourage the exchange of knowledge and experience in order to have the best possible public policies.
- **Public Policy Development:** the complex and comprehensive process by which policy issues are identified, the public policy agenda is shaped, issues are researched, analysed and assessed, policies are drafted and approved and, once implemented, their impact is assessed.

Meaning of the icons:

Cheklist	Good practice
Country example	Guiding principles
Definitions	Tools and resources




Chapter 1
Challenges of inclusive and sustainable policy-making for full and productive employment

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I. The rationale for employment policies

A. An increasingly complex employment reality to address

Policy-makers face employment challenges in the 21st century world that are of a more diverse and multidimensional nature than in the past. Not only do they encompass quantitative issues, such as elevated levels of unemployment or low employment rates, but also qualitative ones, such as emerging new forms of precarious and vulnerable employment, working poverty, discriminatory practices, and violations of fundamental labour rights. The frontiers between these challenges are increasingly blurred and similarly, challenges affecting developed and developing countries, even if still distinct, have started overlapping. Typically, the world of work today is less and less characterized by full-time wage employment. Drawing on earlier work of the ILO, this section briefly presents the broad long-term employment trends and the main challenges that need to be addressed today. It attempts to highlight their complexity and overlaps, their diversity across regions, levels of development, and population groups.

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Rising social and economic imbalances

Inefficient growth unevenly shares out gains

- Income inequality has risen in most countries
- Poverty is declining, but very slowly
- Wage polarization has risen, with a rising share of people on low pay
- Gender pay differences are narrowing, but very slowly

The goal of more and better jobs remains a distant reality, aggravated by the 2008 global crisis

- Half the people at work in 2011 are in some form of self-employment, mostly by necessity, not by choice
- Persistent informal employment averages over 50 per cent in developing regions; the shift from subsistence household economy to wage work is slow
- The incidence of so-called non-standard employment is on the rise in developed economies – a trend that has continued as economies recover from the global crisis
- Searching for and not finding a job was the fate of some 205 million persons in 2011; if we add those who were underemployed and willing to work more, and those discouraged from seeking employment, then unemployment numbers could easily double
- The unemployment rate among young women and men is globally 2.5 times the adult rate; in 2011, rates ranged from 8.3 per cent to 25.1 per cent across regions
- Globally child labour is declining, yet 215 million children were still at work in 2008
- Some 12 million persons were estimated to work in conditions of forced labour in 2011

The economy itself has become more unstable, affecting sustainable enterprises in the real economy

- The relationship between wages and labour productivity has considerably weakened in the past decade, leading to a shrinking share of wages in total income and weakening global demand
- Rising profits have not resulted in greater investment efforts
- The share of profits emanating from finance rather than the real economy rose to 42 per cent in developed countries, up from 25 per cent in the 1980s

1. More jobs? The quantity of employment: employment rates, unemployment levels and workers' discouragement

Deficit of employment opportunities. Until 2008, world employment and the global workforce both grew at an average annual rate of 1.7 per cent. The employment rate, which represents the share of the workforce in employment, peaked at 61.7 per cent in 2007. However, following the economic and financial crisis of 2008-09, employment fell, particularly in developed countries. In 2010, the employment rate was still below its 2007 level, showing that many economies are simply not generating sufficient employment opportunities to absorb growth in the workforce.

Demographics. In many regions where self-employment and unpaid family work are the predominant forms of employment, employment growth is driven primarily by demographic trends. In such countries, where population growth is often rapid, the challenge is not in employing the working-age population - the employment rate is high, about 70 per cent in East Asia, 65 per cent in sub-Saharan Africa and in South East Asia - but to productively employ it. On the contrary, for developed economies, as well as countries like China, the challenge lies with an aging population without enough young workers to replace older ones, leading to various employment issues, including labour migration.

Changing composition of the labour force. In the last twenty years or more, the composition of the labour force has been shifting to include a larger share of women, a smaller share of youth and in some countries a larger share of older workers with their specific challenges.

Rising share of employment in services. In 2003, for the first time in history, the global share of employment in the tertiary sector surpassed that of agriculture and related economic activities in the primary sector. A declining share of employment and GDP in agriculture is usually associated with an increase in productivity, which should lead to increasing incomes, but there are other transitions occurring, as the service sector has become predominant even in poorer countries. Many of the jobs are in fact in the urban informal economy, which often simply means a migration of poverty from rural to urban, and from agriculture to services.[1]

Structural transformation is strongly related to migration. The de-population of the agricultural sector involves rural to urban migration, and the lack of productive job opportunities in urban areas leads too often to increased urban poverty, including working poverty and informality. The total number of international migrants has grown steadily to reach 214 million in 2010, but their share in the world's population has remained about 3 per cent or lower in the last five decades. The ILO estimates that 50 per cent of international migrants are economically active or migrant workers.[2] There has also been a feminisation of migrant labour, and women migrants too often work in low-end jobs and in poor working conditions.

Insufficient jobs for all active workers seeking one. The global unemployment rate, at 6.1 per cent in 2011, remains more or less unchanged since the beginning of the century (except for a low of 5.6 per cent in 2007). However, as employment levels fell in most high and middle income countries following the 2008 crisis, long-term joblessness rose, i.e., those that have been unemployed for more than one year. Long-term unemployment is not only growing, but it is growing faster than overall unemployment; female unemployment tends to exceed male unemployment; and the global youth unemployment rate stood at 12.6 per cent in 2010, following the same trend as the global rate.

Unemployment is the tip of an iceberg of underemployment and discouragement. Many workers have become discouraged and are no longer actively looking for a job, due to a lack of actually available or perceived employment opportunities. In developed economies and in Latin America and the Caribbean, the number and share of discouraged workers have risen during the crisis. Data show a major decline in youth participation in labour markets in many countries, which most likely reflects a surge in discouragement among young people facing bleak employment prospects. Youth who become discouraged and drop out of the labour market are not counted as unemployed, but nevertheless suffer from a lack of employment opportunities. Across 56 countries with available data, there are 1.7 million fewer youth in the labour market than expected based on longer term trends, indicating that discouragement among youth has risen sharply on top of the large increase in youth unemployment during the 2008 economic and financial crisis .[3] Young men are less likely to be discouraged than young women. Youth who drop out of education early cannot afford not to work and therefore do not join the ranks of the discouraged workers. Similarly, those who hold a university degree have a lower probability to be discouraged workers.[4]

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1 *A new era of social justice*, Report of the Director General, International Labour Conference, 100th Session, 2011. ILC.100/DG/1A, p. 25.

2 ILO: Employment policies for social justice and a fair globalisation, Recurrent item Report on Employment, 99th session of the International Labour Conference, 2010.

3 ILO: *Global Employment Trends 2011*, 2011.

4 Matsumoto M. and S. Elder (2010), *Characterizing the school-to-work transitions of young men and women: Evidence from the ILO School-to-work transition surveys*, Employment Working Paper No. 51, Geneva.

2. Better jobs? The quality of employment: wages, informality, vulnerability and poverty

Real wages lag behind labour productivity growth. Globally, wage employment accounts for about half of total employment, and its share is growing almost everywhere for both women and men. Between 2001 and 2007, real average wages in a sample of 83 countries representing 70 per cent of the world's population grew at a rate of 3.2 per cent per year, but if China and some Community of Independent States (CIS) countries are excluded, most countries experienced a protracted period of wage moderation.[5] Real wages have increased at a slower rate than economic growth (GDP grew at 4.6 per cent per year between 2001 and 2007) and wage growth has lagged behind productivity growth. Consistent with these trends, there has also been a long-term decline in the share of wages in GDP in both developed and developing countries.

Rising wage polarization between the bottom and the top. The proportion of people earning low pay – defined as less than two-thirds of median wages – has increased since the mid-1990s in more than two-thirds of the countries for which data are available. This includes countries such as Argentina, China, Germany, Indonesia, Ireland, the Republic of Korea, Poland, and Spain. In these and other countries with a high or growing share of low paying jobs, the probability of moving into better-paid jobs remains minimal, and the risk of being trapped into low-paid jobs is great. Further, there are strong discriminatory elements involved in the persistence of both low pay and wage gaps; according to the Global Wage Report 2010/11, in both industrialized and developing countries, low-paid workers tend to be young, are disproportionately female, and are more likely to be members of a disadvantaged ethnic, racial, or immigrant group.

The vulnerable and the working poor. Globally, the vulnerable employment rate in 2009 was 50.1 per cent, approximately 1.5 billion working women and men.[6] The incidence of vulnerable employment remained roughly flat between 2008 and 2009 after a steady decline in the preceding years. The scale of vulnerable employment is far larger than that of unemployment, this indicates widespread informal work arrangements, whereby workers typically lack adequate social protection and social dialogue mechanisms. Vulnerable employment is often also characterized by low pay and difficult working conditions in which workers' fundamental rights may be undermined.[7] Moreover, women represent a higher share of vulnerable workers in every region.

Working poverty, even though declining globally, is widespread. The extreme working poverty rate (at US$ 1.25 per person per day) for 2009 is 20.7 per cent, or 632 million workers, which is 1.6 percentage points higher than the rate projected on the basis of the pre-crisis trend. The share of workers living with their families below the US$ 2 a day poverty line was estimated in 2009 at around 39 per cent worldwide, or 1.2 billion workers.[8]

5 Real wages in advanced countries increased by only about 5 per cent in real terms over the whole decade of the 2000s. ILO, *Global Wage Report 2010/11*.

6 Vulnerable employment is the sum of own-account workers (self-employed workers who do not employ even one person) and contributing family members.

7 ILO: *Global Employment Trends 2011: The challenge of a jobs recovery*, 2011.

8 Ibid.

Persistent informal employment. The informal economy is the "normal" source of employment in many countries; in 2011, informal employment represented at least two-thirds of non-agricultural employment in 11 out of 46 medium- and low-income countries for which recent data is available, and in over half of these countries, women outnumbered men in informal employment.[9] In addition, the number of casual day labourers is increasing and the share of casual wage labour in total employment in developing countries has increased.[10]

Precarious employment on the rise in developed countries. In economically advanced countries, the debate around precarious forms of employment[11] evolved over the last decade around the development of non-standard forms of employment such as fixed-term and temporary contracts, part-time work, on-call work, home-workers, telecommuting, and even some categories of self-employed workers. Young men are less likely to be discouraged than young women. Very few youth who finish education early drop out of the labour market as they can not afford not to work. Similarly, those who hold a university degree have a lower probability to be discouraged workers. And while job-sharing and reduced working hours have helped to mitigate employment losses in the short term, evidence regarding the nature of part-time employment indicates that for the recovering countries with available information (21 countries), over 60 per cent have experienced increases in the share of **involuntary part-time employment** in 2009, particularly among youth and women, showing a deterioration in the overall quality of jobs being created. The incidence of involuntary part-time employment is on the rise in other countries such as Mexico and Ecuador, where the share of involuntary part-time employment (of total employment) has increased by over 2 percentage points in the two years up to the first quarter of 2010, a similar situation has occurred in Colombia, although at a lesser pace. The incidence of temporary employment is particularly high among young people aged 15–24 years. In parallel to this flexibilisation of the employment relationship, labour market segmentation has deepened. For example, in some European countries, the ratio of workers with long tenure (over ten years) to those with short tenure (less than one year) has increased significantly.[12]

The complexity of employment situations across the world today requires responses that are multidimensional and inherently cross-cutting in terms of the policy spheres they intersect. The increasing complexity of the employment reality also calls for integrated policy objectives based on the decent work pillars: the promotion of employment, respect for international labour standards, social protection, and social dialogue for all. This is why comprehensive national employment policies are needed.

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9 Statistical update on employment in the informal economy, ILO Department of Statistics, June 2011.

10 *A new era of social justice*, Report of the Director General, International Labour Conference, 100th Session, 2011. ILC.100/DG/1A. Pp. 22–23.

11 Precarious work refers to atypical work that is involuntary.

12 Recurrent Item Report on Employment, 2010.

B. A new momentum for employment policies

Employment is having an increasingly prominent role in shaping both international and national policy agendas.

1. The international policy agenda

The United Nations General Assembly recognized and endorsed the importance of productive employment and decent work in the early 1990s. This commitment was reaffirmed in July 2006 in a Ministerial Declaration that provided an unprecedented level of support and commitment to employment generation, recognizing that "full and productive employment and decent work are a priority objective of international cooperation" and reaffirming that an "employment strategy is a fundamental component of any development strategy". Subsequent Economic and Social Council (ECOSOC) Resolutions (in 2007 and 2008) emphasized the importance of a multi-layered and multi-dimensional focus towards productive employment and decent work "that incorporates Governments, the private sector, civil society organizations, representatives of employers and workers, international organizations and in particular the agencies of the United Nations system and the international financial institutions".[13]

New MDG Target (1B)

Achieve full and productive employment and decent work for all, including women and young people

This target contains four indicators specifically and directly relating to employment issues. New Employment Indicators:

- Growth rate of labour productivity (GDP per person employed)
- Employment-to-population ratio
- Proportion of employed people living below the poverty line
- Proportion of own-account and contributing family workers in total employment (vulnerable employment rate)

Source: Guide to the new Millennium Development Goals Employment Indicators including the full set of Decent Work Indicators. International Labour Office. Employment Sector. Geneva, June 2009

In 2008, the Millennium Development Goals (MDGs) were expanded to include four new employment indicators under a new target, representing a renewed commitment to employment promotion (see box). It stemmed from the recognition that improving the quantity and quality of employment is key to poverty alleviation under Goal 1 (the eradication of extreme poverty and hunger). The indicators call on all countries to report progress and provide disaggregate data by sex and urban/rural differences as far as possible.

The G20 leaders are increasingly recognizing the role of employment policies in addressing the human dimension of the 2008 financial and economic crisis. In this regard, in April 2009, at the London Summit on Growth, Stability and Jobs, the G20 Leaders adopted a Global Plan for Recovery and Reform and committed themselves to "*support those affected by the crisis by creating employment opportunities and through income support measures" and to "support employment by stimulating growth, investing in education and training, and through active labour market policies, focusing on the most vulnerable.*"[14]

[13] The role of the United Nations system in providing full and productive employment and decent work for all, E/2007/INF/2/Add.1; United Nations Commission for Social Development, E/CN.5/2008/L.8.

[14] G20 Leaders' statement, The Global Plan for Recovery and Reform, London, 2 Apr. 2009.




At the Pittsburgh Summit in September 2009, the G20 leaders stressed their commitment to putting *quality* jobs at the heart of the recovery through the new Framework for Strong, Sustainable, and Balanced Growth. The framework calls for a "continued focus on employment policies" and requires "structural reforms to create more inclusive labor markets, active labor market policies, and quality education and training programs."[15]

In April 2010, the G20 Labour and Employment Ministers Meeting in Washington[16] and the Toronto Summit in September 2010 reiterated the importance of qualitative aspects of employment. The Toronto Summit Declaration affirmed "an effective employment policy should place quality jobs at the heart of the recovery."[17] The Seoul development consensus on shared growth unveiled during the November 2010 G20 meeting represents an important step forward towards pro-employment macroeconomic frameworks. It moves away from a preoccupation with nominal targets by identifying nine key pillars that are in line with a macroeconomic framework that promotes growth and employment.[18]

Employment is also becoming more prominent in the agendas of international financial institutions. At a historic conference in Oslo the IMF and the ILO,[19] along with other international leaders, called for a broad international commitment to an employment-focused policy response to the global economic downturn.

2. The national policy agendas

Employment is also high on the political agendas at the national level, and most developing countries increasingly show commitment to the objective of employment promotion as part of their economic and social policies and are making efforts to realize it.[20] Evidence also shows that countries are increasingly requesting ILO support for the formulation, implementation, and evaluation of National Employment Policies.[21] In most developing countries, poverty reduction strategies (PRS) or other types of national development frameworks play a fundamental role as a basis for policy-making and resource allocation. A recent thematic evaluation of Poverty Reduction Strategies (PRSs) has shown that employment increasingly features in the second generation of PRSs, reflecting a changing mind-set among government agencies and multilateral partners that drive the process beyond the ILO's constituency. Finally, there is evidence that employment is increasingly treated as a cross-cutting objective and given more prominence; youth employment and gender issues are also given greater emphasis and this coincides with an increasing presence of both PRSs and National Employment Policies.[22]

15 G20 Leaders' statement, The Pittsburgh Summit, Putting Quality Jobs at the Heart of the Recovery, Pittsburgh, 25 Sep. 2009.

16 G20 Labor and Employment Ministers' Recommendations to G20 Leaders April 21, 2010. Washington 2010.

17 G20 Toronto Summit Declaration, Toronto, June 26–27, 2010.

18 G20 Seoul Summit Declaration, November 11–12, 2010.

19 Oslo conference Calls for Commitment to Recovery Focused on Jobs, September 13 2010.

20 ILO: General Survey concerning employment instruments in light of the 2008 Declaration on Social Justice for a Fair Globalization, Report of the Committee of Experts on the Application of Conventions and Recommendations, Report III (Part 1B), ILC, 99th Session, Geneva, 2010. The reporting period covers 1998–2007. See Chapter III "Employment Policies".

21 In January 2010, 58 such country requests were recorded for the 2010–11 period. See: Employment policies for social justice and a fair globalization. Recurrent item report on employment: ILO, 2010.

22 Decent Work Issues in Poverty Reduction Strategies and National Development Frameworks. A seminar report 15–17 December 2008. International Training Centre, Turin, Italy.

The 2008 financial crisis marks a turning point in the making of national economic policies, the economic and financial crisis caused large scale job losses and the highest ever number of unemployed. The crisis exposed the flaws of the pre-crisis macroeconomic policy paradigm that was geared towards containing inflation and ensuring low fiscal deficits.[23] It prompted governments and central banks the world over to unveil an unprecedented array of fiscal and monetary stimulus measures –measures widely credited with halting the global crisis and bringing about a recovery in economic growth. These discretionary fiscal stimulus measures saved or created 21 million jobs in the G20 countries in 2009 and 2010.[24] Governments have also responded with a wide range of employment and social protection policies supported by social dialogue initiatives.[25] Measures adopted by countries reflect the approach articulated in the ILO Global Jobs Pact that was unanimously adopted at the International Labour Conference in June 2009 by ILO member States. The implementation of the Global Jobs Pact is reinforcing demand to reorient and strengthen employment policies in order to render them more effective and yield improved results.

Despite the abovementioned progress, the widespread narrow conception of employment policies remains a key challenge as employment policies in many countries are still limited to supply side interventions delivered by the Ministry of Labour and there is little systematic attempt to evaluate the impact of economic policies and programmes on employment, both in quantitative and qualitative terms. Further efforts are also needed to

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23 *Rethinking Macroeconomic Policy*. O. Blanchard, G. Dell'Ariccia, and P. Mauro. International Monetary Fund, 2010.

24 See ILO: Accelerating a job-rich recovery in G20 countries: Building on experience (Geneva) 2010). http://www.ilo.org/public/libdoc/jobcrisis/download/g20_report_accelerating.

25 At the request of the G20, the ILO carried out a survey on new measures taken to counter the crisis between mid-2008 and mid-2009. The survey included 54 countries, including all G20 and OECD countries, across 32 policy measures. See Employment Working Paper No. 100 (http://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_elm/documents/publication/wcms_166606.pdf), No. 101 (http://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_elm/documents/publication/wcms_167804.pdf), and No. 102 (http://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_elm/documents/publication/wcms_167806.pdf)




integrate employment policies and employment targets into overall development frameworks, as well as to include quantitative and qualitative targets in national monitoring mechanisms. Finally, the increasing complexity of the employment reality, as well as its transversal nature, require a wide range of integrated policy interventions, cutting across both macro and microeconomic dimensions and addressing both labour supply and demand in order to foster both the quality and quantity of employment.

C. Definition and scope of national employment policies

A national employment policy is a concerted and coherent vision of a country's employment objectives and ways to achieve them. It thus refers to a set of multidimensional interventions that are envisaged in order to achieve specific quantitative and qualitative employment objectives and targets in a given country. It includes a plan of what to do, selected from among alternatives and in light of given conditions, adopted on the basis of a common agreement reached by all interested parties. It is pursued by a government in order to address clearly identified challenges and opportunities.

Definitions

- **Employment Policy:** a vision and a concerted and coherent framework linking all the employment interventions and stakeholders in a given country.
- **Employment Action Plan or Strategy:** a course of action to implement the policy, including outcomes and outputs, SMART targets and indicators, a work plan with clear distribution of responsibilities and a detailed budget.
- **Programmes:** tools for the implementation of the policy, usually built around the policy's objectives.
- **Projects:** donor-funded interventions that should be aligned with the policy's outcomes.

An employment policy is not implemented by the ministry in charge of employment alone, it is the responsibility of a diverse set of actors, from the key employment-generating line ministries to local governments and workers' and employers' organizations. The ministry in charge of employment plays a central coordination role, advocates for the promotion of decent employment, and ensures the good functioning of the labour market.

A national employment policy is not a series of unlinked activities or projects implemented by the ministry in charge of employment; an employment policy provides an overall vision spanning at least 3 or 4 years, building on a comprehensive analysis of the country's employment situation and a broad discussion of the options available to create decent employment, or other criteria for choosing the best among those options.

A country's employment policy may take a variety of forms; for example, some countries, include a general declaration to that effect in their constitutions and primary legislation. For example, article 80 of the 1987 Constitution of Nicaragua and article 60 of the 1972 Constitution of Panama both provide that work is a right and that the State shall elaborate employment policies aimed at full employment. Other countries make more specific declarations about the details of their employment policies through secondary legislation and policy instruments as in the case of the National Employment Policy (Decree No. 2008-271) in Burkina Faso or the Employment Promotion Law (2008) in China. Other countries refer to employment policy in their poverty reduction strategies or national development plans; this is the case in Indonesia where the national development framework integrates employment objectives, or in Honduras where Executive Decree No. PCM-05-2007 of 2007 integrates its National Decent Employment Generation Plan into its poverty reduction strategy, and ascribes it the status of a State policy.[26]

It is worth noting at this juncture that a stand-alone policy document that is adopted by the highest political authority of member States is the most ambitious model. The alternative models are less ambitious but might be more effective in integrating the key policy messages of NEPs in national development frameworks. Ultimately, which model is chosen depends on the particular preferences of constituents in member States.

Formulating a national employment policy can serve many purposes, one of them is to propose a vision and a coherent framework for all the interventions and the actors concerned by employment in the country. It can be a means to get the main local and central government actors together, to raise public awareness of certain critical issues, to agree on priority action, and to assign responsibilities; it can also be a means to take into account the views of workers and employers' organizations, and to enlist their support.

This guide presents the process and tools necessary to follow a full policy cycle, leading to a full and comprehensive employment policy with its action plan. In certain countries (a post-crisis situation – be it environmental, political, or economic – or where there is a weak institutional capacity, especially in terms of implementation, etc.), a more limited policy, anchored in reality and establishing the foundations of a fuller policy, might be more suitable. However, even a more limited policy should be built on an informed analysis of the employment situation and through solid diagnostics that justify the choices made. It should also have clear objectives and indicators, as well as an institutional mechanism to implement, monitor, and evaluate it, together with a detailed budget. In that sense, the methodology presented in this guide applies to all situations as long as it is used in a flexible way and contextualised.

[26] ILO: General Survey concerning employment instruments in light of the 2008 Declaration on Social Justice for a Fair Globalization, Report of the Committee of Experts on the Application of Conventions and Recommendations, Report III (Part 1B), ILC, 99th Session, Geneva, 2010.

II. The ILO's approach to national employment policies

A. The main ILO frameworks for employment policies

> **The three guiding principles of an employment policy:**
>
> - **Quantity** - Work for all who want to work
> - **Quality** - Such work is as productive as possible
> - **Non-discrimination** - There is freedom of choice of employment and the fullest possibility for each worker to utilise her/his skills, irrespective of race, gender, age, religion, political opinion, social origin, etc.
>
> *Employment Policy Convention, 1964 (No. 122)*

The ILO Constitution (1919) provides for the 'prevention of unemployment and the provision of an adequate living wage' and the Declaration of Philadelphia (1944) recognizes the ILO's role in promoting full employment and raising standards of living. A key feature of the ILO, which distinguishes it from the other bodies of today's UN system, and permeates its history, is its emphasis on dialogue among the key economic actors as a means of promoting social progress – so that representatives of workers and employers play an equal role with governments in the organization's debates and decisions in what is known as tripartism.[27]

1. The normative framework

The Employment Policy Convention, 1964 (No. 122), ratified by 104 countries as of August 2011, articulates the resolve of member States to achieve full, productive and freely chosen employment. It creates a basic obligation on States to make an explicit formal pronouncement of their employment policy. This can be expressed in a number of ways. Some countries, for example, pronounce the objective of full employment, whereas others articulate the duty of the State to promote conditions for the realization of the right to work.[28]

The Convention requires national employment policy to be positioned as a major goal within the national agenda. Accordingly, the active employment policy should be pursued as a major goal of macroeconomic policy, and entails a focus on the design and implementation of such policies. Article 1, paragraph 2, of the Convention defines the principles of the employment policy, which should ensure that "(a) there is work for all who are available for and seeking work; (b) such work is as productive as possible; (c) there is freedom of choice of employment and the fullest opportunity for each worker to qualify for,

[27] G. Rodgers et al.: *The International Labour Organization and the quest for social justice, 1919-2009*, (Geneva, 2009).

[28] ILO: General Survey concerning employment instruments in light of the 2008 Declaration on Social Justice for a Fair Globalization, Report of the Committee of Experts on the Application of Conventions and Recommendations, Report III (Part 1B), ILC, 99th Session, Geneva, 2010.

and to use his skills and endowments in a job for which he is well suited, irrespective of race, colour, sex, religion, political opinion, national extraction or social origin."

The Employment Policy Recommendation, 1964 (No. 122), and the Employment Policy (Supplementary Provisions) Recommendation, 1984 (No. 169), outline in some detail policy approaches to support Members' efforts to design and implement effective employment policies and programmes. Some 20 other instruments adopted by the ILO in the area of skills and enterprise development, employment services, disability, employment relations, multinational enterprises and rural employment guide advocacy and technical work in those fields.

Tripartite consultations[29]

Article 3 of the Convention provides that "representatives of the persons affected by the measures to be taken, and in particular representatives of employers and workers, shall be consulted concerning employment policies, with a view to taking fully into account their experience and views and securing their full co-operation in formulating and enlisting support for such policies." The scope of such consultations should not be limited to employment policy measures in a narrow sense, but should extend to all aspects of economic policy that affect employment. The social partners should therefore be consulted both on labour market or skills training programmes and on framing more general economic policies that have a bearing on employment promotion. The consultations should also be used as a mechanism to enlist the support of the persons affected for the implementation of the policy which is eventually adopted. It does not, however, create an obligation for such policies to be negotiated until a unanimous agreement is reached. Finally, this provision provides for a broad participatory approach to consultations, in that it does not limit consultations to the social partners, but refers to representatives of the persons affected by the employment measures. The consultations should include the views of other sectors of the economically active population, such as those working in the rural sector and the informal economy.

The Convention not only requires consultations in connection with the formulation of employment policies, but also calls for the support of representatives of the persons affected to be enlisted in the implementation of such policies. The Employment Policy Recommendation, 1964 (No. 122), also provides for employers and workers in the public and private sectors and their organizations to "take all practicable measures to promote the achievement and maintenance of full, productive and freely chosen employment." The initiative for actions of this kind rests with the employers and workers and their organizations directly, rather than with the Government.

Many examples show the involvement of tripartite forums in the design and promotion of employment measures. In Brazil, the formulation, implementation and monitoring of employment policy is carried out by the tripartite National Employment Council (CDT) and the tripartite Advisory Council of the Workers' Assistance Fund (CODEFAT), which administers the implementation of employment policies.

29 General Survey concerning employment instruments (2008), paragraphs. 73-95.




2. The policy framework

The Global Employment Agenda (GEA)[30] provides the core elements of an employment policy framework. It calls for an integrated approach with interventions on the demand and the supply side, and at macro and micro levels, which aim to improve the quantity and quality of employment.

The implementation strategy for the GEA (2006)[31] endeavoured to make it operational and directly applicable to the design and implementation of national employment policies. It structures the content of the GEA around five key employment policy areas, together with social protection: employment expansion; skills, technology and employability; enterprise development; labour market institutions and policies; and governance, representation and advocacy. Efforts have been made to integrate gender equality, and a new tool has been developed to assist with mainstreaming gender in all policy areas of the GEA framework.[32] The GEA's goal of making employment central to national economic and social policies, as well as to international development strategies, is also restated in the ILO Declaration on Social Justice for a Fair Globalisation.[33] The Declaration underscores the importance of this integrated approach by recognizing the synergies across decent work objectives and it reaffirms the commitment by all Members of the ILO to "*place full and productive employment and decent work at the centre of economic and social policies*." As a follow up to the Social Justice Declaration, the June 2010 International Labour Conference adopted a Resolution on employment that underscored the importance of the formulation and implementation of employment policies to promote full decent productive and freely chosen employment.[34] The conclusions specifically call on the Office "*to strengthen its capacities and expanding its services to provide timely and customized advice on employment policies, to evaluate their impacts and to draw lessons*."[35]

B The approach at the institutional level

1. Integrated and well-designed policy interventions

It is now commonly acknowledged that economic growth, while necessary, is by no means sufficient to engender sustainable and productive employment. Hence, in order to foster the quality and quantity of employment, a wide range of integrated and well-designed policy interventions, cutting across both macro and microeconomic dimensions and addressing both labour demand and supply are required. Within the broader Decent Work Agenda, employment is a cross-cutting issue and the result of multi-layered policy interactions. The ILO Declaration on Social Justice for a Fair Globalization highlights the "inseparable, interrelated and mutually supportive" nature of the four Decent Work objectives. Such an approach is increasingly looked at as the framework of a new social

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30 http://www.ilo.org/employment/areas/global-employment-agenda/lang--en/index.htm

31 Vision document on operationalizing the employment component of Decent Work Country Programmes, March 2006, GB.295/ESP/1/1.
http://www.ilo.org/employment/Whatwedo/Publications/WCMS_103335/lang--en/index.htm

32 ILO: *Guidelines on gender in employment policies* (Geneva, 2009).

33 http://www.ilo.org/wcmsp5/groups/public/@dgreports/@cabinet/documents/publication/wcms_099766.pdf

34 Section IV. Parts 28–30. Conclusions concerning the recurrent discussion on employment. ILC, June 2010.

35 Part 30 (ii). Conclusions concerning the recurrent discussion on employment. ILC, June 2010.

and economic development paradigm characterized by employment-centred and income-led growth with equity.[36]

The interrelationship of the ILO's four strategic objectives

(i) The full economic and social growth potential of a society cannot be realized if people are not benefiting from a social protection floor.

(ii) By the same token, social security schemes cannot be financed without a sound economic and employment base.

(iii) Freely chosen employment cannot be realized without respect for the fundamental principles and rights at work.

(iv) A fair sharing of the benefits of productivity gains and growth and of adjustment burdens in times of economic crises cannot be assured without social dialogue.

(v) And, productivity gains and employment growth cannot be achieved without an enabling environment for sustainable enterprise.

Source: Conclusions concerning the recurrent discussion on employment, 2010.

This multi-dimensional perspective on employment is detailed in the Global Employment Agenda and its implementation strategy, which includes ten core elements organized in six interrelated policy areas. Employment promotion, therefore, needs to be dealt with through an interdisciplinary, multi-sector, multi-stakeholder and UN inter-agency approach.

2. Improved policy coordination and policy coherence

Policy coordination and coherence between the ministries of labour and economic affairs is indispensable. The broader integrated approach and conception of employment policy can only be effective where there is real coordination between ministries of finance and economic affairs, line ministries, and the Ministry of Labour. This requires both a political commitment at the highest level and an appropriate institutional environment but these conditions are not often present.

Employment outcomes are the result of growth strategies, economic policies, and demand-generating strategies that go beyond the mandate of ministries of labour, which are increasingly called on to play the pivotal role of leading and monitoring employment outcomes. Supporting their capacity to perform this coordination role and to foster collaboration with other sectoral ministries, as well as with ministries and agencies entrusted with macroeconomic management – such as the Central Bank, finance ministries and national planning agencies – continues to be a key priority.

Policy coherence across the international community can go a long way towards supporting national initiatives. The importance of productive employment and decent work for all has been widely recognized and endorsed at the highest level, including the United Nations General Assembly. This commitment was reaffirmed in July 2006 in a Ministerial Declaration that provided an unprecedented level of support and commitment to

[36] Conclusions concerning the recurrent discussion on employment by the 2010 Session of the International Labour Conference.




employment generation and the Decent Work Agenda. The declaration recognises that "full and productive employment and decent work are a priority objective of international cooperation". Further ECOSOC Resolutions (2007, 2008) emphasized the importance of a multi-layered and multi-dimensional focus to productive employment and decent work "that incorporates Governments, the private sector, civil society organizations, representatives of employers and workers, international organizations and in particular the agencies of the United Nations system and the international financial institutions."[37]

In September 2010, the IMF and the ILO, along with other international leaders, called for a broad international commitment to an employment-focused policy response to the global economic downturn. Simultaneously, the G20 leaders are increasingly recognizing the importance of coordination and policy coherence on employment. The new Framework for Strong, Sustainable and Balanced Growth calls for a "continued focus on employment policies" and requires "structural reforms to create more inclusive labor markets, active labor market policies, and quality education and training programs."[38] The Seoul development consensus on shared growth unveiled during the November 2010 G20 meeting represents an important step forward towards pro-employment macroeconomic frameworks.

3 Social dialogue and collective bargaining

Tripartism and employment policy must be reinforced; a real priority in many countries and for the ILO is to build and strengthen the capacities of employers' and workers' organizations and tripartite institutions for an informed and effective dialogue on employment policy, and for influencing the centrality of employment goals.

Low and decreasing union membership and the weakening of collective bargaining in many countries remain causes of concern. This is not just because of the difficulties which workers face in trying to organize themselves (often due to increases in the numbers of non-standard workers, including many domestic workers, as highlighted earlier in the report) but also because unorganized workers often have access to few alternative mechanisms to secure fair and decent wages. In this context, it is interesting to see that, during the crisis, there has been a renewed interest in the role of the State in promoting collective bargaining through various incentive schemes (for example, work-sharing and employment subsidies). There has also been a growing recognition of the relevance of collective bargaining in raising wages along with economic growth, including in Asian countries. If feasible and necessary, tripartite wage bargaining – while not collective bargaining *per se* – could also potentially benefit vulnerable workers, thanks to its comprehensive coverage.[39]

[37] Resolutions of 2007/2 The role of the United Nations system in providing full and productive employment and decent work for all E/2007/INF/2/Add.1 and United Nations Commission for Social Development, E/CN.5/2008/L.8

[38] G20 Leaders' statement, The Pittsburgh Summit, Putting Quality Jobs at the Heart of the Recovery, Pittsburgh, 25 Sep. 2009.

[39] ILO: *Global Wage Report 2010*, (Geneva, 2010).

C. The approach at the policy level

1. The role of macroeconomic policies in fostering pro-employment growth[40]

Countries and the international community should implement macroeconomic policies in which the MDG goal of full and productive employment and decent work for all is pursued within a framework of price stability and fiscal sustainability. Concretely, governments should build a macroeconomic framework that: a) will promote the necessary demand to support the creation of enough decent jobs; b) supports a financial sector that will mobilize and allocate resources for development; and c) maintain macroeconomic stability.

> **Examples of publications on pro-employment macroeconomic policies:**
>
> - IPC Policy Research Brief #4, 2007: 'The Macroeconomic Implications of MDG-Based Strategies in Sub- Saharan Africa'
> - IPC Policy Research Brief #6, 2008: 'Pro-Growth Alternatives for Monetary and Financial Policies in Sub- Saharan Africa'

Investment-focused and development-oriented macroeconomic policies

The main instruments of macroeconomic policy are changes in the rate of interest and money supply, known as monetary policy, and changes in taxation and public spending, known as fiscal policy. A pro-employment macroeconomic framework will use these instruments to foster greater employment creation.

There is no one-size-fits-all pro-employment macroeconomic framework, but recent evidence points at two alternative macroeconomic policy frameworks for formulating pro-employment macroeconomic policies.[41] The first framework focuses on maintaining a stable and competitive real exchange rate (SCRER), as for example in Argentina and Turkey, as well as containing external shocks (terms-of-trade or capital outflow shocks). In this framework, exchange rate management is the leading organizing policy, with monetary policy (such as setting low-inflation targets) playing a subordinate role, especially in economies that are becoming increasingly open.[42] However, the implications of the SCRER framework for capital-account management and fiscal policies, particularly with regard to public investment, need to be analyzed carefully, and there is a clear need to manage the volume and composition of international private capital flows (see Brazil's recent modest transaction tax). Such management is complementary to management of the exchange rate as investment-focused macroeconomic policies often have to confront the threat of a decline in 'business confidence', a surge of capital outflows, and rapid depreciation of the

[40] This section borrows from Terry McKinley's presentation at the ILO's Employment Policy Department Retreat in September 2010 entitled: "Pro-employment macroeconomic policies" as well as from his presentation at the ILO Employment Policy Department Retreat in September 2011 entitled: Pro-Employment Macroeconomic Frameworks: Review of Country Studies".

[41] Macroeconomic policies for full and productive employment, Research project of the Employment Policy Department, 2010-11. Eleven country studies and a synthesis report, forthcoming as a book. http://www.ilo.org/emppolicy/pubs/lang--en/index.htm

[42] Moderate inflation (5-10 per cent, or not over 10 per cent per annum for a limited time) need not be detrimental to growth, nor to export promotion (if the exchange rate is properly managed).

exchange rate. It would be difficult to implement independent monetary (and even fiscal policies) without some management of the capital account.

The second alternative framework puts Public Investment-Focused Fiscal Policies (PIFFP) at the forefront and monetary policies are subordinated to fiscal policies. In this framework, monetary policies support fiscal expansion and export promotion by providing adequate liquidity to a growing economy and fostering moderate but positive real rates of interest for private (and public) investment; conversely, strict inflation targeting (especially a low inflation target of under 5 per cent) is inconsistent with such an approach. Fiscal policies aim to expand aggregate supply (e.g., expanding productive capacity, mobilizing domestic resources), in addition to stimulating aggregate demand (e.g., public investment aimed at expanding opportunities). In this context, exchange rate management will still be important in promoting international competitiveness, and capital account management remains a corollary of this approach –particularly for capital-outflow shocks.

Macroeconomic policies are not enough by themselves to promote employment, as research indeed shows disappointing employment outcomes even during episodes of high economic growth; macroeconomic policies do create a supportive environment for employment-generating structural transformation, but there is also a need for a set of structural policies.

Pro-employment structural policies

Macroeconomic policies (except fiscal policies) are broad and blunt instruments that have mostly an economy-wide impact. For employment generation what also needs to be taken into account is the *composition* of macroeconomic stimuli, as well as their aggregate impact on growth (e.g., the composition of governmental expenditure). Structural policies can be calibrated to help foster productive employment (e.g., by supporting employment-intensive sectors or by increasing employment intensity within sectors) and such policies involve a differential allocation of economic resources.[43] The following policies structure access to economic opportunities and employment:

- **Fiscal Policies**: Their impact can be differentiated by economic sector or employment category (e.g., the location of public investment in infrastructure).
- **Financial Policies**: Access to financial services can be differentiated (e.g., increasing access in rural areas or for the development of Small and Medium Enterprises (SMEs) in the informal economy).
- **Industrial policies:** The importance of industrial and other sectoral strategies for structural transformation should be reasserted. Industrial employment has stagnated in many low-income countries as a result of policy orientations that discouraged the use of sectoral strategies based on dynamic comparative

[43] However, liberalization and privatization have removed some discretionary powers of the State, leaving resource allocation to market mechanisms. As a result, employment opportunities can be expanded without necessarily providing access to poor workers; there lies the need for equity-enhancing policies. These can involve enhancing access of the working population to education, skills development, technology, land and other productive assets and resources. Households are often poor precisely because their working members lack such access. Such policies could involve reshaping or refocusing the impact of structural policies, such as providing micro-finance or micro-insurance. And they could also involve social protection, such as the UN Social Security Floor Initiative, which would provide universal access to social transfers and services (social guarantees against risk).

advantage, and on proactive structural transformation policies. Sectoral and industrial policies matter because they can accelerate the path of knowledge, skills, and capabilities accumulation. Therefore, new types of industrial and competitive advantage policies should receive more attention, while avoiding ineffective incentives and distortions. Resources can be channelled differentially to various economic sectors or subsectors (e.g., to tradables as opposed to non-tradables)

- **Trade regime:** The recent global economic crisis demonstrated that trade patterns can have important impacts on employment levels in export-oriented sectors in developing countries.[44] Tariffs can be adjusted, within WTO limits, by sector or subsector, in order to promote employment creation or protect existing employment.

2. Targeting employment

Most countries define and measure economic performance through targets for inflation, production, exports, or investment attraction and the global economic crisis has given a new impetus to the need and desirability of such employment targets. An employment target is an explicit political commitment to achieving an outcome in the labour market, usually within a defined time period. That time period might well coincide with a political (election) cycle, but not necessarily, particularly in those countries with planning commissions independent of the electoral cycle.

A large number of countries have recently adopted various types of employment targets; an internal ILO evaluation of national employment policies concluded that explicit quantitative employment targets were found in 75 per cent of 41 national employment policy documents ranging across various regions of the developing world.

Box 1.1 Examples of employment targets in selected countries

- Viet Nam ten years Socio-Economic Development Strategy for 2011 - 2020 aims to create 10 million jobs. Under the National Target Programme on Job Creation and Skills Training, about 1.6 million jobs will be created in a year, including 80,000-100,000 positions overseas.
- In 2004 the South African government under the Accelerated and Shared Growth Initiative committed to halving poverty and unemployment by 2014 for South Africa.
- In India, under the National Rural Guarantee Scheme one member from each of India's 60 million rural households is guaranteed 100 days of work each year.
- Europe 2020 strategy for jobs and growth contains a headline target on labour market that seeks to increase by 2020 to 75% the labour market participation rate for women and men aged 20-64.
- The 2010-2014 Employment Strategy of Bosnia and Herzegovina has identified three targets: 2 percentage points annual increase in the overall employment rate; 2.5 percentage points annual increase in the female employment rate; and youth unemployment reduced to 30 % by 2014..

A key challenge is to actually meet the ambitious employment targets that countries announce. Often these are not given the same treatment as other economic targets, and they are not sufficiently integrated into economic policies, national development plans,

[44] E. Gamberoni; E. von Uexkull and S. Weber: "The role of openness and labour market institutions for employment dynamics during economic crises", *Employment working paper No.68*, International Labour Office, Employment Sector, Trade and Employment Program, (Geneva, ILO, 2010).
http://www.ilo.org/wcmsp5/groups/public/---ed_emp/documents/publication/wcms_152690.pdf

and investment strategies; moreover, employment targets typically refer to quantity of employment. Only rarely are targets set with respect to improving the quality of employment, for example reducing underemployment, working poverty, and informality.[45] In addition, the monitoring systems and employment-related monitoring indicators are generally weak, whether within national systems of government reporting and monitoring, or within sectors. Employment targets need to be supported by sound employment-oriented indicators of achievement.

3. Employment friendly social protection systems: A virtuous cycle of social and economic development[46]

Investment in extending social protection is critical to a coherent social and economic development strategy. If well designed and well managed, such investment can trigger a virtuous cycle leading to a logically sequenced set of social protection and employment policies. Without investment in extending – at the very least – basic social protection, countries cannot unlock the full productive potential of their workforce and therefore cannot exploit their full growth potential. Such investment provides the basis for effective employment policies which can then lead to faster formalization of the workforce, and consequent higher levels of sustainable and equitable growth – a prerequisite for financing higher levels of social well-being. This development process should be based on credible principles as stipulated in ILO standards and be steered by social dialogue to maintain societal consensus.

Such investments will help ensure the population is healthy, well nourished, and educated – and so employable in the formal economy. Only if people can migrate from the informal to the formal economy, and can change from being low-productivity subsistence-level workers into formal workers who pay their taxes and social contributions, will an economy truly grow where incomes are effectively taxed to finance a State and social security system which in turn help achieve higher levels of welfare and growth. Once people are in a position to enter the formal labour market, higher levels of social security, if properly designed, provide the necessary incentives to remain in formal employment, as well as the financial security that allows individuals to adapt to technological and economic change through training and retraining. A higher level of social security is one of the conditions that need to be met in order to maintain high levels of formality.

[45] With some exceptions, for example the National Employment Policies of Burkina Faso and of Madagascar.

[46] ILO: *Social security for social justice and a fair globalization,* Recurrent discussion on social protection (social security) under the ILO Declaration on Social Justice for a Fair Globalization, International Labour Conference, 100th Session, 2011 - Report VI.

Box 1.2 Examples of stimulating demand and protecting the most vulnerable via enhancements to social protection in Brazil and India

In Brazil, well designed social policies mitigated the impact of the crisis on the most vulnerable and contributed to domestic demand growth. Data show that the increased spending on the social cash transfers – *Bolsa Família*, Continued Benefit Provision (*Beneficio de Prestação Continuada,* BPC), and the General Regime of Social Security (*Regime Geral de Previdência Social*, RGPS) – had important multiplier effects. For instance, the BPC is estimated to have a multiplier effect of 2.2 on family income and 1.4 on GDP. In fact, enhanced social transfers are estimated to have led to an injection of US$ 30 billion into the economy and potentially created (or saved) 1.3 million jobs. These measures not only helped to mitigate the impact of the crisis on the most vulnerable, but also contributed to domestic demand growth by spurring local economic dynamism in employment-intensive sectors. They will also contribute to the longer-term development of Brazil.

Over the past couple of decades, Brazil has made substantial progress in reducing poverty and income inequality – aided by a comprehensive social protection system. However, more needs to be done to design social protection measures with labour market objectives in mind. For example, while it is certainly laudable that more than 12 million families benefit from Bolsa Familia, the mere fact that one-quarter of the population qualifies for the programme is cause for concern. And though the social and economic benefits of the programme are well established and well documented, future reform efforts could consider how best to integrate the beneficiaries into productive, quality, and decent employment. Greater investments in basic skills and vocational training, labour market intermediation, and increased availability of childcare services, could help improve the access of workers to the new opportunities available in Brazil´s booming economy.[47]

In India, the enactment of the National Rural Employment Guarantee Act (2005), which guarantees 100 days of employment to all rural households on demand (or compensation in lieu of it) **may be considered as one of the most progressive livelihood guarantee legislations**. This demand-driven scheme has its focus on works relating to water conservation, drought proofing (including afforestation/tree plantation), land development, flood-control/protection (including drainage in waterlogged areas) and rural connectivity in terms of all-weather roads. The growing participation of the most marginalized sections of the population like the Scheduled Castes, Scheduled Tribes, and women, may well be a clear indication of the improvement in the overall socioeconomic well-being. Out of the total 1008.7 million workdays of employment generated during 2007–08, SCs (27 percent) and STs (31 percent) together account for around 58 percent, and the share of women stood at 43 percent of the total workdays of employment generated. It is worth emphasizing that in Rajasthan, where the labour force participation rate for rural women was only 25 per cent in 2004–05, women accounted for 70 percent of total person-days of employment generated under NREGP during 2007–08.[48] A 2010 study in Rajasthan, Andhra Pradesh, and Maharashtra further shows that women earned more than men on an annual basis through NREGP. The picture is more mixed for workers from socially disadvantaged groups (SCs, STs and Other Backward Classes) who have lower annual earnings than others in Rajasthan and Maharashtra, while in Andhra Pradesh, there is no significant difference between SCs and others, but STs and OBCs have higher annual wage earnings from NREGS than others.[49]

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[47] ILO: Brazil, An innovative income-led strategy, *Studies on Growth and Equity, International Institute of Labour Studies*, (Geneva, 2011).

[48] P. Jha: "The well-being of labour in contemporary Indian economy: what's active labour market policy got to do with it?" *Employment Working Paper No. 39*, (Geneva, ILO, 2010).

[49] R. Jha, R. Gaiha and M. K. Pandey: "Determinants of employment in India's NREG Scheme", *ASARC Working paper 2010/17*, (Canberra, Australian National University, 2010).

4. Non-discrimination and gender equality in employment should be reinforced

Women form 40 per cent of the world's workforce and yet their employment and working conditions are very often inferior to those of men across many countries. Women are overrepresented in atypical forms of employment, such as part-time employment, precarious and casual work, and informal employment and the vulnerable employment rates for women continue to be much higher than for men in many poorer countries. However, there are a number of measures that can be undertaken at the national level as part of employment policies in order to promote equality at work and the principles of equal access to education, skills development, and employment are key to such policies.

The principle of freedom of choice is expressed in Convention No. 122, in terms of opportunity to obtain and use skills in jobs, without discrimination on the basis of race, colour, sex, religion, political opinion, national extraction, or social origin. While most national employment policies integrate gender equality concerns – some more extensively than others – monitoring effective implementation is key. Furthermore, women tend to be underrepresented in social dialogue structures, including employers' and workers' organizations, and their interests may not be represented in social dialogue processes. To register progress on gender equality in employment, enabling women to organize and training them in collective bargaining negotiation will be a powerful force for change even among the most vulnerable occupations.[50]

Despite major gains in recent years, people with disabilities still face discrimination and other barriers to full participation in social, economic, political, and cultural life. Of an estimated 1 billion people with disabilities, at least 785 million are of working age.[51] They are more likely to be unemployed or when employed are likely to earn less than non-disabled people and be in jobs with poor promotional prospects and working conditions, especially if they are women. Many work in the unprotected, informal economy, few have access to skills development and other opportunities that would enable them to earn a decent living, so the potential of many disabled women and men remains untapped and unrecognized, leaving a majority living in poverty, dependence, and social exclusion.

ILO standards, including the Vocational Rehabilitation and Employment (Disabled Persons) Convention, 1983 (No. 159), its associated Recommendation (No. 168); the Human Resources Development Recommendation, 2004 (No. 195); and the ILO Code of practice on managing disability in the workplace, 2002, provide the framework for the ILO's response to requests for support for this target group, emphasizing the inclusion of disabled persons in general training and employment-related programmes and in the open labour market. The ILO takes a twin-track approach to promoting equal opportunity, equal treatment, and mainstreaming of persons with disabilities. Track one allows for disability-specific programmes or initiatives aimed at overcoming particular disadvantages or obstacles, while Track two seeks to ensure that disabled persons are included in general skills development as well as in enterprise- and employment-related services and programmes on vocational training and employment.

50 ILO: *Guidelines on gender in employment policies*, (Geneva, ILO)

51 For more information about the estimates, see pages 29 to 32 of the World Report on Disability, which can be accessed at: http://www.who.int/disabilities/world_report/en

Annex 1
Main international labour standards on employment policies

- **Employment Policy Convention, 1964 (No. 122)** - Convention No. 122, a significant instrument from the viewpoint of governance, complemented by the **Employment Policy (Supplementary Provisions) Recommendation, 1984 (No. 169)**. It serves as a blueprint for member States to apply as they formulate national employment policies.
- **Human Resources Development Convention, 1975 (No. 142)** - Convention No. 142, like the **Human Resources Development Recommendation, 2004 (No. 195)**, is critically related to the attainment of full employment and decent work, and to the realization of the right to education for all. Convention No. 142 also plays an important role in combating discrimination.
- **Employment Service Convention, 1948 (No. 88) and Private Employment Agencies Convention, 1997 (No. 181)** - Convention No. 88 and Convention No. 181 complement one another. Public employment services and private agencies both contribute to optimal labour market functioning and to the realization of the right to work.
- **Employment Service Recommendation, 1948 (No. 83) / Private Employment Agencies Recommendation, 1997 (No. 188)**.
- **Job Creation in Small and Medium-Sized Enterprises Recommendation, 1998 (No. 189)** - Recommendation No. 189 provides a specific framework to ensure that small and medium-sized enterprises, as well as micro-enterprises, create jobs in compliance with international labour standards.
- **Promotion of Cooperatives Recommendation, 2002 (No. 193)** - Recommendation No. 193 provides a specific framework for the creation and maintenance of cooperatives, which create jobs and contribute to income generation.
- **Vocational Rehabilitation and Employment (Disabled Persons) Convention, 1983 (No. 159)**. Convention No. 159 and its associated Recommendation (No. 168).
- **Employment Relationship Recommendation, 2006 (No. 198)**.
- **Older Workers Recommendation, 1980 (No. 162)** – Recommendation No. 162 recommends that older workers should, without discrimination on the grounds of their age, enjoy equality of opportunity and treatment in employment.
- **Migration for Employment Convention (Revised), 1949 (No. 97) and Migration for Employment Recommendation (Revised), 1949 (No. 86).**
- **Migrant Workers (Supplementary Provisions) Convention, 1975 (No. 143) and Migrant Workers Recommendation, 1975 (No. 151)**.

Annex 2
Countries that ratified Convention No. 122

Albania 07:01:2009	France 05:08:1971	New Zealand 15:07:1965
Algeria 12:06:1969	Gabon 01:10:2009	Nicaragua 01:10:1981
Antigua and Barbuda 2002	Georgia 22:06:1993	Norway 06:06:1966
Armenia 29:07:1994	Germany 17:06:1971	Panama 19:06:1970
Australia 12:11:1969	Greece 07:05:1984	Papua New Guinea 01:05:1976
Austria 27:07:1972	Guatemala 14:09:1988	Paraguay 20:02:1969
Azerbaijan 19:05:1992	Guinea 12:12:1966	Peru 27:07:1967
Barbados 15:03:1976	Honduras 09:06:1980	Philippines 13:01:1976
Belarus 26:02:1968	Hungary 18:06:1969	Poland 24:11:1966
Belgium 08:07:1969	Iceland 22:06:1990	Portugal 09:01:1981
Bolivia 31:01:1977	India 17:11:1998	Romania 06:06:1973
Bosnia and Herzegovina 1993	Islamic Republic of Iran 1972	Russian Federation 22:09:1967
Brazil 24:03:1969	Iraq 02:03:1970	Rwanda 05:08:2010
Bulgaria 09:06:2008	Ireland 20:06:1967	Saint Vincent and the Grenadines 2010
Burkina Faso 28:10:2009	Israel 26:01:1970	Senegal 25:04:1966
Cambodia 28:09:1971	Italy 05:05:1971	Serbia 24:11:2000
Cameroon 25:05:1970	Jamaica 10:01:1975	Slovakia 01:01:1993
Canada 16:09:1966	Japan 10:06:1986	Slovenia 29:05:1992
Central African Republic 2006	Jordan 10:03:1966	Spain 28:12:1970
Chile 24:10:1968	Kazakhstan 06:12:1999	Sudan 22:10:1970
China 17:12:1997	Republic of Korea 09:12:1992	Suriname 15:06:1976
Comoros 23:10:1978	Kyrgyzstan 31:03:1992	Sweden 11:06:1965
Costa Rica 27:01:1966	Latvia 27:01:1992	Tajikistan 26:11:1993
Croatia 08:10:1991	Lebanon 01:06:1977	Thailand 26:02:1969
Cuba 05:02:1971	Libyan Arab Jamahiriya 1971	Tunisia 17:02:1966
Cyprus 28:07:1966	Lithuania 03:03:2004	Turkey 13:12:1977
Czech Republic 01:01:1993	Former Yugoslav Republic of Macedonia 1991	Uganda 23:06:1967
Denmark 17:06:1970	Madagascar 21:11:1966	Ukraine 19:06:1968
Djibouti 03:08:1978	Mauritania 30:07:1971	United Kingdom 27:06:1966
Dominican Republic 2001	Moldova 12:08:1996	Uruguay 02:06:1977
Ecuador 13:11:1972	Mongolia 24:11:1976	Uzbekistan 13:07:1992
El Salvador 15:06:1995	Montenegro 03:06:2006	Venezuela 10:08:1982
Estonia 12:03:2003	Morocco 11:05:1979	Yemen 30:01:1989
Fiji 18:01:2010	Mozambique 23:12:1996	Zambia 23:10:1979
Finland 23:09:1968	Netherlands 09:01:1967	




Chapter 2
Overview of the employment policy process

The framework of this guide is based on the policy cycle approach that disaggregates complex phenomena into manageable steps. A policy cycle is normative, which suggests a logical sequence of recurring events practitioners can use to comprehend and implement the policy task. As all components are interlinked, the completion of the tasks under each component is instrumental in order to move to the following one; however, no policy model can claim universal application since every policy process is grounded in particular governmental institutions and practice varies from problem to problem. A policy cycle is heuristic, an ideal type from which actual circumstances will curve away.

This chapter provides a quick overview of the ideal employment policy process. It suggests answers to the following questions:

- What are the prerequisites of a successful policy process?
- Who are the main actors and what is their role?
- What are the main steps in the policy process?

Contents

I. Prerequisites for a successful policy process

A. Sustainability in action

To be sustainable, the policy process cannot be conducted ex-nihilo, without any anchorage at the national level. What are the different entry points in the country? With whom does one establish partnerships or working relations? Are there reference documents or general guidelines with which to formulate policies?

1. Alignment with other national processes

There are various entry points for a National Employment Policy (NEP) process. Good practice shows that developing a NEP is particularly meaningful when it is responding to a national need, such as:

- **Bringing coherence to a set of tested and approved employment interventions.** The need to formalize the consensuses that have been obtained over time in a coherent institutional system based on successful experiences, and to consolidate the progress made, is one rationale for designing a national policy. For example, the People's Republic of China, consolidated 20 years of piloting and adjustments of active employment policies into an employment promotion law.

- **The revision of a National Development Framework (NDF).** To successfully integrate employment issues into the national development framework, it is very useful to have a well-articulated policy ready at the time of the revision of the framework. This was the case in Madagascar where the NEP was adopted in 2005, just in time for the preparation of the new national development framework (the Madagascar Action Plan covering the period 2007–2011).

- **Move towards results-based management and budget programming** with Medium-Term Expenditure Frameworks (MTEF). If budget allocations are based on programme budgets, all ministries must have an adopted policy with a MTEF in order to take part in the budget arbitration exercise.

- **A new Government is put in place** with the need to restate its main priorities and goals. For example, in 2006 a new Government was formed in Burkina Faso which created a Ministry of Youth and Employment, separate from the old Ministry of Labour. The newly appointed Minister of Youth and Employment initiated a policy process to establish his mandate.

- **Achieve internationally-set objectives to which the country has adhered.** An example from the recent past has been the achievement of the Millennium Development Goals (MGDs), where to halve poverty by 2015 some countries chose the productive employment route.

Box 2.1 **Burkina's Ministry of employment moving towards results-based management and budget programming.**

In Burkina Faso, the Government has undertaken large public finance reforms in the last decade. Among these reforms, budget programming and planning tools have been developed; budget programming since 1998, MTEF since 2000, and sector policies with action plans since 2000, thus insuring that budget allocations are complying with national strategic priorities and that the use of resources is more efficient and effective.

The Ministry of Employment has made consistent strides to keep pace with these national processes; indeed, although the Government had come to recognize the central role of employment, the Ministry of Economy and Finance saw the absence of a clear and coherent vision for employment as a major barrier to its effective integration into the national budget. It recommended to the Ministry in charge of employment to align national procedures by developing a National Employment Policy and a budget programming in order to make employment outcomes visible and measurable in the national budget.

Aligning the NEP process on other national processes also ensures visibility and credibility to the process, and eases the mobilization of resources.

2. Building partnerships

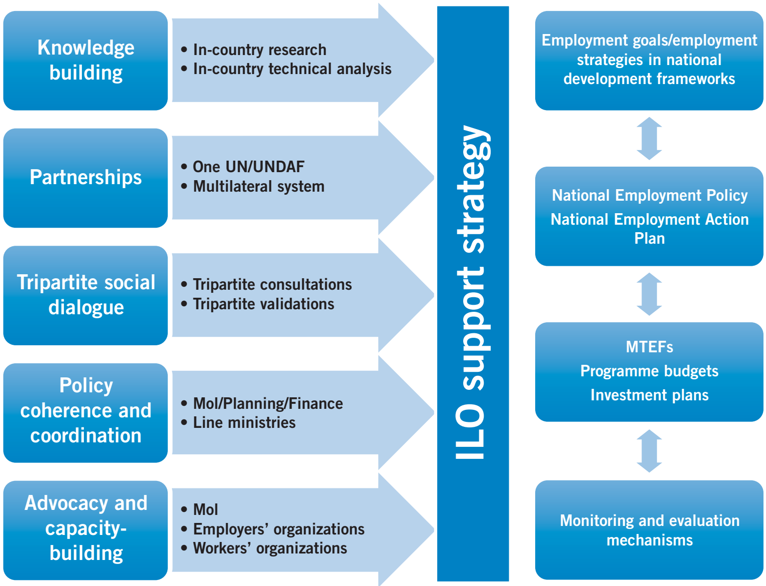
In each country, it will be necessary to identify the actors with whom to establish partnerships, as this may vary from one country to another. Sectoral ministries, and ministries and agencies entrusted with macroeconomic management – such as the Central Bank, finance ministries and national planning agencies – are key partners for the Ministry in charge of employment. Fostering collaboration with these structures is essential for at least two reasons: firstly, the policies they implement have a clear impact on employment, whether directly or indirectly; secondly, collaboration facilitates the integration of the national employment policy into budgeting and planning cycles.

Partnerships also need to be established with employers' and workers' organizations and with development partners. The employers' and workers' organizations can contribute their ideas, knowledge, expertise, and experience to the various steps of employment policy design, including research, analysis, drafting and testing models, and developing design options. Development partners can contribute technical expertise and capacity-building, as well as financial support.

Box 2.2 **Partnerships for employment in Liberia**

An Inter-Ministerial Steering Committee on Labour and Employment was established during the Poverty Reduction Strategy (PRS) formulation process (pre-2006). This Committee is chaired by the Ministry of Labour and its members include social partners, the ministries of planning, finance, youth and sports, public works, the ILO, the World Bank, and the UNDP. The Committee was charged with the responsibility of coordinating inputs on labour and employment in the PRS process and monitor the implementation of this sector's activities. This Committee was also used for the formulation of the 2009 NEP and the 2010 NEP-Action Plan (NEP-AP), as well as its implementation. This partnership has been useful in mobilizing inter-sectoral ministerial support and in advocating for productive employment and decent work policies at the centre of national policy-making.

Figure 1: ILO support for Employment Policy Processes across the world



3. Broad and sustained political commitment

A clear and strong political commitment emanating from the highest Government levels is key to ensuring sustainability. The decision to develop a NEP can be taken by a number of stakeholders: the President, the Prime Minister, the Planning Commission, the Minister in charge of Employment, etc., depending on the country's context. The level at which the decision is taken has consequences for the way it will then happen.

A political commitment at the highest level also ensures effective coordination between ministries of finance and economic affairs, line ministries (education, agriculture, infrastructure, local development, etc.), and the Ministry in charge of employment.

In **Liberia**, creating job opportunities for all Liberians was a key message in all the pronouncements of the President of Liberia, Her Excellency, Nobel Prize winner Ellen Johnson-Sirleaf, and therefore a political commitment at the highest level. These messages were translated into strategies and actions in the NEP and NEP-AP formulation. This gave the Ministry of Labour political clout and authority.

Experience has shown that when political commitment is not sustained over the medium-term, the policy's implementation – and even sometimes its formulation – stops. This has happened in countries where there is governmental instability or political crises, such as in Honduras, Madagascar, or Kyrgyzstan where a NEP had been adopted but stopped short of implementation because of a political coup; this is not a type of situation that can be predicted. Moreover, in other countries, after a change of government following elections, a NEP was abandoned, even though it had been adopted at the highest level and agreed on by all parties.

B. Clear institutional anchorage

Having clear institutional anchorage for the NEP is one of the keys in order to successfully follow it through all the stages from diagnostic to implementation. Firstly, it gives visibility to the process, secondly, a clearly mandated leader will be able to coordinate all the actors that should be involved in the process. The multiplicity of institutions and actors involved, and the diversity of their intervention levels puts at the forefront the need for strong coordination.

Depending on the country context and on the country-level institutional set-up, the "champion" can either be the Minister in charge of employment, or someone from the office of the Prime Minister or President.

The commitment of the Minister of Labour both in Uganda and Malawi, and of the Minister in charge of employment in Burkina Faso, provided the drive for the formulation of the first NEP in these countries.

The Role of the National Employment Agency (NEA) is also paramount; as on occasion the NEA takes the lead in formulating the NEP. While the NEA's role is to participate in the formulation process, as well as in implementing some of the elements of the NEP, it should not be *leading* the employment policy formulation process.

C. An inclusive and accountable process

The policy development process requires broad-based dialogue to translate it into successful implementation. Dialogue, and social dialogue in particular, should be present at every step, from the situation analysis that leads to policy choices, all the way to the validation of the policy implementation, and later its evaluation.

Dialogue level	Who	What	How
National/ Sectoral	Between the Ministry in charge of employment and: • social partners (employers' organizations and trade unions); • other ministries, in particular with the government's economic teams and sectoral ministries; • civil society groups, such as women or youth associations.	Identification of main challenges, policy options, validation of selected Priorities and ways of implementing them.	Working groups, tripartite workshops, tripartite conferences.
Regional	Between the Ministry in charge of employment and: • its regional branches; • regional social partners; • other decentralized government agencies; • regional civil society groups, such as women or youth associations.	Identification of main challenges, validation of selected priorities and ways of implementing them.	Workshops, focus group discussions.
Local	Animated by regional branches of Ministry in charge of employment involving local communities, NGOs active at the local level, specific projects that have an employment impact, beneficiaries (people).	Identification of main challenges, validation of selected priorities and ways of implementing them.	Village meetings, focus groups discussions, interviews.

The importance of these various levels depends very much on the size of the country, its history of the decentralization process, and the level at which it occurs. If the outreach of employment offices is only at the provincial or within-province urban levels, it would incur further costs to hold a dialogue at the very community level. Each country needs to decide how inclusive a consultation it can afford *vis-à-vis* what they expect to get out of the dialogue exercise.[1]

In the **Philippines**, the development of the Philippines Labor and Employment Plan 2011–2016, which is the relevant sectoral plan of the Philippines Development Plan 2011–2016, involved island-wide and tripartite consultations led by the Department of Labour and Employment. More information is available under "Deriving the LEP" (page 1 of the Plan), available at:
http://ncmb.ph/Others/dole/dole11.pdf

In **Mongolia**, broad-based consultations with all decentralized levels took place during the drafting of the NEP. These consultations built up towards a National Employment Forum held in October 2010 where the results of the consultations were discussed. The outcome was the declaration of 2011 as the Year of Employment during which the Government was to prepare a NEP using the findings of the regional consultations and of the Forum.

In **Uruguay**, the Ministry of Labour conducted a national dialogue on employment policies over the period March – October 2011, convening employers and the trade union confederation. The Government was represented by the Ministry of Labour, but also by other structures, depending on the topic discussed (for example, the Ministry of Social Development, the Ministry of Economy, of Industry, the Youth Institute, etc.). See Chapter 4 for a full account of the Uruguayan process.

Consultations may take place through a permanent advisory council or committee, usually dealing with general labour matters, on which employers and workers are represented through periodic conferences or meetings between the officials of the responsible governmental departments and representatives of employers' and workers' organizations. They may also take place through *ad hoc* committees set up to review employment problems and policies.

In South Africa, the National Economic Development and Labour Council (NEDLAC) consists of high-level representatives of various constituencies and various chambers meeting to discuss employment measures. All constituencies are consulted during the development of employment legislation and policies through the representatives of critical interest groups, such as the community, government and worker unions, as well as employer organizations, and through roadshows, forums, and a public comment phase. In Indonesia, employers and workers are to be consulted in the Tripartite Cooperation Institution (LKS Tripartite), established by Government Regulation No. 8 of 2 March 2005.[2]

1 The cost of the consultations needs to be included in the budget of the policy formulation exercise.

2 General Survey concerning employment instruments (2008), paragraphs 73–95.

2

Checklist: Getting started

Matters for Ministries in charge of employment to consider in developing and implementing an employment strategy may include:

1. Do you have an adequate and up to date information base to help you identify and analyse employment needs and appropriate responses? Your information base should include a combination of social, environmental, and economic data, and also incorporate the perspectives of workers, employers, and government stakeholders. You also need a way to update this data regularly.
2. How will you identify the aims and objectives of the Employment Policy? Early and sustained consultation is important to ensure that citizens understand, contribute to, and support employment objectives; in addition, what is important for its implementation is that the strategy has the backing of the social partners and government stakeholders.
3. Are the necessary resources in place to make the strategy achievable? Resources are likely to include dedicated staff time, training for staff and perhaps social partners, sources of funds to assist establishing programmes and projects, and additional resources to undertake changes to statutory planning instruments if needed.
4. How will you connect your employment policy to other strategic responsibilities and planning processes? Employment policies should be closely linked to other planning concerns and procedures. Ministries could choose to prepare a separate employment policy, or it could be incorporated within the country's existing strategic processes and plans.
5. How might your policy relate to the work of other ministries? Employment issues are rarely confined to a single governmental area – it may make sense to work collaboratively with other ministries to develop complementary responses to employment needs at the national level.

Make sure that you can answer "Yes" to the following:

- Feasibility: Is it affordable? Will it make a difference?
- Communicability: Can it be explained to the public? To parliamentarians?
- Supportability: Will it have a champion?

II. Phases for developing a NEP: where to start?

This section presents the seven steps of an "ideal type" employment policy process. In practice, there are likely to be variations. The steps detailed below cover a full policy cycle, but a country, depending on whether it is developing a new and full-fledged employment policy, preparing a subsequent employment policy, or contributing a chapter to a national development framework may follow only some of the steps described.

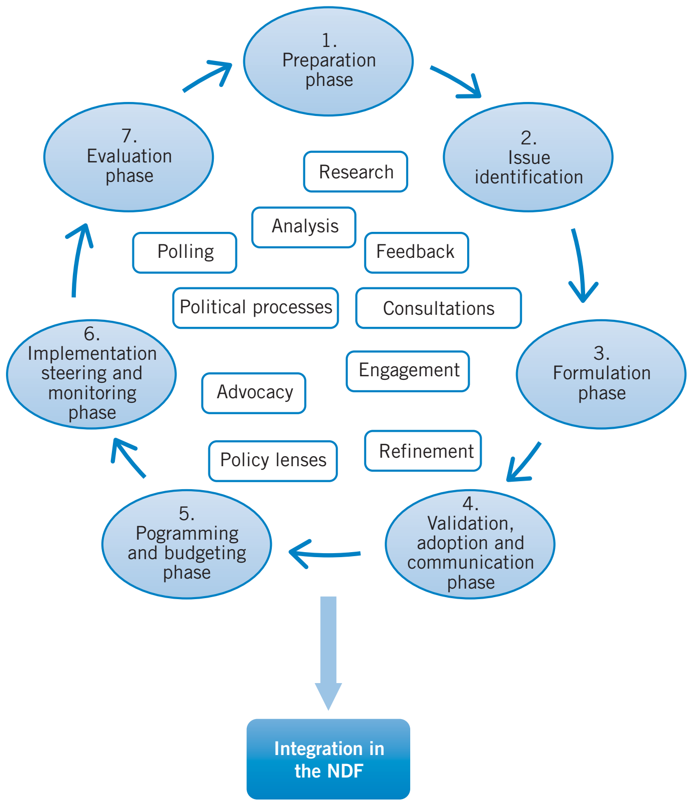
Furthermore, a full-fledged national employment policy document usually builds on earlier experience, pilot projects, testing of particular active policies, and institution building. International experience shows that countries usually start by designing one or more interventions, improves them, then works on coordination and policy coherence, and finally tries and integrate the work with economic policies. From there, they build a system that is formalized in a NEP or an Employment Promotion Law (EPL). A good example of this process is the development of active employment policies in China; the details of which can be found in "China: from active employment policies to employment promotion law" (ILO: December 2011).

This section only briefly describes the different phases. Some of them will be further detailed and discussed in the next chapters of the guide.

Dialogue will take place at the various stages of the policy process. At each step of the way, each component of the strategy needs to be discussed and debated, and a public consultation process engaged in. The extent and method of consultation and the participants involved will vary with each step. Some activities, such as consultation and engagement, cut across the policy development process and can be used in a variety of ways at each stage. Similarly, advocacy can be used at the various stages of the public policy process as a strategy to effect change.

2

The 7 steps of the policy process



Elements in the employment policy process

Methods of involvement in the process (Note: while all methods of involvement may happen at any step of the employment policy process, some methods are more prominent than others during certain steps of the process)

A. The preparation phase

The objectives of the preparation phase are:

1. To define the policy’s development goal (e.g., the attainment of full, productive, and freely chosen employment for all women and men).
2. To set the organizational framework for the policy process.
3. To prepare an indicative chronogramme of the policy process.
4. To plan and budget for the resources needed for the policy process.

1. Defining the policy's goal

When defining the national employment policy's goal, policy-makers seek to capture the values or principles that will guide the rest of the process.

Issues come onto the public policy agenda from various sources, including: political platforms, research and analysis, academia, workers' and employers' organizations, and civil society groups. Based on their in-depth knowledge and understanding of emerging and important issues, the social partners can bring key information to the development of the employment policy goal. Dialogue between the Government and the social partners during the agenda-setting stage also serves to inform the social partners of how they can participate most effectively in the policy process.

2. Setting the organizational framework

First, all stakeholders should be clearly identified and the modalities of their interventions stated. Second, a steering committee should be set up with members from identified government structures (Ministry of Finance, Education, Infrastructure, etc.), and from trade unions and employers' organizations, so as to ensure policy coherence, ownership, and sustainability. Third, a national technical team should be designated to accompany the whole policy cycle. It usually is a team of technical experts in the Ministry in charge of employment – or in some countries in the public employment agency – but it should be put in place with a clear mandate and clear responsibilities.

This team will be responsible for organizing a broad social dialogue all along the policy development process (including obtaining a wide consensus on the policy's priorities); for supervising the consultants doing the diagnostic work (if any); for drafting the policy; for drafting the legal texts necessary to formally adopt the policy; for participating in the national budget preparation process and arbitrations; and for communicating about the policy development exercise to citizens.

The format may vary: the national technical team can be a one-person team, e.g. a national coordinator,[3] a small team in the Ministry in charge of employment/NEA,[4] or a larger group that includes social partners and/or other line ministries, and/or leading academics in the country.[5] Whatever format is chosen, a clearly identified "champion" should be steering the process (see section I.B).

There are some pitfalls to avoid, such as:

- Choosing the wrong structure to lead the technical team. The department mandated with the formulation of national policies within the Ministry in charge of employment should be clearly identified from the Ministry's organigramme.

[3] This has been the case in Azerbaijan (Head of Employment, Ministry of Labour), in Moldova (Deputy head of the National Employment Agency).

[4] This has been the case in Burkina Faso where the Employment Department in the Ministry of Youth and Employment was mandated by the Minister to prepare the NEP.

[5] This has been the case in Tanzania where a national technical team composed of staff from the Employment Department in the Ministry of Labour and Employment, from the Economic and Social Research Foundation, the Economic Research Bureau and Daima Associates was led by a national coordinator (the Director of the Employment Department).

- Creating institutional proliferation. If possible, work through already existing structures, especially in countries where human and financial resources are rare. For example, in many African countries inter-ministerial committees were put in place to follow up on the Ouagadougou Summit and can be used in this context. Many countries already have National Councils on Labour and Employment issues, such as Mongolia, Viet Nam or Argentina.

It may be necessary to provide capacity-building or training to the national technical team to enable it to perform its tasks. If so, this should be done during the preparation phase.

B. The issue identification phase

The objective of the situation analysis phase is to produce a statement of issues which identifies the opportunities and constraints of the labour market. It is to be produced by thoroughly analysing the labour market, but also looking at economic policies that have an impact on labour market performance. In most countries, several studies may be needed to cover all the relevant issues.

A good situation analysis involves not only research but also broad-based consultations to collect all the stakeholders' views on the challenges they face and, in the case of social partners, on their constituents' demands. A key to a successful policy development is to involve all the stakeholders already at the diagnosis phase.

Workers' and employers' organizations, but also civil society groups, can play a particularly valuable role in the identification of emerging policy concerns. The public authorities should respect their advice, which is based on direct experience and relationships, and their involvement with members of organizations and communities. Because of their grassroots involvement, these organizations may become aware of trends or emerging issues before the Government. Strengthening their participation in employment policy development processes and mechanisms – such as policy scanning and planning exercises, advisory mechanisms and international delegations – can help in the process of issue identification. Through advocacy initiatives, workers and employers' organizations can also play a key role in drawing public attention to emerging issues.

For full details on this phase, see Chapter 3.

C. The formulation phase

The statement of issues will provide policy-makers the basis from which to prioritize issues and generate policy options. This will in turn lead to the formulation of a set of employment objectives, designed to address the problems identified and to exploit opportunities which may arise.

The options available to each Government will depend on local circumstances as much as the broader context, and each country will have to develop its own unique approach to addressing the employment needs of its population.




The formulation phase thus focuses on the identification of policy priorities and the presentation of the rationale and justification for their choice. It has three main steps:

1. Decide which issues will be addressed in the NEP.
2. Identify policy options to tackle the selected employment problems.
3. Choose policy interventions. This exercise should be informed by a set of criteria or indicators, such as employment targets, fiscal space, complementarity or substitution of policies, etc. The challenge is to find policy interventions that are technically reasonable and well adapted in the national context.

Once the priority policy interventions are chosen and policy interventions agreed to by all stakeholders, the national technical team starts drafting the policy document. This is when the strategic objectives and employment targets are clearly defined, together with the coordination mechanisms and the monitoring and evaluation framework. In certain cases, the action plan can be formulated concomitantly, or it can be formulated after formal adoption of the NEP. In this phase, it is also key to cost the policy's implementation, even if the more detailed budget can be left to the action plan.

If a National Action Plan for Youth Employment already exists, it should be reflected into the National Employment Action Plan.

For full details on this phase, see Chapter 4.

D. The validation, adoption, and communication phase

1. Validation: obtaining a national consensus on the NEP

The National Employment Policy, once drafted, must be submitted for the validation of the national stakeholders in a tripartite plus national workshop, or through existing consultative structures. In certain cases, regional workshops can be organized prior to the national one,[6] in others, regional actors are invited to the national workshop.[7]

After validation, the national technical team should incorporate the comments received and finalize the policy document.

2. Adoption: giving the NEP executive force

Just as the NEP needs to be translated into operational steps, it is also necessary to give it an executive force, in other words, all the authority necessary to be taken seriously by the actors. Under this condition the actors will take the NEP into account in their actions and it will acquire the necessary credibility. This formalization begins with its adoption by the Government, which will decide on the official form: a statement, decree, orientation Law, or other.

6 Such is the case in Mongolia.
7 Such is the case in Madagascar.

In certain countries, the national technical team may be tasked with the drafting of the legal texts necessary for that process, while in others dedicated structures are already in place for that purpose.

In certain cases, the NEP will not need formal adoption, but will instead be integrated into the National Development Framework.

3. Communication: letting people know about the NEP

Communication aims to first sufficiently inform the actors and beneficiaries and sensitizing them so that they understand the imperative of employment and take into account the ways and means that every actor, public or private, in his field of responsibility, must put in action to contribute to the promotion of employment. This approach to internalization must therefore both make the NEP known in its contents to all those who are concerned, and make them grasp its meaning as a comprehensive and new mode of action that the authorities introduce to strengthen the treatment of the employment challenges.

The internalization engages the persons responsible for the communication in a double action:

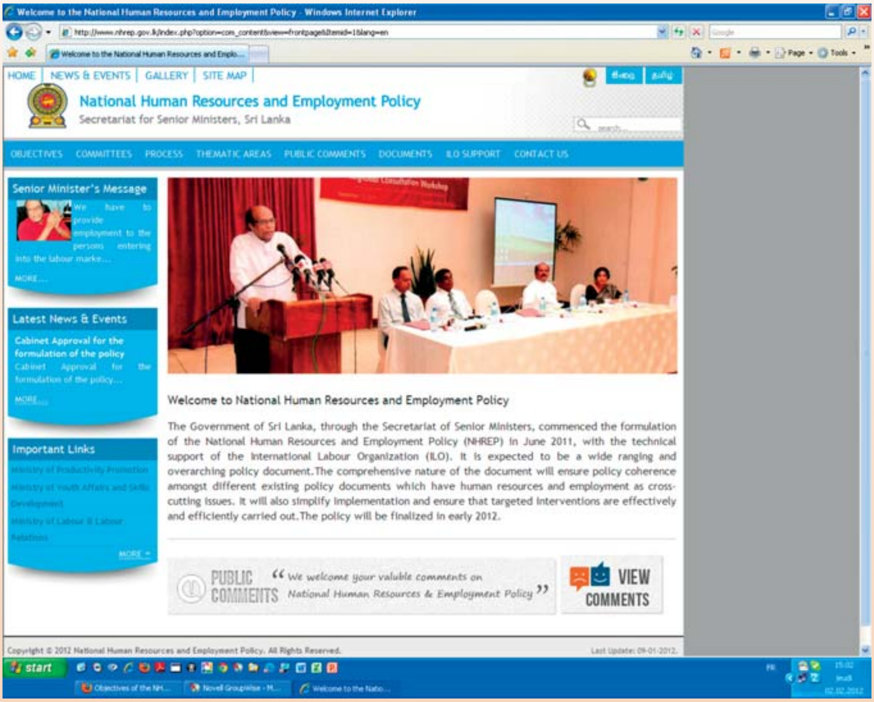
- A classical communication approach on NEP using the usual mass media, but also other country- specific means, such as the oral tradition through village theater or the distribution of gadgets and T-shirts, etc. This communication effort should not omit the regional levels for which specific actions are called for.
- A more targeted approach entailing the main actors in public, professional and union structures with a view to familiarizing them with the approach, underlying methods and the main topics of action; for example, it can take the form of training workshops.

> In **India**, the draft employment Policy was posted on the Ministry of Labour and Employment and on the ILO web sites for two months, it was also posted on Community Groups and several comments from the public were received. However, letting people know about the NEP goes far beyond designing a web page. There should also be a focus on social media, such as Facebook.
>
> In Uruguay, the national dialogue on employment policies has a dedicated web site as well as a Facebook page.

For the structures in charge of the implementation of the NEP, it is important that they are given all the necessary information – in certain cases training – as well as the means to perform their new tasks.

Box 2.3 Letting people know what the NEP is about: the example of Sri Lanka's dedicated web site

The Government of Sri Lanka created a dedicated web site to communicate its National Human Resources and Employment Policy. The web site presents the NHREP's objectives, its main policy areas, as well as the committees created for its formulation. The web site also has a page for public comments and all the draft documents are available for download. Finally, links to other ministries and to all the necessary contacts in the Secretariat for Senior Ministers are provided for anyone wishing to seek additional information.



Website address:
http://www.nhrep.gov.lk/index.php?option=com_content&view=article&id=46&Itemid=27&lang=en

E. The programming and budgeting phase

The implementation strategy defines the ways and means by which the NEP objectives are going to be attained. This strategy of action looks to:

- Specify the necessary conditions for, on the one hand, itemizing interventions in an operational manner and on the other hand, establish the authority and ownership of the NEP.
- Define the plan which is going to allow the organization and progress of the implementation of the NEP.

- Shed light on the process, methods and conditions which are going to allow to fully integrate the imperative of employment, and its expression which the NEP represents, in national policies through the national development framework.
- Formulate the requirements relating to the strengthening of the technical and financial capacities without which the implementation cannot be made.

An action plan to implement the NEP must be prepared, addressing budgetary and programming requirements, and allocating roles and responsibilities. It is useful to have a permanent structure to act as a steering committee of the NEP. This structure should be tripartite and inter-ministerial to ensure all actors are on board. Good practice shows that if a structure already exists, it is best to build on it rather than to create a new one.

The usefulness of some sort of an advisory body to provide feedback/advice on employment policy options and programmes. In the USA for example, the Council on Jobs and Competitiveness reports to the President and provides advice in those areas. More information on the Council can be found at:

http://www.whitehouse.gov/administration/advisory-boards/jobs-council/about

Similarly, a monitoring and evaluation framework needs to be designed, and, if applicable, be built on existing frameworks (for example, the M&E framework of the NDF).

For full details on this phase, see Chapter 5.

F. The implementation phase

A NEP depends on other policies and on numerous actors, all having their own concerns and objectives. That's why the NEP's basic principles in terms of method of implementation are:

- The internalization of the objectives of the NEP by all concerned actors.
- The concourse/convergence of their efforts and their monitoring.
- Dialogue and cooperation/concertation as a mode of organization of the implementation.

To ensure implementation of the NEP, the following elements are key:

1. Operationalize the tripartite, inter-ministerial coordination mechanism – drafting or revision of legal texts, nominations, institutional audits, etc.
2. Operationalize the monitoring and evaluation framework – drafting or revision of legal texts, nominations, etc.
3. Financial resources must be brought to bear within a continuing annual stream of budget cycles. Budget decisions are generally made with partial information and changes from year to year which are only slightly different from the year before, a process called *incrementalism*. In recent years, budget constraints have significantly

elevated budget considerations in importance within the policy cycle. Budgets are highly competitive and vital for service delivery, so it is imperative to advocate for funds during the national budget allocation process (using the tools available at the national level such as the Medium-term expenditure framework, Public Expenditure Review, etc.).

4. Train civil servants and others on their new objectives/tasks under the NEP.

G. The evaluation phase

Public policy making does not end with the passage of legislation and the implementation of programs authorized by the new law or decree. The next questions are whether the initiative achieved its objectives, what the effects were, and whether any policy changes are needed. Policy evaluation answers these and other related questions on whether and to what extent a policy has met or is meeting its objectives, and that those it intended to benefit have done so.

Evaluation uses social science research methods, including qualitative and quantitative techniques, to examine the effects of policies. Furthermore, policy evaluation enables all participants in the policy process, including legislators, executives, agency officials and others, to measure the degree to which a policy has achieved its goals, assess the effects and identify any needed changes to a policy. In addition, some interventions may be implemented with donor support, which will have further evaluation requirements.

Annex 1
Checklist for the policy planning process

A. Prepare

- ☐ Study the political economy: Who controls what? Who should we take on board to get the required policy support?
- ☐ Set-up the formulation team based on this analysis
- ☐ Set the overall development goal of the national employment policy
- ☐ Prepare an indicative chronogramme
- ☐ Budget for the policy formulation process and ensure enough resources are available

B. Formulate

- ☐ Build knowledge: Collect knowledge that already exists, create new knowledge, and capitalize on the knowledge generated during the policy process (e.g., through tripartite consultations at national, regional, or local level)
- ☐ Set policy priorities
- ☐ Build additional knowledge if required
- ☐ Generate policy options
- ☐ Set the objectives and targets, expected outcomes and monitoring indicators
- ☐ Design the institutional framework for coordination and implementation
- ☐ Design the monitoring and evaluation framework
- ☐ Estimate the level of resources needed for the implementation

C. Validate and submit for adoption

- ☐ Tripartite + validation
- ☐ Adoption by Council of Ministers or by Parliament

D. Operationalize

- ☐ Prepare the work plan
- ☐ Operationalize the institutional framework for coordination and implementation
- ☐ Operationalize the monitoring and evaluation framework
- ☐ Budget for the resources needed and secure the budget for the implementation

E. Implement, monitor, and evaluate

Annex 2
Matrix of tasks and responsibilities for policy formulation

Steps	Action	Who? National actors' role	ILO's role
1. Preparation + **2. Issue identification**	Attributing responsibilities and accountability for the formulation of the NEP	Mandated institution	Advice on membership of the teamCapacity building, training of the NEP and what it is
	Knowledge building for the employment situation analysis	All: Ministry in charge of employment, statistical office, public employment services, employers' organizations, workers' organizations, civil society, academics, Ministry in charge in finance, Ministry in charge in economy, Ministry in charge of education, Ministry in charge of agriculture (for LDCs), Ministry in charge of infrastructure, Ministry in charge of local development	AdvocacyTechnical supportFinancial support to hire consultants if needed
	Broad-based Consultations	**All**	**Facilitator if needed**
	Priority setting	NEP technical team (if restricted to Ministry in charge of employment, with social partners)Academics, consultants	Technical support (provide best practices, tools, etc.), capacity building, training Financial support
	Broad-based Consultations		**Facilitator if needed**
3. Formulation	Operational planning and drafting of the document	NEP technical team	Technical support, capacity building, trainingFinancial supportTechnical evaluation
	Broad-based Consultations		**Facilitator if needed**
4. Validation, adoption, communication	Validation	All	FacilitationFinancial support
	Adoption	Council of Ministers, Parliament, etc.	
	Communication plan, letting people know	NEP technical team	Provision of best practices
5. Programming and budgeting + **6. Implementation**	1. Operationalize the steering committee (nomination of members, mandate, etc.) 2. Secure the budget 3. Set-up the M&E framework and operationalize it 4. Start implementing activities	1. Ministry in charge of employment, Prime Minister/Council of Ministers 2. Ministry in charge of employment, Ministry of Finance (budget department) 3. Government, National Statistical Office, LMIAS 4. All involved ministries	Technical support, capacity building, training Financial support if needed
7. Evaluation	Monitoring and evaluating the NEP	M&E framework/institution	M&E capacity building

Annex 3
A process that is neither quick nor cheap

Minimum timeline	Actions	Note
Prepare		
Month 1	Attributing responsibilities and accountability for the formulation of the NEP ☐ Study the political economy: Who controls what? Who should we take on board to get the required policy support? Who are the stakeholders? ☐ Set-up the formulation team based on this analysis ☐ Set the overall development goal of the national employment policy - may require an initial meeting of the formulation team and/or of all the stakeholders; also an opportunity to launch the process and inform everyone about it and explain their role ☐ Budget for the policy formulation process and ensure enough resources are available	Resources might be required to organize first meeting/workshop
Formulate		
Months 2 - 8	Employment situation analysis and knowledge building, including broad-based consultations at national, regional, and local levels	Resources required for: • Research • Consultations
Month 9	Priority setting and generation of policy interventions ☐ Presentation of the issues identified in the employment situation analysis ☐ Establishment of a hierarchy, selection and analysis of causes and effects of the identified issues ☐ Identification of a package of policy interventions ☐ Narrow down the options and arrive at a common platform	In some cases, this takes longer than a month, for example if each main issue is discussed separately and by a specific set of stakeholders Resources required for meetings of the concerned stakeholders
Months 10 - 14	Operational planning and drafting of the document¨ ☐ Set the objectives and targets, expected outcomes and monitoring indicators ☐ Design the institutional framework for coordination and implementation ☐ Design the monitoring and evaluation framework ☐ Estimate the level of resources needed for the implementation ☐ Check the national requirements for adoption	If no additional knowledge building required; otherwise add another 6 months to the timeline to produce additional knowledge. Resources required: • If draft is done with help of a consultant • Additional knowledge building will require resources • Assistance for M&E framework development
Validate and submit for adoption		
Month 15	Tripartite validation	Resources needed for the national tripartite workshop
Months 16 - 21	Formal adoption	
Months 16 onwards	Communication plan, letting people know	Resources needed for the communication campaign




Operationalize		
Months 16 – 24	Implementing the NEP: • Operationalize the inter-ministerial tripartite steering committee (nomination of members, mandate, etc.) • Secure the budget • Operationalize the M&E framework • Prepare a detailed workplan	Drafting of decrees, etc., can start prior to formal adoption Resources may be required if external expertise is required
Month 25 onwards	Start implementing activities	
Month 26 onwards	Monitoring and evaluating the NEP	




Chapter 3
Building knowledge: the issue identification phase

The second step in the employment policy process is to build a strong evidence base to enrich the policy debate and to progress towards the building of evaluation tools.

This step involves research, from data analysis, to modeling and scenario-building exercises, as well as policy, institutional, legal, and expenditure reviews. But it also involves broad-based consultations and social dialogue to collect all the stakeholders' views on the challenges they face and in the case of social partners, on their constituents' demands. Workers' and employers' organizations, but also civil society groups, can provide advice based on direct experience and relationships and on their involvement with member organizations and communities. Because of their grassroots involvement, these organizations may become aware of trends or emerging issues before the Government. Strengthening their participation in employment policy development processes and mechanisms can help in the process of issue identification.

After clarifying the rationale for knowledge-building at the early stage of the policy process, and recalling the main entry points to efficiently build a knowledge base, some of the main methodologies and tools to conduct research on employment policies are detailed below.

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Contents

3




I. Why build a solid knowledge base?

Designing policies necessitates evidence-based information to (i) identify the issues to be dealt with (employment situation analysis), (ii) enrich the policy debate (policy reviews and thematic studies) and (iii) build monitoring and evaluation tools (benchmarking and scenarios-building exercises).

A good situation analysis involves research as well as broad-based consultations to arrive at a common understanding of a country's specific development context and employment situation. With this understanding, the situation analysis will be able to identify a number of strengths and weaknesses of the economy and the labour market, and the likely challenges for sustainable inclusive job-rich growth. In that regard, it is a useful tool to strategically plan a government's interventions, to strengthen social dialogue around the key employment challenges faced by a country, and to evaluate interventions and policy choices.

A. A decision-making tool in a strategic planning approach

For policy-makers to take informed decisions on which problems to address, which concrete objectives to set, and which technically feasible and financially sustainable policy interventions to choose, they need a strong evidence base, one that is recent, as well as solid knowledge of the employment situation, the opportunities for, and constraints to employment creation, and the institutional and legal environment.

Similarly, to effectively integrate employment objectives and their related policy interventions in the national development framework (five-year plans, PRSP, etc.), policy-makers need the results of research on the linkages between employment creation, economic growth and poverty reduction.

To reflect the need of more equitable employment policies and redress the labour market participation imbalances between women and men, gender issues should be mainstreamed in the employment situation analysis.

B. A tool to strengthen and intensify social dialogue

A good situation analysis involves broad-based consultations to arrive at a common understanding of the employment challenges to be addressed. The employment situation analysis can thus help to strengthen social dialogue by requiring the participation of stakeholders on a consultative basis throughout the analytical process, and by initiating debates around specific issues or comprehensive policy reviews.

Validation of research through social dialogue is useful to arrive at a common understanding of the key constraints and challenges. The discussions around thematic papers or employment policy reviews is also a tool which can involve "non-traditional" partners, such as executives from different branches of Government (e.g., economy/ planning) in the validation of the results of employment-related research.

Good practice

The China Enterprise Confederation has been playing the role of a bridge and conveyer belt between enterprises and the Government. Through its membership network, it gathers information and requests from enterprises regarding recruitment, management of human resources and vocational training.

General Survey concerning employment instruments (2008), paragraph 80.

Box 3.1 **How the NEP process strengthened the trade unions in Burkina Faso - Creation of an inter-trade-union working group for research on employment policies and poverty reduction** ***(Commission Intersyndicale Chargée de la Recherche sur l'Emploi et le DSRP)***

In 2007, a workshop for a group of workers' representatives, organized with ILO support, took place in Ouagadougou in the context of the formulation of the National Employment Policy (NEP). It was organized around 4 working groups based on the 4 strategic objectives of the draft national employment policy:

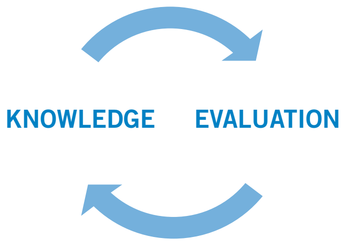
1) Introducing a linkage with other national policies
2) Strengthening the dynamics for employment creation
3) Improving employability
4) Improving the organization and functioning of the labour market

Following this initial workshop, the eight Burkinabe trade unions decided to create an inter-trade-union committee of 17 members to follow up on employment issues and to contribute inputs to the preparation and the implementation of both the NEP and the PRSP. Participants in the workshop were chosen to form the group, which became an established and recognized group to be consulted on trade union's views on employment policies.

C. A key moment in an evaluation approach

The knowledge building exercise is also central to the monitoring and evaluation of the NDF and the national employment policy. Research is often necessary to construct the monitoring indicators, as well as to benchmark the initial situation that will allow for impact evaluations. In this regard, harnessing a good partnership and dialogue between the Ministry in charge of employment and the National Statistical System is critical. Similarly, institutional mapping, public expenditure reviews and collecting information from projects, in particular their employment impact, will facilitate mid-term and final evaluations.

To know whether policies are working and why, the ability to apply a range of research methods to evaluate the effectiveness of policy interventions, implementations, and processes need to be developed.






II. How to efficiently build knowledge? Entry points

How to choose between one methodology and another? In which circumstances to prefer one or the other?

The knowledge building exercise aims first to identify the knowledge gaps and subsequently at filling the gaps. There are many good ways of doing so, and it is easy to get lost in a knowledge building exercise.

It is good to start by taking stock of what is already available before embarking on a range of new studies. What are the data available? What fairly recent studies exist (literature review)? What are the programmes and projects already in place in the country (mapping of programmes and projects)? How much is spent on employment (review of public expenditure)? The responses to these questions will influence the type of knowledge building to be done. For example, if no recent data is available, it won't be possible to develop sophisticated monitoring indicators or to establish a benchmark, so qualitative information will need to be gathered and analysed. Or if information on resources devoted to employment has not been gathered, then an expenditure review exercise might be required.

This initial stocktaking exercise, the Government's programme and priorities (as set forth in presidential programmes, national budgets and development frameworks) as well as external events (such as a natural disaster, an economic downturn, or an increase in the exchange rate for example) will determine the main areas that need deeper analysis.

But the exercise cannot cover all the thematic areas, all the institutions, and all the policy areas. This is where some political steering is needed, as well as coordination with other governmental structures that also build knowledge for their policy processes. Integrating with on-going planning exercises (for example in the context of the formulation of the national development framework) helps streamlining and prioritizing research.

With whom to establish partnerships to conduct the situation analysis?

> **Good practice**
>
> In Mali, current knowledge building in the context of the revision of the NEP is led by the structure in charge of the national development framework. One economist working there is the main author of the report on the linkages between growth, employment and poverty reduction. This study will also be used for the ongoing formulation of the new NDF, led by the same structure.

Who will do the research? Working with well-established research institutes or universities in the country can help strengthen the legitimacy of the research outcomes.

Establishing partnerships with planning departments in relevant ministries and in particular in the ministry in charge of economic planning will ensure complementarity of research efforts across governmental structures. It will also contribute to anchoring research on employment with research on economic development, growth strategies, and poverty reduction.

The social partners, civil society groups, and NGOs also have research capacities that can be tapped into.

International organizations and bilateral donors typically produce a lot of knowledge that should be collected and used. They also can be approached for funding new research.

How to anchor the situation analysis in the national process so that it is being used and is not "left in a drawer"?

At the country level, policy-planning tools usually already exist. By using these tools, employment situation analyses can be integrated into poverty diagnostics and knowledge-building exercises conducted for the national development frameworks.

Working with the right partners will also contribute to this objective.

Box 3.2 **Ethiopia: Anchoring the employment situation analysis in the national development planning process**

Ethiopia elaborated a National Employment Policy and Strategies (NEPS) in 2009-2010. The process started with background research commissioned by the Ministry of Labour and conducted by four researchers from the University of Addis Ababa. Their report laid down an analytical framework and formulated a model to generate different scenarios for employment targets under alternative growth projections. The University of Addis Ababa remained a partner for the whole NEPS process as one of the four consultants, Kinde Getnet, was part of the NEP drafting team along with the Coordinator of the preparation of the Plan for Accelerated and Sustained Development to End Poverty (PASDEP) 2010-2015, a senior staff member from the Ministry of Finance. This was a strategic move aimed at ensuring that the NEPS was going to fully inform the PASDEP.

The objective of the modeling exercise was to extrapolate from current trends in order to estimate working poverty over the period of the PASDEP, along with estimates of the annualized GDP growth rate required to reduce working poverty shares from their baseline level. The results of this exercise were to provide an indication of the extent to which the country is on or off track to achieve the MDG on poverty. The analytical framework identified productive employment as one of the critical links between economic growth and poverty reduction and, having identified the sectors where the poor or vulnerable groups are concentrated, it specified the sectors with potential for reducing poverty.

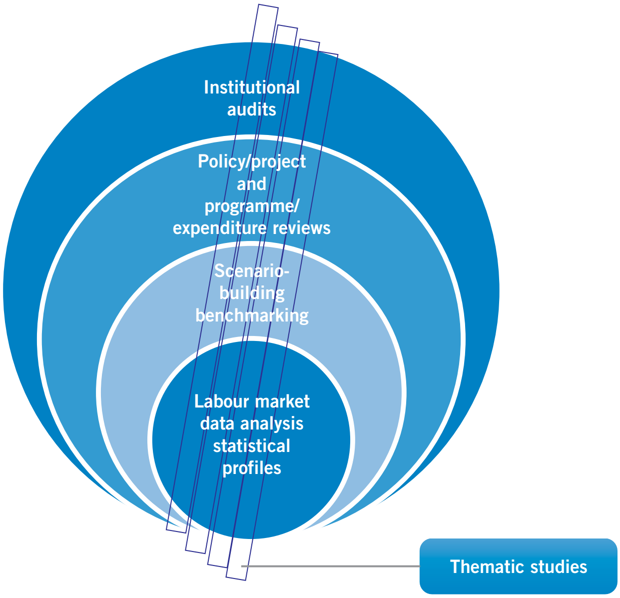
The major contribution of the analytical work conducted prior to undertaking the elaboration of the NEPS was an attempt to combine key labour market factors with poverty data in order to have a clearer picture of the relationship between poverty and employment than that which would be provided by using standard poverty data alone. Given the strong linkage between employment and poverty, evaluating these two components in an integrated manner helped to articulate the challenges facing the country both in terms of generating productive employment and in reducing poverty. In so doing, it is possible to build up the benchmark employment scenario for the country as stipulated in the PASDEP. A careful estimate of aggregate growth and sectoral growth over the PASDEP period, and for a longer period, together with aggregate as well as sectoral employment elasticities allowed the generation of different scenarios of employment targets for the economy as a whole and for broad sectors.

The shortcoming of the NEPS was however that the analytical framework developed in the background paper was not fully used, as it required resources for further collection and modeling of data that were not available. The issue of targets and M&E for employment in the PASDEP would have better benefited from the NEPS if its quantitative part had been updated and incorporated in the PASDEP. This highlights the need to secure a sufficient budget for an informed policy development process.

Source: Jean Ndenzako, ILO Decent Work Team for Central Africa, Yaoundé formerly based in the ILO Office in Addis Abeba.

III. Methodologies and tools to build knowledge

There are many ways to produce analyses of employment situations in a country. They are not mutually exclusive, they often overlap and can complement each other. These interlinkages are schematically illustrated in the figure below.



A. Analysis of employment and labour market data

When conducting an employment situation analysis, timely and focused information on the labour market is essential; information that can answer such questions as:

- What is the size and composition of the labour force (by sex and geographical location)? How many people are expected to join the working age population in the coming "x" years? Out of this, how many would be expected to join the labour force?
- What types of economic activities are people engaged in?
- How is the level of economic development reflected in the national labour market?
- How many people are without work and looking for work?
- How many hours do people work and how much do they earn for this work?
- What is the level of vulnerable employment? Of working poverty?

- What types of employment inequalities exist?
- How are specific groups, such as women, youth, people with disabilities, faring in the labour market?

Guiding Principles

- Provide an overview of the labour market situation and patterns of employment
- Provide detailed information on and analyse the main labour market indicators disaggregated by sex, age, socio-economic background, geographical location, economic sector, etc.
- Provide detailed information on workers' characteristics, job quality and vulnerable groups
- Provide a detailed analysis of the determinants of employment and earnings

Collecting the data needed to prepare an employment situation analysis: At the national level, statistical information is generally produced by:

- National statistical agencies (NSA) through household surveys, enterprise surveys, child labour surveys, enterprise censuses, health and demographic surveys, agricultural surveys or population censuses, among others. It is therefore important to anticipate the employment data needs, and to integrate their collection in the national statistical master plan. This will ensure that the funding is available since the data will be collected through dedicated modules or questions within other planned surveys.
- By ministries in charge of labour and/or employment, as well as by public employment services, and some sectoral ministries, for example ministries in charge of agriculture or health through common administrative sources. It is therefore necessary to have an efficient system in place to coordinate the pooling of all this information. Ministries often have a service in charge of statistics, they should collaborate from one ministry to the other. To that end, specific processes need to be in place and ICT can contribute to facilitate the functioning of a clearly institutionalized system. If a labour market or poverty observatory exists, it can be the umbrella structure to feed a comprehensive administrative labour market database.
- By the National Social Security Agency through the national social security database.

Who should be involved in the employment situation analysis?: Policy planning departments in ministries in charge of employment; certain countries have labour market observatories that produce analysis of employment data collected by the NSA (they sometimes collaborate on the data collection); certain regions have regional labour market observatories that organize labour market data and sometimes produce analyses; academics; UN organizations and NGOs.

How to conduct an employment situation analysis?: There usually is a wealth of data available in any one country, but it is dispersed in various places and sometimes unknown. A mapping of all available data sources is a prerequisite to any analysis of labour market and employment data (for a list of data sources, see Annex 2). Having a list of well-defined indicators of both the quantity and quality of employment is the next step (Annex 1




presents the reference documents on ILO statistics and indicators and Annex 3 provides definitions of the main decent work indicators). Step 3 is to calculate the value of the indicators, and step 4 consists in analysing the results of the calculations by using more or less sophisticated techniques depending on the quality of data and available analysis skills.

For methodological support on producing an employment profile, see the training tool developed by the ILO and available in CD-ROM: E*mploi - Formation: tendances et perspectives ; Guide de renforcement des capacités.*
http://www.ilo.org/emppolicy/areas/country-employment-policy-analysis-and-development/facet/lang--fr/index.htm?facetcriteria=TYP=InstructionalMaterial&facetdynlist=UWCMS_138256

Examples of employment and decent work profiles

- Decent Work Country Profile - Tanzania - http://www.ilo.org/wcmsp5/groups/public/---dgreports/---integration/documents/publication/wcms_124584.pdf
- Decent Work Country Profile - Brazil - [pdf 814 KB]
- ILO. 2011. A labour market analysis of Brazil based on KILM and national data. In: Key Indicators of the Labour Market, 7th Edition (Geneva). Available at: http://www.ilo.org/empelm/what/WCMS_114240/lang--en/index.htm.
- *Tendances de l'emploi et de la pauvreté au Burkina Faso ; Analyse à partir des indicateurs clés de la politique nationale de l'emploi, 1998 - 2007.* Ministère de la Jeunesse et de l'emploi, février 2010
- *Pauvreté, marché du travail et croissance pro-pauvres à Madagascar,* Jean-Pierre Lachaud, septembre 2006, ILO.
- School-to-work-transitions in Mongolia, Employment Policy Working Paper 2008/14, February 2008, ILO http://www.ilo.org/wcmsp5/groups/public/---ed_emp/documents/publication/wcms_105100.pdf - [pdf 1221 KB]
- School-to-work transition: Evidence from Egypt, Employment Policy Paper 2007/2, March 2007, ILO - http://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_policy/documents/publication/wcms_113893.pdf - [pdf 769 KB]
- Employment diagnostic analysis: Bosnia and Herzegovina, Employment Working Paper No. 86, June 2011 - http://www.ilo.org/employment/Whatwedo/Publications/working-papers/WCMS_158485/lang--en/index.htm - [pdf 1143 KB]
- Sarkar, S. (2008) Trends and patterns of labour supply and unemployment in India. ILO Asia-Pacific Working Paper Series.
- Mitra, A. (2008) The Indian labour market: an overview. ILO Asia-Pacific Working Paper Series.
- Pakistan Ministry of Labour and Manpower and ILO. 2007-2010. Pakistan Employment Trends series (Islamabad). Available at: http://www.pbs.gov.pk/content/pakistan-employment-trends-2011.

B. Comprehensive employment policy reviews

A comprehensive employment policy review consists in:

- A thorough analysis of the economic, social and legal context affecting employment
- A review of the country's policy framework and how it supports decent work objectives – national/regional/local development policy, active and passive employment policy, wage policy, enterprise development, migration policies, etc.
- An analysis of the relevance of the education and training system
- An assessment of social dialogue and its role in promoting decent work

Employment policy reviews thus cover a number of areas (see country examples below). They should not limit themselves to policies implemented by the ministry in charge of employment, but can cover all the different areas of intervention which have an impact on supply and/or demand for labour as well as on the functioning of labour market institutions. It results in a set of priority recommendations that are discussed by the Ministry in charge of employment and by the social partners during the prioritization exercise.

3

Box- 3.3 Outline of a country employment policy review: Example from Yemen

Chapter 1: State and Prospects of Yemen's Economy

Chapter 2: Yemen's Labour Markets: A Review

2.1 Employment and Labour Market Trends: Critical Issues and Challenges

2.2 Labour Demand: Monitoring and Future Developments

Chapter 3: The Pivotal Role of the Micro, Small and Medium Enterprise Sector

3.1 Key Features of the MSME Sector

3.2 Current Policy and Administrative Environment

3.3 Institutional Support

Chapter 4: Education, Training and Human Development

Chapter 5: Labour Market Legislation and Policies

5.1 Yemeni Labour Market Legislation

5.2 The Labour Administration

5.3 Employment Offices: Strengthening their Role

Chapter 6: Social Protection and Poverty Alleviation

6.1 Social Security Systems in Yemen

6.2 Occupational Health and Safety

Chapter 7: Crosscutting Issues: Youth and Gender

7.1 Youth

7.2 Gender Issues: Focus on Female Employment

Chapter 8: Conclusions: Adopting a Decent Work Agenda

8.1 Employment

8.2 Rights at Work

8.3 Social Protection

8.4 Social Dialogue

8.5 Final Remarks

Source: A National Employment Agenda for Yemen; Towards an Employment Strategy Framework, ILO Regional Office, Beirut, 2009.

Box- 3.4 Outline of a country employment policy review: Example from Serbia

1. Economic situation
- 1.1 Macroeconomic framework
- 1.2 Poverty and social exclusion

2. Labour market situation
- 2.1 Population and labour force participation
- 2.2 Employment developments
- 2.3 Unemployment

3. Main priorities for employment policy
- 3.1 Employment protection legislation and labour market flexibility
  - 3.1.1 The legislative framework
  - 3.1.2 The informal labour market
- 3.2 Passive labour market policies
- 3.3 Human resources development and active labour market policies
  - 3.3.1 Human resources development, education and training
  - 3.3.2 Active labour market policies
- 3.4 Employment Services
- 3.5 Income policy
  - 3.5.1 Wage policy
  - 3.5.2 Tax policy
- 3.6 Social dialogue
- 3.7 Vulnerable groups

4. Conclusions and main recommendations

Source: Employment Policy Review: Serbia, ILO and Council of Europe, 2006
http://www.ilo.org/public/english/region/eurpro/budapest/download/empl/crep_serbia.pdf

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3

Guiding Principles for employment policy reviews

- **In-depth analysis of the economic and social context affecting employment**
  - Provide a clear picture of the macroeconomic context and indicate main macroeconomic indicators and poverty levels
  - Analyse concisely how the macroeconomic and microeconomic context affects employment
  - Analyse how main social policies, including those put in place to redress inequalities and promote the access of vulnerable groups to earnings, have an impact on employment
- **Review the national and regional/local policy framework to identify how economic and social policies integrate the employment dimension**
  - Identify and analyse the provisions relevant to employment that are contained in national and regional/local development plans and strategies
  - Identify and analyse employment provisions contained in sectoral polices
  - If your country has some poverty reduction targeted policies for vulnerable groups, provide information on provisions relevant for access to employment
  - Assess the extent to which these policies have worked in terms of improving the employment and earning prospects of workers, especially, of those belonging to vulnerable groups
  - State concisely the main problems of relevance for employment that result from the policy framework review in your country
- **Analyse how labour legislation and wage policy affect employment**
  - Review labour legislation and the regulatory framework
  - Describe how main labour law provisions affect employment
  - Describe how wage policy affects employment
  - Analyse how existing policies and programmes providing recruitment incentives to enterprises affect employment, in particular for some specific vulnerable groups
  - State concisely the main problems relevant for employment that emerge from the analysis of labour legislation and wage policy in your country
- **Review main priorities of the employment strategy when such a strategy exists**
  - If your country has an employment strategy, identify and analyse its main components and targets to be met;
  - Assess the extent to which this strategy has worked in terms of improving employment prospects, earnings and working conditions of workers, and especially workers from vulnerable groups.
- **Review and analyse the main features of the education and training system and its relevance to the labour market situation**
  - Analyse the main features of the technical and vocational education and training policies and systems and their relevance to labour market requirements
  - Analyse the main measures concerning labour market training and enterprise training for vulnerable groups
  - Identify and analyse measures for enhancing the employability of vulnerable groups and indicate their scope and evolution over time
  - Assess the role and involvement of the social partners in linking TVET to the labour market particularly through industry skill councils or other sector-based mechanisms
  - State concisely the main problems relevant for employment that emerge from the analysis of the education and training system in your country
- **Review enterprise development policies and programmes to assess the capacity of the private sector, especially the micro and small enterprises, to create jobs and provide earnings**
  - Analyse briefly how the legal framework and policies concerning the business environment, the promotion of enterprises and the foreign direct investment
  - Assess the strengths and weaknesses of existing policies and programmes to promote micro and small enterprises and self-employment
  - Analyse how measures taken to facilitate the registration of micro and small enterprises in the informal economy affect employment
  - Analyse measures to improve both wage employment and self-employment among vulnerable groups and indicate their scope and evolution over time
  - Assess the role and involvement of the social partners in the above-mentioned initiatives
  - State concisely the main problems relevant for youth employment that emerge from the analysis of enterprise development policies and programmes in your country
- **Assess the extent to which social partners are involved in the formulation and implementation of employment policies**
  - Review the existing national and regional/local institutions for social dialogue
  - Assess the role of the social partners in the formulation and implementation of the abovementioned policies and programmes
  - State concisely the main problems that social partners face in participating in the employment polic- making process.




C. Thematic analyses

To understand better the nature of a specific employment problem and context-specific constraints, the NEP preparation team can launch a thematic study. Some themes that can be analysed and country examples are detailed below; this list is not exhaustive and each country team should define the thematic analyses it wants to conduct according to the specific country's circumstances.

1. The relationship between economic growth, productive employment and poverty reduction

The Millennium Declaration adopted in 2000 and endorsed by some 189 countries sets out eight goals to eradicate poverty, which in their turn are operationalized into a number of targets to be reached by 2015. In line with this commitment, the vast majority of developing countries has adopted targets for reducing extreme poverty and has put these at the center of their national development frameworks. The first Millennium Development Goal (MDG) is *The Eradication of Extreme Poverty and Hunger*. In recognition of the importance of productive employment and decent work in the eradication of poverty, a third target for this goal was added in 2008: *To achieve full and productive employment and decent work for all, including women and young people.*[1]

This productive employment and decent work target is crucial, as it points out the main vehicle for achieving the goal of eradicating poverty and hunger as well as addressing other aspects of deprivation, such as the right to dignity. Productive employment and decent work are recognized to be a prerequisite for elimination of poverty as well as, along with social protection, the most important means for achieving this goal.

The new MDG target has four indicators, specifically and directly related to employment issues.[2] These are:

1. The growth rate of labour productivity (GDP per person employed).
2. The employment-to-population ratio.
3. The proportion of employed people living below the poverty line (working poverty rate).
4. The proportion of own-account and contributing family workers in total employment (vulnerable employment rate).

The indicator related to the concept of *working poor* provides a direct, quantifiable link between employment and income poverty. This concept is particularly useful as it offers a tool to strengthen the analysis and our understanding of the *growth-employment-poverty nexus* in different country settings. The definition of productive employment and its antonym – the working poor and the unemployed – thus makes the link between productive employment and decent work on the one hand, and elimination of poverty on the other very explicit.

[1] Initially, two targets for 2015 were defined to measure progress towards this goal:
• MDG Target 1.A - To halve, between 1990 and 2015, the proportion of people whose income is less than 1 USD per day; and
• MDG Target 1.C - To halve, between 1990 and 2015, the proportion of people who suffer from hunger.

[2] Guide to the new Millennium Development Goals Employment Indicators (ILO: Geneva, 2009).

While the reduction of economic poverty is well-established as a key target in national development strategies, and progress with regard to the reduction of poverty is regularly measured and monitored, productive employment and decent work has yet to achieve the same level of prominence and operationalization in the national development frameworks of most countries.[3] In this context, the close and clearly defined relationship between the two objectives of poverty reduction and placing employment at the heart of national development frameworks makes it possible to derive targets for productive employment from already established poverty reduction targets.

Some important definitions

- **The working poor** are defined as employed persons whose income is insufficient to bring themselves and their dependents out of poverty. This is because the returns of their labour are too low (which is usually associated with low levels of productivity) and/or because they do not have enough work and would like to work more.
- **Productive employment**, in turn, is defined as employment yielding sufficient returns of labour to permit the worker and her/his dependents a level of consumption above the poverty line.

There are at least three main advantages of deriving such targets. First, it helps bridge the gap between establishing what needs to be achieved and how it can be achieved. Second, it puts employment in the focus of policy-making as a quantification of employment targets is a prerequisite for putting such targets at the heart of development planning. Third, it can cast light on issues of policy coherence, or the lack thereof, between poverty and employment targets on the one hand and economic policies and targets on the other hand.

For a presentation and discussion of the concept of productive employment and a user-friendly method for deriving quantitative targets for productive employment, see: "*Understanding deficits of productive employment and setting targets; A brief methodological guide*" by Per Ronnås and Miranda Kwong (ILO: 2012).

Examples of country/regional studies

- Bhaduri, A. (2008) Growth and employment in the era of globalization: some lessons from the Indian experience. ILO Asia-Pacific Working Paper Series
- Growth, Employment and Decent Work in the Arab Region: An Overview (2008), ILO Regional Office for Arab States, Beirut.
http://www.ilo.org/public/english/region/arpro/beirut/downloads/events/qatar/decentwork.pdf
- Growth, Employment and Decent Work in the Arab Region: Key policy issues (2009), ILO Regional Office for Arab States, Beirut.
http://www.ilo.org/public/english/region/arpro/beirut/downloads/aef/growth_eng.pdf
- Growth, Economic Policies and Employment Linkages in Mediterranean Countries: The cases of Egypt, Israel, Morocco and Turkey, 2011, Employment Working Paper No. 63
http://www.ilo.org/emppolicy/pubs/WCMS_161399/lang--en/index.htm?ssSourceSiteId=employment

[3] A review of the first and second generation PRSP (Poverty Reduction Strategy Papers) in Sub-Saharan African countries has shown that although qualitative employment aspects have increasingly been featuring in PRSP, quantitative employment indicators still remain weak. The unemployment rate is often used as a main indicator despite its limited usefulness in situations where the poor lack access to social protection and depend entirely on their own labour to meet basic needs.

2. Pro-employment macroeconomic frameworks

An analysis of the macroeconomic framework from the employment lens aims at suggesting a strategy that aligns the goals of generating productive employment and decent work with those of macro stability and development. An issue increasingly looked at, the assessment of whether the promotion of employment calls for a different balance of fiscal, exchange rate, or monetary policy, and for further profound changes in other relevant policies, is instrumental in fostering inclusive and job-rich growth.

> *"Since employment considerations should be paramount in deciding upon the Government's economic policy, it is deemed only natural that its financial policy should be made to serve the purpose of controlling the business cycle, so as to keep employment steady at the high level achieved by other means. To this end suitable measures must be taken to influence investment and income."*
>
> *Quoted from: Economic Post-War Problems in Denmark; Employment, Wage and Financial Policies, International Labour Review 53 (3-4), (MAR-APR 1946), pp. 189-190.*

Can changes to macroeconomic policies achieve better employment outcomes on their own? Can they have a direct effect on employment outcomes? Country specific institutional mechanisms are necessary to bridge macroeconomic policies and employment outcomes. For example, monetary policy easing can make liquidity available to banks, but if the country lacks the mechanisms to distribute credit to those who need it, mostly SMEs and informal sector enterprises, the macro policy change will not have a positive impact on employment.

Using national data sources and appropriate empirical techniques, "macro studies" can analyse the link between macroeconomic policies, conventional policy targets (such as price stability) and broader economic goals pertaining to growth, employment, structural change and poverty reduction. To what extent is the macro policy framework pro-employment? What changes are required on macroeconomic policies in order to achieve growth with productive employment creation? See Annex 3 for a list of detailed questions to be researched on this theme. However, these analyses should not be delinked from thinking about other structural reforms and equity concerns that will bridge macroeconomic policy outcomes with productive employment outcomes (see the following sections: 3, 4, 5, 10, 11 and 12).

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Examples of ILO supported research on macroeconomic frameworks

- ILO supported research shows that macroeconomic policy must be focused not only on macroeconomic stability, but also on creating a supportive environment for employment generation, resource mobilization and allocation, and economic transformation.
- Epstein G., J. Heintz, L. Ndikumana & G. Chang (2010), Employment, poverty and economic development in Madagascar: a macroeconomic framework, *Employment Working Paper No. 58*, Employment Sector, (Geneva: ILO).
- Van Waeyenberge, E. and H. Bargawi, 2011, Macroeconomic Policy for Full and Productive Employment and Decent Work for All; Uganda Country Study, *Employment Sector Working Paper No.91* (Geneva: ILO). http://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_policy/documents/publication/wcms_165779.pdf
- Damill M., R. Frenkel, and R. Maurizio (2011), Macroeconomic Policy for Full and Productive Employment and Decent Work for All; Argentina Country Study, *Employment Sector Working Paper*, forthcoming (Geneva: ILO).
- Islam R., M.K. Mujeri, and Z. Ali (2011), Macroeconomic Policy for Full and Productive Employment and Decent Work for All; Bangladesh Country Study, *Employment Sector Working Paper*, forthcoming (Geneva: ILO).
- Khattab A.S. (2011), Macroeconomic Policy for Full and Productive Employment and Decent Work for All; Egypt Country Study, *Employment Sector Working Paper*, forthcoming (Geneva: ILO).
- Martínez G.E. and L. Ramírez (2011), Macroeconomic Policy for Full and Productive Employment and Decent Work for All; El Salvador Country Study, *Employment Sector Working Paper*, forthcoming (Geneva: ILO).
- Taghdisi-Rad S. (2011), Macroeconomic Policy for Full and Productive Employment and Decent Work for All; Jordan Country Study, *Employment Sector Working Paper*, forthcoming (Geneva: ILO).
- Deraniyagala S. and B. Kaluwa (2011), Macroeconomic Policy for Full and Productive Employment and Decent Work for All; Malawi Country Study, *Employment Sector Working Paper No.93* (Geneva: ILO). http://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_policy/documents/publication/wcms_165782.pdf
- Agu U. and C.J. Evoh (2011), Macroeconomic Policy for Full and Productive Employment and Decent Work for All; Nigeria Country Study, *Employment Sector Working Paper*, forthcoming (Geneva: ILO).
- Guerra M.L. (2011), Macroeconomic Policy for Full and Productive Employment and Decent Work for All; Peru Country Study, *Employment Sector Working Paper*, forthcoming (Geneva: ILO).
- Weerakoon D. and N. Arunatilake (2011), Macroeconomic Policy for Full and Productive Employment and Decent Work for All; Sri Lanka Country Study, *Employment Sector Working Paper*, forthcoming (Geneva: ILO).
- Yeldan E. (2011), Macroeconomic Policy for Full and Productive Employment and Decent Work for All; Turkey Country Study, *Employment Sector Working Paper*, forthcoming (Geneva: ILO).
- Lim D. (2011), Export and FDI-driven industrialization strategy and employment in Viet Nam, ILO Country Office for Viet Nam, Hanoi. http://www.ilo.org/hanoi/Whatwedo/Publications/WCMS_171372/lang--en/index.htm

3. Sectoral policies, including industrial policies

Is the economy growing with the right sectoral balance to generate decent and productive jobs?

An effective development strategy calls for expanding sectors that generate a lot of value-added and employment and have large multiplier effects and linkages to the domestic economy. A good understanding of the national economic structure is therefore needed: what are the sectors that generate value-added and employment, the multipliers, and the upstream and downstream linkages? It is possible to assess policies, programmes, and interventions to see whether they have a positive employment creating and poverty alleviating impact, as well as to analyse the employment elasticity of growth by sectors. Sectoral analyses help prioritize sectors and ultimately aim to provide specific policy recommendations for intensifying employment outcomes of economic growth.

How does one figure out what sectors should be promoted in the hopes that they will generate more employment and poverty reduction?

Methodologies for sectoral analysis:

- Input-output models – for example to assess whether the allocation of credit in the economy is adequately suited to expanding investment in sectors having high multipliers.
- Social Accounting Matrix (SAM) and Dynamic Social Accounting Matrix (DySAM): they are national accounting frameworks providing a snapshot of the economy for a single period of time (SAM) or showing the evolution of the economic structure over time (DySAM). The later goes beyond a pure accounting tool to include some elements of economic modeling. The ILO extended the basic DySAM to allow for labour market and employment analysis. It is thus possible to simulate the impact of future policies or to evaluate the impact of past policies, programmes, investments, or shocks on employment. The methodology has been applied in various contexts, for example to assess the employment impact of the fiscal stimulus package in Indonesia,[4] to evaluate the employment implications of the ASEAN-China free trade area,[5] or to stimulate the employment impact of a shift to a green economy in Mozambique.[6] For further details, see "Employment impact assessment tools for public infrastructure investment" (ILO: forthcoming).

4 Chatani K. and C. Ernst; "The fiscal stimulus package in Indonesia and its impact on employment creation", in *The Global Crisis, Causes, Responses and Challenges – Essays from an ILO perspective*, (ILO, Geneva, 2011)..

5 Ernst C. and R. Peters ("Employment dimension of Trade Liberalisation with China: Analysis of the case of Indonesia with Dynamic Social Accounting Matrix, Working Paper; (ILO/UNCTAD, Geneva, 2011).

6 Ernst C. and Iturriza A. Environment and Employment: A DySAM assessment of the potential employment and social dimension of climate change measures in Mozambique, presented at the 14th ILO Regional Seminar for Labour Based Practitioners, Accra, 5–9 September 2011.

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Examples of sectoral studies

- Bensaid, M. and al., 2011, "Évaluation des emplois générés dans le cadre du DSCRP au Gabon", *Employment Sector Working Paper No. 80*, Geneva : ILO
  The paper estimates the employment impact of the PRSP's sectoral policies and draws some key recommendations to support job creation in three sectors (mining, forestry and infrastructure).
- Matenga, C., 2009, The impact of global financial crisis on job losses and conditions of work in the mining sector in Zambia (Lusaka: ILO)
  An in-depth analysis of the impact of the crisis on the mining sector (both formal and informal).
- Waheeda Samji, K. Nsa-Kaisi, A. Albee, 2009, Energy, Jobs and Skills: A rapid assessment of potential in Mtwara, Tanzania, Special Paper 09.32, Research on Poverty Alleviation (REPOA) (Dar es Salaam: ILO)
  This is a rapid assessment that focuses mainly on the energy sector in Mtwara, the main location of natural gas extraction for East Africa. It is a practical illustration of the mutually re-enforcing nature of growth drivers (e.g. energy) and social sectors (e.g., education).
- Morris E. and Ole Bruun (2005), Promoting employment opportunities in rural Mongolia, International Labour Office, Subregional Office for East Asia, Bangkok.
- Chadha, G.K. (2008) Employment and poverty in rural India: Which way to go? ILO Asia-Pacific Working Paper Series.
- Research report on rural labour and employment in Viet Nam, ILO country office for Viet Nam, Hanoi. http://www.ilo.org/hanoi/Whatwedo/Publications/WCMS_171760/lang--en/index.htm
  This study clarifies the current situation of and challenges to rural labour and employment. Additionally, the report also points out policy gaps in employment creation. Conclusions and recommendations offered by the report are expected to be important policy implications for the formulation of the National Employment Strategy 2011-2020. The research will contribute to identifying and assessing various policy implications in order to deal with challenges regarding (i) employment creation in rural areas and (ii) industrialization and restructuring in Viet Nam.
- Exploring the linkages between investment and employment in Moldova: A time-series analysis, 2011, Employment Working Paper No. 52
  http://www.ilo.org/emppolicy/units/country-employment-policy-unit-empcepol/WCMS_161397/lang--en/index.htm?ssSourceSiteId=employment

4. Financial policies

The financial sector can play an important and productive role in promoting employment growth and poverty reduction through the following channels:

- Mobilize savings that can be used for productive investment and employment creation
- Create credit for employment generation and poverty reduction at modest and stable real interest rates
- Allocate credit for employment generation and help the poor to build assets, including in agriculture and in small- and medium-sized enterprises and in housing
- Provide patient (long-term) credit for productivity-enhancing innovation and investment




- Provide financing for public investment to provide for employment generation and productivity enhancement
- Help to allocate risks to those who can most easily and efficiently bear those risks
- Help to stabilize the economy by reducing vulnerability to financial crises, pro-cyclical movements in finance, and by helping to maintain moderate rates of inflation
- Help the poor by providing basic financial and banking services
- Increase domestic investments, and thus potential self-reliance.

The issue here is how to re-engage central banks, finance ministries and the financial system generally in playing a much more active role in generating employment, promoting development, and maintaining financial stability. Alice Amsden describes the key role that investment banks played in the industrialization success stories, such as South Korea, Taiwan, Malaysia, Brazil, Argentina and others, in mobilizing and directing savings to key industrial sectors, and in particular those specializing in exports.[7] In many of these cases, central banks were a key part of the governmental apparatus that played a supporting role by maintaining low interest rates, maintaining capital controls to help stabilize exchange rates at competitive levels, and sometimes engaging in direct lending for preferred purposes.

Still, we must be aware of the failures and excesses of some of these approaches in some countries. As described by Amsden, there must be transparent, accountable, and effective control mechanisms to ensure that these developmentally-oriented financial institutions do not contribute to macroeconomic instability, inefficiency, or financial or political corruption.

- Which concrete alternative financial policies and structures can help promote better credit access for small businesses and poor households, and more employment generating investment?
- What are the institutional and structural constraints operating in the financial system which prevent the sector from facilitating investment, growth and in turn improved employment opportunities?
- What are the determinants of investment? Is there an explicit link between financial variables and real economic activity in the country?

One important approach is to combine the resources available to formal sector financial enterprises and governmental financial institutions such as the central bank with the access, innovation, and lending experiences of microcredit institutions. There are several ways to do this that have been suggested in the literature, and which have also been put into practice, if only on a small-scale basis. Among the most promising are those that involve programs in which formal sector institutions such as commercial banks or central banks take positions in cooperative, microcredit and other development-oriented financial institutions, either by lending to them and or by taking equity positions in them. To be

[7] Amsden, Alice; *The Rise of the Rest: Challenges to the West from late-Industrializing Economies.* (Oxford: Oxford University Press, 2001).

successful, these programs usually involve government regulations and subsidies that generate carrots and sticks for formal sector institutions to extend credit to these smaller institutions that then on-lend to poor and/or small borrowers with good potential.

Another way to raise lending and investment to scale so that it can have a transformative impact is to create *development banking institutions* that take direct positions in final borrowers who are engaged in activities that will generate large numbers of good jobs and high value-added, and contribute to the structural transformation of the economy. The government of Madagascar is considering this approach.

Finally, central banks have historically played a much larger role in supporting longer-term economic development goals than has become fashionable more recently. This has been true both in developing countries and in the now developed countries. Central banks, acting as agents of development, have bought long-term bonds for infrastructure development; kept and administered differential interest rate ceilings in support of favored sectors, such as housing in many developed countries; used their discount window to discount loans for specialized lending institutions, such as microcredit institutions in Asia; and provided efficient or even subsidized financial services for specialized institutions playing important social roles. These policies have not always been successful, but if planned carefully with monitoring and safeguards, have an important part to play in mobilizing and re-deploying finance for development purposes. For example, central bank support for the Grameen Bank in Bangladesh and for rural development banks in Indonesia have been very successful in terms of offering loans to rural inhabitants and providing financial services (Asian Development Bank 2000). Another role that central banks have successfully played is the management of funds from the central government, and on-lending to MFIs and other institutions engaging in rural and small business lending.

To implement a strategy of credit promotion, there is no substitute for having institutions – public and private – with intimate knowledge of the local economy and local context, and with the incentives and management to make detailed decisions.

Reference article on financial policies for employment creation:

Epstein, G. “Rethinking Monetary and Financial Policy: Practical suggestions for monitoring financial stability while generating employment and poverty reduction”, *Employment Sector Working Paper No.37* (ILO, Geneva, 2009).

Examples of financial sector studies

- Epstein G. and J. Heintz, 2006, Monetary Policy and Financial Sector Reform For Employment Creation and Poverty Reduction in Ghana, *Political Economy Research Institute Working Paper 113*, University of Massachusetts at Amherst
- Epstein, Gerald. 2007. 'Central banks as agents of employment creation.' In J.A. Ocampo and K.S. Jomo, eds. Towards Full and Decent Employment. London and New York: Zed Books, pp. 92-122.
- Heintz, James. 2008a. 'Employment, Poverty, and Economic Policy in the Context of Widespread Informality'. Prepared for ILO Workshop, Turin, Dec. 16-17.
- Pollin, R., M. Githinji and J. Heintz (2008), An Employment-Targeted Economic Program for Kenya. Aldershot and Northampton: Elgar.
- Asian Development Bank 2000. The Role of Central Banks in Microfinance in Asia and the Pacific, ADB.
- Microfinance and public policy. Outreach, performance and efficiency. This book states to aid agencies and governments to consider efficiency as a robust and reliable criterion to guide their decisions on whether continuing or discounting support from microfinance institutions (MFIS). http://www.ilo.org/global/publications/ilo-bookstore/order-online/books/WCMS_091016/lang--en/index.htm
- Atieno, Rosemary. 2001. 'Formal and informal institutions' lending policies and access to credit by small-scale enterprises in Kenya: an empirical assessment.' AERC Research Paper 111, Nairobi: African Economic Research Consortium.
- Gender access to credit under Ghana's financial sector reform: a case study of two rural banks in the Central Region of Ghana - http://www.ilo.org/wcmsp5/groups/public/---ed_emp/documents/publication/wcm_041870.pdf - 2001 - *IFLIP Research Paper 01-4*, ILO: Geneva
- Financial intermediation for the poor: credit demand by micro, small and medium scale enterprises in Ghana : a further assignment for financial sector policy? - http://www.ilo.org/wcmsp5/groups/public/---ed_emp/documents/publication/wcm_041877.pdf - 2002 - *IFLIP Research Paper 02-6*, ILO: Geneva
- Did financial sector reform result in increased savings and lending for the SMEs and the poor? - http://www.ilo.org/wcmsp5/groups/public/---ed_emp/documents/publication/wcms_125600.pdf - 2003 - IFLIP Research Paper 03-7, ILO: Geneva
- South African microinsurance case study - http://www.ilo.org/wcmsp5/groups/public/---ed_emp/documents/publication/wcms_117977.pdf - 2003 - *Social Finance Working Paper No. 33*, ILO: Geneva
- The contribution of migrant organisations to income-generating activities in their countries of origin - http://www.ilo.org/wcmsp5/groups/public/---ed_emp/documents/publication/wcms_106333.pdf - 2008 - *Social Finance Working Paper No. 50*, ILO: Geneva
- Financial Arrangements in Informal Apprenticeships: Determinants and Effects - Findings from Urban Ghana (Social Finance Programme Working Paper 49).

5. Trade policies and Regional integration

International trade and foreign investment have important effects on employment and labour conditions. An adequate understanding of these effects is of critical importance in formulating effective national employment policies in today's globalizing world, as well as in identifying feasible policies at the international level that could facilitate employment promotion. Three main themes that can be researched:

The employment effects of trade

Relevant tools developed by the ILO have already been applied to evaluate the labour market effects of trade and foreign direct investment (FDI) during the global economic and financial crisis in countries such as Brazil, Egypt, India, Liberia, South Africa and Uganda. Country-specific tools are in the process of being developed for Bangladesh, Benin, Indonesia, and Guatemala.

Modelling the employment effects of trade and investment.

This course which takes place at the ITC-ILO campus in Turin, Italy, caters to development policy researchers and analysts in government and non-governmental institutions and international organizations. The course is in English.

The level of coherence between employment policies and trade policies

Do they have contradictory objectives?

Do trade policies support employment creation?

National policies to enhance the employment gains from trade

Three main axes of research can be developed:

- Which skill policies are of relevance for both traditional and non-traditional export industries, in particular with a view to moving up the value chain
- HHow to enhance the enterprise-enabling environment and enterprises' productive capacity with a view to maximizing the employment gains from trade
- How to enhance economic diversification with a view to reducing labour markets' vulnerability to external shocks

Key Tools and Resources

- ILO. 2004. A fair globalization: Creating opportunities for all. Final Report of the World Commission on the Social Dimension of Globalization (Geneva).
- ILO International Training Centre. 2010. ITC-ILO capacity building on international trade and labour markets. http://sdti.itcilo.org/trade
- Jansen, M. and E. Lee, 2007, Trade and employment: Challenges for policy research. A joint ILO-WTO Study (Geneva, ILO/WTO).
- See also http://www.ilo.org/employment/areas/WCMS_151385/lang--en/index.htm for trade-related technical assistance.
- Skills for Trade and Economic Diversification (STED) - an analytical tool developed by the ILO to provide guidance for the design of strategic education and training policies that contribute to trade development and economic diversification and foster the creation of decent employment. http//www.ilo.org/trade
- Jansen M., R. Peters and J. M. Salazar-Xirinachs (2011), Trade and Employment: From Myths to Facts, Geneva: International Labour Office. http://www.ilo.org/employment/areas/trade-and-employment/WCMS_162297/lang--en/index.htm




Examples of country studies

- Das, D. K. (2008), Trade liberalization, employment, labour productivity, and real wages: a study of the organized manufacturing industry in India in the 1980s and 1990s. ILO Asia-Pacific Working Paper Series.
- Pali, A. (2008) Evolution of global production systems and their impact on employment in India. ILO Asia-Pacific Working Paper Series.

6. Labour mobility and migration for employment

Migration is a labour market and decent work issue, and policies should therefore be based on a proper assessment of short- and long-term labour market demand for migrant workers; similarly, they should be based on an analysis of the implications of the process of labour migration.

How effectively can a government influence migration processes through the use of legal regulations and policy measures?

There are two main types of migration for work:

1. **Internal migration**: Rural-urban migration/urbanization/seasonal internal migrations for work. What are the patterns of internal migration? Do they have a significant impact on labour supply? On workers' incomes? If seasonal, should policy address its specificity?
2. **Emigration**: Labour emigration contributes towards meeting the demand for labour – and, thereby, to growth – in countries of destination. In countries of origin, emigration reduces labour market pressures, generates remittances and helps skills acquisition.

Migration can be of different nature: permanent migration (for settlement), return migration (one trip for migration and another for the return) or circular migration (temporary movements of a repetitive character either formally or informally across borders, usually for work, involving the same migrants). There are potential long-term benefits of circular migration, such as cross-fertilization of skills and technology exchange, but also permanent loss of workers with critical skills, especially health and education workers.

- How can public policy ensure the protection of migrant workers and their conditions of work?
- How can the benefits of migration – the benefits to receiving countries, the benefits to sending countries through remittances, the re-import of skills, and the possibility of commercial contracts – be maximized?
- How can the cost of migration, for instance the brain drain, be best managed?

A key principle is the need to move away from 'emigration' or 'foreign employment' policies, and have an inclusive and transparent migration policy which ensures equal protection for both national and foreign workers in line with international norms. The ILO Multilateral Framework on Labour Migration can be a valuable resource in this respect.

Examples of migration studies

- Wickramasekara P. (2011), Circular Migration: A Triple Win or a Dead End?, Global Union Research Network Working Paper No. 15, Geneva: ILO. http://www.ilo.org/public/libdoc/ilo/2011/111B09_83%20engl.pdf.
- Wickramasekara P. (2011), Labour migration in South Asia: A review of issues, policies and practices, International Migration Papers 108, ILO: Geneva. http://www.ilo.org/public/libdoc//ilo/2011/111B09_198_engl.pdf. Reviews migration policy frameworks in South Asia and their implications for governance of migration, protection of migrant workers and maximizing development benefits of migration.
- Ghoneim A.F., Labour migration for decent work, economic growth and development in Egypt, International Migration Papers 106, ILO: Geneva. http://www.ilo.org/public/english/protection/migrant/download/imp/imp106.pdf.
- Samra M. A., *L´émigration libanaise et son impact sur l´économie et le développement, International Migration* Papers 105, ILO : Geneva. http://www.ilo.org/public/english/protection/migrant/download/imp/imp105f.pdf.
- Bouklia-Hassane R., Migration pour le travail décent, la croissance économique et le développement: le cas de l´Algérie, International Migration Papers 104, ILO: Geneva. http://www.ilo.org/public/english/protection/migrant/download/imp/imp104f.pdf.
- Khachani M., *Les nouveaux défis de la question migratoire au Maroc, International Migration* Papers 103, ILO: Geneva. http://www.ilo.org/public/english/protection/migrant/download/imp/imp103f.pdf.
- Boubakri H., *Migration pour le travail décent, la croissance économique et le développement: le cas de la Tunisie*, International Migration Papers 102, ILO: Geneva. http://www.ilo.org/public/english/protection/migrant/download/imp/imp102f.pdf.
- Coxhead I. and al. (2010), Getting to work, UNDP: Hanoi.
- Dang Nguyen Anh (2008), Labour migration from Viet Nam: Issues of policy and practice, ILO: Bangkok. http://www.ilo.org/public/libdoc/ilo/2008/108B09_137_engl.pdf. The paper examines the emerging issues that will help improve the management of labour migration from Viet Nam in the context of long-standing policies. It specifically focuses on emerging issues of policy and practice related to labour export from Viet Nam to place its manpower and workers overseas.
- OECD (2011), Labour migration trends and policies in South Africa, Paris : OECD. Luthria M. (2011), Labor Mobility for the Poor: Is it Really Possible?, Economic Premise No. 45, Washington DC: The World Bank. http://www.ilo.org/public/libdoc/igo/2011/465688.pdf. This note offers guidance on how to design and implement a migration scheme that is win-win for both host and source countries.

7. Labour market regulations

The adoption of national labour laws and regulations is an important means of implementing international labour standards, guaranteeing decent work and promoting the rule of law. As they regulate constantly-evolving employment and industrial relations, labour laws are subject to regular assessment and reforms. The changing economic and technological patterns as well as the globalization of the economy have led to an increase in international trade between countries with different levels of social and labour protection. It is against this changing background that the role of labour law has been called into question, especially from the standpoint of the relationship between workers' protection and international cooperation and it is now increasingly accepted that a regulatory framework is essential if globalization is to be both socially and economically sustainable in the long term. Such a framework must include, as a minimum, all the rights

and principles laid out in the ILO fundamental Conventions, but the content and scope of the other work-related rules remain open to question.

Labour market regulations is one of the most controversial and divisive topic at country level. For many, regulations constitute a guarantee of fair employment conditions; for others, regulations are an obstacle to formal employment growth. Labour market regulations are put in place to improve workers' welfare, but regulations can lead to adverse outcomes, even for those that these same regulations seek to protect. However, most of the debates on the impact of labour market regulations, are not settled; countries may thus decide to conduct empirical research to improve their knowledge of the country situation, as a comprehensive approach that looks at all the institutional and political settings and their interactions is needed.

Examples of studies on labour market regulations

- Employment protection legislation tested by the economic crisis, DIALOGUE in Brief No. 3, 2011 - http://www.ilo.org/ifpdial/information-resources/publications/WCMS_166754/lang--en/index.htm
- The brief identifies the principal elements of the regulation of collective dismissals for economic reasons in over 125 countries, together with reforms introduced between 2008 and 2011. It considers the national legislative provisions regulating the seven subject areas of the employment protection legislation (EPL).
- What role for labour market policies and institutions in development? Enhancing security in developing countries and emerging economies, Employment Working Paper No. 67, 2010 http://www.ilo.org/employment/Whatwedo/Publications/working-papers/WCMS_150629/lang--en/index.htm
- Is Asia adopting flexicurity? : A survey of employment policies in six countries, Economic and Labour Market Paper 2008/4, 2008 http://www.ilo.org/empelm/pubs/WCMS_113927/lang--en/index.htm
- Are there optimal global configurations of labour market flexibility and security? : Tackling the "flexicurity" oxymoron, Employment Working Paper No. 15, 2008 http://www.ilo.org/employment/Whatwedo/Publications/working-papers/WCMS_105102/lang--en/index.htm
- Labour market regulation and economic performance: a critical review of arguments and some plausible lessons for India, Economic and Labour Market Paper 2008/1, 2008 http://www.ilo.org/empelm/pubs/WCMS_113926/lang--en/index.htm
- Security in labour markets: combining flexibility with security for decent work, Economic and Labour Market Paper 2007/12, 2007 http://www.ilo.org/empelm/pubs/WCMS_113923/lang--en/index.htm
- Why labour market regulation may pay off: worker motivation, co-ordination and productivity growth, Economic and Labour Market Paper 2007/4, 2007 http://www.ilo.org/empelm/pubs/WCMS_113903/lang--en/index.htm
- Labour market flexibility and employment and income security in Ethiopia, Employment Strategy Paper 2006/1, 2006 http://www.ilo.org/empelm/pubs/WCMS_114025/lang--en/index.htm
- Towards a new balance between labour market flexibility and employment security for Egypt, Employment Strategy Paper 2005/10, 2005 http://www.ilo.org/empelm/pubs/WCMS_114145/lang--en/index.htm
- Labour market policies and regulations in Argentina, Brazil and Mexico: programme and impacts: a comparative study in the framework of the global employment agenda, Employment Strategy Paper 2004/13, 2004 http://www.ilo.org/empelm/pubs/WCMS_114302/lang--en/index.htm

8. Skills, employability and technology

In the area of human resource development, a number of key themes can be analysed in depth to inform a national employment policy, such as:

- Provide an overall skill needs assessment (by level of education and training, by major sectors of the economy);
- Describe the national education and training policies, systems, and legislation, including formal and informal apprenticeships, and assess the effectiveness of inter-ministerial coordination mechanisms that link education and labour markets;
- Describe how skills development systems are financed, including training levies and other employer-based contributions, and the systems used to monitor post-training results in terms of employment and employer satisfaction;
- Assess the availability of relevant labour market information;
- Assess the quality of education and training (formal institutions, apprenticeship, continuing education and training, incentives for public-private partnerships for workplace learning, skills training for employment promotion initiatives);
- Assess the availability of quality training in rural areas;
- Skills for youth: assesses specific needs of the youth in terms of vocational education and training;
- Skills for green jobs: assesses skills needed for greening existing jobs and meeting the demand for new ones in the transition to a lower-carbon economy and for coping with climate change; http://www.ilo.org/skills/projects/WCMS_115959/lang--en/index.htm
- Skills for trade and economic diversification: identify potential growth sectors and the skill gaps and problems with the current training and educational system that prevent the development of those sectors. Identifies ways for skills and enterprise development to foster trade and economic diversification.

Example:

Skills for green jobs in Brazil (2010), ILO Skills and Employability Department. http://www.ilo.org/wcmsp5/groups/public/---ed_emp/---ifp_skills/documents/publication/wcms_142300.pdf

9. Informal economy: transition to formality

The areas to be researched in order to make the transition to formality a core component of national employment policies range from understanding the functioning/decision-making process of informal economy units (in terms of risk management, linkages to formal economy/global economy, social protection of their members, formalization, public policies benefits, etc.), to providing a profile of informal economy workers.

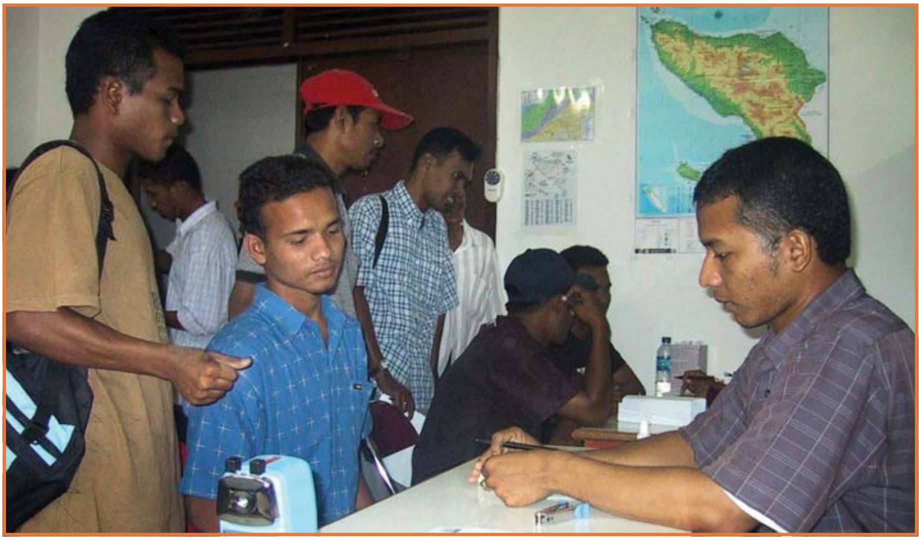
Examples of informal economy reports

- The informal sector in Mongolia, by Elizabeth Morris, ILO, East Asia Multidisciplinary Advisory Team, Bangkok, 2001.
- A comparative overview of informal employment in Albania, Bosnia and Herzegovina, Moldova and Montenegro, Budapest: ILO, 2010. http://www.ilo.org/wcmsp5/groups/public/@europe/@ro-geneva/@sro-budapest/documents/publication/wcms_167170.pdf
- A study on informal apprenticeship in Malawi - http://www.ilo.org/wcmsp5/groups/public/---ed_emp/documents/publication/wcms_151254.pdf, Employment Sector - Employment Report No. 9
- Statistics Office and IRD (2010), Dynamics of the informal sector in Hanoi and Ho Chi Minh City 2007-2009; Main findings of the Household business & Informal sector survey (HB&IS).
- Cling J-P., M. Razafindrakoto and F. Roubaud (2010), The informal economy in Vietnam, background paper for the NEP development process in Viet Nam, ILO: Hanoi. http://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/---ilo-hanoi/documents/publication/wcms_171370.pdf
- Research of informal employment in Viet Nam current situation and solution - Discussion Paper, Hanoi Economics University - http://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/---ilo-hanoi/documents/publication/wcms_171762.pdf

10. Youth

In many countries, youth employment is a major challenge that requires in-depth analysis in order to inform the best possible policy response. In such circumstances, a specific youth study can be commissioned. This study should then enable policy-makers to define age-specific employment targets and to design specific policy interventions.

For generic terms of reference on conducting a national analysis of the youth labour market, see the Youth Employment Knowledge Sharing Platform at https://papyrus.ilo.org/YE.



Examples of youth studies

- Krstic G. and V. Corbanese (2009), In search of more and better jobs for young people in Serbia by, ILO, Budapest, http://www.ilo.org/wcmsp5/groups/public/---europe/---ro-geneva/---sro-budapest/documents/publication/wcms_168813.pdf
- Dang Nguyen Anh, Le Bach Duong and Nguyen Hai Van (2005), Youth employment in Viet Nam: characteristics, determinants and policy responses, Employment Strategy Paper 2005/9, http://www.ilo.org/empelm/pubs/WCMS_114146/lang--en/index.htm
- Traoré F. (2005), *Chômage et conditions d'emploi des jeunes au Mali*, Employment Strategy Paper 2005/8 - http://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_elm/documents/publication/wcms_114147.pdf
- Denu B., A. Tekeste and H. van der Deijl (2005), Characteristics and determinants of youth unemployment, underemployment and inadequate employment in Ethiopia, Employment Strategy Paper 2005/7, http://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_elm/documents/publication/wcms_114148.pdf
- *Chômage et employabilité des jeunes au Maroc*, Employment Strategy Paper 2005/6 - http://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_elm/documents/publication/wcms_114149.pdf - Nourredine El Aoufi et Mohammed Bensaïd
- *Caractéristiques et déterminants de l'emploi des jeunes au Cameroun*, Employment Strategy Paper 2005/5 - http://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_elm/documents/publication/wcms_114150.pdf - Gilles Bertrand, Njike Njikam, Roland Marc Lontchi Tchoffo et Violet Fotzeu Mwaffo
- Promoting job creation for young people in multinational enterprises and their supply chains: Sierra Leone - http://www.ilo.org/employment/Whatwedo/Publications/lang--en/docName--WCMS_149932/index.htm, Employment Sector - Employment Report No. 8
- Promoting job creation for young people in multinational enterprises and their supply chains: Liberia - http://www.ilo.org/employment/Whatwedo/Publications/WCMS_144385/lang--en/index.htm, Employment Sector - Employment Report No. 7
- *El impacto de la crisis económica y financiera sobre el empleo juvenil en América Latina: Medidas del mercado laboral para promover la recuperación del empleo juvenil*, 2010, Employment Working Paper No. 71.
- School-to-work transition: evidence from Nepal, 2008, Employment Working Paper No. 10
- The socio-economic integration of Mozambican youth into the urban labour market : the case of Maputo, 2007

11. Gender

Given that women increasingly form a substantial part of work force, it is essential that suggested policy frameworks are gender responsive, at the same time do promote equality and equity in the world of work. To integrate gender dimensions into the labour market analysis, to identify the key gender challenges and for the development of employment policies, the following questions can be useful:

1. What are the gender differentials in labour market trends?

2. What are the key obstacles for those who are affected by unemployment, under-employment, informality, and vulnerability to access to more and better jobs and income opportunities?
3. What are key laws, policies, and programmes in place to address the gender gaps and other gaps based on other grounds of discrimination? Are there any labour law provisions that could be a barrier towards having access to employment for some of the social groups being affected by high unemployment? Are there any laws that are discriminatory in regards to ownership and inheritance of properties and access to finance, for instance?
4. How responsive are the existing employment promotion programmes, in terms of addressing inequality in the world of work?
5. How can the employment policy increase more equal access to education, training and skills development, for all groups of workers, and in particular, for youth and women?
6. Could you consider "affirmative action" in employment policy to address the accumulated disadvantages that some groups of workers face?
7. Is there a need to raise awareness for those key labour market actors to train and hire workers without discriminatory attitudes towards certain social groups?
8. What would be a list of key labour market indicators that would need to be monitored, in order to keep track on the progress in eliminating certain labour market gaps and inequalities?

Examples of country studies on gender

Ouattara Mariamé (2007), *Integration des questions genre dans la politique de l'emploi et son plan d'action au Burkina Faso*, unpublished background study for the NEP policy debate, Ouagadougou. Available in the ILO NEP database (forthcoming).

Gender mainstreaming tool

Making the strongest links: A practical guide to mainstreaming gender analysis in value chain development, 2009
http://www.ilo.org/empent/Publications/WCMS_106538/lang--en/index.htm?ssSourceSiteId=employment
Provides groundbreaking methods for incorporating gender concerns into the different stages of value chain analysis and strengthening the links essential for gender equality and promoting sustainable pro-poor growth and development strategies.

12. Vulnerable groups and labour market discrimination

The study of the employment situation of vulnerable population groups can help prioritize policies and target policy interventions. This can take place upstream of the policy priority setting exercise if the situation of specific groups is already well-known, and the challenges well identified, or downstream if their identification results from the knowledge generated.

People with disabilities, ethnic minorities, and tribal and indigenous people face specific challenges in the labour market, but detailed knowledge might be necessary to design appropriate policy responses and effective targeting.

ILO tools on workers with disabilities

- The right to decent work of persons with disabilities, Arthur O'Reilly, 2007, ILO - http://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms_091349.pdf
- Achieving equal employment opportunities for persons with disabilities through legislation - Guidelines, 2007 (http://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms_091340.pdf) and online guide for trainers, 2011 (http://www.ilo.org/wcmsp5/groups/public/---ed_emp/---ifp_skills/documents/instructionalmaterial/wcms_162169.pdf).
- Moving towards disability inclusion, 2011. Through a series of case studies, this publication provides insights into how disability perspectives may be incorporated into policies, laws, services and programmes, and the essential elements for sustainable and inclusive growth of societies. http://www.ilo.org/wcmsp5/groups/public/---ed_emp/---ifp_skills/documents/publication/wcms_160776.pdf
- ILO resource guide on disability. http://www.ilo.org/public/english/support/lib/resource/subject/disability.htm

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13. Green jobs

Green jobs consist of employment that contributes substantially to preserving or restoring environmental quality. Some green jobs are concentrated in the core activities of green industries. Yet there is a huge need and potential for greening existing jobs, and that has the largest labour market implications.

The transformation towards a green economy will affect employment in different ways: new jobs will be created, while other jobs, especially in the highly carbon-intensive sectors, will be substituted or even eliminated, and many existing professions will be redefined with new profiles and skills.

Research on this theme should seek to build knowledge of how the transition to a sustainable, low-carbon economy will affect employment, especially underlying job movements. Additionally, it should seek to find out what we know about future skills' demand relative to a sustainable path at country level.

ILO's definition of green jobs

Jobs are green when they help reduce negative environmental impact and ultimately leading to environmentally, economically and socially sustainable enterprises and economies. More precisely green jobs are decent jobs that:

- Reduce consumption of energy and raw materials
- Limit greenhouse gas emissions
- Minimize waste and pollution
- Protect and restore ecosystems

Source:
http://www.ilo.org/empent/units/green-jobs-programme/lang--en/index.htm




Key Tools and Resources on Green jobs

- ILO publications on Green Jobs: compiles in a chronological order all relevant books, brochures, policy briefs, reports, research papers, working papers, etc., that were published by the different departments of the ILO and relate to issues like climate change, environmental protection and green jobs.
  http://www.ilo.org/empent/units/green-jobs-programme/publications/lang--en/index.htm
- **Example of a country study:** Estimating green jobs in Bangladesh, 2010. This report summarizes the main findings of a large study on the scale and distribution of green employment in the economy of Bangladesh.
  http://www.ilo.org/empent/units/green-jobs-programme/about-the-programme/WCMS_159433/lang--en/index.htm
- Practitioner's guide: Assessing Green Jobs Potential in Developing Countries. This guide provides practical solutions to help fill information gaps in the knowledge of how the transition to a sustainable, low-carbon economy will affect employment, especially underlying job movements. http://www.ilo.org/global/publications/books/WCMS_153458/lang--en/index.htm
- ILO. 2007. *Decent work for sustainable development - The challenge of climate change*. Governing Body document GB.300/WP/SDG/1 300th Session (Geneva).
- —. 2008. *Employment and labour market implications of climate change*. Governing Body document GB.303/ESP/4 303th Session (Geneva).
- —, UNEP, IOE, ITUC. 2008. *Green jobs: Towards decent work in a sustainable, low-carbon world (The Green Jobs Report)* (Geneva).
- For training courses on green jobs at the International Training Centre, Turin, Italy, see http://greenjobs.itcilo.org/

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D. Review of existing programmes and projects, including mapping of bi- and multilateral initiatives

Mapping all employment programmes and projects is a first step in any attempt to build a clear understanding of the employment situation of a country but this global picture of employment interventions in a country is often missing. Furthermore, these programmes and projects contain a large amount of knowledge that is useful and necessary to formulate an employment policy.

Once the NEP drafting team has mapped all the current employment projects and programmes in the country, the critical analysis of employment projects and programmes can build on existing project evaluations, but in the absence of such evaluations, it may be necessary to build the evidence base that will enable policy-makers to support the development of effective programmes and policies. The following questions can be addressed:

- Are these projects and programmes at the required scale?
- Are they well adapted to the specific needs of the intended beneficiaries?
- Are they actually reaching their objectives?
- Are they run effectively?
- What modifications may be required to adequately address the employment needs?

In the process of answering these questions, it is possible to identify a number of piecemeal activities already underway that have proven ineffective because they are not implemented in a coherent fashion, or because they are highly wasteful. In the policy priority setting phase, this analysis will be very helpful in determining how to replace these initiatives by a more strategic, integrated package of interventions (See Chapter 4 – Priority setting).

The main areas of employment projects and programmes are:

- Support for public and private enterprises (including cooperatives) and micro-entrepreneurs;
- youth employment (skills development, entrepreneurship, etc.);
- training, including for vulnerable groups;
- direct job creation programmes.

Examples of youth projects' evaluations

1. Apprenticeship Training Programme and Entrepreneurial Support for Vulnerable Youth in Malawi (TEVETA and the World Bank).
http://www.ilo.org/public/english/employment/yen/whatwedo/projects/ie/teveta.htm
2. Evaluating the Impact of an Entrepreneurship Programme for Adolescent Girls in Tanzania "Empowerment and Livelihood for Adolescents' (BRAC and University College London).
http://www.ilo.org/public/english/employment/yen/whatwedo/projects/ie/brac.htm
3. The Youth Venture Initiative: Harmonized Programmes for Economic Opportunities (Streetkids International and the Swiss Agency for Development).
http://www.ilo.org/public/english/employment/yen/whatwedo/projects/ie/ski.html

Summaries of the evaluations are provided by following the above links.

Template: list of employment programmes and projects, classified by broad area

Programme title, Year(s)	Implementing Agency(ies)	Target group(s)	Geographical area(s)	Number of beneficiaries	Indicative annual spending (20xx-20xx)	Funding source(s)
Skills training						
Support for enterprises (public, private, cooperative) and micro-entrepreneurs						
Direct employment creation						
Labour market intermediation						

Note: categories are indicative and should be adapted to country circumstances.

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E. Review of the institutional framework and institutional audits

Labour administrations[8] must find the means to redefine their organization and intervention strategies so that they can better respond to the increased complexity of the employment reality. The conditions under which labour administrations operate have clear implications for the implementation of employment policies. Therefore, when building knowledge for the formulation of employment policies, assessing the institutional organization and management can help define objectives that are technically feasible.

Example of a study of labour market institutions

D'Souza, E. (2008) *Labour market institutions in India: their impact on growth and employment.* ILO Asia-Pacific Working Paper Series.

Review of the Ministry in charge of employment

- Assess the financial, organizational and human needs of the Ministry in charge of employment in policy planning, management and services delivery
  - Assess the availability of basic equipment
  - Evaluate capacities and needs in terms of training of existing personnel, capacity strengthening, organizational reforms and recruitment of new personnel
- Map the institutional framework and coordination mechanism of employment policies and programmes
  - Analyse the role and responsibilities of governmental institutions involved in employment at both national and local levels, including the coordination mechanism, and indicate strengths and weaknesses
  - Review labour administration throughout the country with a view to suggesting interventions that will contribute towards building a proactive, available, effective, impartial and service-oriented labour administration system
  - Assess the role and functions of the Public Employment Services (see next section)
  - Assess the role and involvement of the social partners in the design, monitoring, and evaluation of employment policies and programmes
  - Identify how non-governmental organizations, especially youth, women or disabled associations, are involved in the process and whether there is a specific governmental institution supporting their work, and channeling their concerns into governmental decisions
  - State concisely the main problems relevant for employment that emerge from the analysis of the institutional framework and coordination mechanisms in your country.

8 The ILO Convention No. 150 defines labour administration as "public administration activities in the field of national labour policy" and by labour administration system is meant "all public administration bodies responsible for and/or engaged in labour administration – whether they are ministerial departments or public agencies, including para-statal and regional or local agencies, or any other form of decentralised administration – and any institutional framework for the co-ordination of the activities of such bodies and for consultation with and participation by employers and workers and their organisations".

A Guide to Selected Labour Inspection Systems (with special reference to OSH)

This “Guide to Selected Labour Inspection Systems” is part of a research programme in the area of labour administration and labour inspection carried out by the ILO Labour Inspection and Administration Programme (LAB/ADMIN) with a view to better understanding the functioning of the various systems in the world.
http://www.ilo.org/labadmin/what/pubs/lang--en/docName--WCMS_160576/index.htm

Box 3.5 Institutional audit of the Ministry in charge of employment - the case of Burkina Faso

The context: a relatively new Ministry of employment in charge of implementing a National Employment Policy requiring a wide range of integrated policy interventions.

Substantial progress has been made in Burkina in recognizing the role of employment in the development process, and a National Employment policy was adopted in 2008 together with an Operational Action Plan. Following the adoption of the NEP, the Government’s priority was to concretely translate its commitment to employment into reality. However, strengthening the institutional environment and capacities in implementing, monitoring, and evaluating the NEP remained a core challenge to be addressed if employment objectives were to be achieved.

The NEP is the first attempt to provide a conceptual and practical framework for all employment interventions at national levels. It is not limited to programmes delivered by the Ministry in charge of employment, but brings together various policies, programmes and institutions that influence the demand and supply of labour and the functioning of labour markets. It embraces a series of multidimensional interventions which aim to make employment central to economic and social policies. This implies continuous dialogue with sectoral, economic, and finance Ministries and hence a new pivotal role for the Ministry of Employment in leading and monitoring employment outcomes.

Adding to the challenge of managing the first NEP of its kind in Burkina, the Ministry in charge of employment is a relatively new Ministry. In 2006, the Ministry of Youth and Employment was established separately from the ministry responsible for labour and social security and was left with few human resources and poorly equipped to deal with the transversal nature of the NEP.

Undertaking an institutional audit to identify the institutional issues to address in order to achieve the objectives of the NEP

In this context, the Ministry in charge of employment requested the ILO’s support to undertake an institutional audit of the Ministry with regard to its capacity to implement the NEP and be an effective player in the Poverty Reduction Strategy (PRS) process. A report was produced based on the labour administration documentation and close consultations and interviews with the relevant structures. The objectives were to:

- Analyse the current situation of labour administration, its structures, role, functions, decision-making processes, procedures, etc.
- Assess the coherence and efficiency of the internal functioning of labour administration
- Evaluate synergies and collaboration with relevant stakeholders
- Asses the responsiveness of labour administration towards external expectations
- Identify obstacles, constraints and challenges.

The report concludes with concrete recommendations aiming, *inter alia* at:

- Establishing an institutional body to facilitate coordination, synergies, and exchange of information between key stakeholders to contribute towards dealing with the crosscutting objective of employment promotion
- Strengthening ownership of NEP objectives among stakeholders, including at decentralized levels
- Asses the responsiveness of labour administration towards external expectations
- Identify obstacles, constraints and challenges.

The report concludes with concrete recommendations aiming, *inter alia* at:

- Establishing an institutional body to facilitate coordination, synergies, and exchange of information between key stakeholders to contribute towards dealing with the crosscutting objective of employment promotion
- Strengthening ownership of NEP objectives among stakeholders, including at decentralized levels
- Clearly defining roles, mandates and responsibilities of the many labour administration's structures in promoting and creating employment (including the National Agency for Employment Promotion, the Employment Funds, etc.)
- Tackling the challenges of the fragmentation of the labour market information system and unclear definition of mandates and responsibilities between the various structures in charge of monitoring employment outcomes
- Clarifying and finalizing the adoption of the status of some Labour Administration structures, as the lack of formal status severely limits their role and the scope of their involvement in the decision-making process.

The institutional audit report was discussed and validated in a very transparent way in an inter-ministerial meeting, including ministries of economy and finance and donors, so that recommendations stemming from the audit could be funded through the national budget as well as donors' funds. The involvement of the Ministry of Economy and Finance also ensured that the Labour Administration's planning, programming and budgeting cycle better fit with the wider national calendar and procedures.

Since the formulation of the institutional audit, some recommendations were implemented, such as the creation by decree, in 2009, of the National Employment and Vocational Training Council (CNEFP), to guide and coordinate monitoring of the implementation of the NEP. The CNEFP is also acting as a framework for sectoral dialogue on employment under the Accelerated Growth and Human Development Strategy process (3rd generation PRS in Burkina). The sectoral dialogue frameworks have a key role to play in the PRS process as they are responsible for monitoring sectoral strategies and proposing action plans together with the means of implementing them. This provides a solid institutional footing to the Ministry of Employment to perform a coordination role and to foster collaboration with other sectoral ministries, as well as with other national stakeholders.

More generally, major recommendations stemming for the audit were included in the programming budget of the Ministry of Employment for funding through the national budget.

Source: E. d'Achon, Employment Policy Department, ILO.

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Review of the labour market information system

LMIA systems consist of three main elements: (1) collection and compilation of data and information; (2) analytical capacity and tools; and (3) institutional arrangements and networks. The institutional audit of the labour market information and analysis system can address the following questions:

- Do an inventory of the institutional and operational situation of the producers and users of labour market information, including an analysis of the degree to which labour statistics are integrated into the national statistical master plan.
- Formulate recommendations to strengthen and better articulate the collection, analysis and diffusion of labour market information so as to adequately respond to the demand.
- Suggest interventions to (i) strengthen the operational and institutional capacity to produce and analyse labour market information, (ii) develop a database management system and (iii) identify the most relevant indicators for analysis and decision-making.

Guiding Principles

- Describe the strengths and weaknesses of the labour market information system and assess its relevance to a national employment policy
- State concisely the main problems that emerge from the analysis of the labour market information system in your country.

Examples of technical and institutional reviews of labour market information systems

- RECAP project (Latin America and West Africa) - http://recap.itcilo.org/fr/documentation-1/documents-des-activites-du-projet/activite-2 (French) http://recap.itcilo.org/es/documentos/documentos-de-las-actividades-del-proyecto/actividad-2 (Spanish)
- Camara Z. (2008), *Etat des lieux des informations du Marché du travail au Mali*, Projet APERP/BIT.
- Zerbo, A. and G. Ganou (2008), *Etude diagnostique de l'observatoire national de l'emploi et de la formation professionnelle*, BIT. See also : http://www.onef.gov.bf/download/rapport-audit.doc
- Current practices in labour market information systems development for human resources development planning in developed, developing and transition economies, January 2003 http://www.ilo.org/skills/pubs/WCMS_103881/lang--en/index.htm

Review of the public and private employment agencies

- Assess the ability to provide career guidance, labour exchange services, delivery of active labour market programmes, and rapid response services in the aftermath of crises, including with regard to employment of vulnerable groups.
- Assess the quality of regulation of private employment agencies: should they serve different segments of the LM? Is it inevitable that they do?
- Assess the cooperation between public employment services and private employment agencies; as the relationship between public and private employment agencies really require a careful build up process in their cooperation and regulatory functions (which can take some time, including periods of trial and error), and the feasible outcome is likely to be very country-specific.

Example of a functional analysis conducted with ILO support

Assessment of the National Employment Services of the Republic of Albania

An assessment of the organization, workflow, and service delivery of the National Employment Services of Albania was conducted between January and July 2008 to review the current situation and provide recommendations for actions to be taken to improve employment services and the implementation of employment policies.

Key resources on employment services

- CD-ROM: *Key Resources for Employment Services*, April 2011
  http://www.ilo.org/skills/pubs/WCMS_155695/lang--en/index.htm
- *Guide to Private Employment Agencies: Regulation, Monitoring and Enforcement*, May 2007
  http://www.ilo.org/sapfl/Informationresources/ILOPublications/WCMS_083275/lang--en/index.htm?ssSourceSiteId=skills
  This Guide provides guidance to national legislators in drafting legal frameworks in line with ILO Convention No. 181 and Recommendation No. 188. It is rich in many examples of country legislation from both developed and developing countries.
- *Public-private partnerships in employment services*, February 2003
  http://www.ilo.org/skills/pubs/WCMS_103882/lang--en/index.htm
- *Guidelines for establishing emergency public employment services*, January 2003
  http://www.ilo.org/skills/pubs/WCMS_104148/lang--en/index.htm
- *Career guidance. A resource handbook for low- and middle-income countries*, April 2006
  http://www.ilo.org/skills/pubs/WCMS_118211/lang--it/index.htm
  An essential guide to developing effective career guidance systems, career information, organizing service delivery, staff development and improving governance and coordination.
- *The public employment service in a changing labour market*, January 2001
  http://www.ilo.org/global/publications/ilo-bookstore/order-online/books/WCMS_PUBL_9221113884_EN/lang--en/index.htm?ssSourceSiteId=skills
- *Public employment services in English-speaking Africa : proposals for re-organisation*, January 1998, http://www.ilo.org/skills/pubs/WCMS_104150/lang--en/index.htm
- C88 Employment Service Convention, 1948 - Convention concerning the Organisation of the Employment Service, http://www.ilo.org/ilolex/cgi-lex/convde.pl?C088

Review of the employment funds

The following questions can help in focussing the review of an employment fund:

- What are the performance levels of these funds in terms of employment creation?
- Do they have specific targets to reach (number of jobs to create, by sex, economic sector, etc.)?
- What is their coverage in terms of share of beneficiaries in total potential beneficiaries?
- How are beneficiaries targeted? Are there instruments to channel the funds, services towards the most vulnerable groups and the economic sectors with the highest productive employment potential?
- What are the mechanisms in place to award funding, to select projects, to recover funds, etc.?
- Is there an efficient monitoring system to evaluate the impact of the fund on beneficiaries as well as the sustainability?

- Formulate recommendations to maximize the employment fund's impact in terms of labour market insertion in view of real needs and vulnerability levels;
- Suggest concrete measures to improve the M&E system and to better channel resources towards sustainable employment-generating activities based on the results-based management principles.

Institutional audit of Burkina Faso's Employment Funds

In Burkina Faso, three Employment Funds were set up, initially to provide a quick response to the transitional problems caused by the Structural Adjustment Program of the 1990s:

(i) *The Youth Initiatives Support Fund (FAIJ).* It grants financial support primarily to activities aimed at the socio-professional integration of young people trained as entrepreneurs. To accompany the FAIJ, the State established a training programme in entrepreneurship where they are trained to prepare and present projects, the best of which are submitted for FAIJ financing.

(ii) *The Informal Sector Support Fund (FASI)* seeks to promote access to credit for informal sector operators by offering them direct loans, guarantees and help in managing the credits granted.

(iii) *The Employment Promotion Fund (FAPE)* grants direct credits, pre-finances tenders, co-finances projects and provides guarantees in the following sectors: agricultural production, transformation, commerce, civil engineering, artisanal industries and services. The FAPE's target group consists of small job-creating enterprises.

The Employment Funds are permanent structures with tacit renewal of the subsidy granted by the State, or even an increase of the contribution in case of crises (e.g. 2009 and 2010).

In 2010, the Ministry of Employment undertook an impact and performance evaluation of the Funds. The findings and recommendations reveal constraints and challenges that are common to many Employment Funds:

- **Improve efficiency and up scaling of the Funds.** The employment funds show a relatively good performance in terms of effectiveness. The average number of jobs created or consolidated per year ranges from 570 jobs for the FAPE to 3,600 jobs for the FASI and 610 self-employment projects for the FAIJ. The study shows that the Funds have a positive impact on the numbers of hours worked by the beneficiaries (drop in daily work and increase of weekly or monthly work) and on the type of work (increased paid work and income). Employment Funds also seem to impact the living conditions of the beneficiaries and their families (better access to food, housing, education, and health). However, the impact on employment promotion remains small compared with the scale of needs. The number of jobs created between 2006 and 2009 represents about 1.5% of the unemployed in Burkina Faso and the number of jobs consolidated during that period corresponds to 0.85% of the under-employed. Thus, the employment promotion financing scheme directly affects 0.9% of the unemployed or under-employed. Additionaly, it is necessary to strengthen the efficiency of the Funds by reducing the unit cost per job created or consolidated.
- **Improve Targeting.** The analysis shows uneven distribution of financing by gender, region, and sector of activity. The gender breakdown shows that the direct beneficiaries are 34% women and 66% men. Trends in the distribution by regions reveal a high concentration of financing to the profit of the Center and Haut-Bassin regions (which account for 60% of projects and financing), with the other regions showing very low rates (2 to 6%). The regional distribution of beneficiaries does not match the poverty map of Burkina Faso, which is much more emphasized in the Boucle du Mouhoun, East, South-Western and Sahel regions than in the regions of the Centre and Haut-Bassin. Finally, most of the financing goes to commerce and to a lesser extent to services activities; agro-pastoral activities account for only one quarter. The study recommends developing effective targeting tools to redirect the flow of resources towards women, rural areas (which represent 80% of the active population) and steering actions towards the productive sectors, which offer better job creation prospects and thus greater effectiveness in the long run (agro-pastoral, small industry, artisanal activities).

- **Improve monitoring and evaluation.** Little investment is made on monitoring and on methodologies for measuring the impact of employment, as funds are inconsistent. There is an overall lack of data and evidence to inform policy-makers on the characteristics of beneficiaries, costs of measures, mechanisms for targeting, and actual outcomes. A monitoring system to capture cost-efficiencies and promote evidence-based data on the impact of Employment Funds would help the policy-makers to take informed policy choices. While the implementation of proper impact evaluation mechanisms are costly and require skills that are not always available in a developing country like Burkina Faso, there is a need to develop alternative, simplified ways to learn from existing experiences and to invest in measures that have high positive returns (and potentially scale them up) and to change or drop those that are not effective. Lastly, a monitoring system is needed to better target financing and improve the analysis of its medium-term impact (sustainability of jobs, underemployment, etc.) and indirect impacts which are not presently measured.

Source: Eléonore d'Achon, Employment Policy Department, ILO.

Review of the vocational education and training (VET) system

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- Review the management and organization in VET, and the national education and training capacity.
  - Review organizational structure, functions and staffing figures of TVET agencies. Are the national TVET organizational structures clear and sufficiently decentralized enabling flexible and responsive education and training provision?
  - Review national education and training capacity versus demand for education and training places/courses. Analyse whether the national TVET capacity is (in)sufficient to deliver programmes according to the students' and the industry's demand.
  - Suggest major activities required for strengthening the education and training capacity of the country.
- Review training institutions:
  - Public institutions: take stock of public TVET institutions in terms of numbers and geographical distribution, types, and configuration of public TVET centres; does it enable flexible and responsive provision of training as well as equitable access to them?
  - Private training providers: describe the variety, profile, and role of private education and training providers. Do private TVET providers receive policy, organizational, and other support from the Government? Do they play an important role?
  - Informal and formal apprenticeship systems: explain the prevalence and results of both systems, including the number of student and enterprise participants. Explain policies that govern apprenticeship systems and their impact on training quality, recognition of skills, working conditions, and protection. Provide this information for both young men and young women.

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ILO tools and resources

- *Managing vocational training systems,* January 2000
  Provides state-of-the-art materials relating to the management and organization of public vocational education and training (VET) systems and suggests a framework for developing the management competence of senior VET administrators, encouraging them to review critically their administrative practices in order to move towards professional excellence. Covers management, organizational structure, target setting, planning, financing, and training administration.

- *Vocational education and training institutions. A management handbook* and CD-ROM, February 2006 -
  http://www.ilo.org/global/publications/ilo-bookstore/order-online/books/WCMS_091670/lang--en/index.htm
  Suggests that the VET institutions' responsiveness to market demand and their ability to operate flexibly and cost-efficiently are strongly determined by the degree of their management, financial and academic autonomy, as well as by the competence of their managerial, teaching and non-teaching staff, to utilize this autonomy for the benefit of their stakeholders. This instructional product is based on systematically documented experiences of VET institutions' managers from Australia, New Zealand and the United Kingdom. The text of the Handbook is not country specific but provides general approaches to the management of VET institutions. The handbook is accompanied by a CD-ROM that provides summaries of national management practices in the VET sector and contains summaries of national policies, reports and legal documents, as well as real-life management instruments applied by VET institutions in the aforementioned countries.

- R195 Human Resources Development Recommendation, 2004
  Recommendation concerning Human Resources Development: Education, Training and Lifelong Learning

- Vocational Rehabilitation and Employment (Disabled Persons) Convention, 1983, (No. 159)
  Convention concerning Vocational Rehabilitation and Employment (Disabled Persons)

F. Review of the financial resources allocated (directly or indirectly) to employment

As part of the knowledge-building needed to inform policy development, the NEP team may want to calculate the level of financial resources that are devoted to employment promotion in the country, including the State budget, para-statal agencies, externally-funded projects, etc. This will enable the team to know the minimum amount that is available for the NEP, as well as to estimate the space for increasing that amount while remaining realistic. In the end, the NEP team should have a clear idea of their potential envelope for the NEP.

To work out as precisely as possible the level of financial resources currently spent on employment (directly and indirectly), experience shows that the NEP team should work closely with Ministry of Finance and with the donors. The help of consultants familiar with financing and budget matters is often necessary.

One major tool to review the financial resources allocated to employment is a public expenditure review; a review of public expenditures is a core diagnostic study that analyses the allocation and management of public expenditure. A review of the share and composition of public expenditures that are allocated to employment, both directly and indirectly, can be useful to evaluate the amount of public funds that can realistically be earmarked for the NEP.

Further, the public expenditure review can provide answers to the following set of questions: does budget execution (amounts actually spent) correspond to budget allocations? Why not? What can the country afford to do? How can expenditure be made to conform more closely with the employment objectives? What changes in resource allocation will make the greatest difference?

Finally, a public expenditure review is also very useful when formulating a second generation NEP or during the evaluation phase of a NEP.

If a country decides to embark on such an exercise, a few best practices based on the experience of two pilot countries, Burkina Faso and Tanzania are presented in Chapter 5.

See also:
http://go.worldbank.org/2NYPVF0QT0

Annex 1
ILO employment and decent work databases and indicators

ILO Estimates and projections of the economically active population: 1980–2020 (Fifth edition), Methodological description, December 2009 – Available at:
http://laborsta.ilo.org/

Key Indicators of the Labour Market (KILM) -
http://www.ilo.org/kilm

A multi-functional research tool of the ILO consisting of country-level data on 20 key indicators of the labour market from 1980 to the latest available year. It is also a training tool on the development and use of labour market indicators. Each indicator is accompanied by descriptions of the standard international definition of the concept and measurement procedures, guidelines on how the indicator can be used in analyses of labour market issues, and words of cautions on comparability limitations. Readers are guided on the value of using multiple indicators to develop a broader view of labour market developments.

Guide to the new Millennium Development Goals Employment indicators: including the full decent work indicator set -
http://www.ilo.org/employment/Whatwedo/Publications/WCMS_110511/lang--en/index.htm

Decent work indicators for Asia and the Pacific: a guidebook for policy-makers and researchers -
http://www.ilo.org/asia/whatwedo/publications/WCMS_099163/lang--en/index.htm

This Guidebook, designed to be a practical resource for collectors and users of labour market information, presents a detailed overview of key indicators for monitoring labour market trends and measuring progress towards national and international goals related to the promotion of decent work.

Measuring Decent Work with Statistical Indicators -
http://www.ilo.org/integration/resources/papers/WCMS_079089/lang--en/index.htm

Revised Office proposal for the measurement of decent work
http://www.ilo.org/integration/resources/mtgdocs/WCMS_100995/lang--en/index.htm

Women in labour markets: Measuring progress and identifying challenges
http://www.ilo.org/empelm/pubs/WCMS_123835/lang--en/index.htm

School-to-Work Transition Surveys (SWTS): A methodological guide

Module 1: Basics concepts, roles and implementation process.
http://www.ilo.org/wcmsp5/groups/public/---ed_emp/documents/instructionalmaterial/wcms_140857.pdf

Module 2: SWTS questionnaires.
http://www.ilo.org/wcmsp5/groups/public/---ed_emp/documents/instructionalmaterial/wcms_140858.pdf

Module 3: Sampling methodology.
http://www.ilo.org/wcmsp5/groups/public/---ed_emp/documents/instructionalmaterial/wcms_140859.pdf

Module 4: Key indicators of youth labour markets: Concepts, definitions and tabulations.
http://www.ilo.org/wcmsp5/groups/public/---ed_emp/documents/instructionalmaterial/wcms_140860.pdf

Module 5: Disseminating survey results.
http://www.ilo.org/wcmsp5/groups/public/---ed_emp/documents/instructionalmaterial/wcms_140861.pdf

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Annex 2
Information sources

A. Population census

B. Enterprise/production unit surveys

  a. *Les enquêtes auprès des entreprises du secteur moderne*

  b. *Les enquêtes sur le secteur informel à partir des unités du secteur*

  c. *Les enquêtes sur l'emploi agricole à partir des exploitations agricoles*

C. Household surveys

  a. Living standard measurement surveys

  b. Health and demographic surveys

  c. Core Welfare Indicator Questionnaire (CWIQ)

  d. Labour force surveys

  e. Les enquêtes emploi dans le secteur informel à partir des ménages

  f. Les enquêtes sur le travail/activités économiques des enfants

  g. Les enquêtes emploi du temps

D. Wage surveys

E. Administrative data

F. Studies and research documents

  a. Value chain studies

  b. Agricultural underemployment studies

  c. Occupational forecasting exercises (such as CGE-based implementable tools)

G. Monographs

H. Results of evaluation studies

I. Information sources on vocational and technical training

  a. Enterprise surveys

  b. Administrative data

  c. Follow-up surveys by the training centers

  d. School-to-Work Transition Surveys (SWTS)

Annex 3
Definitions of main ILO indicators

Working-age population	The population in a country/region, within a set range of ages, considered to be able and likely to work. This measurement estimates the total number of potential workers within an economy. For most countries, the working-age population is defined as persons aged 15 and older.
Employment	The measure of employment quantifies the persons, within a set range of ages, who worked for payment (also payment in kind) or/and for profit during a particular reference period; or who were temporarily absent from their work for specific reasons such as illness, maternity, parental leave, holiday, training, or industrial dispute. Unpaid family workers who worked for at least one hour in the reference period should also be included in the measure of employment, although many countries apply a higher hour limit.
Labour force (also known as economically active population or workforce)	The labour force is the population constituted by the employed and unemployed persons of a country/region. The employed are persons having a job or business, whereas the unemployed are without work, are available for work, and are actively seeking work.
Labour force participation rate	The labour force participation rate is calculated by expressing the number of persons in the labour force as a percentage of the working-age population. It provides an indication of the relative size of the supply of labour available to engage in the production of goods and services.
Employment-to-population ratio (S)	The employment-to-population ratio is the proportion of a country's working-age population that is employed. Although a high overall ratio is typically considered as positive, the indicator is not sufficient for assessing the level of decent work or the presence of a decent work deficit. Additional indicators are required to assess such issues as earnings, hours of work, informal sector employment, underemployment and working conditions. Furthermore, a high ratio can also be driven by supply factors (e.g., greater economic hardship can force people to accept inadequate employment opportunities).
Status in employment	Indicators of status in employment distinguish between three important categories of the employed – (a) wage and salaried workers, (b) self-employed workers, and (c) contributing family workers – with each being expressed as a proportion of the total employed. Categorization by employment status can help in understanding the dynamics of the labour market in a country.
Informal Employment	An informal employment relationship is, in law or in practice, not subject to national labour legislation, income taxation, social protection or entitlement to certain employment benefits, and is not regulated by labour legislation. Informal sector enterprises are small enterprises owned by individual(s) or household(s) that are not constituted as separate legal entities independently of their owners (no business permit or license), and for which no complete accounts are available that would permit a financial separation of the production activities of the enterprise from the other activities of its owner. Hence, informal employment comprises the total number of informal jobs, whether carried out in formal sector enterprises, informal sector enterprises, or households, during a given reference period. Informal employment includes the following types of jobs: 1- own-account workers employed in their own informal sector enterprises; 2- employers employed in their own informal sector enterprises; 3- contributing family workers, irrespective of whether they work in formal or informal sector enterprises; 4- members of informal producers' cooperatives; 5- employees holding informal jobs. Informal sector employees can be working in formal sector enterprises, informal sector enterprises, or as paid domestic workers employed by households; 6 - own-account workers engaged in the production of goods exclusively for final use by their own household.




Employment elasticities	Employment elasticities provide a numerical measure of how employment growth varies with growth in economic output. In their most basic use, they serve as a useful way to examine how growth in economic output and growth in employment evolve together over time. They can also provide insight into trends in labour productivity and employment generation for different population subsets in a country, and assist in detecting and analysing structural changes in employment over time. Three types of employment elasticities can be distinguished, corresponding with three demographic groups (females, males and the total employed population). An elasticity of 1 implies that every 1 percentage point of GDP growth is associated with a 1 percentage point increase in employment.
Employment by sector	This indicator disaggregates employment into three broad sectors – agriculture, industry and services – and expresses each as a percentage of total employment. The indicator shows employment dynamics on a broad sectoral scale. This indicator is useful for comparing employment, productivity and production flows within particular sectors.
Unemployment rate	The unemployment rate is calculated by expressing the number of unemployed persons as a percentage of the labour force. The unemployment rate provides a measurement of the proportion of the labour force that does not have a job and is actively looking for a job during a reference period. It should be recognized that national definitions and coverage of unemployment can vary widely with regard to age limits, criteria for seeking work, and treatment of, for example, persons temporarily laid off, discouraged about job prospects, or seeking work for the first time.
Youth unemployment	The term "youth" covers persons aged 15 to 24, while "adults" are defined as persons aged 25 and over. Youth unemployment can be presented in the following ways: (a) the youth unemployment rate; (b) the youth unemployment rate as a percentage of the adult unemployment rate; (c) the youth share in total unemployment; and (d) youth unemployment as a proportion of the youth population. Taken together, the four indicators provide a fairly comprehensive indication of the problems that young people face in finding jobs.
Youth not in education and not in employment, 15–24 years (S)	This indicator captures two groups: (i) youth who are economically inactive for reasons other than participation in education; and (ii) unemployed youth. Compared to the youth inactivity rate, it is a more useful indicator for the proportion of youth that remains "idle", and a better proxy for denied access to employment opportunities.
Long-term Unemployment	The standard definition of long-term unemployment is all unemployed persons with continuous periods of unemployment extending for a year or longer (52 weeks and over); it is expressed as a percentage of the overall labour force (long-term unemployment rate) or of total unemployment (incidence of long-term unemployment).
Unemployment by educational attainment (S)	The measure of unemployment according to educational attainment is based on the following categories of schooling: less than one year, pre-primary level, primary level, secondary level, and tertiary level.
Time-related underemployment	The international definition of time-related unemployment is based on three criteria: it includes all persons in employment who, during a short reference period, were (a) willing to work additional hours, (b) available to work additional hours and (c) had worked less than a threshold relating to working time.
Inactivity	This measures the population in a region/country which is not working or actively seeking work. Estimates must be made for the entire population. Typically, determinations are made as to the labour force status of the relevant population. The remainder of the population is the number of persons not in the labour force.

Labour productivity	Labour Productivity represents the amount of output per unit of work input. Output is measured as Gross Domestic Product (GDP), which represents the compensation for input of services from capital (including depreciation) and labour directly engaged in the production. The best measure of labour input to be used in the productivity equation is the total number of annual hours actually worked by all persons employed. In many cases, however, this labour input measure is difficult to obtain or to estimate reliably. For this reason, labour productivity can also be estimated by looking at the number of persons engaged in the production.
Manufacturing wage indices	This measurement presents trends in average real wages (different from nominal wages) in manufacturing. Wages are a substantial form of income, accruing to a high proportion of the economically active population, namely persons in paid employment (employees). Information on wage levels is essential to evaluate the living standards and conditions of work and life of this group of workers in the economy.
Occupational wage and earning indices	While manufacturing wage indices show trends in average wages at the industry level (i.e., in manufacturing), this measurement looks at trends in, and differentials between, occupational wages (i.e., wage rates or earnings) in specific industry groups. It is generally established that wages for individual occupations provide much more interesting and insightful material for analysis than do broad averages covering many, or all, occupations within an industry.
Hourly compensation costs	These measurements are concerned with the levels, trends and structures of employers' hourly compensation costs for the employment of workers in the manufacturing sector. Total hourly compensation costs include (1) direct pay for time worked and time not worked but paid for, in cash and in kind; and (2) non-wage compensation costs, i.e., employers' social insurance expenditure and, in some countries, labour taxes. The total hourly compensation cost levels are expressed in absolute figures in US dollars and as an index relative to the costs in the United States (on the basis of US = 100). A sub-indicator can also reflect the hourly direct pay and the non-wage labour costs as a percentage of total hourly compensation costs.
Low pay rate (below 2/3 of median hourly earnings)	In the present context, low pay rate is defined as the percentage of the employed population whose average hourly earnings is below half of the median of the distribution, or an absolute minimum, whichever is greater. However, in many developing countries, the threshold of one half of median hourly earnings to determine "low pay" would be misleading, it is thus necessary to include the "absolute minimum" as a further criterion to determine whether pay is low.
Working poor	The working poor are defined as individuals who are working but who also fall below an accepted poverty line. One of the approaches of the ILO is to calculate upper- and lower-bound estimates of the working poor above 15-years-old falling under a poverty line (using monetary poverty rate or basic needs poverty rate).
Part-time workers	The indicator on part-time workers focuses on individuals whose working hours total less than "full time", as a proportion of total employment. Because there is no agreed international definition as to the minimum number of hours in a week that constitute full-time work, the dividing line is determined either on a country-by-country basis or through the use of special estimations.
Hours of work	This indicator measures the hours worked by an employed person during a particular reference period. The first measure relates to the hours an employed person works per week. The number of employed are presented according to the following hour bands: less than 25 hours worked per week, between 25 and 34 hours, between 35 and 39 hours, between 40 and 48 hours, between 49 and 59 hours, 40 hours and over, 50 hours and over and 60 hours and over, as available. The second measure is the average annual actual hours worked per person.




Excessive hours (employed with 48 or 60 hours per week)	Excessive and atypical hours of work are a threat to physical and mental health, interfere with the balance between work and family life, and often signal an inadequate hourly pay. Excessive hours of work also reduce productivity. The excessive hours' indicator is defined here as the percentage of employed persons whose usual hours of work in all jobs are more than 48 hours (or 60 hours) per week carried out for economic reasons.
Child labour (Wage employment or self-employment)	Wage employment or self-employment covers all forms of employment and indicator name could be simplified to "children in employment". However, the term employment is often misunderstood to cover only wage employment and therefore the explicit reference to self-employment may be warranted. Use of a common age group increases comparability; suggestions are 5–14 years and 10–14 years.
Educational attainment and illiteracy (S)	This indicator reflects the levels and distribution of the knowledge and skills base of the labour force. This can be measured according to the following categories of schooling: not defined, less than one year, pre-primary level, primary level, secondary level, and tertiary level. This can be also measured by measuring the proportion of illiterates in the labour force. This indicator is often broken down by sex and by the following age cohorts wherever possible: total (15 years and over), youth (15 to 24 years), young adult (25 to 29 years), and adult (30 years and over).
Occupational segregation by sex (index and percentage of non-agricultural wage employment in male-dominated and female-dominated occupations)	Occupational sex segregation (or horizontal segregation) is a commonly used proxy indicator for equality of opportunity in employment and occupation. More direct indicators measure the extent to which labour markets are separated into "male" and "female" occupations, e.g., the percentage of female (or male) non-agricultural employment in a female-dominated (or male-dominated) occupation, or to the total non-agricultural employment in a gender dominated occupation. This index measures the tendency of labour markets to be segmented on the basis of gender. The indicator reflects direct and indirect discrimination in access to employment opportunities prior to and outside the labour market (i.e. in education and training, or perceived suitability of jobs to female roles), at entry and within the labour market (i.e., recruitment, on-the-job training opportunities, promotion, job change during upgrading). Crowding of women in occupations with low wages explains a big part of differences in earnings between men and women. The indicator can also reflect differences in occupational preferences between genders.
Female share of employment in managerial and administrative occupations (percentage and ratio relative to female share of non-agricultural employment)	This indicator measures the extent to which women are excluded from positions of authority and decision-making. It is an indicator of vertical gender segregation in labour markets. There are however interpretation issues with respect to the ratio: the ratio rises when women are excluded from non-agricultural employment in general, and not only from managerial and administrative occupations, so it can not be interpreted as an indicator of vertical gender segregation per se.
Occupational injury rate, fatal	The fatal injury rate is proposed as a safe work indicator rather than the non-fatal injuries rate, because the reporting of fatalities is believed to be more complete and has fewer definitional problems compared to non-fatal injuries (i.e., a fatal injury can be relatively easily identified as such).
Share of population aged 65 and above benefiting from a pension (S)	Use of common age range increases international comparability.
Public social security expenditure (% of GDP)	Data can be reported either as a total, or disaggregated into health and non-health social security expenditure. Public social security benefit expenditure could be presented not only as a percentage of GDP, but also as a ratio of the total general government expenditure to reflect the situation in countries with relatively "small" governments (in terms of public finances). Nominators and denominators should preferably be expressed in national currency units, current prices.

Union density rate (S)	Adjusted Density Rate (ADR): ADR = (membership – retired, student and unemployed members) / (wage and salaried employees – ineligible groups).
Enterprises belonging to employers' organizations (rate)	This measures the proportion of enterprises belonging to an employers' organization in total enterprises. Does not consider number of workers covered. However, the indicator can still provide information of the associational strength of employers' organizations and of their subsequent role in labour market governance.
Collective bargaining coverage rate (S)	Adjusted Coverage Rate (ACR): ACR = covered employees / (wage and salaried employees – ineligible groups). The category "covered employees" includes those who are covered by extension.

Note: (S) = Indicates that an indicator should be reported separately for men and women in addition to the total.

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Annex 4
List of Country Employment Policy Reviews

- Employment Diagnostic Analysis on Malawi, June 2010, by Professor Dick Durevall and Dr. Richard Mussa, ILO and Government of Malawi.
  http://www.ilo.org/emppolicy/pubs/WCMS_143247/lang--en/index.htm
- Constraints and challenges for achieving inclusive job-rich growth in Mongolia, January 2010 -
  http://www.ilo.org/employment/Whatwedo/Publications/working-papers/WCMS_161295/lang--en/index.htm
- Employment-led Growth in Nepal, July 2010 -
  http://www.ilo.org/employment/Whatwedo/Publications/WCMS_144425/lang--en/index.htm
- Papola, T.S. (2008,) Employment challenges and strategies in India. ILO Asia-Pacific Working Paper Series.
- Employment diagnostic analysis: Maluku, Indonesia, 2011, Employment Working Paper No. 98
  http://www.ilo.org/employment/Whatwedo/Publications/working-papers/WCMS_164198/lang--en/index.htm
- Employment diagnostic analysis: Nusa Tenggara Timur, Indonesia, 2011, Employment Working Paper No. 98
  http://www.ilo.org/employment/Whatwedo/Publications/working-papers/WCMS_162672/lang--en/index.htm
- Employment policy review: Kosovo, ILO: Budapest, 2007 -
  http://www.ilo.org/public/english/region/eurpro/budapest/download/empl/emp_pol_review_kosovo.pdf
- Employment Policy Review: Bosnia and Herzegovina, ILO and Council of Europe, *2007-2008.*
  http://www.ilo.org/budapest/what-we-do/publications/WCMS_169176/lang--en/index.htm
- Employment Policy Review: Albania, ILO and Council of Europe, 2006.
  http://www.coe.int/t/dg3/socialpolicies/socialrights/source/EmploymentPolicyReviewAlbania.pdf
- Employment Policy Review: Croatia, ILO and Council of Europe, 2006.
  http://www.coe.int/t/dg3/socialpolicies/socialrights/source/EPRcroatia_en.pdf
- Employment Policy Review: The former Yugoslav Republic of Macedonia, ILO and Council of Europe, 2006.
  http://www.coe.int/t/dg3/socialpolicies/socialrights/source/EmploymentPolicyReviewThe%20formerYugoslavRepublicofMacedonia.pdf

- Employment Policy Review: Moldova, ILO and Council of Europe, 2006.
  http://www.coe.int/t/dg3/socialpolicies/socialrights/source/EmploymentPolicyReviewMoldova.pdf

- Employment Policy Review: Montenegro, ILO and Council of Europe, 2006.
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  http://www.ilo.org/public/english/region/arpro/beirut/downloads/publ/publ_10_eng.pdf




Annex 5
Useful questions for the analysis of macroeconomic frameworks

A. Analysis of the employment impact of monetary policy

1. What are the current *de jure* and *de facto* goals and targets of monetary policy with respect to: (a) inflation; (b) growth; (c) employment and poverty? What are the salient institutional and socio-economic forces (both domestic and external) that have shaped the *de jure* and *de facto* goals and targets?

2. Does the central bank actively engage in (a); directed credit allocation to influence structural transformation (e.g., through designation of priority industries/sectors); (b) promoting initiatives that enhance access to credit by SMEs and microenterprises; and (c) promoting microfinance institutions?

3. Does the central bank systematically use any monitoring and evaluation system to gauge the impact of their policies on employment and poverty?

4. After taking stock of (1) to (3) above, is it possible to arrive at an overall assessment on the extent to which monetary policy either helped or hindered the process of durable and productive employment creation and poverty reduction?

5. What needs to change for monetary policy to more effectively support the process of employment creation and poverty reduction?

B. Analysis of the employment and poverty reduction impact of fiscal policy

1. What are the current *de jure* and *de facto* goals and targets of fiscal policy with respect to: (a) fiscal sustainability and avoidance of 'fiscal dominance'; (b) growth; (c) employment and poverty? What are the salient institutional and socio-economic forces (both domestic and external) that have shaped the *de jure* and *de facto* goals and targets?

2. Does the analysis of public finances enable one to ascertain the extent to which (a) expenditure and tax policy is being used to support the process of structural transformation (e.g., through designation of priority industries/sectors); (b) promoting initiatives that can engender sustainable fiscal resources needed to support employment and labour market policies within the context of a social floor? Assessment of fiscal implications for promoting employment and labour market policies within the context of a social floor, for example, a study on Bangladesh, which proposes and applies a methodology for assessing the 'fiscal gap' (between what is needed and what is provided) as it pertains to employment and labour market policies within the context of a social floor.

3. Does the finance ministry systematically use any monitoring and evaluation system to gauge the impact of their policies on employment and poverty?

4. Have proactive measures been put in place to enhance fiscal space during buoyant periods of economic growth to finance various components of the social protection system and public investment in infrastructure?

5. After taking stock of (1) to (5) above, is it possible to arrive at an overall assessment on the extent to which fiscal policy either helped or hindered the process of durable and productive employment creation and poverty reduction?

6. What needs to change for fiscal policy to more effectively support the process of employment creation and poverty reduction?

C. Analysis of the exchange rate policy

1. What are the current *de facto* and *de jure* goals and targets of exchange rate policy with respect to (a) international competitiveness (b) protecting domestic and import-competing sectors (c) using exchange rate policy as part of an anti-inflation strategy?

2. How can one characterize the current exchange rate regime: (a) fixed (b) floating (c) managed?

3. What are the salient institutional and socio-economic forces (both domestic and external) that have shaped the *de jure* and *de facto* goals and targets and the evolution of the exchange rate regime?

4. Was exchange rate policy systematically used to support the process of structural transformation, most notably by stimulating the development of export-oriented sectors?

5. Have policy-makers systematically made use of monitoring and evaluation system to assess the impact of exchange rate policy on employment and poverty?

6. After taking stock of (1) to (5) above, is it possible to arrive at an overall assessment on the extent to which exchange rate policy either helped or hindered the process of durable and productive employment creation and poverty reduction?

7. What needs to change for exchange rate policy to more effectively support the process of employment creation and poverty reduction?

D. Capital account management

1. What are the current *de facto* and *de jure* goals and targets of capital account management with respect to (a) encouraging financial integration through capital flows (b) enhancing domestic policy space?

2. How can one characterize the current capital account regime: (a) open (b) regulated?

3. What are the salient institutional and socio-economic forces (both domestic and external) that have shaped the *de jure* and *de facto* goals and targets and the evolution of the capital account regime?

4. What has been the interaction between exchange rate policy and capital account management? What are the consequences – both direct and indirect – for employment and poverty?
5. Have capital controls and other prudential measures been used to cope with global economic volatility?
6. After taking stock of (1) to (5) above, is it possible to arrive at an overall assessment on the extent to which capital account management has either helped or hindered the process of durable and productive employment creation and poverty reduction?
7. What needs to change in the sphere of capital account management to more effectively support the process of employment creation and poverty reduction?

3

Annex 6
Example of a questionnaire for an institutional audit of an Employment Fund

1. General information

No.	Title	Code
IG 01	Name of Fund 1= FAIJ 2=FASI 4=FAPE	I_I
IG02	Identification number of the investigator:	I_I I_I
IG03	Interview date:	I_I_I/I_I_I/ I_I_I

2. Information on the interviewee

IE01	Sex: 1. Male 2. Female	I_I
IE02	Marital status: 1=Never married 2=Married 3=Divorced 4=Widow/er	I_I
IE03	Number of dependents:	I_II_I
IE04	Age (in years) : 1 <20years; 2=20-24; 3=25-29; 4=30-34 5=35 years or older	I_I
IE05	Region: 1=Centre 2=Boucle du Mouhou 3=Other	I_I
IE06	Province: 1=Kadiogo 2=Balé 3=Banwa 4=Kossi 5=Nayala 6=Sourou 7=Mouhoun 8= Other	I_I_I
IE07	Location of project or village: .... 1= Urban 2= Rural	I_I
IE08	Level of education: 1=No schooling; 2=Can read and write 3=Primary; 4=Secondary (classic) 5=Secondary (vocational); 6=Tertiary 7=Other (specify)	I_I
IE09	How did you learn of the existence of the Fund?: 1=Friends or family 2=Advertisment/TV/Radio/Newspaper 3=Other (specify)	I_I

3. Activities

A01	What was your main occupation before applying to the Fund?	
A02	Activity sector: 1. Commerce 2. Agriculture 3. Transformation 4. Animal husbandry 5. Craftmanship 6. Other	I_I
A03	What is your current main occupation?	




A04	Activity sector: 1. Commerce 2. Agriculture 3. Transformation 4. Animal husbandry 5. Craftmanship 6. Other	I_I
A05	Is your current economic activity/project financed by the Fund? 1= Yes 2 = No	I_I
A06	If yes, what year was your project created?..................................	

**4. Which aspects of the Fund did you benefit from?
(There are two main types: financial and non-financial).**

AF01	How long have you benefited from the Fund?. Month/Year...................	I_I_I_I_I
AF02 AF03 AF04	Which kind of financial support did you receive from the Fund? (Multiple answers are possible) 1. Startup loan 2. Working capital 3. Equipment loan 4. Credit diversification or expansion of activity 5. Grant 6. Financial guarantee 7. Other (Specify)... 8. No financial benefits What were your needs? 1. Startup loan 2. Working capital 3. Equipment loan 4. Credit diversification or expansion of activity 5. Grant 6. Financial guarantee 7. Other (Specify)... Did the support that you received from the Fund correspond to your needs? 1. Not at all 2. In part 3. Yes, in full	I_I I_I I_I
AF05	Which kind of non-financial support did you receive from the Fund? (Multiple answers possible) 1. Training 2. Study travel 3. Participation in commercial expos 4. Other (specify)....................................... 5. None	I_I

AF06 AF07	What were your non-financial needs? 1. Training 2. Study travel 3. Participation in commercial expos 4. Other (specify)....................................... Did the support you received form the Fund correspond to your needs? 1. Not at all 2. A little 3. Yes, in full	I_I I_I

5. Time frame

D01	How did you formulate your project? 1. Alone 2. With the support of the Fund 3. With the support of another beneficiary 4. Other	I_I
D02	How long did you wait for a response from the Fund concerning your project? 1. <3months 2. 3 to <6 months 3. 6 to <12 months 4. > - 12 months	I_I
D03 D04	Was this time frame satisfactory? Yes =1 No =2 Is unsatisfactory, did this delay harm your project? Yes =1 No =2	I_I I_I

6. Financial support

F01 F02 F03	How many times did you receive financial support form the Fund? .... CFA francs And for how long (months)? 1. 1st time ....x 2. 2nd time ....../..x 3. 3rd time..x 4 4th time ....x 5 5th time x	
F04 F05 F06	What was/were the amount/s of financial support you received? .... CFA francs And for what amount (in CFA francs)? 1. 1st time ....x 2. 2nd time ....../..x 3. 3rd time..x 4. 4th time ....x 5. 5th time x	

F07	Did the amount/s that the Fund accorded you correspond to your needs? 1= Yes 2= No	I_I
F08 F09	Did the amount/s that the Fund accorded you correspond to your needs for consolidating your project? 1 = Yes 2= No If not, did this harm the success of your project? 1= Yes 2= No	I_I I_I
F10	Did you also receive financial support or loans from other institutions? Yes =1 No =2	I_I

7. Loan repayment

C01 C02	Have you repaid your loan? Yes =1 No =2 If not, in how many months will you have finished repaying your loan? ....months	I_I I_I I_I
C03 C04	What is the repayment schedule? 1. Every month 2. Every three months 3. Every six months 4. Once a year 5. Lump sum repayment 6. Other How was the repayment schedule determined (multiple answers possible)? 1. By the nature of your economic activity 2. By the Fund 3. By yourself 4. It is the same for all beneficiaries 5. Other (specify)	I_I I_I
C05 C06 C07 C08 C09	What is the amount you must repay at each deadline? .... CFA francs Amount to be repaid: 1. Every month..................................... 2. Every three months.................................. 3. Every six months................................. 4. Each year... 5. Other...	
C10 C11 C12	Were you able to repay your loan according to the schedule of your contract? 1=Yes 2=No [Go to C13] 3=Currently repaying Without difficult 1=Yes 2= No With regularity 1= Yes 2=No	I_I I_I I_I

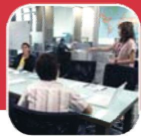
3

C13	If no, what were the main reasons that caused the delay/non repayment? (Multiple answers possible) 1. Lack of liquidity 2. Repayment interest was too expensive 3. Schedule of repayment was inappropriate 4. Employment activity has not generated enough revenue 5. Management difficulties 6. Other (Illness, social difficulties)	I_I

8. Monitoring support

SA01	Did you benefit from monitoring support from the Fund prior to the commencement of your project? 1=Yes 2=No	I_I
SA02	If yes, what kind of monitoring support did the Fund provide you with? (Multiple answers possible) 1. Advice/support towards the drafting of the project's documentation 2. Market study 3. Technical training 4. Management training 5. Literacy support 6. Other (specify)	I_I
SA03	What were your needs before the commencement of the project (Multiple answers possible) 1. Advice towards the formulation of the project 2. Market study 3. Technical training 4. Management training 5. Literacy support 6. Other	I_I
SA04	Did the support you received correspond to your needs? 1. Not at all 2. A little 3. Yes, in full	I_I
SA05	Did you benefit from monitoring support from the Fund during your project? Yes =1 No =2	I_I
SA06	If yes, what kind of monitoring support did you receive from the Fund? 1. Literacy support 2. Management training/support 3. Technical training 4. Networking or partnerships with other institutions 5. Other	I_I

3

SA07	What were your needs during the execution of the project? 1. Literacy support 2. Management training/support 3. Technical training 4. Networking or partnerships with other institutions 5. Other	I_I
SA08	Did the support you received from the Fund correspond to your needs? 1. Not at all 2. A little 3. Yes, in full	I_I
SA09	Did you benefit from monitoring support from the Fund after completing your project? Yes =1 No =2	I_I
SA10	If yes, how long after completion? … Months	I_I I_I
SA11	If yes, what kind of monitoring support did you receive from the Fund? 1. Literacy support 2. Management training/support 3. Technical training 4. Networking or partnerships with other institutions 5. Autres	I_I
SA1 2	What were your needs after the completion of the project? 1. Literacy support 2. Management training/support 3. Technical training 4. Networking or partnerships with other institutions 5. Other	I_I
SA13	Did the support you received from the Fund correspond to your needs? 1. Not at all 2. A little 3. Yes, in full	I_I

9. Impact of the Fund's support in terms of jobs created

	Sex of employees1= M (male)2= F (female)	Status 1. = Regular employee 2. = Apprentice 3. = Family member 4. = Occasional employee 5. = Other	Number of years employed	Financial remuneration Yes= 1No= 2	Amount of remuneration: 1=Day .... 2=Week .... 3=Month .... 4=Year	Hours of work 1. < 8h/day 2. ≥ 8h/day 3. < 6 days/week 4. ≥ 6 days/week 5. < 6 months/year 6. > 6 months /year
Number of jobs before the Fund's support						
Name 1________________	________	________	________	________	________	________
Name 2________________	________	________	________	________	________	________
Name 3________________	________	________	________	________	________	________
Name 4________________	________	________	________	________	________	________
Name 5________________	________	________	________	________	________	________
Eg., Ouédraogo Issa, junior accountant						
Number of jobs after the Fund's support						
Name 1________________	________	________	________	________	________	________
Name2________________	________	________	________	________	________	________
Name 3________________	________	________	________	________	________	________
Name 4________________	________	________	________	________	________	________
Name 5________________	________	________	________	________	________	________
Eg., Zongo Marie, cashier						




10. Impact on the Fund’s recipient and their quality of life

<table>
<tr><td>IP01

IP02
IP03
IP04</td><td>What is the revenue that is generated by your enterprise? (Time frame to be chosen by the interviewee).
1=Day, 2= Week, 3=Month, 4= Semester 5= Year
Pre-Fund Post-Fund
Turnover ....
Fixed costs/month ....
Variable costs ....</td><td></td></tr>
<tr><td>IP05</td><td>Do you have accounting books we could consult?
1=Yes 2=No</td><td>|_|</td></tr>
<tr><td>IP06</td><td>Did your revenue increase after receiving support from the Fund?
1= Yes 2= No</td><td>|_|</td></tr>
<tr><td>

IP07
IP08
IP09
IP10
IP11
IP12
IP13
IP14</td><td>Has the Fund’s support increased your standard of living?
(a= Not at all b=A little c=Sufficiently in relation to current needs)
Food and nutrition
Health care
Children’s schooling
Housing
Transport
Clothing
Social status
Other (specify)</td><td>

07|__|
08|__|
09|__|
10|__|
11|__|
12|__|
13|__|
14|_|</td></tr>
</table>

11. Fund’s impact on the performance of the enterprise

<table>
<tr><td>
IF01
IP02
IP03
IP04</td><td>Has the Fund’s support allowed your enterprise to:
Purchase new machiners/equipment 1= Yes 2 = No
Improve the quality of your products 1= Yes 2 = No
Maintain your clientele 1= Yes 2 = No
Obtain loans from other financial institutions ?
1= Yes 2 = No</td><td>
|__|
|__|
|__|
|__|</td></tr>
<tr><td>
IF05
IF06
IF07
IF08
IF09</td><td>After receiving the Fund’s support do you believe you can:
- Increase your market share 1= Yes 2 = No
- Establish new projects 1= Yes 2 = No
- Save 1= Yes 2 = No
- Negotiate new loans/funding 1= Yes 2 = No
- Other (specify) ....</td><td>
|__|
|__|
|__|
|__|</td></tr>
</table>

3

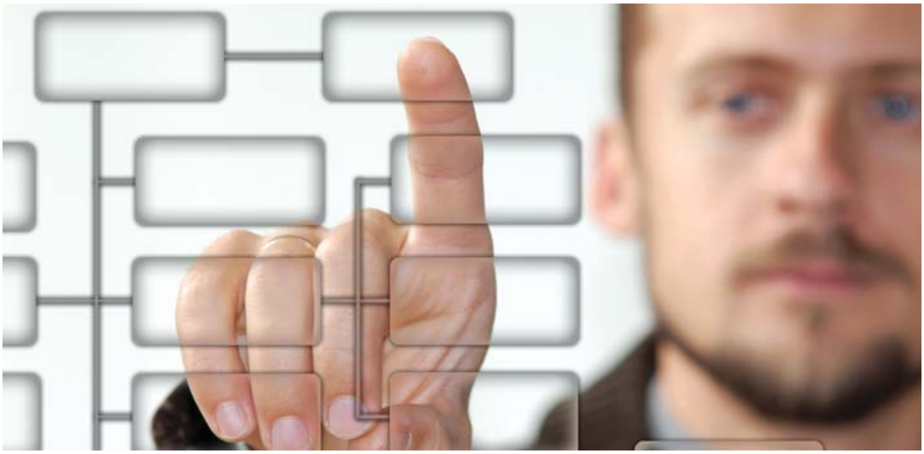



Chapter 4
From situation analysis to strategic planning: the policy formulation phase

This chapter presents in some detail the formulation phase of the policy process. It suggests answers to the following questions:

- Of all the problems identified in the situation analysis, which are the ones that the NEP is able to address?
- What policy areas are relevant to address the chosen problems?
- Which policy options to choose? Which tools can you use to decide?

The analyses conducted and that produced the employment situation identify the main employment problems and contribute to explaining its causes. As it is likely that numerous issues were identified policy-makers must make choices and decide (i) what problems will be addressed by the NEP and (ii) in which ways. The national technical team in charge of formulating the NEP has a very important diagnostic exercise to support, and this exercise should involve many actors, as explained throughout this chapter. Coordinating the inputs of all these actors is a key task of the technical team, together with political steering at the highest level.



Contents

I. Setting policy priorities: which issues to address in the NEP

Possible steps to set policy priorities are:

1. **List the problems identified in the situation analysis:** it is useful to establish a list of all the problems identified during the issues identification phase, as they often are dispersed in various studies.

2. **Establish a hierarchy of these problems and select those to be addressed by the NEP:** it is likely that the list of problems will be quite long and that it won't be realistic to address all of them in the NEP. A choice will have to be made and for that, it is useful to rank the various problems on the list. The hierarchy of problems and the selection of those to be addressed by the NEP should be done on the basis of criteria and/or priorities that have been agreed upon by all the actors involved in the NEP formulation. National circumstances and availability of resources certainly are important criteria to use at this stage. Another important criterion is the coherence with the priorities defined at national level, for example those set in the national development framework (see Boxes 4.1 and 4.2).

Box 4.1 - Coherence with national priorities when setting employment policy priorities

The various plans that define priorities at the national level are:

- Presidential Programme /party manifesto
- "Vision" document (long term, 15–20 years)
- National Development Framework (5 to 10 years)
- Sectoral policies
- The national budget

Box 4.2 **Aligning policy priorities in the NEP with those of the NDF in Viet Nam**

In Viet Nam, the Ministry in charge of employment works on keeping a close adequation between employment and labour market issues addressed by the NEP, and the objectives of the Social and Economic Development Strategy (SEDS) 2011-2020. As a first step in the prioritization of policies for the NEP, the table below lists the employment policy areas that correspond to the SEDS' objectives.

Objectives and orientations of the SEDS 2011-2020	Employment and Decent Work implications
"Rapid and sustainable development"	Sustainable growth must be pro-poor and create more and better jobs
"Maintain macroeconomic stability and ensure economic security"	Impact on employment creation, enterprise development and decent work through investments, economic growth and reduction of poverty and inequalities
"Accelerate proactively economic restructuring, knowledge economy"	Shifting labour market and employment shares, growing demand for skilled labour, dealing with the informal economy
"Quality, productivity, efficiency and competitiveness as first priorities"	Labour productivity and sustainable enterprises key to global competitiveness and foreign investments
"Capitalize on Viet Nam's advantages in terms of population and people, improve the quality of human resources"	Education and training linked to labour market demand, matching of labour supply and demand
"Constantly improve their material and spiritual life and ensure social equity; reduction in poverty rate and social welfare, social security and community health care are ensured"	Decent work the sustainable route out of poverty; minimum wages and fair incomes from work; non-discrimination; gender equality; social protection; attention to the working poor and vulnerable groups
"Vigorous development of productive forces at increasingly higher scientific and technological levels while improving production relations"	Enabling environment for development of sustainable enterprises; harmonious industrial relations
"Proactive and active engagement in far-reaching and efficient international integration"	Complementation of labour markets; labour productivity and labour rights in global integration; migration policy
"Improve environmental quality, cope" proactively and efficiently with climate change"	Green jobs and greener enterprises

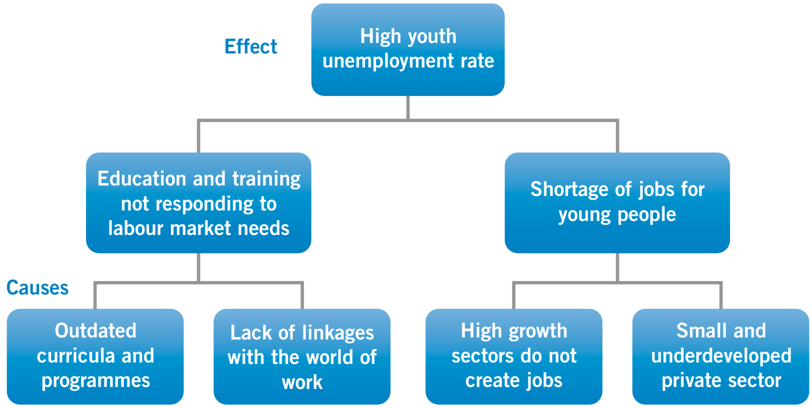
The next step will by to choose 3 to 5 policy issues among the 9 listed here.

The selection of issues – the key challenges - results in the formulation of the objectives of the NEP. The formulation of the objectives is developed in Chapter 5.

3. **Analyse the causes and effects of the selected problems:** why is the country in the situation described in the situation analysis? Here a comprehensive diagnostic needs to explore causal chains, separate the important factors from the less important ones and identify key constraints and challenges to increasing productive employment. The objective is to arrive at a common understanding of the key constraints and challenges as a basis for prioritization, sequencing and implementation, and this causal analysis should be reflected in the NEP document. The cause-effect analysis results in the outcomes of the NEP, which is developed further in Chapter 5.

An employment diagnostic tree can be used to guide and structure the analysis:

Causal relationship of high youth unemployment rate – the problem tree



Source: adapted from Guide for the preparation of National Action Plans on Youth Employment, Geneva: ILO, 2008.

Finally, dialogue, and social dialogue in particular, is central to the policy priorities setting exercise. Setting policy priorities is at the crossroads between political and technical judgments. The participation of all stakeholders as key actors in the diagnostic is necessary as a basis for prioritization, sequencing, and focus in policy development and implementation. The ministry in charge of employment cannot identify priorities and policy options alone because (i) a large number of actors are concerned, in particular the ministries that directly create employment, who will later be responsible for the implementation of the policy together with the social partners; (ii) these priorities and options need to be aligned to other national priorities set forth in the national development framework and in already endorsed sectoral policies; and (iii) without political buy-in, the policy will not receive the support necessary for its financing and implementation.

Social dialogue between the Government, the trade unions, and the employers' associations is as important when choosing policy priorities for it will ensure consensus and a common platform that will later facilitate the implementation of the policy. Capacity building of the social partners may be needed to improve their advocacy capacity for certain policy options.

The workshop approach: the diagnostic can be undertaken by the Government and its social partners during a 2 or 3-day workshop. Participants include not only the ministry in charge of employment and the social partners, but also the ministry in charge of Planning / Economy/ Finance, the Central Bank, specific civil society groups and local academia. Participants' own detailed knowledge serve as inputs into the analysis. The advantage is to bring all the actors together for a relatively long period, preferably away from their traditional workplace, which facilitates brainstorming and reaching consensual decisions by the end of the workshop. This methodology is superior to the one consisting in hiring a consultant to do the diagnosis and discussing the consultant's report in a tripartite meeting. For full details on this methodology see: *Employment Diagnostic Analysis; a methodological guide (2012)*, Employment Sector, ILO: Geneva.[1]

[1] Available at: http://www.ilo.org/employment/Whatwedo/Publications/WCMS_177130/lang--fr/index.htm

Box 4.3 Lessons learnt from the workshop approach in Bosnia and Herzegovina, Indonesia (NTT) and Mongolia

- The methodology is well suited for participatory analysis, where the Government and social partners are in the driving seat during the key stages of the analysis. It does however require considerable mentoring from the back seat.
- It can be an effective tool for prioritization within the frame of a holistic approach.
- The broad-based approach helps prevent tunnel vision. It also offers a way of structuring a complex reality.
- It is a good way of bridging the gap between economic and labour market analysis.
- It is a good way of pursuing social dialogue, not only between traditional social partners, but also between different branches of Government. (e.g., economy / planning / labour).

Source: Documents from the project "Promoting Inclusive Job-Rich Growth", financed by the Swedish Agency for International Development, 2009-2011.
http://www.ilo.org/employment/Whatwedo/Projects/lang--en/docName--WCMS_144422/index.htm

Box 4.4 Liberia: from situation analysis to identification of key challenges to policy priorities

Situation analysis	Key challenge
Most people in the labour force are among the working poor. Approximately two thirds of all Liberians live in poverty. Female poverty is a concern: 27 per cent of Liberian households are female headed and 62 per cent of those live below the poverty line. The widespread poverty reflects a large and acute deficit of productive employment opportunities. In the absence of any social security, the vast majority of citizens depend entirely on work for their sustenance. For most, this implies putting in long hours of hard work every day, but at very low levels of productivity and income. As many as 70 per cent of working Liberians work longer than 40 hours a week. Labour productivity is low: US$718 in 2006, in nominal terms.	Increasing productive employment for the 500,000 working poor who despite efforts do not earn enough to live above the poverty line.
Open unemployment is widespread, particularly in urban areas and among the young. Approximately half of the openly unemployed are found in the capital, Monrovia.	Creating approximately 120,000 jobs for the unemployed.
More than half the population is below the age of 20. Around 19 per cent of young Liberians are not working and not in school. Women represent almost 60 per cent of this figure. Those young women and men are probably discouraged as they face barriers to becoming integrated in the labour market and in the economy. Barriers are not only related to employable skills but also to the limited number of available jobs.	Creating 250,000 productive jobs in the next five years (2009-2014) for new entrants into the labour force.

"Liberia cannot do everything at once, and trying to do so will risk not achieving the highest priorities. Given the tight public budget and declining revenues, priorities must be made requiring much harder choices than expected at the time of the Liberia Poverty Reduction Strategy formulation. Direct emergency job creation, initially through large scale programmes to build essential infrastructure (rural roads and primary school classrooms), and a focus on food security (through increasing rice and cassava yields in particular) are examples of core priorities which can yield large scale employment opportunities. The following suggests these and other focus activities within a 2-pronged medium-term approach of emergency employment and sustainable productive employment." Liberia NEP 2009, p. 9.

Source: Republic of Liberia, Ministry of Labour, Employment Policy 2009.




Box 4.5 Social dialogue on employment policy planning: the Uruguayan process

In October 2010, the Uruguayan Minister of Labour, Eduardo Brenta, gave the decisive impulse to conduct a national dialogue on employment policies and approached the ILO for support. The National Direction of Employment of the Ministry of Labour and Social Security (MLSS) subsequently started designing the process in partnership with the ILO, which provided a draft of the background report. This draft was discussed within the Ministry and finally approved as an official MLSS document in December 2010.

On 2 February 2011, the MTSS convened employers and the trade union confederation (PIT-CNT) to a tripartite meeting centered on four topics: collective bargaining, labour regulation, informality and employment. The Minister took this opportunity to inform the social partners about his intention to launch a national dialogue on employment policies and presented the background report. The meeting agreed to establish four commissions for each one of the topics discussed.

The social partners nominated their representatives in these commissions and two tripartite meetings of the employment commission took place in March 2011 - to discuss the base report and to provide a methodological proposal - and in April 2011 - to incorporate suggestions from stakeholders and approve both content and procedural changes. The methodology adopted for the national dialogue on employment policies has the following specificities:

- *Avoid fragmentation into many small issues.* The actors agreed on five "pillars" that reflect the current main challenges for employment in Uruguay: 1) youth employment and training; 2) policies to address insufficient labor supply; 3) matching of the supply of skill formation and of the demand for skills; 4) employment policies at different phases of the economic cycle; and 5) employment policies at micro and meso levels.
- *Each pillar is discussed independently for one month* (youth employment in May, insufficient labour supply in June, etc.). This gives enough time to the actors to fully understand what is being discussed and it is good for communication.
- *The sequence is always the same:*
  - First, a one-day workshop takes place at the beginning of the month to launch the topic and present the diagnostics and several views (Government, social partners, academia, and comparative approach usually prepared by the ILO).
  - Then three or four working group sessions take place to discuss and debate the different proposals put forward by the actors of the dialogue (mainly Government and social partners, but others too). In the last session, an agreement must be reached and included in the "matrix of agreements".
  - Finally, at the end of the month there is a short (2 hours), open conference to present the agreed proposals to the press and public opinion. In addition, the national dialogue on employment policies' website http://www.mtss.gub.uy (left menu at the end) and the dedicated Facebook page were launched to regularly update information provided to the public, as well as to establish issues in the public debate through the media.

Well-functioning working groups are key to the process, and ensuring that key players participate is a must; moderating and providing guidelines for the discussion are important too, as well as registering and systematizing the discussion and proposals, and always, before presenting the agreement to the public, ensuring that the final group session approves the proposals included in the matrix and adjusting what is necessary.

The Government is represented by the MTSS, but also by other structures, depending on the topic (Ministry of social development, Ministry of economy, of Industry, Youth institute, etc.). This requires that before the working group discussions the various governmental bodies unify their proposals, which is not easy. But the process by itself generates coordination channels that have not existed before.

Although establishing the process demanded some efforts, it quickly acquired "stability". The actors became familiar with the methodology of work and know which issues will be discussed. This enables them to prepare themselves better and make proposals. More and more actors and institutions take place in the dialogue, which is a sign that it functions well. The national dialogue on employment policies is to take approximately one year (from October 2010 to October 2011).

Source: Andrés Marinakis (marinakisa@oitchile.cl) in Santiago de Chile and Fernando Casanova (casanova@oitcinterfor.org) in Montevideo.

Box 4.6 **Priority setting at Provincial level - the case of Indonesia**

Indonesia's 33 provinces have an extensive mandate to undertake their own development planning within the framework of Indonesia"s overall development strategy, which has employment as a strategic objective. Following requests for support from the provincial Development Planning Agencies (Bappeda) of three provinces in Indonesia (Nusa Tenggara Timur, East Java and Maluku) a series of workshops on employment diagnostic analysis were organized in the three provinces. The participants included senior government officials at the provincial and district levels, employer and trade union representatives, as well as representatives from Bank of Indonesia and local academia. The three-day workshops were highly interactive exercises where the participants themselves assumed the lead role in a joint structured analysis leading up to an identification and agreement on the main challenges that need to be addressed in order to increase productive employment and put the respective province on a path of job-rich and inclusive economic development. The analytical exercises were based on a methodology for employment diagnostic analysis developed by ILO, which has as a core principle that those responsible for designing and implementing policies must themselves be actively involved in the analyses which will inform policy-making.[1]

The activities undertaken in the three provinces fully bore out the merits of this participatory approach to employment analysis. The combination of the in-depth context-specific knowledge of the participants with a robust method for structuring the analysis and the theoretical knowledge and outsiders" view of the ILO specialists ensured that the results and conclusions of the analysis were both relevant and of a high quality. It also provided a very effective learning experience for everybody involved and a common understanding and broad consensus that auger well for effective subsequent policy implementation.

While each province has its specific features and problems and opportunities, some common challenges nevertheless emerged. Insufficient education and skills and the importance of increasing the quality and relevance of education and skills training were in all instances identified as a key issue. Poor market access, not least for farmers, and overall poorly developed and functioning markets, lack of access to credits, and inadequately developed transport and communication infrastructure were identified as key constraints on job-rich growth in all the three provinces. Two forms of inequality were identified as requiring particular attention in order to achieve equal access to productive employment for all: gender-based inequality, and rural-urban and regional inequalities.

[1]Employment Diagnostic Analysis; a methodological guide (2012) (Geneva: ILO Employment Sector).

4

II. Generating policy options

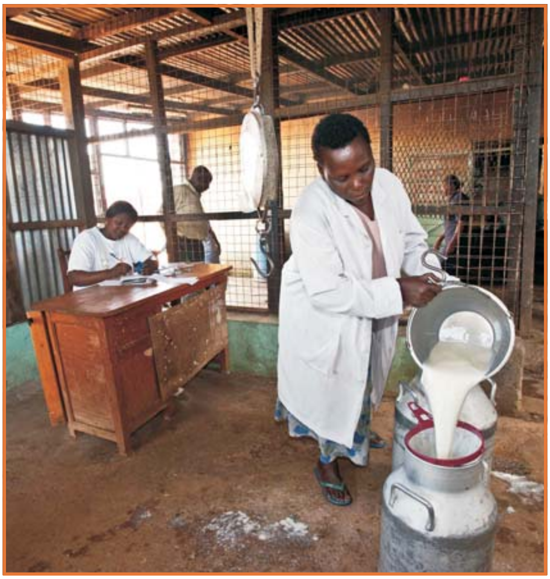
Once a number of policy priorities are identified and assessed, policy-makers need to choose the policy interventions they consider the most effective for solving the problems they want to address. As many interventions as possible should be identified, together with their potential for solving the selected problems, i.e., achieving the objectives of the NEP.

The working groups approach. Generating well targeted and efficient policy interventions requires that the actors directly concerned by, and those most knowledgeable of the specific policy issue, work together on finding the best policy response. Forming working groups on each policy priority is an option (government agencies at various levels and from various structures depending on the policy area, workers, employers, civil society), and the possible steps that the working group can follow are described below. The advantage of this approach is to build a consensus on the measures proposed, which will avoid any strong opposition to them. The potential inconvenient is that it might be a long process before the group can reach this consensus, although if well managed, the process need not take too long (see Box 4.5 on the Uruguayan example). An alternative approach is to have the Government work on the policy interventions and then discuss them with the social partners and civil society. But in certain contexts, this approach can lead to blockages and even social protest and opposition against the suggested measures.

Indicative steps to generate policy interventions

Step 1: Identify an inclusive package of possible interventions

Successful employment policy outcomes are the result of interventions spanning several policy areas. For example, an objective that seeks to improve the employability of vulnerable groups in rural areas can be achieved through a mix of policy interventions in areas such as labour market information systems, community- based vocational training, and local governments' fiscal policy.



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Checklist of main policy areas

Policies to influence the labour market demand side	**1. Pro employment macroeconomic frameworks**
	• Monetary policy – quantitative easing, credit expansion
	• Fiscal policy – stimulus packages; strategies to create fiscal space to put in place systematic, well-resourced, multidimensional programmes to create decent work opportunities and sustainable enterprises as important tools for creating jobs and stimulating sustained economic activity
	• Investment policies and investment climate, including investment in infrastructure, in public services, in green production and R&D - Employment intensity of growth
	• Social stabilizers – public employment guarantee schemes, emergency public works, other direct job creation schemes
	2. Sectoral policies, including industrial policies, that enhance economic diversification by building capacity for value added production and services to stimulate both domestic and external demand
	3. Financial policies: national supervisory and regulatory framework for the financial sector, so that it serves the real economy, promotes sustainable enterprises and decent work and better protects the savings and pensions of people
	4. Trade and Regional integration: Policies that promote efficient and well regulated trade and markets that benefit all and avoid protectionism
	5. Wage policies: policy measures such as minimum wage can reduce poverty and inequality, increase demand, and contribute to economic stability
	6. Labour mobility and migration; measures for:
	• Taking advantage of the benefits of mobility and migration
	• Managing the costs
Policies to influence the labour market supply side	**1. Human resources development and vocational and technical skills (Skills and employability):**
	• Investing in workers' skills development, skills upgrading and re-skilling to improve employability, in particular for those having lost or at risk of losing their job and vulnerable groups
	• Policies that ensure that young women and men have the appropriate education, skills, and opportunities to participate in the labour market
	• Training policies and system
	• Technology
	• Employment services development and reform
	2. Private sector development for job creation – support to public and private enterprises (including cooperatives) and micro-entrepreneurs through:
	• Development of financial sector and financial institutions (including micro credit, funds, etc.); credit facilities, access to credit, guarantees, payment facilities
	• Access to public tenders
	• Subsidies of various sorts (non-wage labour costs, export credit facilities)
	• Facilities for training programmes, skills development, upgrading, and re-skilling
	• Special measures for modern enterprises (mainly SMEs), MSEs and cooperatives
	• Tax reductions
	• Supportive regulatory environment conducive to job creation through sustainable enterprises (governance issues, regulations and cost of doing business)
	3. Labour mobility and migration

Labour market policies and institutions	**1. Employment services**
	• Support the reform and modernization of public employment services to improve their ability to provide career guidance, labour exchange services, delivery of active labour market programmes, and rapid response services in the aftermath of crises
	• Promote the appropriate regulation of private employment agencies
	• Promote cooperation between public employment services and private employment agencies
	2. Protection of employed workers (active and passive LM policies)
	3. Help workers find employment through active labour market measures such as:
	• Job orientation measures
	• Special youth employment measures
	• Incentives/subsidies to hire
	• Skills development, skills upgrading and re-skilling to improve employability
	• Entrepreneurial skills development programmes
	4. Social dialogue

Horizontal themes (i.e., a special objective, which has to be taken into consideration by every key priority of the strategy): informal economy, youth, fight against discrimination, gender.

At this stage, it is suggested to be as inclusive as possible in identifying policy interventions. Only in the following step will these options be narrowed down to a package that responds to real needs and is realistic in light of resource and capacity constraints. To identify an inclusive package of possible interventions, the directions below can be helpful:

- Eliminate any causes or consequences on your problem tree that are not within the power of the policy-makers to address.
- With the remaining causes and consequences, identify interventions that might help prevent the cause of this problem from emerging or minimize the negative impact of a consequence of this problem on society.
- For each intervention identified above, determine whether policies and programmes already exist to address this need. If so, are these programs at the required scale? Are they well adapted to the specific needs of the intended beneficiaries? Are they actually reaching their objectives? Are they run effectively? What modifications may be required to adequately address the employment needs? In the process, a number of piecemeal activities already underway that have proven ineffective because they are not implemented in a coherent fashion, or that are highly wasteful may be identified. It may be decided that these initiatives should be replaced by a more strategic, integrated package of interventions. Note that a specific study may need to be carried out in the diagnostic phase to gather the information needed for this step (see Chapter 3 for details on this point).
- Identify interventions that do not exist or any existing gaps in service. Among the gaps, identify those that can be realistically addressed by the Government given its economic and institutional capacity, and those that instead are just not practical to address at this stage of the country's development. Keeping in mind that in many situations it may be wiser to expand/modify something already working than creating something new.

At the end of the exercise, fill out the following table for each of the identified problems.

Identified problem: High youth unemployment rate

Cause	**Proposed intervention**	**Programs that already exist to deliver this type of intervention (governmental and non-governmental)**	**Adaptations required in existing programmes to ensure required coverage and increase effectiveness**	**Gaps that will require new programmes to fill**
1. Small and underdeveloped private sector	1. Improve entrepreneurship skills			
	2. Improve the legal framework for SMEs			
	3. Provide subsidies to newly created firms			
	4. Establish an employment fund to distribute credit to start-ups			
2.				
Effect	**Proposed intervention to address employment problem**	**Programmes that already exist to deliver this type of intervention (governmental and non-governmental)**	**Adaptations required in existing programs to ensure required coverage and increase effectiveness**	**Gaps that will require new programmes to fill**
1. Young people are unable to earn a living and build their life	1. Provide unemployment benefit/minimum income to youth			
	2. Conduct expansionary macro policies			
	3. Provide government jobs			
	4 Industrial, trade and investment policies to generate productive jobs in bigger numbers			
2.				

Once this table is completed, compare across the issues/groups to identify programmes that can serve multiple issues/groups. When narrowing down your options in light of available resources, capacity, and delivery constraints, give special consideration to these programmes. The policy interventions should be a set of realistic choices; the selection exercise should thus be informed by a set of pre-determined criteria (available resources, capacity and delivery constraints).




Step 2: Narrow down the policy interventions to a realistic package

At this stage, the long list of possible interventions must be scaled down to a financially feasible package of policies and interventions that is (a) within the capacity of the Government and its partners to implement, (b) likely to have an impact on the employment problems that have been prioritized, and (c) consistent with the policy's goals, objectives, and principles.

To narrow down the list of options, come up with the best answers to each of the following questions:

1. How much funding can the country afford to dedicate to addressing the identified employment problems?
2. On which interventions or policy options should the country focus its efforts?
3. Who will be responsible for implementation? Does the intervention fit within the existing institutional framework?

1. How much funding can the country afford to dedicate to addressing the identified employment problems

The shape of the National Employment Policy is very much dependent upon the financial resources available to finance it. One option for coming up with a realistic funding level is to use present funding levels as the starting point, and only then establish two or three different scenarios in light of trends in social expenditures and on likely donor contributions for the medium term.

For example, in a country with a GDP of $37 billion, this could translate to a budget of:

a) Base case - $74,000,000/year, equal to 0.2% of GDP

b) High case - $111,000,000/year, equal to 0.3% of GDP

In many countries, the paradigm shift from conventional budgeting to public expenditure management has led to the introduction of medium-term expenditure frameworks and results-oriented budgeting. In operational terms, this means that ministries receive a budget envelope from the Ministry of Finance that is difficult to negotiate upwards. They need to be able to justify a request for a higher budget through results: for example, with an additional 0.1% of GDP, the nationally agreed employment target can be achieved; with unchanged budget, the target will only be achieved at “X”%. This scenario building is becoming more and more important given the current focus on results-based management. In that context, elaborating a budget programme is a good means to (i) evaluate the amount of funding needed to achieve the policy's objectives and (ii) advocate for funds (see Chapter 5 for details).

2. On which interventions or policy options should the country focus its efforts?

This first step requires screening the inclusive package of interventions through a set of selection criteria, for example:

- Technically feasible within the scope of the employment policy
- Politically acceptable to the Government
- Seen as necessary and positive by stakeholders
- Justifiable when comparing incremental costs with benefits
- Sustainable

Example of a sample worksheet to rank policy interventions

Policy Intervention Ideas	3 = Likely; 2= Possible; 1=Unlikely						
	Technically Feasible Within the Scope of the employment policy	Politically acceptable to the Government	Seen as necessary and positive by stakeholders	Justifiable when comparing incremental costs with benefits	Sustainable	Total Points	Rank
Weights	30%	15%	15%	20%	20%		

NB. Weights indicated in this table are purely indicative; each country decides on the relative importance of the criteria it chooses to select policy interventions.

Based upon this ranking exercise, the top "X" policy interventions (those that have the most points) will be retained; the number of policy interventions that are kept depends on the budget available. It is important to note that this is a purely illustrative example and that the weights assigned to each criteria will depend heavily on a combination of political judgment, empirical evidence, and institutional knowledge.

At the end of the process, the preferred option should be listed, along with a short description of its justification, particularly in relation to the other options considered.

Arrive at a common platform

3. Who will be responsible for implementation? Are the necessary structures in place?

The last element is to check whether the intervention fits within the existing institutional framework or whether a new structure needs to be created. If that is the case, is it feasible within the NEP timeframe? Won't it add unnecessary additional layers of government (for example)? If the intervention fits within the existing institutional framework, does it entail increasing budget, hiring staff, etc.? Is that feasible given the national procedures, budget constraints, etc.? If more than one structure could be responsible for implementation, how to choose between them? Or how to enhance partnerships or convergence?

Examples of policy interventions for disability inclusion

Viet Nam: Disability inclusion support services

http://www.ilo.org/skills/pubs/WCMS_161531/lang--en/index.htm?ssSourceSiteId=employment

Inclusion of persons with disabilities into mainstream programmes and services on vocational training, entrepreneurship development, employment and micro-finance. A case story from the INCLUDE project for persons with disabilities.

Thailand: Trade unions promoting disability inclusion in the workplace

http://www.ilo.org/skills/pubs/WCMS_161520/lang--en/index.htm?ssSourceSiteId=employment

In Thailand, the push for greater recognition in the workplace of the rights of persons with disabilities has received a boost from four trade unions representing approximately 450,000 workers in different sectors. A case story from the PEPDEL project for persons with disabilities.

Ethiopia: Promoting entrepreneurship through inclusive business development services and business skills training

http://www.ilo.org/skills/pubs/WCMS_161490/lang--en/index.htm?ssSourceSiteId=employment

Promoting entrepreneurship among women with disabilities. A case story from the INCLUDE project for persons with disabilities.

III. General structure of the policy document

Countries decide on the structure of the policy document that suits them. The guide suggests a general structure that should then be adapted to national situations (see below).

How much of the situation analysis should go into the policy document itself? There are large country variations; for example, the Uganda national employment policy and the Lesotho draft employment policy have detailed background and situation analysis sections, while the Kenya and the Mongolia draft policies are succinct and to the point. In Malawi, a detailed approach was initially adopted; however the Office of the President and Cabinet, which processes policies for Cabinet adoption, advised that it should be simplified. It is very important to conform to the models that exist in the country (see box on good practices).

Example with a relatively large situation analysis section:

I. SITUATIONAL ANALYSIS AND DEVELOPMENT PROSPECTS

1. Labour market analysis
2. Economic growth and development prospects (year 1 to year 'n')
3. Projections of labour market trends (year 1 to year 'n')

II. IDENTIFYING THE MAIN CHALLENGES

1. Labour market policy challenges
2. Strategic directions and priorities

III. OBJECTIVES AND PLAN OF ACTIVITIES

1. Overarching objective
2. Specific Objectives

IV. IMPLEMENTATION AND MONITORING OF THE EMPLOYMENT POLICY

1. Basic performance indicators of the Employment Policy
2. Implementation and coordination mechanism
3. Monitoring and evaluation

ANNEXES




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Examples with a very succinct situation analysis section:

I. Preambule
   1. Challenges
   2. Overarching objective
   3. Basic considerations

II. Policy objectives

III. Implementation and monitoring

I. General provisions

II. Vision, principles and directions
   2.1 Vision
   2.2 Principles
   2.3 Directions

III. Objectives, outcomes, and actions

IV. Outcomes and indicators for achieving these outcomes

V. Management, organization and coordination

Best practices

- Conform to models that exist in the country - for example, in Burkina Faso the Ministry of Finance elaborated guides for the formulation of sectoral policies
- Check the usual "timeframe' in the country (5, 10 years)
- Certain countries' procedures require a policy declaration before the detailed policy document

Annex 1: Available policy tools for policy-makers

Cooperatives

Resource guide on Cooperatives:
http://www.ilo.org/public/english/support/lib/resource/subject/coop.htm

Promoting Co-operatives, A guide to ILO Recommendation 193, 2011
http://www.ilo.org/empent/Publications/WCMS_160221/lang--en/index.htm
The guide is designed to introduce the international policy guideline International Labour Organization (ILO) Recommendation 193 which provides a framework for cooperatives in the 21st century. The guide helps understand how the 'Recommendation' provides a basis for law and policies on cooperatives as well as how and why there is a need to campaign for cooperatives. Designed to be used in all parts of the world, the publication is written in a simple format to easily enable its translation. It is the result of a collaborative effort of the Co-operative College of the United Kingdom, the International Labour Office (ILO) and the International Co-operative Alliance (ICA).

Handbook on Cooperatives for use by Workers' Organizations, 2011
http://www.ilo.org/employment/Whatwedo/Instructionmaterials/WCMS_160205/lang--en/index.htm
This handbook lists the essential things to know about cooperatives for all those who are interested as members, future members, politicians, or staff of national or international institutions in charge of the promotion and development of cooperatives. In simple, understandable language, the handbook deals in turn with the characteristic features of cooperatives, cooperative enterprise as a whole, the promotion of cooperatives and the close ties that exist between the ILO and cooperatives.

Disability

The right to decent work of persons with disabilities, Arthur O'Reilly, 2007, ILO:
http://www.ilo.org/public/english/region/eurpro/moscow/info/publ/right_dw_pd.pdf

Achieving equal employment opportunities for persons with disabilities through legislation
Guidelines, 2007
http://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms_091340.pdf
Online guide for trainers, 2011
http://www.ilo.org/skills/Whatsnew/WCMS_162169/lang--en/index.htm

Moving towards disability inclusion, 2011. Through a series of case studies, this publication provides insights into how disability perspectives may be incorporated into policies, laws, services and programmes, and the essential elements for sustainable and inclusive growth of societies.

http://www.ilo.org/wcmsp5/groups/public/---ed_emp/---ifp_skills/documents/publication/wcms_160776.pdf

📖 **ILO resource guide on disability**.
http://www.ilo.org/public/english/support/lib/resource/subject/disability.htm

Gender

📖 **Gender Equality and Decent Work: Selected ILO Conventions & Recommendations**, ILO, 2006.
www.ilo.org/dyn/gender/docs/RES/309/F946263477/WEB

📖 **Guidelines on Gender in Employment Policies**, ILO, 2009.
http://www.ilo.org/employment/Whatwedo/Instructionmaterials/WCMS_103611/lang--en/index.htm

📖 **Online information resource guide**
http://www.ilo.org/public/english/support/lib/resource/subject/gender.htm

📖 **Gender Mainstreaming in Local Economic Development Strategies: A guide** - http://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_ent/---led/documents/publication/wcms_141223.pdf

Local Economic Development

📖 **Sensitizing Package on Local Economic Development**, 2005.
http://www.ilo.org/empent/Publications/WCMS_112301/lang--en/index.htm

📖 **Local Development and Decent Work Resource Kit** (LDDW), 2011.
http://www.ilo.org/employment/DepartmentsOffices/rural-development/WCMS_165366/lang--en/index.htm
A set of practical and easy-to-use tools, used since 2006, designed to enable local planners, decision-makers and development practitioners to integrate decent work themes in decisions and actions.

Microfinance

Introduction to microfinance in conflict-affected communities. A training manual
http://www.ilo.org/global/publications/ilo-bookstore/order-online/books/WCMS_PUBL_9221116425_EN/lang--en/index.htm
Intended for staff of NGOs, donors, international organizations, and government programmes, this manual describes how to provide financial services to people with low incomes in countries after violence, war, or refugee influx. Covers the selection of implementing agencies, design of microfinance programmes, their application, monitoring and evaluation, etc.

Making Microfinance Work: Managing for Improved Performance. This training programme of the ILO is a renowned course for microfinance managers. Drawn from the experiences and techniques of leading MFIs from across the globe, this book provides a broad overview of the tools and resources that managers need. In its second volume, on product diversification, the training programme offers to microfinance institutions some particular insights on how to develop specific financial products for youth.

Migration

OSCE-ILO-IOM Handbook on Establishing Effective Labour Migration Policies in Countries of Origin and Destination -
http://www.ilo.org/public/english/protection/migrant/download/osce_handbook_06.pdf;
http://www.ilo.org/public/english/protection/migrant/download/osce_iom_ilo_handbook_ru.pdf
This comprehensive Handbook guides governments, social partners, and other stakeholders in developing new policy approaches, solutions, and practical measures for better governance of labour migration in countries of origin and of destination. It analyses effective policies and practices and draws upon examples from countries that have experience in this field. A new version of the Handbook adapted to the Mediterranean region was published
http://www.ilo.org/public/english/protection/migrant/download/osce_iom_ilo_medhandbook_en.pdf - (PDF 1,28 MB) and
http://www.ilo.org/public/english/protection/migrant/download/osce_iom_ilo_medhandbook_ar.pdf - (PDF 5,49 MB).

ILO's Information Guide - Preventing Discrimination, Exploitation and Abuse of Women Migrant Workers. The Guide comprises six booklets; each booklet covers a different aspect of the migration experience, with the last focusing on trafficking of human beings, particularly of women and girls. Booklet 1 provides a general introduction of the dynamics of female labour migration. Booklets 2 to 5 cover the different stages of the migration process and the corresponding activities, policies and practices of other actors – the government, business, the private sector, civil society groups and families – that affect the mobility and employment of women and men within and outside their countries of origin. The Guide contains examples of good practices, policy initiatives, checklists and guidelines, international instruments and other relevant information for maximizing the benefits and minimizing the risks of labour migration for women. It has been translated into 11 languages.




SMEs

- **Value Chain Development for Decent Work: A guide for development practitioners, government and private sector initiatives**, 2009.
http://www.ilo.org/empent/areas/value-chain-development-vcd/WCMS_115490/lang--en/index.htm?ssSourceSiteId=employment

- **Making the Strongest Links – Gender Sensitive Value Chain Analysis.** This guide provides methods for incorporating gender concerns into the different stages of value chain analysis and strengthening the links essential for gender equality and promoting sustainable pro-poor growth and development strategies. The aim of this guide is to demonstrate how gender perspective can be incorporated at several stages of the chain value to produce development strategies and with particular concern for the informal sector. The guide is intended for value chain practitioners, gender consultants, researchers and policy-makers. The guide is implemented within the traditional Ethiopian wearing sector.

- **Know About Business** (KAB). This is a practical tool for use by trainers and teachers in vocational education, secondary education and higher education institutions. The main objective of the KAB is to contribute towards the creation of an enterprise culture in a country or society, by promoting awareness among young people of the opportunities and challenges of entrepreneurship and self-employment, and of their role in shaping their future and that of their country's economic and social development. The KAB package is designed to provide teachers and trainers with the material necessary for a 120-hour course and it comprises a trainer handbook and eight modules. Each module represents a key area of entrepreneurship and is divided into several topics. Intended as a stand-alone package, each module requires no previous knowledge of the other modules.
Languages: EN, FR, ES. Also available in Arabic, Chinese, Russian and other languages

- **Guidelines on the Formation of Self Help Groups**. Self Help Groups can be valuable means with which to build social links, exchange ideas and information on enterprise, problem-solve, and share resources. These guidelines on the formation of Self Help Groups explain what Self Help Groups are, and how they can be promoted. They give guidance on how to organize the groups, how to set up the administrative procedures and how to decide on the internal regulations.

- **Business group formation**. This manual helps trainers to promote group formation as a way to empower women and men in low income communities. It is designed for use in workshops to facilitate the process of group formation and development for joint production, business and/or social activities, such as buying raw materials together, sharing business premises, joint marketing and mutual assistance in coping with family emergencies. The manual is based on a participatory learning approach which aims to enhance the trainees' capacity – members or potential members of informal business groups –to set up, manage and strengthen their groups. It consists of two parts, a user guide explaining how to use this manual as part of an effective group formation strategy, and a series of sessions for use during training. The latter cover a range of topics on the technical aspects of business group formation, as well as on core work and life skills such as working together and problem solving.

Start and Improve Your Business (SIYB). SIYB is a programme that has been developed by the ILO as a tool with which to meet management needs of Small and Medium sized Enterprises (SMEs). To build the capacity of entrepreneurs, the programme has designed do-it-yourself training packages that match different levels of competency. The Start Your Business kit is aimed at people with concrete business ideas who want to start their own business. The SYIB programme has been introduced in more than 80 countries.
Languages: EN, FR, ES. Also available in Arabic, Chinese, Russian, Vietnamese, Bahasa Indonesia, Khmer, Kyrgyse, Singhalese, Tamil.

Training/Skills

Skills for employment policy brief series: Formulating a national policy on skills development, Skills and Employability Department, ILO, 2011, forthcoming.
http://www.ilo.org/skills/pubs/WCMS_167172/lang--en/index.htm

A skilled workforce for strong, sustainable and balanced growth. A G20 training strategy ILO, Geneva, 2010.
http://www.ilo.org/skills/pubs/WCMS_151966/lang--en/index.htm

Conclusions on skills for improved productivity, employment, growth and development, International Labour Conference, 97th session ILO, Geneva, 2008.
http://www.ilo.org/skills/pubs/WCMS_103457/lang--en/index.htm

Upgrading informal apprenticeship - A resource guide for Africa;
http://www.ilo.org/wcmsp5/groups/public/---ed_emp/---ifp_skills/documents/publication/wcms_171393.pdf

Guide on Training for Rural Economic Empowerment. The ILO's Training for Rural Economic Empowerment (TREE) Programme is a proven platform that assists those working in largely informal economies to build the skills and abilities needed to generate additional income. Starting with institutional arrangements and planning among partner organizations at the national and local levels, a TREE programme aims to systematically identify employment and income-generating opportunities at the community level; design and deliver appropriate training programmes with local public and private training providers; and provide the necessary post-training support, such as facilitating access to markets and credit. By linking training directly to community-determined economic opportunities, TREE programmes ensure that the skills delivered are relevant.

Skills for Employment Policy Brief - Greening the global economy: the skills challenge, 2011.
http://www.ilo.org/skills/pubs/WCMS_164630/lang--en/index.htm?ssSourceSiteId=employment

Career Guidance: A Resource Handbook for Low and Middle-Income Countries. The dual purpose of this Handbook is: 1) to focus the attention of policy-makers and programme administrators in low- and middle-income countries upon the core issues in the reform of career guidance services in those countries; and 2) to provide programme planners and practitioners at the national and local levels with a wide variety of country examples and practical career guidance tools to use as models for possible adaptation and use.

Youth

- **Improving Prospects for Young Women and Men in the World of Work: A Guide to Youth Employment**, 2011.
  http://www.ilo.org/employment/DepartmentsOffices/rural-development/WCMS_159105/lang--en/index.htm

- **Meeting the Youth Employment Challenge A Guide for Employers**, 2011. (A guide providing ideas and resources to assist employers throughout the world in maximizing youth employment)
  http://www.ilo.org/employment/DepartmentsOffices/rural-development/WCMS_159120/lang--en/index.htm

- **Youth Employment: Making it Happen: An electronic resource tool for employers**. This tool is part of an ongoing effort by the ILO, together with the International Organization for Employers (IOE), to strengthen the capacity of employers' organizations to engage in youth employment, especially in developing and transition countries. While a wealth of knowledge and expertise in this domain exist worldwide, this information is not necessarily available to employers who might most need it, particularly in countries where the youth employment challenge is more acute.

- ***Juventud y empleo. Guía syndical***. This guide has been developed to help workers' organizations to strengthen their action for and outreach to young people, in terms of both their employment opportunities and organizations. The training package is designed to provide teachers and trainers with the material necessary for a 60-hour course and comprises six modules. The guide can be used as basic reference material for trade union capacity-building courses on youth employment, but also as individual training and reading material.

- **Rights@work for young people**. This guide has been designed to help trade unions raise awareness on rights at work among young people. It is divided into several modules that look at issues relating to rights during recruitment and at work. Issues such as labour contracts, non-discrimination in employment and occupation, cases of unfair dismissal, and the right to social security entitlements are addressed in the guide. The latter is composed of a facilitator's and user's guide, and a toolkit.

- **Policy options to support young workers during economic recovery**, 2011.
  (This policy brief presents lessons learned from initiatives taken in past crises)
  http://www.ilo.org/employment/Whatwedo/Publications/WCMS_151459/lang--en/index.htm

- **Guiding Youth Careers: A handbook for those who help young job-seekers**. This handbook is aimed at counselors whose interest is to guide young people in the career exploration process and to empower the youth. With this guide, counselors have an effective tool to provide relevant and accessible information and guidance services that fit the needs of young people. Designed for easy reference by trained professionals as well as parents and peers, it includes useful internet links, articles and tools on job-searching.

- **Biz-up Self-employment skills for young people - Facilitator's Guide and Toolkit**. This promotional tool is geared towards assisting employment counselors and facilitators in the design and delivery of workshops that aim at developing a better understanding for young people of the basic concepts related to setting up an enterprise. It is a short induction training module that helps young people make informed decisions about their future employment, consider self-employment as a possible career option, and eventually, follow a fully-fledged entrepreneurship training programme. Language: EN. Also available in Albanian, Romanian, and Serbo-Croatian.

- **Biz-up Self-employment skills for young people - User's Guide**. This is the user's guide of the tool described above. Language: EN. Also available in Albanian, Romanian, and Serbo-Croatian.

- **Youth Entrepreneurship: Capacity Building Guide**. A training tool for improving the skills of staff in Small and Medium Enterprise (SME) support institutions and projects, enabling them to provide more effective services to young entrepreneurs, both women and men. This package enables organizations to better understand the specific needs of young entrepreneurs so that they may improve the services they offer and increase their outreach to young entrepreneurs.

- **GET Ahead for Youth**. The training package Gender and Entrepreneurship Together for youth aims to assist ILO partner organizations in promoting enterprise development among young women and men in poverty who want to start or are already engaged in small-scale business. The training package consists of three parts. Part 1 sets out the main aims and strategies, and gives an overview of the training content and structure, it provides tips for trainers and hints for organizing training on GET Ahead for women in enterprise. Part 2 is organized in four main sections and covers a total of 10 modules, each module consists of a series of exercises. Part 3 provides resources and reference materials for trainers and entrepreneurs.

- **Guidelines for the preparation of national action plans on youth employment**. These guidelines have been developed to assist countries and tripartite constituents in preparing balanced and comprehensive national action plans on youth employment (NAPs). At present two draft guides exist. First, a substantive manual suggests a methodology to develop NAPs. The methodology articulates around a framework that seeks to support the development of a NAP on the basis of the policy cycle approach – that is, situation analysis and problem identification (Part 1); identification of policy priorities to tackle the key binding youth employment problems arising from the situation analysis (Part 2); and the planning for implementation (Part 3). Several additional tools (e.g., templates for the NAP matrix, the NAP work plan and project profiles) are included as annexes. The second brief guide proposes a practical step-by-step approach to developing NAPs through a country-driven and country-owned process. The proposed process involves four main phases (from the preparatory steps to be taken by the country and the international partners to the adoption of the NAP) and identifies clear roles and responsibilities for national and international partners. A final version including the two draft guides is currently being prepared.
  Languages: EN, ES, FR, Arabic, Russian, Albanian, and Serbo-Croatian.
  http://www.ilo.org/wcmsp5/groups/public/---ed_emp/documents/instructionalmaterial/wcms_116007.pdf

Guide for the design, monitoring and evaluation of employment programmes targeting young people. This tool provides guidance to staff of labour market institutions that are responsible for the design, monitoring, and evaluation of employment programmes for young people. It reviews the main elements that are required for the formulation of youth employment programmes and for integrating these programmes with other labour market services. It also describes the main elements that are required for the identification of disadvantaged groups (targeting) and for putting in place a sound monitoring system through the setting up of control groups. Finally, it describes the main types of evaluation mechanism and gives guidance on how to conduct the evaluation of youth employment programmes.
Languages: English, Albanian, and Serbo-Croatian.

Tackling youth employment problems – A training course. The objective of this training package is to contribute to the design and implementation of policies that are effective in addressing youth employment problems, by strengthening the capacities of those involved in making such policies at the local and national level. The training package consists of three core modules: (i) problem identification and analysis, (ii) formulating pertinent policies, and (iii) policy implementation, monitoring, and evaluation. The package is to be produced in two modes, namely in a printed-on-paper version, and as a set of electronic files on a CD-ROM.
Language: EN, FR, ES and Arabic.

Youth and Disarmament, Demobilization and Reintegration. The document is part of The "Integrated Disarmament, Demobilization and Reintegration Standards (IDDRS)" publication of the UN Disarmament, Demobilization and Reintegration (DDR) Resources Centre. It comprise of a comprehensive set of policies, guidelines and procedures covering 24 areas of DDR. The document is the specific module on youth — young people between the ages of 15 and 24. It is intended to give advice to policy-makers and programme planners on the best ways to deal with the needs of a group that has historically been poorly served by DDR programmes.

ILO Global Job Crisis Observatory on Youth Employment. The ILO Bureau of Library and Information Services (INFORM) has developed a database on the impact of the financial and economic crisis on the world of work. This web site provides information on the employment and social impact of the crisis and policy responses concerning youth employment.

Youth Employment Knowledge Sharing Platform (restricted access). The Youth Employment Knowledge Sharing Platform (aka YEKSP) is an interactive and web-based resource developed by the ILO - Youth Employment Programme (YEP) - to help get easy access to and exchange knowledge and know-how on youth employment.

Chapter 5
From strategic to operational planning and implementation tools

In the same manner as the NEP needs to be given an executive force before it can be implemented, it also needs to be translated into operational steps. The NEP needs an implementation plan with clear objectives and outcomes, SMART[1] indicators to monitor, and later evaluate it, clearly assigned roles and responsibilities for its actors to implement (and monitor) interventions within deadlines, and a realistic programming of the resources needed (human, financial, equipment). This chapter guides the practitioner through these various elements of the implementation plan.

[1] Specific, Measurable, Achievable, Relevant, and Time-bound (SMART).

Contents

5

I. Planning for implementation

A. The policy goal

The employment goal is a broad statement of intent providing an overall direction to orientate more specific, practical and measurable employment objectives. An example of an employment goal is shown in the Employment Policy Convention, 1964 (No. 122), which states as a major goal for governments "the promotion of full, productive and freely chosen employment". This goal is reflected in the employment strategies of many of the 68 countries that have ratified this Convention; for example, the overall vision of the Tanzania National Employment Policy is to have a society engaged in decent, gainful employment capable of generating adequate income, and to reduce poverty.[2]

But the goal also indicates the developmental objective that the NEP seeks to contribute to. It should thus be explicitly linked to the objectives of the national development framework so that the NEP contributes to achieving one or more of the objectives set out therein and, at the same time, raises a more explicit employment focus. In Madagascar, for example, work on the NEP enabled the Ministry in charge of employment as well as the social partners to place the promotion of employment and poverty reduction at the centre of economic priorities by clearly linking the NEP's goal and targets to the NDF 2007–11, called Madagascar Action Plan (MAP) (see Box 5.1).

Box 5.1 — The employment goal in Madagascar's National Employment Action Plan (NEAP)

The NEAP's employment goal is "to contribute to the generalization of decent work to reduce poverty". The diagnostic analysis shows that the growth rates of employment (3.7 %) and of labour productivity (17.9 %) are among the main factors which have contributed towards developing a process of pro-poor growth between 2001 and 2005 in Madagascar. It is the reason why the Malagasy Government wished to increasingly structure the poverty reduction interventions of the national development framework (the Madagascar Action Plan) on the promotion of productive and freely chosen employment.

The employment target attached to the employment goal is the rate of growth of pro-poor employment:

Baseline (2001-2005) = 3.7 %   Target (2007-2011) = 4 %

Since the rate of growth of pro-poor employment had been high during the period preceding the adoption of the NEAP in Madagascar, the NEAP sets itself a target just above the baseline. Maintaining this rate of growth of pro-poor employment will already be a significant achievement.

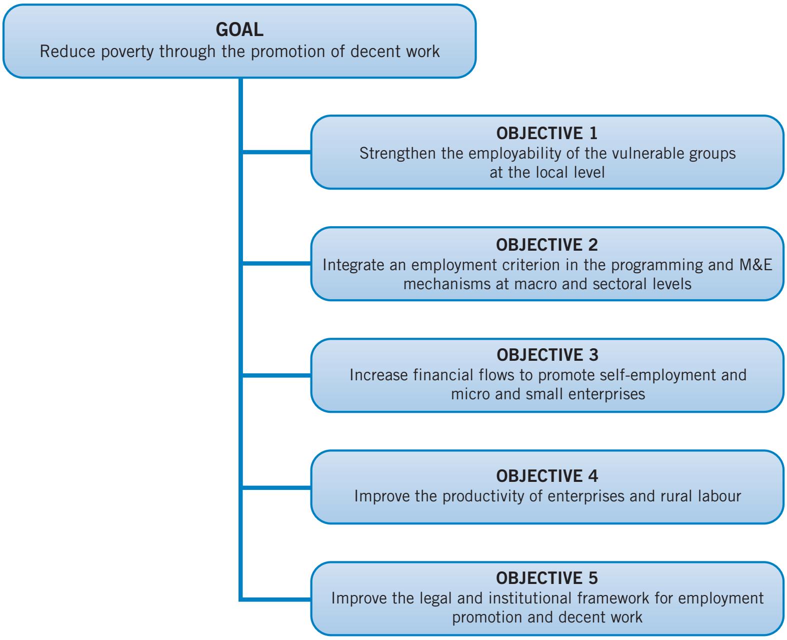
Source: PNSE, 2007 - for details on the indicator, see: " Pauvreté, marché du travail et croissance pro-pauvres à Madagascar ". Jean-Pierre Lachaud (ILO, August 2006).

[2] ILO: General Survey concerning employment instruments, Report III (1B), International Labour Conference, 99th session, June 2010.

B. The objectives and targets

The objectives indicate what the NEP aims to achieve by the end of its implementation period, with the choice of the objective the result of the employment diagnostic and policy priority setting exercise (see Chapter 4). Any given objective is usually achieved through a mix of policy interventions, while the total number of objectives should thus be limited and their statements should be kept as clear and concise as possible.

Example: Objectives of Madagascar's national employment policy



Each objective should be accompanied by one or more quantifiable or verifiable targets, to be reached by the end of the NEP implementation period. Targets provide benchmarks for monitoring the progress made towards the achievement of the objectives and evaluating the impact of the NEP. They also represent a commitment to be met by the country by a particular date (in this case by the end of the NEP implementation period).

Targets vary according to (i) the indicator for which they are set, and (ii) the level of certainty and predictability of the dimension measured. They can be:

- Points: for example, a target for the youth unemployment rate of 10 per cent.
- Ranges: for example, a target for inflation between 3 per cent and 5 per cent.
- Upper or lower bounds: for example, a target of 75 per cent or greater for the literacy rate, or of 30 per cent or lower for the incidence of income poverty.

Whenever possible and appropriate, disaggregate the targets by sex and/or set specific targets for men and women.

What attributes are we looking for in good targets? Targets need to be: (1) simple and measurable; (2) relevant for decision-making; (3) consistent with overall priorities and with each other,;(4) technically realistic (achievable); (5) fiscally realistic and sustainable; and (6) in line with implementation capacity.

For more details, see the World Bank's *Poverty Monitoring Guidance Note 2 Setting Poverty Targets*:
http://siteresources.worldbank.org/INTPAME/Resources/Setting-Targets/NoteTargetsFinal_eng_July16_doc.pdf

Table 5.1: Objectives and targets in Madagascar's NEP

Objective	Indicator	Baseline, 2005	Mid-term, 2009	Target, 2011
OBJECTIVE 1: Strengthen the employability of vulnerable groups at the local level	Share of farmers who benefited from vocational training	3.1%	9%	18%
	Share of non-agricultural rural population that benefited from vocational training	13%	20%	30%
OBJECTIVE 2: Integrate an employment criterion in the programming and M&E mechanisms at macro and sectoral levels	Growth rate of the employment rate	1,5% (2001–2005)	3% (2005–2009)	4% (2007–2011)
OBJECTIVE 3: Increase financial flows to promote self-employment and micro and small enterprises	Microfinance penetration rate	5%	8%	12%
	Share of bank credit to the private sector in GDP	10%	12%	15%
OBJECTIVE 4: Improve the productivity of enterprises and rural labour	Growth rate of pro-poor labour productivity	17,9% (2001–2005)	20% (2005–2009)	20% (2007–2011)
	Growth rate of real wages in private enterprises	-38,2% (2001–2005)	4% (2005–2009)	8% (2007–2011)
OBJECTIVE 5: Improve the legal and institutional framework for employment promotion and decent work	Share of non-protected wage jobs	75.2%	72%	65%
	Share of jobs paid under the minimum wage	31.4%	22%	12%

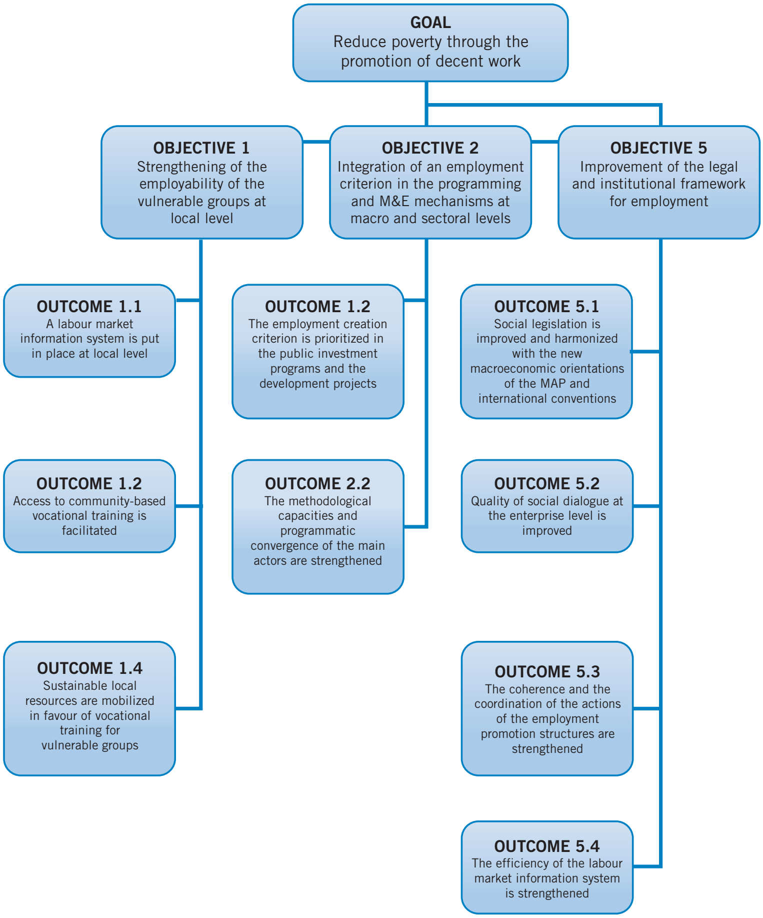
Source: Government of the Republic of Madagascar, Programme National de Soutien à l'Emploi, 2006.

C. The expected outcomes and their monitoring indicators

The expected outcomes should indicate a tangible change in policy and/or institutions that are expected to happen within a given timeframe set out in the NEP (mid-term impact). Therefore, outcomes should be expressed in the form of realistically achievable ends, not as actions to be undertaken, or means to be used.[3]

Outcomes are instrumental for the achievement of the objectives, and must always be linked to at least one of them, in other words, a set of outcomes is attached to a specific objective. For instance, an objective that seeks to improve the working conditions of young workers aged 15–17 in hazardous work can be achieved through a combination of outcomes affecting labour legislation, labour administration, and the business environment. These

Example: Outcomes of Madagascar's national employment policy



[3] ILO: Guide for the preparation of National Action Plans on Youth Employment. http://www.ilo.org/global/publications/ilo-bookstore/order-online/books/WCMS_091361/lang--en/index.htm

outcomes could possibly include: a revised policy concerning the hazardous types of work that can harm the health or development of young workers under the age of 18; improved capacity of labour inspectorates to enforce labour legislation for the elimination of child labour and the protection of young workers; and simplified procedures for enterprises in high-risk sectors to register as legal entities.

Concrete and gender sensitive indicators have to be set for each identified outcome as these indicators are essential to measure performance and monitor progress over time; they should be specific, measurable, achievable, relevant, and time-bound (SMART). The information collected on these indicators is useful for managing decision-making that keeps the NEP on track towards the achievement of its objectives. As a rule of thumb, at least one quantitative indicator should be attached to each outcome and quantitative indicators should be based on a unit of analysis or calculation, existing baseline data, and benchmarks for comparison (e.g., numbers, rates, ratios).

Building on the example mentioned earlier, the performance indicators could include: the exact number of laws that need to be amended to revise the policy on hazardous types of work by exact time factor (this means that laws are identified prior to setting the indicator); the percentage increase in compliance with labour legislation due to inspection visits by exact time factor; a reduction by an exact number of the number of administrative documents necessary to register an enterprise in high-risk sectors by exact time factor.

Guiding principles for defining and implementing performance indicators

Skills required to define performance indicators: several days of training are recommended to develop skills for defining practical indicators. Data collection, analysis, and reporting skills, as well as management information system (MIS) skills are required to implement performance monitoring systems.

Time required to define and implement performance indicators: several days to several months, depending on the extent of participatory process used to define indicators and programme complexity. Implementing performance monitoring systems may take 6-12 months.

For further details, see section II.B on the Monitoring and Evaluation framework.

II. Implementation tools

The work plan (outputs and activities linked to each outcome)

The work plan provides information on outputs to be produced, and activities to be undertaken in order to deliver on the outcomes. It should also indicate the timeframe for the implementation of the activities and the structure responsible for delivery.

It is important to bear in mind the difference between planning and implementation. Whilst the NEP and its action plan is a planning tool, the work plan is meant to facilitate implementation of the action plan. Therefore, both of them are essential and complementary tools to support countries in the promotion and implementation of national employment strategies.

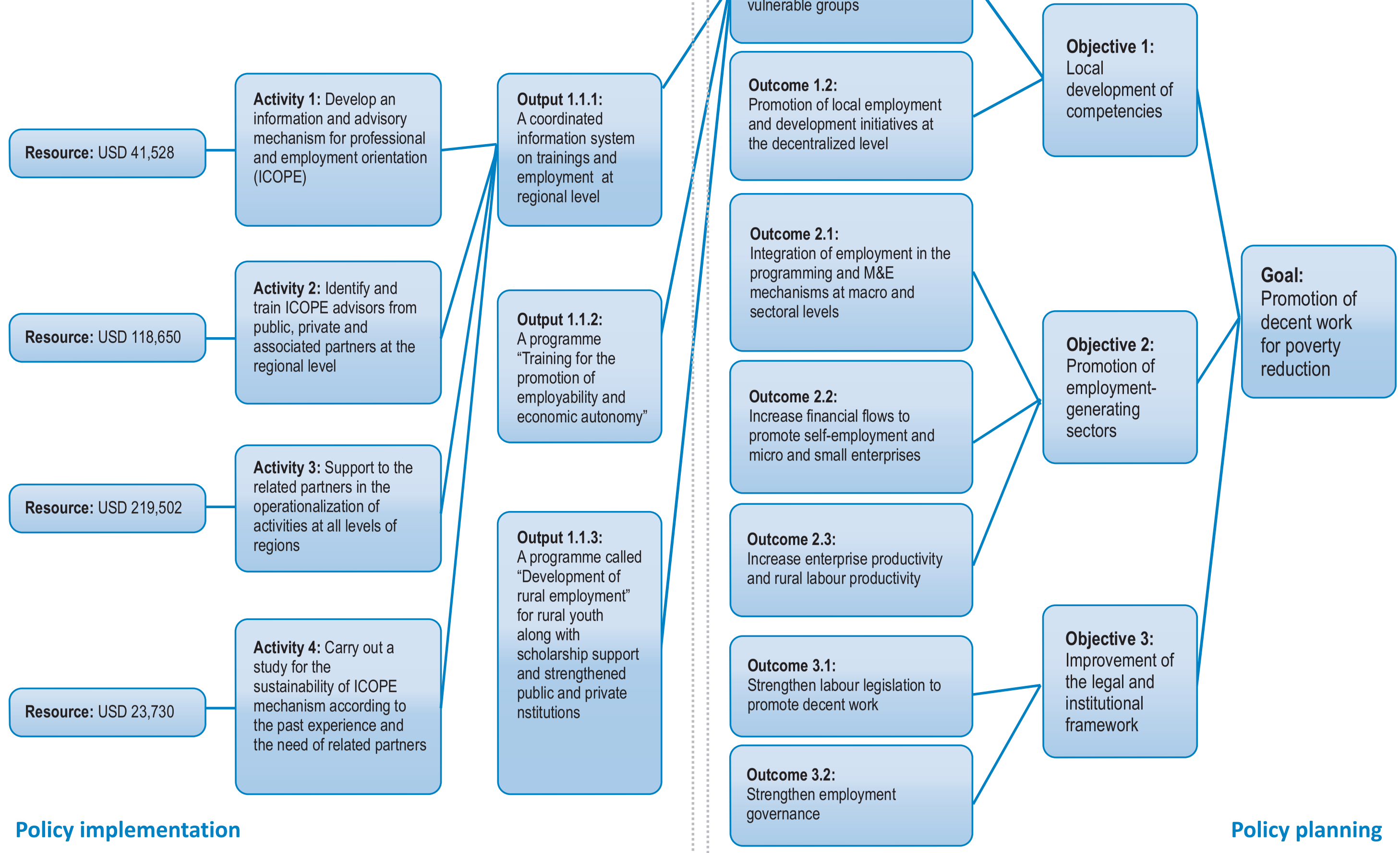
Table 5.2: Template of a work plan

Outcome:											
Outputs	Activities	Year 1				Year n				Responsible structure	Responsible person
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		
Output 1 :	Activity 1 :									Structure A	Mr/Ms X
	Activity 2 :									Structure B	Mr/Ms Y
	Activity 3 :									Structure C	Mr/Ms Z
	Activity 4:										
Output 2	Activity 1										
	Activity 2										
	Activity n										
Output n	Activity 1										
	Activity 2										
	Activity n										

NEP action plan matrix or logical framework (logframe)

The matrix is a useful tool for visualizing the functional relationship between the different elements of the NEP action plan (objectives and targets, outcomes and indicators, outputs and activities, responsibilities and inputs). It also provides a snapshot of the essential information in a table format.

Example of a logical framework: excerpts from Madagascar



III. Organizational and institutional framework for implementation

A. Coordination mechanism and implementation framework

The policy mix that was identified to achieve the objectives of the NEP spans different ministries and different governmental levels (national, regional, local). It also includes employers' and workers' organizations as well as specialized agencies (public and private employment agencies, training providers, etc.). Bringing all these actors together, coordinating their interventions while steering the implementation of the NEP is therefore a major challenge. Experience shows that setting-up a well-designed, tripartite and inter-ministerial coordination mechanism is key to a successful implementation (see Box 5.2 on South Korea's experience).

Box 5.2 **South Korea's National Employment Strategy Council**

In South Korea, a National Employment Strategy Council was established in early 2010 to prioritize job creation as a national objective, implementing both temporary job creation programmes and structural reforms. It is chaired by the President, and a number of ministries and social partners are members; the Council serves as a sub-branch of the National Economic Emergency Council.

More information is available at:
http://www.moel.go.kr/english/download_eng.jsp?type=&file=EmploymentMeasure.pdf

The chosen coordination framework should enable all the different actors of the NEP to work together in a coordinated, coherent and efficient manner. To bring all the different actors together, to promote initiatives and complex consultations, to lead analytical debates with several partners, and to simply push forward the implementation of the NEP, which is neither automatic nor spontaneous, an inter-ministerial committee with membership of the workers' and employers' organizations should be entrusted with the steering role in the NEP coordination framework. An executive structure is necessary to organize, animate, monitor and evaluate the implementation. This executive structure should be reinforced by a technical team (see Box 5.3 on Burkina Faso's experience), and to avoid institutional proliferation, existing structures can be used. For example, in many African countries, steering committees were put in place to follow up on the Ouagadougou Summit, committees that could then be entrusted with the steering of the NEP. Similarly, ministries in charge of employment usually have a planning/policy department which can be the executive structure. If possible, link the NEP coordination and implementation framework with the structures that are already influential in the country.

A section of the NEP action plan should identify and describe the mechanism for coordination together with the framework for implementation of the NEP; the team in charge of drafting the NEP should thus:

- Identify and describe the institutional mechanism that will be established and/or entrusted to ensure effective coordination of the implementation of the NEP at national and regional/local levels
- Describe the roles and responsibilities of the lead government institution
- Describe the mandate of the steering committee
- Indicate the composition, roles, and responsibilities of the coordination body and, if possible, of the envisaged technical working groups
- Describe the roles and responsibilities of the executive and technical structures

Box 5.3 Roles and functions of the coordination structures of Burkina Faso's NEP

A relevant organizational plan, which meets the needs of the implementation of the NEP, avoids as much as possible institutional profusion, and is in line with similar structures elsewhere, was formulated in Burkina Faso. It has four key structures:

1. The steering committee

An existing structure, the *Comité Technique Permanent du Conseil National de l'Emploi et de la Formation Professionnelle (CNEPF)*, planned by the labor code and which follows up on all the obligations stemming from the Extraordinary Summit of the African Union on Employment and Poverty, was chosen to be the NEP steering committee. The composition of this structure is sufficiently wide to represent those most concerned at the level of the State, the organizations of employers, workers and craftsmen, as well as representative regional actors and civil society acting in the employment field. The committee can create when necessary ad hoc committees to deal with specific questions, while the presidency of the committee rests with the most senior official of the Ministry in charge of Employment. The committee will hold at least two annual sessions and it assumes the following functions:

- Guide the initiatives of the coordination mechanism and of the actors, with particular focus on the convergence and complementarities of the interventions and actions
- Monitor the initiatives and the implementation activities of the NEP
- Exercise a watch on the inertia, the difficulties, the obstacles, the new facts, and the opportunities touching the implementation of the NEP, and more generally on employment
- Formulate appreciations on the initiatives and the actions, under the angle of their opportunity, their rhythm, their degree of commitment, their quality, their calendar, etc.
- Formulate suggestions to improve the relevance and the efficiency of the interventions and the actions or provoke, as and whenever necessary, their reorientation;
- Deliberate on the evolution of the employment situation and formulate any relevant suggestion towards the NEP;
- Oversee the monitoring and evaluation activities

2. The executive structure

The format chosen in Burkina is the appointment of an Executive Coordinator who conducts the implementation process of the NEP. He is responsible for the activities and for the work of animation, organization, monitoring and evaluation of the execution of the NEP action plan, under the supervision of the Ministry in charge of Employment. As such, the Executive Coordinator has the following functions:

- Give the operational impetus to the various actors of NEP in the associated and\or concerned domains;

- Lead and be responsible for the organizational process necessary for the progress of the diverse activities of implementation: communication, consultations, periodic meetings, decision on studies, launching of reflections, working groups, workshops, deadlines to respect, sequences to be followed, links to be organized, etc.
- Centralize all the information about the monitoring and the realization of all or any of the measures taken, technical actions developed, and initiatives undertaken
- Organize and oversee the technical work and the activities of the Technical Secretariat
- Assure the necessary relations with regional levels for the implementation needs of the NEP
- Prepare the meetings of the steering committee and the necessary documentation

3. The technical structure

- A Technical Secretariat composed of competent executives takes daily care of the whole technical and organizational work required for the implementation of the NEP. The Technical Secretariat has the following functions:
- Take all the necessary relational and organizational steps to support the activities of the action plan
- Ensure that the programming of tasks and work schedules are respected
- Collect and analyse the information on the progress and the conditions of realization of the activities of the action plan
- Prepare, at the request of the Coordinator, any study, analysis or thinking pursuant to the activities of the action plan and within the means of the Secretariat
- Prepare, at the request of the Coordinator, any report or note on elements of execution of the activities of the action plan
- Prepare, as and whenever necessary, the documentation and\or the necessary organizational measures for the consultations, the meetings or the working groups, the workshops, the events related to employment promotion, the communication material, terms of reference, missions, etc.
- Tie working relations with the implementing actors.

4. The structures at regional level

The regional Director of the ministry in charge of employment is, under the authority of the regional Governor, the relay of the NEP at the regional level. He supports voluntary actions aiming at building knowledge of the local employment situation, the formulation and the realization of strategic and operational approaches of the treatment of employment issues within the regional development framework, and the regional support to the national policies on employment. The regional Director has the following functions:

- Raise awareness on employment issues and the NEP, its objectives, and the activities included in the action plan
- Lead the mobilization of the local actors and social partners on the treatment of the questions of employment, as well as the actions to be led at the regional level
- Study the employment situation in the region and the actions conducted to promote employment, and share this information locally as well as with the national level
- Elaborate an annual report on the employment situation and the actions to promote employment in the region;
- Promote analyses and debates susceptible to help in the formulation of responses to the employment problems, and of interventions to promote employment at the regional or municipal level
- Contribute to the implementation of NEP action plan, and more generally towards the actions in favour of employment promotion.

Source: Plan d'action opérationnel pour la mise en œuvre de la politique nationale de l'emploi, Governement of Burkina Faso, March 2008.

Coordination mechanisms at regional and/or local levels

Coordination should also take place at the decentralized level. In some countries, the regional and local institutions are well developed, and extending the NEP coordination mechanisms to these decentralized levels requires assigning roles and responsibilities as well as building capacity. In other countries, institutions might have to be strengthened before they can take up such a coordination role (in terms of technical capacity, but also in terms of human, financial, and logistical resources, in order to be able to function properly). In this case, coordination at the local level should be a medium-term goal and the NEP can be a way to achieve it (see Box 5.4 on Serbia).

Box 5.4 **Serbia - Local Employment Councils and decentralization of the employment policy**

The decentralization of the employment policy has long been a concern of the Government of Serbia. The 2003 *Law on Employment and Unemployment Insurance* (Official Gazette of the Republic of Serbia No. 71/03), envisaged the possibility for local government authorities to establish Local Employment Councils (LECs) to steer the development of local employment plans. These councils comprise representatives of the local self-government, of employers' and workers' organizations, as well as one representative from the National Employment Service (NES). Other agencies may also be included, but without voting rights (for instance, private employment agencies, regional agencies for enterprise development, Centers for Social Work, educational institutions, and any other association protecting interests of specific groups of the unemployed). Thanks to the promotional activities organized by the Ministry of Economy and Regional Development (MoERD), the number of Councils increased from 24 in 2003 to 150 in 2009.

The 2009 *Law on Employment Promotion and Unemployment Insurance* (Official Gazette of the Republic of Serbia No. 36/09) envisages that local employment plans - adopted by the local government along with the opinion of LEC - are co-financed by the State budget (in the range of 70 per cent for less developed regions, and 50 per cent for all others) provided that these are aligned with the employment objectives established at national level.

The National Employment Action Plan for 2010 provided for increased responsibility of local and regional authorities in the formulation of employment policies through local employment plans, and for capacity development at the local level towards the successful design and implementation of active labour market policies. Hence, **the establishment of LEC became a conditio sine qua non for accessing state funding for the implementation of the local employment plans**. These resources are in addition to, and not conditioned by, the funds allocated through the National Employment Service for the implementation of active labour market policies.

The ILO assisted the MoERD in its decentralization efforts; specifically, the ILO developed guidelines for the functioning of LECs and the formulation of local employment plans and monitoring tools to measure the attainment of the employment policy objectives at the local level.

Source: Popova Natalia, ILO Decent Work Team, Budapest.

In Madagascar, two regional employment promotion strategies are used as regional implementation tools for the NEP and its action plan. These regional strategies are the outcome of a process started by the regional actors themselves in order to provide a relevant decent employment promotion tool for their region as a response to the double challenge of the global financial crisis and the internal political crisis.

Stratégie Régionale de Promotion de l'Emploi de la Région Atsimo-Andrefana :
http://www.ilo.org/public/french/region/afpro/antananarivo/info/publ/srpeaa.htm

Stratégie Régionale de Promotion de l'Emploi de la Région Vatovavy Fitovinany :
http://www.ilo.org/public/french/region/afpro/antananarivo/info/publ/srpevv.htm

B. The institutional framework for monitoring and evaluation

A section of the NEP action plan will identify and describe the system that will be put in place to monitor and evaluate the NEP, i.e., the rules and processes which bring the various actors and monitoring activities together in a coherent framework. The team in charge of drafting the NEP should thus:

- Describe the system and tools that will be used to monitor the NEP
- Indicate the monitoring activities that will be undertaken to capture progress and performance of outcomes against the established indicators
- Describe the mechanism that will be applied to evaluate the NEP
- Identify the stakeholders to be involved in monitoring and evaluation
- Ensure that monitoring and evaluation are gender sensitive

1. What is monitoring and evaluation and impact evaluation?

Both monitoring and evaluation should be integral parts of any employment policy, and should already be planned at the design stage of the policy. As monitoring becomes a means to achieve a successful evaluation, a good evaluation will not be possible if accurate data is not collected throughout the policy implementation; that is why rigorous M&E frameworks should also include plans for conducting impact evaluations.
First, a short definition of these three areas:

Monitoring is ongoing, real time data collection and analysis (on inputs, outputs, and outcomes) in order to track programme implementation and performance, and it implies developing systems and indicators with which to track progress. Monitoring answers the question: Are we on the right track?

Monitoring includes a precise definition and tracking of inputs, activities, outputs, and outcomes, and monitoring often compares indicators to pre-established targets.

Evaluation is an objective assessment of a completed or ongoing programme, its design, implementation and/or results, and is tailored to specific questions. Evaluations answer the question: What have we achieved? Evaluations also determine the relevance and fulfilment of objectives, efficiency, effectiveness, impact, and sustainability. Evaluation includes outputs and outcomes, generating lessons learned so as to inform a decision-making process. For instance, a process evaluation examines implementation processes (how and why services are provided as they are); while an impact evaluation analyses whether intended results are achieved or not (and why that is the case) and if they can be attributed solely to the programme; finally, a cost-benefit analysis compares the costs and the benefits of alternative interventions.

Impact evaluation is a particular type of evaluation that answers questions related to causality and attribution. Impact evaluations provide an objective assessment of programme impact; they use a counter factual to estimate what the state of the




beneficiaries would have been in the absence of the programme, and compare it to the observed state of the beneficiaries.

Establishing a monitoring system

Monitoring entails ongoing observation of the implementation of the NEP with the objective of checking regularly what is happening, how and why, and comparing this to the original plans. At the basis of a good monitoring system is an appropriate logical framework, which shows how your policy plans to measure the success of its implementation. For the log frame, we can derive indicators representing the policy elements we want to measure. These indicators are crucial because they drive all subsequent data collection, analysis, and reporting.

Data collection

A good system for monitoring the employment policy is only as good as its ability to collect quality and timely data. Data refers to information of all types, not just quantifiable information.

Data collection methods:

- **Quantitative data collection**

  Quantitative methods aim to provide information about the population of interest in a closed form numerical fashion, including the characteristics of demography and socio-economics and are based on standardized instruments that make it easy to aggregate and compare. Common examples include tests, surveys, and censuses; statistics are also extremely important.

- **Qualitative methods**

  These methods aim to provide context and understanding of how and why people behave the way they do, they seek to understand from a stakeholder's individual perspective and to analyse how different groups of people interpret their experiences. Common examples include unstructured interviews, focus groups, and policy peer reviews. Qualitative methods tend to be quicker and less expensive than quantitative methods.

Table 5.3: Overview of data collection methods

Method	Description	Use	Advantages	Limitations
Administrative and Management Records	Documents that provide information on project management processes	To examine the effectiveness of project management or strategy implementation	Provides information on process that is difficult to obtain through other means	• Programme specific, not generalizable • Dependent on reliable management records systems
Field Visits (combination of observation and interviews)	In-depth examination of a specific site or location	To monitor and understand context	High level of detail Access to observational data	• Programme specific, not generalizable • Highly dependent on access to appropriate field sites
Key Informant Interviews	In-depth data collection method with highly informed individuals	To obtain specific and highly detailed information on a specific issue or set of issues	High level of detail Can address unanticipated topics Has flexibility to explore issues in depth Can capture a range of stakeholder perspectives	• Programme specific, not generalizable • Quality is highly variable based on interviewer skills and interviewee comfort
Focus Groups	In-depth data collection method with informed members of a specific subpopulation (e.g., women, youth, the elderly, workers)	To obtain specific and highly detailed information on stakeholder perspectives on a specific issue or set of issues	Same as for key informant interviews Allows for interaction with and among participants	• Programme specific, not generalizable • Quality highly dependent on group dynamic (e.g., participants can be influenced by moderator or dominant group members) • Interpretation challenges • Time-consuming analysis
Direct Observation	Method to collect data through direct observation (e.g., classroom observation), information is recorded in a log or diary	To obtain naturalistic data	High level of detail from a neutral observer Provides information on actual behaviour rather than self-reported behaviour	• Not generalizable • High potential for observer bias • Interpretation and coding challenges




Method	Description	Use	Advantages	Limitations
Review of Official Records	Official documents that provide background information or historical data on certain phenomena	To examine underlying processes or historical trends/data for certain phenomena	Provides information that may be difficult to obtain through other means Inexpensive	• Possible access restrictions • Must verify validity and reliability of data • Data may not be exactly what is needed
Mini-Surveys	Brief questionnaire/survey that collects limited data set	To obtain quantitative data on a limited number of people or issues	• Faster and less expansive than household surveys	• Limited scope and therefore usually not representative
Household Surveys	An extensive set of survey questions whose answers can be coded consistently	To obtain information on a large number of respondents regarding their socioeconomic status, demographic data, consumption patterns, etc.	• Provides in-depth information on population of interest • More generalizable than mini-surveys • May be designed to collect data of specific interest	• Expensive • Requires special expertise to ensure validity • Difficult to persuade people to respond to long questionnaire
Panel Surveys	A longitudinal study in which variables are measured on the same units over time	Same as for household surveys, with particular interest in measuring changes over time	• Same as for household surveys • Can capture dynamics over a period of time	• Same as for household surveys • May have problems with participant retention over time
Census	Survey for an entire population	To obtain a complete data set on a specific population	• Generalizable • Typically available from official sources	• Expensive • Time consuming • Infrequent or dated

Sources: Adapted from Baker (2000); Creswell (2008); and Hempel, Kevin, and Nathan Fiala, 2011; Measuring Success of Youth Livelihood Interventions: A Practical Guide to Monitoring and Evaluation. Washington, D.C.; Global Partnership for Youth Employment.
http://www.gpye.org/measuring-success-youth-livelihood-interventions

Policy peer reviews among countries: an example of a qualitative monitoring method. The case of the EU of course could be cited, and although far less developed, regular meetings of the ASEAN Labour Ministers Meeting (ALMM) and ASEAN Senior Labour Officials (SLOM) also take place; in principle these bodies/forums provide the potential mechanism for peer reviews and regional policy coordination.

Evaluating the policy

Evaluation entails an assessment of results, but takes place less frequently than monitoring. The focus is much more on whether or not set targets have been achieved. Four main issues can be monitored and evaluated:

- Output: What activities were planned? What activities were implemented?
- Outcome: What did the policy achieve? (Intermediate policy results)
- Objective: What general impact did the policy have in the long term? What were the intended and unintended results?
- Input: Were enough resources (financial, human, material) made available?

Evaluation will promote transparency and social accountability among your stakeholders while at the same time allowing comparison with other governmental policies. Employment policies typically mandate that evaluation reviews be conducted at regular intervals during the policy's life cycle. In most cases, an external evaluation is chosen to conduct the task, although it is not unheard of for an evaluation to be conducted by agencies of other ministries within the Government. In either case, it is important that the evaluator remain unbiased.

The evaluation of employment policies if difficult, the complexity of the policy makes focus difficult, and the involvement of many institutions, governmental departments and funding streams makes unpacking the results very difficult. Nevertheless, employment policy makers and practitioners have concrete tools to assist them in evaluation planning. Below, brief descriptions of the two most common evaluation techniques with particular attention to impact evaluation:

Process evaluation

Process evaluations are geared towards fully understanding how well the policy is working and seek to assess how well a policy is being realized. They determine whether there are gaps between planned and realized activities and outputs, and try to understand the reasons for any gaps. Building on descriptive information such as what activities are being offered and who is participating in the programme (or who is not), they identify ways to improve the quality of the services offered. A process evaluation may be carried out at specific milestones as an early-warning system or may be conducted when problems such as delays in implementation or beneficiary dissatisfaction have already been detected through standard monitoring procedures (World Bank, 2002). Process evaluations tend to rely on a mix of quantitative and qualitative tools, including key informant interviews, user satisfaction surveys, direct observation, and focus groups.




Impact evaluation

Impact evaluation should not be used to assess the employment policy as a whole; it should be used as a complementary part of an overall evaluation strategy and as a way of determining impact of the key active labour market programmes in the country. Impact evaluation is an exception rather than a rule and should only be used in very specific cases; indeed, it should only be used when the programme fulfils all three of the following conditions:

1. It is strategically relevant and influential
2. It is innovative or not yet evaluated
3. It is replicable

The main objective of an impact evaluation is to estimate causality, i.e., estimate the effect that a particular intervention has on the outcomes of its beneficiaries. Impact evaluations are different from traditional evaluations in that IEs attempt to measure "what would the situation have been if the intervention had not taken place?" Since this situation cannot be observed, IEs rely on counterfactuals (or a group of non-beneficiaries) to have an idea of the outcomes without the intervention. The use of a counterfactual ensures that observed changes in outcome indicators after the intervention are in fact due to the intervention and not to other unrelated factors, such as improvements in the local economy or programmes organized by other agencies. The challenge then becomes identifying and constructing the appropriate counterfactual (also known as the control group) that can be compared to the intervention beneficiaries (or treatment group).

Evaluation designs range from true experimental (or randomized) designs to non-experimental designs. When designing an evaluation of an employment programme, the objective should be to choose the most robust design that is appropriate for the resources, time and data that are available; and in most cases, employment programmes will not have the resources or time necessary to design "gold standard" (randomized controlled) evaluations. Evaluators also face a magnitude of ethical and project design constraints which limit the possibility for randomized trials. An additional constraint is on data as many employment programmes have limited resources meaning the beneficiary or sample sizes are small; in turn, having a small number of beneficiaries means an evaluation could lack statistical precision and significance.

Box 5.5 **Northern Uganda's Youth Opportunities Program – Impact Evaluation**

Researchers and Innovations for Poverty Action (IPA) partnered with the Ugandan Government to evaluate the effectiveness of the Youth Opportunities Program, introduced in 2006 to raise incomes and employment among young adults aged 16 to 35 in the country's northern region, by offering them cash grants for training and business materials.

The average grant received was $7,108 per group, or about $374 for each group member, with the money deposited in a joint bank account. On a per person basis, the grant was 20 times more than young adults were earning in a month. Overall, grants generally ranged from about 200 to 450 Ugandan shillings.

Researchers studied the second and last phase of grant making, when an additional 265 grants were available, of the 535 eligible groups that applied, those that were not picked were tracked as a control group. Researchers followed a random sample of five individuals in each group, or 2,675 individuals, conducting a baseline survey in early 2008 and an end line survey between mid-2010 and mid-2011, about 12 to 18 months after most groups had finished their training programmes. Taking into account group disbanding or members moving away, researchers were able to track 99 per cent of the groups and 87 per cent of the targeted individuals.

The initial findings of the follow-up survey are encouraging:

- Nearly 80 per cent of those who received the cash transfer enrolled in vocational training, with similar levels for men and women, compared with 17 per cent of the control group. The most popular training programme was tailoring, followed by carpentry, metalworking, and hairdressing.
- On average, grant recipients had 50 per cent higher net incomes over the control group, translating to an extra $9 a month.
- The amount of money saved was about 50 per cent greater for the treatment group
- Some 68 per cent of grant recipients were working in a skilled trade, compared with 34 per cent of the control group.
- Eleven per cent had saved money in a bank account or association over the six months prior to the baseline survey, with a median savings of $22.

These findings are preliminary; final, long term impacts will be collected and analysed in 2012 with another round of data collection.

Source: Can Cash Grants Help Create Jobs and Stability?
http://siteresources.worldbank.org/INTHDOFFICE/Resources/UgandaE2.pdf

2. How to build a good system? Mapping the entry points

Ideally, a monitoring and evaluation system supports a number of distinct objectives:

1. It supports government decision-making on employment policies, including setting budget priorities and annual updates of the NEP.
2. It supports accounting for employment expenditures.
3. It supports government accountability to the public for policy choices, and their impact on employment.
4. It promotes evidence-based dialogue between the Government, social partners, civil society, and donors, thereby strengthening development partnerships.

5. It provides a means of institutionalizing direct civil society participation in the policy process beyond the phase of NEP formulation.

6. It feeds the monitoring, reporting, and accountability requirements of the national development framework.

During the design of a NEP monitoring system, mapping these various entry points is useful. For some of these entry points (such as the budget process), a formal link could be created with the NEP monitoring system (for example, through rules governing budget submissions). The NEP monitoring system can support others indirectly by ensuring that monitoring information and analysis are readily available in the appropriate form and at the proper time (the PRS review for example).

Box 5.6 - Links between the NEP and the PRS monitoring frameworks

Among the PRS monitoring systems developed to date, most contain the following features:

1. A high-level steering committee to provide political support and oversight and supply a formal link to the cabinet. It may set monitoring priorities and approve annual progress reports.
2. A coordination unit responsible for coordination throughout the system. The unit may act as a secretariat for interagency committees and working groups, compile data, and draft reports. It is usually made up of a small number of dedicated staff within the office of the President or Prime Minister or in the Ministry of Finance or Planning. It is usually linked to a broader PRS implementation structure.
3. The national statistics institute is usually a key actor in the system. As well as being an important data producer, it may be responsible for compiling administrative data from line ministries, setting overall standards, developing information technology platforms, and providing technical assistance to other producers.
4. One or more interagency committees or working groups, sometimes with sectoral or thematic mandates, that facilitate interagency cooperation and dialogue. They may be responsible for defining indicator sets and monitoring priorities, preparing sectoral reports, and advising policy makers. They often include representatives of civil society and donors.
5. Line ministries are usually required to nominate a point of liaison with the PRS monitoring system. This may be an individual officer (such as a director of planning) or a dedicated monitoring and evaluation or statistical unit. It is responsible for ensuring the production and delivery of sectoral data.

Liaison with line ministries - This works best where the nominated liaison point is substantively engaged in monitoring and evaluation for sectoral policy-making and management purposes. If the points of contact lack the authority to represent and make commitments on behalf of the line ministries or if they change regularly, this will weaken the system. In practice, a PRS monitoring system is dependent on the quality of sectoral information systems. The PRS monitoring system may need to incorporate strategies for encouraging monitoring and evaluation among line ministries, such as through rules requiring monitoring and evaluation functions to be incorporated in departmental budgets, work plans, and job descriptions. Where the monitoring capacity of line ministries is too weak to be reliable in producing the data needed by the system, a programme of capacity strengthening should be designed.

Source: Tara Bedi et al. (2006): Beyond the numbers: understanding the institutions for monitoring poverty reduction.

3. Institutional functions of a M&E framework

An employment monitoring system should deliver timely, reliable data and analysis to feed into the employment policy process, but also into the other entry points mentioned above. To accomplish this, it must include a range of functions that are specifically institutional in nature; this includes:

- coordination among data producers to establish a common set of indicators and eliminate gaps and redundancies;
- the development of common standards, procedures, and platforms;
- a strengthening of monitoring capacity across the ministry in charge of employment, but also across other NEP implementing agencies;
- the organization of information flows among stakeholders inside and outside Government;
- the compilation and analysis of data from various sources;
- employment programme evaluation (including data analysis);
- the generation of annual progress reports and other outputs;
- the provision of advice to policy makers;
- the dissemination of outputs across government agencies and to the public;
- the organization of the participation of civil society.

Outputs and dissemination. Monitoring information and analysis must be compiled into outputs and distributed as widely as possible both within and outside the Government. A good monitoring system will produce a range of outputs appropriate for different audiences and purposes, and include a strategy to disseminate the outputs actively to intended users.

Periodicity of reviews. The periodicity of the NEP review should be decided by each country based on their context. If a harmonized calendar is in place in the country for all the sectoral reviews, the NEP review should follow it, periodicity can thus vary from 6 months to 2 years. In Rwanda for example, the implementation of the National Employment Policy is reviewed every six months by the Government, the beneficiaries, and other partners, while in Madagascar the review takes place every two years.

Box 5.7 Who is driving LMIA in Pakistan?

The Ministry of Labour and Manpower in collaboration with the ILO and the United Nations Development Programme (UNDP) initiated the development of a *Labour Market Information and Analysis system*, which became operational in the second half of 2006. The aim of the system is to provide up to date and timely Labour Market Information and Analysis that serve as an input into the formulation, monitoring and evaluation of employment and other policies.

The LMIA Unit has been staffed with a team of professionals working on information system development and policy analysis in the employment and labour field. The staff of the Unit is being trained with support from the ILO and other institutions, in particular the US Federal Bureau of Statistics. Training activities include on-the-job training, training in general and specific software that can be used for statistical analysis and data management, as well as specialized training in labour market analysis.

An Advisory Panel has been established which brings together labour market stakeholders and social partners. The Advisory Panel reviews the outputs and activities of the Unit on a regular basis and fosters linkages between data collection, analysis and policy development at the national and provincial level. In this way the Panel ensures continued policy relevance, ownership and sustainability of the Unit.

Source: Pakistan: LMIA Unit, Ministry of Labour and Manpower (now Ministry of Human Resources Development).

Box 5.8 - Labour market information systems

The monitoring and evaluation of national employment policies requires a set of accurate and up-to-date employment data. They are sometimes generated by the national statistical agency and the ministry in charge of employment through a labour market information and analysis (LMIA) system. A LMIA system consists of three main elements:

1. Collection and compilation of data and information
2. Analytical capacity and tools
3. Institutional arrangements and networks

Tools and resources

- LMIA guide for francophone African countries: Emploi - Formation: tendances et perspectives; Guide de renforcement des capacités. CD-ROM.
  http://www.ilo.org/emppolicy/areas/country-employment-policy-analysis-and-development/WCMS_115947/lang--fr/index.htm
- Observatorio Regional del Mercado Laboral de Centroamérica y República Dominicana: un modelo de implementación (2006), ILO: San José.

This document covers different aspects and specific characteristics of the Observatory. It provides a definition of the Observatory and describes its character as a transnational, public service instrument for research and analysis which forms part of a network of observatories in the region and has links to mediation processes, vocational training and integration. It also envisages an Observatory with links to public administrations, social actors and the set of entities that move in the different spheres of the labour market.

Box 5.9 Examples of labour market observatories at national and regional levels in Latin America

National level: In Brazil, the Labour Market Observatory is a tool for research and planning. Its objective is to produce and disseminate information, and to analyse and make action-oriented proposals for advising administrators of public policies.
http://portal.mte.gov.br/observatorio/

Regional level: In the MERCOSUR, the Observatorio del mercato laboral pools labour market statistics, produces studies and reports and maintains a database of policies and programmes for each of the member countries (http://www.observatorio.net/).

The Observatory has the general objective of facilitating decision-making in the labour market, promoting the production, collection, analysis and dissemination of data on the labour market in the MERCOSUR. These decisions include those concerning employment, labour migration, vocational training, social security, labour market regulation and public policies and programmes dealing with these themes.

Box 5.10 The African employment and training observatories

Main characteristics

There is no unique configuration or standard and established observatory model. Taking into account the heterogeneous and diverse nature of the different country settings with regards to employment and professional training, it is unsurprising that this is the case. There are different systems based on:

- their establishment date, with the first beginning in the early 1990s.
- the resources they mobilise, the range of existing national experiences being relatively open.
- their statutes.

Diversity of national experiences according to their statuses

Although similar in their functions and the activities which they develop, the observatories often have different statutes. The Ivorian observatory is a department of the AGEPE which has an establishing statute of an industrial and commercial public body. Others are instead attached to a ministry, either through an office intermediary (as is the case in Mali) or more directly as part of the office of a Ministry (as is the case in Togo and Benin).

In the latter cases, the ministries to which the observatories are attached differ in the functions and areas that the observatories cover. They are either attached to the Ministry tasked with professional and technical training when the formative component is privileged over others (as is the case in Togo); they are instead attached to the employment Ministry when the emphasis is instead placed on employment.

Their functions

Beyond their specific nature, the functions assigned to the observatories are of the same typology, at least at the levels of their declarations of intent and their projects. The observatories intend to:

- significantly improve the information systems on employment and training, by grouping together the available data and information in order to make sense of it and by favouring the flow of information on the new dynamics of the labour market in order to amplify such information.
- help the relevant institutional bodies to put together information gathering mechanisms on the internal and external efficiencies of training systems and labour market insertion and participation.
- allow information to become a useful tool in decision-making. They aim to become genuine centres of expertise on employment and training (evaluation centres which follow the labour markets, diagnostic and assessment centres, and centres where proposals and suggestions are set forth).
- become a forum for the exchange of ideas, where dialogue can take place and be coordinated within networks that group the principal stakeholders involved.
- become a forum on employment and training issues.

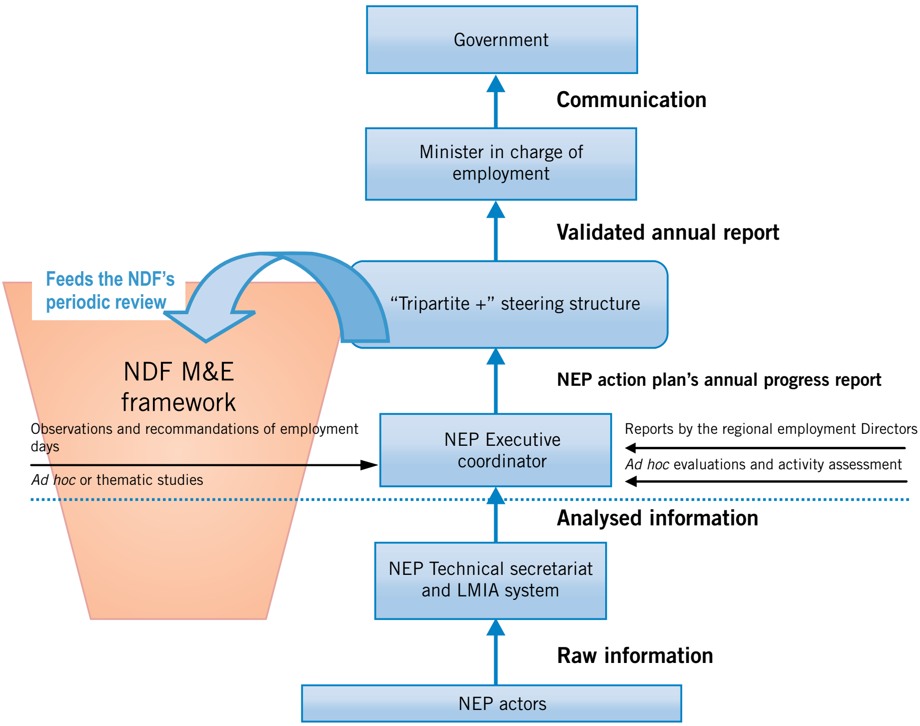
Source : LMIA guide for francophone African countries
http://www.ilo.org/emppolicy/areas/country-employment-policy-analysis-and-development/WCMS_115947/lang--fr/index.htm

5

Audience. The primary audience for monitoring information will be the elected officials and public sector managers who are directly responsible for the development and management of employment interventions. The NEP monitoring system must first of all meet the needs of these individuals for timely, accurate and useful information and analysis. However, external actors should hold them accountable for their policy choices and their performance. The types of actors that are able to play this challenge function will vary in each country, but may include the Cabinet, the Ministry of Finance, parliamentary committees, opposition parties, the media, social partners and CSOs, and donors. The NEP monitoring system can help support them by disseminating information and analysis on employment and NEP implementation widely in the public sphere.

Analysis and evaluation. If they are to be influential in the policy process, monitoring data must be analysed and used to evaluate the effectiveness of policies and programmes. If these practices are still in their infancy, a monitoring system may introduce them in distinct phases, first the collection of quality data, followed by capacity building for the analysis of the data, and finally the institutionalization of the practice of using the data to evaluate specific policies and programmes.

Example of a NEP monitoring scheme



Impact Evaluation Resources

Manuals and papers:

- Wikipedia on impact evaluation http://en.wikipedia.org/wiki/Impact_evaluation
- Judy Baker 'Evaluating the Impact of Development Projects on Poverty: A Handbook for Practitioners'
  http://go.worldbank.org/8E2ZTGBOI0
- Howard White (2007)'Evaluating Aid Impact', Research Paper No. 2007/75, UNU-WIDER
  http://mpra.ub.uni-muenchen.de/6716/1/MPRA_paper_6716.pdf
- Rebekka E. Grun, 'Monitoring and Evaluating Projects: A step-by-step Primer on Monitoring, Benchmarking, and Impact Evaluation'
  http://go.worldbank.org/0L36VR1A60
- Michael Bamberger (2006) 'Conducting Quality Impact Evaluations Under Time and Budget Constraints', World Bank, Washington USA.
  http://lnweb18.worldbank.org/oed/oeddoclib.nsf/DocUNIDViewForJavaSearch/757A5CC0BAE22558852571770059D89C/$file/conduct_qual_impact.pdf
- Martin Ravallion (1999) 'The mystery of the vanishing benefits: Ms Speedy Analyst's introduction to evaluation', Policy Research Working Paper 2153, World Bank, Washington, USA
  http://go.worldbank.org/PYK0FAOJS0

Websites:

- The Magenta Book

Other useful resources for M&E and impact evaluation:

- Imas, L., and Rist, R. 2009. *The Road to Results: Designing and Conducting Effective Development Evaluations*. Washington, DC: The World Bank.
  http://books.google.com/books?id=NEsg-BtinlsC&printsec=frontcover&source=gbs_ge_summary_r&cad=0
- Kusek, J. Z., and Rist, R. C. 2004. *Ten Steps to a Results-Based Monitoring and Evaluation System: A Handbook for Development Practitioners.* Washington, D.C.: The World Bank.
  http://www.oecd.org/dataoecd/23/27/35281194.pdf
- Bamberger, M., Rugh, J., and Mabry, L. 2006. *Real World Evaluation: Working under Budget, Time, Data and Political Constraints*. Thousand Oaks: Sage.
  http://www.realworldevaluation.org

4. Organizing trade unions' and employers' participation in M&E

Social Partners can play various roles in NEP monitoring systems both as producers and users of monitoring information. The extent and nature of SP in a NEP monitoring system vary considerably; where social partners are already highly mobilized around employment policy issues, participation in employment policy tends to be well institutionalized and sometimes legally mandated; where instead there is little tradition of social partners' involvement in the policy process, building up interest and capacity in such involvement must be a longer-term goal.

Carrying out monitoring functions. SPs have a comparative advantage in certain types of monitoring and SPs may be commissioned to carry out monitoring as part of a NEP monitoring system, or they may prefer to undertake their own activities outside the system.

Participation in the institutional structures of a NEP monitoring system. Most NEP monitoring systems include representatives of trade unions and employers' organizations on committees and working groups, thereby giving social partners an opportunity to contribute to debates on the priorities and results of monitoring. Note, however, that committees made up of organizations with very different interests, agendas, and knowledge do not always work together effectively; in this context, active secretariats and good information flows are key. If participation becomes too onerous and does not appear to offer social partners a real input into the policy process, the interest of social partners is likely to taper off.

Analysis and policy advice. Some systems draw on independent research institutes, universities, or non-governmental organizations to contribute analysis and policy advice. Where social partners have research capacity, their independence is a useful contribution to NEP monitoring systems.

Information flows. Some SPs have a comparative advantage in turning monitoring information into products suitable for a range of domestic audiences. For example, in some countries, civil society organizations have prepared media and public education campaigns on NEP implementation.

Action-oriented monitoring. In countries with low literacy levels, SPs may prefer to couple monitoring with direct interventions. For example, they may track the implementation of employment programmes at the local level or enterprise level in order to intervene with targeted capacity building or mediation efforts whenever the need arises. In difficult political environments, this may be less confrontational than producing reports critical of a government.

It is important to consult civil society actors on the role they wish to play in the NEP monitoring system. In some countries, SPs prefer to remain outside the system for fear of co-optation and control by the Government, particularly if participation requires accepting governmental funding.

Box 5.11 Trade unions' labour market monitoring system: the Russian experience

The global financial and economic crisis considerably aggravated unresolved problems in the Russian labour market. Under these circumstances, the Federation of Independent Trade Unions of Russia (FNPR) decided to start monitoring the situation. A monitoring system was organized in different economic sectors and in different regions of the Russian Federation, and beginning in October 2008, it was undertaken weekly. Information was provided by the primary trade union organizations, the central committees of sectoral unions, and regional associations of trade unions. They gathered on a weekly basis statistics on enterprises where problems in the social and labour spheres existed, which were then analysed weekly by the FNPR. Trade unions' monitoring considerably supplemented the monitoring of the Ministry of Health and Social Development of the Russian Federation because not all unemployed were taken into account by the Government and local authorities.

Within the limits of monitoring, particular attention was paid to the following issues: dismissals; wages' reduction and wages' delay; delay of bonuses and other payments provided by collective agreements; employers' refusals of concluding collective agreements or collective agreements' prolongation; the implementation of a reduced working hours regime; work shutdowns; the implementation of compelled holidays at the administration's initiative; credit rates paid by the enterprises; credit refusals; and other problems frequently accompanied by violation of the labour legislation by employers.

The table used during the monitoring:

Date	Federal district	Region	Enterprise	Sector	No. of employees	No. of redundancies	Regime of reduced working hours	Wages' delay	Wages' reduction	Banks refusals in granting a credit	Interest rates	Other problems

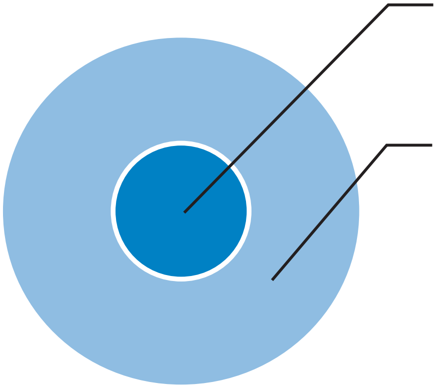
The results were presented for discussion in the Russian Trilateral Commission for the Regulation of Social and Labour Relations and in the Government Commission on sustainable development of the Russian economy. The following outcomes were achieved:

1. The trade unions insisted on the expansion of the Government's role in promoting employment. Measures to contain tensions in the labour market were developed in all regions of the Russian Federation and were implemented in 2009-2011. Financing of the activities came out of the federal budget, which made it possible to reduce the level of registered unemployment by 1.4 times from early 2009 to the third quarter of 2011.
2. Overall in the Russian Federation, more than 5 million people were involved in various programmes since the beginning of 2009 to 1st September, 2011. Carried out as part of these activities were the anticipatory vocational training of workers threatened with layoffs, the organization of temporary and public works, the internships (on-the-job training) of graduates of vocational training institutions, the provision of targeted support to citizens, including their resettlement to another location to fill jobs, as well as measures to promote small entrepreneurship and self-employment of unemployed residents.
3. The system of the trade unions' monitoring was one of the reasons for the establishment of the Working group on modernization of the mono-industrial towns in the framework of the Government Commission for Economic Development and Integration. The Working group includes the representatives of the Government, Administration of the President of the Russian Federation, the State corporations and banks with State participation, institutes of development, and the Federation of Independent Trade Unions of Russia. The Government's support for the modernization of the mono-industrial towns helped to create new workplaces, thereby considerably reducing the rate of unemployment. In 2010-2011, from the list of 335 mono-industrial towns, 50 were selected to be supported by funds from the federal budget (35 towns in 2010 and 15 in 2011).
4. Due to the data collected by the trade unions' monitoring (for instance, data concerning the salary debts in particular enterprises), a lot of enterprises' problems were solved with the help of the Government. The information gathered during the trade unions' monitoring often reflected more specific data concerning particular enterprises than the data provided by the official statistics.
5. The trade unions' monitoring system allowed accurate short-term forecasts. Furthermore, the trade unions' monitoring provided the possibility to quickly reveal problems of particular regions, sectors of the economy and enterprises, and helped to implement necessary measures.

It is necessary to point out that this monitoring was the only one in the country which was not based on information received from the employers. The main task for trade unions today is to monitor the situation in enterprises which are in difficult financial situation.

Source: Svetlana Esaulova, expert in the Department of social and labour relations and social partnership, Federation of Independent

5. Conclusion: the two concentric circles of M&E



Within the first circle, the actors must be persuaded to participate actively in the NEP monitoring system if this is to function effectively. In achieving this buy-in, the process of design and implementation may be as important as the final institutional structure, and data producers need to be convinced that the monitoring system is a solution to common problems and not a mere bureaucratic requirement. Once this is achieved, the system can be formalized and placed within a regulatory framework.

The second circle of activities may be thought of as an open network that connects data producers to other systems in the Government and with the public; it works by creating links and improving information flows rather than through hierarchies or predetermined roles, the more links that are created, the more chances of stimulating evidence-based policy.

Good practices in elaborating and implementing a monitoring system

- Build on existing elements;
- recognize that change will be gradual;
- aim at starting a process of change rather than at designing a ‘perfect’" system;
- focus on building flexible arrangements that can be adapted to change;
- define relationships, incentives and activities clearly;
- identify entry points in decision- making processes, particularly in the budget process;
- adapt the various outputs to the needs of the intended users.

Source: Tara Bedi et al. (2006): Beyond the numbers: understanding the institutions for monitoring poverty reduction strategies. The World Bank.
http://siteresources.worldbank.org/INTPAME/Resources/383220-1153403450741/part2_2.pdf

IV. Financing of the NEP

Much attention in governmental circles is often directed at drafting policies and plans. However, it is the actual allocation of resources for these plans that allows the implementation of activities and their transformation into development outcomes.

A. Plan and budget for the resources needed for effective implementation of the NEP

The NEP technical team, with assistance from regional employment directors, needs to prepare a realistic programming of resources (human, equipment and financial) needed to implement the NEP. A rigorous estimation of input needs and unit costs is required, as well as one of financial needs. It is preferable to follow the country's specific guidelines in that regard and use official budget lines and unit costs. This is made easier if the team works closely with the ministry's budget department/unit and with the budget department in the Ministry of Finance. To prepare for a MTEF, if such a procedure is standard in the country, the team should perform an intra-sectoral allocation of the resource needs based on the budget classification. These estimations should be broken down by output and indicate the institution(s) providing these inputs. Finally, this breakdown of inputs should be included or appended to the employment strategy.

What is a budget?

- A record of the past
- A plan, a statement about the future
- A mechanism for allocating resources
- An instrument for pursuing efficiency
- A means for securing economic growth
- An engine of income distribution
- A precedent
- The result of political bargaining
- The most operational expression of national policies in the public sector

Wildavsky, A. (1975), Budgeting: a comparative theory of budgetary processes, Boston: Little, Brown and Company.

B. Inclusion in the national budget: why and how to

The annual budget is a key policy document, setting out a government's intentions for raising revenues and using resources during the year. Through the budget process, each government is forced to make a number of choices regarding the allocation of available resources to existing or new programmes and institutions. Budgets can therefore provide a very clear statement of intent, often more accurate than the policies or plans on which they are based, about the priorities and commitments that a government wants to adhere to.[4]

[4] ODI Briefing Paper: "Why budgets matter: the new agenda of public expenditure management", May 2004, http://www.odi.org.uk

The national budget is usually aligned with national priorities as set out in the national development framework and sectoral budgetary envelopes are defined within budget constraints to achieve the objectives of the NDF. Since resources are limited, the Ministry of Finance allocates them based on (i) NDF priorities; (ii) the quality of the sectoral request for funds (is it anchored in a well articulated policy with clear objectives and targets? Is it realistic, i.e., does it fall within a reasonable range of the allocated envelope? Etc.); (iii) the past experience in use of funds by the sector under consideration.

Given that resources are limited, budgets determine who are the winners and the losers in the resource allocation process. These choices and trade-offs are sometimes based on technical considerations, but more often are the ultimate outcome of a complicated interaction between different interest groups and constituencies, ranging from Cabinet members to governmental departments, from economic lobbies, to civil society groups.[5]

It is thus crucial for the Ministry in charge of employment to:

- Work on integrating employment objectives in the NDF.
- Advocate for funds based on a solid argument. Medium-term expenditure frameworks and budget-programmes are tools that can be used for this purpose.
- Show efficient use of resources allocated in the past, for example by conducting Public Expenditure Reviews.

1. The Medium Term Expenditure Framework: a tool to advocate for resources during budget arbitrations by the Ministry of Finance

The Medium Term Expenditure Framework (MTEF) is an instrument to allocate resources across sectors of the economy, consistent with the national budget framework and representing a set of country priorities in the medium term. It helps to:

- reconcile policies and budgets;
- effectively manage resource constraints;
- go beyond the vision of the budget as a financing instrument in order to make it a tool for strategic policy-making;
- facilitate fundraising in connection with the targeted needs.

The MTEF includes a core module and sector modules.

(i) **The central MTEF** ensures the link between the National Development Framework and the national budget. It determines the prospects of overall spending in the medium term (3 to 5 years) that allow the Government to maintain macroeconomic balances and the country's external credibility, and allocates the overall potential resources to different sectors and departments.

[5] Ibid.

(ii) **Sector MTEFs**: sectoral departments develop MTEFs, sometimes with programme-based budgets,[6] so as to implement their sectoral policies. They are rolling three-year budgets that:

- present the needs of sectoral programmes, if they are to achieve the objectives and annual targets of the policy;
- show the level of internal resources needed and if a financing gap arises, the level of external funding that will need to be mobilized;
- detail the allocation of the annual budget to the various departments and projects of the ministry by providing planned intra-sectoral allocations of the envelope (recurrent and capital, within departments and agencies).

In many countries, the role of the social partners (trade unions, employers' organizations and civil society) is enhanced within MTEF and budgeting processes.[7]

For more details, see ILO Guidelines on pro-employment budgeting (forthcoming).

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6 In some countries, sectoral departments are requested to elaborate a Programme Budget before submitting their sector MTEF. This budget programming can estimate the financial gap between the sector's indicative ceiling and the actual need to implement the sector policy. In West Africa, the new WAEMU financial rules will make the Program Budget mandatory by 2012 for all member countries.

7 See South Africa's and Kenya's experiences, in Talierco and Le Houerou, 2006, p. 23.

Box 5.12 Linking a National Employment Policy to the national budget - The experience of Burkina Faso

In Burkina Faso, as in all countries implementing a poverty reduction strategy, reforms are under way to link the budgetary and planning processes. Using results-based budget programming tools such as three-year rolling budgets and Public Expenditure Reviews (PER), the Government is attempting to better reflect national priorities in the national budget.

The Ministry of Employment is keeping pace with this national effort as the implementation of the 2008 National Employment Policy (NEP) requires the mobilization of financial resources to match the ambitions set out in the policy. An Inter-Ministerial Technical Group was officially set up by Ministerial Decree in October 2009 to link the NEP and the national budget. It includes officials of the Ministry of Economy and Finance, Ministry of Agriculture, Ministry of Infrastructures, and Ministry of Youth and Employment (MoYE).[1]

As a first step, the Technical Group undertook a PER; based on a careful analysis of past and current expenditures of the MoYE, the PER makes recommendations for better budget allocation and more cost-effective performance with respect to the strategic orientations of the NEP. It shows that, in light of the ambitions of the NEP and the labour market challenges, the budget allocated to the MoYE from the State's own resources is very small and foreign resources are very limited. Despite relatively good performance in terms of budget execution, there are significant constraints relating to the inadequacy of human, material, and technical resources; for example, the MoYE needs additional resources to effectively supervise and coordinate the NEP; there is also a need to strengthen capacities for the monitoring and evaluation of the Employment Funds and project/programmes. Finally, the PER emphasizes the importance of preparing a three-year rolling Budget (or medium-term expenditure framework) so as to operate under a process of budgeting by objective. Until 2010, the MoYE's budget was prepared using the "budgeting by object" approach, based on administrative categories of expenditure. This meant that the expenditure could not be related to the results obtained in achieving the objectives set by the NEP, intra-sectoral allocations were based on the level of allocations of previous years and departments defined their needs on the basis of what they had been allocated, and there was no real monitoring of performance of the central and regional services or by project-programmes and funds.

On this basis, the Inter-Ministerial Group supported the elaboration of a Programming Budget for 2011–2013. It defines results to be achieved in the medium term and what actions must be taken in order to achieve those results, followed by an estimate of the costs of those actions as well as a prioritization of needs in relation to the priorities of the MoYE. The programme-budget also allows monitoring of the expenditure on the basis of target performance indicators.

The PER and the three-year rolling budget were discussed and validated in a national tripartite workshop in March 2010. Social partners were kept informed throughout the process through the organization of specific information, training, and consultation meetings. As a result of this process, the Ministry of Employment was one of the 7 priority Ministries to have its Programming Budget submitted to the National Assembly in December 2010.

Sources: (1) MJE/ILO, Public Expenditure Review of the Ministry of Youth and Employment, March 2010. (2) Eléonore d'Achon (dachon@ilo.org), EMP/POLICY.

[1] The Decree foresees that the Technical group can be extended to any other relevant line Ministry or Development partner.

2. Public Expenditure Reviews: a tool to convince the Ministry of Finance of the efficient use of past budgetary allocations

Public Expenditure Reviews (PERs) are core diagnostic studies analysing the allocation and management of public expenditure; PERs can be used to:

(i) inform strategic planning and budget preparation;

(ii) identify ways in which to improve the efficiency and effectiveness of resource allocations in the medium term;

(iii) review expenditure management systems and institutions (institutional framework, organizational capacity, management practice of the government).

PERs are both backward-looking and forward-looking. They analyse past and future performance in terms of resource allocation and service delivery in order to be able to make a realistic assessment of what the sector should be aiming to achieve in the medium term, in broad terms of (i) Strategic Prioritization, (ii) Fiscal Discipline, and (iii) Operational Efficiency and Effectiveness.

The performance review of public expenditure provides inputs to update sector MTEFs and to strengthen an output-oriented budget that focuses on service delivery improvements.

The main questions of a PER are:

- Is public expenditure related to the sectoral strategy? (allocation compliance to sector priorities) How can we make expenditure more closely conform with the sectoral objectives? What changes in resource allocation will make the greatest difference?
- Does the budget execution correspond to budget allocations? Why not and what can we afford to do?
- Does expenditure deliver value for money?
- Does expenditure deliver the target outputs and achieve the target outcome indicators ? Why not and how can we improve it?

For more details, see Annex 1 and ILO Guidelines on pro-employment budgeting (forthcoming).

3. Which institutional arrangements? The institutional process of pro-employment budgeting

Inter-ministerial Working Groups

Institutional arrangements need to be clarified at an early stage of planning a MTEF or a PER. Often MTEFS and PERs are coordinated by the Ministry of Finance, while their actual implementation is usually led by the concerned sector Ministry, the budget department and the policy planning department of that ministry together. In the case of an *employment* PER, it is advisable for the Ministry in charge of employment to partner with sector ministries to ensure that the employment lens is well focused, in collaboration with the Ministry of Finance and Planning.

This can be done through forming a 'Technical Working Group' that includes Ministries in charge of Employment, key sectoral Ministries, and Ministries of Finance, Economy and Planning, plus relevant required technical assistance. This group organizes technical meetings, workshops, and roundtables in order to discuss intermediate reports, validate final reports, and submit PER studies and/or MTEFs to the Ministry of Finance.

The inter-ministerial Technical Group should be integrated within the institutional framework on PER, MTEFs and NDF reviews, linking planning, budgeting and reporting in the same framework. Many countries that have adopted MTEF and PER tools, have set up institutional frameworks on NDF and PER/MTEF at both macro and sectoral levels. Some countries have focused this institutional framework on Poverty Reduction Strategy (PRS) reviews with links to PERs and PB/MTEFs processes (such as Burkina Faso), others have linked the PER process to the NDF process (such as Tanzania) and others have joined the institutional structures of PRS and MTEF with close linkages (such as Albania, see Box 5.13).

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Box 5.13 Institutional structure for the MTEF and PRS in Albania

The Albanian Ministry of Finance took the decision in 1999 to proceed with a second generation of reforms for improving public expenditure management. Its intention was both to provide a stronger and more predictable framework of planning budget and to strengthen the linkages between governmental policies and budgetary resource allocations. The first MTEF (2001-03) was closely linked to the development of the Government's Poverty Reduction Strategy Paper (GPSRP) completed in 2001. Thus the policies and strategies identified in the PRSP influenced the expenditure priorities identified in the MTEF as well as the choice of sectors for more detailed expenditure analysis in future cycles. The subsequent updates of the MTEF for 2001-2004 and 2002-2005 were also carried out in parallel with the preparation and update of the full GPRS in 2001 and 2002.

Joint institutional structures for coordination and management of the GPRS and the MTEF ensured close linkages and consistency of policy objectives between the GPRS and the budget.

The MTEF institutional structures are a subset of the GPRS institutional structures; they are both composed of: (i) Steering Committee, (ii) Working Group, and (iii) Sector Technical Working Groups.

- **The MTEF Steering Committee** is composed of the members of the Inter Ministerial Economic Policy Committee, while the GPRS Steering Committee was extended to include representatives of the Donor community and representatives of the Civil Society, both chaired by the Prime Minister.
- **The Working Group**, set up by the Steering Committee, is responsible for the coordination of the operational activity of all institutional links in the process of the strategy's preparation and implementation. The composition of ***the MTEF Working Group*** consists of the deputy ministers and the Budget/Economic Programming department director from the Ministries of Finance, Health, Education, Labour and Social Affairs, Local Government and Decentralization, Agriculture, Public Economy and Privatization, Economic Cooperation and Trade, Transport, Public Works and Tourism. In order to utilize the existing local capacities, especially civil society, ***the GPRS Working Group*** was expanded by appointing two non-governmental organizations as consultants, the Institute for Contemporary Studies and the Institute for Fiscal Education.
- **The Sectoral Technical Working Groups** are responsible for the elaboration of the sector issues of both poverty reduction strategy (GPRS) and budget strategy (MTEF) and for the supply of relevant information. The Sectoral Technical Working Groups in the Ministries of Labour and Social Affairs, Health, Agriculture, and Education and Science are composed of 9-10 members; half of the members are representatives of the ministries from the MTEF sector working groups, while the other half are representatives of the Civil Society Advisory Groups.

Source: ILO Guidelines on pro-employment budgeting (forthcoming).

Information, sensitization and training of constituents

Before setting up this inter-ministerial technical working group, constituents and ministries should be informed and trained on PER and/or MTEF tools, in order to understand their importance on employment process as well as on national budgets (NB), and on the main tools linking NDF and NB. Capacity building should be provided with the involvement of the Ministries of Finance and Planning; planning and budget departments can often provide this support on the basis of guidelines and internal documentation, with donor support if needed.

Although a National Employment Policy has not yet been devised, the Government of **Mauritius** consults the social partners in the course of the preparation of the national budget, in which for three consecutive years much emphasis has been laid on employment creation and sustained growth.

General Survey concerning employment instruments in light of the 2008 Declaration on Social Justice for a Fair Globalization, paragraph 76.




C. Mobilization of extra-budgetary resources

Donors increasingly channel aid flows through national budgets via direct budget support. In the future, it is to be expected that the share of aid distributed through stand-alone projects will shrink considerably in a large majority of countries, as donors seek to build capacity for the long term, improve predictability of resources, and harmonize and simplify aid.

However, for the time being, donor funding still partly occurs through specific projects. In this context, the issues of donor coordination and improving the sustainability of technical assistance are important. One tool that has proven to be successful to channel donor funding towards a NEP's priorities is the establishment of an employment fund. And although this solution is inferior to direct budget support, it has the advantage of improving coordination and efficiency of external resources (see below the example of the Youth Employment Fund in Serbia).

Box 5.14 The Youth Employment Fund in Serbia

In 2009, the Ministry of Economy and Regional Development of Serbia established, in partnership with the Italian-funded ILO Project Youth employment partnership in Serbia, a Youth Employment Fund (YEF) to provide a comprehensive package of employment services and programmes to disadvantaged young men and women. Initially, the Fund channeled the resources of the abovementioned ILO Project, those of the Serbian Fund for an Open Society, and those of the Government of Serbia. In 2010, the resources of the Fund were considerably increased by the contribution of the Millennium Development Goals Achievement Fund (MDG-F) joint programme: "Support to national efforts for the promotion of youth Employment and management of migration (YEM)". The Fund's operations are guided by the following principles:

- **Accountability:** the YEF operates as a financial instrument for disbursing funds in an accountable way. It is established within the National Employment Service (NES), which is the main employment-policy implementer, provider of employment services, and managing authority for the implementation of employment programmes.
- **Transparency:** the Fund uses the existing financial management system of the NES. The ILO provided technical assistance to develop a system for monitoring and evaluation of the initiatives sponsored by the same Fund.
- **Decentralization:** The decision-making process is decentralized at the local level. The criteria for the identification of employment services and programmes to be delivered, the selection of young beneficiaries and service providers is determined by the NES local offices in collaboration with local authorities, social partners, and private sector representatives.
- **Efficiency in the approval of applications and disbursement of funds:** the appraisal of individual and corporate applications, as well as the funding decisions, are taken at the local level on the basis of the eligibility criteria established by the Fund and widely advertised. The funds are transferred from the NES central office to its local offices that, in turn, disburse them to service providers on the basis of a competitive bidding process and to young individuals complying with the targeting criteria established.
- **Monitoring and evaluation system:** The ILO provided technical assistance to the NES to build an effective and efficient system for monitoring and evaluation of youth employment programmes. This system serves to monitor and evaluate the initiatives sponsored through the YEF, but also the other employment services and programmes offered by the NES to unemployed individuals.

Other examples of extra-budgetary sources of funding are employment funds fed through specific taxes, as in the Paraguayan example. In regards to the allocation of resources for employment policies in Paraguay, the existence of an Employment Fund that obtains its funding from a tax on the wage bill implies that it deals with resources specifically assigned to implement employment policies. This mode of resource allocation has the advantage of allowing greater stability of the funding of policies because the Employment Fund benefits from a continuous flow of resources as established by law. This is in clear opposition to other types of resource allocation in which, depending on the economic conjuncture, it is necessary to decide whether or not to put into effect active policies and for which amount. One can then recommend this mechanism of constituting employment policies funds based on a tax on the wage bill, while at the same time being extremely careful about the assignment of the funds so that they finance employment policies in an integrated framework.[8]

Box 5.15 **Implementation of Burkina Faso's employment policy through the Employment Funds**

Funding of labour market programmes varies from country to country, but increasingly Employment Funds have been set up as a main way to finance active labour market policies and implement National Employment Policies. This is the case in many Latin American, Eastern European, and African countries, including Burkina Faso.

In Burkina Faso, the instruments of employment promotion consist largely of national financing funds designed to mitigate the shortfalls in the credit market by facilitating access to credits for the disadvantaged categories of business promoters. Since the late 90s, three Employment Funds have been set up aiming at providing a quick response to the transitional problems caused by the Structural Adjustment Program. These include:

(i) *The Youth Initiatives Support Fund (FAIJ).* It grants its financial support primarily to activities aimed at the socio-professional integration of young people trained as entrepreneurs. The amount of financing granted ranges from 200,000 to 2 million FCFA. The financing is granted without any financial or material guarantee, but a moral guarantee from a sponsor or mentor. Interest rates are low and range from 2% for disabled persons to 3.5% for young women and 4% for other promoters. To accompany the FAIJ, the State established a training programme in entrepreneurship for 5,000 young people, put into effect with the support of private training firms. These young people are trained to prepare and present projects, the best of which are submitted for FAIJ financing.

(ii) *The Informal Sector Support Fund (FASI)* seeks to promote access by informal sector operators to credit by offering them direct loans, guarantees, and help in better managing the credits granted. The FASI grants credits up to a maximum of 1.5 million FCFA at interest rates ranging from 4% to 13%.

(iii) *The Employment Promotion Fund (FAPE)* grants direct credits, pre-finances tenders, co-finances projects, and provides guarantees in the following sectors: agricultural production, transformation, commerce, civil engineering, artisanal industries, and services. The Fund grants financing in an amount ranging from a minimum of 1.5 million FCFA to a maximum of 10 million FCFA, for a maximum term of 5 years and at interest rates ranging from 8% to 12%. The FAPE's target group thus consists of small job-creating enterprises.

The Employment Funds are regarded as permanent structures with tacit renewal of the subsidy granted by the State, or even an increase of the contribution in case of crises (e.g., 2009 and 2010). For all three employment funds, one-stop shops were established between 2007 and 2008 in the 12 regional capitals to improve access to financing. These one-stop shops are a source of information and guidance for promoters, technical assistance bodies and monitoring of financed projects and, first and foremost, a tool to simplify and accelerate the administrative procedures of the national employment promotion funds.

Source: Eléonore d'Achon, Employment Policy Department, ILO.

[8] Source: G. Reinecke, ILO Decent Work Team, Santiago, Chile.




Annex 1
Good practices from two pilot countries on public expenditure reviews

A review process of public expenditures on employment was launched in June 2009 in Burkina Faso and Tanzania. They were undertaken from two entry points: (i) activities of the Ministry in charge of Employment and (ii) priority sectors with high employment and the potential for productivity gains. The main lessons that have been drawn from these two pilot countries' experience are the following:

- To discuss, inform, and train constituents to enhance pro-employment national budgeting, the information and sensitization on the PER for ministries and constituents is essential.
- Set up inter-ministerial technical teams to coordinate PER studies. The public expenditure management reforms proposals made in PER process at national level require domestic ownership to ensure their success. Main actors in public administration must be committed to the recommendations and proposals if the reform is to succeed. More generally, a participatory approach in which a wide range of stakeholder groups (ministries, local governments, social partners, private sectors, development partners) are consulted about their perspectives on the country's development should be adopted throughout the process.
- Support the Ministries in charge of Employment to coordinate the employment PER process. Including pro-employment budgeting and PERs and MTEFs on employment as activities in the NEP formulation is essential.
- Align with budget cycles and other donors' work.

In other words, during the NEP formulation stage, it is essential to inform and train constituents and ministries on pro-employment budgeting tools and to include PERs and MTEFs on employment as objectives in the NEP and its action plan.

Inter-ministerial Working Group for PER on employment

In Burkina Faso, an inter-ministerial technical group on employment-focused PERs and MTEFs has been officially set up by Ministerial Decree in October 2009.

It includes members of the Ministry of Economy and Finance, Ministry of Agriculture, Ministry of Infrastructures, Ministry of Youth and Employment (MoYE). It can be extended to other ministries who want to work with the MoYE to streamline employment objectives in their own PER, MTEF and PB. It can also be extended to development partners interested in PERs on employment at sector level (WB, DFID, United Nations system et al.). The PER Committee, located in the General Directorate of Budget, is chaired by the Permanent Secretariat of Financial Policies and Programmes and its Technical Secretariat is based in the GDB. The PER Committee provides support to sector departments and leads the national PER (guidelines on the development of PERs in progress), and monitors the sector PERs (results and recommendations). The Technical Committee on Budget/MTEF and the Commission on the reform of budget planning are responsible for supporting and monitoring departments in budget planning.

Members of the inter-ministerial working group in Burkina Faso (officially nominated by Decree in October 2009).

- Ministry of Youth and Employment (MoYE): Directorate General of Employment Strategies and Programmes, Directorate General of Vocational Training, Directorate General of National Agency for Employment, the National Observatory for Employment and Vocational Training, Directorate of Studies and Planning, Directorate of Administration and Finance (6)
- Ministry of Economy and Finance: Directorate General of Budget (PER Technical Committee, Program Budget Committee), Directorate General for Economy and Planning (Directorate of Sectoral Planning, Directorate of Poverty Reduction Policy Coordination) and the Permanent Secretariat of Financial Policies and Programmes (4)
- Ministry of Agriculture, Water and Fisheries Resources: Department of Studies and Planning, Directorate General for Rural Economy (2)
- Ministry of Infrastructures: Department of Studies and Planning (1)

This inter-ministerial technical group met throughout the process to guide the PER work. It is responsible for commissioning reports, and carrying out and coordinating the work on employment-focused PERs and MTEFs. It submits such reports and documents to sector Ministries, the PER Committee, the Program Budget Committee, as well as the PRS technical commissions and sectoral dialogue structures, in particular the National Council for Employment and Professional Training (NCEPT). The NCEPT plays the role of Steering Committee of the NEP and of the PER/MTEF on employment.

In **Tanzania**, focal points were designated by the Ministries of Finance, Labour and Employment, and Energy to set up the Technical Group on Employment PER. The coordination of the process is led by the Ministry of Finance, with support of the Budget Commissioner and the Deputy Permanent Secretary of the Ministry of Finance who is also the Chairman of the Main PER Working Group.

Unlike Burkina Faso, the PER process in Tanzania takes longer to set up for two reasons: (i) the weakness in coordination work between ministries, in particular the Ministry of Labour and Ministry of Finance, and (ii) the absence of mainstreaming pro-employment budgeting tools into the National Employment Policy and Programme. Since 2007, in Burkina Faso, PERs and MTEFs on employment are objectives to be achieved into the NEP and its action plan, following seminars on how to mainstream employment in PRS and budgeting processes, with close Ministry of Finance collaboration.

Which key sectors for the first PERs on employment?

In both pilot-countries, key constituents agreed to give the PER a sectoral focus to ensure depth of analysis and practical recommendations in order to intensify employment and productivity outcomes. In Burkina, the agricultural sector was chosen, while in Tanzania it was the energy sector. In both cases these are key growth drivers in the national five-year development framework.

In **Burkina Faso**, the Technical Group's selection criteria of key sectors was based on the existence of sectoral PERs and PBs/MTEFs, so as to work with the departments that are

most advanced in the review and budget planning, in order to focus more on the analysis of the employment impact of expenditure, and the development of employment target indicators in sector PBs and MTEFs.

In **Tanzania**, discussions with Ministries of Finance and Labour have highlighted the importance of the energy sector in the future National Strategy of Development of the Government as a key to job potential and as a national growth driver. In addition, the energy sector ranks top as a business constraint but holds enormous potential impact on direct and indirect jobs and productivity gains. The energy sector has also been chosen following the stakeholders' roundtable on the Mtwara Energy, Jobs and Skills study (supported by ILO, June 2009), which has called for a national study of employment potential from the planned national grid expansion. Electrification projects of the Medium Term Strategic Plan of the Ministry of Energy have important impacts on productive sectors (agricultural activities, industries, trade, etc.) and on productive employment.

Timeline for PERs on employment

In **Burkina Faso**, the World Bank launched PERs on social sectors and the agricultural sector in 2009 and in the infrastructures sector in 2010. The Technical Group on PER on employment has decided to carry out the employment-focused PERs in agriculture as of October 2009 and an employment-focused PER in infrastructures (including hydraulic, construction and housing) in 2010, in line with the schedule of the sector PERs of the WB in collaboration with the Ministry of Finance.

The inter-ministerial technical group aligned its work plan for 2009 and 2010 on the budget cycle (sectoral MTEFs preparation from December to April on the basis of PERs, for submission to MoF in May, and appraised by MoF in June). The review will focus on key programmes and will be appended to the PERs on agriculture and on infrastructure carried out by the World Bank.

In **Tanzania**, the PER on employment in the energy sector started in November 2009 and will be submitted to the PER Committee in 2011 in order to feed into the Budget Guidelines (December and January) and the MTEF of the Ministry of Energy during the sector MTEF formulation stage (January to March) before the budget preparation process is finalized (in April and May).

Coverage of PERs on employment

In **Burkina Faso**, the PER of the Ministry of Employment (centred on its own activities and programmes) will focus on three major issues of the expenditure management and performance system: (i) are allocations consistent with the strategic priorities of the NEP?; (ii) is budget execution consistent with initial allocations?; (iii) what are the efficiency and effectiveness of expenditure (results achieved against objectives set in terms of promoting employment and vocational training, especially for youth)?

The sectoral PERs on employment will focus on the employment impact of public expenditure in concerned sectors by analysing the allocation and execution of expenditure in relation to employment goals. Since the analysis of public expenditure management system in these sectors already has been or will be conducted (recent PERs of the World Bank and Ministry of Finance), the study focuses primarily on the relationship between resource allocation, budget implementation and impact on employment in relation to national employment objectives (number of jobs, quality of jobs, labour productivity, employment equity, taking account of target groups such as youth, women, migrants, disabled workers, etc.), analysing the direct and indirect impact of expenditure on employment (in particular capital expenditure and support funds in promoting employment).

The PER of the Ministry in charge of employment will serve two purposes: the preparation of the MTEF and PB of the Ministry, and a basis for the Ministries of Agriculture and of Infrastructures to include employment indicators in their own sectoral PB and MTEF.

All the PERs could serve as advocacy documents for a better integration of employment and decent work goals in the new Accelerated Growth Strategy and Sustainable Development of the Government.

In **Tanzania**, the employment focused PER in the Energy sector analyses the impact of public investment in energy sector, in particular the national grid expansion, in terms of productivity gains and employment impacts (direct and indirect). It will examine the impact of past investments and planned future investments in terms of productive job growth, to evaluate how resource allocations could maximize productive employment. The study will also examine skills gaps and more generally the labour supply constraints (employability, mobility) and labour demand constraints (business environment, SME development).

The results of the PER study will inform the national budgeting process through the Budget Guidelines and may serve as an advocacy document for a better integration of employment and decent work goals in the new Growth Strategy of the Government (2010–2015).




Glossary

Collective bargaining
Free and voluntary negotiations between the two independent parties concerned. Collective bargaining takes place between an employer, a group of employers or one or more employers' organizations on the one hand, and one or more workers' organizations on the other, in order to determine working conditions and terms of employment, or for regulating relations between employers and workers. It may take place at many different levels, with one level sometimes complementing the other; for example a unit within an enterprise, or at the enterprise, sectoral, or regional and national level.

Contributing family workers
Workers who hold self-employment jobs in an establishment operated by a related person, with a too-limited degree of involvement in its operation to be considered a partner.

Employability
The term relates to portable competencies and qualifications that enhance an individual's capacity to make use of the education and training opportunities available in order to secure and retain decent work.

Employment policy
A vision attached to a concerted and coherent framework that links all the employment interventions necessary to achieve the employment target.

Employment programmes
Tools for the implementation of the employment policy, usually built around the policy's objectives.

Employment projects
Donor-funded interventions that should be aligned with the employment policy's outcomes.

Employment strategy
A course of action to implement the employment policy, including outcomes and outputs, SMART indicators, a workplan with clear distribution of responsibilities, and a detailed budget.

Employment target
An explicit political commitment at the highest level to achieve an employment outcome within a specified time period as a principal macroeconomic objective. Often, but not always, the time period for attaining an employment target falls within a particular political cycle, for example an election cycle.

Employment-to-population ratio
The employment-to-population ratio is the proportion of a country's working-age population that is employed. Although a high overall ratio is typically considered as positive, the indicator is not sufficient for assessing the level of decent work or for ascertaining a decent work deficit. Additional indicators are required to assess such issues as earnings, hours of work, informal sector employment, underemployment, and working conditions. Furthermore, a high ratio can also be driven by supply factors (e.g., greater economic hardship can force people to accept inadequate employment opportunities).

Fiscal policy The use of government expenditure and revenue collection (taxation) to influence the economy. The two main instruments of fiscal policy are government expenditure and taxation, and the associated borrowing. Changes in the level and composition of taxation and government spending can impact on the following variables in the economy: aggregate demand and the level of economic activity, the pattern of resource allocation, the distribution of income.

G-20 The Group of Twenty (G-20) Finance Ministers and Central Bank Governors was established in 1999 to bring together systemically-important industrialized and developing economies to discuss key issues in the global economy. The G-20 is the premier forum for international economic development that promotes open and constructive discussion between industrial and emerging-market countries on key issues related to global economic stability. By contributing to the strengthening of the international financial architecture and providing opportunities for dialogue on national policies, international cooperation, and international financial institutions, the G-20 helps to support growth and development across the globe.
http://www.g20.org/en

GDP: Gross Domestic Product Refers to the market value of all final goods and services produced within a country in a given period.

Green jobs Employment that contributes substantially to preserving or restoring environmental quality. Jobs are green when they help reduce negative environmental impact, ultimately leading to environmentally, economically, and socially sustainable enterprises and economies. More precisely, green jobs are decent jobs that reduce consumption of energy and raw materials, limit greenhouse gas emissions, minimize waste and pollution, and protect and restore ecosystems.

Indicator An indicator is an instrument which gives information in order to measure achievement, to reflect changes connected to an intervention, and to track the status and progress of a complex system. Indicators, as suggested by their name, indicate: they represent a topic or theme, but do not attempt to cover it comprehensively. The choice of indicators is therefore crucial.

Inflation and deflation An overall increase in prices across the entire economy is called inflation. When prices decrease, that is called deflation, and economists measure these changes in prices with price indexes. Inflation can occur when an economy becomes overheated and grows too quickly. Similarly, a declining economy can lead to deflation. Central bankers, who control a country's money supply, try to avoid changes in price levels by using monetary policy; for example, raising interest rates or reducing the supply of money in an economy will reduce inflation. Central bankers try to stabilize prices to protect economies from the negative consequences of price changes.

Labour administration Public administration activities in the field of national labour policy.

Labour administration system All public administration bodies responsible for and/or engaged in labour administration - whether they are ministerial departments or public agencies, including parastatal and regional or local agencies, or any other form of decentralized administration - and any institutional framework for the coordination of the activities of such bodies, and for consultation with and participation by employers and workers and their organizations.

Macroeconomics Is the branch of economics that studies the overall aspects and workings of an economy (this includes a national, regional, or global economy). Macroeconomists study aggregated indicators such as output, national income, unemployment rates, inflation, or price levels to understand how the whole economy functions. Macroeconomists develop models that explain the relationship between such factors as national income, output, consumption, savings, investment, international trade, and international finance. While macroeconomics is a broad field of study, there are two areas of research that are emblematic of the discipline: the attempt to understand the causes and consequences of short-run fluctuations in national income (the business cycle), and the attempt to understand the determinants of long-run economic growth (increases in national income). Macroeconomic models and their forecasts are used by both governments and large corporations to assist in the development and evaluation of economic policy and business strategy.

Macroeconomic policies Government policy aimed at the aggregate economy, usually to promote the macroeconomic goals of full employment, price stability, and economic growth. The main instruments of macroeconomic policy are changes in the rate of interest and the supply of money -known as monetary policy- and changes in taxation and public spending -known as fiscal policy.

Medium-term expenditure framework The MTEF is an annual, rolling three-year-expenditure planning. It sets out the medium-term expenditure priorities and hard budget constraints against which sector plans can be developed and refined. The MTEF also contains outcome criteria for the purpose of performance monitoring. It is an instrument used to allocate resources across sectors of the economy, consistent with the national macroeconomic framework and representing a set of country priorities in the medium term. MTEF together with the annual Budget Framework Paper provides the basis for annual budget planning.
http://www.grips.ac.jp/en/module/prsp/MTEF1.html

Monetary policy Is the process by which the monetary authority of a country controls the supply of money, often targeting a rate of interest for the purpose of promoting economic growth and stability. The official goals usually include relatively stable prices and low unemployment. Monetary policy rests on the relationship between the rates of interest in an economy, that is, the price at which money can be borrowed, and the total supply of money. Monetary policy uses a variety of tools to control one or both of these, in order to influence outcomes like economic growth, inflation, exchange rates with other currencies, and unemployment. It is referred to as either being expansionary or contractionary, where an expansionary policy increases the total supply of money in the economy more rapidly than usual, and contractionary policy expands the money supply more slowly than usual or even shrinks it. Expansionary policy is traditionally used to combat unemployment in a recession by lowering interest rates in the hope that easy credit will entice businesses into expanding. Contractionary policy is intended to slow inflation in hopes of avoiding the resulting distortions and deterioration of asset values.

National Development Framework (NDF) A policy and strategy plan defined within a time period that describes country-level development priorities.

Objective A brief, clear, and specific statement that describes what a policy will achieve.

Outcome A final product or end result of the policy implementation. An outcome is always linked to an objective.

Output Outputs are direct products of actions taken in pursuance of policy outcomes, they come first and are more tangible than outcomes.

Own-account workers Workers who hold self-employment jobs and do not engage 'employees' on a continuous basis.

Policy coherence The ILO's Policy Coherence Initiative (PCI) for growth, employment and Decent Work aims to assist countries in formulating and adopting policy portfolios that support coherence between the objectives of economic growth and the generation of decent work for all. More coherent policy advice by international organizations is an essential element in developing more effective strategies. Elements of this approach are (a) better balance between objectives such as sustainable growth, equity, employment and Decent Work; (b) more comprehensive policy mix and better sequencing to obtain these objectives; and (c) the creation of more policy space to implement national policy priorities. The ILO's work involves analysis and policy development in support of more coherent policies and the promotion of policy dialogue within the multilateral system, including the International Financial Institutions.

Poverty Reduction Strategy Often known as PRSP (Poverty Reduction Strategy Paper), it contains an assessment of poverty and describes the macroeconomic, structural, and social policies and programmes that a country will pursue over several years to promote growth and reduce poverty, as well

as external financing needs and the associated sources of financing. A PRSP is prepared by governments in low-income countries through a participatory process involving domestic stakeholders and external development partners, including the IMF and the World Bank.
http://www.imf.org/external/np/exr/facts/prsp.htm

Pro-employment budgeting Preparation of the national budget that prioritizes the promotion of employment by setting employment objectives and targets despite the potential conflicting objectives of job creation and fiscal consolidation.

Pro-employment financial and macroeconomic policies Policies and institutions that are designed to maintain aggregate demand, mobilize and channel savings, allocate credit in accordance with identified social and economic objectives, and promote financial and macroeconomic stability with the goal of promoting growth that will generate employment, income, and wealth for the majority, including the poor.

Productive employment Is defined as employment yielding sufficient returns to labour to permit the worker and her/his dependents an adequate level of consumption/income that satisfies their basic needs.

Public expenditure review Core diagnostic study analyzing the allocation and management of public expenditure.

Public Policy A set of interrelated decisions, taken by public authorities, concerning the selection of goals and the means of achieving them.

Public Policy Dialogue Interaction between governments and non-governmental organizations at the various stages of the policy development process that encourage the exchange of knowledge and experience in order to have the best possible public policies.

Public Policy Development The complex and comprehensive process by which policy issues are identified, the public policy agenda is shaped, issues are researched, analysed, and assessed, policies are drafted and approved and, once implemented, their impact is assessed.

Social dialogue This includes all types of negotiation, consultation or simply exchange of information between, or among, representatives of governments, employers, and workers, on issues of common interest relating to economic and social policy. The definition and concept of social dialogue varies from country to country and from region to region and it is still evolving.
http://www.ilo.org/public/english/dialogue/ifpdial/areas/social.htm

Social protection system Social protection refers to a set of benefits available (or not available) from the State, market, civil society, and households -or through a combination of these agencies- to the individual/households to reduce multi-dimensional deprivation. This multi-dimensional deprivation could be affecting less active poor persons (e.g., the elderly, people with disabilities) or active poor persons. It covers all guarantees against reduction or loss of income in case of illness, old age, unemployment, or other hardship, and includes family and ethnic solidarity, collective or individual savings, private insurance, social insurance, mutual benefit societies, social security, etc.

Strategic planning Is the process of defining one's strategy or direction, and making optimal decisions on how best to allocate one's resources in order to pursue this strategy, including capital and people. Strategic planning and decision-making processes should end with objectives and a roadmap of ways to achieve them.

Target A target is a quantitative and measurable level that is expected to be achieved by a given date. The achievement of targets can be monitored through the use of indicators.

Vulnerable employment The sum of own-account workers and contributing family workers.

Working-age population Is defined as persons aged 15 years and older, although this may vary slightly from country to country. The ILO standard for the lower age limit is 15 years.

Working poor are defined as employed persons whose income is insufficient to bring themselves and their dependents out of poverty. This is because the returns to their labour are too low (which is usually associated with low levels of productivity) and/or because they do not have enough work and would like to work more.

Employment Policy Department
International Labour Office
Geneva, Switzerland

Email: EMP_POLICY@ilo.org
Website: http://www.ilo.org/emppolicy/lang--en/index.htm

ISBN: 978-92-2-126423-1

Photos cover page:
ITCILO/R. Borgo, ILO/M. Crozet, ILO/T. Falise, ITCILO/G. Palazzo