Institutionalization of Employment Impact Assessments

Lessons from Six Case Studies

STRENGTHEN2: Employment impact assessment to maximise job creation in Africa

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Co-funded by the European Union

First published 2024

ISBN: 9789220410301 (web PDF)

List of acronyms

AC	Assessment Committee
ACE	Australian Center for Evaluation
APM	Active Participation Model
APS	Australian Public Service
BARMM	Bangsamoro Autonomous Region of Muslim Mindanao
BLES	Bureau for Labour and Employment Statistics
BSP	Bangkok Sentral ng Pilipinas
CADEL	Local Employment Development Support Committee
CEIA	Centre for Employment Impact Assessment
CEPLAN	National Strategic Planning Center
CGEM	Computable general equilibrium model
CHED	Commission on Higher Education
CISE	Inter-ministerial Employment Monitoring Committee
CNE	National Employment Council
DBM	Department of Budget and Management
DEWR	Department of Employment and Working Relations
DOF	Department of Finance
DOLE	Department of Labour and Employment
DTI	Department of Trade and Industry
DTI	Department of Trade and Investment
ECEC	Early childhood education and care
EDEPs	Evaluations for the design and execution of the budgetary programmes
EmplAs	Employment impact assessments
EPCC	Employment Policy Coordination Committee
ERPEs	Employment related public expenditures
ESEAP	Employment Services Expert Advisory Panel
FTE	Full-time equivalent
GDP	Gross Domestic Product
GVCs	Global value chains
HIMO	High-Labour Intensive Unit
ILO	International Labour Organization
ILS	Institute for Labour Studies
JSA	Jobs and Skills Australia
JSCI	Job Seeker Classification Instrument
JSP	Job Start Philippines
KLI	Korea Labour Institute
KPI	Key Performance Indicator
LEP	Labour Employment Plan
M&E	Monitoring and evaluation
MINECOFIN	Ministry of Finance and Economic Planning
MINEFOP	Ministry of Employment and Vocational Training
MINEPAT	Ministry of Economy, Planning, and Regional Development
MOEL	Ministry of Employment and Labour
MoF	Ministry of finance
MPSL	Ministry of Public Services and Labour
NDS30	National Development Strategy 2030

NEDA	National Economic and Development Authority
NEP	National Employment Policy
NERS	National Employment Recovery Strategy
NES 2020	National Employment Strategy 2020
NESM	New Employment Service Model
NISR	National Institute of Statistics of Rwanda
NSCB	National Statistical Coordination Bureau
NSDEPS	National Skills Development and Employment Promotion Strategy
NSO	National Statistics Office
NST	National Strategy for Transformation
ONEFOP	National Observatory for Employment and Vocational Training
OSY	Out-of-school youth
PDP	Philippines Development Plan
PEBs	Pro-employment budgets
PEPM	Philippines Employment Projections Model
PESOs	Public employment services offices
PRC	Professional Regulation Commission
PSA	Philippines Statistics Authority
RBBs	Results-based budgets
RCTs	Randomized controlled trials
RLAs	Regional and Local Authorities
RTDA	Rwanda Transport Development Authority
SDB	Sub-Department of Budget
SPES	Special Program for the Employment of Student
TVET	Technical and Vocational Education and Training
WO	Work opportunities

Acknowledgements

This paper was prepared under the overall guidance of Mito Tsukamoto, Chief Employment in Investments branch and Ralf Krueger, Chief Technical Adviser STRENGTHEN2 project (both ILO).

To a large extent, this paper is based on interviews with those involved with the design and implementation of the various forms of jobs impact assessment in the countries included in the review. The authors would like to thank, in particular, Carmel O'Regan from the Department of Employment in Australia; Joo Moohyeon Joo from the Department of Employment Relations and Konkuk University in Korea; Juan Pablo Silva Macher from the Catholic University in Perú; Nikki Tutay from the Office of Assistant Secretary in the Philippines; and Mwambari Faustin and Apollinaire Bizimana from the Ministry of Public Service and Labour in Rwanda.

The authors also welcome the comments and support received from various colleagues at the International Labour Organization including Cyrano Afidi Ombolo Lebogso, Juan Chacaltana, Éléonore D'Achon, Sara Elder, Stephanie Jaurigue, Huynh Phu, Diego Rei, Tomas Stenstrom, Felix Weidenkaff, and Wang Yandong.

Executive summary

This paper reviews the experiences of six countries – Australia, Cameroon, Korea, Peru, the Philippines, and Rwanda – in the design and implementation of employment impact assessments (EmpIAs) at different phases of the budget and planning cycle. EmpIAs are broadly understood as quantitative and qualitative analyses that countries undertake to evaluate, *ex-ante* or *ex-post*, the impact of public policies on labour market outcomes with the objective of influencing policies and budgets. EmpIAs are an integral part of a broader set of initiatives to improve the impact of public expenditures on employment outcomes, including the move towards pro-employment budgets (PEBs) and the implementation of employment related public expenditures (ERPEs) reviews.

The main objective of the review is to understand the institutional arrangements and political factors that drive EmpIAs and determine their scope; methodological frameworks and analytical instruments; roles and responsibilities in their planning and execution; and how they affect the policymaking and budget processes. Thus, the EmpIAs in the countries selected span a wide range of uses/functions from traditional evaluations of specific programmes (Australia) to the preparation of employment policies or fiscal frameworks (Cameroon and Rwanda), or the implementation of results-based budgets (Peru and Philippines) or pro-employment budgets (Korea). In all cases, however, they are implemented to influence the design of policies and programmes and the allocation of the public budget and constitute an accountability mechanism and a monitoring tool.

The country cases point to common challenges and institutional factors that affect the implementation of EmpIAs and their influence on public policy, and that would need to be taken into account by countries trying to introduce and institutionalize them.

- *Political leadership and a gradual/modular implementation*. In all countries, the institutionalization of EmpIAs requires a political champion and an institution that takes the lead. The two ministries that usually play this role are the ministries of finance and the ministries of labour, but there are cases where the office of the Prime Minister of that of the President are involved. In all cases, a core technical team is needed within the lead institutions to ensure the continuity of reforms efforts across government administrations. Thus, the country cases show that the introduction of EmpIAs, regardless of scope, does not happen overnight; it requires considerable time to build the necessary institutional arrangements and capabilities.
- *Legal framework and fiscal incentives.* Inertia and resistance to change can affect the implementation of EmpIAs. Having a dedicated legal framework institutionalizing EmpIAs and/or RBB seems to be a pre-condition for their effective deployment and development.
- *Human resources*. One of the bottlenecks to the introduction and diffusion of EmpIAs is not having enough in-house human resources with the necessary expertise. Initially, agencies can make up for the lack of internal capabilities by relying on individual consultants or consulting companies. But eventually, all ministries and implementing agencies involved in the employment agenda would need to have the technical capacity to manage, design, and implement EmpIAs. This implies investing in the training of existing staff and recruiting staff with expertise in project design and appraisal, cost-benefit analysis, economic modelling for ex-ante assessments, and experimental and non-experimental impact evaluations.
- *Labour market information systems (LMIS) and M&E systems*. The other bottleneck hindering EmpIAs are existing limitations in the M&E systems and the surveys conducted by national statistical offices. Thus, the introduction of EmpIAs requires setting up a process to gradually upgrade M&E systems. The introduction of EmpIAs might require reviewing the questionnaires of household and enterprise surveys to estimate additional KPIs (e.g., the share of informal work by age, gender, and level of education); sampling strategies to move from cross-section to rotating panels; and the frequency of the surveys from yearly to quarterly. The other important source of data are the registries and administrative systems of the social security, the tax authorities, and those of nation-wide social assistance programmes.

- *Independent oversight institutions*. It is necessary to have in place technical institutions to set standards for EmpIAs and evaluations in general; monitor the quality of implementation arrangements and results; and provide technical assistance. These institutions can conduct themselves the assessment of selected flagship programmes or changes in legislation, but their main role is oversight and technical assistance. In the absence of these specialized oversight institutions, it would be important to at least consider the review of instruments, methods, and results by third parties. These third parties can be other technical institutions known for having the necessary expertise; universities and think-tanks; or international organizations.
- *Enforcing commitments to implement the recommendations of EmpIAs*. Ultimately, the success of EmpIAs depends on whether they are able to influence budget allocations, improvements in programme design, or the adoption of new initiatives that respond to specific goals regarding employment outcomes. This could be the main challenge for all countries trying to institutionalize EmpIAs and adopt pro-employment budgets. Probably the best alternative is mandating the ministries of finance or equivalent to enforce the implementation of the recommendations from EmpIAs, either by not funding programmes that did not achieve or are unlikely to achieve the desired outcomes, or by funding conditionally on a given set of reforms. But even in these cases budgets remain subject to political pressures that might induce deviations from the desired allocation of expenditures. Ways to minimize this risk are ensuring the continuity of EmpIAs and the results of the evaluations are public and widely disseminated; and having a third party, like an employment commission, monitor and report on the results of the EmpIAs.
- *National employment policies (NEPs).* These are important to guide the design of new programmes or the reform of existing programmes and maximize the impact of EmpIAs. Indeed, NEPs help by setting clear targets in terms of employment outcomes that serve to guide the design of policies and programmes across line ministries. EmpIAs can also be guided by the country's national development plans and employment policies.

Résumé Exécutif

Ce document passe en revue les expériences de six pays - l'Australie, le Cameroun, la Corée, le Pérou, les Philippines et le Rwanda - en matière de conception et de mise en œuvre d'études d'impact sur l'emploi (EvIEmp) à différentes phases du cycle de planification et de budgétisation. Les EvIEmp sont des analyses quantitatives et qualitatives que les pays entreprennent pour évaluer, ex ante ou ex post, l'impact des politiques publiques sur les résultats du marché du travail, dans le but d'influencer les politiques et les budgets. Les EvIEmp font partie intégrante d'un ensemble plus large d'initiatives visant à améliorer l'impact des dépenses publiques sur les résultats en matière d'emploi, y compris une orientation vers des budgets favorables à l'emploi et la mise en œuvre d'examens des dépenses publiques liées à l'emploi.

L'objectif principal de l'étude est de comprendre les dispositions institutionnelles et les facteurs politiques qui motivent les études d'impact sur l'emploi et déterminent leur portée, les cadres méthodologiques et les instruments analytiques, les rôles et les responsabilités dans leur planification et leur exécution, ainsi que la manière dont elles affectent les processus d'élaboration des politiques et des budgets. Ainsi, les études d'impact sur l'emploi dans les pays sélectionnés couvrent un large éventail d'utilisations/fonctions, allant des évaluations traditionnelles de programmes spécifiques (Australie) à la préparation de politiques de l'emploi ou de cadres fiscaux (Cameroun et Rwanda), en passant par la mise en œuvre de budgets axés sur les résultats (Pérou et Philippines) ou de budgets en faveur de l'emploi (Corée). Dans tous les cas, cependant, elles sont mises en œuvre pour influencer la conception des politiques, des programmes et de l'allocation du budget public et constituent un mécanisme de responsabilisation et un outil de suivi.

Les cas nationaux mettent en évidence des défis communs et des facteurs institutionnels qui affectent la mise en œuvre des études d'impact sur l'environnement et leur influence sur les politiques publiques, et qui devraient être pris en compte par les pays qui tentent de les introduire et de les institutionnaliser.

- *Leadership politique et mise en œuvre progressive/modulaire.* Dans tous les pays, l'institutionnalisation des EvIEmp nécessite un champion politique et une institution qui prenne l'initiative. Les deux ministères qui jouent généralement ce rôle sont le ministère des finances et le ministère du travail, mais il arrive que le bureau du Premier Ministre ou celui du Président soient impliqués. Dans tous les cas, une équipe technique de base est nécessaire au sein des institutions principales pour assurer la continuité des efforts de réforme à travers les administrations gouvernementales. Ainsi, les cas nationaux montrent que l'introduction des EvIEmp, quelle que soit leur portée, ne se fait pas du jour au lendemain ; il faut beaucoup de temps pour mettre en place les dispositions et les capacités institutionnelles nécessaires.
- *Cadre juridique et incitations fiscales.* L'inertie et la résistance au changement peuvent affecter la mise en œuvre des EvIEmp. L'existence d'un cadre juridique spécifique institutionnalisant les EvIEmp et/ou les budgets axés sur les résultats semble être une condition préalable à leur déploiement et à leur développement efficaces.
- *Ressources humaines.* L'un des obstacles à l'introduction et à la diffusion des EvIEmp est le manque de ressources humaines internes possédant l'expertise nécessaire. Dans un premier temps, les agences peuvent compenser le manque de capacité interne en faisant appel à des consultants individuels ou à des sociétés de conseil. Mais à terme, tous les ministères et agences de mise en œuvre impliqués dans l'agenda pour l'emploi devront avoir la capacité technique de gérer, concevoir et mettre en œuvre les EvIEmp. Cela implique d'investir dans la formation du personnel existant et de recruter du personnel spécialisé dans la conception et l'évaluation de projets, l'analyse coûts-avantages, la modélisation économique pour les évaluations ex ante et les évaluations d'impact expérimentales et non expérimentales.
- *Systèmes d'information sur le marché du travail et systèmes de suivi et d'évaluation.* L'autre goulet d'étranglement qui entrave les EvIEmp consiste en l’existence de limitations dans les systèmes de suivi et

d'évaluation et dans les enquêtes menées par les instituts nationaux de statistique. L'introduction des EvIEmp nécessite donc la mise en place d'un processus de modernisation progressive des systèmes de suivi et d'évaluation. L'introduction des évaluations d’impact sur l’emploi pourrait nécessiter de revoir les questionnaires d’enquêtes sur les ménages et les entreprises afin d'estimer des indicateurs clés de performance supplémentaires (par exemple, la part du travail informel en fonction de l'âge, du sexe et du niveau d'éducation) ; les stratégies d'échantillonnage pour passer d'une coupe transversale à des panels rotatifs ; et la fréquence des enquêtes pour augmenter la fréquence d'une fois par an à une fois par trimestre. L'autre source importante de données provient des registres et des systèmes administratifs de la sécurité sociale, des autorités fiscales et des programmes nationaux d'aide sociale.

- *Institutions de contrôle indépendantes.* Il est nécessaire de mettre en place des institutions techniques chargées de fixer des normes pour les évaluations d’impact sur l’emploi et les évaluations en général, de contrôler la qualité des modalités de mise en œuvre et des résultats, et de fournir une assistance technique. Ces institutions peuvent procéder elles-mêmes à l'évaluation de certains programmes phares ou de modifications de la législation, mais leur rôle principal est la supervision et l'assistance technique. En l'absence de ces institutions de contrôle spécialisées, il serait important d'envisager au moins l'examen des instruments, des méthodes et des résultats par des tiers. Ces tiers peuvent être d'autres institutions techniques connues pour leur expertise, des universités et des groupes de réflexion, ou des organisations internationales.
- *Faire respecter les engagements pris pour mettre en œuvre les recommandations des EvIEmp.* En fin de compte, le succès des EvIEmp dépend de leur capacité à influencer les allocations budgétaires, la conception des programmes ou l'adoption de nouvelles initiatives répondant à des objectifs spécifiques en matière d'emploi. Il pourrait s'agir du principal défi pour tous les pays qui tentent d'institutionnaliser les EvIEmp et d'adopter des budgets favorables à l'emploi. La meilleure solution consiste probablement à inciter les ministères des finances ou équivalents à imposer la mise en œuvre des recommandations des études d'impact sur l'emploi, soit en ne finançant pas les programmes qui n'ont pas atteint ou ne sont pas susceptibles d'atteindre les résultats souhaités, soit en subordonnant le financement à un ensemble donné de réformes. Mais même dans ces cas, les budgets restent soumis à des pressions politiques qui peuvent induire des écarts par rapport à la répartition souhaitée des dépenses. Pour minimiser ce risque, il faut s'assurer de la continuité des EvIEmp et que les résultats des évaluations soient publics et largement diffusés, et qu'une tierce partie, telle qu'une commission pour l'emploi, surveille et rende compte des résultats des EvIEmp.
- *Les politiques nationales de l'emploi (PNE).* Elles sont importantes pour guider la conception de nouveaux programmes ou la réforme de programmes existants afin de maximiser l'impact des EvIEmp. En effet, les PNE contribuent à fixer des objectifs clairs en termes de résultats en matière d'emploi, qui servent à orienter la conception des politiques et des programmes dans les différents ministères. Les plans de développement nationaux et les politiques de l'emploi du pays peuvent également servir de guide aux EvIEmp.

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Introduction

Over the last two decades there has been a growing interest among governments and international organizations in how to better design and use public policies and budgets to achieve improvements in labour market outcomes and reduce job deficits. The center of attention is no longer the set of policies and programmes traditionally managed by ministries of labour and social protection – labour regulations, active labour market programmes, social insurance programmes – but the entire public budget. Indeed, there is a recognition that public interventions managed by other ministries and implementing agencies can affect, directly or indirectly, the creation of jobs, their quality, and the constraints facing different population groups to access them. These interventions range from fiscal policies and business regulations to investments in infrastructure and human capital, trade and industrial policies, or programmes to promote entrepreneurship, support MSMEs and develop value chains. In tandem, they affect the incentives and behaviours of economic agents and thus savings and investment levels, the creation and growth of enterprises, labour productivity and earnings, and labour supply across regions and sectors. Hence, both the level and allocation of the public budget matter for the employment agenda. The level because it affects aggregate demand and the allocation because different programmes have different direct and indirect impacts on labour market outcomes.

Employment impact assessments (EmpIAs) are one of the instruments that countries are using to inform the design/reforms of different public policies and programmes and budget allocations. These are broadly understood as quantitative and qualitative analyses that countries undertake to evaluate, *ex-ante* or *ex-post*, the impact of public policies on labour market outcomes with the objective of influencing policies and budgets. EmpIAs are an integral part of a broader set of initiatives to improve the impact of public expenditures on employment outcomes, including the move towards pro-employment budgets (PEBs) and the implementation of employment related public expenditures (ERPEs) reviews.

This paper reviews international experiences in the design and implementation of EmpIAs at different phases of the budget cycle. The main objective is to understand the institutional arrangements and political factors that drive EmpIAs and determine their scope; methodological frameworks and analytical instruments; roles and responsibilities in their planning and execution; and how they affect the policymaking and budget processes. Thus, the EmpIAs in the countries selected span a wide range of uses/functions from traditional evaluations of specific programmes (Australia) to the preparation of employment policies or fiscal frameworks (Cameroon and Rwanda), or the implementation of results-based budgets (Peru and Philippines) or pro-employment budgets (Korea). In all cases, however, they are implemented to influence the design of policies and programmes and the allocation of the public budget and constitute an accountability mechanism and a monitoring tool.

The paper is organized in three sections. The first section outlines a policy framework to guide the review and inform the selection of country cases. The second section presents the main results from the review. The last section summarizes the main messages and outlines a set of general recommendations to support the gradual adoption and eventual institutionalization of employment impact assessments.

1. Typology of EmpIAs and scope of this review

As discussed, employment impact assessments (EmpIAs) are an integral part of a set of instruments to improve the impact of government policies and programmes on employment outcomes. These include, for instance, the adoption of **pro-employment budgets (PEBs)** to align public expenditures with national and regional objectives regarding employment outcomes. The move towards PEB is part of a more general trend to adopt results-based budgets (RBBs) to enhance governments accountability and better achieve development objectives. The unit of analysis of RBBs are government programmes and their outputs and outcomes, and the relevant classification of expenditures is *functional* instead of inputs based. A PEB is a type of RBB that includes employment related key-performance indicators (outputs and outcomes) for the various programmes included in the budget.[1] The implementation of a PEB requires conducting EmpIAs across ministries and implementation agencies.

Related to PEBs are reviews of **employment related public expenditures (ERPEs).** These look at the level and allocation of expenditures more likely to affect employment outcomes, their consistency with employment strategies and national development plans, the effectiveness and incidence of the programmes receiving funding, and issues related to allocative efficiency. For the latter, the analysis includes estimates of the level and allocation of expenditures that would be required to achieve targets regarding employment and participation rates, and labour productivity growth. These can then be compared with existing expenditures and inform gradual adjustments over time.[2] EmpIAs play a role in the analysis of effectiveness, incidence, and allocative efficiency.

EmpIAs are therefore necessary to inform ERPEs and PEBs and improve the impact of public policies and budgets on jobs. EmpIAs, in this setting, should be implemented in conjunction with the budget process and the preparation and implementation of national employment policies (NEP), public policies, or development plans. The role of EmpIA in this case is to influence public policies (including interventions such as tax-incentives or credit guarantees) and the allocation of public expenditures to respond to the objectives of NEPs or employment related objectives in development plans.

With a focus on this setting, in general, *EmpIAs across countries operate at two fundamental levels: when informing the preparation of national employment policies or development plans; and as part of the budget cycle* (see Figure 1). As discussed in the next section, few countries can "close the full cycle", but there are relevant initiatives at these various levels.

However, it is also recognized that there are many instances of more ad-hoc impact assessments that are not integrated in parts of the policymaking and budget process described below. These may focus on specific projects or investments and aim to influence how these are structured or designed to try and optimize employment outcomes. Indeed, in many countries EmpIAs of government programmes and investments ranging from employment services, entrepreneurship and MSME development, micro-credit, infrastructure investments, value chain development, to special economic zones are conducted. These are often driven by universities, think tanks, international organizations, or the interest of a particular ministry. As such, they are not really institutionalized, not an integral part of the preparation of employment strategies and/or pro-employment budgets, and not the focus of this report.

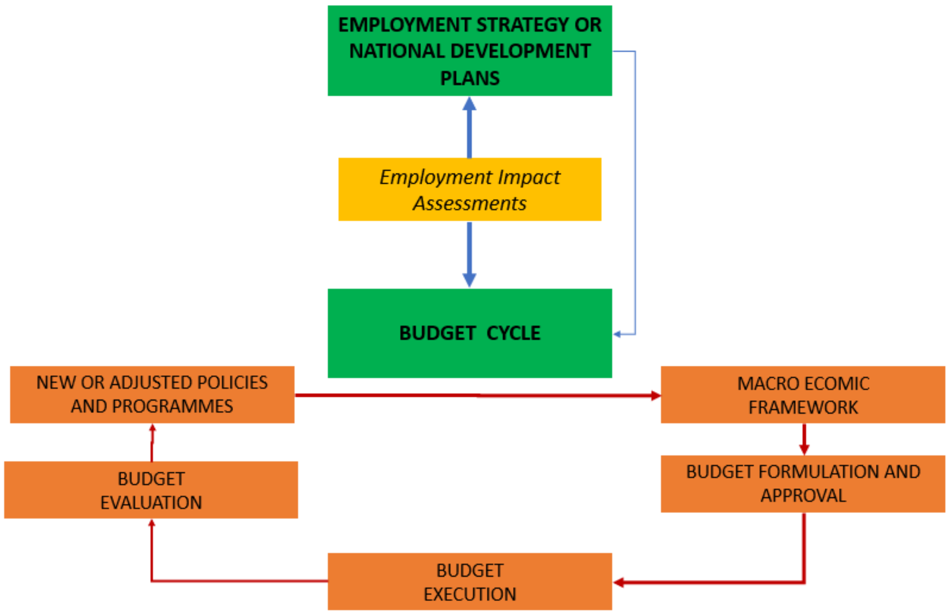
1.1 EmpIAs to inform the preparation of national employment policies or development plans

Most EmpIAs during this phase take the form of simulation models used to assess, *ex-ante*, the impact of changes in public investments and/or different public programmes on labour market outcomes relative to a baseline scenario (the "status-quo"). These outcomes can include, for instance, the number of jobs projected to be created during a given period; participation and employment rates for different population groups; labour productivity across sectors; or the share of informal employment. In some cases, the projections do not involve changes in policies, only variations of the "status-quo" that are used to inform policymakers about the challenges ahead (for instance in terms of employment creation) and help them set targets for public policies and/or expenditures.

[1] See Robalino and d'Aachon (2023).

[2] Ibid.

Figure 1: Employment impact assessments and the policymaking and budgeting processes



Source: Authors.

1.2 EmpIAs during the budget financing and formulation phases

Here EmpIAs inform the macro-economic framework that underpins the budget and the preparation and approval of the budget of different line ministries. In terms of the macro-economic framework, the goal is to assess, ex-ante, how different levels of public expenditures and preliminary functional allocations to the current and investment budgets can influence aggregate demand and employment outcomes. Thus, EmpIAs at this stage can inform about the consistency of the macro framework with national and regional goals in terms of employment outcomes. During this phase, EmpIAs can also be useful to mobilize additional financing, including through lending or investment operations with development banks and international financial institutions.

As for the formulation and approval of the budgets of line ministries or other cost centers, EmpIAs have a dual role. First, and foremost, to ensure that policy choices and budget allocations are based on an understanding of the impacts of the different programmes, including investments projects, on employment outcomes of interest. New programmes/projects need to rely on *ex-ante* assessments (what the impacts of the programmes *might be*), whereas existing programmes require ex-post assessments (what the impact of the programmes *has been*). For the latter, as discussed below, the results of the assessment do not imply a binary decision – keep or drop the programme – but most likely adjustments in programme design and implementation to which the responsible institution commits prior to receiving funding. In all cases, the general principle is to allocate public expenditures to those interventions with the highest social rates of return given their employment outcomes. During the budget formulation phase, EmpIAs are also needed to guide the definition of KPIs for the programmes that will be funded (particularly for new programmes); set targets; and define data collection protocols that will enable the future monitoring and evaluation of these programmes.

It is important to note that at this stage, EmpIAs can also focus on investment programmes that take the form of PPPs, or even private investments where governments are involved through fiscal incentives such as tax cuts, which have an opportunity cost. EmpIAs can also inform decisions about concessions to manage natural resources, taking into account the type of the commitments that bidders make regarding local job creation.

1.3 EmpIAs during the budget execution and evaluation phases

Most technical experts and policymakers are probably more familiar with this type of *ex-post* EmpIAs of public policies, public investment projects, or government programmes. Their objective is not only to look at whether different outputs and outcomes have been met, but also to try to explain what are the main factors that explain these outcomes, for instance, in terms of targeting mechanisms, benefits, delivery systems, operations, management and organizational structures, and things like client satisfaction. Their main purpose is to identify adjustments in the programme design and implementation that should be considered to optimize its impacts and increase its cost-effectiveness. These EmpIAs relate not only to the budget evaluation phase but also to the execution phase during which part of the data used in the analysis needs to be collected.

1.4 Scope of this review

For all types of EmpIAs, this review focuses primarily on institutional arrangements with issues related to quantitative and qualitative methods taking on a secondary role.

The main questions addressed include:

- Which institution takes the initiative and leadership to promote the development and implementation of EmpIAs?
- What is the legal framework and regulations that mandates and guides the implementation of EmpIAs?
- What is the scope of EmpIAs within the typology developed in this section?
- Which institutions develop and/or validate the methodology used in the EmpIAs and conducts quality control?
- Which ministries, implementing agencies and programmes are expected to conduct EmpIA and what factors drive the selection process?
- What are the incentives, resources, and technical support that the agencies involved in the preparation of EmpIAs receive?
- Are the agencies expected to conduct their own assessments (self-assessment) or do they rely on independent third parties?
- What types of M&E systems are put in place?
- What types of methodologies are used in the assessment – from simply reporting expenditures, output, and outcomes, to more sophisticated methods to create control and treatment groups and assess causality, or simulation models to conduct ex-ante assessments?
- Which mechanisms are used to report and disseminate the results of the assessments and influence government policies and subsequent budgets?

2. Review of international experiences in the adoption and implementation of EmpIAs

The review includes six countries that have had relevant experiences designing and implementing EmpIAs at any of the three levels discussed above: Australia, Cameroon, Korea, Peru, Rwanda, and the Philippines. The experience of **Korea**, probably unique in the world, sheds light on the type of political leadership and the institutional arrangements needed to fully integrate EmpIAs in the budget and policymaking process. In the other countries, existing EmpIAs are not fully integrated in a pro-employment budget framework but they, nonetheless, play an important role in influencing public polices, programmes, and budgets. **Australia** shows how EmpIAs can be used to justify radical changes to improve the design and impact of labour programmes, and how these improvements can become a continuum that transcends different government administrations. The **Philippines** and again Australia illustrate the role of EmpIAs in helping public policies and programmes adapt to changes in future labour market dynamics and shaping the design of employment strategies. **Cameroon** and **Rwanda** provide examples of how to use EmpIAs to inform the macro-economic framework and assess, ex-ante, the impact of the overall public budget on jobs. Finally, **Peru** and **Cameroon**, demonstrate the roles of EmpIAs in the implementation of results-based budgets (see Table 2).

2.1 Korea: an integrated system to assess the impact of public policies on employment outcomes and inform the preparation and execution of pro-employment budgets[3]

Korea has become the reference for having setup a fully integrated system to support the implementation of national employment strategies within a pro-employment budgeting framework. The country's *National Employment Strategy* 2020 (NES) defined clear targets for public policies, including the attainment of a 70 per cent global employment rate. To implement the strategy, the government has given the ***mandate to all government agencies***, at the central and local level, to make explicit their contributions to the different employment outcomes and has adopted a ***jobs budget***, essentially a pro-employment budget. To promote collaboration across agencies, the government has also implemented ***financial/budgetary incentives*** for ministries and implementing agencies that engage with the NES and include employment KPIs in their programmes. An integral part of the system is the Center for Employment Impact, an ***independent institution to conduct and support impact assessments***.

Converging to this integrated employment impact assessment system took over a decade and required strong political commitment and leadership.

Some of the most important milestones can be summarized as follows:

- In 2009, the government introduced the *Basic Employment Policy Act* which mandated the implementation of employment impact assessments (EmpIAs) to quantify labour market outcomes of different public policies and programmes, including welfare programmes and industrial policies. These EmpIAs would not only evaluate impacts to date but also help formulate reforms and new programmes through systematic consultation with the responsible institutions.
- In 2010 the government formulated its National Employment Strategy (NES 2020) and empowered the ministry of labour to oversee its implementation with the support of a newly created *Employment Policy Coordination Committee (EPCC)*. The strategy put jobs at the center of the country's model of economic development and recognized the importance of coordinating and integrating policies at different levels. To this end, the ministry of labour was renamed the *Ministry of Employment and Labour* (MOEL) and received the legitimacy to coordinate employment related policies and programmes with other ministries through the multi-agency EPCC. By 2010, the EmpIAs had started and by 2011, following the adoption of the NES, they were in full swing.
- In 2012 the government introduced the *Jobs Budget* that, among others, requires that the macro and fiscal frameworks are consistent with the NES. The Jobs Budget is a form of results-based budget that gives priority to employment outputs and outcomes. When preparing the macroeconomic framework, the ministry of finance needs to assess the impact of the level and allocation of public expenditures on employment outcomes. This employment impact assessment is done in collaboration with the MOEL.

[3] This country case is based on Cho and Lee (mimeo).

- In 2013, the government developed the first set of *Guidelines for Employment Impact Assessments* and designated the *Korea Labour Institute* (KLI) as the center for EmpIAs. Its mission was to conduct research and analytical work to inform the design of employment and labour policies. The KLI was funded by the government but remained autonomous and politically neutral. Between 2013 and 2016, EmpIAs were carried out on a total of 97 projects. Around 30 per cent of these assessments concerned non-budgetary projects. These are projects that involve changes in laws and regulations that do not have direct budgetary implications.

- The political leadership and commitment of the government to the jobs agenda was in display in 2016 when the *Presidential Advisory Council on the National Economy* recommended the generalization of EmpIAs to all agencies. As a result, the government gave each ministry the autonomy to assess the impacts of their existing and new programmes on employment outcomes.

- On March 2017, to increase the coverage of EmpIAs, the government established the *Centre for Employment Impact Assessment* (CEIA). Initially, the CEIA operated under the KLI but later became an independent institution. The CEIA has three mandates: 1) to evaluate implementation arrangements and the employment impacts of the policies and projects of the central and local governments; 2) to monitor progress in the achievement of different outcomes of the NES; and 3) to make policy recommendations in terms of reforms or the creation of new initiatives. The CEIA has a *Steering Committee* which decides on the operations of the institution and the direction of its evaluations. There is also an *Assessment Committee* (AC) composed of experts on employment impact assessments. *The quality and scope of the EmpIAs has evolved over time in response to the gradual adoption of the institutional arrangements discussed above*. The 1st generation of EmpIAs struggled to generate reliable and comparable results across programmes given the use of different methodologies. They also did not attempt to present policy recommendations to improve programme design. The 2nd generation of EmpIAs started to harmonize methodologies and added elements of consultation and policy advice but their coverage remained low. To expand coverage, the 3rd generation of EmpIAs introduced self-administered evaluations but not all ministries were conducting these on time or acting upon the recommendations to adjust or phase-out projects. The new generation of EmpIAs have maintained self-evaluation for programmes managed by line ministries and use external evaluations only for interventions that imply changes in or the adoption of new laws and regulations. To ensure consistency in the EmpIAs across ministries and programmes, the Ministry of Employment and Labour and the CEIA have prepared *Employment Impact Self-Assessment Guidelines*. Two main changes were introduced for the self-evaluations: 1) having a pool of industry-related specialists to provide the necessary expertise and ensure that the results are submitted in the first half of the year, in time for budgeting and auditing; 2) introducing a results database which discloses the recommendations and their acceptance by each ministry.

Up to 2022, the general process driving the EmpIAs had four phases: the selection of projects; the implementation of the evaluations; the analysis of results and policy recommendations; and the dissemination of results to inform the budgeting process:

- *Selection of projects/programmes*. The MOEL and the CEIA gather a pool of projects based on proposals from public and academic organizations. The two entities then consult with the concerned ministries and local governments, after which they work with evaluation experts to create a shortlist. The *Employment Impact Assessment Committee*[4] chooses the final list of projects to evaluate.

- *Implementation of the assessments*. The CEIA implements the evaluation tasks with both inside and outside experts. Inside experts are part of the institution whose programmes are being evaluated through the self-assessment mechanism. Outside experts can come from other public institutions, academia, or the private sector.

[4] This committee consists of the Ministries (Employment and labour, Science and ICT, Trade, Industry and Leisure), research institutes (Korean Labour Institute, Korea Development Institute, Industrial Research Institute) and other stakeholders such as the Bank of Korea and the Korea Employment Information Service.

- *Analysis of results and policy recommendations*. MOEL, the reviewing members of the *Employment Impact Assessment Committee*, and representatives from the ministry responsible for the project discuss the findings of the evaluation and the measures for improvement. Recommendations from the EmpIAs include contingency plans and future actions needed based on alternative scenarios. The concerned ministries and local governments then formulate plans to reflect these results.
- *Dissemination of results to inform the budgeting process*. Along with a press release, the findings of the EmpIAs are published on the MOEL website. A report summarizing the results of the assessment is submitted along with the budget request. Ministries can maintain their budgets for multi-year projects only if they can demonstrate a positive impact on employment.

As for data and methods, most EmpIAs included three types of analysis – quantitative macro, quantitative micro, and qualitative – each with specific methodological guidelines to facilitate self-assessments. The macro analysis is based on input/output (I/O) models to estimate impacts in terms of direct and indirect jobs created for a given level of expenditures in a certain sector. The micro analysis complements the macro analysis to determine what is the direct impact of the project on employment outcomes using different types of surveys and econometric models. In some cases, experimental and non-experimental methods are used to address issues of causality. Finally, the qualitative analysis uses administrative data as well as surveys and focus groups with project managers and beneficiaries to assess issues related to implementation.

2.2 Australia: ex-post and ex-ante EmpIAs to inform labour, training, and education policies

Australia has a long tradition in the systematic evaluation of active labour market programmes to increase value for money, and in the production of detailed employment projections to inform labour and education policies. The driver for the introduction of a strong monitoring and evaluation (M&E) system was a structural reform of the employment services back in 1998. The need to demonstrate the effectiveness of the new programme and, to that end, introduce corrective adjustments over time, required being able to measure impacts on different employment outcomes. At the same time, the *Department of Employment and Working Relations* (DEWR) had as one of its core mandates monitoring labour supply and employment dynamics to inform public policies and ensure that "the full skills potential of the nation is realized, resulting in improved workforce participation, productivity, wages and equity." The DEWR's systems, methodologies, and institutional arrangements have gradually evolved to take advantage of the diffusion of new information and communication technologies.

2.2.1 EmpIAs and the evolution of the Job Network to pay for outcomes instead of inputs

Australia is considered the world leader in the introduction of market competition for the development of active labour market programmes. But transiting from a centralized public system to a quasi-market was a complex undertaking that required continuous adaptations in programme design. "A balancing act between government regulation and creating sufficient room for market competition, and also between the goals of efficiency and equity."[5] As a result, the Australian Government invested heavily in evaluation and performance monitoring systems. These have been operating for the last 25 years, allowing the consolidation and fine-tuning of a market-based delivery system of employment services and driving gradual improvements in its cost-effectiveness (value for money).

In the 1990s, Australia began reforming the traditional public employment services by trying to promote market contestability in the management and provision of active labour market programmes. The main motivation was the

[5] Struyven (2004).

realization that despite large expenditures on these programmes, the centralized public system was not making a difference for the unemployed who were receiving government income support. The first reform involved the provision of support services for the long-term unemployed through the community sector and privately contracted case managers while investing in training programmes. By 1995 the new programme was costing close to AUD 4 billion, but it had not been able to achieve the necessary results.[6] In 1996 a new government was elected[7] and in 1998 it launched a set of more radical reforms where the DEWR would contract a *Job Network* of community-based and private providers to offer an integrated package of employment services to jobseekers and employers.

The change in paradigm that accompanied the Job Network involved, in line with the New Public Management (NPM[8]) framework of the incoming administration, using the public budget allocated to active labour programmes to pay for outcomes for beneficiaries instead of inputs. In the new system, service providers would be competing for contracts with the (DEWR) (through tenders) and for "clients," as beneficiaries had the possibility to choose their service provider. The newly created public benefits agency, *Centrelink*, would refer beneficiaries to these providers, who then would decide on the appropriate "treatment" for each of them. This was giving providers the flexibility to decide on the set of support services that was best for different individuals. In contrast to having a centrally devised set of services that was the same for all participants, this was a critical change in the design of the new programme. The other important change was the way in which providers were paid. There were two types of fees: one fee when a jobseeker started to receive services from the provider; and a second fee when an employment or other outcome was obtained. Fees were on a sliding scale, with higher fees set for those who remained in employment for 26 weeks or more. Fees for both components also varied depending on the level of jobseeker disadvantage, as assessed by Centrelink through the *Job Seeker Classification Instrument* (JSCI), a statistical profiling system. Finally, in 1999 a biannual *Star Ratings System* was introduced to reward high-performing providers and stop the renewal of contracts with providers who couldn't achieve a minimum standard in terms of performance.

As it deployed the new programme, the DEWR also started to revamp monitoring and evaluation systems to assess progress in implementation and performance in terms of cost-per-outcome, net impacts, and incidence (identifying which jobseekers were benefiting from the programme and those that were less well supported). The first major evaluation strategy was announced in April 1998 and required the review and support of the *Productivity Commission*.[9] The main motivation, it seems, was to provide solid evidence to the public about the performance of a programme that involved a radical rupture with the past. Interestingly, the force behind the evaluation impetus was not the DEWR but the *Minister for Schools, Vocational Education and Training*, who was known for his commitment to anchor major government reforms on scientific evidence.[10] The first two reports on the implementation of the *Job Network* and early indicators of its impact were published in 2000 and 2001, while the final on lessons learned was released in 2002; a 4-years evaluation cycle.

The first and subsequent evaluations required substantial financial resources to upgrade systems, gather data, and mobilize technical expertise. It is estimated that the evaluations cost an average of AUD 8 million (US$ 5 million) for each phase of the programme. The DEWR managed these evaluations in-house through its own experts and external consultants. The department conducted qualitative and quantitative evaluations of specific interventions focusing on processes, jobseeker's outcomes, estimates of net impact, and incidence.[11] The quality of the administrative and programme monitoring data was crucial to these evaluations. For instance, data on jobseekers'

[6] Thomas (2007).

[7] John Howard's Coalition Government replaced the Keating Government.

[8] The NPM was essentially a form of results-based budgeting.

[9] The Productivity Commission provides independent research and advice to the Government on economic, social and environmental issues affecting the welfare of Australians (https://www.pc.gov.au).

[10] Jarvie and Mercer (2015).

[11] OECD (2012).

characteristics were collected through the *JSCI* and the *Government Income Support Database*. Administrative data was complemented by major surveys of jobseekers, employment providers and employers. For example, data on jobseekers' employment outcomes were collected from a post-programme monitoring survey carried out three months (and sometimes six months) after exiting the programme. All the evaluations required investments in human resources and technical expertise.

The evaluations were not only extensive but also highly effective in influencing policy, leading to a sequence of structural changes in the design of the programme to improve its performance. For instance, the 2002 evaluation report had shown that the *Job Network* had reduced the cost per employment outcome from AUD 10,000-16,000 to AUD 5,000–6,000, as a result of lower unit costs and higher employment outcomes.[12] Surveys also showed that both employers and jobseekers were happier with the new arrangements. But the new model had also unintended consequences for the "hard-to-serve" jobseekers who were receiving limited assistance from their providers. This finding led to a series of reforms that marked the start of the second phase of the programme in 2003, known as the *Active Participation Model* (APM). The most important reforms included: 1) linking the level of services, and therefore provider fees, to the duration of unemployment as well as the JSCS score; 2) creating of a 'Job Seeker Account' to support providers' investment in disadvantaged jobseekers; and 3) introducing a new IT platform (EA3000) to track providers' contacts with jobseekers and the types of services delivered, thus ensuring greater oversight of providers activity. In turn, the evaluations of the APM conducted between 2003 and 2007 lead to a new phase of the programme starting in 2009 (the *Inclusive Market phase*), characterized by the integration of seven sub-programmes into one and the introduction of four levels of assistance based on the constraints facing jobseekers.

The EmpIAs led by the DEWR have continued to drive the evolution of active labour market programmes in Australia, generating continuous reforms and improvement motivated, in part, by changes in labour market conditions and government priorities. The introduction of the New Employment Service Model (NESM) in 2023, is the most recent of these reforms. The NESM is also the result of the evaluation of the employment services, including through an independent *Employment Services Expert Advisory Panel (ESEAP)* that was setup by the Government in 2018. The motivation for this review were issues that had been identified by previous evaluations: that the system was failing the long-term unemployed; that some employers were averse at employing programme beneficiaries because they perceived them as unreliable; that employment services consultants felt it was difficult to provide quality services to more vulnerable job seekers within the time constraints they faced; and that they spent more time on administration (and compliance) than on securing good outcomes.

The recommendation from the ESEAP was not to scrap the *Job Network* (by then called *jobactive*), but again to introduce reforms to address its failings. The main objective of these reforms was to reallocate resources from the unemployed closer to employment (around half of the population of beneficiaries), to the long-term unemployed and disadvantaged. To this end, the former would receive online services backed by a government-run call center and would have less prescriptive activity requirements. On the other hand, the latter would receive "enhanced services" run by competing, *licensed* non-government providers. Thus, the cost savings from online servicing would be used to finance better services and more intensive help for the long-term unemployed, which requires reducing consultant caseloads. The other recommendation was to introduce local governance structures to encourage collaboration between providers, employers, training colleges and community services to assist individuals and communities with complex needs.[13]

[12] See Davidson and Whiteford (2012). The authors defined cost per employment outcome as "the average unit cost of all programmes divided by the proportion of participants in employment three months after leaving the program." The cost effectiveness of the new model of service provision was recognized by other independent reviews (Thomas, 2007; OECD, 2001 and 2012; and the Productivity Commission, 2002).

[13] See Davidson (2023).

Following a tradition of evidence-based policymaking that has endured through different governments, Australia is now further strengthening monitoring and evaluation systems through the creation of the Australian Center for Evaluation (ACE).[14] The ACE was created in May 2023 as part of the Treasury, the equivalent of a ministry of finance. Its main function is to provide leadership and improve evaluation capability across government ministries and implementation agencies and leading a small number of flagship evaluations each year. Although employment outcomes are not the only focus of the *ACE*, they remain a priority. The creation of the ACE was a recommendation of the 2019 *Thodey Review* of the *Australian Public Service* (APS), which found that the APS's approach to evaluation was uneven; in some agencies it was done well while in others the execution was below standards.

The idea behind the ACE was having a central enabling function to drive a service-wide approach to evaluation and to uphold minimum standards of evaluation. The main responsibility for evaluations will continue to reside with individual agencies – like the DEWR – but with the ACE providing guidance and support and ensuring the adoption of state-of-the-art methodologies. The ACE will also develop new approaches and systems to better link the results of the evaluations of existing and new programmes and policies to budget allocations.

2.2.2 Assessing emerging and future skills and human capital needs of the economy

Over the years Australia has also institutionalized a system to generate periodic 5-year projections of the demand and supply of different types of skills. Initially, these projections were prepared by the *Occupational and Industry Analysis Team* within the *Labour Market Research and Analysis Branch* of DOLE. They provide estimates of the number of jobs (created or destroyed) by region, industry, occupation, and skills level – nearly 2000 series in all. The projections serve different purposes, including informing the design of public policies required to assist workers made redundant from a particular industry; identifying future opportunities for job seekers; adapting education and training policies, including regarding employers' incentives to hire apprentices in certain occupations/industries and providing information for career advisors in schools and universities about the likely availability of future jobs in regions, industries and occupations.

The methods to conduct the projections have evolved over time, converging to simple time series models that exploit high-frequency and high-quality labour force data. Indeed, the models rely on the labour force surveys conducted every month and covering around 30,000 Australian households. They produce industry/occupation data quarterly and long-time series are available in most cases (from mid 1980s). These data are used to estimate vector auto-regressive models for each type of job which are then projected forward. Two adjustments are made: 1) the forecasts are scaled to match the macro projections of total employment made by the Australian Treasury based on an economic model; 2) detailed industry/occupational level forecasts (e.g., Dairy Cattle Farming) are also scaled to match sectoral levels of employment (e.g., Agriculture, Forestry and Fishing).

A very important element in the assessment of future skills needs are consultations with different stakeholders to identify structural changes in past trends. The objective is to introduce *manual corrections* to the forecasts to take into account known future industry and regional developments. The information to conduct these adjustments comes from desk reviews but mainly consultations with experts within the ministry, other ministries, and industry leaders. Within DOLE the departments managing unemployment benefits and active labour market programmes track data on notifications of redundancies and skills shortages and maintain close relationships with employers. Other ministries include the Department of Industry (manufacturing, resources, energy, vocational education and training), the Department of Education (early childhood, schools, higher education), and the Australian Workforce and Productivity Agency.

[14] https://www.aph.gov.au/About_Parliament/Parliamentary_departments/Parliamentary_Library/pubs/rp/rp2223/Quick_Guides/AustralianCentreforEvaluation

More recently, Jobs and Skills Australia (JSA) was created as an independent agency with the mandate to assess emerging and future imbalances in the labour market and inform public policies that can correct them.[15] It works with stakeholders to provide expert advice on the current, emerging and future skills and human capital needs of the economy, and on the effectiveness of the national skills system in meeting these needs. The agency therefore has taken over the production of employment projections while adding an evaluation function that focuses on the country's education and training programmes. JSA is managed by a Commissioner and comprises five departments: Labour Markets and Migration; Work Futures; Domestic Skills Systems; Enterprise Systems; and Strategic Advice and Engagement. In addition, a *JSA Consultative Forum* has been established by the *Minister for Skills and Training*, to provide advice to the *Acting Commissioner* on the annual workplan, mechanisms for meaningful stakeholder engagement, and different activities.

Australia has become one of the few countries with a dedicated agency to conduct EmpIA that, in addition to the now monthly employment projections, produces several evaluations and studies about the impact of different policies and programmes on jobs. Some of the recent studies include: the analysis of TVET and Higher Education outcomes combining the Jobs and Education Data Infrastructure model with administrative data on career paths; the analysis of labour market transitions by occupation, region and age-cohorts using the Skills Tracker dataset; the Clean Energy Capacity Study to examine the workforce that Australia needs to transition to a clean energy economy; and the early childhood education and care (ECEC) workforce capacity study.

2.3 Cameroon: ex-ante assessment of public investment budget (PIB)

The government of Cameroon has been gradually setting up EmpIAs to inform decisions about the level and structure of its public investment budget (PIB) and track the impacts of the National Development Strategy (NDS) 2030. Regarding the PIB, the goal is to assess during the planning and programming phases of the public investment budget, the employment potential of the projects that different ministries and implementation agencies plan to submit. The system operates both at the national and regional level. Although there is still no legal mandate to link budget allocations to the results of the EmpIAs, the government is gradually enforcing this approach through the budget law. In addition, the government has built capacity, including by implementing a general computable general equilibrium model (CGEM) to inform the preparation and implementation of the NDS30.

2.3.1 EmpIAs of the public investment budget

Setting EmpIAs for the PIB was a multi-agency and multi-year effort requiring the collaboration of technical experts across several departments. Back in 2009, the *Ministry of Economy, Planning, and Regional Development* (MINEPAT) had the initiative to assess the impact of the investment budget on jobs. It took several years, however, to agree on the methodology and data needs and the first assessment was only published in 2017. Since then, the Ministry of Employment and Vocational Training (MINEFOP) in close partnership with the *High-Labour Intensive Unit* (HIMO) of the MINEPAT has taken the lead. Other agencies involved in the design and implementation included: the *Studies, Planning and Statistics Unit* (CEPS) of the *Sub-Department of Budget* (SDB); *the National Observatory for Employment and Vocational Training* (ONEFOP); and the *National Institute of Statistics*.

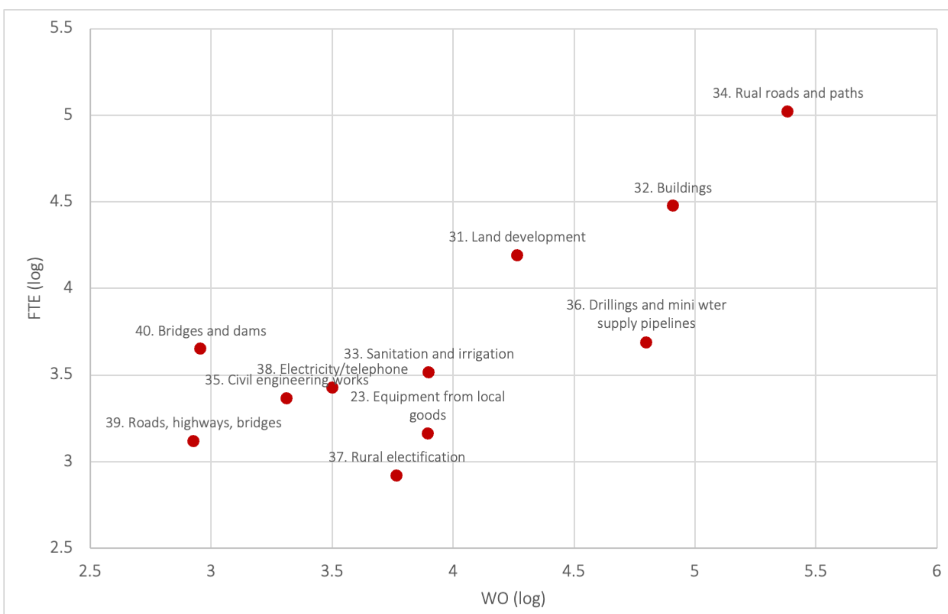
The design and implementation of the EmpIAs required building institutional capacity through training and technical assistance and coordinating different data sources. The International Labour Organization (ILO) worked closely with the HIMO unit of MINEPAT providing technical assistance for the design of the models. Initially, the goal was to build a full-fledge general equilibrium model, but despite its complexity it did not offer enough granularity. The technical teams eventually settled on a simpler model that uses multipliers by type of investment project and type of job to estimate employment impacts (see below). The estimation of these multipliers (or *reference ratios of gross*

[15] See Jobs and Skills Australia Act 2022 (https://www.legislation.gov.au/Details/C2023C00214).

employment potential) involved consultations with experts in the different agencies in charge of designing and implementing investment projects. Once the model was in place, the MINEFOP set up a technical team to take over its management and the preparation of annual EmpIAs. Training was also provided to public administration officials in charge of budgeting and planning. It was also important to invest in technical capacity to analyze and report the results of the assessment, which to date has covered years 2017 to 2021. In addition to the budget data, the design of the system required data on national accounts and employment generated National Institute of Statistics and by the ONEFOP.

On a given year, the ex-ante assessment of the employment impacts of the PIB involves analyzing detailed budget data for over 600 projects and eight thousand activities. The 2021 PIB, for instance, is organized around 54 chapters, 140 programmes, 298 actions, 626 projects, 8,544 activities. The first step was to classify each project into five categories: 1) studies; 2) equipment; 3) small and medium scale infrastructure; 4) large infrastructure; and 5) transfers. Within each category, there are subcategories at two digits like 4.1. construction, rehabilitation works on roads, highways, big bridges; 4.2. construction of buildings of R + 5 and more; and 4.3. other great works (ports, dams, stadia, water supply). For each of the subcategories in categories 2, 3 and 4 – the main creators of jobs --, the technical teams applied reference ratios of gross employment potential. These reference ratios were produced separately for full-time and part time jobs – full-time equivalent (FTE) and work opportunities (WO)[16] – and three categories of workers: executive, technicians, and labourers. For instance, projects classified as *rehabilitation and irrigation* in category 3 are expected to create, on average, 218 FTE jobs (11 executives, 80 technicians, and 127 labourers) per CFA one billion of investment (or US$ 1.6 million), which implies a cost of around US$ 7,340 per job. For FTE jobs it is also possible to separate the contributions of the project in terms of direct jobs created (those created by the project); indirect jobs (those created as a result of an increase in intermediate consumption in the relevant sectors); and induced jobs (those created through an increase in aggregate demand).

Figure 2: Contributions in Terms of Employment creation for Different Project Categories



Source: Based on the Assessment of the Employment Potential of the 2021 Public Investment Budget of the Government of Cameroon.

[16] FTE jobs take into account the legal duration of working time while WOs do not.

The results of the assessment show the potential in terms of employment creation of the PIB of the Central Administration and the PIBs of the Regional and Local Authorities (RLAs) disaggregated by region and with rankings of the contributions of individual projects. For instance, the 2021 PIB of the central administration of around CFA 1.3 trillion had the potential to create 451,998 WO jobs and 170,636 jobs. Most of these jobs would have been created by projects in the category small and medium scale infrastructure, such as rural roads and paths; buildings; land development; drilling and water supply pipelines (see Figure 2). Jobs would have been concentrated in the regions in the center and in the south of the country with cost per job created ranging between US$ 2,389 (North) and US$ 6,583 (Adamawa) – see Table 1. The rankings show that the top three projects in terms of employment creation were: the Potable Water Supply Project in the City of Yaoundé and its outskirts from the Sanaga with 49,994 jobs; the Tarring of the Batchenga-Ntui-Yoko-Lena-Tibati road with 31,237; and the Rehabilitation Works on the Yaoundé-Bafoussam-Babadjou Road with 20,734.

Table 1: Regional Distribution of Jobs Created by the Public Investment Budget of the Central Administration

	Jobs WO	Jobs FTE	%	Budget (CFA 000)	Cost per job (USD)
Central administration	50,847	22,136	11.7%	449,572,763	9,856
Adamawa	7,007	3,949	1.8%	45,079,006	6,583
Center	171,808	54,620	36.4%	325,337,190	2,299
East	15,132	6,385	3.5%	39,707,197	2,953
Far North	33,444	11,128	7.2%	80,821,755	2,901
Littoral	31,732	12,949	7.2%	63,338,090	2,268
North west	17,100	6,815	3.8%	48,001,707	3,211
North	23,179	8,361	5.1%	46,733,276	2,371
West	20,792	8,271	4.7%	43,577,762	2,399
South	66,725	29,225	15.4%	171,370,491	2,858
South west	14,230	6,795	3.4%	36,197,304	2,755
TOTAL	451,996	170,634		1,349,736,541	3,468

Source: Based on the Assessment of the Employment Potential of the 2021 Public Investment Budget of the Government of Cameroon (Government of Cameroon, 2021).

For the government, the results of the EmpIAs also serve as guide to evaluate the offers of contractors and monitor the implementation of investment projects. Hence, beyond providing estimates of jobs created per monetary unit for different categories of projects, the EmpIAs set reference points to define targets in terms of employment creation for the main contractors who can then arbitrate between different production technologies. In fact, the various assumptions used in the calculations of *reference ratios of gross employment potential* assume employment-intensive technologies. It is expected that future tenders to implement investment projects would have to include as an explicit criterion, their potential in terms of employment creation. Monitoring and evaluation systems would have to track and report results in terms of employment creation for different types of jobs.

One of the main lessons regarding the design and deployment of the EmpIAs was the need to strike the right balance between simplicity and user friendliness to facilitate adoption, and technical precision. For instance, the technical team behind the design of the system acknowledges that more robust estimation approaches could have been considered, like the general equilibrium models and input-output models. The decision, however, was to start with a simple tool to facilitate its appropriation. In the initial phases, the focus was on ensuring the commitment of the different actors to participate in the project and less on the precision of the estimation of jobs impacts. But as the system matures and is formally institutionalized, the estimation methodology is expected to evolve as the various teams learn by-doing and new data is generated at the project level. As a result, the current guidelines describing data and methods will continue to be updated.

2.3.2 EmpIAs to inform the preparation and evaluate the impact of the NDS30

In Cameroon, the jobs agenda is an integral part of the National Development Strategy 2030, particularly in terms of reducing unemployment. The overall objective is to reduce unemployment from 77 per cent in 2014 to less than 50 per cent in 2030. In addition, there are specific goals in terms of: increasing labour productivity through economic diversification, technological modernization and innovation, with emphasis on high value-added and labour-intensive sectors; promoting employment creation through interventions that promote entrepreneurship and facilitate access to credit, particularly among youth; and achieving equal access to education and training for girls and boys, men and women. During its implementation period, the NDS30 is expected to contribute to the creation of 536,661 jobs per year, relative to a baseline of 363,889 jobs.

To achieve these objectives the NDS has setup a multi-sectoral policy programme with accompanying coordination and implementation arrangements. The six policy pillars include: promoting employment in public investment projects; increase agricultural productivity, employment and income in rural areas; facilitating transitions from the informal to the formal sector; creating and preserving jobs in large companies; integrating training programmes with on-the-job training and internships; and improving labour market regulations. Four bodies have the mandate to enable and enforce the implementation of these policies and programmes: the National Employment Council (CNE); the National Committee for the follow-up and implementation of the NDS30 (CNSE/NDS30); the Inter-ministerial Employment Monitoring Committee (CISE); and the Local Employment Development Support Committee (CADEL).

In addition, the government has developed quantitative tools and institutional arrangements to conduct EmpIAs to inform and evaluate the implementation of the NDS30. The starting point was to define appropriate employment performance and impact indicators for the NDS. In addition, a general equilibrium model was developed to assess the impact of public policies and programmes on these indicators. Several stakeholders are involved in the implementation of these EmpIAs including line ministries, the National Institute of Statistics (NIS), municipalities, and the private sector.

2.4 Peru: implementing results-based budgeting (RBB) and evaluating labour programmes

Over the last two decades, Peru has been implementing results-based budgeting (RBB) to improve the efficiency in the use of public resources and to better track the impact of flagship programmes on social indicators of interest, including employment outcomes. The main purpose of the review presented here is to show some of the institutional challenges that countries face when trying to “change the culture” of budget management to focus on outcomes instead of inputs. As discussed, such transition processes have been difficult and progress sometimes erratic because of issues related to institutional capacity and changing priorities across administrations. Nonetheless, results-based budgeting has improved over time as the number of ministries, including labour, changing budget practices, and implementing *ex-post* and *ex-ante* evaluations of their programmes increases.

The implementation of a results-based budget (RBB) started in the early 2000’s but the adoption of the legal framework and preparation of new budgeting tools and systems only started in 2007 with the creation of a technical unit within the ministry of finance (MoF). Thus, the budget law of 2007 included a chapter on results-based budgeting that laid the foundations for the reform. The technical unit in the MoF was composed of economists with expertise in impact evaluations mainly from academia. Their mandate was to develop a results-based budgeting implementation plan. In the absence of clear guidelines on how to proceed, their first task was to understand the existing system and then figure out the type of changes they would need to introduce so that budget allocations start to track outcomes as opposed to inputs. This involved making decisions about the scope of the new budgeting system (which parts of the budgets would be covered) and the roles of the line ministries and the ministry of finance.

From the start there were two different visions about the focus of RBB; one prioritizing multi-sector strategic programmes designed and managed by the MoF, and the other calling for the inclusion of all programmes managed by the line ministries including labour. The first vision, which dominated the early stages of the implementation of the RBB, recommended developing new methods, KPIs, and monitoring and evaluation systems for strategic programmes only (e.g., a programme to improve nutrition nationwide). There were concerns about the institutional capacity of the line ministries to design programmes and implement the RBB framework. The other vision was about ensuring that the RBB framework was applied to all programmes (100 per cent of the budget) and not only at the margin, through the strategic programmes or new, large, institutional programmes. If the necessary capabilities were not present in the line ministries, it was the role of the MoF to help them develop those.

Strategic budget programming was formalized in the 2008 budget Law and the MoF published guidelines for the design of pilot programmes; institutional programmes had only a marginal role in the RBB framework. Strategic budget programming used a methodology first developed by the health sector. This methodology introduced the use of the "logical framework" for programme design, which would link different activities to specific outputs and outcomes. In parallel, the technical unit in the MoF started to develop guidelines, KPIs, and surveys (to be implemented by the National Institute of Statistics) to expand the number of institutional programmes joining the RBB. Still, by 2011, strategic budgeting covered only 24 programmes representing 14 per cent of the budget and no institutional programmes had been fully integrated in the new budget framework.

In 2011 the MoF introduced important reforms to integrate and streamline RBB and reorganized the Budget Department (DGPP). The reform increased the number of staff working on the development of the new budget framework and tools. The review of the methodology resulted in the following changes:

- The strategic budget programming tool and the institutional programmes were discontinued and replaced by budgetary programmes.
- The emphasis on multisectoral programmes managed by the MoF was reduced.
- A single methodology for programme design, the logical framework approach, was adopted.
- All entities were required to create a unit responsible for the design and implementation of the budgetary programmes.
- New programmes were expected to have an *ex-ante* assessment of costs and benefits, while existing programmes had to prepare *ex-post* evaluations.

Another important contribution to the development of RBB in 2011 was the adoption of the Bicentennial Plan (Plan Peru 2021),[17] *the country's first long-term strategic plan which provided a policy framework for the development of budgetary programmes, including those related to employment creation*. *Plan Peru* is a strategic document for national economic and social development that defines goals for economic growth; the eradication of poverty; the elimination of the deficits in human development, jobs, and infrastructure; and others related to the environment and governance. One of the strategic priorities is about promoting *competitiveness and employment* through private and public investment in job-creating activities. The plan was drafted by the *National Strategic Planning Center* (CEPLAN), as part of its mission to support the public administration in the adoption of planning tools. The lack of planning had been constraining the implementation of RBB. *Plan Peru* facilitated the design of new budgetary programmes and the adaptation of existing programmes by defining priorities and setting targets in terms of economic and social outcomes that had to be achieved.

[17] https://cdn.www.gob.pe/uploads/document/file/1057089/peru2021-bicentenaryplan20200728-16199-dbzr4b.pdf

The government had also made progress in the development of tools and methodologies to support the ex-post evaluation of budgetary programmes in the context of RBB. The 2007 Budget Law adopted a *System for Monitoring and Evaluation of Public Expenditure*, and the MoF was assigned to implement it. Two new, *ex-post*, evaluation tools were introduced in the law: evaluations for the design and execution of the budgetary programmes (EDEPs); and full-fledge impact evaluations (experimental and non-experimental). The EDEPs are used to adjust the design, processes, and/or management of the programmes and to support budget requests (jointly with performance indicators).[18] Once an evaluation report has been prepared, the institution responsible has to produce a matrix of commitments to improve performance prior to negotiations with the DGPP. EDEPs have been carried out since 2009 and impact evaluations started in 2010. The former are usually implemented by three independent consultants selected through public procurement (a task manager, an expert in evaluations, and a sectoral expert), and the later by specialized institutions.

Within the RBB framework, the Ministry of Labour and Employment Promotion has conducted several ex-post and ex-ante evaluations for existing and new programmes. In 2009, the ministry completed the EDEP of *Construyendo Perú* (later *Trabaja Perú or Working Peru*) its flagship public works programme that operates in all municipalities at the national level. The evaluation included aspects related to employment creation; the incidence of the targeting system; the coherence of the theory of change; managerial structure; and the allocation and execution of the budget.[19] This and subsequent evaluations have led to improvements in the targeting methodology and the criteria to select projects to maximize jobs impacts. Another EDEP focused on the programme *Fortalecimiento de las Condiciones Laborales*[20] (strengthening labour conditions), which aims to enforce labour regulations and adequate working conditions, while expanding the coverage of social insurance programmes. The ministry also conducted an experimental impact evaluation of PROJoven,[21] a training programme for youth. The evaluation was one of the first to show the potential of active labour market programmes in increasing employment rates and earnings among beneficiaries. More recently, technical teams at the ministry have developed a state of the art, *ex-ante*, evaluation of a new wage subsidy programme for youth. The economic analysis explains the rational for the programme and the theory of change; and estimates the incidence of different mechanisms to allocate the subsidy, expected changes in employment transition matrices, and cost-benefit ratios and rates of return.

Overall, Peru has made progress in the implementation of RBB but there are still institutional constraints related to the "culture of planning," human resources, and M&E systems that limit the full potential of the framework. In terms of planning, although *Plan Peru* 2021 provided a reference for the various ministries and implementing agencies to adjust and setup new policies and programmes, there seems to be considerable inertia. There is a perceived resistance in certain line ministries to introduce structural changes that would align institutional and budget programmes with government priorities. Political instability over the last few years has also contributed to this inertia. Regarding human resources, most ministries still do not have enough staff with the technical expertise to work on results-based budgeting and programme evaluations. The ministry of finance had initially mobilized external technical experts to the various institutions but the gap between needs and available resources remains large. Finally, M&E systems are underdeveloped. Although there is a high variance across ministries, the quality of administrative data generated by the various programmes is generally low and often insufficient to track the necessary KPIs. The EDEPs through interviews and focus groups with programme managers and beneficiaries collect information, but it is mainly qualitative in nature. Tracer surveys to follow beneficiaries over time after leaving the programme, like in the case of Australia, are seldom used. On the positive side, the *National Institute of*

[18] The tools and systems used are very similar to those developed in Chile and Colombia.

[19] https://www.mef.gob.pe/contenidos/presu_publ/ppr/eval_indep/2009_construyendo_peru.pdf

[20] https://www.mef.gob.pe/contenidos/presu_publ/ppr/eval_indep/2016_fort_condiciones_laborales.pdf

[21] https://publications.iadb.org/en/impact-evaluation-projoven-youth-labor-training-program-peru

Statistics has adapted various survey instruments to track key outcomes related to KPIs, notably in labour force surveys.

Another challenge of the existing RBB framework is how to better deal with development goals which are multi-sector in nature such as improving labour-market outcomes. As discussed in section 2.1., Korea dealt with this problem by committing all lines ministries and implementing agencies to deliver on different pillars of the National Employment Strategy and giving them financial incentives to do so. In addition, it set up institutions in charge of evaluations and coordinating the various programmes, which involved having common KPIs in terms of outcomes that can be enforced through the budget process. In Peru, there is no national employment strategy and the employment related goals of *Plan Peru 2021* do not call for an integrated programmatic approach and a pro-employment budget. For other multi-sectoral agendas, like reducing malnutrition, the MoF had initially taken the lead by designing and implementing the programmes; these were the so-called strategic programmes. That approach, however, is not sustainable and creates conflicts of interest within the MoF that would be financing its own programmes.

2.5 Philippines: a gradual move to the adoption and institutionalization of EmpIAs

Over the last two decades the Philippines have conducted different types of EmpIAs to inform public policies that are now being institutionalized in the context of the country's development plan 2023-28, its labour employment plan 2023-28, and the National Evaluation Policy (NEP) framework. The initial focus of the EmpIAs was on employment projections to inform the preparation of development plans and on the evaluation of flagship labour programmes. The earlier experience of the Philippines resembles that of Australia both in terms of scope and institutional leadership, with the *Department of Labour and Employment* (DOLE) taking the lead. But the different initiatives seem to have been isolated and not sustained over time. More recently, however, the country has been consolidating the implementation of results-based budgeting (RBB), which was formally introduced through the NEP framework in 2015. In response to the economic crisis induced by the COVID19 pandemic, the Philippines have also adopted multi-sectoral employment strategies that required a more systemic use of EmpIA, notably, the *National Employment Recovery Strategy* (NERS) launched in 2021 by executive order. The new *Philippines Development Plan (PDP)* and *Labour Employment Plan* (LEP) also call for the coordination and systematic evaluation of policies and programmes across agencies in the context of the NEP.

Back in 2010 work started on the Philippines Employment Projections Model (PEPM) to be used in strategic planning and policymaking. The PEPM is a relatively sophisticated model that projects the supply and demand for different types of occupations at the regional level and estimate gaps and skills mismatches at the national level.[22] On the supply side this is done by projecting the working age population by age, gender, and region; applying projected education shares for different levels (i.e., primary or less, secondary, post-secondary, university); and then using education/occupation transition matrices. On the demand side the model projects aggregate GDP and its components using input/output tables (I/O) production by sector. The number of jobs by sector and the demand for different occupations is estimated using projected labour productivity by sector and the sectoral distribution of occupations. The development of PEPM was possible, in part, given the availability of high-quality macroeconomic and survey data in the Philippines. Indeed, the model required combining data generated by several institutions including the *Philippines Statistics Authority* (PSA), the *National Statistical Coordination Bureau* (NSCB), *Bangko Sentral Pilipinas* (BSP), the *Department of Finance* (DOF), the *Department of Budget and Management* (DBM), the *Department*

[22] El Alchkar Hilal (2015).

of Trade and Industry (DTI), the *Professional Regulation Commission* (PRC), and the *Commission on Higher Education* (CHED).

The design of the model was outsourced[23] *and then transferred to the DOLE to inform the preparation of the Philippines Development Plan (PDP)*. Technical teams from the *Institute for Labour Studies* (ILS) and the *Bureau for Labour and Employment Statistics* (BLES) within the DOLE were trained in its use, along with teams from the *National Statistics Office* (NSO), the *National Economic Development Authority* (NEDA), the *National Statistical Coordination Bureau* (NSCB) and the *Department of Trade and Investment* (DTI). Initial results were used to define employment creation targets for the PDP 2011-2016.[24] Three new versions of the model were produced in 2012, 2013, and in 2015 mainly to refine its "supply side" and exploit new data. The last version was used in the preparation of the PDP 2017-2021.

Around the same time, in 2014, the Philippines' National Economic and Development Authority (NEDA) started to build capacity for impact evaluations to inform decision making and conducted the evaluation of the Special Program for the Employment of Student (SPES).[25] Indeed, the initial focus of the initiative was on the interventions implemented by the *Department of Labour and Employment*, the *Department of Social Welfare and Development*[26] and a series of judicial reforms undertaken by the Supreme Court. One of the first programmes evaluated, the SPES, provides wage subsidies for out-of-school youth (OSY) so they have access to internships during the summer or Christmas vacations. The programme was set up in 1993 but had never been evaluated in terms of its outcomes and effectiveness. The DOLE expected that the income generated by the programme could help finance tuition fees thus increasing enrolment and graduate rates, and that the work experience would improve the employability of graduates. The impact evaluation (a randomized control trial in selected regions) showed that the programme did not affect education outcomes or employability in terms of improvements in life-skills and/or office skills. The main effect was on employment; the SPES increased by 70 per cent the likelihood of being employed. Still, despite the employment effect the evaluation concluded that the programme was not cost-effective.

As a result of the impact assessment a series of reforms were considered to improve the effectiveness of the SPES but there was no follow-up in terms of further evaluations, in part, given difficulties with implementation. The main objective was to improve the relevance of the internship in terms of technical and office skills. The programme also introduced training to improve life-skills. In addition, there were changes in operational arrangements to reduce delays in payments to employers/students, strengthen monitoring systems, and improve communication between the regional and local public employment services offices (PESOs). The DOLE also committed to a set of future evaluations to understand the long-term impact of the programme, but these were not implemented. Part of the problem seems to have been the many difficulties that were encountered during the first evaluation, particularly with the randomization. First, it was difficult to mobilize municipalities and get the support of the chief executives of the local PESOs to implement oversubscription and randomize assignment. In addition, it was not politically feasible to maintain the control group for more than one year, when the initial evaluation methodology had aimed for two years.

The COVID19 pandemic created incentives for a more systematic use of EmpIAs in the context of the National Employment Recovery Strategy (NERS), even if these did not take the form of randomized controlled trials (RCTs).[27] Thus, in 2021 the

[23] The model was developed using the ILO-Inforum methodology. Inforum was established in 1967 and has many years of experience in developing Interindustry-Macroeconomic models that combine input-output analysis with econometric equations within a detailed and dynamic framework (http://www.inforum.umd.edu/).

[24] The PDP 2011-2016 is available at http://www.neda.gov.ph/PDP/2011-2016/default.asp

[25] This was done in partnership with the International Initiative for Impact Evaluation (3ie) and the support from the Australian Department for Foreign Affairs and Trade (DFAT).

[26] Another program was the *Sustainable Livelihood Program* for poor households that offers grants for micro household enterprises.

[27] See Executive Order 140 adopting the National Employment Recovery Strategy.

president of the Philippines signed the NERS and setup the NERS Task Force chaired by the secretary of the *Department of Trade and Industry* and co-chaired by the secretary of the DOLE. The NERS had three objectives: 1) create a policy environment to improve employment and training opportunities; 2) improve the employability and productivity of workers; and 3) provide support services to existing and new business to create more jobs and preserve jobs. Among other functions, the taskforce had to develop an action plan with specific KPIs and oversee its implementation; redirect employment, training, and livelihood programmes to achieve the objectives of the NERS; and identify other relevant programmes in the agencies that form the task force. In terms of EmpIAs, the executive decree also mandated the various agencies of the task force to conduct joint evaluations of the effectiveness of the strategy and report to the president every three months. The task force set as a goal the creation of 1,000,000 jobs in 2021, launched several programmes/initiatives, and started to monitor and evaluate progress in achieving its objectives. The various reports to the president describe in detail the latest labour market indicators based on quarterly survey data; the operations and achievements of the different programmes in terms of outputs; and outcomes in terms of employment creation. The reports also inform about changes in policies and new initiatives.[28] Taken together, the reports constitute a set of rapid EmpIAs and the work of the task force exemplifies what would be, *de-facto*, the institutional arrangements needed to implement RBB.

Also after COVID19, the government of the Philippines, in partnership with the United Nations, conducted another assessment to identify opportunities for economic diversification and employment creation.[29] The study explored strategies for strengthening and expanding the country's industrial base, starting with an analysis of the *product space*,[30] key supply chains, and the labour market. It was informed by consultations and a validation process involving government, employers' and workers' organizations, the private sector, and other stakeholders in the Philippines. The assessment argued that policy decisions since the 1980s had not been able to promote industrial competitiveness and productive employment, which in turn kept investments and demand for skills at low levels. It developed three routes that the government could follow towards economic diversification and the creation of productive employment to absorb 600,000 net additional workers entering the labour force each year: 1) leap-frogging towards high-productivity, more sophisticated goods; 2) climbing-up the value-added ladder and greater integration in global value chains (GVCs); and 3) sustaining the local industrial base, ensuring the survival and expansions of local firms (especially SMEs). In all cases, the report emphasized the need to improve implementation, monitoring and evaluation, and coordination arrangements for the government's industrial policy, which involves several agencies.

In 2023, the government adopted the national develop plan 2023-2028 and the accompanying labour employment plan, which will require institutionalizing EmpIAs as part of the implementation of the National Evaluation Policy (NEP) framework.[31] The PDP23-28 is structured around three objectives: 1) develop and protect the capabilities of individuals and families; 2) transform production sectors to generate more quality jobs and produce competitive products; and 3) foster an enabling environment which promotes a prosperous, inclusive and resilient society. The PDP defines specific KPIs for jobs, including a target unemployment rate of 4–5 per cent and an increase in the share of wage employment in private establishments of 53–55 per cent. The implementation of the PDP is the mandate of the *National Economic and Development Authority* (NEDA) which is expected to work with implementing agencies on the prioritization of policies, programmes, and projects, including the proposed legislation. Given the

[28] See 1st, 2nd, 3rd, and 4th Periodic Reports of the National Employment Recovery Strategy (2021-2022).

[29] Balaoing and Mendoza (2021).

[30] The product space is a visualization that depicts the connectedness between products based on the similarities of the know-how required to produce them. The product space visualizes the paths that countries can take to diversify. Products are linked by their proximity to each other, based on the probability of co-export of both of the two products (see https://atlas.cid.harvard.edu/glossary).

[31] See Philippines Development Plan 2023-2028 and Philippines Labor Employment Plan 2023-2028.

multi-sectoriality of the various pillars, inter-agency committees have been set up to lead and coordinate the implementation of the plan.

NEDA and the Department of Budget and Management (DBM) will continue to work on the implementation of the NEP which was adopted in 2015. The NEP underscores the need to develop an evaluative culture in the government by providing the framework to conduct evaluations in support of good governance, transparency, accountability, and evidence-based decision-making (see Figure 3). A national evaluation agenda will be crafted to set out the priority evaluations that the government will pursue to assess the impact of the priority interventions included in the PDP. The evaluations will play a key role in informing adjustments to the PDP; guiding budget allocations; and promoting transparency and accountability. To this end, evaluation results will be accessible to all branches of government and, more importantly, to the public. In this context, the *Labour Employment Plan* (LEP) 2023-28 will also have to implement regular interagency EmpIAs to measure progress in the implementation of the various programmes included in its three pillars: 1) maximizing productive, remunerative, freely chosen, and sustainable work and employment opportunities; 2) ensuring labour market governance that respects all fundamental principles and rights at work and international labour standards and human rights; and 3) building equitable and inclusive social protection.

Figure 3: Evaluation and the public management sector in the Philippines

Source: Philippines Development Plan 2023-2028 based on Asian Development Bank (2011).

With the new Labour Employment Plan, the DOLE is again focusing on forecasting, upgrading labour market information systems, and evaluating existing programmes. For instance, work has started on skills prospection (anticipation) in the Bangsamoro Autonomous Region of Muslim Mindanao (BARMM) based on ILO's Skills for Trade and Economic Diversification methodology. The new work builds on previous labour market studies in the region and sectoral and value chain analysis. DOLE is also requesting technical assistance to develop new models for labour market forecasting; digitalize labour market information systems and employment offices; and evaluate active labour market programmes. The evaluations would include *Job Start Philippines* (JSP), the *Special Program for Employment of Students* (SPES) that was discussed above, and the *Government Internship Program.*

2.6 Rwanda

Rwanda started using EmpIAs to inform the preparation of employment strategies both in terms of employment outcomes and policy priorities. These assessments were used in 2019 to revise the *National Employment Policy* (NEP) developed in 2007 and align it with the *National Strategy for Transformation* (NST1) for the period 2017-2024. The EmpIAs also have been used to inform the *National Skills Development and Employment Promotion Strategy.* The *Ministry of Public Services and Labour (MPSL)* led the preparation of employment projections used, in part, to define targets for labour market indicators such as unemployment and participation rates. The models rely on GDP projections at the national and sectoral level and employment-growth elasticities estimated from historical data. The methodology used is simpler than that supporting the Philippines's employment projection model (PEPM), but the results remain an important reference to define employment targets and to identify priority interventions across sectors.

Since 2015, the government, through the MPSL, has also conducted research and built institutional capacity to assess the employment potential of different sub-sectors and the impact of sectoral and trade policies on jobs.[32] Initially, the focus was on three sectors: agro-processing, road construction, and housing. Each assessment involves several stakeholders from the government, private sector, academia, as well as social partners. The *MPSL* is the focal institution overseeing the assessments. The set of other institutions that participate in the assessment depends, in part, on the sector that is under review and includes the *Ministry of Agriculture*, the *Ministry of Infrastructure,* the *Rwanda Development Board*, the *National Agricultural Export Board*, the *National Industry Research and Development Agency*, the *National Union of Workers* (CESTRAR), the *National Institute of Statistics of Rwanda* (NISR), the *Rwanda Housing Authority*, the *Association of Rwanda Building and Public Works Contractors* and the *Rwanda Transport Development Authority* (RTDA).

More recently, in the context of the NEP approved in 2019 the government is also setting up the equivalent of a pro-employment budget. The NEP aims to operationalize the national development goals set in the strategic documents such as *Vision 2050*, *Vision 2020* and the *7 Years Government Programme* (NST1). The later sets as target creating 1.5 million productive jobs by the year 2024. To this end, the government is placing employment at the center of the process of economic development and adopting a **pro-employment macroeconomic framework** and **pro-employment sectoral policies and programmes**. In this context, the NEP aims to mainstream employment outcomes in national and sectoral programmes and budgets.

A *National Skills Development and Employment Promotion Strategy (NSDEPS), Steering Committee was stablished to develop the institutional arrangements that will bring together all the actors involved in employment promotion and job creation to plan, implement, and monitor various employment initiatives*. The Steering Committee is chaired by the Ministry of Employment Services and Labour and includes Permanent Secretaries and heads of institutions. It has the following mandates:

- To relate fiscal, monetary, credit, industrial and financial policies to employment objectives.
- To mainstream employment across all sectors of the economy at the central and local levels.
- To extend, prioritize and incentivize investments with strong backward and forward linkages in employment-intensive sectors.

The Ministry of Finance and Economic Planning (MINECOFIN) has the mandate to fund the implementation of the National Employment Policy and allocate expenditures to maximize employment outcomes. This implies taking into account the impact of different policies and programmes on the development agenda of the country and giving priority to those projects with the highest employment potential. It is also the responsibility of MINECOFIN to enable the mainstreaming of employment outcomes across sectoral policies and programmes through the budget formulation process (Call Circular).

[32] The government received support from the EU-ILO STRENGTHEN Project which aimed to strengthen the capacities of country partners to analyse and design sectoral and trade policies and programmes that would enhance employment creation in terms of quantity and quality.

The Ministry of Public Service and Labour, on the other hand, is responsible for carrying out periodic employment impact assessments of the various interventions and preparing reports for the National Steering Committee and eventually to the Government. These reports inform on progress achieved and present recommendations about remedial actions that need to be taken. A mid-term and end of programme review is also undertaken to introduce adjustments to the NEP. To this effect, the *Ministry of Public Service and Labour* works closely with the *National Institute of Statistics of Rwanda* to undertake quarterly labour force surveys and assess changes in labour market indicators.

3. General recommendations for the institutionalization of EmpIAs

The review of international experiences presented in this paper shows that countries use EmpIAs in different ways and during different phases of the budget cycle, but with a common purpose: improving the impact of public policies and budgets on employment outcomes. **Australia** has used *ex-post* evaluations to improve the design of labour programmes, although like in Philippines the DEWR also conducts EmpIAs for planning purposes. **Cameroon** uses EmpIAs during the preparation of the macroeconomic framework and during the formulation of the investment budget. In **Korea** EmpIAs are part of a fully integrated pro-employment budgeting system. In **Peru**, EmpIAs are being integrated into the emerging results-based budgeting system and are starting to play a role during the budget formulation, execution, and evaluation phases. The **Philippines** have used EmpIAs to inform the preparation of the country's development plans and are now integrating them into the National Evaluation Policy Framework, while institutionalizing the *ex-post* evaluation of labour programmes. **Rwanda** first used EmpIAs to inform the preparation of its national employment policies but is also now moving towards employment budgeting.

The country cases also point to common challenges and institutional factors that affect the implementation of EmpIAs and their influence on public policy, and that would need to be taken into account by countries trying to introduce and institutionalize them. Some of the most critical are discussed below.

- *Political leadership*. In all countries, the institutionalization of EmpIAs requires a political champion and an institution that takes the lead. In **Australia** it was the Minister of Employment and Working Relations with the support of the Minister for Schools, Vocational Education, and Training. In **Cameroon** the leadership came initially from the ministry of planning and later the ministries of labour and finance. In **Korea** the pro-employment budget was initiated at the highest levels of government and was strongly supported by the ministry of finance. Similarly, in the **Philippines** EmpIAs were initially led by the ministry of labour but became more systematic in the context of the *National Employment Recovery Strategy* led by the President. In **Peru**, the ministry of finance has been the main driver of the move towards RBB, and the ministry of labour responded by deploying EmpIAs. In **Rwanda**, the Ministry of Public Service and Labour has taken the lead with an important involvement of the Ministry of Finance. In all cases, however, a core technical team is needed within the lead institution to ensure the continuity of reforms efforts across government administrations. This was critical in Australia and Peru, but also in Korea and Rwanda.

- *Gradual and modular implementation*. The country cases show that the introduction of EmpIAs, regardless of scope, does not happen overnight; it requires considerable time to build the necessary institutional arrangements and capabilities. In **Australia** EmpIAs started in the late 1990s and have been evolving since. In **Cameroon** and **Korea,** the focus on pro-employment budgets began in 2009 though they have developed at very different speeds. In **Peru** the migration to RBB started in the early 2000's and was activated only in year 2007. In the **Philippines** the first model to project the supply and demand for labour was designed in 2010 and the first evaluation of a labour programme conducted in 2014, yet the institutionalization of EmpIAs only occurred after COVID19. In **Rwanda** although the first sectoral EmpIAs date back to the mid 2010s, only after the 2019 *National Employment Policy* they started to coalesce into a pro-employment budget. But if the goal is to eventually have a full pro-employment budget à la Korea what seems important is to start somewhere and gradually move forward.

Table 2: Main features of employment impact assessments in selected countries

Country	Leading institution(s)	Legal framework	Purpose	Scope	Data and methods	Implementation	Quality control	Dissemination and policy implications
	Institutions that take the initiative and lead the process	*Laws and regulations that mandate and guide the EmpIA*	*Objectives of the EmpIA*	*Organization and programs subject to the EmpIA*	*Which type of data are used; what type of models; what type of surveys*	*Which organization(s) implement theEmpIA*	*Institution that sets standards, provides technical assistance, and controls quality*	*Whether results are published and influence the budget and/or public policies*
Australia	Department of Employment and Working Relations	Laws that regulate the fonctions of the DEWR and the creation of Australian Center for Evaluation (ACE) and Jobs and Skills Australia (JSA)	Improve accountability and the cost-effectiveness of labor programs; identify future skills mismatches; inform skills development programs	DEWR / employment services	Administrative data, tracer surveys, or randomized control trials for ex-post evaluations; employment projections based on time series models estimated through labor force surveys and macroeconomic data	In-house with external consultants	Australian Center for Evaluation (ACE)	Results are public and have shaped consecutive reforms of the employment services
Cameroon	Ministry of Economy, Planing and Terriotorial Development	Budget Law	Ex-ante impact analysis to inform the preparation of the investment budget; assessment of the implementation of the national development strategy (NDS) 2030	Ministries of finance, labor, housing, and public works	Multipliers by type of job and type of sector for the assessment of the investment budget; Computable General Equilibrium model for NDS30	Ministry of Labor	none	Results are public but are not yet used to influence the structure of the investment budget
Korea	Office of the Prime Minisites and Ministry of Finance	Basic Employment Policy Law and subsequent legislation	Ex-ante and ex-post assessment of the impact of public policies and budgets on jobs to inform the implementation of the national employment strategy	All ministries and implementation agencies are concerned	I/O tables for ex-ante evaluations; administrative data and tracer survey for ex-post evaluations; some experimental and non-experimental evaluations	Center for Employment Impact Assessment (CEIA) with concerned agencies	Center for Employment Impact Assessment (CEIA)	Results are public and influence budget allocations and the reform and design of public policies
Peru	Ministry of Finance	Budget Laws and Law reforming the mandate of the Ministry of Finance	Ex-ante and ex-post assessment of governmnet programs for results based budgeting	Only flag-ship/new programs, not the entire budget	Simulation macro models for ex-ante evaluations; surveys to managers and beneficiaries for ex-post evaluations	Concerned agencies using independent consultants	none	Results are public and are used, in principle, to allocate budgets and adjust programs
Phlippines	Presidency / Ministry of Labor / Multi-Agency Task-Force	National Evaluation Policy Framework	Employment projections to inform national employment policies; ex-post evaluations to assess the cost-effectiveness of selected programs and inform results based budgeting	All ministries and implementation agencies are concerned	Employment projections based on simulation macroeconomic models; ex-post evaluations based on administrative data or randomized control trials	Ministry of Labor and concerned agencies	none	Results are public and there is a legal mandate to implement recommendations
Rwanda	Ministry of labor and Ministry of Finance	Budget Law	Employment projections to inform national employment policies; ex-ante sectoral evaluations to guide public investment; results based budgeting	Selected sectoral ministries; eventually all agencies	Ex-ante impact assessment based on simulation macroeconomic and sectoral models	Ministry of Public Service and Labor and concerned institutions/agencies	Data quality is assured by the National Institute of Statistics of Rwanda	Results are public and the implementation of the recommendations is enforced through performance contracts

Source: Authors.

An ideal situation would be to introduce EmpIAs as part of reforms or efforts to implement RBB like in the case of **Peru** and, more recently, the **Philippines**. Even then, not all ministries involved in the employment agenda would need to participate at the same time. The capabilities needed, including in terms of M&E systems, can be built and tested in selected pilot ministries and then gradually diffuse to others. For countries like **Cameroon** that are not introducing RBBs, EmpIAs still have a role to play in helping create a culture of evaluation and a focus on results. The minimum would be to ensure that all ministries of labour or equivalent have in place initiatives like those of **Australia** to evaluate existing programmes and introduce reforms to improve their impact and increase their cost-effectiveness. As countries move to RBBs or pro-employment budgets the scope of EmpIAs can gradually expand.

- *Legal framework and fiscal incentives.* Inertia and resistance to change were better illustrated in the case of **Peru**, but they seem to be a feature of public institutions and bureaucracies across the board. Having a dedicated legal framework institutionalizing EmpIAs and/or RBB seems to be a pre-condition for their effective deployment and development. In **Australia**, **Korea**, **Peru**, and the **Philippines** EmpIAs are institutionalized by Law. **Korea** and **Peru** also introduced fiscal incentives for the line ministries in the form of budget allocation conditional on the preparation of EmpIAs. In **Cameroon** and **Rwanda** there is still no legal framework to institutionalize EmpIAs or RBB but both countries are trying to move in this direction and, in the interim, used the Budget Law to mandate the relevant institutions to conduct EmpIAs.

- *Human resources*. One of the bottlenecks to the introduction and diffusion of EmpIAs is not having enough in-house human resources with the necessary expertise. Initially, like in **Peru**, agencies can make up for the lack of internal capabilities by relying on individual consultants or consulting companies. But eventually, all ministries and implementing agencies involved in the jobs agenda would need to have the technical capacity to manage, design, and implement EmpIAs. As shown by **Korea**, at large scale, centralized approaches for EmpIAs are unlikely to be sustainable. This implies investing in the training of existing staff and recruiting staff with expertise in project design and appraisal, cost-benefit analysis, economic modelling for ex-ante assessments, and experimental and non-experimental impact evaluations. It is important to note, however, that having internal capacity to conduct EmpIAs does not preclude quality control from external parties (see below).

- *Labour market information systems (LMIS) and M&E systems*. The other bottleneck hindering EmpIAs are existing limitations in the M&E systems and the related surveys conducted by national statistical offices. As seen in the case of the **Philippines**, having a well-developed national statistical system can make a big difference when implementing EmpIAs. Thus, the introduction of EmpIAs requires setting up a process to gradually upgrade M&E systems and review the structure and frequency of the survey instruments implemented at the national and regional levels. The starting point in the design of the M&E system is to identify the needs of the EmpIAs and build the instruments that will be used to collect data at the programme level (administrative data), through tracer surveys of beneficiaries, or in some cases baseline and ex-post surveys of treatment and control groups. Employment key performance output and outcome indicators would measure impacts in terms of job creation, quality, and access.[33]

  Household, enterprise, and labour force surveys are also important sources of information. Like in the case of **Peru**, the introduction of EmpIAs might require reviewing questionnaires to estimate additional KPIs (e.g., the share of informal work by age, gender, and level of education); sampling strategies to move from cross-section to rotating panels; and the frequency of the surveys from yearly to quarterly. The other important source of data are the registries and administrative systems of the social security, the tax authorities, and those of nation-wide social assistance programmes.

- *Independent oversight institutions*. Like in **Australia** and **Korea**, it is necessary to have in place technical institutions to set standards for EmpIAs and evaluations in general; monitor the quality of implementation arrangements and results; and provide technical assistance. These institutions can conduct themselves the assessment of selected flagship programmes or changes in legislation, but their main role is oversight and technical assistance. As discussed above, they cannot replace line ministries and implementing agencies in ultimately designing and conducting the evaluation of the programmes they manage.

  In the absence of these specialized oversight institutions, it would be important to at least consider the review of instruments, methods, and results by third parties. These third parties can be other technical institutions known

[33] See Robalino and D'Achon (2023).

for having the necessary expertise; universities and think-tanks; or international organizations. For example, before the introduction of ACE, **Australia** requested inputs and feedback to the *Productivity Commission* and benefited from evaluations by the OECD. **Peru**'s evaluation of *PROJoven* also relied on an external party, the *Inter-American Development Bank*. The same happened with the first impact evaluations in the **Philippines** and **Rwanda** that received support from 3IE and the EU-ILO STRENGTHEN project, respectively.

- *Enforcing commitments to implement the recommendations of EmpIAs*. Ultimately, the success of EmpIAs depends on whether they are able to influence budget allocations, improvements in programme design, or the adoption of new initiatives that respond to specific goals regarding employment outcomes. Even in **Korea**, however, it is unclear how binding the recommendations from the different impact assessments are. There has not been yet an "assessment of the assessments" to understand the "feed-back loop;" how the information about the impact of a set of public programmes on employment outcomes shapes the structure of the set itself.

  This could be the main challenge for all countries trying to institutionalize EmpIAs and adopt pro-employment budgets. Probably the best alternative is mandating the ministries of finance or equivalent to enforce the implementation of the recommendations from EmpIAs, either by not funding programmes that did not achieve or are unlikely to achieve the desired outcomes, or by funding conditionally on a given set of reforms. This is the case in **Korea** where line ministries can keep their budgets *only if* they are able to show their programmes are having the desired impacts on employment outcomes. In **Peru**, budget allocations are also conditional on line ministries having committed to implement the recommendations of the EmpIAs. But even in these cases budgets remain subject to political pressures that might induce deviations from the desired allocation of expenditures. Ways to minimize this risk are ensuring the continuity of EmpIAs and the results of the evaluations are public and widely disseminated; and having a third party, like an employment commission, monitor and report on the results of the EmpIAs.

  At the same time, the experience of **Australia** shows that when, from the start, EmpIAs are implemented to inform improvements in programme design over time, the institution in charge of the assessment is also likely to follow-up with the necessary reforms. In the **Philippines**, this drive for evidence-based policymaking is also behind current initiatives to evaluate labour programmes.

- *National employment policies (NEPs).* These are important to guide the design of new programmes or the reform of existing programmes and maximize the impact of EmpIAs. As seen, the **Korean** system relies on the existence of a national employment strategy that sets clear targets in terms of employment outcomes that serve to guide the design of policies and programmes across line ministries. In both **Rwanda** and the **Philippines** EmpIAs are also guided by the country's national development plans and employment policies. In **Peru**, on the other hand, the lack of an employment strategy limits the potential of RBB to coalesce into a pro-employment budget; the introduction of *Plan Peru* helped develop new budget programmes but is not a substitute for the strategy.

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This publication was produced with the financial support of the European Union. Its contents are the sole responsibility of the ILO and do not necessarily reflect the views of the European Union.