ILO brief

ILO national technical assistance programme on Employment Impact Assessments (EmpIAs)

February 2025

Why and how to leverage EmpIAs at national level

Objectives of this brief

- This brief outlines how Employment Impact Assessments (EmpIAs) can be utilized at the national level to create more and better jobs. It elaborates on the relevance of EmpIAs and the specific activities that a national government should consider conducting.
- These actions, ideally carried out in collaboration with the ILO through a technical assistance programme, help governments and stakeholders use EmpIA to improve outcomes of investments and policies.

What are EmpIAs?

An EmpIA is a process to assess the employment potential and impacts of sectoral policies and/or investments. EmpIAs consider both the quantitative (number of jobs created) as well as the qualitative effects (types and quality of jobs affected).

Why conduct EmpIAs?

EmpIAs are crucial for understanding employment implications of past, ongoing and future investments and policy initiatives. Such insights guide future decisions for details of individual investments/policies and at portfolio level; aiming at the creation of more and better jobs.

Who benefits from EmpIAs?

- **Working-age population in a country**
- Government offices, ministries, and agencies as they have various roles in leveraging EmpIAs to inform investment and policy decisions.
- Workers' and employers' representative organizations to constructively participate in the decision-making process on investments and policies.

▶ Types of effects frequently measured

Direct effects	Indirect effects	Induced effects	Capacity effects
Employment created directly by an investment project (typically employed by contractors and subcontractors).	Employment created through the increased demand for inputs from supplying sectors, such as tools, materials and equipment.	Employment created as the result of household's benefitting from additional income and consuming more goods and services in the economy.	Employment created once the project/policy has been implemented (increased economic activity).

Example of a road construction project

Construction workers, engineers, and site managers employed directly by the contractors and subcontractors, working on-site during the project's implementation.	Employment in supplying industries, such as cement factories, steel manufacturers, and machinery rental companies.	Jobs created in local businesses such as retail stores, restaurants, and service providers, as construction workers and suppliers spend their additional income in the local economy.	Jobs generated post-construction due to improved infrastructure, such as new businesses along the road, and increased tourism, logistics, and trade opportunities.

▶ Methodologies

Surveys/interviews

- Provide an in-depth assessment of **direct employment effects**.
- Applicable during implementation and ex-post.

Experiments/quasi-experiments

E.g. randomized controlled trials, difference-in-difference or regression discontinuity design

- Use of random or quasi-random assignment of an intervention to measure **direct employment effects**.
- Applicable during implementation and ex-post.

Input-output multiplier analysis

- Estimation tool for **indirect** and **induced employment effects**.
- Applicable ex-ante, during and ex-post.

Advanced modelling

E.g. structural model for sustainable development (SMSD)

- Simulation models for country specific studies, useful for policy and scenario simulations.
- Estimation of **indirect** and **induced employment effects** as well as log-term **capacity effects**.
- Applicable ex-ante, during and ex-post.

Geographic Information Systems (GIS) methods

- Using night-time lights, satellite imagery and/or labour force survey data to estimate long-term **capacity effects**.
- Applicable only ex-post.

ILO's expertise in EmpIA

The ILO has a long-standing experience in providing technical assistance to national stakeholders to support job creation through EmpIA. Over decades through its Employment-Intensive Investment Programmes (EIIP), the ILO has partnered with development finance institutions, donor agencies and governments. In recent years projects have leveraged macroeconomic tools for EmpIA.

The ILO can support national stakeholders by:

- Generating empirical evidence to inform and orient decisions towards decent job creation
- Strengthening capacities (e.g., through workshops and trainings) in terms of how EmpIAs can be leveraged for the creation of more and better jobs.

Specific activities

Assessments and simulations of large private and public investment projects (e.g. infrastructure)

- Ex-ante to understand their employment potential
- During implementation and ex-post to quantify the number of jobs created and the type of jobs

Sector analysis

- To identify job creation potentials of sectors and value chains
- To detect potential bottlenecks
- To identify entry points for increasing and improving employment effect.

Data improvement

- Develop monitoring frameworks for systematic data collection
- Work with National Statistical Offices to update and improve necessary databases.

Capacity development

- Raise awareness among policymakers on how to request EmpIAs and how to effectively interpret and utilize the results
- Provide trainings for technical specialists on conducting EmpIAs
- Partner with academic institutions to ensure long-term capacity for EmpIAs.

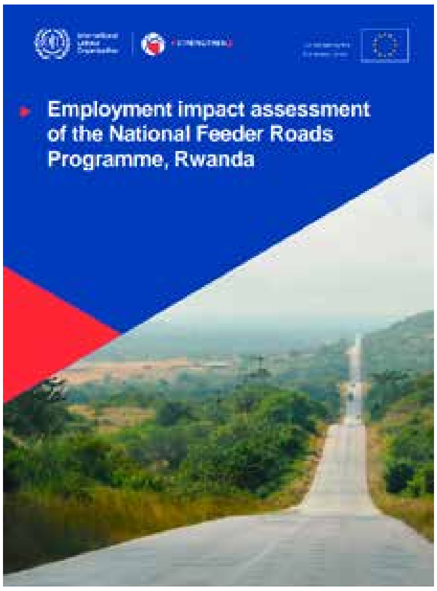
Institutionalization of EmpIAs

- Determine decision-making processes for assessment topics/focus
- Identify responsible administrators
- Define the technical implementation roles for EmpIAs
- Ensure results lead to action.

Potential policy recommendations

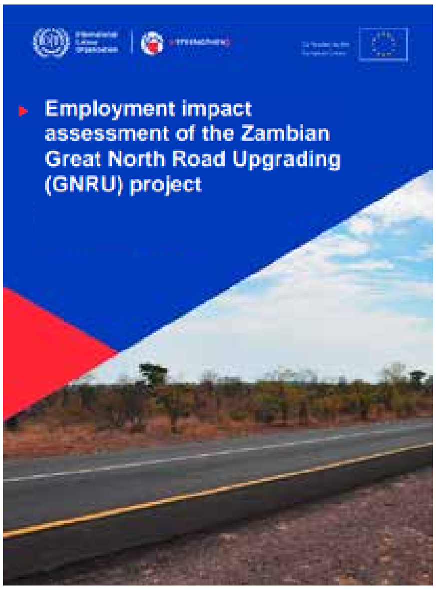
- Considering employment systematically in **policy and investment decision-making**, potentially shifting emphasis within government portfolios.
- Identifying the **skills requirements** for executing investments and putting in place measures to ensure such skills are available.
- Adopting more **employment-intensive methods** of construction for appropriate segments of the investment portfolio.
- Adopting policies to increase the share of **domestically produced inputs** and thereby increasing the multiplier effects of investment on employment.
- Adopt strategies to address decent work deficits and gender gaps and promote the **participation of vulnerable groups** in the labour market.

Examples of EmpIAs



- The NFRP aimed to rehabilitate 700 km of rural roads and maintain a further 500 km across seven districts.
- Following completion (1–4 years), the local GDP was estimated to have increased by 0.8–1.1% and local employment by 0.3–0.4%.
- For future planning and policy, roads should be constructed or rehabilitated within 2 km of target populations to ensure they receive the benefits.

Read full report:



- The GNRU project aimed to expand the transport sector capacity. An ex-ante simulation was conducted to estimate the employment potential.
- The GNRU project has the potential to create 36,222 temporary jobs as well as 6,816 permanent jobs.
- To absorb more youth, labour supply efforts are needed to provide more training and education to meet the labour demand.

Read full report:

- The GMG programme aimed to improve access to energy through grants and technical assistance.
- The programme created 3,755 direct jobs and 652 jobs in the form of indirect and induced employment (89% male and 88% unskilled workers).
- To address the identified bias towards male and unskilled jobs, it is recommended to invest in work-based learning to re- and upskill employees.

Read full report:

STRENGTHEN2: ILO's flagship project on EmpIA

The STRENGTHEN2 project is a joint initiative of the European Union and the ILO that focuses on job creation through investments. Launched in August 2020, the project is a strategic partnership with the overall goal of leveraging employment impact assessments to promote the creation of more and better jobs in sub-Saharan African countries.

Find more publications on www.ilo.org/strengthen2

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