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ILO EMPLOYMENT Podcast

Global challenges – Global solutions

Transcript for:

Employment Impact Assessment: What we know and why it matters

With Juan Chacaltana, Senior Employment Policies Specialist at the ILO Employment Policy Department, and Alina Game, Technical Officer and Geographic Information Systems Expert at the ILO

Welcome to the ILO Podcast series Global Challenges, Global Solutions. I'm your host Tom Netter, and today we're going to discuss what you need to know about employment impact assessments.

Good employment policies are at the root of the creation of more and better jobs and promoting the participation of vulnerable groups such as women, youth, and people with disabilities in labour markets.

What is more, these policies help address decent work deficits and are critically important in global efforts to realize the 2030 Sustainable Development Goals, specifically SDG 8, aimed at promoting sustainable economic growth, full and productive employment, and decent work for all.

So, what do we need to know about the process of employment impact assessments? They assess the employment potential and impact of sectoral policies and investments, and they consider both the number of jobs that can be created, as well as the types and quality of those jobs.

In this podcast episode we ask two experts to break down the key elements of employment impact assessment. What it is, and when and how it can inform better employment policies. Our guests are Juan Chacaltana, Senior Employment Policies Specialist at the ILO Employment Policy Department, and Alina Game, Technical Officer and Geographic Information Systems Expert at the ILO. Juan, Alina, welcome to the podcast.

Tom: Let's start with Juan. For our listeners who may not be familiar with the concept, could you start by explaining what an employment impact assessment is and how they are done and how the findings can influence policymaking and help close policy gaps?

Juan: Thanks, Tom. Due to the nature of the work that we do and the demands we receive from our constituents, at the ILO we understand employment impact assessments as exercises for measuring both the actual effects and or the potential effects of different types of interventions. These interventions could include employment programmes, skills programmes, investment programmes, or even more macro or sectoral policies.

We use several methodologies for this that can be applied in different phases of projects before, during, and after the interventions. In some of these methodologies, we can estimate employment to be created directly, indirectly, or induced by investment programmes or interventions. In other cases, we target other aspects such as employability, labour income, labour quality, informal employment, for example. Together with other departments, we are also implementing structural approaches to see a broader set of indicators, such as household income or social protection, for example. This is something that we are doing as part of the Global Accelerator on Jobs and Social Protection for Just Transitions currently.

In general, we do this via our regular assistance to countries or through technical cooperation projects. Currently, we have a project called Strengthen 2, a joint initiative with the European Union and the ILO that aims at leverage employment impact assessment to promote the creation of more and better jobs in sub-Saharan African countries. Some years ago, we had another project called the Taqueem Initiative with the collaboration of various partners to enhance youth employment in the Middle East and Northern Africa. Through all this work, our aim is to provide systematic evidence for decision-making related to job creation or promotion, helping on decisions such as what works, where to invest, and how to do it, including issues such as project designs, elements for implementation, et cetera.

Tom: Thanks, Juan, for that comprehensive answer. Now, I'd like to ask Alina what regions or areas are particularly amenable to employment impact assessment, both if they have adequate or inadequate data. And also, what innovative approaches can be employed to overcome these challenges?

Alina: Thank you, Tom. So, as Juan mentioned, there's several different methodologies that we can apply to measure different phases or different types of projects or interventions when we're trying to assess their employment impact. One particular challenge we find that we face is when we're trying to measure the long-term economic or employment effects that these interventions have produced. So, these long-term, long-lasting impacts are often some of the most important to try to understand and capture and this is because they reflect the sustainability and effectiveness of these investments that we're assessing. However, they're really some of the most difficult to capture with more traditional methods for conducting employment impact assessments. And this is especially apparent in regions where data is scarce or unreliable.

So, I work for the Strengthen 2 project that Juan described earlier. And what we've been doing is we've been trying, as part of the project, one of the methodologies that we focus on is leveraging Geographic Information Systems, or GIS, and remote sensing to try to measure these long-term outcomes. A more typical or traditional way to measure these effects that we've also been undertaking as part of the project is looking at using microdata such as labour force survey data or household survey data, to try to see how these employment variables have changed pre- and post- the intervention or project that we're assessing. However, of course, this then requires availability of that survey data. And in the region we're working in, in sub-Saharan Africa, it's quite often the case that this data is not available or accessible, which is why we're exploring and adopting these more innovative approaches using the GIS and remote sensing.

One innovative approach that we have been looking at is the use of a dataset called nighttime lights data, which in a nutshell, are satellite images that capture artificial lights at night. And we apply these to try to estimate the impact of infrastructure projects, in particular, road projects, and try to assess how they've impacted economic activity and employment. This method and these nighttime lights dataset is particularly valuable because the data is globally available and publicly available. It's free to use. So, it makes it a really useful dataset to apply in contexts where some of the more traditional data, like this microdata survey data I mentioned, is not available.

So, by applying this methodology and this data, we can assess these economic and employment changes really at the local micro project level, and provide insights that would otherwise be really difficult to capture with more traditional methods. How this then feeds into policy? So, we're trying to produce these assessments to support policy and provide evidence-based recommendations coming out of these assessments to inform government and other stakeholders working in this area. This can then feed into and support the design of future interventions to ensure they're effective and sustainable and targeted and that they promote decent job creation and sustainable development.

Tom: Thanks, Alina, for shedding light on that issue, so to speak. One of the key objectives of employment impact assessments is to promote the participation of vulnerable groups in labour markets. How do these assessments help address these kinds of decent work deficits and align with global initiatives like the 2030 Agenda, specifically SDG8?

Juan: Yes, Tom. As you mentioned, the goal of SDG 8 is to advance decent work and economic growth. The good thing about SDG 8 is that now it includes quantitative targets related to GDP growth needs, full and productive employment, for example, the rate of youth Not in Employment, Education or Training, also known as NEETS. In other cases, the targets are more qualitative, but in any case, they are very concrete. For all these targets, policymakers need solid evidence on what works and what are the potential of different types of interventions.

Many indicators under SDG 8 require systematic data collection on employment outcomes, for example, wage levels, unemployment rates, informal employment. And these indicators require impact assessment to understand the effects of policies and programs on labour markets. Now, the 2030 Agenda also emphasizes the importance of data driven policy assessments and impact evaluations to track progress, in stressing the need for rigorous and evidence-based country-related evaluations and data. SDG 17, on global partnerships for sustainable development, includes a reference to the development capacity for monitoring and evaluation of SDG progress. This suggests that in general, impact assessments are expected to ensure policy effectiveness, and in the case of SDG 8, employment impact assessments are critical. The high-level Political Forum on Sustainable Development that will take place in July will review progress on SDG 8. And this will be a key opportunity to discuss these issues.

Tom: Okay, thanks. Alina, can you weigh in on this issue?

Alina: Yeah, thank you. So, through the work on the Strengthen 2 project, what we try to do is not only estimate the number of jobs that have been created from these interventions that we're assessing, but we really try to place a strong emphasis on understanding who is benefiting from these jobs that are created, particularly in terms of things like gender and youth. So, many of the methodologies that we're applying, whether it be direct data collection, the modeling work, the GIS analysis using the microdata survey data that I just mentioned, try to break down employment and look at these dimensions. So, for example, when we're collecting data on the direct employment of investments, we try to identify if there are any gender biases present.

So, in the case of our project, many of the assessments that we are conducting are trying to evaluate and assess infrastructure projects. So, for example, the construction of roads, the construction of energy projects. So, we often find that there is a significant male employment bias due to the nature of the construction sector that we're assessing. We also look at youth employment. And again, it's particularly important given the region we're working in, where there's high youth unemployment rates and underemployment in the region of sub-Saharan Africa. So, from looking at these dimensions, it can then help us tailor our recommendations coming out of these assessments to promote better access to decent jobs for these groups for women and youth within these investment projects.

Tom: Okay, let's continue, Alina, and consider the ultimate impact on the complex process of policymaking when various stakeholders often have divergent interests. How does the ILO assist national employment authorities in building the capacity to conduct employment impact assessments and coordinate effectively among stakeholders? Let's start with Alina.

Alina: Thank you. Yes. So, a large component of the Strengthen 2 project is capacity building. So, we really work closely with governments, development finance institutions and other key stakeholders. We're often working in partnership or very closely with the Ministry of Labour in the countries that we're operating in, in sub-Saharan Africa, where we try to provide training to relevant staff within ministries or these other institutions on employment impact assessment. And here we have the goal to try to increase and support capacity so countries can conduct assessments themselves of their own projects, programmes, or policies. So that's the training. Then beyond this, another focus of our work is on institutionalization.

So, we're really trying to embed employment impact assessment within national systems. So, many of the countries we're working in, many governments and stakeholders face complexities with the methodology, limitations around data or resource constraints. So, it can really be difficult for national institutions to conduct these employment impact assessments themselves and independently. And this means that they end up outsourcing these assessments to different specialized research institutions or consultants. So, what we do is we provide advice to governments on how they can mainstream employment impact assessments into their existing work structures and work streams. In the ILO more broadly, we're also exploring new ways around this process of institutionalization and how this can be improved. One aspect that we've noticed and highlighted is that this process works better when it's aligned in some way to national budgeting processes. So, trying to strengthen this supports these employment impact assessments to become a part of development planning, policy evaluation and decision making around these investments at the national level.

Tom: Thanks, Alina. Now, Juan, can you give us your views?

Juan: Yes, Tom. Yes, as Alina mentions, the ILO is making a lot of efforts to enhance the institutional capacities required by constituents to carry out and use the results of employment impact assessment. In addition, at the global level, we are doing a number of initiatives. In the Employment Policy Department, for example, we have a Task Force on employment impact assessment that meets regularly to discuss these issues, including the work that has been performed at the country level and even at the regional level. We have also developed a Reference Guide on Employment Impact Assessment. We are launching the second edition soon, including new chapters on the use of new technologies, how to address the issue of informality, for example, and the details of a structural model for sustainable development.

And with the support of the International Training Center in Turin, which is the ILO training arm, we regularly organize capacity building activities for constituents, including training sessions for employment ministries, statistical agencies, social partners, and even evaluation agencies. In some countries there are those agencies. On methodologies for conducting

employment impact assessments. This includes training on data collection, modeling effects, integrating gender, vulnerability considerations, et cetera. In the second semester of this year, we will offer the sixth edition of this course. Now, as you pointed out in your question, in some cases, tripartite constituents of the ILO could indeed have a diverse perspective on this issue and that is why we are making also efforts to involve social partners in processes of employment impact assessments.

It is important to mention that there is another publication that the Department is launching soon, the forthcoming Global Employment Policy Review, which is a biennial publication of the department. And this issue is including a systematic review of around 100 employment impact assessments carried out by the ILO in recent decades, in the last two decades mainly. And in this systematic review, the authors find that the process of involving social partners is a very broad and can be conducted in different levels, including consulted with social partners, presented to them or even requested by any of them. So, we are making this type of effort.

Tom: Thanks, Juan. And now I'd like to just conclude briefly. Do you have any final thoughts regarding the impact of employment impact assessments in terms of advancing the Sustainable Development Goals?

Juan: Indeed, I think employment impact assessments are essential for advancing the 2030 Agenda by ensuring transparency, accountability, and evidence-based advice. It has different aspects. For example, it allows tracking progress, informing policymaking, ensuring accountability, as I mentioned, but also enhancing coordination, improving resource efficiency, and even comparability because we also try to discuss and standardize indicators at country level. So, I think this process of evidence-based policy discussions could play a critical role in insuring the progress toward the 2030 Agenda.

Tom: Juan, Alina, thanks for this fascinating overview of the value of employment impact assessments.

As we've already heard, assessing economic growth and employment is key for measuring progress towards SDG8 for promoting the creation of sustainable and inclusive decent work. For countries that lack traditional data sources and indicators, as well as areas where data is available, combining employment impact assessment insights with more traditional data sources, such as surveys, can provide a more comprehensive picture of decent work. That's a tall order but it's for an important goal – working through the 2030 Agenda to make the world of work a better place for all, and hopefully bringing the global quest for decent work closer to reality.

I'm Tom Netter, and you've been listening to the ILO EMPLOYMENT podcast series, "Global Challenges, Global Solutions". For more on the importance and value of employment impact assessments, go to www.ilo.org/employment. Meanwhile, thank you for your time.

