International Labour Organization

Public employment services and active labour market policies for transitions: Responses to mega trends and crises

Presentation of the report's main findings and policy recommendations

Michael Mwasikakata

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I. Introduction and methodology

- **Context:** Increased demand for PES and ALMPs resulting from the impact of the COVID-19 pandemic on labour markets.

Key question: To what extent are PES are adapting their structure, governance, service offer and partnerships to deliver services to job-seekers and employers?

Methodology: Literature review, “live” desk research and global survey of PES.

Survey: implemented in 2021 with responses from 94 countries, from which:

- *39 high income*
- *28 upper-middle income*
- *18 lower-middle income*
- *09 low income*

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II. Report’s main findings

Findings condensed along three themes

i. Strengthened capacity of PES

ii. Innovation in service offer design

iii. Innovation in service delivery and business models

i. Strengthened capacity of PES

- Expanding PES mandate for more inclusiveness in the labour market: new estimators
- Policy and legal framework
- Financing and institutional capacity
- Modernization

Expanding PES mandate for more inclusiveness in the labour market: new estimators

- LU3 indicator (unemployed + not available / willing to work).
- Expressed as a share of the working-age population, it gives an idea of the size of the potential client pool of PES.
- Mostly relevant to data-poor countries.

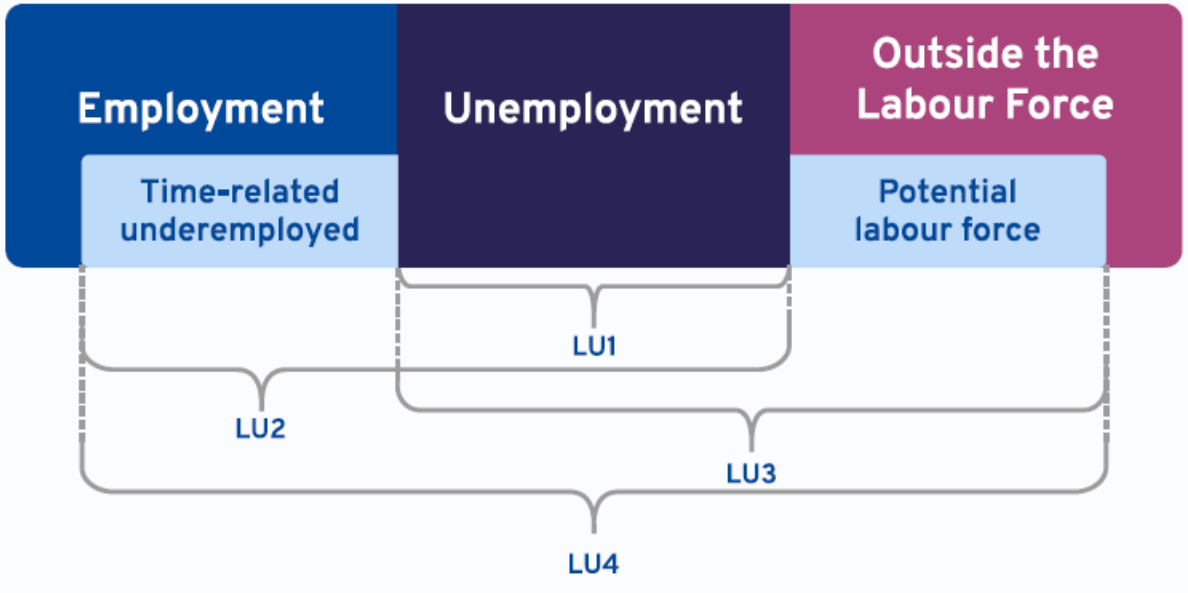

Figure 1.5: Composition of working-age population in terms of labour force status, and the four ILO indicators of labour underutilization.

Source: ILO (2018).

Policy and legal framework

- PES need a mandate grounded in robust legal frameworks.
- International labour standards—ILO Conventions No. 88 and No. 181—provide the normative framework to develop national legislation and policy.

- In advanced and emerging countries, most PES derive their mandate from labour or employment legislation at the subnational, national and supranational levels.
  - In **China and the Republic of Korea**, mandates are laid down in both national employment policies and labour law.
- Still, some countries either lack or have weak legal frameworks for PES.
  - **Ethiopia, Namibia and South Africa** have had to revamp their laws over the past decade to strengthen service delivery.
  - The **Cook Islands**, the **Dominican Republic, Guatemala and Malawi** do not yet have comprehensive legal frameworks for PES.

Financing and institutional capacity

- Central government budget is the most important source of PES worldwide.
- Increasingly limited fiscal space.
- PES are diversifying sources of funding to finance activities and cushion against budget fluctuations.

- Possible **sources** of finances are:
  - Government and other public funding: national and local level
  - Social security contributions
  - Donors/partner funding
  - Other sources: employment/training funds
  - Own revenues

Modernization

- Beyond digitalization, implementation of more effective management and coordination with labour market and social protection institutions.
- Introduction of KPIs, new management approaches and customer-oriented service delivery.

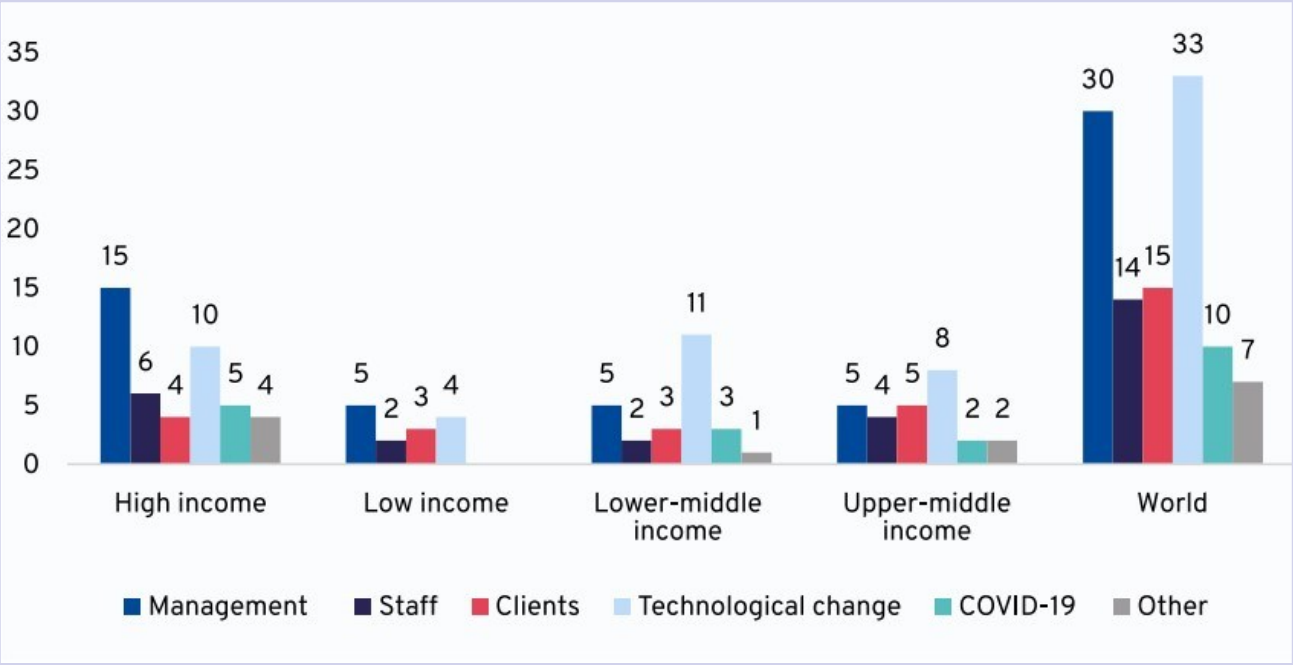

Figure 2.13: Main drivers of innovation in public employment services, world and by country income group, 2021 (number of respondents).

Source: ILO global survey of public employment services (2021).

Modernization

- Beyond digitalization, implementation of more effective management and coordination with labour market and social protection institutions.
- Introduction of KPIs, new management approaches and customer-oriented service delivery.

- Elaborate performance management systems are mainly a feature in advanced economies.
  - **Germany and Switzerland** have launched sophisticated performance management systems using regression models.
  - **Austria** has a set of performance metrics constructed on the principles of total quality management.
  - The **Republic of Korea**'s Employment Service Evaluation Centre uses a performance evaluation index to monitor the effectiveness of individual offices and interventions.
  - In **the UK**, performance indicators include input and outcome metrics and measures of customer and staff satisfaction.

Modernization

- Beyond digitalization, implementation of more effective management and coordination with labour market and social protection institutions.
- Introduction of KPIs, new management approaches and customer-oriented service delivery.

- In developing countries, performance management systems are being introduced in relatively mature PES.
  - **Benin** implemented a performance accountability system with a set of specific targets.
  - **Cameroon** introduced performance metrics to assess the cost of services and uses customer and employee satisfaction surveys for performance assessment.
  - **Morocco** monitors monthly results through a performance dashboard, supplementing its internal information with qualitative data from partners.
  - **Peru** uses service charters to provide regular public updates on the performance of its PES.
  - **The Philippines** established annual awards at regional and national levels to assess performance of all operational PES offices.

ii. Innovation in service offer design

Shift towards a holistic approach: activation measures & income support

Customised services for jobseekers and inclusiveness

Digitalization

Addressing skills needs and mismatches

Shift towards a holistic approach

- Approach that addresses occupational and social obstacles to labor market inclusion.
- Gradual shift: need for policy and legal frameworks, more resources.

- Shifting to a holistic approach can also entail the use of **activation measures and income support.**
  - During the COVID-19 crisis, PES demonstrated **responsiveness** and **adaptability** by paying out income support.
  - Administrative reforms were also conducted to merge employment and delivery agencies in some countries.
  - Broadly, PES link jobseekers with ALMPs—but tend not to coordinate them.

Customised services for jobseekers and inclusiveness

- Increased customization and personalization.
- Profiling systems to “segment” the service package that will be used to support new clients.
- Most PES have a gender equality policy.

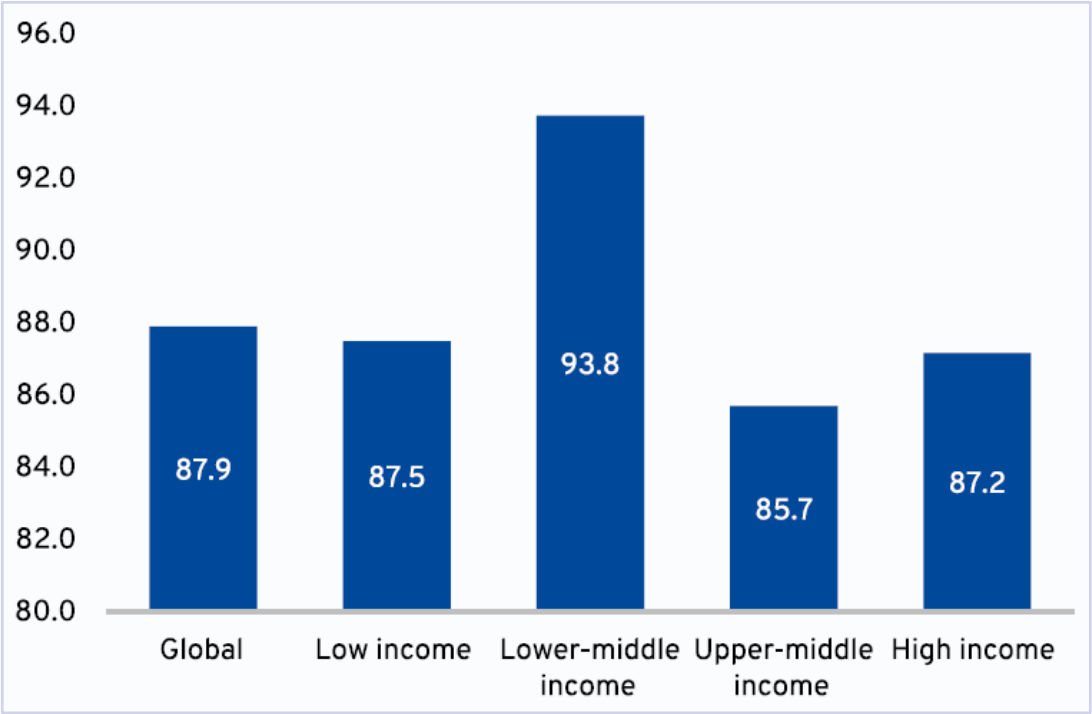

Figure 3.6: Public employment services profiling and segmenting new jobseekers, world and by country income group, 2021 (percentage of respondents).

Source: ILO global survey of public employment services (2021).

Digitalization in the world of work and in service delivery

- Accelerated digitalization, but in-person delivery remains important.
- Many PES opted for a hybrid service.
- In low-income countries, digitalization can contribute to overcoming the lack of physical infrastructure and staff.

- Many developed countries (e.g., **Belgium**, **France**) have adopted a "digital first" policy.
- The COVID-19 crisis accelerated pre-existing trends:
  - **Greece** allowed all unemployment benefit applications to be made online.
  - **North Macedonia** introduced online benefit applications.
  - **Serbia** started accepting emailed applications.
  - **Norway** embraced a fully automated case handling and digital applications for advance payment of unemployment benefits.
  - **Spain and Romania** expanded the use of telephone channels through call centres.
  - **Estonia and Romania** authorized the submission of benefit applications by post.

Digitalization in the world of work and in service delivery

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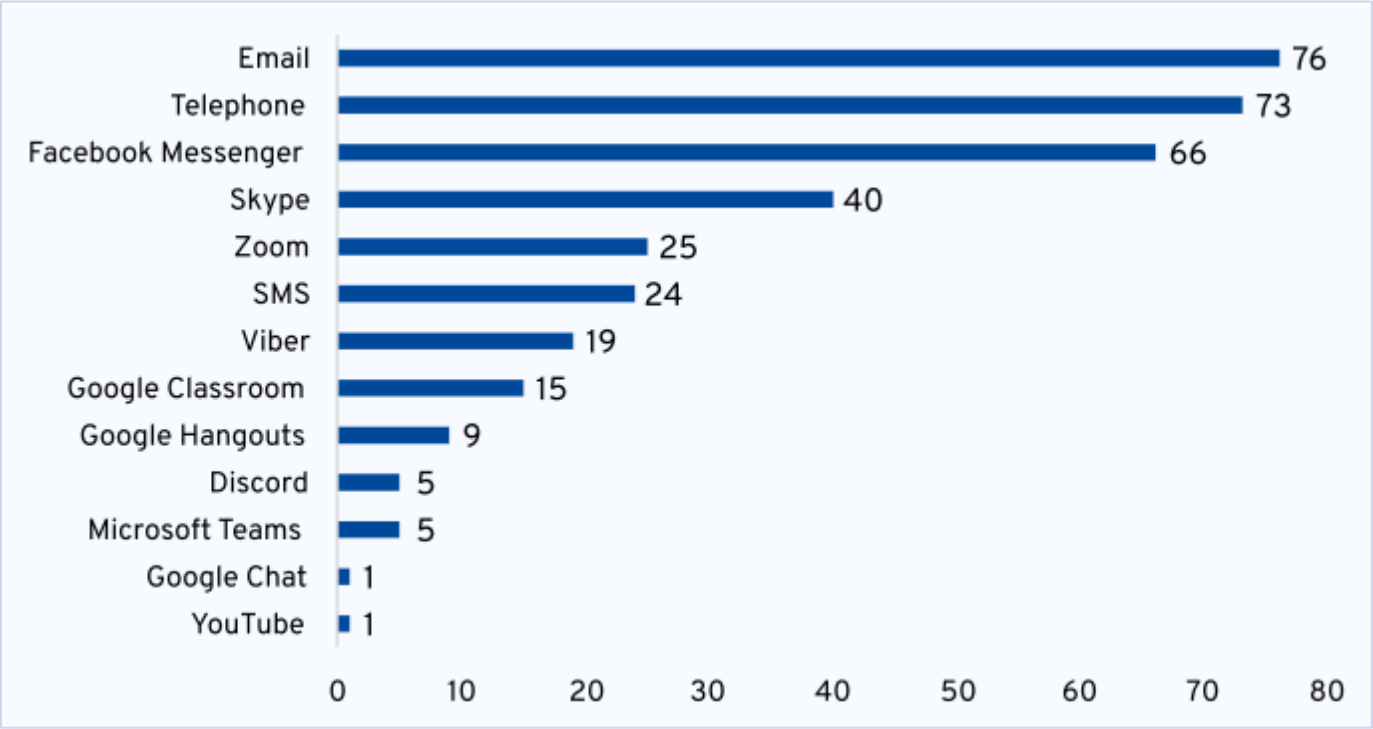

Figure 2.12: Platforms used for remote counselling and e-counselling by careers advisers in Hungary, 2020 (number of respondents)

Source: Borbély-Pecze (2022)

Addressing skills needs and mismatches

- Call for PES to strengthen their skills anticipation capacity.
- Broader assessment of jobseekers' competencies—beyond formal qualifications and conventional occupations.

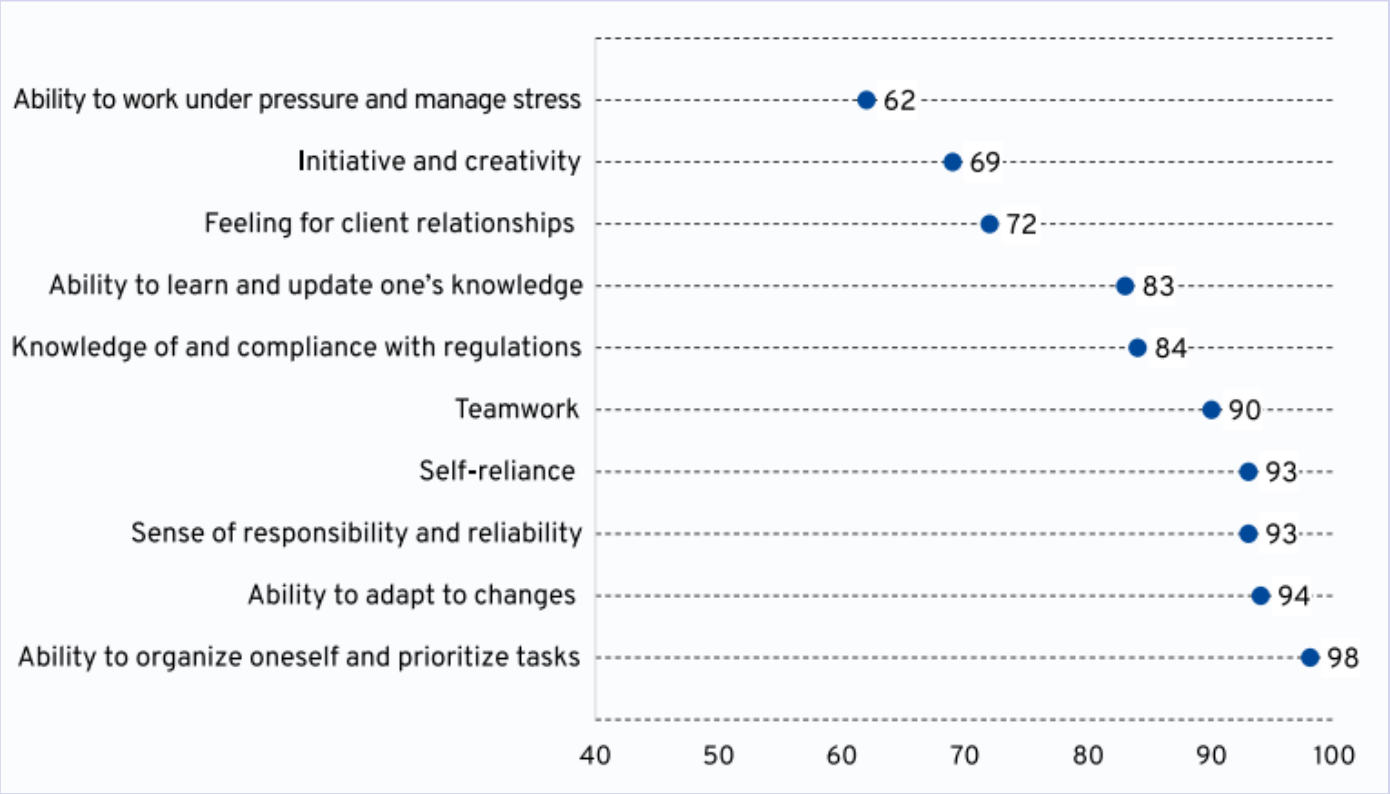

Figure 3.4: Main behavioural skills expected of jobseekers by employers, France, 2019 (percentage of respondents)

Source: France, Pôle emploi

Addressing skills needs and mismatches

- Call for PES to strengthen their skills anticipation capacity.
- Broader assessment of jobseekers' competencies—beyond formal qualifications and conventional occupations.

- In **Malaysia**, the website of its Social Security Organization (PERKESO) offers a skills-based tool to jobseekers:
  - Users select their skills from a drop-down menu.
  - The system shows them a list of occupations in which those skills are needed, and the number of relevant vacancies available through PES.
- In **Costa Rica**, a platform uses a simplified matching technique to identify the gap between a jobseeker's (informal) skills and the required skills as specified by an employer.
  - Actions are proposed to jobseekers (e.g., skills training through its PES), to close that gap.
  - Options are identified for jobseekers who cannot find a job in their original occupation, but whose skills are transferable.

iii. Innovation in service delivery and business models

Delivery of services for employers

Employment service ecosystems

Partnership working

Delivery of services for employers

- Low visibility and trust among employers.
- To be addressed through customization, innovation and segmentation of employer clients.

- In **Denmark**, *Jobservice* segments companies upon first contact, streaming them into the various local ES that will then attend to them according to their support needs.
- In **Spain**, in region of Aragon, the ES assesses the most dynamic sectors in the region (e.g., the automotive sector) and targets them through company visits.
- In Flanders, **Belgium**, PES distinguishes between six main groups of sectors. Counsellors are then assigned to and specialize in one of these sector groups—following up with business plans for each sector.
- In **France**, *Pôle* emploi segments the recruitment potential of employers, and identifies major recruiters, to improve their overall image.

Delivery of services for employers

- Low visibility and trust among employers.
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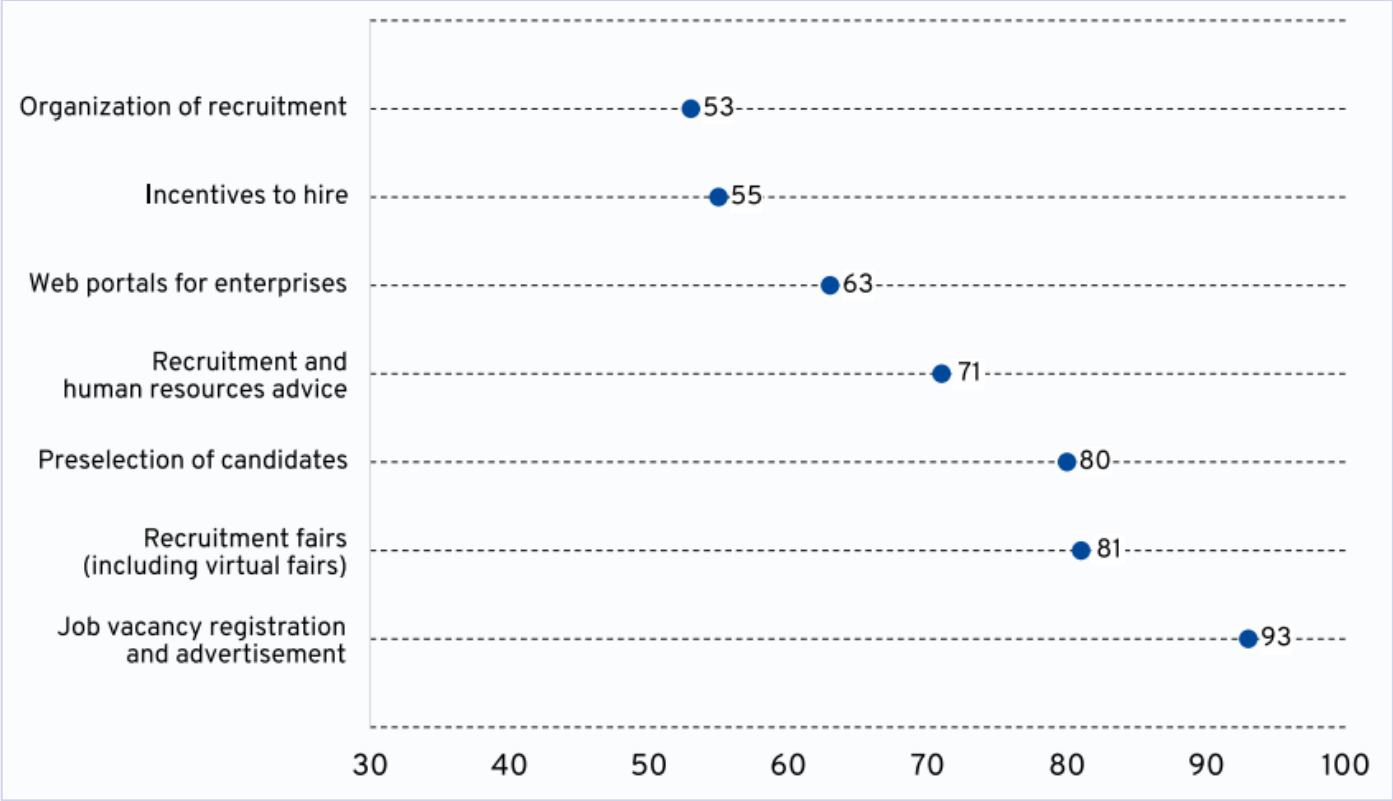

Figure 3.11: Services offered to employers by public employment services, 2021 (number of respondents)

Source: ILO global survey of public employment services (2021).

Employment service ecosystems

- PES are key players in ALMP systems, acting as intermediaries between the policies and services provided.
- Challenge: coordinating service delivery and working with a wide range of stakeholders.

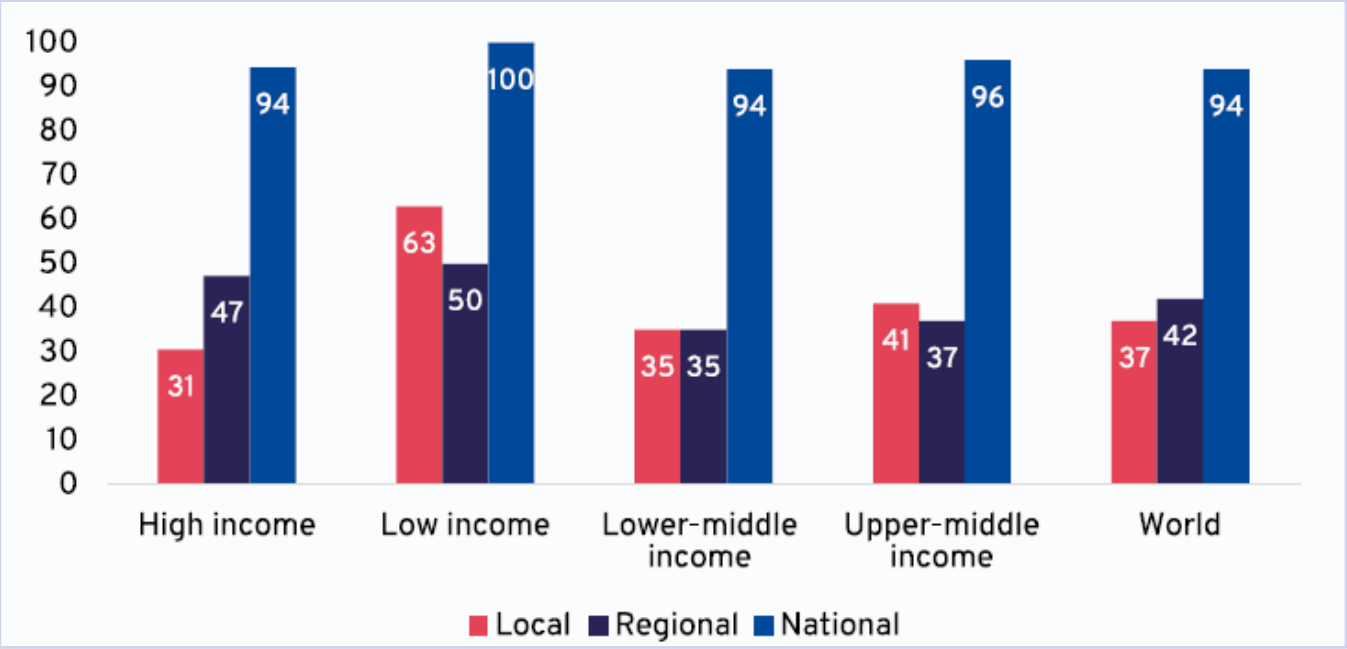

Figure 2.9, Panel A: Administrative level at which ALMPs are coordinated, world and by country income, 2021 (percentage of respondents).

Source: ILO global survey of public employment services (2021).

Employment service ecosystems

- PES are key players in ALMP systems, acting as intermediaries between the policies and services provided.
- Challenge: coordinating service delivery and working with a wide range of stakeholders.

- In advanced economies, ALMPs have been used in combination with unemployment insurance to help people return to the labour market and reduce dependency on benefits.
  - In **Japan and Slovenia**, cooperation between the social welfare system and PES was strengthened during the COVID-19 crisis.
  - In **Finland, Norway and the United States**, reforms resulted in the co-location and coordination of PES and social assistance services.
  - In **the United Kingdom**, benefit delivery and ES were fully integrated.
- In many emerging and developing countries, social protection programmes—especially cash transfer schemes—are often connected only sporadically with PES.

Partnership working

- Growing importance during COVID-19 crisis due to the need for rapid mobilization of additional capacity.
- Mainly training and other ALMP providers.
- Beyond crisis, need for fostering partnerships directed at vulnerable groups.

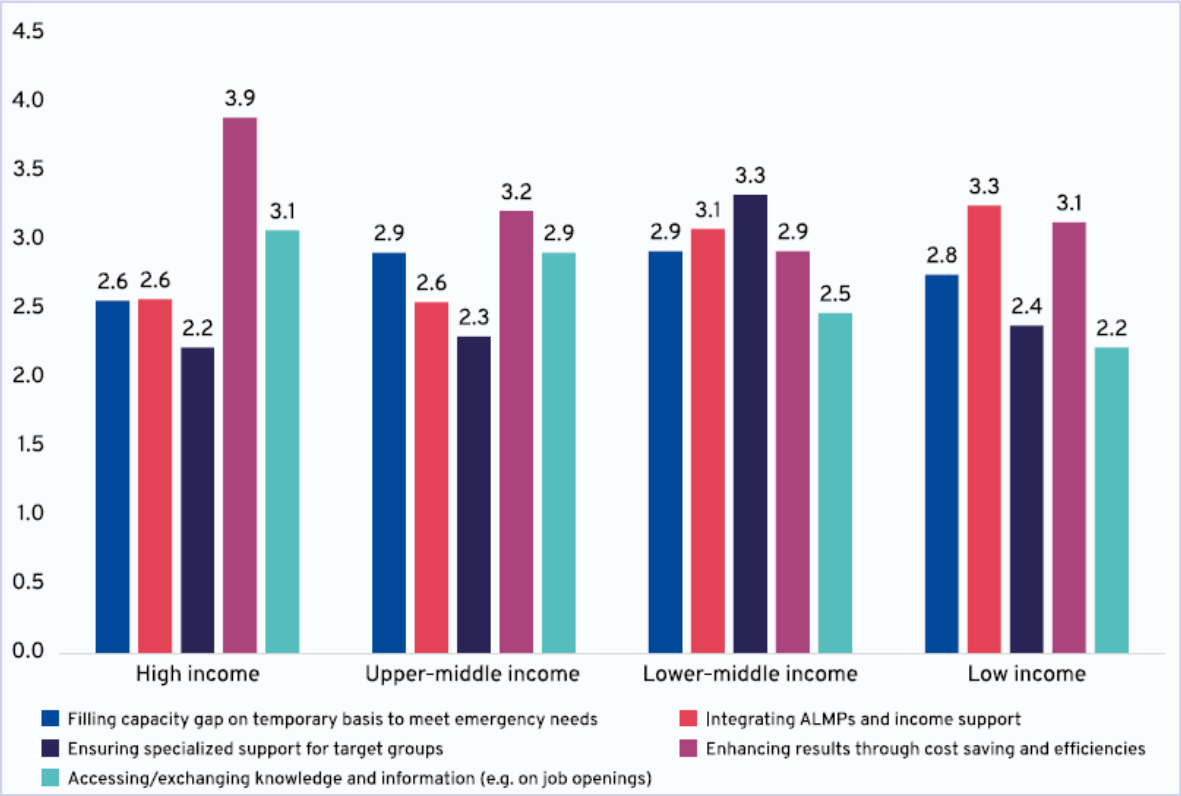

Figure 5.6: Motivations for public employment services to establish partnerships, by country income group, 2021 (average priority ranking)

Source: ILO global survey of public employment services (2021).

Partnership working

- Growing importance during COVID-19 crisis due to the need for rapid mobilization of additional capacity.
- Mainly training and other ALMP providers.
- Beyond crisis, need for fostering partnerships directed at vulnerable groups.

- **India** launched its National Career Service in 2015. Its main features are:
  - a job portal that brings together all key stakeholders, and
  - a collaborative delivery of services by different players through Model Career Centres and other channels.
- **Colombia** has set up a network system of ES providers.
- **Ireland** has launched a programme called *JobPath*, which links its PES with private for-profit organizations.
  - The programme delivers services for the long-term unemployed.
  - These private providers are paid based on their performance.

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III. Policy recommendations

1. Integrate PES into broader policy and legal frameworks

- A PES needs a **clear mandate** laid down in the country's legal and policy frameworks, with sufficient **flexibility to respond to challenges.**
- The ratification and implementation of **C88** and **C181** can be helpful in this regard.
- To promote coherence between policy design and implementation, **PES** should be **integrated** in **national development strategies**, and in **employment and sectoral policies.**

2. Strengthen capacity of PES to ensure that they are effective and able to modernize

- The **performance** of a PES depends largely on the **resources allocated to it.**
- The government should ensure a **sustained flow of resources**—financial, human and material—to its PES.
- These resources include means for **modernization** and the **continuous training of staff**.

3. Pursue the customized digitalization of PES to increase their capacity, service quality and resilience in times of crisis

- Digitalization can allow PES to enhance their service provision, increase their efficiency through the automation of processes, and become better at collecting and using labour market data.
- However, to minimize the risk of rising inequalities due to a "**digital divide**", digitalization must be part of a broader strategy towards a customized combination of service delivery models.
- This **customized digitalization** of PES increases their capacity, service quality and resilience in times of crisis.

4. Ensure that changes to PES governance, organizational structure and performance management reflect needs and policy priorities

- **Governance, organizational structure and performance management** are key factors in the effectiveness of PES.
- Changes in these three areas must reflect the evolving needs of the labour market, as well as policy priorities.
- **Transparency and accountability** are not only necessary for good governance, but to ensure PES are delivering good value for the money invested in them.

5. Leverage PES to support workers and enterprises in the green, digital and care economies

- PES can be instrumental in supporting the **transition** of workers and enterprises in the green, digital and care economies.
- This support should go beyond only equipping workers with the skills that they would need to work in these sectors.
- Offering **additional support is key**: intermediation and the provision of labour market information, counselling, career guidance and job matching.

6. Encourage skill- and competency-based matching that considers a client's full potential

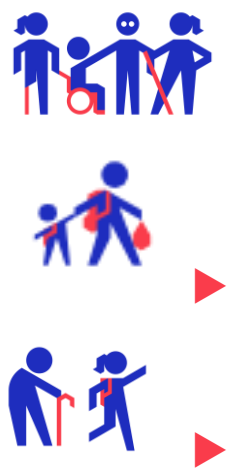
- To ensure greater efficiency of intermediation, better matching and improved labour market outcomes, a PES must develop mechanisms to recognize a jobseeker's **competencies beyond formal qualifications**.
- These competencies include informal training, experience and soft skills.
- This enables workers with a lack of qualifications to work in emerging sectors of the economy—such as care, digital, and green economies.

7. Embrace a holistic approach to supporting clients

- In addition to offering services that address both skills-related and social barriers, a PES may collaborate with social service providers and social protection institutions to address further barriers.
- This **holistic approach** can be developed progressively, considering the national context and resource availability.

8. Promote partnerships with labour market actors, training organizations and social protection institutions

- The COVID-19 crisis highlighted the potential of **partnerships to increase the outreach and effectiveness** of PES.
- For instance, partnerships with training organizations can increase the relevance, intensity and quality of the training offered.
- Partnerships should be part of the long-term strategy of PES.



9. Consider new approaches to expand PES support for disadvantaged groups

- Individuals from disadvantaged groups can face additional barriers that may prevent them from seeking a job or being available to work.
- These groups may include young people, women, persons with disabilities, migrants and forcibly displaced persons, and older workers.
- The core mandate of PES is to ensure **labour market inclusiveness** by targeting vulnerable groups and promoting gender equality—thus, the rapid evolution of the labour market requires new approaches.

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Thank you for your attention.

12 December 2023