Applying the ILO's Productivity Ecosystems for Decent Work Approach

A Practical Guide

MSME Branch

Employment, Skills & Sustainable Enterprises Department

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1. Purpose

The **main objective** of this guide is to support ILO country teams and partners in applying the ILO's Productivity Ecosystems for Decent Work approach in different contexts, including the design and implementation of dedicated projects or the integration of the approach into broader ILO programmes and national initiatives.[1] It provides an operational framework for translating the Productivity Ecosystems for Decent Work approach into concrete country-level interventions that promote sustainable productivity growth alongside the creation of more and better jobs.

The guide outlines the main phases, processes and considerations involved, from initial stakeholder engagement and sector selection to diagnostics, intervention design and implementation. It is designed as a flexible reference document that can be adapted to different countries, institutional settings and development priorities.

Drawing on experiences and lessons learned from various countries, this guide illustrates how the approach can be operationalized in practice across policy, sector and enterprise levels. Rather than prescribing a one-size-fits-all model, it aims to provide practical guidance, concrete examples and good practices that can help country teams and national stakeholders design integrated and context-specific interventions.

The **primary audience** for this guide includes ILO colleagues, constituents and development partners involved in the design and implementation of a Productivity Ecosystems for Decent Work Project.

How to use this guide

- This guide presents what a comprehensive Productivity Ecosystems for Decent Work project may look like. It is intended as a practical reference rather than a prescriptive blueprint. While many of the examples draw on dedicated Productivity Ecosystems for Decent Work projects, the approach can also be adapted to broader ILO programmes or technical cooperation projects where productivity and decent work are central objectives.
- In reality, not every project will implement every element described in this guide. The scope, sequencing and scale of interventions should be adapted to the country context, stakeholder priorities, available resources, implementation capacity and donor requirements. In many cases, projects will focus on a limited number of sectors, institutions or intervention areas where the ILO has a clear comparative advantage and can catalyse broader systemic change.
- Rather than attempting to address all productivity constraints within an ecosystem, projects should prioritize interventions that respond to the most critical bottlenecks, build on existing initiatives and institutions, and have the greatest potential to generate sustainable and scalable impact.

2. The Productivity Ecosystems for Decent Work approach

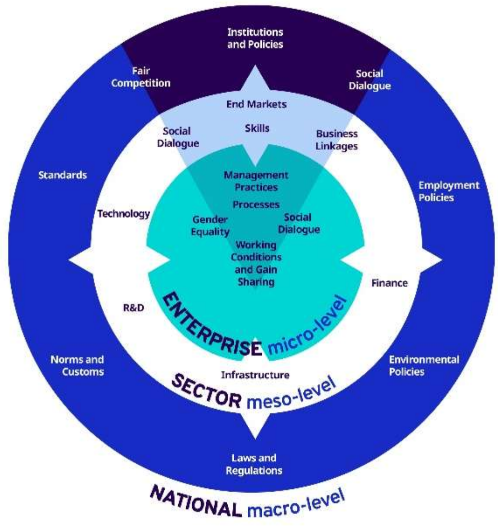
The Productivity Ecosystems for Decent Work approach was developed in response to growing concerns around slowing productivity growth, weak structural transformation, and the limited translation of productivity gains into more and better jobs. The approach recognizes that productivity and decent work are deeply interconnected and that sustainable productivity growth requires coordinated action across economic, social and environmental policy domains.

The approach was discussed by ILO tripartite constituents at the Governing Body in October 2022 and is one of the interventions under the Global Coalition for Social Justice.

[1] This guide was prepared by Cheryl Chan, with overall guidance from Stephan Ulrich and Marlen de la Chaux. It benefited from valuable inputs and contributions from colleagues involved in the Productivity Ecosystems for Decent Work Global Programme and country projects, including Gulmira Asanbaeva, Onoma Asiedu, Na Eun Mun, Van Nguyen Thi Le, Monde Nyangintsimbi, Valentine Offenloch, Hoang Phung Duc and Valentina Verze.

At its core, the approach recognizes that enterprises and workers operate within a broader "ecosystem" in which productivity and decent work outcomes are shaped by interconnected factors operating at three mutually reinforcing levels:

- **Policy level**: national policies, institutions and coordination mechanisms that shape the enabling environment for productivity growth, structural transformation and decent work;
- **Sector level**: sectoral policies, value chains, institutions and social dialogue structures that influence productivity, competitiveness and employment outcomes;
- **Enterprise level**: management practices, working conditions, workforce skills and business performance.



The approach promotes integrated interventions across these three levels to create a **virtuous cycle** between productivity growth and decent work.

Key lesson from Phase I: Productivity is an effective entry point for decent work

- Across all countries, productivity proved to be a politically viable and practical entry point for engaging governments, employers and workers. However, improvements in productivity do not automatically translate into better jobs. Decent work objectives must be explicitly integrated into programme design, implementation and monitoring.

Recognizing that productivity constraints and opportunities differ across countries and sectors, the approach focuses on a specific **"slice" of the economy** selected — typically one or several sectors or value chains with strong potential for productivity growth and decent job creation identified through consultation with national stakeholders.

The approach is guided by the following key principles:

- **Integrated and systemic**: promoting coherence between interventions at policy, sector and enterprise levels, as well as across economic, social and environmental policy areas;
- **Social dialogue and tripartism**: ensuring meaningful engagement of governments, employers' and workers' organizations throughout the process to generate strong national ownership, build consensus and strengthen the sustainability of reforms and interventions;
- **Demand-driven and country-owned**: aligning interventions with national development priorities, existing policy frameworks and the needs identified by national stakeholders, while building on existing institutions and initiatives wherever possible;
- **Evidence-based and results-oriented**: grounding interventions in robust diagnostics, data and stakeholder consultations, focusing not only on activities and outputs but also on outcomes, systemic changes and contributions to long-term productivity and decent work impacts (see Section 3);
- **Institutional sustainability**: embedding sustainability considerations from the outset by strengthening national institutions, social dialogue mechanisms and service delivery systems capable of sustaining and scaling results beyond the duration of the project (see Section 4.4);
- **Adaptive implementation**: recognizing that productivity and decent work challenges evolve over time and therefore maintaining flexibility to adjust interventions in response to changing economic, political and institutional conditions, emerging opportunities and lessons learned during implementation (see Section 4.2.3)
- **Context-specific and flexible**: adapting the approach to different economic structures, institutional capacities and sectoral realities and resource constraints, while focusing efforts where the ILO can make the greatest contribution and catalytic impact.

Guidance from the ILO Governing Body

The Productivity Ecosystems for Decent Work approach builds on the guidance provided by the ILO Governing Body during the discussion in November 2022. Governments, Employers' and Workers' Groups supported a broader, systemic approach to productivity that places decent work at its core. The discussion highlighted several key messages that have informed the approach:

- productivity and decent work should be pursued together, recognising that productivity gains do not automatically translate into better jobs or higher wages;
- productivity challenges need to be addressed through coordinated action across policy, sector and enterprise levels, supported by strong institutions and social dialogue;
- reliable productivity measurement and evidence are essential to inform policymaking, social dialogue and monitoring of results;
- employers' and workers' organizations should be actively engaged throughout the project cycle to ensure national ownership, relevance and sustainability;
- productivity strategies should support inclusive, environmentally sustainable and resilient economic development, while contributing to better employment outcomes.

These discussions reaffirmed the ILO's comparative advantage in promoting productivity through a tripartite, integrated and evidence-based approach that links economic performance with decent work outcomes.

A **generic Theory of Change** illustrating the relationships between interventions at policy, sector and enterprise levels is included in the Annex.

3. Inception Phase

The Inception Phase lays the foundation for the application of the approach within a project or broader country initiative, and is critical to ensuring national ownership, strategic alignment and long-term sustainability. It combines stakeholder engagement, scoping, sector selection and diagnostics to identify priority intervention areas and establish a shared understanding among national stakeholders of the objectives, scope and implementation approach.

3.1 Stakeholder engagement, ownership and governance arrangements

Stakeholder engagement is the starting point for applying the Productivity Ecosystems for Decent Work approach in any country context. The objective of this stage is not only to secure buy-in, but also to establish a shared understanding among key national stakeholders of the productivity and decent work challenges facing the country, the rationale of the approach, and the potential role of different actors in shaping and implementing the Project. In practice, this phase is often critical in determining which policy areas, sectors and partnerships the Project will focus on.

Practical note on timing and sequencing

- The activities described in the Inception Phase should not be understood as a strictly linear process. In practice, stakeholder engagement, governance arrangements, sector selection, diagnostics and intervention design often overlap and inform one another. While many projects aim to complete the core inception phase within approximately three to six months, the timing will depend on the country context, available resources, donor requirements and the complexity of the selected sectors.

- Importantly, many inception phase activities do not end once implementation begins. Stakeholder engagement, partnership development, diagnostics and learning continue throughout the project cycle, as new opportunities, partners and intervention areas may emerge during implementation. The objective is therefore not to complete a perfect analysis before taking action, but to establish a sufficiently robust foundation for implementation while maintaining flexibility to adapt and refine interventions over time.

Stakeholder engagement during this phase typically includes:

- consultations with key ministries and public institutions;
- engagement with employers' and workers' organizations at national and sectoral levels;
- consultations with sector associations, business support organizations, training institutions and other relevant actors;
- discussions with development partners and ongoing projects;
- tripartite or multi-stakeholder workshops to discuss national priorities, constraints and opportunities.

This process helps identify policy priorities, institutional dynamics, existing initiatives and potential implementation partners. It also provides an opportunity to identify institutions and individuals that can play a leadership role in advancing productivity and decent work objectives within the country context

Stakeholder engagement should be accompanied by a structured stakeholder mapping and analysis exercise. Beyond identifying relevant actors, the objective is to understand their mandates, capacities, incentives, relationships and potential contributions to the Project. This helps distinguish between core implementation partners, strategic allies, potential change agents and stakeholders whose engagement may be important for sustainability and scaling.

Key lesson from Phase I: Identification of system-level change agents

- Integrated interventions are more likely to succeed when there is a clear understanding of which actors have the influence, incentives, and convening power to drive change across policy, market and enterprise ecosystems.
- Particular attention should be given to identifying institutions and actors with the influence, legitimacy and mandate to drive longer-term systemic change. These may include government institutions responsible for policy implementation, employers' and workers' organizations, sector associations, productivity organizations, business support providers, training institutions and other actors capable of embedding successful approaches into policies, institutions and sector practices.

The stakeholder analysis should assess not only the relevance of potential partners, but also their willingness to engage, leadership potential, institutional capacities, ability to mobilize stakeholders and resources, as well as commitment to sustaining results beyond the project period. Investing time in understanding stakeholder dynamics early on can significantly improve partner selection, strengthen implementation arrangements and increase the likelihood that project results are sustained and scaled over time.Depending on the country context, institutional leadership may emerge from ministries responsible for labour, industry, economy, productivity or SME development, often in coordination with employers' and workers' organizations. Clarifying institutional roles and expectations early on helps strengthen ownership and facilitates coordination and establish a strong foundation for the implementation phase.

Stakeholder engagement should therefore not be treated as a one-off consultation exercise, but rather as the beginning of an ongoing process of coalition-building, dialogue and joint problem-solving that underpins the entire Productivity Ecosystems for Decent Work approach.

Key lesson from Phase I: Ownership matters, but so does focus

- A demand-driven approach helped build strong ownership among governments, employers' organizations and workers' organizations. However, experience shows that responsiveness should be guided by a clear strategic framework to avoid fragmentation and maintain focus on systemic constraints.

An important step of this Phase is the establishment of appropriate governance and coordination arrangements for the Project. While governance structures may evolve over time, putting in place basic institutional mechanisms early in the inception phase helps ensure stakeholder ownership, coordination, alignment and accountability throughout the project cycle.

The institutional set-up should reflect the tripartite and multi-level nature of the Productivity Ecosystems for Decent Work approach. It should also be adapted to the country context, the scope of the Project and the institutional landscape.

In most cases, projects establish a national **Project Advisory Committee (PAC)** or similar coordination structure composed of representatives from relevant government institutions, employers' and workers' organizations, sectoral associations, development partners and donor agencies.

The PAC serves not only as an advisory body, but also as a national platform for coordination, dialogue and collective problem-solving around productivity and decent work. Its role is generally to provide strategic guidance and oversight, validate priorities and intervention areas, facilitate stakeholder engagement and social dialogue, strengthen coordination across institutions and sectors, and review progress throughout implementation.

Where possible, the PAC should be anchored within a national institution that has the mandate, legitimacy and convening power to bring together relevant stakeholders and sustain coordination beyond the project period. This role may be assumed by a ministry, productivity organization, national council or other institution with responsibility for productivity, employment, industrial development or SME promotion.

An important objective of the PAC is to strengthen national ownership from the outset. While the Project may initially play a facilitative role in convening stakeholders and supporting coordination, responsibilities should progressively transition to national institutions over the course of implementation. This includes strengthening the capacity of national stakeholders to convene meetings, coordinate activities, mobilize resources and champion the productivity and decent work agenda beyond the duration of the Project.

Depending on the country context and selected sectors, additional **technical working groups** or **sectoral coordination mechanisms** may also be established to support diagnostics, implementation and technical coordination. Experiences suggest that governance arrangements are most effective when they build on existing national coordination and social dialogue structures rather than creating parallel systems.

Example from Egypt: Translating diagnostics into action through Technical Working Groups

- As part of the Productivity Ecosystems for Decent Work project in Egypt, sector-specific Technical Working Groups (TWGs) were established for the leather tanning and marble sectors and chaired by the Ministry of Industry. The TWGs brought together government institutions, employers' organizations, sector associations, technical agencies and other stakeholders to review diagnostic findings, prioritize interventions and coordinate implementation.
- Meeting regularly throughout the inception phase, the TWGs helped transform sector diagnostics into a shared action agenda. They also served as a platform for learning and exchange, including presentations on international experiences from Bangladesh and India that informed local discussions on skills development, occupational safety and health, formalization and market upgrading. The

experience demonstrated how sector-level coordination mechanisms can strengthen ownership, improve stakeholder alignment and support the implementation of integrated interventions.

Where suitable coordination structures do not already exist, the project may support the establishment of temporary coordination mechanisms. In such cases, sustainability considerations should similarly be built into the design from the outset. This includes identifying a national institution that could eventually assume the convening role, ensuring that participation responds to genuine stakeholder needs, and linking the mechanism to existing policy processes, sector strategies or institutional mandates. Coordination structures are most likely to continue when stakeholders perceive clear value in continued collaboration beyond the project period.

3.2 Mapping the national context and sector selection

An important component of the Inception Phase is developing an understanding of the national context in which the Project will operate and identifying the sectors, value chains and strategic intervention areas where it can make the greatest contribution to productivity growth and decent work.

This process begins with a rapid mapping of the economic, policy and institutional landscape relevant to productivity and decent work. This scoping exercise helps identify national priorities, existing initiatives and potential entry points for applying the approach. Particular attention should be given to how productivity and decent work issues are framed within the country context and how they relate to broader national development priorities such as employment creation, industrial upgrading, competitiveness, skills development, formalization, green and digital transition.

Furthermore, the scoping should assess alignment with:

- national development plans and economic strategies;
- policies and strategies related to employment, industrial development, productivity, competitiveness and SME development;
- existing sector strategies and value chain initiatives;
- the ILO Programme and Budget and Decent Work Country Programme;
- the UN Sustainable Development Cooperation Framework, where relevant;
- donor priorities and ongoing projects relevant to productivity, enterprise development and decent work.

In some cases, the choice of sectors or value chains may already be partly or fully defined by the government or the project context. In such situations, the purpose of the scoping exercise is not to revisit the sector selection itself, but rather to assess the opportunities and constraints within the predefined sectors, validate their relevance with national stakeholders, identify feasible entry points for applying the approach, and determine where the ILO can add the greatest value. Even where sectors are predetermined, applying the scoping criteria can help refine priorities, build stakeholder ownership and focus interventions on the areas with the greatest potential for systemic impact.

Building on this understanding of the national context, the Project undertakes a screening of potential sectors or value chains. The objective is to identify a long list of sectors with potential to contribute to productivity growth and decent work, before narrowing these down to a small number of priority sectors for detailed diagnostics. Sector screening should consider a balanced set of criteria, including:

- alignment with national development priorities;
- the enabling policy and institutional environment;
- stakeholder commitment and willingness to collaborate;
- growth and upgrading potential;
- employment intensity and job creation potential;

- opportunities to improve productivity and decent work;
- relevance for structural transformation;
- presence of SMEs and vulnerable groups;
- levels of informality;
- potential for green and digital transition;
- feasibility of intervention, taking into account available resources, implementation capacity and opportunities to generate systemic change.

The process should combine **quantitative and qualitative analysis,** drawing on available national statistics, existing sector studies and value chain assessments and stakeholder consultations. Information may include GDP contribution and growth trends, labour productivity and competitiveness indicators, employment patterns, wage data, export performance, enterprise structure and existing sector initiatives.

While economic and employment indicators provide an important evidence base, institutional readiness and stakeholder commitment are often equally important determinants of success. A sector with moderate growth potential but strong institutional ownership and coordination mechanisms may offer greater opportunities for systemic impact than a high-growth sector where collaboration is unlikely within the project's timeframe. Therefore, particular attention should be given to the institutional environment and the existence of sector actors and platforms capable of supporting implementation.

Stakeholder consultations play a critical role throughout this process by validating findings, assessing feasibility and ensuring sufficient interest and ownership among governments and social partners. The outcome is typically the selection of two to three priority sectors or value chains for in-depth diagnostics, together with an initial identification of the key themes that will constitute the strategic focus of the Project. Maintaining this strategic focus throughout implementation helps maximize impact while avoiding fragmentation, although priorities may be refined over time as new evidence and opportunities emerge.

3.3 Sector diagnostic(s)

Following sector selection, the Project undertakes an in-depth diagnostic to better understand the productivity and decent work constraints and opportunities within each selected sector or value chain. While the diagnostic is sector-centred, in the sense that the selected sector or value chain serves as the entry point, or “slice” of the productivity ecosystem, through which the Project examines how policy, sectoral and enterprise-level factors interact to shape productivity and decent work outcomes.

While the methodology shares similarities with Market Systems Development (MSD) approaches, it places stronger emphasis on the relationship between productivity growth and decent work, including working conditions, social dialogue, inclusion and formalization. It also tends to focus on larger sectors that play a significant role in the economy and have stronger institutional support structures and more established formal organizations. Accordingly, it pays greater attention to national policies and institutions, such as industrial, employment, skills and productivity policies, that shape sector performance beyond a specific sector or value chain. Furthermore, the diagnostic explicitly considers the role of employers’ and workers’ organizations and other ILO constituents as actors within the productivity ecosystem.

The diagnostic should identify immediate constraints, their underlying structural causes and the feasibility of addressing them within the available implementation timeframe. A constraint may be well evidenced, but if stakeholders with the authority, resources or influence to drive change do not consider it a priority or are not actively seeking to address it, the likelihood of meaningful action may be low. The diagnostic should therefore assess how identified constraints align with stakeholder priorities, incentives, reform agendas and implementation capacities.

The diagnostic should build on available data, studies and analyses rather than duplicating existing findings. Country teams may draw on relevant ILO and MSD diagnostic tools and guidance where appropriate. [2] Experience suggests that diagnostics often benefit from combining local expertise, which brings contextual knowledge and access to stakeholders, with sectoral or international expertise, which can introduce comparative perspectives, technical methods and lessons from other countries.

Key lesson from Phase I: Focus on root causes, not symptoms

- The most effective diagnostics examined constraints across policy, sector and enterprise levels and identified how they interact. Understanding underlying institutional and coordination failures is essential for designing interventions that generate lasting change.

3.3.1 Mapping of sectoral stakeholders and institutions

At this stage, stakeholder mapping should focus on actors directly relevant to the selected sector or value chain, while making reference to the broader stakeholder analysis conducted earlier in the inception phase.

The mapping should identify stakeholders and institutions that influence implement or can catalyze improvements in productivity and decent work outcomes. This may include relevant government agencies, employers' and workers' organizations at national and sectoral levels, sector associations, value chain actors, business development service providers, TVET and training institutions, financial institutions, investment promotion agencies, research and academic institutions, regulatory and standards bodies, market actors, export promotion organizations and development partners.

The mapping should assess their mandates, capacities, incentives, relationships and willingness to collaborate and ability to mobilize stakeholders and resources. Particular attention should be given to identifying institutional gaps, coordination challenges, potential implementation partners and actors that can sustain or scale interventions beyond the Project period.

3.3.2 Integrated diagnostics across levels

The diagnostic examines how constraints and opportunities across the Productivity Ecosystem affect the selected sector or value chain and its ability to generate productive and decent jobs.

At the **policy level**, the diagnostic focuses on the enabling environment affecting sector performance and employment outcomes. This may include relevant policies and institutional frameworks, productivity and employment trends and statistics, labour market and trade dynamics, regulatory and institutional bottlenecks.

At the **sector level**, the diagnostic examines the functioning of the value chain and broader sector ecosystem. This may include sector governance and coordination mechanisms, competitiveness and upgrading constraints, access to markets, finance, technology, skills and business services, and sector-specific support systems. It should also assess the capacity of sector institutions to advocate for policy change, influence implementation, deliver services to members and support enterprise-level improvements.

At the **enterprise level**, the diagnostic focuses on productivity and decent work deficits at the workplace, particularly among SMEs. This may include management practices, production systems, technology adoption, innovation capacity, business resilience, market linkages, access to finance, markets and technology, workforce skills, working conditions, occupational safety and health, and barriers to formalization and business upgrading.

[2] Sector Selection and Rapid Market Assessment for Addressing Environmental Sustainability in Value Chain Development: Template for criteria and guiding questions. https://www.ilo.org/publications/sector-selection-and-rapid-market-assessment-addressing-environmental

Across all levels, the diagnostic should also consider cross-cutting themes, including social dialogue, gender equality and social inclusion, green and digital transitions, and formalization of enterprises and jobs.

The diagnostic methodology typically combines desk research, stakeholder interviews, focus group discussions and enterprise visits. A **validation workshop** with all stakeholders can be held to collectively discuss and validate the findings, ensuring the accuracy, ownership and relevance for subsequent intervention design. The workshop could also build a shared understanding of constraints and agree on priority areas for intervention. Where appropriate, publishing the diagnostic can also strengthen transparency, support policy dialogue and create a shared reference point for sector stakeholders, especially in contexts where no comprehensive sector assessment previously existed.

3.4 Design of integrated interventions across levels

Based on the diagnostics and stakeholder consultations, the Project, together with key national stakeholders, identifies and co-designs a set of priority interventions that are technically sound, nationally owned and feasible within the available timeframe and resources. This process translates diagnostic findings into an integrated intervention package that builds on stakeholder priorities, institutional capacities and the ILO's comparative advantage.

Example from Egypt: Co-designing workshop with tripartite constituents

- Following the sector diagnostics, the Productivity Ecosystems for Decent Work project in Egypt organized a co-design workshop in Port Said, bringing together government institutions, employers' and workers' organizations, sector associations and technical experts.
- Participants jointly reviewed diagnostic findings, prioritized constraints and identified interventions across policy, sector and enterprise levels. The workshop strengthened national ownership, aligned expectations and ensured that the intervention package reflected both technical evidence and stakeholder priorities.

Priority interventions should be selected based on their potential to generate sustainable systemic change within the available timeframe and resources. In practice, this requires balancing ambition with feasibility and focusing on interventions where the ILO can leverage its comparative advantage while complementing the work of national institutions and development partners. Key considerations include:

- align with national development priorities and stakeholder needs;
- address critical underlying constraints that the Project can realistically influence through policy support, institutional strengthening, capacity building or pilot interventions;
- strengthen institutions and actors that can drive systemic change beyond the project period;
- complement existing initiatives and institutional frameworks and avoid duplication;
- be feasible within the project timeframe, available resources and institutional capacities;
- have potential for sustainability, institutionalization and scaling.

At this stage, the focus is not yet on detailed activity planning, but rather on **identifying strategic interventions** where the project can add value and where integrated action across levels can generate systemic impact.

Key lesson from Phase I: Systemic change does not happen automatically

- Results across policy, sector and enterprise levels do not automatically reinforce one another. One key reason is that interventions at different levels often operate on different timescales: enterprise improvements may be visible within months, while institutional reforms and policy changes can take several years. Integrated interventions should therefore include deliberate mechanisms for coordination, learning and feedback across levels, while recognising that some longer-term impacts may extend beyond the lifetime of the Project.

In practice, projects should avoid attempting to address all identified constraints simultaneously. Instead, a limited number of strategic entry points and intervention areas should be prioritized where the Project can leverage the ILO's comparative advantage, complement the work of national partners and development agencies and catalyse wider systemic change. Prioritization should consider expected impact, feasibility, available resources, institutional capacity and opportunities for sustainability and scaling.

3.4.1 Policy-level interventions

At the policy level, interventions typically aim to **strengthen the enabling environment** for productivity growth, structural transformation and decent work at national and, where appropriate, sectoral level. Depending on the country context, this may include support to the design and implementation of:

- employment, labour market, industrial, productivity, SME or skills policies and strategies;
- productivity measurement systems and labour market data;
- institutional coordination and governance mechanisms;
- policy implementation capacities of national institutions;
- social dialogue processes and platforms related to productivity and decent work.

Examples of interventions at the policy-level

At the policy level, the Productivity Ecosystems for Decent Work programme contributed to increased capacity among national institutions to develop and implement inclusive pro-productivity policies.

- In Ghana, the first official multi-factor productivity report was produced, sparking a joint call by social partners to align wage growth with productivity;
- In South Africa, the programme supported the development of the country's first National Employment Policy;
- In Viet Nam, it played a key role in the adoption of the revised 2025 Employment Law and the creation of a national productivity measurement framework aligned with SDG 8.

3.6.2 Sector-level interventions

Sector-level interventions constitute the central layer of the approach, linking broader policy frameworks with practical support to enterprises and workers within selected value chains and sectors.

Interventions at this level often focus on **strengthening the institutions, coordination mechanisms and support systems** that shape sector productivity and decent work outcomes. This may include:

- strengthening sector coordination and social dialogue mechanisms;
- building the capacity of sectoral institutions, employers' and workers' organizations and business support organizations;
- improving access to markets, finance, technology and business development services for SMEs;
- supporting value chain integration and upgrading;
- facilitating innovation, digitalization and green transition initiatives;
- strengthening skills systems and linkages with TVET institutions;
- facilitating collaboration between industry, research institutions and universities to support innovation, technology diffusion and workforce development;
- improving coordination between public and private sector actors within the value chain.

Sector-level interventions are particularly important for **addressing systemic constraints** that individual enterprises cannot resolve on their own, such as weak coordination, lack of services, limited market linkages or insufficient institutional capacity.

In practice, the sector level is also where linkages between policy discussions and enterprise realities are often most visible. Sector-level coordination mechanisms can play an important role in translating policy objectives into practical interventions and feeding implementation experiences back into policymaking processes.

Examples of interventions at the setor-level

The example below shows how sector-level interventions have led to stronger social dialogue platforms, improved coordination among stakeholders, and enhanced access to services for SMEs.

- In Ghana, new associations were formed in the shea sector to represent workers and employers and tackle constraints to sector growth;[3]
- In South Africa, employment and decent work objectives were integrated into sectoral industrial masterplans;
- In Viet Nam, green and digital transformation in the wood processing and machinery sectors was facilitated through pilots and partnerships with business associations;
- In Egypt, a Sector Skills Body was established for the leather sector, bringing together industry representatives, training institutions and government agencies to improve skills governance and better align training provision with sector needs.

3.6.2 Enterprise-level interventions

Enterprise-level interventions are typically **implemented through national and local public and private institutions and partners** such as:

- business development service providers;
- employers' organizations and sector associations;
- productivity centres and training institutions;
- public employment services and TVET institutions;
- consulting and advisory service providers;
- export promotion institutions.

Support may include capacity building, technical assistance and adaptation of methodologies and delivery of tools related to:

- productivity improvement and business upgrading;
- export competitiveness and market access;
- responsible business conduct and international labour standards;
- working conditions, including occupational safety and health;
- workplace cooperation and social dialogue;
- resource efficiency and sustainable production;
- workforce skills and management practices;
- business resilience and formalization.

[3] ILO powers productivity in Ghana's garment and shea sectors. https://www.ilo.org/resource/news/ilo-powers-productivity-ghanas-garment-and-shea-sectors

Example from Vietnam: When Artificial Intelligence (AI) meets decent work

At Hanoi Industry and Investment Company, the introduction of AI-enabled vision technology supported by Research Institute for Digital Economy and Organization (RIDE) has sharply reduced inspection time and improved accuracy, while allowing workers to move into higher-value tasks. The experience highlights that when AI adoption is combined with reskilling, clear communication, and human oversight, it can enhance rather than replace jobs, aligning productivity growth with better working conditions and business outcomes.

3.6.3 Cross-cutting priorities

Across all interventions and levels, the project should integrate a number of cross-cutting priorities consistent with ILO principles and national development objectives. These include:

- social dialogue;
- gender equality and social inclusion;
- environmental sustainability and just transition;
- digital transformation;
- formalization of enterprises and jobs;

Cross-cutting priorities should not be treated as stand-alone themes, but rather integrated throughout diagnostics, intervention design, implementation and monitoring processes.

Example from Ghana: Advancing agro-processing value chains through combine formalization, social dialogue and productivity improvements

Ghana's shea processing industry is a key part of the country's agro-based economy, employing hundred thousands of workers, many of them women, in the collection and processing of shea nuts into butter for food, cosmetics, and export markets, but it has long been characterized by informality, low productivity, and weak labour protections.

Against this backdrop, the sector has reached a major milestone with the signing of its first Collective Bargaining Agreement between the Ghana Shea Employers Association and the Ghana Shea Workers Union, supported by the ILO. The programme has helped formalize the sector by supporting the creation of sectoral employers' and workers' organizations, enabling structured social dialogue and the negotiation of the agreement, while delivering enterprise-level support to improve mechanization and occupational safety and health. Together, these efforts are transforming the shea value chain into a more organized, productive, and inclusive sector.

This experience offers useful lessons on how to combine formalization, social dialogue, and productivity improvements to achieve better job and economic outcomes.

4. Implementation Phase

The implementation phase translates the findings and priorities identified during the inception phase into concrete interventions at policy, sector and enterprise levels. The overall objective is to **support integrated and mutually reinforcing actions** that strengthen productivity growth and decent work outcomes within the selected sectors and broader enabling environment.

While interventions may operate at different levels, the effectiveness of the Project depends on the extent to which interventions reinforce one another and contribute to **systemic change**. The implementation phase should therefore be approached as a **dynamic and adaptive process** rather than a collection of isolated activities.

4.1 Implementation of integrated interventions

4.1.1 Policy-level implementation

Policy-level interventions are often implemented in close collaboration with relevant ministries, employers' organizations and workers' organizations. Depending on the country context, the project may support the development, revision or implementation of national and sectoral policies and strategies, strengthen institutional coordination, enhance productivity measurement systems and labour market information build the capacities of national institutions, and promote social dialogue on productivity and decent work.

Example from South Africa: Enhancing productivity statistics for better economic policy making

South Africa has strengthened its productivity measurement system through the release of Productivity Statistics 2025, led by Productivity SA in close collaboration with Statistics South Africa (Stats SA), the South African Reserve Bank, social partners, and the ILO.

This joint effort has improved the quality and policy relevance of data by introducing more advanced methods to measure labour quality, multifactor productivity, and sector performance, providing clearer insights into the country's economic challenges, including weak productivity growth and high unemployment. By enhancing statistical capacity and linking data to policy, the collaboration supports more informed decision-making on employment, skills, wages and industrial development.

4.1.2 Sector-level implementation

Sector-level implementation typically involves working through existing sector institutions, coordination platforms and partnerships established during the inception phase. In many cases, the project plays a facilitative role by bringing together public and private stakeholders, strengthening collaboration across the value chain and supporting the implementation of jointly identified priorities.

Implementation at this le associations, business support organizations and training institutions. Sector platforms and social dialogue mechanisms can help ensure that interventions remain aligned with sector needs while creating channels through which implementation experiences and emerging constraints can be addressed collectively.

Experiences suggest that sector-level implementation is most effective when it combines institutional strengthening with practical demonstration initiatives that generate visible results, build stakeholder confidence and encourage broader engagement across the sector ecosystem.

Example from Viet Nam: Facilitating green and digital upgrading through sector partnerships

In Viet Nam, the Productivity Ecosystems for Decent Work programme supported green and digital transformation initiatives in the wood processing and machinery sectors through partnerships with business associations and sector stakeholders. ng activities, helping enterprises adopt new technologies and more sustainable production practices while strengthening the capacity of sector institutions to support upgrading processes over time.

4.1.3 Enterprise-level demonstration through national partners

The Productivity Ecosystems for Decent Work approach aims to achieve enterprise-level results not through direct interventions at the enterprise level, but by strengthening productivity-enhancing policies and their implementation, and by addressing systemic constraints to sector growth. This provides a more scalable approach than working with individual enterprises one at a time. That said, at times it can be strategic to intervene directly at enterprise-level where it serves two complementary purposes:

1. To provide a practical mechanism for national institutions and service providers to deliver productivity and decent work support to SMEs;

2. To generate evidence, lessons and demonstration effects that can inform sector upgrading and policy development.

Accordingly, the role of project teams is generally not to directly deliver services to enterprises at scale, but to **strengthen the capacities of national and sectoral institutions and partners** that can independently and sustainably support enterprises beyond the duration of the project.

Enterprise-level methodologies such as SCORE Training are therefore primarily used as vehicles for institutional capacity building and demonstration rather than stand-alone enterprise interventions. By piloting approaches through national partners, projects generate practical evidence that can support policy dialogue, institutional learning and wider scaling.

The ILO's Sustaining Competitive and Responsible Enterprises (SCORE) Programme

The ILO SCORE Programme helps small and medium enterprises improve productivity and working conditions by promoting cooperation between managers and workers and supporting the adoption of best practices through training and on-site consulting. Since 2009, it has been implemented in over 30 countries, reaching more than 6,000 enterprises and one million workers and managers, with strong results in productivity, cost savings, and job quality.

Enterprise-level results nevertheless remain an important dimension of project impact measurement, particularly in relation to productivity improvements, wages, working conditions, employment outcomes and environmental sustainability.

4.2 Implementation modalities and partnerships

4.2.1 Stakeholder engagement and coordination

Projects should maintain regular interaction with governments, employers' and workers' organizations, sector associations, implementing partners and development partners throughout implementation. This is essential to maintaining ownership, ensuring alignment with national priorities and facilitating coordination across policy, sector and institutional levels.

In many contexts, the national **Project Advisory Committee** serves as the primary coordination mechanism for reviewing progress, validating strategic directions and supporting problem-solving during implementation.

Success story from Ghana: Employers and workers unite in a call for bold reforms to drive productivity and decent jobs

Employers and workers have issued a rare joint call for bold reforms to boost productivity and decent jobs in Ghana. In a joint statement, the Ghana Trade Union Congress and Ghana Employers' Association stressed that wage growth should better reflect productivity gains, while urging the Government to create a more stable macroeconomic environment and shift incentives away from extractive industries toward sectors with stronger potential for job creation, such as manufacturing, agriculture, and services.

Their position draws on recent analysis by the Ghana Statistical Service, supported by the ILO, which shows that productivity gains have been uneven and have not translated into broad-based improvements in job quality or wages. Building on these findings, the ILO has facilitated tripartite dialogue and is supporting policy reforms, with the joint stance of employers and workers calling on the Government to pursue a more inclusive, productivity-driven development path.

Stakeholder engagement during implementation may include:

- regular coordination meetings and technical consultations;
- tripartite and multi-stakeholder dialogue processes;
- sectoral workshops and learning events;
- joint reviews and validation exercises;
- policy dialogue and dissemination activities.

Partnership development is also an important dimension of implementation. Projects should actively seek opportunities to strengthen collaboration with:

- development partners and UN agencies;
- sectoral institutions and business associations;
- training institutions and research organizations;
- financial institutions and private sector actors;
- organizations supporting digitalization, green transition and formalization.

Strong partnerships can help increase technical expertise, avoid duplication, mobilize additional resources and strengthen sustainability and scaling prospects over time.

4.2.2 Technical assistance and capacity building

The Productivity Ecosystems for Decent Work approach is implemented primarily through technical assistance, institutional strengthening and capacity building rather than direct project delivery. The objective is to strengthen the capacities of national and sectoral institutions to sustainably support productivity growth and decent work beyond the duration of the project.

Implementation modalities will vary depending on country context, institutional capacities and intervention priorities. In most cases, projects combine:

- policy advisory services;
- technical assistance to national and sectoral institutions;
- institutional and organizational capacity building;
- facilitation of coordination and social dialogue mechanisms;
- piloting and demonstration initiatives;
- support to implementation partners and service providers.

Capacity building may target a wide range of actors, including government ministries and agencies, employers' and workers' organizations, sector associations and coordination bodies, productivity organizations and business development service providers, TVET institutions and public employment services, financial institutions, investment agencies, research and data academic institutions.

Particular emphasis should be placed on **strengthening national ownership and institutional anchoring**. Wherever possible, projects should build on existing systems, programmes and institutional structures rather than creating parallel implementation arrangements. Strengthening the capacities of intermediary institutions and local partners is critical for achieving scale and sustainability. This is particularly relevant at the enterprise level, where interventions are typically delivered through national institutions and service providers rather than directly by the project itself.

4.2.3 Adaptive implementation and feedback loops

A defining feature of the Productivity Ecosystems for Decent Work approach is the **interlinkages between policy, sector and enterprise levels**. Experiences have shown that the strongest and most sustainable results emerge when interventions across levels are aligned, mutually reinforcing and continuously adapted based on implementation experience.

The approach should therefore not be understood as a linear sequence of isolated activities, but rather as an **iterative and adaptive process** in which interventions at different levels continuously inform and reinforce one another. In practice, this could entail:

- policy reforms and institutional strengthening help create enabling conditions for sector upgrading and enterprise development;
- sector-level coordination mechanisms translate national priorities into practical services, partnerships and upgrading initiatives;
- enterprise- and sector-level experiences generate evidence and operational lessons that can inform policy dialogue and institutional reforms.

For example, enterprise-level productivity challenges may reveal broader sectoral constraints related to skills systems, infrastructure, standards, market access or finance that require collective responses at sector level. Similarly, sector-level implementation may expose gaps in national policies, institutional coordination mechanisms or regulatory frameworks that need to be addressed through policy reform or institutional strengthening.

Given the systemic nature of the approach, implementation should remain flexible and responsive throughout the project cycle. Productivity and decent work challenges often evolve over time due to changing economic conditions, political priorities, market dynamics or institutional capacities. Projects should therefore establish mechanisms that allow regular reflection, learning and adaptation during implementation. Adaptive implementation mechanisms may include:

- regular implementation reviews and reflection sessions;
- stakeholder consultations and validation workshops;
- learning exchanges across sectors and institutions;
- monitoring and analysis of emerging challenges and opportunities;
- adjustments to workplans and intervention priorities based on implementation evidence.

Maintaining **strong feedback loops across levels** is essential to ensuring coherence across interventions and strengthening the overall effectiveness of the approach. Sector coordination platforms and social dialogue mechanisms often play a particularly important role in facilitating this interaction and supporting joint problem-solving among stakeholders.

Experiences suggest that some of the most effective interventions emerged progressively through dialogue, experimentation and adaptation during implementation rather than being fully defined at the outset. Continuous learning and adaptation also contribute to sustainability and scaling by helping integrate successful approaches into institutional practices, sector coordination mechanisms and policy processes over time.

4.3 Monitoring and Evaluation

Monitoring and evaluation systems should track **both the results chain (outputs, outcomes and longer-term impacts) and changes across policy, sector and enterprise levels**. While output indicators are important for monitoring implementation progress and delivery of activities, particular attention should be given to outcome- and impact-level changes that demonstrate improvements in productivity, decent work, institutional capacity and systemic transformation. The monitoring framework should combine quantitative and qualitative indicators and, where applicable, disaggregate data by gender and other relevant dimensions.

▶ Monitoring results at different levels of the results chain

A robust monitoring and evaluation framework should capture results across the entire results chain:

Results level	Examples
Outputs	Policies developed, institutions trained, coordination mechanisms established, enterprises supported
Outcomes	Improved institutional capacity, stronger sector coordination, adoption of improved business practices, increased productivity and better working conditions
Longer-term impacts	Sustainable productivity growth, more and better jobs, stronger institutions, improved competitiveness and inclusive economic transformation

Furthermore, results may be tracked at:

- policy level (policy reforms, institutional improvements, social dialogue processes);
- sector level (coordination mechanisms, service provision, upgrading outcomes);
- enterprise level (productivity, wages, working conditions, occupational safety and health, formalization).

▶ Examples of indicators across various intervention levels

Level	Illustrative indicators
Policy level	• Adoption or revision of national policies, strategies or action plans • Establishment or strengthening of productivity measurement systems • Number of institutions with improved capacity to support productivity and decent work policies • Number of tripartite or multi-stakeholder policy dialogue processes supported • Integration of employment and decent work objectives into sector or industrial policies
Sector level	• Number of sector coordination or social dialogue mechanisms strengthened or established • Number of sector institutions and service providers receiving capacity building support • Improved access of SMEs to business development services, finance, markets or skills programmes • Number of sector initiatives supporting green or digital transition • Evidence of value chain upgrading, improved coordination or increased collaboration among sector actors
Enterprise level	• Changes in labour productivity • Reduction in production costs, waste or downtime • Improvements in occupational safety and health practices • Changes in wages, working time or workplace cooperation • Number of enterprises adopting improved management or sustainability practices • Number of jobs created, formalized or improved, disaggregated by gender

In addition to level-specific indicators, projects should monitor broader ecosystem changes and their contribution to longer-term impacts, including strengthened coordination between institutions, improved policy coherence, increased social dialogue, enhanced sustainability of support systems, and progress towards sustained productivity growth and decent work.

4.3 Learning, Knowledge Generation and Sharing

Continuous learning is an important component of the approach. Projects should document experiences, good practices and lessons learned throughout implementation, in order to better understand what works, under what conditions and why. This may include:

- case studies and success stories;
- operational lessons and implementation challenges;
- documentation of innovative practices and partnerships;
- policy and sector learning briefs.

Lessons learned should feed into national policy dialogue processes as well as broader global knowledge generation efforts related to productivity and decent work.

4.4 Sustainability and Institutionalization Strategy

Sustainability and institutionalization should be **considered from the outset** of project design rather than treated as end-of-project activities. The long-term objective is to strengthen national and sectoral systems, institutions and partnerships so that they can continue productivity and decent work beyond the duration of the project.

Key aspects of a sustainability and institutionalization strategy could include:

- integrating approaches, tools and lessons learned into national and sectoral policies, strategies and institutions;
- strengthening sector coordination and social dialogue mechanisms;
- embedding methodologies and services within national institutions employers' and workers' organizations, business support organizations and other service providers;
- expansion to additional sectors, regions or value chains;
- strengthening synergies with other ILO programmes, projects and initiatives to leverage complementary expertise, avoid duplication and enhance the scale and sustainability of results;
- replicating successful approaches to additional sectors, regions or value chains where appropriate;
- mobilizing additional funding and partnerships to support scaling and long-term implementation.

Experiences suggest that sustainability is strongest where interventions are institutionally anchored, aligned with national priorities and implemented through existing national systems and organizations. Projects are also more likely to achieve lasting impact when they strengthen the capacities of national institutions to lead, coordinate and sustain productivity and decent work initiatives, while building on complementary ILO initiatives and partnerships rather than operating in isolation.

5. Risks and Mitigation Strategies

Given that Productivity Ecosystems for Decent Work Projects involve multiple stakeholders, policy areas and institutional levels, implementation typically face a range of strategic, institutional and operational risks that require continuous monitoring and adaptive management.

One common challenge is **policy fragmentation and weak coordination** across institutions and policy areas. Since productivity and decent work issues cut across economic, labour, industrial, skills and social policies, projects should actively promote policy coherence, inter-institutional coordination and social dialogue mechanisms throughout implementation.

Weak stakeholder coordination may also reduce project effectiveness and ownership. Establishing clear governance arrangements, maintaining regular stakeholder engagement and strengthening sectoral coordination mechanisms are therefore important mitigation measures.

In some contexts, **limited institutional capacity** among implementing partners or public institutions may constrain implementation and sustainability. Projects should therefore place strong emphasis on capacity building, technical assistance and institutional strengthening from the outset.

External shocks, including economic crises, political instability, conflict, climate-related disruptions or supply chain shocks, would also affect implementation. The Project should therefore remain sufficiently flexible and adaptive to adjust priorities, sequencing and implementation modalities in response to changing conditions.

In practice, the most effective mitigation strategy is often continuous dialogue, regular monitoring and adaptive implementation that allows projects to identify emerging risks early and respond accordingly.

6. Communications and Visibility

6.1 Objectives and target audience

Communication and visibility activities play an important role in strengthening awareness, ownership and support for the project and its results. Effective communication can also help position the ILO and its constituents as important actors in promoting the link between productivity growth and decent work.

The main objectives of communication and visibility activities are to:

- ensure visibility of project results and impact at national and sectoral levels;
- strengthen understanding of the relationship between productivity and decent work;
- support national ownership, policy uptake and scaling;
- strengthen accountability and recognition towards development partners and donors;
- facilitate knowledge sharing within and beyond the ILO.

Key target audiences may include:

- governments and public institutions;
- employers' and workers' organizations;
- sector associations and business support organizations;
- development partners and donors;
- enterprises and private sector actors;
- media and the broader public;
- ILO colleagues and other country teams.

6.2 Key principles

Communication activities should remain aligned with the core principles of the approach and focus on demonstrating concrete results and practical impact.

Particular emphasis should be placed on:

- highlighting how productivity improvements contribute to better jobs and working conditions;
- showcasing the role of governments, employers' and workers' organizations in achieving results;
- communicating practical examples of institutional strengthening, sector upgrading and enterprise improvements;
- ensuring consistency with ILO and donor visibility and branding requirements;
- adapting communication approaches to the country context, including in fragile or conflict-affected settings.

Where possible, communication products should use practical examples, before-and-after comparisons and human-centred stories to demonstrate impact and make results more tangible to different audiences

6.3 Communication Tools and Products

Communication tools and products should be adapted to the project context, target audiences and available resources. Typical communication outputs may include:

- country briefs and factsheets;
- sector case studies and success stories;
- policy briefs and technical recommendations;
- website articles, blogs and social media content;
- videos and visual storytelling products;
- dissemination workshops, policy dialogues and learning events.

Projects should aim to integrate communication and visibility activities throughout implementation rather than treating them as stand-alone end-of-project activities.

7. Additional Resources

Additional tools, diagnostics, case studies, methodological resources and country examples related to the Productivity Ecosystems for Decent Work approach are available from the Global Productivity Ecosystems for Decent Work Team upon request.

Annex: Generic Theory of Change