



International Labour Office

Developing multi-year budget planning and programming tools to account for national employment objectives in national budgets

Concept Note

Technical Cooperation Project “Global tools and capacity-building for governments and social partners to formulate and implement national employment policies” - GLO/11/53/SID

Background

In recent years, the importance of the issue of decent jobs creation, especially for young people, in Africa has been taken into account in policy documents at national and continental levels¹. In a number of **countries**, progress has been made in influencing planning through mainstreaming employment issues in National Development Plans such as Poverty Reduction Strategies Papers (PRSP). In addition, many countries have deepened their commitment to placing employment at the heart of their economic and social policies through setting ambitious employment targets and developing comprehensive National Employment Policies (NEP).

Although employment has gained ground, concerns emerge for various reasons:

- National plans and policies are important statements of commitment and priorities, yet their implementation remains a challenge as it depends heavily on the mobilization of funds and on the allocation of public resources.
- The employment targets that have been announced are often not given the same treatment as other targets. The cross-cutting nature of employment objectives make it difficult to effectively link them to budgeting documents.
- Action plans have not systematically been developed to implement employment policies. When they exist, those action plans are not always aligned to the national planning and budgeting calendars. This results in missed opportunities because of being out of the loop for resourcing through national processes.

In other words, NEPs are still not fully operational in large part because of the lack of tools to put employment at the core of planning and budgeting systems and also due to lack of

¹ - Ouagadougou Summits (2004 and 2009) where Heads of State committed to placing employment creation as an explicit and central objective of economic and social policies and, to increase financial resources to this objective.

- AU Assembly of Heads of States and Government, in Malabo, July 2011

leadership in the processes, realism in the targets and attention given to operational programming and costing.

New opportunities with PFM reforms and pilot experimentation on employment budgeting

In Africa, increasingly National Development Frameworks (NDFs) are being linked to national budget processes through two tools: Public Expenditure Reviews (PERs) and MTEFs (Medium Term Expenditure Frameworks) at sector and macro levels. Since the late 1990s, many countries have been working in partnership with development partners to review public expenditure performance in education, health and sometimes in agriculture. These public expenditure reviews have influenced public policy formulation and budget allocations to the advantage of these sectors. But to date, 'employment focused' PERs and MTEFs have not featured significantly. PERs and budget programming focused on employment are particularly challenging because of the multi-sector nature of employment (as gender or environment issues) and because of the various actors which step in to generate employment. For the moment, some pilot practices exist in Burkina Faso and Tanzania. But there is a clear need for deepening and extending such practices in other countries in a harmonized way.

At the same time, the shift from budgets based on objects of expenditures to program-based budgets offers the possibility for moving the budgetary frameworks in order to link public expenditures with policy goals and targets. Within this context, the new formats and budgetary processes provide an opportunity (i) to monitor the evolution of targeted spending on employment, (ii) to identify the content and funding of major programs concerned, (iii) and to assess, through the measurement of indicators of resources, outputs and outcomes, the weight and the effect of public expenditures.

Beyond the size of budgets, the adoption of the principles of program budgeting is accompanied by a change in patterns of expenditure management departments (appointment of program managers for example) and a strengthening in government control functions by the Parliaments. For instance, in West and Central Africa, the adoption of new public finance management frameworks by both WAEMU and CEMAC (PFM directives of June 2009 and December 2011) - that lead to shift from classic budgeting to program based budgeting - represent a sound opportunity in order to mainstream employment in the budget.

At continental level, having strong concern about effective implementation of the 2004 Ouagadougou Action Plan, the Heads of States and Government requested the African Union Commission (AUC) to prepare modalities for resources mobilization in support to the employment policies in the continent. In 2010, the AUC conducted a study on the funding of employment policies in Africa, which was considered by the 8th Ordinary session of the Labour and Social Affairs Commission in Yaoundé in April 2011. Then, during the 17th Ordinary Session of the AU Assembly of Heads of States and Government in Malabo, July 2011, it was requested to further work on the resource mobilization strategies, including facilitating the use of the Medium Term Expenditure Framework and other budgeting tools.

The awakening on the issue of employment at the continental level represents an opportunity to develop harmonized tools for employment mainstreaming in Planning, Budget Programming, Monitoring and Evaluation (PBPME) processes.

Objectives and outputs

The initiative aims at enhancing the mainstreaming of employment objectives in the national planning, budget programming, monitoring and evaluation. Through this, it will promote the reinforcement of financial means for implementing national employment policies by all actors concerned, including key productive ministries, and for making employment a key objective of budget programming in the required sector ministries.

This objective will be reached through the development and the validation of a toolkit that will both:

- (i) detail processes and provide operational tools in order to improve the employment content of the national budgets, and
- (ii) provide standardized guidelines for programming and monitoring medium term expenditures frameworks regarding the Employment ministries in Africa;

Features of the toolkit

The toolkit will seek to answer 3 main questions:

- why engage in pro-employment budgeting?
- what are the main tools and mechanisms linking national budgets and national development frameworks/sector policies?
- how to mainstream employment in the budgeting process (including the roles that Ministries of employment and social partners should play)?

It will develop the following content:

- General framework: overall issues of employment mainstreaming with a focus on budget documents; main concepts and definitions (e.g program based budgeting); employment policies, etc.
- Guidelines for conducting a Public Expenditures Review focused on national employment priorities/objectives;
- Guidelines for developing, managing and monitoring a program based budget in a Ministry of Employment (framework, structure of programmes and actions, costing methodology, set of indicators, program management,...);
- Guidelines for developing budget processes and documents that highlight the “employment content” of the budget in terms of priority targets and expenditures.

The toolkit aims to be practical, to the point and easy-to-use for technical work purposes and also advocacy. It aims to be pragmatic in order to provide guidance on the main steps to undertake the various stages of a public expenditures review and both annual and medium-

term budgets (including generic ToRs, country specific examples, key reference material, points for discussion, exercises, etc.).

The toolkit could take account of the techniques used by champions of other calls on the budget. There is much to be learned from seasoned champions of, for example, pro-poor budgeting and gender budgeting. The toolkit will also refer to good practices documented in countries such as Ghana, Kenya or Uganda which took important steps in making the budget accessible to a wider audience, thus contributing to global debate about what the national budget is, and what it should be.

The toolkit will be part of the inputs for the AUC plan aiming at developing a training programme on resource mobilization capacity building for implementation of employment and social protection policies.

Target groups/Audience

The toolkit will be developed for use by:

- Government officials within Ministries of employment/labour, Ministries of planning and/or Economy and Finance, key-ministries for employment, specialized agencies, ...);
- the Parliament (especially finance and economy commissions);
- social partners
- civil society and youth representatives in particular;
- staffs of the African Union Commission, the ILO and UNDP.

So they will become effective champions of pro-employment budgeting and will ensure that interventions in support of pro-employment budgeting are carefully crafted to fit seamlessly into the wide-ranging and many-sided process that is national planning.

The toolkit will focus specifically on Africa.

Implementation

Consultants

The toolkit will be developed by a team composed of two international consultants:

- a consultant specialist on public finance, with extensive experience of public expenditure reviews and program based budgeting;
- a consultant specialist on employment, with extensive experience in the design, implementation and evaluation of national employment policies.

The public finance specialist will be the team leader. He/she must be familiar with the implementation process of program based budgets in several countries. He/she will be mobilized for a period of 60 days for the development and finalization of the toolkit.

The public finance consultant will administratively report to the ILO Employment Policy Department in Geneva. The POLE (UNDP Regional Center of Dakar), the YERP program (UNDP Regional Center of Dakar) and the ILO Employment Policy Department will provide

technical support and feedback. He/she is expected to work closely with the employment policy consultant.

Steps

The process will cover a 9 month period organized around the following steps:

a. Preparatory phase (March-April 2013):

A methodological note will be prepared by the consultants' team by 5 April in order to be presented in the AUC Social Affairs Ministries Meeting scheduled in Addis Ababa from 8 to 12 April 2013.

The validation of the methodological framework will be made in Dakar during the week of April 15 to 19, simultaneously with the training organized by ILO on national employment policies. The consultant will attend this training course as part of his contract with the ILO. The training costs (including travel) will be covered by the ILO through its office in Dakar.

b. Development of the toolkit (April-June 2013):

A period of two months will be used by the team of consultants for developing all the didactic content of the toolkit. Periodic mailings will be made in order to monitor the progress of work on the following basis:

- Detailed outline and component "General framework": April 30
- Guidelines for Public Expenditures Review focused on national employment priorities: May 17 ;
- Guidelines for developing, managing and monitoring a program based budget in a Ministry of Employment: May 31
- Guidelines for developing employment sensitive budget processes and documents: June 15

c. Technical validation (June 2013):

The entire toolkit will be available by June 15.

UNDP and ILO will have a period of one week to comment on this version of the toolkit. The validation will be organized through a technical workshop gathering the ILO, UNDP (POLE and YERP), AUC, experts and representatives of the targeted national stakeholders (ministries of finance, ministries in charge of employment, social partners). The consultant is expected to attend this workshop, either in person or through videoconference. The attendance costs will be covered by the ILO.

d. Finalisation of the toolkit on the basis of comments received (July 2013)

After the technical validation, the consultants' team will have a period of two weeks to revise the toolkit as required.

The final version of the toolkit will be available by July 15.

e. Production (editing, translation, layout, printing) and initial dissemination (August-December 2013)

The consultant may be asked to participate in a technical workshop in Geneva during the last quarter of 2013 to present the toolkit.