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**Employment policy implementation
mechanisms**

A synthesis based on country studies

Rizwanul Islam

Employment
and Labour
Market Policies
Branch

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Preface

The primary goal of the ILO is to contribute, with member States, to achieve full and productive employment and decent work for all, including women and young people, a goal embedded in the ILO Declaration 2008 on Social Justice for a Fair Globalization,¹ and which has now been widely adopted by the international community.

The comprehensive and integrated perspective to achieve this goal are embedded in the Employment Policy Convention, 1964 (No. 122), in the Global Employment Agenda (2003) and, in response to the 2008 global economic crisis, in the Global Jobs Pact (2009) and in the Conclusions of the recurrent discussion on Employment (2010).

The Employment Policy Department (EMPLOYMENT) is fully engaged in global advocacy and in supporting countries placing more and better jobs at the centre of economic and social policies and of inclusive growth and development strategies.

Policy research, knowledge generation and dissemination is an essential component of the Employment Policy Department's action. The publications include books, monographs, working papers, country policy reviews and policy briefs.²

The *Employment Policy Working Papers* series is designed to disseminate the main findings of research initiatives on a broad range of topics undertaken by the various branches, units and teams in the Department. The working papers are intended to encourage exchange of ideas and to stimulate debate. The views expressed are the responsibility of the author(s) and do not necessarily represent those of the ILO.

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¹ See http://www.ilo.org/public/english/bureau/dgo/download/dg_announce_en.pdf

² See <http://www.ilo.org/employment>.

Foreword

Job creation is a priority for all countries. Yet satisfactory job creation is an uphill battle because today's economic environment and policy circumstances are not necessarily aiding this collective effort. Employment challenges have been mounting, but policymakers are faced with limited, and even reduced, fiscal resources. It means that policy interventions for job creation need to be highly effective.

The ILO assists member states to formulate national employment policies (NEPs) as established in the Employment Policy Convention, 1964 (No.122). For the years 2012-2013 alone, 73 requests for technical assistance by countries seeking advice on and support for the formulation of their national employment policies have been received. This is why the Employment Policy Department is developing a series of tools that will guide and support ILO constituents in prioritizing policies based on informed choices and consultations.

As an independent evaluation in 2012 of the ILO's work on employment policy has pointed out, such NEPs, however well-formulated and well-designed, can remain as abstract entities unless the necessary institutional arrangements are put in place to ensure their timely and effective implementation. This needs to be complemented by coordination, monitoring and evaluation mechanisms to adapt them to changing economic circumstances.

In the light of these concerns, the ILO, with support from technical cooperation funds secured under the ILO-Korean Government Partnership Programme launched a cross-country project entitled "Comparative analysis of employment policy implementation mechanisms across countries" in the first quarter of 2013. The following countries and region are covered by the project: Argentina, Bosnia and Herzegovina, Burkina Faso, Brazil, China, Republic of Korea, South Africa and the European Union (EU) including two of its member states, the United Kingdom and Germany.

The purpose of this paper is to provide a synthesis of the above mentioned studies. The paper is organized as follows. Section 2 provides a brief overview of the situation with respect to economic growth and employment in the countries covered by the present study. Section 3 deals with the definition of employment policy and its possible scope. It also provides summary information of the basic contents of employment policy in the countries that fall within the scope of present study. Section 4 provides an overview of the basic characteristics of implementation mechanism in the countries under review. Sections 5, 6, and 7 deal respectively with coordination, support systems used, and the system of accountability and evaluation of NEPs in the countries covered. Section 8 deals with the issue of support system needed for mainstreaming employment into overall policy making. Section 9 presents concluding observations highlighting lessons learned from the country studies, how improvements can be made in implementing employment policies.

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The paper was prepared as part of a project that was managed by Yadong Wang under the overall guidance of Azita Berar Awad and Iyanatul Islam.

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Abbreviations

ALMP	Active Labour Market Policy
ANPE	National Employment Agency (Burkina Faso)
BMAS	Federal Ministry of Labour and Social Affairs (Germany)
BiH	Bosnia and Herzegovina
CAGED	General Registry of the Unemployed Persons (Brazil)
CNFEF	National Council of Employment and Vocational Training (Burkina Faso)
CODEFAT	Workers' Support Fund Council (Brazil)
CWP	Community Works Programme (South Africa)
DPME	Department of Performance Management and Evaluation (South Africa)
DWP	Department of Work and Pensions (UK)
EAP	Employment Action Plan (Burkina Faso)
EPWP	Expanded Public Works Programme (South Africa)
FEA	Federal Employment Agency (Germany)
FAT	Workers' Support Fund (Brazil)
FAFPA	National Agency for Vocational Training (Burkina Faso)
FBiH	Federation of Bosnia and Herzegovina (BiH)
IPAP	Industrial Policy Action Plan (South Africa)
JC	Jobcentre (Korea)
JCP	Jobcentre Plus (UK)
MJFPE	Ministry of Youth, Employment and Training (Burkina Faso)
MOHRSS	Ministry of Human Resources and Social Security (China)
MTSF	Medium Term Strategic Framework (South Africa)
NDP	National Development Plan (South Africa)
NEP	National Employment Policy (all countries)
NGP	New Growth Path (South Africa)
PAA	Plan of Action (Brazil)
PCC	Presidential Coordination Committee (South Africa)
PES	Public Employment Service (all countries)
RAIS	Annual Social Information (Brazil)
RS	Republika Srpska (BiH)
SPPE	Secretariat for Employment Policy (Brazil)
UIF	Unemployment Insurance Fund (South Africa)

1 Background and context

The world is facing a serious employment challenge, and there is little sign of its easing. While the problem existed even during periods of high growth in the global economy, the global economic crisis of 2008-09 and the associated Great Recession exacerbated the situation and created a backlog of global unemployment of over 200 million (almost 202 million in 2013 and projected to grow to 215 million by 2018, according to the ILO, 2014). With more than 400 million new jobs required over the next decade, the world is faced with the daunting challenge of creating a total of over 600 million productive jobs over the period. To this must be added those who are in work but poor, and for whom more productive and remunerative jobs are required.

The nature of the employment challenge varies from region to region and from country to country. While open and long-term unemployment are the major (though not the only) issues in developed countries, in developing countries it is more a case of transforming the structure of employment from jobs characterized by low productivity and incomes to those with higher productivity and incomes.

To some extent, the unemployment problem may be cyclical in nature and economic recovery may be expected to help ameliorate the situation. But it could also be structural. Policy interventions aimed at addressing the employment challenge will naturally need to reflect such distinctions.

Although the global economy began to recover around the middle of 2009, recovery in the labour market was not simultaneous. As is well-known, labour markets start their recovery with a time lag³, and this time was no exception, although there were variations between countries and regions (Islam, 2014).

But the policy stance changed soon after the start of economic recovery. Faced with increases in budget deficits and public debt and pressures to cut them, most developed countries adopted a strategy of fiscal consolidation. As a result, growth faltered, and many countries, especially the Eurozone, experienced double-dip recession. The impact on the employment and labour market situation was also felt quickly, and there was a reversal of the nascent recovery.

The renewed interest of policy makers and practitioners in job creation and the priority attached to this goal is not surprising when viewed in the above context. The challenge, however, is not merely one of formulating strategies and policies to make economic growth more job-rich but also to implement such policies in an efficient and effective manner. Unless appropriate institutional arrangements can be put in place for coordinating policies, monitoring performance and evaluating results, even sound policies may not produce the desired results. The other challenge is that of finding resources, especially in the case of allocating resources for active policies to be pursued by the government itself. With developed countries under growing pressure to reduce debt and budgetary deficits and developing countries faced with limited fiscal space, the shortage of resources can impose serious constraints.

Against the background and context mentioned above, ILO Member States are increasingly turning to the Organization for assistance in formulating national employment policies as called for by the Employment Policy Convention, 1964 (C122). As part of the ILO's response to the calls for support, the Organization launched a cross-border project titled "Comparative analysis of employment policy implementation mechanisms across countries" in the first quarter of 2013. Within the framework of that project, eight case

³ There are a good many studies on this issue. See, for example, Reinhart and Rogoff (2009), Islam (2011).

studies covering nine countries and the EU⁴ were prepared, representing countries at different stages of development in different regions. The studies were discussed at a seminar in November 2013. The purpose of the present paper is to provide a synthesis of those studies.

The ILO case studies that form the basis of this paper focus on the mechanisms for formulation and implementation of national employment policies (NEP) and their effectiveness. In doing so, they look at the institutional framework, the arrangements for coordination, the efficiency with which policies are implemented, and the manner in which monitoring and evaluation is carried out. They also look at employment services and labour market information systems in place to support the implementation of NEPs⁵.

The paper is organized as follows. Section 2 provides a brief overview of the situation with respect to economic growth and employment in the countries covered. Section 3 deals with the definition of employment policy and its possible scope. It also provides summary information on the basic contents of employment policy. Section 4 provides an overview of the basic characteristics of implementation mechanisms. Sections 5, 6, and 7 deal respectively with coordination, support systems used, and the system of accountability and evaluation of NEPs. Section 8 deals with the issue of support systems needed for the mainstreaming of employment into overall policy making. Section 9 presents concluding observations covering lessons learned from the country studies and how improvements can be made in implementing employment policies. A few suggestions are also offered about the way ahead.

⁴ The following countries are covered: Argentina, Bosnia and Herzegovina, Brazil, Burkina Faso, China, Republic of Korea, and the EU with particular focus on Germany and U.K., and South Africa. Apart from Argentina and South Africa, the other countries mentioned here have ratified ILO's Employment Policy Convention, 1964 (C122).

⁵ It should be noted that the country studies do not necessarily cover these issues in a uniform manner, and they do not follow a standard format and methodology.

2 Economic growth and the employment situation in the countries covered by this study: A brief overview

It may be recalled that the global economic crisis of 2008-09 and the associated Great Recession started in the developed world, and developing countries were affected through various channels that link them to the economies of the former. The timing and extent of the impact on developing countries varied, depending on the nature of their own economies and linkages with the developed world. The data presented in Tables 1 and 2 on GDP growth and unemployment rates before, during and after the crisis provide a general idea of this. As for economic growth, Germany and the UK suffered a sharp decline in 2008 (the first year of the crisis), while the developing countries suffered a decline in 2009. However, most of the developing countries recovered quickly (at least in terms of economic growth) in 2010, although recession in the developed countries continued through 2009. Indeed, in some countries like the UK, recovery may have started in a technical sense, but growth was very fragile until 2012.

Table 1 GDP growth in the countries covered by this synthesis, 2006-14

Country	2006	2007	2008	2009	2010	2011	2012	2013(P)	2014(P)
Argentina	8.5	8.7	6.8	0.9	9.2	8.9	1.9	3.5	2.8
Bosnia and Herzegovina	6.0	6.1	5.6	-2.9	0.7	1.3	-0.7	0.5	1.6
Brazil	4.0	6.1	5.2	-0.3	7.5	2.7	0.9	2.5	2.5
Burkina Faso	6.3	4.1	5.8	3.0	8.4	5.0	9.0	6.5	6.4
China	12.7	14.2	9.6	9.2	10.4	9.3	7.7	7.6	7.3
Germany	3.9	3.4	0.8	-5.1	3.9	3.4	0.9	0.5	1.4
Republic of Korea	5.2	5.1	2.3	0.3	6.3	3.7	2.0	2.8	3.7
South Africa	5.6	5.5	3.6	-1.5	3.1	3.5	2.5	2.0	2.9
UK	2.8	3.4	-0.8	-5.2	1.7	1.1	0.2	1.4	1.9

Source: IMF, *World Economic Outlook*, October 2013

As for unemployment, there are variations not only between the developed and developing countries, but also between the two developed countries covered by this study. In the UK, the situation continued to deteriorate until 2011, but in Germany, the rate of unemployment did not increase even during the worst period of the recession. In Bosnia and Herzegovina, unemployment continued to rise through 2011. Although there was a slight decline in 2012, the unemployment rate (28% in 2012, according to O'Higgins, 2013) remains very high. In Brazil, China and the Republic of Korea, unemployment rose in 2009, but the situation started to improve from 2010. In South Africa, however, the unemployment rate has not returned to the pre-crisis level (it was 25% in 2013 according to Marock and Grawitzky, 2013). In Burkina Faso, open unemployment is very low, not unexpected in an economy where the formal sector accounts for a very small share of the economy.

Table 2 Rate of open unemployment (percentage of labour force) in the countries covered by this study, 2006-2011

Country	2006	2007	2008	2009	2010	2011
Argentina	10.1	8.5	7.8	8.6	7.7	7.2
Bosnia and Herzegovina	31.8	29.7	23.9	24.1	27.2	27.6
Brazil	8.4	8.1	7.1	8.3	n.a.	n.a.
Burkina Faso	2.3	3.3	n.a.	n.a.	n.a.	n.a.
China	4.1	4.0	4.2	4.3	4.1	4.1
Germany	10.3	8.6	7.5	7.7	7.1	5.9
Korea, Rep of	3.4	3.2	3.2	4.1	3.7	3.4
South Africa	22.6	22.3	22.7	23.7	24.7	24.7
UK	5.4	5.3	5.3	7.7	7.8	7.8

Source: ILO, *Key Indicators of the Labour Market*, 8th Edition, ILO, Geneva, 2013 (online).

The above brief description of the employment challenge brings out different features of different types of economies. The following typology may be useful in describing the differences: (i) employment in a traditional economy with a high proportion in the informal sector, (ii) middle-income countries with a high degree of export orientation, (iii) middle-income countries with a mix of export orientation and domestic market, (iv) developed countries with different strategies for economic and labour market recovery, and (v) a post-conflict country with an economy in transition. The nature of issues and employment challenges varies from one type to another. And hence, the nature and focus of employment policy may also be different.

One important point that emerges from the figures in Table 2 relates to the time lag between economic and labour market recovery. Many previous studies have pointed out that when an economy recovers from recession (or a sharp economic downturn), recovery in the labour market lags behind. The experience of the Great Recession indicates that this is not necessarily the case, and the lag in labour market recovery can vary from country to country. The labour market in Brazil, for example, recovered fairly quickly (within four months, according to Dedecca, 2013) after the economy started to recover. On the other hand, in South Africa, the unemployment rate continued to rise in 2010 and 2011 even when the economy recovered, and carried on rising in 2012 and 2013 when GDP growth declined again.

3 Employment policy: Why and what?

Conventional wisdom has it that economic growth leads to job creation, and hence, if an economy is on a growth path, there is no need to worry about jobs. At most, policies may be needed to ensure a smooth and efficient functioning of the labour market, so that bottlenecks and rigidities do not create problems of adjustment. Moreover, active labour market policies are expected to serve the purpose of aligning the supply side with the demand side. The reality, however, is different, and the relationship between economic growth and employment can vary (Islam, 2006). Estimates of elasticity of employment with respect to output and Okun's coefficient (which shows the relationship between unemployment rate and output growth) show considerable variations between countries and between different periods within countries (Islam, 2006; 2011). Economic policies as well as labour market policies are found to influence the employment outcome of economic growth (Islam, 2013 b). Hence, when one talks about employment policy, both types of policy need to be included.

Employment policies operate on both the demand and supply sides of the equation. While some policies help augment demand for labour, others operate on the supply side. Demand-side measures include macroeconomic and sectoral policies and policies aimed at direct job creation. Expansionary macroeconomic policies help increase demand for labour by raising the rate of economic growth. On the other hand, carefully formulated monetary and fiscal policies may be helpful in influencing the pattern of growth to make it more employment-friendly. Likewise, sectoral policies are important for promoting the growth of sectors that are more employment-intensive. Similarly, direct job creation programmes (e.g., public works) are often used to generate employment.

On the supply side, policies relating to education may have both quantitative and qualitative effects on labour force. Policies aimed at raising the rate of enrolment and encouraging young people to continue with education/training, can reduce the supply of labour in the market. Education and skills training can also improve the quality of the labour force and help to reduce the mismatch between demand for and supply of labour. Active labour market policies (e.g. training and retraining of workers, employment services, etc.) play an important role in bringing about the necessary adjustments in the labour market and preventing unemployment.

Table 3 Possible types and areas of employment policies

Type of policy	Policy areas
Demand side	<u>Macroeconomic policy:</u> (i) Growth inducing expansionary macroeconomic policy (ii) fiscal and monetary policies to support employment-intensive sectors, (ii) subsidies to support job creation or preserve jobs <u>Sector level policies:</u> (i) Policies in support of SMEs, (ii) policies in support of labour-intensive manufacturing industries <u>Direct job creation:</u> (i) Programmes for creating jobs directly, e.g., through infrastructure, (ii) programmes targeted at specific groups, e.g., youth, older workers, women, etc.
Supply side	(i) Policies relating to education and training, (ii) active labour market policies (including training and retraining, employment services, etc.)

Source: own elaboration

National employment policies (NEPs) should ideally combine both kinds of policies mentioned above and should include elements ranging from macroeconomic and sectoral policies to education, training and other active labour market policies. The importance of economic policies in the context of employment has been recognized in both the Philadelphia Declaration and the Employment Policy Convention (C122) of the ILO. According to the terms of the former, it is the responsibility of the ILO to examine and consider the bearing of economic and financial policies upon employment policy. The text of C122 mentions that measures to be adopted for attaining the goal of full, productive and freely chosen employment (the subject of the Convention) are to be reviewed within the framework of a coordinated economic and social policy.

In a low-income developing country, where a very small proportion of total employment is in the formal segment of the labour market, employment policy should devote particular attention to macroeconomic and sectoral policies to encourage high and sustained growth in the more employment-intensive sectors of the economy, thus engendering structural transformation that would lead to a high rate of employment growth. Such policies would have to be supplemented with policies on the supply side to ensure that those seeking jobs have appropriate skills required by the labour market. At the other extreme, in developed countries, the rate of economic growth is expected to be the main mechanism for employment growth, and the role of macroeconomic policies should be to attain an appropriate balance between macroeconomic stability, economic growth and employment. In such situations, it may be natural for employment policy to focus more on the labour market issues and use legislative tools and supply-side measures more vigorously to pursue the goals of active labour market policies. Middle-income countries would lie somewhere in between the two types, and a judicious combination of various policies would be needed.

The priority attached to employment is reflected in different ways in different countries. In some countries, employment is given a place at the highest level of decision making. In Brazil, for example, the Federal Constitution defines the obligations of the State with respect to employment policies. In China, employment is given priority at the highest level of decision making, viz., the Central Committee of the Communist Party of China and the State Council. In other countries (e.g. Bosnia and Herzegovina, Republic of Korea, South Africa and the European Union), the priority attached to employment is reflected in the inclusion of employment as a goal in the country's development strategy. On the other hand, the poverty reduction strategy of Burkina Faso did not include employment either as an explicit goal or as a means of reducing poverty.

The approach to employment policy and its scope also differs from country to country. Some countries adopt a comprehensive approach focusing on both demand and supply sides, and attach importance to macroeconomic and sectoral policies in addition to labour market policies. In others, the major focus is on labour market policies, and economic policies merely play a supporting role. The summary descriptions of the approach adopted in various countries presented in Table 4 and 5 reflect this difference to some extent, though not fully. For example, in Bosnia and Herzegovina, the focus is on labour market policies and policies for SME development and there is no mention of macroeconomic policies and other sectoral policies that may have a bearing on growth *per se* or the pattern of growth. In Burkina Faso, macroeconomic policies do feature in the basic characteristics of the NEP, but the work in that area consists mainly of (i) "advocacy" and "raising awareness" about the consequences of macroeconomic and sectoral policies for employment, and (ii) improving the "coherence between employment policy and other national policies". There is no mention of specific instruments of macroeconomic policies to support greater job-rich growth.

Table 4 Basic characteristics of national employment policies in selected countries

Country	Whether employment policy is incorporated into national development strategies	Whether a comprehensive approach (combining macroeconomic, sectoral and labour market policies) is adopted	The major elements of active labour market policies
Argentina	Decent work and employment included in the country's MDGs issued in 2003	The employment policy encompasses income policies and policies affecting supply and demand for labour	Public employment service, vocational education and training network, and employment generation programmes
Bosnia and Herzegovina	Employment is the third strategic goal of the Draft Strategy of Development, 2010-2014	In addition to active employment measures and skills training, SME development is used as a tool for job creation	Measures aimed at greater flexibility in the labour market and protection of workers, public employment service and skills training
Brazil	The Federal Constitution defines the obligation of the State regarding employment policies	The Government's strategy is to address the employment problem through growth-promoting macroeconomic policy. In practice, employment policy consists of unemployment insurance, employment mediation and skills development.	Placement, training, employment incentives, and direct job creation
Burkina Faso	Employment is not an explicit priority of the second generation poverty reduction strategy	NEP combines macroeconomic and sectoral policy with policies for skills development and labour market functioning.	Reform of technical and vocational training, strengthening the public employment service and encouraging the establishment of private employment agencies
China	Central Committee of the Communist Party of China and the State Council attach importance to employment as the priority strategy of the country	Employment strategy includes promoting employment through economic growth, entrepreneurship development, and skills training. Policies range from macroeconomic and sectoral policies to labour market policies	Strengthening public employment service and vocational training, special employment fund for job creation, credit support for groups with difficulty
Republic of Korea	Employment rate of 70% by 2017 is a government policy goal	Employment policies include macroeconomic (tax reforms), sectoral (labour-intensive SME) and active labour market policies	Aggressive employment support services, customized training through training vouchers
European Union	Employment is one of the key priorities of EU policies in its growth strategy for 2010-2020 (Europe 2020)	Both macroeconomic policies and labour market measures are included in EU employment policies	
Germany	Close linkage between unemployment benefit system and labour market policies underlines employment policy (with employment targets formulated every year)	Greater focus on labour market reforms. In response to the global economic crisis, adopted policies of strengthening public investment and reducing taxes.	Employment service, training, employment incentives, start-up incentives, job rotation and job sharing, direct job creation
United Kingdom	Employment and labour market policies form part of government welfare and social policies	Employment policy includes macroeconomic policies to augment demand for labour and labour market measures	Job search and job brokering support, training, employment incentives, direct job creation
South Africa	Decent employment is highlighted in the National Development Plan and is listed as one of the "outcomes" of the Medium Term Strategic Framework, 2009-2014	Employment policy consists of countercyclical macroeconomic policies, targeted expenditures for funding special programmes and infrastructure, policies for promoting employment intensive sectors, and active labour market policies	Public employment service, training lay-off scheme, apprenticeship, expanded public works programme, community works programme

Source: Author's summary based on the country studies

Table 5 Summary information on employment policies in the countries covered by this study

Country	Some key targets	Policy instruments used
Argentina	(i) Reduce unemployment rate to less than 10% by 2015, (ii) Reduce non-registered employment to 30%, (iii) Increase social protection coverage to 60% of the unemployed, and (iv) reduce the incidence of working poor to less than 30%	(i) Macroeconomic, industrial, social and labour policies, (ii) Wage subsidies to firms severely affected, (iii) Support to SMEs, (iv) Tax waivers for formalizing employment, (v) active employment policy including PES and training
Bosnia and Herzegovina	Federation of Bosnia and Herzegovina: Between 2007 and 2013 (i) Increase employment rate from 31.8% to 50%, (ii) reduce unemployment rate from 25% to 15%, (iii) reduce long term unemployment rate from 31.3% to 20% Republika Srpska: In 2010-15: (i) Increase employment rate by 8%, (ii) Reduce unemployment rate by 2%	(i) Development of SMEs, especially through financial support, (ii) Active labour market policies (iii) Skills development
Brazil	Information not available	(i) Increased credit availability, (ii) maintenance of public investment funds, (iii) active labour market policies including PES, training, incentives for start-ups, direct employment creation, target-oriented programmes, and (iv) passive measures like unemployment insurance
Burkina Faso	No information	(i) Targeted programmes (e.g. youth, women and rural workers), (ii) labour-intensive public works programmes, (iii) skills development, and (iv) improving the functioning of labour market through regulatory framework, and intermediation
China	Annual targets for the: (i) new jobs, (ii) registered urban unemployment rate, (iii) number of re-employed and laid-off workers, and (iv) the number of disadvantaged persons employed. For 2014, the respective targets are: 10 million, 4.6%, 5 million, and 1.2 million	(i) Fiscal policy for re-employment of laid-off workers and promotion of new employment, (ii) fiscal policy for creation of jobs for college graduates, and (iii) joint action mechanism between social security and employment promotion, (iv) PES, and (v) skills development
Republic of Korea,	Employment rate of 70%	(i) Tax reform to encourage private sector job creation including tax credit for SMEs, (ii) reform of the welfare system to enhance incentives for low income earners to search for jobs, (iii) programmes targeted at the youth and the elderly, (iv) skills development, and (v) expansion and strengthening of PES
Germany	EU Employment Guidelines target 75% employment rate by 2020	(i) Strengthening investment in human capital, (ii) linking supply side instruments such as job search and training to the benefit system
United Kingdom	Employment rate of 80%	(i) Wage subsidy, (ii) support for job search and job brokering, (iii) measures under Get Britain Working
South Africa	National Development Plan of 2011 targets unemployment rate of 6% by 2030 (implying creation of 11 million additional jobs, or 5.4% job growth per year)	(i) Pro-employment macroeconomic policies, (ii) Industrial Policy Action Plan to promote growth of labour intensive industries, (iii) strategy for youth employment, and (iv) expanded public works programme

Source: Country studies that form the basis this paper. The figures for targets in China are from the MOHRSS, Department of Employment Promotion.

Likewise, in Argentina, employment policy is said to consist of income policy as well as policies aimed at both demand and supply sides of the labour market. However, an examination of the details does not show the presence of macroeconomic policies in the range of policies used. In addition to open unemployment, employment policies in Argentina give attention to the income aspect of employment (or the phenomenon of the working poor), informal employment, social protection, and the use of child labour.

On the other hand, in China, Korea and South Africa, employment policies consist of a range of policies that include macroeconomic and sectoral policies as well as labour market policies, EU employment policies also include both types of policies.

Box 1 Examples of countries that adopted comprehensive employment policies: China and South Africa

The Central Committee of the Communist Party of **China** and the State Council attach importance to employment as the priority strategy of the country. Employment policy focuses on re-employment of laid-off workers as well as on creation of new jobs. The employment strategy includes

- Promotion of employment through economic growth, entrepreneurship development, and skills training.
- policies ranging from macroeconomic and sectoral policies to labour market policies

A variety of instruments are used for implementing employment policy in China which include:

- Employment Promotion Act, 2007
- Taxation policy for re-employment of laid-off workers, 2006
- Preferential fees and policies for self-employment of laid-off workers, 2002, 2006
- Policy for small loans
- Special employment funds designed to provide subsidies for training, job placement, interest for microcredit, etc.

In South **Africa**, the National Development Plan of 2011 (a long term strategic plan) targets 11 million additional jobs by 2030. Decent employment is listed as one of the “outcomes” of the Medium Term Strategic Framework (MTSF), 2009-2014. Employment policy consists of

- countercyclical macroeconomic policies,
- targeted expenditures for funding special programmes and infrastructure,
- policies for promoting employment intensive sectors, and
- active labour market policies

In terms of sectoral policy, South Africa’s MTSF (2009-14) includes:

- support to growth of labour-intensive industries (e.g., agro-processing, clothing, tourism, biofuels and forestry), and
- provision for increasing finance for industrial development

The manner in which these policies should address employment is articulated in the New Growth Path (NGP) and the more detailed sectoral strategies are outlined in the Industrial Policy Action Plan (2013/14), which is moving in a direction that attempts to balance the focus between growth and employment creation.

In addition South Africa’s employment policy/programme includes a number of direct employment programmes such as the Expanded Public Works Programme (EPWP).

Table 4 presents some basic information on the major elements of active labour market policies adopted by the countries covered by this study. While there is country level variation in emphasis and detail, most countries adopted a mix of supply-side measures such as training and job placement and programmes to create jobs. The developed countries, viz. Germany and the UK, adopted a variety of measures to provide incentives for job creation and preserving jobs as well as for training and retraining of workers, both those in work and the unemployed. In Germany, until the early 1980s, employment policies

were dominated by demand-side policies, with supply-side measures focusing basically on vocational training and the dual system of apprenticeship. With the introduction of the Hartz reforms during 2003-05, employment policy became more supply-side focused, adopting a strategy of strengthening human capital investment with the aim of raising employment rates through the integration of formerly excluded groups such as women or migrants by supplementing ALMP measures with social services (childcare, housing, debt-counselling etc.) and a stronger benefit conditionality. This focus closely links supply-side instruments to the benefit system, since they are targeted on integrating the unemployed into work.

Direct job creation programmes have been adopted by Argentina, Brazil, Germany, the UK and South Africa. China has created a special employment fund for NEP implementation and, in particular, for supporting innovative job creation programmes and providing credit support to groups with difficulties (e.g., women, youth and those with disabilities). Similarly South Africa has created a fund to support innovative ways to address job creation (Jobs Fund).

4 The Basic characteristics of the implementation mechanism of NEPs

4.1 An overview of the basic characteristics

The term employment policy implementation mechanism refers to the operational system and method through which various elements of employment policies are put into practice, progress is monitored, and adjustments are made based on the experience gathered. Today, more and more countries are paying attention to employment policy implementation, monitoring and evaluation in order to improve the effectiveness of employment policy.

The countries covered by this study have some form of mechanism in place for implementing their employment policies. The composition and structure of these mechanisms naturally vary depending on the characteristics of the respective NEPs. Some of them start from quantitative targets that provide specificity to the overall objectives and goals. But irrespective of the use of such quantitative targets, they all use various instruments and support mechanisms, e.g., employment services, skills development institutions, policies/programmes for boosting demand for labour, etc., to achieve their declared goals. They all have some form of coordination mechanism and accountability system through which progress and success in attaining the declared goals are monitored and evaluated. The following paragraphs provide a brief account of the basic characteristics of the NEP implementation mechanisms in the countries covered by this study.

As mentioned above, the Government of **Argentina** adopted the MDGs with the inclusion of the additional target of decent and productive employment. In line with that, a number of employment-related “performance indicators” were established with quantitative targets including:

- Unemployment rate (to be reduced to 10%)
- Percentage of workers whose salary is less than the value of a market basket of consumer goods and services (to be reduced to 30%)
- Percentage of the unemployed population that receives social protection (to be raised to 60% by 2015)
- The rate of non-registered employment (to be reduced to 30%), and
- The rate of child labour (to be eradicated).

The primary mechanism for employment policy formulation and coordination in Argentina involves entities that form part of the national, provincial and municipal governments and includes coordination, support and accountability systems.

In **Bosnia and Herzegovina**, the institutional framework for implementing the NEP is rather complex, reflecting the complexity of the country’s administrative and governance structure⁶. Employment policy is articulated at the State level as well as the level of the Entities (FBiH and RS), with the State level providing general statements of the goals and types of interventions envisaged without getting into practical details of how the policy is to be implemented. In reality, both the Entities have developed their own employment strategies (rather than adopting the strategy developed at State level)⁷. However, since both national and entity level governments make direct reference to similar sources in the

⁶ Bosnia and Herzegovina consists of two “Entities”, the Federation of Bosnia and Herzegovina (FBiH) and Republika Srpska (RS) and the internationally supervised District of Brecko (DB). For further details see O’Higgins, 2013.

⁷ DB is yet to formulate an employment strategy.

development strategy, the three documents have similar general considerations, goals and strategies.

However, some of the quantitative targets mentioned in the State-level employment policy and the Entity level counterparts are very different. For example, the State-level strategy mentions a goal of increasing employment by 2 per cent per annum and reducing youth unemployment to 30% by 2014. But the targets set by the FBiH strategy (for 2007 to 2013) aim at (i) increasing the employment rate from 32.8% to 50%, and (ii) reducing the unemployment rate from 57.6% to 35%. Despite the somewhat ambitious nature of these targets, no mention is made of the mechanisms by which these targets are to be achieved.

The Entity-level employment strategy for the Republika Srpska (2010-2015) mentions targets of reducing the unemployment rate by 2.5%, and increasing the employment rate by 8%).

In addition to target setting, the employment policy implementation mechanism in Bosnia and Herzegovina includes coordination mechanisms at both State and Entity level and monitoring and evaluation of results achieved. The latter relies on the existing system of collecting labour market information. At State level, the Ministry of Civil Affairs has responsibility for formulating employment policy, but has no authority to implement it. Implementation is done by the two Entities and DB.

In **Brazil**, national employment policies are established under the 1988 Federal Constitution supplemented by the 1990 Act on the Workers' Support Fund (FAT). The formulation of employment policy is the responsibility of the Federal Government, and every year the Ministry of Labour prepares an Action Plan (PAA) that is submitted to the Workers' Support Fund Council (CODEFAT) for approval. The PAA establishes goals for each of the planned actions according to the global budget provided by CODEFAT. This is done in consultation with the state governments and large municipalities, who are responsible for executing the action plan. The Federal Government monitors the implementation of the action plan and the use of the funds. The different modalities of implementing the employment policy are unemployment insurance, employment mediation and labour force qualification. This, however, has led to a fragmentation of the management of employment policy.

In order to address the issue of fragmentation of the three pillars of employment policy (viz. unemployment insurance, employment mediation, and labour force qualification) and of coordination between them, a new system was agreed in 2005 under which the three modalities would be integrated into one public employment system with universal access and coordination of employment mediation and skills development with the unemployment insurance programme. The new structure was approved in 2006 and implementation started in 2007.

A major element of the mechanism for implementation of the NEP in **Burkina Faso** is the Employment Action Plan (EAP) whose basic purpose is to translate the NEP into specific measures, designate the structures and actors in charge of the measure, provide an estimation of costs and establish an implementation schedule. An important part of the EAP consists of the indicators identified for each strategic objective _48 in the initial list, later reduced to 12. The institutional framework recommended by the EAP entailed the establishment of four structures:

- National Council of Employment and Vocational Training (CNEFP), an inter-ministerial and tripartite structure
- The Executive Coordinator, the central player in the structure and in charge of the execution of the EAP under the supervision of the Ministry of Employment

- The Technical Secretariat with the role of helping the Executive Coordinator in the performance of its task, and
- A regional structure represented by the regional director of the Ministry of Employment.

An important aspect of the mechanism for implementing the NEP in Burkina Faso is the monitoring and implementation system which is intended to examine the performance and draw lessons based on that. The first general evaluation of the NEP was envisaged for 2013.

The mechanism for implementation of employment policy in **China** involves

- A cycle of setting targets, making policy, managing finance, monitoring progress, evaluation, adjustment and improvement based on evaluation
- A system of coordination at central and local level, and
- An accountability system consisting of indicators, statistical reporting, and inspection and evaluation

The Employment Promotion Act of 2008 stipulated the employment policy coordination system at both national and local level. At national level, the State Council established an inter-ministerial policy making mechanism that includes 21 ministries. A key element of implementing the employment policy at local level is the target responsibility system, under which the National People's Congress sets the target and the State Council signs target contracts with local governments. The local governments adopt five specific objectives for the assessment of governors and relevant departments that include a net increase in jobs, the implementation of re-employment policy, strengthening of employment services, increasing re-employment of capital investment, and helping the employment of disadvantaged groups.

The employment target is set for each year by the Ministry of Human Resources on the basis of an assessment of the overall economic situation, supply of labour, and employment growth in recent years. The MOHRSS discusses the target with each province and then provides the State Council with the target for new jobs, the registered urban unemployment rate, and the number to be re-employed during the year. The specific policy measures and action programmes are formulated in consultation between central and local government.

The Employment Promotion Act of 2008 also includes a system for assessment and supervision of the process of implementing the NEP. Once target responsibilities are agreed, their completion is included in the assessment of managers. Scoring and evaluation mechanisms are established in many places.

In the **Republic of Korea**, the employment policy implementation mechanism includes quantitative targets, instruments for specific policy areas, a mechanism for coordinating implementation, the employment policy support system and an accountability system. The major aspect of the quantitative target is to attain an employment rate of 70% by 2017. Local governments are encouraged to have their own job creation targets in line with their characteristics and situation. The areas of policy focus that have been identified to pursue this goal are (i) expansion of employment through greater attention to domestic demand, services and SMEs, and (ii) a change in work culture with focus on promoting part-time work, shorter working hours and a better work-life balance. The coordination mechanism provides for coordination at national as well as local level and also involves the private sector. The support system includes (i) tax and welfare systems for employment, (ii) employment insurance system, (iii) public employment service, (iv) vocational training, and (v) labour market information system. The accountability system includes provision for

overall assessment of the impact of various programmes on employment, assessment of employment insurance, and assessment of local job creation strategies.

The employment policy mechanism at **European Union** level also involves quantitative targets, and a governance mechanism with coordination, supporting pillars, and accountability at its core. The most relevant mechanism in EU employment policy is the *Employment Guidelines* which identifies priorities and set targets for the Member States. An important target is to raise the employment rate for women and men aged 20-64 to 75% by 2020. Of course, the Employment Guidelines are not binding on the Member States, and hence the targets provided by them are essentially indicative. The coordination of employment policies takes place within the framework of the European Semester which is a policy coordinating system in a yearly cycle of policy alignment with the key targets of Europe 2020 (Europe's growth strategy adopted in 2010). The European Commission plays a key role in the formulation and implementation of the employment policy. A highly specialized monitoring, evaluation, reporting and benchmarking system exists and has been extended in the context of the European Semester.

Employment policy in the **United Kingdom** is the prerogative of central government⁸, with a number of policy areas such as skills and education allocated to the devolved administrations. Local government implements national policy and has a number of policy responsibilities. Within the central government, the Department for Work and Pensions (DWP) is responsible for employment policy, and its main objective is to achieve full employment (i.e. an 80% employment rate). The DWP devises a plan of key actions to implement the Government's priorities, monitors them, and adopts input and impact indicators to assess the effects of policies and reforms. Devolved administrations in the UK have responsibility for a number of policy areas and usually develop policies relating to employability. In many cases, the policies formulated by local government are also funded by local budgets. EU employment policy is not very influential on national or local employment policy in the UK because the Government displays a somewhat distant attitude towards the social and employment policy of the European Commission.

Formulation of employment policy in **Germany** involves mainly three types of actors: (i) the public actors, especially the Federal Ministry for Labour and Social Affairs, (ii) the social partners, represented by umbrella organizations of trade unions, and employers' associations, and (iii) the Federal Employment Agency (FEA), a tripartite self-governing public body. The latter is the main actor responsible for implementing employment policy in Germany. As it is the platform for social partners and public actors to negotiate and develop employment strategies, it has some influence on policy formulation as well. As Germany is a federal state⁹, the mechanism for implementing employment policy involves both levels with division of responsibilities. The provincial level (Länder) and the municipal level (the lowest administrative level) are mainly dedicated to the implementation of laws passed at higher levels of administration. Of course, elected representatives are in charge of policy development at local level, and that may have implications for the practical application of policies formulated at the higher levels.

As for Germany's employment policies vis-a-vis those of the EU, the country's strong position at EU level does not necessarily lead to a close link between the two. In fact, German policy makers do not seem to judge European policies relevant in the field of employment. Of course, the country has performed much better than other countries in the area of employment, and there are similarities between the policies recommended by the EU and those pursued by Germany.

⁸ The UK is a centralized state with three devolved administrations: the Scottish Government, the Welsh Government and the Northern Ireland Executive.

⁹ The country has two constitutionally defined levels: the federal (national) level and the provincial level.

In **South Africa**, the mechanism for implementing the NEP involves target setting, preparation of an intervention strategy for each policy, identification of funding for various action programmes, a coordination system that involves both horizontal (i.e. inter-ministerial) and vertical (i.e. between the Federal Government and administrations at lower levels),

South Africa has established a detailed institutional mechanism for implementing its employment policy. At the top is the cabinet committee for economic sectors, employment and infrastructure. Various “clusters” report to the cabinet committees. For employment, the relevant cluster is the “Economic Sectors and Employment Cluster” (ES&EC). “Implementation Forums” have been established to coordinate work in different areas. For employment, the ES&EC serves as the implementation forum at the national level.

These structures are replicated, with some variations, at provincial level, and local government participates in these forums at both provincial and national level. In addition the National Economic Development and Labour Council (NEDLAC) creates the space for the social partners to play a role in advising on these employment policies and supporting implementation. The social partners are also required to report progress against a number of Accords signed by them.

A number of key initiatives have been set up to fund these imperatives: one such structure is the Jobs Fund, which was set up in 2011 for three years to serve as a catalyst for innovative job creation projects. The Unemployment Insurance Fund also plays a key role in ensuring that individuals who are to be made redundant receive skills training and it also supports employment creating initiatives. For implementing employment policy, an accountability system has been set up that includes target setting, formulating intervention strategies and work plans, and monitoring, reporting and evaluation. These are monitored through the various bodies with reports ultimately being reviewed by Cabinet.

4.2 Characteristics of NEP implementation mechanisms: a summary

To sum up the above discussion, a few aspects of the characteristics of the implementation mechanisms of NEPs used in the selected countries stand out. Firstly, most countries use quantitative targets relating to employment and the labour market as benchmarks for purposes of policy making, implementing the action programmes and monitoring progress. Some use single targets (e.g., 70% and 80% employment rates in Korea and the UK respectively) while others (e.g. Argentina, Bosnia and Herzegovina, China) use multiple targets. But targets are not realistic in all cases¹⁰. And performance with respect to attaining the goal of promoting productive employment could be good even without the use of specified targets.

Secondly, most countries have set up an elaborate system for coordinating the implementation of employment policies, with both horizontal and vertical integration. Horizontal coordination is sought through inter-ministerial bodies at central level, while vertical coordination is pursued through mechanisms to bring together various actors at central and local level. Not all countries have achieved the same degree of success in these respects as discussed further below. In large countries where central and local governments are involved in implementing employment policies, the usual pattern is the formulation of policies at central level and responsibility for implementation is delegated to the local level. But in China and Korea, central government also plays an important role in implementation.

¹⁰ Whether targets are realistic or not depends on a variety of economic, social and political factors specific to each country.

Thirdly, funds for implementing action programmes relating to employment policy are usually allocated by central government, although in some cases (e.g. the UK) local government also provides supplementary funding. But in China, local governments are also required to allocate employment funding.

Fourthly, most countries have some kind of labour market information system (LMIS) to provide data and information for monitoring the labour market situation and evaluating the impact of employment policies. But the quality of the LMIS varies substantially, and the developed countries usually have much better and more up to date data. Of course, it is one thing to have a LMIS providing data for monitoring the status of the labour market and quite another to have adequate data for assessing the impact of specific policies on employment.

5 Coordination of national employment policy implementation

The task of formulating and implementing employment policy cannot be performed by a single agency of the government; a range of ministries and other agencies need to get involved. That makes coordination an important aspect of implementing the policies. In general, the coordination system includes two interlinked parts : (a) an inter-ministerial coordination system at national level and (b) an inter-departmental coordination system at local level. The nomenclature used for the coordination system (e.g., committee, meeting, council, etc.) differs from country to country.

5.1 Coordination mechanisms employed at country level: An overview

All the countries covered by the present study have some mechanism in place for coordinating the implementation of their employment policies. However, as the framework of the NEPs varies, the corresponding coordination mechanism also varies. In this section, an analysis of these mechanisms focuses on the concept behind the approach adopted, coverage and effectiveness. The objective will be to identify how the institutional structure provides support to the implementation of NEP and the factors that contribute to the success of coordination. Based on this analysis, an attempt will be made to identify what has worked and what has not, so that some guidelines can be prepared for effective policy coordination.

In order to understand the concept behind the employment policy implementation coordination mechanism , the basic nature of employment policies needs to be understood. The first point to note is that, depending on the approach adopted, employment policies can involve a large number of government ministries and departments. For example, policies related to subsidies or tax exemption for job creation are areas where finance ministries have to play a crucial role. Likewise, allocations for public expenditures aimed at job creation (e.g., on infrastructure) are made within the budgetary framework. But the actual implementation of action programmes in both these cases is the responsibility of other ministries. Generally speaking, the ministry of labour and ministry of finance are central to the coordination system. However, the social partners also play a critical role (see Box 2).

Secondly, while employment is created as a result of economic activities undertaken in a large number of sectors of an economy, e.g. agriculture, manufacturing, construction and services, government agencies dealing with them do not normally look at the totality of the outcome. Quite often, indeed, they do not even look at the employment aspect of the economic activities at all. In such situations, a coordination mechanism is needed in order to provide a complete picture.

In the third place, in countries with a decentralized administration, implementation of programmes in a number of fields, including those relating to employment, may be delegated to local government even if the task of formulating the policies is kept in the hands of central government departments/ministries. In such cases, coordination between central and local government agencies becomes important. It is worth noting that in most cases the role of local government is not only implementation, but it is also institutionally involved in employment policy formulation, and the inverse is true for central government.

A look at the institutional framework of NEP coordination in the countries studied shows that the above conceptual framework generally applies to them, although there are variations in the details.

In **Argentina** the institutional framework for NEP coordination includes horizontal coordination between various ministries as well as vertical coordination between central and local level administration. However, given the country's limited focus on macroeconomic and sectoral policies, the horizontal coordination is confined to a small number of ministries such as labour, industry, and science and technology.

The primary employment policy coordination mechanism in Argentina involves entities that form part of the national, provincial and municipal governments. The important agencies in the institutional framework for employment policy coordination in the country include the following:

- The Federal Labour Council, an inter-jurisdictional coordinating body that includes both national and provincial governments, formed by the Ministry of Labour and provincial labour departments
- The Council on Employment, Productivity, and the Vital and Mobile Minimal Wage, a national tripartite body, with four commissions operating under it:
 - Minimum Wage and Unemployment Benefits Commission
 - Employment Commission dealing with non-registered employment
 - Vocational Education and Training Commission dealing with training, and
 - Productivity Commission
- Sectoral councils for job skills certification and training.

It may be worth noting that the key areas of employment policy in Argentina include (i) the National Plan for Employment Regularization aimed at reducing the rate of informal employment, and (ii) employment generation programmes . The former uses an array of mechanisms to detect non-registered employment and then attempts to bring excluded workers into the social security system.

The programmes for employment generation focus on improving the employability of unemployed workers and their reinsertion into the workforce. Notable among these are the Job Training and Employment Insurance Programme and the More and Better Employment for Youth Programme. The former is a cash transfer programme consisting of money transfers in exchange for which beneficiaries must participate in various education and training activities. The latter provides help to youth through training and guidance in job search.

The Ministry of Labour is responsible for implementing activities under both the above aspects of employment policy. Hence, it is not surprising that this ministry plays a key role in the institutional framework for employment policy coordination. Of course, other entities come into play where issues relating to their sectors of interest are involved. One example is the National Agricultural Labour Commission, a tripartite agency charged with employment in the rural sector. Another is the coordination of the Strategic Plan for Vocational Education and Training with the Ministries of Industry and of Science, Technology and Productive Innovation.

Employment policy in Argentina is implemented through a decentralized institutional framework that involves the regional labour offices (in each of the seven regions of the country) and the employment and job training agencies that operate in the provinces. The former are responsible primarily for workplace inspection (within the framework of the national policy of employment regularization) and issues relating to labour relations including collective bargaining. The latter are charged with actions aimed at employment generation and training.

It is clear from the above that both national level entities and regional and provincial level entities have functions relating to the formulation and implementation of employment policy. However, given the currently available information, it is difficult to judge how effectively the work of these various entities is coordinated. For example, at national level, it is not clear how horizontal coordination is achieved between the Federal Labour Council and the Council on Employment, Productivity and Wages. Moreover, coordinating education and training with other ministries is challenging, and efforts to date appear to consist of ad hoc measures. Likewise, the division of responsibility between the Ministry of Labour and its regional offices and the provincial employment and job training agencies is also not clear.

In **Bosnia and Herzegovina (BiH)**, at national level, the Ministry of Civil Affairs has responsibility for formulating employment policy, but has no jurisdiction to implement it. Implementation is the responsibility of the Entities. In reality, the Entities have formulated their own employment strategies with no reference at all to the national employment strategy. A State level coordination committee was to be established with representatives from the Entities but, in reality, the Ministry of Civil Affairs and its State Employment Agency have no practical role in implementation.

There is a difference in the manner in which employment policy is implemented in the two Entities. In the Republika Srpska, Entity-level employment policy is centralized, but in the Federation of Bosnia and Herzegovina, there is a further layer of autonomous decision making at cantonal level. In addition to general issues of governance in the country with its two autonomous Entities, there are specific issues relating to the coordination of different elements of employment policy as well as of coordination between the two Entities, which are *de facto* policy making levels for employment-related matters. This is clear from the differences between the various employment-related targets set at State and Entity level, as described in the previous section.

In **Brazil**, although the Government's strategy is to address the employment problem through growth-promoting macroeconomic policy, in practice, employment policy consists of unemployment insurance, employment mediation, and skills development. The central agency responsible for implementing employment policies in the country is the Workers' Support Fund Council (CODEFAT)¹¹. The Secretariat for Employment Policies (SPPE) in the Ministry of Labour implements provisions of employment policies approved by the Council. Key to this process is an action plan (PAA) on employment services and skills training which is submitted to CODEFAT for approval. Once the approval is received, SPPE establishes agreements with the states, large municipalities, unions, and non-governmental organizations for the execution of planned actions in the areas of employment services and skills training (unemployment insurance and wage bonus programmes are implemented directly by the Federal Government). These agreements allow the transmittal of funds for implementation of the action programmes.

The above brings out the strengths of Brazil's employment policy coordination mechanism. Firstly, the roles and responsibilities of the various actors in terms of formulation and implementation of policies are clearly defined. While the task of formulation is the responsibility of the Ministry of Labour, implementation is done at the local level. Secondly, since funding is allocated centrally and its use is monitored closely through an audit system, there is an in-built mechanism for close coordination of the process of implementation of the policies.

There are, however, some shortcomings. Firstly, at the policy formulation level, despite a recognition of the importance of macroeconomic policies in influencing growth and employment, there seems to be no direct role for the relevant government agencies

¹¹ The Council is tripartite with a total of 18 members, six each from the Government, employers and workers.

formulation and implementation process as a whole. Consequently, the coordination mechanism does not include other ministries and their organs.

Secondly, the institutional framework for implementing these policies does not provide an independent mechanism. It is true that the list of active labour market policies pursued by the country does include direct job creation and incentives for creating start-ups, and the Programme for Employment and Income Generation (PROGER) aims at generating employment through support to small and micro-enterprises and infrastructure. However, funds can be allocated for such programmes only if there is an excess of funds in the FAT over the minimum compulsory reserve. Thus, funding for employment creation programmes is totally dependent on the disposable balance of the FAT.

Thirdly, from the point of view of coordination of job creation programmes, for which the Ministry of Labour is responsible, the nature of activities envisaged under the programme requires the involvement of other relevant ministries. A mechanism needs to be established for incorporating and coordinating their participation.

It may be recalled that the NEP in **Burkina Faso** combines macroeconomic policy with policies on skills training and labour market. The concept behind the mechanism for implementing the NEP reflects that basic approach and has at its centre the National Council of Employment and Vocational Training (CNEFP). This is an inter-ministerial and tripartite structure composed of members of the departments responsible for employment, the social partners and stakeholders from civil society at national and local level. Implementation of the NEP is entrusted to the Executive Coordinator under the supervision of the Ministry of Youth, Employment and Training (MJFPE). The Executive Coordinator is assisted in its task by a Technical Secretariat. The fourth structure in the implementation of NEP is at regional level and is represented by the regional director of the MJFPE.

The roles and responsibilities within the above institutional framework are established quite clearly. At least on paper, these structures appear to be consistent with the need for horizontal as well as vertical coordination of the formulation and implementation of the country's NEP. While the horizontal aspect (i.e. inter-departmental coordination) is expected to be provided by the National Council, the structure at regional level is supposed to provide support to action at that level. However, a closer look at the detailed list of responsibilities of each structure shows up their limitations.

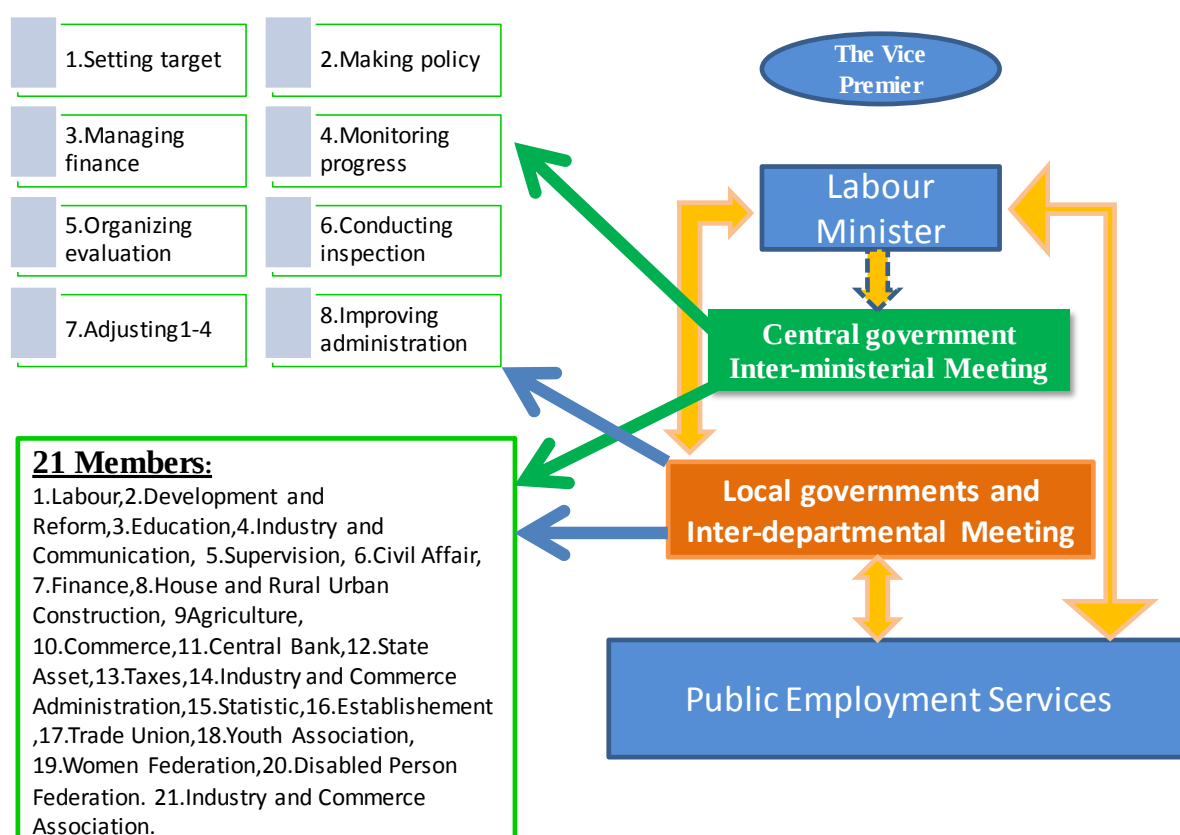
Firstly, the NEP is a cross-cutting policy that requires continuous participation and collaboration by various ministries ranging from finance to production-related and social sectors. Horizontal coordination of the activities of the various ministries is critical to successful implementation of the NEP. The Ministry of Finance has a critical role to play in ensuring that budgetary allocations and fiscal policies are in line with the needs of the NEP. Policies pursued by ministries dealing with economic activities (e.g., agriculture, industry, trade, infrastructure, etc.) also need to be consistent with the goal of employment creation. However, the list of responsibilities of the National Council does not make it clear how such inter-ministerial coordination will be achieved. Of course, given the fact that the Council is chaired by the Prime Minister and has representatives of various ministries, it should be in a position to perform the higher level task of inter-ministerial coordination if it is given an appropriate mandate and the roles and responsibilities are further upgraded.

Secondly, as in the case of horizontal coordination, although the mechanism for vertical coordination exists on paper, the tasks needed to achieve that goal are not clearly specified. The role of the executive agencies like the national employment agency (ANPE) and the agency for vocational training (FAFPA), and their relationship with the MJFPE acting at national level need to be more clearly defined.

China's employment policy coordination system reflects quite well the conceptual framework of NEP implementation outlined at the beginning of this section (Figure 1). It is

based on a recognition that employment in an economy is the result of activities undertaken in various segments, and hence policies are needed for all of them (or at least the major ones) in order to make an impact on total employment in the economy. One key element of China's coordination system is the inter-ministerial coordination at national level. Although responsibility for this lies with the Ministry of Labour, it includes representation from 21 key ministries, with the Vice Premier's office providing overall supervision. This national level coordination is provided through the inter-ministerial meeting mechanism where the Minister of Labour acts as the convener. Working under the direct leadership of the State Council, the meeting is tasked with formulating policies and the allocation of budgets. It also provides a forum for communication between ministries, exchange of information on work in progress, collection of the latest information on employment, and possible solutions to employment-related problems. In fact, the functions of the various ministries and other agencies who are members of the inter-ministerial meeting are clearly defined, thus providing a good basis for coordination of their work.

Figure 1 The employment policy coordination mechanism in China



Source: Zeng et al. (2013)

An important aspect of China's coordination system is inter-departmental coordination at local level which also consists of both a horizontal and a vertical component. Horizontally, local governments **establish** an inter-departmental coordination mechanism similar to the national level inter-ministerial meeting. Vertically, the Ministry of Labour coordinates important matters of implementation with the provincial level government. Each member of the inter-ministerial meeting issues guidelines in their own policy area, following which their provincial counterparts do likewise.

A good example of how the vertical coordination between local government and central government works in China is the target responsibility system under which the State

Council signs “target contracts” with local government. The latter adopt five employment-related objectives that include a net increase in jobs, the implementation of re-employment policy, strengthening re-employment services, increasing re-employment through capital investment, and contributing to the employment of disadvantaged groups. The Employment Promotion Act requires local government above county level to take employment expansion as one of the major goals of economic and social development. For the implementation of the employment policy, the relevant ministries and other agencies introduce a series of policy measures which are put into practice by local government.

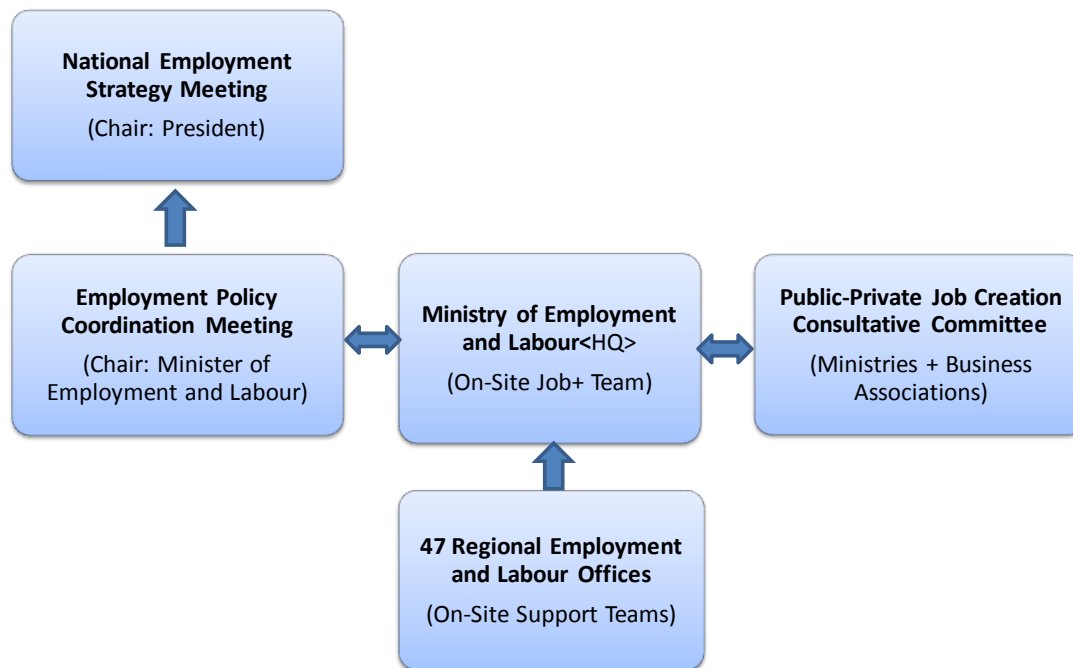
As in China, employment policy in the **Republic of Korea** encompasses a number of policy areas covering both demand and supply sides of the labour market. Accordingly, the country has adopted a coordination system that reflects the need to involve the relevant players within and outside government. The system also adopts the concept of vertical integration where central and local government agencies work together in implementing employment through the NEP (see Figure 2).

At national level, coordination of employment policy implementation occurs at two levels. The first is at the highest possible level with the President chairing the National Employment Strategy Meeting, the goal of which is to deploy a coherent national employment strategy across government. Members of this coordinating meeting include representatives of each ministry, related government institutions such as the Central Bank and the planning agency, political parties, and others. Research institutes and independent professional experts are also called upon to attend this meeting. The broad composition of the meeting indicates the comprehensive scope of horizontal coordination sought by Korea. The broad goals of the meeting include (i) formulation of employment-friendly policies, (ii) addressing the quantitative as well as qualitative mismatch in the demand for and supply of labour through skills development, and (iii) pursuing labour market efficiency.

The second tier of coordination at national level is provided by the Employment Policy Coordination Meeting chaired by the Ministry of Employment and Labour (MOEL). This mechanism has been set up to translate the broad strategies adopted at the National Employment Strategy Meeting into policies in relevant areas of various ministries and agencies and coordinate their implementation. This meeting goes beyond government policies and addresses issues raised by the private sector with a view to improving job creation efforts.

In addition, the Public-Private Job Creation Consultative Committee was established jointly between the government and the private sector to facilitate job creation efforts by the private sector. The Committee is chaired by the Minister of Employment and Labour, and includes delegates from five major business organizations (Korea Chamber of Commerce, Federation of Korean Industries, Korea International Trade Association, Korea Federation of Small and Medium Businesses, and Korea Employers’ Federation). Other government ministries relevant to job creation could participate where issues within their purview arise.

Figure 2 The framework of coordination of the NEP in the Republic of Korea



Source: Kang (2013).

For customized measures in response to on-site needs, MOEL began providing direct support at business sites by setting up the “On-site job+ Team”, with support teams on-site locally to support job creation. They provide on-site coordination by visiting workplaces to assess the difficulties faced by companies and jobseekers with regard to employment issues.

In Korea, local governments pursue various job creation projects, either with support from central government or with their own financial resources. Vertical coordination is provided by the Employment Policy Coordination Meeting which resolves issues relating to overlaps between the actions of central and local government. The On-site job+ support teams, working under the regional employment and labour office are also an important mechanism for providing support at local level.

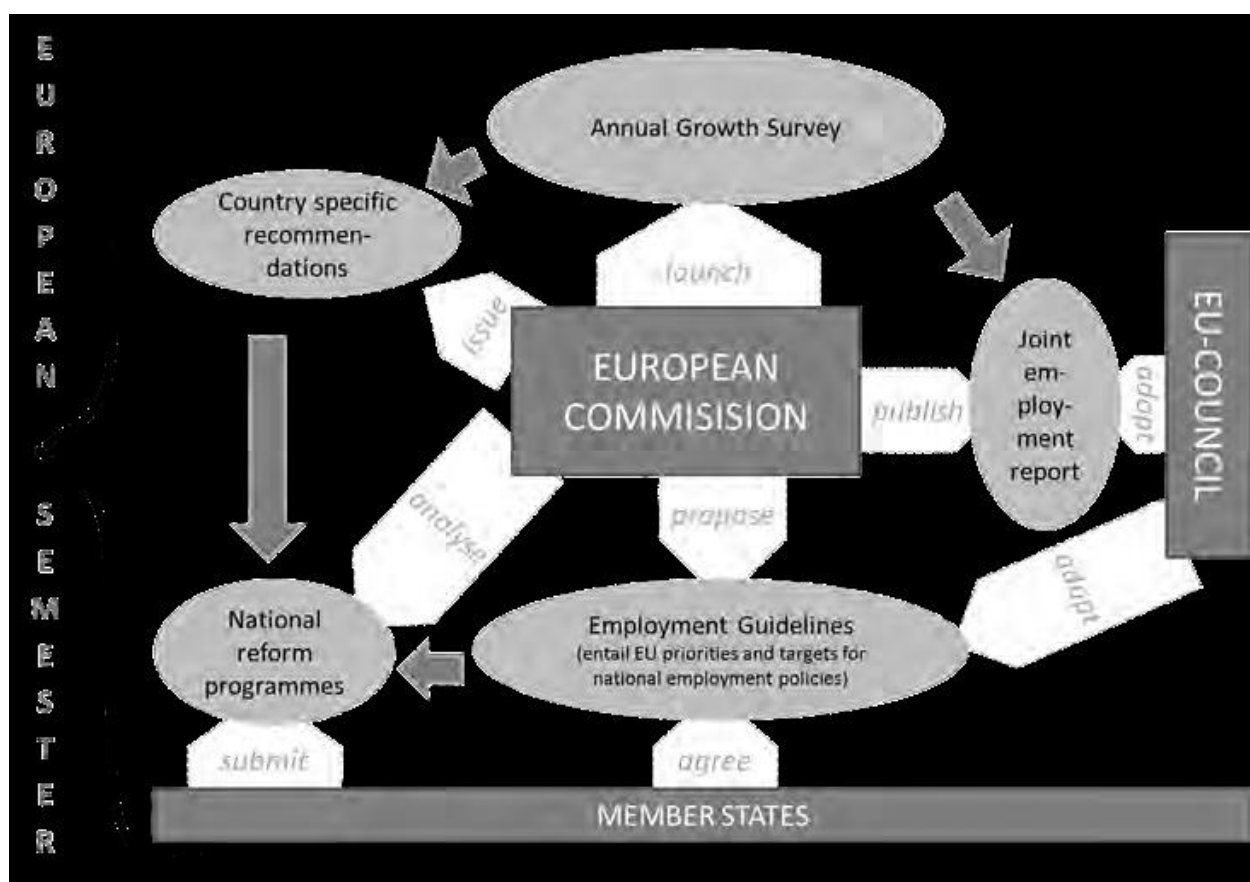
Within the **European Union**, employment policy coordination takes place in the framework of the European Semester. The European Commission plays a key role both in formulation and implementation, issues country specific recommendations on employment policies (on the basis of the Annual Growth Survey in line with the Europe 2020 targets) and analyses national reform programmes. The European Commission is the de facto policy making body in the EU and the ‘engine’ of the European integration and policy making process. It is here that day-to-day policy procedures take place. It is structured in 33 Departments (Directorates-General, DGs), most of them concerned with different policy fields such as trade, environment, justice or mobility and transport. Among them is the Directorate General for Employment, Social Affairs and Inclusion (DG EMPL). It is responsible for employment, free movement of workers, labour conditions and social inclusion and is therefore highly relevant, since employment through economic growth has become one of the key features of European discourse. DG EMPL formulates policy aims and targets under the overall priorities of the European Council and in the context of the policy formulation process. In addition, it has executive tasks: it monitors the reporting and coordination processes (see accountability system) and is responsible for administration of the European Social Fund, a highly important financing instrument (see support system). Its role puts it in direct contact with Member States at national and regional level. Besides

policy development and execution, the European Commission has two additional tasks: application and implementation of EU treaties and representation of the EU in international organizations.

The Directorate General for Economic and Financial Affairs (DG ECFIN) is responsible for EU macroeconomic policies focusing on sustainable growth and therefore also for the demand side of employment policies. Here, labour market developments, wage and unit labour costs and tax and benefit systems are at the core of the DG's tasks. However, although the European Semester provides an integrated perspective on the demand and the supply side of employment, both dimensions still seem to be somehow decoupled in policy formulation and implementation.

Figure 3 below illustrates the role of the different EU bodies in the coordination of employment policies within the framework of the European Semester.

Figure 3 The role of different agencies in coordinating employment policies in the EU



Source: Zimmermann and Fuertes (2013).

The **United Kingdom** has a multi-level system of delivery and coordination of labour market policies. The national government is responsible for overall employment policy which includes measures operating on both the demand and supply sides. Legislation and policies relating to employment and the labour market (like policies in other areas) are the responsibility of Parliament and the Government. At department level, the Department of Work and Pensions is responsible for employment and welfare policies. However, given the cross-cutting nature of employment policies, smooth implementation requires good horizontal coordination between various departments relevant to their formulation and implementation. In the UK, there are three departments with responsibilities for inter-departmental coordination: the Cabinet Office, HM Treasury's Public Service Directorate

which oversees major public sector expenditures, and the Prime Minister's Strategy Unit. However, it is not clear where the focal point for coordination of employment and labour market policies is located.

An example of the challenge of horizontal or inter-departmental coordination in the UK is in the area of skills development. The Minister of State for Employment within the DWP as well as the Minister of State for Further Education, Skills and Lifelong Learning have responsibilities in this area. In practice, however, coordination between these two departments is very limited.

In addition to central government departments, local government also plays a role in labour market policies (in some case, funded by local budgets). However, there seems to be a lack of clarity regarding the division of responsibilities between national and local government. Moreover, a lack of coordination during policy development affects implementation at local level where national, devolved and local employment policies and agencies are expected to converge. Thus, vertical coordination also suffers.

As mentioned above in section 4, three actors are responsible for the formulation and implementation of employment policy in **Germany**: (i) The Federal Ministry of Labour and Social Affairs (BMAS), (ii) the social partners, and (iii) the Federal Employment Agency (FEA). The BMAS is responsible for policy formulation, target setting and allocation funds for employment policies. In addition, it has responsibility for legal supervision of the FEA, including monitoring and evaluation. The BMAS is also responsible for implementing EU employment policies. It is thus clear that the BMAS has an important role in coordinating the implementation of employment policy in Germany. Inter-ministerial cooperation takes place through working groups and informal contacts.

The Hartz reforms carried out during 2003-05 had a significant impact on the governance structure of employment policies in Germany. Within the framework of those reforms, social assistance and employment assistance were merged. Previously, the latter had been governed and delivered by the FEA while social assistance was a local issue. Merger of these two schemes naturally gave rise to the question of an institution to implement the new merged scheme and ensure vertical coordination between the federal and local level actors.

In **South Africa**, there are a number of actors at national level responsible for implementing employment policies. At the top is the Cabinet Committee for economic sectors, employment and infrastructure development which includes key ministries and is chaired by the President. There are different "clusters" dealing with matters falling within the jurisdiction of each cabinet committee, in this case the Economic Sectors and Employment Cluster (ES&E). Implementation forums have been established to coordinate each "outcome" of the Medium-Term Strategic Framework, and for "outcome 4" (on employment), the ES&E cluster acts as the implementation forum. Reports covering different areas of work under outcome 4 are prepared by an implementation task team. In addition, there are also coordinating structures associated with different areas of the New Growth Path¹² including infrastructure, manufacturing, agriculture, etc. They also report on matters relating to different outcomes, including outcome 4.

Three core ministries (economic development, finance, and trade and development) and various other ministries have responsibilities relating to the delivery of outcome 4. The Presidency has responsibility for ensuring that this coordination takes place and monitoring the efficacy with which employment creation policies are being implemented through the Department of Performance Management and Evaluation (DPME). The Programme of Action system monitors progress in implementation.

¹² The New Growth Path is one of the pillars of the Medium-Term Strategic Framework for 2009-2014. With a medium-term perspective, it sets out the sectors that are considered critical for employment generating growth.

At provincial level, provincial departments of economic development take responsibility for coordinating employment creation reports. The provinces engage with various employment and labour market related policies through the Presidential Coordinating Committee (PCC), a statutory body that coordinates activities across national, provincial and local government.

The employment policy coordination mechanism in South Africa briefly described above has a number of strengths. Firstly, the concept behind the framework reflects a recognition that employment is a cross-cutting issue and the actions of many government ministries and agencies have implications for the outcome. This is reflected in the various elements of the coordination structure, e.g. the implementation forum receiving reports from a variety of ministries and departments, the DPME, under the Presidency, coordinating the process of planning and monitoring outcome 4, etc. Another strength of the system is the existence of similar structures at provincial level, integrated through the Presidential Coordinating Committee, which provides vertical coordination.

However, there are several problems, both potential and real. Even from the above summary, it seems that there are a multiplicity of structures as well as policies in place that can give rise to challenges or even confusion with respect to setting priorities and reporting. The complexity of the mechanism may also cause delays in decision making. With multiple departments responsible for a single output/sub-output, there can be delays in programme formulation and implementation and confusion about responsibility and accountability.

Box 2 Role of the social partners in coordination of employment policy implementation

The coordination mechanism for employment policy implementation assigns roles to employers' and workers' organizations in different structures. In **Argentina**, there are various councils and commissions within the framework of the Federal Labour Council through which coordination is provided; and these councils and commissions are tripartite bodies. Examples are the Council on Employment and Productivity and sectoral councils for skills certification and training. In **Bosnia and Herzegovina**, the social partners participate in employment policy formulation and implementation at the Entity level through the economic and social councils which are consultative bodies with equal representatives of government, and employers' and workers' organizations. At the State level, the National Employment Strategy is overseen by a tripartite coordinating committee. In **Burkina Faso**, the National Council for Employment and Vocational Training (CNEFP) and its Technical Committee includes representatives of employers' and workers' organizations. The main agency responsible for employment policy in **Brazil**, the Workers' Support Fund Council (CODEFAT) is also tripartite in composition with an equal number of participants from government, employers and workers (six from each). In **China**, the members of the Inter-Ministerial Meeting of the Central Government includes representatives of employers and workers. In **Korea**, the social partners have been playing an important role in employment policy since the Asian economic crisis of 1997-98. In 2008, an emergency tripartite committee was set up with a view to formulating agreements to overcome the crisis. In 2013, the tripartite partners agreed on the Jobs Pact to attain 70% employment. In **Germany**, the Federal Employment Agency (the main actor responsible for implementation of employment policies) is a public body under tripartite self-governance. It is a platform for the social partners and public actors for bargaining and developing employment strategies. The social partners in Germany are closely involved in employment policies at all administrative levels which has been made possible by strong networks based on tripartite governance.

5.2 Strengths and weaknesses of the coordination mechanisms: a comparative analysis

A comparative analysis of employment policy implementation coordination mechanisms in the eight countries and the EU brings out a number of points. Conceptually, they reflect the basic characteristics of the employment policies adopted by the countries.

Some countries have adopted a comprehensive approach to employment policy consisting of measures focusing on demand as well as supply sides of the labour market. Those countries have adopted a coordination mechanism that brings in a multiplicity of agencies within and outside government. Government agencies in such cases range from ministries dealing with finance and economic affairs to production and trade-related ones. Burkina Faso, China, Korea, and South Africa are notable amongst this group of countries.

In other countries, where economic policies do feature in employment policies, the basic coordination mechanism does not include ministries/agencies dealing with those matters. Germany and the UK are notable in that respect¹³. Of course, it could be said that Parliament and the Government (in the UK, for example) are the policy making bodies and coordination may be provided by them, but it is not clear whether there is any formal mechanism for achieving such coordination and how it would work in practice.

In some cases, while the involvement of multiple actors and layers of administration is natural in implementing policies in an area like employment, too complex a framework may make implementation cumbersome and result in delays and confusions (see Box 3). South Africa is a case in point. The coordination structures in Germany and the UK are also quite complex, and problems of coordination do exist. But structures can be kept simple even with the necessary involvement of the multiple stakeholders. China and Korea provide examples of simple structures that can provide good horizontal coordination between multiple agencies involved in formulating and implementing employment policies. On the other hand, the experience of other countries shows that the ministry of labour's coordinating capability and the active involvement of the ministry of finance are the driving forces of a dynamic coordination mechanism.

In countries with central and local level entities involved in implementing employment policy, vertical integration and coordination becomes extremely important. Most countries covered by this study have some sort of mechanism for achieving such coordination. Although with the information currently available it is not possible to assess fully how effective the systems are, it is at least possible to make a few tentative remarks. For example, in some cases, such as Burkina Faso, the tasks and responsibilities of local level entities are not clearly defined. Even where such definitions exist (e.g. in Argentina, Bosnia and Herzegovina and the UK) there may be overlapping responsibilities or simple departures from the established rules during implementation (e.g. Bosnia and Herzegovina). However, in other countries, such as China and Korea, the roles and responsibilities are clearly defined, and coordination seems to be working quite well.

The task of vertical coordination becomes more complex where local governments have their own funds and can formulate and implement their own programmes (e.g. in the UK). On the other hand, there are countries where local governments can implement certain programmes, but only within the budgetary framework of the central government (Brazil and China, for example).

Simplicity may also be a virtue in the context of vertical integration and coordination between national and local government, as exemplified by the experience of China and

¹³ This might be caused by the fact that macro-economic policies are mostly dealt with at EU level, while employment is still a predominantly national issue. Multi-level structures could therefore be a barrier to coordination between economic policies and employment policies in NEPs.

Korea. China's "target responsibility system" is a good example of how local level entities can be effectively employed to attain the broad objectives defined at central level. Korea's "On-site job+ team" is another good example of how problems can be resolved at the grassroots level and the goal of job creation can be achieved through such centrally formulated but locally implemented action.

As for the EU, employment policy is a major issue and there is a clearly articulated system of coordination, monitoring and accountability. However, from the point of view of influence and effectiveness, a few aspects stand out. Firstly, there is no EU-controlled support system for implementing the policies; all measures need to be implemented through the institutions of the Member States. Thus, the EU central structure cannot influence the implementation process. Secondly, the European Social Fund does not represent an overall financial system for implementing employment policies in all countries. Thirdly, the EU does not have decision making power, but has to rely on "soft coordination measures". While this strategy appears to have had some success in terms of attaining a coherent EU-wide employment strategy, the national employment policies of Germany and the UK clearly illustrate the limitations of its role.

The country experiences show that four things are critical for the efficient operation of the coordination system:

- (a) While it is common for the coordination system to be led by the ministry of labour, it is necessary that other key ministries, finance and those dealing with production activities such as agriculture and industry, play their respective roles. Furthermore, it is important for the coordination system to be supervised by a higher level office (e.g. that of the President or Prime Minister). The latter is to ensure the necessary influence on the process of making and implementing policies.
- (b) The members of the inter-ministerial coordination system at national level should include not only the relevant ministries, workers and employers, but also local government, because employment policies are rooted and implemented at the local level.
- (c) Inter-departmental coordination systems at local level have the same function as the inter-ministerial coordination system at national level. They play a pivotal role in the whole coordination system, and are indispensable for implementing, monitoring and evaluating employment policies.
- (d) The functions and tasks of the coordination system and of each member must be clearly defined in order to avoid inefficiency that may be caused by duplication of responsibilities across some ministries.

Although ministries of labour have a lead role in coordinating NEP implementation, in several countries, this is not always the case. In South Africa, for example, the Department of Labour does not have a specific role in coordinating employment creation. On the other hand, in China and the UK, the ministries of labour are at the centre of the coordination mechanism. This ministry plays an important role in Argentina and Brazil as well. In Korea, coordination is achieved at two levels, and the Ministry of Labour plays the coordinating role in the second tier. While the strength and capacity of the ministry is important for it to perform its coordination role effectively, that may not be the only factor in determining whether it should, in fact, play that role. That depends to a large extent on how a country's government perceives national employment policy, its implementation and the respective roles and responsibilities of various actors. Employment is a multi-dimensional and cross-cutting theme. Unless a country's governance structure clearly assigns the ministry of labour with a lead or coordinating role, it cannot assume the role even if it has the requisite strengths. On the other hand, if it is assigned that role, it will have to equip itself with the necessary capacity, both technically and politically.

6 Employment policy implementation support systems

The employment policy implementation, monitoring and evaluation mechanism is supported by two systems: (a) the public employment services system, and (b) the labour market information system, which are inseparable parts of the mechanism.

- (a) *Public employment services system.* An efficient public employment service plays a key role in employment policy implementation, monitoring and evaluation. The public employment service centre performs functions of employment counselling, data collection, employment placement, etc. If the public employment service network could be spread to communities and villages, it could potentially play a role in developing countries as well. In developed countries, the progress and effects of employment policy implementation are often monitored and evaluated by the public employment service centres.
- (b) *Labour market information system.* A well-developed labour market information system provides strong support to employment policy implementation. It helps to collect and analyse key statistical information for employment policy monitoring, evaluation and reporting.

A variety of tools may be used to support the implementation of NEPs. In cases where the NEP is comprehensive (i.e. covering macro, sectoral and labour market policies), the support system has to include the mechanism for formulating and implementing all such policies. The analysis has to start by examining the process of formulating macro and sectoral policies to see how employment is being incorporated into them. However, not all the countries covered by the background studies appear to have adopted such a comprehensive approach to their NEP. Therefore, this synthesis will focus on just two pillars of the support system, the employment service and labour market information systems. While the former is a tool for providing job matching, employment policy advice and data collection in some countries (which can of course be combined with other elements of ALMPs), the latter is a more general tool that can be used for monitoring the implementation of NEPs as a whole.

Unfortunately, not all the country studies provide information on these two elements of the support system. There is very little about employment services, for example, in Burkina Faso. This is not surprising because, given the level of development and structure of the economy, heavily weighted to the informal sector, the employment service is not likely to be a major focus in the NEP. Yet even for a country like Argentina, information on employment services is rather limited and rudimentary. There is no analysis of the effectiveness of the services provided by those offices. The study on South Africa indicates that the Department of Labour plays a role in supporting employment creation as well as the protection of employment through its various programmes such as the Public Employment Services (PES) programme,¹⁴ which aims to contribute to facilitating an increase in employment through its employer and jobseeker services¹⁵. On the other hand, the study on China provides a good example, not only of how employment services can be used as a tool for implementing employment policy, but also the kind of data that can help in assessing the actual performance of this support tool. The following paragraphs seek to

¹⁴ A Public Employment Services Act has recently been passed.

¹⁵ The work currently involves: registering vacancies, disseminating scarce skills information, addressing issues relating to immigrant corporate and work permits, tracking the numbers of migrating skilled South Africans, overseeing the placements of jobseekers, responding to companies in distress, facilitating a social plan aimed at companies in distress and regulating private employment agencies.

present a picture of the kind of support to the NEP that is provided by employment services.

6.1 Country experiences with respect to employment services and labour market information: a brief overview

In **Argentina**, the employment policy support mechanism consists mainly of three broad pillars: the public employment service, workplace inspection, and the vocational education and training network. In addition, there is a mechanism for generating information and monitoring. The network of public employment offices encompasses all the municipal employment offices (MEO) in the country. There are some 500 such offices covering about 70 per cent of the country's population. The aim of this network is to provide support, assistance and vocational guidance in the job search process as well as in generating self-employment. It also does outreach work for applicants seeking jobs in employment programmes. The MEOs work in conjunction with the vocational education and training network to provide training and vocational guidance at local level. The network is also expected to address employers' needs to fill vacancies and train potential employees.

Given the large number of MEOs spread throughout the country, the level of their development and capability varies greatly. Strengthening the capacity of this network is a challenge that needs to be addressed.

As part of the labour market information system, the Ministry of Labour has a number of instruments that include:

- the Employment Indicators Survey which contains the results of a survey of medium-sized and large businesses in all sectors except the primary sector (carried out on a monthly basis in major urban areas) and focuses on wage employment;
- the Nationwide Survey of Social Protection and Social Security (conducted in 2011) which complements the regular household survey conducted by the National Statistics and Census Bureau;
- the Labour Statistics Bulletin;
- the Collective Bargaining Report;
- the quarterly series of Employment Dynamics and Business Turnover which measures the creation and loss of employment;
- the Social Security Statistics Bulletin;
- the Bulletin of Gender and Job Market Statistics; and
- the Child and Adolescent Labour Observatory.

The above list seems to constitute Argentina's regular system of labour statistics and is not particularly geared towards assessment of the impact of specific employment policy instruments. For example, if the public employment service is regarded as a major instrument supporting the implementation of employment policy, it would be useful to be able to assess at regular intervals how the system is functioning and what impact it is having on facilitating job matching and placement.

In **Brazil**, the public employment service is an important instrument to support its employment policy. It is designed to assist unemployed workers in finding new employment or becoming self-employed or a micro entrepreneur. In some cases, the employment service system works in coordination with microcredit policy. But there are limitations inherent in the instrument and its functioning. Firstly, the network is concentrated mainly in large cities, although Brazil is a country characterized by regional

complexity where there are a number of highly urbanized areas with a high population density as well as areas with small urban centres and a rural hinterland. The employment service network is concentrated mainly in the large cities, and as such, coverage is limited. A few figures may illustrate this point. One third of the total labour force of 90 million works in the informal sector. In 2011, open unemployment exceeded 7 million. And the number of workers supported by the employment service in that year was only 943,000. The second problem with the employment service in Brazil is that it is not coordinated with the unemployment insurance system. The experience of countries like Germany shows that such coordination can contribute a great deal to activating job search and reducing unemployment.

The limited impact of Brazil's employment service network is also indicated by a comparison of the number of vacancies identified and filled in relation to the number of unemployed. In 2011, a year in which the labour market situation was better than in 2009, for example, vacancies listed represented only 53 per cent of the number of unemployed workers, and the number of workers placed was only 38 per cent of the listed vacancies. These numbers indicate a low degree of participation by potential employers in the network as well as the system's limited effectiveness in placing the unemployed.

There are two major instruments in the Brazilian labour market information system: (i) the General Registry of Unemployed Persons (CAGED), and (ii) the Annual Social Information List (RAIS). The former compiles a monthly list of dismissals and recruitments by companies from which an employment level index is constructed. The latter provides a consolidated list of personal information that is used for social security and has become an annual census of formal labour in the country. It provides a database for the enrolment of unemployed workers in unemployment insurance. It can also be used to construct a distribution of workers by occupation and sector and a host of other characteristics of the formal sector labour market. In addition to the above two major instruments, the Ministry of Labour collects data on other aspects of the labour market including placements made through the employment service network.

Brazil appears to have a labour market information system that provides good coverage of the formal sector of the economy. However, in order for it to support implementation of a broad set of employment policies (in addition to unemployment insurance, employment service and vocational training), it will have to extend its coverage to the vast informal segment of the economy. Coordination and integration of the various elements of the system, e.g. CAGED, RAIS and the Ministry of Labour's data collection efforts will be important as instruments to support employment policies for the formal sector.

Two major tools that support the implementation of employment policy in **China** are: (i) the public employment service (PES) system, and (ii) the labour market information system (LMIS). The government-funded PES provides an array of services including employment assistance and social security. The network of this service expanded rapidly during the 1990s and is rendering useful assistance to people in finding new employment and re-employment. In addition to the PES, intermediary organizations under a variety of forms of ownership, including private, foreign as well as domestic, have grown rapidly, especially during the 2000s.

In addition to employment assistance, the PES carries out monitoring and reporting of the implementation of the NEP in China. Within the framework of the Ministry of Labour's 2006 "Notice on regular reporting on employment and re-employment", the Ministry, in collaboration with the National Bureau of Statistics, issues various reports covering job placement, re-employment, implementation of subsidy policies, training and skills testing, and social insurance.

The China's LMIS is managed by the Ministry of Labour and provides data relating to labour market dynamics as a whole and for specific groups. The database has four components :

- (i) Management information system: this includes (a) basic information about the employing units and individuals, (b) registration of employment information of urban residents, local and migrant workers, foreigners and other types of personnel, (c) management of unemployment and re-employment management, (d) introduction to work, information about the PES, (e) training, and (f) workforce management covering on a variety of areas including labour relations.
- (ii) Employment monitoring system: this provides employment data on various regions (currently provides LMIS for 110 cities of the country).
- (iii) Monitoring system for transfer of rural labour: data on transfer of rural labour is collected in 500 counties and covers issues like rural workers migrating to the towns and rural workers returning home and the situation of local non-farm employment.
- (iv) Unemployment dynamic monitoring system: this module includes data on unemployed workers covering about ten thousand companies.

The kind of data provided by China's LMIS can be illustrated by one example, data on placement of job applicants. Table 6 provides data on the number of job applicants and the number recruited by quarter for 2012.

Table 6 China: Number of job applicants and number recruited in 2012

	Number of people recruited	No of applicants	Job vacancy to applicant ratio	Changes compared with last quarter	Changes compared with the same period of previous year
First quarter	5,902,890	5,462,857	1.08	+0.04	+0.01
Second quarter	6,335,394	6,037,377	1.05	-0.03	-0.02
Third quarter	6,432,960	6,099,993	1.05	-	+0.01
Fourth quarter	5,088,751	4,730,839	1.08	0.03	0.04

Source: Zeng et al. (2013).

The data presented in Table 4 shows not only the total number of applicants and recruitment, but also the ratios. These ratios are indicative of the state of the labour market and how it has been changing during the period covered. For example, a figure of greater than one for the ratio of recruitment to applicants is indicative of a tight labour market as a whole. The ratio remaining more or less unchanged during the four quarters of 2012 indicates that the situation has not changed much during the year. These figures are useful for monitoring the labour market and planning future policies. It would be even more useful if such data were available on a disaggregated basis by sector and occupation. Zeng et al. (2013) provides such data for primary, secondary and tertiary sectors which indicate that the labour market for the secondary sector tightened in three out of the four quarters of 2012 compare with only one in the tertiary sector . This could perhaps be taken as an indication of the better employment prospects in the secondary sector. Further disaggregation of such data could help in refining and fine tuning such conclusions.

In the **Republic of Korea**, the Public Employment Service was initiated in 1998 with the establishment of jobcentres responsible for providing services including job placement and vocational guidance, employment insurance management and vocational training. In the first few years, the level of service provided by the jobcentres was not very high. In

2005, the Government of Korea began expanding the PES. Jobcentres became part of the local administration office under the Ministry of Employment and Labour. In 2013, there were 82 jobcentres in the country.

Jobcentres are not the only agency providing employment services in Korea. Others include local government and private employment agencies, the latter under the supervision of the jobcentres although the precise nature of the relationship between them is not clear.

In terms of actual services provided, there has been some innovation. The following are some examples:

- the Successful Employment Package Programme introduced in 2009 for low income jobseekers.
- the Youth Employment Service started in 2011
- the Finding New Job Programme for the middle-aged and older jobseekers.

Under the above programmes, services are provided in stages. The first stage consists of career path setting when individuals receive intensive counselling. On the basis of the results of this stage, individual action plans are prepared. The second stage consists of improvement of vocational skills involving training, work experience, start-up programmes, and youth internship programmes. The third stage consists of intensive job matching during which jobcentre counsellors accompany programme participants to their job interviews to provide support. Group interview sessions are held by participants and recruiting companies.

Efficient matching of jobseekers and potential employers is key to the success of employment services, be they public or private. Availability of labour market information plays an important role in facilitating this match. In the Republic of Korea, there is close interlinkage between the labour market information system (LMIS) and the PES. The job centres are networked through the central information centre where all information about job vacancies and jobseekers is gathered, classified and analysed. The national LMIS covers a wide range of topics including macroeconomic aspects, labour market trends, technology and industry information, employment insurance, education, training, job counselling, etc. The information is available to local branches of the PES, private employment agencies and the general public. Private agencies also provide information relating to jobs, often through the Internet. Thus, public and private employment services in Korea complement each other.

As mentioned above, in **Germany**, the Hartz reforms introduced during 2003-05 brought about significant changes in employment policy, including the integration of municipal social services in the national employment policies. Local administrations and the Federal Employment Agency (FEA) jointly set up jobcentres which integrate the provision of employment and social services. While the municipalities continue to offer social services, the FEA brings employment service instruments previously accessible only to unemployment insurance recipients. Within the jobcentres, employment agency staff are responsible for placement and labour market integration. The municipality, meanwhile, is responsible for the provision of social services as well as payment of housing and heating costs.

A recent reform of labour market instruments in Germany opens up the possibility of market provision of social services for recipients of unemployment benefit and services provided by private profit-oriented providers. The local jobcentres and local employment agencies are able to contract out certain services.

An important dimension of the German employment policy support system is the labour market monitoring system which is provided and administered by the FEA. It is

meant to serve as a basis for the work of not only the jobcentres and the local employment agencies but also other actors that operate in this field. Three broad fields of observation are covered by the labour market monitoring system: (i) opportunities and threats to employment in different branches of the labour market, (ii) the economic, demographic, social and educational situation in a region, and (iii) a so-called “skilled-workers radar” focusing on the demand and supply of skilled workers in a region.

In the **United Kingdom**, employment services are provided by “Jobcentre Plus”, a public agency, and external service providers. The role of Jobcentre Plus is to provide benefits and welfare for people of working age and help employers to fill their vacancies. Before the reforms introduced by the present coalition government, Jobcentre Plus services and procedures used to be prescribed centrally, and there was very little flexibility in their implementation at local level. These reforms introduced incorporated provision for local discretion.

In recent years, Jobcentre Plus has focused on providing services to those unemployed up to 12 months, while services for long-term unemployed are increasingly contracted out, as in Germany. The latter is part of the Government’s strategy of increasing marketization, and the process involves competitive bidding by potential service providers.

Previously, Jobcentre Plus performance used to be measured against several indicators. After the introduction of the new Performance Management Framework (PMF) in 2011, that has been replaced by a focus on two outcomes: (i) quickly moving people off benefits into jobs, and (ii) reducing fraud and error losses by making accurate and timely benefit payments. Jobcentres are provided with information via the Labour Market System (LMS) or Customer Management System (CMS), as well as private employment agencies. The LMS database holds information about everyone using JobcentrePlus services and external service providers,. The CMS gathers information to support benefit claims. The information collected is used to report on progress to the Ministry, and evaluate the effectiveness of the programme.

South Africa’s Labour market information system (LMIS) provides the data needed to support its comprehensive NEP. It compiles data from a number of sources including the quarterly labour force survey. In addition to general data concerning the labour market situation and trends , data relating to specific programmes like the Industrial Policy Action Plan (IPAP), Expanded Public Works Programme (EPWP), and the Community Works Programme (CWP) are also available. Likewise, data on the supply side, i.e. education and training, vacancies and job placements, etc. are available. Thus the South African LMIS of seems to be quite comprehensive, and it should be possible to assess the effectiveness of the various employment policies and programmes implemented in the country.

6.2 A few comparative remarks on public employment services and labour market information

Based on the above **description** of the pillars of the employment policy implementation support system, a few observations may be made.

Employment services can be a useful tool, especially for urban areas. In countries like China and Korea, they have proved their worth. The other side of the coin is that in countries with a large proportion of workers employed in rural areas and the informal sector, it may be rather less useful. Developing countries like Burkina Faso are examples of this category.

Although this tool is conventionally applied in the case of wage employment, some examples (e.g. Argentina and Brazil) show that it is possible to extend the service to self-employment as well. This implies that, with some innovation and reforms, the

employment service system can have value even in situations where a large proportion of employment is in the informal sector.

The employment service can be particularly useful in addressing problems faced by certain groups in the labour market, e.g. low income groups, the young, the middle-aged, etc. This is demonstrated by the example of the Republic of Korea where it is being used to provide support such specific groups.

Although traditionally employment services have been the domain of the public sector, they are gradually being opened up to the private sector. That the private sector can play a useful role in this field is demonstrated by the experience not only of market economies like Germany, Korea and the UK but also by the experience of China. In fact, if policy in this field is formulated carefully, the two segments can complement each other quite well.

The effectiveness of ALMP as a tool of employment policy can be increased if the employment service is combined with social services, as has been demonstrated by the experience of Germany. In Brazil, an attempt was made during 2005-07 to reform the public employment system and integrate unemployment insurance, the employment service and training. The basic idea was to establish a one-stop shop for public employment policies where employment services and training would be provided in coordination with unemployment insurance. However, the proposals have not been implemented fully.

Despite the usefulness of the employment service as a tool for employment policy, it has important limitations, especially in developing countries with a large rural and informal sector. This is illustrated by the experience of developing countries like Brazil and China where employment services are virtually confined to urban areas, (although China has made great efforts to extend the PES and LMIS to villages in the last decade), and rural areas are excluded. Moreover, this tool is geared towards the formal sector labour market, except where its scope is widened, as in Argentina, to cover micro and small enterprises. The example of Brazil illustrates this point: a third of total employment is in the informal sector, and in 2011, the PES provided support to only 943,000 workers out of a total unemployed workforce of 7 million, (i.e. some 14 per cent of those out of work).

The use of ALMPs in general, and the employment service in particular, needs to be accompanied by a good labour market information system so that the impact of the policy measures used can be assessed periodically and adjustments made accordingly. In that respect, the experiences of China, Korea and South Africa are noteworthy. On the one hand, labour market indicators should be sufficiently broad to cover all aspects of the labour market as for example, in Korea and South Africa. On the other hand, the LMIS should include instruments to assess the employment and labour market impact of specific employment policy support systems (e.g. with respect to the PES, as in China). South Africa also has good examples of information available for assessing the impact of specific programmes like the IPAP and EPWP.

7 Accountability system for monitoring and evaluation of national employment policies

Accountability is the obligation to demonstrate that employment policy has been implemented effectively, and to report on results in a timely and accurate manner. The employment policy accountability system basically comprises six elements.

- (a) *Key indicators in national development strategy*: Insertion of several key indicators such as new employment and the unemployment rate into the national development strategy and macroeconomic policy is critical in putting employment at the core of economic and social policies. It is fundamental for the accountability of employment policy implementation, monitoring and evaluation.
- (b) *Annual work plan*: Such plans can be useful for employment policy implementation, monitoring and evaluation, and should include specified employment targets, employment policies and measures, and the responsibilities of all the actors.
- (c) *Employment policy financing*: While the allocation of funds dedicated to specific programmes and policies is important from the point of view of implementation, cost-effectiveness is an important criterion of efficiency. Benefit-cost analysis can be applied to evaluate the efficiency of specific projects. However, there should be proper monitoring of the effective utilization of funds allocated. Country experiences show that a well-functioning financial system will ensure and improve the employment policy implementation.
- (d) *Supervision, inspection and evaluation*: Oversight of policy implementation helps to identify ways of improving management performance of each actor by means of supervision, inspection and evaluation. The oversight activities are conducted by government or a third party.
- (e) *Statistics and reporting*: Reporting based on the statistical system and oversight activities can not only help monitor progress, and analyse problems and effects of employment policy implementation, but can also help improve the policy framework and its implementation.
- (f) *Adjustment and improvement*: A functional accountability system is characterized by adaptability. Data provided by the statistical system and the evaluation (especially if done by independent agencies) can provide a good basis for bringing about adjustments in employment policies as well as their implementation mechanisms.

Any strategy, however well formulated, requires sound implementation as well as mechanisms for monitoring it. Moreover, a system of evaluation is required to assess how well the strategy is being implemented, and to make adjustments needed to improve efficiency. Different countries have put in place different monitoring and evaluation mechanisms. Consistent with the scope and focus of NEPs, the concept and scope of monitoring and the indicators used vary from country to country. The accountability system also involves target setting, formulation of strategic plans, allocation of budgets, and assessment of the employment impact of policies and programmes. In this section, an overview of the accountability system in the countries covered by the present study is followed by a few remarks of a comparative nature.

7.1 Accountability systems in practice: an overview

In **Argentina**, the accountability system includes two broad phases: (i) the formulation of goals and strategic plans and allocation of budgets, and (ii) assessment of the implementation of the policies and plans. The strategic plans are formulated for three years

(the current one is for the period of 2012-2015), on the basis of which a budget is prepared. Responsibility for implementation is mainly with the Ministry of Labour which adopts results-based management methodologies in order to align strategic goals with the operational goals and performance indicators. A monitoring and evaluation system has been put in place to track the outcomes and impacts of the various measures implemented.

An important element of the budget framework is the National Employment Fund (created under a law of 1991), the primary purpose of which is to provide unemployment insurance benefits. The surplus of the Fund after payment of unemployment insurance is used for other employment programmes.

As for impact assessment, there is no independent unit; the Ministry of Labour's Office of Studies and Statistics prepares assessments of specific employment policies. Two examples of such reports undertaken in the wake of the global economic crisis of 2008-2009 are: (i) ways of preventing the crisis, and (ii) the programme for productive recovery. In order to favour job creation, the employer contribution to social security was lowered temporarily. Likewise, the scale and funding of an existing programme were expanded in 2008 with a view to supporting recovery. Those assessments provided useful insights into the performance of the programmes. But such assessments remain ad hoc.

In **Bosnia and Herzegovina**, the national employment strategies at the level of Entities contain explicit overall targets, as well as for individual areas of intervention. The funding of employment policy is also primarily the responsibility of the Entities, and how the method of funding is also left to them. That perhaps explains why the Entities formulate their own employment strategies in parallel with the national strategy. A large part of the funding of ALMPs comes from donors.

Monitoring and evaluation of employment strategies in Bosnia and Herzegovina is limited. Even donor-funded programmes and projects are not subject to impact assessments but only certain evaluation procedures. National and Entity level monitoring and evaluation is largely limited to reporting the numbers covered and expenditures incurred. The basic problem is that programmes and projects are not linked to any targets, and no mechanisms are specified for attaining the targets. As a result, the usefulness of the monitoring and evaluation system as a basis for assessing the real impact of policies and programmes remains limited.

In **Burkina Faso**, under the Plan of Action for implementing the NEP, the National Office for Employment and Training (ONEF) and the technical secretariat are responsible for the monitoring and evaluation of employment policies. However, the system is still not operational, mainly due to administrative complexities and, as a result, there is no impact evaluation of employment measures in the country. However, the action plan stipulates that monitoring and evaluation should be done with reference to the indicators identified, initially 48, later reduced to 12. But the absence of the indicators for specific employment measures makes it unrealistic to apply this methodology. In fact, there are no indicators related specifically to the NEP and the associated plan of action. Furthermore, the task of monitoring and evaluation becomes more difficult in the absence of reliable up-to-date employment and labour market data. Of course, this is not unique to Burkina Faso. As in many developing countries, collection of data in this field is not a priority for policy makers. Labour force surveys, the primary source of data on employment, are not carried out regularly, and other sources of data are at best limited.

China has a well-structured system of accountability that consists of seven parts: (i) key Indicators in the National Development Plan, (ii) annual work plan, (iii) financial management, (iv) inspection and evaluation, (v) social supervision, (vi) statistics and reporting, and (vii) adjustment and improvement.

There are four key employment indicators in China's National Development Plan: (i) new jobs, (ii) registered urban unemployment rate, (iii) number of re-employed and laid-off workers, and (iv) the number of disadvantaged persons employed. There are specific systems for defining and collecting information on each of these indicators. In fact, the first two indicators are integrated into the annual national economic and social development plan.

Central and local government allocates funds under the rubric of special employment funds for implementing employment policies. There is a well-articulated system for allocating such funds to the provinces which can be used for a variety of programmes such as job placement, vocational training, social insurance, subsidies for probationary employment, interest subsidy for microcredit, etc.

The use of the special employment funds is subjected to evaluation through an independent and transparent process using statistical methods. The focus of the evaluation is to relate expenditure to the relevant outputs. The performance indicators cover the following aspects: (i) the ratio of funds raised locally, (ii) proportion of expenditure on special employment funds, (iii) a score based on new jobs promoted through subsidies for job placement, training, social insurance, interest on microcredit, and public sector jobs.

The supervision and inspection system under the Employment Promotion Act comprises three parts: (i) supervision by the state authorities, (ii) supervision by government departments, and (iii) social supervision. The central government employs a third party to carry out some investigation and assessment.

Statistics and reporting consists of four parts: (i) the labour market information system providing basic data from all levels into a database, (ii) the provincial and central systems, (iii) indicators of transfer of labour from rural to urban areas, collected in 500 counties, and (iv) dynamic monitoring of the unemployed.

The final step in the employment policy accountability system of in China is adjustment and improvement. This is done through a series of steps in the area of employment policy. While some of these focus on overall employment (e.g. the Employment Promotion Act, 2007), there can be measures in response to specific situations (e.g. response to damage caused by the Wenchuan earthquake in 2008, and in 2009, response to the adverse effects of the global economic crisis).

The accountability system in **Korea** has three major elements: (i) the employment impact assessment programme (EIAP), (ii) the local job creation strategy notice system, and (iii) the employment insurance assessment centre. The EIAP was set up in the wake of the Asian economic crisis with the objective of identifying policy alternatives for job creation through analysis of policies that have a direct impact on jobs and job creation. An Employment Impact Assessment Centre (EIAC) is designated for two years by a review board (chaired by the MOEL, and including four independent and two internal members) through an open competition. For example, in 2013, the Korea Labour Institute was selected as the EIAC. The evaluation involves examination of the relevance of the activities of a project to the goal of employment as well as the impact on employment in quantitative and qualitative terms, using rigorous methods such as input-output and CGE models. The result of the impact evaluation is sent to various ministries and other agencies relevant to the project concerned. The project entity sets up an action plan based on the assessment results which is sent to the MOEL. The progress of implementation of the action plan is reported to the Employment Policy Council and the Ministry of Finance uses the results as reference data in future budget setting.

Through the Local Job Creation Strategy Notice System, local governments are encouraged to establish their own job creation targets, in line with the characteristics of the region, and formulate their own employment policies which are then submitted to the

MOEL for support. This has created healthy competition among local governments and has resulted in regionally customized job creation projects. In addition to support from central government, local governments also allocate budgets for such projects.

The Employment Insurance Assessment Centre functions in the same manner as the EIAC, producing studies on the impact of employment insurance, the results of which are used to bring about improvements in the system.

The **European Union** employment policy accountability system is based on standard governance tools, i.e. reporting, monitoring, benchmarking and evaluation. More specifically, the following instruments are used:

- the Annual Growth Survey which provides an annual work plan at EU level,
- annual plans at country level through the national reform programmes,
- country-specific recommendations on measures that a country should take in the subsequent year, which in turn serve as a basis for supervision, evaluation and adjustment, and
- quantitative monitoring through key indicators (eight indicators are used to measure performance relating to Europe 2020).

The European Social Fund provides funds for national and sub-national initiatives relating to employment policy. Funds are distributed according to the economic and social conditions of the regions of the EU. Implementation is based on operational programmes produced by the regional (and sometimes national) public authorities in close cooperation with the social partners and other relevant stakeholders. The implementation of the Fund is monitored by a complex evaluation system closely linked to the reporting process within the framework of the national reform programme.

The Department for Work and Pensions (DWP) in the **United Kingdom** has an accountability system focused on outcome-based performance monitoring. For the public employment service, Jobcentre Plus, the process starts with the preparation of a business plan with key actions and a financial plan, a framework for performance indicators and a delivery plan, followed by progress and performance reporting, and culminating in adjustments/improvements based on the performance. For external service providers, a similar cycle is followed, in which contracts are based on action plans and financial plans, and performance is measured in terms of outcomes. Contractors are accountable to the DWP Performance Manager and the Accounts Management Team.

In order to understand the employment policy accountability system of in **Germany**, it should be remembered that the country has a two-tier benefits system consisting of unemployment insurance financed by employers' and employees' contributions and tax-financed unemployment benefits combined with social assistance in the form of a minimum income scheme. While the former is managed by the Federal Employment Agency, the latter is the responsibility of the Ministry of Labour. Both have similar accountability systems. The starting point in this system is the set of key indicators that reflect the goals to be pursued, which, in turn, are translated into annual work plans. The implementation of the plan is monitored and evaluated through a system of statistics and reporting. Adjustments and improvements are made on the basis of the monitoring and evaluation reports. As in the UK, the focus of accountability is the outcome measured through indicators such as the number of people brought into work, duration of unemployment, costs of integration, etc. The rate of integration, reduction in duration as well as of cost of integration are regarded as important from the point of view of performance.

In **South Africa**, the accountability system involves target setting, preparation of work plans, financing, monitoring and reporting, and evaluation and adjustment. Each policy programme area has a set of targets that are usually defined in quantitative terms. Likewise,

intervention strategies are prepared for each policy to enable departments to pursue the targets. Such strategies are quite comprehensive covering macroeconomic policies, sectoral programmes, and different components of ALMPs. Each policy area and its associated strategies are supported by a financing plan which may have multiple sources. In addition to such specific financing, the Government has also set up a Jobs Fund to serve as a catalyst for innovative projects that can support job creation and encourage private sector investment where projects are required to raise matching funds. As indicated above, this is also augmented by other funds such as the Unemployment Insurance Fund (UIF) as well as funding allocated by development finance institutions.

South Africa's monitoring and reporting system covers overall employment and the labour market, the key sectors of the economy and various components of the ALMPs. The quarterly labour review based on the quarterly labour force surveys provides data relating to economic activity rate, employment, unemployment, and employment in the formal and informal sectors. Thus it is possible not only to monitor the overall employment and unemployment situation but also the structure of the labour market in terms of the relative importance of the formal and informal segments of the economy. In addition to the above general data, various government departments monitor and report employment generated by them. Furthermore, each of the components of ALMPs has monitoring systems. For example, both the EPWP and CWP have detailed systems for monitoring the implementation of the programmes. Likewise, the PES provides data on placements. In addition to data provided by central government, the provinces and local government take responsibility for monitoring and reporting on employment related activities in their respective areas.

The Department of Performance Management and Evaluation (DPME) has developed an evaluation policy, the National Evaluation Policy Framework (NEPF) which sets out an approach to establishing a National Evaluation System. This in turn sets the basis for a National Evaluation Plan indicating key government interventions that will be evaluated. At macro level, the Government reviews the extent to which its employment creation targets are on track, and to that end analyses how various policy decisions may have an impact on employment creation. At the level of specific policies and programmes, ALMPs have evaluation mechanisms to provide feedback on the extent to which expected outcomes are being realized.

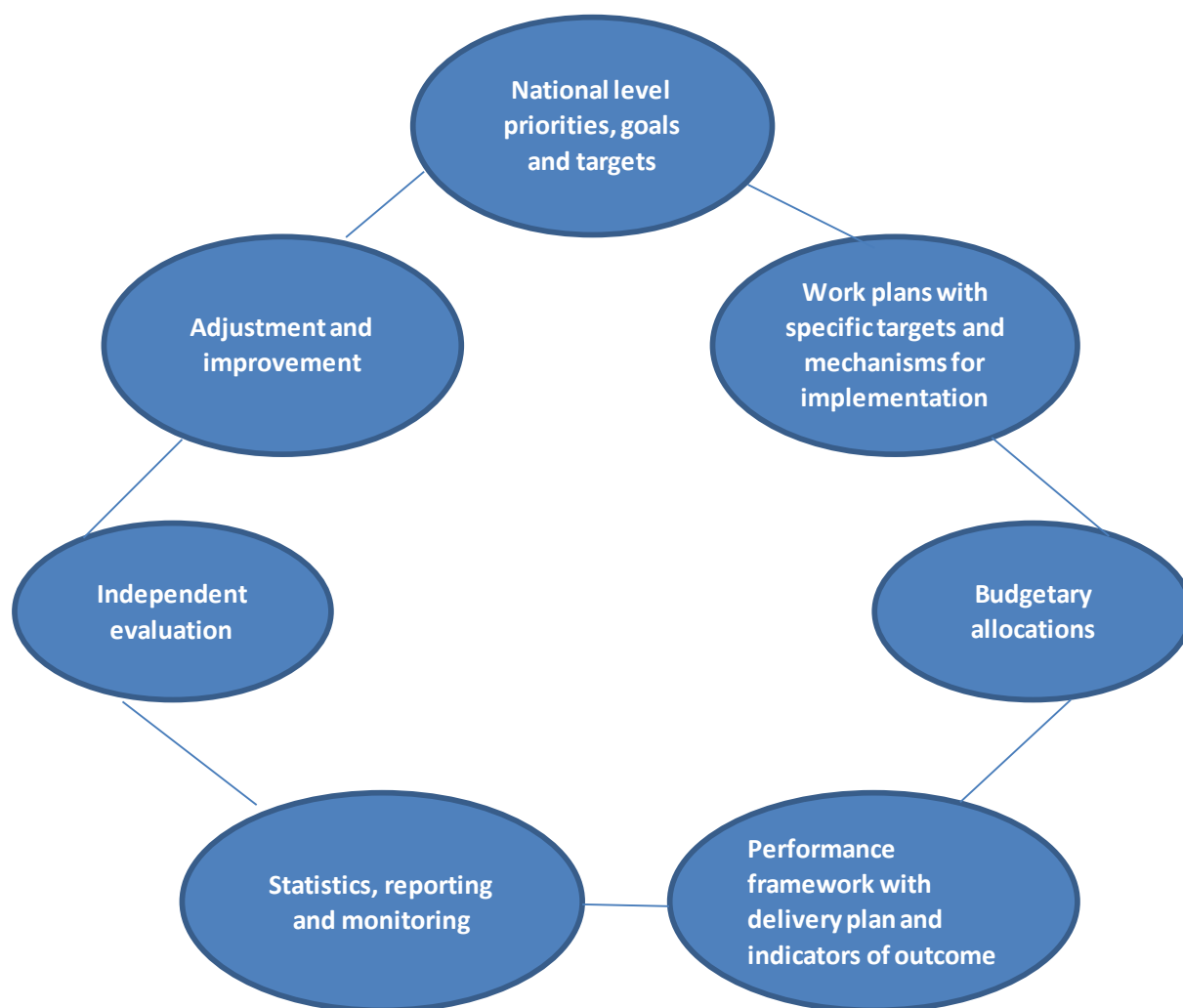
As for the mechanisms used for evaluation, while some work has been done by independent researchers, it is not clear whether this is the rule, especially for the implementation of the National Evaluation Plan.

7.2 The employment policy accountability system relating: comparisons and a general framework

Not all the countries covered by this study have a comprehensive and well-structured accountability system to assess the working of employment policies and their effectiveness. However, those which do, China, Korea, Germany, South Africa, the UK, and the EU, appear to use frameworks that are broadly similar in structure, although the specific details may vary. The starting points are generally the national level priorities and goals, sometimes with targets, which are translated into work plans with performance indicators associated with specific targets. The next step is to have budgetary allocations that may come from central or local level (with the possibility of donor support in developing countries). Some countries have an explicit performance framework with indicators of outcomes and a delivery plan, e.g. the United Kingdom. Progress and performance in implementation is monitored through a system of statistics and reporting, and evaluation is carried out to assess the impact of policies on various employment-related outcomes. The final stage in this process of accountability is to translate the results of the monitoring and

evaluation into adjustments and improvements to the programmes and policies. The process is depicted in Figure 4.

Figure 4 A framework for an accountability system in implementing national employment policies



Source: Own elaboration

The above, however, is a stylized description of the accountability system followed by various countries, and there are differences in the details. One difference concerns the levels at which employment policies are pursued. It must have become clear by now that countries demonstrate differences in the definition of and approach to employment policies, some taking a comprehensive approach ranging from macroeconomic to labour market policies while others focus more on the latter. This is reflected in the accountability systems as well. In South Africa, for example, the system includes examination of the impact of macroeconomic policies as well as elements of ALMPs, while other countries may not be devoting the same degree of attention to the former.

There are differences in funding mechanisms as well. In Argentina and Brazil, for example, the main funding is linked to the unemployment insurance fund, and only the surplus that is available after meeting the needs of unemployment benefits can be used for active employment measures. This naturally limits the scope for employment policies. In other countries, e.g. China and South Africa, funds are allocated specifically for employment programmes and policies: special employment funds in China, Jobs Fund in South Africa.

Differences are also found in the approach to monitoring and evaluation, especially in the degree of independence and transparency of the system. In that regard, Germany, the UK, and Korea have institutionalized independent systems of evaluation. China also invites a “third party” to evaluate some employment programmes. In countries like Bosnia and Herzegovina and Burkina Faso, the monitoring and evaluation system is weak.

The effectiveness of the employment policy implementation accountability system depends on a variety of factors that include:

- How clearly the overall priorities are articulated and translated into measurable targets;
- Whether sound action plans and implementation strategies are put in place for each target so that the actual outcome can be compared with the expected results;
- Whether budgetary allocations are made with a clear indication of responsibilities and whether a transparent system of accounting is put in place;
- Whether a performance framework is defined with indicators of outcomes;
- Whether the statistical and reporting system covers the entire policy domain and how well the system performs; and
- Whether there is provision for an independent monitoring and evaluation system.

The above appears to be a tall order for a country to satisfy, especially when it comes to the formulation and implementation of a comprehensive national employment policy with action plans covering macroeconomic, sectoral and active labour market policies. Most of the countries covered by the study have a well-articulated set of priorities and have set clear targets. However, it is in the preparation of action plans, formulation of implementation strategies and making budgetary allocations that differences occur. Likewise, the statistical systems needed to generate the required data and information vary in terms of technical as well as financial strength. While the developed countries, e.g. Germany, Korea, and the UK and some developing countries like China and South Africa have good statistical systems, for many low-income developing countries (e.g. Burkina Faso) this is a major weakness. Moreover, it is not enough to have a statistical system generating data on the labour market; it is essential to have data that can be used to link specific policies and actions and outcomes in terms of employment generation. Data collected in South Africa with regard to the implementation of the IPAP and EPWP and in China on monitoring the re-employment of laid-off workers, and the migration of rural labour are examples of data relating to specific aspects of employment policy.

Finally, the existence of a system of independent evaluation is critical for proper and objective assessment of the outcomes in relation to the objectives set and the resources allocated to achieve them. Developed countries like Germany, Korea and the UK have already instituted a system for such evaluation, but developing countries like China and South Africa are also making strides in that direction.

8 Mainstreaming employment into policy making and the necessary support system

For an employment strategy to be effective, it is important to mainstream employment in the country's growth and development strategy. This means going beyond labour market policies and special employment programmes and integrating employment in policy making at various levels: macroeconomic as well as sectoral. One can think of several tasks in such an approach. The first would follow from the finding from various studies (e.g. Islam, 2010) that one way of increasing the employment-intensity of economic growth is to identify sectors that are more employment-friendly and pursue policies and programmes conducive to their growth. This approach would be especially relevant for developing countries that still have surplus labour to be absorbed through the growth of employment-intensive modern sectors (e.g., labour-intensive manufacturing, trade and services). Secondly, at policy making level, both macroeconomic and sectoral, it is possible for policies to have an impact on the employment outcome of output growth. In developed countries and in developing countries that no longer have surplus labour, the approach outlined above may not be needed. Macroeconomic policies should be geared to the pursuit of stability and growth as well as employment objectives. Moreover, during economic downturns, countercyclical policies are needed in order to ensure that the unemployment situation is not aggravated. An important question in that regard would be whether such possibilities are taken into account when formulating policies.

Actual translation of the concept of mainstreaming of employment will, however, depend on the extent to which sectors with high employment potential are given importance in the overall growth strategy and how it is sought to encourage them to grow faster. In other words, mainstreaming of employment would require that the pattern of economic growth favours sectors with high employment potential. In developing countries where planning is still used as a mechanism to determine the rate and pattern of economic growth, the state can play a direct role in this respect, through the allocation of public investment which continues to be a significant part of total investment. In market economies, the incentive structure through market prices can be used to influence the direction of private investment.

The next level at which mainstreaming of employment can take place is in the framing of macroeconomic, i.e. fiscal, monetary (credit) and trade policies. Of course, these policies have their own objectives, but employment generation could also be one of them. At the very least, it could be ensured that they do not militate against the objective of employment generation. For example, tax policy might have increased revenue as its main objective, but it could also include a structure of incentives for employment-intensive sectors or technologies. It could also ensure that the taxation structure does not discourage employment generation by levying higher tax rates on establishments which employ more people. Subsidy policies could also be used for employment creation.

The country studies which formed the basis of this paper do not go into the details of macroeconomic policies and their impact on employment. However, a couple of examples are available to demonstrate what can be done on that front. In **Korea**, the Government has made efforts to create jobs through taxation and industrial policies. A tax credit system for investment in job creation has been instituted under which tax benefits are provided on the basis of newly created employment. For SMEs that increase employment, the Government has implemented a two-year tax credit system for social insurance premiums. Young people employed by SMEs are totally exempt from income tax for up to three years, and the earned income tax credit system has been revised to encourage work and family formation among low-income households.

In **South Africa**, the Government has adopted a countercyclical fiscal policy so that budgetary allocations can be made and managed to protect jobs and create jobs through

targeted expenditures. This approach enables the Government to contribute to the employment objective through the public sector as well as by funding social programmes and infrastructure development. In addition, sectors with higher employment potential have been identified for targeted policy support.

The employment policy support system also needs to include a broad array of ALMPs, and the employment service is only one of them. This paper has not covered other elements of such policies which are very important, e.g. skills development, re-training of workers, especially those out of work, and direct job creation programmes. The scope, coverage and effectiveness of such policies vary from country to country and in different situations. From the point of view of identifying policies that are likely to be effective, it would be important to examine how such policies and programmes function.

9 Concluding remarks

9.1 Lessons from the country experiences

Before making concluding remarks on the basis of the country case studies that have been synthesized in this paper, a general remark may be made with regard to what is often referred to as a “successful experience”. A country may not have achieved complete overall success in meeting the employment challenge, and yet may have demonstrated some success in one or more of the elements in the employment policy implementation mechanism. It should be possible to draw some lessons from such experiences as well. Of course, amongst the country case studies considered here, there are countries that have attained success in several dimensions, and there would be more lessons to be drawn from them. With this preliminary remark, a few lessons drawn from the case studies are enumerated below.

In order for employment policies to be successful, they need to be formulated well. In that regard, an important issue is the scope and content of the policies. The policy framework should ideally include macroeconomic and sectoral policies as well as active labour market policies, and there should be a balance between the demand and supply sides of the labour market. The concern for employment needs to be integrated into the process of formulating macroeconomic and sectoral policies. Although evidence in this respect is limited in the country studies, the example of Korea, where tax reforms include measures to create incentives for job creation, is worth mentioning. South Africa incorporated consideration of employment in the formulation of macroeconomic policies, and has recently introduced a tax incentive aimed at encouraging employers to hire young and less experienced jobseekers. Brazil has also been able to use its growth strategy effectively to overcome the adverse effects of the global economic crisis of 2008-09 on its employment and labour market situation.

As employment is a cross-cutting issue, coordination, both horizontal (i.e., between relevant government agencies and other institutions) and vertical (i.e. between various levels of implementation, central and local) is an important issue. To be effective, the responsibility for coordination has to be at a sufficiently high and influential level. Whether the ministry of labour will play a lead role in that would depend largely on the country’s governance structure and the mandate given to that ministry. If it has the necessary mandate, it would have to equip itself with the necessary strengths and capacity. However, an excessively complex system of coordination may create additional problems, and simplicity may be a virtue in this regard¹⁶. China and Korea are examples of simplicity combined with clarity in the allocation of roles and responsibilities. In addition, the capacity to strengthen the coordination or to make it more dynamic is vital.

With respect to vertical coordination (i.e. between central and local level), confusion may arise unless the mandates for formulation of policies and funding are clearly defined. Failure to do so may lead to duplication of efforts and inefficiency, e.g. in Bosnia and Herzegovina.

The employment policy implementation support system needs to be as comprehensive as possible and should strike a balance between demand and supply oriented interventions. It should also reflect the country’s level of development and the structure of employment and its labour market. For example, in a country whose economy is predominantly rural with a labour market characterized by the existence of a substantial informal sector,

¹⁶ In some countries (e.g. the UK and South Africa) too many structures create confusion between the mandates and objectives and areas of responsibility. The respective country studies clearly mention difficulties encountered in achieving smooth coordination in those countries (see Box 3).

conventional employment services may not be very useful. In such situations, greater focus would be needed on engendering high growth of employment-intensive sectors and measures that can gradually transform the informal into formal employment. Of course, employment services and a labour market information system should also be built up gradually and go hand in hand with employment policy implementation.

The employment policy implementation accountability system needs to start from well-articulated priorities and targets that are measurable and include funding mechanisms, an implementation plan with a clear performance framework and indicators of expected outcomes. The funding mechanism should have budgetary provision for individual policy areas. The performance framework and the expected outcomes should be linked to policies and action programmes. China, Germany and the UK are examples of a comprehensive accountability system.

Periodic monitoring of results and evaluation of policies and programmes are essential from the point of view of assessing their effectiveness and bringing about improvements. This requires, in the first place, a good statistical system which can be used to develop the necessary labour market information system (LMIS). In addition to a general LMIS for monitoring the overall employment and labour market situation, there should be provision for monitoring the performance of individual programmes. While developed countries like Germany, the UK and Korea, and developing countries like China have a good general LMIS, South Africa which has a general LMIS, also has provision for monitoring the performance of specific programmes. Low-income developing countries like Burkina Faso not only lack the necessary statistical base but also the necessary commitment and resource allocation to strengthen the data system.

The independence of evaluation of policies and programmes is extremely important from the point of view of assessing their effectiveness and drawing lessons for possible improvements. While countries like Germany, the UK and Korea already have such systems, countries like China and South Africa are also introducing independent evaluation into their systems.

Lastly, while sound employment policies are important, the capacity to implement them is even more important. The latter depends on a country's institutional framework. In general, developed countries have stronger institutions, and this has been found to be the case among the countries covered by this study. Administrative delays are a common problem in developing countries, as exemplified by the experience of Burkina Faso. The issue, therefore, is not only the existence of the necessary institutions but also the efficiency with which they function.

9.2 Measures to improve employment policy implementation mechanisms

From the above lessons, it is possible to think of some measures that may be useful in obtaining better results from employment policies. They would range from the basic approach and contents of the policies to the institutional mechanisms used to implement them, coordination, monitoring of results and impact assessment. In terms of approach and framework, a balanced approach with focus on both demand and supply sides is clearly desirable. Of course, one could cite the success achieved by Germany after the introduction of the Hartz reforms and through the period of the Great Recession, although the country basically followed a supply focused approach. However, the cost at which this has been achieved, a rise in atypical forms of employment such as short-term contracts and part-time work, growth of low-wage sectors, etc., needs to be noted as well. While overall employment and unemployment rates are important, attention also needs to be paid to the quality of employment.

With regard to coordination, a number of countries have put together good mechanisms for both horizontal and vertical coordination. In the case of the former, inter-ministerial coordination systems have been put in place, sometimes with leadership provided from the highest level of the country. Yet there is still room for improvement. For example, in inter-ministerial meeting mechanisms, the most important matter is to start from conceptual integration of employment into the process of formulating strategies and policies. A series of employment-related questions and issues relevant for each ministry/department would need to be formulated so that the task of each can be outlined clearly. The task of coordination would become easier if the responsibilities of the respective agencies were clearly defined.

Where employment policy implementation involves multiple levels, and formulation is done at one level (typically at the centre) without the involvement of local level agencies in charge of implementation, coordination issues may arise, as in the UK. This may be resolved by involving implementing agencies in the formulation stage from the outset.

Vertical integration and coordination may pose a serious challenge in situations where agencies at different levels have similar functions, e.g. in Bosnia and Herzegovina where employment policy is formulated at national level, and yet responsibility for its implementation is at Entity level. As a result, policies are reformulated again at Entity level. This is clearly a duplication which needs to be avoided. One way could be for the State to provide only very broad parameters and leave the details to be formulated at Entity level. Duplication and confusion may also arise when funding is available at different levels from different sources, e.g. in the UK where local government implements some policies using funds received from central government. However, they also have their own funds as well as funds from the European Social Fund (ESF) which can be used to implement certain policies. Streamlining of responsibilities and funding arrangements can make coordination easier and more effective.

As mentioned above, the accountability system can work better when there are clearly defined priorities and targets with work plans and budgets associated with them. Likewise, assessment and evaluation of the impact of policies on the employment outcomes can be easier when the expected outcomes are also clearly defined. However, the temptation to burden the policy implementation mechanism with too many targets and excessively rigid work plans should be avoided. Too many frameworks create problems of coordination and alignment, e.g. in South Africa where this was cited as an on-going challenge. Too many targets and associated programmes may lead to a fragmentation of budgets and difficulty in monitoring progress.

Low-income developing countries tend to depend too much on external support (technical as well as financial) both in the formulation and implementation of employment policies. That in turn may raise the issue of national ownership of the policies and the commitment of government agencies to their implementation. Moreover, implementation of policies faces uncertainty when budgetary allocations are not guaranteed (e.g. in Bosnia and Herzegovina and Burkina Faso). Such situations can be avoided when dependence on external support is kept to a minimum and governments own the programmes in technical as well as financial terms.

9.3 The way ahead

Implementation of employment policy cannot be separated from its formulation. A well-formulated policy with clear articulation of goals, targets, and strategies for achieving the targets is a first step in this process. These, in turn, could be viewed from a medium- to long-term as well as short-term perspective. It would be useful to start with medium- and long-term goals in broad terms and have them broken down to specific short-term goals and targets. For the former, a basic reference point is provided by MDG 1B which contains

employment-related targets and indicators. However, two points may be noted in this regard. First of all, there are a number of limitations to the employment-related targets and indicators that were added to the original list of MDGs (especially seen from the perspective of developing countries)¹⁷, and improvements can be made in the list. Secondly, as discussions are currently under way on the Post-2015 Development Agenda, and employment features in that discussion, it would be important to follow the discussions and take note of the outcome in formulating long-term goals and targets relating to employment at country level.

Once global goals and targets are translated into country-level objectives and targets, strategies and policies may be formulated to attain them. Mechanisms for implementing the policies can start by breaking down the medium and long-term goals into shorter term targets of a specific nature which, in turn, can be associated with implementation frameworks, budgetary allocations, and performance monitoring and evaluation. In this whole process, the country-specific context should be a major consideration, and the goals, targets and the associated implementation mechanisms should reflect such specificities. For example, in a low-income developing country, structural transformation of the composition of employment would be major element in the strategy for attaining the goal of full productive employment, because the major challenge in such a country is to shift workers from low productivity employment to higher productivity jobs. Likewise, a gradual insertion of the characteristics of formal employment into what is now informal employment could be another goal. Both of these are longer-term issues and can be addressed through a series of policies and action programmes. Once such actions are identified, the implementation mechanism needed to pursue them would follow.

The employment policy implementation support system at country level will naturally reflect the goals, targets and strategies pursued. It may, however, be expected that a fairly comprehensive system consisting of a broad array of instruments ranging from macroeconomic and sectoral policies to active labour market policies will be required. Institutional capacity as well as the coordination mechanism will have to be geared towards the functioning of such a support system. The key concept in that respect is mainstreaming employment into the entire growth and development strategy and policy making process.

¹⁷ See Islam, 2013 a, for a discussion of such limitations and suggestions for improvements.

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