

## ► Handout: Monitoring and evaluation of G7 ODA employment and skills promotion programmes' impact on green jobs and skills

**Summary:** This handout has been prepared by the ILO in response to a request from the G7. It provides an overview of key challenges G7 members face in measuring green jobs and skills outcomes in the context of monitoring and evaluation of G7 official development assistance. It proposes a measurement approach for green jobs and skills for technical cooperation programmes in alignment with the ILO definition of green jobs, as well a recommended approach for estimating the employment impacts of greening in financial cooperation.

## ► Context

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### G7 commitment

“By 2025, we will increase the share of our ODA on employment and skills promotion programmes that is directed specifically towards green sectors and greening traditional sectors”

“We further welcome the initiative of developing [...] a harmonized, lean approach for the monitoring and evaluation of our respective programmes’ impacts by 2030”

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### Overview

In response to the second part of the G7 commitment outlined above, this handout provides a proposal for developing a lean approach for the monitoring and evaluation of Official Development Assistance (ODA) employment and skills promotion programmes’ impact on green jobs and skills. This handout was developed by the International Labour Organization (ILO) in cooperation with the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ). The recommendations are based on consultations with different G7 development agencies, development finance institutions (DFIs) and development banks as well as on literature reviews and expert consultations. The recommendations are designed to account for key challenges and issues identified during the G7 consultation process.

### Definitions and concepts

**Green jobs:** The ‘ICLS definition’ refers to the international statistical concept definition of green jobs established in the 2013 *Guidelines concerning a statistical definition of employment in the environmental sector*<sup>1</sup>, adopted by the 19<sup>th</sup> International Conference of Labour Statisticians (ICLS).<sup>2</sup>

**Greening process:** The process of converting to a green economy, including strategies, policy interventions, actions or targets used to transform economies, enterprises and workplaces that can be characterized as environmentally sustainable, supporting social and environmental goals.

**Employment outcomes from green investments / greening:** Refers to all employment outcomes from investments categorised according to their greenness, which is not synonymous with ‘green jobs’.

**Green skills:** Refers to “skills for green jobs”, defined as skills that are necessary to successfully perform tasks for green jobs and to make any job greener. The term includes both core and technical skills and

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<sup>1</sup> See International Labour Organization. 2013. ‘Guidelines Concerning a Statistical Definition of Employment in the Environmental Sector’. [https://www.ilo.org/wcmsp5/groups/public/---dgreports/---stat/documents/normativeinstrument/wcms\\_230736.pdf](https://www.ilo.org/wcmsp5/groups/public/---dgreports/---stat/documents/normativeinstrument/wcms_230736.pdf); also see Figure 3 on p. 6

<sup>2</sup> The International Conference of Labour Statisticians (ICLS) is the international statistical standard-setting body for labour statistics, establishing international standards such as Resolutions and Guidelines since 1923.

covers all types of occupations that contribute to the process of greening products, services and processes, not only in environmental activities but also in other sectors.<sup>3</sup>

**Types of ODA:** Two types of ODA are used for the purpose of this handout: i) technical cooperation, which refers to all activities by development agencies; and ii) financial cooperation, which refers to all activities by Development Finance Institutions (DFIs) and development banks (and also financial activities by development agencies).

**Monitoring and evaluation:** Refers to the monitoring and evaluation of programme and intervention level outcomes, results and progress, and not necessarily reporting mechanisms.

**Employment and skills programmes:** Refers to all programmes and interventions with a clearly defined employment outcome, including new jobs, better working conditions, greater employability and higher pay. The underlying logic is that increases in skills may lead to better employment outcomes.

**Measuring and estimating:** In this context, 'measurement' refers to the identification of a concept (in this case, green jobs and/or skills, or employment outcomes from greening) which entails establishing a definition, and then the broad methodological approach. At this stage, it does not include the methodologies for how the concept is then monitored and evaluated. 'Estimation' in this context refers to modelling approach outcomes, which, specifically here refer to modelling of employment outcomes from greening, which is not synonymous with measuring green jobs.

## ► Key challenges faced

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**For G7 members, the measurement of green jobs and skills in the context of ODA is still under development.** While most G7 members currently measure jobs or employment<sup>4</sup> outcomes in general as part of their ODA either at the corporate or the project level, few are currently measuring green jobs and skills. Moreover, in many cases, the definitions and concepts of a 'green job' are not yet clear in this context, complicating, while processes for its measurement are complicated. For example, the results framework for EU international cooperation, called Global Europe Results Framework, specifies "green jobs supported/sustained by the EU" as an indicator under the 2022 framework.

**Collecting information on jobs, employment and skills impacts in a systematic and consistent manner is challenging.** Regarding jobs and employment impacts, there are a number of different components, including the type of impact (direct, indirect, induced, enabled) as well as whether an impact itself creates new jobs, improves jobs or supports jobs. Additionally, data availability for the measurement of green jobs and skills varies with the type of intervention as well as the context. Moreover, the capacity and resources of G7 development agencies' for reporting on impacts from ODA are often constrained and needs to be carefully considered. M&E teams have specific expertise and may

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<sup>3</sup> International Labour Organization (ILO). 2015. Anticipating skills needs for green jobs: A practical guide (Geneva).

<sup>4</sup> Both 'jobs' and 'employment' are used throughout this report. They are not synonymous and refer to different outcomes from different types of intervention – see example in the same paragraph as this footnote.

have limited experience on the topics of the environmental sector and green jobs. Additionally, M&E systems are typically well-established and cannot easily be adjusted or expanded.

**There is a significant difference in approaches to measuring jobs between, on the one hand, DFIs and, on the other, development banks. DFIs are focused on financing infrastructure, lending and applying other financial cooperation models (e.g. budget support, grants) while development agencies are focused on technical cooperation.** The main reason that DFIs use different approaches to measurement is that they are engaged in financial cooperation i.e. in infrastructure finance, which leads to a greater jobs and employment impact in terms of indirect, induced and enabled jobs. As a result, DFIs typically use macro models to gauge these levels of impacts. This includes input-output tables, social accounting matrices (SAMs) and computable general equilibrium (CGE) models. For European DFIs, it is also common to use the Joint Impact Model (JIM) which is an open access macro model.<sup>5</sup>

**Measuring the quality of a job – namely, whether a job is “decent” – is a challenge in itself.** The ILO has established different dimensions for measurement of “decent work” including, for example, adequate earnings and productive work; stability and security of work; safe work environment; and social security, among others. Most agencies attempt to define what makes a “good” job by including indicators i.e. on wages, informality or productivity.

**Interest and ambition were expressed amongst most G7 agencies to work towards common a common concept definitions and framework for measuring green jobs and skills.** While the applied M&E approach would not provide estimates at the national or global level, as a more coordinated and comparable approach it would lend itself to corporate reporting, as well as to sharing lessons and practices amongst G7 agencies, key national partners and other international agencies, DFIs and development banks.

## ► Understanding of the request

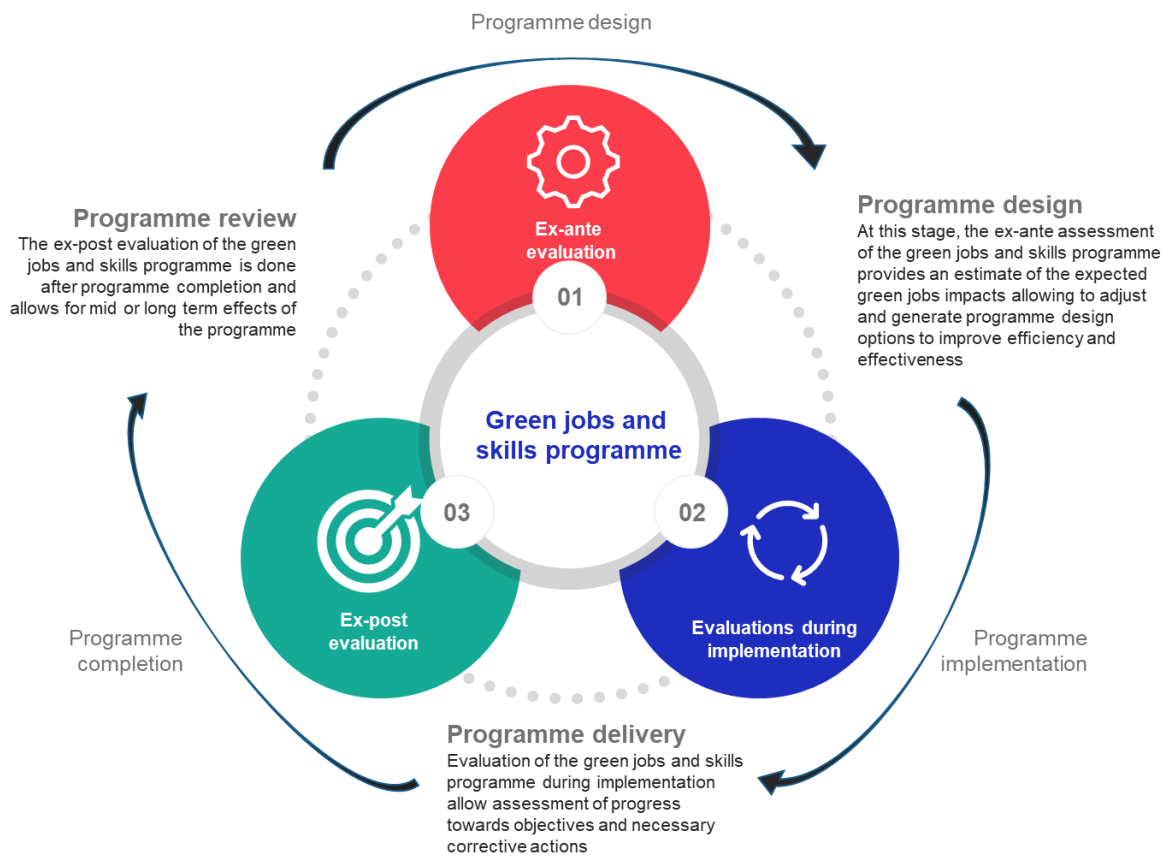
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The G7 development ministers’ communiqué requested “a harmonized, lean approach for the monitoring and evaluation of our respective employment and skills promotion programmes’ impact on green jobs and skills”. The process of monitoring and evaluation is understood to be focused on the continuous and punctual assessment of a programme or project. It is a management tool which seeks to understand both the immediate and longer-term outcomes and impacts of operations. In this sense it is retroactive (or ex-post) by nature although some organizations employ estimation or modelling as ex-ante approaches.

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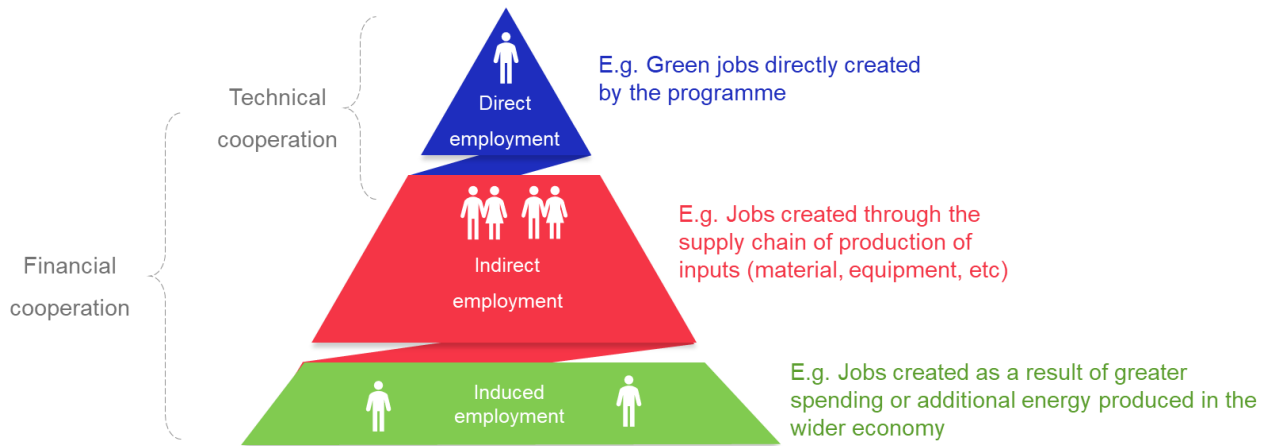
<sup>5</sup> <https://www.jointimpactmodel.org>

► **Figure 1: The role of monitoring and evaluation in the green jobs and skills programme cycle**



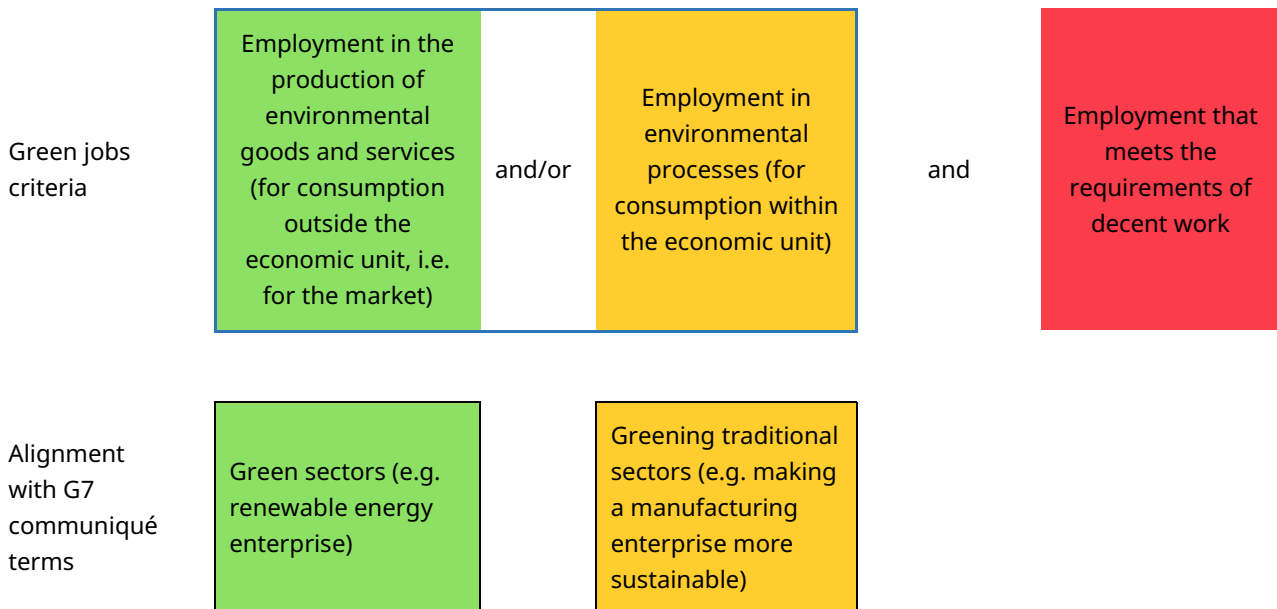
**The operating models for agencies focusing on financial cooperation (DFIs and development banks) and technical cooperation (development agencies) are inherently different.** While DFIs focus on investment operations and in most cases focus on sector or economy-wide effects (i.e. more on generating indirect and induced employment effects), development agencies may be more concerned with the direct jobs and employment impacts on beneficiaries. There are also methodological considerations that make it difficult to reconcile M&E approaches for green jobs and skills between financial and technical cooperation agencies. **The proposal therefore is for green jobs and skills measurement in DFI and development banks to focus primarily on indirect and induced impacts and development agencies to focus primarily on direct impacts.**

► **Figure 2: Levels of employment impacts**



The G7 commitment stated that “by 2025, we will increase the share of our ODA on employment and skills promotion programmes that is directed specifically towards green sectors and greening traditional sectors”. Based on the definitions proposed, **‘green sectors’ would be captured by the environmental outputs component** of the ICLS green jobs definition, and **‘greening traditional sectors’ would be captured by the environmental processes component** of the ICLS green jobs definition (see Figure 3).<sup>6</sup>

► **Figure 3: Green jobs definition and alignment with G7 communique terms**



<sup>6</sup> How the G7 communique describes “green sectors” and “greening traditional sectors” is not part of a standard methodology and its comparison with the ICLS definition still requires further discussion.

## ► Proposed framework

Based on the available capacity and the current practices of G7 development agencies, a green jobs and skills measurement framework is proposed that takes into account the different types of ODA, programme models, levels of impact and types of beneficiaries. It should be noted that this is a stylized framework. For example, the two broad programme models involving development agencies (i.e. private sector development and human capital development/skilling), are intended for demonstration purposes and do not attempt to detail all G7 development programme categorization.

For technical cooperation it is proposed to use a form of direct observation of green jobs and skills at both the level of the individual beneficiary and the establishment level beneficiary. An “establishment” covers primarily business establishments, but also includes government agencies, non-profits, and other entities. For financial cooperation, it is proposed to follow a modelling approach to estimate impacts. When it comes to direct effects, both green jobs and skills can be measured through primary data collection, whereas for indirect and induced effects, only “employment outcomes as a result of greening” can be estimated. This is because modelling approaches do not necessarily allow for compliance with the different components of the ILO definition of ‘green jobs’. **Notably, the definitions and concepts are different for each of the two main approaches.**

► **Figure 4: Proposed decision tree / framework for measurement of green jobs and skills (and estimation of employment outcomes from greening) in ODA**

ODA	Cooperation	Impact level	Beneficiary	Concept	Approach
Development agencies	<b>Technical cooperation:</b> Private sector development programmes	Direct	Individual beneficiaries	Green jobs and skills for green jobs	Direct observation of individual beneficiaries
			Establishment-level beneficiaries	Green jobs and skills for green jobs	Direct observation of establishment-level beneficiaries
		Indirect / induced / enabled	Individual beneficiaries	Employment outcomes from greening	Estimates using modelling approaches

	<b>Technical cooperation:</b> Human capital development/skilling programmes	Direct	Individual beneficiaries	Green jobs and skills for green jobs	Direct observation of individual beneficiaries
Development finance institutions and development banks	<b>Financial cooperation</b> (e.g. infrastructure investments, financial sector development)	Direct	Establishment-level beneficiaries	Green jobs and skills for green jobs	Direct observation of establishment-level beneficiaries
		Indirect / induced / enabled	Individual beneficiaries	Employment outcomes from greening	Estimates using modelling approaches

Note: there are some exceptions where for instance, a FC approach would overlap with conditions of a TC approach, and vice versa. This would need to be addressed on a case-by-case basis.

**The exact criteria for measuring “quality” aspects of the green jobs definition are not explicitly specified in the framework, although they are an integral part of the green jobs definition.** Decent work indicators are context specific and can be defined depending on the context of the intervention. Additional guidance on how to select job quality indicators for green jobs, including a menu of suggested indicators, may be developed in the next phase of this cooperation.

**In terms of green skills, the framework will use the term “skills for green jobs”, which aligns itself with the 19th ICLS concept definition of green jobs.** It is defined as skills that are necessary to successfully perform tasks for green jobs and to make any job greener. The term includes both core and technical skills, and covers all types of occupations that contribute to the process of greening products, services and processes, not only in environmental activities but also in other sectors. Importantly, there is no global taxonomy for green skills, although some national occupational frameworks include a subset of green tasks including the US occupation databased, O\*NET and EU database, ESCO. These national examples can be adapted to measure green skills in an M&E system by observing the skills profiles of individual beneficiaries.

## ► Details of approaches

### Technical cooperation

It is proposed to adapt existing M&E systems in G7 technical cooperation to collect primary, beneficiary level data in alignment with the ICLS statistical definition of green jobs. Namely, this would allow for identification of: i) the environmental sector and ii) decent work criteria. The actual formulation of the data collection would need to be developed further and tested through piloting. One approach would be applied to individual-level beneficiaries and another to establishment-level beneficiaries for two



reasons. The first is that measuring decent work would vary based on the beneficiary type, such that the individual-beneficiary approach would include worker-perspectives for decent work (e.g. wages, working conditions), whereas the establishment-beneficiary approach would include establishment-level measures for decent work (e.g. occupational employment and wage structure; labour cost; job vacancies). Finally, the individual beneficiary approach would include elements related to skills (focused on skills profiles, tasks and occupations) for green jobs, which is not feasible in the establishment-questionnaire.

## Financial cooperation

As financial cooperation interventions that impact jobs and employment tend to have greater indirect, induced, and enabled impacts than direct and decent impacts, the approaches need to use a concept consistent with the relevant methodologies, namely, modelling approaches. As such, the concept used for financial cooperation is 'employment outcomes as a result of greening' or 'employment outcomes as a result of green investment'. These would look at all employment outcomes, regardless of the greenness of the sector, and regardless of whether the employment outcomes are green jobs or not. The modelling approaches recommended would be based on what is feasible for the programme, taking into account cost, time, technical expertise and data availability, and would range from input-output models to computable general equilibrium models.

## ► Next steps

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### Short-term

There is a need to agree on the top-level definitions and concepts for use in measuring green jobs and skills for green jobs in employment and skills promotion programmes, namely the use of the ICLS definition for green jobs in technical cooperation and 'employment as a result of greening' in financial cooperation. Following this, the details of the approaches can be developed, including different technical tools such as questionnaire development, taxonomy procedures, survey and data collection methods and analysis as well as guidance for implementation, including the modelling approaches.

### Short-medium term

The M&E approach to measuring green jobs and skills will be piloted in up to three countries, based on expression of interest from G7 members. Ideally, the selected pilots will be projects which are sufficiently large in scale, whose core objectives relate to environmental sustainability and the just transition and whose main outcomes relate to green jobs and skills. A preference is given to projects which are implemented by national or local governments and their agencies to maximize uptake and sustainability within the countries; moreover a preference is given to projects that are already operational in early 2023. In order to draw lessons from different scenarios, both a financial cooperation project and a technical cooperation project can be included. The pilots should take place in countries located in different world regions.