



International
Labour
Organization



► Public employment services and active labour market policies for transitions

Global Report Part I

Response to mega trends and crises

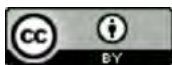


► **Public employment services and active labour market policies for transitions**

Global Report Part I

Response to mega trends and crises

Copyright © International Labour Organization 2023
First published 2023



This is an open access work distributed under the Creative Commons Attribution 4.0 International License (<https://creativecommons.org/licenses/by/4.0/>). Users can reuse, share, adapt and build upon the original work, as detailed in the License. The ILO must be clearly credited as the owner of the original work. The use of the emblem of the ILO is not permitted in connection with users' work.

Attribution – The work must be cited as follows: *ILO, Public Employment Services and Active Labour Market Policies for inclusive labour market transitions*, Geneva: International Labour Office, 2023

Translations – In case of a translation of this work, the following disclaimer must be added along with the attribution: *This translation was not created by the International Labour Organization (ILO) and should not be considered an official ILO translation. The ILO is not responsible for the content or accuracy of this translation.*

Adaptations – In case of an adaptation of this work, the following disclaimer must be added along with the attribution: *This is an adaptation of an original work by the International Labour Organization (ILO). Responsibility for the views and opinions expressed in the adaptation rests solely with the author or authors of the adaptation and are not endorsed by the ILO.*

This CC license does not apply to non-ILO copyright materials included in this publication. If the material is attributed to a third party, the user of such material is solely responsible for clearing the rights with the right holder.

Any dispute arising under this license that cannot be settled amicably shall be referred to arbitration in accordance with the Arbitration Rules of the United Nations Commission on International Trade Law (UNCITRAL). The parties shall be bound by any arbitration award rendered as a result of such arbitration as the final adjudication of such a dispute.

All queries on rights and licensing should be addressed to the ILO Publishing Unit (Rights and Licensing), 1211 Geneva 22, Switzerland, or by email to rights@ilo.org.

Public employment services and active labour market policies for transitions

ISBN 9789220379639 (print)
ISBN 9789220379646 (web PDF)

DOI: 10.54394/TYMB4838
And the MMS ID of the notice of the document nyp: 995236993302676

The designations employed in ILO publications, which are in conformity with United Nations practice, and the presentation of material therein do not imply the expression of any opinion whatsoever on the part of the ILO concerning the legal status of any country, area or territory or of its authorities, or concerning the delimitation of its frontiers.

The responsibility for opinions expressed in signed articles, studies and other contributions rests solely with their authors, and publication does not constitute an endorsement by the ILO of the opinions expressed in them.

Reference to names of firms and commercial products and processes does not imply their endorsement by the ILO, and any failure to mention a particular firm, commercial product or process is not a sign of disapproval.

Information on ILO publications and digital products can be found at: www.ilo.org/publns

Design by the International Training Centre of the ILO, Turin – Italy
Photo credits: cover page © Adobe Stock – internal photos © Adobe Stock, ILO
Printed in Switzerland

Preface

The multiple crises and the future of work megatrends have cumulated uncertainties and disruptions in the labour market at the pace of a magnitude not seen in recent times. Public employment services are one of the key institutions that implement government's employment and labour market policies. They have historically played a central role in responding to crises and fostering recovery to ensure an efficient and well-functioning labour market. They support multiple job and career transitions of labour market participants in an inclusive and sustainable manner.

This report sheds light on the latest developments and trends of employment services and active labour market policies delivered by public employment services. It focuses on developing and emerging countries and offers a comparative analysis to public employment services in advanced countries to promote contextualised learning. In addition, it explores the coherent articulation of active labour market policies with income support schemes and employment policies in general. It constitutes a source of knowledge for governments and social partners to learn from their peers in other countries and draw practical lessons and good practices. This report targets mainly policymakers and practitioners involved in the formulation, implementation and monitoring of employment services and labour market policies.

This is the first public employment services report at the global level since the publication of "The public employment service in a changing labour market book" in 2001. It therefore constitutes a rich and up-to-date resource for policymakers in developing and developed countries. The report is organized in two parts. Part I deals with the size and diversity of the public employment services potential clients, particularly in countries facing significant demographic shifts, and the impact of the organizational and management structure on the effectiveness of public employment services. It examines trends and innovations in the design and delivery of employment intermediation services and active labour market policies – pointing towards a holistic and integrated approach – as well as the evolution of partnerships for the delivery of employment services.

Part II of the report will be dedicated to the review of the evolution of employment services from the early days of the late 19th Century through the first World War when public employment services were granted a monopoly in the delivery of employment services, to the emergence and co-existence of public and private providers of employment services.

This report is based on recent ILO research and long-standing experience in the delivery of technical assistance to member States. It notably includes information collected from labour market institutions delivering employment services and active labour market programmes in the midst of the COVID-19 crisis, providing valuable lessons to develop more effective and resilient public employment services.

Sangheon LEE
Director,
Employment Policy, Job Creation and Livelihoods Department

Table of contents

Preface	iii
Acknowledgements.....	xi
Executive summary	xii
Abbreviations	xxi
► 1. Introduction	1
1.1. Recent labour market developments and challenges.....	2
1.2. Structure of the report.....	15
Chapter references	17
► 2. Organizational structure and governance of public employment services	19
2.1. Introduction.....	19
2.2. A conceptual framework for analysing the performance of public employment services in relation to their organizational structure and governance	20
2.2.1. Factors influencing the performance of public employment services... ..	20
2.2.2. The five pillars of the organizational structure and governance framework for public employment services	22
2.3. Trends and developments in the organizational structure and governance of public employment services.....	28
2.3.1. Policy and strategy.....	28
2.3.2. Governance.....	46
2.3.3. Service offer and delivery channels	55
2.3.4. Innovation and adaptation.....	60
2.3.5. Capacity and performance enablers.....	66
2.4. Conclusions	78
Chapter references	80
► 3. Intermediation in employment services	89
3.1. Introduction.....	89
3.2. Service offer of public employment services and adaptation of service delivery during the COVID-19 crisis	90
3.2.1. A growing variety of intermediation services	90

3.2.2. Adaptation of delivery channels and investment in the skilling of workers in response to the COVID-19 crisis.....	92
3.3. The digitalization of public employment services and labour market information	94
3.3.1. Digitalization in service delivery	94
3.3.2. The use of big data to empower jobseekers and improve the efficiency of services	95
3.4. Focusing on skills development	98
3.4.1. The evolution of skills profiles	98
3.4.2. The use of skills-based matching in intermediation.....	99
3.4.3. Involvement of public employment services in vocational education and training	101
3.5. Holistic approaches to address multiple labour market barriers	103
3.5.1. Profiling and segmenting of clients to customize services and use resources efficiently.....	103
3.5.2. Career guidance as a holistic intermediation tool	107
3.5.3. Support for vulnerable jobseekers	110
3.6. Investing in services for employers	115
3.6.1. Services for employers as a key component of intermediation	115
3.6.2. Adoption of a more strategic approach to servicing employers	117
3.6.3. Professionalization of services provided to employers	119
3.7. The future of intermediation	122
Chapter references	125
 ► 4. Active labour market policies: Responding to crises and facilitating recovery	 131
4.1. Introduction.....	131
4.2. Active labour market policies: Definition, history and purpose	131
4.3. Learning from past experience: The effectiveness of active labour market policies	138
4.4. Active labour market policies and the COVID-19 crisis: Tackling job losses and fostering labour market integration	141
4.5. Active labour market policies: A tool for the post-COVID-19 recovery and beyond	148
4.6. Conclusion	154
Chapter references	156

► 5. Partnerships for creating pathways to employment	163
5.1. Current landscape of public employment service partnerships	163
5.1.1. The growing importance of partnerships in the delivery of employment services.	163
5.1.2. Use of partnerships during crises	165
5.1.3. Regional overview of partnership working	167
5.1.4. Partnership working to tackle the increasing complexity of employment service agendas	168
5.1.5. Partnership working as a sign of institutional maturity	171
5.1.6. Unlocking the potential of public-private partnerships	172
5.2. Partnership working in response to the COVID-19 pandemic	175
5.2.1. Acceleration of partnership building	175
5.2.2. Obstacles to the building of partnerships	180
5.3. Partnerships facilitating the digitalization of public employment services . . .	182
5.4. Partnerships for a human-centred recovery	185
5.4.1. Partnerships and the holistic provision of services	186
5.4.2. Coordination with social protection systems.	188
5.4.3. Building on partnership working to develop service delivery ecosystems	191
5.5. The future of partnerships	195
5.5.1. Local ecosystems	195
5.5.2. Making partnerships work in the post-COVID-19 recovery.	196
Chapter references	199
► 6. Policy recommendations	205

List of Figures

▶ Figure 1.1. Global employment-to-population ratio, by sex and age, 2019–23 (percentage and percentage change)	2
▶ Figure 1.2. Share of young people worldwide not in employment, education or training, by sex, 2005–22 (percentage)	3
▶ Figure 1.3. Employment-to-population ratio, world and by region, 2010–23 (percentage).	4
▶ Figure 1.4. Components of labour underutilization that can be used to monitor unmet need for employment	6
▶ Figure 1.5. Composition of working-age population in terms of labour force status, and the four ILO indicators of labour underutilization	8
▶ Figure 1.6. Global unemployment, potential labour force and LU3 expressed as a share of the working-age population, 2010–20 (percentage)	9
▶ Figure 1.7. Change in potential labour force and unemployment ratios between 2019 and 2020, by sex and age (percentage points)	9
▶ Figure 1.8. Change in potential labour force and unemployment ratios between 2019 and 2020, by sex and region (percentage points)	10
▶ Figure 1.9. Composition of the labour underutilization indicator LU3 by age, sex and labour force status in the five world regions (percentage).	11
▶ Figure 2.1. Framework for analysing the governance and structure of public employment services	24
▶ Figure 2.2. Elements of the governance of public employment services	26
▶ Figure 2.3. Existence of legislative provisions related to employment services, labour market policies and providers, 2020–21 (percentage of respondents)	29
▶ Figure 2.4. Adoption of national employment policies worldwide, 2000–22	35
▶ Figure 2.5. Mainstreaming of public employment services in policy documents, world and by country income group, 2021 (percentage of respondents)	36
▶ Figure 2.6. Public employment services that updated their strategy in response to the COVID-19 crisis, world and by country income group, 2020–21 (number of respondents)	40
▶ Figure 2.7. Coordination body for active labour market policies, world and by income group, 2021 (percentage of respondents)	46
▶ Figure 2.8. Legal status of public employment services, global and in the European Union, 2021 (percentage)	48

▶ Figure 2.9. Administrative level at which active labour market policies are coordinated, world, by country income group (panel A) and by ILO region (panel B), 2021 (percentage of respondents)	52
▶ Figure 2.10. Availability and composition of public employment service management boards, 2021 (percentage of respondents)	54
▶ Figure 2.11. Delivery of public employment services through remote channels, 2021 (number of respondents)	58
▶ Figure 2.12. Platforms used for remote counselling and e-counselling by careers advisers in Hungary, 2020 (number of respondents)	62
▶ Figure 2.13. Main drivers of innovation in public employment services, world and by country income group, 2021 (number of respondents)	66
▶ Figure 2.14. Direction of change in the budget of public employment services between 2019 and 2020, total budget and by component (panel A), by region (panel B) (percentage of respondents)	69
▶ Figure 2.15. Typology of reforms in the implementation of public employment services	77
▶ Figure 3.1. Intermediation services provided to jobseekers by public employment services worldwide, 2021 (number of respondents)	91
▶ Figure 3.2. Strategic choices made by public employment services during the COVID-19 crisis, 2021 (percentage of respondents)	93
▶ Figure 3.3. Labour market information provided by public employment services, 2021 (number of respondents)	95
▶ Figure 3.4. Main behavioural skills expected of jobseekers by employers, France, 2019 (percentage of respondents)	100
▶ Figure 3.5. Modalities used by public employment services to refer jobseekers to skill training or retraining programmes, 2021 (number of respondents)	102
▶ Figure 3.6. Public employment services profiling and segmenting new jobseekers, world and by country income group, 2021 (percentage of respondents)	104
▶ Figure 3.7a. Profiling approaches used by public employment services, 2021 (percentage of respondents)	105
▶ Figure 3.7b. Profiling approaches used by public employment services, by country income group, 2021 (number of respondents)	106
▶ Figure 3.7c. Profiling approaches used by public employment services, by region, 2021 (number of respondents)	106
▶ Figure 3.8. Career guidance offered by public employment services and means of delivery, 2021 (number of respondents and percentage)	108
▶ Figure 3.9. Vulnerable groups supported by public employment services, by region, 2021 (number of respondents)	111

▶ Figure 3.10. Provision of holistic support to vulnerable groups by public employment services, by means of delivery, 2021 (number of respondents)	112
▶ Figure 3.11. Services offered to employers by public employment services, 2021 (number of respondents)	117
▶ Figure 4.1. Share of countries that relied on active labour market policies as part of their response to the COVID-19 crisis between January 2020 and May 2021, by policy type, country income level (panel A) and broad region (panel B) (percentage)	143
▶ Figure 4.2. Share of active labour market policies, by policy type, by new versus existing policies, and by country income group, for policies introduced between January 2020 and May 2021 (percentage)	144
▶ Figure 4.3. Share of active market policies, by type of policy, month of implementation and country income group, January 2020–April 2021 (percentage) . . .	148
▶ Figure 5.1. Partnership modalities for public employment services	165
▶ Figure 5.2. Services delivered by public employment services through direct provision or partnerships, by type of service and partnership, 2021 (number of respondents)	167
▶ Figure 5.3. Services delivered by public employment services through direct provision or partnerships, by type of service, partnership and region, 2021 (number of respondents)	168
▶ Figure 5.4. Profile of private employment agencies' partnerships with public employment services, January–March 2021 (number of respondents)	173
▶ Figure 5.5. Partnerships established by public employment services as a direct response to the COVID-19 crisis, 2020–21 (number of respondents)	176
▶ Figure 5.6. Motivations for public employment services to establish partnerships, by country income group, 2021 (average priority ranking)	177
▶ Figure 5.7. Challenges faced by public employment services seeking to establish partnerships in response to the COVID-19 crisis, 2020–21 (average ranking)	181

List of Tables

▶ Table 1.1. ILO indicators of labour underutilization	7
▶ Table 1.2. Typology of labour market barriers and some examples	12
▶ Table 4.1. A diverse set of active labour market policies across emerging and developing countries	138
▶ Table 5.1. Public employment services' current and future roles in partnerships . . .	196

List of Boxes

▶ Box 2.1. Evolution of public employment services in China and the Republic of Korea	33
▶ Box 2.2. The Malaysian public employment service and labour market information	44
▶ Box 2.3. Adoption of e-counselling services in Hungary during the COVID-19 crisis	62
▶ Box 2.4. Change management in the Czech Republic and the 2011 reforms of the public employment service	64
▶ Box 3.1. Skills types	92
▶ Box 3.2. Digital skills training for jobseekers in Spain and Tunisia	97
▶ Box 3.3. Evolution of the national standard classification of occupations in China	99
▶ Box 3.4. The need for a shift from work-first approaches to a balanced long-term career guidance.	108
▶ Box 3.5. Focus in the European Union on the most vulnerable	112
▶ Box 3.6. The Comprehensive Support programme in France	114
▶ Box 3.7. Job carving in the Netherlands and Malta	119
▶ Box 3.8. Networking with local employers: The Model Career Centre in Durg, India	121
▶ Box 3.9. The case of Cameroon	122
▶ Box 5.1. The United Kingdom's local and national experience in rapid crisis response.	180
▶ Box 5.2. New digital partnerships to provide skills training during the COVID-19 crisis	184
▶ Box 5.3. Cooperation between public employment services and social protection programmes goes back a long way	190
▶ Box 5.4. Colombia: Turning a network into an ecosystem	192
▶ Box 5.5. Australia: Redesigning access to quality skills, training and employment ...	193
▶ Box 5.6. Saudi Arabia: Public-private partnerships to support young people and women	194

Acknowledgements

The Global Public Employment Services and Active Labour Market Policies for Inclusive Labour Market Transitions report 2023, part one, was prepared by a team from the ILO Employment Policy Department in collaboration with the ILO Research Department and external experts. The team was led by Michael Mwasikakata, Head of Labour Market Services Unit under the supervision of Sukti Dasgupta, Chief of the Employment, Labour Markets and Youth Branch. The report was produced under the overall leadership of Sangheon Lee, Director of the ILO Employment Policy Department.

The drafting team comprised Marcelo Cuautle Segovia and Niall O'Higgins from the Employment Policy Department (Chapter 1), Michael Mwasikakata and Eamonn Davern (external expert) (Chapter 2), Miguel Peromingo (external expert) and ILO experts (Chapter 3), Janine Berg, Verónica Escudero and Hannah Liepmann from the ILO Research Department (Chapter 4), Zulum Avila from the Employment Policy Department and Miguel Peromingo (Chapter 5), Alejandra Díaz Fuentes, Marcelo Cuautle Segovia and Michael Mwasikakata (Chapter 6).

Dann Finn (external expert) drafted the background paper for chapter 5, while Chapter 4 benefited from excellent research assistance provided by Emily Diaz-Loar and Henry Stemmler. Anna-Karin Palm Olsson provided substantive inputs to Chapter 4. Alejandra Fuentes Diaz provided valuable assistance for the verification and presentation of data and graphs in the report.

The report uses information collected through a survey of public employment services in 94 countries across the world. The survey was coordinated by Marcelo Cuautle Segovia with the useful assistance of Lucía Rivera Lima, an external collaborator. The World Association of Public Employment Services (WAPES) provided invaluable support for the distribution of the survey among its members and commented on the draft report.

Helpful comments and inputs from the following ILO colleagues are duly acknowledged: François Dumora, Soyeon Kim, Anna-Karin Palm Olsson and Lena Xianyu Yan from the Employment Policy Department, Ali Madai Boukar, from the Regional Office for Africa and Felix Weidenkaff, from the Regional Office for Asia and the Pacific. The valuable suggestions by colleagues in the Bureau for Employers' Activities are gratefully acknowledged, as are the valuable comments from two anonymous external peer reviewers.

Luis Sundkvist edited the report with great commitment and patience. We extend our gratitude to colleagues in the ILO Department of Communication and Public Information and the Publications Production Unit for their support in producing and disseminating the Global Public Employment Services report, part one.

Executive summary

Introduction

Labour markets worldwide are emerging from the COVID-19 crisis in an environment of rapid change driven by the following megatrends: digitalization of economies, demographic shifts, adjustments in response to significant supply chain disruption, increasing skill shortages and high inflation and debt burden. In such a context, public employment services can play a vital role in supporting a sustained job recovery. In some countries the public employment service acts as the implementing body for most of a government's active labour market policies (ALMPs). It may also be tasked with enabling collaboration and partnerships between several, if not all, actors in the labour market, and it is usually the main collector and provider of labour market information. The public employment service is thus a kind of "hub" for the various labour market actors and stakeholders in a country.

Irrespective of a country's income level, its public employment service can support economic and labour market growth and exert a countercyclical influence during economic downturns, helping to reduce unemployment and address joblessness caused by structural changes. Public employment services are well placed to support vulnerable groups, including women, young people, older workers, migrants, rural dwellers, disabled persons and the long-term unemployed.

This report examines how public employment services helped to mitigate the labour market shock caused by the COVID-19 crisis and, more generally, how they have been adapting and innovating in response to the transformations that have been taking place in the world of work over the past two decades. In addition to an extensive review of the secondary literature and several country case studies, it draws on the findings of a survey conducted by the ILO among 94 public employment services worldwide in 2021.

Measuring the scale of the challenge faced by public employment services

Jobseekers and employers are the traditional clients of public employment services. However, there is an increasing need to support the participation in the labour market of the inactive but work able population. The LU3 indicator, developed by the ILO, captures those who are willing and/or available to work and those who are not. It is expressed as a share of the working-age population and gives an idea of the size of the potential client pool of

public employment services in a given country. The LU3 indicator provides a more accurate estimate than one based on considering simply those registered as unemployed. Many people of working age are not actively searching for work – and are therefore not included among the unemployed – as a result of various factors that could be addressed by public employment services and relevant labour market policies. Indeed, those in the potential labour force, which includes many young people and women, are likely to face complex and multiple barriers such as lack of childcare support, poor transport infrastructure, long travelling distance to the workplace, insecurity and gender-stereotyped roles assigned to women in some societies.

While unemployment and the potential labour force – the LU3 components expressed as ratios in this publication – have fallen at the global level, they are still above their pre-pandemic levels. This means that public employment services must increasingly deal with a more complex clientele who are outside the labour force, including those not in employment, education or training (NEET) such as youth NEET.

Lessons from the COVID-19 crisis: Integration of activation measures and income support

During the COVID-19 crisis, public employment services demonstrated their responsiveness and ability to adapt their intermediation activities to new labour market conditions by paying out income support, opening alternative channels for client engagement and adjusting skilling measures to the requirements of shifting labour markets. Together with other public agencies, they played a critical role in the policy responses adopted by governments with a view to activating, augmenting and expanding the provision of support to jobseekers, workers and employers. Among the institutions better prepared to respond to the challenges brought by the crisis were those that had invested in technology to improve service delivery before the crisis and those with a clear strategy for digital transformation.

However, the findings of the ILO global survey from 2021 confirm that public employment services tend not to be responsible for the overall coordination of ALMPs – not even those operating as autonomous or semiautonomous agencies, rather than as a line department of the labour ministry. Instead, they are most frequently involved in linking registered jobseekers with specialist support services that implement ALMPs under the auspices of other supervising ministries.

Strategies to link active and passive labour market policies have been promoted to encourage more speedy transitions to employment and reduce long-term welfare dependency. There has been a growing focus in developed countries on a “rights and responsibilities agenda” in the welfare support systems for those of working age. People are increasingly required to participate in activation programmes as a condition of receiving benefits. Activation is

essential to increase the labour supply, especially in countries facing demographic pressure because of ageing populations, skill shortages and the fiscal implications of a rising share of national income being spent on welfare and pensions. Consequently, the client base of public employment services is expanding as growing numbers of long-term unemployed persons and previously inactive people are being required or encouraged to participate in activation programmes as a condition of receiving income support through social assistance schemes. This approach has led to administrative reforms, notably the merging of employment and benefit delivery agencies in some countries.

During the COVID-19 crisis, numerous countries reformed their unemployment insurance and social protection programmes, extending the coverage of various cash transfer schemes to many of the groups hit hardest by lockdowns and labour market disruptions, including informal workers and the self-employed. Many of these transfers and other interventions, such as employment subsidies, are likely to be of a short-term nature, their aim being to support working-age recipients while they transition to job matching and/or skills-building so that they can enter or re-enter the labour market. At the same time, multiple other social protection programmes are experiencing high demand as poverty and inactivity rates increase. In that regard, it is important to continue with reforms to activate otherwise passive cash transfers for working-age people by fostering closer partnership working between social welfare agencies and public employment services. Indeed, the crisis has highlighted the need to coordinate social protection and active labour market support.

Digitalization in the world of work and in service delivery

The COVID-19 crisis has accelerated the digitalization of public employment services building on trends already observed before the COVID19 crisis, although the in-person delivery of services still remains important. Countries that had already invested in digital technology and infrastructure were better able to switch to digital delivery than those that had not, which was generally the case with developing and emerging countries.

Experience shows that digitalization facilitates the enhancement of services and delivery systems, as reflected in effective labour market information collection and analysis, customization of services to user needs, and partnership working. Automation and artificial intelligence are affecting all sectors, and public employment services will need to develop partnerships to take advantage of “big data”, which is set to become increasingly important in assisting workers and jobseekers to adapt to this changing environment. In several low-income countries, digitalization is not only helping to overcome a lack of physical infrastructure but is also allowing employment services to benefit from greater data availability for the purposes of intermediation.

Many public employment services are opting for a hybrid service, where face-to-face components remain in place but are significantly complemented by digital support. Going digital represents an opportunity to automate some routine administrative tasks, communications and interactions with jobseekers and employers, freeing up time for counsellors to focus on clients needing intensive support and regular follow-up.

However, this growing volume of data and data sources poses a number of challenges related to data quality and security, as well as in terms of a digital divide that threatens to exclude those clients who are not able to access and understand the data. A combination of vulnerability and lack of knowledge of available online services for intermediation can keep jobseekers from using online employment services altogether. In addition, automated job matching – for example, through the algorithmic selection of candidates for vacancies – could lead to discrimination and unlawful practices if it is not carefully designed and regulated.

Addressing skills needs and mismatches

The increased demand for green skills for the transition to sustainable economies, automation and the digital transformation of jobs, as well as demographic change such as population ageing in developed countries, has created a mismatch and shortage of skills in the labour market. These skill shortages, which intensified during the COVID-19 crisis because of the additional shifts in employment structure caused by lockdowns and the longterm closure of certain sectors, call for public employment services to provide more guidance to help individuals to navigate labour market transitions and undertake reskilling. Skill shortages and mismatches call for public employment services to strengthen their skills anticipation capacity in collaboration with social partners, especially employers, and other stakeholders. Most of the public employment services surveyed by the ILO in 2021 indicated that they had stepped up their skills training for jobseekers to tackle the exacerbation of skills mismatches reported by employers, and that they had invested in expanding their career guidance capacity. As with the adoption of new technologies, those public employment services that had invested in the strengthening of their training capacities or in relevant partnerships before the pandemic were better able to respond to this surge in training needs.

A major step that most public employment services are taking is looking at jobseekers' competences in a more diversified manner. Instead of focusing on formal qualifications and conventional occupations, they are now considering broader knowledge and skills profiles. That opens up opportunities for jobseekers to demonstrate their abilities for certain jobs, thereby empowering more people and increasing the inclusion of the most vulnerable groups, not least informal workers.

Delivery of services for jobseekers and inclusiveness

The range, depth and quality of services offered by public employment services have increased, especially in terms of customization and personalization, in particular for groups that are normally excluded from the labour market: women, young people without experience, older jobseekers, persons with disabilities, migrants and refugees. In developed countries in particular, organizational and management structures inspired by new public management and quality management approaches have fostered an increasing focus on providing customer-oriented, personalized services.

To make sure that they can channel their support to those who need it most, many public employment services have adopted profiling systems for new clients that assess their employability and help to “segment” the service package that will be used to support them. This enables such entities not only to invest their resources efficiently but also to offer clients tailored service options and pathways for (re)integration into the labour market that take account of their individual circumstances. Almost 90 per cent of the public employment services participating in the ILO global survey in 2021 indicated that they segmented jobseekers.

To achieve a more inclusive labour market, labour market institutions should take targeted measures to foster equality and inclusiveness in their own organizations. A positive finding from the ILO’s 2021 survey is that almost 80 per cent of the responding public employment services had a gender equality policy in place, with little variation across country income groups and regions.

As pointed out before, while innovation through technology is likely to facilitate the modernization of public employment services in the coming years, there are issues regarding inclusiveness that must be considered. For example, the digital divide between generations, whereby younger people are more likely to have at least a basic level of digital skills, can in effect exclude older people. Improving digital infrastructure and access to it for all segments of the labour market is also important to ensure that the potential benefits of service expansion, targeting and customization are realized in an inclusive manner.

Shift towards a holistic approach

While a focus on vulnerable groups has a long tradition in public employment services, intermediation has in recent years experienced a gradual shift to a more holistic approach that seeks to simultaneously address occupational and social obstacles to labour market inclusion. Countries’ responses to the ILO global survey of public employment services in 2021 suggest that the provision of such holistic support is still at an early stage and

is not yet widespread. There is a need for policy and legal frameworks that can enable cooperation between the institutions responsible for unemployment benefits and social welfare functions on the one hand, and public employment services on the other. More resources in terms of time, staff and funding are also required for a holistic approach to work.

Delivery of services for employers

Although the services offered to employers by public employment services have expanded significantly in recent years, they are still underused. Despite the range of services that are now available, most public employment services still struggle with low visibility and trust among employers, who often choose to look elsewhere for effective recruiting and show little interest in employing individuals from vulnerable groups.

Improving the services provided is key to unlocking a mutually beneficial relationship between employers and public employment services. This can be achieved by innovating and customising service design and delivery with and for employers through social dialogue and engaging them in the implementation of various active labour market policies as partners. Moreover, public employment services should consider segmenting their employer clients as well so that they can use different communication and marketing approaches and adjust the intensity of services accordingly.

Modernization

Public employment services are innovating and adapting to the challenges associated with the future of work in order to serve their customers better, but also to remain relevant. However, the modernization of public employment services should not be restricted merely to the adoption of digital technologies. Modernization is also about more effective managerial structures and coordination with other labour market and social protection institutions, including service providers in the private sector. Public employment services around the world are seeking to enhance their performance management systems to identify what works and improve service quality. Some entities have introduced internal key performance indicators based on new public management approaches to foster customer-oriented service delivery. Many public employment services are transitioning from traditional bureaucratic administration to performance-based management. This involves setting targets and establishing internal monitoring systems to evaluate whether the targets are attained in both processes and outcomes. In some advanced and emerging countries, public employment services have adopted international quality measurement standards. The setting of targets and key performance indicators however should be done in a consultative manner to avoid perverse behaviour such as creaming.

The megatrends shaping the future of work, and in particular developments in automation and digitalization accelerated by the COVID-19 crisis, call for an appropriate response from public employment services to ensure that their delivery mechanisms are fit for purpose. They have to be able to meet the challenges of a rapidly evolving labour market.

Partnership working

Partnerships for the delivery of employment services have grown over the years and were central to public employment services' response to the COVID-19 crisis. The findings from the ILO global survey conducted in 2021 suggest that the most significant motive for the creation of partnerships, in the context of the pandemic, was the need for rapid mobilization of additional capacity and competences to ensure adequate coverage and quality of services. During the crisis, several public employment services in developing and emerging economies approached partners that had usually been difficult to reach, such as specialized training providers, other government agencies implementing ALMP measures (including the promotion of entrepreneurship and public works) and the private sector. The holistic approach to labour market integration and the greater emphasis on activation policies have increased the need for public employment services and other support organizations to collaborate. In developing countries, partnership working is hampered by a lack of resources and limited capacity to design and manage partnerships.

It is important that public employment services foster partnerships directed at vulnerable groups that require multidimensional support comprising a mix of interventions, especially during a crisis. The social partners, notably employers' organizations and trade unions, can help public employment services to reach out to clients and find effective ways of enhancing vulnerable groups' access to the labour market. Partnerships with workers' and employers' organizations, even if they are informal, also ensure that skills training is tailored to the immediate and medium-term needs of the labour market. Civil society organizations can play a helpful role too, since they often have a close connection to target groups and possess the agility to communicate and try out solutions on the ground.

Employment service ecosystems

The traditional system of employment support based on a lead organization, typically the public employment service, "owning" a client's labour market integration trajectory and contacting other agencies to provide specialist assistance on its behalf is being superseded with the emergence of employment service ecosystems. The client is now considered to be at the centre of the process, with a range of potential support providers delivering bespoke labour market integration "packages".

Nevertheless, public employment services have been found to play a decisive role in the most effective ALMP systems, acting as intermediaries between the different policies and services provided. Such coherent approaches can be resource-intensive, and thus difficult to implement and sustain, especially in lower-income countries.

The success of public employment services in meeting the new labour market challenges will depend in part on how well they coordinate their service delivery and work in partnership with a wide range of stakeholders and delivery agents operating in such ecosystems. Indeed, there is an increasing trend towards decentralization of employment services, in both developed and developing countries, which makes it possible to customize responses to local needs and to leverage partnerships to address employment barriers holistically. However, decentralization may bring some challenges. In federal States, and even in unitary ones, the devolution of employment service responsibilities to the local level can lead to an unequitable distribution of services between urban and rural municipalities as well as between rich and poor regions, thereby exacerbating existing inequalities. Ensuring the optimal functioning of employment service ecosystems requires targeted action to strengthen public employment services so that these can play the dual role of a labour market coordinator and a contributor to partnerships with other actors in the ecosystem.

Financing

Although the effectiveness of service delivery depends on several factors other than the allocation of resources, a public employment service needs to be provided with a minimum level of funding commensurate with the scope of its mandate. Government budgets, especially the central budget, are by far the most important source of funding for public employment services worldwide, with over 95 per cent of the entities responding to the ILO survey in 2021 reporting that to be the case. Governments increased the funding for public employment services in response to the COVID-19 crisis, but fiscal consolidation policies may reverse that trend during the recovery. However, experience from the aftermath of the global financial crisis of 2008 suggests that governments should increase or maintain public expenditure until a recovery is assured. Accordingly, public employment services are diversifying their sources of funding to finance specific activities and to cushion themselves against budget fluctuations.

In the aftermath of the COVID-19 crisis, some fundamental changes are required to enable countries to finance a human-centred recovery, including through the implementation of ALMPs. This is especially true of poorer countries and regions, which are hampered by their limited fiscal space. Even before the crisis, the debt burden of some countries was so high that it prevented investments in education, healthcare and social protection. Coordinated, largescale issuance and donation of International Monetary Fund special drawing rights

and economically significant debt relief are specific measures that would help to reduce global disparities in the funding of such labour market interventions.

Policy and legal framework

The institutional and organizational structure of public employment services has a major influence on the design and implementation of ALMPs and evolves with changes in the labour market. To be effective, public employment services need to have a mandate that is grounded in robust legal frameworks at the subnational, national and/or supranational levels. The anchoring of their mandates in employment policy and legislative frameworks is important not only to legitimize their work, but also to attract the necessary resources, clarify their roles, and endow them with the convening power that they need to be able to play a coordinating role in the labour market. Disparities exist between countries in different income groups, with high-income countries being more likely to have legislation providing for ALMPs, unemployment benefits and the regulation of private employment agencies. Nevertheless, legal frameworks should be dynamic and flexible to support the agility of employment services.

International labour standards, such as the Employment Service Convention, 1948 (No. 88), and the Private Employment Agencies Convention, 1997 (No. 181), provide the normative framework which can be used to develop national legislation and policy.

Abbreviations

▶ ALMP	active labour market policy
▶ EPR	employment-to-population ratio
▶ EU	European Union
▶ ICT	information and communications technology
▶ ISCO	International Standard Classification of Occupations
▶ NEET	not in employment, education or training
▶ NGO	non-governmental organization
▶ NPM	new public management
▶ OECD	Organisation for Economic Co-operation and Development
▶ PANES	National Social Emergency Response Plan [Uruguay]
▶ PES	European Network of Public Employment Services Network
▶ PESO	public employment service office
▶ SMEs	small and medium-sized enterprises
▶ WAPES	World Association of Public Employment Services



CHAPTER 1

Introduction

Public employment services are now more necessary than ever to support workers and employers in navigating the turbulence of labour markets. At no point since the global financial and economic crisis of 2008–09 has unemployment returned to pre-crisis levels, while inactivity – which refers to the proportion of people who have not entered the labour market or have abandoned it altogether – is on the rise. More than a decade after the Great Recession, the impact of the COVID19 pandemic and of geopolitical instability has not only reversed the progress made towards recovery from that earlier crisis but also brought new challenges, which are greater in scale and farther-reaching in their consequences. Millions of people can no longer sustain a living by working.

At the time of publication of this report, COVID-19 restrictions have been lifted in all countries and economic activity has resumed. However, uncertainty continues to affect many sectors and industries around the world and has in fact worsened owing to multiple, interrelated factors. The COVID-19-related disruptions in China continue to have a negative impact on the global economy because of that country's position as a major player in global value chains. The conflict in Ukraine has resulted in soaring food and energy prices, increasing the pressure on global supply chains. These factors are contributing to rising inflation in most countries, including advanced economies that had not experienced high inflation in recent times. Although governments and central banks in advanced economies are raising interest rates to try to keep inflation under control, private investment is expected to decrease, which is likely to lead to further job losses and insufficient job creation. In addition, public spending in emerging and developing economies will contract further owing to higher debt servicing costs, which is bound to reduce investment in public services – including public employment services and other mechanisms for the implementation of active labour market policies (ALMPs) that are vital to support workers and enterprises during a crisis.

This introductory chapter outlines selected labour market trends that demonstrate the scale of the challenges faced by public employment services to support labour market transitions and recovery from the multiple crises, including the COVID19 crisis. Global and regional trends for the decade before the pandemic (2010–19) are discussed using key labour market indicators, with a focus on disadvantaged groups such as women and young people. A recently developed indicator of labour underutilization, LU3, is used to estimate the potential number of clients for public employment services in addition to the unemployed. Responses by public employment services to these challenges are presented

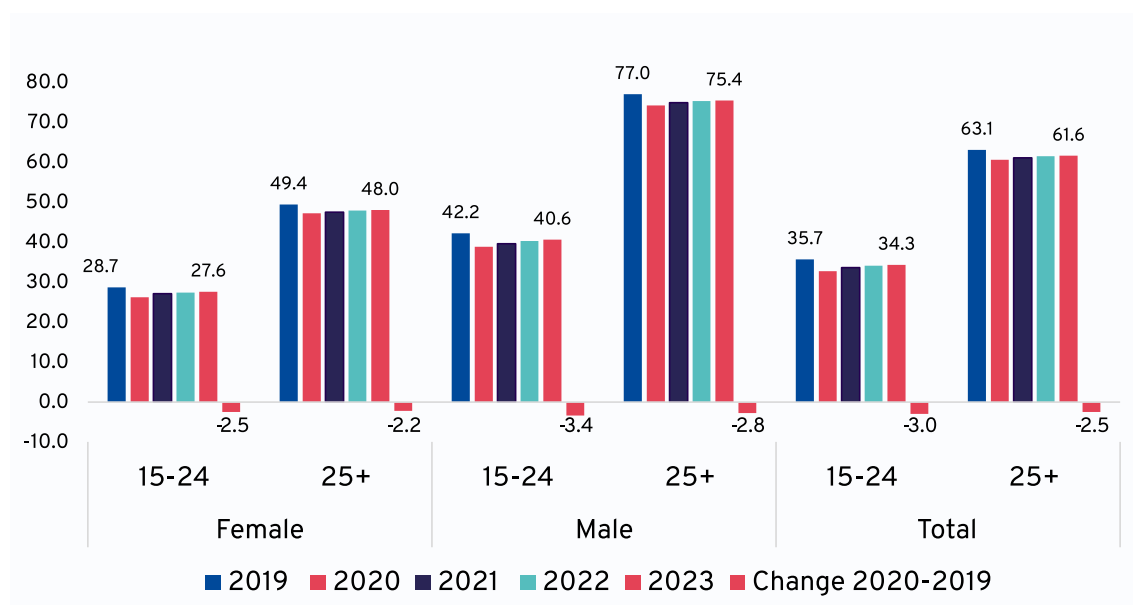
and various gaps that need to be addressed are identified. Finally, an overview is provided of the subsequent chapters. This is the first global report on public employment services, covering entities in both developed and developing countries.

1.1. Recent labour market developments and challenges

The COVID-19 crisis has reversed the modest labour market recovery achieved over the past decade

The economic and employment crisis precipitated by the COVID-19 pandemic in 2020 reversed much of the progress notched up in the preceding decade. For example, the global employment-to-population ratio (EPR), which is the ratio of the employed to the total working-age population, fell by 2.5 percentage points in just one year. Although recovery began in 2021, the EPR is not expected to reach anything close to its pre-pandemic levels even in 2023.

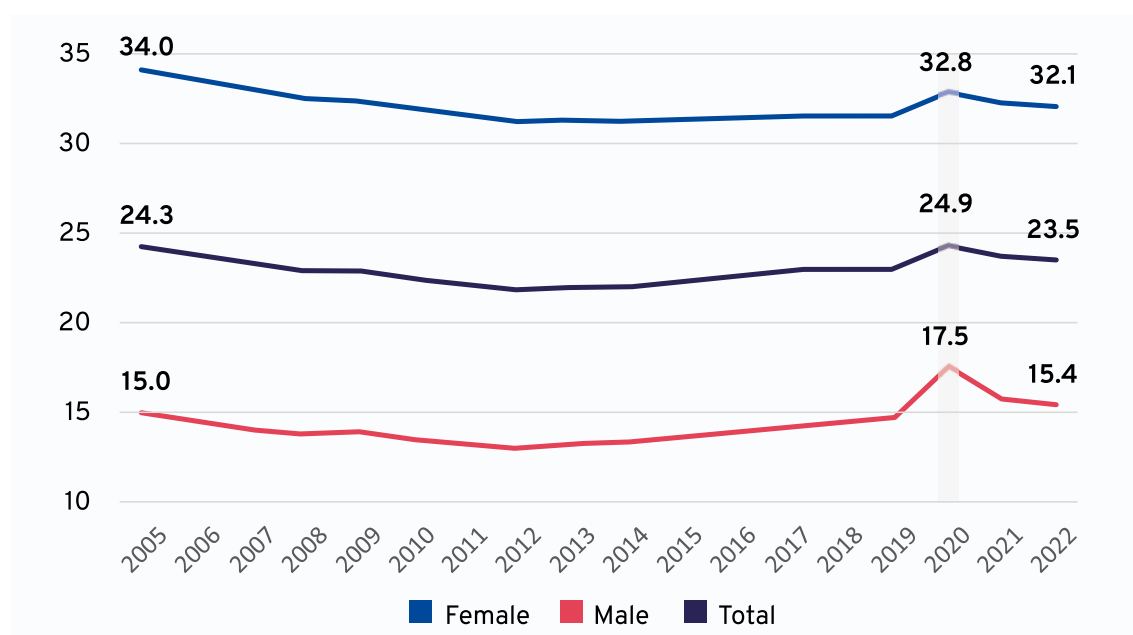
Figure 1.1. Global employment-to-population ratio, by sex and age, 2019–23 (percentage and percentage change)



Source: ILO modelled estimates, November 2021.

The impact of the COVID-19 crisis on young people was even greater, especially on young men, who saw their EPR fall by 3.4 percentage points between 2019 and 2020 (figure 1.1)¹. The pandemic also reversed part of the progress made between 2005 and 2019 in reducing the share of young people not in employment, education or training (NEET). In 2020, NEET rates reached the highest levels observed since global records began in 2005 (figure 1.2). Although NEET rates have fallen again as the pandemic subsided, they still remain at a higher level than in the years before the crisis.

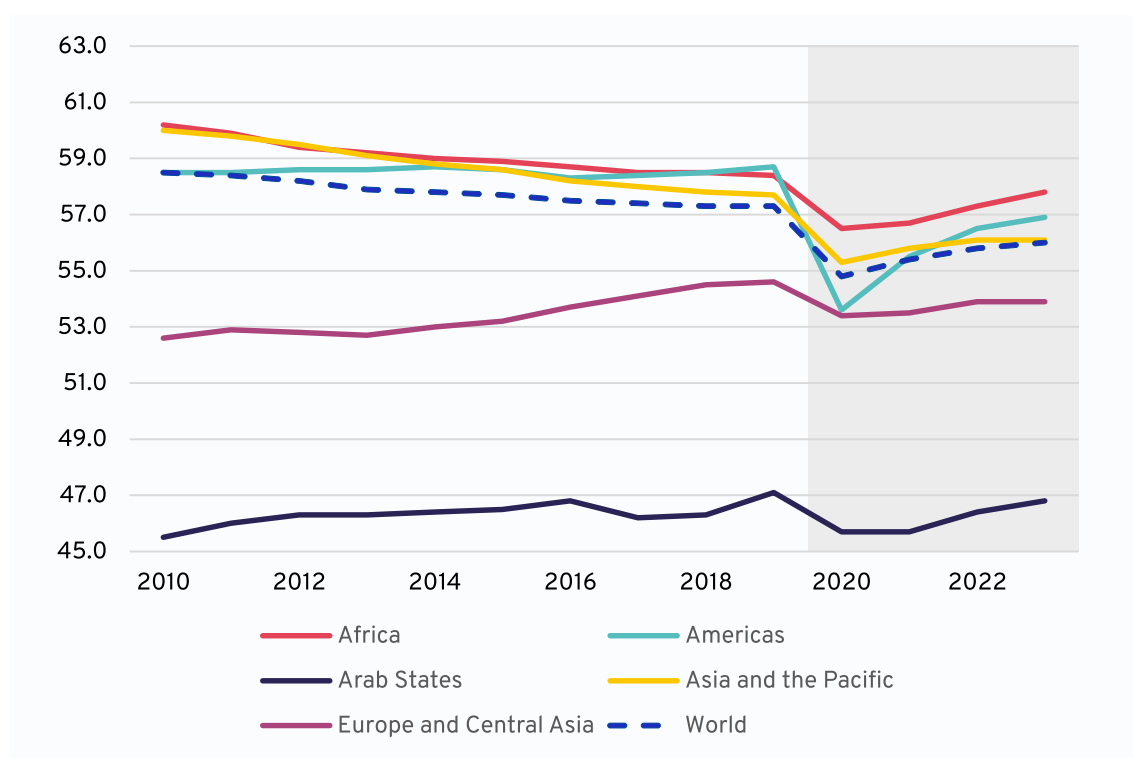
Figure 1.2. Share of young people worldwide not in employment, education or training, by sex, 2005–22 (percentage)



Source: ILO modelled estimates, November 2022.

The impact of the pandemic on labour markets was not equal across regions and countries, and the same is true of the speed of recovery. In terms of employment losses, the Americas suffered the largest fall in the EPR (5.1 percentage points) from 2019 to 2020, followed by Asia and the Pacific and by Africa (2.4 and 1.9 percentage points, respectively). Moreover, employment recovery has been slow above all in the Americas and in Asia and the Pacific, and it is expected to remain so even in 2023. ILO projections suggest that the EPRs in those two regions in 2023 will still be nearly 2 percentage points below their 2019 levels. On the other hand, the EPRs in Africa, the Arab States, and Europe and Central Asia are expected by 2023 to have recovered to within 1 percentage point of where they stood in 2019 (figure 1.3). It is important to note that, beneath these geographical aggregates, there are substantial variations within regions in the rate of recovery of employment (ILO 2022).

¹ Given the lower labour force participation rates of (young) women, however, the percentage decrease in the EPR (as opposed to the percentage-point decrease) was larger for young women than for young men. Young women were also affected to a greater extent by the multiplication of caregiving duties associated with lockdown measures.

Figure 1.3. Employment-to-population ratio, world and by region, 2010–23 (percentage)

Source: ILO modelled estimates, November 2021.

Employment services have played a key role in supporting labour markets at times of crisis

At the height of the pandemic, the ILO proposed a four-pillar policy framework for tackling the economic and social impacts of the COVID-19 crisis². This envisaged a combination of policies to support people and businesses throughout the four phases of the crisis, namely, containment, stabilization, exit from lockdown and employment reactivation. Public employment services, a key labour market institution, have been instrumental in the implementation of income support measures in many countries where such entities exist. During each of the four above-mentioned phases, public employment services have been delivering – or helping to deliver – various types of relief (such as credit and tax relief for enterprises), employment retention measures (such as incentives for employers to hold on to workers), social protection (such as income support and income replacement) and reactivation measures (such as ALMPs). Together with other government agencies, public employment services have played a critical role in the policy responses adopted by governments, in particular to activate, augment and expand the provision of support to jobseekers, workers and employers (ILO 2020b).

² The four pillars are: (a) stimulating the economy and employment; (b) supporting enterprises, jobs and incomes; (c) protecting workers in the workplace; and (d) relying on social dialogue for solutions. See ILO (2020a).

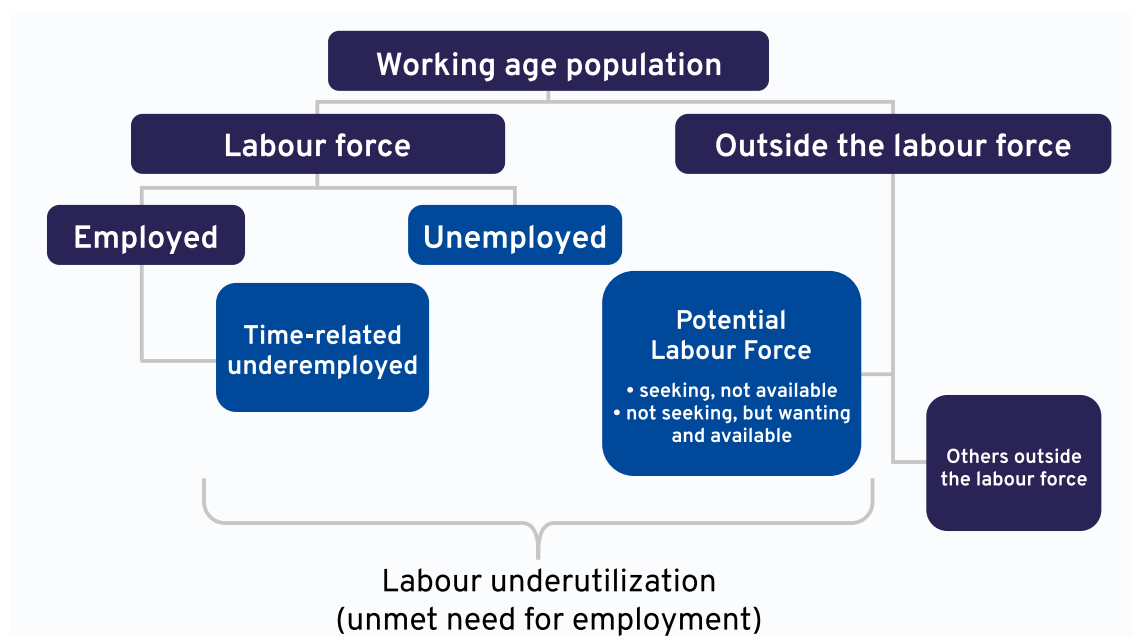
Governments and the social partners should make use of all the resources available, including public employment services, to support people and businesses as part of a sustainable, inclusive and resilient human-centred recovery. One of the core functions of employment services is helping enterprises and workers to adjust to changing labour markets. This function becomes even more relevant during a crisis, when, as noted by the Governing Body of the International Labour Office, “demand intensifies for job-search assistance to unemployed workers and registering individuals for unemployment insurance (where it exists)” and public employment services are called upon to “implement new active labour market programmes to mitigate redundancies and to speed up re-employment of those who have lost their jobs” (ILO 2009, para. 1). The COVID-19 crisis put unprecedented pressure on employment services for three main reasons. First, the restrictions of movement and lockdowns imposed in virtually all countries to try to contain the spread of the virus affected almost all sectors of the economy simultaneously, resulting in a massive loss of jobs that sharply increased the demand for employment services. Second, some sectors and industries faced a sudden rise in demand for their products and services (for example, healthcare services, face masks and hand sanitizers), which could not always be satisfied adequately by the existing workforce. Third, public employment services faced the same public health restrictions as other entities, limiting their operational capacity and their delivery of in-person services. These multiple factors compelled public employment services to adapt and adjust their operations and service delivery mechanisms. Among the institutions better prepared to respond to these challenges were those that had invested in technology to improve service delivery before the crisis and those with a clear strategy for digital transformation (ILO 2020b).

With the lifting of pandemic-related restrictions, public employment services are now operational in most countries, though other factors may still be impairing their ability to deliver fully. For example, investments in public employment services, which were stepped up at the height of the crisis, are likely to decrease in many countries owing to the reduced fiscal space. Yet, the demand for such services is higher than ever. While unemployment and inactivity levels remain high in many regions (mostly in developing countries), labour shortages are preventing recovery in many sectors and industries in advanced economies. Some workers in the sectors that were hit hardest during the pandemic, such as healthcare, social care, tourism and catering, are reluctant to return to their previous jobs because of the low real wages and arduous working conditions. These challenges come on top of the disruptions experienced by labour markets in the decade before the pandemic. Rapid technological change, automation and the transition of some industries to environmentally sustainable modes of production are accelerating the obsolescence of skills. This puts many workers and jobseekers in a vulnerable situation unless they can be reskilled or upskilled. Demographic change and migration continue to increase the demand for geographical and cross-sectoral labour mobility, which is especially relevant for younger and older workers, migrants and refugees. Faced with all these challenges, public employment services need to ensure that they are sufficiently resilient and responsive to be able to fulfil their mandate.

How indicators based on the potential labour force can shed light on demand for public employment services

The second decade of the new millennium (2010–19) was bounded at both ends by severe economic downturns that have had a significant impact on labour markets. The global financial and economic crisis of 2008–09 on the one hand, and the severe economic impacts of the COVID-19 pandemic and the conflict in Ukraine on the other, have left millions of people unemployed or in working poverty.³ In recent years, though, the limitations of the unemployment rate as an indicator of labour market performance have been increasingly recognized.⁴ These limitations restrict what governments and the social partners can do to support those who need it the most, including ALMPs such as the provision of employment services. While the unemployment rate captures working-age people who are seeking work and are available to work, it effectively excludes those who want to work but are not available. This is the case of many young mothers who cannot look for a job because of the lack of childcare support. The unemployment rate also excludes people who are available to work but not actively seeking a job. These include discouraged workers who have given up searching for a job, notably young people in a NEET situation, and who therefore risk facing long-term unemployment. Indicators based on the potential labour force can redress this shortcoming and yield more comprehensive labour market information supporting the design and implementation of better-targeted policies, especially employment services. Figure 1.4 below shows the components of labour underutilization within the working-age population, namely, unemployment, timerelated underemployment and the potential labour force.

Figure 1.4. Components of labour underutilization that can be used to monitor unmet need for employment



Source: Benes and Walsh (2018).

³ See ILO (2019) for a discussion of working poverty.

⁴ Among other things, this has led to the introduction of the NEET rate as the main indicator of the labour market situation of young people. For more information on that indicator, see the ILOSTAT web page on statistics on youth, <https://ilostat.ilo.org/topics/youth/>.

The ILO has developed a set of combined indicators to identify other sources of labour underutilization (LU) beyond unemployment (table 1.1 and figure 1.5). Indicator LU1 is the standard unemployment rate. LU2 combines time-related underemployment⁵ and unemployment.⁶ LU3 is the combination of unemployment and the potential labour force.⁷ Finally, LU4 represents the share of the extended labour force who are in unemployment, in time-related underemployment or in the potential labour force.

Table 1.1. ILO indicators of labour underutilization

LU1	Unemployment
LU2	Time-related underemployment + unemployment
LU3	Unemployment + potential labour force
LU4	Unemployment + time-related underemployment + potential labour force

Out of these indicators, LU3 is of particular importance for public employment services. This indicator captures those who are willing and/or available to work and those who are not available. Specifically, it comprises the unemployed – the usual clients of a public employment services – and the potential labour force, that is, all those who are not in employment but who wish to work, even though they are not actively seeking a job, as well as those who are seeking but are not currently available. While the unemployed are part of the standard definition of the labour force because they are actively seeking work, a share of those outside the labour force – the potential labour force – want to work but are not seeking a job or are looking for a job even though they are currently unavailable for work.

Significantly, LU3, which is expressed as a share of the working-age population, gives an idea of the size of the potential client pool of a given country's public employment service. This indicator provides a more accurate estimate than one based on considering simply those registered as unemployed. Indeed, many people of working age may not be actively searching for work – and are therefore not included among the unemployed – as a result of factors that could be addressed by public employment services and relevant labour market policies. For example, governments in advanced economies seek to activate those who are inactive not only with a view to combating unemployment, but also to tackle labour shortages and ageing of the labour force, and to reduce the fiscal cost of unemployment benefits (passive labour market policies).⁸

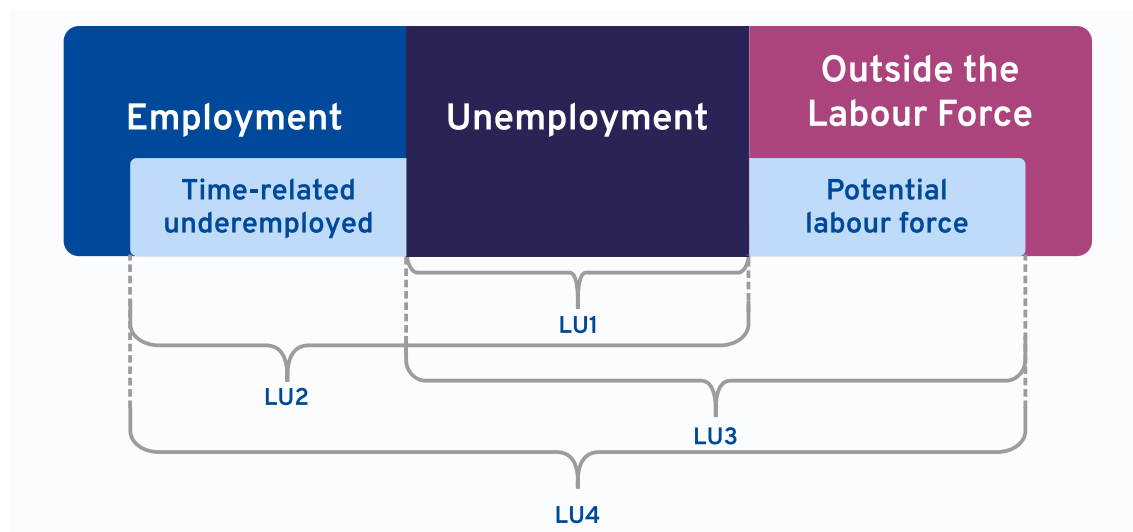
⁵ Time-related underemployment comprises all persons in employment who, during a reference period, (a) were willing to work additional hours; (b) were available to work additional hours; and (c) worked less than a threshold relating to working time.

⁶ Unemployment comprises all persons not in employment who are willing, available and actively seeking work.

⁷ The potential labour force includes all those not in employment who were not actively seeking work, but were available and/or wished to work. Typically the LU3 indicator is expressed, in the same vein as the unemployment rate, as a share of the extended labour force, that is, $LU3 = (\text{all those who are unemployed or in the potential labour force}) / (\text{the employed} + \text{the unemployed} + \text{the potential labour force}) \times 100$. In order to allow more direct comparison between unemployment and the potential labour force (and the EPR), in this chapter unemployment, the potential labour force and LU3 are expressed as a share of the age-specific population. Thus, for example, reference is made to the LU3 ratio, rather than the LU3 rate.

⁸ As in the United Kingdom of Great Britain and Northern Ireland. See Finn, Peromingo and Mwasikakata (2019).

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



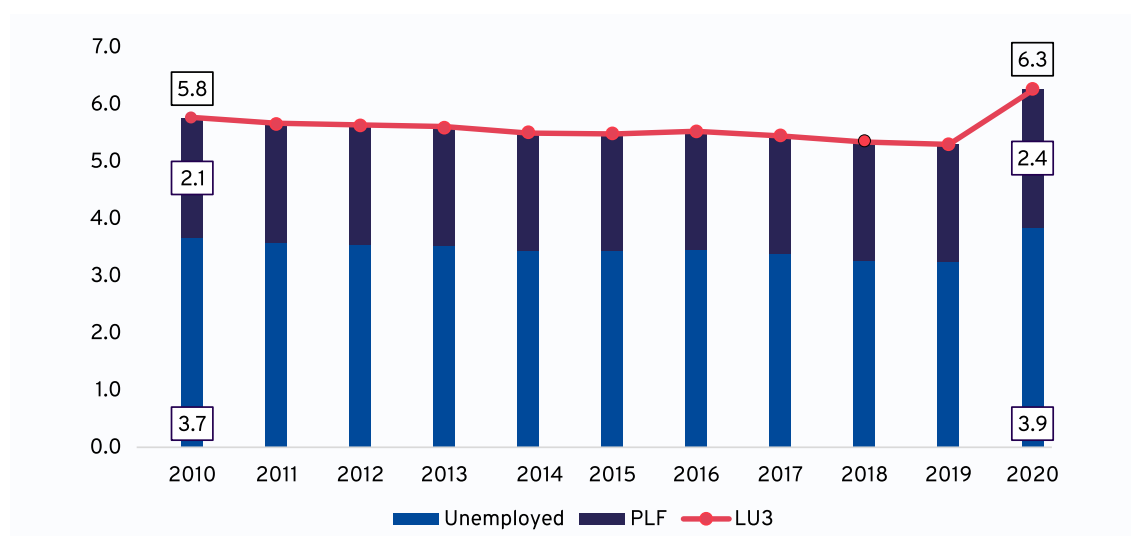
Source: ILO (2018).

The LU3 indicator gives a more accurate picture of labour market challenges that can be addressed through labour market policies by employment services

At the global level, the ratio of unemployment to the working-age population decreased gradually between 2010 and 2019, while the potential labour force remained relatively constant over that period.⁹ Consequently, the LU3-population ratio fell gradually from 5.8 per cent in 2010 to 5.3 per cent in 2019, before jumping a full percentage point to 6.3 per cent in 2020, which more than cancelled out all the progress made in the entire decade following the global financial and economic crisis of 2008–09 (figure 1.6). The reduction in the LU3 ratio between 2010 and 2019 was entirely due to a gradual decrease in unemployment over the decade, while the ratio of the potential labour force to the working-age population remained more or less constant throughout that period, hovering at around 2.1 per cent. Increases in both unemployment and the potential labour force contributed to the substantial upswing in LU3 in 2020. However, here too, the variation in unemployment (0.7 percentage points) contributed more to the overall change than did the increase in the potential labour force (0.3 percentage points).

⁹ Expressed as a share of the working-age population. The labour underutilization indicators discussed here are typically expressed in rates which take as their denominator a modified “labour force” depending on which items are included in the numerator. For the purposes of this report, both unemployment and potential labour force are expressed as shares of the age-specific population, which makes the two elements directly comparable but also leads to a slightly modified LU3 rate, referred to above as the “LU3-population ratio”.

Figure 1.6. Global unemployment, potential labour force and LU3 expressed as a share of the working-age population, 2010–20 (percentage)

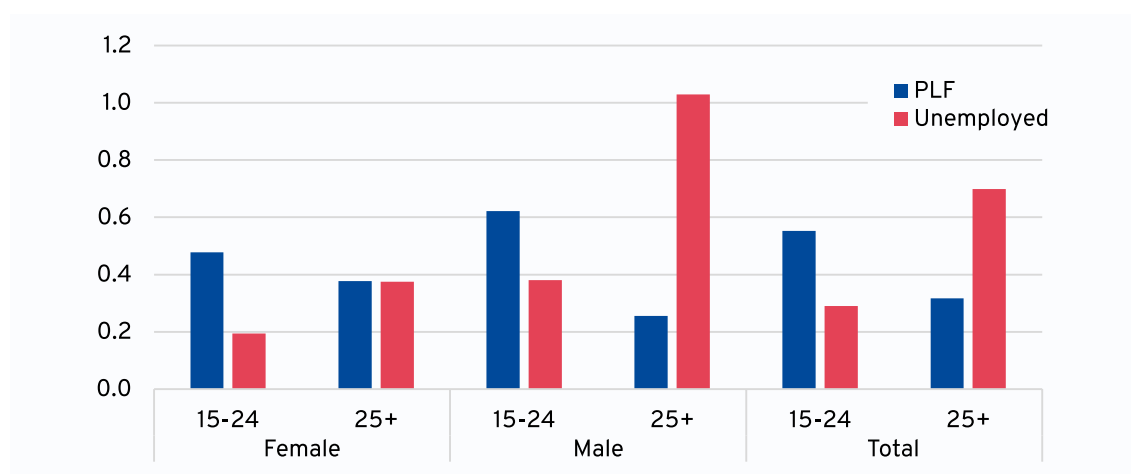


PLF = potential labour force.

Source: ILO modelled estimates, November 2021.

The changes in unemployment and potential labour force between 2019 and 2020 varied quite significantly by age. For adults (defined as those aged 25 years and above) the increase in labour underutilization (LU3) was mainly due to increased unemployment, while for young people (aged 15–24 years), especially young women, most of the change in LU3 was due to an increase in the numbers of those out of work who wished to work but were not actively seeking employment (figure 1.7). This is a worrying trend already observed in ILO analyses of the impact of the COVID-19 crisis on youth labour markets (ILO 2021). It highlights the importance of targeting young people who are becoming discouraged and detached from labour markets because they cannot find decent work opportunities. Activation policies are essential to prevent their long-term exclusion from the labour market.

Figure 1.7. Change in potential labour force and unemployment ratios between 2019 and 2020, by sex and age (percentage points)

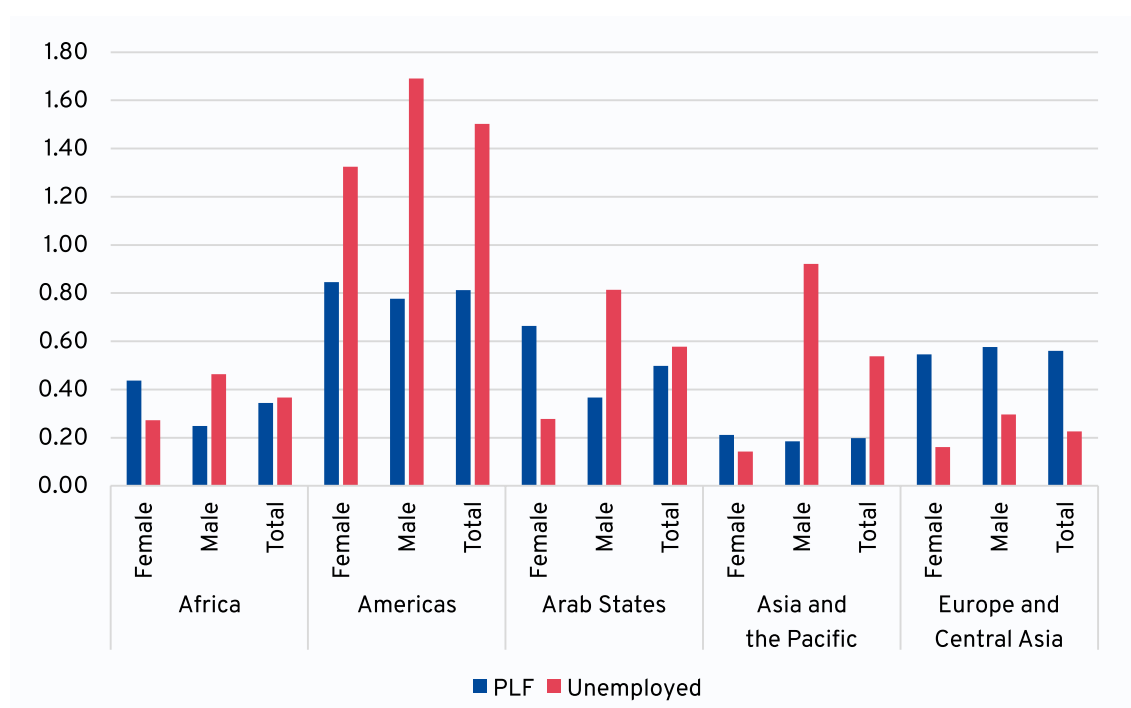


PLF = potential labour force.

Source: ILO modelled estimates, November 2021.

Regional variations are equally evident. The largest increase in the LU3 ratio, of over 2 percentage points (corresponding to over 5 million more people who wish to work), was observed in the Americas, which also suffered the greatest employment losses between 2019 and 2020. The shock to employment in the Americas translated mainly into an increase in unemployment, rather than into an increase in the potential labour force. In Africa, the Arab States, and Asia and the Pacific, increases in the potential labour force were more pronounced for women, while men experienced greater increases in unemployment. In Europe and Central Asia, however, the employment shock translated primarily into an increase in the potential labour force for both women and men. While the increase in unemployment was about twice as big as the increase in the potential labour force in the Americas, the opposite was true in Europe and Central Asia (figure 1.8). The magnitude of the challenges faced by public employment services around the world is therefore much greater than a consideration of unemployment alone would suggest.

Figure 1.8. Change in potential labour force and unemployment ratios between 2019 and 2020, by sex and region (percentage points)



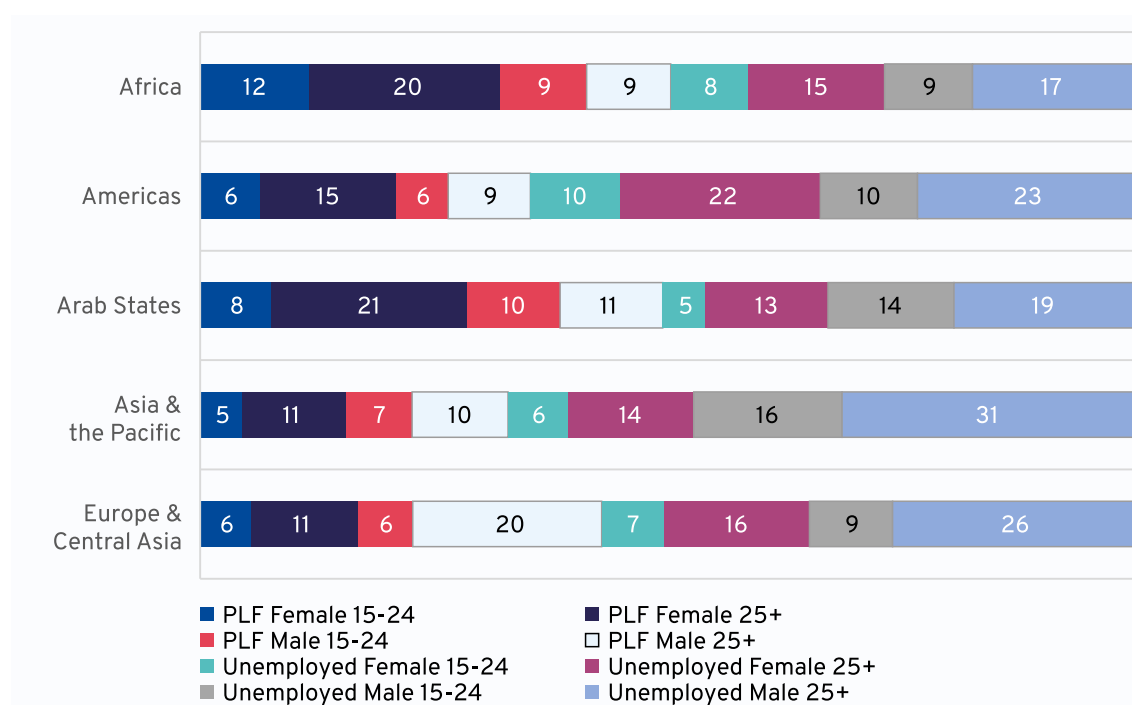
PLF = potential labour force.

Source: ILO modelled estimates, November 2021.

The composition of LU3 – that is, the relative sizes of the different groups comprising those willing and/or available to work – varies quite substantially from region to region. In Africa and the Arab States, the size of the potential labour force is about the same as that of the unemployed group. In other regions, the unemployed typically make up a slightly larger group. For example, in Asia and the Pacific, only about one third of those falling into the LU3 group are in the potential labour force. In Asia and the Pacific and in Europe and Central Asia

most (approximately 60 per cent) of those in the LU3 group are men. In the Americas and the Arab States, men and women each comprise roughly half of the LU3 group, while in Africa that group is made up predominantly (approximately 60 per cent) of women. Remarkably, in Africa, almost two in five people in the LU3 group are aged under 25 years. There are of course variations within regions and even at the national and subnational levels. The charts in figure 1.9 below serve to illustrate the varying challenges faced by public employment services in different regions.

Figure 1.9. Composition of the labour underutilization indicator LU3 by age, sex and labour force status in the five world regions (percentage)



PLF = potential labour force.

Source: ILO modelled estimates, November 2021.

The scope of the challenges that can be addressed by inclusive public employment services

The various figures presented above show that the unemployed are only part of the working-age population in need of employment services. While both the unemployed and those in the potential labour force share common challenges, there are additional barriers that affect the latter to a greater extent. Indeed, multiple factors can account for a person's unavailability or inability to work (table 1.2). First, there are barriers intrinsic to the labour market, such as the level of skills, qualifications and experience required by employers. Second, there are barriers associated with the search for a job, such as finding job vacancy listings, writing a curriculum vitae and preparing for a job interview. And third, there are barriers exogenous to the labour market, such as lack of childcare support, poor transport infrastructure, long travelling distance to the workplace, insecurity and gender-stereotyped

roles assigned to women in some societies. These barriers do not affect everyone in the same way and to the same extent. Young people are more likely than adults to encounter all three types. Most of them have only just begun to transition from education to work, possess little or no experience of work and searching for jobs, and have limited networks. In addition to many other challenges, women face higher labour market barriers than men in terms of family and household responsibilities, in particular with regard to childcare. Older workers often experience age-related discrimination and skills obsolescence. Many migrant workers are victims of discrimination and, often, of exploitation. People with disabilities may face discrimination and the lack of an adequate infrastructure that would enable them to work. It is therefore crucial that public employment services provide support to tackle exogenous labour market barriers in an integrated manner by facilitating access to social protection.

Table 1.2. Typology of labour market barriers and some examples

Intrinsic	Associated	Exogenous to the labour market
<ul style="list-style-type: none"> ▶ Technical skills ▶ Core skills¹ ▶ Qualifications ▶ Experience 	<ul style="list-style-type: none"> ▶ Job search ▶ Writing a curriculum vitae ▶ Job interview skills ▶ Limited networks 	<ul style="list-style-type: none"> ▶ Lack of childcare support ▶ Poor transport infrastructure ▶ Long distance to the workplace ▶ Discrimination ▶ Insecurity ▶ Cultural factors ▶ Informality

¹ For a discussion of core skills, see ILO (2013).

In many countries, public employment services do not address these barriers or address just some of them in isolation, which restricts their ability to improve labour market outcomes. As far as jobseekers are concerned, a narrow service offer not tailored to their needs will almost certainly discourage them from turning to public employment services for support. In such circumstances, employers may equally opt for alternative recruitment paths given the limited outreach of public employment services.

Public employment services are well placed to tackle multidimensional labour market barriers with a view to reducing inequalities

Integrating ALMPs with social protection can help not only to achieve improved labour market outcomes but also to reduce inequalities for disadvantaged groups. Indeed, the authors of a paper published a few years before the COVID-19 crisis observed that “the interaction between active and passive labour market policies generate[s] substantial beneficial effects in terms of both employment, unemployment and labour force participation” (Pignatti and Van Belle 2018, 25). The truth of this observation was corroborated by the crisis, during which many countries combined active with passive labour market policies, especially high-income countries, where public employment services remained “one of the main access points to unemployment benefits and job preservation schemes” (ILO 2020b, 12). While active and passive labour market policies and social protection measures address many of the structural barriers to employment and labour market attachment, public employment services can provide more effective support by tailoring it to individual needs and delivering it in an integrated manner.

The modernization of public employment services goes beyond the adoption of new technologies and digitalization

Over the past two years, the COVID-19 crisis has put the various models of public employment services to the test, accelerating their digitalization and the introduction of new technologies for internal operations as well as service delivery (ILO 2020c). Although digitalization is progressing at an unequal pace across regions, the modernization of public employment services should not be restricted merely to the adoption of digital technologies. Modernization is also about more effective managerial structures and coordination with other labour market and social protection institutions, including service providers in the private sector. While innovation through technology is likely to facilitate the modernization of public employment services in the coming years, there are issues related to inclusiveness that must be considered. The digital divide between generations, whereby younger people are more likely to have at least a basic level of digital skills, can in effect exclude older people. For a labour force with a given average age, the effectiveness of public employment services can vary depending on the availability of digital and in-person service provision. A global ILO survey of 75 public employment services in 69 countries found that “[w]hile there is a clear trend towards service digitalization, face-to-face services are maintained even in countries adopting ‘digital first’ policies to safeguard equal access for clients with low digital literacy” (ILO 2020c). Thus, in 27 per cent of the entities surveyed, the delivery model was predominantly technology-based; in 52 per cent, digital delivery was used only for selected services; and in 21 per cent, service delivery was mainly face to face (ILO 2020c). Another important aspect to consider is connectivity, which depends on the availability of information technology infrastructure and equipment, and on broadband access. In any case, service delivery must be ensured through both digital and non-digital channels, and services must be available to people living in both urban and rural areas. Finally, automated

job matching – for example, through the algorithmic selection of candidates for vacancies – could lead to discrimination and unlawful practices if it is not carefully designed and regulated.

Public employment services do not operate in a vacuum

Public employment services are a key labour market institution, but not the only one. To be effective, they have to liaise with other institutions and organizations – public and private – and with other labour market stakeholders. Vulnerable groups in the labour market need multidimensional support comprising a mix of interventions, especially during a crisis. Depending on their nationally defined mandate, and in line with relevant international labour Conventions,¹⁰ public employment services can be more effective if they coordinate their service delivery with education and training organizations, social protection institutions, employers' organizations, businesses and trade unions.

Public employment services must overcome several internal challenges if they are to provide effective support to labour markets during a crisis

Irrespective of their organizational setting, public employment services face a number of challenges inherent to their institutional nature, including insufficient funding, non-adapted or outdated management structures, ill-defined mandates, weak or absent policy and regulatory frameworks, limited or non-existent communication with potential clients (jobseekers and employers), and inadequate physical – and increasingly digital – presence in regions and channels where they need to be active.

¹⁰ Notably the Employment Service Convention, 1948 (No. 88), and the Private Employment Agencies Convention, 1997 (No. 181).

1.2. Structure of the report

In order to facilitate a better understanding of how public employment services can overcome the challenges described in the previous section, subsequent chapters of the report provide an in-depth discussion of key areas: how organizational structure and governance influence the effectiveness of public employment services; trends and developments in intermediation services; the design and implementation of ALMPs and income support; and the role of partnerships in the delivery of employment services. The rest of the report is structured as follows:

Chapter 2 discusses how public employment services operate in different organizational settings and institutional frameworks, examining the ways in which these differences influence their service delivery. It reviews the aspects that have been shaping the evolution of service delivery models and provides country examples to illustrate them. Different types of public employment service management are presented, together with the factors that determine their effectiveness, efficiency and capacity, including specific targets to drive continuous improvement, strong financial control systems, public accountability processes independent of political influences, and reduction of bureaucracy. The chapter also discusses the drivers that lead public employment services to focus on the needs of jobseekers and employers.

Chapter 3 deals with the intermediation services provided to jobseekers and employers. Drawing on the findings of a survey conducted by the ILO of 94 public employment services around the world, it analyses the different intermediation services available by type and the extent to which they were affected by the COVID-19 crisis. It sheds light on the latest trends regarding digital service delivery and the use of “big data” by public employment services. The chapter also discusses the focus of public employment services on skills development and the need for coordination with technical and vocational education and training institutions. Various tools and approaches used to improve the effectiveness of service delivery and reduce inequalities are reviewed, including profiling, segmentation and targeting. An entire section is devoted to public employment services from the perspective of employers, including new approaches used to improve employers’ perception of such entities. The chapter is rich in country examples to illustrate the topics covered. It concludes with some reflections on future trends in intermediation.

Chapter 4 provides a comprehensive review of ALMPs, with a particular emphasis on public employment services and how they help to implement labour market policies. After defining and classifying ALMPs, the chapter offers a chronological narrative of their historical development and purpose. It then highlights lessons learned from previous decades in different regions, citing numerous country examples. The crucial role that ALMPs played in supporting labour markets during the COVID-19 crisis is discussed, together with the different responses to the crisis. It examines inequalities in the scale of policy implementation between high-, middle- and low-income countries arising from fiscal

factors but also depending on whether such policies were previously in place, in which case they could be expanded and adapted during the pandemic. Finally, the chapter shows how ALMPs can support recovery from the impact of the COVID-19 crisis and other crises.

Chapter 5 discusses the importance of partnerships for public employment services. It explains why partnerships are necessary for service delivery and describes the frameworks under which they can operate. The way in which partnerships established by public employment services have been gaining ground in times of crisis is highlighted. A regional overview of the different types of partnership established by public employment services and their purpose (such as guidance or matching) is provided. The chapter considers how partnerships can make public employment services more effective in increasingly complex settings and in the face of increasingly specific demands. Drawing on several country examples, it identifies a positive correlation between the maturity of a public employment service and its capacity and willingness to establish partnerships. The chapter looks at how the pandemic accelerated the establishment of partnerships in many countries, and at how partnerships can facilitate the digitalization of services. Moreover, it explains why and how partnerships can help public employment services to support a human-centred recovery from the COVID-19 crisis. The chapter concludes with an overview of likely future trends in public employment service partnerships.

Chapter 6 provides policy recommendations drawn from the report main findings.

Chapter references

- Benes, Elisa M., and Kieran Walsh. 2018. "Measuring Unemployment and the Potential Labour Force in Labour Force Surveys", ILO Statistical Methodology Series No. 6.
- Finn, Dan, Miguel Peromingo, and Michael Mwasikakata. 2019. *Key Developments, Role and Organization of Public Employment Services in Great Britain, Belgium-Flanders and Germany*. ILO.
- ILO. 2009. *ILO Support for the Role of Public Employment Services in the Labour Market*. GB.306/ESP/3/2.
- . 2013. "Enhancing Youth Employability: The Importance of Core Work Skills", ILO Skills for Employment Policy Brief.
- . 2018. "Avoiding Unemployment Is Not Enough: An Analysis of Other Forms of Labour Underutilization", ILOSTAT Spotlight on Work Statistics No. 4, August 2018.
- . 2019. "The Working Poor, or How a Job Is No Guarantee of Decent Living Conditions", ILOSTAT Spotlight on Work Statistics No. 6, April 2019.
- . 2020a. "A Policy Framework for Tackling the Economic and Social Impact of the COVID-19 Crisis", ILO Policy Brief, May 2020.
- . 2020b. "COVID-19: Public Employment Services and Labour Market Policy Responses", ILO Policy Brief, August 2020.
- . 2020c. "ILO Maps Out How Public Employment Services Are Using Technology to Improve Service Delivery". [infographic].
- . 2021. "An Update on the Youth Labour Market Impact of the COVID-19 Crisis", ILO Statistical Brief, June 2021.
- . 2022. "ILO Monitor on the World of Work. Tenth Edition", 31 October 2022.
- Pignatti, Clemente, and Eva Van Belle. 2018. "Better Together: Active and Passive Labour Market Policies in Developed and Developing Economies", ILO Research Department Working Paper No. 37.



Organizational structure and governance of public employment services

2.1. Introduction

Following the overview presented in Chapter 1, this chapter sets the scene for the report by looking at the institutional framework of one of the key providers of labour market services, namely public employment services. It considers whether and how the organizational setting and institutional framework within which such services operate has an impact on delivery and, in turn, how broader employment and socio-economic objectives influence their institutional set-up and performance. Among other aspects, the chapter describes the policy and legal frameworks and some factors shaping the evolution of public employment service delivery models, illustrating these with brief case studies.

As Sandermoen (2017) points out, organizational structure and governance are central to the overall success of any organization: a well-designed structure creates the best environment for an organization to achieve its intended outcomes. By reflecting the organization's procedures and power relations, such a structure allows the various teams within the organization to function smoothly while ensuring effective implementation of its strategy and the realization of its mission (Sandermoen 2017). Public employment services implement a government's employment and labour market policies and shape their development. Their organizational structure and governance are therefore critical to the success of their mission as well as to achieving the implicit political and economic goals for which they are vehicles (Nunn and Morgan 2020). The governance and implementation of public policy determine not only the relationship between the State and its citizens but also the effectiveness and implications of policy delivery (Weishaupt 2010).

The analysis conducted for this report shows that there is no clear relationship between the types of organizational structure and the performance of public employment services. What is clear, however, is that elements of institutional design can have an impact on service delivery, and there is empirical evidence suggesting that the capability of public employment services rests to a great extent on the effectiveness of their management systems. The availability of sufficient resources to enable an adequate level of services is crucial, and this depends above all on the political and economic contexts in a country, which in turn influence the priority accorded to public employment services there. A cursory glance at promising developments related to such entities in emerging, developing and advanced countries reveals several important governance features.

This chapter provides an overview of changes to the mandates of public employment services following the COVID-19 crisis, and of the relationship between institutional settings and performance management systems, through an analysis of the responses to a survey conducted by the ILO in 2021. It sets out recommendations for the development of organizational structures that can optimize the impact of public employment service activities for a given level of resources.

The chapter is anchored on an analytical framework covering five key pillars of public employment services: policy and strategy; governance; service offer and delivery channels; innovation and adaptation; and capacity and performance enablers, which basically complement the governance pillar (figure 2.1). The pillars are interrelated, and together they define the governance and organizational structure of a public employment service and how that framework impacts on the service's effectiveness. Since the subsequent chapters deal with some of the governance aspects, this chapter will focus mainly on areas that relate to organizational structure and management, policy and performance across the five pillars.

Section 2.2 briefly introduces the analytical framework used, highlighting both the conceptual foundations of the evolution of public employment service governance, especially the application of new public management, and the above-mentioned pillars. Section 2.3 discusses in greater depth the five pillars of public employment service governance and organizational structure. It considers how the overall strategies and the employment service-related policies of individual countries influence service quality, delivery and effectiveness. Finally, section 2.4 offers some recommendations for the enhancement of public employment service delivery, especially in emerging and developing economies.

2.2. A conceptual framework for analysing the performance of public employment services in relation to their organizational structure and governance

2.2.1. Factors influencing the performance of public employment services

The organizational structure, governance, management and business models of labour market institutions, such as public employment services, are determined by a confluence of several factors, not least conceptual foundations that have evolved over time. This section discusses various theoretical frameworks that underpin public employment service governance and business models, the aim being to make it easier for those responsible for such entities, especially in emerging and developing countries, to understand why certain reforms and principles are advocated in later sections. Middle-income and emerging countries often look to advanced economies to learn from their experiences with reforms without properly considering various important contextual and conceptual factors.

Perhaps the most influential conceptual approach to public employment services is new public management (NPM),¹¹ according to which public entities adopt private business practices by focusing on customers and results. Weishaupt (2010) argues that NPM was attractive to public employment services in the 1980s and 1990s, at a time of high unemployment and growing public criticism of such entities, since it offered a compromise between raising taxes to meet increasing demand for services and reducing welfare benefits to cut costs. The advantages associated with NPM in terms of promoting frugality, reducing waste, saving money and time (and hence overall costs), and increasing productivity (Hood 1991) meant that this model was seen as a promising response to the pressure building up on public employment services.

In describing NPM approaches, Hood (1991) and Hood and Jackson (1991) noted that these stressed the centrality of citizens as the recipients of services, or as “customers” of the public sector. To achieve this customer focus, they proposed more decentralized control of resources and the exploration of new service delivery models that differed from traditional public administration approaches. These included quasi-market structures involving competition between public and private actors to provide better services. The extent to which a public employment service seeks to meet customer needs, as opposed to ensuring that customers comply with administrative requirements, is clearly an important factor when it comes to fostering effective service delivery.

Since the early 1990s, many governments have followed NPM strategies. In Europe, Sweden and the United Kingdom pioneered the application of NPM principles, including through large-scale privatization and adoption of the “management by objectives” strategy in the UK civil service under Margaret Thatcher’s premiership, which was subsequently followed by the launching of the Citizen’s Charter in 1991 and the establishment of local agencies. Similarly, the Swedish public employment service adopted the principles of management by objectives and decentralized some policymaking procedures in 1985 (Weishaupt 2010).

However, despite the popularity of NPM and other schools of thought in management and economics, there are no uniform governance regimes for public employment services across countries, even those at comparable levels of development. This lends credence to the “path dependency effect” posited by Béraud and Eydoux (2008), whereby the realization of a universal policy approach is prevented by national political and ideological specificities, including different starting points, histories and cultures. Béraud and Eydoux (2008) present four broad models of welfare regimes in relation to activation policy: the liberal model (for example, the United Kingdom and the United States of America); the universalistic social-democratic model (Sweden, Denmark); the corporatist model (France, Germany); and the southern or Mediterranean model (Italy, Spain). The liberal and universalistic models are

¹¹ The term “new public management” was coined by Hood and Jackson (1991) to describe an approach aimed at making the public sector more business-like through the adoption of management models from the private sector.

two extremes: the former embraces the power of market forces (the neoliberal approach), while the latter advocates the provision of social welfare through public policies. The authors acknowledge that there is hardly any country that falls completely into either category; most countries adopt a combination of various elements from different models.

The corporatist model seems to offer such flexibility. The Anglo-Saxon liberal approach places the responsibility for dealing with unemployment on the individual and, hence, also the responsibility for mobilizing one's assets. The State's role under that approach is to develop activation policies that enable jobseekers to navigate the labour market. The other form of corporatist model is aligned with the theory of transitional labour markets advanced by Schmid (1998), which does not place the responsibility for dealing with unemployment squarely on the jobseeker. Rather, the State is seen as responsible for shaping the labour market to safeguard the rights of individuals and their enjoyment of real freedom by establishing an institutional framework that supports transitions from one labour market status to another. The mutual obligations underlying the operations of almost all public employment services in developed countries combine these two approaches: the jobseeker is obliged to meet requirements related to job search and participation in active market labour programmes in return for access to unemployment benefits and active support measures. In this regard, public employment services have to choose whether to focus on the "stick" or the "carrot" of activation measures. The former translates into a "work first" policy, the latter into a "human capital" approach. In practice, most public employment services use a combination of the two approaches, with slight differences in emphasis as reflected in the degree of application of sanctions, policy objectives, targets and performance management.

Further elaboration of the NPM model has given rise to the "contestability" approach which emphasizes competition in the delivery of public services and is characterized by "robust performance benchmarking, with providers (public or private) held accountable for the service outcomes they have agreed to deliver" (Sturgess 2015, 14). This implies the establishment of a viable quasi-market.

2.2.2. The five pillars of the organizational structure and governance framework for public employment services

This subsection provides an overview of the analytical framework used subsequently in section 2.3 to analyse trends and developments related to the organizational structure and governance of public employment services. Avila and Rodriguez (2021) argue that the global norms enshrined in the Employment Service Convention, 1948 (No. 88), the Employment Policy Convention, 1964 (No. 122), and the Private Employment Agencies Convention, 1997 (No. 181), can be distilled into four fundamental elements that must be in place for the organization and operation of a functional public employment service, namely: (a) governance architecture, which provides a policy mandate and an organizational

framework; (b) core functions for service delivery and the implementation of active labour market policies (ALMPs); (c) collaboration with relevant stakeholders and other providers; and (d) support processes for planning and managing a responsive system. This chapter seeks to test the hypothesis that effective public employment services rely on an institutional setting in which these fundamental elements are sufficiently embedded.

Figure 2.1 below shows the five pillars of the analytical framework: policy and strategy; governance; service offer and delivery channels; innovation and adaptation; and capacity and performance enablers.

Policy and strategy¹² are the backbone of any public employment service: they provide the legitimacy and the means for such an entity to achieve its objectives and fulfil its mandate

The macro-level factors shaping service delivery that are contingent on a country's political and economic systems are discussed in the following paragraphs. The policy context within which active and passive labour market policies evolve and are implemented, and how these are described in official documents, determines the target audience of public employment services and influences the effectiveness of service delivery. These policy and strategy "levers" have significant implications for the coverage of public employment services; the nature of the support chain and delivery methods; governance, including the extent of devolved management; the degree of customer focus and digitalization; resources; the design of performance management systems; and how the collection, analysis and dissemination of labour market information are coordinated between public employment services and other labour market actors.

A public employment service without a robust policy and legal framework and a clearly defined strategy is unlikely to be effective. Such a framework is necessary to define the public employment service's mandate vis-à-vis other service providers, to enable coordination with these, to identify the target audience and the range of services to be offered, and to support integrated strategies aimed at making service delivery more effective and efficient. Thus, setting up job centres, for example, before drawing up a road map for public employment service policy and strategy is bound to lead to suboptimal results (Mwasikakata 2017; Davern and Mwasikakata 2021; Avila and Rodriguez 2021). The policy and strategy pillar therefore entails: (a) establishing a policy and legal framework that sets standards but is flexible enough to allow organizational change and learning; (b) policy coherence, including the integration of policies into "packages" that allow for a holistic approach in meeting customer needs; and (c) carefully considering the target audience. Deciding on the target

¹² The ILO defines national employment policies as "policies for achieving a country's employment goals, covering both quantity and quality dimensions, addressing both the demand and supply sides of the labour market, while matching the two" (Wang 2021, 5). The Japan Institute for Labour Policy and Training defines employment strategy as "a combination of basic principle[s], strategic objectives [with] a medium- and long-term perspective based on the basic ideas, and a number of policies required for embodiment of the objectives, and procedures for implementing each of the policies" (JILPT 2009, 40).

audience of a public employment service is critical as it determines service design and delivery as well as the organizational structure.

Public employment service policy and strategy are not self-contained. They depend on broader socio-economic policy and political goals, usually reflected in the nature of the political regime that is in power. Such regimes may be right- or left-wing, or a combination of the two extremes. Public employment service policies normally change with changes of government or changes in an existing government's political orientation.

The policy and strategy pillar also addresses the key role of the institutional framework for employment services and the labour market policies that these implement; the coordination of these institutions and policies; and the availability of adequate and relevant labour market information to support policy design and implementation.

The adoption and diffusion of the principles of new public management and management by objectives in public employment services and the increasing attention paid to quality assurance are having a direct impact on how such entities train and organize their staff, plan their finances and manage their performance, whether services are delivered in-house or through partners.

Figure 2.1. Framework for analysing the governance and structure of public employment services



Source: Authors' own elaboration.

The autonomy and legal status of public employment services, the extent of decentralization, the management structure (including the involvement of the social partners) and sustained financing are key determinants of the governance and performance of such entities

Public employment service governance systems vary widely across regions and countries, and sometimes also within countries.¹³ In this report, the governance of such entities is examined from three angles: autonomy (including legal status), decentralization and management structure. This analysis is complemented by looking at their financing model as well (figure 2.2). The literature suggests that the governance structure of a national-level public employment service is shaped by the degree of autonomy from the parent ministry (de jure or de facto), the involvement of the social partners and the private sector in decision-making processes, the degree of administrative decentralization and, where applicable, the organization of the benefits system (Kalvāne 2015). As far as autonomy and legal status are concerned, five models have been identified:

- ▶ The public employment service as:
 - part of the ministry responsible for labour or employment – a department, branch or division
 - a trust or executive agency under such a ministry and possessing semi-independent status
 - an independent body responsible for its own human and financial resources management and accountable to the government with regard to policy and targets.
- ▶ Alternatively, there may be:
 - privatized employment services delivered by third parties, albeit with the government maintaining a unit tasked with managing service delivery
 - a network of providers – public and private – with a government agency or unit providing coordination of the network.

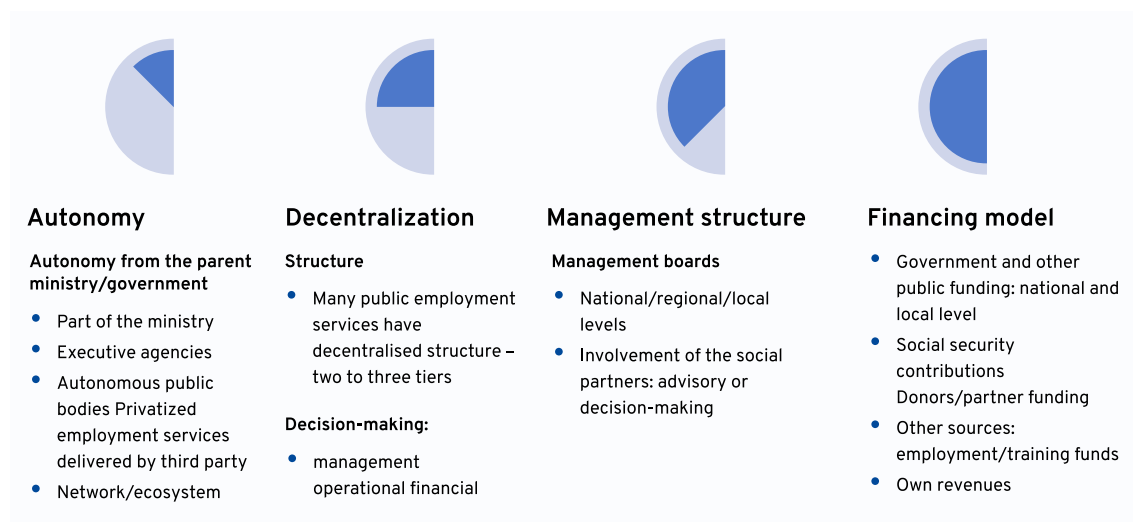
Anecdotal evidence indicates that there could be a combination of any of these models within the same country across different levels of administration.

Decentralization concerns both the structure of public employment services and their decision-making power (Naldini et al. 2012). There are typically three levels of structure: national, regional and local. Many public employment services have a two-tier system comprising national and local levels. The one-tier arrangements are also diverse, ranging from a fully centralized public employment service to a fully decentralized one, where the local authorities are responsible for the whole system (Denmark). In a few countries, such as China, public employment services may have more than three tiers as they go down to the community level. The challenge in such cases is standardization of service quality and delivery. The second element of decentralization is decision-making power, especially in

¹³ The global survey of public employment services conducted by the ILO for this report showed that, contrary to expectation, there were sometimes different combinations of governance systems within countries.

relation to management, operations and the allocation of funds. A combination of different forms of decision-making (operational, management and financial) can interact with the other governance dimensions to produce different, path-dependent structures.

Figure 2.2. Elements of the governance of public employment services



Source: Authors based on Naldini et al. (2012).

A third important aspect when considering the governance of public employment services is the management structure, including whether management boards exist for all or just some of the administrative tiers, whether these boards have advisory or decision-making powers and whether the social partners are represented on the boards. Studies show that the involvement of the social partners in the decision-making of public employment services can contribute to better-informed decisions and greater buy-in of stakeholders, thereby enhancing service delivery (Leroy and Struyven 2014).

Finally, the financing strategy for public employment services is very important and must be decided upfront and adjusted accordingly throughout its implementation. The availability of sufficient resources to enable an adequate level of services is crucial, and this depends above all on the priority accorded to public employment services in a country. Public employment services may choose from or have access to many sources of funding, including appropriations from the government budget at the national or local level, social security contributions, donors or regional-bloc funding (such as the European Social Fund), own revenues, and employment and training funds.

The relevance of a public employment service and its ability to fulfil its mandate hinge on the service offer and delivery channels, as well as on its ability to innovate and adapt to changes in the labour market and customers' needs

“Service offer and delivery channels” and “innovation and adaptation” are key pillars at the heart of public employment service operations: they determine the responsiveness of such entities, the quality of the services provided, and their relevance and resilience in labour markets that are in constant flux. These pillars are discussed in Chapter 3 and are therefore not analysed here. Suffice it to say that public employment services have to consider the *range* of services to be offered in the light of their mandate, target audience and capacity (Davern and Mwasikakata 2021), as well as the *quality* of such services, and ensure that the *delivery channels* are tailored to the target audience’s needs and capabilities. Commentators distinguish between multichannel service delivery, where parallel channels are used for different labour market groups such as young and older workers, and “omnichannelling”, where delivery channels are integrated and clients can use any that suit them at a particular stage in their labour market integration journey. Another important aspect of delivery strategies is the use of partnerships, including partnerships with other public bodies, private for-profit organizations and not-for-profit organizations (see Chapter 5), as well as partnerships with employers (see Chapter 3). Public employment services must constantly innovate and adapt their service offer, in order both to remain relevant vis-à-vis new competitors and to tailor services to changing and growing customer needs.

The role of digital technologies in the design and delivery of public employment services was recently highlighted in ILO (2022) and is discussed in an integrated manner in Chapters 3 and 5. Effective information and communications technology (ICT) infrastructure is essential for public employment services to carry out their function as intermediaries. Tonelli et al. (2017) emphasize how ICT governance is an organizational capability of great importance for strategic alignment and business delivery. The authors found a positive correlation between ICT performance and organizational performance, which suggests that, in the absence of fit-for-purpose ICT support, other enabling activities of a public employment service could be suboptimal or even ineffective.

Lopes and Farias (2022) note that collaborative innovation has been increasingly adopted by public sector institutions to address complex issues and improve efficiency. The authors found that “the establishment of relationships of trust, supported by technology tools and promoted by leaders committed to well-established goals” had a positive influence on innovation processes in an organization. This underlines the importance of effective stakeholder engagement and the development of partnerships for public employment services.

2.3. Trends and developments in the organizational structure and governance of public employment services

2.3.1. Policy and strategy

Public employment services are key to combating unemployment and facilitating social inclusion. Their institutional and organizational structure has a major influence on the design and implementation of ALMPs, and evolves with changes in the labour market. Both employment services and ALMPs help to improve the functioning of labour markets, facilitating both geographical and occupational mobility and (re)directing workers to productive activities (Van Steendam, Raymenants and De Klerck 2011). The trends shaping the future of work (such as the adoption of new technologies, climate change and demographic shifts) are prompting the internal reorganization of public employment services and driving new priorities and fresh approaches.

To be effective, public employment services need to have a mandate that is grounded in robust legal frameworks at the subnational, national and/or supranational levels

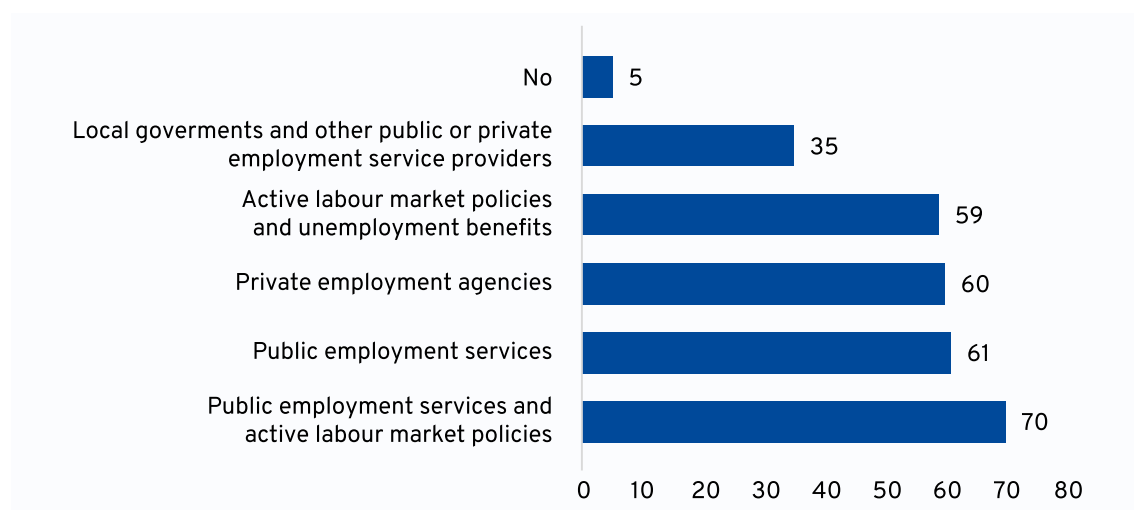
Public employment services are intended to facilitate labour market adjustments, support the employability and labour market reintegration of workers, and help employers to find workers with the skills that they need for their businesses to be competitive. Although public employment services have a humble origin in the rudimentary trade unions and employer associations of the late 1800s, they evolved into centralized organizations with a monopoly over labour market reintegration services during the interwar period of the twentieth century (Weishaupt 2010; 2011a). From the reforms that they have undergone since the Second World War it is clear that public employment services both respond to the policy priorities of governments and inform the development and implementation of labour market policies. By implication, they are shaped by powerful political and economic interest groups, not least by the political regime in power.

In advanced and emerging countries, most public employment services derive their mandate from labour or employment legislation at the subnational (especially in federations, such as the United States), national and supranational (such as the European Commission) levels. The grounding of their mandates in employment policy and legislative frameworks is important not only to legitimize the work of public employment services, but also to attract the necessary resources, clarify their roles, and endow them with the convening power that they need to be able to play a coordinating role in the labour market. In China and the Republic of Korea, for example, the mandates of public employment services are laid down in both national employment policies and labour law (Avila and Rodriguez 2021; Lee 2017). However, as is clear from the global survey conducted by the ILO in 2021, there are still some countries that do not have legal frameworks for public employment services or that have

weak legislation that does not provide these with a full mandate. For example, Ethiopia, Namibia and South Africa have had to revamp their laws over the past decade to strengthen service delivery, while the Cook Islands, the Dominican Republic, Guatemala and Malawi do not yet have comprehensive legal frameworks for public employment services. In India, the legal framework is outdated; the reforms establishing the National Career Service in 2015 were based on policy and administrative mechanisms.

The findings of the ILO global survey indicate that in most countries there exists some form of legislative framework, which in many cases covers other labour market interventions too, such as ALMPs and unemployment benefits, as well as different types of providers, such as local government authorities and other public providers and private employment agencies (figure 2.3). High-income countries were more likely to have legislation providing for ALMPs, unemployment benefits and the regulation of private employment agencies.

Figure 2.3. Existence of legislative provisions related to employment services, labour market policies and providers, 2020–21 (percentage of respondents)



Note: Total number of respondents to the survey question = 94.

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

The legal frameworks should be dynamic and flexible to support the agility of employment services

Policy and legal frameworks need to be able to keep up with developments in the labour market and the concomitant changes in a government's employment policies and priorities. The downside of rigid legal frameworks is that public employment services may not be able to quickly adjust to such changes. Some countries have got round this problem by ensuring that the main legislation sets out broad substantive provisions, while details are covered in subsidiary legislation. Other countries have used directives and presidential or ministerial decrees, which are easy to revise.

Public employment services' policy, strategy and target audience depend on governments' employment policy priorities and goals

The policy of a public employment service often reflects the overall national socio-economic and employment policies, which in turn depend on several factors, including the economic and political contexts. In times of economic boom and low unemployment, governments may accord less attention to public employment services and focus on specific labour market challenges, such as the long-term unemployed, activating inactive people on benefits who are able to work, and addressing skills shortages and helping businesses to fill vacancies. In times of poor growth and economic recession, public employment services play a critical role in helping to retain employment, to protect workers and businesses, and to facilitate recovery through the implementation of labour market interventions (mostly integrated active and passive labour market policies). The recent crises have increased the importance of public employment services and ALMPs in many countries. The shift from a centrally planned to an open economy in China, especially the privatization of parastatal organizations, prompted the Government to strengthen public employment services (ILO 2017a; Avila and Tian 2018). In contrast, the main driver for that process in the Republic of Korea was the 1997 financial crisis (Lee 2017), while in many countries in the Middle East and North Africa region it was the Arab Spring of 2011.

Given that one of the key objectives of public employment services is making labour markets more inclusive, it is important to consider whether service provision follows a “work first” approach or one seeking to promote human capital development.¹⁴ Similarly, it is important to consider the target audience: whether coverage is universal or focuses on the recipients of unemployment benefits or other disadvantaged groups, such as young people, women, the long-term unemployed, disabled persons, refugees and migrants. Research has shown that, in practice, public employment services in developed countries combine the two approaches, with some leaning towards a “work first” approach (for example, the United Kingdom and the United States) and others towards human capital development (Belgium and Germany) (Finn, Peromingo and Mwasikakata 2019; Powers 2017). Weishaupt (2011a) noted that public employment services are given an enlarged mandate to underpin a “work first” approach, including measures to assist with the acquisition of skills through working, improved childcare provision and work incentives (“making work pay”). The institutional features of public employment services in advanced economies increasingly reflect such trends as management by objectives, a focus on quality management, the fusion of employment and welfare agencies, the introduction of quasi-markets and stronger customer orientation. Similarly, many countries are focusing their resources on unemployed jobseekers. In the developed world, priority is given to benefit recipients, although services

¹⁴ A “work first” approach focuses on getting the recipients of unemployment benefits into suitable work as soon as possible, even if the job does not meet the jobseeker’s aspirations or is not aligned with his or her qualifications and experience. This approach is suboptimal for both individuals and society in that it may lead to “scarring” effects and prevent the recipients from reaching their full potential. Human capital development focuses on enhancing the jobseeker’s skills and employability to ensure that the best match is achieved in the labour market. However, it may be costly and not feasible during the implementation of austerity measures.

may be offered to all jobseekers, especially using self-directed digital services. In recent years there has been renewed interest in extending the coverage of public employment services to include the employed in an effort to prevent unemployment (Csillag and Scharle 2019).

In developing countries, the lack of comprehensive unemployment benefit coverage means that the dichotomy of “work first” versus human capital development is less applicable. The training and entrepreneurship programmes that are prevalent in these countries are often implemented as an end in themselves, rather than as means of achieving labour market integration. As in developed countries, the focus is on the unemployed, although it is difficult in practice to ascertain jobseekers’ status owing to low pension coverage and the lack of access to pension data. In the Middle East and North Africa region, where graduate unemployment has traditionally been high, the focus of public employment services, especially following the Arab Spring, has been on helping graduates to transition into employment. In Morocco, for example, the public employment service has for a long time targeted graduates. Tunisia has run active labour market programmes for graduates, the impact of which has been moderate to positive (Broecke 2013). There is a general trend of increasing graduate unemployment in Africa and other parts of the developing world (for example, China), and so public employment services are paying greater attention to that group (Kouakou 2017; Takahashi 2017; Avila and Tian 2018).

Public employment services are likewise strongly influenced by the political and economic situation

Schofield and Caballero (2021) have noted the importance of societal and governance institutions in determining economic outcomes. Many econometric studies refer to correlations between institutional variables, including trusted delivery of programmes within equitable and transparent frameworks, and economic and political outcomes such as levels of production and saving (La Porta, Lopez-de-Silanes and Shleifer 2008; Knack and Keefer 1997; Easterly and Levine 2003). The “benchlearning” approach used to assess the performance of public employment services in European countries is premised on the notion that the effectiveness of delivery mechanisms depends on several factors other than the allocation of resources.¹⁵ Nevertheless, a public employment service needs to be provided with an essential minimum level of resources commensurate with the scope of its mandate. To enable such funding, there has to be sufficient political support, which naturally depends on the government’s political orientation. Indeed, many public employment services have been subjected to reforms upon a change of government or a change in policy and political orientation within the same government. For example, Sweden recently implemented reforms shifting responsibility for the delivery of most employment services and active labour market programmes on to third parties. Similarly, Ethiopia embarked on a complete

¹⁵ These other factors include strategic performance management, the design of operational processes, sustainable activation and management of transitions, relations with employers, evidence-based design and implementation of services, management of partnerships and stakeholders, and crisis management.

overhaul of its employment service system when the new Government came to power and established the Job Creation Commission. Implementation of the reforms slowed down, however, after a reorganization of the institutional framework in 2021.

For more than a decade, the labour market has been exposed to profound shocks, first to those generated by the global financial crisis of 2008, and then to the economic and social consequences of the COVID-19 pandemic. The latter has exacerbated pre-existing trends that are leading to significant changes in the structure of work, notably increasing digitalization and automation. At the micro level, more frequent labour market transitions are being driven by an increasing pace of change in job design.

Moreover, as highlighted by many studies, the balance of power between institutions plays an important role in their long-term development (Milgrom and Roberts 1990; North 1990; Grief 2006). For example, changes to the structure of the public employment service system in Finland proposed in 2017 were not implemented owing to tensions between regional governments and the central Government and because of institutional disagreement, especially over the distribution of resources.

The costs associated with the administration of a performance management system in the United Kingdom's public employment service were a major driver of simplification of the system in 2011, when responsibility for service delivery was transferred from a separate agency to the labour ministry. Similarly, the exigencies of government efforts in Greece to achieve fiscal consolidation have led to high-level changes to the public employment service. Much of the delivery concept of the UK public employment service has been influenced by a supply side-oriented approach in a relatively open and liberal labour market (see section 2.3.2 for further details).

The Moroccan public employment service seeks to identify and exploit synergies with a view to implementing actions required to support national and local employment policies. It has a broad mandate that includes developing a programme to incentivize self-employment, improving services for disadvantaged and vulnerable groups (such as women, people with disabilities, the long-term unemployed, migrants and rural populations), and increasing access to services for people living in remote areas. The public employment service is committed to strengthening its partnerships with private agencies and not-for-profit organizations, improving labour market analysis and enriching regional employment programmes.

In their responses to the ILO global survey, a large majority of countries (including 89 per cent of low-income countries) reported that they had a strategy for their public employment service. While this does not imply a particular level of delivery infrastructure or organizational maturity, it does at least reflect strong awareness of the importance of operational performance in the delivery of employment policies.

The importance of political and economic factors in the evolution of public employment services is clearly illustrated by the diverging trends in China and the Republic of Korea (see box 2.1).

Box 2.1. Evolution of public employment services in China and the Republic of Korea

From 1953 onwards, China pursued a system of central economic planning with the twin objectives of developing a heavy industrial base in urban areas and maintaining an agricultural sector capable of providing agricultural products at low prices. The system involved central control of both production outputs and movement of labour (Majid 2015). Consequently, before a programme was launched in the 1980s to liberalize the economy and labour market, the Government saw no role for a public employment service.

Avila and Tian (2018) point out that the public employment service in China was introduced in the 1980s as part of the Government's response to structural changes that ended the previous system of guaranteed lifetime employment. It had become necessary to develop institutions that provided job-search support, skills development and income security for the unemployed. The exposure of state-owned enterprises to competition in the late 1990s was a major driver of the further development of services to assist large numbers of displaced workers. Initially, state-owned enterprises were responsible for supporting laid-off workers through re-employment service centres but, following a substantial increase in customer volumes, these centres were merged with an expanding unemployment insurance programme, whereby local governments assumed responsibility for the operation of employment offices.

Private employment agencies and temporary work agencies have expanded rapidly in China to meet recruitment demands in a growing economy, as the law opened up the financing of employment services to private entities and individuals.

Macroeconomic policy, rapid economic development and the attendant employment challenges have been pivotal in steering the evolution of employment services in the Republic of Korea. However, the process has been quite different from that in China (OECD 2014a; 2014b). The public employment service organization evolved to reflect and support the Government's economic policy priorities, with revisions made to its service model to address the labour market impact of these policies. The trajectory of its institutional development was shaped by the labour needs arising from the close cooperation between the State and large family-owned conglomerates known as *chaebols* that propelled the country's export-led industrialization.

In the earlier phase of industrialization, where the focus was on labour-intensive sectors, the public employment service was tasked with providing vocational education and training services to supply skilled labour for the industrial conglomerates. The operation of private employment agencies was strictly prohibited. During a second phase of industrial development starting in the mid-1960s, the public employment service's remit expanded to meet the needs of a liberalizing economy. Investments were made to increase its capacity to deliver job-matching services and enhanced skills development programmes. An employment insurance scheme was introduced in 1965, and the regulation of private employment agencies was liberalized from the mid-1990s.

In response to growing unemployment in the late 1990s following liberalization of the labour market and in the aftermath of the Asian financial crisis, the institutional structure of the employment and welfare systems was significantly reformed. The management of both systems was combined under a single ministry, and a network of one-stop job centres was established to deliver job-matching services, vocational and educational training, and employment insurance administration.

The result of liberalization of the labour market and less central government intervention paved the way for what Finn (2020) has described as an extensive employment and skills ecosystem comprising public, private and not-for-profit organizations.

Recognition of the role of public employment services in supporting employment policies is increasing in advanced, emerging and developing countries alike, albeit with marked differences in pace

The crucial role of public employment services in contributing to the development and implementation of national employment policies is increasingly being recognized and articulated in policy and legal documents. Irrespective of a country's income level, its public employment service can support economic and labour market growth and exert a countercyclical influence during economic downturns, helping to reduce unemployment and address joblessness caused by structural changes. Public employment services are therefore well placed to support vulnerable groups, including women, young people, older workers, migrants, rural dwellers, disabled persons and the long-term unemployed.

In the European Union (EU), the European Network of Public Employment Services (PES Network), established in 2014, has made a notable contribution to the design of the European Pillar of Social Rights, various policies for the integration of the long-term unemployed into the labour market, and the Youth Guarantee scheme (Konle-Seidl 2020). Following the renewal of its mandate for the period 2020–27, the PES Network will seek to support the EU's dual priorities related to the future of work, namely digital transformation and the achievement of a climate-neutral Europe (Konle-Seidl 2020). Even in emerging and developing countries, public employment services are part of the support institutions for the implementation of national employment policies (Wang 2021). In some countries – including advanced (Germany),¹⁶ emerging (Türkiye) and developing (Benin)¹⁷ economies – the public employment service is tasked with the implementation of national employment policies, while in others it focuses on labour market policies.

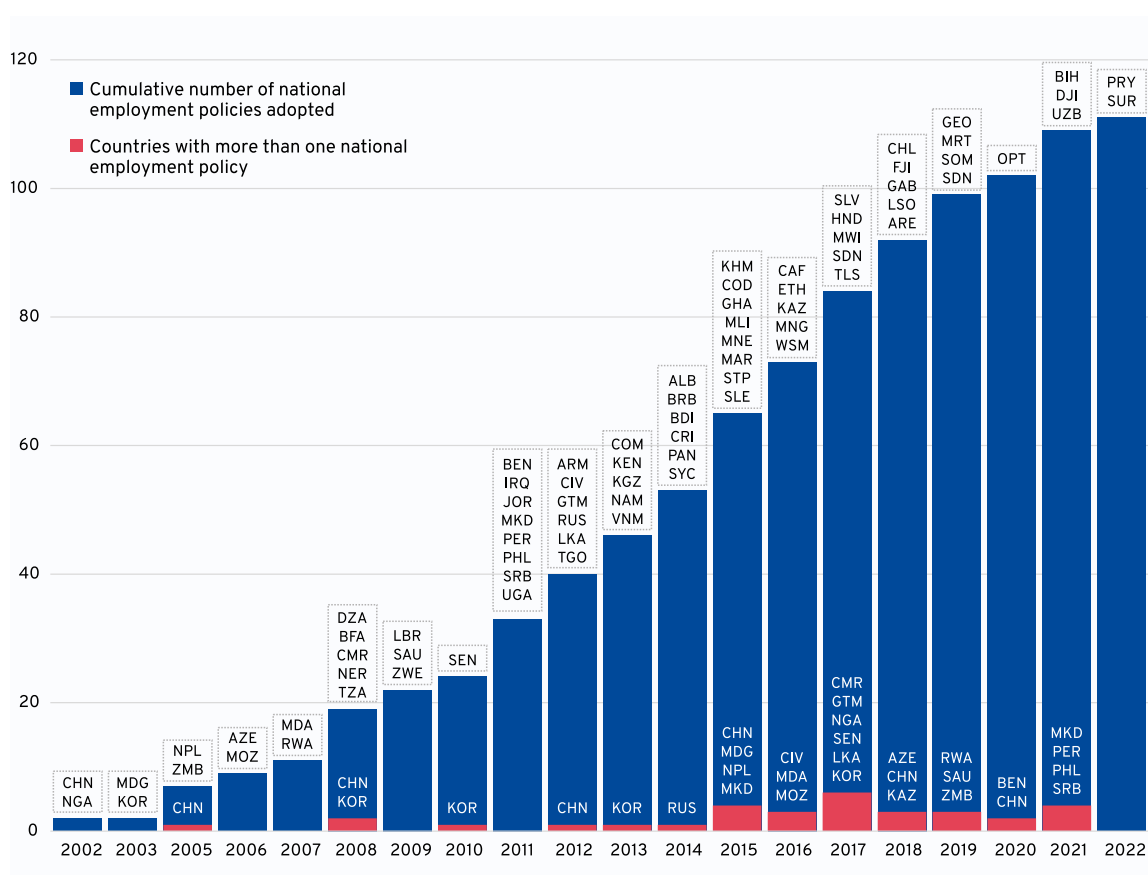
There is a general and renewed trend in emerging and developing countries to strengthen the public employment service as one of the major vehicles for employment policy implementation, in line with the steady increase in the adoption of national employment policies since 2000 (D'Achon 2021). Most of these policies were adopted after the global financial crisis of 2007–08 (see figure 2.4 below). Significantly, requests from ILO Member States for support with the design of such policies have increased in recent years in all regions. In Latin America, many countries have adopted customized and innovative approaches to enhancing their public employment services, especially organizational structures and delivery models, while using existing regional and international platforms, such as the World Association of Public Employment Services (WAPES) and the PES Network, and bilateral relations with individual advanced countries (especially EU countries) to learn and benchmark. In Eastern Europe, many countries are benchmarking their public employment services against those of EU countries, with a focus on digitalization, partnerships and quality assurance. In Africa, the situation is very diversified, with North Africa and the francophone

¹⁶ See Finn, Peromingo and Mwasikakata (2019).

¹⁷ See the website of the National Agency for Employment, <https://www.anpe.bj/presentation/>.

countries generally having more developed public employment service systems that are linked to the implementation of national employment policies, compared with anglophone African countries (Davern and Mwasikakata 2021; Davern 2020a; Alix, Barbier and Ratsima Rasendra 2016). India overhauled its public employment service in 2015 by establishing the National Career Service, which is anchored on digital technology, partnerships and stakeholder involvement (Abraham and Sasikumar 2017).

Figure 2.4. Adoption of national employment policies worldwide, 2000–22



Note: The countries inside clear boxes are those which adopted a national employment policy in the corresponding year.

Source: ILO Employment Policy Gateway.

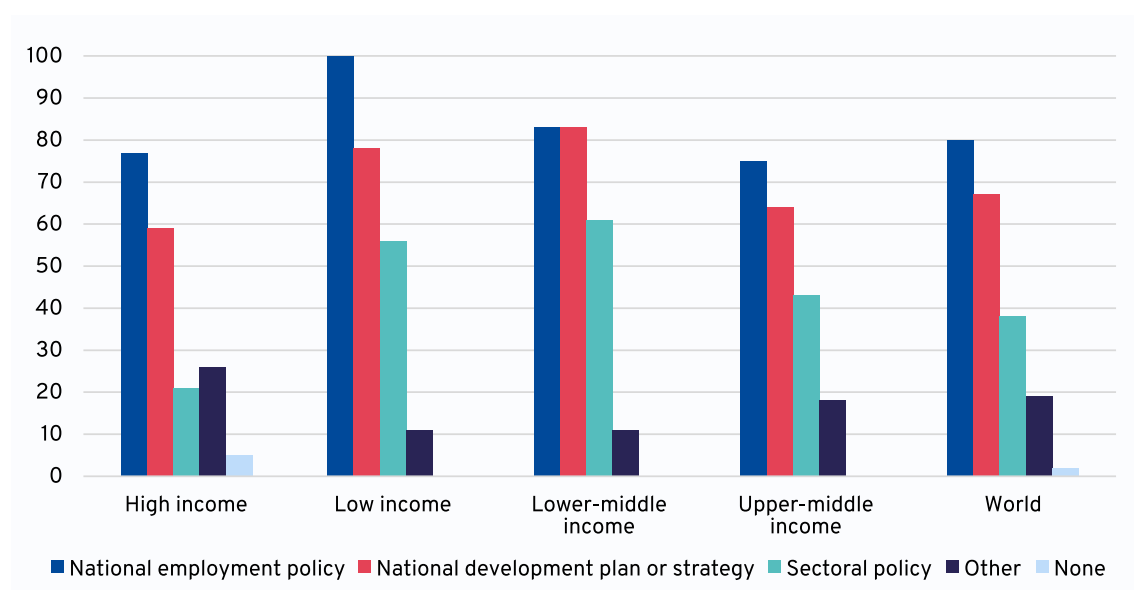
Countries are mainstreaming (public) employment services in national and sectoral policies, which enhances their visibility, access to funding and service delivery

The ILO global survey conducted in 2021 found that public employment services were mainstreamed in national employment policies, national development plans and sectoral policies (figure 2.5). As expected, most countries did so in their national employment policies (80 per cent), followed by national development plans (67 per cent) and sectoral policies (38 per cent). The mainstreaming of employment services in national development plans is crucial, especially in developing countries, as such plans determine the priority areas for the allocation of funding. Mainstreaming in sectoral policies, on the other hand, enhances

the implementation of employment and labour market policies. The mainstreaming of employment services in national employment policies and sectoral policies was particularly prevalent in low- and middle-income countries, especially in Africa, Europe and Central Asia, and Asia and the Pacific. In Africa all countries reported addressing employment services in their national employment policies. On average, employment services were more likely to be mainstreamed in national employment policies and development plans, and less likely to be mainstreamed in sectoral and other policies. This is not surprising, since sectoral policies are the responsibility of sectoral line ministries and agencies, which may not perceive themselves as responsible for employment creation or facilitation. However, the above pattern was more pronounced in high-income countries, which can be attributed to their more elaborate administrative systems, with greater devolution of policy formulation and differentiation between the design of central employment policies and sector-specific policies, and to the fact that labour demand is higher than in developing countries.

The ubiquity of national employment policy documents in developing and low- to middle-income countries reflects the nature of the unemployment problem in these countries, which is largely characterized by low labour demand on the one hand and skills mismatches on the other. Such documents can be used to mainstream employment policies and goals in national development plans with a view to fostering structural transformation and employment-rich growth. An ILO study conducted in 2020 found that in several African countries national employment policies made no explicit reference to public employment services, and some policies did not address operational delivery issues for public employment services (Davern and Mwasikakata 2021).

Figure 2.5. Mainstreaming of public employment services in policy documents, world and by country income group, 2021 (percentage of respondents)



Note: Total number of respondents to the survey question = 94.

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

At the regional and global level, normative instruments and institutions act as catalysts in the establishment of policy priorities and service delivery models

At the global level the normative framework for the organization and delivery of public employment services comprises various ILO Conventions, notably the Employment Service Convention, 1948 (No. 88), and the Private Employment Agencies Convention, 1997 (No. 181). The Employment Policy Convention, 1964 (No. 122), provides the overall framework within which governments can pursue an active policy to “promote full, productive and freely chosen employment” with a view to stimulating economic growth and development, raising living standards, enhancing skills, and overcoming underemployment and unemployment. The Convention envisages action on two fronts: coordinated economic and social policy at the macro and sectoral levels, and the development of programmes, including employment services, at the labour market (micro) level to implement the policies. This framework remains as valid today as it was in 1964.

Convention No. 88 establishes a framework for the Member States to develop and operate a network of public employment service offices that are cost-free and open to anyone who needs support in searching for employment or in hiring workers. It also defines the mandate of public employment services as being to ensure the best possible organization of the labour market in order to achieve and maintain full employment through cooperation with other public and private bodies. Convention No. 181 recognizes the important role that private employment agencies can play in a well-functioning labour market, breaking the monopoly that public employment services had enjoyed since the First World War. The Convention seeks to ensure a balance between labour market flexibility and the protection of workers from potential abuse through the regulation of private employment agencies.

The Global Jobs Pact adopted by the International Labour Conference in 2009 emphasized the crucial role of public employment services in supporting a sustained job recovery following the 2008 financial crisis. This role remains relevant as labour markets worldwide emerge from the COVID-19 crisis amid rapid changes in production methods driven by digitalization, adjustments in response to significant supply chain disruption, increasing skill shortages, and wage-push inflation. More recently, the ILO Centenary Declaration for the Future of Work (2019) set broad priorities for employment services and ALMPs, with a focus on promoting decent work, facilitating the integration of young workers into the world of work, and helping older workers to expand their options for working until their retirement and to enjoy active ageing (ILO 2019). The Global call to action for a human-centred recovery from the COVID-19 crisis that is inclusive, sustainable and resilient (2021) calls for the strengthening of national systems and policies to ensure the provision of quality employment services, and for the promotion of cooperation with well-regulated private employment services. It reiterates the Centenary Declaration’s focus on the labour market transitions of young people, the participation of older workers and the promotion of active ageing (ILO 2021). The same policy priorities were echoed and reinforced in the resolution concerning the third recurrent discussion on employment adopted by the

International Labour Conference in 2022. Specifically, the resolution acknowledged the role of employment services and ALMPs in supporting multiple labour market transitions for young people, women and older workers, called for sustainable financing strategies for the design and implementation of such policies, and advocated the strengthening and modernization of public employment services, including through cooperation with private providers (ILO 2022a).

Institutions at the global and regional levels play a vital role in developing, disseminating and internalizing policy and conceptual frameworks relating to labour market policy in general and to employment services in particular. Weishaupt (2010) describes how the ideas of new public management, having emerged in the United Kingdom and Sweden, were subsequently disseminated by the Organisation for Economic Co-operation and Development (OECD) and the European Commission and internalized through networks such as the PES Network and WAPES. With regard to employment services, examples from the EU include the directives establishing the PES Network in 2014 and extending its mandate to 2027 in 2020, the directive of 2008 on temporary agency work, and the ongoing discussion on and draft directive for improving working conditions in platform work. Outside the EU, examples include the various policy and strategy documents of WAPES, and the declarations, guidelines and recommendations issued by the African Union and the regional economic communities covering employment and labour market institutions.¹⁸

The PES Network has introduced a methodology for evaluating the impact of key enablers of public employment service performance. “Benchlearning”, as the methodology is called, was defined in the decision establishing the Network as “the process of creating a systematic and integrated link between benchmarking and mutual learning activities”.¹⁹ The associated manual (Fertig and Ziminiene 2017) explains that the objective of benchlearning is to support each public employment service in improving its performance through a structured and systematic reflection on its performance against that of other public employment services and through institutional learning from peers. Attempts have been made to adapt the benchlearning model for use in emerging and developing countries – for example, an EU-funded project launched by the Regional Cooperation Council that deals with benchlearning among Western Balkans public employment services, and the WAPES Self-Assessment Method for Public Employment Services, which was piloted in its member countries outside the OECD and in Africa.

¹⁸ For example, the WAPES Long Term Strategy for the period 2015–25 and the African Union Declaration on Employment, Poverty Eradication and Inclusive Development in Africa (2015).

¹⁹ Decision No. 573/2014/EU of the European Parliament and of the Council of 15 May 2014.

The key drivers of the future of work and recent crises are shaping employment policies, with profound implications for the strategies, organizational structure and delivery models of public employment services

Avila and Rodriguez (2021) identify three mega-drivers of change in the world of work that have significant implications for public employment services, namely technological change, shifting demographics and migration, and environmental sustainability and connectivity. The ensuing developments constitute the context within which governments design employment policies and systems. Several ILO Conventions, especially the Unemployment Convention, 1919 (No. 2), and Conventions Nos 88, 122 and 181,²⁰ have played a crucial role in establishing standards to guide public employment services in ensuring that employment policies and ALMPs are implemented in a manner consistent with and conducive to decent work, and in full compliance with human rights, fundamental freedoms, and equality of opportunity and treatment in employment.

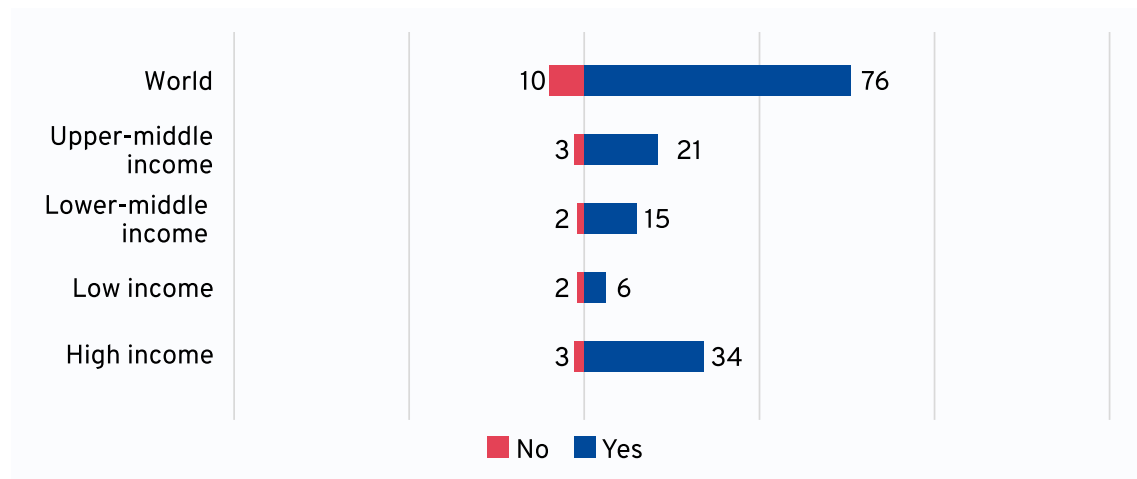
Figure 2.6 shows how the public employment services surveyed by the ILO in 2021 responded to the COVID-19 crisis. The crisis has had an especially profound impact on labour markets and, consequently, also on the nature of support provided by public employment services and on the way that it is delivered to both individual jobseekers and businesses. Across all regions, 76 of the 89 public employment services that answered this survey question, or 89 per cent, amended their strategies in response to the crisis – for example, by extending support to new groups and by making available new contact channels. As one would expect, high-income countries had the highest proportion of public employment services that revised their strategies (92 per cent), while low-income countries had the lowest (68 per cent). Nevertheless, the fact that two thirds of public employment services in low-income countries updated their strategy is encouraging as it shows that the majority responded to labour market imperatives. There is little variation across regions, with the proportion of public employment services that revised their strategy standing at 78 per cent in Africa (14 of 18 respondents), 84 per cent in Europe and Central Asia (31 of 37 respondents) and 92 per cent in Asia and the Pacific (12 of 13 respondents).

A study of crisis response measures in EU and European Training Foundation member countries identified short-time work schemes as the main support mechanism for businesses and job protection during the COVID-19 crisis (ETF 2022). Such schemes have long featured in some European countries, notably the *Kurzarbeit* scheme in Germany

²⁰ Convention No. 2 (1919) recognized the role of public employment services under a central authority providing services free of charge and promoted the establishment of such entities. Convention No. 88 (1948) recognized the need for a national network of public employment service offices, the organization of which was to be revised as circumstances changed. Convention No. 122 (1964) promoted the adoption and implementation of ALMPs. Convention No. 181 (1997) recognized the role of private employment agencies in a well-functioning labour market. The Social Security (Minimum Standards) Convention, 1952 (No. 102), established minimum standards for nine areas of social security, including unemployment and social assistance benefits. The Employment Promotion and Protection against Unemployment Convention, 1988 (No. 168), laid down standards for promoting employment through unemployment insurance, public employment services, vocational and educational training, and special programmes for people facing disadvantages in the labour market.

and similar programmes in Austria, Hungary and Poland. Some unemployment insurance schemes – for example, in France, Ireland and Luxembourg – have also included provisions enabling compensation for partial unemployment.

Figure 2.6. Public employment services that updated their strategy in response to the COVID-19 crisis, world and by country income group, 2020–21 (number of respondents)



Note: Total number of respondents to the survey question = 89. Responses “not concerned” (3) not included.
Source: ILO global survey of public employment services (2021).

The COVID-19 crisis has significantly increased the use of short-time work schemes. Indeed, only two EU countries, Finland and Malta, reported not introducing such programmes during the first half of 2020 (Duell 2020). This has placed further pressure on the capacity of public employment services by expanding their remit.

An interesting development has been the introduction of job retention programmes in a number of countries where they were previously not deployed. Uzbekistan, for example, provided interest-free loans to companies so that they could continue to pay wages after temporarily ceasing operations owing to the COVID-19-related restrictions. The Russian Federation introduced subsidies for workers at risk of dismissal. In Türkiye, workers who had previously been receiving the minimum wage had their wages covered up to 1,752 Turkish liras per month for between three and six months after being laid off as a result of the pandemic. In Egypt, an emergency fund provided the employees of companies facing closure with subsidies of up to 600 Egyptian pounds per month (ILO 2017b).

Public employment services are at the heart of labour market changes and have the potential to support the adaptation of workers and employers and facilitate the management of transitions. The trends shaping the future of work are giving rise to new customers for public employment services who have new demands (such as with regard to increased mobility and remote working), to new and diverse forms of work, and to significant changes in skills composition and requirements. The increased popularity of flexible working arrangements, a shift from lifetime jobs to the holding of several positions throughout a career, and

changing demand for certain skills and jobs all mean that workers can expect to experience multiple labour market transitions during their working lives. The responses of public employment services to these challenges include the development of strategic approaches based on inclusiveness, empowerment, co-creation and knowledge management, as well as making good use of labour market intelligence. At the operational level, public employment services have to refine their customer orientation, modernize the career information that they provide, ensure that their staff are more adaptable and motivated, and strengthen cooperation with partners.

Despite the operational relevance of public employment service strategies, the ILO survey from 2021 did not identify any specific trends regarding the propensity of countries with varying income levels to have such strategies in place. All lower-middle-income countries and almost all high-income (97 per cent) and upper-middle-income (96 per cent) countries reported having a strategy for the delivery of employment services. Low-income countries were less likely to have a strategy, but a large majority (89 per cent) still reported having one.

A holistic approach to labour market integration calls for integrated policy packages aligned with the needs of customers and addressing the employment barriers that they face

As discussed in Chapters 3 and 4, a holistic approach to addressing both employment and social barriers to labour market integration has gained traction in both developed and developing countries as evidence mounts of the effectiveness of integrated policy packages (ILO, ISSA and OECD 2021; Asenjo, Escudero and Liepmann 2022). Policy and programme integration happens at two levels: within ALMP measures, such as training and matching; and between active and passive labour market policies covering different elements of social protection, such as income protection and childcare provision (Malo 2018). Strategies to link active and passive labour market policies have been promoted to encourage more speedy transitions to employment and reduce long-term welfare dependency. There has been an increasing focus in developed countries on a “rights and responsibilities agenda” in the welfare support systems for those of working age. People are increasingly required to participate in activation programmes as a condition of receiving benefits. This approach has led to administrative reforms, notably the merging of employment and benefit delivery agencies in countries such as France, Ireland and the United Kingdom.

Reformed delivery mechanisms in which a single institution is responsible for the provision of income and employment support have been identified as the most effective way of ensuring policy cohesion and the personalized support required to integrate the unemployed, especially those most detached from the labour market. However, this is not without its challenges. The dual role of organizations in ensuring compliance with regulations for the disbursement of benefits on the one hand, and providing counselling support to promote active job searching on the other, has led to concerns about possible conflicts between legalistic and enabling cultures within organizations. Agencies with combined responsibility

for the administration of active and passive labour market policies have had to consider the most appropriate balance between directing and encouraging clients, and how to reconcile potential tensions arising from conflicting management and institutional requirements.

In some countries an increased focus on activation strategies has been accompanied by the application of market-based mechanisms to combine employment support and training systems in reformed and/or merged organizations. The passage of the Workforce Investment Act in the United States in 1998 is a particularly significant example of this shift towards a business-oriented, demand-driven system (King and Barnow 2009). In Ireland, the Government launched a programme for activating the long-term unemployed by contracting out employment services to private companies, which were paid on the basis of the results achieved. The aim was to prioritize assistance for those farthest from the labour market, specifically to move 50,000 long-term unemployed persons into employment between 2016 and 2020.

Almeida et al. (2012) identified a trend in low- and middle-income countries beginning in the 1990s towards the implementation of anti-poverty policies in tandem with efforts to reduce dependency on public income schemes. This confluence of policy objectives has led to the emergence of institutions tasked with implementing both ALMPs and income support programmes in developing countries. Almeida et al. (2012) identified two distinct types of policy intervention: one to complement employment support services by targeting people facing multiple barriers to work; and another targeting the beneficiaries of social assistance programmes in order to alleviate poverty. Robalino, Rawlings and Walker (2012) pointed to various linkages between the receipt of social assistance and requirements under education, health and nutrition programmes aimed at increasing employability. Barrientos (2011) has summarized this trend as an expansion of the remit of social protection from compensation for income loss to the facilitation of broader development through sustainable income generation. To support this shift, the scope of ALMPs has been widened to cover the promotion of small businesses and entrepreneurship.

Weishaupt (2011b) identified examples of two common features influencing service integration: the systematic involvement of the social partners in governance, and a mandate to deliver integrated multifaceted services. These features have characterized the German public employment service since its inception and are reflected in how its functions include the administration of unemployment insurance, the implementation of ALMPs and lifelong learning measures.

Fundamental changes in labour markets and wider society have compelled public employment services to revise their business models so that they can support customers throughout their careers. This significant shift away from the unemployment–employment dichotomy reflects the transitional labour market paradigm. To be sufficiently flexible, public employment services are increasingly having to coordinate their employment support services with partners. Successful cooperation between partners depends on the capacity

to anticipate and ideally influence labour market changes. Such partnerships require policymaking bodies, public employment services, municipalities, other governmental and non-governmental service providers, and private sector organizations to exchange labour market information. Enhanced systems for the coordination of labour market information are becoming increasingly important.

In the United Kingdom, for example, the Employment Services Agency was merged with the body responsible for the administration of social assistance benefits, the Benefits Agency, to create Jobcentre Plus in 2002. This is a clear example of a policy decision shaping the reform of public employment service structures. The new organization was introduced as a vehicle for combining the implementation of active and passive labour market policies as part of a broader welfare reform agenda. The objective of these reforms was to enhance the labour market integration prospects of unemployed and inactive people through increased incentives and stricter job-search requirements. This institutional reform followed an earlier unsuccessful attempt to achieve the same outcomes through inter-agency cooperation without organizational structures being altered (Davern 2008).

Public employment services have a crucial role to play in generating, analysing, using and disseminating labour market information in support of informed policymaking

Public employment services, when fully functional, are both significant producers and major consumers of labour market information. Their specific role in the collection and dissemination of labour market information stems from their mandate, particularly their responsibilities related to data coordination. The functions of the public employment service in a country's labour market information system²¹ depend on the overall institutional framework. Coordination of the labour market information system could be the responsibility of the public employment service either directly or through an associated institution (as in Belgium-Flanders and Germany), the employment ministry (Jamaica, Rwanda, Viet Nam) or the national statistical office (Namibia). In many countries the public employment service plays a significant role regarding labour market information but does not exercise overall coordination of the system (see box 2.2). In both advanced and developing countries, labour market observatories²² have been set up to provide information to guide the design of training and employment policies and the evaluation of their impact. In some countries the observatories report to the public employment service through the labour or employment ministry, while in others they are affiliated to the ministry responsible for education and

²¹ There is often confusion between the labour market information system and online job portals, these terms being used interchangeably. The first term refers to a country's overall system for the collection, compilation, storage, analysis and coordination of labour market information, which has four main components: data collection; information technology system for storage; analysis; and institutions. Job portals are subsystems of the labour market information system, and the respective information technology systems may be linked and contain information on the usage of public employment services, including labour market information generated internally or from other sources.

²² In the literature, the term "labour market observatory" is used interchangeably with "labour market information system", since comprehensive observatories also comprise the four core components of a labour market information system.

vocational training. For example, in Botswana the Labour Market Observatory is affiliated to the Human Resource Development Council under the Ministry of Tertiary Education, Research Science and Technology, while in Mozambique and Tunisia the observatories fall under the purview of the labour ministries. In yet other countries, attempts have been made to establish sectoral or regional observatories, for example in Morocco and Egypt respectively (Fourcade 2006; ILO 2017b), especially where this is supported by donor-funded projects.

Box 2.2. The Malaysian public employment service and labour market information

In Malaysia, the public employment service is represented by the Social Security Organisation (PERKESO), which provides services under the auspices of the Employment Insurance System (EIS). PERKESO is a statutory body reporting to the Ministry of Human Resources. Employment services are delivered mainly through a comprehensive job portal, MYFutureJobs. Pertinent information for jobseekers and employers relating to job search, job matching and service providers is available from this portal. However detailed information and tools for career guidance – including a jobs recommendation tool; information on skills in high demand, on eligibility and services under the EIS, and on active labour market programmes; and a comprehensive dashboard of employment statistics – are to be found on the EIS Centre website. Responsibility for the labour market information system rests with the Institute of Labour Market Information and Analysis (ILMIA), rebranded in 2012 as an independent national centre of excellence under the purview of the Ministry of Human Resources. The Institute analyses labour market trends and emerging human capital issues to inform policymaking.

Sources: MYFutureJobs portal, <https://www.myfuturejobs.gov.my/eisservices/>; EIS Centre website, <https://eiscentro.perkeso.gov.my/>; ILMIA website, <https://www.ilmia.gov.my/index.php/en/about-ilmia/about-ilmia>.

The findings of a recent ILO survey on the digitalization of public employment services indicate that developing and emerging countries have yet to develop robust labour market information systems, despite recognition of the importance of having up-to-date and comprehensive information of this kind. In many of these countries (for example, Cambodia, China, Morocco, Ukraine and Uruguay), institutions may collect information falling within their purview, but this information is not easily accessible and is insufficient.

In developed countries, while integrated labour market information systems may not be a common feature, there exist systems for the collection, storage and analysis of such information. In Germany, the public employment service (Federal Employment Agency) has overall responsibility for labour market information and works closely with an affiliated institution, the Institute for Employment Research (Finn, Peromingo and Mwasikakata 2019). In 2016, the public employment service in Belgium-Flanders, the Flemish Service for Employment and Vocational Training (VDAB), launched, in collaboration with the Department of Work and the Support Centre for Work, an app called “Flanders in Europe”,²³ which uses 26 indicators to compare the region with other European labour markets.

²³ Available at <https://europa.vdab.be/>.

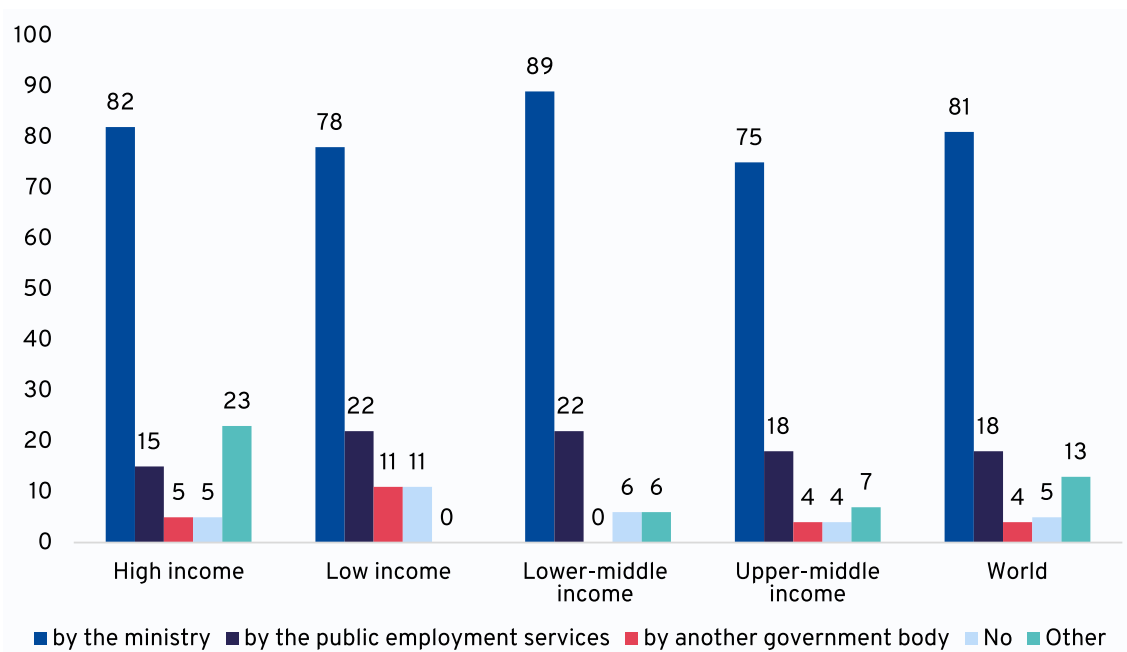
Asymmetry in labour market information is a significant contributor to labour market failure. In view of this, Peru made improving the coordination of labour market information the focus of a major programme to modernize its public employment service. Accordingly, in 1996, the Government established the Network of Centres of Intermediation and Labour Information. The first step in the establishment of the Network was the incorporation of training centres and institutions, which was followed by the development of links with private employment agencies and non-governmental providers. The former Ministry of Employment and Social Development coordinated this process (Barbier, Hansen and Samorodov 2003). The new structures helped to improve the collection of information on labour demand and skills, and prioritized the dissemination of this information to training institutions. As the Network developed further, a labour market observatory and online vacancy portal were set up.

A well-coordinated institutional framework for ALMPs is key to ensuring that these policies are effective, and to avoiding duplication and wastage

Active labour market policies are seldom the responsibility of one single institution given the multidisciplinary nature of the employment challenge. Different institutions in the public, private and third sectors may be involved in the design and implementation of labour market programmes on the basis of mandates related to specific demographic groups, geographical regions or administrative levels of government. Nevertheless, it is very important that there should be some form of coordination at different levels to ensure policy coherence, increase synergies and impact, and minimize inefficiencies arising from overlaps and duplication, including possible “double dipping” by beneficiaries. Public employment services can play this coordinating role, in line with Convention No. 88, to ensure the best possible organization of the labour market and achieve full and productive employment. However, this coordinating role is often not evident in practice, since the mandate of public employment services does not generally extend to the overall management of the labour market in both developing and developed countries. Public employment services can nevertheless play this role indirectly by having appropriate labour market information, such as a full mapping of various providers and their services, which allows them to establish partnerships with these providers. The findings of the ILO survey conducted in 2021 confirm that public employment services tend not to be the overall coordinators of ALMPs, especially in high- and upper-middle-income countries (figure 2.7). In the countries covered by the survey, the overall coordination of ALMPs was reported to be mostly the responsibility of labour and employment ministries, irrespective of the legal status of the public employment service and the income level of a given country. Whether the ministries perform this coordinating role in practice needs to be investigated further. In high-income countries, public employment services, including those operating as legally defined agencies that are operationally independent of the supervising ministries, rarely have a coordinating function, including responsibility for employment training. They are most frequently involved in linking registered jobseekers with specialist support services

that implement ALMPs under the auspices of supervising ministries. In lower-middle- and low-income countries, public employment services often have a narrow remit, and in certain cases limited capacity necessarily precludes any involvement in ALMP coordination.

Figure 2.7. Coordination body for active labour market policies, world and by income group, 2021 (percentage of respondents)



Note: The total number of public employment services that responded to this question was 94, with the following breakdown by country income group: 9 low-income countries; 18 lower-middle-income countries; 28 upper-middle-income countries; and 39 high-income countries.

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

2.3.2. Governance

The organizational models and legal status of public employment services are evolving in response to changes in the economy and the labour market and the emergence of employment service ecosystems

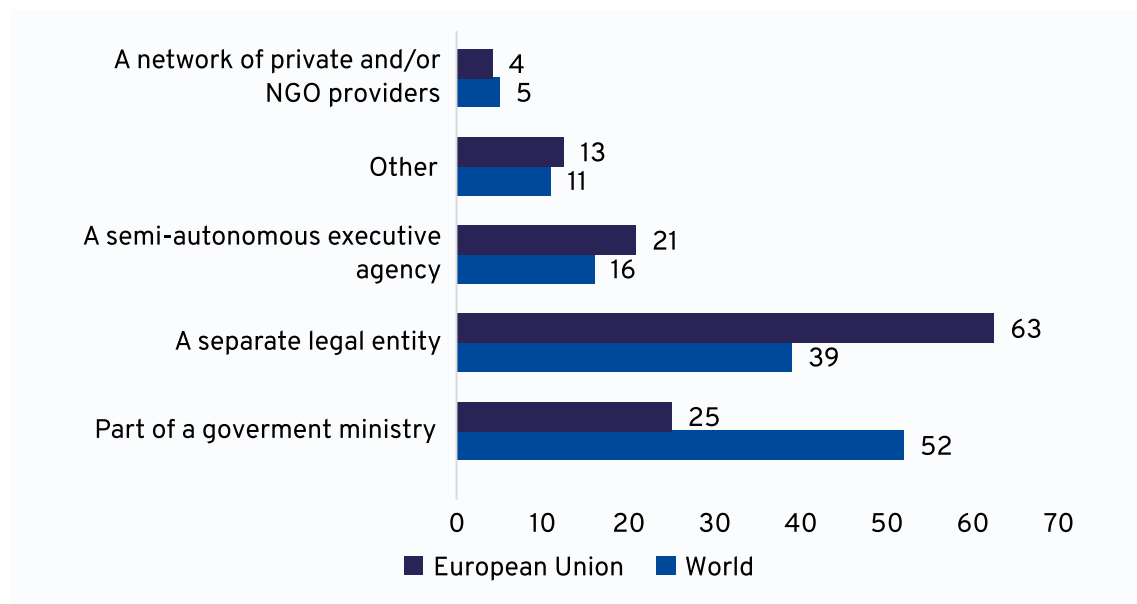
There is no standard definition of the legal status of a public employment service. However, there are traditionally three main models of organizational structure for such entities (see figure 2.8). First, a public employment service may be a constituent line department of the ministry responsible for labour and employment, with no separate legal identity. This is the most common model worldwide (examples include Jamaica, Mexico, the Philippines, South Africa, the United Kingdom and Uzbekistan). Just over half of the public employment services covered by the ILO survey from 2021 were in this category. The second category comprises semi-autonomous bodies or public agencies that have a legal personality and some financial independence but are accountable to the ministry responsible for labour and employment (which may influence staffing and operational decisions). This model, accounting for less than one fifth of the public employment services in the survey, is

becoming more prevalent and is associated with reforms (examples include Cambodia, Cameroon, Morocco and Tunisia). A third category consists of public employment services that are independent and autonomous bodies managed by a board of directors, with the government setting policy objectives and overseeing how these are achieved. This model accounted for almost 40 per cent of the public employment services surveyed (an example is Germany). A study from 2012 using a similar classification put Austria, Belgium, Germany, Malta, the Netherlands, Portugal and Spain into this category (Naldini et al. 2012). Although the statutes of Kenya's public employment service suggest that it has considerable independence, in practice it falls into the second category. In Germany, the public employment service operates under tripartite governance bodies based on classical principles of social dialogue. They are made up of representatives of employers and trade unions and have ultimate responsibility for control and supervision, including decisions on budget management.

There are also new models that have arisen with the emergence of partnerships and collaboration between the various actors of the employment services ecosystem. One such model involves networking among different actors, with the public employment service acting as a coordinator and setting standards and protocols. This model has taken root in Latin America and is spreading to other regions as a natural response to governments' lack of capacity to build a public employment service that can serve the whole country. An example is the Network of Public Employment Service Providers in Colombia: a group of authorized public, private and non-profit providers have been brought together by the Government to operate within a competency-based system regulated by the public authority. However, this does not mean that the Government is contracting out the delivery of specific services; rather, the aim is to bring the capacities, knowledge and resources of a variety of providers under a single umbrella (Avila 2017).

In a few countries there is no public delivery organization: employment services are provided under an outsourcing contract between the responsible ministries and private providers (Australia, Saudi Arabia and Seychelles).

Figure 2.8. Legal status of public employment services, global and in the European Union, 2021 (percentage)



Note: Total number of respondents to the survey question = 94 (global) and 24 (EU).

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

Within the broad classifications of delivery systems, the public employment service in each country has a specific organizational structure, which has evolved in a context marked by historical factors, political decisions and especially the overarching features of the machinery of government in that country.

The PES Network in the EU agreed on a new classification of public employment services in 2020, drawing a distinction between those defined as independent public bodies (with autonomous or semi-autonomous status), those under the authority of and supervised by a ministry, and network arrangements. While noting that terms such as “independent” and “legal entity” vary according to national legislation, this classification identifies several important distinguishing features – specifically, whether a public employment service is a department or directorate general of a ministry or has its own director and/or governing board.

Empirically, there is no clear link between the legal status of a public employment service and its level of performance

In principle, public employment services operating as autonomous or semi-autonomous bodies can normally exercise greater influence on the design and delivery of services than those which are an integral part of supervising central government ministries. Nevertheless, the management relationships within public employment service organizations and the balance of authority between stakeholders can result in quite different operational settings despite the legal foundations being ostensibly similar. Both formal and informal inputs to decision-making are important in shaping operations. In this regard, the internal dynamics of a public employment service and the administrative culture of the country in question

can exercise a more significant influence on the design and delivery of services than the legal framework.

A recent ILO study of the legal status of 15 African public employment services found that 40 per cent were semi-autonomous or autonomous bodies with a separate legal identity, while just over 50 per cent were part of the country's labour ministry. The public employment service in Senegal reported a hybrid model, where an autonomous agency provides employment services for young people, while other clients receive such services directly from the labour ministry (Davern 2020b).

All but one of the public employment services with agency status in the aforementioned study had drawn up specific plans setting out objectives for the operational delivery of services. In contrast, with one exception,²⁴ the national employment policies of countries in which public employment services are directly managed by government departments did not contain specific references to the delivery of employment services; references to such services were restricted to information on funding and other resources. The distinction between models was largely on linguistic lines, with public employment services in francophone countries operating as agencies, and those in anglophone countries delivering employment services directly through government ministries. This reflects the historical governance arrangements established by those countries' former colonial authorities, which were based on the systems of public administration in France and the United Kingdom.

The study found that public employment services in sub-Saharan Africa and in the Middle East and North Africa with agency status tended to have more focused strategies enabling better targeting of resources than those directly supervised by ministries. The Moroccan public employment service is a government agency which actively contributes to the development and implementation of the national policy to promote employment. Morocco's administrative governance arrangements include a clear division of powers between the employment ministry and the public employment service. The latter has developed a strong service orientation and incorporated the principles of new public management into its delivery system (Davern 2020b).

Where public employment services are an integral department within the parent ministry, they can often combine their core functions with other administrative tasks, including labour inspection and industrial relations (Davern 2020b). In low-income countries, employment services frequently have a lower priority than other functions and, consequently, employment policy goals may be diluted – something that is often the case where employment services are but one of several policy areas for which the ministry is responsible. This can be a problem when resources and capacity are constrained, irrespective of the delivery model, though overall ministry-managed public employment services tend to provide a reduced level of

²⁴ Namibia's national employment policy includes specific references to the role of, and strategic ambitions for, the country's public employment service.

service compared with dedicated agencies. In this regard, the institutional framework of public employment services in some developing economies is a factor in the “vicious circle” identified by Schulz and Klemmer (1998). Such public employment services have limited opportunities to prove their value and justify investments in the development of their service offer.

Despite the overall trend in developing and emerging economies for public employment services which are departments within ministries to be less well established than those with a separate legal identity, this is certainly not always the case. A key factor appears to be the government’s recognition of the role of the public employment service in the implementation of employment policy, as reflected in a political commitment to support development of the public employment service by providing access to resources, irrespective of the institutional setting.

Namibia’s public employment service is an internal department of the labour ministry. Its remit is laid down in the national employment policy, which describes its role in supporting the eradication of poverty and the reduction of income inequality. The Namibian entity has received political support, including a commitment to provide sustainable funding for the implementation of an ambitious modernization programme (Mwasikakata and Martins 2017).²⁵ This programme may have benefited from a legal obligation to provide career guidance services, which added momentum to initiatives aimed at increasing cohesion between employment, training and counselling services.

The Namibian public employment service has been tasked with acting as an “information broker” to link jobseekers, employers and providers of vocational education and training. Its mandate means that it has the potential to better match jobseekers with vacancies and ensure that, where necessary, these can access training so that they are able to meet employers’ requirements.

While the institutional setting is important, the management culture seems to have a greater influence on operational autonomy and hence also on the performance of public employment services

The extent of a public employment service’s autonomy may be related to its specific institutional framework and mandate, but the administrative culture can also exert considerable influence on its operational freedom. A comparison of the strategic orientation and mandates of the German, Greek and UK public employment services illustrates how the management culture, rather than the institutional setting as such, plays an important role in the autonomy of such entities. The German and Greek public employment services both have agency status with a legal identity separate from the labour ministry, while that of the United Kingdom does not have a separate legal status, operating instead as an integral part of a government ministry.

²⁵ The Government funded the development of an online job portal, the Namibia Integrated Employment Information System. Nevertheless, the public employment service remains underfunded as a result of the overall fiscal challenges faced by the Government.

Despite the apparent similarities between the institutional arrangements in Germany and Greece, with both countries' public employment services operating within a complex legal framework, they have significantly different delivery models and levels of autonomy. The German entity has very broad autonomy and has developed a structure strongly influenced by the precepts of new public management. The Greek entity, its separate legal identity notwithstanding, has limited discretion in many areas, especially human resources policy, and essentially functions as a delivery agent for the ministry as part of a command-and-control system.

The public employment service in the United Kingdom was previously a delivery agency but has now been incorporated into the supervising ministry, the Department for Work and Pensions. Despite this change, it has retained its strong delivery orientation and customer service ethos.

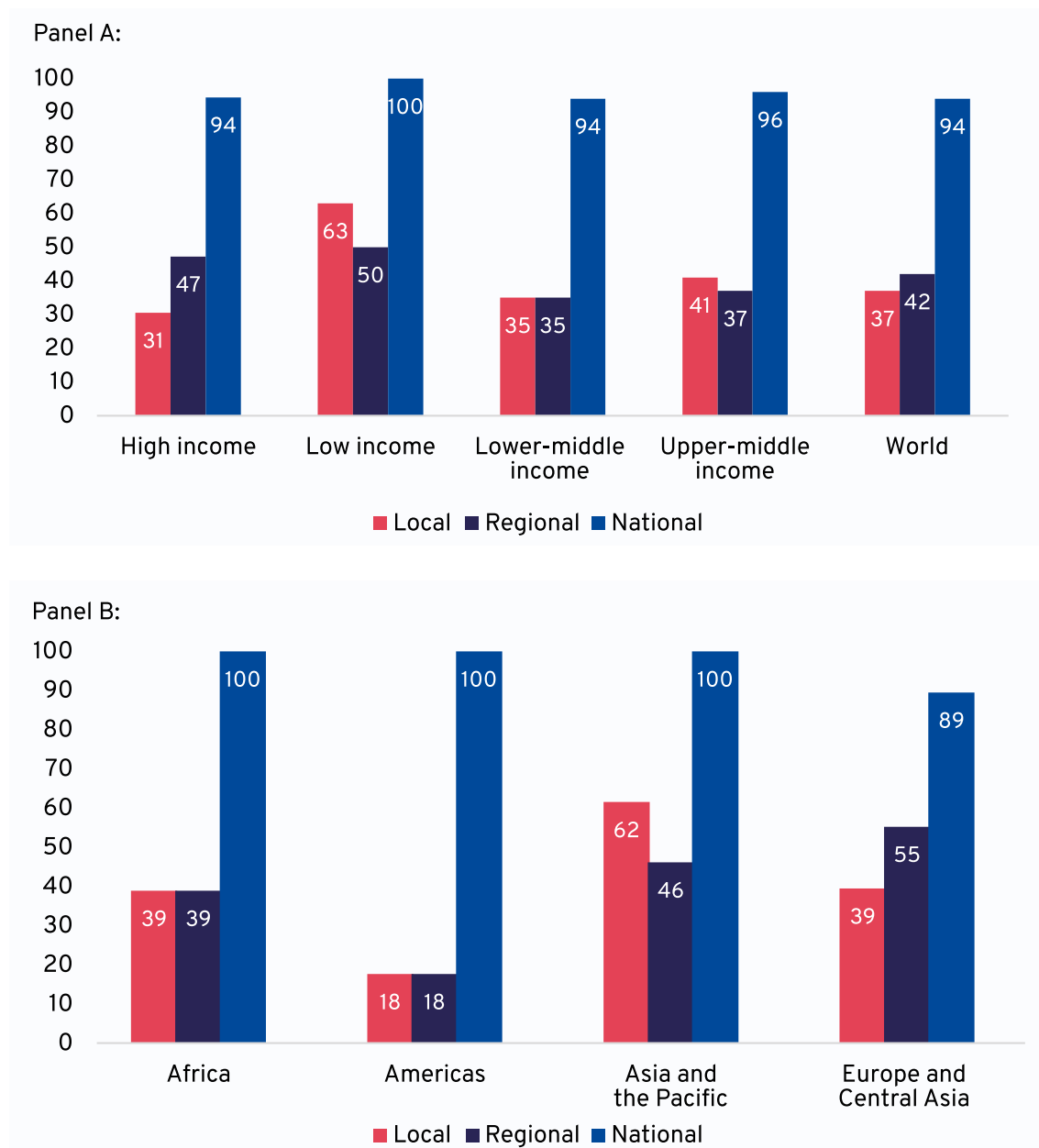
There is an increasing trend towards decentralization of employment services, in both developed and developing countries, which makes it possible to customize responses to local needs and to leverage partnerships to address employment barriers holistically

Technological advances, an increasing requirement to offer personalized integration support packages, and the striving to ensure that local as well as national labour market dimensions are considered in the design of employment services delivery have driven institutional change in several countries.

Lauringson and Lüske (2021) found that the level of decentralization of responsibilities for ALMPs increases the independence of implementation of such policies, and that decentralized systems were more likely to fully take account of the local labour market situation and identify the policies that best matched local needs. The responses to the ILO global survey from 2021 suggest that ALMP coordination systems designed to reflect subnational labour market dynamics are prevalent in all regions and across all income levels (see figure 2.9). ALMP coordination is predominantly the responsibility of national governments (in 44 of the 88 public employment services that responded to the survey question), and in a significant number of countries it is a joint responsibility of the three tiers of government (in 25 countries) or two tiers (16 countries), in the latter case mainly at the national and regional levels or at the national and local levels. Full devolution to the regional or local level is rare. This trend is similar across income groups and world regions.²⁶ Nevertheless, there are differences in the combination of tiers. In high-income countries and in Europe and Central Asia, the regional and local administrative levels follow the national level in that order, while in upper-middle- and low-income countries and in Asia and the Pacific local coordination is more prevalent than regional-level coordination. Finally, in Africa and the Americas and in lower-middle-income countries there is likely to be a balance of coordination responsibilities at the regional and local levels.

²⁶ Africa, Americas, Arab States, Asia and the Pacific, Europe and Central Asia.

Figure 2.9. Administrative level at which active labour market policies are coordinated, world, by country income group (panel A) and by ILO region (panel B), 2021 (percentage of respondents)



Note: Total number of respondents to the survey question = 88. In panel B, the Arab States (just 2 respondents) are not shown.

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

However, decentralization may bring some challenges. In federal States, and even in unitary ones, the devolution of public employment services responsibilities to the local level can lead to an unequitable distribution of services between urban and rural municipalities as well as between rich and poor regions. In China the large differences in access to, and quality of, services between provinces and between urban, semi-urban and rural areas

prompted the Government to prioritize standardization by expanding the availability and quality of services across the board. In line with the “Guidance on the promotion of all-round public employment services” issued in 2018, public employment services and local governments are expected to collaborate with employers and other providers on achieving the Government’s employment policy objectives (Finn 2020).

Furthermore, Knuth and Larsen (2010) found that decentralization can lead to conflicts in service provision. Municipalities may have to assume full responsibility for employment services and the administration of benefits to the insured and uninsured (as in the Czech Republic). Decentralization in Denmark reduced the involvement of the social partners in decisions on employment services and ALMPs (Knuth and Larsen 2010; Weishaupt 2011b), as well as increasing the central Government’s oversight over the local administration.

Reforms in Finland and Denmark have been prompted by the pursuit of multi-service coordination. The reform of organizational structures in these countries includes the development of “matrix management” arrangements, with central and local governments having combined oversight over various elements of public employment service activities.

The social partners and other stakeholders continue to play an important role in the governance of public employment services through management and advisory boards

The social partners and local authorities are not new to the management of employment services. History shows that trade unions, employers’ organizations, trade associations and local authorities were the first to offer job matching services to workers (Weishaupt 2011b). Both the now outdated Unemployment Convention, 1919 (No. 2), and the Employment Service Convention, 1948 (No. 88), provide for tripartite committees to participate “in the organisation and operation of the employment service and in the development of employment service policy”.²⁷ The social partners can participate in an advisory capacity, as is the case in many developed and developing countries, or in decision-making, as in Germany and Denmark (Weishaupt 2011b; Knuth and Larsen 2010).

The social partners play a critical role in the governance of employment services and in the design and implementation of relevant policies. By engaging the social partners it is possible to achieve more informed decision-making, easier outreach to their constituents and greater buy-in, making it more likely that policies will be implemented successfully (Weishaupt 2011b). The social partners have also helped to improve the evaluation of labour market programmes implemented by public employment services and to ensure collective responsibility for results while optimizing division of labour in efforts to reach out to vulnerable groups. In addition to stakeholder ownership, the social partners may contribute to innovation and practical understanding, prevent working in silos and help to internalize class conflicts, especially during a crisis (Weishaupt 2011b).

²⁷ Article 4 of [Convention No. 88](#). See also Article 2 of [Convention No. 2](#).

In practice, the engagement of the social partners in the governance of public employment services presents a mixed picture. Most studies have looked at the role of the social partners on the management boards or advisory councils of public employment services (for example, Finn, Peromingo and Mwasikakata 2019). The global survey conducted by the ILO in 2021 revealed a wide spectrum of stakeholder involvement (figure 2.10). Not surprisingly, representatives of the parent ministry formed part of the management board in a majority (53 per cent) of the public employment services surveyed, while employers' and workers' organizations were each represented in 34 per cent of the boards. A significant proportion (28 per cent) of public employment services had no management boards. Other line ministries or other stakeholders were represented in 49 per cent of the boards. Further analysis shows that 28 out of the 92 public employment services that answered this question had tripartite or "tripartite plus" boards, with many of the additional stakeholders being other line ministries as well as special interest groups such as youth and women's organizations. Some boards include representatives of training providers (Cambodia), academic or independent experts (Bosnia and Herzegovina, Japan), representatives of public employment service staff (Croatia, Slovenia), and regional and local authorities (Iceland, Switzerland). It is also clear that there is a tendency towards greater stakeholder involvement beyond the social partners. Only 8 public employment services reported having traditional tripartite boards, while 17 had boards made up exclusively of parent ministry representatives (for example, Australia, Azerbaijan, Ethiopia, the Islamic Republic of Iran, Italy, Jamaica, Panama, the Philippines, Tunisia and Uzbekistan). Finally, a more detailed analysis of the public employment services without management boards reveals a strong association with their legal status: almost 70 per cent of those public employment services (18 of 26) were part of the parent ministry.

Figure 2.10. Availability and composition of public employment service management boards, 2021 (percentage of respondents)



Note: Total number of respondents to the survey question = 92.

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

2.3.3. Service offer and delivery channels

As discussed in section 2.2, the organizational structures for the delivery of employment services have evolved in response to the impact of several megatrends on the world of work.

The range, depth and quality of services offered by public employment services have increased, especially in terms of customization and personalization

The range of services provided has expanded in many countries (see Chapter 3 for a detailed discussion). In developed countries in particular, approaches inspired by new public management and quality management approaches have fostered an increasing focus on providing customer-oriented, personalized services. This has necessarily required more cohesive administrative systems to be introduced, and in some cases administrative reorganization and mergers between public employment services and welfare agencies. These trends have both influenced and enabled reforms aimed at closer integration of the design and implementation of active and passive labour market policies. Activation is essential to increase the labour supply, especially in countries facing demographic pressure because of ageing populations, skill shortages and the fiscal implications of a rising share of national income being spent on welfare and pensions. Consequently, the customer base of public employment services is expanding as growing numbers of long-term unemployed persons and previously inactive people are being required or encouraged to participate in activation programmes as a condition of receiving income support through social assistance schemes.

Enhanced communications technologies are enabling more rapid exchange of information both transversally between public employment services and other support services, and between service providers and jobseekers. This in turn is leading to greater use of digital customer contact channels and acting as a catalyst for partnership working to provide personalized services.

In some countries the overall effect of these trends is a reduction in monopoly service provision by public employment services and other actors because of the emergence of an ecosystem of employment support services. In some of the more digitally advanced countries, the increase in partnership working is being accompanied by an erasure of bureaucratic demarcations between delivery agencies.

Public employment services played a pivotal role during the COVID-19 crisis in cushioning workers and enterprises and protecting jobs through the implementation of adapted minimum income schemes and cash transfers

Macroeconomic and social developments have implications for the structure of public employment services, in particular with regard to their linkages with systems for the implementation of minimum income and cash transfer schemes, and for the provision of support to the self-employed and atypical workers. Outside developed countries, which

have comprehensive welfare systems, and where people receiving social assistance are generally required to register with the public employment service, welfare provision is limited. In developing and emerging economies, social assistance is rare and coverage is partial at best, while outreach by public employment services is limited. The informal economy predominates in many of these countries, which necessarily means that a large share of their populations falls outside the scope of public employment service support. In many countries a weak fiscal base makes it difficult to extend unemployment insurance schemes to inactive citizens. In such situations minimum income schemes and direct cash transfers are more frequently used to provide income support.

Several countries significantly increased the scale and scope of their cash transfer schemes in response to the COVID-19 crisis. The procedures for claiming benefits were simplified in, for example, Azerbaijan, Estonia, Cyprus, Morocco, Tunisia, Ukraine and Uzbekistan. The relaxation of entitlement conditions has eased the pressure on the capacity of public employment services, reduced the administrative burden and improved customer service by speeding up payments.

There were particularly significant increases in benefit coverage in some countries – for example, coverage increased threefold in Jordan and Tunisia. The volume of cash transfers increased by 50 per cent in Armenia and the Russian Federation and doubled in Albania. Kazakhstan made payments approximately equal to the national monthly minimum wage (US\$100) to 3 million citizens experiencing loss of income owing to the pandemic.

A particular difficulty faced by governments in administering cash transfer schemes was a lack of systematic and comprehensive information to identify citizens in need of support because of income loss during the COVID-19 crisis. In the absence of any public employment service infrastructure that would make it possible to identify other potential beneficiaries, government data are typically focused on the poorest and most vulnerable. The lack of comprehensive records was addressed by using other sources to connect with citizens. In Morocco, for example, the health system database was adapted to identify workers in the informal economy, who were subsequently contacted through various digital channels and social media. Similarly, the central bank in Jordan launched a programme to assist citizens in setting up e-wallets so that they could manage cash transfers. In Egypt, the reach of a support scheme for informal workers was expanded. Those registering in the Ministry of Manpower database can access payments administered through a network of post offices and banks.

In response to the COVID-19 crisis, countries operating unemployment insurance schemes increased the generosity of benefits, simplified the application procedures, introduced new customer contact and payment channels, and relaxed the eligibility conditions.

The increased generosity of such schemes during the COVID-19 crisis involved not only higher benefit rates but also the shortening of qualifying periods, the waiving of rules that reduced benefit rates over time and extension of the periods for which unemployment benefits are payable. The coverage of benefit schemes was extended to workers in atypical employment in France and Spain, and access to benefits was eased for those temporarily laid off in Norway and Finland. Georgia introduced an entirely new measure to support people who became unemployed as a result of the COVID-19 crisis.

Coverage was also extended to labour market groups that are normally not the primary target of public employment services, such as the self-employed and atypical workers

The self-employed are increasingly being incorporated into unemployment insurance schemes. In the past they frequently remained outside the scope of insurance coverage, and the COVID-19 crisis highlighted various problems resulting from that. Many public employment services have expanded their customer base by introducing various measures to provide relief for the self-employed. For example, Uzbekistan has introduced labour market measures to promote entrepreneurship and assist self-employed people to meet interest payments on business loans. A scheme in Georgia has enabled non-registered self-employed people losing their jobs to access support. The Republic of Moldova has responded to the needs of returning migrant workers by increasing the unemployment benefits payable to them subject to their enrolment in the medical insurance scheme.

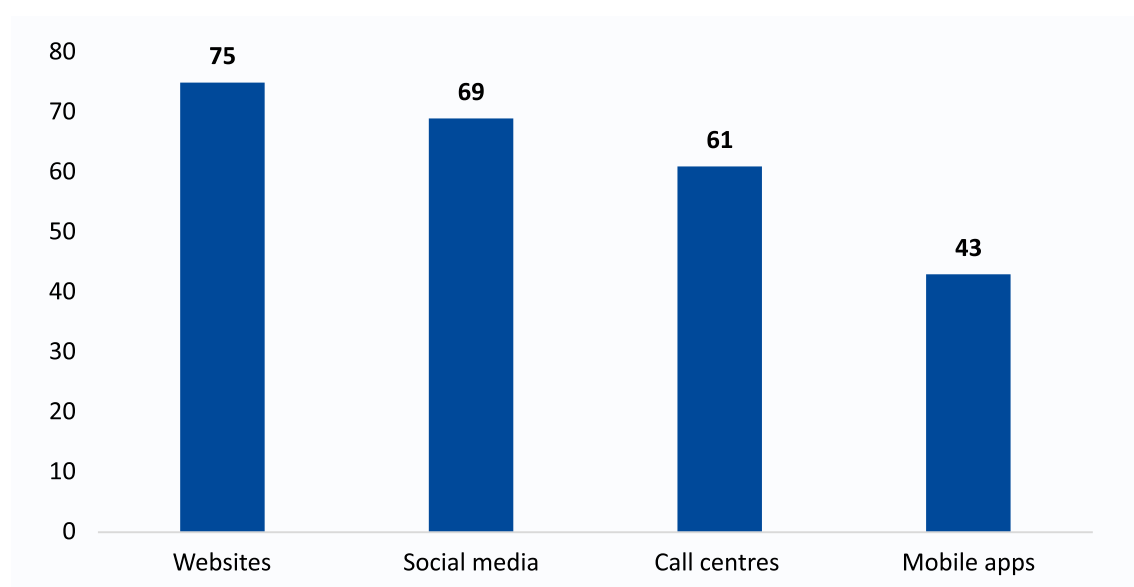
Schemes to provide cash transfers to informal workers falling into unemployment have been introduced in countries such as Georgia, North Macedonia and Tunisia.

Public employment services have accelerated their transition to digital channels and the use of partnerships, building on trends already observed before the COVID-19 crisis, although the in-person delivery of services still remains important

Customer contact and delivery channels play an important role in how public employment services reach their customers – including labour market groups of particular interest such as women, young people, older workers and those living in rural areas – and in the customization of services to the needs and aspirations of individuals and groups. Multichannel service delivery (the provision of parallel service channels for different groups/individuals) has existed for a long time in public employment services. In recent years it has evolved into a more sophisticated and integrated system termed “omnichanneling”, where individuals can use a combination of channels depending on the stage of their labour market integration journey, as in the public employment service of the region of Flanders in Belgium (Finn, Peromingo and Mwasikakata 2019). The diffusion of technology, especially digital channels, has led to the adoption of a “digital first” policy in the public employment services of many developed countries (for example, Belgium and France). The COVID-19 crisis provided additional momentum for pre-existing trends in the development of new customer contact channels for people claiming unemployment benefits. Online submission

of claims has become the norm in several countries. The public employment service in Greece introduced a system allowing all unemployment benefit applications to be made online, simplified the application process and temporarily relaxed the stringency of reviews so that all entitlements were automatically renewed during the crisis. North Macedonia has introduced online benefit applications, while Serbia now accepts emailed applications. A new ICT system in Norway allows fully automated case handling and digital applications for advance payment of unemployment benefits. Spain and Romania have expanded the use of telephone channels through call centres, while Estonia and Romania have authorized the submission of benefit applications by post.

Figure 2.11. Delivery of public employment services through remote channels, 2021
(number of respondents)



Note: Total number of respondents to the survey question for each channel: “websites” = 79, “social media” = 71, “call centres” = 62, “mobile apps” = 46.

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

Public employment services are increasingly using various remote channels to reach out to different customers according to their preference. The findings from the ILO global survey of public employment services indicate that websites remain the most frequently used channel (75 entities), followed by social media (69) and call centres (61) (figure 2.11). Given that the survey was undertaken in 2021, the second year of the COVID-19 crisis, the importance of call centres implies that there were still many people who wanted to contact the public employment service staff directly but could not do so because of the public health restrictions. Finally, 43 public employment services were using a mobile app. Despite advances in technology, physical registration remains popular: 85 of the 87 responding public employment services offered that option internally; 19 did so through collaborative partnerships and 3 through subcontractors. Remote registration was also popular, although slightly less so than physical registration: 74 of the 80 responding public employment services offered the remote option internally, 21 through collaborative partnerships and

only 2 through subcontractors. Overall, the core business of registration is still delivered largely internally, whether physically or remotely. In many cases (specifically, in 76 public employment services) both channels were used.

Partnership working in employment services and activation programmes has increased, pointing to the development of networks and ecosystems

As discussed in Chapters 3 and 5, the holistic approach to labour market integration in general and the greater emphasis on activation policies in developed countries – especially with regard to engaging with new client groups, including previously inactive people and the long-term unemployed, who need specialized support – have increased the need for public employment services and other support organizations to collaborate. The potential to use enhanced ICTs to provide more data-driven services and improve connections between public employment services, their clients and other stakeholder support organizations has further encouraged inter-agency cooperation. Automation and artificial intelligence are affecting all sectors, and public employment services will need to develop partnerships to take advantage of “big data”, which is set to become increasingly important in assisting workers and jobseekers to adapt to this changing environment (Davern 2020). The traditional system of employment support based on a lead organization, typically the public employment service, “owning” a client’s labour market integration trajectory and contacting other agencies to provide specialist assistance on its behalf is being superseded with the emergence of an employment service ecosystem and networking. The client is now considered to be at the centre of the process, with a range of potential support providers delivering bespoke labour market integration “packages”.

Collaboration through partnership working has resulted in significant reforms to the institutional frameworks and governance arrangements of public employment services in many countries. For example, India launched the National Career Service as part of a revitalization of its public employment service in 2015. The main features of the new entity are a job portal that brings together all key stakeholders and collaborative delivery of services by different players through Model Career Centres and other channels (Abraham and Sasikumar 2017). Colombia has set up a network system of employment service providers. Ireland has launched a programme called JobPath, which links the public employment service with private for-profit organizations to deliver services for the long-term unemployed. These private providers are paid on the basis of their performance (Martin 2015).

Improving the services provided to employers is key to unlocking a mutually beneficial relationship between employers and public employment services

An essential ingredient for a successful public employment service is the provision of services to employers, as discussed in Chapter 3. The public employment service in Cameroon has assimilated many elements of new public management in developing its delivery strategy,

which is geared towards meeting employers' needs and ensuring that jobseekers receive training to enhance their employability. The Cameroonian entity offers a comprehensive support service for employers and actively promotes relations with, and seeks input from, business leaders.

Cameroon has centralized the entire relationship of its public employment service with companies to coordinate the implementation of its employer engagement strategy. There is a dedicated job development team that is responsible for raising companies' awareness of the available service offer, encouraging them to place vacancies with the public employment service and to use it for recruitment. The importance of employer funds to provide the institution's resources is likely to have influenced the evolution of this model.

2.3.4. Innovation and adaptation

Public employment services are innovating and adapting to the challenges associated with the future of work in order to serve their customers better, but also to remain relevant

Developments in the policy and strategy of public employment services (see section 2.3.1), especially the greater integration of social protection and labour market policies, are reorienting their customer agenda. Technological advances, increasing use of data and the application of artificial intelligence as part of what some analysts have called the "fourth industrial revolution" are driving structural changes in the world of work. Consequently, public employment service clients often face more frequent and complex labour market transitions, while the need to increase labour supply and address skill shortages is widening the scope of public employment services' mandates to include support for an increasing number of people from disadvantaged groups. These trends have prompted efforts to ensure greater cohesion between employment and social support services through the promotion of more customer-focused delivery models.

Political decisions have increasingly been taken in the light of these trends to change the administrative arrangements and institutional settings of public employment services. The specific political objectives and policy drivers behind reform initiatives frequently influence the nature of the reforms undertaken and the design of new features.

The COVID-19 crisis increased the pace of digitalization of service design and delivery, although multichannelling remains a favoured mode of delivery, including face-to-face delivery

Before 2020, technological advances had already started to have a significant impact on the world of work and on public employment services among other labour market institutions. The lockdowns and activity restrictions imposed in the wake of the COVID-19 pandemic in almost all parts of the world led to the introduction of adaptive measures both to maintain service continuity and to prevent transmission of the disease (ILO 2020). Countries that had

already invested in digital technology and infrastructure were better able to switch to digital delivery than those that had not, which was generally the case in developing and emerging countries.

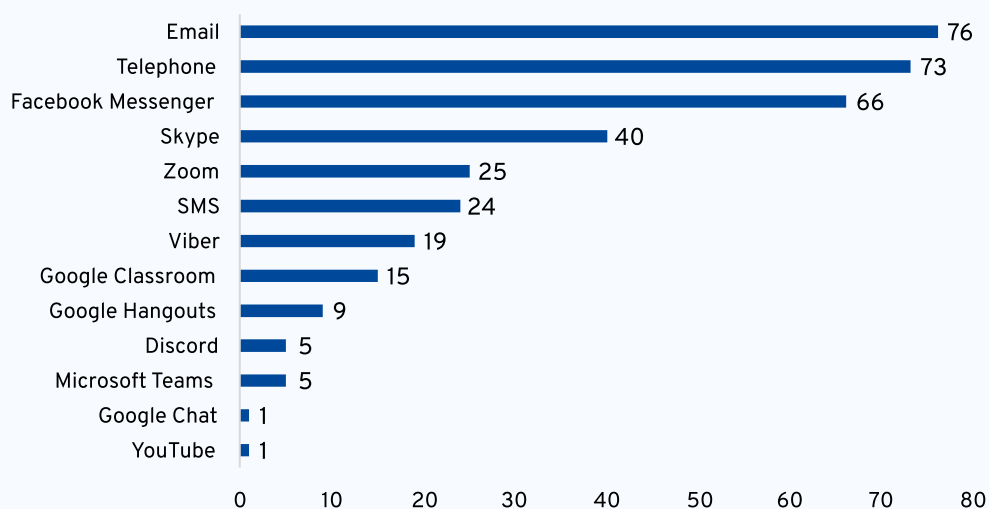
The ILO 2020 global survey on the digitalization of public employment services found that although there was considerable variation in the rate and intensity of technology use, all of the entities surveyed had digitized or automated at least one core service. Nevertheless, it is also clear that the adoption of new technologies must be accompanied by complementary measures, such as improving digital infrastructure and access to it for all segments of the labour market, to ensure that the potential benefits of service expansion, targeting and customization are realized in an inclusive manner. The survey confirmed the mixed empirical evidence in the literature on the impact of the digitalization of public employment services on employment outcomes. There are examples in both developed and developing countries showing that the adoption of digital technologies did not lead to better outcomes. In France, Ben Dhia et al. (2022) found that the launching of a digital career services platform called “Bob Emploi” by the French public employment service in 2016 had no effect on any employment outcomes in the short or medium term. Similarly, in Mozambique a digital platform was found to have had no significant effect on overall employment outcomes, except for skilled women (Jones and Sen 2022). The ILO survey from 2020 also found that while 28 per cent of the public employment services had adopted a predominantly technology-based approach to deliver services before the pandemic, a significant proportion (20 per cent) had a service delivery model favouring face-to-face interactions in combination with digital delivery. This combined model was found across all country income groups and regions, including countries that are very high on the United Nations technology rankings such as Australia. These findings suggest that technology is a necessary tool but that it needs to be complemented by other measures to be effective and respond to customers’ needs.

The example from Hungary in box 2.3 demonstrates the challenges that public employment services face in adopting technology where the infrastructure is inadequate.

Box 2.3. Adoption of e-counselling services in Hungary during the COVID-19 crisis

Following the introduction of restrictions in schools and training institutions between March and June 2020 in Hungary, a study was undertaken between April and July 2020 to assess the adaptation mechanisms for the delivery of career guidance by counsellors through remote and e-counselling. It is clear that many resorted to remote counselling via established channels such as email and telephone. However, a considerable number of careers advisers adopted e-counselling, the most popular tools for that purpose being Facebook Messenger, Skype, Zoom, text messages and Viber. It is worth noting that counsellors tended to choose simple tools, rather than platforms requiring significant investments (such as YouTube, Microsoft Teams, Google Hangouts and Google Classroom). This reflects the lack of coordinated support: counsellors were expected to be creative in line with the do-it-yourself mantra (Borbély-Pecze 2022).

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



Note: Based on a survey of 106 careers advisers.

Source: Borbély-Pecze (2022).

In Morocco, in view of the connectivity challenges in peri-urban and rural areas, a mobile bus was introduced to provide clients in these areas with access to online employment services. In Cameroon and Chad, PES services are being extended to communities through digital means, such as the establishment of kiosks in municipalities.

Effective change management is essential for public employment services to be able to innovate and adapt

The ability of a public employment service to innovate and adapt is largely influenced by (and in turn contributes to) its capacity for change management (Dorenborg and Haaland-Wittenberg 2016; Metcalfe and Puchwein-Roberts 2016). The motivation for change may emanate from within the public employment service—for example, following self-assessments and feedback from users, or as a result of the entity's own need to respond to changes in the labour market and remain agile and relevant. The motivation may also be external, in

most cases following a change in government priorities and revisions to policy either within the existing government or after a change of government. Moreover, change may be low in scope and intensity (incremental) or high in scope and intensity (transformational), or a combination of both. For change to be effective, it is necessary to have a clear and shared vision from the senior management down to rank-and-file staff, and the change process has to be transparent, inclusive and based on credible evidence (Dorenborg and Haaland-Wittenberg 2016; Metcalfe and Puchwein-Roberts 2016). When change is not properly managed, well intended reforms can fail to achieve results (see box 2.4).

Scharle et al. (2018) describe two different pathways to reform that are designed to facilitate greater integration of public employment services and other social support services as part of a more customer-centric approach: an “encompassing model” (Pathway 1) and one based on institutionalized cooperation (Pathway 2).

The encompassing model has been applied in countries carrying out significant and relatively rapid reforms. The necessary shifts in the country’s “administrative geography” require legislative changes to redesign the structure and institutional framework of delivery organizations so that they can implement revised policies. In some cases, mergers of previously separate organizations have led to a redistribution of functions between central, regional and local government tiers.

This approach spans several policy areas with a view to increasing the scope of case management and developing holistic personalized services. Legislation to enable institutional change has been adopted to support service integration initiatives involving public employment services and social support providers in several countries, including Denmark, Finland, Ireland, Germany, Norway, Spain (Basque Country) and the United Kingdom. Similarly, the creation of the National Employment Authority in Kenya in 2016, which replaced the National Employment Bureau, and of the National Career Service in India in 2015, which replaced the National Employment Service, were forms of transformational change that followed the encompassing model.

The second reform pathway is based on reforms within existing institutional settings, and often involves considerable local discretion in service design and delivery. This has been adopted in countries such as Austria, Belgium, Poland, Romania and Switzerland. This pathway is most frequently used to facilitate reforms aimed at more integrated delivery of social services which are on a smaller scale than cross-cutting programmes aimed at combining the administration of a broad range of welfare and employment support functions. Such reforms (a recent example is Slovenia) are typically introduced when the target population is a particular group of clients receiving means-tested social welfare benefits from the social security administration. In this model the primary focus of reforms is on identifying processes where specific advantages can be achieved through integration, especially by means of enhanced cooperation between participating institutions, which

typically retain their individual legal and institutional structures. Defining the objectives of integration and securing political commitment are essential to successful reforms.

The public employment services in Morocco and Rwanda (Mwasikakata 2017) conduct a survey periodically to measure satisfaction and collect expectations from employers, jobseekers, project owners and partners. In Ethiopia, the Job Creation Commission embarked on a programme of reforms to the country's public employment service developed on the basis of quality management principles.

Box 2.4. Change management in the Czech Republic and the 2011 reforms of the public employment service

The Czech Republic established a comprehensive and modernized public employment service in the 1990s as part of the post-communist transition. Considered to have been more developed than the corresponding entities in other Central and Eastern European countries, it was organized at two levels: the Employment Services Administration in the Ministry of Labour and Social Affairs at the central level was responsible for management and policy guidance, while the operational level comprised 77 district labour offices, each with an independent legal personality. Over time, though, the public employment service's popularity and reputation suffered as it came to be seen as a mere "hander-out" of unemployment benefits, while the combination of employment services and labour inspectorate functions in the district offices discouraged employers.

The reforms of the public employment service undertaken in 2011 did not apply the best principles of change management, leading to dismal results and the resignation of the responsible minister in the midst of what Kotrusová and Výborná (2015) describe as a "policy fiasco". The reforms involved the establishment of an independent Labour Office with nationwide competence comprising three tiers: a central level (headed by the General Director); 14 regional bureaux; and local (district) labour offices. The administrative and human resource functions were transferred from the local labour offices to the regional bureaux. In 2012, the Government merged the provision of social assistance benefits (unemployment assistance and social welfare benefits) by the local labour offices and municipalities.

Factors that contributed to the failure of the reforms included:

- ▶ **Lack of clear communication on the goals of the reform process:** the Government announced that the primary goal was to reduce costs and realize savings, yet the officials involved in the legislative stage believed that the rationale was to introduce a new management structure like that of the Social Security Administration. Officials also felt that the Government was pursuing a covert objective of weakening the Labour Office and shifting delivery to private providers.
- ▶ **Inadequate planning of the reform:** there was insufficient analysis, consultations were minimal, the impact on staff was not considered, mitigation measures were not put in place and the legal process was hurried.
- ▶ **Absence of consensus among stakeholders:** the comments of the social partners on the proposed reforms were not addressed; the views of senior public officials were not reflected; both the Senate and the President were opposed to the legislation and the reforms; and staff at the local level never bought into the reforms, thinking that they would be scrapped.
- ▶ **Implementation failure:** lack of clear mandates for, and coordination between, the Ministry of Labour and Social Affairs and the General Directorate; the addition of the regional layer increased rather than reduced bureaucracy; the additional work (social welfare) was a burden and created conflict at the local level. The new labour market information system was imposed on staff and brought many challenges, which the officials were not allowed to talk about openly.

Source: Kotrusová and Výborná (2015).

Tools are being developed at the global level to support the reform of public employment services, especially through the diagnosis of their capacity in all key areas. For example, the ILO has issued a diagnostic tool and guide covering four main areas: governance, core functions, collaboration and partnerships, and support processes (Avila and Rodriguez 2021). The European Commission has developed, through the PES Network, a benchlearning tool for advanced countries which can deal with the data intensity involved. WAPES adapted the benchlearning tool into a self-assessment methodology for public employment services focusing on seven core areas; this methodology has been piloted in 7 member countries and in 17 partner countries (all in sub-Saharan Africa).

Technological change and agile management were the principal drivers of innovation in public employment services before and after the onset of the COVID-19 crisis

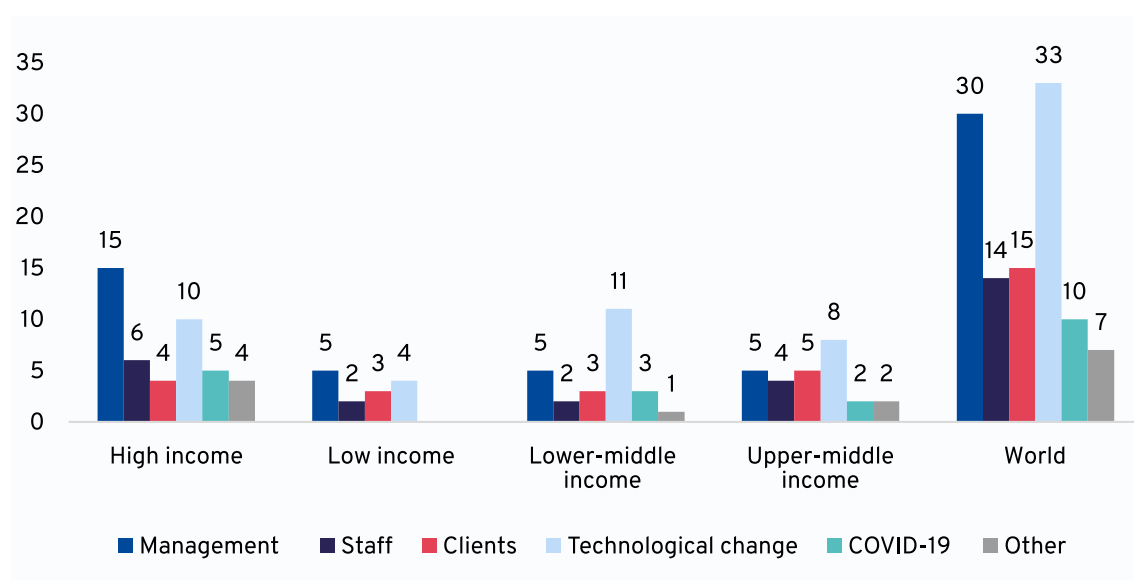
It has been pointed out that the ability of individuals to seize the opportunities arising from rapid technological change depends on their capacity to adapt to transitions from one job to another and on their skills (World Bank 2015). Public employment services are at the heart of these processes: they are involved in the daily functioning of the labour market and in government interventions to address market failures. To achieve this, the interests of public employment services and various stakeholders need to be aligned. These stakeholders include employees, employers, training providers, educational institutions, non-governmental organizations (NGOs) and private employment agencies. Public employment services have a leading role in convening these partnerships, especially as key actors in the skills development ecosystem. Agile management is essential for public employment services to deal with the impacts of technological change and other megatrends on the labour market.

Other drivers of innovation include (a) crises such as the recent COVID-19 pandemic with its socio-economic effects; (b) staff, where they are actively engaged through, for example, innovation labs; and (c) clients through customer satisfaction surveys or other feedback channels. At the global level, according to the findings of the survey conducted by the ILO in 2021, technological change is most likely to prompt innovation, followed by agile management (figure 2.13). Clients and staff were reported as having a similar impact on change, while 12 per cent (10 out of 85) public employment services viewed crises (in this case the COVID-19 crisis) as the most significant influence on innovation. Variations may be seen depending on countries' level of income: for high-income countries, management was the most significant driver of change, in contrast to lower- and upper-middle-income countries, where technology was clearly the most important factor. For low-income countries, no single factor was unequivocally identified as the most significant.

The responses to the survey confirm that a robust ICT infrastructure is a prerequisite for the effectiveness of public employment services. Middle-income countries prioritize the adoption of technologies as they seek to ensure that their public employment services are part of the "administrative geography" and are able to keep pace with the evolving labour

market. In high-income countries, where in many cases the public employment service has already established itself as an integral part of the employment and welfare systems and acquired the necessary core infrastructure upon which to further develop services, the focus is on management as a driver of continuing improvement. In low-income countries, public employment services often face an ongoing lack of resources and struggle to attract a sufficient level of government support that would allow them to grow out of an essentially residual role. Perhaps unsurprisingly, no single driver of innovation can be clearly identified as the most important for this group. However, a different picture emerges when the survey responses are analysed from a regional angle. Technology turns out to be the most important factor in Europe and Central Asia, followed by agile management; the opposite is true in Africa; in Asia and the Pacific these two drivers of innovation have more or less the same importance; while there is no discernible trend in the Americas.

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



Note: Total number of respondents to the survey question = 85.

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

2.3.5. Capacity and performance enablers

The capacity of public employment services, especially with regard to financial and human resources, needs to be strengthened further so that they can remain agile and relevant and are able to deal effectively with evolving employment challenges

As pointed out in Chapter 1, the nature of the employment problem in the labour market has changed as a result of the COVID-19 crisis adding to the uncertainty associated with the megatrends that are shaping the future of work, not least technological advancement. While unemployment and labour supply (as measured by the employment-to-population ratio) have fallen at the global level, the potential labour force has increased, which means

that public employment services must increasingly deal with a more complex clientele who are outside the labour force, including those not in employment, education or training (NEET). The institutional and human resources capacity of public employment services is critical if they are to succeed in assuming a broader role beyond the matching of jobseekers with vacancies – that is, if they are to become a “career and skills development partner” of both jobseekers and employers by helping individuals to navigate multiple transitions in the labour market and build resilience.

As implementers of employment and labour market policies, public employment services are subject to political and public policy decisions by governments which may determine whether they are able to build and maintain their capacity. Public employment services are among the institutions most affected by the implementation of austerity and fiscal consolidation policies. For example, in Oman the Government restructured the Ministry of Manpower and related institutions to establish an encompassing Ministry of Labour in 2020. In the Netherlands and, more recently, Sweden reforms aimed at reducing fiscal expenditure have been undertaken. However, experience from the aftermath of the global financial crisis of 2008 suggests that governments should increase or maintain public expenditure until a recovery is assured (ILO, ISSA and OECD 2021). The financing of public employment services and their human resource capacity are key factors for them to perform well in the twenty-first century.

High-income countries with comprehensive social protection systems increased the front-line staff of their public employment services in 2019–20, while middle-income countries were more likely to reduce their staff

The ILO survey from 2021 compared the numbers of counsellors at public employment services and the share of staff assigned to front-line, customer-focused activities in 2019 and 2020 across high-, medium- and low-income countries, and between public employment services run as part of a ministry and those which are separate legal entities.

A majority of high- and low-income countries reported an increase in the number of counsellors, although at the global level just over 50 per cent (28 of 50) of public employment services reported reductions. Where an increase in the number of counsellors was reported, this suggests an emphasis on protecting front-line staff and prioritizing support for the clients most in need of assistance. Moreover, in high-income countries the increase in staff during the COVID-19 crisis was in response to an unprecedented surge of applicants for unemployment benefits as public employment services intervened to implement worker and enterprise protection and job retention measures.²⁸ The results corroborate the findings of a 2020 assessment report of the PES Network, which indicated an increase in staff in 14 of the 25 public employment services that responded to the survey (Peters 2020).

²⁸ However, it is worth noting that when the job retention measures were rolled back, the overall number of registered unemployed fell in most of the 27 European public employment services (Duell, Vetter and Nguyen 2022).

These were also countries that increased their use of online delivery of services as well as their ICT infrastructure (ILO 2020). Unlike high-income countries, most middle-income countries reported a decrease in the share of counselling staff in the total workforce of their public employment services. This could reflect reduced activity due to restrictions, low integration of ICTs, and inadequate job retention and protection measures in these countries. Nevertheless, the overall trend points to the maintenance of front-line staffing levels, if not necessarily the number of counsellors. None of the low-income countries participating in the survey and only 4 of 20 middle-income countries reported a reduction in the share of front-line staff.

Of the 70 public employment services responding to questions on changes in their overall staffing levels between 2019 and 2020, just over half, namely 38, reported reductions, while 32 reported increases. Approximately two thirds of high-income countries (20 out of 31) and three fifths of low-income countries reported an increase in staffing. The most significant decreases in staffing levels occurred in middle-income countries, with 25 of 34 such countries reporting reductions.

Public employment services worldwide are providing continuous capacity development by training staff throughout their working lives

Continuous development of the capacity of staff through training and mentoring is of paramount importance for any public employment service. The ILO global survey conducted in 2021 found that 91 per cent of the 90 responding entities provided their staff with training. A majority of public employment services provide training without certification of qualifications (61 per cent), while 36 per cent provide certified qualifications. This pattern holds across all country income groups and regions. Asia and the Pacific was an exception, with no significant difference between certified and uncertified offerings. Since working for a public employment service is a specialized profession, the focus is mainly on providing practical skills at the country level or through regional and international bodies such as the ILO and WAPES. Furthermore, periodic training (normally on an annual basis) is the most prevalent followed by ad hoc training and training during onboarding upon recruitment. However, there are variations by income group, with high-income countries offering all three types of training in almost the same proportions, while countries from the other income groups offer periodic and ad hoc training to a greater extent. None of the low-income countries provided training during onboarding.

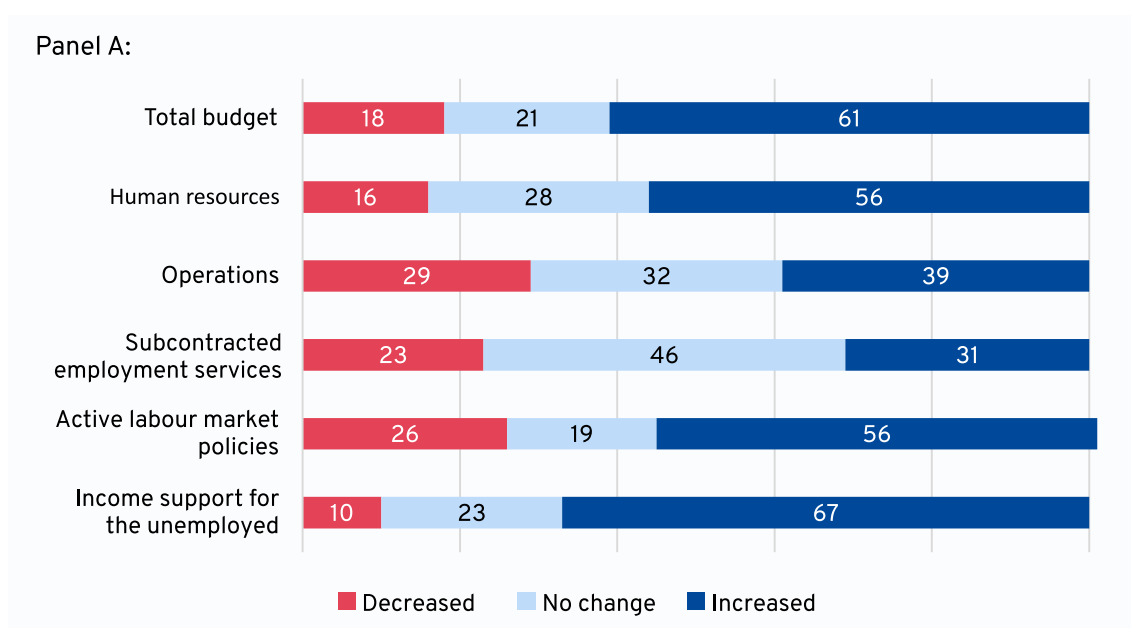
Public employment services are becoming more gender-sensitive, with the majority (76 per cent) of those surveyed having a gender equality policy in place

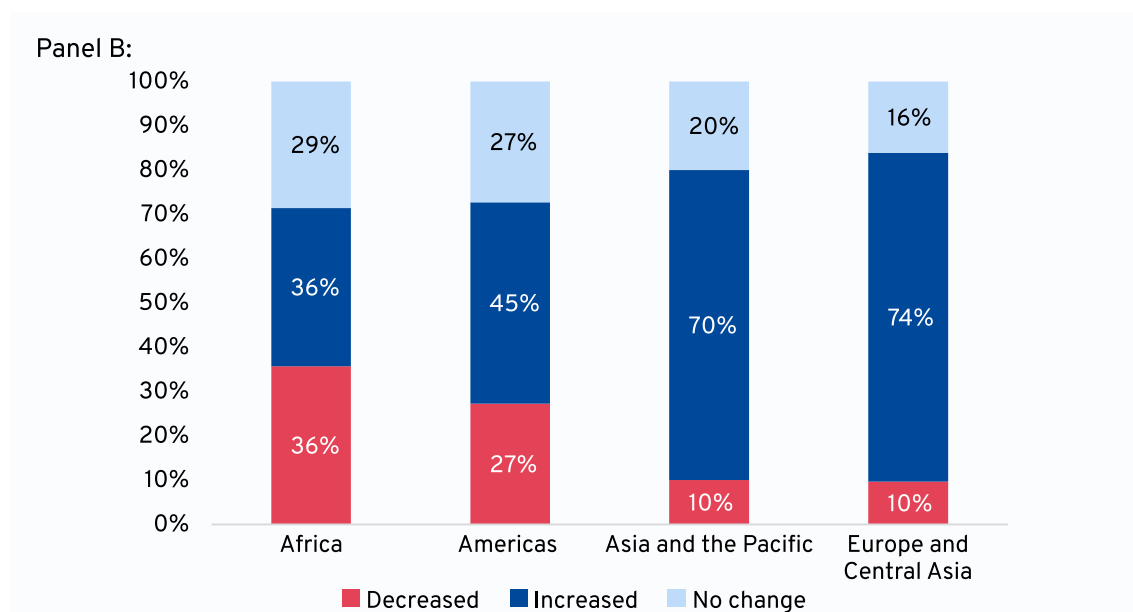
To effectively promote inclusiveness in the labour market, labour market institutions should take targeted measures to foster equality and inclusiveness in their own organizations. In 2021, 76 per cent of the 89 public employment services surveyed had a gender equality policy in place, with little variation across income groups and regions.

Governments increased funding for public employment services in response to the health crisis in 2020; however, fiscal consolidation policies may reverse that trend

Figure 2.14 shows the direction of change in the overall budgets of public employment services and in specific components (panel A) and the direction of change by region (panel B) between 2019 and 2020. A majority of public employment services, 61 per cent, reported an overall increase in their budget, 21 per cent reported no change and 18 per cent reported a reduction. No difference was discernible between public employment services which are part of a supervising ministry and those operating under other forms of governance. The area of expenditure for which the highest share (67 per cent) of public employment services reported budget increases and the lowest share (10 per cent) reported reductions was expenditure on income support for the unemployed. Human resources and ALMPs were the two areas in which the next-highest share of public employment services, namely 56 per cent in each case, reported a budget increase. Comparatively smaller shares of public employment services reported an increase in their budget for operations (39 per cent) and subcontracted employment services (31 per cent).

Figure 2.14. Direction of change in the budget of public employment services between 2019 and 2020, total budget and by component (panel A), by region (panel B) (percentage of respondents)





Note: In panel A, the total number of respondents for each component are: “total budget” = 67, “human resources” = 82, “operations” = 75, “subcontracted employment services” = 52, “active labour market policies” = 70, “income support for the unemployed” = 52. In panel B, the total numbers of respondents in each region are: Africa = 14, Americas = 11, Asia and the Pacific = 10, Europe and Central Asia = 31. The Arab States (just 1 respondent) are not shown.

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

No difference was identified in the share of public employment services increasing their expenditure on specific budget items between those operating within ministries and those with agency status. In fact, the shares of public employment services increasing their expenditure within these groups were almost identical. In both, 48 per cent of public employment services reported that they had increased their budget for ALMPs and 40 per cent reported that they had done so for subcontracted employment services. Among the public employment services which are part of a ministry, 45 per cent reported an increase in their operations budget, compared with 42 per cent of those with agency status, while 74 per cent and 70 per cent, respectively, reported an increase in their human resources budget.

A public employment service’s ability to protect and bolster expenditure during a crisis is positively correlated with the country’s level of income

An analysis of public employment services’ responses to the question whether their budget had changed between 2019 and 2020 revealed some significant differences between regions (figure 2.14, panel B). An increase was reported by 74 per cent of public employment services in Europe and Central Asia and by 70 per cent of such entities in Asia and the Pacific. While nearly half (45 per cent) of public employment services in the Americas also reported an increase, 27 per cent reported a reduction in their budget. Equal shares of African public employment services reported an increase and decrease in their budget (36 per cent in each case), which attests to the precarious situation of such entities in some emerging and

developing economies, especially in Africa. Similar trends are observed if the responses are broken down by income level: budget increases are positively correlated with level of income and vice versa for budget decreases, reflecting the fact that high- and upper-middle-income countries are in a better position to protect and bolster expenditure.

Public employment services are diversifying their sources of funding to finance specific activities and to cushion themselves against budget fluctuations, though public funds remain the most popular source in all regions

Public employment services require adequate and sustainable sources of funding to effectively support jobseekers throughout their multiple journeys in the labour market and employers over the life course of their business. The sources of funding vary depending on the extent and nature of decentralization, the mandate and autonomy accorded to a public employment service, and the type of services to be delivered, among other factors. These sources include appropriations from the central or local governments, unemployment/employment insurance funds at the national or sectoral level (including donations from the corporate world), employment or training funds, income from paid services offered by the public employment service, and donations from cooperating partners, regional blocs or individuals. Public employment services typically use different sources of funding to finance specific expenditures, according to law or practice, including operations, various ALMPs and passive policies. Both Convention No. 88 and Convention No. 181 do not allow public and private employment services to charge workers fees. However, public employment services may offer specialized services for employers and workers which may attract some fees.²⁹

Government budgets, especially the central budget, are by far the most important source of funding for public employment services at the global level, accounting for 96 per cent of the 84 entities that responded to the survey. Nineteen countries received all their funding from the central government and were thus highly vulnerable to changes in policymakers' priorities and budget fluctuations. Interestingly, this was the case in both advanced countries (such as Australia, Finland, Japan, the Netherlands and the Russian Federation) and developing countries (such as Colombia, Ghana, Morocco and Thailand). In 34 countries, the central government accounted for between 50 and 100 per cent of their total budget. Financing through unemployment and employment insurance funds was reported by 44 per cent of public employment services, as was financing through donations. As one would expect, the use of unemployment and employment insurance funds is more common in high- and upper-middle-income countries, where they play a key role in financing public employment services and ALMPs, while donations are mainly a feature of low-income countries, although countries from all income groups used donor resources. In high-income countries these

²⁹ For example, VDAB, the public employment service of Belgium-Flanders, offers job coaching services to employers for new recruits for up to six months at a fee, but the fee is waived when the trainee is of immigrant origin, 50 years or older, has an occupational limitation or does not have upper secondary education (Finn, Peromingo and Mwasikakata 2019).

donations come from regional funds such as the European Social Fund, while in developing countries they are loans or grants from development partners.

The above findings corroborate the results of the survey of public employment services in the Middle East and North Africa and sub-Saharan Africa conducted by the ILO in 2019, where 11 out of 14 entities depended on public funding and only two had more than one source of funding.

Employment and training funds can be an innovative source of financing for public employment services, made possible through partnership working with training authorities

Employment and training funds are an innovative source of financing of employment policy and public employment services in many developing countries. Employers contribute towards the training costs of their workers and receive partial refunds for these. Over the past two decades, many countries have introduced training levies, which tend to raise a considerable volume of funds. However, very few public employment services have access to these funds.

The public employment service in Cameroon uses an innovative employment fund mechanism with resources drawn from contributions by employers. This ensures to some extent that there is a sustained source of funding, but it may also encourage customer support services, including referral for participation in ALMPs, to focus on meeting employers' needs and increasing jobseekers' employability.

Elaborate performance management systems are mainly a feature of public employment services in advanced economies, but emerging and developing countries are also making strides towards the introduction of such systems

Ensuring the accountability of senior managers by monitoring and evaluating services and programmes is an essential element in the activities of a public employment service. Mazza (2016) identified the accountability culture within a public administration as a key determinant of the design of performance management systems. She noted that Eastern and Central European countries with a traditionally "social assistance-orientated mindset" focused on a right for beneficiaries as opposed to a right to effective interventions and stressed the need for ongoing monitoring to ensure that services remained relevant for an ever-evolving labour market. Hay et al. (2010) highlighted the importance of an appropriate range of indicators for both public employment services and private employment agencies to ensure that clients receive a quality service.

Devolved performance management systems are also used to monitor the effectiveness of individual offices and interventions. The Republic of Korea established an Employment Service Evaluation Centre in 2006, which went on to develop a single performance evaluation index that weights job placement together with the difficulty of placement measured by the local

employment rate. Many public employment services in developed countries have launched sophisticated performance management systems using regression models to explain the impact of local labour market conditions – for example, in Germany and Switzerland. Some public employment services have also introduced internal key performance indicators based on new public management approaches to foster customer-oriented service delivery. For example, the Austrian public employment service has a set of performance metrics constructed on the principles of total quality management; those metrics feed into a “balanced business scorecard” used by the management board to adjust the organization’s course (Bjerre, Sidelmann and Puchwein-Roberts 2016).

In the EU, the PES Network has adopted regression techniques for the qualitative assessment of public employment service capability as part of its benchlearning programme; these techniques are used to identify relevant links between enabling activities and quantitative labour market outcomes.

Public employment services in developing countries and formerly socialist transition economies are less likely to have performance metrics based on management and delivery outcomes. In most cases this is because they are underdeveloped and lack the knowledge and capacity to develop performance management systems.³⁰ Nevertheless, public employment services in upper- and lower-middle-income countries are making efforts to develop performance management systems as well.

Public employment services around the world are seeking to enhance their performance management systems to identify what works and improve service quality

There is no clear relationship between the institutional structure of a public employment service and the type of performance management system used. Mature public employment services, primarily in developed countries, are more likely to have more advanced systems drawing on customer, labour market and staff activity data to provide sophisticated management and performance reporting information irrespective of their institutional setting. Many public employment services in advanced economies use balanced scorecards based on headline outcome indicators (Nunn 2012).

The performance indicators of the UK public employment service, which are designed and set by the parent ministry, include input and outcome metrics and measures of customer and staff satisfaction. Specific employment service-related objectives are also set to assess the impact of the entity’s operations on headline indicators. In contrast to public employment services in most other developed countries, the UK service has never operated a profiling system. It has particularly emphasized strong “work first” activation approaches with rigorous job-search requirements for jobseekers. The incorporation of

³⁰ Public employment services in the Middle East and North Africa and in sub-Saharan Africa tended to report targets for macro labour market outcomes without clear methodologies or transparent indicators to capture their own contribution to these.

the public employment service into the supervising ministry in 2011 was accompanied by considerable simplification of the performance management system. The previous system, which was based on job entry targets weighted to assess, through a balanced business scorecard, the impact on different priority cohorts, was replaced by one focusing on four service pillars: customer service, labour market outcomes, reducing fraud and increased efficiency. The previous system had been criticized for being expensive to administer and for creating perverse incentives for the public employment service to “cream” clients with fewer barriers to entry into employment and to pay less attention to vulnerable clients. In general, development of key performance indicators should be done in a consultative manner to minimise perverse behaviour.

In developing countries, performance management systems are being introduced in relatively mature public employment services

The ability to establish elaborate performance management systems depends largely on the level of development and maturity of public employment services. In countries where the public employment service is weak or still in its infancy, the link between national employment policies and that institution’s activities is tenuous, and performance measures are either inexistent or exist only in a rudimentary form. In an ILO survey of public employment services in sub-Saharan Africa and the Middle East and North Africa conducted in 2020, promoting employment and reducing unemployment were most commonly named by responding entities as their primary objectives. In some cases, the participating public employment services were asked about their performance on the core functions of job intermediation, placement, counselling and career management. Some of the entities surveyed included national unemployment/employment rates among their performance measures. These broader government employment policy targets had been adopted as metrics without considering whether or how they could directly influence them. This raises questions about perceptions and expectations concerning the role of a public employment service and its impact on the labour market – in particular, the misconception that such an entity can create jobs and directly influence employment rates and unemployment, rather than helping to improve the balance of labour market supply and demand through engagement with individual jobseekers and employers (Davern 2020b).

Those public employment services in sub-Saharan Africa and the Middle East and North Africa which have developed more customer service-oriented performance assessment systems tend to have a legal identity as agencies separate from their supervising ministries. An example is the one in Benin, which has implemented a performance accountability system based on five pillars: developing the capabilities of staff; strengthening the organization’s visibility and profile; improving the quality of services; intensifying partnerships (including international cooperation); and mobilizing necessary resources. The Beninese public employment service also has targets for contacting employers, vacancies submitted, placements into salaried positions and for people commencing self-employment (Davern

2020b). The public employment service in Cameroon has introduced performance metrics to assess the cost of certain services. It also uses sophisticated customer and employee satisfaction surveys, the results of which are an integral part of overall performance assessment (Davern 2020b).

In contrast to most other public employment services in sub-Saharan Africa and in the Middle East and North Africa, which only produce annual performance statistics, the Moroccan entity issues monthly results through a performance dashboard. Information from its internal information system is supplemented by qualitative data from agencies linked to the public employment service through partnership networks. Its key measures are client placements (including transitions to salaried employment), improved client employability, number of clients accessing jobs using self-service systems, number of interviews and job workshops conducted, and volume of registrations and vacancies collected (Davern 2020b). The study found that in most countries in these two regions, performance targets were set at the national level, the exceptions being Benin, where they were set at the regional level, and Cameroon and Jordan, where they were set at the local level.

In Peru, service charters have been introduced which provide for regular public updates on the performance of the public employment service. This has served as an impetus for improving the quality and availability of labour market information as part of a more customer-focused service delivery model. Assessment of the performance of the public employment service in Cameroon is based on detailed analysis of employment programmes. The analysis seeks to assess the extent to which specific programmes help the public employment service to fulfil its mandate to respond to changes in labour market demand (Davern 2020b).

The Philippines introduced innovations to its performance management framework by establishing annual awards at regional and national levels for all operational public employment service offices (PESOs). The criteria for the “Best PESO Award” cover various aspects of performance, notably placement rate and number of beneficiaries; labour market information (number of reports submitted); career guidance and employment counselling (number of beneficiaries and coverage); implementation of programmes proposed by the Department of Labor and Employment; employment-related awards received from prestigious organizations; and leadership positions taken by the PESO in a prestigious organization (ILO 2012). In 2020, owing to the difficulty of fulfilling these criteria during the COVID-19 pandemic, a modified version of the award was introduced to recognize PESOs that had exemplified effective innovation, resilience and humanitarian service to the community during the crisis (Philippines, Provincial Government of Lanao del Norte 2021). These awards are presented during the annual National PESO Congress, and a Hall of Fame Award is given to any PESO that has maintained its leadership in the same category for three consecutive years (ILO 2012).

Modern reforms to public employment services typically address four main areas: performance-based management; contestability; improved coordination at the different tiers of government; and pooling of resources (including integrated delivery)

Overall, there is evidence that public employment services worldwide are continually responding and adapting to the changing world of work, and that the most successful ones are transforming into learning organizations (Finn 2018; Metcalfe and Puchwein-Roberts 2016). Finn (2018) identified four main pillars covered by public employment service reforms, namely (listed in no particular order): performance-based management; contestability; decentralization and coordination; and joined-up or one-stop shop organization (see figure 2.15). A trend has been observed whereby public employment services are transitioning from traditional bureaucratic administration to performance-based management. This involves setting targets and establishing internal monitoring systems to assess the achievement of these in both processes and outcomes. In some advanced and emerging countries, public employment services have adopted international quality measurement standards such as those issued by the International Organization for Standardization, the French Standardization Association or the European Foundation for Quality Management.

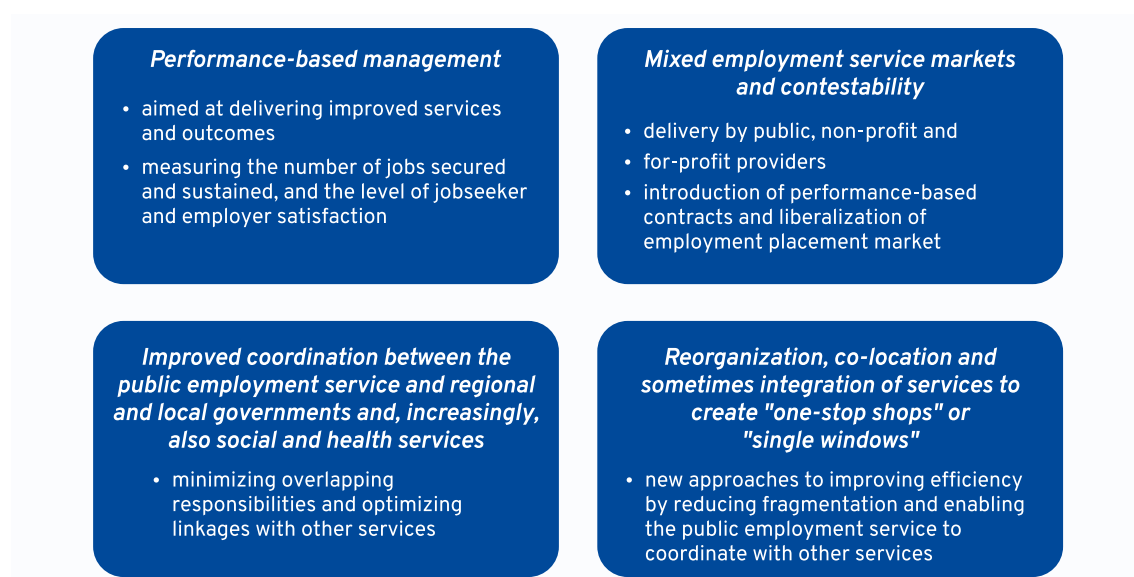
The ILO 2021 global survey found that 10 of the 94 public employment services surveyed used recognized international quality standards, while a large majority had performance targets and internal monitoring systems. The results of the survey surprisingly point to the adoption of international standards occurring to a greater extent in emerging countries, such as Azerbaijan, Latvia, Slovenia, Thailand and Tunisia. The public employment services of just three advanced economies reported using international standards (Austria, Belgium and the Netherlands). This may suggest a tendency for developing and emerging countries to adopt the best systems available in advanced countries without fully understanding the implications – clearly a negative consequence of benchmarking that is not adequately contextualized. Some public employment services are moving towards requiring training providers to adhere to quality standards such as the Qualiopi brand in France.

The other three pillars relate to partnership working (see Chapter 5 for details) in the delivery of employment services and ALMPs. The adoption of contestability and a quasi-market approach has allowed the delivery of employment services through various labour market actors, including public, non-profit and for-profit providers, through both collaborative and contract-based partnerships (Powers 2017; Finn 2020). As observed with the adoption of quality standards, developing and emerging countries are being put under pressure by development partners and donor agencies to contract out services to the private sector despite an apparent absence of the necessary conditions: the fiscal space for the government to sustain delivery of services through third parties, administrative capacity to manage subcontractors using a results-based approach, and the existence of a market for providers (Mwasikakata 2018; Powers 2017; Angel-Urdinola, Kuddo and Semlali 2012). While Saudi Arabia has the capacity and means to use international private employment agencies to deliver employment services, the attempt in Ethiopia to use private providers to that end

is more tentative and its outcomes need to be monitored and assessed. India, on the other hand, has adopted a customized approach to collaboration and delivery through private providers which should serve as an interesting case study for emerging countries that would like to anchor their public employment service reforms to digital transformation.³¹

Delivery of employment services and labour market policies through coordination and cooperation with regional and local governments is increasingly necessitated by the holistic approach to case management (Chapter 3), which seeks to address all barriers to integration into the labour market, especially for vulnerable groups such as young people (and those with NEET status), including social barriers, which in most countries are the responsibility of local governments. Various business models have been adopted by public employment services for working with local actors on the basis of both direct collaboration and outsourcing. A case that stands out is Colombia, where a network of providers replaced single delivery of employment services by the Government in 2013 (Avila 2017). Finally, integrated delivery through “single windows” or “one-stop shops” has gained ground in developed, emerging and developing countries alike. Such joined-up services are designed to tackle non-skills-related barriers, but also to improve efficiency by reducing fragmentation and improving coordination. A recent interesting case in developing countries is the adoption of a single window in Benin, which essentially involves the co-location of various services covering such areas as employment counselling, labour market monitoring and professional training (Matin Libre 2020).

Figure 2.15. Typology of reforms in the implementation of public employment services



Source: Finn (2018).

³¹ As noted in Abraham and Sasikumar (2017), it is still not clear how private providers delivering services through the National Career Service's Model Career Centres, call centres or job portal would be able to recover their costs and still adhere to the international norm of not charging workers for state-provided employment services.

2.4. Conclusions

This chapter has provided an overview of the organizational structure and governance of public employment services by way of a framework of analysis for the report, but also to support measures aimed at strengthening the design and delivery of inclusive and customer-oriented services that help individuals to navigate a labour market in constant flux.

To be effective, the mandate of a public employment service needs to be grounded in robust and clear legal and policy frameworks at all levels, with adequate inbuilt flexibility. The chapter described a growing trend towards the mainstreaming of employment services in domestic legislation and national employment policies and strategies, particularly in emerging and developing countries. This is important because it provides public employment services with the necessary mandate and ensures their funding and hence sustainability. The importance of institutional coordination was also highlighted.

As implementers of governments' employment policies, the strategy of public employment services should be aligned with the national employment priorities and goals and take into account the prevailing political and economic context. There is evidence of public employment services worldwide supporting national employment objectives – sometimes shouldering the full responsibility for employment promotion, but in most cases focusing on the implementation of labour market policies.

The strength of management systems is a key factor in determining effectiveness and service capacity. More mature systems are typically found in public employment services that have adopted the principles of new public management. In developing and emerging countries, in particular, this is more often, though not exclusively, the case in public employment services with agency status compared with those which are an integral department of a parent ministry. In developed countries, customer-focused delivery models are found irrespective of the institutional framework within which the public employment service operates.

Core features of the effective management of public employment services include robust financial control systems and an emphasis on increasing efficiency, including targets designed to spur continuous improvement. Transparent public accountability vested in senior operational managers with a degree of autonomy from policymakers, a strong customer orientation, entrepreneurial management and a striving to reduce bureaucracy are important drivers of efficiency. Benchmarking and strong corporate governance, including a strategic development plan, often reflect a strong focus on meeting the needs of both employers and jobseekers.

The aforementioned features, which can be found in public employment services irrespective of their legal and institutional setting, serve as a basis for identifying strengths and areas of improvement in service delivery. Such an exercise can reveal where insufficient capacity is limiting the performance of a public employment service and, accordingly, inform the reform agenda.

Weak delivery systems, or the absence of any mechanisms to assess organizational capacity, are typically a consequence of low political priority being accorded to public employment services and of the concomitant lack of resources. Inability to access funds can prevent the improvements necessary for public employment services to raise their profile and thereby generate the political support required to attract investment in their modernization. Where public employment services have clearly defined mandates – whether enshrined in national employment policies and plans, regulations establishing public agencies, delivery contracts or framework partnership performance agreements – they are in a better position to engage in dialogue on resources with the government and other stakeholders.

The megatrends shaping the future of work, and in particular developments in automation and digitalization accelerated by the COVID-19 crisis, call for an appropriate response from public employment services to ensure that their delivery mechanisms are fit for purpose. They have to be able to meet the challenges of a rapidly evolving labour market. Increased demands on capacity, greater expectations from an expanding client base and increasing connectivity between stakeholders through digital communication all accentuate the need for public employment services to develop and participate in partnerships. Greater capacity to share information with other agencies so as to provide more focused individualized support, especially for clients with very little attachment to the labour market, is itself a driver of organizational redesign.

Societal and economic developments, technological advances and policy responses to these necessitate a review of the institutional frameworks of public employment services. Significant changes may require fundamental questions to be asked about the appropriateness of existing structures; less significant ones may call for smaller-scale, incremental alterations to institutional frameworks.

Access to sufficient capital to invest in the development and maintenance of services is evidently crucial, and this can be a major challenge in developing and, especially, emerging economies. Responses to the ILO global survey from 2021 highlight the greater problems faced by lower-income countries in that respect. More granular data could help in comparing the budgets of public employment services in relation to both the country's income level and the institutional setting. Such an exercise could provide an empirical basis for determining whether the conclusions drawn from the brief examples discussed in this chapter represent broader trends.

The institutional setting notwithstanding, public employment services operate above all within a given political and economic context. Political decisions concerning macroeconomic management and the development of welfare systems are bound to shape the priorities and evolution of public employment service delivery mechanisms. Similarly, a country's administrative culture is a crucial influence on how its public employment service will develop and on the success of any reform initiatives.

Chapter references

- Abraham, Vinoj, and S.K. Sasikumar. 2017. "Good Practices in Using Partnerships for Effective and Efficient Delivery of Employment Services in India", ILO Employment Policy Department Working Paper No. 233.
- Alix, Jean-Pierre, Jean-Paul Barbier, and Soary Ratsima Rasendra. 2016. *Les services publics de l'emploi en Afrique francophone: défis et enjeux de leur modernisation*. ILO.
- Almeida, Rita, Juliana Arbelaez, Maddalena Honorati, Arvo Kuddo, Tanja Lohmann, Mirey Ovadiya, Lucian Pop, Maria Laura Sanchez Puerta, and Michael Weber. 2012. "Improving Access to Jobs and Earning Opportunities: The Role of Activation and Graduation Policies in Developing Countries", World Bank Social Protection and Labor Discussion Paper No. 1204.
- Angel-Urdinola, Diego F., Arvo Kuddo, and Amina Semlali. 2012. "Public Employment Services in the Middle East and North Africa". World Bank paper.
- Asenjo, Antonia, Verónica Escudero, and Hannah Liepmann. 2022. "Why Should We Integrate Income and Employment Support? A Conceptual and Empirical Investigation", ILO Working Paper No. 72.
- Avila, Zulum. 2017. "Good Practices in Using Partnerships for the Delivery of Employment Services in Colombia", ILO Employment Policy Department Working Paper No. 225.
- Avila, Zulum, and Guangzhe Tian. 2018. "Good Practices in Using Partnership for The Delivery of Employment Services in China", ILO Employment Policy Department Working Paper No. 229.
- Avila, Zulum, and Javier Omar Rodriguez. 2021. *Public Employment Services: Diagnostic Tool and Guide*. ILO.
- Barbier, Jean-Paul, Ellen Hansen, and Alexander Samorodov. 2003. "Public-Private Partnerships in Employment Services", ILO InFocus Programme on Skills, Knowledge and Employability Working Paper No. 17.
- Barrientos, Armando. 2011. "Social Protection and Poverty". *International Journal of Social Welfare* 20 (3): 240–249.
- Ben Dhia, Aïcha, Bruno Crépon, Esther Mbih, Louise Paul-Delvaux, Bertille Picard, and Vincent Pons. 2022. "Can a Website Bring Unemployment Down? Experimental Evidence from France", National Bureau of Economic Research Working Paper No. 29914.
- Béraud, Mathieu, and Anne Eydoux. 2008. "Activating the Unemployed and Modernizing the Public Employment Services: French Institutional Dynamics and Current Challenges".

Paper presented at 29th annual conference of the International Working Party on Labour Market Segmentation, Porto, 8–10 September 2008.

- Bjerre, Karsten, Peter Sidelmann, and Isabelle Puchwein-Roberts. 2016. *Performance Management in PES – Practitioner’s Toolkit*. Publications Office of the European Union.
- Borbély-Pecze, Bors Tibor. 2022. “Uncertainty, Career Decisions and the Well-Being of Career Practitioners”. Paper presented at Euroguidance Cross Border Seminar, Riga, 7–9 November 2022.
- Broecke, Stijn. 2013. “Tackling Graduate Unemployment in North Africa through Employment Subsidies: A Look at the SIVP Programme in Tunisia”. *IZA Journal of Labor Policy* 2.
- Csillag, Márton, and Ágota Scharle. 2019. *How Do PES Act to Prevent Unemployment in a Changing World of Work?* Report prepared for the European Commission.
- D’Achon, Eléonore. 2021. *Two Decades of National Employment Policies 2000–2020 – Part 1: Employment Policy Design: Lessons from the Past, Policies for the Future*. ILO.
- Davern, Eamonn. 2008. “The Jobcentre Plus Business and Customer Strategy Team in the United Kingdom”. In *New European Approaches to Long-Term Unemployment: What Role for Public Employment Services and What Market for Private Stakeholders?*, edited by Germana Di Domenico and Silvia Spattini, 115–125. Zuidpoolsingel: Kluwer Law International.
- . 2020a. *PES Partnership Management*. Report prepared for the European Commission.
- . 2020b. “Trends and New Developments in Employment Services to Support Transitions in Sub-Saharan Africa, the Middle East and North Africa Regions”, ILO Working Paper No. 19.
- Davern, Eamonn, and Michael Mwasikakata. 2021. *Guidelines on the Setting-Up of Effective Job Centres in Developing Countries with Reference to Sub-Saharan Africa, the Middle East and North Africa Regions*. ILO.
- Deveraux, Stephen, and Colette Solomon. 2006. “Employment Creation Programmes: The International Experience”, ILO Issues in Employment and Poverty Discussion Paper No. 24.
- Dorenburg, Johanna, and Anna Haaland-Wittenberg. 2016. *PES Network Seminar: Change Management in PES – Summary Report*. Report prepared for European Commission.
- Duell, Nicola. 2020. *PES Measures and Activities Responding to Covid-19: Survey-Based Study*. Report prepared for the European Commission.

- Duell, Nicola, Tim Vetter, and Truc Nguyen. 2022. *Service Delivery by Public Employment Services in the Wake of the COVID-19 Crisis*. Report prepared for the European Commission.
- Easterly, William, and Ross Levine. 2003. "Tropics, Germs, and Crops: How Endowments Influence Economic Development". *Journal of Monetary Economics* 50 (1): 3–39.
- ETF (European Training Foundation). 2022. *Assessment of the Effectiveness of Active Labour Market Policies in Crisis and Post-Crisis Situations*.
- Fertig, Michael, and Natalija Ziminienė. 2017. *PES Network Benchmarking Manual*. Report prepared for the European Commission.
- Finn, Dan. 2018. "Overview of Developments in Public Employment Services: Good Practices and Transferable Lessons". Presentation given at International Workshop on Public Employment Services, Beijing, 2018.
- . 2020. "The Public Employment Service and Partnerships in China, Colombia, India and South Korea: Synthesis Report on Good Practices in Using Partnerships for the Delivery of Employment Services". Preprint version.
- Finn, Dan, Miguel Peromingo, and Michael Mwasikakata. 2019. *Key Developments, Role and Organization of Public Employment Services in Great Britain, Belgium-Flanders and Germany*. ILO.
- Fourcade, Bernard. 2006. "Labour Market and Training Observatories in the Maghreb Countries as Possible Tools to Monitor Labour Market and Training Trends". *European Journal of Vocational Training* 37 (1): 81–101.
- Grief, Avner. 2006. *Institutions and the Path to the Modern Economy: Lessons from Medieval Trade*. Cambridge, UK: Cambridge University Press.
- Hay, Graham, Rachel Beaven, Ovie Faruq, Sunil Joshi, Yuee Zhao, Robert Wilson, Anne E. Green, David Owen, and Genna Kik. 2010. *UK Employment and Skills Almanac 2009*. UK Commission for Employment and Skills.
- Hood, Christopher. 1991. "A Public Management for All Seasons?" *Public Administration* 69 (1): 3–19.
- Hood, Christopher, and Michael W. Jackson. 1991. *Administrative Argument*. Aldershot, UK: Dartmouth.
- ILO. 2012. *PESO Starter Kit: Guide to Understanding the Public Employment Service Office*. ILO Country Office for the Philippines: Manila.

- . 2017a. “Employment Policy Implementation Mechanisms in China”, Employment Research Brief.
- . 2017b. *Towards Evidence-Based Active Labour Market Programmes in Egypt: Challenges and Way Forward*.
- . 2019. *ILO Centenary Declaration for the Future of Work*.
- . 2020. “COVID-19: Public Employment Services and Labour Market Policy Responses”, ILO Brief, August 2020.
- . 2021. *Global Call to Action for a Human-Centred Recovery from the COVID-19 Crisis That Is Inclusive, Sustainable and Resilient*.
- . 2022a. Resolution concerning the third recurrent discussion on employment. International Labour Conference. 110th Session.
- . 2022b. *Global Report: Technology Adoption in Public Employment Services – Catching Up with the Future*.
- ILO, ISSA (International Social Security Association) and OECD (Organisation for Economic Co-operation and Development). 2021. “Linking Income Support Measures to Active Labour Market Policies”. Background paper prepared for second meeting of the Employment Working Group under the 2021 Italian Presidency of the G20.
- JILPT (Japan Institute for Labour Policy and Training). 2009. *Labor Situation in Japan and Analysis: Detailed Exposition 2009/2010*.
- Jones, Sam, and Kunal Sen. 2022. “Labour Market Effects of Digital Matching Platforms: Experimental Evidence from Sub-Saharan Africa”, United Nations University World Institute for Development Economics Research Working Paper No. 2022/69.
- Kalvāne, Inese. 2015. “Business Model Choice for Latvian Public Employment Service: What Is the Best for Labour Force Competitiveness?” *Procedia – Social and Behavioral Sciences* 213: 99–104.
- King, Christopher T., and Burt S. Barnow. 2009. “The Use of Market Mechanisms in U.S. Workforce Programs: Lessons for WIA Reauthorization and the European Social Fund”. Paper prepared for conference entitled “What the European Social Fund Can Learn from the WIA Experience”, Washington, DC, 7 November 2009.
- Knack, Stephen, and Philip Keefer. 1997. “Does Social Capital Have an Economic Payoff? A Cross-Country Investigation”. *The Quarterly Journal of Economics* 112 (4): 1251–1288.

- Knuth, Matthias, and Flemming Larsen. 2010. "Increasing Roles for Municipalities in Delivering Public Employment Services: The Cases of Germany and Denmark". *European Journal of Social Security* 12 (3): 174–199.
- Konle-Seidl, Regina Anna. 2020. "The Future of Work: Implications for Public Employment Services in the EU". Briefing note for the European Parliament.
- Kooiman, Jan, and Maarten Bavinck. 2013. "Theorizing Governability: The Interactive Governance Perspective". In *Governability of Fisheries and Aquaculture*, edited by Maarten Bavinck, Ratana Chuenpagdee, Svein Jentoft and Jan Kooiman, 9–30. Dordrecht: Springer.
- Kouakou, Clément. 2017. "Insertion of Higher Education Graduates in Ivory Coast: Diagnosis and Prospects?" Presentation given at the WAPES Interregional Workshop, Abidjan, 15–16 March 2017.
- Kotrusová, Miriam, and Klára Výborná. 2015. "A Policy Fiasco: The Institutional (Non-)Reform of Czech Public Employment Services in 2011". *Central European Journal of Public Policy* 9 (1): 148–169.
- La Porta, Rafael, Florencio Lopez-de-Silanes, and Andrei Shleifer. 2008. "The Economic Consequences of Legal Origins". *Journal of Economic Literature* 46 (2): 285–332.
- Lauringson, Anne, and Marius Lüske. 2021. "Institutional Set-Up of Active Labour Market Policy Provision in OECD and EU Countries: Organizational Set-Up, Regulation and Capacity", OECD Social, Employment and Migration Working Paper No. 262.
- Lee, Kang-Sung. 2017. "Good Practices in Using Partnerships for Effective and Efficient Delivery of Employment Services in South Korea", ILO Employment Policy Department Working Paper No. 234.
- Leroy, Fons, and Ludo Struyven, eds. 2014. *Building Bridges: Shaping the Future of Public Employment Services*. Brugge: Die Keure.
- Lopes, André Vaz, and Josivania Silva Farias. 2022. "How Can Governance Support Collaborative Innovation in the Public Sector? A Systematic Review of the Literature". *International Review of Administrative Sciences* 88 (1): 114–130.
- Majid, Nomaan. 2015. "The Great Employment Transformation in China", ILO Employment Policy Department Working Paper No. 195.
- Malo, Miguel Á. 2018. "Finding Proactive Features in Labour Market Policies: A Reflection Based on the Evidence", ILO Future of Work Research Paper No. 8.

- Martin, John P. 2015. "Activation and Active Labour Market Policies in OECD Countries: Stylised Facts and Evidence on Their Effectiveness". *IZA Journal of Labor Policy* 4.
- Matin Libre*. 2020. "Travail au Bénin: Bientôt un guichet unique de promotion de l'emploi". 9 December 2020.
- Mazza, Jacqueline. 2016. *Labor Intermediation Services in Developing Economies: Adapting Employment Services for a Global Age*. New York: Palgrave Macmillan.
- Metcalfe, Helen, and Isabelle Puchwein-Roberts. 2016. *PES Network Seminar: Change Management and Continuous Improvement – Summary Report*. Report prepared for the European Commission.
- Milgrom, Paul, and John Roberts. 1990. "Bargaining Costs, Influence Costs, and the Organization of Economic Activity". In *Perspectives on Positive Political Economy*, edited by James E. Alt and Kenneth A. Shepsle, 57–89. Cambridge, UK: Cambridge University Press.
- Mwasikakata, Michael. 2017. "Assessment of Public Employment Services and Active Labour Market Policies in Rwanda", ILO Employment Policy Department Working Paper No. 232.
- . 2018. "Partnerships in Delivery of Employment Services and Active Labour Market Policies: Lessons for Emerging and Developing Countries". *Labour & Development* 25 (1).
- Mwasikakata, Michael, and Pedro Martins. 2017. "Assessment of Public Employment Services and Active Labour Market Policies in Namibia", ILO Employment Policy Department Working Paper No. 231.
- Naldini, Andrea, Carlo Chiattelli, Simone Capolupo, and Eleonora Peruccacci. 2012. "Small-Scale Study: PES Business Models". Report prepared for European Commission.
- North, Douglass C. 1990. *Institutions, Institutional Change and Economic Performance*. Cambridge, UK: Cambridge University Press.
- Nunn, Alex. 2012. "Review of Performance Management in Public Employment Services". Paper prepared for the European Commission.
- Nunn, Alex, and Jamie Morgan. 2020. "The Political Economy of Public Employment Services: Measurement and Disempowered Empowerment?" *Policy Studies* 41 (1): 42–62.
- OECD (Organisation for Economic Co-operation and Development). 2014a. *OECD Economic Surveys: Korea – June 2014 – Overview*.

- . 2014b. *Employment and Skills Strategies in Korea*. [OECD Reviews on Local Job Creation].
- Peters, Marjolein. 2020. *Assessment Report on PES Capacity 2020*. Report prepared for the European Commission.
- Philippines, Provincial Government of Lanao del Norte. 2021. "LDN-PESO Bags Secretary's Bayanihan Service Award – Regional Level". 27 July 2021.
- Powers, Tony. 2017. "Partnerships and Contractors in the Delivery of Employment Services and ALMPs: A Literature Review", ILO Employment Policy Department Working Paper No. 226.
- Robalino, David A., Laura Rawlings, and Ian Walker. 2012. "Building Social Protection and Labor Systems: Concepts and Operational Implications", World Bank Social Protection and Labor Discussion Paper No. 1202.
- Sandermoen, Kjetil. 2017. *Organisational Structure: Making Strategy Happen*. Sandermoen Publishing.
- Scharle, Ágota, Nicola Duell, Renate Minas, Michael Fertig, and Márton Csillag. 2018. *Study on Integrated Delivery of Social Services Aiming at the Activation of Minimum Income Recipients in the Labour Market: Success Factors and Reform Pathways – Part I: Study*. Report prepared for European Commission.
- Schmid, Günther. 1998. "Transitional Labour Markets: A New European Employment Strategy", WZB Berlin Social Science Center Working Paper No. FS I 98-206.
- Schofield, Norman, and Gonzalo Caballero, eds. 2011. *Political Economy of Institutions, Democracy and Voting*. Heidelberg: Springer.
- Schulz, Gregor, and Britta Klemmer. 1998. *Public Employment Services in English-Speaking Africa: Proposals for Re-organisation*. Harare: ILO.
- Sørensen, Eva. 2012. "Governance and Innovation in the Public Sector". In *The Oxford Handbook of Governance*, edited by David Levi-Faur, 215–227. New York: Oxford University Press.
- Sturgess, Gary L. 2015. *Contestability in Public Services: An Alternative to Outsourcing*. Australia and New Zealand School of Government.
- Tajtiné Lesó, Györgyi, Tibor Bors Borbély-Pecze, Ágnes Juhász, and Miklós Kenderfi. 2020. "'Karantén-tanácsadók': Hazai pályaaorientáció, pályaedukáció a karantén alatt a tanácsadók szemszögéből" ["Quarantine counsellors": Domestic career orientation and career guidance during quarantine from the perspective of counsellors"]. *Új Pedagógiai Szemle* 70 (5-6): 39–58.

- Takahashi, Tsubasa. 2017. "The Role of the PES Office to Promote Recruitment of Young Graduates". Presentation given at the WAPES Interregional Workshop, Abidjan, 15-16 March 2017.
- Tonelli, Adriano Olímpio, Paulo Henrique de Souza Bermejo, Pâmela Aparecida dos Santos, Larissa Zuppo, and André Luiz Zambalde. 2017. "IT Governance in the Public Sector: A Conceptual Model". *Information Systems Frontiers* 19 (3): 593–610.
- VanSteendam, Ianis, Jos Raymenants, and Willem De Klerck, eds. 2011. *Actiefarbeidsmarktbeleid voor de 'Europa 2020'-strategie: Ways to move forward [Active Labour Market Policies for the Europe 2020 Strategy: Ways to Move Forward]*. Flemish Department of Work and Social Economy.
- Wang, Yadong. 2021. *From Policy to Results: Guidelines for Implementation of National Employment Policies*. ILO.
- Weishaupt, J. Timo. 2010. "A Silent Revolution? New Management Ideas and the Reinvention of European Public Employment Services". *Socio-Economic Review* 8 (3): 461–486.
- . 2011a. *From the Manpower Revolution to the Activation Paradigm: Explaining Institutional Continuity and Change in an Integrating Europe*. Amsterdam: Amsterdam University Press.
- . 2011b. "Social Partners and the Governance of Public Employment Services: Trends and Experiences from Western Europe", ILO Working Document No. 17.
- World Bank. 2015. "The Effects of Technology on Employment and Implications for Public Employment Services". Report prepared for the G20 Employment Working Group Meeting, Istanbul, 6–8 May 2015.



CHAPTER 3

Intermediation in employment services

89

3.1. Introduction

Jobseekers on their own may not have sufficient resources to find the right match for their skills because they lack the necessary contacts to access a relevant job opening, or because there is not enough information about the availability of vacancies. Employers, on the other hand, may struggle to obtain an adequate number of profiles of candidates who match their skills needs. This creates a demand for intermediaries providing an overview of the skills and jobs that are available in the labour market, as well as for coordination capacity to carry out the actual matching between skills demand and skills supply. Employment services, public and private, fulfil this intermediation function in most countries, the aim being to make labour market transitions more transparent and job matches more efficient. By intermediating between the various actors, such services seek to improve the speed and quality of the matching between available jobs, jobseekers and training opportunities. Employment services therefore contribute to a broader economic and social agenda by improving productivity and job satisfaction through better skills matches, by helping the unemployed to increase their income, by reducing the unemployment-related costs borne by society and families, and by mitigating the secondary effects of unemployment or underemployment through the placing of individuals in appropriate jobs. As far as employers are concerned, effective and efficient intermediation services minimize output losses, increase productivity and reduce staff time spent on human resources management functions (Koeltz and Torres 2016; Holzner and Watanabe 2020).

The ILO has addressed the need for intermediation to match skills and jobs ever since its foundation in 1919. Thus, the Unemployment Convention, 1919 (No. 2), called upon Member States to establish “a system of free public employment agencies”. The Employment Service Convention, 1948 (No. 88), described the main objectives of intermediation and tasked employment services with ensuring “the best possible organisation of the employment market as an integral part of the national programme for the achievement and maintenance of full employment and the development and use of productive resources” (Art. 1). Article 6 of the Convention lays down the core responsibilities of (mainly) public employment services, such as registering applicants, taking note of their qualifications, obtaining from employers information on vacancies and referring applicants to available jobs.

Even if the wording has changed and services have become more differentiated, the core tasks remain the same. Such entities are still offering services intended to help enhance jobseekers' employability, including skills profiling, mutual development agreements and support for the recruitment process, as well as cooperating with employers to publish vacancies and help them to ultimately find individuals with the necessary skills for their openings. Intermediation since Convention No. 88 has been exercised more frequently through public rather than private employment services, since these are appointed by governments to fulfil that particular task and are able to benefit from economies of scale thanks to centralized labour market information on the registered unemployed and vacancies. Public employment services are often also tasked with the management of activation programmes and, in many cases, with the payment of social welfare benefits. However, the generally limited coverage of public employment services among employers and their lack of capacity to carry out all intermediation-related tasks in practice have gradually led to growing cooperation with private providers of employment services (see Chapter 5).

This chapter discusses the intermediation functions of public employment services, with a focus on how service delivery changed during the COVID-19 crisis and on how the services provided to jobseekers and employers are developing to make delivery more holistic and involve employers more effectively.

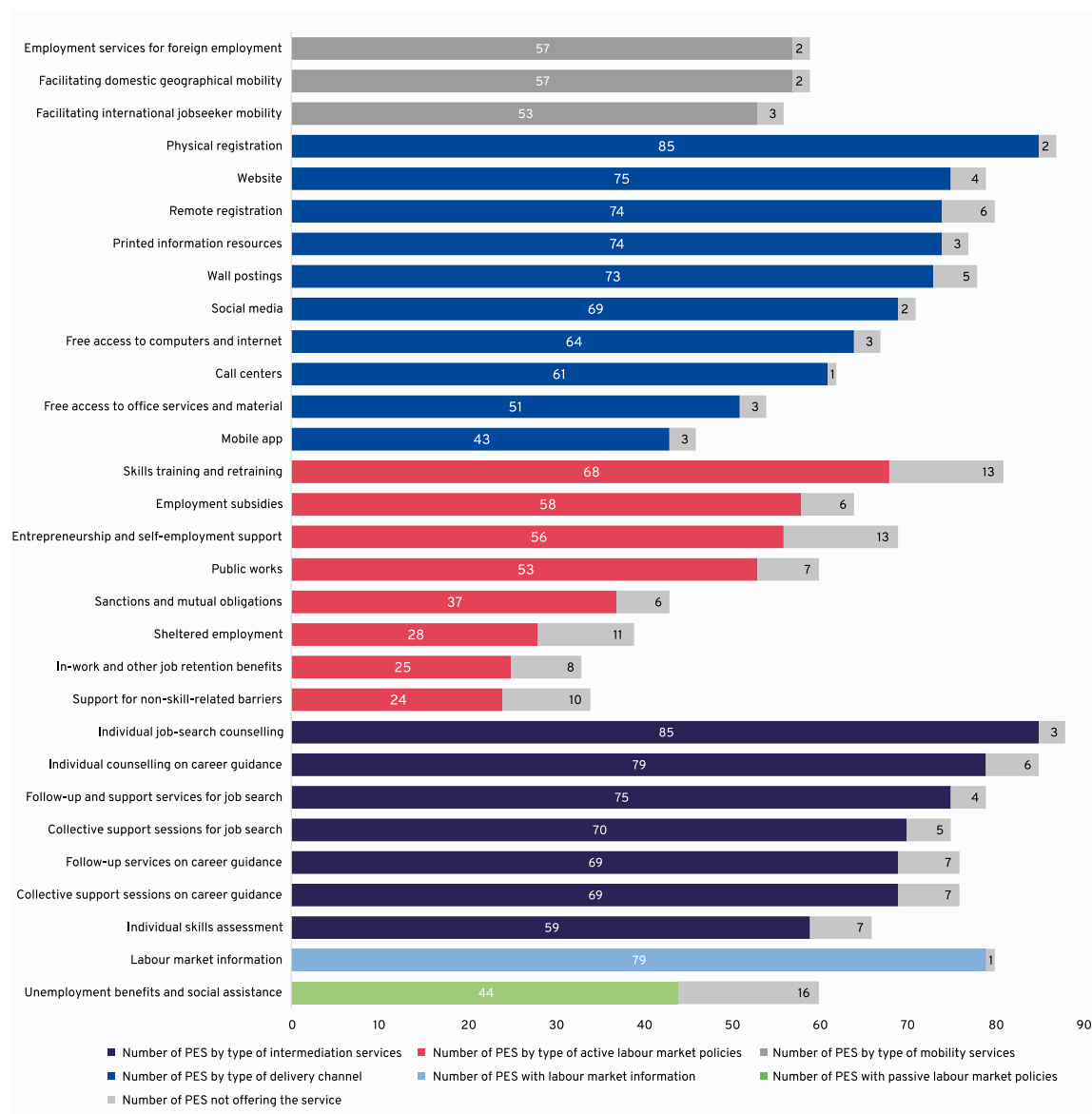
3.2. Service offer of public employment services and adaptation of service delivery during the COVID-19 crisis

3.2.1. A growing variety of intermediation services

Public employment services nowadays offer a wide range of intermediation and intermediation-related services, usually centred around job-search assistance, labour market information, activation programmes and, in some cases, the payment of unemployment and other benefits. The capacity for service delivery varies depending on the human and financial resources that the institution is able to devote and the range of experience it has. Some public employment services were established recently and are still engaged in setting up their network and operations, while others have been operational for many decades. A survey conducted by the ILO among 94 public employment services worldwide in 2021 revealed that a vast majority (85 respondents) offered registration of jobseekers, individual advice on job searching, career guidance and labour market information. Seventy of the entities surveyed offered collective support sessions (for example, in the form of job-search clubs) and career guidance, including the development of employability-related skills such as self-confidence and perseverance. In 51 of the responding entities, clients could benefit from free access to the internet in employment agencies and from support in the acquisition

of digital skills. Entrepreneurship and self-employment support were offered by 56 public employment services, especially in low- and middle-income countries, where a large proportion of economic activities are informal. Assistance with international skills mobility and placement abroad was provided by 57 of the responding entities (see figure 3.1).

Figure 3.1. Intermediation services provided to jobseekers by public employment services worldwide, 2021 (number of respondents)



PES = public employment services.

Note: The total number of respondents for a given intermediation service corresponds to the number of public employment services offering that service (colour as per the legend) plus the number not offering it (in grey).

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

3.2.2. Adaptation of delivery channels and investment in the skilling of workers in response to the COVID-19 crisis

Among the public employment services responding to the ILO global survey in 2021, 96 per cent indicated that they had adjusted their service delivery to cope with the COVID-19 crisis. Three quarters of respondents had enhanced their digital services, most of them prompted to do so by the closure of their offices and the widespread introduction of teleworking. A number of entities combined delivery channels, offering an alternative service over the telephone alongside face-to-face meetings at a reduced level.

In the Hong Kong Special Administrative Region, China, for example, jobseekers were able to use a free telephone number to receive assistance from a job adviser who would refer them to prospective employers. The National Career Service in India intensified the use of a multilingual call centre to assist jobseekers. In Mexico, the public employment service opened street booths, where jobseekers can perform a quick job search, contact the call centre or print their curriculum vitae. The use of such mobile units has been a cost-effective way of reaching clients in remote rural and urban areas to facilitate their participation in programmes for seasonal work on Canadian farms or to provide information on available job offers and training opportunities (ILO 2021).

Box 3.1. Skills types

A skill is an ability to perform an activity in a competent manner. Skills can be classified into three main types:

- ▶ **Hard skills** are knowledge-based and relate to a specific job – for example, the skills of accounting or brick-laying.
- ▶ **Transferable skills**, also known as “soft skills” or “functional skills”, are applicable in different occupations and facilitate transitions. They include the ability to adapt, conflict management and clear communication.
- ▶ **Personal traits and attitudes** are intrinsic to the individual jobseeker and complement and enrich the acquired set of skills.

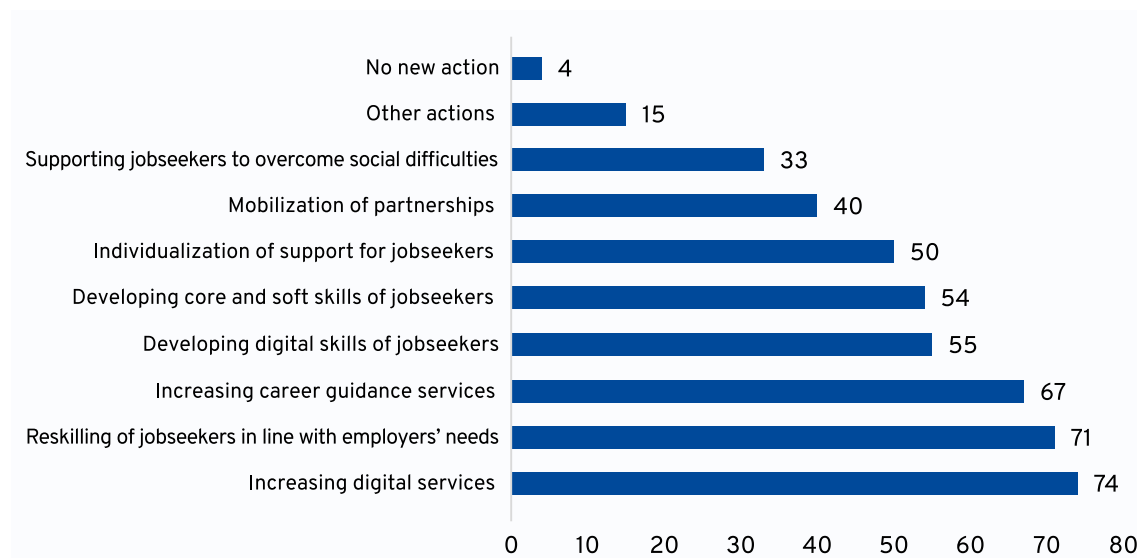
A stronger focus on skills and skills classification allows public employment services and recruiters to assess the employability and development potential of jobseekers in a more granular manner than credentials-based job matching, especially if official qualifications are lacking or do not fully reflect the jobseeker’s skills profile.

Sources: European Commission (2020, 2021); ILO (2019a).

In addition to expanding their delivery channels, many public employment services focused their intermediation efforts on skilling their country’s workforce during the COVID-19 crisis. Of the 94 public employment services participating in the ILO survey, 71 indicated that they had intensified their skills training for jobseekers to tackle the exacerbation of skills mismatches reported by employers. The significant migration of employees from the hardest-hit sectors, notably catering, tourism and culture, to different sectors called for largescale reskilling measures. Those public employment services that had invested in the

strengthening of their training capacities or in relevant partnerships before the pandemic were better able to respond to this surge in training needs. In particular, 54 responding entities opted to train jobseekers in transferable, or “soft”, skills as well as core skills (see box 3.1), thereby enabling them to adapt better to the ongoing changes in the labour market and take up new occupations more easily. In response to the disruptions in the labour market, 67 of the public employment services surveyed had invested in their career guidance capacity, including the provision of advice to jobseekers enquiring about career options (see figure 3.2).

Figure 3.2. Strategic choices made by public employment services during the COVID-19 crisis, 2021 (percentage of respondents)



Note: Total number of respondents to the survey question = 94.

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

The digital transformation of societies and labour markets, including the changes induced or accelerated by the crisis, may affect job intermediation in the longer term. Beyond the emergency solutions used to maintain the continuity of services provided to clients during lockdown periods, many public employment services enhanced their websites or introduced additional digital interfaces allowing for greater interaction with users. For example, some entities took the initiative of organizing online recruitment fairs and have maintained this approach even after they were able to open their offices to clients again. However, while technology offers new opportunities, disparities persist for some groups because of the digital divide. A survey covering 72 countries conducted by the ILO in April 2020 found that in half of the responding public employment services, the delivery of services through technology-based channels remained low for women as single parents, migrants, refugees, displaced workers, minorities and indigenous people. In the case of employers and businesses, limited access to a reliable internet connection and the lack of digital human resources services impaired their ability to fill vacancies quickly (ILO 2021).

Public employment services are seeking to minimize digital barriers for the most vulnerable by bringing free internet access to targeted jobseekers and introducing self-service facilities with varying levels of in-person support. Self-service zones are typically located in designated areas where clients can access kiosks with computers to carry out online job searches; sometimes they can also use their own devices there to access firewalled Wi-Fi enabled employment and benefits services. Traditional channels such as telephone continue to enable public employment services to meet the needs of clients who do not have the resources or know how to use web-based technologies or other remote services.

The ongoing changes in the labour market, characterized by increasing vulnerabilities and skills shortages, call for faster and more accurate intermediation and for the continuous commitment of employment services to delivering that. Intermediation in the digitalized world of work involves processing a larger amount of labour market data, which can be used to tailor employment services more closely to jobseeker clients and their skills and to approach employers more effectively.

3.3. The digitalization of public employment services and labour market information

3.3.1. Digitalization in service delivery

The COVID-19 crisis accelerated a trend towards digitalization that had already been under way for some time. Many public employment services had been increasingly using digital channels for service delivery for a decade before the crisis, offering more options to jobseekers, including the provision of free internet access through matching terminals for vacancies and training opportunities. Examples are the vocational information centres in Germany or the information points in Mexico for seasonal work on Canadian farms.

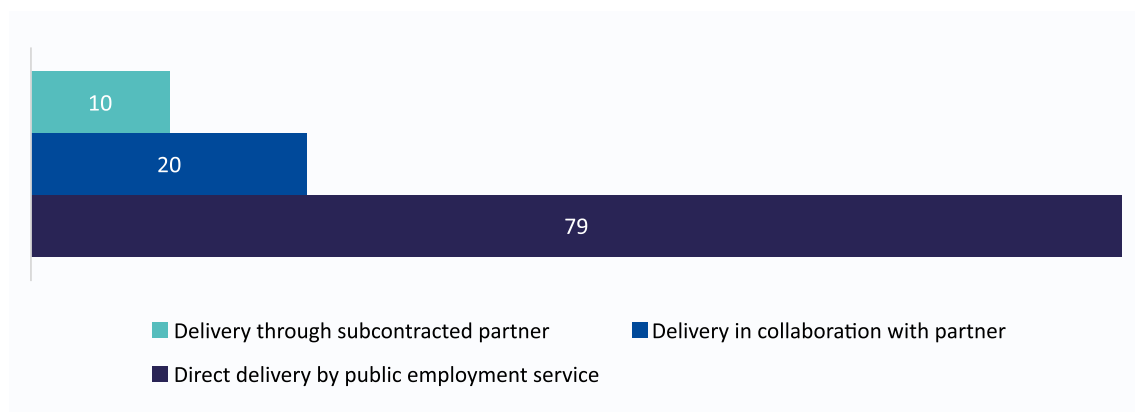
More and more developing countries, such as the Philippines, are relying on digital offers for their clients – for example, the organization of digital skills workshops, where they learn how to search and apply for vacancies online safely and how to prepare for video interviews with potential employers. Many public employment services are opting for a hybrid service, where face-to-face components remain in place but are significantly complemented by digital support.

A growing number of public employment services are increasing their presence on social media to communicate alerts and updates to clients and encourage employers and jobseekers to interact and reach out to them for additional support. Social media are also used to collect feedback from clients in a way that is less cumbersome than the filling in of survey questionnaires (ILO 2021).

3.3.2. The use of big data to empower jobseekers and improve the efficiency of services

Since 1948, when the Employment Service Convention tasked public employment services and their partners with the collection and analysis of labour market information, such entities have been gathering and processing large amounts of data. Indeed, to this day, the majority of public employment services consider the management of labour market information to be one of their core tasks (79 of the 80 public employment services that responded to the survey question on that topic – see figure 3.3). However, relevant data on jobseekers, job transitions and vacancies drawn from labour market information have not always translated into operational decisions on job placements or skills development. Instead, such data have often fed into theoretical reports, which are not necessarily used by the front-line staff involved in intermediation (VET Toolbox Partnership 2020; Holzner and Watanabe 2020). The capacity of a public employment service to connect labour market data with quality intermediation has nowadays been facilitated considerably by the digitization of data collection and processing, which allows such entities to better customize their support for clients. The delivery channels used to record and transmit data are also diversifying. Designs are now offered that go beyond traditional desktop websites and extend to mobile applications (apps) and social media presentations. These are more suitable for countries with a low density of wired networks, where there is a higher use of handheld devices.

Figure 3.3. Labour market information provided by public employment services, 2021 (number of respondents)



Note: Total number of respondents that indicated any modality = 80.

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

Following the adoption of digital delivery, employment services have started to share more of the data that they possess with jobseekers online, giving them insights into recruitment trends by sector and occupation. In particular, they are sharing information on the skills that are and will be in demand, average salaries, the seasonal factors affecting recruitment, the types of contract on offer, and other factors relevant to a job search that jobseekers could previously not obtain or had to go to an employment office for. In the case of some public employment services, clients are able to receive individualized recommendations on which alternative jobs to take up in view of their skill set and skills matching patterns (Hogenboom 2020).

In Colombia and the Russian Federation, for example, the public employment service's website provides an overview of labour demand in each sector based on vacancy registration data. In Canada, the Government's employment website offers a monthly newsletter presenting the labour market trends in the country's ten provinces and three territories, including a comparison of the average salary in each occupation, with the data broken down by region and by town (Colombia, SPE 2019; LMIC, n.d.).

In a number of low-income countries, digitalization is not only helping to overcome a lack of physical infrastructure but is also allowing employment services to benefit from greater data availability for the purposes of intermediation. For example, the Government of Malawi and the United Nations Educational, Scientific and Cultural Organization (UNESCO) conducted a review of technical, entrepreneurial and vocational education and training in 2018, amassing over 350,000 data points to identify labour market trends. As part of this review, which was aimed at enabling Malawi to replace its data-scarce employment service with a new and effective system offering information almost in real time on the available jobs and the people searching for them, data were extracted from the country's largest job portal, myjobo.com. This site has a growing number of users and analysis of the data from it has yielded valuable information on labour market trends in many urban areas. This analysis could help the public employment service and training providers to personalize their regular intermediation services and courses, and to inform jobseekers about the types of skills currently sought by employers (Mezzanzanica and Mercorio 2019).

In general, the proliferation of online job banks and training platforms has opened additional data avenues for employment services. Information on skills, vacancies and training opportunities is now not coming primarily from national registries, but from data directly entered by jobseekers or companies on various job platforms and social media. This ensures not only a larger volume of data, but also greater depth and relevance. Data gathered from jobseekers in their online job searches or in interviews can be useful to better tailor future employment services, taking into account their transferable skills and preferences. Algorithms can diagnose these data points and create customized offers for employment or training. In that regard, such algorithms can support the advisory work performed by employment service officers, coaches or case managers while (indirectly) involving jobseekers in the design of the service offer.

This growing size of data and data sources ("big data") also poses challenges for employment services, including challenges related to data quality and security or the digital divide threatening to exclude those clients who are not able to access and understand the data. According to the United Nations (2020), only about 50 per cent of the world's population have viable access to the internet. The McKinsey Global Institute estimates that non-users of the internet are to be found mainly among those aged over 55 years, people living below the poverty threshold (often in rural areas) and illiterate people. Moreover, women are affected by digital illiteracy to a greater extent, accounting for 52 per cent of

the offline population. A combination of vulnerability and lack of knowledge of available online services for intermediation can hold jobseekers back from using online employment services altogether (Lund et al. 2021; European Commission 2020).

Public employment services are well advised to capitalize on the advantages of big data by highlighting and sharing the enhanced information that such data provide and by addressing the associated challenges.

In the Republic of Korea, the public employment service has created “The Work”, an artificial intelligence-based system available on the institution’s website that uses algorithms, as well as psychological testing, to analyse the data from individual jobseekers and provide them with information on the job which best fits their profile. It also issues personal recommendations on training, qualifications, suitable enterprises and vocational guidance. Job applicants receive individual cards identifying the industries or occupations which best suit them on the basis of their psychological profiles. The system communicates with users via personalized “push” notifications, messaging services and chatbots, thereby making big data available and individualized (OPSI, n.d.).

The European Commission’s reinforced Youth Guarantee scheme, a skilling programme targeted at vulnerable job starters, subsidizes training in basic information technology skills so that individuals can fully seize the opportunities opened up by the digital economy (ILO 2021; see also box 3.2 below).

Box 3.2. Digital skills training for jobseekers in Spain and Tunisia

The public employment service in Spain launched a programme in 2019 to provide both unemployed persons and employees with free and extensive access to digital skills training. The aim is to tackle the digital divide that affects, in particular, vulnerable groups and threatens to exclude them from all online employment resources. The vocational training programme has involved over 20 major technological enterprises and offered more than 500 free online modules. The syllabus covers the acquisition of generic skills, such as the ability to search for a job online, and more specific digital skills relating to a particular job.

The National Agency for Employment and Self-Employment in Tunisia offers jobseekers distance training in entrepreneurial skills and general employability skills. The training focuses on transferable skills, reflecting companies’ reported needs in relation to candidates. The Agency’s website is connected to nine further learning platforms covering digital skills, soft skills, coding, business management, and health and safety. The content can be downloaded for free and is complemented by daily sessions on social media which allow for interaction with jobseekers and other learners, such as question-and-answer sessions with coaches from the job centre.

Sources: European Commission (2020, 2021); ILO (2019a).

Public employment services should make the best possible use of the enhanced access to labour market information facilitated by modern technologies, specifically by sharing comprehensive and relevant conclusions from such information and making sure that no one is left behind digitally. In this way, intermediation can pave the way for future-proof skills development and the improvement of employability.

3.4. Focusing on skills development

Intermediation has been made more difficult by new skills-related challenges arising from the changing needs of employers and the heightened vulnerability of certain cohorts during and after the COVID19 crisis. As a result of the disengagement and impoverishment of the weakest groups in society, who have not withstood the crisis well, particularly young people and the long-term unemployed, it is necessary to enhance support for skills training and motivation so that individuals from those groups can participate in the labour market. At the same time recruitment problems have been exacerbated by a phenomenon described as the “great resignation”, an exodus of employees from certain sectors of activity during the crisis. Accordingly, skills training and skills matching have to address such factors as reduced employability, skills shortages and changing working conditions (*The Economist* 2021). Countries need to develop responsive classification standards to ensure more efficient intermediation.

3.4.1. The evolution of skills profiles

On a technical level, job intermediation involves the successful matching of a jobseeker with a job. For more efficient matching it is necessary to have a standard classification of the attributes of the skills of the jobseeker and the (skill) requirements of the job to be performed. This has traditionally been done through standard classifications, which were subsequently built into taxonomies for job registers and databases. In 1957, the International Standard Classification of Occupations (ISCO) was adopted by the Ninth International Conference of Labour Statisticians, which thereby laid the foundations for job intermediation and vocational education and training.³² The fourth and latest revision of the Standard was published in 2008 (ISCO-08). Countries can use ISCO as their standard tool for the classification of jobs or they may develop their own tools tailored to their national or regional circumstances, albeit often with a provision for mapping to ISCO to ensure international comparability.

The ISCO classification of jobs into predefined occupations and skills appears limited today, since it does not consider dynamic career developments or offer enough room for the new or transformed professions emerging in an increasingly automated and mobile world of work. Already before automation became a driver of change in the world of work, occupations had been evolving much faster than the relevant classifications and data repositories of organizations and training centres (Hunter 2015).

To fill the gap in the international standards, the French public employment service decided as long ago as 1989 to develop its own classification standard for occupations that could more easily be adapted to reflect developments in the labour market. The Operational Classification of Occupations and Jobs (ROME)³³ identifies reference jobs for each occupation, enabling

³² For more details, see the ISCO website, <https://www.ilo.org/public/english/bureau/stat/isco/>.

³³ The acronym is derived from the French name: Répertoire Opérationnel des Métiers et des Emplois.

jobseekers to look out for similar jobs rather than staying unemployed in their confined occupation (France, Pôle emploi n.d.(a)). In 2010, the European Commission launched the European Skills, Competences, Qualifications and Occupations (ESCO) classification, which includes transferable skills and knowledge, thereby widening the scope of applicants' qualifications for jobs.³⁴ In 2013, the Korea Research Institute for Vocational Education and Training began surveying national and international labour market experts to identify new occupations that already existed outside the country but were not recognized in the Republic of Korea. This initiative helped to identify employment potential in the labour market (WAPES 2015a).

Numerous other countries across different income groups and regions are also using more customized taxonomies of occupations and skills (see box 3.3), some of which can be mapped to ISCO. In several Latin American countries, for example, with the help of the Inter-American Development Bank, occupational classifications have been adjusted to reflect the realities of the labour market, including informal employment (Altamirano 2019).

Box 3.3. Evolution of the national standard classification of occupations in China

Compilation of the Occupational Classification Guide of the People's Republic of China began in early 1995 and the Guide was officially promulgated in May 1999. The Guide has served as an important basis and tool for the classification of occupations in China, the development of norms and standards, the evaluation of occupations, and other work.

From 2009, a total of 122 new occupations were added to the taxonomy in 12 batches. On 29 July 2015, a newly revised edition of the Occupational Classification Guide was issued. Between 2019 and 2021, three further batches were successively released, covering 40 new occupations in all.

The Ministry of Human Resources and Social Security has also launched an online platform that enables members of the public, representatives of various economic sectors and experts to submit inputs and suggestions on the Occupational Classification Guide.

Sources: China, MOHRSS (2015, 2020); Cyberspace Administration of China (2022).

3.4.2. The use of skills-based matching in intermediation

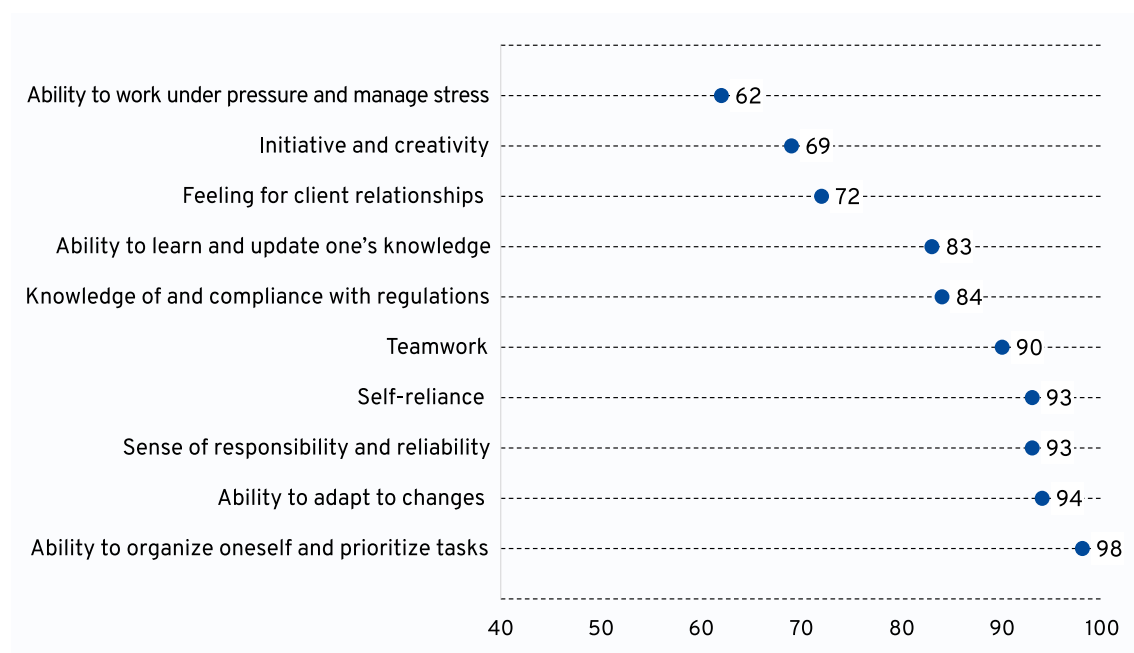
Digital matching software solutions are supporting the shift towards skills-based intermediation by offering a more granular matching of skills components. In the early days of digital matching, "selection" functionalities based on single search criteria – such as highest qualification, profession, language, geographical region or possession of a driver's licence – were the only option. Employers could search for candidates with these specific attributes in their profile, and vice versa. Selections only took into account what the user wanted, and the criteria selected also acted as exclusion criteria: when making a selection, the user would choose several criteria (say, highest qualification, profession and region), but only the profiles or jobs that met all selected criteria were included in the results. Skills-

³⁴ See the ESCO portal, <https://esco.ec.europa.eu/en>.

based matching today makes it possible to find affinities between professions, as the same competences may be required in different professions. Jobseekers without a certain level of qualification or experience in a particular function still have the potential to be or become a good fit for an employer. Combined with the right motivation, a 70 or 80 per cent match, which would be rejected in a classical recruitment environment, can be sufficient to identify a suitable candidate for a job. Moreover, employers can mould the candidate further for the job and the job context through targeted vocational training and on-the-job training (Leroy 2017).

Modern intermediation relies mainly on identifying both the skills that the individual can bring and the skills needed for the job. To that end, it needs to move beyond the ISCO framework and seek to incorporate a more skills-based approach. A study by the French public employment service found that 60 per cent of employers considered behavioural and transferable skills, such as negotiation and conflict-solving, to be more important than technical skills (see figure 3.4).

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



Source: France, Pôle emploi (n.d.(b)).

A number of public employment services are using the skills-based matching approach to facilitate the job-search support that they provide to jobseekers by involving them more actively in the matching process. In Malaysia, the website of the Social Security Organization (PERKESO) offers a simple and highly practical skills-based tool called “Popular skills in my future jobs”. Users simply have to select one or several of their skills from a drop-down menu, and the system then shows a list of occupations in which those skills are needed. In addition, the number of job vacancies currently available through the public employment service is shown next to the name of each occupation (Malaysia, PERKESO, n.d.).

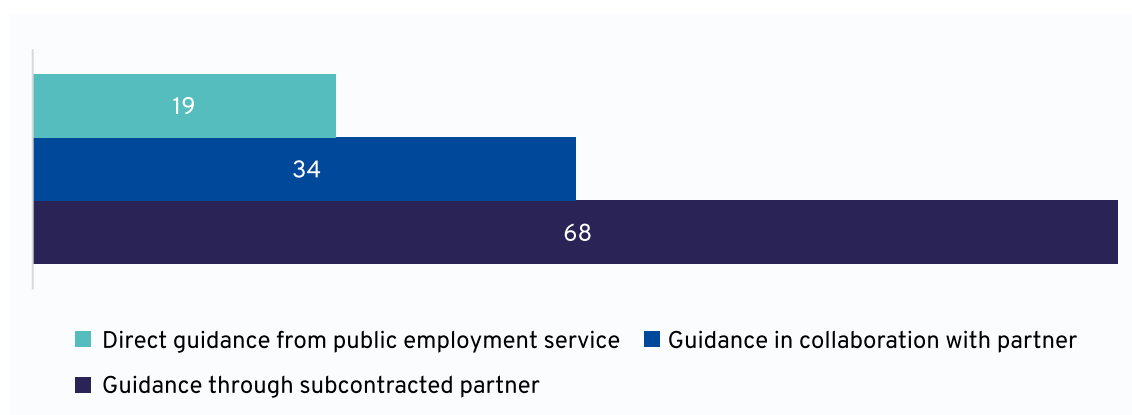
This approach can prove particularly helpful for those jobseekers who do not have occupational qualifications. In Jamaica, as part of a programme funded by the Financial Innovation Laboratory of the Inter-American Development Bank, the public employment service under the Ministry of Labour and Social Security has assisted more than 1,000 unemployed or underemployed young people with interview techniques which highlight their skills rather than their academic qualifications. They are put in contact with small and medium-sized enterprises (SMEs) in sectors where there is a skills shortage, such as tourism or food processing. The final part of the programme is aimed at supporting them in developing the skills specific to the post which is to be filled (IDB 2021).

In Costa Rica, the Crystal Ball platform uses a simplified matching technique to identify the gap between a jobseeker's (informal) skills and the required skills as specified by an employer. Actions are then proposed for closing that gap, for example through skills training provided by the public employment service (CINDE 2019). The platform also identifies the options for jobseekers who cannot manage to find a job in their original occupation but whose skills are transferable to another occupation of equal interest to them.

Skills-based matching approaches can also help public employment services and their partners to reach out to employers. In Colorado (United States), Skillful, a non-profit initiative of the Markle Foundation, works with employment services to raise employers' awareness of skills. One of the products of this initiative is the Skillful Job Posting Generator, which helps human resources professionals and company managers to create job opportunities based on the required skills, rather than using the familiar qualifications-based formula which excludes potentially suitable candidates who do not possess such formal qualifications. By 2019, Skillful had already trained 800 Colorado enterprises in skills-based recruitment and was extending its operations to the State of Indiana (Parilla and Liu 2019).

3.4.3. Involvement of public employment services in vocational education and training

In order to base intermediation more firmly on skills than on occupations or qualifications, many governments are strengthening their vocational training schemes for young people and adults. Depending on the country, public employment services engage in these strategies to a greater or lesser degree by helping to identify the skills requirements of enterprises; by contributing, alongside other public and private actors, to the design and promotion of vocational training schemes; and by placing clients in training programmes. According to the ILO global survey conducted in 2021, 68 of the public employment services questioned offered vocational guidance through a subcontracted partner compared to 19 which offered such services internally as part of the services provided to jobseekers (see figure 3.5).

Figure 3.5. Modalities used by public employment services to refer jobseekers to skill training or retraining programmes, 2021 (number of respondents)

Note: Total number of respondents to the survey question = 94.

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

While many public employment services may refer jobseekers with skilling needs to existing programmes run by training providers, some of them design tailor-made vocational offers which respond to individual needs, including on-the-job training as part of employability programmes.

In the Lao People's Democratic Republic, for example, employers in urban areas complain about a constant lack of skilled workers, which is particularly alarming in view of the growing competition from neighbouring countries. Since the national system for technical and vocational education and training has supplied only a limited number of graduates with the abilities and skills that the Lao labour market requires, the national public employment service, together with the Ministry of Education and Sports and the National Chamber of Commerce and Industry, has introduced skills training programmes directly in companies in the vibrant economic hubs of Luang Prabang, Pakse and Vientiane. This initiative has also sought to strengthen the capacity of skills trainers, coordinators and managerial staff in enterprises to organize and conduct recruitment programmes (GIZ, n.d.).

In Ireland, the public employment service is cooperating with Skillnet, an association which supports over 16,000 businesses nationwide, mainly microenterprises and SMEs, to update vocational training programmes so that these can respond to labour market needs in real time. Employers are encouraged to direct the training process themselves to ensure that programmes are fully adapted to industry requirements (Skillnet Ireland 2021).

The public employment service of Mexico oversees an activation programme called "Young people building the future", which provides in-company work experience for more than 2 million young people with a view to preventing them from falling into criminal ways or taking up informal employment. Employers are involved in the design of the programme and encouraged to take responsibility for providing the participants with a quality experience in a real work setting. The programme targets indigenous communities in particular: in

2019, over 200,000 indigenous jobseekers aged between 19 and 29 years were able to gain valuable work experience in regional sectors such as the flower industry in Chiapas (Mexico, STPS 2021).

The skills-based approach to intermediation using work-based learning is part of a broader trend among employment services to tailor support to jobseekers in a more holistic manner.

3.5. Holistic approaches to address multiple labour market barriers

Employment services can become involved at different points throughout people's careers and recruitment processes, using different measures for short-, medium- or long-term support. While some jobseekers may be better off with just a little external help on their employment journey, others may need more comprehensive and individualized guidance or retraining, or they may need assistance to overcome multiple barriers to employment. Holistic approaches in intermediation take into account the entire social and individual environment of a jobseeker's career. Instead of focusing only on the current likelihood of being placed in a specific job, such approaches consider job and skills history, formal "hard" skills and transferable ones, the attitude towards work, and the health and social conditions in which the jobseeker lives.

Public employment services that lean towards a holistic approach therefore strive to offer a service chain consisting of profiling and segmentation, a comprehensive concept of career guidance or career advice, and the targeting of services at those jobseekers who are most in need.

3.5.1. Profiling and segmenting of clients to customize services and use resources efficiently

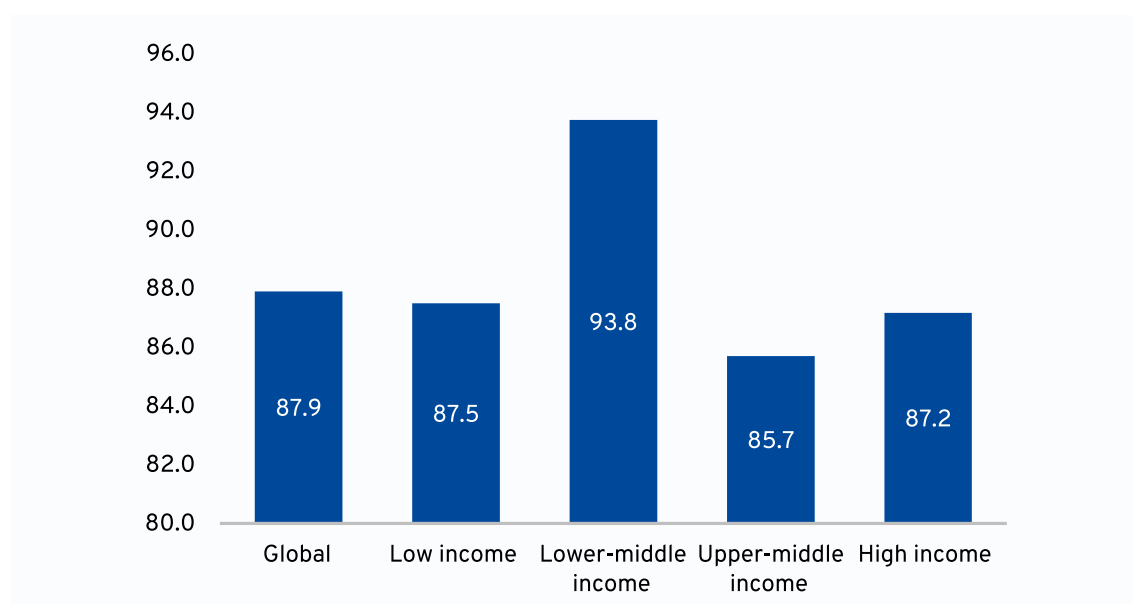
As state institutions responsible for taking care of all jobseekers who require support and often also benefit payments, public employment services must deal with the challenge of managing limited financial and human resources to assist a large number of clients. To make sure that they can channel their support to those who need it most, many public employment services have adopted profiling systems for new clients that assess their employability and help to "segment" the service package that will be used to support them (Nunn and Morgan 2020; Holzner and Watanabe 2018). This enables public employment services not only to invest their resources efficiently but also to offer clients tailored service options and pathways for (re)integration into the labour market that take account of their individual circumstances (Davern and Mwasikakata 2021).

Public employment services use a variety of profiling systems, ranging from largely subjective assessments by caseworkers based on their experience, through a combination of caseworker discretion and qualitative tools, to data-based statistical profiling models

that compile data points such as age, skills level and sex. While the capacity and level of development of public employment services and the availability of labour market information are evidently key factors in the choice of profiling and segmentation methods, in reality several factors come into play, including the cost-benefit analysis of complicated statistical methods. For example, in the United Kingdom, the Department for Work and Pensions has relied on simple caseworker discretion methods, while in Germany the public employment service uses a combination of statistical profiling and caseworker discretion.

Many public employment services operate with several segments according to the probability of jobseekers finding a job within a period of time, allocating more staff time and budgetary resources to segments with longer spells of unemployment or inactivity, while encouraging those jobseekers with shorter spells to use their own initiative and look for jobs and training opportunities online using publicly accessible intermediation tools such as automated matching programs.³⁵ A majority of respondents (87 per cent) in the ILO global survey of public employment services indicated that they segmented jobseekers. The same trend is observed across income groups, with the share of public employment services that conduct profiling and segmentation ranging from 82 per cent in upper-middle-income countries to 94 per cent in lower-middle-income countries (see figure 3.6). A slightly different trend, however, is observed at the regional level.

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



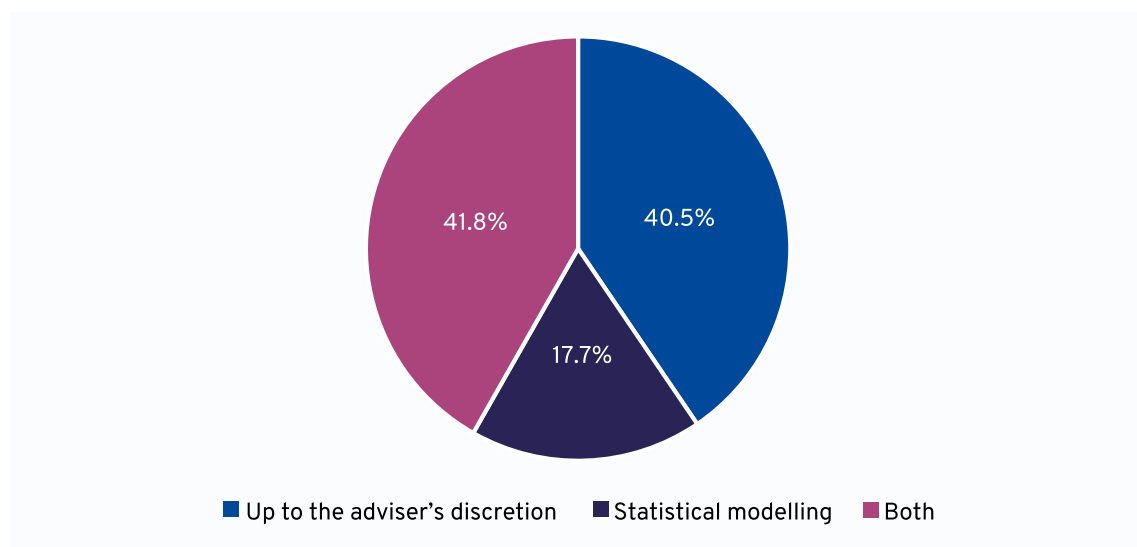
Note: The total number of public employment services that responded to this question was 91, with the following breakdown by country income group: 8 low-income countries; 16 lower-middle-income countries; 28 upper-middle-income countries; and 39 high-income countries.

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

³⁵ Some public employment services apply a broad “traffic light” categorization and segmentation to jobseekers based on their assessed support needs: “green” (job-ready), “amber” (some assistance needed) and “red” (vulnerable jobseekers with greatest needs) (Davern and Mwasikakata 2021).

As for the profiling method, public employment services tend to use either caseworker discretion alone or a combination of statistical tools and caseworker discretion. The implication is that as such entities move on from simple caseworker discretion, which can be highly subjective, they make use of advances in technology and data availability to enhance human discretion, rather than relying exclusively on models that may not be able to take into account more subtle social barriers faced by jobseekers. At the global level, 42 per cent of public employment services base the segmentation on assessments by advisers, 18 per cent do so purely on the basis of statistics and 40 per cent use a combined model (see figure 3.7a). However, there are some interesting differences across income groups. As expected, none of the 6 low-income countries surveyed used statistical modelling alone, the majority opting for caseworker discretion. In high-income countries, only 4 of the 34 public employment services that responded to the question used statistical modelling exclusively while the majority (19) used a combined approach. Middle-income countries present a mixed scenario, probably owing to the pressure on them to catch up with best practices in advanced economies. Of the 24 public employment services from upper-middle-income countries that responded to the question, about half relied on the discretion of advisers, while 7 (a higher number than for high-income countries) used statistical modelling exclusively. From a regional perspective, unsurprisingly, Europe and Central Asia mirrors the pattern in high-income countries, where a combined approach dominates, followed by caseworker discretion. Interestingly, in Asia and the Pacific there is an equal distribution of public employment services across the three approaches, while Africa and the Americas are more inclined to use caseworker discretion or a combined method (see figures 3.7b and 3.7c). A deeper dive into the regional groupings reveals that EU and G20 countries prefer the hybrid approach.

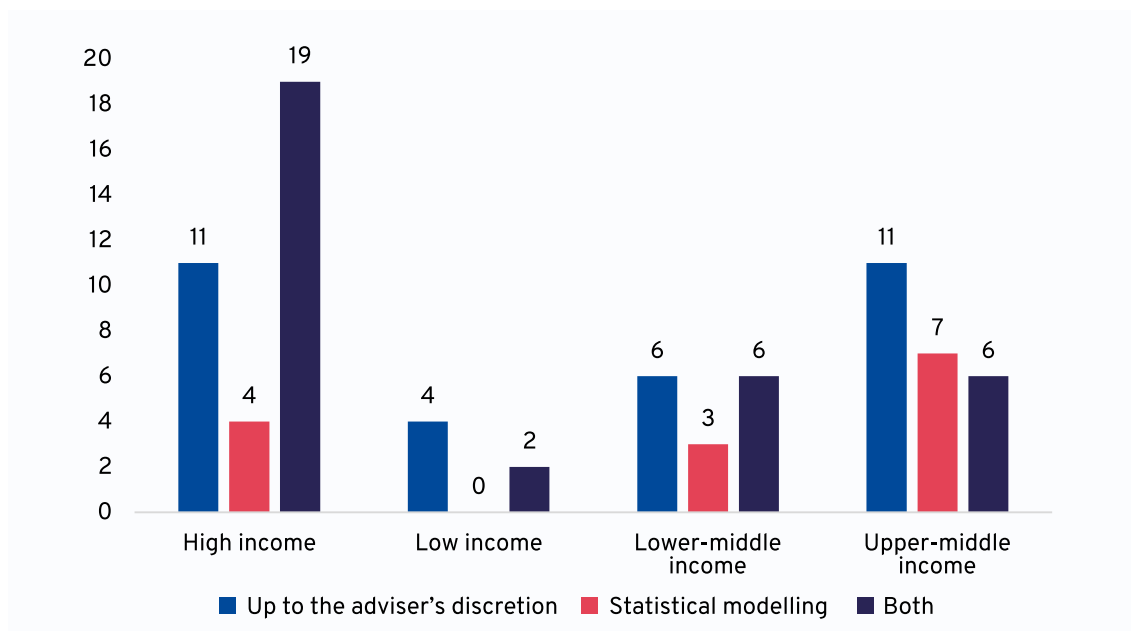
Figure 3.7a. Profiling approaches used by public employment services, 2021
(percentage of respondents)



Note: The total number of public employment services that responded to this question was 79, with the following breakdown by country income group: 6 low-income countries; 15 lower-middle-income countries; 24 upper-middle-income countries; and 34 high-income countries. One country did not specify its approach.

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

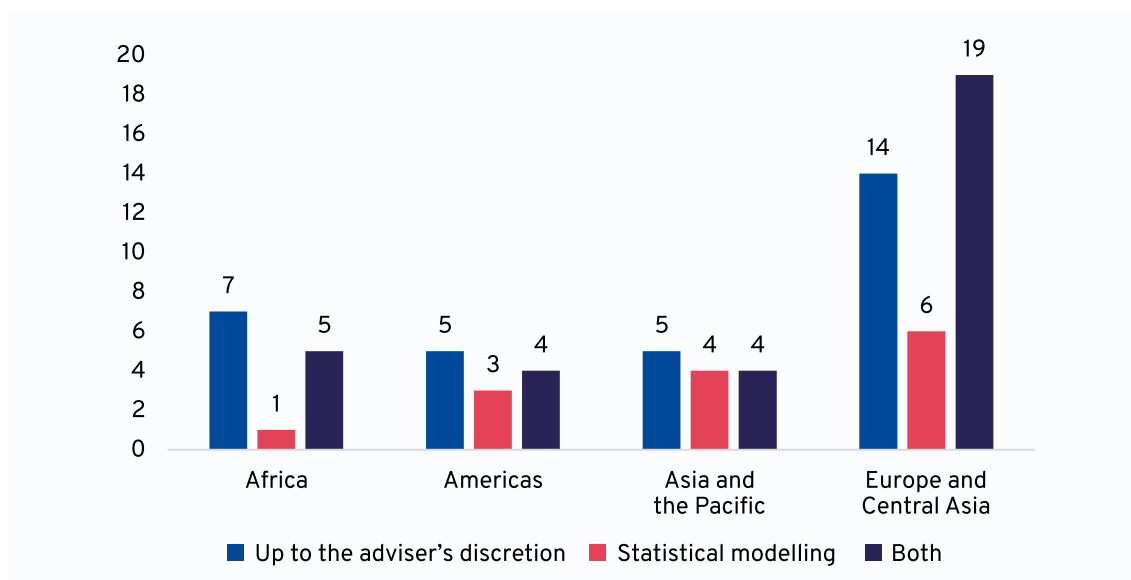
Figure 3.7b. Profiling approaches used by public employment services, by country income group, 2021 (number of respondents)



Note: The total number of public employment services that responded to this question was 79, with the following breakdown by country income group: 6 low-income countries; 15 lower-middle-income countries; 24 upper-middle-income countries; and 34 high-income countries. One country did not specify its approach.

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

Figure 3.7c. Profiling approaches used by public employment services, by region, 2021 (number of respondents)



Note: Total number of respondents to the survey question = 79. The Arab States (just 2 responses) are not shown.

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

3.5.2. Career guidance as a holistic intermediation tool

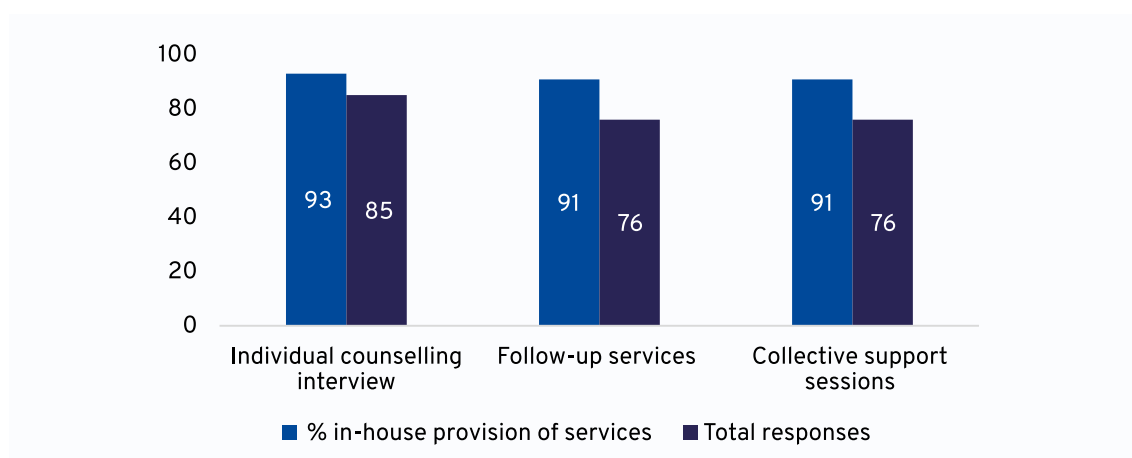
As intermediaries in the labour market, employment services operate within a wider context of skills brokering. They act as “career partners”, helping to close the gap between posts and the skills needed to fill them and accompanying jobseekers throughout their labour market transitions. WAPES (2015b) envisions the public employment services of the future as identifiers, recognizers and enhancers of skills and competencies and as agents of empowerment.

According to the OECD, at the end of 2019, more than 40 per cent of workers in OECD countries felt that their skill levels were not appropriate for the jobs they occupied. In a report issued in the same year, the ILO noted that almost half of employers were taking on overqualified or underqualified workers because they could not manage to find the right set of skills. This general mismatch in the labour market is the result of increased demand for skills related to “green” jobs and the “blue economy”, automation and the digital transformation of jobs, as well as of demographic change such as population ageing in developed countries (SIAE 2020; ILO 2019b).

While many jobs in manufacturing and agriculture are likely to disappear, most of the jobs in other sectors will probably undergo structural change instead of being eliminated completely. This will in turn affect the types of skills required in the labour market. According to a recent McKinsey Global Institute report, up to 75 per cent of the world’s workers could be forced to change or adjust their occupations (Lund et al. 2021).

The above-mentioned persisting skills shortages and mismatches, which intensified during the COVID-19 crisis because of the additional shifts in employment caused by lockdowns and the longer-term closure of certain sectors, call for more guidance to help individuals to navigate labour market transitions and undertake reskilling. In a recent survey of 93 countries, 40 per cent of the responding governments stated that they had increased the use of career guidance systems to assist jobseekers during the first phase of the crisis (CEDEFOP et al. 2021).

In addition, public employment services are helping to close the skills gap by improving their matching processes and by strengthening their provision of advice to clients on how to choose their next career steps. Among the 94 public employment services that participated in the ILO global survey, 85 (93 per cent) offered some form of individual counselling to jobseekers, thus focusing not simply on specific job placements but on a more holistic view of career development. Individual follow-up and group support sessions were offered by 76 (91 per cent) responding public employment services in each case (see figure 3.8). One striking finding is that the overwhelming majority (over 90 per cent) offered in-house career guidance support.

Figure 3.8. Career guidance offered by public employment services and means of delivery, 2021 (number of respondents and percentage)

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

While guidance in employment services in the past tended to focus on supporting jobseekers to choose their future profession, the concept of “career guidance” or “career advice” has become broader, now also covering the provision of support to jobseekers throughout their career. This can include direct advice on vocational matters or job applications, or it can refer to helping jobseekers to acquire the career management skills that they can use for self-guidance (see box 3.4). Because careers are becoming less linear, the ability to manage transitions is an essential feature of working life. Career management involves identifying changes in occupations and sectors, upgrading skills or developing new ones, recognizing new employment opportunities and proactively changing to a new job before an existing one disappears (OECD 2021a).

Box 3.4. The need for a shift from work-first approaches to a balanced long-term career guidance

Public employment service policy and practice have been predominately focusing on “work first” activation, that is on getting jobseekers into employment quickly so that they do not experience long periods of unemployment or inactivity. While a “work first” model can have an impact on labour market statistics and improve employability through work experience, it also risks lowering the quality of jobs and could in effect amount to choosing a “quick win” over sustainable employment.

More holistic approaches to working life and longer-term skilling strategies may not produce a job placement in the shortest possible time, but they do build a more resilient and qualified workforce, with individuals enabled to navigate more easily the new world of work and its various transitions between jobs and training and to adjust better to crises. Career guidance based on a more holistic employment service strategy can help to link policy and practice in education, training, youth and employment policies, the emphasis being on professional and quality career management.

Career guidance is about helping people of any age to manage their career and to make the educational, training and occupational choices that are meaningful for them. It helps individuals to reflect on their ambitions, interests, qualifications, skills and talents – and to relate this knowledge about who they are to who they might become in life and work, as opposed to being primarily guided by the next job offer that turns up (Whelan, Murphy and McGann 2021).

Many public employment services are already using this human-centred approach in their intermediation portfolios to cover clients of all ages and improve the advice provided in times of crisis.

In the Netherlands, for example, workers over 45 years of age can take subsidized career development courses, which help them to draw up a personal development plan leading up to retirement.

In Finland, the public employment service offers career coaching, which combines labour market information, counselling, guidance and support in clarifying vocational and career options and helps jobseekers to prepare an individual career and employment plan. The plans are developed in groups, which adds an element of collective dynamics and brainstorming to the process of career guidance (CEDEFOP et al. 2021).

In Azerbaijan, in response to the lockdown triggered by the COVID-19 crisis, the public employment service decided to establish and train a team of 25 guidance counsellors to deliver online services through a new website, “Alo Career”, which provides individual support, group sessions and webinars. The programme has recorded a 98 per cent satisfaction rate (WAPES 2021a).

Career guidance is not limited to face-to-face delivery only, but can be implemented through different service channels, since it is a concept that appeals to a wide audience.

In South Africa, for example, the public employment service broadcasts career guidance material to all citizens, regardless of geographical location or socio-economic status, through a live radio programme in the country's various official languages. In the space of half an hour, career-related subjects are addressed, such as choice of school subjects, how to make informed career decisions, and information about the career guidance services offered by the public employment service. Every week, the programme reaches more than 3 million listeners aged between 15 and 65 years (South Africa, Department of Higher Education and Training, n.d.).

In Kazakhstan, mobile job centres have been set up in more than 30 towns. They are located in heavily frequented public areas, such as shopping centres and railway stations, and offer career guidance to jobseekers. This proactive approach is aimed at reaching potential clients in the places where they are most likely to be found. Each job centre has a five-strong team, including a personal growth consultant who conducts tests to determine the most suitable occupations for an individual, provides advice on skills development and draws up a personal development chart (Atameken 2019).

In Belgium, the Flemish public employment service offers an online system called “Mijn loopbaan” (My career), to which jobseekers can log in with their Belgian identity card in order to get an overview of their working experience, the salaries they had and how much

pension they have built up. Users can compile a fully personalized online skills portfolio and receive recommendations for future career steps (CEDEFOP et al. 2021).

Career guidance is not yet an overarching service in all public employment services, but the COVID-19 crisis and the need for new skills and career transitions has stimulated interest in such guidance in many countries. Even in public employment services with low capacity, basic career advice services are being introduced to help jobseekers to take a broader look at their options (WAPES 2021b).

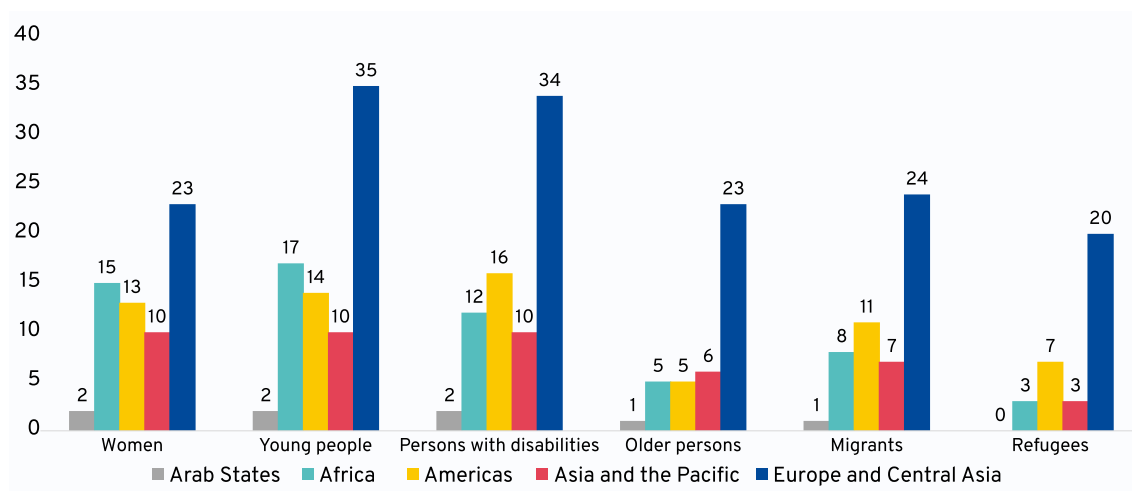
Some public employment services are also extending career guidance to jobseekers who are still employed, but may have a very low income, work in vulnerable conditions or are threatened by unemployment in the future. Career guidance can help people to develop their skills so that they can move on to a better job or redefine their careers.

3.5.3. Support for vulnerable jobseekers

The focus of public employment services in a changing labour market is on providing support to vulnerable or disadvantaged groups, that is, those who are not on an equal footing with other labour market participants and who may have less chance of being placed in employment through intermediation. The labour market is selective and often tends to exclude the same groups: women, young people without experience, older jobseekers, persons with disabilities, migrants and refugees. A lower-skilled or less recognized profile and long-term unemployment are cross-cutting factors contributing to vulnerability.

According to the findings of the ILO global survey, a majority of public employment services provided direct support to vulnerable groups, in particular to young people (84 responding entities) and persons with disabilities (80 responding entities). Direct provision of services to women comes in the third place worldwide (71 responding entities), as in the Americas and Europe and Central Asia. Older jobseekers appear to be less of a concern in Africa and the Americas (represented by Latin America and the Caribbean countries and Canada), where working populations are younger. The attention to older workers, migrants and refugees is highest in Europe and Central Asia (see figure 3.9).

Figure 3.9. Vulnerable groups supported by public employment services, by region, 2021 (number of respondents)

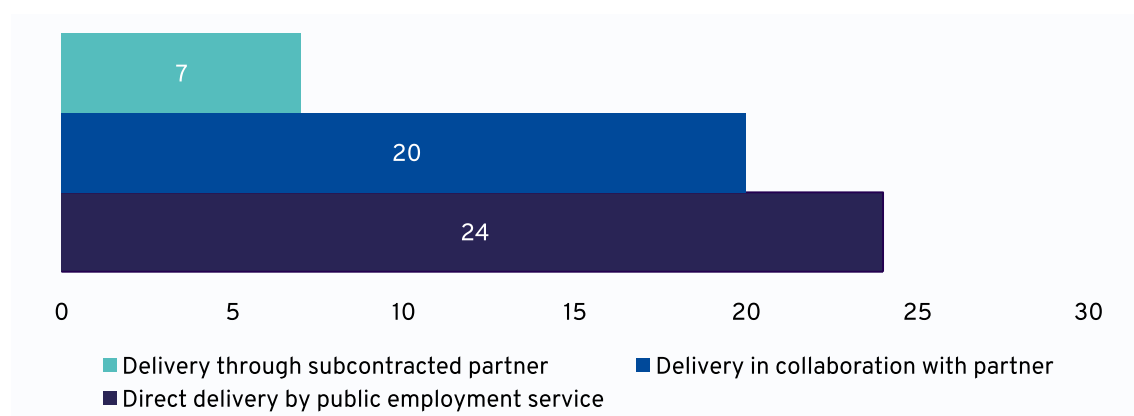


Note: The total number of responding public employment services per category are as follows: 71 for women, 84 for young people, 80 for persons with disabilities, 50 for older persons, 61 for migrants and 48 for refugees.

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

While a focus on vulnerable groups has a long tradition in public employment services (see box 3.5 below), intermediation has in recent years experienced a shift to more holistic and specific approaches that seek to address the bigger picture of obstacles to labour market inclusion. Globally, the provision of holistic support to vulnerable groups does not appear to be widespread and is probably just beginning to develop. There are several likely reasons for this. One is that employment and social welfare functions have traditionally been assigned to different institutions, which means that a holistic approach requires enabling policy and legal frameworks for cooperation between these. The holistic approach is also likely to be more costly in terms of time, staff and money. In the ILO global survey, only 34 of the 94 participating public employment services replied to the question as to whether they offered support to remove obstacles unrelated to skills. Among these, surprisingly, the majority (24 public employment services) provided services internally, while 20 collaborated with nonprofit providers and only 7 subcontracted such services to third parties (see figure 3.10). As expected, almost half of the public employment services that provided holistic support were in Europe and Central Asia (16); the next-largest group was in Asia and the Pacific (8).

Figure 3.10. Provision of holistic support to vulnerable groups by public employment services, by means of delivery, 2021 (number of respondents)



Note: Total number of respondents that indicated any modality = 34.

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

Evidence from several countries and regions suggests that intermediation approaches which look beyond mere skills matching are on the rise, also in middle- and low-income countries. For example, efforts to increase the globally low participation of young people and women in the labour market take a holistic approach by addressing multiple barriers to employment and, in particular, constraints on the availability of women due to childcare responsibilities and/or cultural factors.

Box 3.5. Focus in the European Union on the most vulnerable

Public employment services in the European Union (EU) have increased their coverage of the most vulnerable young people, namely those not in employment, education or training, by launching several employability programmes, mainly under the Youth Guarantee scheme. One of these is the Bridge to Jobs programme, under which public employment services approach employers offering internships in “green” and digital occupations to improve access to vocational training and ensure that otherwise excluded young people receive an opportunity to prove their ability to work. Many EU countries’ public employment services are also committed to tackling the societal problem of longterm unemployment, which starts as joblessness and can develop into a complex social devaluation of the jobseeker, including financial and housing difficulties, limited access to healthcare, restricted mobility, impoverishment, skills decay and mental health issues. According to a recent study, the majority of EU public employment services offer intermediation to long-term unemployed clients in combination with social support-oriented measures, such as financial advice, family support or treatment for substance abuse. Three quarters of the EU public employment services indicated that the services they offered to the long-term unemployed differed from their other services. In particular, they offered individualized support by case managers or job coaches involving a different intermediation process with more in-depth profiling, a stronger focus on motivational and behavioural measures, and post-placement support. The individual action plans for long-term unemployed clients were different, too, because they were usually managed jointly with social services and, in a third of EU public employment services, led to referral pathways in which clients might be supported entirely by a social or medical institution depending on their specific needs at a given point in their employability journey.

Source: Anghel (2020).

In Montenegro, the labour market participation rate of women has been low over many years, although their education levels are higher than those of men. Among the inactive women wishing to work, more than one third (37.5 per cent) were unable to do so because of family responsibilities, including looking after children up to 3 years of age. The public employment service in Montenegro established the “Activate women” programme, which combines: (a) profiling of individual needs leading to personalized support consisting of employment counselling, vocational guidance, and help with job search and placement; and (b) a monthly allowance for up to six months and a monthly contribution to childcare expenses and transport costs where necessary (ILO, n.d.). In Peru, the high informality rate of women in the labour market (more than 80 per cent) prompted the Government to raise decisionmakers’ awareness of this problem. During joint sensitization seminars the Ministry of Labour and Employment Promotion, the Ministry of Education and the Ministry of Women and Vulnerable Populations developed information campaigns that were then conducted in settings where women are vulnerable and in need of education, such as schools, indigenous communities and rural areas (Esteban 2020).

The public employment service in Tajikistan has started to set up three new model job centres that will cater specifically to young and female jobseekers with a view to increasing their labour market inclusion rate. Equipped with childcare facilities, the centres will provide a skills training programme that also covers transferable skills and is aimed at matching the interests and profile of candidates to potential jobs. The centres were established in areas with a potentially large number of jobs in the country’s growing sectors, namely tourism, energy and agriculture. The relevant authorities will help to enhance the recognition of Tajik jobseekers’ skills qualifications in regional labour markets (ADB 2020).

People with disabilities are also being targeted by more holistic programmes. Public employment services are coordinating rehabilitation efforts with pension and health insurance funds to ensure appropriate financial support, and with health institutions and vocational training professionals to ensure that the right infrastructure and capacity are available at the workplace.

In Senegal, the National Agency for the Promotion of Youth Employment includes people with disabilities in its support services delivered in association with partners from the social and economic sectors. The most prominent of these programmes focuses on self-employment. Handicap International and the Agency for the Development and Support of Small and Medium-Sized Enterprises are assisting people with a disability to take up income-generating activities rather than sheltered employment (Sene 2020). The Turkish public employment service helps employers to fulfil their quota for employing people with disabilities through its holistic service portfolio encompassing workplace adaptation, entrepreneurship training, and monetary and in-kind incentives (OECD 2021a).

In high-income countries, holistic approaches to addressing multiple barriers to employment are becoming increasingly established and institutionalized, linking public employment services with social and health actors. In Canada, for example, the employment service in the province of Ontario is delivered mainly online, on a self-service basis. By contrast, the most vulnerable groups can receive support from specialist providers, in the form of targeted advice and placement, and from training providers, healthcare services and others. These services are delivered by a network of 170 contracted providers from more than 400 delivery points across Ontario. The Ontario Government plans to further extend this ecosystem approach by introducing new service managers in three pilot regions of the province, who will aim to create an effective employment service that responds to the needs of everyone, including those who receive social welfare benefits or have disabilities (Canada, Government of Ontario 2020).

In a number of countries, the public employment service attends to jobseekers facing multiple barriers in cooperation with social workers or health professionals depending on the specific challenges encountered (see box 3.6). In some cases, support for a client is taken over entirely by a service dealing with mental health or motivational issues for an adequate period and is handed back to the public employment service once employability has been increased (OECD 2021b).

Box 3.6. The Comprehensive Support programme in France

Launched as part of a five-year plan to tackle poverty in the country, the Comprehensive Support programme is implemented by the French public employment service in conjunction with the Assembly of the Départements of France. The programme was piloted in several French regions in 2014 and soon rolled out for the entire country. The aim is to assist vulnerable jobseekers by providing simultaneous social and professional support. Clients are monitored by an employment adviser and a social worker with whom they formulate an assessment and draw up an action plan which takes into account the social constraints that prevent them from working. During the support period, which can last up to 12 months, the client comes into contact as often as necessary with either of these two helpers to put the action plan into practice. The system has undergone several impact assessments, which have confirmed its effectiveness. Comparison with a control group has shown that beneficiaries of the programme find work much more rapidly and are given longer contracts. Clients report that they are satisfied with the support and emphasize the quality of the personal relations experienced during the process. The public employment service advisers involved appreciated the opportunity to engage in more in-depth and efficient intermediation work with hard-to-place clients.

Source: France, Ministry of Labour, Full Employment and Integration (2021).

Holistic intermediation geared towards jobseekers and addressing their employability, skills profiles and career perspectives is increasingly being complemented by a more strategic approach towards employers and vacancies.

3.6. Investing in services for employers

Employers play a crucial role in the delivery of a fully fledged intermediation service, which includes managing quality vacancies into which jobseekers can be placed, or training them to improve their employability and enable them to build their career.

Public employment services' portfolio for employers basically involves filling vacancies and rendering support services in accordance with the prioritization and capacity of the institution and its provider network. The matching can range from simple pre-selection of curricula vitae to more elaborate human resources functions, such as support in the organization of job interviews, onboarding and post-placement support for jobseekers. Some public employment services offer support with recruitment administration and pay monetary incentives to employers who take on vulnerable clients. In some countries where the private sector is involved in the provision of vocational education, public employment services may engage in the placement of interns and apprentices and in reskilling through work-based learning.

3.6.1. Services for employers as a key component of intermediation

Despite the high relevance of meeting employers' needs, employment services have been devoting most of their capacity to catering to jobseekers, since their core task is to register, place and train the unemployed and, in the case of public employment services, to pay special attention to the most vulnerable groups in the labour market. The portfolio directed at recruiters and employers is therefore less developed, and the free service offer of public employment services does not seem sufficient to guarantee continued or increased patronage by employers. Employers want a recruitment process that helps them to find the right skills quickly and are inclined to pay human resources companies or private recruiters for this type of service, rather than relying on the state-run service. Public employment services' efforts to make vacancy registration compulsory have not been conducive to engagement with employers and have added to the impression that many employers have of such entities being inefficient and overly preoccupied with bureaucracy. In many emerging and developing countries that are struggling with low labour demand, high informality and low capacity, regulation is not helping to improve employer engagement either (Ingold 2018; Mazza 2017; Koeltz and Torres 2016).

Although the services offered to employers by public employment services have expanded significantly in recent years, they are still underused by employers. Despite the range of services on offer – including support in filling job openings (sometimes by making interview facilities available), informing companies about existing activation programmes and, in some cases, offering legal advice on wage subsidies and quota management – most public employment services still struggle with low visibility and trust among employers, who often choose to look elsewhere for effective recruiting and show little interest in employing

individuals from vulnerable groups. Evidence from a study covering various European countries, where services for employers are most advanced, suggests that employers are often reluctant to use public employment services to find candidates – among other things, because of a belief that the staff of such entities are not necessarily actuated by the desire to recommend jobseekers in the best interests of employers. Most public employment services have a low share of vacancies owing to this negative perception (Oberholzner 2018). In countries where public employment services have the leverage of using ALMPs to cooperate with employers – that is, policies such as wage subsidies, measures reducing the risks for employers in hiring individuals from vulnerable groups, support in hiring and selecting such candidates, and support in coaching employees from vulnerable groups – employer engagement is more substantial (Berkel et al. 2017).

Feedback from employers who have cooperated with public or private employment services to place jobseekers in their companies shows that they appreciate receiving support in recognizing and developing the potential of (vulnerable) jobseekers. This “inclusive human resources management”, combined with policy tools for incentivization, seems to be a successful approach to working with employers (Davern and Peromingo 2021).

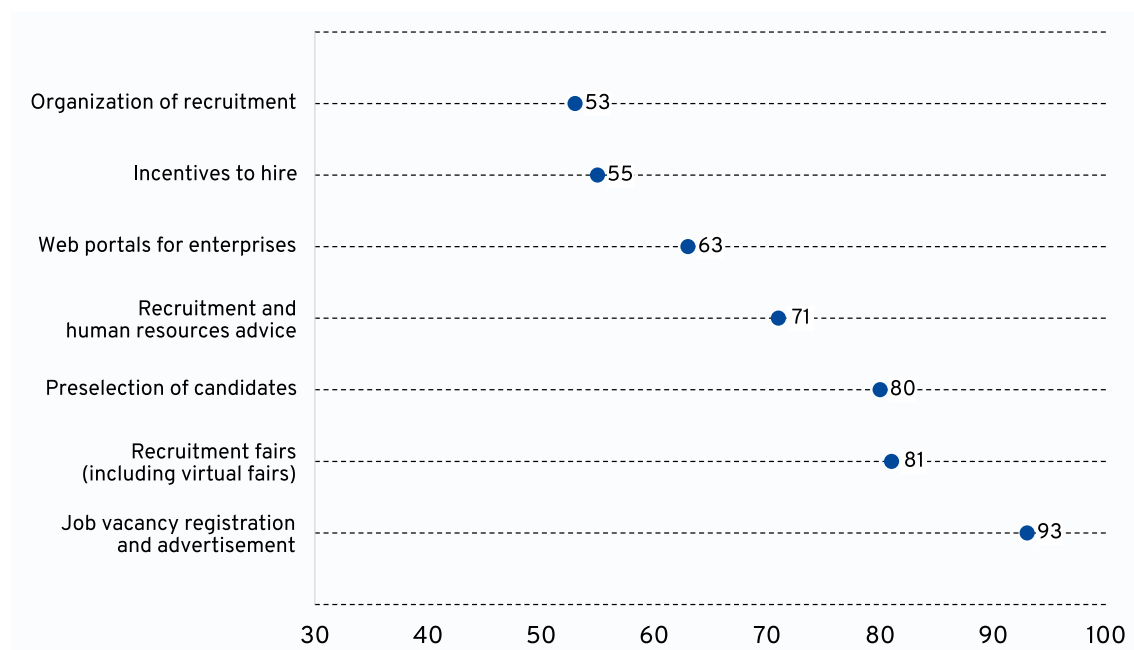
In most low- and middle-income countries, public employment services play a minor role in the recruitment market – among other factors, because they cannot offer significant ALMPs with which employers can engage. According to the partnership employment service platform Staffing América Latina, the majority of public employment services in the region work well as training institutes and registration offices for jobseekers, but they need to develop their capacity so that they can become more proactive regarding intermediation and, in particular, reach out to employers. Many public employment services in Latin America fulfil the role of a labour inspectorate checking the working conditions of employees, and they find it difficult to transform that into a more human resources-oriented relationship with employers (Padulla 2021).

In sub-Saharan Africa, most public employment services offer only minimal periodical interventions for employers, such as support during large-scale redundancies. Some entities are scaling up to offer more vacancy advertising services and preselection of candidates, but are still limited by the lack of original data or the lack of suitable digital equipment to gather and analyse data (Davern 2020).

The recent ILO global survey reveals a fairly wide range of services provided to employers, with 93 responding public employment services indicating that they registered and distributed job vacancies. As many as 80 entities even preselected candidates before sending jobseekers’ profiles to employers. While these numbers do not give information on the efficiency and effectiveness of services for employers, they do reflect the fact that public employment services worldwide acknowledge the need to cooperate with the private sector in order to offer a relevant service offer. More complex service components, such as advice

on recruitment procedures and human resources advice, were offered by 71 responding public employment services. A total of 63 entities stated that their website had a section dedicated to employers, while 53 were tasked with planning and implementing measures to assist in and encourage recruitment as part of their overall ALMP interventions (see figure 3.11 for details of further services offered).

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



Note: Total number of respondents to the survey question = 93.

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

3.6.2. Adoption of a more strategic approach to servicing employers

Employers have different needs depending on their companies' size and objectives. Public employment services therefore need to take account of client variety and consider segmenting their employer clients so that they can use different communication and marketing approaches and adjust the intensity of services accordingly. Some employers may require only light-touch support to find enough jobseekers for a vacancy, others are looking for a more complete human resources service that they may not be able to provide themselves.

A further strategic consideration is whether, in view of its limited capacity, a public employment service should strive to target and work only with employers that reflect the vacancies sought by registered jobseekers, or whether it should try to meet the broader recruitment needs of employers in order to contribute to local economic growth to the best of its ability.

A public employment service may want to consider prioritizing industry sectors or value chains that promise a high number of placements and/or focus on those employers who are experiencing the most recruitment difficulties (Oberholzner 2018). In the ILO global survey about half of the responding public employment services had introduced segmentation of their employer clients.

A more granular segmentation also widens the service portfolio options. While the primary expectation that an employer has of an employment service is that it will put forward relevant skills profiles, additional services may be necessary to engage employers more rapidly and in a longer-term manner. Depending on the segment of the company, some employers may require comprehensive support with human resources matters, such as the description of job openings, the actual organization of job interviews and other recruitment measures, possible skills training arrangements, and recruitment subsidies. In cases where the skills need of employers is apparent but not yet fully defined, public employment services can help to build specific vacancies. In Australia, for example, this form of “reverse marketing”, where jobseekers are proactively promoted to employers has been used for over a decade to stimulate or define skills demand by contacting employers before they publish a vacancy. The public employment service can thus offer employers its high level of expertise in enhancing skills profiles, paving the way for trust-based cooperation (Australia, DEEWR 2012).

Jobservice Denmark functions as the Danish public employment service’s single point of contact for employers and segments companies upon first contact, streaming them into the various local employment services that will then attend to them according to their support needs. In the Spanish region of Aragon, the employment service makes an assessment of the most dynamic sectors in the region, such as the automotive sector, and targets them through company visits. The public employment service in Belgium-Flanders distinguishes between six main groups of sectors, and counsellors are assigned to and specialize in one of these sector groups; they follow up on business plans for each sector (Finn, Peromingo and Mwasikakata 2019; European Commission 2017).

The French public employment service segments the recruitment potential of employers and identifies major recruiters along with opinion leaders in the recruitment field in order to improve their overall image.

Segmentation allows a public employment service to target employers’ needs, thus increasing the likelihood of effective interventions and longer-term engagement. Public employment services with a long tradition of working with segmented employers, like the ones in Germany and the United Kingdom, tend to formalize such cooperation through agreements that describe the shared objectives of both parties, detail the service chain and procedures for communication during recruitment, and build in options to support larger projects, such as finding workers with the right skill sets to facilitate the launch of a new product or the opening of production plants in a specific region (Finn, Peromingo and Mwasikakata 2019).

In the placement of vulnerable groups, the proactive building of job positions can support the inclusion of jobseekers, especially from cohorts that would otherwise not be able to be matched to a regular job opening and might get stuck in sheltered employment. “Job carving”, as it is called, is a powerful ALMP that public employment services can use with employers wishing to give individuals from vulnerable groups a chance but who do not know how to identify and provide suitable opportunities at their enterprise (see also box 3.7).

Box 3.7. Job carving in the Netherlands and Malta

The “inclusive work redesign method” endorsed by the public employment service of the Netherlands is managed by Maastricht University. It advises enterprises on how to adjust their working procedures so as to separate lower-skilled tasks (such as those arising from administrative or organizational requirements) from higher-skilled tasks (the work for which the employee was actually hired), which are both often combined within the same post. Once the lower-skilled tasks have been identified and separated, they can be included in new lower-skilled jobs intended for vulnerable jobseekers registered with the public employment service.

In hospitals, for example, the job of a nurse involves numerous tasks which can be separated from the basic occupation of providing medical care. Tasks such as bed-making, serving food or cleaning the kitchen can be examined and subdivided into further steps such as changing sheets, helping the nurse with patient care and carrying clothes to the laundry. The public employment service of the Netherlands and Maastricht University Medical Center+ identified a total of four hours per day using this task analysis, which was then used to create additional part-time jobs.

The public employment service of Malta works together with the Lino Spiteri Foundation, a body specialized in integrating disabled people into the labour market, to identify existing occupations at participating enterprises which are potentially adaptable to the needs of disabled jobseekers. The basis for this exercise is genuine demand on the part of the employer on the one hand, and the skill levels of the disabled persons registered as jobseekers on the other. If necessary, the public employment service finances skills training and tests before the start of the job.

Job carving is a proven technique that can help to increase the job satisfaction of higher-skilled workers and create inclusion opportunities for jobseekers with lower employability. It enables employers to demonstrate corporate social responsibility while making their work processes more efficient.

Sources: Scoppetta, Davern and Geyer (2019); Mehrhoff, Becker and Mulders (2020).

3.6.3. Professionalization of services provided to employers

The success of long-term cooperation between public employment services and employers is reflected in strategic considerations and in target group-oriented services, such as segmentation and job carving, and points to progress in tackling the major underlying problem of services for employers offered as part of job intermediation, namely the negative image that many employers and other clients have of public services in general and of the public employment service in particular.

A number of public employment services are tackling this image problem by highlighting their key assets, such as the large volume of skills data that they manage as a result of the institutionalized registration of jobseekers. With that in mind, public employment services are looking to gather more data on skills needs and trying to be more proactive in doing so. In order to match the jobseeker skills recorded by public employment services with the right

employer needs, some governments conduct structured needs analyses of skills demand. In the United Kingdom, a survey coordinated by the Department for Work and Pensions and the Department for Education regularly gathers data from almost 90,000 employers across the country and obtains information on how skills gaps affect the performance of enterprises at the national and local level (United Kingdom, Department for Education 2020).

In Morocco, the public employment service organizes an annual survey of employers' workforce requirements. The results are posted on the institution's website. For each region the forecast recruitment numbers are displayed, broken down by sector. The survey is considered helpful, not least by employers, in terms of anticipating recruitment problems, improving guidance for jobseekers on training or occupations which better match the needs of the labour market, and informing jobseekers about changes in their career prospects (Morocco, ANAPEC 2021).

Another image-related issue is the way in which public employment services approach and are themselves approached by employers. Employment offices in government venues do not always appeal to employers, and their websites may be geared rather towards jobseekers or structured with a focus on registering vacancies and not making it sufficiently clear what other services are available to employers. Accordingly, public employment services worldwide are developing their infrastructure and staff skills to improve the way in which they present themselves to employers (see box 3.8).

In Colombia, the state-run employment services have only recently been consolidated following a varied history of employment service provision involving university job banks, local councils and the national institute for vocational training. The task of the new public employment service under the Ministry of Labour is to coordinate the providers and guarantee the quality of the services offered. As one of its coordination tools it has published a communication guide on employer services, which seeks to promote a common understanding of the labour market among the various providers, to standardize the sales pitches directed at employers who use the employment services, and to raise awareness of more attractive online channels for contacting employers (Colombia, SPE 2019).

In order to improve their image through staff representation, public employment services need the in-house or contracted skills of advisers experienced and competent in dealing with employer needs. When working with employers, the most successful public employment services rely on specialized staff with an affinity for sales activities, an understanding of human resources management from a business point of view, economic sector expertise and knowledge of labour law.

In Germany, the public employment service retains specialized staff in more than 150 employment agencies who are responsible for managing employer accounts, including recruitment services, post-placement, assistance with administrative procedures, apprentice management, financial assistance and training provision. Employers are assigned an account

manager who will match skills with the right jobs using skills-based matching technology. The account manager can also organize job fairs, targeted site visits, networking breakfasts and administrative support for the enterprise. Agencies which are attached to large employers offer key account management, which includes additional services such as managing short-term work in the event of major redundancies or work shortages. The public employment service thus functions as a kind of human resources department for the employer and not only promotes the skills of its jobseekers but also provides a supplementary service which facilitates the linkage and placement phases (Finn, Peromingo and Mwasikakata 2019). Similar arrangements are used by the public employment services of Belgium, Morocco and the United Kingdom. Public employment services in developing and emerging countries use this approach less frequently because of low capacity, but they are increasingly training their staff in employer service skills in addition to serving jobseekers (WAPES 2022).

In Slovenia, the public employment service has a strategy for strengthening relations with employers. It has trained its employer service advisers along commercial lines, making use of business meetings and sales techniques. The institution places great emphasis on proximity, asking advisers to visit employers at their enterprises so that they can better understand the working conditions and how the enterprise operates, and develop their expertise accordingly. The public employment service tries to establish and maintain a long-term relationship with each employer, using various support tools including LinkedIn (European Commission 2018).

Box 3.8. Networking with local employers: The Model Career Centre in Durg, India

The Model Career Centres established by the National Career Service in India focus on imparting short-term employability skills to jobseekers. The skills training modules are broadly designed and implemented in these centres by private training providers, taking into account industry requirements.

The employment service of the Model Career Centre in the city of Durg, in the State of Chhattisgarh, has replaced the more bureaucratic local labour exchange. Its premises have been renovated and its services modernized. In contrast to its predecessor, the Centre is attempting actively to engage with employers by offering systematic multichannel services. For example, it organizes small placement camps for one to three employers. These are planned in line with employers' needs and offer sector-specific recruitment opportunities.

The Centre works with local employers in heavy industry, such as steelworks, cement plants and mines, where there is strong demand for labour, and informs jobseekers of the skills that they need to have in order to be recruited by such enterprises. Training programmes are offered, some of which have been designed to reflect employers' comments.

The Centre also organizes talks for students on a number of topics, given by experts from educational institutions and various industrial sectors, and invites employers to join in to find out which skills are on offer. The Centre's staff visit many schools and colleges, including in villages, to hold counselling and awareness-raising sessions, sometimes in conjunction with employers' representatives.

Sources: Finn (2020); Abraham and Sasikumar (2017).

In sub-Saharan Africa, evaluation surveys used in the piloting of the SamPES (Self-Assessment Methodology for Public Employment Services) tool developed by WAPES revealed concerns among public employment services about their staff's ability to communicate with employers or to use and interpret data on labour market sectors and skills requirements. The public employment services surveyed expressed a desire to collaborate with their peers in other countries to learn how to manage relations with employers, ensure the quality of job vacancies and select relevant sectoral strategies (WAPES 2021b).

Box 3.9. The case of Cameroon

The National Employment Fund (NEF), Cameroon's public employment service, has centralized its relations with private companies as a first step towards offering a human resources service for employers. Within the NEF there is a team dedicated to raising awareness of the Fund's services among enterprises and to encouraging them to publish vacancies and use it for recruitment. The team promotes the use of low-cost tools, such as social media, and participation in events organized jointly with other partners including employers' associations and chambers of commerce.

When possible, partnership agreements are signed, in particular with major employers which offer a potentially high number of vacancies, but also increasingly with small and medium-sized enterprises (SMEs), which currently supply most vacancies to the NEF. The Fund subsidizes on-the-job training and internships specifically in order to place clients in SMEs, which, as elsewhere, often operate with no human resources management structure.

An interactive NEF website provides employers with real-time access to information on the available incentives, including subsidies, and to an online database of jobseekers.

Source: Qualitative data from interviews conducted during the piloting of the SamPES tool (2021).

Cases like that of the public employment service in Cameroon (see box 3.9) show that services for employers can be successful in developing countries too, if they pursue a client strategy that not only focuses on being in touch with employers but also offers incentives and employability programmes, even if they are small-scale ones, and is able on the whole to deliver a reliable and quality service.

Services for jobseekers and employers are both an integral part of job intermediation and cannot be detached from each other. Recent trends in segmentation, career advice and enhanced outreach to employers supported by digital transformation point to the evolution of employment services towards a holistic intermediation approach that considers the needs of all clients.

3.7. The future of intermediation

The Employment Service Convention, 1948 (No. 88), laid down intermediation service tasks, such as skills profiling, support for employers and matching, that remain valid to this day. However, labour markets have changed significantly since then. The current challenges include disengagement and impoverishment of the weakest groups in society, skills gaps between economic sectors, and a greater number of labour market transitions in an increasingly automated environment.

The intermediators of today, public and private employment services alike, need to be agile and innovative to respond to the constant changes in the labour market and empower their clients to address skills gaps and create positive career and recruitment prospects while protecting them from long-term unemployment and inactivity. During the COVID-19 crisis, employment services proved their responsiveness and ability to adjust intermediation to new labour market conditions by paying out income support, opening alternative channels for client engagement and adjusting skilling measures to the requirements of shifting labour markets.

Employment services worldwide would now be well advised to mainstream the promising developments in intermediation into their standard service offer in accordance with their capacity and the needs of their clients. Ensuring the inclusiveness of labour markets by designing services and delivery channels that promote access for, and the participation of, vulnerable and disadvantaged groups (such as young people, older workers, persons with disabilities, refugees and migrants) is of paramount importance.

► **Skills are the “currency” of today’s labour market**

The new skills needs arising from changing labour markets and higher flexibility and mobility between jobs and tasks call for employment services to be designed in a more holistic way, with greater attention paid to skills granularity and to helping jobseekers improve their employability. A major step that most public employment services are taking, be it through innovative matching technology or by applying various profiling and matching approaches, is looking at what jobseekers’ competences are in a more diversified manner. Instead of focusing on formal qualifications and outdated occupations, they are now considering broader knowledge and skills profiles, which opens up opportunities for jobseekers to demonstrate their abilities for certain jobs, thereby empowering formerly disqualified jobseekers and increasing the inclusion of the most vulnerable cohorts and informal workers. In that regard, public employment services are playing an increasingly important role in co-creating more flexible vocational training programmes for young people and adults to reduce mismatches in the labour market. Furthermore, more frequent adjustments in occupational profiles are necessary in response to everchanging skills. Moreover, skill shortages and mismatches call for public employment services to strengthen their skills anticipation capacity in collaboration with social partners, especially employers.

► **Career and employability advice is an effective tool for holistic intermediation**

Employment services are acknowledging the relevance of skills by increasing the weight of guidance and advice in the overall support that they provide to jobseekers in managing transitions throughout their working lives. Advice and guidance include profiling, development and matching of skills and can be adjusted to the employability of the client, intensifying for vulnerable groups and changing into case management where necessary, but always remaining a bedrock of holistic intermediation for all jobseekers.

► **Customized human resources services for employers help to build long-term relationships**

Public employment services are striving to make themselves more visible and trustworthy to the business community by adjusting and enhancing their service portfolio, being more proactive in acquiring vacancies, and upskilling their staff to become more effective providers of services for employers. A promising path seems to be the prioritization of employer segments and the offering of human resources services to those employer clients that do not have the capacity or knowledge to take care of their own human resources management. Treating services for employers as just as relevant as those for jobseekers and realizing that employers are a key client group for successful intermediation will pave the way for the use of work-based learning practices in the development of employability skills and help to close the skills gap.

► **Digital transformation generates more data and opportunities for client engagement**

Employment services are improving their targeting by using more holistic and data-supported approaches to assess the individual employability of their jobseeker clients and to adjust accordingly the channels and programmes used to attend to these. In order to deliver a more complex and client-centred service, public employment services are broadening the scope of the information and tools that they use in their operations. Public employment services worldwide are partnering with educational institutions, industry representatives and target group representatives to finetune their service offer. They collaborate with other governmental entities in order to coordinate various services and benefits (for example, health and social support) into an integrated package that addresses all barriers to employment and enhances employability. The shift towards a more data-driven management of employment policy is prompting public employment services to gather more digital intelligence on client journeys and to use technology support to make their services more efficient and human-centred. This includes sharing more data with their clients.

Intermediation has been one of the core functions of employment services ever since their creation, and it remains an important tool for putting ALMPs into practice. If employment services carry on innovating their delivery to achieve a holistic and integrated approach, they will continue to be relevant players in the future world of work.

Chapter references

- Abraham, Vinoj, and S.K. Sasikumar. 2017. "Good Practices in Using Partnerships for Effective and Efficient Delivery of Employment Services in India", ILO Employment Policy Department Working Paper No. 233.
- ADB (Asian Development Bank). 2020. "Project Administration Manual – Republic of Tajikistan: Skills and Employability Enhancement Project".
- Altamirano, Alvaro, Oliver Azuara, Stephanie González, Carlos Ospino, Dennis Sánchez, and Jesica Torres. 2019. *Clasificación de Ocupaciones en América Latina y el Caribe*. InterAmerican Development Bank.
- Anghel, Liliana-Luminita. 2020. *Integrated Services for Long-Term Unemployed*. Report prepared for the European Commission.
- Atameken (National Chamber of Entrepreneurs of Kazakhstan). 2019. "Kazakhstan Launches Atameken Support Centers to Raise Employment". 23 July 2019.
- Australia, DEEWR (Department of Education, Employment and Workplace Relations). 2012. *Employment Pathway Fund – Chapter 3: Reverse Marketing*.
- Berkel, Rik van, Jo Ingold, Patrick McGurk, Paul Boselie, and Thomas Bredgaard. 2017. "Editorial Introduction: An Introduction to Employer Engagement in the Field of HRM – Blending Social Policy and HRM Research in Promoting Vulnerable Groups' Labour Market Participation". *Human Resource Management Journal* 27 (4): 503–513.
- Canada, Government of Ontario. 2020. "Ontario Moving Ahead with the Reform of Employment Services". 14 February 2020.
- CEDEFOP (European Centre for the Development of Vocational Training), ETF (European Training Foundation), European Commission, OECD (Organisation for Economic Cooperation and Development), ILO and UNESCO (United Nations Educational, Scientific and Cultural Organization). 2021. *Investing in Career Guidance*.
- China, MOHRSS (Ministry of Human Resources and Social Security). 2015. Press release on the new version of the Occupational Classification Guide. www.gov.cn/zhengce/2015-08/09/content_2910269.htm [web page in Chinese]. 09 August 2015.
- . 2020. "New Career Online Learning Platform Version 2.0 Launched Today". http://www.mohrss.gov.cn/SYrlzyhshbzb/dongtaixinwen/buneiyaowen/202006/t20200608_375785.html [web page in Chinese]. 8 June 2020.
- CINDE (Costa Rican Investment Promotion Agency). 2019. "Bola de cristal: Construyendo el futuro del talento en Costa Rica".
- Colombia, SPE (Public Employment Service). 2019. *Guía de gestión con empleadores*.

- Cyberspace Administration of China. 2022. Announcement of ceremony to launch the 2022 edition of the Occupational Classification Guide. http://www.cac.gov.cn/2022-09/29/c_1666077518566492.htm [web page in Chinese]. 29 September 2022.
- Davern, Eamonn. 2020. "Trends and New Developments in Employment Services to Support Transitions in Sub-Saharan Africa, the Middle East and North Africa Regions", ILO Working Paper No. 19.
- Davern, Eamonn, and Michael Mwasikakata. 2021. *Guidelines on the Setting-Up of Effective Job Centres in Developing Countries with Reference to Sub-Saharan Africa, the Middle East and North Africa Regions*. ILO.
- Davern, Eamonn, and Miguel Peromingo. 2021. Panel discussion on employer engagement, on YouTube channel "Future of Employment Services". <https://www.youtube.com/watch?v=AOLQwMcfbYs>.
- Esteban, Teresa. 2020. *Iniciativas para la detección y tratamiento de la informalidad en el mercado de trabajo en América Latina: una visión desde SOCIEUX+*. SOCIEUX+.
- European Commission. 2017. "Denmark: Early and Intensified Counselling – Implementation at the Jobcentre of Brønderslev". March 2017.
- . 2018. "European Network of Public Employment Services: PES Practices". <https://ec.europa.eu/social/main.jsp?catId=1206&langId=en>.
- . 2020. "'Dematerialisation' of PES Services: Understanding the Needs and Preferences of People with Limited Access". 1 September 2020.
- . 2021. "Spain: Free Training in Digital Skills". January 2021.
- Finn, Dan. 2020. "The Public Employment Service and Partnerships in China, Colombia, India and South Korea: Synthesis Report on Good Practices in Using Partnerships for the Delivery of Employment Services and Active Labour Market Programmes". Preprint version.
- Finn, Dan, Miguel Peromingo, and Michael Mwasikakata. 2019. *Key Developments, Role and Organization of Public Employment Services in Great Britain, Belgium-Flanders and Germany*. ILO.
- France, Ministry of Labour, Full Employment and Integration. 2021. "Le Service public de l'insertion et l'emploi (SPIE) c'est quoi?". 19 July 2021.
- France, Pôle emploi. n.d.(a). Répertoire Opérationnel des Métiers et Emplois. <https://www.pole-emploi.org/opendata/repertoire-operationnel-des-meti.html?type=article>

- . n.d.(b). “Valoriser son image pro”. <https://www.pole-emploi.fr/candidat/vos-recherches/preparer-votre-candidature/valoriser-son-image-pro.html>.
- GIZ (German Agency for International Cooperation). n.d. “Improving Vocational Education in the Lao PDR”. <https://www.giz.de/en/worldwide/26261.html>.
- Hogenboom, Alexander. 2020. “Matching Lab: Targeted Matching Strategy Optimization Driven by Data and Domain Knowledge”. WCC Group.
- Holzner, Christian, and Makoto Watanabe. 2018. “Understanding the Role of the Public Employment Agency”. Paper presented at the 2018 Annual Congress of the German Economic Association (Verein für Sozialpolitik), Freiburg, 2–5 September 2018.
- . 2020. “Intermediation Services and Search Frictions”. 9 November 2020.
- Hunter, David. 2015. “The Status of Implementation and Plans for Future Revision of the International Standard Classification of Occupations, 2008 (ISCO-08)”. Report prepared for the Meeting of the Expert Group on International Statistical Classifications, New York, 19–22 May 2015.
- IDB (Inter-American Development Bank). 2021. “IDB Lab Will Strengthen Jamaican Youth Competencies”. 6 April 2021.
- ILO. 2019a. “Soft skills et éducation financière: une innovation gagnante pour le chercheur d’emploi”. 21 November 2019.
- . 2019b. *What Works: Promoting Pathways to Decent Work*.
- . 2021. “Public Employment Services Pressing Ahead with Digitalization Should Be Aware of the Digital Divide”. ILO policy note, 30 June 2021.
- . n.d. “Activate Women: Increased Capacities for Labour Market Inclusion of Disadvantaged Women as a COVID-19 Response Measure”. https://www.ilo.org/budapest/what-we-do/projects/WCMS_802226/lang-en/index.htm.
- Ingold, Jo. 2018. “Employer Engagement in Active Labour Market Programmes: The Role of Boundary Spanners”. *Public Administration* 96 (4): 707–720.
- Koeltz, Donna C., and Carmela I. Torres. 2016. *Practitioners’ Guides on Employment Service Centres: Training of Trainers on Operations, Counselling, and Employer Services (Volume 1)*. ILO.
- Leroy, Fons. 2017. “Competence-Based Matching: The Holy Grail?” In *Managing Workforce Potential: A 20/20 Vision on the Future of Employment Services*. WCC Development B.V.
- LMIC (Labour Market Information Council). n.d. “Skills”. <https://lmic-cimt.ca/skills/>.

- Lund, Suna, Anu Madgavkar, James Manyika, Sven Smit, Kweilin Ellingrud, Mary Meaney, and Olivia Robinson. 2021. "The Future of Work after COVID-19". McKinsey Global Institute. 18 February 2021.
- Malaysia, PERKESO (Social Security Organization). n.d. "Popular Skills in MYFutureJobs". <https://myfuturejobs.gov.my/popular-skills/>.
- Mazza, Jacqueline. 2017. *Labor Intermediation Services in Developing Economies: Adapting Employment Services for a Global Age*. Washington, DC: Palgrave Macmillan.
- Mehrhoff, Friedrich, Marlon Becker, and Henny Mulders. 2020. "Soziale Unternehmensberatung in den Niederlanden". German Association for Rehabilitation.
- Mexico, STPS (Ministry of Labour and Social Security). 2021. "Jóvenes Construyendo el Futuro, oportunidad para la corresponsabilidad empresarial en la formación de la juventud". Press release, 7 August 2021.
- Mezzanzanica, Mario, and Fabio Mercorio. 2019. "Big Data for Labour Market Intelligence: An Introductory Guide". European Training Foundation.
- Morocco, ANAPEC (National Agency for the Promotion of Employment and Skills). 2021. "Les emplois métiers les plus demandés par région en 2019-2020". http://anapec.org/conseils/informer_3.html.
- Nunn, Alex, and Jamie Morgan. 2020. "The Political Economy of Public Employment Services: Measurement and Disempowered Empowerment?" *Policy Studies* 41 (1): 41–62.
- Oberholzner, Thomas. 2018. *Engaging with and Improving Services to Employers*. Thematic paper prepared for the European Commission.
- . 2021a. *Career Guidance for Adults in a Changing World of Work*.
- . 2021b. *Disability, Work and Inclusion in Ireland: Engaging and Supporting Employers*.
- OPSI (OECD Observatory of Public Sector Innovation). n.d. "'The Work', AI Job Recommendation Service Using the National Job Information Platform". <https://oecd-opsi.org/innovations/the-work/>.
- Padulla, Martín. 2021. "Cómo reconvertir los Servicios Públicos de Empleo en América Latina". Staffing América Latina, 12 December 2021.
- Parilla, Joseph, and Sifan Liu. 2019. *Talent-Driven Economic Development: A New Vision and Agenda for Regional and State Economies*. Brookings Institution.
- Scoppetta, Annete, Eamonn Davern, and Leonard Geyer. 2019. *Job Carving and Job Crafting: A Review of Practices*. Paper prepared for the European Commission.

- Sene, Ismaïla. 2020. "Regard critique sur les initiatives d'insertion professionnelle des handicapés de la région de Ziguinchor (Sénégal)". *Sciences & Actions Sociales* 13: 261–274.
- SIAE (Slovenian Institute for Adult Education). 2020. "Skills Summit Slovenia 2020: Skills Strategies for a World in Recovery". 16 December 2020.
- Skillnet Ireland. 2021. *Annual Report 2020: Transforming Business through Talent*.
- South Africa, Department of Higher Education and Training. n.d. "Khetha Radio Programmes". <https://www.careerhelp.org.za/content/career-development-services/khetha-radio-programmes>.
- The Economist*. 2021. "How to Manage the Great Resignation". 27 November 2021.
- UNDP (United Nations Development Programme). 2020. *Women's Contribution to the Economy of Montenegro: Utilisation of Care Economy in the Time of the COVID-19 Pandemic*.
- United Kingdom, Department for Education. 2020. "Employer Skills Survey 2019". <https://www.gov.uk/government/collections/employer-skills-survey-2019>.
- United Nations. 2020. *Report of the UN Economist Network for the UN 75th Anniversary: Shaping the Trends of Our Time*.
- VET Toolbox Partnership. 2020. *Compendium of Tools for Labour Market Assessment*.
- WAPES (World Association of Public Employment Services). 2015a. "Project for Developing and Supporting New Occupations". Presentation given at the Tenth WAPES World Congress, Istanbul, 6–8 May 2015.
- . 2015b. "WAPES 2015–2025 Long-Term Strategy".
- . 2021a. "Career Development and Major Choices in the Post-Pandemic Era" [webinar, 21 September 2021].
- . 2021b. "SamPES Pilot Points at Improvement Needs in PES of Sub-Saharan Africa and Middle-East/Arab Countries". Presentation given at the Tenth WAPES World Congress, Istanbul, 6–8 May 2015.
- . 2022. "2021 Activity Report". Adopted at an online meeting of the WAPES Managing Board, 03 March 2022.
- Whelan, Nuala, Mary P. Murphy, and Michael McGann. 2021. "The Enabling Role of Employment Guidance in Contemporary Public Employment Services: A Work-First to Life-First Typology." *British Journal of Guidance & Counselling* 49 (2): 200–212.



Active labour market policies: Responding to crises and facilitating recovery

4.1. Introduction

Active labour market policies (ALMPs) have a central role to play in the transition to better work, both in times of crisis and in times of recovery. ALMPs encompass a wide array of policy interventions aimed at providing assistance and incentives for people to look actively for jobs (ILO 2019). They include such measures as providing public employment during periods of economic hardship, training and preparing workers for the labour market, supporting individuals in starting their own business, providing financial incentives for the hiring of workers and for job retention, and giving advice and assistance with labour market matching. Public employment services are critical and cost-effective intermediaries for such policies (see box 4.1). Their design reflects the understanding that gainful employment is the most effective way to escape poverty; accordingly, they support the effective use of ALMPs.

While ALMPs have a long – and even chequered – history, they remain popular because of their important contribution to integrating workers into the labour market. Even during the atypical period of the COVID-19 crisis, countries around the world, rich and poor, turned to ALMPs not only as a crisis response tool, but also as a vital policy instrument for supporting recovery. The success of ALMPs hinges on how well they are designed, administered and implemented.

This chapter examines the scope, history and purpose of ALMPs, the evidence regarding their effectiveness, their use during the COVID-19 crisis and the practical lessons learned that can support their successful implementation in the future.

4.2. Active labour market policies: Definition, history and purpose

ALMPs are aimed at improving the labour market integration of individuals. Such policies can take many different forms: some are focused on the supply side of the labour market, others on the demand side, while yet others are intended to improve the quality of matching of labour supply with demand. Most ALMPs are directed at the unemployed and underemployed and at people who have left the labour market; and some explicitly target vulnerable groups, including low-skilled and low-wage workers, younger and older workers,

women in disadvantaged situation and disabled workers (Auer, Efendioğlu and Leschke 2008; ILO 2016). A common objective of ALMPs is to enable beneficiaries to access jobs of better quality, with higher wages and also offering better career prospects. In that sense, such policies can help to enhance equity.

There are five main categories of ALMPs (ILO 2016):

- ▶ *Training:* Labour market training aims to improve the employability of individuals and thus enhance their future career paths (for example, through higher earnings or improved job quality), with positive aggregate spillover effects for the economy in terms of increased productivity. Training often targets certain labour market groups, such as young people, women, people with disabilities and older workers. In OECD countries, training is typically the main item of expenditure when it comes to ALMPs. In emerging and developing countries, too, training is the most common type of ALMP, but it is generally accompanied by other labour market interventions, such as the provision of training while the beneficiaries are participating in a public works programme. In these countries, training tends to be of a shorter duration and to focus on the acquisition of basic skills.
- ▶ *Public employment programmes:* Commonly referred to as public works programmes, these have as their main goal the provision of short-term employment opportunities, and thus income, to beneficiaries while delivering a service that is of value to society. Public employment programmes are often used during periods of economic crisis, since one of their aims is to maintain attachment to the labour market. The use of such programmes has diminished in OECD countries after their heyday in the 1970s and 1980s; they are still used extensively in emerging and developing countries, as they provide a source of income support for people not covered by unemployment insurance or unemployment assistance schemes.
- ▶ *Employment subsidies:* These measures are about creating incentives to hire workers or maintain jobs by reducing labour costs – either for employers, by providing subsidies that encourage them to employ or retain a certain group for whom the subsidy applies (for example, the long-term unemployed or young workers); or for workers, by giving them an additional financial incentive to re-enter the labour market. In OECD countries, employment subsidies mainly provide support of limited duration to vulnerable groups facing particular obstacles to integration into the labour market and are often used during periods of slack demand. In emerging and developing countries, these subsidies are also typically targeted at workers who have persistent difficulties with labour market integration, such as female heads of household, members of low-income households, unemployed young people and school-leavers.

- ▶ Also falling within this category is “supported employment”, which includes sheltered employment (for example, jobs for people with disabilities) and transitional jobs. Transitional job programmes differ from other subsidized job schemes in that they mainly focus on increasing the employability of the participants with a view to enabling them to transition to formal jobs. They provide temporary wage-paying jobs as well as placement and support services to the most difficult to place in order to facilitate their eventual integration into the labour market (Bloom 2010).
- ▶ *Support for the creation of microenterprises:* These measures aim to provide both financial and logistical support to unemployed or inactive individuals who are willing to start an economic activity, either through self-employment or as micro-entrepreneurs. In OECD countries, these policies tend to be directed at young and higher-skilled individuals, since empirical evidence has shown that such interventions are effective when they specifically target unemployed people who are job-ready (Martin 2000). In emerging and developing countries, support for micro-entrepreneurship is seen as a way of creating employment in both the formal and informal sectors, which means that the target group is broader than in OECD countries. Nevertheless, emerging and developing countries often struggle to integrate the services that are to be offered and find it difficult to ensure that the necessary credit is available for informal sector activities (ILO 2016).
- ▶ *Employment intermediation services:* These measures are about connecting jobseekers with employers through a range of services, including career advice, labour market orientation, job-search assistance and referral to other labour market reintegration measures, such as training. These services can be provided by a country’s public employment service (see box 4.1) – either through purely state-run provision or in partnership with private actors – or they can alternatively be included in ALMP interventions of other types (such as training and public works) provided by other public agencies. In OECD countries, public employment services and their employment intermediation activities are central to the complete and effective provision and delivery of ALMPs. In emerging and developing countries, the role of public employment services is generally more limited, and the public resources allocated to them are relatively scarce. Nevertheless, employment intermediation efforts do exist and are being stepped up in these countries, often with a focus on enhancing employability and fostering job readiness to support the transition to formal employment.
- ▶ In many countries the public employment service acts as the implementing body for most or all of the ALMPs listed above. It may also be tasked with enabling and enhancing collaboration and partnerships between several, if not all, actors in the labour market (see Chapter 5), and is usually the main collector and provider of labour market information and associated systems. The public employment service is thus a kind of “hub” for the various labour market actors and stakeholders in a country.

Box 4.1. The ILO's definition of public employment service and employment intermediation services

According to the Employment Service Convention, 1948 (No. 88), the public employment service is a government entity, usually part of the labour ministry (See Chapter 2 for details), which plans and executes a variety of functions focused mainly on the promotion of employment and the protection of workers during labour market adjustments and economic transitions.

To achieve this, public employment services have different means of action at their disposal, including: (a) providing employment intermediation services (labour market information; offering job-search assistance and placement services; providing counselling during periods of unemployment; and implementing "activation" measures); (b) managing and providing referrals to various labour market programmes; and (c) administering unemployment insurance benefits. Delivery models vary between countries, but the major functions and features are relatively consistent.

Employment intermediation services are a category of active labour market policies that can be delivered directly by public employment services and other public entities, or through a private employment agency or a private educational or training institution (See Chapters 3 and 5).

In line with Convention No. 88, in this report the term "public employment service" is understood as the governmental institution that implements a range of both active and income-support programmes. The term "employment intermediation services" is used to refer to matching and job-search assistance services as outlined above.

Source: Adapted from ILO (2016).

ALMPs differ from income support policies, also called passive labour market policies, in that they involve "active" support for labour market integration in addition to, or as a condition of, the replacement income that may be offered to beneficiaries. While ALMPs often provide modest income support to beneficiaries, this support is either part of an activation measure – such as payments for participating in public employment programmes or wage subsidies when paid to employees – or it is provided so that participants have the means to participate in a training programme or launch an entrepreneurial activity. ALMPs are also distinct from early retirement programmes or traditional forms of income support associated with job loss, such as unemployment insurance, unemployment assistance or even social assistance. Unemployment insurance is typically part of a contributory social security system and is usually limited to formal employees, although there are some rare exceptions, such as in Mauritius, where unemployment insurance programmes are open to informal employees as well (ILO 2019). Unemployment assistance and other forms of non-contributory income support, such as cash transfers, are financed through general revenues. Entitlement to benefits under these schemes is based on vulnerability thresholds (as in means-tested schemes) or citizenship criteria (as in universal measures) (ILO 2019). In many Western European countries, workers can access unemployment assistance once their entitlement to unemployment insurance benefits expires, though this is usually contingent on their household income being below a stipulated threshold. In addition, there are other forms of non-contributory income support that are not related to labour market participation, such as universal benefits paid to households with children. Since the 1990s, many emerging and developing countries have introduced non-contributory schemes as a way of alleviating poverty, such as unemployment assistance and other types of cash transfers, fuel subsidies, food transfer or in-kind benefits (Barrientos and Hulme 2009). These policies were expanded

during the COVID-19 crisis (ILO 2021a), and post-pandemic efforts are being undertaken to connect these social protection measures with labour market interventions.

It should be noted that there is sometimes but a thin line dividing active and passive labour market policies, since the latter are normally implemented as part of an “activation” package – in particular, in developed countries with comprehensive unemployment benefit schemes. Continued receipt of benefits may be conditional on the fulfilment of mutual obligations, such as job search or participation in activation programmes (Boeri and van Ours 2008). In emerging and developing countries that do not have comprehensive unemployment benefit schemes, activation is not an option and so they may combine income support and ALMPs without attaching any conditions. The implementation of the integrated programmes in these countries may take the form of joined-up or co-location of public employment services and social welfare institutions (Finn, n.d.).

ALMPs have been around for a long time, though much of their early history concerns the use of public employment, or public works, programmes. One of the first known programmes of this kind was the system of National Workshops established in France in 1848 to provide assistance to able-bodied workers, but also, as the writer and statesman Alphonse de Lamartine put it, “to avoid the disorders which idleness brings about” (ILO 2020a). The poorhouses in the United Kingdom were also characterized by this punitive approach, whereby the able-bodied were only given assistance in exchange for work. Fortunately, this negative connotation of public employment programmes faded over time, arguably thanks to the success of the Works Progress Administration (WPA), which was established at the height of the economic depression in the United States as part of Franklin D. Roosevelt’s New Deal. During the eight years of its existence, the WPA provided employment to approximately 8.5 million Americans; at its zenith in late 1938, more than 3.3 million people were working for the WPA, accounting for roughly 7 per cent of the employed population. The programme is credited with building more than 4,000 schools, 130 hospitals, 29,000 bridges and 150 airfields, laying almost 15,000 kilometres of storm drains and sanitary sewer lines, paving or repairing 450,500 kilometres of roads and planting 24 million trees. It also had an active arts programme, providing a source of income for thousands of visual artists ([History.com](https://www.history.com) editors 2017).

After the Second World War, countries across Europe and North America broadened the scope of their ALMPs beyond public employment programmes, initially to cover training and labour market services but subsequently also extending to other policies. In the United States, demand for training exploded with the Servicemen’s Readjustment Act of 1944, commonly known as the G.I. Bill, which financed education and training for returning soldiers as a way of fostering their labour market integration (Torraco 2016). The ILO General Conference’s adoption of the Employment Service Convention, 1948 (No. 88), built on the positive experience of France, the United Kingdom and the United States, and helped to spur the creation of public employment services across ILO Member States, especially in the

developing world. Sweden was a forerunner in embracing a range of ALMPs. In the 1950s, it introduced training and labour market services with a view to enhancing occupational and geographical mobility. The country nonetheless continued to use public employment programmes, in particular during cyclical downturns, especially for community-based projects. In the 1970s, other countries in Western Europe started deploying the full range of different ALMPs, while Canada and the United States launched training and employment subsidy programmes. These programmes were primarily targeted at vulnerable groups to promote their labour market integration but were scaled back again after a while (Auer, Efendioğlu and Leschke 2008). In the 1990s, the policy strategies of both the EU and OECD re-emphasized the importance of using the full range of ALMPs against a backdrop of persistently high unemployment rates. In addition, several ALMPs were extensively introduced in many countries of the former Eastern bloc in response to large-scale job losses after the collapse of the Soviet Union (Auer, Efendioğlu and Leschke 2008; Martin and Grubb 2001).

ALMPs also have an important, albeit more recent, history outside Europe and North America, and have been used especially in times of crisis. In Chile, during the debt crisis of the early 1980s, the country instituted two public employment programmes, the Minimum Employment Programme and the Employment Programme for Heads of Households. By 1983, 10.3 per cent of the labour force were working for these two programmes (Marshall 1996). Similarly in Argentina, during the crisis of the early 2000s, the Government launched a public employment programme for unemployed household heads in need of income support. In 2003, out of the country's total population of 38 million, there were nearly 2 million people participating in the programme. ALMPs also became prominent in East Asia in the wake of the 1997 Asian financial crisis (Galasso and Ravallion 2004; ILO 2016).

In other countries, the programmes have become permanent. In 2005, the Government of India passed the Mahatma Gandhi National Rural Employment Guarantee Act to provide at least 100 days of guaranteed wage employment per year to every rural household whose adult members volunteer to do unskilled manual work. The programme's objectives are to provide social protection for the most vulnerable people living in rural India by guaranteeing wage employment opportunities, promoting the empowerment of women and other vulnerable groups in a disadvantaged labour market situation, and helping to build productive assets for local communities. Before the COVID-19 crisis, the programme provided support to over 50 million households, or about 30 per cent of all rural households (India, Ministry of Rural Development, n.d.). Another well-established scheme is Ethiopia's Productive Safety Net Programme, also dating from 2005. The programme offers employment opportunities for households with able-bodied members to work on labour-intensive community asset-building projects and earn a wage either in cash or in kind (food). During 2010–14, the programme helped 8.3 million people.

In addition to public employment programmes, emerging and developing countries have over the past decades diversified the ALMPs they offer, with an important emphasis on training and incentives for micro-entrepreneurship, as well as labour market services. Table 4.1 gives examples of the range of ALMPs that have been offered in these countries since 2000. This evolution towards training, reskilling and upskilling, as well as entrepreneurship and job creation, attests to the important role of ALMPs not just during a crisis, but in the process of economic transition in general.

The programmes listed in table 4.1 are regarded as successful, as they have been found to enhance the labour market outcomes of programme participants (ILO 2020b). Importantly, in emerging and developing countries, ALMPs are often implemented with broader goals in mind, including poverty reduction or the development of communities. Therefore, a given ALMP is often part of a broader combination of policy measures. As the second row of table 4.1 shows, many ALMPs are implemented as part of cash transfer schemes, which means that income support and activation measures are jointly provided. Moreover, a given programme often combines a range of different ALMPs. One example of such a policy combination is the above-mentioned Argentine programme for unemployed household heads after its further development in the 2000s. During this time, the country's unemployment rate declined again. One of the newly created programme components – Training and Unemployment Insurance – comprised a range of different measures that beneficiaries could participate in, all of which were aimed at improving employment prospects (namely, training, labour market services, employment subsidies and support for entrepreneurship). At the municipality level, a network of public employment service offices played a central role in the implementation of the programme, providing counselling services in addition to job-search support and being involved in the execution of other ALMPs. However, not all regions were equally successful in creating such offices, which meant that some eligible individuals were unable to join the programme (ILO 2016; López Mourelo and Escudero 2017; Madoery 2011). Despite the important function that they can play in ALMP delivery, public employment services have long been underfunded in emerging and developing countries, as explained in detail in Chapter 2.

Table 4.1. A diverse set of active labour market policies across emerging and developing countries

Training	Public employment programmes (public works and employment guarantees)	Employment subsidies	Support for entrepreneurship	Labour market services
Zimbabwe, TREE: Training for rural economic empowerment (Lachaud et al. 2018)	Argentina, PJJHD: Public works programme (Galasso and Ravallion 2004)	South Africa: Voucher for wage subsidy (Levinsohn et al. 2014)	Central America, TechnoServe: Start-up support and business training (Klinger and Schündeln 2011)	Peru, Red CIL-ProEmpleo: Labour intermediation services
Sri Lanka, SIYB: Cash transfer combined with training and an investment grant (de Mel, McKenzie and Woodruff 2014)	Uruguay, PANES: Cash transfer with voluntary participation in public works (Escudero, López Mourelo and Pignatti 2020)	Tunisia, SIVP: Hiring subsidy through financing of social security contributions by the Government (Broecke 2013)	Chile, MESP: Cash transfer combined with start-up capital and training (Martínez A., Puentes and Ruiz-Tagle 2018)	Ethiopia, Ghana, Honduras, India, Pakistan and Peru: Cash and non-cash transfers combined with labour market services and training (Banerjee et al. 2015)

TREE = Training for Rural Economic Empowerment; **SIYB** = Start and Improve Your Business; **PJJHD** = Unemployed Heads of Household Plan (Plan Jefas y Jefes de Hogar Desocupados); **PANES** = National Social Emergency Response Plan (Plan de Asistencia Nacional a la Emergencia Social); **SIVP** = Initiation into the World of Work (Stage d'Initiation à la Vie Professionnelle); **MESP** = Micro-Entrepreneurship Support Programme; **Red CIL-ProEmpleo** = Network of Occupational Information and Placement Centres.

Note: The first row features ALMPs that are implemented alone, whereas the second row gives examples of ALMPs that include an income support component. This distinction is not made for public employment programmes, which by definition combine an "active" component and financial support.

Source: ILO (2020b), based on ILO (2016; 2019) and Kluge et al. (2017).

4.3. Learning from past experience: The effectiveness of active labour market policies

That ALMPs can improve workers' labour market prospects has also been shown empirically by several meta-analyses (Card, Kluge and Weber 2010; 2018; Escudero et al. 2019; Kluge et al. 2019). In Latin America and the Caribbean, ALMPs have been found to have a positive effect on employment, including formal employment, when they exhibit certain design and

implementation characteristics. For example, interventions of sufficient duration (normally more than four months) tend to be effective, as do those that follow a careful targeting strategy (such as reaching poor or vulnerable individuals). Taking into account the specific needs of the regional labour market, for instance by including components that enhance participants' skills in line with employers' requirements, also determines whether ALMPs are able to improve workers' prospects (Escudero et al. 2019; ILO 2016). These features are also important in the case of ALMPs designed for young workers. In low- and middle-income countries, such policies are more effective when they target vulnerable groups, because their design allows young participants to realize their potential in ways that would otherwise have been beyond their reach (Kluve et al. 2019).

The recent review of ALMPs in European Training Foundation partner countries (ETF 2021) confirms earlier findings in the literature about the effectiveness of different types of ALMPs (Card, Kluve and Weber 2010; 2018; Escudero et al. 2019; Kluve et al. 2019). Of particular importance for emerging and developing countries is the integrated design and delivery of ALMPs that should also be appropriately sequenced to address both labour market and social barriers to employment. For example, training is more effective in the long run when combined with counselling and other intermediation services, while direct job creation, entrepreneurship and self-employment support and employment subsidies are more effective when combined with training. In many cases ALMPs should be delivered as a package to be effective, the composition and sequencing being dependent on the nature of the barriers to employment. Relevant to developed countries is the finding that activation in employment intermediation services is important. However, the effectiveness and sustainability of employment outcomes depend on there being a careful balance between support services for jobseekers on the one hand, and monitoring and penalties for breaches of mutual obligations on the other.

Transitional job programmes are primarily found in advanced countries and seek to enhance the employability and labour market outcomes of the most challenging-to-place unemployed individuals. Evidence from the United States is conflicting: although evaluation studies have raised doubts about their ability to improve the long-term employment prospects of participants, they have demonstrated their significance in providing work opportunities for the most disadvantaged individuals when implemented on a large scale. In fact, they can have positive spillover effects such as a decrease in recidivism among former prisoners (Bloom 2010). According to Finn and Simmonds (2003), programmes aimed at specific groups of individuals are more likely to be successful if the work performed is close to the regular labour market, if they provide job-search assistance and training in relevant skills, if participation is mandatory and if they do not exceed a certain scale.

Moreover, not all types of ALMPs are equally effective in all geographical contexts. In Latin America and the Caribbean, for example, the most effective types are training, employment

subsidies and microenterprise creation programmes.³⁶ Public employment programmes are effective during participation since they can raise the living standards of beneficiaries, but their post-participation effects are mixed (Escudero et al. 2019; ILO 2016). Encouraging results have thus been reported for public employment programmes that are implemented for a short period to lift people out of poverty while they are participating in the programme (such as public works during a crisis). However, there are concerns over several other public employment programmes launched to improve workers' prospects in the medium to long term. In these cases, it appears that for them to be effective, they need to include adequate training support which is capable of enhancing participants' skills (Escudero, López Mourelo and Pignatti 2020).

Of particular relevance to the COVID-19 pandemic is the general finding in the literature that ALMPs have an important role to play at times of economic crisis. In high-income countries, the effectiveness of ALMPs in improving workers' outcomes tends to increase when implemented during a recession (Card, Kluve and Weber 2018; Forslund, Fredriksson and Vikström 2011; Lechner and Wunsch 2009). Macroeconomic evidence shows that ALMPs can strongly reduce the effect of economic shocks on the unemployment rate when they are used countercyclically (Escudero 2018). As ALMPs rely on continuous implementation, this implies that for them to remain effective, they should be reinforced when labour market conditions are difficult. Indeed, hiring subsidies and other employment incentives aimed at sustaining jobs (short-time work) have fostered employment and encouraged job creation during crises. During the Great Recession in the late 2000s, hiring subsidies stimulated employment in France (Cahuc, Carcillo and Le Barbanchon 2019). In the United States, certain types of hiring credits had a similar positive effect (Neumark and Grijalva 2017), while in Luxembourg firms reported that 20 to 25 per cent of jobs that benefited from short-time work were retained after major economic crises (Efsthathiou et al. 2017).

In contrast to the evidence from Europe and the United States, in Latin America and the Caribbean (a region for which empirical evidence is available) ALMPs are relatively more effective during periods of economic expansion than when they are implemented countercyclically, which seems to be due to the underinvestment that characterizes many such programmes in the region (Escudero et al. 2019). This highlights another important finding, namely that ALMP interventions need to be sufficiently large-scale and well-resourced to have an impact on aggregate labour market variables (Pignatti and Van Belle 2018). This is all the more relevant in an economic crisis. Another reason why ALMPs may not be as effective during crises in Latin American and Caribbean countries is the limited accessibility of such programmes. Workers, especially vulnerable ones, often cannot afford to participate in active labour market programmes (ILO 2016), a constraint

³⁶ Positive examples include wage subsidies where the government paid a share of salaries or social security contributions in Argentina (Proempleo) and Chile (Subsidio al Empleo Joven); training programmes with on-the-job training in Peru (Projoven) and Uruguay (Opción Joven and Pro-Joven); and microenterprise programmes which offered counselling, training and business assistance, in addition to financial support, in Central America (TechnoServe) (ILO 2016, Ch. 3).

exacerbated during economic crises. This shows the importance of combining ALMPs with sufficient income support during their implementation – a joint approach that has been found to be more effective in improving the employment prospects of vulnerable workers (ILO 2019).

In Nicaragua, for example, programmes integrating training and income support for households were more effective than such policies implemented in isolation (Macours, Premand and Vakis 2012). The same was true in Sri Lanka for a similar programme targeting self-employed women (de Mel, McKenzie and Woodruff 2014). In contrast, in Colombia a similarly integrated programme targeting unemployed individuals was unsuccessful, possibly because the participants' attachment to the training was low (Medina, Núñez and Tamayo 2013). Programmes combining income support and assistance for the self-employed were evaluated in Argentina and Chile, with positive effects observed in both cases (Almeida and Galasso 2010; Martínez A., Puentes and Ruiz-Tagle 2018). In a multi-country study covering cash transfer programmes that involved a range of activation measures in Ethiopia, Ghana, Honduras, India, Pakistan and Peru, Banerjee et al. (2015) found that individuals who both received the transfers and participated in the activation measures were relatively better off in terms of consumption levels, food security, health and income one year after their participation in the programme.

4.4. Active labour market policies and the COVID-19 crisis: Tackling job losses and fostering labour market integration

ALMPs played an important role in the context of the socio-economic crisis caused by the COVID-19 pandemic. Extensive employment subsidies helped to retain existing jobs and therefore prevented even greater employment losses. Nevertheless, in the early stages of the pandemic, governments favoured passive income support programmes in addition to employment subsidies, since an explicit aim was to encourage workers to stay at home. With time, however, the policy mix shifted towards more “active” interventions such as training programmes, employment incentives and public employment programmes.

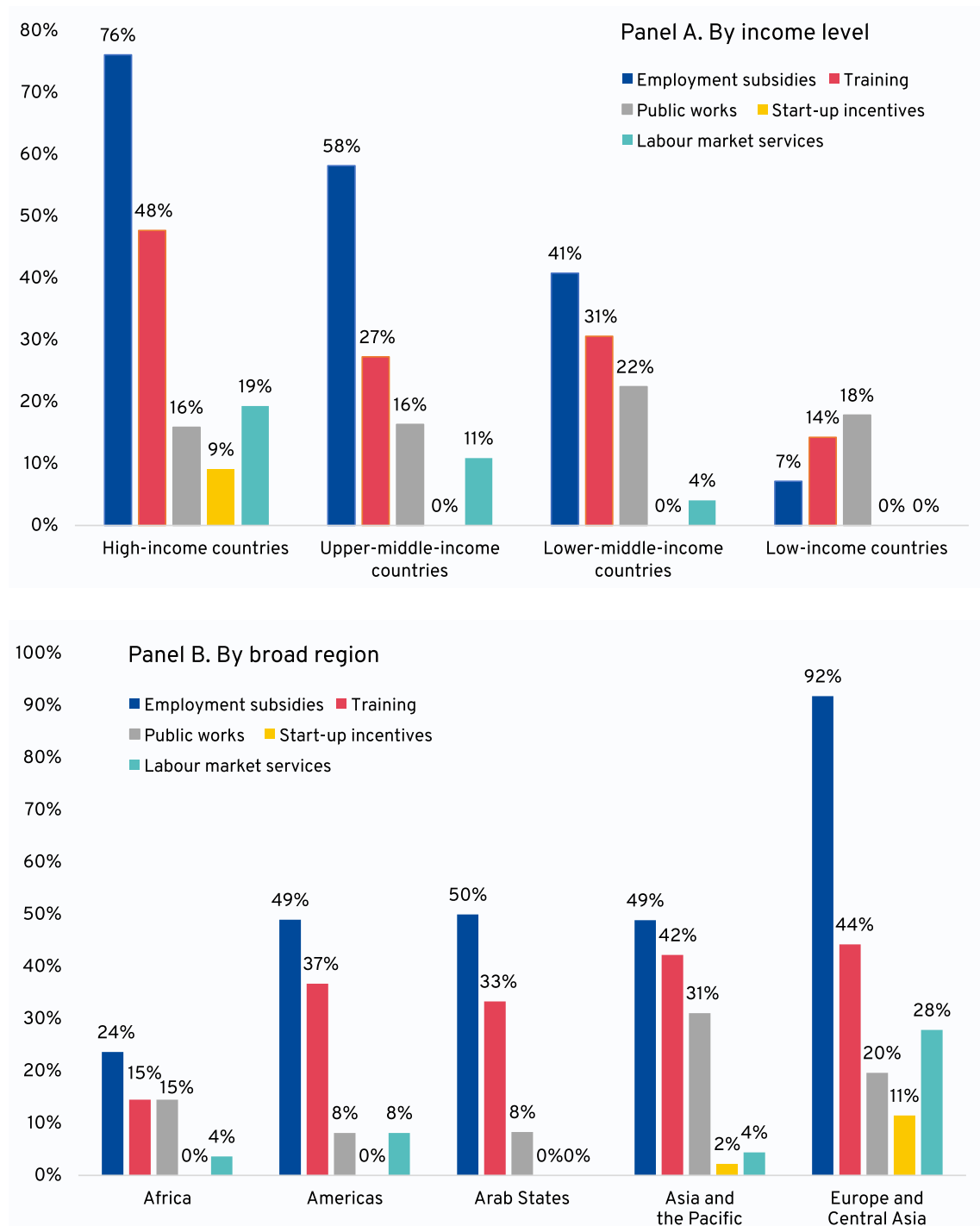
The effectiveness of ALMPs during crises and the fact that they become more effective when combined with income support measures is key to understanding their potential during the COVID-19 crisis and, especially, during the recovery phase. The COVID-19 crisis left millions of workers jobless and without an income. According to the ILO, during 2020, the global reduction in working time corresponded to the hours worked of 258 million full-time workers. An additional 135 million people lost their employment (ILO 2022a). Moreover, global labour income in 2020 declined by an estimated 8.3 per cent (ILO 2021a). As in most crises, the COVID-19 pandemic affected most strongly those groups that were already vulnerable before the pandemic and lacked access to social protection (ILO 2021b).

Given the need to keep non-essential workers home and safe, and yet provide them with some income, most countries rapidly expanded or introduced income support measures. In 2020, 93 per cent of all countries announced some sort of income support measure (ILO 2020d). In three out of four cases, these measures took the form of non-contributory cash transfers, the vast majority of which were new programmes and benefits. These cash transfers were critical in poorer regions, given the large shares of informal workers who would not have benefited from employment subsidies or unemployment insurance, and in view of the more limited fiscal space of these countries, which made it preferable to prioritize the most vulnerable. Contributory income support, on the other hand, often fell under the purview of pre-existing social protection schemes, in particular unemployment insurance programmes. These played a greater role in wealthier regions that already had well-developed social security systems in place (ILO 2020d).

In contrast, the immediate policy response to the COVID-19 crisis less frequently involved ALMPs, with the notable exception of the already mentioned employment subsidies which were used to maintain existing jobs rather than create new ones, especially in high-income countries and in many middle-income ones (ILO 2020b). As in past recessions, these subsidies were decisive in maintaining existing formal jobs in the face of an abrupt drop in consumer demand and the often prolonged disruptions in many workplaces. The nature of the pandemic and the measures to contain it – especially the widespread closure of workplaces to keep the population safe – meant that other forms of ALMPs were rarely used in the earlier phases. There are, however, some examples of other ALMPs used at a comparatively early stage, even in low-income countries, namely a public works scheme in Ethiopia and publicly funded wage subsidies for factory workers in Haiti (see ILO 2020b).

With time, however, countries began introducing ALMPs to tackle the socio-economic consequences of the pandemic (figure 4.1). By May 2021, training and public employment programmes had begun to play an important role in countries across all income groups. This suggests that countries are recognizing ALMPs as interventions suitable for keeping workers active in the labour market in the face of a depressed labour demand, but also as a means of preparing the longer-term labour market integration of vulnerable groups of workers during the recovery. In addition, there was a time pattern in the implementation of ALMPs. With the eventual loosening of social distancing restrictions in many places, it became easier to rely on training and public employment programmes as well as the employment subsidies that were used to maintain existing jobs. In contrast, with the exception of high-income countries, labour market services (that is, those used explicitly in the response to the COVID-19 crisis, in addition to those in place regardless of the pandemic) and start-up incentives played a smaller role in the policy response (figure 4.1), which is not surprising given the slowdown in economic activity and the many existing enterprises that were struggling.

Figure 4.1. Share of countries that relied on active labour market policies as part of their response to the COVID-19 crisis between January 2020 and May 2021, by policy type, country income level (panel A) and broad region (panel B) (percentage)

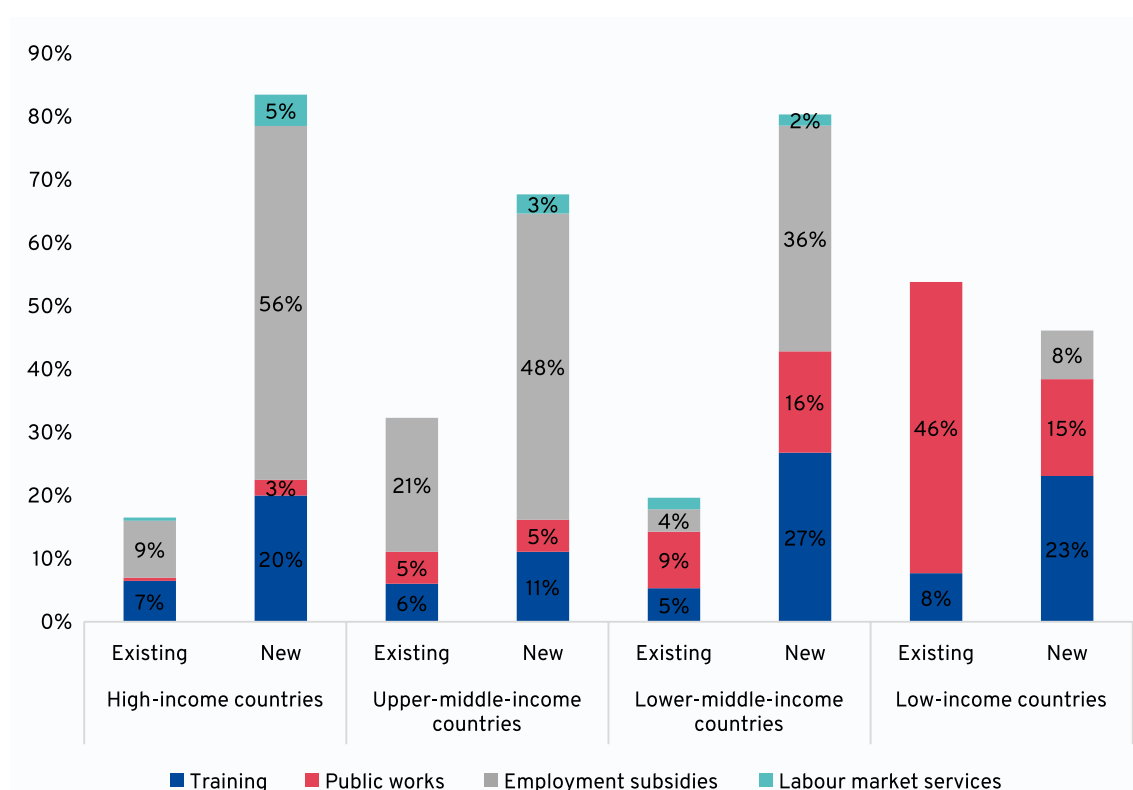


Note: In the majority of cases, employment subsidies were schemes used to maintain existing jobs through subsidized wages.

Sources: Compilation based on Gentilini et al. (2021), complemented by OECD (2021).

The type and frequency of ALMPs used as part of a country's COVID-19 crisis response depended on its income level, its fiscal situation and its earlier policies, with some countries expanding or amending existing ALMPs (figure 4.2). Countries with sufficient fiscal leeway were able to pivot sharply towards the use of employment subsidies while still implementing existing policies, such as training and public works. Among low-income countries, more than half of the ALMP efforts were concentrated on existing policies and the rest on the implementation of new measures.

Figure 4.2. Share of active labour market policies, by policy type, by new versus existing policies, and by country income group, for policies introduced between January 2020 and May 2021 (percentage)



Note: Analysis based on Gentilini et al. (2021) for policies with available information on whether they were new policies introduced as part of a country's COVID-19 response or, alternatively, existing policies that were scaled up. This information was available in 90 per cent of cases.

As can be seen in figure 4.1, wealthier countries relied heavily on employment subsidies, which reflects their greater fiscal leeway. More than three quarters of high-income countries used subsidies to maintain existing jobs, compared with only 7 per cent of low-income countries. At the same time, as many as 58 per cent of upper-middle-income countries and 41 per cent of lower-middle-income countries relied on employment subsidies. A closer look at noteworthy examples of employment subsidy schemes in these countries reveals the following highlights:

- Many employment subsidy policies focused on maintaining the jobs of formal employees, sometimes with an emphasis on key economic sectors (ILO, n.d.). For example, under

the Support Programme for Formal Employment in Colombia a wage subsidy was granted to formal workers, with higher subsidies paid in selected sectors. In Namibia, wage subsidies targeted formal employees in the particularly hard-hit tourism, travel, aviation and construction sectors (ILO, n.d.), while the Economic and Social Assistance Fund in Haiti focused on formal workers in the textile industry (Gentilini et al. 2021).

- ▶ Because of the focus on formal workers, a large share of the workforce in low- and middle-income countries did not benefit from these policies. Some countries recognized this gap and took steps to use wage subsidies to maintain existing jobs among informal workers as well. Although less prevalent, there are some examples of wage subsidies covering both informal and formal workers. Benin, for instance, granted wage subsidies to designated workers and craftsmen, regardless of their status of employment, whether formal or informal (Gentilini et al. 2021).
- ▶ A few wage-subsidy programmes were aimed at facilitating school-to-work or unemployment-to-work transitions for young workers, sometimes in combination with other ALMPs. Accordingly, these employment subsidies focused on creating new jobs, rather than on maintaining existing ones. The Serbian “My First Salary” programme assisted secondary school leavers and university graduates through a digital platform that facilitated the application process for jobseekers and the process of matching these with employers, and that also funded part of their salaries (OPSI, n.d.). In Malaysia, wage subsidies were combined with training measures for recent graduates and young unemployed workers through funded apprenticeships (Gentilini et al. 2021).

Training programmes have been part of the COVID-19 policy response in advanced countries but also in various middle-income countries and some low-income ones. Such programmes were identified in more than 27 per cent of all middle-income countries and in 14 per cent of all low-income countries. Notable features of selected examples of training schemes include the following:

- ▶ Training programmes were moved online as a result of the pandemic-related restrictions. For example, the National Institute for Vocational Training in Honduras offered free virtual courses to strengthen and develop workers’ skills in the short and long run (ILO, n.d.). In Chile, the National Training and Employment Service provided free online courses for the development of ICT skills and soft skills, as well as entrepreneurship support (Gentilini et al. 2021).
- ▶ Programmes targeted groups that were particularly vulnerable and faced a high risk of job loss because of the crisis. For instance, Malawi launched the National COVID-19 Preparedness and Response Plan, which enabled vulnerable workers to develop new skills (ILO, n.d.). Tajikistan’s crisis response included training courses in the area of crafts and trade, which supported returning female migrants in particular (Bakhtdavlatov 2021).
- ▶ Emphasis was placed on preparing workers for the digital economy and strengthening specific economic sectors. The Malaysian Government launched training schemes in the tourism sector and training courses on digital skills (Gentilini et al. 2021). Mauritius

announced the provision of stipends to unemployed workers for training and reskilling in the areas of construction, manufacturing, logistics, ICTs, agro-industry and renewable energies (Gentilini et al. 2021). The ILO global survey conducted in 2021 shows a similar pattern: 84 per cent of the 94 public employment services surveyed worldwide had invested in staff skilling as an enabler of increased flexibility in service delivery, while technological change was reported as the main driver of innovation.

Public works schemes are the most prominent ALMP in low-income countries – a trend that continued as part of the COVID-19 crisis response. Between the beginning of the pandemic and May 2021, such schemes were implemented or expanded in 18 per cent of all low-income countries. Around 20 per cent of middle-income countries did the same. The immediate role of public works has been to alleviate poverty by keeping beneficiaries employed in public service jobs that require little experience (Asenjo, Escudero and Liepmann 2022). However, there are examples of public works schemes that have a longer-term perspective aimed at more sustainable labour market integration, and which therefore combine public works opportunities with training or other policies that can improve participants' employability. Some of the different approaches taken in this regard during the pandemic include the following:

- ▶ Existing public works programmes were expanded to create employment and income opportunities for poor individuals. For instance, Ethiopia scaled up the urban and rural projects under its Productive Safety Net Programme, but to avoid the risk of contagion with the novel coronavirus, workers were paid in advance and the works component was temporarily suspended. Benefits were expanded, including for 2.9 million existing beneficiaries in rural areas regarded as “severely food-insecure”, who received increased financial support or food for an additional two months (Maintains programme 2021). Public works programmes were also expanded in Indonesia to reach marginalized groups, unemployed individuals and day labourers (Gentilini et al. 2021). India continued its activities under the Mahatma Gandhi National Rural Employment Guarantee Act in non-containment zones during the second phase of lockdown restrictions imposed in April 2020. The intention was to provide an impetus to the rural economy amid the crisis by creating job opportunities for rural workers as well as the returning seasonal migrants. Nearly 7.5 million seasonal migrants applied for support under the Act during the lockdown, securing work for around 23 days, amounting to 28 per cent of their pre-pandemic daily income (Lokhande and Gundimeda 2021).
- ▶ In response to the crisis, public works schemes sometimes included work aimed at improving public health conditions. For example, the TUPAD programme³⁷ in the Philippines paid displaced informal sector workers to disinfect and sanitize their own houses and those of others. Beneficiaries received monetary assistance and gained knowledge about safety and health (ILO, n.d.). The Kazi Mtaani initiative in Kenya

³⁷ TUPAD stands for “Tulong Panghanapbuhay sa Ating Disadvantaged/Displaced Workers” (Livelihood Assistance for Our Disadvantaged/Displaced Workers).

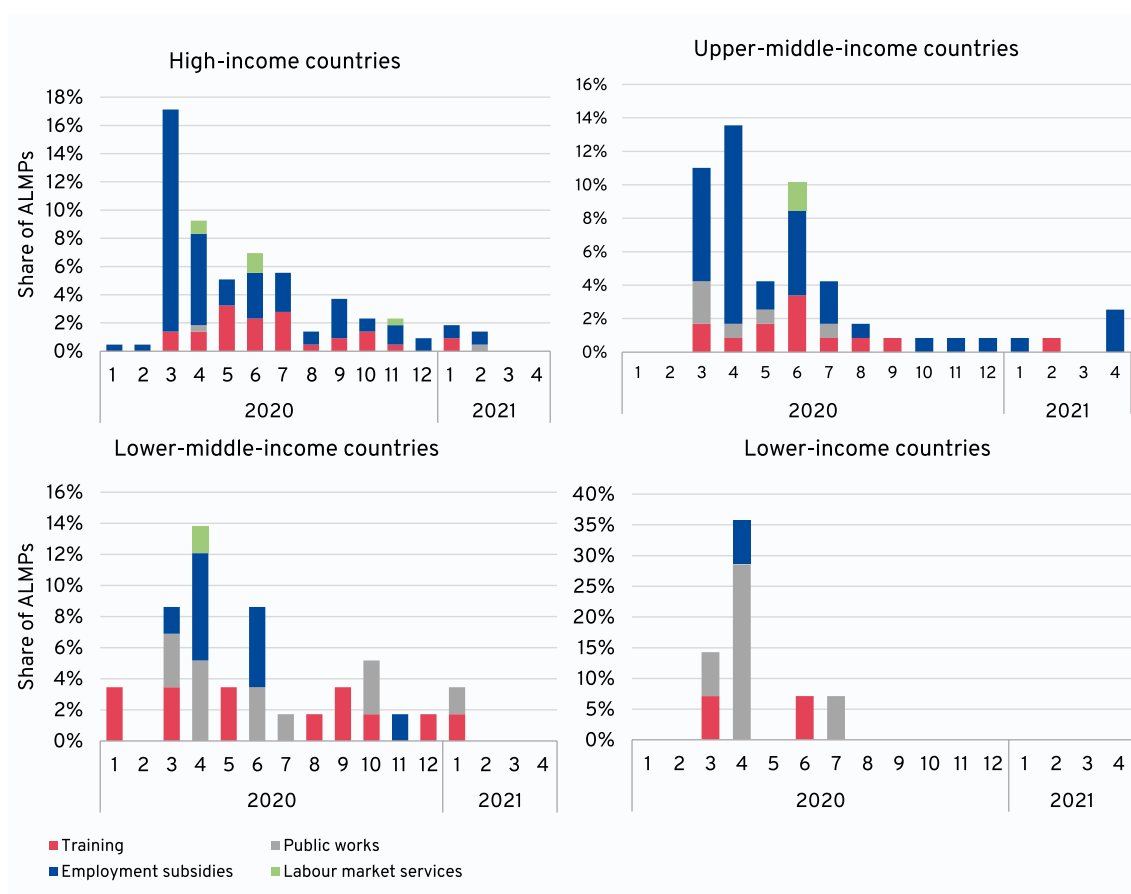
enlisted young people in Nairobi's slums for street cleaning, fumigation, disinfection, garbage collection, bush clearance and drainage unclogging services, while in Guinea, young people have been employed to clean local sanitation systems and infrastructure (Gentilini et al. 2021).

- ▶ Public works programmes with longer-term employment objectives typically include a training component, although in the COVID-19 response this type of programme delivery appears to have been concentrated in high-income countries. One example is the newly created FutureSkills scheme of Luxembourg, which offers traineeships in the public sector. Owing to the pandemic-related restrictions, the initial training phase of three months took place online (OECD 2021).

These examples suggest that by May 2021, ALMPs had started to play a greater role in the COVID-19 policy response than they had a year earlier (ILO 2020b). The time pattern of ALMP implementation confirms this and reveals some interesting additional insights. First, in high-income countries the number of ALMPs peaked as early as March 2020, with the introduction of many employment subsidy schemes, most of which took the form of job retention schemes³⁸ (figure 4.3). In contrast, the implementation of ALMPs in response to the COVID-19 crisis was sluggish in low- and middle-income countries, reflecting their more limited fiscal space and also the fact that they did not have enough activation measures already in place that could be amended or expanded during the pandemic. Second, while employment subsidies were introduced relatively early to maintain existing jobs, the roll-out of training schemes expanded gradually with time. The implementation of such policies was also more straightforward when the public health risks of the pandemic were less severe. This is moreover in line with the specific role that different types of ALMPs play in the various phases of crises (ILO 2020b). While wage subsidies and public works are measures that provide immediate income support, training schemes foster the improvement of workers' skills with a view to enabling them to transition to new and better jobs. Beyond the pandemic, this may include the adaptation to the evolving conditions of developing labour markets and the megatrends of climate change, digitalization, globalization and demographic shifts.

³⁸ The vast majority of these wage subsidies were aimed at maintaining existing jobs, although the relevant information was missing for a few policy interventions (ILO 2020b). This, of course, makes sense because the demand for labour was low as a result of the lockdowns and overall decreased economic activity.

Figure 4.3. Share of active market policies, by type of policy, month of implementation and country income group, January 2020–April 2021 (percentage)



Note: Analysis based on Gentilini et al. (2021) for policies with available information on the announcement or starting date. This information is available in 57 per cent of cases.

4.5. Active labour market policies: A tool for the post-COVID-19 recovery and beyond

ALMPs have the potential to improve the current situation and prospects of vulnerable groups of workers.³⁹ Consequently, these policies have a crucial role to play in the post-COVID-19 recovery, given that the crisis affected most adversely those groups of workers who were already disadvantaged before the crisis and who lacked access to decent work opportunities or the labour market. ALMPs are thus an important element of any recovery strategy that is human-centred and seeks to tackle the socio-economic disparities which have widened during the crisis (ILO 2021c). Moreover, as argued in section 4.3 above, numerous evaluations have found that ALMPs can lead to improved labour market outcomes, including a greater attachment to employment and the labour force and better working conditions, such as higher wages or access to formal employment (Card, Kluve

³⁹ This section draws on previous work, especially Asenjo, Escudero and Liepmann (2022) and ILO (2019).

and Weber 2010; 2018; Escudero et al. 2019; Kluve et al. 2019). Success, however, hinges on the design and implementation of the policies. The decades of experience in implementing ALMPs around the world have yielded a number of lessons regarding their use, design and implementation that, if taken into consideration, can help to ensure that such policies are effective. This section accordingly reviews some of the lessons learned with a view to elucidating how ALMPs can best meet the disparate needs of workers around the world during the recovery from the COVID-19 crisis and beyond.

Correctly identifying the target groups and ensuring their participation

A central condition for success is that the target groups are correctly identified (ILO 2020b). This condition has been particularly important in the context of the COVID-19 crisis, since vulnerable workers who are more difficult to identify and reach were the worst affected during the pandemic. Moreover, many of the policies that have been implemented most frequently – such as employment subsidies – often cover formal workers, neglecting informal workers, who were hit hardest by the crisis. Fortunately, as indicated in the previous section, many governments have recognized the need to extend the coverage of various ALMPs to informal workers and have designed these and other programmes (public employment programmes) accordingly.

Even when programmes are targeted appropriately, attention must be paid to ensuring the participation of targeted groups in a given programme. A first lesson from past impact evaluations is that individuals' circumstances and personal constraints can deter them from participation in ALMP measures. Various evaluations have shown that individual characteristics (such as family responsibilities and transport needs) play a very important role in determining participation (Escudero et al. 2019; ILO 2019; Kluve et al. 2019).

Unpaid care work is often an obstacle for women to participate in ALMP measures. Assessing a set of ALMPs offered to beneficiaries of Argentina's Unemployed Heads of Household Plan, a prominent conditional cash transfer programme, López Mourello and Escudero (2017) found that women were under-represented in the activation components of the programme, while they were over-represented in the income support component (called the Families Plan), owing to the lack of tailored activation measures to facilitate the participation of women. In the implementation of ALMP interventions it is therefore necessary to take into account the specific needs of female workers by offering childcare, grants for women with dependent children or part-time programme schedules. This was especially important during the COVID-19 crisis, as unpaid care obligations increased greatly (ILO 2022b).

Another constraint is access to a computer or a reliable internet connection. For example, during the crisis, many innovative training programmes took place online to mitigate the risk of contagion. However, this risked widening socio-economic inequalities, given that access to the required information technology is unequally distributed, both within and

across countries (see Finn, Peromingo and Mwasikakata 2019). This means that additional measures are necessary for those without a computer or internet access.

Relaxing strict eligibility criteria and facilitating registration are another way of making participation in ALMP measures easier for certain groups (notably women, young people, people with disabilities and informal workers), since demanding administrative procedures can discourage participation. Even before the COVID-19 crisis, such facilitation was decisive for the effectiveness of programmes. For example, a wage subsidy for young workers in South Africa was taken up only by a few firms, since the administrative burden involved deterred some firms from joining the programme (Kluve et al. 2017; Levinsohn et al. 2014). Administrative processes can also discourage the participation of certain worker groups. The contributory unemployment scheme in Mauritius has the unique characteristic of also covering those who were previously informal workers. This insurance scheme involves mandatory participation in different types of ALMP measures, regardless of whether participants previously worked in informal or formal employment. One challenge is ensuring that eligible informal workers actually register for participation. It was found that meeting the criteria to join the unemployment benefit scheme and its activation options (for example, proving that one has lost a full-time job which lasted at least six months) was challenging for certain groups (informal workers, young people and women) (ILO 2019; Liepmann and Pignatti 2019). In addition, informal workers were sometimes reluctant to register even when they were eligible, for fear of drawing the authorities' attention to themselves (ILO 2019a; Asenjo, Escudero and Liepmann 2022). Moreover, ALMPs can be used to address the specific needs of young workers. The COVID-19 crisis had a disproportionate impact on young people, in particular young women, and there is a risk of long-term scarring effects in the employment trajectories of these workers (ILO 2021a). With regard to one significant ALMP initiative for young workers, the Youth Guarantee scheme in the EU, its success factors included early intervention, activation and adequate capacity of the Member States' public employment services. Individualized support was found to be key, with a combination of counselling, mentoring and guidance delivered by dedicated and specifically trained professionals (Caliendo et al. 2018a, 2018b; ETF 2021). Taken together, these findings underscore the importance of ALMPs and other measures to ensure adequate support for young generations of workers as well as the vital role that public employment services play in providing such support.

Indeed, once targeting is done correctly and those who should participate in the programmes are actually benefiting from them, another critical aspect is ensuring their active involvement. Empirical analyses, including studies of the Youth Guarantee scheme in the EU, point to the need to accompany workers throughout their participation in a programme through regular reporting, follow-up meetings and personalized support by caseworkers from the public employment service (see also Asenjo, Escudero and Liepmann 2022). To give another example, under an effective micro-entrepreneurship programme in Chile, participants used such meetings to discuss their business performance and receive

managerial advice (Martínez A., Puentes and Ruiz-Tagle 2018). Such active involvement leads, in turn, to more rapid re-employment and better working conditions, highlighting the important role that public employment services can play in ALMP delivery (J-PAL 2022; Babcock et al. 2012; ILO 2019).

Strengthening the linkages between income support and ALMPs

For many people, participation in ALMP measures represents a major investment in terms of forgone earnings. This can also come with associated costs, such as having to pay for transport to travel to the venue of the programme; or, if an individual has dependants, paying for childcare or elderly care when participating in the programme. In many instances, potential participants simply cannot afford not to work over an extended period of time. Instead, they are forced to accept those jobs that are available to them, including jobs of low quality and pay. These financial obstacles to participation can be overcome by combining ALMPs with income support, whether it be unemployment insurance, if such a programme exists and the person qualifies for benefits, or non-contributory income support, such as cash transfers (ILO 2019). In some advanced countries the public employment service has the dual role of implementing ALMPs and paying unemployment insurance, and in those cases where they do not, they collaborate with institutions in charge of unemployment benefit systems (Finn, Peromingo, and Mwasikakata 2019; IDB, WAPES, and OECD, 2015). In several countries the post-pandemic efforts include the harmonization or sharing of information between the social protection system and the public employment service, enabling labour market interventions to integrate previously inactive groups into the labour market, to be less encumbered by administrative silos and to be geared towards the demands of the labour market (ILO 2020c).

While the joint provision of ALMPs and income support improves the effectiveness of activation policies, this combination also makes income support more effective (ILO 2019). Income support plays a decisive role in protecting workers' incomes and smoothing consumption, with the goals of preventing hunger, poverty and other consequences of financial hardship. It is not meant to improve the employment prospects of beneficiaries, at least not directly. However, when ALMPs and income support are combined, there are twin benefits: incomes are protected and medium-term labour market opportunities are enhanced – that is, the combination of policies has the potential to improve workers' prospects in a sustainable manner (Asenjo, Escudero and Liepmann 2022).

A successful example of an intervention that combined income support and activation measures is the National Social Emergency Response Plan (PANES) that Uruguay implemented in response to a severe economic and social crisis in the early 2000s. This intervention targeted the poorest households in the country, which were at risk of falling even more deeply into poverty. Around 10 per cent of the country's households eventually benefited from PANES and received income support in addition to taking part in various

poverty alleviation programmes. One of these programmes was a five-month public works scheme, which included a training component and job-search assistance. The holistic nature of the programme was a central factor behind its effectiveness (Amarante et al. 2011; Escudero, López Mourelo and Pignatti 2020; ILO 2019). The income support component of PANES managed to reduce the risk of poverty in the short run (Amarante et al. 2009) while improving the health conditions of participants (Amarante et al. 2016), but it had negative effects on formal employment and earnings, mainly among men (Amarante et al. 2011). When combined with the active component, these negative labour market effects disappear. Overall, the public works programme had positive effects on labour market status and job quality: these effects were of a reasonable magnitude, albeit with low statistical significance (Escudero, López Mourelo and Pignatti 2020).

Ensuring sufficient institutional capacity and resources

ALMPs are especially effective when they are of a sufficiently long duration (for example, more than four months in countries in Latin America and the Caribbean),⁴⁰ when they are combined with adequate income support, and when they include a skills-enhancing training component (Escudero et al. 2019; Escudero, López Mourelo and Pignatti 2020; ILO 2019). All of these factors increase programme costs. For ALMPs to have a positive impact on aggregate macroeconomic outcomes – such that the improved outcomes of programme participants translate into an overall decline of the national unemployment rate – sufficient investments need to be made (Pignatti and Van Belle 2018). Comprehensive programmes, moreover, require administrative entities capable of performing complex tasks (such as identifying and contacting beneficiaries, and monitoring their participation), and they depend on the coordination of institutional and administrative tasks, sometimes across different ministries (Asenjo, Escudero and Liepmann 2022; ILO 2020b). The public employment service in many countries is uniquely placed to act as the intermediary and facilitator of such complex coordination and may need to coordinate across various line ministries when these carry out operations beyond job matching.

Many advanced countries have a long tradition of implementing holistic ALMPs alongside income support. Public employment services play a central role in these policy systems, acting as intermediaries between the different policies (various ALMPs and unemployment insurance schemes) and services provided. Caseworkers provide an initial assessment of a jobseeker's background and interests, which lends itself naturally to individualized support, including a detailed review of a worker's needs and competencies, the provision of job-search assistance, and guidance when choosing and participating in the various activation

⁴⁰ An evaluation of ALMPs implemented in Sweden from 2010 to 2018 found that the duration of training programmes can also be too long, in the sense that these may have a higher lock-in impact on participants, not leading to the sought-after cost efficiency of shortening the time for persons in unemployment to (re-)enter the labour market. The same inefficiency could be observed in work-based learning at the beginning of the 2010s. The policies have since been refined to achieve greater impact and efficiency, which shows the importance of adapting ALMPs to labour market developments (Andersson and Thyni 2021).

programmes (Asenjo, Escudero and Liepmann 2022). While public employment services and their holistic service offer are more prevalent in high-income countries, there are also examples in middle-income ones (Mazza 2013, 2017). Meanwhile, such comprehensive services are lacking in most developing countries. Ensuring that public employment services are effective so that they can play their instrumental role in combining and channelling different policy elements is not without its costs. Indeed, their success hinges on whether they are sufficiently well resourced. The lower the number of beneficiaries per caseworker, the higher the effectiveness of the services provided by a public employment service tends to be (Mazza 2013, 2017). Moreover, public employment services require sufficient institutional capacity at the sectoral level so that beneficiaries can access services equally within a given country.

These investments, however, need to be weighed against the associated benefits. The shift towards caseworker-based approaches has the potential not only to lower the overall costs of a country's ALMPs, but also to counterbalance (structural) unemployment (Rosholm 2014). For this to be effective, employment counsellors in public employment services have to combine elements of job matching, administrative, counselling and social work in addition to human resources management tasks (Sienkiewicz 2012). Such individual guidance has, moreover, proved to be effective in integrating those people into the labour market who are traditionally difficult to reach (Poetzsch 2007). Job-search counselling can help the long-term unemployed to improve their knowledge of the local labour market and increase their self-esteem and motivation, which in turn increase the likelihood of finding work (Abadia et al. 2017). However, further evidence is required to show that these effects exist not only at the individual level but also at the macro level.

More generally, the investments in ALMPs need to be weighed against the cost of inaction. First, inaction would perpetuate poverty, with negative consequences for future generations. This also imposes a burden on a country's public finances through reduced tax revenues and the increased costs of social protection schemes. Later interventions to tackle such detrimental effects are often more expensive (Escudero 2018; ILO 2020b). Second, evidence from high-income countries suggests that ALMPs can be more effective when implemented during periods of high unemployment (Card, Kluve and Weber 2018; Lechner and Wunsch 2009) and that they – in the form of employment subsidies – had a stabilizing role during the Great Recession of the late 2000s (Cahuc, Carcillo and Le Barbanchon 2019; Efstathiou et al. 2017). This highlights the potential of ALMPs to contribute to an effective economic and labour market recovery in the post-pandemic period.

However, in Latin America and the Caribbean, where overall investments in ALMPs tend to be comparatively smaller, the effectiveness of ALMPs is higher during periods of economic growth (Escudero et al. 2019). This again points to the need for adequate institutional capacities and financial resources (see also ILO 2020b). In the context of the COVID-19 crisis, some fundamental changes are thus required to enable countries to finance a human-

centred recovery, including through the provision of ALMPs. This is especially true of poorer countries and regions, which are hampered by their limited fiscal leeway. Even before the crisis, the debt burden of some countries was so high that it prevented investments in education, healthcare and social protection. Coordinated, large-scale issuance and donation of International Monetary Fund special drawing rights and economically significant debt relief are specific measures that would help to reduce global disparities in the funding of such interventions (Samans 2021).

4.6. Conclusion

ALMPs and income support can be a powerful solution for improving labour market integration and ensuring that the basic needs of workers are met, both during crises and beyond. If designed properly, ALMPs can protect workers' incomes in times of financial hardship, reduce job losses and maintain people's attachment to the labour market while also improving their longer-term employment prospects. No other set of policies performs these specific functions.

ALMPs therefore had a special role to play during the COVID-19 crisis, and they continue to do so during the recovery; their use at this time constitutes yet another chapter in their long and evolving history. The uniqueness of the COVID-19 crisis, which led to widespread workplace closures around the world, spurred many countries, especially high-income ones with greater fiscal space, to introduce employment subsidies (mainly job retention measures) as a way of securing labour force attachment. While some middle-income countries also had similar programmes, lower-middle-income and low-income countries relied, instead, on existing policy schemes, in particular public works schemes, to provide relief to their citizens. For countries in the low-income group, 54 per cent of ALMPs existed before the crisis; only 46 per cent were new policies.

This finding illustrates the versatility of ALMPs, but also the advantage of having policies – and administrative capacity – already in place. There is solid empirical evidence of the positive effects of ALMPs, though this evidence also shows that their effectiveness depends on their design, duration and delivery mechanisms, specifically on there being sufficient institutional capacity and resources, on ensuring the participation of vulnerable groups and on strengthening the attachment of participants to the activation measures. ALMPs are likely to have a greater impact on labour market outcomes when implemented as a package, in combination not only with income support but also with other activation measures, such as counselling and training, depending on the observed barriers and aspirations of the individual. For individuals from vulnerable groups, for example, ALMPs can provide access to employment while also reducing dependency on social security schemes.

The implementation of comprehensive ALMP systems requires sufficient institutional capacity to handle the complex coordination of institutional and administrative tasks. Public employment services have been found to play a decisive role in the most effective ALMP systems, acting as intermediaries between the different policies and services provided. Such coherent approaches can be resource-intensive, and thus difficult to implement and sustain in all countries, though especially so in lower-income ones. However, it is important to keep in mind that the cost of inaction is higher and longer-lasting because of the ensuing need to address the long-term negative consequences of perpetuated inactivity and poverty. Policymakers would be well advised to avoid such inaction.

Chapter references

- Abadia, Laura, Ilf Becheikh, Marie Borel, and Marc Gurgand. 2017. "Job Search Counseling: Systematic Literature Review of Impact Evaluations." Abdul Latif Jameel Poverty Action Lab Europe and Agence Nouvelle des Solidarités Actives.
- Almeida, Rita K., and Emanuela Galasso. 2010. "Jump-Starting Self-Employment? Evidence for Welfare Participants in Argentina". *World Development* 38 (5): 742–755.
- Amarante, Verónica, Gabriel Burdín, Mery Ferrando, Marco Manacorda, Adriana Vernengo, and Andrea Vigorito. 2009. "Informe final de la evaluación de impacto del PANES". Report prepared under an agreement between the Ministry of Social Development of Uruguay and the University of the Republic.
- Amarante, Verónica, Marco Manacorda, Edward Miguel, and Andrea Vigorito. 2016. "Do Cash Transfers Improve Birth Outcomes? Evidence from Matched Vital Statistics, Program, and Social Security Data". *American Economic Journal: Economic Policy* 8 (2): 1–43.
- Amarante, Verónica, Marco Manacorda, Andrea Vigorito, and Mariana Zerpa. 2011. "Social Assistance and Labor Market Outcomes: Evidence from the Uruguayan PANES", Inter-American Development Bank Technical Note No. IDB-TN-453.
- Andersson, Josefine, and Moa Thyni. 2021. "Effekter av arbetsmarknadspolitiska program 2010-2018: Arbetspraktik, arbetsmarknadsutbildning och stöd till start av näringsverksamhet" (Effects of labour market policy programmes from 2010 to 2018: Work experience, education for the labour market and support for starting a business). Arbetsförmedlingen (Swedish public employment service).
- Asenjo, Antonia, Verónica Escudero, and Hannah Liepmann. 2022. "Why Should We Integrate Income and Employment Support? A Conceptual and Empirical Investigation", ILO Working Paper No. 72.
- Auer, Peter, Ümit Efendioğlu, and Janine Leschke. 2008. *Active Labour Market Policies around the World: Coping with the Consequences of Globalization*, 2nd ed. Geneva: ILO.
- Babcock, Linda, William J. Congdon, Lawrence F. Katz, and Sendhil Mullainathan. 2012. "Notes on Behavioral Economics and Labor Market Policy". *IZA Journal of Labor Policy* 1 (1).
- Bakhtdavlatov, Rahmonbek. 2021. "Guidelines and Best Practices for MSMEs to Assure Resiliency and Progress towards a Circular Economy in Sustainable Resource Management and Critical Raw Material Supply Chain Solutions in Tajikistan". Report prepared for the United Nations Economic Commission for Europe.
- Banerjee, Abhijit, Esther Duflo, Nathanael Goldberg, Dean Karlan, Robert Osei, William Parienté, Jeremy Shapiro, Bram Thuysbaert, and Christopher Udry. 2015. "A Multifaceted

Program Causes Lasting Progress for the Very Poor: Evidence from Six Countries". *Science* 348 (6236).

Barrientos, Armando, and David Hulme. 2009. "Social Protection for the Poor and Poorest in Developing Countries: Reflections on a Quiet Revolution". *Oxford Development Studies* 37 (4): 439–456.

Bloom, Dan. 2010. "Transitional Jobs: Background, Program Models, and Evaluation Evidence. MRDC.

Boeri, Tito, and Jan van Ours. 2008. "Active Labor Market Policies". Chap. 12 in *The Economics of Imperfect Labor Markets*. Princeton University Press: Princeton and Oxford.

Broecke, Stijn. 2013. "Tackling Graduate Unemployment in North Africa through Employment Subsidies: A Look at the SIVP Programme in Tunisia". *IZA Journal of Labor Policy* 2 (1).

Cahuc, Pierre, Stéphane Carcillo, and Thomas Le Barbanchon. 2019. "The Effectiveness of Hiring Credits". *The Review of Economic Studies* 86 (2): 593–626.

Caliendo, Marco, Jochen Kluve, Jonathan Stöterau, and Stefan Tübbicke. 2018a. "Study on the Youth Guarantee in Light of Changes in the World of Work. Part 1. Youth Guarantee: Intervention Models, Sustainability and Relevance". Report prepared for the European Commission.

———. 2018b. "Study on the Youth Guarantee in Light of Changes in the World of Work. Part 2: Emerging Challenges Related to Young People's Transition into the Labour Market". Report prepared for the European Commission.

Card, David, Jochen Kluve, and Andrea Weber. 2010. "Active Labour Market Policy Evaluations: A Meta-Analysis". *The Economic Journal* 120 (548): 452–477.

———. 2018. "What Works? A Meta Analysis of Recent Active Labor Market Program Evaluations". *Journal of the European Economic Association* 16 (3): 894–931.

Efstathiou, Konstantinos, Thomas Y. Mathä, Cindy Veiga, and Ladislav Wintr. 2017. "Active Labour Market Policies and Short-Time Work Arrangements: Evidence from a Survey of Luxembourg Firms". European Central Bank Working Paper No. 2083.

Escudero, Verónica. 2018. "Are Active Labour Market Policies Effective in Activating and Integrating Low-Skilled Individuals? An International Comparison". *IZA Journal of Labor Policy* 7 (1).

Escudero, Verónica, Jochen Kluve, Elva López Mourelo, and Clemente Pignatti. 2019. "Active Labour Market Programmes in Latin America and the Caribbean: Evidence from a Meta-Analysis". *The Journal of Development Studies* 55 (12): 2644–2661.

- Escudero, Verónica, Elva López Mourelo, and Clemente Pignatti. 2020. "Joint Provision of Income and Employment Support: Evidence from a Crisis Response in Uruguay". *World Development* 134 (October).
- ETF (European Training Foundation). 2022. *Assessment of the Effectiveness of Active Labour Market Policies in Crisis and Post-Crisis Situations*.
- Finn, Dan. n.d. "The Public Employment Service and Partnerships in China, Colombia, India and South Korea: Synthesis Report on Good Practices in Using Partnerships for the Delivery of Employment Services and Active Labour Market Programmes".
- Finn, Dan, Miguel Peromingo, and Michael Mwasikakata. 2019. *Key Developments, Role and Organization of Public Employment Services in Great Britain, Belgium-Flanders and Germany*. ILO.
- Finn, Dan, and Dave Simmonds. 2003. "Intermediate Labour Markets in Britain and an International Review of Transitional Employment Programmes". Report prepared for the UK Department for Work and Pensions.
- Forslund, Anders, Peter Fredriksson, and Johan Vikström. 2011. "What Active Labor Market Policy Works in a Recession?" *Nordic Economic Policy Review* 2011/1: 171–201.
- Galasso, Emanuela, and Martin Ravallion. 2004. "Social Protection in a Crisis: Argentina's Plan Jefes y Jefas". *The World Bank Economic Review* 18 (3): 367–399.
- Gentilini, Ugo, Mohamed Almenfi, John Blomquist, Pamela Dale, Luciana De la Flor Giuffra, Vyjayanti Desai, María Belén Fontenéz, Guillermo García, Verónica López, Georgina Marin, et al. 2021. "Social Protection and Jobs Responses to COVID-19: A Real-Time Review of Country Measures – Version 15 (14 May 2021)". Paper prepared for the World Bank.
- History.com editors. 2017. "Works Progress Administration (WPA)". Last updated on 21 September 2022. <https://www.history.com/topics/great-depression/works-progress-administration>.
- IDB, WAPES, and OECD. 2015. *The World of Public Employment Services*.
- ILO. 2016. *What Works: Active Labour Market Policies in Latin America and the Caribbean*.
- . 2019. *What Works: Promoting Pathways to Decent Work*.
- . 2020a. "The Role of Public Employment Programmes and Employment Guarantee Schemes in COVID-19 Policy Responses", ILO Brief, 29 May 2020.
- . 2020b. "Delivering Income and Employment Support in Times of COVID-19: Integrating Cash Transfers with Active Labour Market Policies", ILO Policy Brief, June 2020.

- . 2020c. "COVID-19: Public Employment Services and Labour Market Policy Responses", ILO Policy Brief, August 2020.
- . 2020d. "Social Protection Monitor", ILO Brief, 31 December 2020.
- . 2021a. *World Employment and Social Outlook: Trends 2021*.
- . 2021b. *World Social Protection Report 2020–22: Social Protection at the Crossroads – In Pursuit of a Better Future*.
- . 2021c. *Global Call to Action for a Human-Centred Recovery from the COVID-19 Crisis That Is Inclusive, Sustainable and Resilient*. International Labour Conference. 109th Session.
- . 2022a. *World Employment and Social Outlook: Trends 2022*.
- . 2022b. *Global Employment Trends for Youth 2022: Investing in Transforming Futures for Young People*.
- . n.d. "Covid-19 and the World of Work: Country Policy Responses". <https://www.ilo.org/global/topics/coronavirus/country-responses/lang—en/index.htm>.
- India, Ministry of Rural Development. n.d. "The Mahatma Gandhi National Rural Employment Guarantee Act 2005". https://nrega.nic.in/Nregahome/MGNREGA_new/Nrega_home.aspx.
- J-PAL (Abdul Latif Jameel Poverty Action Lab). 2022. "Reducing Search Barriers for Job Seekers".
- Klinger, Bailey, and Matthias Schündeln. 2011. "Can Entrepreneurial Activity Be Taught? Quasi-Experimental Evidence from Central America". *World Development* 39 (9): 1592–1610.
- Kluve, Jochen, Susana Puerto, David Robalino, Jose Manuel Romero, Friederike Rother, Jonathan Stöterau, Felix Weidenkaff, and Marc Witte. 2017. "Interventions to Improve the Labour Market Outcomes of Youth: A Systematic Review of Training, Entrepreneurship Promotion, Employment Services and Subsidized Employment Interventions". *Campbell Systematic Reviews* 13 (1): 1–288.
- . 2019. "Do Youth Employment Programs Improve Labor Market Outcomes? A Quantitative Review". *World Development* 114: 237–253.
- Lachaud, Michée A., Boris E. Bravo-Ureta, Nathan Fiala, and Susana P. Gonzalez. 2018. "The Impact of Agri-Business Skills Training in Zimbabwe: An Evaluation of the Training for Rural Economic Empowerment (TREE) Programme". *Journal of Development Effectiveness* 10 (3): 373–391.

- Lechner, Michael, and Conny Wunsch. 2009. "Are Training Programs More Effective When Unemployment Is High?" *Journal of Labor Economics* 27 (4): 635–692.
- Levinsohn, James, Neil Rankin, Gareth Roberts, and Volker Schöer. 2014. "Wage Subsidies and Youth Employment in South Africa: Evidence from a Randomised Control Trial", Stellenbosch Economic Working Paper No. 02/14.
- Liepmann, Hannah, and Clemente Pignatti. 2019. "Eligibility and Participation in Unemployment Benefit Schemes: Evidence from Mauritius", ILO Research Department Working Paper No. 50.
- Lokhande, Nitin, and Haripriya Gundimeda. 2021. "MGNREGA: The Guaranteed Refuge for Returning Migrants during COVID-19 Lockdown in India". *The Indian Economic Journal* 69 (3): 584–590.
- López Moureló, Elva, and Verónica Escudero. 2017. "Effectiveness of Active Labor Market Tools in Conditional Cash Transfers Programs: Evidence for Argentina". *World Development* 94 (June): 422–447.
- Macours, Karen, Patrick Premand, and Renos Vakis. 2012. "Transfers, Diversification and Household Risk Strategies: Experimental Evidence with Lessons for Climate Change Adaptation", World Bank Policy Research Working Paper No. 6053.
- Madoery, Óscar. 2011. *Más y mejor trabajo para todos: Del Programa Jefes de Hogar al Programa Jóvenes – Políticas activas de empleo, Argentina 2003-2010. Sistematización y análisis integrado*. Buenos Aires: ILO Country Office for Argentina.
- Maintains programme. 2021. "Towards Shock-Responsive Social Protection: Lessons from the COVID-19 Response in Ethiopia". Policy Brief, March 2021.
- Marshall, Adriana. 1996. "State Labour Market Intervention in Argentina, Chile and Uruguay: Common Model, Different Versions", ILO Employment and Training Paper No. 10.
- Martin, John P. 2000. "What Works among Active Labour Market Policies: Evidence from OECD Countries' Experiences", OECD Economic Studies No. 30.
- Martin, John P., and David Grubb. 2001. "What Works and for Whom: A Review of OECD Countries' Experiences with Active Labour Market Policies". *Swedish Economic Policy Review* 2001/8: 9–56.
- Martínez A., Claudia, Esteban Puentes, and Jaime Ruiz-Tagle. 2018. "The Effects of Micro-Entrepreneurship Programs on Labor Market Performance: Experimental Evidence from Chile". *American Economic Journal: Applied Economics* 10 (2): 101–124.

- Mazza, Jacqueline. 2013. "Connecting Workers to Jobs: Latin American Innovations in Labor Intermediation Services". *Latin American Policy* 4 (2): 269–284.
- . 2017. *Labor Intermediation Services in Developing Economies: Adapting Employment Services for a Global Age*. New York: Palgrave Macmillan.
- Medina, Carlos, Jairo Núñez, and Jorge Andrés Tamayo. 2013. "The Unemployment Subsidy Program in Colombia: An Assessment", Inter-American Development Bank Working Paper No. IDB-WP-369.
- Mel, Suresh de, David McKenzie, and Christopher Woodruff. 2014. "Business Training and Female Enterprise Start-up, Growth, and Dynamics: Experimental Evidence from Sri Lanka". *Journal of Development Economics* 106 (January): 199–210.
- Neumark, David, and Diego Grijalva. 2017. "The Employment Effects of State Hiring Credits". *ILR Review* 70 (5): 1111–1145.
- OECD (Organisation for Economic Co-operation and Development). 2021. "Active Labour Market Policy Measures to Mitigate the Rise in (Long-Term) Unemployment: A Summary of Country Responses to the OECD–EC Questionnaire". Updated on 12 May 2021.
- OPSI (OECD Observatory of Public Sector Innovation). n.d. "My First Salary". <https://oecd-opsi.org/innovations/my-first-salary/>.
- Pignatti, Clemente, and Eva Van Belle. 2018. "Better Together: Active and Passive Labour Market Policies in Developed and Developing Economies", ILO Research Department Working Paper No. 37.
- Poetzsch, Johanna. 2007. "Case Management: The Magic Bullet for Labour Integration? An international Comparative Study", International Social Security Association Technical Report No. 6.
- Rosholm, Michael. 2014. "Do Case Workers Help the Unemployed?". [IZA World of Labor](#) 72.
- Samans, Richard. 2021. "Financing Human-Centred COVID-19 Recovery and Decisive Climate Action Worldwide: International Cooperation's Twenty-First Century Moment of Truth", ILO Working Paper No. 40.
- Sienkiewicz, Łukasz. 2012. "Job Profiles and Training for Employment Counsellors". Analytical paper prepared for the European Commission.
- Torraco, Richard J. 2016. "Early History of the Fields of Practice of Training and Development and Organization Development". *Advances in Developing Human Resources* 18 (4): 439–453.



Partnerships for creating pathways to employment

This chapter follows on from and discusses issues introduced in Chapters 2 and 3 pertaining to the adoption of new public management principles and the emergence of a quasi-market for the delivery of public services, and to the application of these principles to publicly funded employment services. The recent trend towards the delivery of employment services through an ecosystem of providers and actors was also outlined in those chapters. Partnership working is key to delivering services effectively in a labour market with a multiplicity of stakeholders, and forms part of the package of policies required for the modernization of employment services.

This chapter discusses trends and developments in the use of partnerships to deliver employment services (section 5.1), focusing on their growing importance not least during crises. An overview is provided of regional developments and of the role of partnerships in tackling the increasingly complex agenda of employment services. Subsequent sections analyse partnership working in response to the COVID-19 pandemic and as an enabler of digitalization, and how such activities can contribute to a human-centred recovery from crises. The last section explores the future of partnerships.

5.1. Current landscape of public employment service partnerships

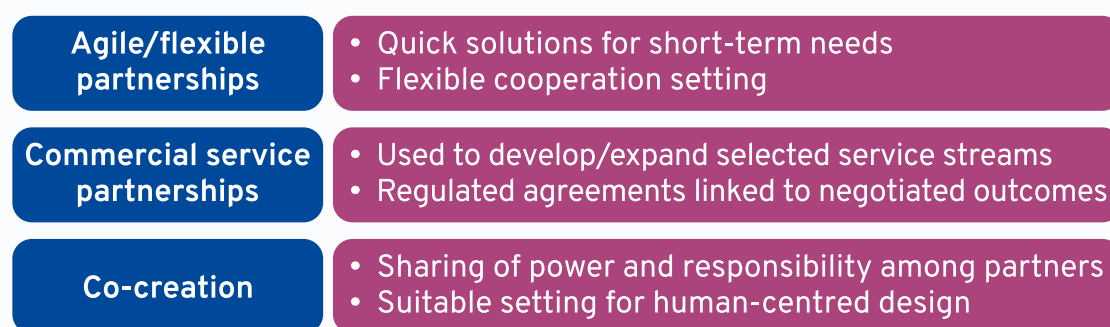
5.1.1. The growing importance of partnerships in the delivery of employment services

Strategy discussions on employment service partnerships often focus on whether delivery models should be exclusively public or be outsourced to external providers. In fact, employment services have always been delivered through a mix of public institutions and other entities. “Partnership working” refers to the multiple ways in which a public employment service collaborates with a wide range of other organizations and agencies to achieve its strategic and operational labour market objectives.

The partners needed for the delivery of effective and responsive services to jobseekers and employers include other government agencies, public and private training providers, non-profit organizations, private employment agencies and other local stakeholders involved in employment promotion. Public employment service partnerships are still evolving, but they already take a variety of forms, ranging from time-limited informal working groups established in response to a specific challenge like a major plant closure or a health emergency, such as the COVID-19 pandemic, all the way to formal committees or boards and multilevel structures that have both strategic decision-making organs and operational bodies (Davern and Peromingo 2021; Powers 2017).

In most countries, existing partnerships are part of wider institutional and service delivery ecosystems, although, from an organizational point of view, major strides have been made in creating legal and structural frameworks for longer-term partnerships in employment services, especially in developed countries. In addition to the broad distinction between collaborative schemes and commercial service agreements, the possible modalities of cooperation have recently been further divided by analysts into agile partnerships, subcontracts, and co-construction or co-creation (see figure 5.1).

- ▶ **Agile or flexible partnerships** are aimed at providing quick solutions and meeting short-term needs – for example, training skills for a sector with talent shortage. To avoid administrative hurdles, they can be informal in the way they are organized, and they often take the shape of a one-off pilot project to address a specific need.
- ▶ **Commercial service partnerships** are more formal; they involve the use of public procurement to develop or expand the delivery of specific service streams in order to accomplish a public employment service's tasks in a timely and cost-effective manner. This type of partnership is typically used for larger endeavours, such as introducing new services for target groups, which often involves setting placement and job retention rates and minimizing risk. The management of commercial service partnerships tends to focus on negotiation, process design, goal-setting and outcome evaluation.
- ▶ **Co-construction, or co-creation**, refers to a partnership in which the partners bring resources and share responsibility and decision-making power as they work together in an equal, reciprocal relationship. In the context of innovation and human-centred design, this form is gaining popularity although it is not yet widely represented in the public employment service landscape. Isolated examples are the project innovation labs in the French and Flemish public employment services (Davern 2020a).

Figure 5.1. Partnership modalities for public employment services

Source: Adapted from Davern (2020a); Powers (2017).

Over the past ten years, public employment services' partnership working has been influenced by the diffusion of the various modalities of cooperation through which employment services and labour market programmes can be delivered. Evidence suggests that countries with more established patterns of partnership working have been better able to marshal resources and respond more quickly to labour market shocks like that caused by the COVID-19 crisis (Gentilini et al. 2021; Walsh 2020).

5.1.2. Use of partnerships during crises

Public employment service partnerships have gained in importance in both developed and developing countries since the global financial crisis of 2008–09, and they have played – and are still playing – a critical role in mitigating the impacts of the COVID-19 crisis. Over this period, new models of cooperation and collaboration have emerged for the delivery of employment services and labour market programmes.

Almost everywhere, labour ministries and public employment services have made use of existing collaborative and contractual partnership arrangements or created new ones to help shape and deliver services and labour market programmes with a view to addressing the impacts of this multifaceted crisis.

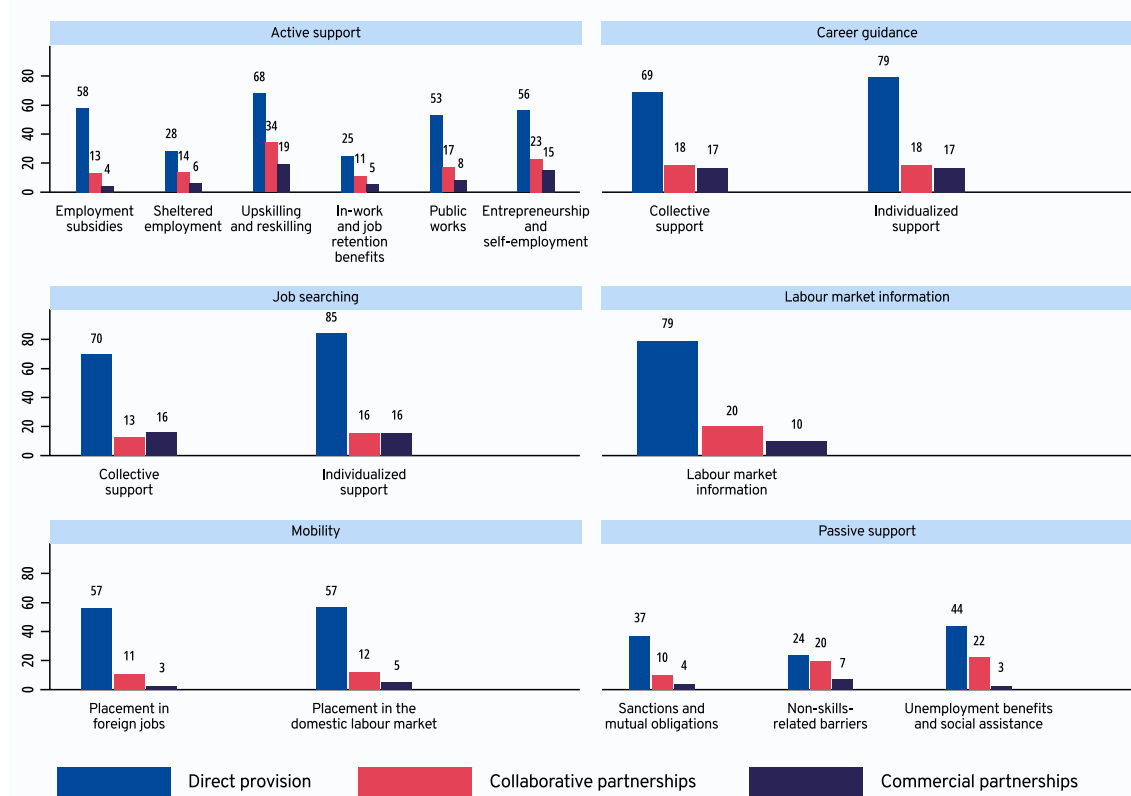
On a governance level, the COVID-19 crisis acted as a catalyst of changes in public employment service partnerships that had been under way for some time. In 2021, 94 public employment services across all ILO regions responded to a global survey asking, inter alia, whether partnerships had helped them to deliver services and labour market interventions in response to the crisis. The responses revealed that most services, from job-search support to the payment of benefits, were still largely provided through the in-house capacity of public employment services. However, most of the respondents also reported increasing reliance on partnership delivery, either through commercial service partnerships or in collaboration

with other providers.⁴¹ Irrespective of the income level and institutional capacity of different countries, partnerships play a critical role in connecting public employment services with local resources and capacities in different areas: job-search support; advice and placement services; active support and skilling programmes; and passive labour market measures (figure 5.2).

- ▶ In the **core business** of public employment services – job placement and the provision of labour market information – the use of in-house capacity still dominates worldwide, but partnership working with collaborative settings or subcontracts is growing. Those public employment services that offer additional services, such as career counselling and advice on labour mobility, also tend to keep responsibility for delivery in their own hands while relying more on collaborative support than on commercial service agreements.
- ▶ Active support and skilling programmes are delivered worldwide through non-paying collaborations rather than subcontracts, and public employment services tend to retain control over key aspects, including the selection of jobseekers who can participate in upskilling or reskilling programmes and the allocation of subsidies to facilitate attendance or registration in job retention schemes. However, a significant share of training measures are delivered by some public employment services using public and private training providers. The external providers help to tailor specific components required for skills training implementation, such as definition of the training scope and content and certification of the skills acquired by trainees.
- ▶ As for **passive labour market measures**, public employment services worldwide tend to enter into commercial service agreements or seek collaboration for employment support services for vulnerable groups that are not skills-related, including workplace adjustments for persons with disabilities or support for jobseekers with mental health issues. Collaborations with external stakeholders or other government entities for the management of social assistance payments are usually linked to the activation of jobseekers.

⁴¹ Public employment service partnerships can take many forms, and for the purposes of the analysis in this chapter, two broad categories are considered: those based on cooperation through formal or informal mechanisms, and those established under commercial service agreements with third-party providers.

Figure 5.2. Services delivered by public employment services through direct provision or partnerships, by type of service and partnership, 2021 (number of respondents)



Note: More than one modality of service provision is possible per respondent. The total number of respondents to the survey question varies per service provided as follows: “employment subsidies” (64), “sheltered employment” (39), “upskilling and reskilling” (81), “in-work and job retention benefits” (33), “public works” (60), “entrepreneurship and self-employment” (69), “collective support for career guidance” (76), “individualized support for career guidance” (85), “collective support for job searching” (75), “individual support for job searching” (88), “labour market information” (80), “placement in foreign jobs” (59), “placement in the domestic labour market” (59), “sanctions and mutual obligations” (43), “non-skills-related barriers” (34) and “unemployment benefits and social assistance” (60).

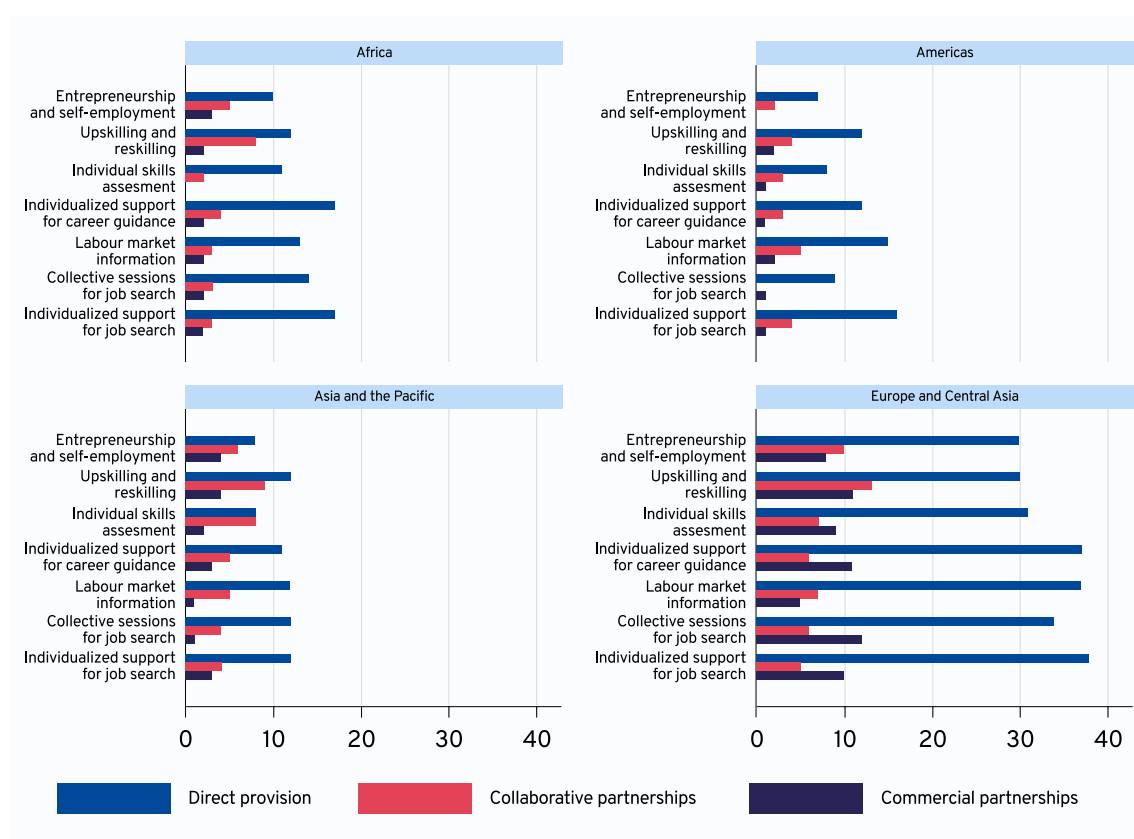
Source: ILO global survey of public employment services (2021).

5.1.3. Regional overview of partnership working

Public employment services’ approaches to partnering with other providers and key stakeholders differ in scope and complexity across regions. Certain distinct regional patterns emerge from the available data. Among higher-income countries (for example, in Europe and Central Asia) public employment services enter into collaborative partnerships and commercial service contracts for jobseeker services related to entrepreneurship, self-employment and skills training to a greater extent than for the profiling of skills or the collection and analysis of labour market data. In Africa, collaborations are generally more prevalent than subcontracts in the co-delivery of employment services, especially for supporting jobseekers with entrepreneurship and self-employment and in skills training

or retraining. Coordination mechanisms across the various partners are also less likely to work systematically, and collaborative efforts tend to operate loosely and informally. In Asia and the Pacific, public employment services are more likely to deliver services in partnerships than in other regions. In Latin America and the Caribbean and in Canada, public employment services contract out only a small part of their services, while collaborations are used more frequently in skills training and the analysis of labour market information, which is occasionally performed under collaborative arrangements with labour market observatories (Rutkowski, de Paz and Levin 2018) (figure 5.3).

Figure 5.3. Services delivered by public employment services through direct provision or partnerships, by type of service, partnership and region, 2021 (number of respondents)



Note: The “Americas” comprises Latin America and the Caribbean plus Canada. More than one modality of service provision is possible per respondent. The total number of respondents to the survey question varies per region and type of service.

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

5.1.4. Partnership working to tackle the increasing complexity of employment service agendas

In general, partnerships have proved beneficial for public employment services, not only in responding to the jobs crisis exacerbated by the COVID-19 crisis, but also in dealing with long-term trends such as digitalization and changes in skills requirements already under way before the pandemic. Partnerships have been instrumental in accessing new capacities

and competences not sufficiently available within a given public employment service to respond to disruptive changes that had already been reshaping the world of work in the pre-pandemic period. The recent crisis has entangled structural and new challenges, and their impacts on the labour market are intensifying. Partnerships are a key mechanism to improve the design and implementation of employment services and labour market interventions in critical areas of global concern, such as fair recruitment practices and working conditions, mitigating the risk of labour inactivity or matching new skills to new jobs. As governments proceed with their recovery plans, new partnerships are being brought into play, leading to alternative ways of designing employment services and of providing active support to jobseekers and employers.

Against this backdrop, public employment services are increasingly striving for a holistic approach that is not only concerned with placing the unemployed into work, but also takes a wider view of jobseekers' profiles and their potential employability and trajectories in the labour market. In adapting their capacity to cope with more frequent changes and optimizing existing resources, public employment services are gradually building a broader ecosystem beyond traditional partnerships to overcome siloed approaches, bureaucratic inertia and short-sightedness. Existing partnerships are also evolving in terms of their level of integration and their strategic nature. They are diversifying and expanding across all dimensions of the service delivery chain – from partnerships helping to optimize or expand the delivery of services to those involved in the co-design of services or in promoting a more systematic integration of labour market programmes. In most partnerships, the public employment service will be the lead institution, in others it will be a contributing partner working jointly with other organizations.

At the policymaking and operational levels, strategic partners of public employment services include other central government agencies, as well as actors within regional and local governments. With regard to delivery, trade unions can play an important role in providing skills training for jobseekers, help to improve the quality of jobs in informal labour markets, and implement short-term work schemes for job retention (Dirksen and Herberg 2021; Islam, Lapeyre and Sidibé 2020). Partnerships with employers have proven essential to cover job vacancies and can be used more frequently for specific employability measures, such as shop-floor practical work, especially in small and medium-sized enterprises (SMEs) which do not have their own human resources capacity or with employers in certain targeted industries and sectors. A public employment service also often collaborates with vocational training institutes, schools, colleges and universities, as well as with public, private and non-profit labour market intermediaries. It may also work closely with NGOs and other social welfare agencies delivering services for the poor and other disadvantaged groups.

In an increasing number of countries, public employment service partnerships are diversifying in terms of new strategic partners. This includes collaborative and contractual partnerships with private recruitment agencies, temporary work agencies, health providers,

social protection systems and digital labour market intermediaries. Through partnership working within this service delivery landscape or ecosystem, a public employment service can be better placed to realize national labour market objectives by coordinating and using available resources across public, private and not-for-profit national and local organizations (Murphy 2021; Davern 2020a).

A more complex and digitalized labour market is forcing public employment services to scale up, consolidate themselves or explore new avenues for collaboration with critical providers of technology, health services and social protection systems. In the current disruptive environment, the labour market ecosystem within which public employment services operate is changing. There is an increased reliance on technology to deliver services remotely and a growing demand for a more systematic integration of social protection schemes and activation measures to protect jobs and incomes. In addition, the long-term effects of COVID-19 (“long COVID”) are seriously impacting on some people’s ability to go back to work. All this highlights the need to link social welfare and health services with public employment service support for workers transitioning into teleworking or job retention programmes, and for people experiencing unemployment and isolation.

- ▶ The COVID-19 crisis has accelerated the **digital transformations** taking place in the administration and payment of benefits, as well as in the online provision of skills training, career advice and job search assistance, and matching and placement services (see Chapter 3, subsection 3.3.1, on digitalization in service delivery). In several countries this acceleration has been facilitated by partnership working between the public employment service and specialist software developers as well as the rapidly evolving network of job platforms and commercial agencies that provide various in-person and online job matching, recruitment, training and temporary staffing services.
- ▶ The pandemic accentuated the importance of public employment services working in partnership with **health services** for the purposes of: (a) fulfilling recruitment needs such as in the area of contact testing and tracing; and (b) meeting the needs of jobseekers with work-limiting health conditions, for example, those suffering from “long COVID” or those affected by mental distress as a result of experiencing unemployment, financial insecurity and isolation during the lockdowns (OECD 2021a).
- ▶ The need to extend social protection coverage has led to public employment service partnerships with revitalized unemployment insurance funds and **social protection systems**. Simultaneously, governments in many countries have reformed their unemployment insurance and social protection schemes, extending the coverage of various cash transfers to those hit hardest by lockdowns and labour market disruption, including informal workers and the self-employed. Post-pandemic labour markets are likely to experience high levels of demand for social support as poverty and inactivity rates increase, calling for continued reforms aimed at fostering closer partnership working between social welfare agencies and public employment services (OECD 2020a; Gentilini et al. 2021).

Given that the labour market is experiencing such rapid change, public employment services need to further increase their resilience to collaborate with greater agility not merely with traditional partners but with a wider number of actors present in the labour market ecosystem. Otherwise, they may well fall behind and miss opportunities to access untapped resources, especially in those regions where public employment services already have low coverage and are struggling to make an impact.

5.1.5. Partnership working as a sign of institutional maturity

In some high-income countries, public employment services' partnership working is rather extensive and has developed noticeably over the past two decades, especially in the context of reforms of employment services and social protection systems aimed at: (a) achieving greater inter-institutional collaboration between traditional welfare agencies and public employment services; and (b) using local partnerships to improve the activation of clients. The more radical reforms have included co-locating or merging different services that combine employment assistance with benefit administration in countries as diverse as the Germany, Norway, the United Kingdom and the United States. Other strategies include more targeted reforms directed, in particular, at disadvantaged client groups or areas with high unemployment. Evidence from such high-income countries suggests that partnerships between relevant organizations and agencies (including those in the private and not-for-profit sector) can improve the design, coordination and targeting of public employment services and related service delivery (Murphy 2021; Davern 2020a).

In the developing world, where many public employment services struggle with coverage, a poor image and delivery capacities, the use of partnerships is patchy, normally taking place on an interim basis to deal with staff shortages and operational capacity gaps. In low-income and lower-middle-income countries, for example, partnership working has expanded on the whole, but such arrangements still appear to be ad hoc and only loosely coordinated. Decision-makers from sub-Saharan public employment services describe their partnerships with employers or private employment agencies as situational, that is, as depending on the urgency of meeting specific skills needs. On certain occasions, the partnership is initiated by employer representatives (for example, by a country's chamber of commerce) or by associations of private providers approaching the public employment service for help in finding skills to address a sudden shortage (WAPES and YouMatch 2021).

In emerging economies, the landscape of partnerships looks brighter. The past two decades have seen a growing number of countries in Asia and the Pacific, Eastern Europe, and Latin America and the Caribbean building the capacity of their public employment services and improving the accessibility of the support provided by these through the development of partnerships with employers and other public, private and non-profit organizations. The relatively low-cost partnership strategy that has evolved in emerging economies has resulted in an expansion of service coverage and the introduction of, on the one hand,

services improving jobseekers' employability and, on the other, job creation programmes for employers such as wage subsidies, publicly financed training programmes and the pre-screening of job applicants (Mazza 2017). Such a partnership-driven strategy has characterized the development of the public employment service in Peru, where the Network of Centres of Intermediation and Labour Information expanded in several phases, building on the capacities of regional governments alongside other public agencies. Currently undergoing further reform, the Network is now able to grow through the incorporation of vocational training centres and cooperation with private agencies, other public institutions and non-governmental providers supervised by the Ministry of Labour and Employment Promotion. Mechanisms are in place for joint promotion of standards, regulation and the provision of incentives to ensure compliance with quality standards.

Many of these measures to build institutional capacity have been given further impetus and support by development agencies and other organizations which seek to strengthen partnership working with public employment services through bilateral and multilateral exchanges, technical assistance programmes and peer learning. In the Arab States region, for example, the Government of Jordan, together with the ILO and the Office of the United Nations High Commissioner for Refugees, opened a job centre for refugees where they can obtain work permits and access formal work opportunities, counselling services, information on labour rights, training opportunities and job-matching services. Although these centres currently serve everyone, they are still considered as a good practice for assisting the most vulnerable groups (Avila 2021). In Cameroon, UNCHR collaborates with government to register and offer employability enhancing services to refugees from Central African Republic and Chad before sending them to their final destination.

A key driver of change in some cases has been peer learning among countries facing similar problems, which allows them to learn how others have overcome obstacles. As part of the EU accession strategy of North Macedonia, the public employment service there benefited from capacity-building support in introducing the Youth Guarantee programme to deliver integrated services to young people (aged between 15 and 29 years) who are not in employment, education or training (NEET). In 2018, the programme was piloted in three employment centres. As institutional capacities for coordination increased, the Ministry of Labour and Social Policy rolled out the programme at the national level and assumed responsibility for coordinating and monitoring the implementation of a range of services provided by different partners, including job-search support, career guidance, internship placement, training in soft and digital skills, self-employment, subsidies for employment and incentives for hiring young people with disabilities (European Commission, n.d.).

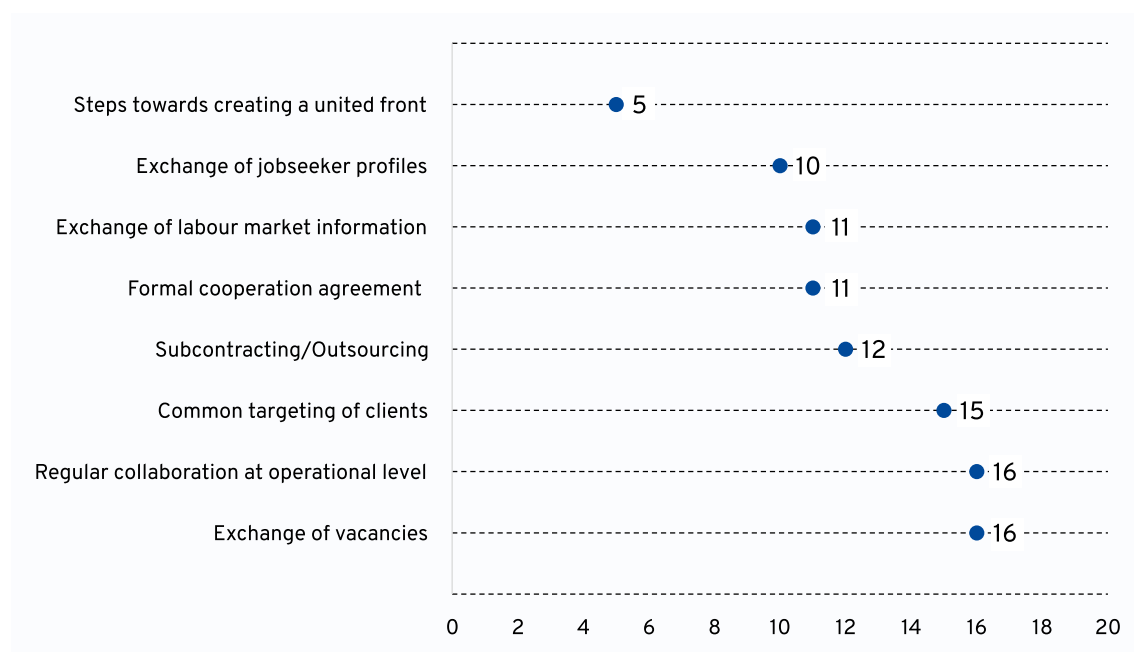
5.1.6. Unlocking the potential of public-private partnerships

Although partnership working has gained in importance in both developed and developing countries, the readiness and availability of infrastructure to accommodate partnerships,

especially with private employment services, as a basic delivery model for employment services are still limited. Almost three decades ago, the Private Employment Agencies Convention, 1997 (No. 181), recognized “the role which private employment agencies may play in a well-functioning labour market”, alongside the need to protect workers against unethical or abusive practices and to safeguard employers from unfair competition among service providers. The Convention also promotes cooperation between public employment services and private providers in areas such as information-sharing, basic job matching services and active support.

In 2021, the World Employment Confederation, which brings together national federations of the private employment services industry, surveyed its members on their collaboration with public employment services (de Boer and Lechtenfeld 2021). Based on responses from 33 countries, mostly in Europe, the survey found that in most countries (28) there is some type of formal or informal collaboration between the public employment service and private employment agencies. Over one third (12) of the responding national federations reported that the labour ministry or public employment service outsourced publicly financed employment services (figure 5.4). Moreover, 11 national federations indicated that they had implemented specific collaborative initiatives with the public employment service in response to the COVID-19 crisis.

Figure 5.4. Profile of private employment agencies’ partnerships with public employment services, January–March 2021 (number of respondents)



Note: A total of 33 members of the World Employment Confederation were asked about the types of collaboration that were in place between public and private employment services.

Source: de Boer and Lechtenfeld (2021).

It has been argued that public employment services' responses to the COVID-19 crisis were most effective where partnerships with private employment agencies were in place (de Boer 2021). Examples of good practices are the collaboration between the public employment service of Buenos Aires and Randstad Argentina jointly running an active labour market programme in the city's shanty town Barrio 31 to place low-skilled jobseekers from disadvantaged backgrounds. This partnership has evolved further with the incorporation of two more partners, Accenture and Santander Bank, which are developing training modules on soft and digital skills, and on financial inclusion (WEC 2020). The Canadian National Institute for the Blind also collaborates with Randstad to provide visually impaired jobseekers with advice on how to maximize their chances of success in finding meaningful employment while strengthening diversity in the labour market (Randstad 2020). In Chile, through cooperation between the public employment service and private employment agencies, the national association of enterprises involved in the delivery of temporary work services has organized job fairs aimed at assisting the 400,000 Venezuelan refugees in the country by providing them with alternatives to destitution or precarious employment (de Boer and Lechtenfeld 2021).

Despite individual success stories, several private providers affiliated with the World Employment Confederation have pointed to a lack of clear public-private collaboration frameworks. Among the main challenges they face when partnering with public employment services are difficulties in securing financial compensation for their efforts and insufficient transparency and/or flexibility with regard to the non-financial requirements of tenders, such as success measurement or open access to jobseeker information. In addition, some national federations operating as delivery partners of public employment services have commented that they do not receive sufficient labour market data or have enough manoeuvring space to implement ALMP interventions. In general, the lack of a clear framework regulating how partnerships operate, especially with regard to commercial service agreements, has been hindering the further development of such partnerships (de Boer and Lechtenfeld 2021; Powers 2017).

In many public employment services, notably in emerging and developing economies, public-private partnerships are shaped locally and often depend on the local employment office's managerial capacity to establish strategic service design and contracting, the funding levels and the availability of labour market intelligence. Despite these structural shortcomings, a great deal of innovation, testing and experimentation is nevertheless occurring at the local level. In China, for example, the participation of non-governmental providers in delivering publicly funded employment services is giving rise to important changes. These include expansion and diversification of the services offered and the type of support available, in particular for targeted and disadvantaged population groups; and increasing the sustainability of service provision at the local level through the introduction of market mechanisms in combination with cooperative arrangements (Avila and Tian 2018).

Loose, project-related bundling of resources continues to be quite common, even as an increasing number of countries adopt collaborative and contractual partnerships with private employment agencies, temporary work agencies and digital labour market intermediaries in their public employment service frameworks. These looser partnerships can be fruitful if there is sufficient scope for co-creation and agility, as in the case of the “Cliché Free” initiative, a joint effort by the German public employment service and 200 German companies to counteract gender stereotyping in career choices, or the Brussels public employment service, which issues “social impact bonds” for specific innovative activation-related ideas offered by NGOs or start-ups (Davern 2020a). However, many partnerships without a fixed framework tend to be rather temporary arrangements under the aegis of the public institution and may lack the scope for agile or co-creative testing of new ideas.

A profound reshaping of the labour market, especially in the aftermath of the COVID-19 crisis, is imminent: most sectors are being impacted, most businesses are transforming and most workers will need to adapt. Partnerships are a way of building solution frameworks together with specialist providers and embracing innovative approaches. The crisis management following the initial pandemic-related lockdowns has accelerated many developments affecting public employment services, including developments in partnership working towards digital transformation and human-centred design of services.

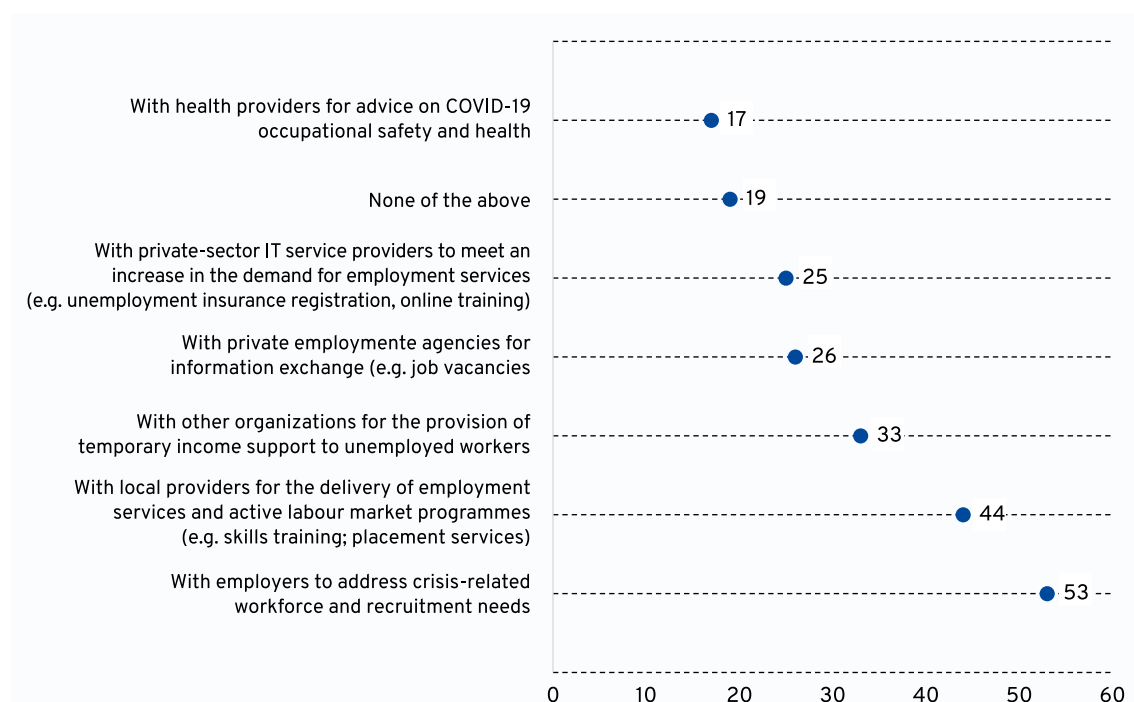
5.2. Partnership working in response to the COVID-19 pandemic

5.2.1. Acceleration of partnership building

Partnerships were central to public employment services during the global pandemic, most of them focusing on the immediate response to the labour market disruptions caused by the COVID-19 crisis. Labour ministries and public employment services mobilized existing and new partners to scale up capacities and channel urgent support towards jobseekers, workers and employers in distress. Partnerships have supported the implementation of labour market programmes and the delivery of employment services; they have provided financial support, facilitated the collection and analysis of labour market data, and helped to coordinate the response actions of different government agencies. In the recent ILO global survey, which asked public employment services about their partnership working to counter the pandemic’s adverse labour market effects, respondents mentioned a variety of cooperation initiatives. Most responding public employment services had reached out to employers to address immediate workforce and recruitment needs; others had collaborated with local providers on employability measures; and still others had sought the help of organizations to provide temporary income support. The findings of the survey also indicate that new partnerships with private employment agencies and technology

and health providers were established in response to the pandemic. However, some public employment services reported that they had not entered into any new partnerships (figure 5.5).

Figure 5.5. Partnerships established by public employment services as a direct response to the COVID-19 crisis, 2020–21 (number of respondents)

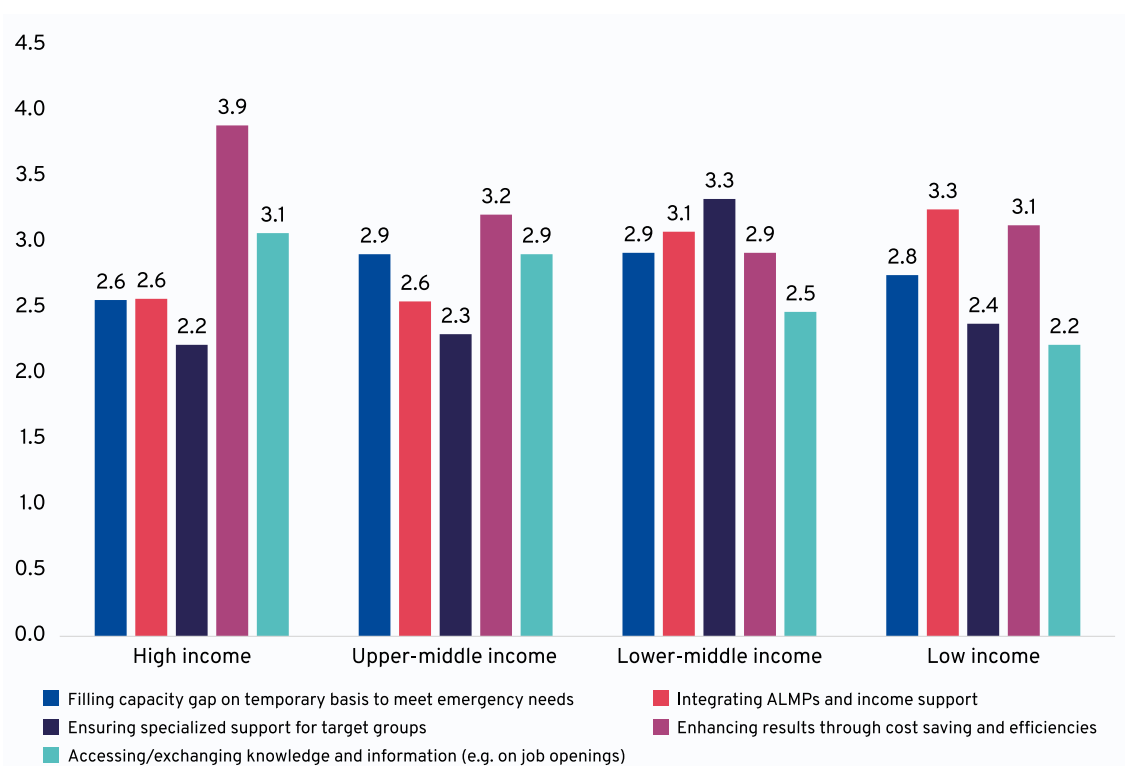


Note: Total number of respondents to the survey question = 92.

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

The responses to the ILO global survey suggest that the most significant motive for the creation of partnerships, in the context of the pandemic, was the need for rapid mobilization of additional capacity and competences to ensure adequate coverage and quality of services. In many countries this was an urgent need, as their public employment services had to cope with a surge in unemployment while at the same time assisting employers in sectors that experienced increased labour demand, such as healthcare, distribution and logistics, or that experienced immediate labour shortages, often precipitated by the unavailability of migrant workers. The survey findings also suggest that lower-middle-income countries used partnerships to target client groups more effectively, while high-income countries had the clear priority of increasing their efficiency through partnerships (figure 5.6).

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



ALMPs = active labour market policies.

Note: Motivations were ranked 1 to 5, with 1 being more important and 5 less important. The total number of respondents to the survey question varies per motivation as follows: “filling capacity gap on temporary basis to meet emergency needs” (71), “integrating ALMPs and income support” (71), “ensuring specialized support for target groups” (73), “enhancing results through cost saving and efficiencies” (72) and “accessing/exchanging knowledge and information” (74).

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

The most common crisis response measures involving public employment services included the implementation of short-time work and furlough programmes; the provision of income support and assistance for displaced and migrant workers, notably in the form of unemployment benefits and certain other cash benefits; and support for recruitment and training in essential sectors, such as health and social care, logistics and distribution (OECD 2021b; ILO 2020a; see Chapter 4 in the present report for a detailed discussion). Although the COVID-19 crisis exposed structural weaknesses in the coverage of numerous social protection programmes, governments in many countries extended at least some cash transfers, mostly time-limited ones, to workers who were often not covered at all before the pandemic, especially the self-employed, informal wage workers, agency workers and other workers in the “gig economy” (De la Flor et al. 2021; Baptista et al. 2021; Sabatini 2021).

During the first phase of the pandemic itself, most OECD countries introduced or expanded measures to mitigate its impact on employment and social protection, or indicated that they intended to do so in the near future (OECD 2020a). Countries such as Brazil and Colombia,

which had been more hesitant to reform their labour market policies before the pandemic, were spurred on to action. Colombia introduced successive work shifts of no more than eight hours a day, with a maximum of 36 hours a week. Similarly, in Brazil the “Banco de Horas” (“Time bank”) programme allowed working hours to be interrupted, with workers making up for it at a later stage by working up to 45 hours per week. Both measures were negotiated within a quasi-social partner setting – something that had traditionally been underused in those two countries before the COVID-19 crisis (Gentilini et al. 2021; see also Chapter 4 of this report).

During the crisis, several public employment services in developing and emerging economies approached partners that had usually been difficult to reach, such as specialized training providers, other government agencies implementing ALMP measures (including promotion of entrepreneurship and public works) and the private sector. As part of Zimbabwe’s National Development Strategy for the period 2021–25, the Ministry of Public Service, Labour and Social Welfare announced that it would involve the private sector in the establishment of incubation hubs, labour-intensive public works programmes, the remodelling of skills and entrepreneurship development, and job matching. In Panama, the Ministry of Labour and Workforce Development, through its Employment Directorate, which operates the national public employment service network, entered into a collaborative partnership with the virtual learning platform Coursera and the Specialized Higher Technical Institute to provide free training courses to workers affected by the suspension of activity following COVID-19-related lockdowns. This measure was subsequently extended to more than 250,000 independent workers, entrepreneurs and students also affected by the economic crisis so that they could gain the skills most in demand in the labour market, including soft skills.

As part of the crisis response, partnerships with public employment services were intensified to improve working conditions in informal settings as well. The public employment service in Jordan has prioritized the pursuit of stability and sustainability of employment in the post-pandemic period by extending social security coverage to the most vulnerable and promoting e-learning for the lower-skilled in partnership with higher education institutions. In addition, the public employment service has launched a scheme, managed by the Jordan Enterprise Development Corporation, to support SMEs contributing to the crisis response and recovery, and it is also providing mentoring and financial support to young entrepreneurs, especially in the tourism sector. An ILO survey of 15 selected public employment services in the Africa region conducted in 2020 found examples of collaborations in all but two countries (Malawi and Namibia); partnerships were most commonly established between the public employment service and training providers and other organizations, typically NGOs, delivering labour market programmes. Even though partnership formation was limited and often ad hoc, the survey revealed that it typically added important flexibilities, services and competencies to the employment service ecosystem of the countries concerned. The survey also noted the policy ambition of achieving a more concerted approach in several countries. In Namibia, Uganda and Zambia, for example, there were plans for the public employment

services to work more closely with private recruitment and temporary work agencies as a way of supplementing their very limited delivery capacity in the face of the COVID-19 crisis (Davern 2020b).

Public employment services in high-income countries extended the contracting out of support services to for-profit and non-profit agencies. This expansion was mostly part of broader pandemic-related or national employment recovery strategies integrated within more comprehensive support packages. A wide range of countries, including Austria, Belgium, Canada, Ireland, Israel, the Republic of Korea, Saudi Arabia, Sweden and the United Kingdom, contracted out the provision of further support to unemployed people and welfare claimants who required additional assistance to find employment (OECD 2020a). In Austria, for example, the Government launched a new funding package called “Corona-Joboffensive” with the aim of supporting over 100,000 participants from October 2020 onwards. It combined several measures, most of which were outsourced to contracted providers, and was directed at unemployed jobseekers seeking career advice or further training; unemployed young adults lacking qualifications; women re-entering the labour market; workers at risk of displacement; and other targeted disadvantaged people. (See also Chapter 3, subsection 3.5.3, on support for vulnerable jobseekers).

Many such partnership arrangements were ad hoc and swiftly brought together public employment services and their partners to deal with the immediate challenges posed by the crisis. The Department for Communities in Northern Ireland contracted with ten local providers to deliver pandemic-related “Work Ready Employability Services” (United Kingdom, Department for Communities 2021). The programme was aimed at those recently affected by job losses who needed support to re-enter the labour market. It comprised half- to one-day courses delivered either online or face to face, covering the development of a curriculum vitae, interview skills, job-search skills, confidence-building and personal development, and basic information technology, digital and social media skills. Often local, such partnership arrangements were widespread in high-income countries (box 5.1).

Box 5.1. The United Kingdom's local and national experience in rapid crisis response

In the county of Leicestershire in the United Kingdom, a COVID-19 redundancy and recruitment service was quickly established in 2020 by a partnership bringing together local government, the public employment service and skills training providers. Another UK example is Greater Manchester's "Employ GM" initiative. Based on a partnership between local government, the public employment service and employers, it provided online job matching for sectors with immediate recruitment needs while coordinating with partner networks to help businesses retain their current workers and/or help those losing employment to access new jobs.

In the whole of the United Kingdom, as part of its Plan for Jobs, the Government has contracted out a range of emergency employment measures for the short-term unemployed and implemented a large-scale programme called "Restart" (also contracted out) for the long-term unemployed (Powell 2022). The programme was allocated £2.9 billion from mid-2021 to provide up to a year of intensive individual support for up to a million long-term unemployed people over the next three years. Providers are paid a service fee but most of their income depends on achieving sustained employment outcomes. The programme is being delivered by 12 contracted "prime providers", which organize and subcontract local provision and liaise with the public employment service.

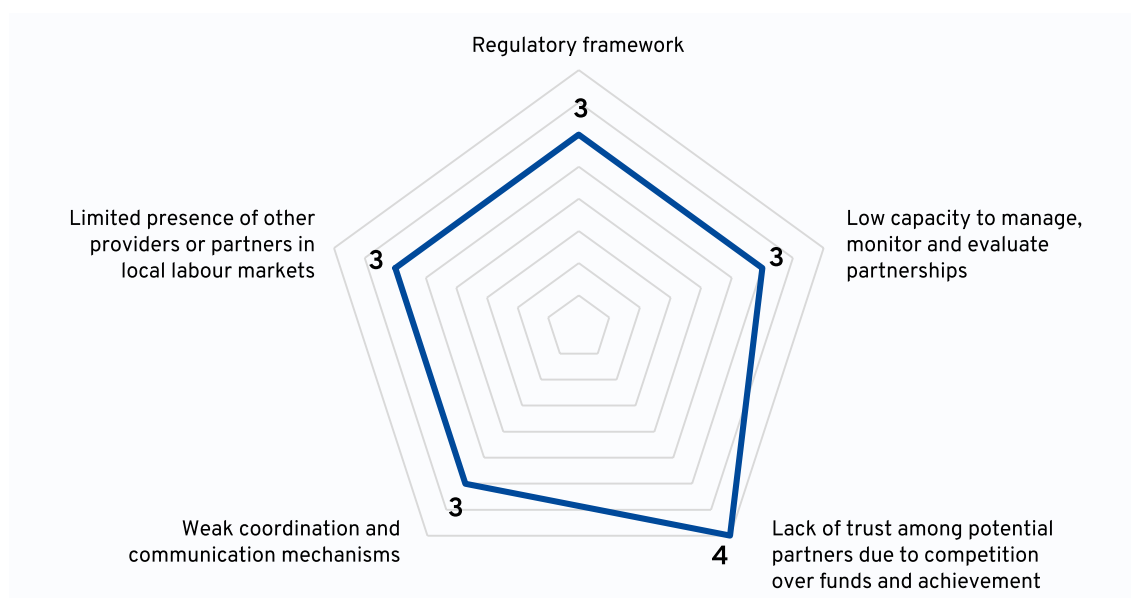
Sources: United Kingdom, Leicester City Council (2020); United Kingdom, Greater Manchester Combined Authority (n.d.); Powell (2022).

In the Basque Country in Spain, the [European Globalisation Adjustment Fund for Displaced Workers](#) has been helping such workers to find new jobs through further education or training, or to start their own business, following the negative consequences of the country's strict lockdown measures on employment and the liquidity of businesses. The Fund helps the public employment service and implementing partners to finance and deliver measures including career guidance, individualized job-search support, the acquisition of new or additional skills, vocational and on-the-job training, and support and funding to start one's own business. The training is also meant to improve digital skills and thereby contribute to the necessary digital transition in the metal industry (OECD 2020b).

5.2.2. Obstacles to the building of partnerships

As public employment services set about using partnerships more intensively, clear strategies for collaboration or the conclusion of commercial service contracts will be paramount. Major challenges in the formation of partnerships include poor communication and lack of trust between partners, access to resources, and uncertainty in view of the rapidly changing conditions during and after the pandemic. The responses to the ILO global survey from 2021 highlight that partnership initiatives during the crisis encountered issues such as low capacity of the public employment service to manage partnerships over time, weak coordination and communication mechanisms, and overall constraints due to regulatory frameworks (figure 5.7). The survey results also point to major variation in the types and extent of partnership working across countries and regions. To some extent, this reflects differences in levels of economic development, public employment service capacity and resourcing, with the building of partnerships being much more extensive in high-income countries than in many less well-resourced developing countries.

Figure 5.7. Challenges faced by public employment services seeking to establish partnerships in response to the COVID-19 crisis, 2020–21 (average ranking)



Note: Challenges were ranked 1 to 5, with 1 being more important and 5 less important. The total number of respondents to the survey question varies per challenge as follows: “regulatory framework” (69), “low capacity to manage, monitor and evaluate partnerships” (68), “lack of trust among potential partners” (68), “weak coordination and communication mechanisms” (70) and “limited presence of other providers/partners in local labour markets” (71).

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

The findings from the ILO global survey suggest that the lack of trust that prevails in the competitive context of employment service delivery was a major barrier to collaboration in response to the COVID-19 crisis. Successful partnerships are made possible largely by environments in which flexibility and collaboration are valued and fostered. Such an attitude is to be found mostly in partnerships formed in advanced economies, which were able to quickly mobilize and implement policy responses in a coordinated manner during the crisis. This was made possible by the capacities of public employment services, well-developed welfare systems that provide social protection, and a strong culture of social dialogue and engagement with the social partners and local stakeholders to find common solutions. The establishment of partnerships for service delivery requires regular and transparent communication and shared ownership of successes and challenges. Sometimes, difficult issues that need to be discussed are put to one side or ignored in favour of easier ones. The reporting of results is another factor that can generate lack of trust and competition over resources, especially within multi-agency partnerships. Possible power imbalances can also have a considerable impact on trust-building. By managing the expectations of a public employment service and its partners regarding the objectives and the outcomes to be achieved, it is possible to promote collaboration based on a clear understanding of the capabilities that the partners bring to the table, and of what the benefits are for all the parties involved (Powers 2017; ILO 2018).

While several promising areas for partnership working already exist, the response to the COVID-19 crisis has highlighted the potential of partnerships to increase the capacity of public employment services and improve the quality of the services provided. The post-pandemic period is an appropriate time to find strategic ways of harnessing that potential to positively shape the new world of work and stay focused on diversifying the client base of public employment services and promote inclusiveness in the labour market. Overall, it is necessary to rethink the procedures for establishing partnerships beyond the immediate response to the COVID-19 crisis, and to promote the adoption of innovative practices whereby public employment services can make use of the resources and capacities of partners. Comparative analysis suggests that partnership working is best organized where the labour ministry and/or public employment service have an agreed national strategy for, and systematic approach to, partnership working. Such a strategy can guide regional and local managers and officials of the public employment service as they work together with local employers, labour market intermediaries and other stakeholders (Finn 2020).

5.3. Partnerships facilitating the digitalization of public employment services

Digitalization and automation were already driving considerable changes in the labour market and the service delivery of public employment services before the COVID-19 crisis. Many governments had been in the process of deciding to adopt web-based systems so as to enhance overall performance and extend service coverage. Before the crisis, the need to tackle coverage gaps was a strong factor motivating the introduction of web-based delivery channels to reach jobseekers and employers more effectively, in particular for public employment services in upper-middle- and lower-middle-income countries. Going digital also represents an opportunity for public employment services to automate some routine administrative tasks, communications and interactions with jobseekers and employers, freeing up time for counsellors to focus on clients needing intensive support and regular follow-up. Public employment services in high-income countries have been further motivated to proceed with digitalization by the need to improve clients' experience when using their services (ILO 2022).

Intergovernmental and external cooperation has been critical to support the uptake and scaling up of digital technologies. It is rare for technology-facilitated employment services to be developed solely by a country's labour ministry or the public employment service using in-house capacity. Normally, public employment services enter into distinctive partnership agreements with specialist software developers and a rapidly evolving network of job platforms and commercial agencies that provide various in-person and online job matching, recruitment, training and temporary staffing services (Davern 2020a; Davern, Nunn and Scoppetta 2021). In the Middle East and Northern Africa, for example, the introduction of online job portals was in some instances connected with public employment service systems,

and facilitated by partnerships with software developers such as Souktel. Similarly, in India, Babajob and LabourNet pioneered the use of mobile and voice technologies to connect jobseekers and employers, in particular those living and working in remote areas. The online platform Ta3mal was launched by Silatech and Microsoft in 2012 in Egypt and then expanded to cover Iraq, Morocco, Qatar and Tunisia, with a view to providing young jobseekers with free access to online support, including assistance in preparing a curriculum vitae, career guidance and advice on how to launch one's own business (Imaizumi 2011; ILO 2020b). Jobberman, the single largest job placement website in sub-Saharan Africa, was founded in Nigeria in 2009. Based on a contractual relationship with the Nigerian Government, this platform promotes specific recruitment campaigns – for example, for the civil service. Its main employment-related partnership activities, however, are organized through its Youth Engagement and Learning division, which provides recruitment opportunities for qualified candidates, career advice and guidance on best practices for interviews. The public employment service in Bulgaria delivers online services jointly with the State e-Government Agency and the social partners. Sao Tome and Principe benefited from the transfer of knowledge and software from the public employment service in Cameroon to set up an online job portal of its own. In Spain, the digital tools for the public employment service are developed together with the State Foundation for Employment Training (FUNDAE) and large information technology corporations such as Cisco and Microsoft, which also offer free online training in digital skills for the unemployed and SMEs. In Chile, a newly established online career guidance portal called “Destino Empleo” (“Destination Employment”) is maintained and fed with data by the public employment service, the telecommunications company Movistar and the Inter-American Development Bank (Alaimo et al. 2020). In Cameroon, the PES has partnered with the cities of Yaoundé and Douala to extend services through the installation of kiosks in the municipal offices (ILO Office, Yaoundé).

The intensification of partnership working is one of the important ways in which public employment services responded to the challenges posed by the COVID-19 crisis, allowing them to use new and existing digital capacities. During the pandemic, the availability of web-based technology strengthened the immediate crisis response by public employment services. Close to 90 per cent of the G20 countries indicated that changes to the delivery channel strategy of public employment services made up the core of their short-term responses to the COVID-19 crisis (ILO, ISSA and OECD 2021). In most countries the public employment service also developed new or existing online partnerships, creating links with other services. Digitalization makes it possible to advance holistic approaches across service providers, such as better targeting of ALMPs based on improved exchange of data, and on the whole to open more channels that clients can use to access services. In Slovenia, there is an established cooperation between the public employment service and NGOs addressing the language needs of migrants on digital platforms (Walsh 2020). In Egypt, the ILO has supported the country's public employment service, in collaboration with the Alexandria Business Association (an NGO) and the software company SkillLab, in using data on transferable (and unrecognized) skills collected through mobile apps to design

internships that allow jobseekers to gain work experience. More than 400 users completed the programme in the first few months (SkillLab 2021). Most of the new partnerships facilitated by digital tools have helped to expand access to skills training platforms (box 5.2).

Box 5.2. New digital partnerships to provide skills training during the COVID-19 crisis

In Colombia, the National Apprenticeship Service, which is part of the public employment service ecosystem, made its training courses available through LinkedIn and Amazon, and launched “bootcamp” training in digital skills through a collaboration with the National Academic Network of Advanced Technology and Everis, part of the NTT DATA group, a major global provider of information technology services (Gentilini et al. 2021).

In Greece, the public employment service worked with Google and Coursera, a major higher education platform, to implement two programmes: the first aimed at tackling the digital skills gap between what the young unemployed have to offer and what the labour market demands; the second allowing unemployed people to access distance learning programmes during the pandemic (Davern, Nunn and Scoppetta 2021). In the United States, the State of New York similarly entered into a partnership with Google and other private sector providers to scale up capacity and meet an unprecedented surge in demand for the processing of unemployment insurance claims. Meanwhile, Deloitte opened an additional call centre staffed by hundreds of experienced customer service professionals to meet high user demand, and Verizon expanded the number of call-centre “ports” that it operates for the New York State Department of Labor from 1,750 to over 10,000 (ILO 2020a).

In India, the National Career Service partnered with TCS iON (a strategic unit of Tata Consultancy Services), which offers a free online course on career skills training for registered jobseekers. Moreover, a special link with information on “work from home” jobs and training was created on the National Career Service website. The National Career Service also partnered with HireMee, a state-of-the-art web portal and mobile app that provides online assessment and recruitment services. Jobseekers are able to create short video profiles, which they can then post for the attention of potential employers (Finn 2020).

The public employment service of Guinea provides training for jobseekers in the capital, Conakry, using LINK, a private recruitment and training firm. About 70 per cent of clients are referred by the public employment service following initial screening. Jobseekers are then interviewed by LINK staff to find out about their perspectives and motivations. They are finally profiled before being referred to a specific programme. The other clients either apply directly to LINK or are already in employment and are referred by employers. Programmes are evaluated using clients’ outcomes and attendance rates at courses as key metrics (Davern 2020b).

More recently, in the United States, the National Association of State Workforce Agencies launched the NLx Research Hub, which provides real-time data on labour market movements and sourcing information from the State-level employment service networks and the employers’ association DirectEmployers. In Europe, the Big Data Knowledge Hub was established by the European Network on Regional Labour Market Monitoring, a pan-European observatory. The Hub is a collaborative platform for mutual exchange and learning, where members from data companies, academia and public employment services can look for guidance when they wish to use big data in their labour market monitoring activities (NASWA, n.d.; ENRLMM, n.d.).

The increased capacity and use of online and self-service channels also allow public employment services to offer intensive support to groups facing disadvantages in the labour market. Partnership working remains important at the front-line level, where employment counsellors helping clients with significant employment barriers rely on networks and referrals to local agencies. Such agencies include those providing vocational training, training in soft skills and social welfare services, such as housing, health and emergency

support (for example, access to food banks). In Colombia, for instance, the Metropolitan Area of the Aburrá Valley, a regional development association, encourages the delivery of employment services by establishing a service quality standard for municipalities, environmental protection entities, charities and employers' representatives dealing with jobseekers (Colombia, Metropolitan Area of the Aburrá Valley 2021). In both developing and developed countries, the digital offer of public employment services has benefited from the investments flowing from national digital economic growth and inclusion programmes, such as the Digital Village initiative in India, which has been improving digital infrastructure and internet and mobile phone coverage. While digitalization has provided public employment services with new ways to improve job matching and other services, they also have a role to play in tackling digital exclusion. This involves, for example, ensuring that employment centres make internet facilities easily available to those without computers or phones, or without digital skills, and investing in mobile services and kiosks that can bring such services to poorly served areas.

Public employment services are well placed to identify the capacity of jobseekers to access their own online or digital services and to identify those who lack basic skills, including skills in the use of information technology. In many countries the public employment service can help by enabling disadvantaged jobseekers to access training in basic digital skills, through either in-house provision or partner organizations. Greece, the Philippines, Portugal, Spain and other countries provide training in digital skills for young unemployed people and vulnerable groups; in the United Kingdom low-skilled adults have access to fully funded digital skills programmes implemented through local partnerships with libraries, municipal authorities and NGOs (Davern, Nunn and Scoppetta 2021; ILO 2021). Such courses can serve as a stepping stone for individuals to access additional resources online; they also offer direct benefits to public employment services by facilitating participation in online services so as to match individuals to vacancies more effectively (OECD 2021b). Digital skills training has gained in importance in the current context, where the diffusion and uptake of online services are central to economic development and most formal jobs already require digital literacy.

5.4. Partnerships for a human-centred recovery

A major challenge for public employment services during the COVID-19 crisis has been ensuring that support is provided to the worst-affected jobseekers, workers and employment sectors. Public employment services are in a position to provide more intensive support for young people, women and other already disadvantaged groups working in the informal economy or at risk of slipping into long-term unemployment or continued inactivity. Partnership working is playing a vital role in enabling public employment services to respond to these demands and will continue to do so as countries move on from crisis management to economic recovery strategies. Partnerships also continued to play a vital

role in coordinating employment services and related support for disadvantaged and vulnerable jobseekers, whose prospects have worsened as a result of the crisis, which highlights the importance of promoting a robust and inclusive labour market. This requires a more coordinated service delivery that allows existing active and passive labour market policies to be combined.

5.4.1. Partnerships and the holistic provision of services

Public employment services in several regions are looking into how to enhance their front-line delivery to provide a holistic service. Such an approach can improve outcomes and the uptake of otherwise fragmented programmes, as well as reducing administrative costs and service gaps. These developments have led to the strengthening of existing partnerships and stimulated the creation of additional and often creative partnerships, especially to provide support to groups already experiencing disadvantages. In this regard, public employment services are expected to act as “firefighters” in dealing with immediate labour market shocks and, in the longer term, to address a broader, more client-centred demand for assistance with job search, career advice and access to skills training.

In some countries, partnerships delivering targeted “one-stop shop” services have proved effective in engaging with and assisting groups not well served by regular public employment services, such as young people in a NEET situation, refugees, migrants and women. In Finland, for example, a network of One-Stop-Shop Guidance Centres was established from 2015 onwards as part of the EU Youth Guarantee scheme. These centres provide voluntary in-person services, with different service providers across the private, public and third sectors operating from one location. The network of partners includes youth and employment counsellors from the public employment service, social workers, nurses, outreach workers (especially for young people) and a range of other service providers. By creating this cooperative network of partner organizations, the Finnish public employment service was able to reduce service duplication, address gaps in provision and simplify access (Davern, Nunn and Scoppetta 2021). In the wake of the pandemic, the UK Government established a national network of over 110 integrated Youth Hubs. These are staffed by specialist youth employability coaches from the public employment service trained to support young jobseekers facing significant barriers to labour market entry and without formal skills or qualifications. The coaches are co-located with partners including colleges, charities, training providers and staff from municipal councils, and the Youth Hubs are branded so as to appeal to young people. Their design was influenced by the success of similar local partnership-driven initiatives targeting young unemployed people in the United Kingdom (Orlando 2021).

The role of the public employment service in single-window or one-stop shop systems varies: it may have the main responsibility for referring people to other organizations or it may be a delivery partner, with another organization leading the coordination of

service delivery and the referral process (Finn 2016). When well designed and carefully implemented, employment-friendly social protection systems play a key role in creating enabling conditions and overcoming the barriers that prevent individuals from being active in the labour market, thereby reducing the risk of labour market exclusion (ILO, ISSA and OECD 2021). In the Republic of Korea, the Ministry of Employment and Labor is responsible for managing employment policies, including coordination with various central government ministries and agencies, local governments, the private sector and civil society. Over the past decade, the Ministry has increased the capacity of the country's public employment service through partnerships at all levels of service delivery, above all to raise the employment rates of disadvantaged groups (Lee 2017). The combination of partnership working and major investment in digital capacities remains at the core of the Ministry's post-pandemic recovery strategy entitled the "Korean New Deal" (Republic of Korea, Ministry of Employment and Labor 2020). A network of 86 job centres located in major cities is directly managed by the Ministry. These job centres are expected to liaise and cooperate with local employers' associations, trade unions, vocational training institutes and local government authorities. They operate alongside a network of smaller and more targeted employment service offices that are subordinate to other ministries or local government authorities. The Ministry has also set up a network of "Human Resources Banks for the Aged" and "Job Hope Centres", where designated non-profit, public interest and training organizations provide employment, guidance and placement services for jobseekers aged over 50 years (Lee 2017).

Employment service counselling is cost-effective for groups facing barriers to labour market entry (see, for example, McConnell et al, 2021). Partnerships are increasing the capacity of public employment services to provide counselling services to a wider audience. Over-reliance on personal networks for job hunting accentuates the inequalities in access to employment. This practice is even more rooted in labour markets where job-search services have a limited scope or perform poorly in terms of reaching the target groups (Avila 2021). In the United States, a network of over 2,400 job centres provide more intensive services for a range of priority groups, including disadvantaged young people, displaced workers, welfare claimants on a low income and recipients of food stamps. These services include meetings with career counsellors who can assess jobseekers' interests and skills and identify potentially suitable jobs, develop a plan for jobseekers' careers, review curricula vitae, give tips for job interviews, conduct mock interviews and provide referrals to additional support services, such as transport and childcare. When a job vacancy requires additional education or training, the counsellors can also help jobseekers to access funding and choose the right programme. During the COVID-19 crisis, the job centres delivered remote services, including online workshops; access to online platforms with training and career advice resources; virtual job fairs; and the provision of advice by counsellors via telephone, live chat and social media (ILO 2020a; OECD 2020a).

In India, the Model Career Centres are designed to provide one-stop access to employment and counselling services for jobseekers, especially those who may need assistance in registering and accessing the online system, either because they do not have digital skills or because they lack their own digital equipment. Model Career Centres are based on partnership agreements between the Ministry of Labour and Employment and state governments or other sponsors, which may include officially recognized education and training institutes; other agencies that have been delivering skills training or counselling services for at least five years; and individual companies, industry associations and chambers of commerce (Ammon et al. 2019; India, Ministry of Labour and Employment 2021).

In many developing and emerging countries, targeted labour market intermediation is weak and job-search assistance remains fragmented. In Ethiopia, the youth employability services centre located in Bahir Dar provides information on vacancies, delivers career guidance in group sessions, and enables young people to access skills training and entrepreneurship support. Staff members are recruited from the partnering institutions: the Amhara Regional Bureau for Technical, Vocational and Enterprise Development and the Amhara Regional Bureau of Labour and Social Affairs (ILO 2020c). The public employment service in Cameroon offers a comprehensive support service to employers in the formal economy and is proactively seeking to expand its connections through business leaders. Where possible, partnership agreements are signed, in particular with large employers potentially offering a high number of vacancies, but increasingly also with SMEs. The support provided by the public employment service extends beyond assistance with recruitment to collaboration in delivering sector- and company-specific training. This includes on-the-job training and internships as part of a dedicated programme to facilitate the expansion of SMEs. In Togo, the public employment service concluded an agreement with the association World Entrepreneurs to enable young people and women from deprived urban areas to access sustainable employment or set up a viable business. Guidance, training and individual support services are offered in parallel to those directly provided by the Government, but they are funded by private donors. Clients are referred to specific programmes after initial “listening sessions” to identify their needs. Referrals can be made to either World Entrepreneurs or other organizations if deemed more appropriate (Davern 2020b).

5.4.2. Coordination with social protection systems

The negative impact of the COVID-19 crisis on health, employment and incomes has prompted governments to innovate in the delivery of employment-related services. Governments in many countries have reformed their unemployment insurance and social protection programmes, extending the coverage of various cash transfer schemes to many of the groups hit hardest by lockdowns and labour market disruptions, including informal workers and the self-employed (OECD 2021b; ILO 2020a). Many of these transfers and other labour market interventions, such as employment subsidies, are likely to be short-term, their aim being to support working-age recipients while they transition to job matching

and/or skills-building so that they can enter or re-enter the labour market. At the same time, multiple other social protection programmes are experiencing high demand as poverty and inactivity rates increase. In this regard, it is important to continue with reforms to activate otherwise passive cash transfers for working-age people by fostering closer partnership working between social welfare agencies and the public employment service. Indeed, the crisis has highlighted the importance of coordinating social protection and active labour market support (ILO 2020a).

In addition, cooperation with the health authorities gained in importance not only to meet immediate health and safety requirements following the introduction of COVID-19-related protocols in workplaces, but also to address the pandemic's longer-term effects on well-being. Some countries have taken steps in that direction by improving coordination in the delivery of employment services. In Portugal, the Government set up a psychological counselling hotline in partnership with the Shared Services of the Ministry of Health and the Portuguese Psychologists' Association. The hotline is staffed by 63 newly recruited psychologists who offer job counselling to health professionals, civil protection and security forces, as well as the general public. Since the beginning of the crisis, the public employment service in Tunisia has been cooperating with the dedicated social security programme for households registered for low-cost or free healthcare in order to identify otherwise unregistered informal workers and support them through cash transfers (ETF 2021; Peromingo 2020).

From the point of view of activation, the tendency in many developed countries over the past twenty years to tighten the conditionality requirements for the receipt of benefits, while at the same time merging benefits and reducing administrative silos, had already before the COVID-19 crisis been increasing opportunities for vulnerable groups, especially disabled people, to enter the labour market (box 5.3). In advanced economies, ALMPs have been used in combination with unemployment insurance to help people to return to the labour market and reduce dependency on benefits. In some countries, for example, Japan and Slovenia, cooperation between the social welfare system and the public employment service was strengthened. In others, such as Finland, Norway and the United States, reforms resulted in the co-location and coordination of the public employment service and social assistance services, while in yet others, such as Australia and Switzerland, policymakers have sought to improve cross-institutional cooperation for particularly disadvantaged client groups or localities. A more radical variant has been the full integration of benefit delivery and employment services, as in the United Kingdom. In Ireland, such reforms were undertaken in the period of high unemployment and big public spending cuts that followed the global financial crisis of 2008 precisely because the Government and international agencies deemed that they were essential for the recovery of employment growth (Gentilini et al. 2021; ILO, ISSA and OECD 2021).

Box 5.3. Cooperation between public employment services and social protection programmes goes back a long way

In the Netherlands, the public employment service and the social security administration have worked together to shift the rationale for disability benefits from serving as a compensation for income to a tool for active integration, aimed in particular at stimulating the work resumption rates of those with temporary and less severe impairments. In New Zealand, the public employment service and the income support service merged in 1998 to form the Department of Work and Income within the Ministry of Social Development, allowing for a more coordinated delivery of income support and employment assistance (OECD 2021c).

Even countries that have not fundamentally reformed their sickness or incapacity benefit system, such as Belgium, can still opt for a regional employability solution. In the Belgian region of Flanders, the public employment service cooperates with several actors in local committees to agree on specific activation programmes for vulnerable groups. Comprising representatives of insurance funds, rehabilitation centres, patient organizations and employers, these committees seek to design employability measures that will improve inclusion, skills levels and well-being. The payment of benefits in Flanders is not subject to any time limit and is therefore considered a strong demotivating factor for people with health conditions or disabilities to enter or return to work. The local committee initiatives counteract this disincentivizing effect of benefits by offering co-designed employability measures and finding a common inclusive language (OECD 2021c).

In many emerging and developing countries, social protection programmes, especially cash transfer schemes, are often connected only sporadically with the public employment service. It is likely that uncoordinated delivery systems have become further fragmented as a result of the rapid roll-out of social protection and labour market measures during the COVID-19 crisis (Hocquet 2020). Improving the coordination between these systems will be important as governments scale back discretionary cash transfer and employment support schemes introduced during the pandemic and shift their policy emphasis from employment protection to employment promotion. In some countries, such as China, and in several regional states within India, the public employment service is directly responsible for the administration and disbursement of unemployment insurance or other social welfare payments. Under such arrangements the public employment service typically registers employable working-age benefit claimants as unemployed, provides job-search assistance, reports on whether recipients are meeting their job-search obligations, and provides them with various other employment services. More recently, the public employment service in the Lao People's Democratic Republic set up a website containing up-to-date information on jobs, skills and training programmes. Moreover, it is coordinating with the donors working in social protection to ensure that the employability and social support activities are complementary and draw on the same training material for upskilling to avoid ambiguity and duplicity (ADB 2020).

Latin American public employment services implemented programmes in response to the COVID-19 crisis relatively quickly and efficiently. Many countries in that region had already developed their institutional capacity before the pandemic to establish stronger interlinkages between poverty reduction programmes and employment services. During the crisis this infrastructure facilitated cash transfers and adjustments to social insurance

plans to ease eligibility requirements and increase benefits. For example, the Emergency Family Income programmes launched in Argentina and Chile made it possible to channel support to families affected by lockdowns and involved the highest cash transfers in both countries' history. This quite swift response measure benefited from years of prior investment by Argentina and Chile in making their social protection and labour systems adaptive (Gentilini et al. 2021; Silva et al. 2021). In both countries, cash transfer schemes more frequently involve the referral of beneficiaries to activation programmes, including skills training, temporary work and job-search support.

Another key factor in recent partnership working-related reforms has been the development of shared information systems and improvements in ICT infrastructure. These have created more effective linkages between the data systems of public employment services and social welfare offices, facilitating information flows and the "handing over" of service users from one system to the other.

Achieving greater coordination or integration between public employment services and social protection systems is a priority in the years to come. However, it is a challenging task and needs to be undertaken carefully. When introducing such reforms, it is important, for example, that policymakers lay down clear eligibility criteria for those social protection claimants whom they are targeting for employment services, and that they determine the priority that these should be given by the public employment service in light of the available resources. In the post-pandemic recovery period, care must be taken not to overburden public employment services with new client groups when they may already be facing heavier caseloads. It is in such a context that increased partnership working may help to provide additional capacity and access to a wider network of complementary services.

5.4.3. Building on partnership working to develop service delivery ecosystems

Public employment services are becoming more ambitious in establishing complex partnerships aimed at strengthening coordination and coherence across local delivery systems which also involve private providers. The delivery of employment services through partnerships, especially when it entails sharing sensitive information such as employment and social security records, can be difficult to put into practice and may hamper referrals between organizations. Reviews of public employment service practice in developed countries show that collaborative service delivery partnerships are often underpinned by a formal agreement, usually a memorandum of understanding or a commercial contract based on public procurement. Such an agreement embodies the parties' commitment to working together to maximize the effectiveness of the services provided both to jobseekers and employers, and serves as a transparent declaration of the agreed objectives and common goals of the cooperation. It takes time to develop such a partnership, which needs to be grounded in an assessment of local needs and of the existing mechanisms for overseeing

the functioning of the ecosystem and seizing opportunities for improvement. In countries with weaker national-level public employment services and diverse local initiatives, de facto employment service ecosystems may have evolved over the years (box 5.4).

Box 5.4. Colombia: Turning a network into an ecosystem

In Colombia, publicly funded employment services have since 2013 been provided through a network comprising public, private and non-profit agencies and developed in accordance with their relevance to local needs. The aim of this network is to promote formal employment and give jobseekers and employers a choice of employment service providers from among entities such as the National Apprenticeship Service (SENA), municipalities, university job banks and the Family Compensation Funds, which are social security entities with employer representation. The clear advantage of such a consolidated ecosystem is that client groups can be covered more evenly than with the capacities of a single public agency.

The regulation of private and not-for-profit providers of employment services, together with the creation of the unemployment insurance system, was necessary for the system to function in a collaborative manner. A central unit, the Special Administrative Unit of the Public Employment Service (UAESPE), coordinates the network. UAESPE has established common rules, methods, instruments and benchmarks for the ecosystem. It collates management information and monthly performance data from providers, giving the Ministry of Labour and policymakers in other areas insights into service delivery and the performance of the Network, which enhances the accountability of individual providers. UAESPE also uses the data to identify better practices, which in turn fosters a learning environment among the members of the ecosystem.

Private providers in the ecosystem have flexibility to choose the employers and jobseekers with whom they wish to work. However, they are obliged to offer their services free of charge to jobseekers. Employment centres run by municipalities, often in combination with Family Compensation Funds, are mostly responsible for providing services to low-skilled jobseekers and other disadvantaged groups. SENA has a nationwide network of advisory and training facilities. In May 2021, the public employment service ecosystem comprised 235 authorized providers which operated just under 700 facilities, including staffed employment centres, mobile outreach points and computer access points. When jobseekers approach an employment centre, staff differentiate between those who are employable and need help with job-search support, such as preparation of a curriculum vitae; those who need more structured support, such as career advice and access to training; and those who want to start their own business and who may need entrepreneurship support.

Source: Avila (2017).

In developed countries, public employment services have continued adapting to the challenges posed by the COVID-19 crisis. For example, the Australian Government is seeking to capitalize on its more than 20 years of experience in outsourcing publicly funded employment services to external providers in order to create a more integrated service for jobseekers, especially the most vulnerable. The aim is to ensure that all citizens can enjoy the benefits in terms of well-being and economic security brought by skills, training and employment (box 5.5).

Box 5.5. Australia: Redesigning access to quality skills, training and employment

The Australian Department of Employment and Workplace Relations launched a new employment service called Workforce Australia in mid-2022. A network of 74 providers are contracted under Workforce Australia to deliver services across 51 Employment Regions in metropolitan and regional areas of Australia. Services, for those eligible, can be accessed at 1,480 Workforce Australia Services sites, 341 Transition to Work sites and 573 Self-Employment Assistance sites. The Government provides services to the most job-ready through Workforce Australia Online for Individuals, while those who are more disadvantaged or at risk of long-term unemployment are referred to a range of different provider-led services.

The Government issues specialist licences to providers available to support jobseekers from target groups, and will allow for greater independence in choosing between existing tools and forms of support. The new model is intended to overcome the shortcomings of traditional procurement procedures, where providers indicate where in an Employment Region they wish to deliver services, without being aware of the bids submitted by their competitors. It introduces a system for feedback among competitors so that the number and location of physical facilities take into account the needs of the target group in the region. Under the new rules, the number of licences in each region is limited to ensure that providers are able to deliver high-quality services. It is hoped that there will be a specialization of support services within the ecosystem, with quality management provided in accordance with a performance framework.

This new partnership ecosystem is also aimed at combining and updating support programmes, which under the predecessor of Workforce Australia were delivered in a rather segmented manner. Jobseekers can now choose from a larger number of employability-enhancing measures, such as the Employability Skills Training initiative, which enables jobseekers of all ages to explore career options, acquire digital proficiency and hone their job-search skills; the National Work Experience Programme, which helps jobseekers to gain experience and confidence while demonstrating their skills to potential employers; and the New Enterprise Incentive Scheme, which supports jobseekers who are interested in starting and running a small business.

Source: Authors, based on the conclusions from masterclasses on partnerships and digital transformation with the National Employment Services Association (NESA) network from 2021 to 2023. and Government of Australia (2022).

Other countries have reoriented their public employment service systems, relying mostly on contractual partnerships to promote the participation of young people and women in the labour market. During the pandemic-related lockdowns, however, countries which contracted out employment services had to renegotiate and agree on payment terms. In many cases, fixed-fee payments were temporarily reinstated to ensure provider viability and service continuity, and also to allow remote delivery of services (box 5.6).

Box 5.6. Saudi Arabia: Public-private partnerships to support young people and women

The public employment service in Saudi Arabia, Taqat, consists mainly of online service channels. The Taqat portal provides access to a wide range of online employment services and is linked with Doroob, an online training platform. At the centre of the system is an online job-search and matching service managed by a leading private employment agency, Bayt, on behalf of the Ministry of Human Resources and Social Development. The other Taqat service channels comprise ad hoc physical and virtual job fairs; a network of recognized “recruitment offices”, where private agencies can match vacancies with the curricula vitae of online jobseekers, receiving fees for job placement and retention; and more intensive intermediation and case management services delivered through a network of job placement centres (JPCs). These services are procured by the Human Resources Development Fund, which is subordinate to the Ministry of Human Resources and Social Development and is also responsible for the administration and delivery of unemployment benefits and other labour market services.

The public employment service is open to all Saudi jobseekers. It is closely involved in the administration and delivery of various cash benefits for eligible unemployed jobseekers introduced over the past decade. The most extensive is a time-limited social welfare benefit, known as Hafiz, which is now targeted at people aged under 35 years. In addition to online services, more intensive, mostly face-to-face, employment assistance is provided through JPCs, which can accept walk-in clients but mainly cater to Hafiz claimants. Four contracted providers operate a network of 31 JPCs, some for women only, and one “tele-JPC”, which provides virtual services to five rural locations. The Ministry of Human Resources and Social Development has sought to assimilate lessons from developed countries regarding the contracting out of services. Accordingly, at the outset of the reform process, the Ministry encouraged international providers of employment services to compete for contracts so long as they employed and developed local staff capacity. Contract design has evolved since the launch of the programme. Initially, JPC providers were invited to submit proposals and were paid through fixed-fee contracts. This fee structure was followed by performance-based contracts, and providers are now mostly paid differential fees related to attachment, job placement and sustainment.¹

Over the past decade, Saudi policymakers have improved their management of contractual partnerships by investing in procurement and information technology systems. These systems provide for the use of competitive tendering, transparent performance indicators and measures of customer satisfaction. The Ministry of Human Resources and Social Development has moved towards payment-by-results contracts, but learned also that these can only fully apply in “ideal” labour market conditions. While such contracts may increase the incentives for service provider, there is a risk that providers may decide to work mainly with more job-ready clients, rather than with those furthest from employment. Moreover, it is not yet clear how effective the procurement process has been in terms of identifying suitably qualified local providers of employment services.

Sources: Authors based on Finn (2015); Finn and Johnson (2014); Domash (2017).

¹ An evaluation of the experiences of approximately 760,000 Hafiz beneficiaries found that referrals to JPCs were effective. Some 80 per cent of Hafiz beneficiaries – both men and women – who were referred to JPCs attended sessions; women who attended were more likely to be informed about job opportunities than those who did not; and referred beneficiaries were 75 per cent more likely to find private sector employment than those not referred to a JPC (Domash 2017).

Partnership working can make a significant contribution to the development of public employment services, but the benefits it offers do not arise automatically. For example, it can be difficult to establish and sustain collaborative and contractual partnerships and it may take some time before such partnerships begin to actually improve service outcomes. Partnership working also risks diverting the public employment service away from its core objectives. If the partnership or collaboration is not focused and well managed, it may

become a “talking shop”, wasting time and resources and merely creating yet another tier of unwanted bureaucracy (Powers 2017). Some of these challenges are more acute in developing countries, where the resources and managerial skills of the public employment service and local government authorities are limited. In such cases it is even more important to stay focused on providing the bare minimum that is expected of a public employment service, such as registering jobseekers, collecting information about vacancies and carrying out basic matching.

The risks and challenges of partnership working during the post-COVID-19 recovery can be better addressed if they are considered in advance and if appropriate mitigation measures are clear to all the partners. These challenges include defining the roles and responsibilities of the various partners and managing relations between them. Coordinated service delivery can also be enhanced by the early development of protocols to guide the behaviour of front-line staff in the partner organizations. Such early arrangements should include establishing appropriate local structures through which operational problems can be quickly identified, discussed and resolved. There should be clarity at the outset about what happens if a partner fails to deliver the agreed outputs, with a mediation process to help resolve any disputes. Partners are no longer one-time contributors and are likely to be compensated on the basis of their performance over a long period, which means that more flexibility should be applied in public procurement. As integral parts of a public employment service's performance management system, risk management and internal control mechanisms are crucial to the achievement of outcomes (Powers 2017; Finn 2020).

5.5. The future of partnerships

5.5.1. Local ecosystems

The COVID-19 crisis has accelerated the pace of labour market change and administrative reform and modernization. Pre-existing trends such as digitalization have intensified owing to the need to take rapid action in a crisis. Partnership working is becoming more widespread as a way of expanding public employment services' delivery capacity and further institutionalizing the “rights and responsibilities agenda” that has informed many labour market policies over the past decades.

The success of public employment services in meeting the labour market challenges of the post-COVID-19 recovery and providing inclusive and effective job placement services will depend in part on how well they coordinate their service delivery and work in partnership with a wide range of stakeholders and delivery agents operating in labour market ecosystems. Such an ecosystem vision involves acknowledging that despite globalization, labour markets remain essentially local. Networks of providers or other actors involved in the design, delivery and evaluation of services are key to better coordination and a more efficient use of resources and capacities. A shift towards a more integrated provision of

services could prove particularly instrumental in averting further lay-offs and addressing workforce shortages in sectors such as healthcare, logistics, transport, hospitality and construction.

The role of public employment services in partnerships is evolving towards facilitation and co-creation. Co-creators are strategic partners that actively collaborate to design and deliver customer-centric services and programmes. In taking on such a role, public employment services need to develop new capacities to generate synergies with the multiple potential partners present in local ecosystems (table 5.1).

Table 5.1. Public employment services' current and future roles in partnerships

Current role	Future role
Public employment service acts as a labour market conductor	Public employment service is a co-creator
Manages competition between different providers	Is part of a collaborative effort
Has data sovereignty	Artificial intelligence-driven data pooling (monitored by the public employment service)
Main focus is on clients in a vulnerable situation	Distribution of responsibilities according to stakeholders' client groups
High share of responsibility in addressing labour market failure	Shared responsibility in designing and delivering labour market solutions

5.5.2. Making partnerships work in the post-COVID-19 recovery

This chapter has shown that public employment service partnerships are flourishing in most countries, despite the very different levels of economic development and resources between advanced and developing economies. Various partnership development strategies are helping to increase access to employment services not only for the unemployed but also for many previously underserved groups, as has been very evident during the COVID-19 crisis. Partnership working is not easy, but it offers a means of harnessing networks and existing resources and of amplifying the impact of investments in employment services and related programmes. However, the advantages of partnership working do not arise automatically. In every country, relevant ministries, the public employment service and local government authorities have to commit themselves to developing and strengthening their management capacities in order to realize these benefits.

A clear starting point for countries now is to develop an employment services partnership strategy to guide and focus local partnership working as part of broader employment promotion and economic recovery plans. In addition to meeting national objectives, this would help to establish a policy framework that could facilitate spontaneous partnership

working in diverse local labour markets. Some policy pointers are set out below on how to make public employment service partnerships work during the immediate recovery phase and in the medium to long term:

► **Contracts and agreements are a solid basis for partnerships, if they are well designed**

The findings from comparative studies, most of which deal with developed countries, indicate that implementing contractual partnerships is a complex endeavour. However, intelligent contract design and effective performance management – covering the scope, duration and financing of the partnership, but also such aspects as break clauses, adjustments and quality control – can help a public employment service to maximize the gains and minimize the disadvantages associated with the purchase of employment services from external providers (Crépon 2018; Powers 2017). The use of external providers is shifting towards a collaborative approach based on close communication, transparency in outsourcing and a culture of tolerating initial unsatisfactory performance to improve services. Alongside clear procedures for redressing underperformance, public employment services need to assimilate good practices to increase the impact of externally contracted as well as in-house service provision. This learning process can be enhanced by the regular open reporting of performance data, and by sharing such information across providers and with wider stakeholders.

► **Where contractual partnerships do not yet work, networks can help**

In many countries, especially developing ones, the pool of potential service providers to contract with is limited and there may be no providers at all in rural areas or areas of high unemployment. It is therefore important for public employment services to look beyond average bidding processes and leverage existing or potential local networks to assist them with such fundamental tasks as improving employability and skills matching. The social partners, notably employers' organizations and trade unions, can help public employment services to reach out to clients and find effective ways of enhancing vulnerable groups' access to the labour market. Partnerships with workers' and employers' organizations, even if they are informal, also ensure that skills training is tailored to the immediate and medium-term needs of the labour market. The third sector can play a helpful role too, since NGOs, voluntary associations and civil society initiatives often have a close connection to target groups and possess the agility to communicate and try out solutions on the ground. They may also be able to contribute staff with valuable complementary skills, such as street workers, psychological counsellors and innovation specialists.

► **Data availability needs to be managed for partnerships to be meaningful**

Data have always constituted the most vital and relevant resource for identifying the needs of public employment services' clients. The great increase in data capacity in employment services should be able to support the introduction of more holistic and genuinely human-centred performance metrics. Clients would benefit from receiving more detailed information on where and how they can use skills they have acquired. Public employment services are therefore encouraged to invest in technology for data processing based on leaner, mobile solutions which offer greater self-service opportunities for jobseekers and facilitate the joining up of services. Partnerships are necessary to access essential ICT infrastructure and knowledge, and to support digital strategies and the management and processing of data.

► **Ecosystems are the future of digitalized and human-centred employment services**

Public employment services, and the service delivery ecosystems in which they are embedded, will play a central role in enabling jobseekers and employers to cope with the continuing impacts of the COVID-19 crisis, the disruptions to the labour market caused by automation and digitalization, and the transition to more environmentally sustainable economies. Building the capacity of public employment services through partnerships in developed and developing countries can help to sustain resilience and flexibility. Partnership working in itself is not a panacea or an alternative to adequate funding but, in combination with technological advances and greater collaboration across the employment service ecosystem, it has the potential to mitigate the fiscal and spending constraints that public employment services are experiencing in the wake of the crisis.

Chapter references

- ADB (Asian Development Bank). 2020. "Lao People's Democratic Republic: Strengthening Capacity to Develop the Employment Service System". Technical Assistance Completion Report.
- Alaimo, Verónica, Angélica Alarcón, Yolanda Martínez, and Carmen Pagés. 2020. "Destino Empleo, un servicio digital para navegar la ruta hacia la empleabilidad". *Factor Trabajo* (blog). 8 October 2020. <https://blogs.iadb.org/trabajo/es/destino-empleo-un-servicio-digital-para-navegar-la-ruta-hacia-la-empleabilidad/>.
- Ammon Hans-Christoph, Namerta Sharma, Durgam Rajasekhar, Loveleen De, and Jurriaan Linsen. 2019. "India: Reaching Out to Vulnerable Workers through Worker Facilitation Centres". In *100 Years of Social Protection: The Road to Universal Social Protection Systems and Floors – Volume 1: 50 Country Cases*, edited by Isabel Ortiz, Valérie Schmitt and Loveleen De, 331–336. Geneva: ILO.
- Avila, Zulum. 2017. "Good Practices in Using Partnerships for the Delivery of Employment Services in Colombia", ILO Employment Policy Department Working Paper No. 225.
- Avila, Zulum. 2021. "Public Employment Services That Work for Young People". In *Is the Future Ready for Youth? Youth Employment Policies for Evolving Labour Markets*, edited by Juan Chacaltana and Sukti Dasgupta, 188–212. Geneva: ILO.
- Avila, Zulum, and Guangzhe Tian. 2018. "Good Practices in Using Partnerships for the Delivery of Employment Services in China", ILO Employment Policy Department Working Paper No. 229.
- Baptista, Isabel, Eric Marlier, Slavina Spasova, Ramón Peña-Casas, Boris Fronteddu, Dalila Ghailani, Sebastiano Sabato, and Pietro Regazzoni. 2021. *Social Protection and Inclusion Policy Responses to the COVID-19 Crisis: An Analysis of Policies in 35 Countries*. Report prepared for the European Commission.
- Boer, Jochem de. 2021. "Beyond Target Groups: Reforming Activation and Transition Support for All". OECD Forum Network, 12 July 2021.
- Boer, Jochem de, and Robin Lechtenfeld. 2021. "Collaboration between Public and Private Employment Services: Results from a Survey amongst National Federations of Private Employment Services Industry". World Employment Confederation.
- Colombia, Metropolitan Area of the Aburrá Valley. 2021. "Informe de gestión 2020".
- Crépon, Bruno. 2018. "Private Providers of Labor Market Services: A Review of the Evidence". In *Framtidens arbetsförmedling* (Employment services of the future), edited by Andreas Bergström and Lars Calmfors, 239–297. FORES (Forum for Reforms, Entrepreneurship and Sustainability).

- Davern, Eamonn. 2020a. *PES Partnership Management*. Report prepared for the European Commission.
- Davern, Eamonn. 2020b. "Trends and New Developments in Employment Services to Support Transitions in Sub-Saharan Africa, the Middle East and North Africa Regions", ILO Working Paper No. 19.
- Davern, Eamonn, and Miguel Peromingo. 2021. Panel discussion on partnerships in employment services on YouTube channel "Future of Employment Services". <https://www.youtube.com/watch?v=JHOK22zVc7E>.
- Davern, Eamonn, Alex Nunn, and Anette Scoppetta. 2021. *PES Network Stakeholder Conference "The Power of PES Partnerships", 20-21-22 April 2021: Synthesis Paper*. Report prepared for the European Commission.
- De la Flor, Luciana, Ingrid Mujica, María Belén Fontañez, David Newhouse, Claudia Rodriguez Alas, Gayatri Sabharwal, and Michael Weber. 2021. "Taking Stock of COVID-19 Labor Policy Responses in Developing Countries". World Bank.
- Dirksen, Uta, and Mirko Herberg, eds. 2021. *Trade Unions in Transformation 4.0: Stories of Unions Confronting the New World of Work*. Friedrich Ebert Foundation.
- Domash, Alex. 2017. "The JPCs Seem to Be Working: Why Not Use Them to Increase Female Employment?" Harvard Kennedy School.
- ENRLMM (European Network on Regional Labour Market Monitoring). n.d. "Big Data Knowledge Hub". <https://bigdatahub.uvt.ro/>.
- ETF (European Training Foundation). 2021. "Innovation and Action on Active Labour Market Policies". Web page on ETF event "Active Labour Market Policies and Human Capital Development Fostering Innovation and Impactful Actions for Recovery", 28 April 2021. <https://www.etf.europa.eu/en/news-and-events/news/innovation-and-action-active-labour-market-policies>.
- European Commission. n.d. "Republic of North Macedonia: Integration of Young People in the Labour Market". <https://national-policies.eacea.ec.europa.eu/fr/node/1082>.
- Finn, Dan. 2015. "Experience of OECD Countries in Activation Requirements and Sanctions: Lessons for the Kingdom of Saudi Arabia". World Bank Policy Research Paper No. EW-P151144-ESW-BBRTA.
- . 2016. *Issues Emerging from Combining Active and Passive Measures for the Long Term Unemployed: The Design and Delivery of Single Points of Contact*. Analytical paper prepared for the European Commission.

- . 2020. “The Public Employment Service and Partnerships in China, Colombia, India and South Korea: Synthesis Report on Good Practices in Using Partnerships for the Delivery of Employment Services and Active Labour Market Programmes”. Preprint version.
- Finn, Dan, and Richard Johnson. 2014. “Experience of OECD Countries in Contracting Employment Services: Lessons for the Kingdom of Saudi Arabia”. World Bank Policy Research Paper No. TA-P146539-TAS-BBRTA.
- Gentilini, Ugo, Mohamed Almenfi, John Blomquist, Pamela Dale, Luciana De la Flor Giuffra, Vyjayanti Desai, María Belén Fontañez, Guillermo García, Verónica López, Georgina Marin, et al. 2021. “Social Protection and Jobs Responses to COVID-19: A Real-Time Review of Country Measures – Version 15 (14 May 2021)”. Paper prepared for the World Bank.
- Hocquet, Jean-Yves. 2020. *Social Protection Measures Taken by the EU Member States to Mitigate the Impact of the COVID-19 Pandemic*. SOCIEUX+.
- ILO. 2018. “Public Employment Services: Joined-Up Services for People Facing Labour Market Disadvantage”, ILO Brief on Employment Services and ALMPs No. 1.
- . 2020a. “COVID-19: Public Employment Services and Labour Market Policy Responses”, ILO Policy Brief, August 2020.
- . 2020b. *Global Employment Trends for Youth 2020: Technology and the Future of Jobs*.
- . 2020c. “Addressing the Root Causes of Migration in Ethiopia: Independent Final Evaluation”. Announcement by ILO Evaluation Office, 16 September 2020.
- . 2021. “Public Employment Services Pressing Ahead with Digitalization Should Be Aware of the Digital Divide”. ILO policy note, 30 June 2021.
- . 2022. *Global Report: Technology Adoption in Public Employment Services – Catching Up with the Future*.
- ILO, ISSA (International Social Security Association) and OECD (Organisation for Economic Co-operation and Development). 2021. “Linking Income Support Measures to Active Labour Market Policies”. Background paper prepared for second meeting of the Employment Working Group under the 2021 Italian Presidency of the G20.
- Imaizumi, Saori. 2011. “Mobile Phone and Employment”, South Asia Human Development Sector Report No. 60. World Bank.
- India, Ministry of Labour and Employment. 2021. *Annual Report 2020–21*.

- Islam, Iyanatul, Frédéric Lapeyre, and Mahamadou Sidibé, eds. 2020. *Transition to Formality and Structural Transformation: Challenges and Policy Options*. ILO.
- Lee, Kang-Sung. 2017. "Good Practices in Using Partnerships for Effective and Efficient Delivery of Employment Services in South Korea", ILO Employment Policy Department Working Paper No. 234.
- McConnell, Sheena, Peter Z. Schochet, Dana Rotz, Ken Fortson, Paul Burkander, and Annalisa Mastri. 2021. "The Effects of Employment Counseling on Labor Market Outcomes for Adults and Dislocated Workers: Evidence from a Nationally Representative Experiment". *Journal of Policy Analysis and Management* 40 (4): 1249–1287.
- Mazza, Jacqueline. 2017. *Labor Intermediation Services in Developing Economies: Adapting Employment Services for a Global Age*. New York: Palgrave MacMillan.
- Murphy, Mary P. 2021. "Arguments for a Post-Pandemic Public Employment Eco System in Ireland". *Administration* 69 (2): 127–147.
- NASWA (National Association of State Workforce Agencies). n.d. "National Labor Exchange". <https://www.naswa.org/partnerships/nlx>.
- NESA (National Employment Services Association). 2021. "NESA International Innovation Masterclass Series". <https://nesa.com.au/2021-international-innovation-masterclass-series/>
- Australia, Department of Employment and Workplace Relations, "Response to the Exposure Draft for the New Employment Services Model 2022 Purchasing Arrangements".
- OECD (Organisation for Economic Co-operation and Development). 2020a. "Public Employment Services in the Frontline for Jobseekers, Workers and Employers". OECD policy brief, 28 April 2020.
- . 2020b. *Preparing the Basque Country, Spain for the Future of Work*.
- . 2021a. "Tackling the Mental Health Impact of the COVID-19 Crisis: An Integrated, Whole-of-Society Response". OECD policy brief, 12 May 2021.
- . 2021b. "Scaling Up Policies That Connect People with Jobs in the Recovery from COVID-19". OECD policy brief, 29 April 2021.
- . 2021c. *Disability, Work and Inclusion in Ireland*.
- Orlando, Cristiana. 2021. *What Works in Youth Employment Partnerships: A Guide to Improve Practice*. The Health Foundation and Institute for Employment Studies.

- Peromingo, Miguel. 2020. *The Impact of COVID-19 and Response on the European Union Labour Market*. SOCIEUX+.
- Powell, Andrew. 2022. *Coronavirus: Getting People Back into Work*. UK House of Commons Library Research Briefing, 30 June 2022.
- Powers, Tony. 2017. "Partnerships and Contractors in the Delivery of Employment Services and ALMPs: A Literature Review", ILO Employment Policy Department Working Paper No. 266.
- Randstad. 2020. "Local Sustainability Initiatives 2020".
- Republic of Korea, Ministry of Employment and Labor. 2020. *2020 Employment and Labor Policy in Korea*.
- Rutkowski, Jan, Carmen de Paz, and Victoria Levin. 2018. "Labor Market Observatories: Critical Success Factors", World Bank Jobs Note No. 4.
- Sabatini, Christopher. 2021. "Developing Social Insurance Schemes for Informal and 'Gig' Workers". Chatham House, 23 March 2021.
- Silva, Joana, Liliana D. Sousa, Truman G. Packard, and Raymond Robertson. 2021. *Employment in Crisis: The Path to Better Jobs in a Post-COVID-19 Latin America*. World Bank.
- SkillLab. 2021. "ABA-VTEC & SkillLab: Using Skill Data to Develop Apprenticeships in Egypt". News story, 6 October 2021.
- United Kingdom, Department for Communities. 2021. "Work Ready Employability Service: Section 75 Screening Form".
- United Kingdom, Leicester City Council. 2020. "New Covid-19 Redundancy and Recruitment Service for Leicester and Leicestershire". 21 April 2020.
- United Kingdom, Greater Manchester Combined Authority. n.d. "Employ GM". <https://employgm.org/>.
- Walsh, Kenneth. 2020. *Dematerialisation of Services in EU PES*. Report prepared for the European Commission.
- WAPES (World Association of Public Employment Services) and YouMatch. 2021. "Self-Assessment Method for Public Employment Services: A Qualitative Research and Action Planning in 16 Public Employment Services in Sub-Saharan Africa and Middle East and North Africa".
- WEC (World Employment Confederation). 2020. "Social Innovation Stories: Randstad Argentina, Barrio 31". <https://socialinnovationstories.org/case-studies/8-barrio-31>.



Policy recommendations

The challenges for public employment services worldwide are only expected to increase in the years to come owing to labour market transformations, demographic shifts and rising inequalities. Depending on their capacity and policy objectives, public employment services accordingly need to reach out beyond their traditional client base of unemployed jobseekers and strive to include other, less visible vulnerable groups in order to support the labour market transitions of as many people as possible and contribute to sustainable economies. The modernization of public employment services is essential and requires investment in digitalization and improvements to internal operations and service delivery. Partnerships with other labour market actors, institutions and training organizations are key to creating an ecosystem conducive to the attainment of better and fairer labour market outcomes. Social protection mechanisms and welfare institutions should be involved as well, so as to provide more holistic support to jobseekers who may face multiple barriers preventing them from accessing and/or remaining in the labour market. By integrating active and passive labour market policies and ensuring appropriate sequencing in the resulting “package” of interventions, public employment services can increase the effectiveness of their work. The following recommendations are informed by the key findings of this report and build on the ILO’s experience in supporting public employment services in many countries.

Integrate public employment services into broader policy and legal frameworks

A public employment service needs to have a clear mandate if it is to fulfil its role as one of the key implementers of a government’s employment and labour market policies. The mandate and convening power of such an entity should be laid down in the country’s legal and policy frameworks, with sufficient flexibility built in so that it can respond to changes when necessary. Ratification and implementation of the Employment Service Convention, 1948 (No. 88), and the Private Employment Agencies Convention, 1997 (No. 181), can be helpful in that respect. Moreover, the integration of public employment services in national development strategies and national employment and sectoral policies promotes coherence between policy design and implementation. The strategy, targets and objectives of a public employment service should be aligned with the national employment priorities and goals while also considering the social and economic context.

Strengthen the capacity of public employment services to ensure that they are effective and able to modernize

The performance of public employment services depends largely on the resources allocated to them. When they are recognized as key implementers of employment and labour market policies, these entities are prioritized by policymakers and receive a commensurate level of resources, as exemplified by the role they played during the COVID-19 crisis, especially in advanced economies. Governments should ensure a sustained flow of resources – financial, human and material – to public employment services. This includes means for modernization and continuous training of staff.

Pursue the customized digitalization of public employment services to increase their capacity, service quality and resilience in times of crisis

The digitalization of public employment services – in terms of both their internal functioning and the services delivered to clients – is of crucial importance for well-functioning labour markets. Digitalization can allow them to enhance their service provision; to increase their efficiency through the automation of processes such as registration of jobseekers and job matching; and to better collect and use labour market information so as to inform the design and implementation of new policies. However, digitalization must be part of a broader strategy that aims for a customized combination of service delivery models, including face-to-face delivery, when applicable. That will minimize the risk of rising inequalities due to the “digital divide” faced by people in areas with low connectivity, inadequate access to digital infrastructure and limited digital skills. Anecdotal evidence suggests that digitalization on its own is not a magic bullet that can solve all the capacity problems of a public employment service. Moreover, digital delivery cannot completely replace all other channels if any of the aforementioned constraints are present or if clients’ preferences simply gravitate towards more traditional methods. The digitalization of public employment services should be properly regulated, in particular with a view to protecting personal data, ensuring that algorithms are used in a non-discriminatory manner and combating fraud. In general, public employment services must continue to innovate and manage change within their organization, always having their clients’ interests in mind.

In modernizing public employment services, ensure that changes to their governance, organizational structure and performance management reflect evolving labour market needs and policy priorities

Governance, organizational structure and performance management are key factors in the effectiveness of public employment services and should be adjusted constantly to support modernization. These three areas can be addressed by applying the principles of “new public management”, which involves focusing on clients and results just as private businesses do. It also implies exploring the possibility of adopting a context-specific semi-market oriented system for the delivery of services and collaboration with other stakeholders in the “employment service ecosystem”. Among the core features of effective management

of public employment services are robust financial control procedures, targets driving continuous improvement, and performance monitoring indicators to increase efficiency. Operational autonomy from policymakers can allow public employment services to develop short-, medium- and long-term strategies and increase the sustainability of service delivery. Lastly, transparency and accountability are not only necessary for good governance, but also to ensure that public employment services give good value for the money (public funds) invested in them.

Leverage public employment services to support workers and enterprises in the green, digital and care economies

Public employment services can be instrumental in supporting the transition of workers and enterprises to the green, digital and care economies. The decarbonization of enterprises, digitalization and demographic change will inevitably result in job losses in some sectors while generating new jobs in emerging sectors. Equipping workers with the skills that they need to be able to work in such sectors is of paramount importance, but it is not in itself sufficient. Additional support in the form of intermediation and the provision of labour market information, counselling, career guidance and job matching helps workers with relevant skills to reach the enterprises that need them, and also to take the right decisions about reskilling and upskilling.

Encourage skill- and competency-based matching that takes into account a client's full potential

A broader understanding of clients' potential on the part of public employment services can widen the spectrum of suitable job opportunities and reduce labour shortages and skills mismatches. Developing mechanisms to recognize a client's competencies beyond formal qualifications, such as informal or non-formal training, experience and "soft" skills, can ensure greater efficiency of intermediation, better matching and overall improved labour market outcomes. This is particularly important to enable workers with a lack of qualifications to work in emerging sectors such as the care, digital and green economies, but also as a pathway for the formalization of jobs in the informal economy.

Embrace a holistic approach to supporting clients so as to address all barriers through the integrated design and delivery of services, including the use of one-stop shops

Modern and effective public employment services support their clients in an integrated manner so as to address all barriers, whether skills-related or social, hindering their sustained integration in the labour market. Such a holistic approach requires that public employment services design and sequence a package of services that respond to the needs identified when profiling the client. In addition to offering services that address both skills-related and social barriers, public employment services may need to collaborate with social service providers and social protection institutions, either coordinating their respective services or through co-location in one-stop shops. Labour market policies are more effective when

delivered as a package and in an integrated manner, including income support and activation measures. Indeed, income support can enhance the participation of disadvantaged groups such as young people, women and informal workers in activation programmes (in some cases, such programmes may be run directly by public employment services; in others, they may refer their clients to them). One-stop shops in public employment services are a cost-effective means to deliver integrated packages that combine activation measures and income support. A holistic approach should be developed progressively, taking into account the national context and the availability of resources.

Promote partnerships between public employment services and other labour market actors, training organizations and social protection institutions

Countries' responses to the COVID-19 crisis highlighted the potential of partnerships to increase the outreach and effectiveness of public employment services. As the green, digital and care economies expand, partnerships with training organizations can increase the relevance, intensity and quality of the training offered but also equip clients with specialized skills that public employment services alone are unable to provide. Similarly, the integration of active and passive labour market policies and the gradual shift towards a holistic approach call for collaboration between public employment services and social protection and welfare institutions. Partnerships should be part of a public employment service's long-term strategy if they are to be functional and productive. They should set out common objectives and priorities across institutions within their respective mandates and establish clear roles and responsibilities for improved coordination.

Consider new approaches to expand public employment services' support for disadvantaged groups

The rapid evolution of labour markets means that the traditional clients of public employment services, that is, jobseekers, are just one of several groups in need of their support. While jobseekers by definition are actively looking for employment, individuals from other groups – such as young people, women, persons with disabilities, migrants and forcibly displaced persons, and older workers – face additional barriers that may prevent them from seeking a job or from being available to work. Some individuals may struggle to remain in the labour market because they do not have up-to-date skills that are in demand among employers or due to care responsibilities. Public employment services' core mandate is to ensure labour market inclusiveness by targeting vulnerable groups and promoting gender equality. Statistical measures such as the LU3 indicator of labour underutilization developed by the ILO can give a rough estimate of the potential number of public employment service clients beyond unemployed jobseekers and underemployed workers.

Advancing social justice, promoting decent work

The International Labour Organization is the United Nations agency for the world of work. We bring together governments, employers and workers to drive a human-centred approach to the future of work through employment creation, rights at work, social protection and social dialogue.

ilo.org

International Labour Organization
Route des Morillons 4
1211 Geneva 22
Switzerland

ISBN: 9789220379646

