VETToolbox

Compendium of Tools
for Labour Market Assessment

EXECUTIVE SUMMARY

With development interventions in the area of labour markets, education, private sector development and other fields increasingly aiming to respond to market needs, labour market assessments (LMAs) have become a key ingredient to inform policymaking and programming. Employment promotion has become an important objective across a broad range of interventions. As a result, there is growing interest in understanding employment dynamics to promote the creation of more and better jobs across a variety of policy-making areas and development assistance programmes. At the same time, there is an increasing recognition that, to be successful, employment promotion interventions must be demand-driven, i.e. in line with the needs of the (labour) market. Hence, there is growing demand for understanding market dynamics and employer needs, in order to align interventions accordingly.

However, labour market assessments often face multiple challenges. On the one hand, understanding employment dynamics and market needs can be particularly difficult in developing countries. For instance, local labour markets are often characterised by high levels of informality and relevant labour market data may not be readily available and/or may be of low quality. In addition, there are common issues in commissioning labour market assessments, including:

- **Stakeholders interested in conducting a labour market assessment are often unaware of the available options** and may therefore not be in a position to select the most appropriate type of assessment based on their needs.
- **Stakeholders often lack sufficient information to decide which type of assessment is feasible in their context.** Different assessment methodologies rely on different information sources (e.g. in terms of secondary and primary data) and different levels of resources, thus directly affecting the feasibility of a particular assessment in a given context.
- **Stakeholders are not always aware of the implementation steps and requirements for different types of assessment**, which can lead to unrealistic expectations and complicate contract management with external consultants (e.g. mismatch between the number of research questions and the length of the assignment).
- **Many studies are "rapid assessments",** which often fail to provide new and/or in-depth insights due to their narrow scope (focus on review of secondary literature and short field trips with limited original data collection and analysis).

This Compendium is intended to serve as a "compass" on labour market assessments and analysis, in order to facilitate the commissioning of such assessments in the future. To respond to the above-mentioned challenges, this Guide seeks to support staff in the VET Toolbox partner organisations, other development agencies and relevant stakeholders in partner countries in the process of commissioning and conducting labour market assessments. Specifically, it seeks to:

- **Improve stakeholder awareness of available options** for conducting labour market assessment and analysis ("what types of assessments exist?");
- **Enhance the understanding of the focus and trade-offs between different types of assessment,** in order to facilitate the choice of appropriate instrument(s) ("what type of assessment is right for my context?");
- **Guide users on "how to"** initiate the different assessment tools ("what do I need to know to draft the terms of reference for a particular assessment?");
- **Improve expectation management** within the project and with partners and facilitate contract management with external experts/consultants.

The key takeaways of this Guide are as follows:

1. There is no single type of labour market assessment.

Due to the many labour market dimensions and influencing factors, there is no single approach to help practitioners understand them. Instead, it is useful to think about the different levels at which labour market and employment assessments may take place. Labour market analysis can be done at the following levels:

(i) **Country context:** A general grasp of a country's development, including its economic, political and social situation, provides the necessary context for understanding labour market dynamics.

(ii) **Labour market as a whole:** More narrowly, this can refer to the general analysis of the employment situation/outcomes in a country. Alternatively, it can provide a holistic understanding of the labour market, including its key determinants in terms of supply, demand and matching (all three!), in order to understand the interplay between different influencing factors and identify policy areas with the potential to generate the biggest employment impact.

(iii) **Selected components of the labour market:** Given the broad range of factors influencing the labour market, many types of assessment may not claim to provide a holistic picture of the labour market, but rather focus on specific elements related to either supply, demand, or matching (just one of them). Many types of assessment (e.g. related to quality of education, ease of doing business) are conducted at this level.

(iv) **Specific labour market dimensions of interest:** In practice, targeted interventions to promote employment and decent work typically have very specific information needs (e.g. Which sectors have the highest employment potential? Which skills are demanded by employers? What employment barriers does the target group face?). Hence, labour market assessments may often focus on a single or combination of labour market dimensions that are most relevant to the intervention.

Table A.1: Overview of different types of assessments

Level 1: Country context	Country / socio-economic analysis		
Level 2: Labour market as a whole	General employment analysis		Integrated employment diagnostics
Level 3: Selected components of the labour market	Labour demand-side assessment		Assessment of labour market matching
	Labour supply-side assessment		
Level 4: Specific labour market dimensions of interest	Sector assessment		Skills assessment
	Local market opportunity assessment		Assessment of working conditions
	Target-group assessment		Assessment of institutional environment and capacity
Process-specific labour market assessment	Participatory assessment		Rapid assessment
Assessment by source of information	Survey of firms		National survey data
	Survey of individuals		International databases
	Qualitative research		Qualitative foresight
	Administrative data		Quantitative forecasting

2. Programme and country context shape the choice of labour market assessments.

Broadly speaking, selecting the right type of LMA depends on (a) information needs, and (b) feasibility. Different types of LMAs have different requirements. The choice of LMAs therefore depends not only on the research questions of interest, but on the specific features of the agency, programme, and the local country context. In practice, the contextual factors influencing the choice of LMAs are as follows:

(i) **Scope & purpose of the study:** Geographic scope of the planned intervention (e.g. sub-national, national, international) influences the choice of the relevant LMA approach. In addition, information needs / research questions that the assessment is expected to cover (e.g. employment potential of different sectors, skills needs, etc.) must be clear. Apart from gaining a deeper understanding of the labour market, any other purposes of the assessment should also be defined, such as strengthening institutional capacity of key stakeholders to conduct labour market analysis (e.g. National Statistics Office, Ministry staff, training providers). Defining the scope of the assessment may represent an iterative process, whereby an initial (pilot) assessment serves as an exploratory step in order to refine the learning objectives of a subsequent assessment.

(ii) **Resources**: The time and funding available may present practical constraints to conducting a particular labour market assessment. Available skills for data collection and analysis (contracting agency, external consultants and relevant stakeholders) also play a role. Certain types of assessments can leverage existing monitoring and evaluation processes, such as baseline or follow-up surveys, hence reducing the time and funding needed for the assessment.

(iii) **Access to information**: Different types of LMA rely to varying extents on access to existing data and/or the possibility of collecting primary data. The feasibility of the LMAs is therefore closely intertwined with the possibility of accessing and using the underlying information sources.

(iv) **Country characteristics**: Different characteristics of the country and local economy can affect the feasibility of LMAs by indirectly influencing the other factors. For instance, country context can influence the relative importance of topics to be studied (purpose), qualified staff available for data collection (resources), as well as the availability of data (access to information).

The table below provides an overview of the purpose and requirements for different types of LMA.

Table A.2: Mapping of contextual factors to different types of LMA

Criteria		By level of analysis								By source of information		
		Integrated diagnostic	Sector or VC selection	Sector or VC analysis	Local market opportunity assessment	Target group assessment	Skills assessment	Assessment of working conditions	Participatory assessment	Enterprise survey	Tracer survey	Job vacancy analysis
1) Scope and purpose												
Geographic scope	Country	✓	✓	✓			✓	✓		✓	✓	✓
	Sub-national			✓	✓	✓	✓	✓	✓	✓	✓	(✓)
Level of assessment	Whole labour market	✓										
	Sectors	(✓)	✓	✓		(✓)	✓			✓	✓	✓
	Local market opportunities				✓				(✓)			
	Skills			✓	✓	(✓)	✓		(✓)	✓	✓	(✓)
	Target group					✓	(✓)		(✓)		✓	
	Working conditions	(✓)		(✓)				✓		(✓)	✓	
Labour market perspective	Labour demand	✓	✓	✓	✓		(✓)		(✓)	✓	(✓)	✓
	Labour supply	✓		✓	(✓)	✓	(✓)		(✓)		✓	
	Matching	✓		✓		✓	(✓)	✓	(✓)		✓	
Indirect objectives	Local partner involvement	(✓)			(✓)	(✓)	(✓)		✓		(✓)	
	Multi-purpose (e.g. M&E)					(✓)				(✓)	(✓)	
2) Resources												
Minimum time required	1-3 months		✓		✓	✓	✓	✓				
	4-6 months	✓		✓					✓	✓	✓	✓
Minimum cost (EUR)	10,000-25,000		✓		✓	✓	✓	✓				✓
	25,000-50,000	✓		✓					✓	✓	✓	
Skills needed (data collection and/or analysis)	Quantitative	✓		✓	✓	(✓)	(✓)	(✓)	✓	✓	✓	✓
	Qualitative	✓	✓	✓	✓	✓	✓	✓	✓			
3) Access to information												
Data requirements	Existing data	✓	✓	✓		(✓)	(✓)	✓				✓
	Primary data collection	(✓)	(✓)	✓	✓	✓	✓	(✓)	✓	✓	✓	
4) Country characteristics												
Country context suitability	Fragility				✓	(✓)			✓			
	Informality/ rural areas			(✓)	✓	(✓)	(✓)	(✓)	✓	(✓)	(✓)	

✓ = Applies; (✓) = May apply

3. **In order to adequately plan and commission labour market assessments, contracting agencies need to have sufficient understanding of the implementation modalities of the respective assessments, including potential scope, main steps, level of effort and skills requirements.**

To this end, this Compendium provides "How to" guidance on 11 different types of labour market assessments commonly conducted by practitioners working in low- and middle-income countries. In most cases, a single type of assessment may not be able to answer all the research questions an organisation or programme may have. It is therefore essential for practitioners to prioritise their information needs in order to select the most relevant type of assessment at a given time, and/or to combine different types of assessment to cover a broader set of information needs.

Figure A.1: Types of assessment covered in this Guide with "How to" guidance
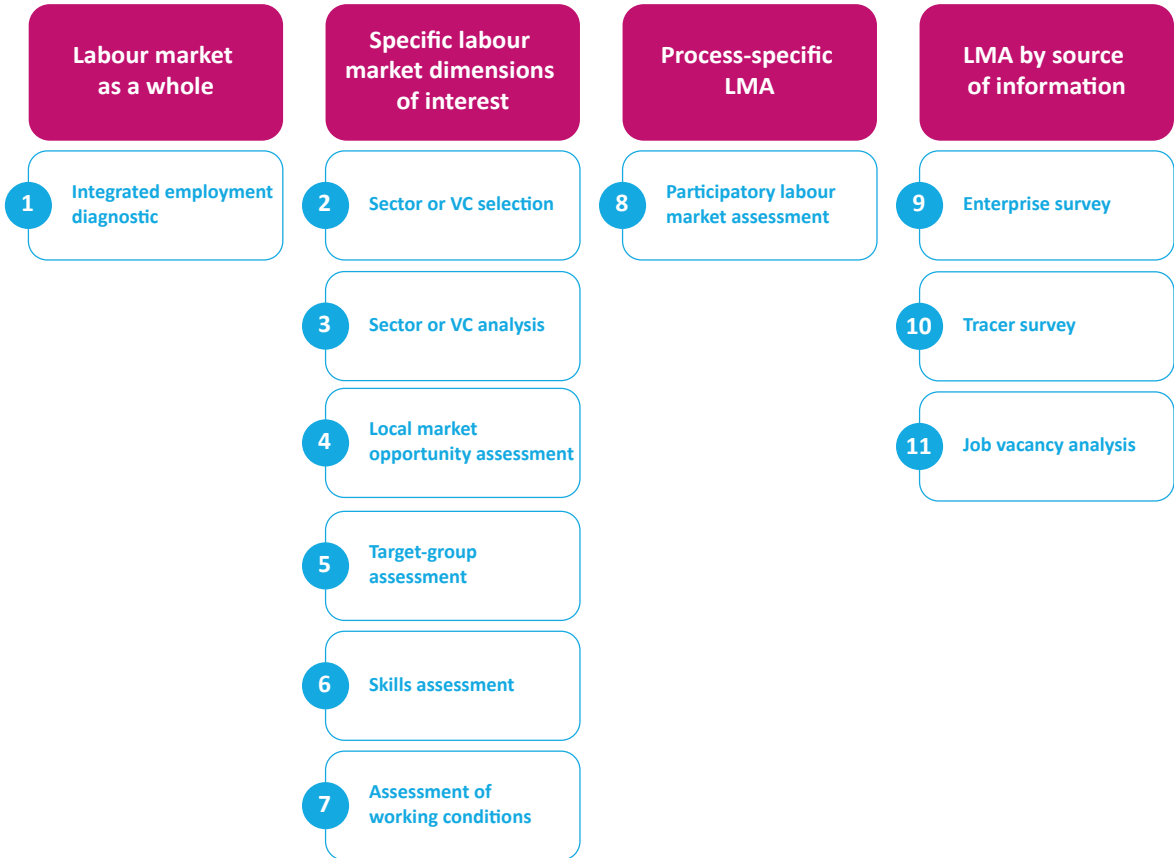
4. Finally, commissioning agencies should actively promote the uptake of assessment findings.

First, this requires proper dissemination, by involving key stakeholders throughout the process, making the results publicly available, and highlighting the findings through visually attractive and "digestible" (not too long) reports. Second, labour market assessments can be leveraged to improve labour market information more broadly. For instance, combining resources across several agencies allows partners to conduct more thorough assessments and jointly promote findings and recommendations. Moreover, it is worth exploring whether labour market assessments could extend beyond a single study in order to strengthen the country's Labour Market Information System (LMIS), either by involving relevant stakeholders in the implementation of a study and/or by having targeted activities to build institutional capacity within the relevant local structures, such as labour market observatories or sector skills councils.

ACKNOWLEDGEMENTS

ACRONYMS

CEDEFOP   European Centre for the Development of Vocational Training

DRC   Danish Refugee Council

ELMA   GIZ Employment and Labour Market Analysis

ETF   European Training Foundation

EU   European Union

GDP   Gross Domestic Product

GIZ   Deutsche Gesellschaft für Internationale Zusammenarbeit

HR   Human resources

ICT   Information and communication technology

IFC   International Finance Corporation

ILO   International Labour Organization

IYF   International Youth Foundation

JVA   Job vacancy analysis

LMA   Labour market assessment

LMIS   Labour Market Information Systems

LoE   Level of Effort

MSME   Micro, small and medium enterprises

NGO   Non-governmental organisation

NSDC   National Skill Development Corporation

OSH   Occupational safety and health

RLMO   Regional labour market observatory

SME   Small and medium enterprises

SPSS   Statistical Package for the Social Sciences

SSC   Sector Skills Council

STEP   World Bank Skills Towards Employability and Productivity Programme

TVET   Technical and vocational education and training

UN   United Nations

UNESCO   United Nations Educational, Scientific and Cultural Organization

USAID   United States Agency for International Development

VC   Value chain

VET   See TVET

TABLE OF CONTENTS

SECTION 1: INTRODUCTION

Purpose of the section:
- Introduce the importance of labour market assessments (LMAs) and the current challenges in using them
- Identify the audience and objectives of the Guide
- Explain how to use the Guide

Terminology

The term "labour market" refers to the interplay of those willing and able to work (supply of labour) and those looking for workers (demand for labour). In practice, both sides of the labour market, as well as labour market matching, are influenced by a variety of factors (as outlined in Figure 1.1). The nature of these factors and their interaction may promote or hinder the functioning of the labour market (as evidenced by e.g. the unemployment rate, wage levels, working conditions, etc.).

Figure 1.1: Conceptual framework for the functioning of the labour market
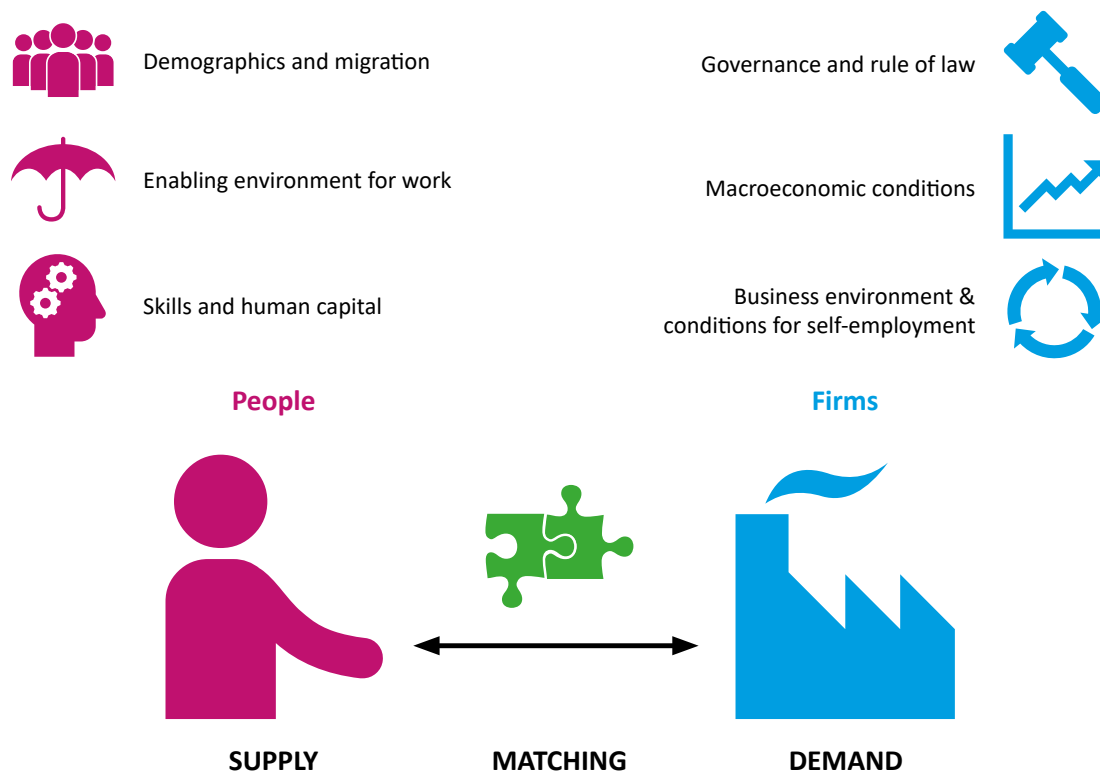
Demographics and migration

Governance and rule of law

Enabling environment for work

Macroeconomic conditions

Skills and human capital

Business environment & conditions for self-employment

People

Firms

SUPPLY

MATCHING

DEMAND

Source: European Commission (2018), Promoting employment and decent work in development cooperation

A "labour market assessment" (LMA) represents a study or type of analysis to better understand the functioning of the labour market as a whole or along specific dimensions. Labour market assessments can take many different forms. For instance, the purpose of analysis can include:

- **Understanding the general functioning of the labour market** by looking at broad employment indicators (e.g. labour force participation, unemployment, wages, etc.)
- **Understanding all or selected components and influencing factors of the labour market** related to either the supply, demand or matching side of the labour market. For instance, this can involve analysis of the underlying barriers to quality education (supply-side) or the constraints holding back investments and business growth (demand-side).
- **Understanding specific labour market dimensions of interest,** such as sectors, local markets, skills needs, target groups, or institutional environment in order to diagnose the concrete barriers and opportunities that can in turn guide concrete interventions.

For the purpose of this Guide, we adopt a broad operational definition of the term "labour market assessment" that includes all levels and applications.

Rationale

Why are labour market assessments in developing and emerging countries important?

- **Promoting employment is becoming increasingly relevant across different intervention types**. "Employment promotion" is no longer just the mandate of traditional labour market and technical and vocational education and training (TVET) interventions. Today, there is growing interest in understanding employment dynamics to promote the creation of more and better jobs across a variety of policy-making areas and development assistance programmes. For instance, programmes related to education, private and financial sector development, agricultural and rural development, labour migration and forced displacement, etc. are increasingly incorporating concrete employment objectives.

- **Labour market assessments are an important diagnostic tool to better understand different dimensions of labour market functioning.** Improving employment outcomes requires a nuanced understanding of the barriers and opportunities to more and better jobs across the different labour markets dimensions. Labour market assessments are therefore key to diagnosing problems and offering potential entry points for intervention. Without such diagnosis, many interventions seeking to promote employment may risk focusing on the wrong areas.

- **Strengthening demand-driven approaches**. There is also an increasing recognition that, to be successful, employment promotion interventions (e.g. related to skills development) must be demand-driven, i.e. in line with the needs of the (labour) market. As a result, there is a growing demand for understanding market dynamics and employer needs, in order to align interventions accordingly. Labour market assessments can therefore be a crucial input for concrete programming decisions related to the design and implementation of interventions, for instance in terms of focusing on sectors with high employment potential and orienting skills development efforts towards those skills most needed in the market.

- **Limited ability to rely on existing data.** Understanding employment dynamics and market needs can be particularly difficult in developing countries. For instance, local labour markets are often characterised by high levels of informality (resulting in lack of existing data, fewer employer and worker organisations, etc.), rapidly changing conditions and less formalised job profiles. Moreover, National statistical and administrative data are typically published less frequently and/or may lack depth and quality. As a result, specific institutions or programmes often need to conduct their own assessments in order to inform strategic priorities and programme design.

Current challenges in commissioning labour market assessments in developing and emerging countries

- **Limited awareness of the different options for labour market assessments.** There is a large variety of approaches for labour market assessment and analysis. However, stakeholders interested in conducting a labour market assessment, including government officials, staff working at the development partner's headquarters and project managers in the field, are often unaware of the available options.

- **Limited understanding of the purpose of and trade-offs between different types of assessment** to make an informed decision. Even if project managers are familiar with different types of assessment, they may lack sufficient information to decide which tool is most appropriate for them. Indeed, different assessment methodologies have different purposes, rely on different sources of information and require different levels of resources, thus directly affecting the feasibility of a particular assessment in a given context. Naturally, without a clear understanding of the relevance and feasibility of the respective tools, the selection of the optimal assessment method becomes impossible.

Box 1.1: Matching the type of assessment to the information needs

> For instance, broader employment diagnostics, such as the World Bank's "Jobs Diagnostics" or the "Employment and Labour Market Analysis (ELMA)" tool developed by the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), are largely intended to identify broad constraints and potential in the labour market (related to supply, intermediation, and demand) to understand general needs and priorities. However, they may not be the most appropriate tools to identify specific sectors or occupations that a vocational education and training intervention should focus on at the local level. Hence, a proper understanding of the purpose and context requirements of a labour market assessment tool is needed to ensure its usefulness.

- **Stakeholders are not always aware of the implementation steps and time required to conduct different types of assessment**, thereby leading to unrealistic expectations and complicating contract management with external experts. Project managers might not fully recognize the scope, tasks, and adequate level of effort to conduct an assessment, often leading to overly ambitious terms of reference. For instance, many terms of reference include a "laundry list" of questions to be answered, while at the same time allocating limited time to carry out the assessment. Such a mismatch can lead to low-quality assessments.

Box 1.2: Balancing learning objectives, methodology and resources - an example from Nepal

For instance, a youth economic empowerment project in Nepal launched a rapid market assessment. The key learning objectives included a broad range of topics, such as the characteristics and composition of the local labour market, available job opportunities, training requirements, market feasibility for different types of enterprises, the potential of placing youth in selected trades, and recommendations for the project. Despite such ambitious learning goals, the proposed methodology would primarily consist of interviews and focus groups, while the entire assessment was supposed to be conducted within three weeks. Such examples illustrate the importance of carefully considering the balance between learning objectives, preferred methodology and the proposed timeframe.

- **Prevalence of "rapid" assessments.** Given the limited understanding of the possible types of assessment and the respective trade-offs, as well as time and/or resource constraints, studies are often conducted in a "rapid" way. Such assessments typically involve desk research and a short consultant mission of 2-3 weeks for discussions with relevant stakeholders. Given the restricted scope of rapid assessments, they typically focus on the synthesis of existing information, rather than original data collection and analysis. This can lead to findings that are either too vague (not specific enough to draw practical conclusions for the project) and/or too reliant on existing perceptions (e.g. by focusing on the same sectors that have been identified previously).

- **Lack of a common approach to conducting labour market assessments.** Greater focus on skills development and employment promotion outside the traditional TVET and labour market programmes (e.g. in the context of labour migration, rural development, infrastructure projects, etc.) has broadened the relevance and use of labour market assessments in a variety of fields. Nevertheless, there is no shared approach on how to conduct labour market assessments.

- **Limited use of assessment findings.** Another challenge is that the findings from many assessments are not able to inform or influence concrete programming or policymaking. This can have many reasons, including limited involvement of key counterparts early on, studies not being published, weak dissemination, etc.

Audience

This Guide is intended to support staff in VET toolbox partner organisations and other development agencies, as well as relevant stakeholders in partner countries, who collectively work on the improvement of TVET systems and other interventions related to employment promotion. Specifically, this Guide targets:

- **Key stakeholders in public and non-public institutions** responsible for labour market analysis and employment promotion (e.g. ministries, public employment agencies, labour market observatories, training institutes, etc.);
- **Staff of EuropeAid, GIZ and other VET Toolbox partner organisations**, especially project managers in country programmes and technical **advisors** in headquarters;
- **Project managers of TVET and employment related programmes in other organisations** (e.g. other development agencies, non-governmental organisations (NGOs), etc.).

Box 1.3: Who should conduct and be involved in labour market assessments?

> Labour market and related assessments may be conducted by a broad range of stakeholders, including ministries, public and private training providers, development partners, etc. Decisions on who should be actively involved in the respective assessments should take into account the intended users of the assessment (e.g. a specific institution), decision making processes (e.g. who has the authority to make changes based on the findings), as well as access to information (e.g. whether data from the National Statistics Agency is needed). For instance, local assessments at the level of individual training providers may make sense if these institutions have a high level of autonomy in organizing their training offering. If, on the other hand, decisions about curriculum development are made at a more central level, then the active involvement of the central authorities is warranted.

Objective

The main objective of this Guide is to serve as a "compass" on labour market assessments and analysis in order to facilitate the commissioning of such assessments in the future. It seeks to provide orientation and guidance to relevant stakeholders on the selection and operationalization of different types of labour market assessment/analysis in partner countries. By synthesizing existing practice and lessons learned, the tool is intended to meet the following objectives:

- **Improve stakeholder awareness of available options** for conducting labour market assessment and analysis ("what types of assessments exist?")
- **Enhance the understanding of the focus and trade-offs between different types of assessment,** in order to facilitate the choice of appropriate instrument(s) ("what type of assessment is right for my context?")
- **Guide users on "how to"** initiate the different assessment tools ("what do I need to know to draft the terms of reference for a particular assessment?")
- **Improve expectation management** within the project and with partners, and facilitate contract management with external experts/consultants

Ultimately, the tool is intended to contribute to greater relevance and quality of labour market assessments.

How this Guide is different

There is a broad range of existing guidelines and handbooks on labour market assessment and analysis. However, many of them focus on a specific methodology or approach to labour market assessment. While such an approach has its merits, it also implicitly assumes that the type of assessment has already been selected.

This Guide contributes to the existing body of literature by adopting the following approach:

- **Compass:** This Guide seeks to provide a "compass" or "roadmap" to navigate the range of available methods. As a result, it also provides a synthesis of existing information on the topic.
- **Decision-making tool:** Besides providing an overview of available options, the document also seeks to support decision-making and help identify the type of assessment most suitable for a given context. Indeed, the feasibility of different assessments will strongly depend on the country and programming context.
- **Easy to operationalize**: Launching a certain type of assessment requires that the terms of reference are adequately formulated, especially when external experts will be involved (which is often the case). Therefore, this Guide provides basic information on the key steps, level of effort and skills required to facilitate this process.

The development of this Guide relied primarily on the following process:

- Key informant interviews with representatives of several development agencies at headquarters and in the field in order to understand common challenges and collect existing experiences with labour market assessments;
- Collection and review of Terms of References for different types of LMA, LMA studies as well as exiting Guides and handbooks related to labour market assessment and analysis.

Core applications

The types of labour market assessment presented in this Guide can inform a variety of projects and programmes. As mentioned above, labour market assessments are becoming increasingly relevant for a broad range of interventions. While different types of interventions tend to have different information needs, there are also shared learning objectives across interventions. Figure 1.2 provides an overview of common types of information needs that labour market assessments may be able to answer for different types of interventions. To simplify, information needs can be clustered according to different levels:

- **Macro-level:** Broader dynamics related to the country context and general functioning of the labour market
- **Meso-level:** Specific sub-dimensions of the labour market (e.g. sectors, markets) and institutional environment
- **Micro-level:** Elements related to the specific understanding of the target group

Figure 1.2 is not meant to be comprehensive but merely to illustrate the broad range of possible applications for labour market assessments.

Figure 1.2: Overview of relevant interventions and typical information needs

Selected types of intervention	Typical information needs

Labour market and social policies
- Active Labour Market Programmes
- Graduation from Social Assistance
- Labour standards and working conditions

Education and training TVET
- Labour market oriented secondary and higher education
- Workforce development in selected sectors (e.g. energy, water)

Macro-level
- Broader country context (e.g. security and conflict)
- Employment situation and trends
- Supply-side factors (e.g. demographics, migration, education and skills)
- Demand-side factors (e.g. economic development, investment, business environment, technology)
- Legislative, institutional and employment policy framework

Private and financial sector development
- Business environment and investment climate
- SME development
- Entrepreneurship
- Financial inclusion

Agriculture and rural development
- Agriculture
- Rural economic development
- Natural resource management

Meso-level
- Sectors/VCs with current or future employment potential
- Occupations and skills in demand (incl. specific job vacancies and required skills)
- Market systems and opportunities (incl. in-demand products and services)
- Working conditions (e.g. in selected industries)
- Stakeholder environment and capacity

Migration and forced displacement
- Labour migration
- Livelihoods projects for displaced groups and host communities

Other
- Working conditions in targeted sectors (e.g. extractive industries, waste management, etc.)
- Municipal-level employment promotion
- Resilience and security

Micro-level
- Target group profile
- Employment barriers for specific groups

For a more detailed list of typical learning objectives by type of intervention see Annex 1.1.

How to use this Guide

Following this introduction (Section 1), the rest of the Guide is organized as follows:

- **Section 2** sets the scene by providing an overview of different levels of labour market assessment and analysis, as well as the different sources of information that can be used to analyse labour markets. As a result, this section is intended to improve readers' understanding of the different options for conducting labour market assessments.
- **Section 3** provides an overview of the different factors that can affect the choice of labour market assessments. Specific country and programme context may influence the relevance and feasibility of different types of assessments and should therefore guide the choice of the assessment approach. Hence, this section seeks to help readers reflect on their own context and how it may affect the choice of assessment best suited to their situation.
- **Section 4** represents the core of the Guide and provides a summary of key information for different types of labour market assessment. The description of each type of LMA contains a basic overview (key information it provides, advantages and limitations, requirements, etc.) as well as a basic "how to" with information on the key steps, level of effort and skills requirements that can guide the development of terms of reference for the respective assessment.
- **Section 5** provides reflections and recommendations for using the findings of LMAs, for instance with regard to promoting the uptake of results and linking individual LMAs to broader efforts to improve labour market information systems.

This Guide is not intended to be read from beginning to end. Instead, it is meant as a resource that allows readers to better understand their needs (Section 2) and context (Section 3) in order to then be able to identify the specific types of assessments most relevant to them (Section 4).

Annex 1.1: Typical information needs for selected types of interventions

Type of intervention	Typical information needs / learning objectives
Cross-cutting	1. What are the **general employment trends in the country** (e.g. labour force participation, unemployment rates, employment by sector, wages, working conditions)? Which **groups** are the **most disadvantaged** in the labour market? 2. Which **supply-side factors** influence the labour market dynamics, incl. demographics, migration, education and skills, etc.? 3. Which **demand-side factors** influence labour market dynamics, incl. economic developments at the national/regional level, business environment, investment patterns, technological changes, etc.? 4. Are the **legislative, institutional and labour policy frameworks** conducive to (a) doing business and facilitating investment, and (b) promoting a fair and inclusive labour market?
TVET development & labour market oriented higher education	1. What is the **current** (and likely **future**) employment **potential across sectors** and **occupations** to inform the **selection of priority sectors** in which TVET or higher education measures will be implemented? 2. What is the **profile of the target group**, including their interest in and access to TVET/higher education, as well as challenges in the transition from school to work? 3. What are **employers' (perceived) constraints to hiring** TVET / higher education graduates? 4. What are **skills needs/gaps** for wage- and self-employment **in selected sectors/occupations** to inform the design of education and training measures (e.g. curricula)? 5. Who are **existing** public and private TVET / higher **education providers** and what is their course offering and their **capacity**? 6. To what extent is the **private sector involved** in the design and delivery of education and training measures (e.g. curriculum development, on-the-job learning opportunities, etc.)?

Active labour market programmes / Livelihoods projects in emergency context	1. What is the **profile of the respective target group**(s) (e.g. youth, women, displaced populations), including their **specific barriers to employment**, interest in and access to support services (e.g. type of training)? 2. Which **sectors and occupations** have **employment potential** to absorb new entrants to the labour market (in general or for specific groups), in the formal and informal economy? Which **value chains** have the strongest employment potential? 3. Which concrete **job vacancies** and/or **apprenticeship opportunities** currently exist in the target area? 4. Which **products and services** have strong **market potential** to provide **opportunities** for **self-employment** (based on market size, supply and demand for products and services, market saturation, etc.)? 5. Which **specific skills** (technical, soft, etc.) are **lacking** and needed in the market for wage- and self-employment? 6. Who are existing public and non-public **providers of support services** (e.g. training providers, social services, business development services, financial institutions) and what is their service offering and capacity? What are the **gaps in service offering**? What is their institutional **capacity**? Which institutions could implement the planned services? 7. What are **employers' (perceived) constraints to hiring** the target group?
Private sector development	1. What are main **constraints to private sector investments and doing business**, and hence job creation in the target country? 2. To what extent is the **lack of qualified labour** a barrier to doing business, and what are the **skills and qualifications demanded** by employers / **lacking** in the workforce? 3. What are **potential priority sectors** and **sub-sectors** with high development or employment impact (e.g. labour-intensiveness, economic growth, (foreign) investment, export potential, etc.)? 4. What are **major public or private investments** that can generate employment directly or indirectly through suppliers? 5. Which **changes in selected sectors or specific multinational companies in developed countries** (e.g. with regard to changing production patterns, diversification, global supply chains) could have implications for economic activity in the partner country? 6. What are the strengths, weaknesses and needs of **firms in targeted sectors**? 7. What are the opportunities and constraints in specific **value chains**? 8. Which **local and international** companies or industry associations could be potential **cooperation partners for interventions**? 9. What is quality of the ecosystem in terms of **public and private providers of business services** (e.g. business development services, financial institutions, etc.)? What is their service offering? What is their institutional **capacity**?

Labour migration	**1. Destination country:**
	    a. Which **sectors and occupations** have a current/future lack of qualified workers and of young people in education and training? How big is the demand / capacity for recruitment in these sectors?
	    b. What are the **specific skills** in demand in these sectors/occupations? What is the demand for low, semi-skilled and skilled migrant workers respectively?
	    c. What are **lessons and barriers** related to the recruitment and integration of **foreign workers** (private sector and migrant perspective)?
	    d. Which financial and other **contributions** are **companies/sectors willing** to make?
	    e. What is the **relevant legal framework** for labour migration (e.g. labour and labour migration regulation), including migration procedures, work permits, skills recognition, and protections for migrant workers?
	    f. Who are relevant institutions providing **support measures** as well as **other relevant stakeholders**, including **potential cooperation partners** (e.g. business associations)?
	
	2. Country of origin:
	    a. Which **sectors and occupations** have an abundance of qualified labour and young people in education and training?
	    b. Among sectors with abundant labour and youth in education, which **degrees** exist and what is the **potential for recognition** in potential destination countries?
	    c. What is the **profile of prospective labour migrants**? Who should be targeted?
	    d. Who are **relevant stakeholders** and institutions, and their capacity? Specifically, what is the scope and quality of **labour market services for prospective migrants** (e.g. counselling, training, placement)?
	
	3. Returning migrants
	    a. What is the **profile of returning migrants**, including their needs and barriers to integration?
	    b. What is the landscape and quality of **support services** available to migrants upon returning to their home country?

Agriculture and rural economic development	**1.** What is the **profile of farmer/rural** communities? **2.** Which **sub-sectors / value chains** (e.g. in the agricultural sector) are most likely to develop? Which **off-farm economic activities** can complement agricultural labour? **3.** Which **occupations and skills** are most frequently **required / lacking** in the production and processing of agricultural goods? **4.** What are the **working conditions** in specific economic activities (e.g. occupational health and safety)? **5.** What is the quality of the ecosystem in terms of **public and private providers of services** (e.g. training providers, extension services, financial services, etc.)?

Source: Author, based on review of Terms of References for LMAs

SECTION 2: TYPOLOGIES OF LABOUR MARKET ASSESSMENT

Purpose of the section:

- Introduce the different levels of analysis that labour market assessments may want to focus on
- Show the range of available types of assessment available
- Provide an overview of the key sources of information for LMAs

Levels of Labour Market Assessments

Labour markets are influenced by a broad range of factors. Simply speaking, labour markets are characterized by the interplay of people/workers and firms. A commonly applied conceptual framework for understanding labour markets and employment is based on three different dimensions (European Commission, 2018):

- **Labour supply:** factors affecting the quantity and quality of job seekers and workers already active in the market, such as demographics and skills
- **Labour demand:** factors affecting the demand for workers in the economy and entrepreneurial activities, such as the investment climate and business environment
- **Labour matching:** factors affecting the mediation between labour supply and demand, such as limited information on both the supply and demand sides.

Each of these dimensions, in turn, is influenced by a broad range of factors which can either enable or hinder quality employment generation (see Figure 2.1, and Annex 2.1 for more detail). Moreover, it is important to understand that the influencing factors go well beyond the labour market itself. For instance, early marriage can influence a young woman's ability to participate in the labour market; inadequate social protection or taxation may create disincentives to work, and poor infrastructure may harm businesses and investment thus negatively affecting the hiring of workers.

Figure 2.1: Conceptual framework for the functioning of the labour market
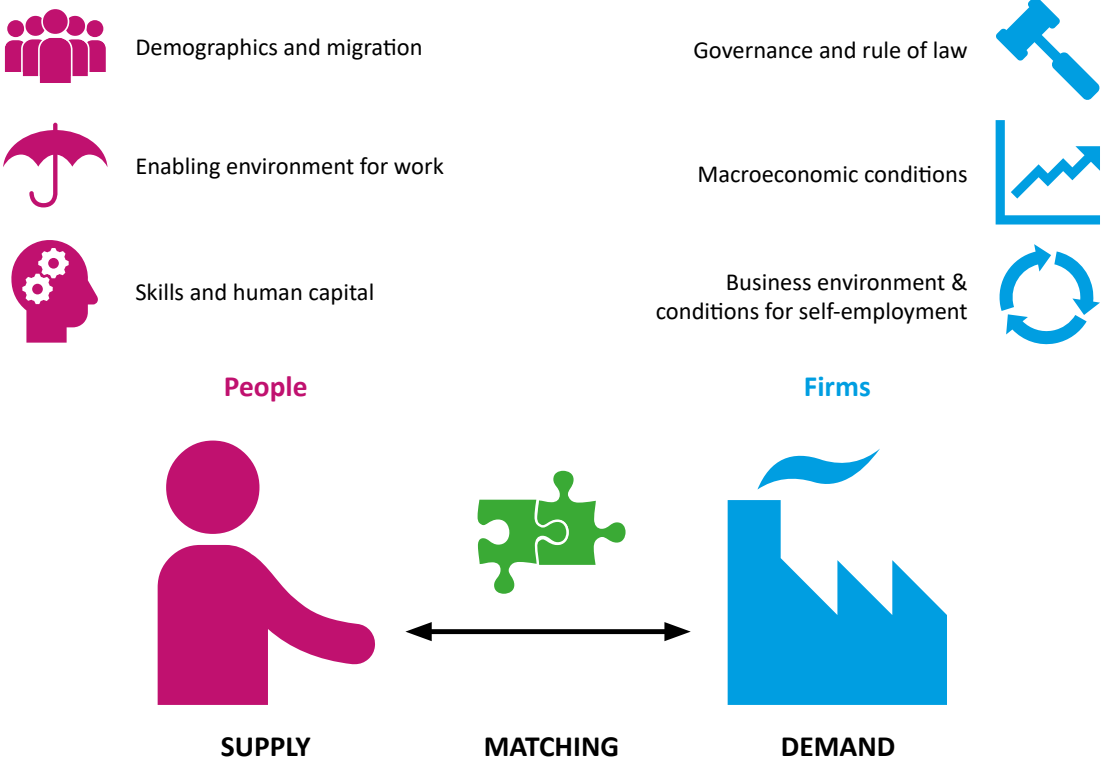
Demographics and migration

Enabling environment for work

Skills and human capital

Governance and rule of law

Macroeconomic conditions

Business environment & conditions for self-employment

People

Firms

SUPPLY

MATCHING

DEMAND

Source: European Commission (2018), Promoting employment and decent work in development cooperation

There is no single type of labour market assessment. Due to the many dimensions and influencing factors of labour markets (see above), there is also no single type of assessment to help practitioners understand them. Instead, it is useful to think about the different levels of analysis at which labour market and employment assessments may take place. Relevant analysis on the labour market can be done at the following levels:

1. **Country context:** A general grasp of a country's development, including its economic, political and social situation, provides the necessary context for understanding labour market dynamics.

2. **Labour market as a whole:** More narrowly, this can refer to the general analysis of the employment situation/outcomes in a country. Alternatively, it can provide a holistic understanding of the labour market, including its key determinants in terms of supply, demand and matching (all three!), in order to understand the interplay between different influencing factors and identify policy areas with the potential to generate the biggest employment impact.

3. **Selected components of the labour market:** Given the broad range of factors influencing the labour market, many types of assessment may not claim to provide a holistic picture of the labour market, but rather focus on specific elements related to either supply, demand, or matching (just one of them). Many types of assessment (e.g. related to quality of education, ease of doing business) are conducted at this level.

4. **Specific labour market dimensions of interest:** In practice, targeted interventions to promote employment and decent work typically have very specific information needs (e.g. Which sectors have the highest employment potential? Which skills are demanded by employers? What employment barriers does the target group face?). Hence, labour market assessments may often focus on a single or combination of labour market dimensions that are most relevant to the intervention.

Table 2.1 provides an overview of different types of labour market assessment that are commonly used according to the different levels of analysis. The table also indicates which types of assessment are described in more detail in this Guide, in order to provide the reader with a quick reference to the types of assessments that may be most relevant to their work.

Box 2.1: Why are some types of assessment not described in more detail?

This Guide adopts a pragmatic approach in choosing the types of assessment described in more detail. Rather than describing all types of potential assessment across all levels of analysis, this Guide focuses on those types of assessments that:

- provide concrete information for project design and implementation; hence, more emphasis on assessments looking at specific dimensions of the labour market as opposed to overarching country-level analysis
- are more likely to be conducted or commissioned by government agencies / development partners, as opposed to other assessments more likely to be used as secondary sources
- go beyond a description of labour market outcomes but rather focus on the diagnosis of underlying challenges and opportunities

Therefore, the selection of the assessment types discussed in more detail (or not included) does not imply a value judgement on the relative importance of the respective types of LMA, but merely reflects our understanding of practitioner priorities and needs. Additional details on the types of assessment not covered in detail in this Guide are provided in Annex 2.2.

Table 2.1: Overview of different types of assessment, by level of analysis

Type of assessment		Main learning objective(s)	Additional details
Level 1: Country context			
	Country / socio-economic analysis	Understand labour market and employment dynamics, challenges and opportunities in the broader context of a country's development	Annex 2.2
Level 2: Labour market as a whole			
	General employment analysis	Understand the overall employment situation and labour market trends in the country (e.g. levels of employment, unemployment and inactivity), for the general population or for specific groups (e.g. youth, women)	Annex 2.2
	Integrated employment diagnostics	In addition to conducting general analysis of the employment situation, identify the broad labour market constraints and key jobs challenges taking into consideration labour demand, labour supply and matching (see level 3) in order to select priorities for intervention	Tool 1: Integrated employment diagnostic

Type of assessment		Main learning objective(s)	Additional details
Level 3: Selected components of the labour market			
	Labour demand-side assessment	Identify broad constraints and opportunities to economic growth, investment and doing business at the country level	Annex 2.2
	Labour supply-side assessment	Identify the underlying trends and institutional set-up influencing the quantity and/or quality of the workforce (e.g. in terms of quality of education system)	Annex 2.2
	Assessment of labour market matching	Understand the employment policies and institutions as well as the legal and regulatory environment (e.g. labour regulations, tax system, social protection system, labour migration legislation, etc.) that influence labour market dynamics	Annex 2.2
Level 4: Specific labour market dimensions of interest			
	Sector assessment	Identify priority sectors for intervention based on selected criteria (e.g. employment potential), and/or understand the general and employment dynamics, opportunities and constraints within given sectors	Tool 2: Sector or value chain selection Tool 3: Sector or value chain analysis
	Local market opportunity assessment	Identify avenues to exploit economic opportunities (e.g. for self-employment and firm growth), usually in a specific geographic area	Tool 4: Local market opportunity assessment
	Target group assessment	Identify labour-market barriers and opportunities for the social and economic integration/inclusion of specific groups (e.g. youth, women, displaced people, labour migrants, ethnic groups, persons with disabilities, etc.)	Tool 5: Target group assessment
	Skills assessment	Examine skills supply and/or demand, as well as potential gaps and mismatches. For example, identify occupations in demand and the specific skills required for wage- and/or self-employment today and in the future	Tool 6: Skills assessment
	Assessment of working conditions	Understand the quality of employment and decent work deficits, e.g. related to the respect of international labour standards, health and social protection coverage, occupational safety and health, etc. (usually with specific sector/ value chain)	Tool 7: Assessment of working conditions
	Assessment of institutional environment and capacity	Identify key stakeholders and understand the level of service provision (incl. gaps) as well as the institutional capacity of relevant stakeholders to identify entry points and potential implementing partners	Annex 2.2

Type of assessment		Main learning objective(s)	Additional details
Process-specific (across all levels)			
	Participatory assessment	Conduct a specific type of assessment with a strong focus on stakeholder involvement, e.g. through the active participation of key partners in data collection and analysis	Tool 8: Participatory LMA
	Rapid assessment	Conduct a specific type of assessment (or combination of assessments) with limited resources (e.g. under short deadlines), typically based on the review of existing information and limited data collection	Annex 2.2

Key sources of information

In addition to understanding the different levels of labour market analysis, it is also useful to have a general understanding of the key sources of information for the types of assessment outlined above. The key data sources outlined in Table 2.2 provide different types of information, with distinct advantages and limitations. Most LMAs, therefore, rely on a combination of sources, depending on the purpose of the assessment, local context and available resources. In order to give practitioners a more detailed understanding of some of the key information sources and how to use them, this Guide includes a more detailed overview and "how to" of some of the data sources listed below (see Section 4). Additional references on different types of information sources are provided in Annex 2.3.

Table 2.2: Overview of key sources of information for LMAs

Type of data source		Description	Additional details
Primary data sources			
	Survey of firms	• Can be conducted with different types of enterprises (e.g. formal, informal) and varying sectoral and geographic scope • Can provide various types of information on the situation within companies (e.g. production, vacancies, hiring practices, wages, etc.) as well as about employer perceptions (e.g. barriers to doing business, skills needs, etc.) • Important source for understanding the demand-side/market perspective, but potentially resource-intensive	Tool 9: Enterprise survey
	Survey of individuals	• Can be conducted with different populations of interest, including prospective beneficiaries/target groups, workers, consumers etc. and varying scope • Can provide various types of information on the population of interest, e.g. barriers to employment, working conditions, etc. • Important source for understanding the population of interest, but potentially resource-intensive	Tool 10: Tracer survey
	Qualitative research	• Refers to a range of methods, mainly (i) key informant interviews, (ii) focus groups, and (iii) observation with selected stakeholders • Can include, for example, prospective beneficiaries, family members, employers, service providers, (sector) experts, government officials, etc. • Can provide in-depth perspective and more nuanced understanding, but likely not representative	Annex 2.3

Type of data source		Description	Additional details
Secondary data sources			
	Administrative data	• Typically collected by public and private service providers, such as public and private employment agencies, education institutes, non-governmental organisations (NGOs), tax and social insurance authorities, etc. • Can provide data on structure of employment, vacancies, education trajectories, wages, unemployment claims, enterprise characteristics, etc. • Leverages existing data (no need for primary data collection), but access may be restricted, and does not provide information on informal employment	Tool 11: Job vacancy analysis
	National survey data (e.g. Labour Force Survey, census)	• Typically collected by the National Statistics Office • Rich source on basic demographic characteristics and key labour market indicators, such as the unemployment rate, labour force participation, types of employment (incl. informal), etc. • Can provide a representative picture of broad labour market dynamics, but may be outdated and not reliable in many countries	Annex 2.3
	International databases	• Harmonised and comparable data based on national surveys and statistics • Typical sources include the International Labour Organization (ILO), World Bank, United Nations Educational, Scientific and Cultural Organization (UNESCO), etc. • Facilitates access to and comparability of information, but may not allow for detailed country-specific analysis	Annex 2.3
Additional predictive approaches			
	Qualitative foresight	• Refers to a qualitative approach to understand the current labour market situation, outline potential future scenarios and facilitate decision-making and preparation for the future • Based on semi-structured focus groups or roundtables, expert panels, Delphi-style methods[1]	Annex 2.3
	Quantitative forecasting	• Refers to quantitative model-based projections (using econometric techniques or computable general equilibrium or similar models), either at national level or partial dimensions of the economy/labour market (e.g. individual sectors or occupations) • Can yield transparent and quantitative perspective on future developments, but requires high quality historic data and may give false level of precision	Annex 2.3

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1   Structured and iterative communication technique with a panel of experts consisting of several rounds of questions, where the responses from one round are fed back to the group to refine answers in subsequent rounds.

Annex 2.1: Categories of employment constraints

Demographics and migration

Governance and rule of law

Enabling environment for work

Macroeconomic conditions

Skills and human capital

Business environment & conditions for self-employment

People

SUPPLY

MATCHING

Firms

DEMAND

- Lack of basic skills
- Lack of (relevant) technical skills
- Lack of soft skills
- Lack of work experience
- Poor health conditions

- Family formation and responsi-bilities
- Restrictive legal framework
- Culture and social norms

- Population growth or shrinking
- Brain drain in migrant sending countries
- Increased competition for jobs in receiving countries

- Lack of labour market information
- Lack of networks for new entrants to labour market
- Signalling constraints
- Employer discrimination
- Restricted mobility
- Distorted aspirations and expectations of job seekers
- Inadequate labour law and regulation
- Potential disincentives to hire/work as a result of inadequate regulation, social protection or taxation

Investment climate and business environment
- Economic and political instability
- Weak institutional environment
- Poor infrastructure
- Limited access to finance and land
- Unfavourable tax and regulatory environment (including trade)
- Insufficient human capital

Farming and self-employment
- Lack of access to information, education and business skills
- Lack of access to financial capital
- Lack of access to land, physical capital, inputs
- Lack of access to markets/con-nectivity
- Lack of access to social capital
- Restrictive social/legal norms

- Lack of economic growth
- Low-growth elasticity of em-ployment
- Unfavourable structure of the economy

- Low-quality institutions
- Conflict and insecurity

Source: European Commission (2018)

Annex 2.2: Overview of assessments not covered in detail

Level 1 : Country context	
	Country context
Purpose:	Understand labour market and employment dynamics/challenges in the broader context of a country's development
Focus areas:	• Economic, political and social situation • Drivers of and constraints to inclusive growth and development (e.g. security, demographics, human capital, governance, infrastructure, macroeconomics, safety nets) • Broad jobs challenge of the country (e.g. agrarian economy, conflict-affected country, etc.)
Selected references:	• World Bank "Systematic Country Diagnostics" • Asian Development Bank "Country Diagnostic Studies" • Economist Intelligence Unit "Country Reports"
Comment:	Not conducted at project/programme level, but can serve as useful background literature

Level 2 : Labour market as a whole	
	General employment analysis
Purpose:	Understand the overall employment situation and labour market trends in the country, for the general population or for specific groups.
Focus areas:	• Employment situation and trends (e.g. levels of employment, unemployment and inactivity) • Types of employment (e.g. by sector, self-/wage-employment, formal/informal, etc.) • Characteristics of the labour force (e.g. by education levels, work experience) • Overview of key actors and employment-related policies
Selected references:	• European Training Foundation (ETF) country studies on "Youth transition to work" and "Labour market and employment policy" • ILO School-to-Work transition surveys • National labour force surveys • World Bank (2017), Ethiopia Employment and Jobs Study
Comment:	Provides relevant information on general situation in the labour market, including on the groups who have the worst labour market outcomes. However, does not necessarily provide detailed insights on the underlying challenges leading to poor employment outcomes.

Level 3: Specific components of the labour market	
	Labour demand-side assessment
Purpose:	Identify broad constraints and opportunities to economic growth, investment and doing business at the country level
Focus areas	• Structure of the formal and informal economy • Patterns of economic growth • Important sectors for employment generation • Sector-specific constraints to increased competitiveness and productivity • Factors influencing (foreign) investment and business environment (e.g. infrastructure, access to finance, taxes, getting permits, etc.)
Selected references:	• Growth Diagnostics • Country Private Sector Diagnostic • Doing Business Report • Investment Climate Assessments • Enabling Environment for Sustainable Enterprise Assessments • Diagnostic Trade Integration Studies, e.g. Myanmar, Tanzania
Comment:	Projects/programmes do not necessarily conduct in-depth underlying analysis themselves, but use existing analysis as background literature to understand labour demand conditions
	Labour supply-side assessment
Purpose:	Identify the underlying trends and institutional set-up influencing the quantity and/or quality of the workforce.
Focus areas:	• Demographics and migration • Education and training system, and underlying challenges/constraints to enhance relevance and quality • Other aspects affecting labour supply: e.g. family formation and responsibilities, cultural and social norms, restrictive legal framework
Selected references:	• World Bank Systems Approach for Better Education Results (SABER), including modules on workforce development and tertiary education • International Finance Corporation's (IFC) "Employability Tool" for tertiary education • TVET system analysis at secondary or higher education levels (ETF Torino Process) • Rapport d'Etat du Système Educatif National (RESEN) (in French speaking African Countries) • Chioda, L. (2016), Work and family: Latin American and Caribbean women in search of a new balance • World Bank Group (2019), Investing in Opportunities for All : Croatia Country Gender Assessment
Comment:	Projects/programmes do not necessarily conduct in-depth underlying analysis themselves, but use existing analysis as background literature to understand labour supply conditions

	Assessment of labour market matching
Purpose:	Understand the employment policies and institutions as well as the legal and regulatory environment that influence labour market dynamics
Focus areas:	• General policy context (e.g. national employment strategies and action plans) • Employment policies and institutions (e.g. Active and Passive Labour Market Policies) • Labour law and regulations, incl. minimum wage, right to work, labour migration legislation, collective bargaining • Social security system, social assistance, and tax system and their influence on labour market decisions (e.g. disincentives to work) • Other factors affecting labour market matching: e.g. access to information, mobility, discrimination, informal hiring practices • Functioning of the informal economy, including informal employment relationships and transitions of firms between the informal and the formal sector
Selected references:	• ETF country studies on labour market and employment policies (e.g. in Lebanon or Tunisia) and on youth transitions to work (e.g. in Ukraine, Armenia) • Eurofound "Developments in working life" reports • ILO database of national labour, social security and related human rights legislation (NATLEX) • ILO database on youth employment policies and legislation (YouthPOL) • Gatti, R. et al (2014), Striving for Better Jobs. The Challenge of Informality in the Middle East and North Africa.
Comment:	Projects/programmes do not necessarily conduct in-depth underlying analysis themselves, but use existing analysis as background literature to understand labour market matching

Level 4: Specific dimensions of the labour market	
	Assessment of institutional environment and capacity
Purpose:	Identify key stakeholders and understand the level of service provision (incl. gaps) as well as the institutional capacity of relevant stakeholders to identify entry points and potential implementing partners
Focus areas:	• Ecosystem analysis • Stakeholder and project mapping (e.g. NGOs, Vocational training, Business Development Services, financial services) • Stakeholder capacity assessments
Selected references:	• ETF Migrant Support Measures from an Employment and Skills perspective (MISMES): Methodological Note and country studies, e.g. Jordan • ILO Youth Employment Inventory, e.g. Tunisia, Kenya • Kreuzer et al. (2018), Guide for mapping the entrepreneurial ecosystem: observe - analyse - visualise. GIZ. • RTI International (2015), Workforce Development Ecosystem Assessment. • United States Agency for International Development (USAID) and FHI360 (2018), Key approaches to Labor Market Assessment. Module 4: Systems and stakeholders. • ETF (2014), Guide for the Review of Institutional Arrangements.
Comment:	In the case of in-depth ecosystem or stakeholder analysis, these assessments are typically self-standing studies. In case of rapid reviews, they may be combined with other types of assessments.

Process-specific (across levels)	
	Rapid labour market assessment
Purpose:	Assess specific labour market dimensions of interest of a narrow geographic area (e.g. city, region) with limited time and/or funding
Focus areas:	• Can vary significantly depending on information needs • May involve one or more dimensions of analysis, e.g. market opportunities, skills needs, target group characteristics, stakeholder mapping, etc.
Selected references:	• Employment Fund, HELVETAS Nepal (2013), Developing Skills of Conducting Rapid Market Appraisal: A Handbook for RMA Practitioners. • Tschunkert, K. (2018), Rapid Market Assessment and Skills Gap Analysis: Arsal – "The Hidden Town". Danish Refugee Council. • Women's Refugee Commission (2010), Starting from Scratch: The Challenges of Including Youth in Rebuilding Southern Sudan • ILO (2019), Unearthing the potential for inclusive growth. A rapid market assessment of the horticulture sector in Southern Shan state.
Comment:	Commonly used type of assessment to inform programming, especially in emergency contexts. However, they often fail to provide new and/or in-depth insights due to their narrow scope (focus on review of secondary literature and short field trips with limited original data collection and analysis).

Annex 2.3: Further reading on key sources of information

General guidelines on different information sources

European Training Foundation, European Centre for the Development of Vocational Training, International Labour Organization (2016), Using labour market information. Guide to anticipating and matching skills and jobs Vol. 1.

European Training Foundation (2018), Labour Market Information Systems: Collecting information and data on labour market trends.

International Labour Organization (2013), Youth Labour Market Analysis: A training package on youth labour market information.

Primary data sources

Bidwell et al (2008), Market Assessment Toolkit for Vocational Training Providers and Youth. Linking Vocational Training Programs to Market Opportunities. School of International and Public Affairs Columbia University.

Employment Fund, HELVETAS Nepal (2013), Developing Skills of Conducting Rapid Market Appraisal: A Handbook for RMA Practitioners.

European Training Foundation, European Centre for the Development of Vocational Training (CEDEFOP), International Labour Organization (2016), Carrying out tracer studies. Guide to anticipating and matching skills and jobs Vol. 6.

European Training Foundation, European Centre for the Development of Vocational Training (CEDEFOP), International Labour Organization (2017), Developing and running an establishment skills survey. Guide to anticipating and matching skills Vol. 5.

Mercy Corps (2015), Labor and Market Assessment Guidance and Tip Sheets.

Secondary data sources

European Centre for the Development of Vocational Training (CEDEFOP) (2019), Online job vacancies and skills analysis: A CEDEFOP pan-European approach.

European Training Foundation (2019), Big Data for Labour Market Intelligence: An Introductory Guide.

International Labour Organisation. Labour Force Surveys.

International Labour Organization (2017), Methodology for Conducting Youth Labour Market Analysis.

Predictive approaches

European Training Foundation, European Centre for the Development of Vocational Training, International Labour Organization (2016), Developing skills foresights, scenarios and forecasts. Guide to anticipating and matching skills and jobs Vol. 2.

ETF (2017), Skills forecast.

ETF (2017), Skills foresight.

González-Velosa, C., and Rucci, G. (2016). Methods to Anticipate Skills Demand. Inter-American Development Bank.

International Labour Organization (2017), Skill needs anticipation: Systems and approaches. Analysis of stakeholder survey on skill needs assessment and anticipation.

SECTION 3: HOW PROGRAMME AND COUNTRY CONTEXT SHAPE THE CHOICE OF LABOUR MARKET ASSESSMENTS

Purpose of the section:

- Describe the key context variables that influence the appropriateness and feasibility of different types of labour market assessments
- Provide guidance on the type of LMA that may be best suited for a particular context

Overview

Programme and country context influence the suitability and feasibility of different types of LMAs. Broadly speaking, selecting the right type of LMA depends on (a) information needs, and (b) feasibility. Different types of LMAs have different requirements. The choice of LMAs therefore depends not only on the research questions of interest, but on the specific features of the agency, programme, and the local country context. For instance: How soon are the results needed? Is the necessary data for the assessment readily available? Can the assessment be carried out in very fragile environments or labour markets with a high share of informal enterprises and employment? These and other questions should be considered before choosing a certain type of LMA.

Box 3.1: Example of programme context and its link to the feasibility of conducting an LMA

Many employment promotion interventions take place under challenging conditions. For instance, a TVET development programme in an African country seeking to improve the relevance and quality of technical and vocational training in selected schools may be interested in better understanding employment potential in different occupations and industries as well as the skills needs in these fields. This information would then be used to select promising trades and revise curricula in line with market needs. However, disaggregated statistics on the economic structure and employment growth outside the capital city may often not be available, increasing the need for collecting this type of information directly at the local level. At the same time, given the often limited experience in primary data collection among local stakeholders, as well as the informality of local labour markets, local data collection could also be challenging.

Relevant contextual factors can be grouped into four main categories in order to better understand one's own programming environment and anticipate potential obstacles related to the feasibility of different LMA approaches (as depicted in Figure 3.1):

1. **Scope & purpose of the study:** Geographic scope of the planned intervention (e.g. sub-national, national, international) influences the choice of the relevant LMA approach. In addition, information needs / research questions that the assessment is expected to cover (e.g. employment potential of different sectors, skills needs, etc.) should be clear. This may require the involvement of key local stakeholders in defining the respective information needs to ensure ownership (e.g. considering specific requests by the relevant Ministry). Apart from gaining a deeper understanding of the labour market, any other purposes of the assessment should also be defined, such as strengthening institutional capacity of key stakeholders to conduct labour market analysis (e.g. National Statistics Office, Ministry staff, training providers). Defining the scope may also represent an iterative process, whereby an initial (pilot) assessment serves as an exploratory step in order to refine the learning objectives of a subsequent assessment.

2. **Resources**: The time and funding available may present practical constraints to conducting a particular labour market assessment. Available skills for data collection and analysis (contracting agency, external consultants and relevant stakeholders) also play a role. Certain types of assessments can leverage existing monitoring and evaluation processes, such as baseline or follow-up surveys, hence reducing the time and funding needed for the assessment.

3. **Access to information**: Different types of LMA rely to varying extents on access to existing data and/or the possibility of collecting primary data. The feasibility of the LMAs is therefore closely intertwined with the possibility of accessing and using the underlying information sources.

4. **Country characteristics**: Different characteristics of the country and local economy can affect the feasibility of LMAs by indirectly influencing the other factors. For instance, country context can influence the relative importance of topics to be studied (purpose), qualified staff available for data collection (resources), as well as the availability of data (access to information).

Understanding these dimensions is therefore key to selecting a suitable type of LMA.

Figure 3.1: Overview of contextual factors that influence the choice of LMA approach
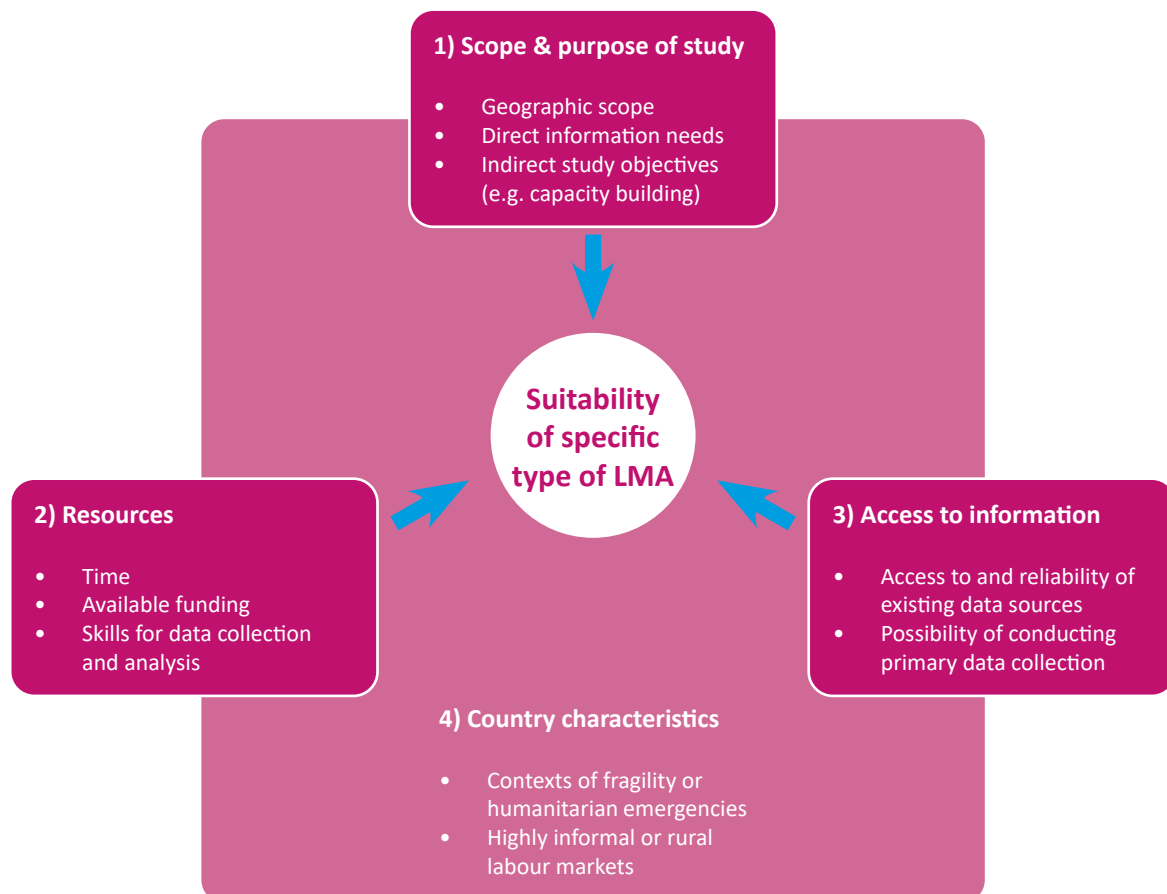
Step 1: Clarify scope and purpose of the assessment

The first set of influencing factors relates to the scope and purpose of the assessment: Why is an organisation doing a study? What decisions is it trying to influence? What are the most important questions to be answered? Reflecting on these and related questions should be the first step prior to any assessment. Experience shows that many assessments have failed to generate meaningful conclusions because the scope and purpose have not been determined upfront. Once the scope and purpose of the planned assessment have been defined, practitioners can select the type of assessment method best suited to their needs.

1. Geographic scope of intervention and assessment

Employment promotion interventions may have a sub-national (e.g. specific cities, regions), national, or even international scope (e.g. for example in the context of labour migration and displacement). Labour market assessments may therefore focus on different geographic levels. For instance, an intervention supporting the development of national employment policies may require diagnostic information on the general functioning of the country's labour market, while another intervention seeking to promote the livelihoods of vulnerable groups in a specific city or region likely requires a more targeted assessment specific to the area of intervention. Moreover, depending on the country, there may be high levels of in-country or cross-border labour mobility, which may affect the study's geographic scope. For instance, even if a project's intervention area is a poor district in the interior of the country, people may be carrying out seasonal labour in more developed coastal areas. A labour market assessment seeking to understand opportunities and skills needs may then want to focus not only on the local labour market of the poor district, but also on the target labour market of internal migration. Given the relevance of geographic focus for the feasibility of certain types of assessment, practitioners should determine in advance if the study will adopt a broader or a narrower geographic focus.

2. Direct information needs

Labour market assessments can help better understand a vast variety of topics, incl. employment potential by sector, skills needs, working conditions, employment barriers for specific groups, etc. Some of this information relates to the demand side of the labour market (e.g. growing sectors, economic potential of specific value chains, demand for skills), while other information provides a better picture of the supply side (e.g. profile and barriers for specific groups), issues related to labour market matching (e.g. labour market policies and institutions), or other topics of interest (e.g. existence and capacity of relevant stakeholders). The relative importance of different questions will likely depend on the type

of intervention. For instance, a private sector development project seeking to promote employment in a specific sector (e.g. agriculture, tourism), will likely be particularly interested in the underlying functioning of the sector and constraints to competitiveness and growth (which may lie outside the labour market), while a TVET project may focus on understanding specific skills gaps. Since answering different types of questions may require different methods, and because answering more questions likely increases the scope (and hence the time and cost) of the assessment, it is important to think critically about the priority questions to be answered prior to launching an assessment.

Box 3.2: What information is already known?

Information needs depend not only on the planned type of intervention, but also on the already existing labour market information (as some questions may already have been answered through previous assessments). A preliminary step to defining one's own information needs would therefore typically include a quick review of existing sources, including:

- **Labour market and training observatories** (at sectoral, sub-national or national level): Labour Market Observatories are "institutions aimed at producing systematic information on labour market conditions in order to help labour market actors make informed choices leading to better alignment between skills demand and supply".[2] As such, they can be considered the institutional home for Labour Market Information Systems. However, structured Labour Market Information Systems in developing countries are often either weak or non-existent.
- **Previous LMAs** by development agencies and international NGOs: Specific assessments on different dimensions of the labour market, e.g. value chains, local market opportunities, skills supply and demand, etc.

Based on the initial review of existing information, practitioners can then define the intended "value added" and concrete scope of a new study.

3. Indirect study objectives

While many LMAs may have the exclusive or primary objective of answering very specific questions about the labour market, the objectives of the study can sometimes go beyond responding to the immediate information needs. Indeed, many development agencies work with local partners and institutions (public or non-governmental) to strengthen local institutional capacity, often representing an additional key objective of their intervention. Hence, LMAs may have to be conceived differently when they are not limited to a "one-off study" (short-term approach) but instead intended as part of a broader process of dialogue

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2   World Bank (2018), Labor market observatories - critical success factors.

and/or capacity development (long-term approach). Specifically, the latter objective likely calls for a more participatory approach, actively involving local partners in the conceptualization and implementation of the assessment, while incorporating capacity development along the different steps of the study as needed. Similarly, when the use of labour market assessments goes beyond the scope of individual interventions and is intended to be part of a bigger labour market monitoring or information system (see also section 5 of this Guide), adequate provisions are needed to account for the multiple objectives (e.g. in terms of governance of the assessment, frequency, use, etc.). Finally, labour market assessments may also be linked to other processes, such as standard Monitoring and Evaluation, which can have implications on the type and amount of information to be collected, timing of the assessment, etc.

Step 2: Verify available resources

The second set of influencing factors relates to the feasibility of the assessment based on the different resources available to conduct the study. In practice, even when the desired scope and purpose of the assessment are clear and a suitable type of assessment can be identified, resource constraints may not allow the study to be conducted as planned. The resources available therefore need to be compared with the minimum resource requirements for different types of assessments. Based on this analysis, the desired scope of the study may need to be adjusted in line with the available resources (e.g. by reducing the number of research questions). Defining a narrower, but realistic, scope of work in line with the resources available is preferable compared to a study with unrealistic objectives that is unlikely to yield the desired quality.

4. How soon is the information needed

The feasibility of different assessment methods is constrained by the (often limited) time available before the results are needed. Indeed, agencies and programmes often face tight timelines to design and deliver their services, and the results of a labour market assessment are therefore needed quickly to inform programming decisions. Against this background, the time available for a study is often also determined by the stage of the project cycle. For instance, the identification and appraisal stage of a project are usually characterized by very tight deadlines which may not allow in-depth assessments to be conducted. On the other hand, a project that is already in its implementation phase may have more flexibility with regard to the duration of the study.

While many types of assessment can be planned in a "rapid" way to account for potentially tight deadlines, the reality is that conducting an in-depth labour market analysis takes time.

An assessment may easily take 3-5 months from start to finish (or more), especially when the collection of primary quantitative data (i.e. surveys of people or firms) is needed. In turn, rapid assessments, while sometimes unavoidable, typically cannot provide detailed new insights unless they focus on a very narrow set of research questions.

5. Available funding

Like time constraints, limited funding can restrict the feasibility, or at least the scope, of a labour market assessment. In many cases funding may be more constrained during project identification and appraisal (i.e. before a project is approved) compared to project implementation when specific budget lines may be dedicated to carrying out an in-depth assessment. Funding restrictions may not only emerge from the project cycle and available budget, but also from an organisation's procurement rules. While relatively small contract values (e.g. below 20,000 Euros in the European Union (EU)) can be contracted out relatively quickly, larger contracts require a more structured tendering process that can take time to complete. Hence, funding restrictions may also emerge from the fact that programme managers seek to expedite the process and save time by limiting the contract value.

Naturally, the lack of financial resources restricts the amount of time for external experts to be involved as well as the type of data collection to be carried out. This particularly limits quantitative data collection which tends to have the highest costs among all sources of information.

6. Skills for data collection and analysis

Different types of labour market assessments require different skill sets. Hence, agencies need to check whether they have the required skills internally (if the assessment is to be conducted in-house) or whether they can "hire" the necessary skills through external experts. In some countries, especially those affected by conflict and fragility, as well as those where English or Spanish are not widely spoken, access to qualified international experts may be challenging. Moreover, the capacity of local institutions matters. For instance, if the national statistics office has qualified staff and conducts quality national surveys (e.g. labour force survey, enterprise surveys, etc.), then labour market assessments requiring such kind of data are more likely to be feasible. Similarly, the institutional capacity of other stakeholders, e.g. Public Employment Agencies, business associations, education and training providers, etc. influences potential access to administrative data that can be used for labour market analysis. On the other hand, when local institutional capacity is limited, labour market assessments might not be able to rely on existing data sources, thus typically requiring primary data collection.

Step 3: Determine access to and quality of information

Even when there are sufficient resources to conduct a particular type of assessment in line with the organisation's or programme's learning objectives, the feasibility of the assessment will also depend on having access to necessary information. Indeed, different types of assessment rely to a different extent on various sources of information and data. Having a general understanding about the (lack of) access to the required information (e.g. through a preliminary review of data sources and/or talking to key stakeholders) is therefore an important initial step prior to launching an assessment.

7. Availability and reliability of existing data sources

Many assessments rely on secondary data sources, such as national statistics (e.g. national economic trends, sectoral information, labour force statistics) or administrative data (e.g. data on job vacancies from Public Employment Agency or online job portals, registries of business associations, information from education and training institutions). The feasibility and usefulness of the assessment is therefore closely linked to the availability and reliability of the respective data sources, which in turn tends to depend strongly on the maturity of relevant local stakeholders, such as the national statistics office, business associations, Public Employment Agency, etc. Ideally, the following questions can be explored upfront:

- **Do the necessary data sources exist?** For instance, is there a (recent) national Labour Force Survey? Does the business association in the sector of interest have information on the profile and needs of its members?
- **Is it possible to get access to the data?** Even when data exists, it may not always be publicly available (especially raw data). For instance, some governments are very restrictive about giving access to national data sources (beyond selected summary statistics), while access to administrative data typically depends strongly on established relationships with the relevant institutions.
- **How reliable is the information?** Even when data is available, the quality may be poor. For instance, information may be outdated, not representative (e.g. due to poor sampling), incomplete, etc.

8. Possibility to conduct primary data collection

Since primary data collection yields direct insights into the perspectives of selected stakeholders or target groups, it is an integral part of most types of labour market assessments (though to varying extents). Some types of assessment may even primarily rely on collecting qualitative and/or quantitative data, which is especially relevant in cases where existing data is limited or not available/reliable. In theory, data can always be collected by the research team (considering that this would be more costly than relying on existing sources); however, practical constraints may still hinder data collection. In particular, primary data collection (especially quantitative data collection through surveys) may be impeded by factors such as:

- Lack of safety (e.g. in fragile environments)
- Need for permissions of national or local government to collect data and/or from gatekeepers (e.g. from firm owners to talk to employees, from husbands/parents to talk to young women, etc.)
- Difficult physical access to the population or stakeholders of interest, e.g. due to remoteness
- Lack of trust among target population to answer questions, especially sensitive questions (e.g. about firm performance, working conditions, personal income, legal status, etc.)
- Limited time of respondents to answer questions, and/or general response "fatigue" (e.g. due to common solicitations to participate in interviews or surveys)

Hence, when the conditions for primary data collection are not favourable, certain types of assessments may not be feasible and/or at least may need to be adapted to adjust to the constraints (e.g. take more time to get permissions, reduce length of questionnaires to account for limited time of respondents, etc.). Moreover, given resource constraints, it may sometimes be necessary to find appropriate ways to limit the costs of data collection, e.g. by training local students as enumerators rather than relying on professional data collection firms.

Step 4: Consider characteristics of the country and the economy

All of the previously mentioned factors may be influenced by the broader characteristics of the country and the economy. Therefore, the overall context in which agencies and programmes operate can be indicative of the common challenges that may affect the suitability and feasibility of different types of labour market assessments.

9. Contexts of fragility or humanitarian emergencies

Fragile and conflict-affected environments, as well as other humanitarian emergencies, likely represent the most challenging contexts to work in. The challenges associated with fragility and emergency situations significantly affect programming, but also the ability to conduct labour market assessments. For instance, common implications and issues in such contexts include:

- **Focus on targeted geographic areas with specific learning objectives:** Fragility and emergencies often do not affect entire countries, but rather specific regions within the country (e.g. in border areas, remote areas not under the control of government security forces, etc.). Labour market analysis may therefore have to be targeted to the specific areas of interest, especially since the local labour market will almost by definition differ from the other parts of the country. Moreover, fragile and emergency situations often call for "quick wins", i.e. creating immediate economic opportunities, which likely influences the focus of the assessment. Particular attention may also need to be paid to how different groups of the population (e.g. along religious, ethnic, tribal lines) participate in the labour market and benefit from economic opportunities, as these differences may also be linked to the sources of conflict. Indeed, it is advisable to incorporate a conflict lens into the LMA to ensure that planned employment promotion do not inadvertently exacerbate inequality, vulnerability, and conflict. For instance, a conflict-sensitive value chain analysis would not only map the actors in a given economic sub-sector, but also the power relations between them and how the potential connections or divisions may support or hinder the development of economic activities along the chain.[3]
- **Low capacity of partner institutions:** Relevant stakeholders (e.g. business associations) may be non-existent or not well organized in fragile contexts. As a result, partner institutions are less likely to have collected relevant administrative data that could be used for the assessment. At the same time, strengthening these partner institutions is key for future engagement, putting a premium on participatory processes and capacity development.

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3   GIZ (2015), Employment Promotion in Contexts of Conflict, Fragility and Violence: Opportunities and Challenges for Peacebuilding.

- **National statistics are less likely to be available/reliable.** In contexts of fragility and conflict, national data collection is likely to be particularly weak (e.g. for security reasons, political instability). Hence, secondary data sources are often not available to inform the assessment.
- **Primary data collection may be challenging.** The feasibility of data collection may also be constrained due to security challenges and a lack of trust. Stakeholders, including target groups, can be fearful and suspicious of data collection, also because intelligence services might be interfering. In these contexts, trust-building processes (stakeholder engagement, communication how data will be used, etc.) and tapping into local networks for carrying out an assessment may be needed.
- **Short deadlines:** Agencies operating in emergency situations need to respond particularly swiftly in terms of their programming. Such pressure also affects potential assessments that would likely need to deliver results within 1-2 months.

10. Highly informal or rural labour markets

High levels of informality are a reality for many low- and middle-income countries, with the informal sector contributing significantly to the overall economy and employment. Indeed, a large share of the labour force in developing countries is self-employed in (informal) household/micro enterprises or agricultural employment, and even those working for others (wage workers) may be employed informally (even when working in formal firms). This situation adds another layer of complexity to data collection and analysis as part of labour market assessments. Specific challenges for labour market assessments in contexts of high informality include:

- **National statistics and administrative data may not be representative:** Official statistics (e.g. from enterprise surveys) often lack coverage of the informal sector and therefore may only provide a picture about formal firms (which are often the minority in the country). Similarly, data from business associations and other sources of information (e.g. online job portals, employment agencies) may also only provide a picture of the formal sector, e.g. in terms of business constraints, employment potential, skills needs, etc. Since informal sector enterprises typically have different characteristics compared to formal firms, findings from labour market assessments that do not cover the informal economy could be biased.

- **Data collection from informal units is more challenging:** Data collection with informal establishments is more challenging at several levels. First, there is often no list/registry of informal enterprises, which makes it difficult to design and apply an adequate sampling technique. Second, respondents may be less likely to participate and/or more likely to misreport due to concerns about potential threat of legal action (e.g. firm owners reporting about their legal status and number of informal employees). Finally, since informal units are less likely to keep quality records of business transactions, the reliability of data (e.g. in terms of sales, profits, investments, etc.) may be affected.
- **Difficult measurement of skills and other dimensions**: It is difficult to capture skills that workers obtain through informal channels, as there are no official certificates or administrative registers to account for informal training.

Summary: Selecting an appropriate type of assessment

Multiple contextual factors shape the relevance and feasibility of different types of assessments. Conducting quality LMAs in developing countries is challenging. It is not enough to select an appropriate assessment method for the organisation's or programme's key learning objectives, since resource constraints and limited access to data can affect the feasibility of the study. Practitioners therefore need to carefully consider their programming and country context upfront in choosing an appropriate method. Table 3.1 provides an overview of the purpose and requirements for different types of LMA.

Table 3.1: Mapping of contextual factors to different types of LMA

| Criteria		By level of analysis								By source of information		
		Integrated diagnostic	Sector or VC selection	Sector or VC analysis	Local market opportunity assessment	Target group assessment	Skills assessment	Assessment of working conditions	Participatory assessment	Enterprise survey	Tracer survey	Job vacancy analysis
1) Scope and purpose												
Geographic scope	Country	✓	✓	✓			✓	✓		✓	✓	✓
	Sub-national	(✓)		✓	✓	✓	✓	✓	✓	✓	✓	(✓)
Level of assessment	Whole labour market	✓										
	Sectors	(✓)	✓	✓			(✓)	✓		✓	✓	✓
	Local market opportunities				✓				(✓)			
	Skills			✓	✓	(✓)	✓		(✓)	✓	✓	(✓)
	Target group					✓	(✓)		(✓)		✓	
	Working conditions	(✓)		(✓)				✓		(✓)	✓	
Labour market perspective	Labour demand	✓	✓	✓	✓		(✓)		(✓)	✓	(✓)	✓
	Labour supply	✓		✓	(✓)	✓	(✓)		(✓)		✓	
	Matching	✓		✓		✓	(✓)	✓	(✓)		✓	
Indirect objectives	Local partner involvement	(✓)			(✓)	(✓)	(✓)		✓		(✓)	
	Multi-purpose (e.g. M&E)					(✓)				(✓)	(✓)	
2) Resources												
Minimum time required	1-3 months		✓		✓	✓	✓	✓				
	4-6 months	✓		✓					✓	✓	✓	✓
Minimum cost (EUR)	10,000-25,000		✓		✓	✓	✓	✓				x
	25,000-50,000	✓		✓					✓	✓	✓	
Skills needed (data collection and/or analysis)	Quantitative	✓		✓	✓	(✓)	(✓)	(✓)	✓	✓	✓	✓
	Qualitative	✓	✓	✓	✓	✓	✓	✓	✓			
3) Access to information												
Data requirements	Existing data	✓	✓	✓		(✓)	(✓)	✓				✓
	Primary data collection	(✓)	(✓)	✓	✓	✓	✓	(✓)	✓	✓	✓	
4) Country characteristics												
Country context suitability	Fragility				✓	(✓)			✓			
	Informality/rural areas			(✓)	✓	(✓)	(✓)	(✓)	✓	(✓)	(✓)	

✓ = Applies; (✓) = May apply

When resources are limited, it is better to answer a small set of questions well than to answer many questions poorly. LMAs always involve a trade-off between the number of questions to be answered and the available resources (time, funding, etc.), so there can be a mismatch between the ambitious goals of the study and the limited resources to carry out the assessment. While many contextual factors are outside an organisation's or programme's control (e.g. data availability, local capacity, etc.), practitioners have control over the resources allocated to answer their information needs. Planning ahead to allocate sufficient time and financial resources to collect original data as needed will help improve the quality of the assessment. Joining efforts with other organisations may also help in consolidating resources and hence conducting a broader and higher quality assessment. When resources are limited, it is important to prioritize the information needs so that the assessment can focus on answering a narrow set of questions rather than sacrificing quality standards. In practice, one can often start small and then conduct complementary and/or broader assessments at a later stage.

When the lack of data impedes carrying out the desired type of assessment, interventions may need to provide support to labour market information systems as an integral part of their intervention strategy. In practice, working in developing countries will often involve challenges with regards to limited access and reliability of data. The lack of data can greatly reduce the feasibility of certain types of assessments. In those cases, one option is to explore alternative assessment methods that rely on different information sources (e.g. primary data collection instead of national statistics or administrative data). Another option is to explore whether the programme can contribute to building capacity and structures to make the data available in the future. For instance, interventions may want to include a separate component on strengthening labour market information systems in order to improve the availability of information in the future.

Figure 3.2 illustrates the potential steps and decisions when exploring the suitability and feasibility of different types of labour market assessment.

Figure 3.2: Simplified decision tree to select suitable LMA method
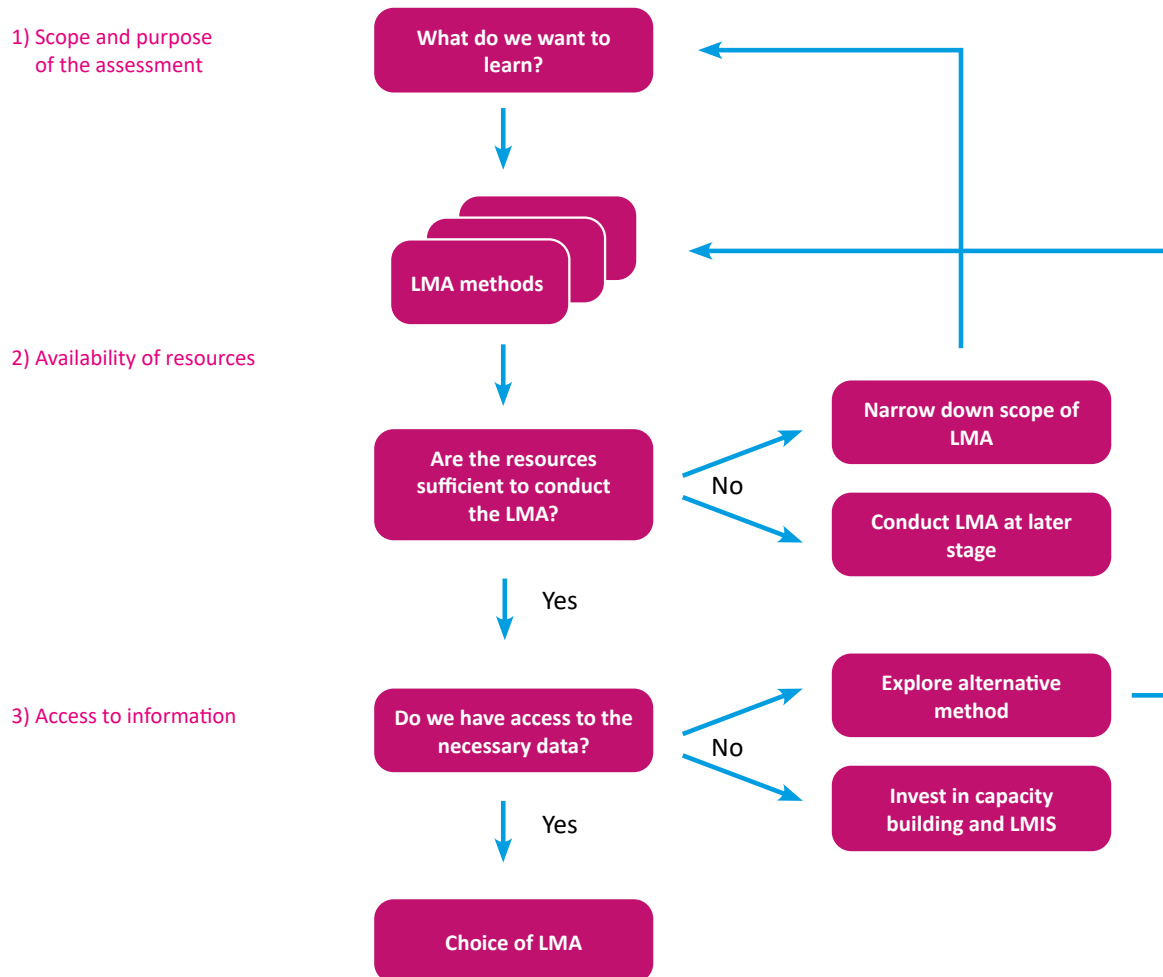
Further reading

Humanitarian contexts

GIZ (2015), Employment Promotion in Contexts of Conflict, Fragility and Violence: Opportunities and Challenges for Peacebuilding.

International Labour Organization, United Nations High Commissioner for Refugees (2017), Guide to market-based interventions for refugees.

International Rescue Committee, Mercy Corps, Save the Children (2016), Labour Market Analysis in Humanitarian Contexts: A Practitioner's Guide.

SEEP Network (2017), Minimum Economic Recovery Standards, Third Edition.

USAID (2008), Conflict-sensitive approaches to value chain development.

World Bank Group (2016), An Integrated Framework for Jobs in Fragile and Conflict Situations.

Informality

Asian Development Bank (2011), A Handbook on Using the Mixed Survey for Measuring Informal Employment and the Informal Sector.

Bardak, U. and Rosso, F. (2019), "Skills development in the informal sector", in Larsen, C. et al (eds) (2019), Assessing Informal Employment and Skills Needs: Approaches and Insights from Regional and Local Labour Market Monitoring.

International Labour Organization (2012), Measurement of the Informal Economy: Addressing statistical challenges. In: The Informal Economy and Decent Work: A Policy Resource Guide supporting transitions to formality.

SECTION 4: LABOUR MARKET ASSESSMENT TOOLBOX

Purpose of the section:
- Illustrate a range of methodologies to conduct LMAs
- Provide practitioners with a basic understanding of key methods (e.g. information they provide, advantages and limitations) as well as the main requirements to implement them (e.g. steps, level of effort, skills needs)
- Facilitate the selection of suitable methods and expectation management when conducting or contracting out the assessments

Introduction and overview

Rapid labour market assessments have become widespread but face many limitations. The context in which labour market assessments are carried out can be challenging. Many factors influence the suitability and feasibility of a particular assessment (see Section 3). One common constraint for many interventions is the limited time and funding available to conduct an assessment, which has led to "rapid labour market assessments" becoming one of the most commonly applied ways to conduct labour market analysis. While there is no clear definition of what a "rapid LMA" consists of, the majority of them shares the following characteristics: They are carried out within 1-2 months and largely based on a desk review of secondary sources of information combined with some limited qualitative and/or

quantitative data collection conducted by the research team during a short field trip. While there is nothing wrong with conducting rapid LMAs per se, it is important to acknowledge the limitations of such assessments. Due to the lack of time and limited collection and analysis of original labour market data, the findings of rapid assessments can sometimes be of limited use, as they may not necessarily uncover new information (instead repeating what has been written before).

Box 4.1: Example of rapid labour market assessment in Aarsal, Lebanon

In response to the Syrian crisis and the conflict's spill-over effects in Arsal, Lebanon, the Danish Refugee Council (DRC) implemented livelihoods programmes targeting vulnerable Syrians and Lebanese in the affected area with a special focus on women and youth. DRC commissioned a rapid market assessment and skills gap analysis to identify viable income generating activities, the demand for vocational and soft skills, as well as constraints and barriers faced by vulnerable community members in the labour market. The rapid assessment was carried out in less than 2 months and consisted primarily of secondary research as well as some primary data collection (key informant interviews and focus groups) during a 1-week field trip. While the assessment generated many useful findings, the author acknowledges several limitations of the study, including the limited availability and reliability of existing data, insufficient time for data collection using representative samples, and the inability to conduct a detailed analysis of the most promising value chains.

Source: Tschunkert, K. (2018), Rapid Market Assessment and Skills Gap Analysis: Arsal – "The Hidden Town". Danish Refugee Council.

Practitioners can gain a deeper understanding of labour markets when drawing on a broader set of assessment approaches. Given the limitations of rapid assessments, practitioners should be aware of the range of options to analyse labour markets. This Section provides an overview of 11 different types of assessment that can be used to better understand labour markets and employment in developing countries. While this set of assessment methods is not comprehensive, it reflects common priorities and needs among practitioners working in low- and middle-income countries. Specifically, this section focuses on those types of assessments that:

- **provide concrete information for project design and implementation** (with more emphasis on assessments looking at specific dimensions of the labour market as opposed to overarching country-level analysis);

- **are more likely to be conducted or commissioned by government agencies / development partners**, as opposed to other assessments more likely to be used as secondary sources;
- **go beyond a description of labour market outcomes but rather focus on the diagnosis** of the underlying challenges and opportunities.

Figure 4.1 illustrates the types of assessments covered in this section. Other types of assessment not covered in this section can be found in Section 2.

Figure 4.1: Types of assessment covered in this Guide

Labour market as a whole	Specific labour market dimensions of interest	Process-specific LMA	LMA by source of information
1 Integrated employment diagnostic	2 Sector or VC selection	8 Participatory labour market assessment	9 Enterprise survey
	3 Sector or VC analysis		10 Tracer survey
	4 Local market opportunity assessment		11 Job vacancy analysis
	5 Target-group assessment		
	6 Skills assessment		
	7 Assessment of working conditions		

The choice between different types of assessment involves important trade-offs. There is no one-size-fits-all solution to selecting the most relevant type of LMA. Different types of LMA have different purposes as well as resource and data requirements, making them more or less suitable depending on programme and country context. In most cases, a single type of assessment may not be able to answer all the research questions an organisation or programme may have. In fact, most types of assessment only provide partial information on the labour market. It is therefore essential for practitioners to prioritise their information needs in order to select the most relevant type of assessment at a given time, and/or to combine different types of assessment to cover a broader set of information needs (see also the discussion on sequencing and combing methods at the end of this section).

The individual descriptions of each type of assessment are structured as follows:

Part	Objective	Content
Overview	Provide a general understanding of the assessment and the information it provides	• At a glance • Key information it can provide • Data sources • Context requirements • Advantages and limitations
How to	Provide key information on the practical considerations and requirements in order to inform the development of terms of references	• Defining the scope / prioritizing learning objectives • Steps/tasks to implement the assessment • Level of effort • Skills requirements
Further resources	Provide access to more in-depth information on the assessment approach	• Guidelines • Selected studies • Other resources

TOOL 1: INTEGRATED EMPLOYMENT DIAGNOSTIC

Overview

At a glance

It is increasingly recognised that successful employment promotion requires an integrated approach, taking into account that employment challenges often emerge from a combination of issues on the demand side (e.g. lack of economic growth and private sector hiring), on the supply side (e.g. inadequately skilled workers), and related to an inefficient matching mechanisms in the labour market (e.g. lack of information between firms and workers). Integrated employment diagnostics therefore seek to provide a holistic analysis of the different dimensions that influence labour markets, employment creation and working conditions, in order to provide a comprehensive picture of country specific challenges and opportunities. Based on this integrated analysis and understanding of the binding constraints, they aim to identify strategic entry points for interventions.

Key information it can provide

Integrated employment diagnostics are intended to give a deep and comprehensive understanding of the labour market and employment dynamics and to identify underlying constraints to more and better jobs. Based on their holistic analysis, integrated employment diagnostics can serve as strategic framework for intervention beyond individual projects of government and development agencies. Specifically, they typically provide the following kinds of labour market information:

- **Country context and employment situation**, providing descriptive analysis of socio-economic and different employment and labour market indicators
- **Key constraints (and opportunities) to employment** (and decent work) across different dimensions (see the accompanying Tool 1 Annex for a more detailed overview of potential employment constraints):
  - *Labour-supply:* factors affecting the quantity and quality of job seekers and workers already active in the market, such as demographics and skills;
  - *Labour-demand:* factors affecting the demand for workers in the economy and entrepreneurial activities, such as the investment climate and business environment;
  - *Labour matching*: factors affecting the mediation between labour supply and demand, such as limited information on both the supply and demand sides
- **Policy priorities** stemming from the analysis of underlying constraints and opportunities to employment

It should be noted, however, that not all integrated employment diagnostics are done in the same way. While all seek to be holistic, there are some conceptual, structural and analytical differences between them. Table 4.1 provides a brief overview of the main tools that have emerged (see the accompanying Tool 1 Annex for more detail).

Table 4.1: Comparison of main integrated employment diagnostic tools

Organisation	World Bank	GIZ	ILO	ILO
Title	Jobs Diagnostic	Employment and Labour Market Analysis	Employment Diagnostic Analysis	Decent Work Country Diagnostics
Key features	More data-driven than the other tools, having access to a wide range of data sources and conducting more detailed (statistical) analysis, especially with regard to labour demand (e.g. analysis of firm-level data on net job creation by firm size etc.)	Follows the integrated employment promotion approach of Germany's development cooperation, taking labour supply, demand, and matching likewise into account without an ex-ante judgement on the relative importance of each dimension. As needed, the assessment can include a specific sectoral or sub-national focus.	Puts conceptually more emphasis on labour supply, suggesting that human resources are "creators of growth" and thus as the "point of departure for understanding and addressing the constraints, challenges and opportunities for inclusive and sustainable job-rich growth".	Broader than the other tools in terms of institutional analysis and qualitative aspects of work, looking more in depth at factors such as implementation of labour standards, occupational safety and health, social protection and social dialogue.

Data source(s)

Integrated employment diagnostics are largely based on secondary literature and data sources. Key sources of information and types of analysis include:

- Desk review of secondary literature (existing reports and studies)
- Review of international and national data sources and indicators (e.g. from World Bank, ILO, National Statistics Office, etc.)
- Statistical analysis of macro- and micro-data (e.g. labour force survey, firm register)
- Institutional analysis (e.g. labour regulations, legal framework, existing policies, etc.)
- Complementary interviews with key stakeholders (e.g. ministries, private sector, development partners, NGOs, academia)

The relative weight of the different sources typically depends on the type of the assessment (see Table 4.1). For instance, in-depth statistical analysis of original macro-and micro-data is more heavily applied in the World Bank Jobs Diagnostic, while institutional analysis is particularly prominent in the ILO's Decent Work Country Diagnostic. There can also be variations between assessments of the same organisation depending on data availability and team composition.

Context requirements (feasibility)

Key context requirements to carry out integrated employment diagnostics include:

- **Availability and reliability of up-to-date statistics.** Since integrated employment diagnostics heavily rely on secondary literature and data sources, their feasibility and usefulness crucially depend on access to up-to-date and reliable information. In countries with weak statistical capacity (e.g. no labour force survey in recent years) and/ or restrictions to access relevant information, the viability of carrying out an integrated diagnostic may be severely constrained (e.g. in fragile environments).
- **Usually national geographic scope:** While this kind of assessment can in principle also be conducted at a sub-national level, relevant statistics may often not be geographically disaggregated to the extent needed, making integrated employment diagnostics more commonly applicable for national level analysis.
- **Enough time to carry out the assessment**: Due to the comprehensive scope and analysis, one should count a minimum of 3-4 months (and potentially 6 months or more depending on the scope of analysis) to conclude the assessment. This can conflict with urgent information needs at the project level.

Based on the above, integrated employment diagnostics may often be more suited when used to inform a broader programming process (e.g. national strategy, development partner country programme or cluster of interventions, etc.) rather than as input for a specific intervention.

Advantages and limitations

Advantages	Limitations
• Provides comprehensive picture of the labour market and employment constraints (not just a narrow view on single dimensions, e.g. education system, business environment) • Strategic tool to guide broader policy dialogue and programming (e.g. for a development agency, it can guide the choice of programmes to be funded, e.g. in TVET, private sector development, etc.) • Several international agencies have developed methodological approaches that can serve as guidance • No new data collection needed, limiting costs • Certain flexibility to prioritize some areas over others • Can build in participatory elements to involve local stakeholders	• Usefulness highly contingent on access to and quality of secondary data (if underlying data quality limited, a meaningful diagnostic is not possible) • Mostly provides a generic picture at the national level, but not necessarily able to capture sub-national labour market dynamics • Does not necessarily yield concrete and practical recommendations for specific interventions; i.e. may be too high level for implementers • Can be relatively time consuming due to comprehensive nature • Mainly desk-based analysis, hence limited engagement with stakeholders throughout the process

Box 4.2: Jobs Diagnostics

Since 2015, the World Bank has conducted multiple Jobs Diagnostics to help countries identify their key jobs challenges and prepare strategies to address them. Considering the country context, trends in productivity and employment, and the profile of jobs and workers in the economy, Jobs Diagnostics seek to identify the key constraints a country faces in creating more, better and inclusive jobs. Jobs Diagnostics are based on the understanding that employment challenges are inherently complex and go well beyond the labour market and labour policies.

For instance, the 2017 Jobs Diagnostic in Côte d'Ivoire analysed the following dimensions: the country's structural transformation, the role of agriculture, productivity in non-agricultural self-employment, prospects for formal job creation, as well as education and skills in the workforce. To address employment challenges in Côte d'Ivoire, the study recommends a three-pronged approach, including (i) raising productivity in agriculture, (ii) expanding productive off-farm employment, and (iii) strengthening social protection for those unable to seize productive employment opportunities.

Source: Hallward-Driemeier (2015); Christiaensen and Premand (2017)

How to

Defining the scope / prioritizing learning objectives

While all types of integrated employment diagnostic should be holistic in nature analysing supply, demand, and matching dimensions of the labour market, there remain several decisions to be considered upfront based on the specific needs of the organisation and country context:

(i) **National vs. sub-national scope:** While country-level analysis is more common, focusing the assessment on a specific governorate/region within the country may also be possible depending on data availability (for instance if it is known that interventions shall be focused on that region).

(ii) **Relative focus on certain parts of the economy:** Depending on the economic structure of the country, the analysis may want to look more in depth into aspects like agricultural employment, informal household enterprises, or specific sectors of the economy.

(iii) **Extent of decent work dimensions to be covered:** When no ILO Decent Work Country Diagnostics is available that naturally puts a strong emphasis on these aspects, assessments from other institutions may also want to explore issues related to labour standards, working conditions, etc. in more detail.

(iv) **In-depth topics:** Depending on country context, some topics may deserve special attention that can be explored in more detail (e.g. international labour migration, labour market implications of refugee influx, etc.).

(v) **Extent of statistical analysis**: Depending on access to and quality of statistical data sources (e.g. labour force survey), it should be specified how much detailed analysis (from which specific sources) is desired to yield more rich and nuanced data (e.g. more disaggregation), than available from limiting the analysis to using aggregate indicators.

(vi) **Extent of institutional analysis:** As needed, in-depth analysis of legal framework, labour regulations, employment policies, social protection or tax system and their implications on labour markets (e.g. in terms of discrimination of specific groups, disincentives to work) should be clarified from the beginning.

(vii) **Extent of field interviews and stakeholder engagement**: If the assessment should provide a strong basis for policy dialogue (or even capacity development of partners), then an iterative approach with regular involvement of key stakeholders is warranted.

Steps/tasks to implement the assessment

While there is no standard process for integrated employment diagnostics due to the potential differences in scope discussed above, typical steps include:

1. **Inception phase:** This phase includes the collection of available reports and data sources (statistics, datasets, etc.) that can inform the different sections of the report. This step should help confirm the detailed report outline and whether key data sources are indeed available to carry out the intended analysis. Based on the initial review of available information, specific focus areas for in-depth analysis may be defined.

2. **Preliminary analysis (desk study):** Preliminary review and analysis of the available literature will provide a draft picture of the main findings and hypotheses of the different report sections (e.g. annotated outline with preliminary messages). Based on this preliminary analysis, potential information gaps and open questions can be identified to inform the subsequent focus of the field work.

3. **Field mission(s):** This includes the preparation of and participation in one or more trips (in coordination with the contracting agency) to meet with key stakeholders. Field missions can be useful in presenting the purpose of the assessment, building interest and ownership among key constituents, as well as collecting qualitative information from a range of representatives in government, private sector, civil society, and development community that can inform the analysis. These meetings may also help get access to additional reports and data not available during the initial desk review.

4. **Detailed analysis and draft report:** Based on the literature, quantitative and qualitative information collected during the desk review and field missions, this step consists of conducting all the in-depth analysis (including statistical and institutional analysis) needed and preparing a draft report as a basis for gathering internal and external feedback.

5. **Validation and final report:** A validation meeting with key counterparts and stakeholders helps validate key report findings and make adjustments as needed, while supporting dissemination and buy-in. Feedback can then be used to finalise the assessment.

Level of Effort

The level of effort (LoE) and time needed for integrated employment assessments can vary widely depending on the desired scope and depth of the analysis as well as the expected level of field work and stakeholder engagement. The estimated minimum level of effort for an integrated employment diagnostic is summarized in the table below:

Steps	Details	Estimated LoE (minimum)
Inception phase	While the scoping of relevant literature can be relatively fast (and facilitated by providing key resources in the terms of reference), the review of potential data sources and available statistics can be more time-consuming.	3-5 days
Preliminary analysis	Resources and time necessary to conduct preliminary analysis depend on the desired depth and availability of literature and data.	7-10 days
Field mission(s)	This includes time to prepare for and participate in a trip. If stakeholder interviews are expected to cover different sub-regions in the country, more time may be needed.	10-15 days
Detailed analysis & draft report	The analysis can be relatively fast when there is existing (secondary) analysis on the different dimensions of analysis. That said, when detailed statistical analysis or legal/regulatory analysis is required/ desired, then the level of effort can significantly increase.	15-20 days
Validation & final report	The extent of this step largely depends on the scope of consultations to be carried out. Moreover, additional time may be needed if "derivative" products (e.g. presentations, short briefs) are also to be developed.	5-10 days
Total		40-60 days

These indications are estimates for the expert leading the assessment. In practice, the analysis may often be best carried out by a team, e.g. a lead international expert and a local expert, or drawing on experts with different functional expertise (e.g. education, private sector development, labour standards, etc.). As needed, the scope of work and effort required for these team members also must be accounted for.

Skills requirements

The minimum team composition needed would typically include a senior expert with strong methodological expertise as well as a local consultant with a very good understanding of the local labour market and institutional landscape. In many cases an additional (senior) expert may be needed whose thematic expertise complements that of the team leader, in order to ensure that all dimensions of the labour market can be adequately covered in the analysis (e.g. if the team leader has a stronger profile in the area of education and skills development, the second expert should have a strong background on economic and private sector development).

Lead staff/consultant(s)	Local staff/consultant (for text analysis)
• Master or PhD in Social Sciences, Economics, Business, Development Studies or a related field • Significant work experience in the area of employment promotion • Demonstrated thematic expertise on (ideally) a wide range of employment-related topics, e.g. education & skills development, private sector development, economic policy, labour market policies, social protection • Demonstrated experience with labour market assessments • Prior work experience in the country (or the sub-region) • Strong advisory and facilitation skills in multi-stakeholder settings • Strong data analysis skills, including quantitative and qualitative data • Proficiency in the local language preferred	• Higher education degree in Social Sciences or a related field • Good knowledge of the national labour market, including relevant studies and data sources • Strong understanding of the institutional landscape in the country, e.g. relevant ministries, education institutions, business associations, NGOs, etc. • Prior experience in conducting labour market studies preferred • Strong analytical skills and prior experience with data-driven work • Excellent command of English and local language in written and spoken form • Proficiency in Microsoft Office (Excel, Word, PowerPoint)

Box 4.3: Employment and Labour Market Analysis, Lebanon

The Employment and Labour Market Analysis in Lebanon (ELMA Lebanon) seeks to provide a comprehensive overview of the Lebanese labour market. The study explores framework conditions (e.g. economic growth, demographics, etc.), current labour market trends, employment generation dynamics (demand-side), the quality of the labour force (supply-side) and the matching of supply and demand in the labour market. In addition, the ELMA Lebanon profiles sectors with the most potential for job creation or income generation.

Process
The entire assessment process took approximately six months, from August 2018 to February 2019. The assessment was based on (i) desk research of existing reports, policy documents and statistical data, (ii) approximately 40 expert interviews via phone and in-person meetings, and (iii) workshops with internal experts to discuss preliminary findings, as well as with external experts and practitioners to validate the results and discuss recommendations prior to finalising the report.

Conclusions
Given its comprehensive scope, the assessment offers recommendations related to different dimensions of the labour market, covering framework conditions, the demand side, the supply side and matching. This provides a broad range of potential entry points for GIZ programming, including in the areas of business environment, value chain development, higher education, and labour market information systems. The study thereby helps inform GIZ's strategic programming at the country level.

Source: GIZ (2019)

Further resources

Guidelines

Hallward-Driemeier, M. (2015), Jobs group: jobs diagnostics guidance - why, what, and how. World Bank.

International Labour Organization (2012), Employment Diagnostic Analysis. A methodological guide.

International Labour Organization (2015), Decent Work Country Diagnostics. Technical guidelines to draft the diagnostic report.

International Labour Organization (forthcoming), Guidelines for a rapid country employment assessment.

Lachler, U. and Meretto, D. (2019), Jobs Diagnostics Guidelines. World Bank Group. See also "Annex 1: Guided Enquiry for Jobs Diagnostics" and Jobs Diagnostics Website.

Mummert, A. (2016), Guidelines for an Employment and Labour Market Analysis (ELMA), GIZ.

Save the Children, Mercy Corps and International Rescue Committee (2016), Labour Market Analysis in Humanitarian Contexts. A Practitioner's Guide.

Selected studies

Christiaensen, L. and Premand, P. (2017), Cote d'Ivoire Jobs Diagnostic : Employment, Productivity, and Inclusion for Poverty Reduction. World Bank.

GIZ (2018), Employment and Labour Market Analysis Rwanda.

GIZ (2019), Employment and Labour Market Analysis Lebanon.

International Labour Organization (2017), Decent Work Country Diagnostics: Philippines 2017.

International Labour Organization, Asian Development Bank (2016), Bangladesh: Looking beyond garments. Employment Diagnostic Study.

ANNEX: TOOL 1

(A) Categories of employment constraints

- Demographics and migration
- Enabling environment for work
- Skills and human capital
- Governance and rule of law
- Macroeconomic conditions
- Business environment & conditions for self-employment

People

SUPPLY

- Lack of basic skills
- Lack of (relevant) technical skills
- Lack of soft skills
- Lack of work experience
- Poor health conditions

- Family formation and responsibilities
- Restrictive legal framework
- Culture and social norms

- Population growth or shrinking
- Brain drain in migrant sending countries
- Increased competition for jobs in receiving countries

MATCHING

- Lack of labour market information
- Lack of networks for new entrants to labour market
- Signalling constraints
- Employer discrimination
- Restricted mobility
- Distorted aspirations and expectations of job seekers
- Inadequate labour law and regulation
- Potential disincentives to hire/work as a result of inadequate regulation, social protection or taxation

Firms

DEMAND

Investment climate and business environment
- Economic and political instability
- Weak institutional environment
- Poor infrastructure
- Limited access to finance and land
- Unfavourable tax and regulatory environment (including trade)
- Insufficient human capital

Farming and self-employment
- Lack of access to information, education and business skills
- Lack of access to financial capital
- Lack of access to land, physical capital, inputs
- Lack of access to markets/connectivity
- Lack of access to social capital
- Restrictive social/legal norms

- Lack of economic growth
- Low-growth elasticity of employment
- Unfavourable structure of the economy

- Low-quality institutions
- Conflict and insecurity

Source: European Commission (2018), Promoting employment and decent work in development cooperation

(B) Comparison of integrated employment diagnostic tools

	Jobs Diagnostic (World Bank)	ELMA (GIZ)	Employment Diagnostic Analysis (ILO)[4]	Decent Work Country Diagnostics (ILO)
Conceptual framework	Economic models of the labour market	German development cooperation's integrated employment promotion approach	Inclusive Growth framework	Decent Work Agenda
Structure of analysis	Part 1: Assess country context and jobs needs Part 2: Define key jobs challenges and underlying constraints related to: • Job creation (e.g. economic growth, entrepreneurship, firm growth, farming, structural transformation, etc.) • Quality of jobs (e.g. productivity and earnings) • Inclusiveness (e.g. access by women, youth, minorities) Part 3: Determine priorities	• Economic, demographic, and political framework conditions • Labour demand side • Labour-supply side • Matching (labour market institutions and policies) • Summary and conclusions	Part 1: Dynamics of employment, the labour market and the economy Part 2: Diagnostic analysis • Employability • Rate and quality of economic development (incl. business environment and labour market institutions) • Inequality • Sustainability	• Overall Setting • Dynamics of Employment, Labour Market and Economy • Implementation of International Labour Standards • Decent working conditions and occupational safety and health • Equal opportunities and treatment • Social Protection • Social dialogue
Data sources and analysis	• Review of existing data and literature • Statistical analysis of macro- and micro-data (e.g. firm data, labour force surveys, etc.)	• Review of existing data and literature • Field interviews	• Review of existing data and literature • Field interviews • Institutional analysis	• Review of existing data and literature • Field interviews • Institutional analysis
Use	As standalone research or in context of systematic country diagnostic	Guide country programming and in-programme activities, contribution to national dialogue on employment	As input for National Employment Policies, or other planning frameworks	As input for ILO's Decent Work Country Programmes, National Employment Policies, or other planning frameworks

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4   In practice, an employment diagnostic may be self-standing or part of the broader decent work diagnostics.

	Jobs Diagnostic (World Bank)	ELMA (GIZ)	Employment Diagnostic Analysis (ILO)	Decent Work Country Diagnostics (ILO)
Team/skills needed	• Team with cross-sector expertise (e.g. private sector development, labour market, skills) • Strong (micro) economics and statistics skills	• Generalist employment expert(s) • Country expert(s)	• Generalist employment expert(s)	• Team with expertise on different dimensions of decent work (employment, labour standards, social protection, social dialogue, etc.)
Participatory elements	• Case-by case, consultation in the beginning and/or for validation, dissemination	• Partner and donor workshop(s) with an optional expert workshop • As needed, completely participatory with strong counterpart involvement	• Consultations with government and social partners	• Consultations with government and social partners
Avg. duration (months)	• 9-12 months	• 3-4 month, with a field mission of 14 days	• 4-6 months	• 6-12 months
Advantages	• Guided enquiry on key jobs challenges, underlying causes and potential solutions • Analytical and evidence-based • New data analysis, beyond existing descriptive statistics • In-depth discussion of topics covered (often strong focus on demand-side)	• Intuitive and standardized structure • Holistic / balanced (demand, supply, matching), incl. working conditions and institutional analysis • Adaptable to different needs (regional and subnational analysis, sectoral approaches etc.) • Broad applications e.g. country programming, project preparation, advisory of partners • Quick to implement	• Includes institutional analysis (e.g. regulation, public employment services) • Relatively quick to implement	• Incorporates all dimensions of decent work, not just employment • Strong attention to institutional factors

	Jobs Diagnostic (World Bank)	ELMA (GIZ)	Employment Diagnostic Analysis (ILO)	Decent Work Country Diagnostics (ILO)
Dis-advantages	• No standard structure • Limited attention to matching and institutional analysis • Dependent on good data availability for enhanced analysis • Requires more data and statistical skills • Relatively long process	• Mostly descriptive and qualitative (limited data analysis, not necessarily "new" findings) • Prioritisation of barriers and recommendation not systematic • No one-fits-all implementation	• Non-standardized implementation of the tool • Mostly descriptive (limited data analysis) • Limited attention to demand-side	• Limited attention to demand-side • Relatively long process

Source: Compilation by author, based on Hallward-Driemeier (2015); Lachler and Meretto (2018); Mummert (2016); ILO (2012); ILO (2015).

TOOL 2: SECTOR OR VALUE CHAIN SELECTION PROCESS

Overview

At a glance

Many development interventions that seek to strengthen competitiveness in the private sector or increase the relevance of education and skills training measures may want to focus their efforts on targeted sectors within the economy. A sector selection process supports the identification of focus sectors based on predefined criteria, such as potential for job creation, contribution to economic development, export potential, etc. Within a given sector, value chains are zooming in on particular product and service delivery processes (for example, the maize value chain within the food processing sector). The sector and value chain selection process provide a structured overview to assess the current performance, potential and feasibility of intervention across different economic sectors and sub-sectors, as a base for deciding on market interventions. They also serve as a first step to a potential deep-dive sector/industry or value chain analysis (see Tool 3: Sector or value chain analysis).

Key information it can provide

Sector or value chain selection studies are intended to yield a short-list of sectors or value chains that specific interventions or policy reforms (e.g. in private sector development, education and training, etc.) could focus on. To do so, they provide structured analysis of a range of criteria. Specifically, selection studies typically compare the following types of criteria to inform a better understanding of the performance/potential of different sectors or value chains, as well as the feasibility of intervention:

- **Economic criteria**, such as contribution to overall GDP, growth rates, competitiveness, productivity, investment, export capacity, value chain linkages, innovation potential, share of small and medium enterprises (SMEs), etc.
- **Labour market and social criteria**, such as share of overall employment, employment growth, employment potential for specific groups, wages/earnings, demand for skills (e.g. relevant occupations per sector, share of low/medium/high skilled workers, etc.), respect of core labour standards, working conditions, geographic coverage of firms, impact of value chain on surrounding communities, etc.
- **Institutional criteria**, such as government (and donor) priorities, existence of sectoral strategies and sector promotion policies, capacity of sectoral bodies and employer associations, capacity of service providers, etc.

- **Environmental and sustainability criteria,** such as the sector's impact on the environment and climate change, as well as vulnerability to climate shocks.

In practice, the selection and weighting of different criteria will likely depend on the specific type of intervention; for instance, an SME development project may focus more strongly on economic and innovation potential, while an education and training intervention may focus more on employment potential and demand for skills as well as existing working conditions. Moreover, additional criteria may be needed in specific country contexts, such as situations of conflict and fragility (e.g. avoid targeting sectors that will exacerbate the conflict).[5]

Data source(s)

The data for sector/value chain selection will start from the macro level of national/regional data about the sectors in question and be complemented with (typically qualitative) field research involving sectoral experts and other local stakeholders. Typical data sources include:

- Secondary sources
  - Sector-disaggregated national statistics
  - International statistics (e.g. ILO, World Bank, International Trade Centre)
  - Specialized data portals on key selection criteria (e.g. ITC's Export Potential Map or Harvard's Atlas of Economic Complexity)
  - Sector studies and other relevant reports (e.g. government strategies, etc.)
  - Data and reports from relevant (sectoral) business associations and unions
- Primary sources
  - Sector experts
  - Other local stakeholders (e.g. government, private sector, NGOs, development partners)

Context requirements (feasibility)

The feasibility of conducting a sector/value-chain selection process depends on several factors:

- **Type of intervention should be clear:** Since the choice and weighting of criteria for the selection process strongly depends on the purpose of the intervention, this type of assessment requires that the broad scope of intervention (e.g. TVET, SME development, etc.) has already been determined.

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5   See for example USAID (2008), Conflict-sensitive approaches to value chain development.

- **Availability and reliability of statistics:** The tool requires looking at a large amount of data and information, both quantitative and qualitative, including statistics, reports and documented expert knowledge. That said, in contexts where data availability is limited, the assessment might rely more on the field research over the desk research.
- **Broad geographic scope:** Sector and value dynamics typically involve many interlinkages that can be best analysed within a broader geographic scope to produce meaningful results. Moreover, necessary data may often not be available in a (geographically) disaggregated way. For that reason, this tool is more suitable for national labour market assessments or assessments in a large region of a country. It is less likely to be meaningful or feasible for interventions with a small local focus.

Advantages and limitations

Advantages	Limitations
• Creates a structured and comprehensive process to identify/benchmark target sectors and value chains • Provides a flexible tool that can be adapted to different programmatic priorities (e.g. economic development, labour market inclusion) • Can serve as a basis for further analysis (e.g. deep-dive sector or value chain analysis) • Provides a platform to engage various sector stakeholder (e.g. business associations, employers) • Starts with data that already exists	• Highly dependent on availability of statistics • Future trends and potential are intrinsically difficult to predict • The actual selection process (based on e.g. scoring and weighting) is subjective • Data collection and management is relatively resource-intensive and time-consuming (given potentially large number of sectors under review)

Box 4.4: Value chain selection in East Timor

As part of a larger project focusing on economic development and quality of employment in East Timor, the ILO worked on selecting promising sectors with the help of their own global data and local stakeholders and key government partners. A list of 6 to 9 sectors were identified and later assessed against criteria based on the projects target groups and objectives, for example relating to decent work conditions, gender equality and infrastructural accessibility to the markets as well as against the potential measurable impact on the poorest part of the society. A scoring matrix was developed and used by the project management team jointly with several stakeholders in the field resulting in a final selection of two value chains for further analysis.

Source: ILO (2016), p.26

How to

Defining the scope / prioritizing learning objectives

In order to allow for targeted analysis and avoid the waste of resources, an initial definition of the scope of work should clarify the following aspects:

(i) **Focus of subsequent intervention:** Specify the exact purpose of the sector selection (e.g. skills focus, private sector development focus), which, in turn, will influence the selection criteria.

(ii) **Initial list of sectors or value chains:** Decide how many and which sectors or value chains should be covered by the structured analysis. Refining this list upfront (rather than all sectors of the economy for instance) will save time and resources. In the case of a value chain selection process, a narrow sectoral scope (e.g. agriculture) should be determined, based on which potential value chains can be identified.

(iii) **Level of fieldwork needed:** In environments where high-quality secondary data is relatively scarce, more time might have to be devoted to collecting and validating information through fieldwork.

Steps/tasks to implement the assessment

1. **Inception phase:** This step includes the general definition of the scope, methodology and timeline of the selection process. Specifically, it also involves the identification or adaptation of criteria for the sector or value chain selection (based on the purpose of the assessment), clarification of data sources and the preparation of a scoring matrix for subsequent analysis.

2. **Review of secondary sources:** The second step refers to identifying and reviewing available literature and databases (mainly national and international statistics), processing and analysing the information in line with the specified selection criteria.

3. **Scoring and preselection of sectors or value chains:** The obtained data from step 2 will be mapped against the selection criteria organized in a scoring matrix. For instance, scores could range from 1 (very poor / very low) to 5 (very good / very high) and the different scores would have different weights according to the priority they are given for the selection (weighted scoring). The allocation of scoring values depends on the people involved in the sector selection process (project staff, researchers and stakeholders). Depending on the overall methodology chosen, the resulting ranking could present 3 to 5 sectors or value chains for further (in-depth) assessment.

4. **Field research:** Sector experts and other local stakeholders from the pre-selected sectors are contacted to validate findings from secondary research, close information gaps and complement the statistical data with estimates about current and future developments in the sector. This qualitative assessment is usually done through expert interviews and focus groups/workshops (with the necessary data collection instruments prepared beforehand). In particular, it can provide a more nuanced view on the sector's institutional, social and environmental dimensions, complementing economic criteria. Moreover, it provides an opportunity to create links to stakeholders for future engagement.

5. **Final selection and draft report:** This step consists of compiling and analysing the findings from the field work and developing a draft report specifying which sector(s) and/or value chain(s) are being recommended for further analysis or intervention.

6. **Validation and final report:** A validation meeting with key counterparts and stakeholders helps validate key report findings and make adjustments as needed, while supporting dissemination and buy-in. Feedback can then be used to finalise the assessment.

Level of Effort

The necessary level of effort (LoE) will strongly depend on the scope of the analysis, in particular the number of sectors or value chains to be screened. If the selection can be narrowed down from the start (e.g. based on previous work, government/donor priorities, etc.), the assessment can be carried out in a timely manner. The estimated minimum level of effort is summarized in the table below:

Steps	Details	Estimated LoE (minimum)
Inception phase	The time for the research design strongly depends on whether selection criteria and corresponding weights can be agreed upon in a timely manner (e.g. based on how many stakeholders will be involved in selecting them).	3-5 days
Review of secondary sources	If the range of sectors/value chains to be scanned is large, the desk research can take time, since the amount of available data has to be screened and structured.	10-15 days
Scoring & pre-selection	The scoring phase can be relatively short, but given the subjective nature of allocating scores for each criteria, decision making processes can take time depending on the people involved and internal coordination required.	2-5 days
Field research	The field research will take less time if it is concentrated on a smaller number of sectors/value chains prioritized during the previous stage. If information is to be collected on many sectors/value chains, the field work can involve a significant level of effort.	10-20 days
Final selection & draft report	If the findings from the field research have been documented and synthesized along the way, the report can be drafted relatively quickly.	5-10 days
Validation & final report	If the assessment is supposed to be the basis for future engagement with selected stakeholders, relatively more time should be invested into the validation of findings.	5 days
Total		35-60 days

Skills requirements

The team composition needed would typically include a senior expert with strong methodological expertise in sector/value chain selection and analysis to oversee the assignment as well as a local consultant with a very good understanding of the local labour market, institutional landscape and data sources to support the field work.

Lead staff/consultant(s)	Local staff/consultant
• Master or PhD in Social Sciences, Economics, Business, Development Studies or a related field • Experience with economic and labour market analysis • Strong familiarity with the analysis of national and international data sources • Experience with sector and value chain analysis (in selected sectors) • Expertise in the use of weighted scoring • Experience in project management/stakeholder coordination	• Higher education degree in Social Sciences or a related field • Good knowledge of the national labour market, including relevant studies and data sources • Strong understanding of the institutional landscape in the country, e.g. relevant ministries, business associations, NGOs, etc. • Prior experience in conducting labour market studies preferred • Experience in qualitative research and stakeholder engagement • Knowledge of selected sectors/value chains preferred • Excellent command of English and local language in written and spoken form

Other considerations

• **Stakeholder engagement:** Even if it might take longer, it is advisable to involve local partners and stakeholders at all stages in the process, especially when it comes to the pre- and final selection of sectors and value chains. Dialogue with different stakeholders across the market system is as important to verify and deepen information sources (to ensure the validity of selection decisions) as it is to raise local ownership in view of building partnerships for future cooperation.

Box 4.5: Sector selection study with a focus on job creation and investment in Ghana

The German Ministry of Economic Cooperation and Development (BMZ) commissioned a study to identify growth sectors in Ghana with the greatest potential to generate decent work opportunities, attract foreign investment and stimulate sustainable development in the country. The study was part of a pilot process which informed a new "Handbook for Employment-oriented Growth Sector Identification and Selection".

Methodology

A desk review of historic and current trends in the Ghanaian economy allowed the research team to develop a map of sectors and sub-sectors with economic relevance for the country. The researchers focused on broader sectors (e.g. manufacturing or construction) to identify the ones with the largest growth and job creation potential. Interviews were conducted with key industry experts and possible investors. An investor survey was used to understand the foreign investors' sector preferences in the Ghanaian market. The scoring and ranking of potential sectors were based on predefined criteria with different weights (e.g. job creation speed, job creation potential in secondary regions, FDI, employment opportunities for youth and women), leading to a shortlist of the most promising sectors in Ghana.

Findings

The most promising growth sectors in Ghana identified through the sector selection process are agricultural processing, business services, manufacturing, and possibly ICT. In addition, the report provides general recommendations on potential support services to Ghanaian companies and foreign investors in Ghana, such executive training initiatives, enhancing collaboration with regional and international partners, and investor workshops. The report also provides specific recommendations by sector, such as health and safety training in manufacturing and youth internships in agriculture.

Source: Africa Foresight Group, BMZ, GIZ (2019)

Further resources

Guidelines

Food and Agriculture Organization (2018), Developing gender-sensitive value chains. Guidelines for practitioners.

Muench, E. (2019), Handbook for employment-oriented growth sector identification and selection. GIZ.

GIZ, International Labour Organization (2015), Guidelines for value chain selection. Integrating economic, environmental, social and institutional criteria.

GIZ, United Nations Industrial Development Organization (2019), The Equip Toolbox.

International Labour Organization (2016), Value chain development for decent work.

Marketlinks, Value Chain Selection.

Selected studies

Africa Foresight Group, German Ministry of Economic Cooperation and Development (BMZ), GIZ (2019), Sector study with a focus on job creation and investment in Ghana.

Alled - Aligning Education with Labour Market Needs (2016), Labour market needs assessment - Kosovo 2015.

GIZ (2016), Interventions for employment creation in Egypt: A sector analysis.

International Finance Corporation (2017), Creating Markets in Ghana. Country Private Sector Diagnostic (see section on sector scan, "Identifying desirable sectors and key constraints").

International Labour Organization, Sector selection studies - several countries.

Risi Albania (2017), Sector selection report: Comparative assessment of the Information and Communications Technology (ICT) and Garment and Footwear (G&F) sectors in Albania.

TOOL 3: SECTOR OR VALUE CHAIN ANALYSIS

Overview

At a glance

Sector or value chain (VC) analyses are typically conducted when the sector or value chain of interest has been defined and may follow the selection process (see Tool 2: Sector or value chain selection process). Value chain analysis focuses on the full range of activities necessary to bring a product or service to the final consumer. This includes activities such as design, production, marketing, distribution and support services. Sector analysis adopts a broader perspective and considers the performance of businesses that offer related products or services, even if they are part of different value chains. This type of an in-depth analysis can provide tangible information on opportunities and constraints in given industries, as well as identify entry points for different types of employment promotion interventions.

Key information it can provide

In order to intervene successfully in a market system, it is crucial to understand how it functions. Sector and value chain analyses provide an in-depth understanding of the current state/performance, opportunities and barriers of a specific sector or specific value chain. The findings can be used to identify a broad array of entry points for interventions aimed at increasing the quantity and quality of employment. Broadly speaking, the analysis typically yields information on the following dimensions:

- **Functional dimension**: Identifies and maps out the core market system (products and services, main markets, stakeholders & competition, connections, processes, etc.) as well as the supporting functions (e.g. infrastructure, workforce & skill requirements, service providers) and rules and regulations (e.g. trade, procurement, labour law) affecting the sector or value chain.
- **Economic dimension**: Seeks to understand the total value added (outputs, prices, etc) and how it is distributed among the different actors, as well as the competitiveness and efficiency of the sector / value chain (including strengths, weaknesses, opportunities, and threats).
- **Social dimension**: Identifies how people interact with the sector/value chain, for instance in terms of types of employment, skills supply and demand, working conditions, wages, gender equality, etc.

- **Environmental dimension**: Environmental analysis seeks to identify negative environmental impacts of the sector/value chain on the environment as well as, vice versa, the potential impact of natural resource scarcity and climate change on business operations.

Many sector and value chain studies focus primarily on the first two dimensions. Adopting an "employment lens" therefore requires proper attention to the social dimension in order to gain an in-depth understanding of labour and workforce development issues.

Data source(s)

Since sector/value chain analysis seeks to provide a deeper understanding of the dynamics of a specific market system, it tends to rely heavily on qualitative data collection, complemented by secondary sources and potentially surveys of market players. Key data sources include:

- **Secondary sources**
  ◦ Reports and studies of the sector/value chain
  ◦ Specialized data of industry/stakeholder associations, e.g. related to volumes and prices of goods/services sold at different levels
  ◦ Relevant national and international policy documents
- **Primary sources**
  ◦ Interviews and consultations with market actors, such as lead firms, suppliers, service providers, government authorities, etc.
  ◦ Focus group discussions and mini workshops, with (local) peer groups of market actors
  ◦ Observations in study visits of business practices and transactions (e.g. workplace conditions, labour productivity)
  ◦ Surveys (e.g. with farms/firms or workers) to obtain more quantitative data, for instance on use of resources, workforce, production, sales, prices etc.

Context requirements (feasibility)

Several factors affect the feasibility of conducting an in-depth sector or value chain analysis, including:

- **Time to carry out the assessment**: Due to the comprehensive nature of the assessment, a minimum of 3-4 months (and potentially 6 months or more depending on the scope of analysis) would be needed to conduct the assessment. Therefore, sector or value chain analyses may typically be carried out as part of an ongoing intervention (to inform future entry points) or as self-standing research that is not directly tied to the project cycle.

- **Availability of secondary data:** The availability of reliable secondary (market) information is a key condition for sound analysis of the different dimensions of interest. Where such data is missing, relatively more effort will be required to collect primary data. For instance, in environments with a large share of informal work secondary sources are likely less reliable and more information will have to be collected in the field.
- **Ability to conduct primary data collection:** Access to key stakeholders (e.g. firm owners, workers, service providers, etc) within the sector/value chain allows the research team to draw more nuanced conclusions.

Advantages and limitations

Advantages	Limitations
• Provides deep understanding of a specific part of the economy (e.g. in terms of growth and employment potential and barriers for target groups) • Yields concrete entry points for intervention • Provides insight into concrete occupations and real-time skills needs • Highlights linkages between different economic activities	• Analysis of a sector/value chain offers only a limited perspective of the economy and the broader labour market • Highly dependent on the availability and quality of information • Can be very resource intensive

Box 4.6: Coffee value chain in Laos

Starting from a larger sector study that sampled 50 agricultural farms and 150 food processing firms in Lao People's Democratic Republic, several value chains were chosen for further analysis. A questionnaire was designed with specific sections for commercial farms and food processing firms. The questionnaire was piloted before use in the field and then rolled out in 22 days. Data was collected using electronic tablets and processed using SPSS. The in-depth analysis revealed several existing constraints in the market. For example, farmers in Laos' Oudomxay province cultivate coffee with minimum skills and technology and produce lower quality coffee. Improving the quality of the final product would help farmers tap into the market potential for higher coffee consumption and increased exports to China. Interventions to develop farmers' skills could address these obstacles, e.g. by organising training sessions for local farmers with the help of agronomists specialised in coffee cultivation.

Source: GIZ (2017)

How to

Defining the scope / prioritizing learning objectives

Since sector or value chain analysis can encompass several potential dimensions, one should ideally refine the research questions and scope of the assessment from the start. Provided that a specific sector or value chain has already been selected for analysis, the following aspects should be clarified:

(i) **Geographic scope**: The desired geographic scope determines the complexity of sector or value chain analysis. The assessment could either focus on individual sectors or value chains at the local level (likely less complex) or expand the scope to include global value chains or locally overlapping value chains.

(ii) **Focus of analysis:** The specific topics of interest should be defined upfront and will typically depend on the planned type of intervention. For instance, the analysis could primarily focus on skills needs (e.g. TVET project), working conditions (e.g. decent work project), employment barriers for the inclusion of specific groups (e.g. active labour market programmes), competitiveness and innovation (e.g. for SME development), quality of service providers, etc.

(iii) **Extent of field work:** While qualitative field work is typically included in sector and value chain analyses, the project team should also decide if quantitative data collection is required. Quantitative data is often needed when secondary sources are unavailable or unreliable.

Steps/tasks to implement the assessment

1. **Inception phase:** The study methodology needs to be defined and agreed upon, including scope of analysis, information sources, workplan, etc. This would be based on a review of studies, reports and statistics to take stock of existing information on the sector or value chain in the local context and identify knowledge gaps. If quantitative data collection is planned, a preliminary sampling strategy should also be developed.

2. **Value chain mapping:** A sector/value chain map serves as the backbone for subsequent analysis, visualizing how a specific product or service is processed from raw material to consumption, key stakeholders, supporting functions, legal framework, etc. The map will be fine-tuned throughout the process and feed into further data collection steps, for example by determining possible questions for primary data collection or pick companies from the value chain to visit and fill the information gaps of the initial mapping.

3. **Design and piloting of data collection instrument(s)**: This step includes the design of survey questionnaires for different stakeholder groups (firm owners, workers, etc.), as well as the development of guidelines for semi-structured interviews or focus group discussions (as needed).

4. **Data collection:** This always includes qualitative research, such as interviews, observation, or group meetings to better understand the sector/value chain and engage stakeholders. Specifically, qualitative research can provide data on company plans and perspectives, segmentation and strategy, skills training, industry collaboration, as well as help identify issues from the point of view of different market actors (e.g. firm owners, workers, etc.). In the absence of adequate secondary sources, quantitative methods, such as surveys of one or more stakeholder groups (typically farms/firms and/or workers), can produce representative data on the key variables of interest (e.g. activity and role of companies in value chains, details on ownership, revenues and other relevant business criteria, workforce and capacity utilization, etc.). In informal environments, it is crucial to also reach out to businesses that are not registered or immediately visible on the value chain map.

5. **Analysis and draft report:** The last stage consists of analysing qualitative and quantitative data and triangulating all the information obtained. The analysis should highlight key issues/gaps and underlying constraints holding back the development of the sectors or value chains. It should also provide recommendations on potential entry points for intervention (e.g. in terms of investment, skills development, decent work).

6. **Validation and final report:** A validation meeting with key counterparts and stakeholders helps validate key report findings and make adjustments as needed, while supporting dissemination and buy-in. Feedback can then be used to finalise the assessment.

Level of Effort

If the assessment can rely on good existing information, and the research questions can be narrowed down upfront, then more rapid sector or value chain analysis may be possible (see estimate below). However, if the analysis is expected to be comprehensive (cover all dimensions) and/or major quantitative data collection is required to obtain reliable data, then the level of effort (LoE) may increase exponentially. The estimated minimum level of effort is summarized in the table below:

Steps	Details	Estimated LoE (minimum)
Inception phase	The time needed to design the research methodology depends on the extent of quantitative data collection desired, which would influence the time required to adapt data collection instruments and define the sampling strategy.	5-10 days
Value chain mapping	The effort required depends on the scope of the desk review, availability of secondary data (national statistics, administrative records) and existing studies, as well as the complexity and geographic scope of the sector/value chain under analysis.	5-15 days
Design of instruments	The time required will depend on the number of instruments, their intended depth (e.g. number of modules in the questionnaires/focus group guides), the number of different stakeholder groups to be interviewed (e.g. firm owners, workers, etc.) and the extent of piloting.	5-10 days
Data collection	The scope and the type of primary data collection are key factors in determining the number of days required. Preparing the field work and collecting the data will likely represent the most labour-intensive part of the assessment, especially for quantitative data collection with larger samples.	10-30 days
Analysis & draft report	The level of effort needed for data analysis and reporting depends on several factors, including the variety of data used to analyse the sector/value chain, the availability of data in electronic format, etc.,	10-15 days
Validation & final report	The extent of this step largely depends on the scope of consultations to be carried out. Note that additional time may be required if "derivative" products (e.g. presentations, short briefs) are also needed.	5 days
Total		40-85 days

Skills requirements

The size and complexity of a sector/value chain analysis often justifies a larger team under the lead of an experienced consultant who has conducted similar analyses before. If all dimensions (functional, economic, social, environmental) of a sector/VC are supposed to be analysed, experts for each dimension may be warranted. If the analysis is focused on specific dimensions/elements, a core team of 2-3 people may be sufficient.

Lead staff/consultant(s)	Local staff/consultant(s)
• Master or PhD in Social Sciences, Economics, Business, Development Studies or a related field • Strong background in economic and labour market analysis • Experience with sector and value chain mapping and development • Demonstrated expertise in the specific sector/value chain of interest • Demonstrated expertise in priority dimensions of analysis (e.g. economic, social) • Experience with design and coordination of quantitative and qualitative research • Experience in project management/stakeholder coordination	• Higher education degree in Social Sciences or a related field • Good knowledge of the local labour market • Demonstrated experience in the specific sector/value chain of interest • Experience with qualitative (and preferably quantitative) data collection and analysis • Excellent command of English and local language in written and spoken form • Experience in stakeholder engagement

In the case of quantitative data collection with larger samples, additional enumerators and/or a data collection firm will need to be involved.

Box 4.7: The Cashew Value Chain in Mozambique

In the context of the World Bank-led Let's Work Partnership, a comprehensive study examined the opportunities and constraints to developing the cashew value chain in Mozambique. The goal was to improve the working environment by making existing jobs sustainable and creating new and better-paid jobs to help alleviate poverty, mainly among smallholder cashew producers.

Methodology

The study analysed the entire cashew value chain in Mozambique from tree cultivation to the marketing of cashew nuts based on desk research, close observation of business practices in the field and contacts with industry associations. In terms of employment in the cashew value chain, the research team first identifies value chain segments with the most growth potential, and then estimates the number of jobs that may be generated through investment.

Findings

Based on the analysis, there is some potential for expanding jobs in the domestic cashew processing industry, though it is lower than the potential employment gains from increasing the production of raw cashew nuts. Trading represents the third area of potential job creation, given the high number of trader middlemen, retailers, wholesalers, and exporters in the value chain. Despite the gradual shift from agriculture to services in terms of Mozambique's drivers of growth, cashew cultivation still plays an important role as one of the main contributors to Mozambique's trade balance and a channel for achieving inclusive growth in rural areas. The expected growth in global demand and prices of cashews in the coming years is likely to support the development of the sector in Mozambique and open up new job opportunities.

Source: Costa and Delgado (2019)

Further resources

General Guidelines

European Commission (2018), Value Chain Analysis for Development, Methodological Brief. Frame and Tools.

European Training Foundation, European Centre for the Development of Vocational Training (CEDEFOP), International Labour Organization (2016), Working at sectoral level. Guide to anticipating and matching skills and jobs Vol. 3.

GIZ (2019), Replicable methodology for analyses of economic sectors in Jordan.

GIZ, United Nations Industrial Development Organization (2019), The Equip Toolbox.

International Labour Organization (2016), Value chain development for decent work. How to create employment and improve working conditions in targeted sectors.

Marketlinks, Value Chain Analysis.

Springer-Heinze, A. (2018), ValueLinks 2.0. Manual on sustainable value chain development. Volume 1 Value Chain Analysis, Strategy and Implementation. GIZ.

World Bank Group (2018), Jobs in value chains survey toolkit.

Guidelines on gender-sensitive value chain analysis

Food and Agriculture Organization (2018), Developing gender-sensitive value chains. Guidelines for practitioners.

GIZ (2015), EconoWin's Gender Sensitive Value Chain Approach: A Short Guide for Practitioners.

Mayoux, L. and Mackie G. (2008), Making the strongest links. A practical guide to mainstreaming gender analysis in value chain development. International Labour Organisation.

Guidelines on conflict-sensitive value chain analysis

Hiller, S., Hilhorst, D. and Weijs, B. (2014), Value chain development in fragile settings.

United States Agency for International Development (2008), Conflict-sensitive approaches to value chain development.

Selected Studies

Costa, C. and Delgado, C. (2019), The Cashew Value Chain in Mozambique. World Bank.

European Commission (several years), Value Chain Analysis for Development, Study Briefs (several countries).

European Training Foundation (2013), Value Chain Analysis in the Montenegrin Dairy Sector.

GIZ (2017), Value chain analyses for selected sub-sectors of the agriculture and food processing sectors in Lao PDR.

Risi Albania (2014), Market System Analysis. Tourism sector in Albania and business constraints to growth.

Gedeon, S. and Al-Quasem, L. (2019), Jordan's ICT sector analysis and strategy for sectoral improvement.

World Bank Group (several years), Country Private Sector Diagnostic (several studies, see section on "Sector deep dives").

TOOL 4: LOCAL MARKET OPPORTUNITY ASSESSMENT

Overview

At a glance

In developing regions, opportunities for business expansion or self-employment initiatives might not be easily identified through existing data about sectors or value chains. Local businesses might, however, exhibit potential for future income generation and improvement of products and services in the region. Local market opportunity assessments combine qualitative and quantitative tools to identify potentially viable businesses in a specific geographic area, as well as the local skills supply and demand. This assessment therefore offers conclusions on opportunities to increase income in a specific region and on the necessary education and training measures to meet those opportunities.

Key information it can provide

Market opportunity assessments can provide real-time insights into concrete opportunities for local businesses and (self)employment, based on the identification of community needs and current business performance/practices. As a result, they provide practical information for a range of (labour) market interventions that seek to identify promising avenues for labour market integration and/or entry points to strengthen supporting functions in these local markets (e.g. infrastructure, skills training, business development services, financial services). Specifically, local market opportunity assessments mainly produce the following kind of information for a limited geographic area (e.g. city, district, small region):

- **Consumer demand:** Identify products and services currently found lacking in the local market (unmet needs), indicating potential (self)employment opportunities for income generation
- **Business performance and linkages:** Identification of profitable vs. saturated sectors and occupations, as well as linkages between businesses (e.g. suppliers of successful businesses)
- **Supply and demand for skills:** Identify specific skills and trainings needed for target groups to be able to engage in identified opportunities
- **General market/business dynamics:** Identify local patterns of trade and purchasing/ selling of goods and services, e.g. existence and dynamics of local markets

Data source(s)

Market opportunity assessments rely mainly on primary data collection, with a strong emphasis on quantitative data collection. In order to run a market opportunity assessment, a combination of the following data sources can be used:

- **Quantitative data collection:**
  - Local population for consumer satisfaction and demands
  - Local micro, small and medium enterprises (MSMEs)/ self-employed /associations for supply situation and market opportunities
  - Potential target group for aspirations, activities and skills
- **Qualitative data collection**
  - Interviews and focus groups with businesses and the target group
  - Key informant interviews with market experts, local officials, banks, training institutes, NGOs, etc.
  - Observation (e.g. of market dynamics, profile of
- **Secondary data sources**
  - Relevant studies and reports on the target area, development projects that may affect the target area, local development plans etc.
  - Local statistics

Context requirements (feasibility)

The key factors affecting the feasibility of conducting local market opportunities assessments are:

- **Narrow geographic scope:** The main requirement to assess local market opportunities is the ability to clearly define a narrow geographical area where information on consumer needs, income generating activities and the current skills portfolio will be collected. The assessment is therefore particularly well suited for interventions focusing on specific regions/districts at the sub-national level.
- **Ability to conduct primary data collection**: Due to its reliance on collecting up-to-date primary data, the assessment is only possible if there is an environment conducive to conducting field research with a wide range of stakeholders.

Due to its limited requirements, in particular with regard to existing data and statistics, the assessment is also well suited for particularly challenging environments, such as humanitarian contexts and highly informal labour markets.

Advantages and limitations

Advantages	Limitations
• Allows for a deeper understanding of concrete opportunities in a specific local area than other types of assessments • Provides very up-to-date information • Does not rely on availability/reliability of existing data, making it also suitable for environments with high levels of informality/fragility • High local stakeholder involvement, providing foundation for future collaboration • Provides entry points for various types of interventions (e.g. labour market programmes, TVET, SME development, etc.)	• Time-bound snapshot of the situation • Narrow geographic scope • Does not capture broader market dynamics that can still influence local opportunities (e.g. changes in regional investment, competitiveness, infrastructure, national regulations etc.) • Relies heavily on perceptions/estimates from local stakeholders • Can be resource-intensive, due to emphasis on primary data collection

Box 4.8: Market Opportunity Assessment in Mogadishu

A report on youth employment and livelihood survey on skills and market opportunities in South Central Somalia shows that consumer satisfaction level for almost all goods in local markets, especially milk and poultry products is high, which suggests that training in these industries was not necessary. Local products were found to have higher satisfaction levels than products from alternative sources. Consumers were on the other hand lacking safety and reliability of public transport and were concerned about overcrowding in buses. The assessment concludes that targeted driving-safety training for existing drivers and the education of new drivers may be appropriate. At the same time the assessment shows that significant increases in business start-up costs of any kind are the main barrier to starting or expanding businesses in the region.

Source: Forcier Consulting (2013)

How to

Defining the scope / prioritizing learning objectives

Since local market assessments strongly rely on primary data collection, it is important to clearly clarify expectations and the corresponding scope of the study:

(i)   **Geographic scope:** To ensure that tangible and viable market opportunities are identified, the local scope needs to be clearly defined, i.e. whether it is limited to a specific neighbourhood/town/city/region.

(ii) **Priority information needs:** Before the assessment starts, a decision has to be taken whether it will look at consumer needs, business opportunities and available skills portfolios of potential target groups jointly, or just at one or two of these aspects. Even though the market assessment should typically consider the different dimensions together (see the accompanying Tool 4 Annex), a narrower scope would be justified, for instance, if some of the information is already available (e.g. through previous assessment).

(iii) **Extent of data collection**: For the quantitative data collection a decision must be made about the degree to which the findings should be representative, as this will significantly influence the sample size and hence the duration and cost of data collection.

Steps/tasks to implement the assessment

1. **Inception phase:** To zoom in on the chosen territory, initial desk research can be conducted to get basic information on the economic and social context, presence of relevant institutions and stakeholders, local government priorities, availability of prior assessments, etc. In this step one should also determine which stakeholders will be included in the qualitative research and how to define the sample of stakeholders (e.g. consumers, businesses, etc.) to be surveyed.

2. **Design and piloting of data collection instrument(s)**: Based on the general research questions and the information (not) available through the desk research, one can then draft the different data collection instruments (e.g. semi-structured interview guide, focus group guide, surveys, etc.). These instruments should be reviewed and validated internally to ensure that all information of interest will be captured. The instruments (esp. the survey questionnaire) should also be pilot tested and adapted as needed (to ensure adequate length, clarity of questions, etc.). The design of the instruments should also allow for later disaggregation (e.g. by age, gender).

3. **Data collection**: This step consists of carrying out the field work. While quantitative data collection among consumers, businesses and target group typically represents the core of data collection in local market assessments, conducting additional qualitative research will add depth and nuance to the analysis, and allow for engaging a broader set of stakeholders. It may often be useful to start and end with qualitative field work. When conducted prior to the surveys it can strengthen the understanding of market dynamics and help refine the survey design. In addition, qualitative work following the survey can help explore certain findings from the surveys in more detail.

4. **Analysis and draft report:** This step involves the analysis and triangulation of qualitative and quantitative data collected. It should provide a clear picture of the conclusions emerging from the analysis and about practical entry points for intervention (e.g. focus occupations for self-employment support, design of curricula, etc.). It is often the case that some barriers observed go beyond the influence of individual projects (e.g. related to legal framework, business environment, etc.), which can then be fed into a broader policy dialogue.

5. **Validation and final report:** A validation meeting with key counterparts and stakeholders helps validate key report findings and make adjustments as needed, while supporting dissemination and buy-in. Feedback can then be used to finalise the assessment.

As needed, the scope of work can also be extended to include follow-up assistance building on the recommendations from the market assessment to support the development of concrete programming elements (e.g. curricula adaptation).

Level of Effort

The level of effort (LoE) and time needed for local market opportunity assessments depend crucially on the scope and depth of the analysis, as well as data collection methods and geographic focus. The estimated minimum level of effort is summarized in the table below:

Steps	Details	Estimated LoE (minimum)
Inception phase	The time required for initial preparation will depend on the size and number of markets/regions to be assessed.	5-10 days
Design of instruments	The time required largely depends on the number of instruments, their intended depth (e.g. number of modules in the questionnaires/focus group guides) and the number of different stakeholder groups to be interviewed (e.g. local leaders, parents, NGOs, service providers).	5-10 days
Data collection	Depending on the sample size, geographic scope, the number of different stakeholder groups to be interviewed and the type of survey administration (e.g. face to face, phone, etc.), the estimated level of effort can vary. In addition, operating in a fragile environment can increase the time needed for data collection.	10-30 days
Analysis & draft report	The amount of time needed for analysis and report drafting depends on the variety and quality of data sources used and the scope of recommendations to be made.	10-15 days
Validation & final report	The extent of this step largely depends on the scope of consultations to be carried out. Note that additional time may be required if "derivative" products (e.g. presentations, short briefs) are also needed.	5 days
Total		35-70 days

Skills requirements

Although this assessment targets narrow geographic areas, it can be time-intensive due to its focus on primary data collection, possibly in challenging environments. An adequate team composition therefore depends strongly on the scope of the assessment, considering that a field work team will always be needed. If the scope is very narrow, e.g. a small geographic area like several neighbourhoods within a city, one senior expert (alone or with support of local expert) working with a small team of enumerators may be enough. For a broader scope, however, recruiting a firm with significant data collection capability may be needed.

Lead staff/consultant(s)	Local staff/consultant(s)
• Master or PhD in Social Sciences, Economics, Business, Development Studies or a related field • Expertise and experience in conducting market assessments • A proven track record in quantitative and qualitative data collection and analysis (including with MSMEs, target group of interest) • Experience in researching informal markets • Prior work experience in the country/sub-region • Proficiency in the local language	• Higher education degree in Social Sciences or a related field • Good knowledge of the local community and labour market • Familiarity with key stakeholders and institutions at the local level • Experience with qualitative and (preferably) quantitative data collection and analysis • Proficiency in Microsoft Office

Other considerations

- **Participatory process:** Local market opportunity assessments are well suited to be conducted in a participatory way with the active involvement of key stakeholders/ partner organisations in the data collection process (as data collectors, not just respondents). This is particularly suitable when the market assessment does not only have an information objective but is also intended to serve capacity development of local partners. See Tool 8: Participatory labour market assessment for more information.
- **Synergies with target group assessments:** Given that local market opportunity assessments typically include interviews with the target group to identify the local supply of skills, it may be possible to expand the survey beyond skills and thus collect a broader set of information on the target group if needed.

Box 4.9: Livelihood Market Assessment North-Eastern Nigeria: Adamawa and Borno States

The Danish Refugee Council/Danish Demining Group ran a livelihood market assessment in north-eastern Nigeria within the framework of the EU-funded Emergency Trust Fund for Africa programme to promote stability and resilience among those affected by displacement in the region. The local market assessment was commissioned to explore appropriate income generating activities and vocational skills that are viable and for which there is market demand.

Methodology

Data collection was based on a research design incorporating quantitative methods to capture data on income and financial indicators measuring enterprise viability, as well as qualitative methods to better understand livelihoods and market structure. The desk research was focused on local data previously collected by NGOs in the region. This was followed by a survey of local actors, focus-group discussions and in-depth key informant interviews to obtain more details on petty trade, skills requirements and cash transfers.

Challenges

Significant time and resources were needed to complete the study, given its large scope and multiple data collection steps. Geographic distance between the two regions of interest meant that the training of research assistants and pre-testing of tools had to be done twice (once in each state).

Findings

Based on the analysis, the most viable businesses and income-generating activities include buying and selling fish, livestock trading, local meat sellers/butcheries, selling bed sheets and groundnut oil extraction. Furthermore, several marketable skills were identified as potential ways to support youth, women and self-employment through vocational training, such as: technical expertise on repair of grinding and shelling machines, generators, refrigerators and tailoring machines, as well as skills for designing oil pressing machines. In terms of business funding, flexible co-financing models are recommended for enterprises that require high start-up capital (such as fish).

Source: Danish Refugee Council, Danish Demining Group (2018)

Further resources

Guidelines

Forcier Consulting (2013), Manual for conducting market assessments. South Sudan.

International Labour Organization (2009), Rural skills training. A generic manual on training for rural economic empowerment (TREE).

Women's Refugee Commission (2013), Market Assessment Toolkit for Vocational Training Providers and Youth Linking Vocational Training Programs to Market Opportunities.

Selected studies

Danish Refugee Council, Danish Demining Group (2018), Livelihood market assessment report North-Eastern Nigeria: Adamawa and Borno States.

Forcier Consulting (2013), Youth Employment and Livelihood Survey on Skills and Market Opportunities - Mogadishu, Somalia. ILO.

International Rescue Committee (2017), East Mosul, Iraq Labor Market Assessment.

United Nations Educational, Scientific and Cultural Organization (2018), Labour Market Assessment and Review and Assessment of Technical and Vocational Education and Training (TVET), Vocational Training (VT) and Skills Development in Select Locations, South Sudan.

ANNEX: TOOL 4

Example trades for the assessment of skills in demand in South Sudan

	Consumer survey	Market survey	Youth skills survey	Recommendation
Trades	Consumer demand for products/ services	Availability of jobs in market	Availability of skills	Is the vocation in demand of skills?
Agriculture – mech.	Medium	n/a	Yes	Yes
Agriculture - ox plough	n/a	n/a	Yes	n/a
Agriculture -manual	Medium	Medium	Yes	Yes
Animal healthcare	n/a	n/a	Yes	n/a
Arts and crafts	Medium	n/a	Yes	Yes
Barber/hairdresser	Medium	High	Yes	Yes
Beautician	High	High	n/a	n/a
Blacksmith	n/a	n/a	Yes	n/a
Business/ management	n/a	n/a	Yes	n/a
Business - finance	n/a	n/a	n/a	n/a
Business - marketing	n/a	n/a	Yes	n/a
Catering	Medium	Medium	Yes	Yes
Carpentry and joinery	n/a	High	Yes	Yes
Computers/ICT	Medium	Low	Yes	Yes
Building and construction site labourer	Medium	Low	Yes	Yes
Dairy farming	Medium	n/a	n/a	n/a
Dobbi/dry cleaning	Medium	High	Yes	Yes
Electronics – systems installations	Medium	High	Yes	Yes

Source: Selection based on UNESCO (2018), p.145f

TOOL 5: TARGET GROUP ASSESSMENT

Overview

At a glance

Labour market constraints typically have a disproportionately large effect on vulnerable groups, such as youth, women, displaced persons, migrant workers, persons with disabilities, and ethnic groups. Employment promotion interventions are, therefore, often designed with the aim of enhancing the access of disadvantaged groups to the world of work. For the interventions to succeed, it is crucial to understand the employment barriers and opportunities specific to the target group in question, which may occur in addition to the barriers and opportunities faced by the broader population (e.g. quality of education, private sector hiring...). Target group assessments represent a set of methods that allow us to identify group-specific prospects and challenges, with practical implications for employment programming. Depending on the project needs, this tool can be used independently or in conjunction with other approaches.

Key information it can provide

Target group assessment focuses on the range of employment constraints and opportunities from the perspective of a particular target group, to understand the possibilities of improving their chances for wage and self-employment and enhancing the overall inclusiveness of the labour market. As with the integrated employment diagnostic, it is important to adopt a holistic approach and consider factors beyond the labour market itself, such as health, regulations and socio-cultural norms, that impact the target group's employability and labour market outcomes. Specifically, target group assessments can supply the following labour market information:

- **Country context and target group employment outcomes**: Understand the country context and the target group's labour market outcomes (unemployment rate, labour force participation rate), using descriptive statistics.
- **Target group profile**: Understand the profile of the target group, including their perceptions, needs and aspirations. Note that characteristics, such as gender, ethnicity or marital status, might contribute to different employment outcomes for individuals within a target group. Sub-group analysis to account for variation within the target group might be necessary.

- **Target group employment barriers and opportunities**: Understand labour market challenges and prospects specific to the target group, given the variety of factors that affect the target group more broadly. Note that many of these factors are interdependent and mutually reinforcing. They include:
  - **Macro-level**: demographic situation; legal framework; social norms and beliefs; discrimination
  - **Meso-/institutional level**: labour regulation; quality, availability and access to health and social services; access to productive resources; workplace and working conditions; access to infrastructure and transport
  - **Micro/individual-level**: skills and work experience; perceptions; aspirations; information; agency; time; mobility; social capital; health

Data source(s)

Given the range of factors affecting the target group's ability to access the world of work, collecting information from a variety of sources is typically warranted in order to triangulate the findings and draw meaningful conclusions. Potential data sources include:

- Secondary sources
  - Existing literature, including country/regional studies focusing on the target group (incl. school-to-work transition reports)
  - International data sources on the target group (e.g. ILO's YouthPol, World Bank's Women, Business and the Law, etc.)
  - National statistics (e.g. census data, Labour Force Surveys)
  - Administrative data (e.g. unemployment records from the National Employment Agency; online job portals, Chamber of Commerce)
  - Analysis of the legal framework (e.g. right to work; national employment strategy)
- Primary sources
  - Qualitative methods: focus group discussions; key informant interviews (stakeholders include family, institutions and service providers, employers)
  - Quantitative methods: target group survey, such as tracer/alumni surveys; employer survey

Context requirements (feasibility)

The feasibility of conducting an in-depth target group assessment depends on several factors:

- **Project life cycle phase**: Rapid qualitative analysis and desk research can be conducted as part of the project preparation/initiation phase. However, thorough target group assessments (including collection and/or analysis of quantitative data) are often conducted only after the project has been approved (early or late implementation phase), given the amount of time and resources required.
- **Access to the target group**: To collect primary data (qualitative and quantitative), access to members of the target group and other key informants is crucial. Particularly vulnerable populations, such as young women and refugees, may be difficult to reach (e.g. social norms, geographic spread, lack of trust). Moreover, broader context factors (e.g. government sensitivities, fragility and conflict in the area) might hinder primary data collection.
- **Access to detailed, up-to-date administrative records (optional)**: If available, detailed administrative data can be used to understand the target group's employment barriers and opportunities without having to carry out a full-scale target group survey (typically more costly). Qualitative tools (e.g. in-depth interviews) could be used to supplement the analysis. Moreover, to support the selection of respondents for quantitative data collection, access to administrative data records and/or population census data would be useful to determine the sampling frame.

Advantages and limitations

Advantages	Limitations
• Can provide a detailed understanding of the target group and its challenges and prospects, with practical implications for programming • Able to capture different dimensions: macro, institutional and individual barriers and opportunities • Flexible in terms of scope and potential data sources that can be prioritized according to specific knowledge gaps and programming needs • Can be combined with other assessment types (e.g. enterprise survey, market assessment, etc.) • Possible to integrate participatory elements by involving the target group in the assessment process	• Can be time- and resource-intensive if primary quantitative data collection needed • Greater focus on supply/labour market matching, with limited information on demand-side aspects • Careful interpretation may be needed to differentiate the target group's and other stakeholders' "opinions" / "perceptions" from reality • In practice, often difficult to ensure a representative sample of the population even if quantitative methods are used, due to a lack of accurate census/ administrative data to define the sampling frame

Box 4.10: Youth Labour Market Assessment in Sri Lanka

Conducted as part of the USAID-funded YouLead project in Sri Lanka, the 2018 Youth Labour Market Assessment explores employment challenges and opportunities faced by young Sri Lankans in five priority sectors, with the aim of improving YouLead project interventions. The study adopts a mixed methods approach, combining youth, employer and entrepreneurship surveys (quantitative) with key informant interviews (qualitative). To the extent possible, survey data are disaggregated by gender to highlight any barriers specific to young women. Survey results reveal young people's preferences: they favour traditional jobs offering greater security, better work-life balance and shorter commutes. Inadequate information about available jobs and a lack of safe transport options can prevent young people from accessing the world of work. Young women in particular face challenges due to competing family responsibilities and a lack of flexible working hours and support services. From the perspective of employers, inadequate knowledge of English as well as a lack of soft and job-specific technical skills were seen as key challenges to hiring Sri Lankan youth.

Source: Verité Research (2018), p. 13-19

How to

Defining the scope / prioritizing learning objectives

Several important aspects should be considered upfront depending on the context and programming needs:

(i) **Definition of the target group**: The target group should be clearly defined and narrowed down if possible (e.g. youth (18-24) or (15-29); refugee population and/or refugee host community).

(ii) **Depth of information**: The depth of information needed is a key consideration (i.e. comprehensive or basic/subset target group assessment). Conducting a less resource-intensive target group assessment could help build a basic target group profile, using secondary data on the target group's employment outcomes and simple qualitative tools (e.g. interviews, focus groups). A more complex assessment would focus on the underlying factors affecting the target group's access to the labour market, with an option of conducting exploratory, open-ended research or focusing on unpacking some of the key barriers and opportunities (identified through prior research and/or desk review).

(iii) **Extent of data collection**: The choice in terms of data sources and data collection should be based on the depth of information required and the available resources. Qualitative data (obtained through e.g. key informant interviews, focus group discussions) provide additional nuance through personal stories and statements. Quantitative tools (such as target group surveys and employer surveys) can provide rigorous data on the target group barriers and opportunities, though they are more resource intensive.

(iv) **Geographic scope**: This involves the specification of the geographic scope where the assessment is to be carried out, largely determined by the programme's geographic scope. Target group assessment is typically conducted at the sub-national level (regional or municipal), as programmes tend to be implemented in a specific region or city.

Steps/tasks to implement the instrument

Although the specific details will depend on the scope of the target group assessment and the chosen data collection methods, key steps can be summarized as follows:

1. **Inception phase**: Initial scoping of existing literature and country studies focusing on the target group and key stakeholders, as well as any available data. Based on the desk research, the intended scope and workplan of the assessment can be refined. This step also consists of identifying stakeholders to be interviewed or included in focus group discussions (if qualitative methods are used) and/or choosing a feasible sampling strategy and an appropriate sample size (in the case of a quantitative survey).

2. **Design and piloting of data collection instrument(s)**: Depending on the specific approach chosen, this step may include the development of guidelines for semi-structured interviews with key informants or focus group discussions, and/or the design of survey questionnaires.

3. **Data collection**: Depending on the extent of quantitative surveying, survey data might be collected separately by a survey firm in coordination with the consultant team or the consultant team might arrange the data collection process themselves.

4. **Analysis and draft report**: Information collected from primary and secondary sources is analysed, serving as the basis for drafting the report. The draft report is used to gather internal and external feedback prior to the validation meeting.

5. **Validation and final report**: A validation meeting with key counterparts and stakeholders helps validate key report findings and make adjustments as needed, while supporting dissemination and buy-in. Feedback can then be used to finalise the assessment.

Level of Effort

The level of effort (LoE) and time needed for target group assessments depend crucially on the scope and depth of the analysis as well as data collection methods and geographic focus. The estimated minimum level of effort is summarized in the table below:

Steps	Details	Estimated LoE (minimum)
Inception phase	The time effort required depends on the scope of the desk review, the ease of sourcing secondary data (national statistics, administrative records) and the approach to selecting respondents.	5-10 days
Design of instruments	The level of effort will largely depend on the number of instruments to be developed, the number of different stakeholder groups interviewed (e.g. local leaders, parents, NGOs, service providers, etc.) and whether a quantitative survey is planned (development and piloting of questionnaires, sampling).	5-10 days
Data collection	The time needed will depend strongly on the geographic scope, depth of data collection planned and type of survey administration (e.g. face to face, phone, etc.). Preparing the field work and collecting the data will likely represent the most labour-intensive part of the assessment.	5-20 days
Analysis & draft report	The level of effort required for data analysis depends on the variety of data sources used for the assessment. If the data are available in an electronic format, the analysis can proceed at a quicker pace.	5-15 days
Validation & final report	The extent of this phase mainly depends on the magnitude of consultation and validation of the results with different stakeholders and institutions, prior to consolidating the findings.	5 days
Total		30-70 days

Skills requirements

Depending on the depth and extent of data collection and analysis, one would typically seek out a team comprised of a senior expert with demonstrated experience of labour market integration for the target group of interest and a local expert with strong knowledge of the local context as well as experience in data collection.

Lead staff/consultant(s)	Local staff/consultant
• Master or PhD in Social Sciences, Economics, Business, Development Studies or a related field • Significant work experience in the area of employment promotion for vulnerable groups • Good understanding of the target group of interest • Demonstrated expertise in qualitative and/or quantitative data analysis (according to the needs of the assignment) • Sensitivity and communication skills • Prior work experience in the country/region • Language skills (as needed, e.g. English, French, local languages)	• Higher education degree in Social Sciences or a related field • Previous experience of working with the target group of interest • Good knowledge of and access to local stakeholders/ community • Demonstrated expertise in qualitative data collection and analysis (experience with quantitative data collection preferred) • Excellent facilitation skills • Proficiency in target group language/dialect (as needed)

Note that quantitative data collection could either be conducted either by the consultant team and their team of enumerators or by a professional survey firm through a separate contract. Hiring a survey firm might be particularly useful when dealing with a larger sample size.

Other considerations

- **Combining multiple tools**: In practice, for a broader understanding of the labour market dynamics, one may want to combine target group assessment with other types of labour market assessments. For instance, it may be combined with market assessments (consumers and businesses), institutional analysis to understand the services available to the target group (e.g. mapping of key stakeholders such as TVET institutes), etc.
- **Participatory approach**: If building engagement with the local target group is a priority, then using a participatory approach to labour market assessment may be warranted (see Tool 8: Participatory labour market assessment).
- **Linkages with gender analysis**: Many development agencies require project teams to provide information on the potential social and environmental impact of the proposed intervention, including on women. Data collected through target group assessments can, therefore, be a useful source of information for institutional risk management frameworks.

- **Synergies with the monitoring and evaluation system**: As part of project monitoring and evaluations, the project team may already have planned to interview (prospective) beneficiaries in order to establish a baseline. It might be possible to adjust the baseline survey in order to collect additional information on the target group that can support labour market diagnostics.

Box 4.11: Labour Market Assessment on Refugee Youth in Turkey

International Youth Foundation (IYF) commissioned a labour market assessment on the situation of Syrian youth in Istanbul. Apart from identifying key employment barriers and opportunities for young Syrian refugees living in Istanbul, the study also served as the basis for designing capacity building workshops for local NGOs as part of IYF's Syrian Refugee Employability Programme.

Process

The researchers relied on both secondary and primary sources of data. Desk research consisted of reviewing relevant literature (including existing surveys of Syrians living in Turkey) and analysing data from public and private organisations (e.g. Turkish Statistical Institute, Turkish Labour Agency, job portals and the Istanbul Chamber of Commerce). Primary data collection included in-depth interviews with key stakeholders and a face-to-face survey of more than 1,000 young Syrians aged 18-29. The design of the survey questionnaire was based on Turkey's standard Household Labour Force Survey, providing valuable information on labour market outcomes and aspirations of young Syrian refugees. Interviews with businesses, young Syrians, service providers and NGOs provided the research team with additional nuance about the target group.

Challenges

Lack of administrative records to determine the total population of Syrian refugees in Istanbul meant that random sampling was not possible. Instead convenience sampling was conducted, creating a potential source of bias. The respondents were more likely to be unemployed than employed due to their availability during work hours. The sample size was increased to mitigate the potential bias. In addition, it was particularly challenging to interview young women, with some citing previous harassment. Women-only survey teams were used to try to address the challenges in reaching this vulnerable target sub-group.

Benefits/ conclusions

The report identified several important barriers to (quality) employment faced by young Syrians, including insufficient knowledge of Turkish, low participation rates in vocational training programmes (often due to scheduling conflicts) and a restrictive regulatory framework. Key consequences in terms of programming included increasing the focus on teaching Turkish before providing vocational training programmes. To reduce potential scheduling issues, it was recommended that the courses are offered outside of working hours. Finally, the report recognized the significance of broader regulatory reforms (going beyond the immediate scope of the programme) as a way of reducing barriers to participation in the formal labour market faced by Syrian refugees.

Source: IYF (2018)

Further resources

Guidelines

International Labour Organization (2017), Methodology for Conducting Youth Labour Market Analysis.

International Labour Organization, School-to-Work Transition Surveys.

International Labour Organization, United Nations High Commissioner for Refugees (2017), Guide to market-based interventions for refugees.

International Youth Foundation (2012), Ensuring Demand-Driven Youth Training Programs: How to Conduct an Effective Labor Market Assessment.

IREX (2018), Youth-Led Labor Market Assessment Framework and Guide. Meaningfully involving youth in labor market assessments through participatory action research.

Selected studies

Education for Employment (2015), First Jobs for Young Women in the Middle East & North Africa: Expectations and Reality.

FHI360 (2014), Workforce Connections: Kenya Youth Assessment.

International Youth Foundation (2018), Opportunities for Syrian Youth in Istanbul: A Labour Market Assessment.

Orange (2016), Increasing Women's access to the Labor Market in Syria: Training Needs Assessment Report.

Verité Research (2018), Youth Labour Market Assessment Sri Lanka.

World Bank (2012), Kingdom of Morocco: Promoting Youth Opportunities and Participation.

TOOL 6: SKILLS ASSESSMENT

Overview

At a glance

Skills are a key determinant of individuals' employability and an important driver of firm productivity and competitiveness, as well as the broader development process. Depending on the level and type of skills available in the workforce, firms' needs and the matching between skills availability and demand, skills may either promote or hinder the functioning of the labour market and the economy. Education and training programmes and other skill development initiatives often seek to reduce the gaps and mismatches between skills supply and demand. The success of such programmes depends on quality skills assessments, consisting of a range of approaches to systematically examine skills supply and/or demand, as well as any current and/or future skill mismatches.

Box 4.12: Glossary of terms

Skill needs:	Demand for particular types of knowledge and skills on the labour market.
Skill supply:	Level and type of skills that the labour force possesses
Skill mismatch:	Level and/or type of skills available are not in line with labour market needs
Skill shortage:	Type of skills and/or the number of workers is insufficient to meet labour market demand
Skill gap:	Worker's skills fall short of the job requirements
Skill underutilization:	Worker's skills exceed the job requirements

Source: European Centre for the Development of Vocational Training (CEDEFOP) (2014), Terminology of European education and training policy: A selection of 130 key terms. 2nd Edition; Quintini, G. (2011), Over-Qualified or Under-Skilled: A Review of Existing Literature. OECD

Key information it can provide

Skills assessments represent a broad group of tools to identify current and/or future skills supply and demand. Specifically, skill assessments with a short-term time horizon and medium- to long-term skills anticipation exercises can provide the following labour market information:

- **Skill needs (demand for skills)**: Understand the types of skills (technical, soft, etc.) and work experience most valued by employers or found lacking among (potential) hires at the national, regional or sectoral levels, by considering e.g. employers' hiring intentions and the tasks and skills associated with in-demand occupations (validation of occupational profiles), or in the case of future skill needs, by taking into account potential growth sectors and drivers of changing skill needs[6].
- **Skill availability (supply of skills)**: Determine the current level and type of skills in the labour force (including cognitive, soft and job-relevant skills). Forward-looking exercises aim to estimate future availability of skills (e.g. resulting from education and training system reforms).
- **Skill mismatch, skill shortage, skill gap/ skill underutilization**: By comparing skill demand and supply, it is possible to estimate the lack or surplus of skills in specific types of enterprises, specific sectors, regions or the broader economy. The findings can help understand specific training needs and support the formulation of skills development programmes (education and training curricula reforms, apprenticeships), as well as the adoption of modern human resources (HR) strategies.
- **Private sector's response to skill needs and gaps:** Understand how businesses invest in the skills development of their workforce, through on-the-job training, company-sponsored courses, etc.

Data source(s)

Given the range of factors affecting current and future skill mismatches, collecting information from a variety of sources is typically warranted in order to identify key trends and address any potential imbalances. Potential data sources include:

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6   For example, technological progress, globalisation, climate change.

- Secondary sources
  - Existing literature, including country/regional studies and relevant government strategies and reports (e.g. on industrial policy)
  - National statistics (e.g. census data, Labour Force Surveys; education indicators)
  - Administrative data (e.g. records from the National Employment Agency; online job portals (e.g. vacancies, see Tool 11: Job vacancy analysis); Chamber of Commerce (enterprise statistics))
- Primary sources
  - Qualitative: focus group discussions; key informant interviews (stakeholders include employers, business associations, workers, jobseekers, government institutions, skills councils and training providers)
  - Quantitative: e.g. employer survey (see Tool 9: Enterprise survey); household-based survey; graduate survey (see Tool 10: Tracer survey)

Particularly relevant for skill anticipation exercises are the so-called qualitative foresight and quantitative forecasting models:

- Qualitative foresight:
  - Relies on a mix of primary qualitative data sources, such as semi-structured focus groups or roundtables, expert panels, Delphi-style methods[7]
- Quantitative forecasting:
  - Relies on available statistical data (e.g. on wages, vacancies, qualifications) and econometric modelling

Context requirements (feasibility)

Given the range of available approaches to skills assessment, context requirements may vary depending on the approach taken. The feasibility of conducting skills assessment exercises may depend on several factors:

- **Adequate resources**: Skills assessments based on quantitative primary and secondary data require significant time and resources (funding; data collection expertise and analytical skills). Qualitative approaches, such as focus group discussions, may be easier to implement, but may not yield robust results on their own.
- **Availability and reliability of existing data sources**: Skills anticipation based on quantitative forecasting models heavily depends on the availability of detailed historical records (job vacancies, wages, qualifications, etc.), which may not be available in many developing countries.

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7   Structured and iterative communication technique with a panel of experts consisting of several rounds of questions, where the responses from one round are fed back to the group to refine answers in subsequent rounds.

- **Ability to conduct primary data collection with active stakeholder involvement**: For both quantitative and qualitative skills assessments, access to key stakeholders (e.g. firm owners, business associations, workers, etc.) is needed to draw more nuanced conclusions. Inputs from different stakeholders help foster inclusive dialogue and collaboration.
- **Time to carry out the assessment:** Quantitative skills assessments (relying on econometric modelling and representative surveys of employers and/or households) are typically conducted over several months. As a result, they may be less suitable to be conducted as part of project appraisal. They are more likely to be carried out later in the project cycle or as a (regular) standalone exercise.

Advantages and limitations

The advantages and limitations of skills assessments are outlined broadly in the table below. Given the variety of approaches to measuring skills, there may be additional benefits and/or drawbacks relevant to a specific assessment method.

Advantages	Limitations
• Can offer concrete findings and recommendations relevant to different stakeholders and operationalized in education, training, HR development, etc. • Helps engage a broad range of stakeholders (employers, households, government, etc.) • Flexibility to conduct skill assessments at different levels (local, sector, region, country) and with different time horizons (present/future) • Can offer a balanced perspective on skill mismatches, by considering both demand- and supply-side factors	• Skills are difficult to define and measure directly (often based on self-reporting and subjective opinions), while proxy indicators (occupations, qualifications) may not be perfect substitutes • Regular resource-intensive quantitative assessments are usually warranted to ensure greater reliability or results (which may be unrealistic in many developing countries) • Coordination among a wide group of stakeholders may be challenging • Reliability of anticipation exercises is uncertain, given the reliance on current and past data to make predictions about the future

Box 4.13: Skills mismatch measurement in Serbia

In 2017, the European Training Foundation (ETF) launched a multi-country project aimed at measuring skills mismatches in 7 partner countries across Eastern Europe, North Africa and the Caucasus. Beyond analysing skills mismatches, the project also focused on identifying adequate data sources and developing templates to support regular skills assessments in partner countries.

In the case of Serbia, one of the countries included in the first phase of the project, the research team was able to leverage existing national statistics to analyse skill mismatches. The most important source of information was Serbia's Labour Force Survey. Additional secondary data sources included the ILO School-to-Work Transition Survey (offering data on work experience, employment history, etc.), as well as the National Employment Service survey of companies, providing data on occupations in demand (by education level and specific knowledge).

The analysis highlighted the mismatch between the increasing overall level of education and the continued lack of skills and competencies sought by employers. Young people in particular experience a skills mismatch, as evidenced by their often-difficult school-to-work transition and high youth unemployment. An additional structural challenge is Serbia's transition to a market-based economy. The restructuring process led to significant job losses in some sectors, while new jobs (often in the service sector) required a completely different set of skills.

Source: European Training Foundation (2019)

How to

Defining the scope / prioritizing learning objectives

Several important aspects should be considered upfront depending on the context and programming needs:

(i) **Priority information needs**: This will determine whether the assessment will consider skills supply, skills demand or both.

(ii) **Geographic and sectoral scope**: This involves the specification of the geographic and sectoral scope where the assessment is to be carried out, largely determined by the programme's scope (national, regional, sectoral).

(iii) **Time horizon:** The choice of the most appropriate time horizon (current/future) will affect the methodological approach (e.g. current skills assessment based on a survey of employers; skills anticipation based on quantitative forecasting or qualitative foresight approach).

(iv) **Extent of data collection**: In case of quantitative data collection, a decision must be made about the degree to which the findings should be representative, as this will significantly influence the sample size and hence the duration and cost of data collection.

Steps/tasks to implement the instrument

The necessary steps to conduct a skills assessment will depend significantly on the information needs, scope of the assessment, time horizon and the preferred data collection method. Key steps in a survey-based skills assessment can be summarized as follows:

1. **Inception phase**: Initial scoping of existing literature and studies focusing on skills supply and demand in the country, as well as any relevant national statistics and administrative data, national qualifications framework, occupational profiles etc. Based on the desk research, the intended scope and workplan of the assessment can be refined. For quantitative surveys, a sampling frame and methodology should be determined.

2. **Design and piloting of data collection instrument(s)**: This step would typically include the design of survey questionnaires (employer and/or household survey), as well as the development of guidelines for semi-structured interviews or focus group discussions (as needed).

3. **Data collection**: Depending on the extent of quantitative surveying, survey data might be collected separately by a survey firm in coordination with the consultant team or the consultant team might arrange the data collection process themselves.

4. **Analysis and draft report**: Information on skills supply and/or demand collected from primary and secondary sources is analysed, providing the basis for drafting the report. The draft report serves to gather internal and external feedback prior to the validation meeting.

5. **Validation and final report**: A validation meeting with key counterparts and stakeholders helps validate key report findings and make adjustments as needed, while supporting dissemination and buy-in. Feedback can then be used to finalise the assessment.

Level of Effort

The level of effort (LoE) and time needed for skills assessment and anticipation can vary significantly, depending on the scope and depth of the analysis, time horizon, as well as data collection methods and geographic focus. The estimated minimum level of effort is summarized in the table below:

Steps	Details	Estimated LoE (minimum)
Inception phase	The effort required depends on the scope of the desk review, the availability of secondary data (national statistics, administrative records) and the approach to selecting respondents.	5-10 days
Design of instruments	The time required will depend on the number of instruments, their intended depth (e.g. number of modules in the questionnaires/ focus group guides) and the number of different stakeholder groups to be interviewed (e.g. enterprises, households, government representatives, etc.).	5-10 days
Data collection	Depending on the scope (skills supply and/or demand), sample size, geographic scope, type of survey administration (e.g. face to face, phone, etc.), the estimated level of effort can vary significantly.	10-30 days
Analysis & draft report	The level of effort required for data analysis depends on the variety of data sources used for the assessment. If the data are available electronically, the analysis can proceed at a quicker pace.	10-15 days
Validation & final report	The extent of this phase mainly depends on the magnitude of consultations and validation of results with different stakeholders and institutions, prior to finalising the report.	5 days
Total		30-75 days

Skills requirements

Depending on the depth and extent of data collection and analysis, one would typically seek out a team comprised of a senior expert with demonstrated experience in conducting skills assessments and skills anticipation exercises and a local expert with strong knowledge of the local context as well as experience in data collection and qualitative and/or quantitative analysis.

Lead staff/consultant(s)	Local staff/consultant
• Master or PhD in Social Sciences, Economics, Business, Development Studies or a related field • Extensive knowledge of relevant labour market topics, including education and skills development • Demonstrated experience in conducting skills assessment (and anticipation) exercises • Experience in project management/stakeholder coordination (including government, private sector, households, etc.) • Demonstrated expertise in qualitative and/or quantitative data collection, including survey design and implementation (according to the needs of the assignment) • Experience in training enumerators (as needed) • Quantitative data analysis skills (e.g. SPSS, Stata, R) (as needed) • Regional/country experience (preferred)	• Higher education degree in Social Sciences or a related field • Good knowledge of the local labour market, especially with respect to skills • Excellent command of English and local language in written and spoken form • Understanding of the local institutional landscape, e.g. relevant ministries, business associations, etc. • Strong analytical skills and prior experience with data-driven and empirical work • Experience in running surveys and data processing programmes (as needed)

Note that quantitative data collection could either be conducted either by the consultant team and their team of enumerators or by a professional survey firm through a separate contract. Hiring a survey firm might be particularly useful when dealing with a larger sample size.

Other considerations

- **Development of platforms for social dialogue**: Given the range of stakeholders that typically participate in skill assessments and anticipation exercises, it may be possible to use the process to formalise channels for social dialogue and work jointly on resolving skill mismatches, e.g. through national skills councils or sector-level associations.
- **Regular skills assessments**: To ensure skill assessments are conducted regularly in partner countries, it is important to support local capacity building (statistical infrastructure and local staff) and build trust with the respondents and data users.

Box 4.14: World Bank Skills Towards Employment and Productivity (STEP) Surveys

The World Bank Skills Towards Employability and Productivity (STEP) initiative aims to generate internationally comparable statistics on skills in developing countries, by conducting comprehensive household and employer surveys in low- and middle-income economies. The programme focuses on the skills profile of the labour force, the nature and size of skills gaps, skills demanded by employers and strategies and policies to improve workforce development.

Process

The STEP skills measurement programme relies on primary data collection to understand both skills supply (household survey) and skills demand (employers survey). The surveys use the same concepts and technical standards to facilitate comparison and calculation of skill mismatches and gaps both within and between countries. STEP surveys use a multi-dimensional definition of skills, which includes not only cognitive skills (hard skills, such as numeracy, literacy), but also socio-emotional skills (soft) and job-relevant skills (task-related, technical).

The STEP household survey measures the skills of the working age population, as well as skills acquisition and maintenance, employment history, etc. The survey typically includes 2,000-3,500 respondents (in urban areas) and each interview lasts 120-150min on average. The STEP employers survey focuses on employers' skills needs and perceptions of the quality of workers' skills, as well as the firms' training activities and perceptions of the national education system. The sample includes 300-500 formal sector firms. The interviews typically last only 45-60min to ensure a higher response rate among firms.

A fully-fledged process that includes skills supply and demand surveys can take 1-2 years from inception to final report dissemination (see World Bank Microdata Library). It includes the adaptation and translation of survey questions (where applicable), 3-4 months of data collection (face-to-face interviews), double data entry process and data cleaning for quality assurance, analysis, drafting of the report, validation and dissemination.

Challenges

Ensuring a high response rate (in particular among employers) has been a challenge in certain countries, where firms lacked time and were reluctant to share sensitive information with outsiders. Furthermore, the first batch of STEP employers' surveys did not include informal establishments, as it relied only on formal firm registers to determine the sampling frame.

Benefits/ conclusions

Despite the challenges, STEP Surveys generate detailed data on skills availability and skills demand to inform policymaking and programming in the field of skills development. Specifically, the results help understand the interplay between skills, employability and productivity. The data highlight key skills that the education system should strengthen, as well as the level of utilization of workers' existing skills. By providing internationally comparable statistics, the STEP initiative facilitates the exchange of best practices among countries.

Source: World Bank STEP Methodology Note (2014)

Further resources

Guides / methodological references

Bardak, U. and Rosso, F. (2019), "Skills development in the informal sector", in Larsen, C. et al (eds) (2019), Assessing Informal Employment and Skills Needs: Approaches and Insights from Regional and Local Labour Market Monitoring.

European Training Foundation (2019), Skills mismatch measurement in ETF partner countries.

European Training Foundation, European Centre for the Development of Vocational Training (CEDEFOP), International Labour Organization (2016), Guide to anticipating and matching skills and jobs Vol. 1-6.

Inter-American Development Bank (2016), Methods to anticipate skills demand.

International Labour Organization (2017), Skill needs anticipation: Systems and approaches. Analysis of stakeholder survey on skill needs assessment and anticipation.

World Bank (2014), STEP skills measurement surveys : innovative tools for assessing skills.

Selected studies

Danish Refugee Council, Oxfam, CARE, ACTED, Save the Children, Makhzoumi Foundation (2017), Skills gap analysis for improved livelihood sustainability in Lebanon.

European Training Foundation (2019), Skills mismatch measurement in Serbia.

GIZ (2017), Skills gap analysis - Balochistan.

GIZ (2018), Skills needs assessment - Initiative of the TVET coalition of Sierra Leone.

United Nations Development Programme (2016), Skills needs assessment: Identifying employers' needs in six economic sectors in Kosovo.

TOOL 7: ASSESSMENT OF WORKING CONDITIONS

Overview

At a glance

Employment-related challenges in developing countries stem not only from the lack of employment opportunities (quantity), but also from the poor quality of employment. With the rise of global supply chains, the issue of poor working conditions in developing countries has become even more pressing.[8] In response to these challenges, the international community has redoubled its efforts to tackle the issue of working conditions, especially in lower tiers of supply chains (see Box 4.15). Assessments of working conditions represent a useful tool in this regard, providing a diagnosis of people's quality of employment (in general or in a specific sector) and can serve to review the enforcement of social and labour standards. Such assessments are therefore an important prerequisite for effective interventions and policies seeking to improve the quality of employment at the local level.

Box 4.15: Spotlight on global efforts to improve working conditions

The United Nations (UN) Guiding Principles, adopted in 2011, outline the responsibilities of the public and private sectors in terms of adhering to labour standards and human rights, notably with regards to supply chains and overseas business operations.[9] So far, 24 UN member States have translated the framework into National Action Plans, including 18 European countries. More recently, the European Union (EU) and several countries such as United Kingdom, France or the Netherlands passed mandatory due diligence legislation.[10]

Improving working conditions in upstream supply chains has also become an increasingly important aspect of development assistance. For instance, Germany focuses on decent work in textile supply chains.[11] The EU has set up the Generalised Scheme of Preferences (EU GSP +) to facilitate access to the common market for developing countries based on labour provisions.[12]

The International Labour Organization (ILO) has also expanded its focus on decent work in the context of global supply chains, notably on textile, agro-food, electronics and mining as well as trade policy.[13]

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8   There were more than 450 million jobs linked to global supply chains. ILO (2015), World employment and social outlook: Trends 2015.
9   UN OHCHR, Business and human rights.
10   UK Modern Slavery Act (2015), French Loi de Vigilence (2017), Dutch Child Labour Law (2019), EU legislation on conflict-minerals (2017) or non-financial reporting (2014), US Dodd Frank Act (2010), G20 Hamburg Leaders Declaration (2017).
11   BMZ Website, Mehr Fairness in globalen Liefer- und Wertschöpfungsketten.
12   EU Generalised Scheme of Preferences+.
13   See for example ILO (2016), Decent work in global supply chains; ILO (2017), Follow-up to the resolution concerning decent work in global supply chains: Roadmap for the programme of action; Trade for Decent Work Project; etc.

Key information it can provide

The assessment of working conditions provides information on people's quality of employment and countries'/businesses' level of (non-)compliance with social and labour standards. The analysis can therefore be a useful entry point for a broad range of interventions including economic/trade policy, private sector development, labour market programmes, etc. Typical information covered by assessments of working conditions includes:

- **General working conditions**: This can include looking at general dimensions of employment quality and decent work, including working time, wages/earnings, stability and security of work, safe work environment, equal treatment and opportunity, access to social security benefits, social dialogue, etc. [14]
- **Sectoral analysis**: The assessment can provide a profound understanding of the labour-related challenges and the enforcement of social and labour standards relevant for a specific sector, either at international, national or local level.
- **Supply chain dynamics**: Analysis can also focus on the supply chain to explore key decent work challenges and/or strategies to mitigate such negative impacts on workers from one tier to another (e.g. short lead time in the garment sector often results in excessive working hours at supplier level).
- **Labour legislation**: An analysis of a country's decent work profile (e.g. ratification of International Labour Standards, complaints on labour issues, private/public sector scandals) is useful when defining areas of interventions.

In general, assessments can be used for understanding working conditions at different levels, including country-level (e.g. general working conditions in Bolivia, respect of labour rights in Bangladesh), global sector/value chain (e.g. situation of workers' rights in coffee sector or chemical supply chains), or the local level (e.g. risk of child labour in the Democratic Republic of Congo's artisanal mining sector, wage structures of female workers in the textile sector in Tamil Nadu, India).

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14   See ILO (2013) for an overview of decent work dimensions.

Data source(s)

Data should be collected from a variety of sources, with sufficient time allocated for direct interaction with workers. When analysing sectors or value chains, the focus should be on workers in lower tiers of the supply chain (e.g. production of raw materials or manufacturing of goods/services). Desk research, qualitative research (interviews, focus groups and on-site visits), and worker surveys (though less frequently) are common approaches to get a full picture of a specific sector/value chain in question.

- Secondary sources
  - National laws and legislation related to social and labour standards (e.g. occupational safety and health (OSH), child labour and forced labour, freedom of association, living wages, etc.)
  - Ratification status of international labour standards
  - National and international statistics (trade, OSH, child labour incidents, informal employment, etc.)
  - Existing literature/country studies focusing on working conditions
- Primary sources
  - Qualitative methods: focus group discussions; key informant interviews (e.g. workers, managers, business associations, labour inspection services, civil society, local communities); observation/on-site visits (incl. factory audits)
  - Quantitative methods: surveys of workers (at the firm/farm level)

Context requirements (feasibility)

In principle, assessing working conditions can be done in all countries and sectors. There are some prerequisites, however, that determine to what extent such analysis is feasible.

- **Type of intervention should be clear:** For an in-depth assessment to be possible, the broad scope of intervention (e.g. in terms of sector/VC focus, geographic scope, etc.) should have been determined prior to conducting the assessment.
- **Ability to conduct primary data collection**: Identifying and interviewing the relevant stakeholders (and especially workers) can be difficult, especially since some of the topics of interest can be sensitive. Upstream supply chains are often characterized by informal work, sub-contracting or home-based work. At factory level, cultural/hierarchical issues or lack of trust can come into play further hampering a direct exchange with workers. Companies may also restrict access to production sites making it difficult to understand the actual enforcement of labour and social standards in a specific context.

- **Ongoing intervention**: While a generic analysis (particularly the desk review) can potentially be done relatively quickly, access to relevant stakeholders (especially workers) may be challenging and therefore more realistic when there are already pre-existing relationships with key stakeholders (e.g. associations, firms/producers). In-depth assessments of working conditions may therefore be more feasible in the context of an existing programme.

Advantages and limitations

Advantages	Limitations
• Can be flexibly applied to all countries and all sectors • Can provide detailed understanding of decent work challenges in a specific sector/value chain or geographical area • Provides data/information on the enforcement of labour and social standards • Can improve supply chain transparency leading to action at lead firm level • Results can be used for different interventions at country level	• Limited focus on quantity of employment; does not yield information on employment creation • Largely qualitative assessment, as quantitative data collection often only more realistic at a later stage • Access to information (e.g. on real conditions, actual enforcement of standards) can be very challenging, e.g. due to difficulty to identify stakeholders, difficult access to production sites (particularly in informal setting or complex value chains), cultural/political/business related barriers, lack of transparency of (global) supply chains, etc. • Precise measurement of certain dimensions of working conditions can be difficult

Box 4.16: Better Work Ethiopia

Better Work is a programme jointly implemented by ILO and International Finance Corporation (IFC), the World Bank's private-sector arm. The key objective of the programme is to improve working conditions in global garment supply chains. Active in nine countries in different regions, the programme works with suppliers, lead firms, governments and unions to improve workers' rights in the textile and garment sector. In Ethiopia, Better Work focuses on greater incomes and compensation, enhanced safety, equality, voice and representation. Overall, interventions focus on compliance with international labour standards. At factory level, the focus is on working conditions and strengthening of union rights. In more detail, workplace injury prevention, better protection for workers and fair compensation are being targeted. Better Work also cooperates closely with factory owners, global brands and retailers to ensure that interventions foster productivity and competitiveness.

Source: ILO and IFC, Better Work Programme - Ethiopia

How to

Defining the scope / prioritizing learning objectives

The adequate scope of the assessment can vary depending on the expected focus of the intervention and the learning objectives for the assessment. Prior to launching an assessment, the following variables should be defined:

(i) **Geographic and sectoral scope:** It must be clarified whether the assessment should have broad coverage (e.g. respect labour rights in country X) or whether it should be highly focused (e.g. working conditions in sector X in districts Y and Z, working conditions in specific production sites).

(ii) **Type of information:** Depending on questions to be answered, the assessment may look only at very specific information (e.g. wages, occupational safety) or try to collect information on a broad range of issues (e.g. labour legislation, different dimensions of working conditions along the value chain, etc.).

(iii) **Extent of data collection:** While it is possible to approach the topic from a more desk-research perspective (e.g. to understand labour legislation), obtaining a detailed picture of the actual situation and enforcement of rights and standards requires interacting with workers on the ground. Most assessments therefore prioritise primary (qualitative and potentially also quantitative) data collection in order to get first-hand information on potential issues. When using quantitative data, is should also be clear to what extent the information should be representative of the target group (e.g. coffee farmers in region X).

Steps/tasks to implement the instrument

The key steps to implement a typical assessment are:

1. **Inception phase**: To begin with, reviewing primary and secondary sources is needed. The analysis can focus on the legislative framework (e.g. national or sub-national level, generic or sector-specific, etc.), reviewing of statistical data, analysis of labour standards and/or further sources such as press articles of court rulings. As needed, it may also include background information on a specific sector or value chain. Based on the desk research, the intended scope and workplan of the assessment can be refined.

2. **Design and piloting of data collection instrument(s)**: In case the scope of the analysis allows for collecting data, findings from the desk research can be combined with on-site visits, interviews/focus groups and possibly a survey of workers. This step would include the development of guidelines for semi-structured interviews or focus group discussions, as well as the design of survey questionnaires (e.g. workers survey) as needed.

3. **Data collection**: Primary data collection provides useful insights into the actual situation on the ground and helps define targeted interventions. However, getting in touch with workers and the underlying supply chain structures may be challenging and time-consuming.

4. **Analysis and draft report**: The findings need to be summarized in a report. Depending on the type of information reviewed and data collection method, the report may include both qualitative and quantitative analysis.

5. **Validation and final report**: A validation meeting with key counterparts and stakeholders helps validate key report findings and make adjustments as needed, while supporting dissemination and buy-in. Feedback can then be used to finalise the assessment report.

Level of Effort

The level of effort (LoE) and time needed for assessments of working conditions depend crucially on the scope and depth of the analysis as well as data collection methods and geographic focus. The estimated minimum level of effort is summarized in the table below:

Steps	Details	Estimated LoE (minimum)
Inception phase	The level of detail for the desk study depends on the depth of reviewing primary sources (e.g. laws) and the number of reports and data sources to be reviewed.	5-15 days
Design of instruments	The level of effort will largely depend on the number of instruments to be developed, the number of different stakeholder groups interviewed (e.g. workers, managers, government representatives, etc.) and whether a quantitative survey is planned (development and piloting of questionnaires, sampling).	5-10 days
Data collection	The time needed will depend strongly on the geographic and sectoral scope, the depth of data collection planned and the type of survey administration (e.g. face to face, phone, etc.). Preparing the field work and collecting the data will likely represent the most labour-intensive part of the assessment.	10-20 days
Analysis & draft report	The level of effort required for data analysis depends on the variety of data sources used for the assessment. If the data are available in an electronic format, the analysis can proceed at a quicker pace.	5-10 days
Validation & final report	The extent of this phase mainly depends on the magnitude of consultation and validation of the results with different stakeholders and institutions, prior to consolidating the findings.	5 days
Total		30-60 days

Skills requirements

Depending on the depth and extent of data collection and analysis, one would typically seek out a team comprised of a senior expert with demonstrated experience in labour rights in global supply chains with a good understanding of the sector in question together with a local expert with strong knowledge of the local context as well as experience in data collection.

Lead staff/consultant(s)	Local staff/consultant
• Master or PhD in Social Sciences, Economics, Business, Development Studies or a related field • Significant work experience in the area of social and labour standards, global supply chains, business and human rights • Good understanding of the international normative framework on business and human rights (e.g. ILO core labour standards, OECD Guidelines, UN Guiding Principles, voluntary standards such as SA8000, ISO, GRI, etc.) as well as the specific knowledge of the sector in question • Demonstrated expertise in data collection and analysis (especially qualitative, quantitative is a plus) • Sensitivity and communication skills • Prior work experience in the country/region • Language skills (as needed, e.g. English, French, local languages are a plus)	• Higher education degree in Social Sciences or a related field • Good understanding of the sector in question, including potential challenges related to labour and social standards • Sensitivity to local context (e.g. understanding non-visible barriers that hamper access to grievance mechanism for workers, being able to identify power-related sexual harassment at workplace, etc.) • Good knowledge of and access to local stakeholders/ community • Demonstrated expertise in collecting and analysing quantitative and qualitative data • Excellent facilitation skills • Proficiency in local language/dialect (as needed)

In the case of quantitative data collection with larger samples, additional enumerators and/or a data collection firm will need to be involved.

Other considerations

- **Complementarity and sequencing with sector or value chain assessments:** Sector and value chain assessments (see Tool 3: Sector or value chain analysis) are expected to include analysis of labour and social issues as one dimension of interest. Assessments of working conditions could therefore be used as complementary studies to provide an in-depth analysis of these dimensions. Alternatively, sector or VC-specific assessments of working conditions may be a natural follow-up to general sector or VC studies (which may be more focused on the economic and other dimensions). Indeed, a very good understanding of the sector or VC of interest would also be a useful starting point for the analysis of working conditions, e.g. to identify the key stakeholders at different levels.

- **Link to donor agencies' safeguard policy:** Many agencies require safeguard analysis as part of project preparation, including about a project's potential implications on human rights.[15] While it is typically not realistic to conduct in-depth working conditions assessments as part of project preparation, such assessments may represent a good quality source to inform future safeguard analysis.

Box 4.17: Analysis of occupational safety and health constraints in Indonesia's palm oil value chain

The 2016-2017 joint ILO-EU project examined working conditions in global agro-food supply chains. One case study focused on palm oil and palm kernel oil in Indonesia. Palm oil can be found in around 60% of the products in a supermarket. The vegetable oil is also used for cosmetics, soaps, toiletries, household cleaners and so forth. Indonesia is the largest producer and exporter of palm oil around the globe. The good is exported mainly to India, EU and China. Domestic demand is also high.

The project focused on better understanding health and safety risks in Indonesian palm oil production. A literature review was conducted in combination with interviews and consultations on the ground. The study revealed various decent work deficits, most notably at the farm and mill levels. In Indonesia, palm oil is harvested by approximately two million smallholder farmers, often operating in dangerous, unsafe working conditions. The group of palm oil growers is very heterogenous. Many of them do not have a permanent contract and operate as self-employed, family or casual workers. The harvesting process is very labour intensive. Often, they are not trained in using pesticides correctly or do not have a proper personal protection equipment at hand. Price instability is another concern. At the mill level, workers are exposed to numerous OSH threats, including fire safety, lifting heavy weights, noise as well as chemical hazards such as fumes.

The study also outlined opportunities for intervention. For instance, it recommends providing an enabling environment for OSH improvement in smallholdings through access to training and OSH supporting services. The report also stresses the need to build the business case by illustrating the link between a robust OSH management systems and productivity gains.

Source: ILO (2017)

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15   See for example GIZ (2019), Safeguard Menschenrechte. Spezifische Arbeitshilfe.

Further resources

Global standards

- Global Reporting Initiative
- IFC Performance Standards
- ILO Labour Standards
- United Nations Global Compact
- United Nations Guiding Principles

Online tools and support services

- ILO Helpdesk
- Corporate Social Responsibility (CSR) Risk-Check (online-tool)
- ITC Standards Map
- Verité Fair Hiring Toolkit

Guides

- Ergon Associates (2018), Managing risks associated with modern slavery.
- International Labour Organization (2018), Occupational safety and health in global supply chains starter kit
- Organisation for Economic Co-operation and Development (2018), Due Diligence Guidance for Responsible Business Conduct

Selected studies

- International Labour Organization (2017), Food and agriculture global supply chains: Drivers and constraints for occupational safety and health improvement. Volume Two: Three case studies.
- International Labour Organization and International Finance Corporation (2013), Jordan Baseline Report: Worker Perspectives from the Factory and Beyond.
- International Labour Organization and International Finance Corporation (2016), Better Work Nicaragua: 3rd Compliance Synthesis Report.
- Oxfam (2019), Workers' rights in supermarket supply chains.
- Oxfam (2019), Addressing the human cost of Assam Tea.

Selected sectoral standards/compliance tools

- Textiles: [Better Work global compliance assessment tool](#) and ["Grüner Knopf" (German textiles standard)](#)
- Agricultural Practices: [Global G.A.P. standard](#)
- Palm Oil: [Roundtable on Sustainable Palm Oil (RSPO) standard](#)

Selected initiatives:

- [ILO-IFC Better Work](#)
- [German Partnership for Sustainable Textiles](#)
- [ILO Vision Zero Fund](#)
- [ILO Sustaining Competitive and Responsible Enterprises (SCORE)](#)

TOOL 8: PARTICIPATORY LABOUR MARKET ASSESSMENT

Overview

At a glance

In some contexts, "traditional" labour market assessments conducted by external experts may not be the best way to go. This is typically the case in particularly challenging environments (e.g. fragile or humanitarian contexts) where access to information is constrained, and/or when the assessment is not just meant to be a one-off exercise to answer specific questions but rather embedded in a broader process where the strengthening of institutional (partner) capacity is also a key objective. Participatory labour market assessments typically follow the core methodology of another type of assessment (with a focus on primary data collection), while emphasizing active involvement of the target group and/or key institutions throughout the process. As a result, they can contribute to building trust and local capacity, while enhancing the legitimacy and use of findings.

Key information it can provide

The content and labour market information generated depends largely on the specific objective of the study. Participatory assessments do not necessarily represent a separate assessment methodology, but rather allow for stronger stakeholder involvement in existing assessment approaches (e.g. target group assessment, market opportunity assessment, enterprise surveys, etc.).

Contrary to other types of assessment, participatory labour market assessments typically serve two main purposes:

1. **Generate labour market information:** The "standard" objective is to better understand the labour market as a whole or consider specific dimensions (e.g. skills needs, market opportunities, target group barriers to employment, etc.)

2. **Develop capacity among labour market stakeholders**: In the case of participatory assessments, the process is often as important, if not more important, than the study itself. Indeed, the assessment is often part of a broader objective of either (a) strengthening partner institutions, and/or (b) fostering engagement with the project's target group. Indeed, the "participatory" aspect typically refers to the active involvement of one of the following audiences in conducting the assessment (as opposed to just being respondents):

a. **Key partner institutions**: For instance, this can include ministries, the public employment agency, business associations, or education and training providers.

b. **Final beneficiaries**: For instance, this could be youth-led assessment for a youth employment project.

Data source(s)

Participatory labour market assessments may involve a range of tools to collect information about the labour market, depending on the focus of the assessment. That said, they typically rely on primary data collection. Key sources of information can include:

- **Qualitative data collection**
  ◦ Key informant interviews
  ◦ Focus groups
  ◦ Market observation
- **Quantitative data collection**, e.g.
  ◦ Target group survey (e.g. youth, women)
  ◦ Business survey
  ◦ Mapping of stakeholders and ecosystem

The mix of qualitative and/or quantitative data collection would usually depend on the nature of the participatory process (partner institutions vs. target group) and the purpose and scope of the assessment. For instance, a participatory market opportunity assessment (see Tool 4: Local market opportunity assessment) may involve different partner organisations in conducting a business/market survey, consumer survey, and youth skills survey, while a participatory target group assessment (see Tool 5: Target group assessment) may involve members from the target group (e.g. youth) in conducting focus groups and a survey among prospective project beneficiaries.

Context requirements (feasibility)

Key context requirements to carry out a participatory labour market assessment include:

- **Part of capacity development or beneficiary engagement process**: Participatory assessments are most suitable when they are part of a broader and longer-term effort of strengthening institutional capacity of partner organisations or fostering engagement with the target group, rather than just producing a single study to inform subsequent activities.

- **Within ongoing programme**: Participatory assessments require the prior identification and engagement of suitable local partners and stakeholders, which may be more realistic when an intervention is already operational.
- **Limited geographic scope:** Since engaging local stakeholders is more realistic within well-defined geographic areas, participatory assessments typically have a sub-national scope (e.g. district, region).
- **Enough time to carry out the assessment**: Due to the additional effort needed for stakeholder coordination, engagement and training, the assessments can take several months to complete, and are therefore less suitable under tight deadlines.
- **Possibility to conduct primary data collection**: The value added of participatory processes is usually seen with regards to collecting data among relevant stakeholders in the labour market (e.g. target group, businesses, etc.). The necessary conditions for collecting primary data therefore need to be in place (e.g. basic security, permissions, access to respondents).

Based on the above, participatory assessments are typically tailored to specific programmes, geographic areas and selected labour market dimensions and are less suitable for comprehensive overviews of labour markets. Moreover, they are especially suitable for challenging environments (e.g. contexts of fragility or high informality) where other forms of assessments may not be feasible (e.g. due to lack of quality secondary data, mistrust among respondents).

Advantages and limitations

Advantages	Limitations
• Direct exposure to market and/or beneficiary information, due to focus on primary data collection in specific geographic area(s) • Leverages local know-how in data collection process (e.g. for design of data collection instruments, interpretation of findings), allowing for a more nuanced understanding • Can facilitate access to respondents by tapping into local networks • Supports capacity development and ownership of local stakeholders (institutional strengthening and sustainability) • Can foster cooperation and build trust among participating stakeholders (e.g. between private and public sector) • Improves knowledge of how partner institutions work and helps identify local champions (e.g. motivated staff in partner organisation, youth leaders) for subsequent engagement in project activities • Increased understanding and legitimacy of findings among partners (shared learning) • Can be complementary to other types of assessment	• Identification of relevant stakeholders and building buy-in to take active role can take time • Increased involvement and coordination needed by the contracting agency • Limited capacity among stakeholders involved in conducting similar assessments, thus requiring more time and effort for preparation, training and ongoing support (e.g. on data collection, analysis) • Assessment potentially less "rigorous", given capacity limitations during preparation and implementation of the assessment • Not necessarily cheap, as it typically involves primary data collection (despite the use of non-professional data collectors) • Due to limited geographic scope, the findings are not nationally representative

Source: Author and Mercy Corps (2015)

Box 4.18: Youth-led labour market assessment in Uganda

In Uganda, the organisation IREX applied the concept of "Youth-led participatory action research" to labour market assessments. In collaboration with Makerere University, IREX engaged youth aged 17-29 from diverse cultural and educational backgrounds and trained them to play active roles in conducting a labour market assessment. The youth researchers received training and support from research experts and mentors. In their role as researchers, the youth contributed their perspectives and contextual knowledge on the needs and interests of young people like themselves and influenced research design, implementation and dissemination of findings. Through their active involvement, the youth researchers learned and practiced research skills and developed work-relevant soft skills, while gaining knowledge of the local labour market and exposure to employers.

Source: IREX (2018)

How to

Defining the scope / prioritizing learning objectives

As discussed above, participatory assessments do not necessarily represent a separate assessment methodology, but rather allow for stronger stakeholder involvement in existing assessment approaches. Therefore, a careful definition of the intended purpose and scope is needed before moving forward:

(i) **Type of labour market information needed**: Participatory assessments would typically try to understand specific dimensions of the labour market, such as local market opportunities, skills needs, target group barriers, etc.

(ii) **Extent of data collection:** The type of information need prioritized above will influence the data sources needed. Particular attention should be given to selecting the type of quantitative data collection tools to be applied (e.g. business survey, target group survey, etc.) since these are most resource intensive. Preliminary reflections on the most appropriate administration of data collection (e.g. face-to-face, phone) is also important.

(iii) **Geographic scope**: This involves the specification of the geographic scope where the assessment is to be carried out (usually selected districts or regions at sub-national level).

(iv) **Frequency of data collection**: Since stakeholder engagement and capacity building take time, several rounds of data collection over longer periods of time may be warranted to be able to build on earlier experiences and refine the process.

(v) **Stakeholder involvement:** Based on the information needs and data collection tools to be used, the right mix of stakeholders (e.g. target group, partner organisations) needs to be selected.

Steps/tasks to implement the instrument

While there is no standard process for participatory assessments due to the potential differences in scope discussed above, typical steps include:

1. **Inception phase:** This step may include some review of secondary literature and preparation of a general workplan based on the chosen scope of the assessment. Moreover, it should also include the drafting of data collection instruments based on the learning objectives of the assessment as well as a preliminary identification of relevant stakeholders and respondents for the study.

2. **Identification and training of local stakeholders:** Key stakeholders who are expected to play an active role in the assessment need to be made familiar with the objectives of the assessment and trained in the data collection procedures. Such trainings should be very practical in nature, using simulations and roleplay to prepare for the challenges during real data collection. The training should also serve as a consultation mechanism to incorporate the stakeholders' feedback into the design of data collection instruments and into the procedures to select and approach respondents. The training itself will also be helpful in identifying the most motivated and qualified individuals.

3. **Data collection:** After an initial piloting of the data collection instruments (and incorporating potential revisions), the data collection team would initiate the field work (i.e. qualitative and/or quantitative data collection). Given the limited prior experience with data collection of the stakeholders involved, strong ongoing support and quality control is essential.

4. **Analysis:** As appropriate, the analysis phase may also be organized in a participatory way, first by training stakeholders on how to perform qualitative and quantitative data analysis and then by providing general guidance and quality control to improve the analysis process.

5. **Validation and final report:** The validation phase provides an opportunity for shared learning, where participants can share and discuss their experiences collecting the data as well as their views on the results of the assessment. The consolidated lessons and interpretations can then be documented in an assessment report.

Level of Effort

The level of effort (LoE) and time needed for participatory labour market assessments can vary widely depending on the desired scope of the study as well as the expected level of stakeholder engagement and training. The estimated minimum level of effort for the person coordinating the participatory assessment is summarized in the table below:

Steps	Details	Estimated LoE (minimum)
Inception phase	The effort for preparing the assessment depends heavily on the number and length of the data collection tools (qualitative and quantitative) to be developed.	10-15 days
Identification & training of stakeholders	The time needed for the training of stakeholders will depend on the number and length of the data collection tools and the profile of the stakeholders to be involved. Preparation of the training is also necessary. Depending on the stakeholders to be involved, the selection of participants may take some time (not counted here).	5-10 days
Data collection	The time needed will depend strongly on the geographic scope, depth of data collection planned and type of survey administration (e.g. face to face, phone, etc.). Piloting of data collection instruments, preparing the field work, and overseeing the data collection by the stakeholders involved will likely represent the most labour-intensive part of the assessment. If several rounds of data collection are planned over time, this needs to be considered (not accounted for here).	10-20 days
Analysis	Participatory analysis, including the necessary training of stakeholders on analysis techniques, requires more time than an analysis done separately by the person coordinating the assessment.	10-15 days
Validation & final report	The extent of this phase mainly depends on the magnitude of consultation and validation of the results with different stakeholders and institutions, prior to consolidating the findings.	5-10 days
Total		40-70 days

It is important to also keep in mind that, contrary to other types of assessment, participatory assessments require a more active involvement from the contracting agency. Indeed, while external experts may be important to planning and overseeing the methodological aspects related to training, data collection etc., staff members from the contracting agency play a key role in terms of communication and engagement with the local stakeholders involved. Contracting agency staff would therefore likely participate in and contribute to all the steps of the process.

Skills requirements

At the minimum, a participatory assessment would require a senior expert with strong methodological and facilitation skills to coordinate the assessment. Given the strong involvement of the contracting agency in the process, an additional local consultant may not always be needed (though may be useful depending if the scope of the study is big or the senior expert lacks certain skills, e.g. country knowledge). Moreover, the selection of stakeholder representatives must be carefully made, paying attention to minimum skills requirements to be able to carry out the planned activities.

Role	Requirements
Lead staff/ consultant(s)	• Master or PhD in Social Sciences, Economics, Business, Development Studies or a related field • Significant work experience in the area of employment promotion • Demonstrated expertise in qualitative and/or quantitative data collection (according to the needs of the assignment) • Demonstrated experience with labour market assessments; experience with participatory processes preferred • Demonstrated experience in capacity building on data collection and analysis • Strong facilitation skills • Prior work experience in the country (or the sub-region) • Proficiency in the main language of the country
Representatives of local partner organisations	• Higher education degree • High motivation in better understanding labour market dynamics and needs • Good communication skills • Solid proficiency in using computers and Microsoft Office (E.g. Word, Excel)
Representatives of target group (if actively involved in conducting the assessment)	• At least a high school degree; ability to read and write • Proficiency in local languages/dialects (as needed) • Proficiency in using computers and Microsoft Office (e.g. Word, Excel) • Good knowledge of the local community (strong local networks a plus)

Other considerations

- **Linkages to regular labour market monitoring:** The active involvement of key stakeholders in collecting and analysing labour market information can also be institutionalized beyond the scope of an individual study. Indeed, the participatory approach is also well suited for building labour market monitoring systems in environments of weak institutional capacity. In these cases, the participatory approach can meet several objectives, including collecting regular up-to-date information on employment opportunities and skills needs as well as fostering stakeholder dialogue between public and private institutions which is key for enhancing alignment between training systems and private sector needs. See Box 5.1 (Section 5) for an example of participatory labour market monitoring in Egypt.

Box 4.19: Participatory labour market assessment in a humanitarian context

In Sudan's western region of Darfur, GIZ has implemented two projects on vocational training and employment promotion, aiming to improve employment opportunities for young women and men in Nyala, El Fasher and El Geneina (incl. refugees, internally displaced persons and host communities). The interventions follow Germany's integrated approach to employment promotion, by trying to strengthen vocational qualifications (supply-side), supporting the private sector and business development (demand-side), as well as enhancing information and intermediation services (labour market matching). To inform these activities, a labour market assessment was needed to ensure project activities are geared towards market opportunities. In addition, the assessment was conducted to answer more specific questions, such as:

- What are the particular challenges that refugees and internally displaced persons face in the labour market and how can they be overcome? What are business and employment opportunities for women the project can promote, including in sectors traditionally dominated by men?
- Are vocational training institutions preparing young women and men for the labour market and if not, what needs to change
- Do business development service providers offer the right trainings to help entrepreneurs & workshop owners grow their business?

Originally, a more "traditional" "Employment and Labour Market Analysis (ELMA)" was conducted by an external consultant to understand the general barriers to employment in terms of labour supply, demand and matching in the country. However, given the country and local context characterized by limited reliability of official data and high informality of the market not captured in official statistics, the

assessment was considered not sufficiently useful to inform programme activities. The programme then opted for a participatory labour market assessment specifically targeting the geographic areas of intervention, and with a double purpose of generating labour market information as well as developing capacity of partner institutions. The methodology followed the approach for a local market opportunity assessment (see Tool 4: Local market opportunity assessment), consisting of a market opportunity survey, consumer demand survey, and a youth skills survey, while associating a different partner organisation (business chamber, public employment agency, and public training institute) for each of the data collection instruments respectively. Staff from partner organisations received initial training as well as on-the-job coaching during data collection. Data collection is scheduled in several rounds (once a year) to leverage the growing capacity of partners in conducting the assessment.

The overall experience with the participatory approach was very positive, resulting in improved communication with partner organisations, greater trust among different stakeholder groups, direct exposure to the market, increased ownership of findings, and increased capacity in the process.

Source: Hoffmann (2019)

Further resources

Guidelines

Bardak, U. and Rosso, F. (2019), "Skills development in the informal sector", in Larsen, C. et al (eds) (2019), Assessing Informal Employment and Skills Needs: Approaches and Insights from Regional and Local Labour Market Monitoring.

GIZ (2015), Establishing Regional Labour Market Observatories (RLMOs) in Egypt: Implementation Knowledge, Challenges and Lessons Learned from the Employment Promotion Programme (EPP) in Egypt. A Guide for Practitioners.

IREX (2018), Youth-Led Labor Market Assessment Framework and Guide. Meaningfully involving youth in labor market assessments through participatory action research.

Selected studies

Mercy Corps (2018), Nubader: Youth-led Labour Market Assessment (Mafraq, Ajloun, & Karak).

Other references cited

Hoffmann, A. (2019), Vocational Training & Employment Promotion in Darfur, Sudan: An Integrated, Market-Oriented Approach, Powerpoint. Bonn Röttgen, 12.06.2019. GIZ.

Mercy Corps (2015), Participatory Market Assessments: What We've Learned.

TOOL 9: ENTERPRISE SURVEY

Overview

At a glance

The overall quality of interventions, including TVET reforms, can be improved by taking into account private sector characteristics, needs and expectations. An enterprise survey is a quantitative tool to identify opportunities and constraints to private sector development and employment, used to collect standardized information from a representative sample of firms in a specific sector, region or the economy as a whole. The survey can provide a wealth of information on a broad range of relevant labour market topics, including the profile of local companies, skills needs, barriers to doing business and potential for growth and employment. Enterprise surveys can be adapted to a variety of settings. For example, in developing countries with high levels of informality, the survey may be expanded to include firms in the informal sector. It can also be used independently or together with other tools (e.g. as part of a market opportunity assessment (Tool 4)).

Key information it can provide

Enterprise survey questionnaires can be designed to cover a cover a wide range of topics related to the enterprises' characteristics and needs, including occupational profiles and needs, skills needs, barriers to doing business, current and potential investment and recruitment. Specifically, enterprise surveys can provide the following information:

- **Characteristics of enterprises and jobs**: Understand the features of the private sector in an industry or a region, by considering firm size, location, staff qualifications, salaries, career paths
- **Business practices and investment**: Understand how businesses are organized (e.g. in terms of HR practices, working conditions, marketing, etc.) and the company's recent or planned investments
- **Barriers to doing business**: Understand constraints to doing business and enterprise growth (e.g. corruption, access to finance, etc.), as well as labour-related challenges (e.g. lack of qualified staff, high salaries, high staff turnover, etc.) in the broader context.
- **Employment potential**: Understand recent and expected recruitment (in general and/ or for specific occupations) within or across sectors to indicate current and expected labour demand
- **Occupational profiles**: Understand the job requirements and skills needed for specific jobs

- **Skills needs**: Understand the types of skills (technical, soft, etc.) and work experience most valued or found lacking among (potential) hires. This can also include specific information on businesses investing in the skills development of their workforce.
- **Hiring preferences**: Understand the attitudes and barriers to hiring specific groups (e.g. youth, women).

Data source(s)

Since enterprise surveys are a form of primary data collection, the main source of information will be businesses themselves. Access to other sources, such as firm/tax registries, industry associations or existing large-scale surveys, will typically be required in order to construct a list of firms from which to draw the sample (sampling frame). In the case of informal enterprise surveys, it may be necessary to combine several sources of information to develop the sampling frame.

Depending on the focus of the research and the characteristics of the sector/economy, representatives of formal and/or informal companies may be interviewed. Businesses can be interviewed in a variety of ways, including face-to-face, by phone or online. Respondents would typically include business owners or top managers, although other staff might also be involved (e.g. hiring managers and accountants).

Context requirements (feasibility)

Several factors should be considered before deciding to conduct an enterprise survey:

- **Sufficient time and funding**: Enterprise surveys require time and financial resources, so they are more likely to be conducted within an existing programme rather than during project preparation.
- **Availability of skills**: The availability of quantitative data collection and analysis skills (e.g. quality survey firms) will determine the quality of sampling, survey design and analysis.
- **Possibility of conducting primary data collection**: Respondents may be difficult to reach in fragile environments (e.g. due to a lack of trust) or in the case of government sensitivities around independent data collection. Such concerns may be mitigated by working with the local communities and/or cooperating with government agencies to obtain the necessary approvals.
- **Adapted to the level of informality (and firm size) in the economy/sector**: Regular enterprise surveys are typically focused only on businesses in the formal sector. In sectors/economies with high levels of informality, the instrument may need to be

adapted to ensure that informal firms are adequately captured. Similarly, where micro- and small firms represent the main audience (even if formal), one needs to be realistic about what questions they are well placed to answer (e.g. may have limited capacity to articulate occupational profiles, future needs, etc.)

Advantages and limitations

Advantages	Limitations
• Provides first-hand information from employers and industry perspective • Can yield variety of information, incl. on business constraints, employment opportunities, skills needs, etc.; hence, can inform several types of interventions (e.g. TVET, private sector development) • Flexible scope (e.g. geographic, sectors, formal/informal, etc.) • *Helps build connections to employers for further cooperation opportunities*	• Primary data collection is resource intensive, depending especially on the survey scope (geographic and sectoral) and the interviewing method (e.g. face-to-face interviewing) (• Responses to questions related to perceptions and future outlook are subjective, so careful interpretation is needed • Some potential topics of interest (e.g. business performance, working conditions) may be perceived as sensitive and not answered (truthfully); particularly relevant in the context of high informality • Representativeness of findings strongly contingent on adequate sample and high response rate (which can be a challenge in practice, especially in informal settings) • Larger surveys might require strong (external) capacity for the quantitative data collection and analysis, as well as significant coordination between the development partner and government agencies

Box 4.20: Survey-based forecasting in Morocco

Morocco's Public Employment Service (ANAPEC) has surveyed a large number of domestic enterprises since 2015 with regional and sectoral scope. In 2017 close to 6500 enterprises participated in the survey, resulting in a 78% response rate, the highest survey participation rate to date. The comprehensive questionnaire covers topics such as skills needs and anticipation, as well as planned investments in specific branches and the composition of professions within companies and sectors. Thanks to the scope and depth of the data collection exercise, Morocco's enterprise survey facilitates credible employment and investment forecasting. The survey demonstrates that public institutions, such as employment services, can have an important role to play in ensuring regular primary data collection from businesses.

Source: ANAPEC (2017)

How to

Defining the scope / prioritizing learning objectives

Several important aspects should be considered prior to conducting an enterprise survey, including:

(i) **Survey topics of interest**: Specify the exact type of survey and formulate the questions accordingly, i.e. is it a skills needs survey or an enterprise profile survey? Will it be a one-off survey or be followed up with additional surveys? The scope needs to be clear to the respondents too

(ii) **Geographic and sectoral coverage**: The geographic scope (local, regional, national) and sectoral focus of the survey should be determined at the beginning. Opting for a broader scope will increase the amount of time and resources required for the survey.

(iii) **Sample size and representativeness**: The number of respondents within a sector or region should be defined in a way that ensure the sample is representative. If informal businesses represent a significant share of the sector/economy, the survey may need to include informal sector firms (likely adding complexity to the process). When faced with resource constraints, a small-scale survey may still be conducted.

(iv) **Type of survey administration**: Whether the survey should be conducted face-to-face (paper-based or computer-based), over the phone or via an online platform should be defined upfront. There are important trade-offs between the different options: face-to-face interviews typically result in higher response rates (thus improving the validity of results) and facilitate relationship-building with the businesses, but they are costly to implement (both in terms of time and money). On the other hand, phone- or web-based surveys require less resources to be conducted, though the response rates might be low.

Steps/tasks to implement the instrument

1. **Inception phase:** Based on the scope and learning objectives, the first step involves finalising the planned design and implementation of the assessment, including refining the objectives, methodology, workplan, data collection approach, etc. A list of potential respondents needs to be compiled (sampling frame), either by consulting official censuses of registered enterprises or by taking a field-based decision if enterprises are not registered. Based on the desired sample size and the sampling approach, the list of final respondents needs to be defined. In order to ensure that the sample is representative of different types of firms, it is useful to categorize sectors, regions and size of firms in this sampling phase.

2. **Survey design and piloting:** The success of the survey will mainly be determined by the quality of the questionnaire, which justifies investing sufficient time and resources to develop it. Survey questionnaires combine a set of multiple-choice and open-ended questions, covering basic enterprise data, skills requirements and, depending on the context, strategy, new technology, change management etc. Piloting the survey questionnaire using a separate sample of respondents allows the research team to uncover and fix any problems with the flow and wording of questions. As needed, this step may also involve training the fieldwork team on survey content and administration.

3. **Data collection:** Following the pilot round of the survey, the predetermined sample of enterprises can be interviewed using the finalised questionnaire. Depending on the extent of quantitative surveying, survey data might be collected separately by a survey firm in coordination with the consultant team or the consultant team might arrange the data collection process themselves.

4. **Analysis and draft report**: Once the data have been collected, data analysis is typically done using statistical programmes such as Stata, SPSS, etc. A report summarizing the key findings should then be drafted.

5. **Validation and final report**: Survey results should be discussed with business representatives and other stakeholders to validate key findings and make adjustments as needed, while supporting dissemination and buy-in. Feedback can then be used to finalise the assessment.

Level of Effort

The level of effort (LoE) and time needed to conduct an enterprise survey depend strongly on the coverage, size and depth of the survey and can vary widely. The estimated minimum level of effort is summarized in the table below:

Steps	Details	Estimated LoE (minimum)
Inception phase	The time needed to select survey respondents will depend on the geographic scope, sampling strategy and access to lists of enterprises to develop the sampling frame (important to consider in the presence of a large informal sector).	5-10 days
Survey design	The time needed for designing and piloting the questionnaire will depend strongly on the desired scope of the survey (number of modules and questions), the scope of enumerator training and the number of pilot rounds.	10-15 days
Data collection	The time needed will depend strongly on the geographic scope, sample size, the length of the survey and type of survey administration (e.g. face to face, phone, etc.).	10-20 days
Analysis & draft report	The level of effort required for data analysis depends on the variety of data sources used for the assessment. If the data are available in electronic format, data analysis and report drafting can proceed at a quicker pace.	5-10 days
Validation & final report	The extent of this phase mainly depends on the magnitude of consultation and validation of the results with different stakeholders and institutions, prior to consolidating the findings.	5 days
Total		35-60 days

Skills requirements

The necessary skills to conduct an enterprise survey are listed below. Note that a core team composed of a lead consultant and their own team of enumerators could be sufficient for small-scale surveys. For large-scale surveys, data collection would typically be outsourced to a survey firm through a separate contract.

Lead staff/consultant(s)	Local staff/consultant
• Master or PhD in Social Sciences, Economics, Business, Development Studies or a related field • Strong background in designing and coordinating field surveys, ideally with employers • Experience in training enumerators • Quantitative data analysis skills (e.g. SPSS, Stata, R) • Experience in engaging with industry representatives • Experience in project management/stakeholder coordination • Regional/country experience (preferred)	• Higher education degree in Social Sciences or a related field • Good knowledge of the local labour market, especially the enterprise landscape and the formality/informality setting • Excellent command of English and local language in written and spoken form • Proficiency in running surveys and data processing programmes • Strong analytical skills and prior experience with data-driven and empirical field work • Experience in engaging with industry representatives

Other considerations

- **Consistency with existing surveys**: Where possible, it may be useful to align the enterprise survey questionnaire with existing surveys done in the country/region to facilitate the comparison of results across time and space. Useful starting points in a developing-country context include the World Bank Enterprise Surveys and the ILO database.

- **Synergies with the monitoring and evaluation system**: As part of project monitoring and evaluations, the project team may already have planned to interview enterprises in order to establish a baseline. It might be possible to adjust the baseline survey in order to collect additional information on enterprises that can support labour market diagnostics.

- **One-off or regular exercise**: Depending on the programme needs, survey scope and available resources, it may be appropriate to repeat the enterprise survey at regular intervals to obtain panel data and explore trends.

- **Combination with qualitative data collection**: In certain cases (especially in the presence of a large informal sector), it may be useful to use qualitative tools in conjunction with the enterprise survey, such as focus group discussions or in-depth key informant interviews with industry representatives

Box 4.21: Initiative for skills needs assessment of the TVET Coalition of Sierra Leone

Initiated by the Technical Vocational Education and Training (TVET) Coalition of Sierra Leone and supported by the United Nations Development Programme (UNDP) and GIZ, this report assessed workforce skills and competencies in selected occupational areas that were previously identified with a sector analysis and seemed to offer employment opportunities. The sectors under assessment have been combined under five headings: 1. Mining/Construction/Manufacturing; 2. Health; 3. Energy; 4. Tourism and Hospitality; 5. Agriculture and Fisheries.

The enterprise survey was run in two phases. The first phase included the participation of 30 different companies (private, state-owned, parastatal), while the second phase consisted of an in-depth analysis across 37 departments of 26 different companies across the five sectors. In total, 67 questionnaires were completed during the two phases, serving as the basis for the report. The report discussed 50 occupational areas across the five sectors. It provides information on specific tasks and skills as well as information on the mechanisms implemented by organisations to ensure their own success in the face of challenges. In general, the data revealed employer challenges in filling vacancies especially within the technical level. Despite the general availability of job seekers, most candidates lack relevant skills and practical experience. Generally, employers do not feel like they are involved in what happens in training institutions with only 3% of those interviewed actively collaborating with training institutions.

The survey implementation faced challenges leaving a two-year gap between phase one and two. Continuous validation workshops on recent TVET sector developments were used to address this gap and there were no disagreements regarding final conclusions and recommendations drawn from the public and private actors.

Source: GIZ (2018)

Further resources

Guidelines

European Training Foundation (2017), Employer Surveys. Skills Anticipation Background Note.

European Training Foundation, European Centre for the Development of Vocational Training (CEDEFOP), International Labour Organization (2017), Developing and running an establishment skills survey. Guide to anticipating and matching skills Vol. 5.

Inter-American Development Bank (2016), Designing an Employers Skills Survey.

International Youth Foundation (2012), Ensuring Demand-Driven Youth Training Programs: How to Conduct an Effective Labor Market Assessment.

Selected studies

ANAPEC (2017), Veille Prospective sur le marché de l'emploi.

GIZ (2018), Skills needs assessment. Initiative of the TVET Coalition of Sierra Leone.

International Rescue Committee (2015), Akkar Business Climate Assessment. Lebanon.

ManpowerGroup, Talent Shortage Survey.

World Bank (2019), Enterprise Surveys.

TOOL 10: TRACER SURVEY

Overview

At a glance

Tracer studies are standardized surveys used to better understand the situation of graduates from an education and training institution or another programme. They are often conducted by universities, vocational schools or labour market training providers to assess the school-to-work transition of their alumni, though they can also support other types of interventions (e.g. tracing beneficiaries of entrepreneurship support, farmers, etc.). Graduates are surveyed several months to a few years after completing their education or training in order to understand their transition to work, career paths and perspectives, the use of skills and knowledge obtained through education, etc. Tracer studies allow to collect information on the labour market (e.g. sectors with employment potential, wages, etc.) as well as to retroactively assess the labour market relevance of the programme curricula and content.

Key information it can provide

Tracer studies can extract a large amount of feedback on the experiences of former students and training/programme participants when (re)entering the labour market. As such, they give an up-to-date view on employment opportunities and the relevance of skills development programmes. Given its broad range of potential topics and questions, a tracer study can be adapted to fit the needs of researchers, education institutes and other stakeholders in the field of education and employment. In general, most studies will provide the following information:

- **Sectors and occupations** with the highest employment rates of graduates
- **Job characteristics**, such as income and working conditions (e.g. stability, social security, occupational safety and health, etc)
- **Skills use/gap**, providing information on the skills used and needed in the labour market
- **Perceived barriers to employment and job retention**, such as job characteristics (e.g. schedule, distance to work), hiring discrimination, barriers for self-employment, etc.
- **Feedback** from graduates to improve curricula and programme content

Data source(s)

Tracer studies rely on direct surveying of the target group. Access to reliable information on graduates of the programme, such as administrative records that include alumni contact details, can be used to construct the sampling frame and facilitate data collection. If limited contact information is available, a snowball system may be used to increase the response rate, where existing respondents recommend the survey to other graduates that have not yet been reached.

Context requirements (feasibility)

Tracer studies are relatively flexible and can be carried out in a variety of contexts. The most important considerations prior to running a tracer study include:

- **Ability to conduct primary data collection:** In order to run a successful tracer study and ensure high response rates, access to respondents and up-to-date contact information are crucial. The appropriate type of administering the survey (e.g. face-to-face, phone, email) in the local context will be key to ensuring high response rates. The willingness of graduates to participate may also vary depending on their general experience as part of the training/programme. In fragile contexts or regions with high mobility, tracking people might be particularly challenging.
- **Enough time to carry out the assessment:** Since preparation of the study (e.g. collecting updated contact information) and collecting responses may take time, tracer studies are less well suited when the results are needed quickly to inform immediate programming decisions. Moreover, the assessment itself should not be conducted immediately after graduation. Instead, sufficient time should pass (e.g. 6, 12, 24 months) to be able to collect meaningful data on employment outcomes.
- **Stakeholder buy-in**: Successful tracer studies are typically done in close cooperation with the institution/programme whose graduates are being surveyed. Stakeholder buy-in and support can facilitate data collection (sharing of contact information) and encourage improvements to the programme content based on the research findings.

Advantages and limitations

Advantages	Limitations
• Captures different types of information of interest, such as the employment opportunities, working conditions, barriers for target groups, skills demand etc. • Can serve multiple purposes, incl. monitoring and evaluation of the (study) programme and collecting information on the labour market • Provides concrete recommendations to improve curricula/programme content, etc. • Allows for comparing education/training institutions or programmes (e.g. employment rates after graduation)	• Focuses on dimensions "visible" to the target group; does not necessarily capture broader labour market dynamics and issues (e.g. related to labour demand, regulatory framework, etc.) • Findings are not representative for the labour market in general (just for the target group surveyed) • Can be resource-intensive due to primary data collection • Obtaining or updating valid addresses can be time-consuming • Unless survey is administered face-to-face, risk of low response rates (which threaten credibility of findings) • Limited experience with tracer surveys in many developing countries

Box 4.22: Evidencing country-specific conditions for university-to-work transition in the Balkans

The Congrad project's wider objective is to help higher education institutions in Serbia, Montenegro and Bosnia and Herzegovina to conduct regular graduate surveys in order to enhance study offerings and facilitate modernisation processes. Congrad is expected to contribute to the improvement of institutional self-evaluation processes by collecting systematic and reliable information on the links between study offerings and subsequent employment of graduates, as well as to enable the evidence-based evaluation of higher education reforms and curricular changes in the last decade. By assessing previous study conditions and graduate career options, Congrad provides an insight into country-specific conditions of the transition from higher education to labour market and enables higher education institutions in partner countries to make evidence-based strategic decisions. In this regard, a system to collect alumni data at the partner countries' higher education institutions is seen as an important source of information.

Source: ETF, CEDEFOP, ILO (2016), p.27

How to

Defining the scope / prioritizing learning objectives

Before the actual tracer study process is launched, it is important to decide on:

(i) **Geographic and institutional coverage:** Depending on the purpose of the assessment, one may want to select a specific type of institution or programme (e.g. national TVET institutes), and the corresponding geographic coverage (all locations or just some) that is most relevant and realistic given available resources.

(ii) **Scope of study programmes/training courses**: In some institutions or programmes that offer a variety of different courses/interventions (e.g. different fields in TVET schools, different faculties at universities), one must decide which study programmes will be included in the assessment.

(iii) **Survey topics of interest:** Before developing the questionnaire, key themes of interest (job entry, skills utilization, career development etc.) should be identified (see the accompanying Tool 10 Annex for sample topics).

(iv) **Timing**: Decide about the right timing of the survey in relation to its objective. If the survey focuses on the school-to-work transition, it should be conducted within two years of graduation. If the focus is rather on career development, then a longer period might be necessary.

(v) **Type and scope of data collection**: The type of data collection will significantly affect the likely response rates as well as the level of effort/resources required. In developing countries, in-person or phone questionnaires, while more expensive, are typically more suitable than self-administered surveys (e.g. web-survey). For interviewer-administered surveys, one should also think about an approximate scope (i.e. sample size) that would be realistic given the resources available.

In contexts where there is little prior experience with tracer studies, it is often more appropriate to limit the scope of the survey at first to build up capacity and experience in running this type of assessments (including for the partner institution/programme involved), before broadening the scope over time.

Steps/tasks to implement the instrument

1. **Inception phase:** Based on the planned scope, the first step involves finalising the planned design and implementation of the assessment, including refining the objectives, methodology, workplan, data collection approach, etc. An important part of this step would be to specify the sampling strategy and determine the adequate sample size for the survey based on the desired level of representativeness of the study.

2. **Survey design and piloting:** Depending on the learning priorities, different modules and questions will be included in the questionnaire. Attention should also be paid to the response options given, to ensure that they capture the potential realities on the ground. Additional aspects will include decisions on the types of questions to be asked (open/closed, scales, etc.), survey layout, etc. The draft questionnaire should be piloted with a selected group of respondents (same profile as the target group, but not part of the study sample) to provide feedback on length, clarity of questions, adequacy of response options, etc. Several rounds of testing and adaptation may be needed before rolling out the survey.

3. **Data collection:** The specific process of data collection will strongly depend on the mode of administration (e.g. face-to-face or web-based). For interview-led surveys, training of enumerators must also be planned. In all cases, respondents should be provided with clear information about the objectives of the study. The survey team should track who has been contacted/found, update contact information as needed, and have a process in place for sending reminders to respondents. Clear procedures for real-time quality control should be in place to identify potential issues and address them early on (e.g. retrain interviewers as needed).

4. **Analysis and draft report:** The analysis will typically combine descriptive analysis of closed-ended questions (e.g. percentage of people employed) with text analysis of open-ended questions, for example those around career development after graduation.

5. **Validation and final report:** Research findings should be discussed and validated with the institution/programme to gain a shared understanding of labour market dynamics and agree upon potential entry points for making improvements to study/programme content. Feedback obtained as part of the validation process can then be incorporated into the final report.

Level of Effort

The level of effort (LoE) and time needed to run tracer studies depend strongly on the coverage, size and depth of the survey and can vary widely. The estimated minimum level of effort summarized in the table below refers to the time needed for an external expert to support the process. The overall process from start to finish would take significantly longer considering the time needed for internal validation, testing, receiving responses, etc., making the tracer study not a rapid assessment tool.

Steps	Details	Estimated LoE (minimum)
Inception phase	The amount of time needed depends largely on the scope of the tracer survey and the sampling approach chosen.	5-10 days
Survey design	The design and testing stage will take more time if the survey is developed from scratch (development of questions, answer codes, etc.), but can be relatively fast if it is adapted based on earlier rounds.	10-15 days
Data collection	In the case of self-administered surveys the involvement of an external expert may be minimal, whereas interviewer-led surveys will require time for interviewer training and oversight of data collection (done by a separate team of enumerators or a survey firm).	5-20 days
Analysis & draft report	The level of effort for the analysis mainly depends on the length of the survey and the amount of open-ended questions which are more time-consuming to analyse.	5-10 days
Validation & final report	The extent of this phase mainly depends on the magnitude of consultation and validation of the results, prior to consolidating the findings.	5 days
Total		30-60 days

Skills requirements

The relevant skills to conduct a tracer survey are listed below. For small-scale self-administered surveys, the core team could consist of a lead consultant and local staff to assist with coordination, e.g. communication with respondents. For large-scale interviewer-led surveys, data collection would typically be outsourced to a survey firm through a separate contract.

- Master or PhD in Social Sciences, Economics, Business, Development Studies or a related field
- Strong background in survey design and implementation
- Experience with data collection, interpretation and reporting development
- Advanced knowledge and experience with appropriate statistical software (e.g. SPSS, Stata or R) as well as text-analysis software
- Prior work experience in the country/sub-region
- Proficiency in the local language preferred
- Experience in communication with universities and other education institutions

Other considerations

- **Linkages to standard Monitoring & Evaluation (M&E)**: Tracer studies can not only provide a better understanding of the labour market, but they can also be a key tool for M&E to measure performance of the respective institution or programme. Hence, the objectives of labour market assessment and M&E may often be combined. For instance, a baseline study for a new TVET programme may want to measure the employment rates of previous graduates as a basis for measuring future progress. The same study could then potentially be used to collect labour market information that can be useful beyond the purpose of the baseline.

- **Participatory process to support capacity development**: While tracer studies can be consultant-led one-off efforts, they are also well suited for adopting a participatory approach that promotes the active involvement of the participating institutions in the design, implementation and analysis of the assessment. A participatory approach may often respond better to the specific needs of individual institutions and study programmes, while building institutional capacity to independently run tracer studies in the future (increased sustainability). Such an approach would prioritize staff training throughout the project cycle (study design, data collection, analysis and interpretation of findings), and would hence take longer to complete (12-24 months).

- **Cooperation among partners/stakeholders:** Inter-institutional cooperation on conducting tracer studies among education and training institutions or other programmes can increase their relevance while reducing cost. For instance, this can involve developing a common understanding and reaching agreements on methodology and survey content where the needs are similar across institutions. This would also make results more comparable and benchmarking of institutions easier.

Box 4.23: Tracing secondary vocational and tertiary education graduates in North Macedonia

ETF has conducted the first nationwide tracer study in North Macedonia as a part of the World Bank's "Skills Development and Innovation Support" project. The study explored the skills of secondary vocational school (VET) and higher education graduates and their adequacy in terms of the graduates' transition to a challenging labour market, characterized by high overall and youth unemployment rates.

Methodology

The tracer study targeted secondary VET and higher education graduates who completed their education during 2014-2015 school year. The data was collected using a questionnaire in three languages – Macedonian, Albanian and English. The questionnaire was programmed with QTAFI software and pre-tested before field roll-out.

Challenges

The study originally relied on a self-administered online survey. However, due to a lack of valid email address and a very low response rate (less than 10% of those contacted via email), the research team proceeded with phone interviews which allowed them to reach a larger group of graduates.

Findings

The analysis showed that VET and higher education graduates are relatively satisfied with their learning experiences, though satisfaction rates drop when it comes to school equipment, opportunities for leisure and sport activities, as well as the quality of support services (for internships and/or employment) provided by the educational institutions. Approximately one third of higher education graduates did not complete any internships while studying, despite the legal requirement. In terms of employment outcomes and labour market participation, 53% VET students continue with higher education. For higher education graduates, the transition from school to the labour market appears to be relatively smooth, given that approximately half of them find employment within 6 months of graduation. Of those who were employed, over 60% had permanent contracts, though the wages were low.

Source: ETF (2017b)

Further resources

Guidelines

European Training Foundation (2017), Tracer studies: Evaluating the impact of training programmes.

European Training Foundation, European Centre for the Development of Vocational Training (CEDEFOP), International Labour Organization (2016), Carrying out tracer studies. Guide to anticipating and matching skills and jobs Vol. 6.

International Labour Organization (2011) Tracer study methodology.

Schomburg, H. (2003), Handbook for Graduate Tracer Studies. University of Kassel, Centre for Research on Higher Education and Work.

Selected Studies

European Training Foundation (2017b), Tracing Secondary Vocational and Tertiary Education Graduates in the Former Yugoslav Republic of Macedonia. 2016 Tracer Study Results.

European Training Foundation, Caucasus Resource Research Centers (2012), Tracer study of recent graduates from vocational education institutions in Kotayk and Ararat Marzes of Armenia. Draft Report.

GIZ (2018), TVET Graduates in BiH [Bosnia and Herzegovina]. Tracer Study Report 2018.

International Labour Organization (2016), A Tracer Study of Technical Vocational Education and Training Institute Graduates in Khartoum State.

International Network of Graduate Surveys (INGRADNET).

ANNEX: TOOL 10

Key topics to be included in a TVET/higher education tracer study

The length and content of a tracer study depends on the scope and target group. For TVET/ higher education focused tracer studies, ETF recommends a set of questions covering the following key topics:

1. The course of studies at the institutions
2. Internship and work experience during course of studies at the institution
3. Evaluation of study conditions and study provisions at the institution
4. Satisfaction with study
5. After graduation from the institution
6. Employment and work
7. Work requirements
8. Relationship between study and employment
9. Work orientation and job satisfaction
10. Vocational education/training before study at the institution
11. Further TVET or higher education after study at the institution
12. Further vocational/professional training
13. Demographic information
14. Migration and regional mobility
15. Respondents comments and recommendations

Source: ETF, CEDEFOP, ILO (2016), p.74 (the document also includes an Annex with sample questionnaire modules)

TOOL 11: JOB VACANCY ANALYSIS

Overview

At a glance

Job vacancies are a valuable source of information when analysing labour markets. Traditional sources of job vacancies include newspapers and administrative data from Public Employment Agencies where vacancies are posted. In recent years, the use of (online) job portals has expanded significantly, including in developing countries. Indeed, a growing number of jobs are advertised online through job portals, social media and networking platforms (e.g. LinkedIn), recruitment agencies, temporary work agencies, etc. Job vacancy analysis (JVA) refers to the analysis of the job postings made available through these different platforms and agencies, both traditional and emerging ones. Due to the up-to-date and granular information it can provide (e.g. job postings and skills needed by sector, occupation, etc.), it represents an increasingly used tool for the analysis of labour demand and skills needs.

Key information it can provide

Analysis of job advertisements can yield rich and timely information on labour demand at a given moment and over time (trend analysis). As such, it can inform about the evolution and breakdown of available jobs as well as about changing labour market dynamics. Specifically, it can provide the following kinds of labour market information:

- **Number of job postings**: JVA can provide an indication of overall labour demand in terms of the number of jobs and vacancies advertised.
- **Characteristics of job postings**: Depending on the level of detail available in job postings, JVA can provide information on the breakdown of available jobs by a range of variables, such as sector, occupation, geographic area, required education and work experience, salaries, etc.
- **Skills needs**: The job descriptions within the job advertisements can provide rich information on the specific skills required for certain jobs, such as technical skills, soft skills, etc.
- **Occupational profiles**: Provided that the tasks of the respective jobs are well specified, job advertisements can also be a source to better understand the responsibilities and (potentially changing) nature of work for given job categories.

As a result, JVA can inform a range of stakeholders and interventions areas, including for labour market monitoring and analysis, assessing demands for workforce skills and identifying emerging jobs and skills (and hence inform education and training curricula), providing information for career guidance, etc. If information on job seekers/applicants is available, then JVA can also be expanded to include analysis of job search behaviour and improve skills matching.

Data source(s)

In general, the different sources of job vacancy data will include the following types of providers:

- National Public Employment Agency
- Online job portals (e.g. Indeed.com, Monster.com, etc.)
- Social media and networking platforms with recruitment functions (e.g. LinkedIn)
- Private job intermediation providers (e.g. recruitment agencies, temporary work agencies)
- Newspaper sites

Depending on the country of interest, different providers may be present and have a stronger/weaker market penetration. For instance, in some countries the Public Employment Agency may register a significant share of job postings in the country, while in others it might be less effective and, therefore, not a good source of labour market information. Similarly, globally operating or national job portals or social networking sites (e.g. LinkedIn) may be widely used in some countries, while in others they only represent a minor share of all employment opportunities. The higher the penetration rate of a certain provider, the more useful for labour market analysis. In practice, combining data from several providers/ sources (e.g. from Public Employment Agency and major online job portal(s)) can yield a more representative picture, especially because different channels tend to be used by different profiles of companies and job seekers (e.g. low- to medium skilled jobs advertised through Employment Agency, whereas higher-skilled jobs may be advertised through online portals).

Context requirements (feasibility)

Job vacancy analysis as an instrument for labour market assessment is likely to be more relevant in the following contexts:

- **Data availability:** The main requirement for JVA is to have access to at least one good data source with a significant number of job vacancies that can provide a meaningful picture of (part of) the labour market. For instance, if one seeks to provide information on the whole labour market, it typically requires the existence of a National Public Employment Agency and/or online job portal or social networking site that is used by a significant share of the population. If one seeks to analyse labour demand in a specific region or sector, then the source of information should have enough penetration in that region or sector (e.g. a specialized job portal for the IT-industry).

- **Enough time to carry out the assessment:** Unless the data is readily available (e.g. based on previous engagement with relevant provider or agency), accessing job vacancy data can take several months before it can be analysed.

- **Sufficiently formal labour markets**: Since informal employers are unlikely to use formal recruitment channels through employment agencies or job portals (and instead use personal networks for recruitment), a critical mass of formal employers and recruitment is required for this type of assessment to yield meaningful results.

Moreover, the use of formal recruitment channels in general, and online portals in particular, is more likely in countries with high (general and computer) literacy levels and high internet penetration.

Advantages and limitations

Advantages	Limitations
• Good indicator for current/recent demand for workers • Allows for almost real-time labour market analysis (e.g. of vacancies last quarter/year) due to highly up-to-date information (hence, also able to identify rapidly changing labour market needs) • Provides large-scale, detailed and granular information on labour demand (e.g. by sector, geographic area, occupation, etc.), including on job characteristics and skills needs • The data is already collected and available at the respective organisations (see data sources), hence saving time and money that would be needed for primary data collection • Once the methodology and data analysis procedures have been determined, the analysis can be replicated relatively easily over time (at limited cost)	• Availability and use of job portals differ across and within countries due to the digital divide and different employment structures • Information in job portals is typically not representative of the whole labour market (e.g. overrepresentation of formal companies, certain sectors, medium- and higher-skilled occupations, etc.) • Tasks and skills listed in a job advertisement often do not reflect the full job profile; e.g. because employers may only list critical responsibilities and skills to 'filter' job applicants or because the job description is not clear enough • A job advertisement may not necessarily correspond to a new job opening due to either double-counting (published on several portals) or replacement (e.g. employee turnover) • The taxonomy of job characteristics (e.g. sector, occupation) used by job portals may not be aligned with official classifications (thus complicating analysis) • Data from different job portals may not be easily aggregated due to a lack of harmonisation

Source: Adapted from CEDEFOP (2019).

Based on the above, JVA can be considered a useful complement to (rather than replacement of) traditional sources of workforce development data (e.g. labour force survey and other household surveys, employer surveys, tax and social security records, etc.).[16]

Box 4.24: Job vacancy analysis in Malawi

Using Big Data from Malawi's biggest online job search portal myJobo.com between 2016 and 2018 shows a variety of trending job functions, with the highest concentration in administration, accounting, management, engineering, public relations, education and healthcare. The assessment revealed that the most in-demand occupations in urban Malawi during the period of analysis were accountants, accounts assistants, administrative assistants, finance officers, technical officers, project managers and project coordinators. A list of the top 100 jobs provides a granular picture of the opportunities and skills needed in the job market, thus providing relevant information to jobseekers, as well as government planners, education providers and others. For example, the top skills required for an accountant are accounting, knowledge of the tax system, financial reporting, budgets, account reconciliation, Microsoft Excel, general ledger, accounts payables, internal controls, management and analysis.

Source: ETF (2019), p.46-47

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16 Amaral et al. (2018)

How to

Defining the scope / prioritizing learning objectives

Depending on learning priorities of the project and data availability, the main options for the scope of the assessment include:[17]

(i) **Depth of vacancy analysis:** At the minimum, one would conduct descriptive analysis of job posting characteristics (e.g. by sector, city, etc.). Additional analysis of skills needs based on available job descriptions can be done but requires more time.

(ii) **Duration of analysis:** Ideally, one should have access to at least one calendar year of data (to avoid seasonality effects). If data availability allows, the analysis can also cover several years (ability to look at trends).

(iii) **Job seeker analysis (optional)**: Employment agencies and online portals may not only have information on vacancies, but also on job seekers (e.g. CV data, how often and to which jobs they apply, etc.). Analysis on job seeker characteristics and behaviour can provide an additional avenue for analysis, although this type of information may not be of the highest priority.

While some interventions may be particularly interested in the situation of a specific geographic region or sector, narrowing down the scope by region or sector may not reduce the amount of work involved. Since most data sources will likely be broader (e.g. national), the effort for data processing and analysis will not be substantially different.

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17 Additional analysis may be conducted, for instance to understand the linkages between skill requirements and wages or firm performance, but these are typically not the primary focus of development projects (but rather of academic research) and require additional data that may not be available in partner countries.

Steps/tasks to implement the instrument

1. **Inception phase (identification of relevant data source):** To maximize the quality of information that can be extracted from vacancies it is important to understand which providers and platforms are available in the country of interest and prioritize them according to their (i) coverage (e.g. number of vacancies in previous year, relevant geographic and sectoral coverage) and (ii) quality of job vacancy data (e.g. structured fields in the vacancy notes). Hence, a benchmarking of potential sources is needed at the start. Given potentially limited coverage of any single source, it may often be desirable to get data from different sources (e.g. major online job portal and vacancies registered at National Employment Agency). Based on the benchmarking of data sources, the intended scope and workplan of the assessment can be refined.

2. **Getting access to the data:** Access to the data can be obtained through a formal agreement with the respective operator or agency (may be subject to purchasing the data). Alternatively, other techniques such as "web-scraping" (technique to extract specific data fields from a website) or "web-crawling" (programmed robot to download web pages, more generic than scraping) can be considered[18].

3. **Pre-processing of data:** To develop a database suitable for analysis, the database will require "cleaning" (remove information not suitable for analysis; organize and harmonise the data, including completing and correctly classifying the information as needed) and "de-duplication". De-duplication is needed not only when different databases are merged (e.g. employers advertising the same job posting on several portals) but also when dealing with the data from one portal (e.g. employer reposting the same job ad several times).

4. **Analysis and draft report:** The type of data analysis to be performed and the length of the draft report depend on the scope of the assessment. Common types of vacancy data analysis include (see the accompanying Tool 11 Annex for more detail):

   a. Descriptive analysis of job posting characteristics (e.g. frequency and distribution of job postings by sector, occupation, city, etc.);

   b. Text analysis of skills needs (i.e. analysis of the job descriptions through key word search for skills and competencies required by employers).

5. **Validation and final report:** It may be useful to share preliminary findings (e.g. a draft report or presentations) with stakeholders in order to triangulate/crosscheck the results and obtain additional information to finalise the report.

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18   CEDEFOP (2019).

Level of Effort

The level of effort (LoE) and time needed for JVA can vary widely depending on the desired scope and quality of the analysis, as well as the quality of the data used. The estimated minimum level of effort required for an external expert in most cases likely ranges from 1-3 months (as summarized in the table below). The actual time to carry out the assessment from start to finish may be significantly longer, if the data first has to be obtained (e.g. negotiating a formal agreement, web-scraping, etc.).

Steps	Details	Estimated LoE (minimum)
Inception phase	If needed, a consultant may support the process of benchmarking different data sources (coverage, quality, etc.).	5-10 days
Access to data[19]	If data is not obtained through an agreement with the relevant agency, web-scraping/crawling will have to be programmed (incl. testing) and one will need to wait several months or more to collect the data.	5-10 days
Pre-processing	The time needed for pre-processing depends strongly on the desired level of (a) transparency (e.g. in terms of quality of documenting the data cleaning and deduplication process) which facilitates quality control and validation; and (b) replicability/scalability (i.e. developing algorithms for data processing rather than manual data processing).	10-20 days
Analysis & draft report	While basic descriptive analysis of job posting characteristics and presentation of data can be relatively fast, text analysis for skills needs demand is more time-consuming (e.g. building a dictionary of key words, constructing search engine or machine learning tool, validation, etc.).	5-10 days (descriptive) 20-25 days (text analysis)
Validation & final report	The extent of this phase mainly depends on the magnitude of consultation and validation of the results with different stakeholders and institutions, prior to consolidating the findings.	5 days
Total		30-80 days[20]

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19   The time indicated here only refers to the time needed for an external expert. Additional time required by the contracting agency (e.g. in terms of negotiating data access) is not accounted for.
20   The lower bound (30 days) refers to descriptive analysis only, while the upper bound (80 days) includes both the descriptive and text analysis.

Skills requirements

Depending on the nature of the analysis prioritised, one would typically seek out a team that combines experience in big-data analysis and understanding of the local labour market.

Lead staff/consultant(s)	Local staff/consultant (for text analysis)
• Master or PhD in Social Sciences, Economics, Business, Development Studies or a related field • Strong background in statistics / econometrics • Experience with labour market analysis • Demonstrated experience with processing of big data sets (e.g. cleaning, harmonisation, etc.) • Strong familiarity with statistical software package (e.g. STATA, SPSS, R, SAS) • Experience with relevant programming languages (e.g. Python, Java, C++) • Experience with web scraping (as needed) • Experience with machine learning tools (as needed)	• Higher education degree in Social Sciences or a related field • Good knowledge of the local labour market, ideally with at least one year of proven work experience in a development-related context • Excellent command of English and local language in written and spoken form • Proficiency in Microsoft Office (Excel, Word, PowerPoint) • Strong analytical skills and prior experience with data-driven work • Basic knowledge in programming is a plus

Other considerations

- **Cooperation with partners/stakeholders:** the quality of JVA can be improved through close cooperation with relevant stakeholders. For instance, strengthening relations with agencies holding job vacancy data (e.g. online job portals, National Employment Agency, etc.) will likely facilitate access to the data. If other development partners have already developed such contacts, then coordination with them would be beneficial. Besides providing access to vacancy data, cooperation with relevant organisations may also help harmonise the data collection process itself, in order to facilitate data aggregation and analysis in the future.

- **Feeding into labour market information systems:** Since JVA can be a useful complement of labour market information beyond the specific information needs of an individual project, it is worth exploring how this kind of analysis can be replicated and disseminated (or even institutionalized) in the future, for instance in the context of a country's labour market information system.

Box 4.25: Job vacancy analysis in Kosovo

In Kosovo, there is both an oversupply of workers, especially youth entering the labour market, and a perception of skill shortages among firms. While information on the supply of workers is available from standard surveys, detailed data on job creation and skill needs has been scarce. Given that an increasing number of job vacancies in Kosovo are advertised through online portals, the World Bank conducted a study using online job vacancy data to better understand the dynamics and characteristics of labour demand in Kosovo.

Process

To start, the research team conducted preliminary research on the nature and relevance of existing job portals. 14 job portals were identified and assessed with regard to content and cross-postings, allowing to identify the four major portals where most of the information in the market is concentrated. To access the data, the World Bank entered into a cooperation agreement with KosovaJob, a major job portal in Kosovo, which could provide the 2018 data from its own portal as well as the data from its three major competitors that it had collected as part of its market research. The database of the four online job portals covered over 5000 job postings (corresponding to over 12,000 vacancies) in 2018. Two types of analysis were conducted: (1) Descriptive data of vacancies, e.g. the share of job postings by sector, city, contract type, etc.; and (2) Text analysis of the job descriptions and job titles to identify the incidence of skills, education, and experience requirements across industries.

Conclusions

The job vacancy analysis generated several key findings. First, job platforms in Kosovo represent a specific segment of the labour market. They are used almost exclusively for high-skill occupations in Pristina, the capital city, and are concentrated on permanent contracts and full-time jobs. On the other hand, low- and medium-skill jobs are more likely to be filled through informal channels. Second, socioemotional and computer skills are the most demanded skills across all occupations, confirming that they are transversal skills in the labour market. The analysis also helped identify the industry's skill needs that can inform future curriculum development. Finally, the jobs advertised on the job platforms typically required tertiary education and 2.5 years of work experience on average, which confirms that these platforms are useful for a segment of the labour force but not all jobseekers.

Source: Brancatelli, Marguerie and Brodmann (forthcoming)

Further resources

Guidelines

European Centre for the Development of Vocational Training (CEDEFOP) (2019), Online job vacancies and skills analysis: A Cedefop pan-European approach.

European Training Foundation (2019), Big data for labour market intelligence. An introductory guide.

Selected studies

Amaral, N., Eng, N., Ospino, C., Pagés, C., Rucci, G. and Williams, N. (2018), How far can your skills take you? Understanding Skill Demand Changes Due to Occupational Shifts and the Transferability of Workers across Occupations. Inter-American Development Bank.

Brancatelli, C., Marguerie A., and Brodmann, S. (forthcoming), What can we learn from the analysis of job portal data? Evidence on vacancy characteristics and skills needs from Kosovo.

European Centre for the Development of Vocational Training (CEDEFOP) (2019), Mapping the landscape of online job vacancies – Individual country studies on EU member states.

European Centre for the Development of Vocational Training (CEDEFOP) (2019b). The online job vacancy market in the EU: driving forces and emerging trends.

Nomura, S., Imaizumi, S., Areias, A. C. and Yamauchi, F. (2017), Toward Labour Market Policy 2.0 The Potential for Using Online Job-Portal Big Data to Inform Labour Market Policies in India. World Bank.

Other

PARIS21 (2018), "Emerging Labour Market Data Sources towards digital TVET", PARIS21 Discussion Paper, No. 13, Paris.

ANNEX: TOOL 11

Levels of vacancy data analysis

Descriptive analysis of job posting characteristics: Descriptive analysis of job postings can be presented for a given time-period (e.g. 2019) and, if data from several years is available, show trends over time. The analysis depends on the variables collected when registering the job postings.

Box 4.26: Selected dimensions for descriptive analysis of job posting data

> **Simple overview**: Absolute and relative frequency of job postings by sector, occupation, city, type of company, type of contract, month, required years of experience, required type of education, etc.
>
> **Interaction of variables:** For instance, distribution of required years of education or experience by sector, occupation, etc.
>
> **Dynamics of job postings**: For instance, average amount of associated jobs per posting, average duration of job postings (overall, by industry, by city, etc.), average number of postings per firm, etc.
>
> **Comparison of vacancy characteristics by information source** (if using several sources): Determine overlap (duplication) and different characteristics of job postings across portals.
>
> **Job attractiveness** (if data on job seekers is available): Average number of views and applications by job postings (overall, by sector, occupation, city, etc.)

Text analysis of skills needs: Text analysis refers to the analysis of the job description in a job posting. It seeks to identify how frequently certain requirements and skills are mentioned across job postings. Text analysis can be conducted in different ways, including through a dictionary-based approach, manual classification of key words, machine learning tools or a mix thereof. For instance, in the case of a dictionary-based approach, the following steps would be involved.

(i) **Composition of skills-dictionary:** Define a set of universal skills that characterize common skills demand across countries (see for example the dictionary composed by Deming and Kahn 2018[21]). In addition, compose a set of country-specific skills that account for particularities on the local labour market (e.g. particular certificates) and expressions for certain skills or characteristics searched for by local employers.

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21 Deming, D. and Kahn, L. B. (2017), Skill requirements across firms and labour markets: Evidence from job postings for professionals. National Bureau of Economic Research.

(ii) **Construct a search-engine:** Build an algorithm that searches for the pre-defined set of skills (key word search) in the vacancy text and assesses the frequency of these. The occurrence of words will then be interpreted as demand for a certain skill in the respective job posting. To ensure the quality of results, the calibration of the search engine and validation of findings is needed.

(iii) **Present findings:** Present the most demanded skills by category (e.g. cognitive, technical, socio-emotional/soft skills) overall and by sector and/or occupation. This can be done by showing data distributions, word clouds, etc.

> **Note:** Depending on the type of data source, additional information may be analysed. For instance, social networking sites such as LinkedIn also provide information on self-reported skills, work history, hiring (dates when people start new positions), etc. Similarly, analysis of CVs registered on job portals can yield information on available skills relative to those demanded by employers. Information on job search behaviour may also be available (e.g. whether jobseekers apply to multiple occupational categories, etc.).

COMBINING AND SEQUENCING DIFFERENT TOOLS

A single type of labour market assessment may not be able to provide answers to all potential research questions of interest. As discussed earlier, organisations or programmes may have a broad range of information needs related to, for instance, the overall employment situation, barriers to employment at different levels, sectors and occupations with employment potential, skills gaps, availability and quality of service provides, etc. Given that a targeted type of assessment may not satisfy all the information needs, practitioners might still struggle to structure a labour market assessment in line with the programme's learning goals and practical constraints (e.g. time, money). In practice, the focus often turns to the possibility of combining different tools or carrying out different types of assessments sequentially.

While it is common for LMAs to combine a broad range of research questions related to different levels or dimensions of labour markets, this often comes at the expense of depth and quality of analysis when the allocated resources are limited. Many labour market assessments include a variety of research questions to be answered (e.g. see Box 4.27). The example shows that the objectives of labour market assessments can often be very ambitious. In essence, it is supposed to conduct a value chain selection, market opportunity assessment, target group analysis, skills needs analysis, and an assessment of the institutional environment and capacity – in two different governorates. Unfortunately, the resources available to conduct the assessment were minimal, with less than a month available to complete the research. Given the mismatch between resources and expectations, it is unlikely that such a study would offer an in-depth understanding of the different labour market dimensions. At best, the assessment may only provide an indicative answer to the research questions.

Box 4.27: An example of learning objectives for a rapid labour market assessment

An international NGO conducted a labour market assessment to inform its livelihood programming for vulnerable Syrian and Jordanian youth in two governorates in Jordan. The assessment was supposed to cover the following elements:

- Map existing markets and value-chains (according to size of the markets, sales, market integration/segmentation, supply and demand for products and services, etc.). Identify sectors and value chains that are not overly saturated and present potential for growth, profitability and employment.
- Identify and study successful home-based businesses, income generating activities and employment integration of vulnerable refugees
- Analyse existing data and information about current beneficiaries (e.g. education, income, work experience, etc.) as well as the barriers faced by youth in accessing employment and self-employment opportunities
- A Training Needs Assessment will run parallel to the market analysis and should identify the skills and knowledge gaps that can be improved
- Map market actors and institutions operating and delivering goods and services in the area; the accessibility of vocational training, financial services and business service providers (i.e. microfinance and job placement agencies).
- Evaluate institutional capacity, quality and cost of possible implementing partners, including provincial vocational schools, private sector service providers and training centres

The market and livelihood assessment was supposed to be completed in 3 to 4 weeks (incl. approximately 2 weeks of data collection), based on literature review, consultative meetings, key informant interviews, focus group discussions, field visits to project areas and surveys.

Source: Terms of Reference for the assignment

Practitioners should carefully weigh the benefits and drawbacks of combining or sequencing different types of assessment. Although an eclectic mix of learning objectives and research methods can enhance the richness of a study, it may also significantly increase the scope of the assessment. Increased scope, in turn, requires additional scarce resources, if the depth and quality of research remain a priority. Practitioners should consider their own programming context and availability of resources before deciding whether multiple research questions and assessment methods should be combined, or whether a narrow assessment would be more appropriate in the short term with additional analysis done at a later stage. Table 4.2 provides guidance on the contextual factors that may favour either the combination or sequencing of LMAs.

Table 4.2: Overview of contextual factors that may favour the combination or sequencing of LMA approaches

Context that favours combination of LMAs	Context that favours sequencing of LMAs
• Several strategic programming decisions need to be taken at the same time (e.g. areas of intervention, choice of sectors, selection of partner organisations, etc.) • Window of opportunity with sufficient resources available (e.g. funding) • Different assessments rely on the same sources of information (e.g. same key informants, same survey respondents, etc.) • Synergies of having the same key expert(s) available to work on several dimensions of interest • Complementarity of findings from different types of analysis	• When overall programming priorities have not yet been determined, an initial integrated employment diagnostic may be needed, followed by more targeted assessments as part of future projects • Limited resources, suggesting that only a narrow/ rapid assessment can be conducted in the short-term (e.g. during project appraisal), followed by a deeper assessment at a later stage (e.g. during implementation) • Flexible programming and engagement with partners, where an initial assessment can provide information and new research questions to influence subsequent assessments • Learning by doing, when there is limited experience with a certain type of assessment, and one wants to start small • Limited absorption capacity for findings (i.e. even if a lot of information were available, stakeholders would likely not be able to act upon them)

Box 4.28 provides examples of LMAs that use a combination of assessment approaches to analyse multiple labour market dimensions.

Box 4.28: Examples of combined LMAs

GIZ (2016), Interventions for employment creation in Egypt: A sector analysis.

- Sector selection & Integrated employment diagnostic
- The assessment consisted of two phases. The first phase (sector selection) reviewed 12 manufacturing sectors according to economic, social, environmental and institutional criteria. Based on this analysis, two sectors were selected for further analysis (manufacturing of food products and manufacturing of electrical equipment). The second phase (integrated employment and labour market analysis) analysed challenges to employment creation related to labour demand, supply, and matching.

World Bank Group (2017), Creating Markets in Ghana. Country Private Sector Diagnostic

- Sector selection & sector analysis
- The assessment was conducted in two phases. The research team first completed a systematic scan of all sectors in Ghana's economy in terms of desirability and expected feasibility. Three sectors were then selected for in-depth sector analysis (agribusiness, ICT and education), out of the seven priority sectors that were identified during the sector selection phase. The focus of the in-depth analysis (the so-called "sector deep dives") was on opportunities and constraints to growth in each of the sectors, with specific policy/programme recommendations on how to overcome the constraints.

GIZ (2017), Sector Skills Study for the Agriculture and Food-Processing Sector. Value Chain Analyses for Selected Sub-Sectors of the Agriculture and Food Processing Sectors.

- Skills assessment & value chain analysis
- The study combines a sectoral skills assessment with value chain analysis. First, the researchers examined current and future skill needs in the agricultural and food processing sectors. Second, the value chains for several commodities with the highest employment and value-added potential (e.g. coffee, tea, cassava, meat, etc.) were analysed to determine the opportunities and barriers to growth (including the skills required and potential skill shortages).

ILO (2018), Market systems analysis for refugee livelihoods in Jigjiga – Ethiopia.

- Target group assessment, sector selection & value chain analysis
- This market systems analysis incorporated elements of three types of labour market assessments. First, the assessment focused on a specific target group, the Somali refugee population residing in Ethiopia. Second, the research team engaged in a sector selection process in order to identify sectors with the largest potential to support economic self-sufficiency of refugees. Finally, the opportunities to involve refugee households along specific value chains were examined (e.g. agriculture, poultry, woodwork, etc.).

Oxfam (2019), Addressing the human cost of Assam Team and Oxfam (2019), Study of Assam Tea Value Chains.

- Assessment of working conditions & value chain analysis
- Two Oxfam-commissioned studies focused on working conditions in India's tea-producing Assam region and local and international tea value chains. The assessment examined working conditions at tea plantations in Assam, by interviewing workers at 50 tea estates. Furthermore, researchers investigated how value is distributed along the tea value chain, with a specific focus on the value share received by tea workers compared with other actors in the value chain.

SECTION 5: RECOMMENDATIONS FOR INTERPRETING AND USING FINDINGS

Purpose of the section:

- Provide recommendations on how to interpret the findings of LMAs in a broader context, given that they are not conducted in isolation
- Provide guidance on facilitating the uptake of assessment results and recommendations
- Highlight opportunities on leveraging LMAs to improve labour market information more broadly

Interpreting findings

- **Embedding the results in the political context:** Assessments provide findings and recommendations based on technical analysis (e.g. identification of promising sectors through the sector selection process). However, the findings may not always be in line with national priorities or the development agency's areas of interest. If political priorities and the technical findings overlap (e.g. one of the sectors identified as part of the sector selection process also represents a political priority), this typically helps narrow down the intervention area. Challenges arise, however, when the technical analysis contradicts political priorities (e.g. the assessment finds that one of the government's priority sectors only yields limited potential and/or faces major problems in terms of labour right violations). In such cases, the labour market assessment can become an instrument to not only inform programming on the ground, but also to redirect policy priorities (depending on the leadership's readiness to incorporate the research findings).

- **Contextualizing the results in the donor context and based on the contracting agency's comparative advantage:** Findings from LMAs should also be seen in the context of existing programmes run by different agencies and stakeholders. While the assessment results could suggest a particular area of intervention (e.g. in terms of priority sector), other development partners or local organisations may already be active in this area. In such cases it is important to reflect on the added value of the commissioning agency's potential involvement. Moreover, the findings of the assessment should be looked at in the context of the commissioning organisation's own capacity and comparative advantage (e.g. related to certain sectors, interventions). For instance, the assessment may suggest certain priorities and entry points in which the organisation has limited experience. Careful analysis will therefore be needed to determine the most appropriate way forward.

- **Assessing trade-offs among different intervention options**: It is also important to keep in mind that different intervention options emerging from the assessment will likely involve trade-offs and that it may not be possible to fulfil all goals related to job creation, improved quality of jobs, and labour market inclusion of vulnerable groups. Ideally, practitioners can make these trade-offs explicit and justify their priorities and choice of intervention. For instance, common trade-offs include:
  ◦ Sectors with the highest economic potential may not be the most labour-intensive (and vice-versa)
  ◦ Sectors and occupations with high employment potential in the short-term may face serious decent work deficits
  ◦ Maximising labour market integration outcomes may be easier to achieve in the case of more employable populations (less distance to the labour market, fewer barriers to integration) than in the case of vulnerable groups
  ◦ Targeting rural/remote areas and vulnerable groups increases unit costs, implying lower aggregate results

Disseminating findings

- **Involving key stakeholders throughout the process:** A key lesson on disseminating research is that promoting the uptake of research findings must not be left until the very end. Influencing key stakeholders works best when they are involved throughout the process, preferably in an active role (e.g. when defining information needs, participation in field trips). The active involvement increases the chances that the findings will be perceived as relevant and credible. Moreover, it may facilitate access to information from the start while supporting the institutionalisation of certain types of assessment, for instance through the involvement of the national statistics office.

- **Holding validation workshops**: Validation workshops represent a valuable opportunity to involve key stakeholders and respondents (towards the end of the assessment process). The workshop can be a first step to disseminate (preliminary) results, while at the same time providing the research team with advice and additional information to review, interpret and frame certain findings. While these discussions may not always lead to consensus, it is also useful to better understand the views and perceptions of the different stakeholders in order to anticipate their reaction to the final version of the assessment and the recommendations made.

- **Making results publicly available**: The intended purpose and scope of a labour market assessment, and by extension the selection of a suitable method and its design, depend crucially on what is already known from existing labour market assessments. Practitioners can benefit significantly from assessments conducted by other stakeholders. However, many assessments are never published, thus limiting cross-institutional learning and leading to a duplication of efforts. Organisations should therefore make it a priority to publish assessment findings (either in full or at least a synthesis) through a variety of channels. It is also good practice to share the final assessment results with the people involved in the assessment process, such as interview partners.

- **Choosing the right format & language:** A common barrier to the use of research results is that they may be too lengthy or too abstract, and therefore difficult to understand and relate to. Strategies to improve the presentation of findings include:
  - **Visually attractive presentation** that summarizes the key steps and findings of the assessment. This may often be easier to absorb than a long report.
    - See for example: GIZ (2016), Interventions for employment creation in Egypt: A sector analysis.

- **Research brief,** summarizing key findings in a 4-6-page document that conveys the main messages and serves as a teaser for the full report.
  - › See for example: European Commission (2018), Beef value chain analysis in Zimbabwe.
- **Integration of pictures and anecdotes** collected during the assessment (e.g. about certain individuals, firms, markets, etc.), to better illustrate key findings.
  - › See for example: Women's Refugee Commission (2010), Starting from Scratch: The Challenges of Including Youth in Rebuilding Southern Sudan.

Leveraging LMAs to improve labour market information

- **Improving access to data:** Labour market assessments can be a useful vehicle to highlight data gaps in the country. Indeed, many assessments struggle with a lack of certain information, or at least with limited access to information (e.g. raw data of national surveys). The assessment process itself can be used to engage with key institutions (e.g. statistics office, Public Employment Agency, business associations, etc.) in order to better understand barriers to data access and quality. When assessments are constrained by the lack of access to data, development partners may be able to raise this issue as part of their broader policy dialogue with government partners in order to make improving labour market information a joint priority.

- **Harmonising data collection and use across stakeholders:** Independently run assessments by different stakeholders and development partners might not produce the most in-depth findings. While different learning objectives across organisations may justify separate assessments in certain cases, there are also opportunities to join forces and conduct labour market assessments together. While such an approach would require increased coordination, a key benefit would be the ability to combine resources and strive for more thorough assessments (e.g. by facilitating the use of quantitative methods and/or increasing the representativeness of the assessment through larger samples). Moreover, stronger coordination across stakeholders provides an opportunity to harmonise data collection (e.g. in terms of measurement methods) and to have a stronger (joint) voice in promoting the uptake of findings. Joint assessments may be particularly warranted for studies with a broad geographic (e.g. national) scope, such as integrated employment diagnostics at the country level, sector studies, or national skills assessments, since these are likely relevant for a broad range of stakeholders rather than just for a single agency. More targeted assessments, such as target group assessments in selected areas or assessments of local markets that may reflect the specific priorities of individual agencies are likely less suited for collaboration.

- **Building linkages with and strengthening Labour Market Information Systems (LMIS):** Labour Market Information Systems in developing countries are often either weak or non-existent. Therefore, it is worth exploring whether labour market assessments could extend beyond a single study in order to strengthen such systems. In the short term, relevant stakeholders responsible for the collection and analysis of labour market information (e.g. representatives from a relevant Ministry, National Employment Agency, Labour Market Observatory, National Statistics Service) could be included in the implementation and dissemination of an LMA (see also Tool 8 on Participatory LMAs). Moreover, strengthening LMIS and building stakeholder capacity may also become an explicit component of the employment promotion intervention. In such cases, LMAs can become part of a broader participatory process of building institutional capacity within labour market observatories (see Box 5.1 for an example from Egypt) or in cooperation with other key stakeholders (e.g. together with employer organisations in a national/ sector skills council; see Box 5.2 for an example from India).

> **Definition:** A Labour Market Information System "consists of a set of institutional arrangements, procedures and mechanisms that are designed to produce labour market information."[22] The key elements defining an LMIS are: (i) the collection and compilation of labour market information, (ii) the analytical tools to evaluate and understand trends and challenges, and (iii) institutional arrangements and networks (e.g. governance, linkages to data users, etc.). The coordinating function for a LMIS typically lies in the so-called "Labour Market Observatories" which consist of a team or network of people that may be housed within specific institution (e.g. Ministry of Labour).

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22   ILO (2013), Towards a more effective labour market information system in India.

Box 5.1: Establishing a regional labour market observatory in Egypt

In Egypt, labour market information is collected by the Central Agency for Public Mobilization and Statistics (CAPMAS) as well as several other ministries and agencies. However, most of the data were collected at the national level and were not shared widely. This posed particular problems, as the labour market conditions in Egypt can vary significantly between governorates. Therefore, existing labour market data were only of limited use to adequately inform the development of policies and programmes that promote employment and economic growth according to specific needs (e.g. regional, sectoral needs).

Through its Employment Promotion Programme, GIZ has worked to set up regional labour market observatories (RLMOs) in order to collect better labour market information at the local level and thereby facilitate the alignment of TVET policies to private sector needs as well as the development of relevant active labour market programmes. RLMOs were established in several industrial hubs, such as Sadat City and Sixth of October City to support data collection at the regional level. Recognizing that weak dialogue between the public and private sector was an important factor impeding employment promotion efforts in Egypt, the programme decided to apply the PROSPECT method (a survey-based, participatory method) with strong emphasis on stakeholder dialogue when establishing the RLMOs. The RLMOs are composed of representatives (seconded staff) from the private sector, the Ministry of Education and Technical Education, the Ministry of Manpower (public employment offices), and civil society representatives, under the guidance of a steering committee.

The RLMOs collect and analyse supply and demand side data as well as information about relevant training and matching services in order to publish a labour market analysis report for key sectors relevant in the respective area (e.g. textiles, chemical industry, etc.). Despite notable successes, RLMOs have also faced several challenges, such as how to institutionalise the multi-stakeholder and decentralised regional structure in a highly centralised country such as Egypt, ensure financial sustainability and foster greater quality of labour market research.

Source: GIZ (2015); Schmid (2017)

Box 5.2: Sector Skills Councils, India

The National Skill Development Corporation (NSDC) in India is a Public Private Partnership between the Government of India and the private sector. It aims to promote skill development by catalysing the creation of large, quality and for-profit vocational institutions. Its mandate is to enable an ecosystem which focuses on quality assurance, information systems and train-the-trainer academies either directly or through partnerships.

As part of its mandate, NSDC initiates and incubates Sector Skills Councils (SSCs) which operate as autonomous, employer-led organisations and are meant to ensure that industry demands translate into skill requirements and initiatives. There are over 30 SSCs in India, covering sectors such as agriculture, automotive, construction, domestic workers, healthcare, etc. Among other responsibilities, SSCs are mandated with the identification of skill development needs, provision of real time information about the labour market through research and analysis on the demand and supply, and contribution to the development of a Labour Market Information System. In addition to the Sector Skills Councils, the NSDC also initiates its own skills studies by industry or by state.

Source: NSDC Sector Skill Councils ; NSDC Reports

Further reading

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GIZ (2015), Establishing Regional Labour Market Observatories (RLMOs) in Egypt: Implementation Knowledge, Challenges and Lessons Learned from the Employment Promotion Programme (EPP) in Egypt. A Guide for Practitioners.

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World Bank (2018), Labor market observatories - critical success factors.

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