Compendium of Tools for Labour Market Assessments and Analysis
Setting the scene

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Comments and suggestions welcome !

| Scoping Phase (June) | Drafting (July – Oct.) | GIZ review (Early November) | Consultations (Late November) | Final draft & publication (Dec-early 2020) |

- Better understand current practices and challenges related to Labour Market Assessments
- Explore types of interventions in which LMAs are of interest
- Confirm audience and needs

- Desk review of TORs, LMA studies and LMA guides
- Interviews with GIZ and VET toolbox partner organizations

- Validate contents (framework, tools)
- Receive suggestions on additional materials to be incorporated
- Get guidance to maximize user-friendliness

- Sharing of draft document for feedback
- Consultation meetings

Agenda

- Rationale & Objective

- Typologies of LMA

- Context Variables

- Key Messages

Example of TORs for Labour Market Assessment: Good or Bad?

Background: An international NGO wants to conduct a labour market assessment to inform its <u>livelihood programming for vulnerable Syrian and Jordanian youth</u> in <u>two Governorates</u> in Jordan.

Scope of work:

- **Map existing markets and value-chains**. Identify sectors and value chains that are not overly saturated and present potential for growth, profitability and employment.
- **Identify successful home-based businesses and income generating activities** 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
- **Conduct Training Needs Assessment** to identify the skills and knowledge gaps that can be improved
- **Map market actors and institutions** operating in the area; e.g. vocational training, financial services and business service providers, microfinance, job placement agencies
- **Evaluate institutional capacity, quality and cost of possible implementing partners**

Methodology:

- Literature review, consultative meetings, key informant interviews, focus groups, field visits and surveys

Level of effort:

- Individual consultant, 3-4 weeks

Key takeaways from scoping phase

Challenges in terms of awareness and implementation of LMAs	Broad applications across different interventions areas	Many information needs depending on project
• Lack of awareness of different options • Limited understanding of relevance and feasibility of different types of assessment depending on context • Unrealistic expectations and problems with contract management, due to limited understanding of steps, LoE, etc • Prevalence of „rapid assessments" - value added?	• TVET • Labour Market Programs • Private Sector Development • Livelihoods projects in emergency contexts • Labour migration • Etc.	• Employment trends • Broad LM constraints (demand, supply, matching) • Selection of priority sectors • Deep dive of particular sectors/value chains • Skills needs/gaps • Market opportunities • Barriers for target-group • Institutional landscape • Beyond information: capacity building of partners

Overall approach for the Guide: Provide a "compass" for conducting Labour Market Assessments

Approach
Guide users in the selection and operationalization of different LMAs

- What types of assessments exist?

- What type of assessment is right for my purpose and context?

- How to initiate an assessment (i.e. key elements for TORs)?

✓ Improve expectation and contract management for LMAs

✓ Improve relevance and quality of LMAs

Structure of the Guide

Introduction
- Rationale, Audience, Objective
- How this Guide is different

→ Value added of the Guide

Typologies of LMAs
- Overview of different levels of LMA
- E.g integrated diagnostic, sector analysis, skills needs, analysis, institutional assessment, etc.)

→ Big picture on LMA options

Context variables
- Description of key variables of country / program context that affect relevance and feasibility of LMAs
- Indicate which methods suit different contexts

→ Understand applicability and feasibility of LMAs

LMA toolbox
- More detailed description of selected methods
- Per method: Overview and how to (5-6 pages)
- Combining and sequencing tools

→ Better understanding of different tools (incl. Pros and Cons) and „how to"

Interpretation & use of findings
- Food for thought on interpreting LMA findings
- Dissemination
- Leveraging LMAs for better LM information

→ How to interpret and embed findings in broader work

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LMAs by level of analysis: Different assessments for different information needs

1	Country context		Country / socio-economic analysis	Understand employment challenges in broader context of development
2	Labour market as a whole		General employment analysis	Obtain a descriptive overview of the employment situation of the population
			Integrated employment diagnostics	Identify broad labour market constraints and key jobs challenges taking into account labour demand, labour supply and matching
3	Selected components of the labour market		Labour demand-side assessment	Identify constraints and opportunities to growth, investment and doing business
			Labour supply-side assessment	Identify institutional set-up and barriers influencing the quality of the workforce
			Assessment of labour market matching	Understand the policy context, employment policies and institutions, as well as the legal and regulatory environment
4	Specific labour market dimensions of interest		Sector assessment	Identify priority sectors or understand employment dynamics in given sector
			Local market opportunity assessment	Identify economic opportunities in specific geographic area
			Target-group assessment	Identify barriers and opportunities for the integration of specific groups
			Skills (needs) assessment	Identify skills required for wage- and self-employment today and in future
			Assessment of working conditions	Understand the quality of employment and decent work deficits
			Assessment of institutional environment	Identify key stakeholders and understand the level of service provision
5	Process-specific (across levels)		Participatory labour market assessment	Conduct assessment with a strong focus on stakeholder involvement
			Rapid assessment	Conduct assessment with limited resources

LMAs by source of information: Self-standing use or in combination

Primary data sources

🏢 Survey of firms

Information on the situation within companies (e.g. vacancies, wages, etc.) as well as about employer perceptions (e.g. barriers to doing business, skills needs, etc.)

> e.g. Tracer Survey

📋 Survey of individuals

Information on the population of interest, e.g. barriers to employment, working conditions, etc.

🖥️ Qualitative research

Can provide in-depth perspective and more nuanced understanding of different stakeholders (e.g. employers, target group, community, etc.)

> e.g. Job Vacancy Analysis

Secondary data sources

📁 Administrative data

Can provide data on structure of employment, vacancies, education trajectories, wages, unemployment claims, enterprise characteristics, etc.

👥 National survey data

Rich source on basic demographic characteristics and key labour market indicators, such as the unemployment rate, LF participation, types of employment (incl. informal), etc.

💻 International databases

Harmonized and comparable data based on national surveys and statistics, e.g. from ILO, World Bank

Predictive approaches

🔭 Qualitative foresight

Qualitative approach to understand the current LM situation, outline potential future scenarios and facilitate decision-making and preparation for the future
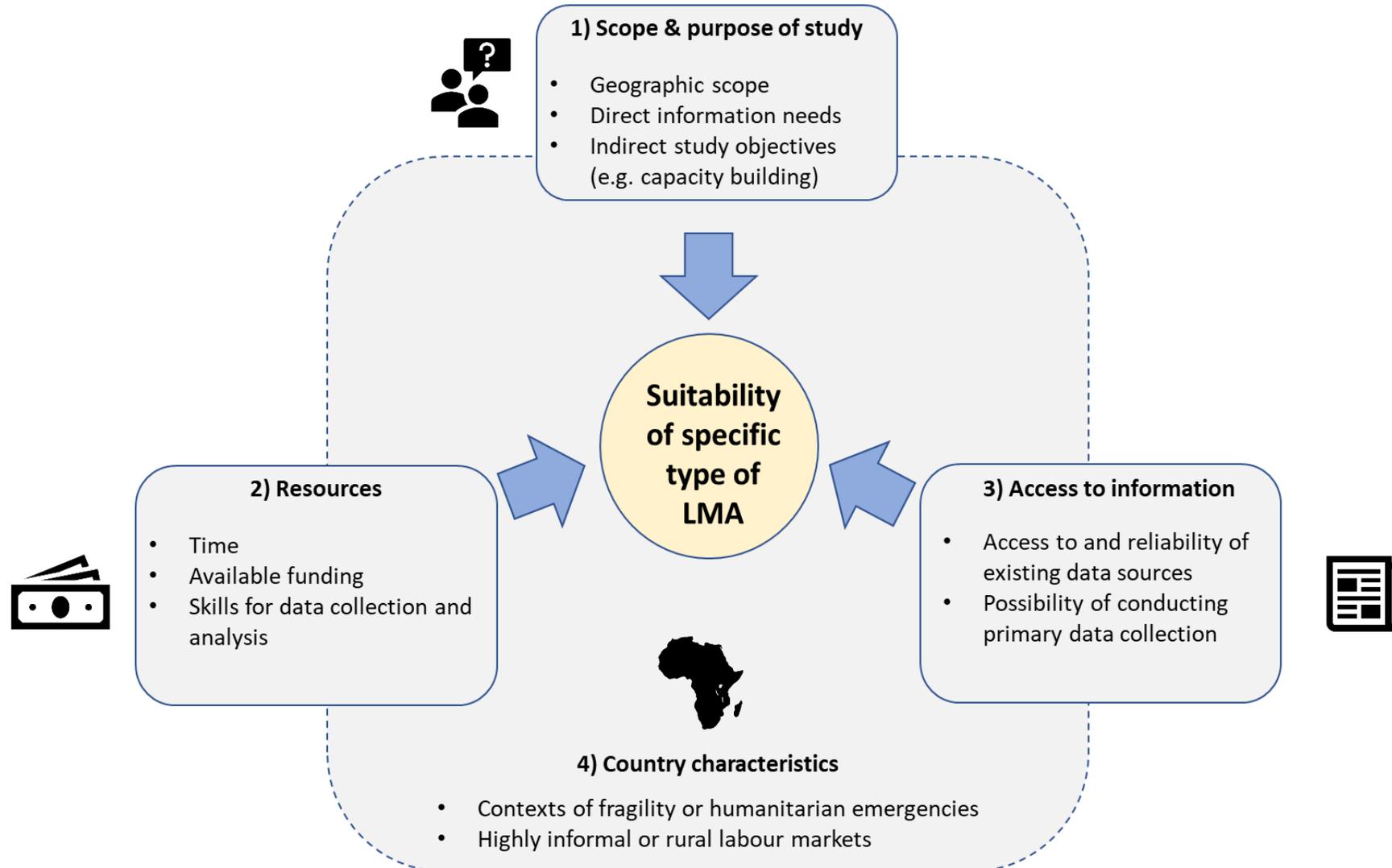
📈 Quantitative forecasting

Quantitative model-based projections, either at national level or partial dimensions of the economy/labour market (e.g. individual sectors or occupations)

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Context matters for the choice of the appropriate type of LMA

1) Scope & purpose of study

- Geographic scope
- Direct information needs
- Indirect study objectives
  (e.g. capacity building)

Suitability of specific type of LMA

2) Resources

- Time
- Available funding
- Skills for data collection and analysis

3) Access to information

- Access to and reliability of existing data sources
- Possibility of conducting primary data collection

4) Country characteristics

- Contexts of fragility or humanitarian emergencies
- Highly informal or rural labour markets

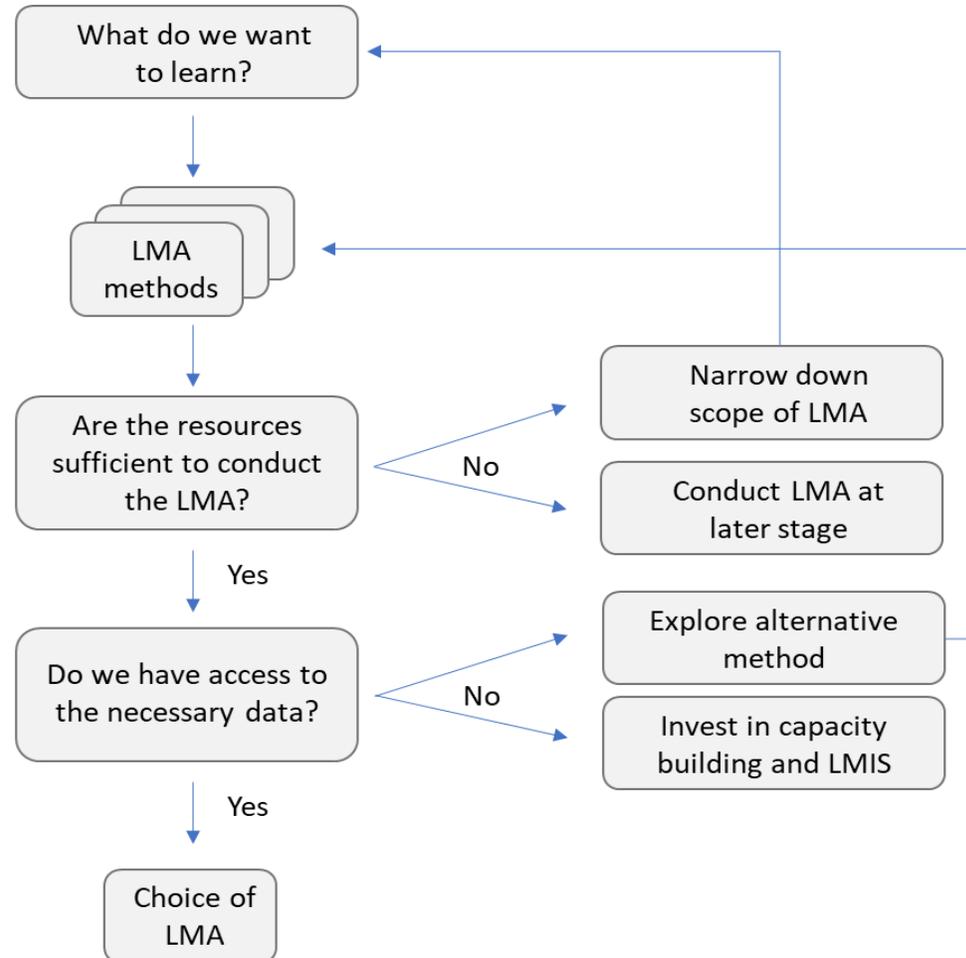| Criteria		Integrated assessment	Sector or VC selection	Sector or VC analysis	Local Market Opportunity assessment	Target group assessment	Assessment of working conditions	Participatory assessment	Enterprise survey	Tracer survey	Vacancy analysis
1) Scope and Purpose											
Geographic scope	Country	x	x	x			x		x	x	x
	Sub-national			x	x	x	x	x	x	x	
Level of assessment	Whole labour market	x									
	Sectors	(x)	x	x			x		x	x	x
	Local market opportunities				x			(x)			
	Skills needs			x	x			(x)	x	x	(x)
	Target-group					x		(x)		x	
	Working conditions	(x)		(x)			x		(x)	x	
LM perspective	Labour Demand	x	x	x	x			(x)	x	x	x
	Labour Supply	x		x	(x)	x		(x)		x	
	Matching	x		x		x	x	(x)		x	
Indirect objectives	Capacity building	(x)			(x)	(x)		x		(x)	
	Multi-purpose (e.g. M&E)					(x)			(x)	(x)	
2) Resources											
Min. time required	Low (1-2M)		x		x	x	x				
	Medium (3-5M)	x		x							x
	High (6+M)							x	x	x	
Min. cost	Less than 20k		x		x	x	x				x
	20-50k	x		x				x	x	x	
	Over 50k										
Skills needed (data collection and/or analysis)	Quantitative	x		x	X	(x)	(x)	x	x	x	x
	Qualitative	x	x	x	X	x	x	x			
3) Access to information											
Data requirements	Existing data	x	x	x		o	x				x
	Primary data collection	o	x	x	X	x	x	x	x	x	
4) Country characteristics											
Country context suitability	Fragility				X	(x)		x			
	Informality & Rural			(x)	X	(x)	(x)	x	(x)	(x)	

x = Applies; (x) = May apply; o = Applies to lesser extent

Simplified decision tree to select the appropriate type of LMA

1) Scope and purpose
of the assessment

What do we want
to learn?

LMA
methods

2) Availability of
resources

Are the resources
sufficient to conduct
the LMA?

No → Narrow down
scope of LMA

Conduct LMA at
later stage

Yes

3) Access to
information

Do we have access to
the necessary data?

No → Explore alternative
method

Invest in capacity
building and LMIS

Yes

Choice of
LMA

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Key messages

- There is a wide range of tools to assess different levels and dimensions of the labour market → We need to go beyond „rapid LMAs"

- The appropriate choice of LMA depends on programme and country context (e.g. what do we want to learn?)

- Practitioners need a minumum understanding of the requirements, steps, and necessary level of effort for different tools in order to prepare adequate TORs for LMAs

We need to be more like doctors:

Invest enough time in quality diagnosis, in order to find the right treatment

Annex

Example of a failed Labour Market Assessment

Context:
- Sudan, Eastern region of Darfur
- Target group: young women and men (incl. refugees, IDPs and host communities)
- Programme objectives:
  - strengthen vocational qualifications (supply-side),
  - support the private sector and business development (demand-side), and
  - enhance information and intermediation services (labour market matching)

Scope of LMA:
- International consultant
- Understand barriers to employment in terms of labour supply, demand and matching in the country to inform programming
- Review of existing literature and national statistics, field visit, key informant interviews

Challenges:
- Limited reliability of official data
- High informality not captured in official statistics

- Mismatch between type of LMA (broad) and programming needs

- LMA results were not useful to inform programming decisions

- Needed to conduct new/different assessment

Conceptual framework for the functioning of the labour market
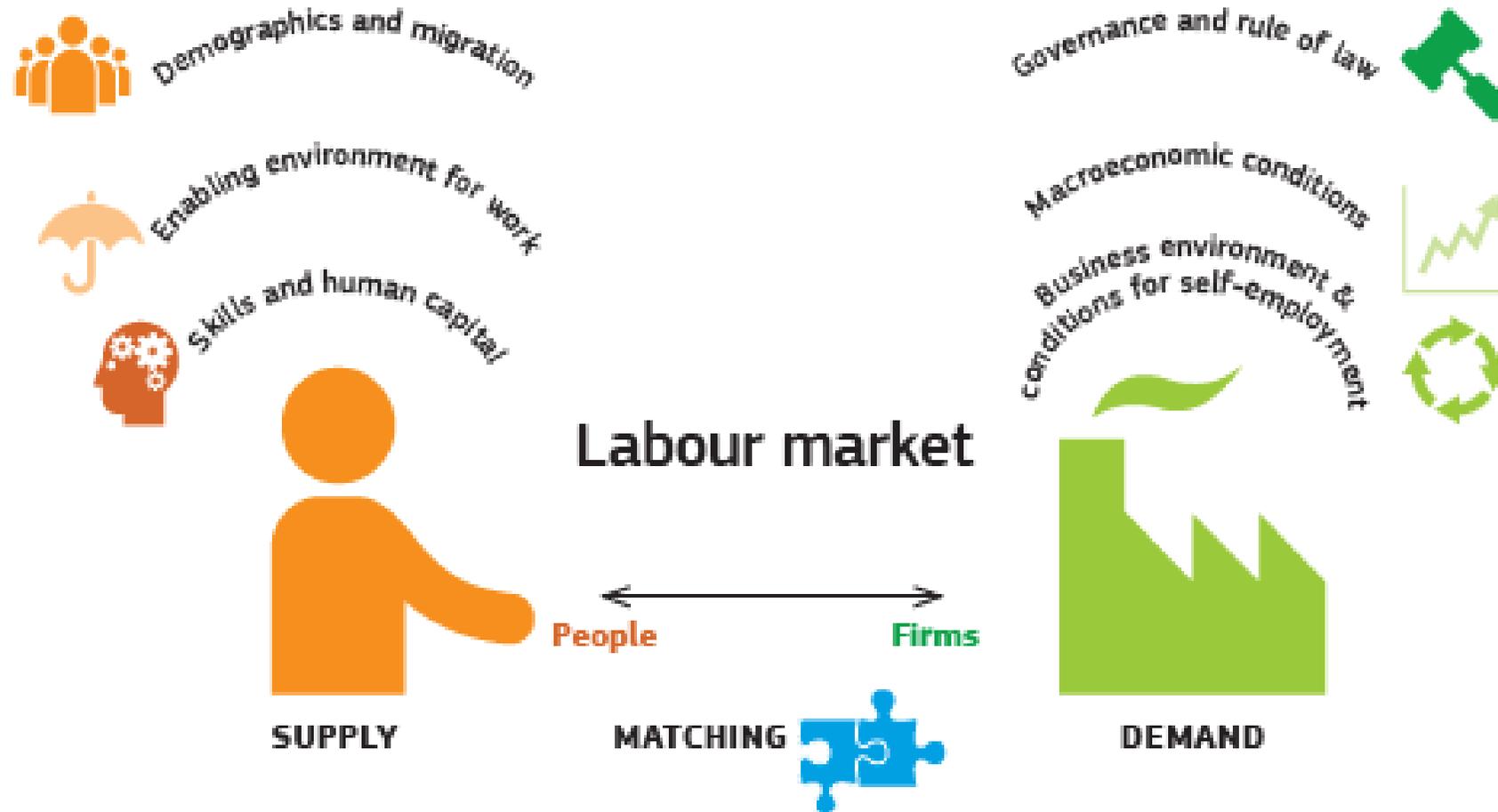
Selected types of intervention

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)

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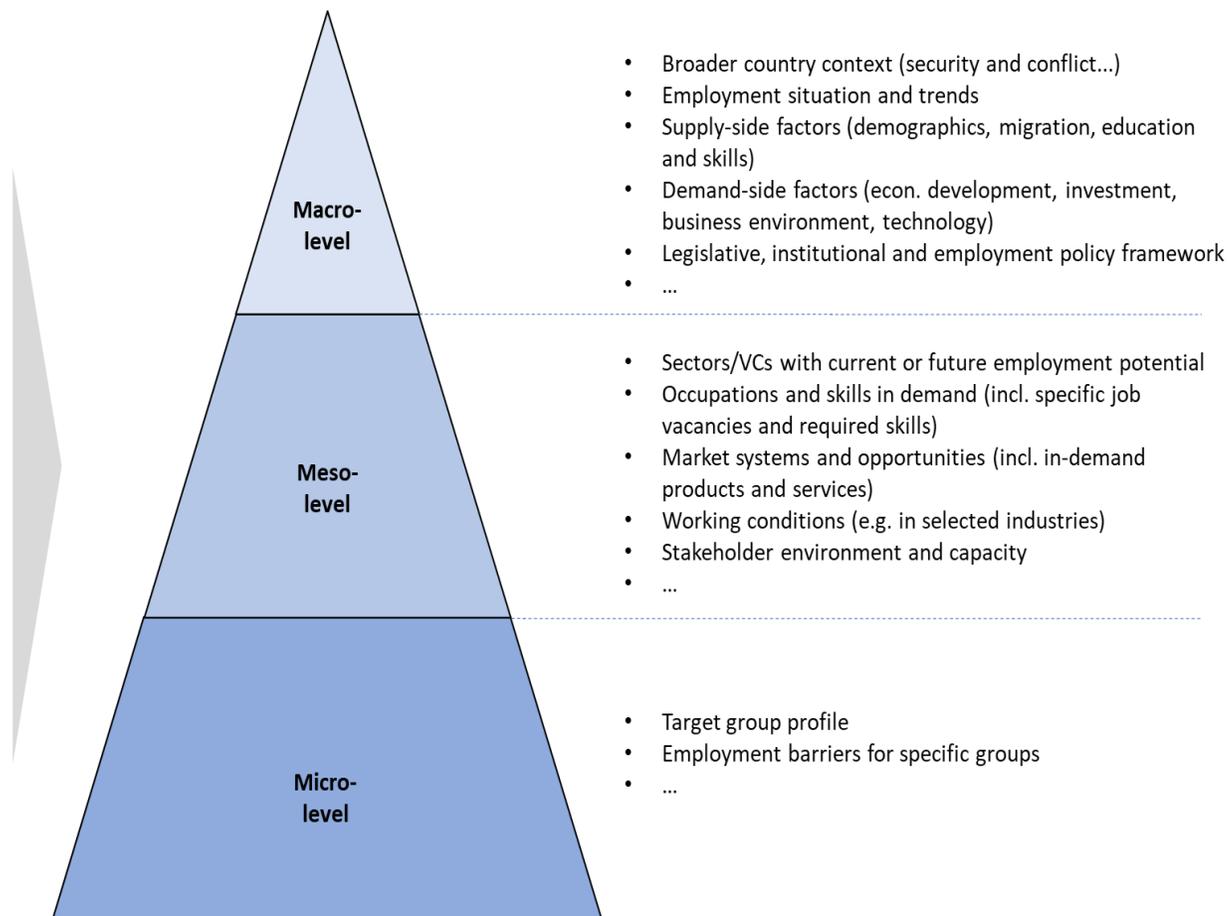
Migration and forced displacement
- Labour migration
- Livelihoods projects for displaced groups and host communities

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

Typical information needs

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

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
- ...

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

LMA approaches covered in more detail in our Guide

Labour market as a whole	Specific labour market dimensions of interest	Process-specific LMA	LMA by source of information
Integrated employment diagnostic	Sector or VC selection	Participatory labour market assessment	Enterprise survey
	Sector or VC analysis		Tracer survey
	Local market opportunity assessment		Job vacancy analysis
	Target-group assessment		
	Assessment of working conditions		

Stakeholders consulted during the scoping phase

GIZ
- Technical Advisors HQ (TVET, Labour Market, Private Sector Development, E4D)
- Staff in GIZ Projects (Morocco, Tunisia, Pakistan)
- Sector Project Employment Promotion
- LMA consultant

Other agencies
- EU DEVCO
- British Council
- Enabel
- Expertise France
- ETF