Compendium of Tools for Labour Market Assessments and Analysis

Setting the scene

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Comments and suggestions welcome!

- **Scoping Phase** (June)
  - 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

- **Drafting** (July – Oct.)

- **GIZ review** (Early November)
  - 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

- **Consultations** (Late November)

- **Final draft & publication** (Dec-early 2020)
Agenda

- Rationale & Objective
- Typologies of LMA
- Context Variables
- Key Messages
Background: An international NGO wants to conduct a labour market assessment to inform its livelihood programming for vulnerable Syrian and Jordanian youth in two Governorates 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
- 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?

#### Broad applications across different interventions areas
- TVET
- Labour Market Programs
- Private Sector Development
- Livelihoods projects in emergency contexts
- Labour migration
- Etc.

#### Many information needs depending on project
- 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

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

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

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

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

Value added of the Guide
- Big picture on LMA options
- Understand applicability and feasibility of LMAs
- Better understanding of different tools (incl. Pros and Cons) and „how to“
- How to interpret and embed findings in broader work
 Agenda

• Rationale & Objective

• Typologies of LMA

• Context Variables

• Key Messages
| 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                                                                                                                        |
|                                 | **Participatory labour market assessment**                                                                                                                                                     |
|                                 | Conduct assessment with a strong focus on stakeholder involvement                                                                                                                            |
| **5 Process-specific (across levels)** | **Rapid assessment**                                                                                                                                                                          |
|                                 | Conduct assessment with limited resources                                                                                                                                                    |
# LMAs by source of information: Self-standing use or in combination

<table>
<thead>
<tr>
<th>Primary data sources</th>
<th>Secondary data sources</th>
<th>Predictive approaches</th>
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<tbody>
<tr>
<td><strong>Survey of firms</strong></td>
<td><strong>Administrative data</strong></td>
<td><strong>Qualitative foresight</strong></td>
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<td><strong>National survey data</strong></td>
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**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.).
- **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.).

**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).
Agenda

• Rationale & Objective
• Typologies of LMA
• Context Variables
• Key Messages
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)

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
<table>
<thead>
<tr>
<th>Criteria</th>
<th>Integrated assessment</th>
<th>Sector or VC selection</th>
<th>Sector or VC analysis</th>
<th>Local Market Opportunity assessment</th>
<th>Target group assessment</th>
<th>Assessment of working conditions</th>
<th>Participatory assessment</th>
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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

Are the resources sufficient to conduct the LMA?

No

Narrow down scope of LMA

Yes

Conduct LMA at later stage

2) Availability of resources

Do we have access to the necessary data?

No

Explore alternative method

Yes

Invest in capacity building and LMIS

3) Access to information

Choice of LMA
Agenda

• Rationale & Objective
• Typologies of LMA
• Context Variables

• Key Messages
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 minimum 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

- Demographics and migration
- Enabling environment for work
- Skills and human capital

Governance and rule of law
Macroeconomic conditions
Business environment & conditions for self-employment

Labour market

Supply ➔ Matching ➔ Demand

People ➔ Firms
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

- 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
- ...

- 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
- ...

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

LMA approaches covered in more detail in our Guide

Labour market as a whole
- Integrated employment diagnostic

Specific labour market dimensions of interest
- Sector or VC selection
- Sector or VC analysis
- Local market opportunity assessment
- Target-group assessment
- Assessment of working conditions

Process-specific LMA
- Participatory labour market assessment

LMA by source of information
- Enterprise survey
- Tracer survey
- Job vacancy analysis
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