PILLARS – Pathways to Inclusive Labour Markets: Guidelines for policymaking

Deliverable 7.5

September 2023

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This project receives funding from the European Union's Horizon 2020 Research and Innovation Programme under Grant Agreement No. 101004703.

Introduction

The current document represents **guidelines** for the national and/or regional **policymakers** on how to **design, implement, monitor and evaluate a coherent and comprehensive set of policies** that prepare for an **inclusive labour market**, while capitalising on the opportunities created by **automation technologies** (referred to as **technological transformation** in the guidelines). In essence, the guidelines help to develop an **inclusive employment strategy** that accounts for impacts of technological transformation.

An **inclusive labour market** is defined as "*a labour market that allows and encourages all people of working age to participate in paid work and provides a framework for their development (*Making labour markets inclusive n.d.*)"* (OECD, 2019). Given that automation technologies might impact some population groups more negatively than others, the guidelines invite the policymakers to consider the impact on the labour force at large and then on (potentially) vulnerable groups.

Given interdependencies between the economy and the labour market, an additional ambition of the current policy guidelines is to support the policymakers in stimulating **high quality of employment for all** during technological transformation and in encouraging the **creation of innovative and inclusive jobs** that capitalise on automation technology. The latter is essential not only for the economic growth, but also for ensuring availability of jobs, as a lack of economic competitiveness leads to a gradual loss of employment opportunities.

Box 1 Definitions of job displacement, job creation and job transformation effects

- **Job displacement** refers to involuntary job loss and redundancies for employees, following eliminations of tasks or of types of jobs.
- **Job transformation** implies a change in the nature of work and of the workplace itself.
- **Innovation job creation** refers to the process of creation of new jobs due to adoption of automation technologies.
- **Inclusive job creation** refers to the process of creation of new jobs that stimulate inclusion, especially for people who were previously unemployed or inactive on the labour market.

Source: Pillars (2022)

In view of the above, the current guidelines focus on supporting achievement of three policy goals:

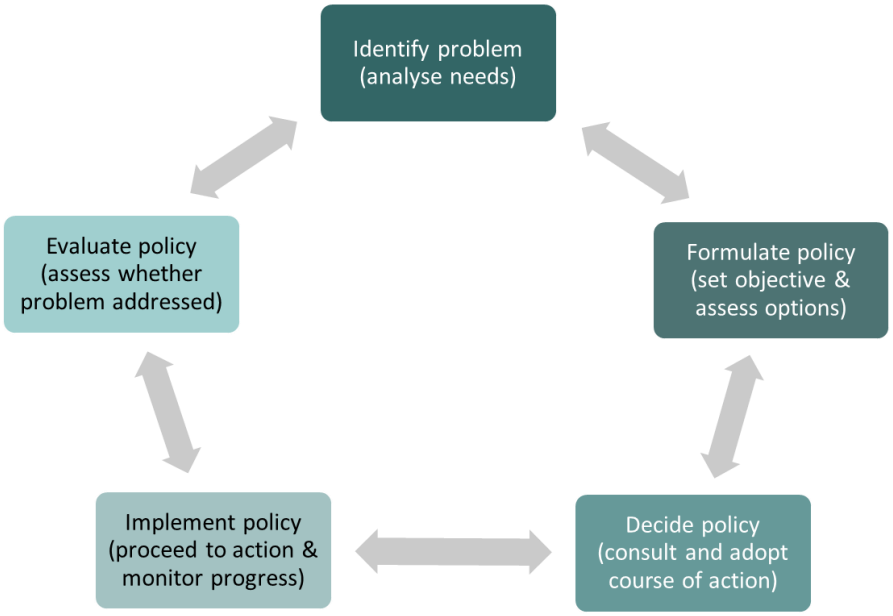
Prevent and mitigate job displacement, following adoption of automation technologies;

Stimulate creation of innovative and inclusive jobs, powered by automation technologies;

Support employers and employees during job transformation, following adoption of automation technologies.

The guidelines provide **step-by-step recommendations along the policy cycle** (Figure 1), helping the policymakers to correctly assess the extent of disruption caused by automation technology adoption on the labour market, identify employment inequalities and vulnerable groups, design appropriate policy interventions, and ensure effective implementation, monitoring and evaluation. The current guidelines can be used for the design of projects/interventions focused on increasing inclusion and resilience to technological transformations on the labour market.

Figure 1 Classical policy cycle model



Source: European Commission. (2017). Quality of Public Administration A Toolbox for Practitioners

These guidelines have been developed based on the analysis of the literature review, Pillars project findings across work packages, 10 regional case studies, discussions with the Expert Stakeholder Group that advises the Pillars project and other experts.

1 Phase 1: Analysis of impacts of automation technologies on the labour market

The design of an inclusive employment strategy is conditional on a labour market analysis. This analysis should include a solid assessment of the **past, current and future developments** on the labour market and of impacts of automation technologies on it. Specifically, there is a need to assess the extent of the job displacement, job creation and job transformation effects, as well as, to identify arising socio-economic challenges and the population groups affected.

Box 2 What population groups are more likely to be vulnerable, following adoption of automation technologies?

Based on the evidence from research, low-skilled workers, youth, women, migrants or social/ethnic minorities, older workers, workers in rural areas and workers with disabilities are more likely to be unemployed or to suffer from poorer working/employment conditions.

Source: Pillars (2022)

The labour market analysis should not only assess the impacts of technological transformation using different research methods (e.g., modelling, scenario-building exercises), but also investigate **challenges** and identify **drivers/factors** that lead/contribute to these challenges on the labour market. Thus, such analysis should involve a review of institutional (e.g., labour governance), policy, economic, financial and legal frameworks.

The analysis of developments on the labour market should show interconnectedness between different policy areas (e.g., education, entrepreneurship, industry, migration), thereby calling for a comprehensive policy response to address impacts of automation technology adoption. The analytical frameworks developed during the analysis should inform the development of the monitoring and evaluation tools for the labour market.

The current chapter outlines **key steps** for the analysis of impacts of automation technologies on the labour market.

Step 1: Take stock of what knowledge/data is already available about the recent/current/future (5-10 years) impacts of automation technologies on the labour market in your region/country.

Focus on **two sets of questions:**

How has the labour market in your region/country been affected in the last 5-10 years, as a result of technological transformation? How will the labour market be affected in the next 5-10 years, due to automation technology adoption?

What population groups that comprise the labour force have been affected most negatively in your region/country in the last 5-10 years, as a result of technological transformation, and why? What population groups are more vulnerable on the labour market in the next 5-10 years, and why?

To answer above-listed questions, consider the following **sub-questions**:

Overview of the labour market and technological transformation

- What is the size and composition of the labour force in your region/country? How and why has it been changing (will it change) in the last (next) 5-10 years?
- What have been (will be) the characteristics of technological transformation in your region/country in the last (next) 5-10 years (i.e., speed, scale, exposure across industries)?

Job displacement & job creation

- What employment/unemployment patterns (e.g., long/short-term unemployment, labour productivity) have been (will be) observed, as a result of technological transformation, overall and by sector/industry in the last (next) 5-10 years?
- What type of jobs have been (will be) created/destroyed overall and by sector/industry, as a result of technological transformation, in the last (next) 5-10 years?
- What population groups have experienced (will experience) higher unemployment rates, as a result of technological transformation, in the last (next) 5-10 years?
- What labour market mismatches have been (will be) observed, as a result of technological transformation, in the last (next) 5-10 years?

Job transformation

- How have (will) working and employment conditions (e.g., salary, number of hours worked) been (be) affected overall and by sector/industry, as a result of technological transformation, in the last (next) 5-10 years?

- What population groups have (will) experience poorer working and employment conditions, as a result of technological transformation, in the last (next) 5-10 years?

Table 1 lists indicators related to the labour market and technological transformation. These indicators might help you answer above-listed questions, **identify trends** on specific indicators and/or between indicators (i.e., processes on the labour market next to trends in technological transformation across time) and **detect gaps in knowledge**. For a more systematic review of available data, make a note on what is and is not known about the impacts of automation technologies and specify who is affected - **entire labour force** or a **specific population group.**

Table 1 List of indicators that may support answering above-listed questions

Index	Indicator
Size of the labour force (based on the ILO)[1]	• Working-age population • Labour force participation rate • Informal employment • Inactivity rates (of 15-year-olds and over) • Net migration (by age, nationality, levels of education)
Composition of the labour force (based on the ILO)[2]	• Labour force groups, based on the following characteristics - age, sex, nationalities, levels of education, across different geographic territories, health status
Employment patterns (based on the OECD)[3]	• Employment by sector/industry and by company size • Employment/unemployment rate by age, sex, nationality, level of education, across different geographic territories, health status • Long-term/short-term unemployment • Share of self-employed • Youth not in education and not in employment, 15-24 years • Labour productivity • Child labour
Labour market mismatch (based on the ILO)[4]	• Number of vacancies across sectors and types of skills in demand • Number of unemployed and their skills set • Occupation (ISCO) groups and education requirements • Adult learning/lifelong learning
Employment opportunities (based on the World Bank)[5]	• Employment share of permanent, full-time employment across sectors/industries and firms (e.g., by ownership, size, sector/industry) • Employment share of involuntary temporary, part-time employment across sectors/industries and firms (e.g., by ownership, size, sector/industry) • Employment in innovative industries and companies • Employment expansion/contraction of permanent, full-time employment across per year

[1] https://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_policy/documents/publication/wcms_188048.pdf

[2] https://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_policy/documents/publication/wcms_188048.pdf

[3] https://www.oecd-ilibrary.org/sites/e0caf7b6-en/index.html?itemId=/content/component/e0caf7b6-en

[4] https://ilostat.ilo.org/resources/concepts-and-definitions/description-education-and-mismatch-indicators/

[5] https://www.enterprisesurveys.org/en/employment-indicators#:~:text=Four%20main%20indicators%20are%20included,Contraction%2C%20and%20Net%20Employment%20Change.

	• Net employment change in the aggregate stock of permanent, full-time employment per year
Working and employment conditions (based on Eurofound)[1]	Physical environment: • Posture-related (ergonomic) • Ambient (vibration, noise, temperature) • Biological and chemical
	Social environment: • Adverse social behaviour • Social support • Management quality
	Work intensity: • Qualitative demands • Pace determinants and interdependency • Emotional demands
	Working time quality: • Duration • Atypical working time • Working time arrangements • Flexibility
	Skills and discretion: • Cognitive dimension • Decision latitude • Organisational participation • Training
	Prospects: • Employee status • Career prospects • Job security • Downsizing
	Earnings: • Salary
Technological transformation (based on Regional Competitiveness Index - RCI and Regional Innovation Scoreboard - RIS)	• Number of SMEs with innovation co-operation activities as percentage of total number of SMEs • Employment in technology and knowledge-intensive sectors • Household access to broadband or Internet • Individuals buying over Internet • Availability of latest technologies • Firm-level technology absorption • FDI and technology transfer • Enterprises having purchased or received orders online • Enterprises with fixed broadband access • Exports in medium-high/high tech manufacturing • Sales of new to market and new to firm innovation • Business process innovators • Product process innovators • R&D expenditures business sector • Trademark applications • Population with tertiary education • IT specialists and digital skills

Source: Pillars (2023). Based on the ILO, OECD, World Bank, RIS and RCI data

[1] https://www.eurofound.europa.eu/en/surveys/european-working-conditions-surveys-ewcs

Step 2: Determine largest/critical gaps in knowledge on recent/current/future impacts of automation technologies on the labour market in your region/country and the process by which to fill these gaps

Consider the following:

- **How to fund and justify research to fill the gaps?** Establish partnerships with public actors and relevant stakeholders to ensure alignment with other regional/national/international policy priorities and to facilitate accessibility of sufficient funding for research. In addition, partnerships may be instrumental for increasing attention to the topic in focus and stimulate engagement with the relevant stakeholders.
- **What organisations/stakeholders are best suited to do the research?** Give priority to organisations/stakeholders that have relevant thematic and technical/methodological expertise, capacity to do research, and can provide an independent, unbiased analysis in an effective and efficient manner.
- **What type of data should be collected and analysed during the research?** It is recommended to use a combination of quantitative and qualitative research methods. The quantitative data, collected through surveys, statistical employment or economic registers/databases, enables the analysis of past and current labour trends. The qualitative data, collected through interviews with sectoral experts, employers and employees, allows to examine the current and future labour market developments, skills and education needs, and provides input for improving qualifications.
- **Who should be involved in research and analysis of collected data?** It is critical to set up participatory and evidence-based mechanisms that encourage consultations, co-creation and social dialogue with the stakeholders and social partners (e.g., representatives of employers and employees).

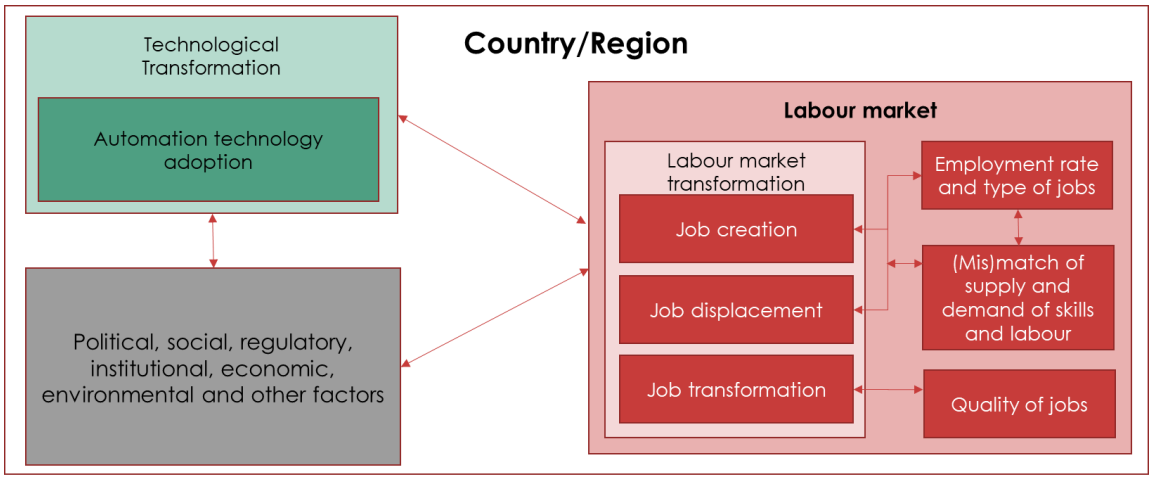
Step 3: Launch research to fill largest/critical gaps in knowledge on impacts of automation technologies on the labour market in a region/country

What is important to consider during research?

Automation technology adoption is **one of the factors** that impact the labour market (other factors might include demographic changes, economic recession, labour policies/laws, institutional frameworks, resources, external shocks etc.). Hence, it is critical to distinguish

the impacts of technological transformation on the labour market from other factors. This is not a simple exercise, as technological transformation both influences and is influenced by a variety of factors that **in a combined way** have been (or will be) leading/contributing to job displacement, job creation, negative/positive job transformation (overall and/or among vulnerable population groups). As a result, the research should carefully explore relationships between different factors associated with automation technology adoption and labour market to draw meaningful conclusions. The complex relationships between different factors that impact the labour market are illustrated in Figure 2.

Figure 2 Simplified model of the factors that impact the labour market



Source: Pillars (2023)

How to conduct the analysis of factors that impact the labour market and are associated with automation technology adoption?

Perform the analysis of employment-related areas (e.g., economy, education and training, labour legislation, industry and entrepreneurship, social dialogue, technology, innovation) to identify factors that are affecting the labour market. Box 3 provides guiding principles for this analysis, based on the ILO employment policy framework.[1] By following these principles, you will consider local resources, institutional, legal and regulatory frameworks, roles of stakeholders, vulnerable groups on the labour market etc.

[1] https://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_policy/documents/publication/wcms_188048.pdf

Box 3 Guiding principles for the analysis of factors that impact the labour market

In-depth analysis of the economic and social context affecting the labour market

- Provide a clear picture of the macroeconomic context and indicate main macroeconomic indicators and poverty levels;
- Analyse concisely how the macroeconomic and microeconomic context affects employment;
- Analyse how main social policies, including those put in place to redress inequalities and promote the access of vulnerable groups to earnings, have an impact on employment.

Review the national and regional/local policy framework to identify how economic and social policies integrate the employment dimension

- Identify and analyse the provisions relevant to employment that are contained in national and regional/local development plans and strategies;
- Identify and analyse employment provisions contained in sectoral policies;
- If your country/region has some poverty reduction targeted policies for vulnerable groups, provide information on provisions relevant for access to employment;
- Assess the extent to which these policies have worked in terms of improving the employment and earning prospects of workers, especially, of those belonging to vulnerable groups;
- State concisely the main problems of relevance for employment that result from the policy framework review in your region/country.

Analyse how labour legislation and wage policy affect the labour market

- Review labour legislation and the regulatory framework (including for non-standard forms of employment, powered by automation technologies);
- Describe how main labour law provisions affect employment;
- Describe how wage policy affects employment;
- Analyse how existing policies and programmes providing recruitment incentives to enterprises affect employment, in particular for some specific vulnerable groups;
- State concisely the main problems relevant for employment that emerge from the analysis of labour legislation and wage policy in your region/country.

Review main priorities of the employment strategy when such strategy exists

- If your country/region has an employment strategy, identify and analyse its main components and targets to be met;
- Assess the extent to which this strategy has worked in terms of improving employment prospects, earnings and working conditions of workers, and especially workers from vulnerable groups.

Review and analyse the main features of the education and training system and its relevance to the labour market situation

- Analyse the main features of the technical and vocational education and training policies and systems and their relevance to labour market requirements;
- Analyse adaptability of the education and training system in stimulating and adjusting to technological transformation and its impacts on the labour market;

- Analyse the main measures concerning labour market training and enterprise training for vulnerable groups;
- Identify and analyse measures for enhancing the employability of vulnerable groups and indicate their scope and evolution over time;
- Assess the role and involvement of the social partners in linking TVET to the labour market particularly through industry skill councils or other sector-based mechanisms;
- State concisely the main problems relevant for employment that emerge from the analysis of the education and training system in your region/country.

Review industrial and enterprise development policies and programmes to assess the capacity of the private sector, especially the micro and small enterprises, to create jobs and provide earnings

- Analyse briefly how the legal framework and policies concerning the business environment, the promotion of enterprises and the foreign direct investment;
- Assess the strengths and weaknesses of existing policies and programmes to promote industrial development, micro and small enterprises, and self-employment;
- Analyse how measures taken to facilitate the registration of micro and small enterprises in the informal economy affect employment;
- Analyse measures to improve both wage employment and self-employment among vulnerable groups and indicate their scope and evolution over time;
- Assess the role and involvement of the social partners in the above-mentioned initiatives;
- State concisely the main problems relevant for youth employment that emerge from the analysis of enterprise development policies and programmes in your country/region.

Review science, technology and innovation policies to assess their capacity to stimulate technological transformation and to create innovative, inclusive jobs

- Analyse the legal and policy frameworks that stimulate automation technology development, transfer and adoption across industries;
- Assess sufficiency of financial, human and other resources for supporting automation technology development, transfer and adoption, as well as, innovative and inclusive job creation (including by and for vulnerable groups);
- Assess the strengths and weakness of existing policies and programmes that stimulate technological transformation and innovative, inclusive job creation (including by and for vulnerable groups);
- Analyse measures that encourage social innovation and social entrepreneurship, capitalising on opportunities created by automation technologies;
- State concisely the main problems that prevent technological transformation and innovative, inclusive job creation.

Assess the extent to which social partners are involved in the formulation and implementation of labour market policies

- Review the existing national and regional/local institutions for social dialogue;
- Assess the role of social partners in the formulation and implementation of the above-mentioned policies and programmes;

- State concisely the main problems that social partners face in participating in the labour market policymaking process.

Source: Pillars (2023), based on the ILO (2012) Guide for the formulation of national employment policies[1]

Step 4: Analyse and aggregate findings from conducted research on the topic of recent/current/future impacts of automation technology adoption on the labour market in a region/country, and identify policy areas that should be in focus of policymakers

Review questions in step 1 and summarise findings on the following:

- What effect(s) have been/are/will be dominant on the labour market (job displacement, job creation, job transformation), overall and by sector/industry?
- What challenges have been/are/will be associated with these labour market effects?
- What have been/are/will be the key factors that lead/contribute to challenges, associated with automation technology adoption?
- What population groups have been/are/will be affected most negatively/positively, following automation technology adoption, and why?

Consider collecting and structuring data as in Table 2 to facilitate the analysis. The analysis of findings, particularly on challenges and vulnerable population groups, will help to identify **policy areas** that should be in focus of policymakers while designing an employment strategy.

Table 2 Template for the collection and analysis of key findings on the impacts of automation technology adoption on the labour market

Labour market effect	Challenges	Vulnerable population group	Key factors that lead/contribute to challenges	Policy areas to address challenges and key factors
Job displacement	High seasonal unemployment	Youth	• Lack of good quality education; • Limited availability of job search/career advisory services	• Education and training; • Active labour market policies, especially public employment services
Job transformation	Lower wages among low-skilled workers	Low-skilled workers	• Inactive trade unions; • Poorly designed wage-related regulations	• Social dialogue and industrial relations; • Wage-related regulations
…	…		…	…

Source: Pillars (2023)

[1] https://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_policy/documents/publication/wcms_188048.pdf

2 Phase 2: Inclusive employment strategy design

The current chapter discusses the design of a set of policy options/interventions that account for recent/current/future impacts of automation technology adoption on the labour market. Together this set of interventions will formulate an inclusive employment strategy.

The design of an inclusive employment strategy should be informed by two aims:

1. Address **recent/current/future challenges and associated key factors** that lead/contribute to negative impacts on the labour market, following technological transformation,
2. Adopt **good practice policies (policy objectives)** that ensure preparedness for an inclusive labour market now and in the future.

While aim #1 is **context dependent** and is connected to the assessment of **recent/current/future** labour market challenges in a specific region/country (as described in the previous chapter - Phase 1), aim #2 implies adoption of a **standard set of good practice policies (policy objectives)** that, based on the PILLARS research, are critical for ensuring an inclusive labour market. Table 3 lists these policy objectives together with associated policy goals, sub-goals and target groups (i.e., potential vulnerable group in focus). In total, 20 policy objectives are formulated and integrated into the PILLARS self-assessment tool. These policy objectives may coincide with those designed to reach aim #1.

Use the PILLARS self-assessment tool to identify policy objectives where your region/country scores low/sub-optimal. This will help to determine what policy objectives should be pursued. In essence, policy objectives with a low/sub-optimal score represent **policy challenges**. For example, if you score low on a policy objective "Science, technology and innovation (STI) are stimulated", then a challenge can be reformulated as "STI are not stimulated".

Given a potential lack of resources to pursue all policy objectives where the score is low/sub-optimal and to address all context dependent challenges and factors (aim #1), it is advisable to **set priorities** while designing an inclusive employment strategy. The process of priority setting is described below in this chapter.

Table 3 Policy goals, corresponding policy objectives and target groups/potential vulnerable groups

Type of labour market effect and policy goal	Policy sub-goal	Policy objectives to reach the (sub)goal	Short justification of policy objectives	Target group/potential vulnerable groups
Job displacement **Policy goal:** Prevent and mitigate job displacement, following adoption of automation technologies	Support integration of new labour force on the labour market	• Ensure high-quality and inclusiveness of the education/training system that provides labour market-relevant knowledge and skills • Facilitate transition from education/training to the labour market • Inform the public about labour market trends and provide education/career advice • Promote, support and ensure accessibility of lifelong learning	Automation technologies create a higher barrier for entering the labour market, as youth/new labour force typically perform low or middle-skilled tasks or jobs when they start their career. Hence, there is a need to ensure excellent and inclusive/accessible education, to support lifelong learning, to facilitate transition from education/training to the labour market, and to inform the public about the impacts of automation technologies on the labour market to inform their education and career choices.	Youth, migrant workers
	Prevent job displacement of currently employed	• Inform the public about labour market trends and provide education/career advice • Promote, support and ensure accessibility of lifelong learning • Encourage and support employers to invest in upskilling/reskilling of workers • Ensure high-quality and inclusiveness of the education/training system that provides labour market-relevant knowledge and skills • Incentivise employers to retain workers if they are at risk of long-term unemployment and/or it disturbs local economy • Facilitate occupational labour mobility	Automation technologies put some tasks and occupations at risk of job displacement. The risk is particularly high for routine/repetitive cognitive and manual tasks. This affects individuals in low or middle-skill occupations. Following dismissals, some groups might struggle to reintegrate on the labour market, therefore measures to prevent job displacement are needed. The general public should be aware about the labour market trends, the employers and employees should invest in education/training to ensure relevance of knowledge/skills for the labour market. In case of a risk of long-term unemployment or a significant impact on a local economy, layoffs should be prevented, and occupational labour mobility should be facilitated.	Currently employed, especially those at risk of (long-term) unemployment

	Support reintegration of displaced/ unemployed workers on the labour market	• Ensure social protection of the labour force, including of workers engaged in non-standard forms of employment • Facilitate occupational labour mobility • Promote, support and ensure accessibility of lifelong learning • Provide work schemes for individuals at high risk of long-term unemployment • Support self-employment/entrepreneurship of the unemployed in occupations at low risk of automation	Automation technologies create a higher barrier for reintegration on the labour market for the unemployed, as it is related to the need for (significant) upskilling and reskilling. Due to personal circumstances, some population groups, such as women, persons with disabilities, older and rural workers, struggle to develop skills. In view of this, policymakers have to ensure social protection of all workers, particularly of those engaged in non-standard forms of work, to facilitate occupational labour mobility, support lifelong learning. For individuals that struggle to enter the labour market, the alternatives could be self-employment or (public) work schemes.	Unemployed people, especially those at risk of long-term unemployment
Job creation **Policy goal:** Stimulate creation of innovative and inclusive jobs, powered by automation technologies	Stimulate creation of innovative jobs	• Stimulate science, technology and innovation • Create favourable conditions for the launch and development of innovative industries/organisations, particularly in disadvantaged/peripheral areas • Stimulate growth of innovative SMEs and start-ups • Attract and retain highly skilled labour and innovative companies • Support managers of organisations in selection and adoption of automation technologies • Ensure high-quality and inclusiveness of the education/training system that provides labour market-relevant knowledge and skills • Promote, support and ensure accessibility of lifelong learning	Innovative organisations – those that adopt automation technologies, on average, generate a higher job creation effect. To support development and adoption of automation technologies, there is a need to stimulate science, technology and innovation (STI), high quality education/training, to provide favourable conditions for doing business, particularly in disadvantaged/peripheral areas. On average, the innovative job creation effect is strongest among (technology-oriented) start-ups, young firms, (women-owned) SMEs. However, they face many challenges (e.g., lack of skills, access to finance) and therefore should be supported by policymakers.	All members of the labour force that face barriers to create innovative jobs

	Stimulate creation of innovative and inclusive jobs	• Support self-employment/entrepreneurship of unemployed in occupations at low risk of automation • Stimulate social innovation and social entrepreneurship that assist individuals at high risk of long-term unemployment	Self-employment/entrepreneurship and social innovation/entrepreneurship can be effective instruments to support inclusion of the unemployed or those at high risk of unemployment. In case of self-employment of the unemployed individuals, it is advisable to support it in occupations at low risk of automation to prevent future displacements.	All members of the labour force that face barriers to create innovative jobs for the benefit of (potentially) vulnerable groups
Job transformation **Policy goal:** Support employers and employees during job transformation, following adoption of automation technologies	Support employers during job transformation	• Support managers of organisations in selection and adoption of automation technologies • Encourage and support employers to invest in upskilling/reskilling of workers • Promote, support and ensure accessibility of lifelong learning	Management of innovative organisations lack knowledge and skills on what automation technologies to adopt and how to ensure effective and efficient process of job transformation following technology adoption. In addition, some organisations, particularly small and medium-sized enterprises, underinvest in skills development of employees. This affects current performance of employees at work and their future employability.	Employers that lack knowledge/skills on how to adopt automation technologies, while ensuring decent working and employment conditions for workers
	Support employees during job transformation	• Ensure effectiveness of labour-related regulations and institutions for all workers • Stimulate stronger industrial relations and social dialogue between employers and employees • Ensure social protection of the labour force, including for workers engaged in non-standard forms of employment	Automation technologies lead to transformation of working and employment conditions, work organization, industrial relations and social dialogue. Thus, labour-related regulations, institutions and social dialogue should ensure protection and support. Particular attention is needed for workers engaged in new/non-standard forms of employment, enabled by automation technologies.	Employees that suffer from poor working and employment conditions

Source: Pillars (2023)

Step 1: Priority setting

This step includes several sub-steps that help to gradually narrow down the list of policy objectives/challenges that need to be addressed:

1 **List all key challenges, including those identified through the PILLARS self-assessment tool.**

If you have a long list of challenges, try to group them based on common characteristics (e.g., policy area, target group). Table 4 presents an example.

Table 4 Listing and grouping of challenges

Challenges	Grouped challenge
Salary gap between men and women	Poorer employment conditions among women
Higher number of involuntary part-time jobs among women	
Less flexible working time arrangements among women	

Source: Pillars (2023)

2 **Develop a problem tree that illustrates cause-and-effect relationships between challenges, associated factors and impacts on the labour market (Figure 3).**

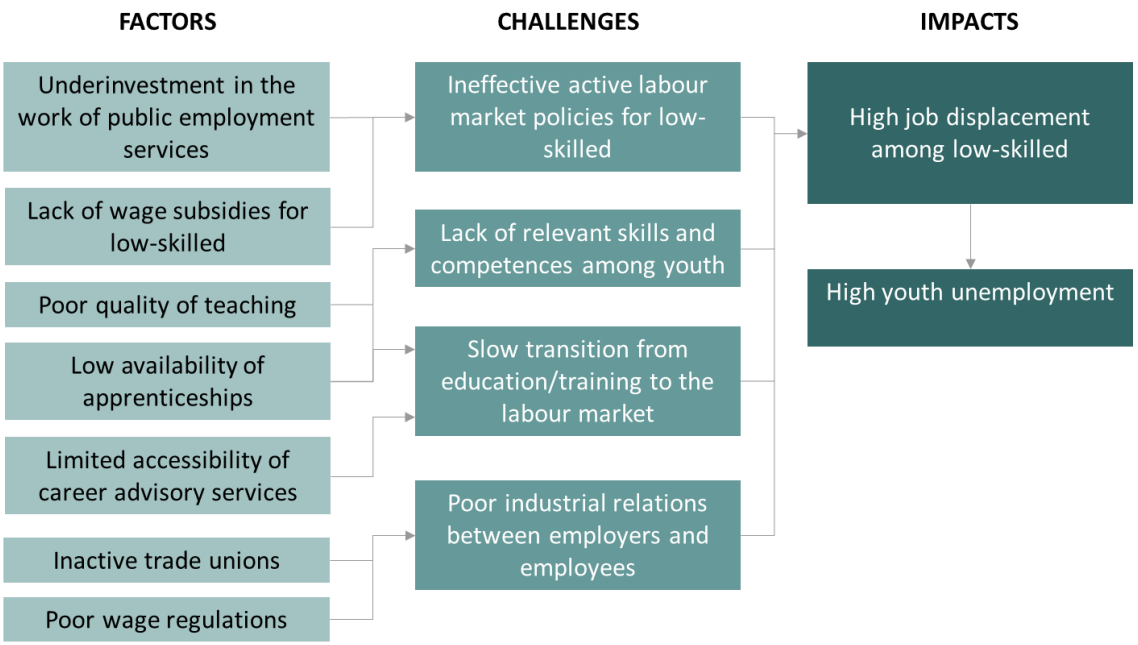
If you want to narrow down the list of factors included in the analysis, consider grouping them as in the case of challenges, prioritising those that lead to several challenges and excluding factors that are impossible to address (i.e., if a factor cannot be controlled by regional/national policymakers).

This exercise has many benefits:

- Helps to review and sort previously listed challenges into three groups (factors/drivers, challenges, impacts), as well as, to add new elements to the analysis;
- Reveals how different elements are interconnected, what challenges are more difficult to address given a number of factors that should be targeted, and what factors are related to several challenges and impacts;
- Supports policymakers in deciding what factors and challenges deserve more attention for ensuring an inclusive labour market.

Based on this exercise, the policymakers can formulate a **priority list** of challenges and associated factors that indicates an order of importance. This list will be gradually amended during the next sub-steps.

Figure 3 Example of a problem tree



Source: Pillars (2023)

Box 4 How to develop a problem tree?

Stage 1: Identify major existing problems, based upon available information. Openly brainstorm problems which stakeholders consider to be a priority. This first step can either be completely open (no pre-conceived notions as to what stakeholder's priority concerns/problems might be), or more directed, through specifying a 'known' high order problem or objective (e.g., improved river water quality) based on preliminary analysis of existing information and initial stakeholder consultations. Write down each problem on a separated visual support (paper/cards).

Stage 2: Select an individual starter, a focal problem for analysis.

Stage 3: Look for related problems to the starter problem: identify substantial and direct causes/effects of the focal problem.

Stage 4: Begin to construct the problem tree by establishing a hierarchy of cause and effects relationship between the problems:

• Problems which are directly causing the starter problem are put below,

• Problems which are direct effects of the starter problem are put above.

Stage 5: All other problems are then sorted in the same way – the guiding question being 'What causes that?' If there are two or more causes combining to produce an effect, place them at the same level in the diagram.

Stage 6: Connect the problems with cause-effect arrows – clearly showing key links

Stage 7: Review the diagram, verify its validity and completeness and make necessary adjustment: Ask yourself/the group – 'are there important problems that have not been mentioned yet?' If so, specify the problems and include them at an appropriate place in the diagram.

Stage 8: Distribute the diagram for further comment/information.

Source: Ministry of Finance, Government of Republic of Serbia (2007). Guide to the logical framework approach: a key tool to project cycle management

3 **Review policies that already target identified challenges and associated factors.**

Specifically, assess progress and potential success of these policies to understand whether new policies should be introduced, or policy adjustments are needed (in terms of scale, timeframe, target group etc.). In case a specific factor or a challenge is likely to be addressed within an acceptable timeframe, it can be erased from the priority list. However, if a factor or a challenge received insufficient policy attention or is unlikely to be addressed within an acceptable timeframe, it should be moved up in the priority list.

4 **Set criteria** (e.g., ethical, political, economic, social) **for prioritisation of challenges and associated factors** together with the relevant stakeholders.

The criteria should reveal values, importance of specific outcomes for the policymakers and for society at large. It is essential to engage stakeholders in this process, as it allows to gain useful input from them, align with other policy priorities, get endorsement and support for the policy implementation. If necessary, consider using different criteria per group of elements (e.g., challenges, factors).

5 **Develop a system of scores** for comparison of listed challenges and factors against the set criteria and **assess them**.

This sub-step will help in refining a priority list of challenges and associated factors. Table 5 illustrates possible criteria for prioritisation, based on a 3-point scale (1 - "low", 2 – "medium", 3 – "high"). For transparency and clarity, the template could be extended to include a short justification under each score.

In the illustrated case, the combined score is calculated as a sum of all scores. However, consider using weights for different criteria, indicating its relative importance, and applying a formula to calculate a more precise combined score.

Table 5 Template for assessment of challenges and factors that should be prioritised

Challenges/factors	Prioritised criteria						Combined score
	Risk of exclusion of youth on the labour market	Economic impacts if not addressed within 5 years	Budgetary costs	Politically/ socially justifiable	Urgency	Technical feasibility for addressing within 2 years	
Poor quality of teaching at education/training institutions	High (3)	High (3)	High (3)	Medium (2)	High (3)	Medium (2)	16
Low accessibility of career counselling	High (3)	Medium (2)	Low (1)	Low (1)	Medium (2)	Medium (2)	11
…	…	…			…	…	

Source: Pillars (2023)

6 **Sort challenges and associated factors according to the preferred combined score (i.e., highest or lowest scores) to facilitate identification of those that should be prioritised.**

Following that, decide on the **number** of challenges and factors that can be targeted through policy interventions and, if possible, on the **order/timeline** in which they will be targeted, given available financial and other resources, policy priorities, urgency, possible synergies and other factors.

Step 2: Formulation of SMART policy objectives

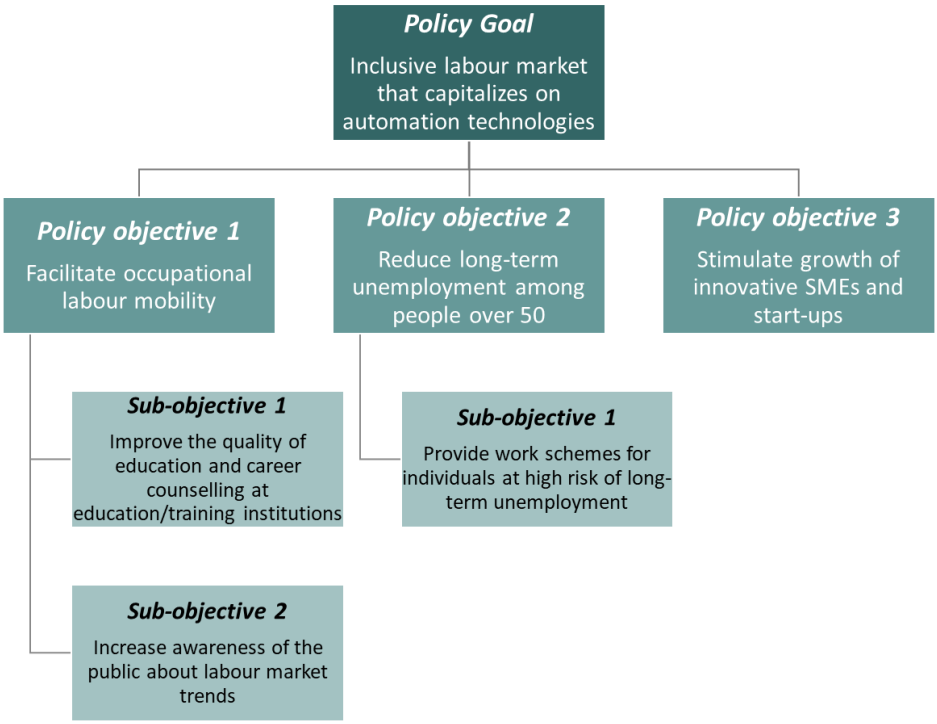
This step supports the policymakers in the development of SMART policy objectives, defined as specific, measurable, achievable, relevant and time-bound.[1] It also includes several sub-steps.

1 **Once the list of prioritised challenges and factors is finalised, reformulate them as policy objectives and construct a hierarchy of policy objectives, similar to a problem tree.**

[1] https://commission.europa.eu/system/files/2023-09/BR%20toolbox%20-%20Jul%202023%20-%20FINAL.pdf

This will support the development of the logical framework matrix, which will integrate analytical and planning tools. You may observe that some policy objectives are "sub-objectives" that support attainment of more generic objectives (Figure 4).

Figure 4 Example of a policy objective tree development



Source: Pillars (2023)

The Better Regulation Toolbox of the European Commission distinguishes three types of policy objectives in the following hierarchical order: **general**, **specific**, and **operational**.[1] A similar classification is adopted in the logical framework matrix at different levels: **policy impact, policy outcome,** and **policy output**. Thus, you might need to reformulate "sub-objectives" as **policy outcomes** or **policy outputs**.

Policy outcomes are expressed as results that should be achieved to reach the policy objectives (policy impact level). Hence, they are phrased as a completed process or as a tangible result. For example, the quality of education and career counselling at education/training institutions is improved. It is considered instrumental for facilitating occupational labour mobility (e.g., Policy objective 1 in the illustrated example).

The policy outputs (more operational type of policy objectives) are defined in terms of deliverables of specific policy interventions. For example, the "sub-objective" "work schemes for individuals at high risk of long-term unemployment are provided" could be classified as a

[1] https://commission.europa.eu/system/files/2023-09/BR%20toolbox%20-%20Jul%202023%20-%20FINAL.pdf

policy output. Prior to the design of policy interventions, you are unlikely to have many policy outputs, therefore concentrate on completing the list of policy impacts and policy outcomes.

Once you have distinguished between different types of formulated policy objectives, review them as a **package** that presents a grand vision of an inclusive employment strategy. Ensure consistency, coherence with existing policies and avoid tensions and trade-offs between policy objectives (i.e., improving one goal leads to worsening another).

2 **Select/develop indicators that help in assessing achievement of policy objectives (at impact and outcome levels).**

For example, if one of the policy objectives is to stimulate growth of innovative SMEs and start-ups, selected indicators may include: the number of innovative SMEs and start-ups per year, the share of innovative SMEs and start-ups from all SMEs and start-ups per region, the growth rate of productivity or of turnover/profits in SMEs and start-ups since company launch. Ensure that selected indicator measure precisely what a policy objective aims to achieve.

3 **Set clear and specific intermediate and final targets for the selected indicators.**

These targets will serve as benchmarks to monitor and assess progress towards achieving policy objectives (at impact and outcome levels). In addition, these targets will make policy objectives more specific and highlight scale of the ambition. For example, reduce long-term unemployment among people over 50 years of age by 10% until 2030.

Table 6 Template for defining indicators and targets

Policy objective	Indicator(s)	Baseline year (e.g., 2024)	Intermediate (e.g., 2026)	Intermediate (e.g., 2028)	Target/final year (e.g., 2030)
Reduce long-term unemployment among people over 50	Long-term unemployment among people, age 50-65 (per year)	20%	17%	12%	10%
…	…	…	…	…	…

Source: Pillars (2023)

It may be necessary to conduct a **cost-benefit analysis** for determining the optimal targets. The process of setting the targets should be **consultative**, namely it should involve competent authorities, stakeholders affected, research organisations etc. It is common practice to organise multi-stakeholder working groups for the design of an inclusive employment strategy.

Box 5 What aspects should be carefully considered during the target-setting process?

(a) Availability of know-how and financial, institutional, technical and personnel resources;

(b) Technical achievability and feasibility of remedial measures envisaged;

(c) Financial implications and cost-effectiveness ratios of individual measures envisaged;

(d) Achievability of timelines;

(e) Review of likely prospects of success of implementing remedial measures;

(f) Complementarities with other existing strategies/projects;

(g) Social acceptability.

Source: UN and WHO (2010). Guidelines on the setting of targets, evaluation of progress and reporting[1]

4

Review formulated policy objectives at impact and outcomes levels to ensure that they are SMART:[2]

- **Specific** - precise and concrete enough not to be open to varying interpretations by different people.
- **Measurable** - define a desired future state in measurable terms, to allow verification of their achievement. Such objectives are either quantified or based on a combination of description and scoring scales.
- **Achievable** - set at a level that is realistically achievable and properly justified.
- **Relevant** - directly linked to the problem and its root causes.
- **Time-Bound** - related to a fixed date or precise time period to allow an evaluation of their achievement.

Step 3: Design of policy options/interventions

This step describes the process of how to design policy options/interventions that will help to reach the formulated policy outcomes and then generate policy impacts.

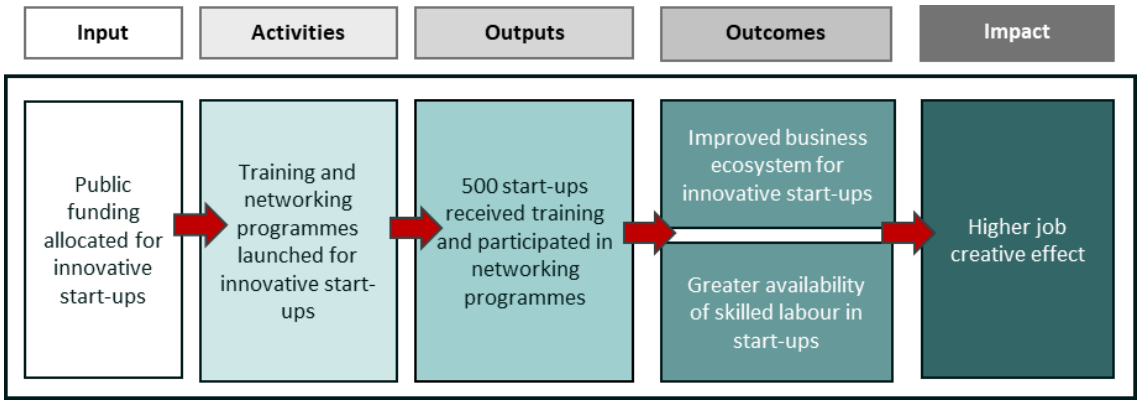
Policy options/interventions represent **activities** (e.g., projects, programmes) launched by public authorities that will produce **policy outputs.** These policy outputs are supposed to lead to achievement of policy outcomes, and then to policy impacts (Figure 5). Thus, it is essential to ensure that a clear logic underpins the design of tangible and intangible products/services delivered through policy options/interventions. Ideally, the designed policy

[1] https://unece.org/DAM/env/water/publications/documents/guidelines_target_setting.pdf

[2] https://commission.europa.eu/system/files/2023-09/BR%20toolbox%20-%20Jul%202023%20-%20FINAL.pdf

options/interventions contribute to several policy outcomes simultaneously to increase efficiency.

Figure 5 Example of a simplified logical framework



Source: Pillars (2023)

Prior to designing a policy option/intervention…

- **Review previous and existing policy options/instruments** that have been targeting specific outcomes and impacts to identify good practices, to draw lessons on what factors contribute to success or failure, and to decide if and how current policy options/instruments should be (dis)continued, adjusted or complemented.
- Consider **laws/regulations and institutional mechanisms** that might be associated with the design of a policy option/intervention to ensure compliance and to avoid administrative complexities.
- Estimate how much **funding** could be allocated/dedicated to reaching a specific policy outcome, to designing a policy option/intervention.
- Consider **urgency and timeline** in which a policy option/intervention should be designed, launched and implemented.

How to design effective policy options/interventions?

1 **Identify and involve relevant stakeholders in the design of policy options/interventions.**

This will ensure that policy challenges and associated factors that laid the foundation for the development of policy objectives are reminded during the process of design. Hence, the relevance, effectiveness, impact of policy options/interventions will be enhanced. Other benefits of stakeholder engagement include an insight into challenges and opportunities that will affect the implementation process, greater creativity and diversity of ideas/solutions.

2

List a wide variety of policy options/interventions for each policy outcome.

It is essential to collect a large variety of possible options/interventions before starting to eliminate them one-by-one. Such approach ensures openness and creativity, encourages debate between the stakeholders on what policy options/interventions are considered optimal and why.

Consider structuring possible policy options/interventions based on four types of policy options/interventions, as in Table 7:

- **Laws and regulations**: these include both 'hard', legally binding rules, and 'soft' regulations (e.g., technical standards);
- **Economic instruments**: market-based instruments, such as taxes, fines, subsidies and incentives etc;
- **Education and information**: public campaigns, trainings and other knowledge/information-related schemes;
- **Public/ecosystem goods and services**: non-excludable and non-rivalrous goods and services that provide benefits to society (e.g., infrastructure).

Table 7 Illustration of types of policy option/interventions for a specific policy outcome

Policy outcome	Types of policy options/interventions			
	Laws and regulations	**Economic instruments**	**Education and information**	**Public/ecosystem goods and services**
Higher employment rates among the low-skilled *(Target: 80% employment rate among the low-skilled by 2030)*	• Provide unemployment benefits • Create regulatory barriers for firing low-skilled individuals • …	• Offer reduction of taxes for companies that hire these individuals • Provide a micro-loan for becoming self-employed • …	• Facilitate identification of relevant jobs and trainings • Launch a public campaign to encourage employers to hire these individuals • …	• Create a public works scheme that employs these individuals in a local community • Reskill/upskill these individuals and employ them in a publicly-funded project • …
Lower drop-out rates of students at schools *(Target: 5% drop-out rate at schools by 2030)*	• Regulation that obliges teachers to undergo training on how to best support low-performing students; • School policy to create peer-learning groups among high and low-performing students; • …	• Provide public funding for extra-curricular activities to schools with a low student drop-out rate; • Increase salary of teachers that provide after-school support for low-	• Organise a series of events to inform parents about the future of work and employability of low-skilled graduates; • Raise awareness among students about available learning, psychological or other support in	• Create a free digital learning platform that supports low-performing students; • Provide free mentoring services for low-performing students; • …

	•	performing students; • …	schools and other institutions; • …	
…	…	…	…	…

Source: Pillars (2023)

3 Develop criteria for assessment of policy options/interventions together with the stakeholders.

The criteria will help to identify the optional policy option/intervention among listed, excluding less optimal policy options/interventions. The Better Regulation Toolbox of the European Commission recommends using the following criteria for screening: legal feasibility, technical feasibility, previous policy choices, coherence with other policy objectives, effectiveness, efficiency, proportionality, political feasibility, relevance, identifiability.[1] Other criteria may include: impact, social acceptability, equity, liberty, sustainability, safety.

4 Develop a system of scores to measure performance against criteria and assess listed policy options/interventions.

The system of scores can be basic (e.g., 3-point scale: 1 - "low", 2 – "medium", 3 – "high") to facilitate the process of assessment or complex (e.g., a system that uses weights and/or a specific formulate to calculate a combined score for comparison of assessment results). Next, define the minimum acceptable score for a policy option/intervention to be pre-selected.

To facilitate the assessment of policy options/interventions, outline envisioned **policy outputs** and consider to what extent these outputs will contribute/lead to achievement of policy outcomes, given set targets. Consider using the template presented in Table 8.

Table 8 Simplified assessment of policy options/interventions for a policy outcome "Lower drop-out rates of students at schools" (target: 5% drop-out rate at schools by 2030)

	Types of policy options/interventions			
	Laws and regulations	**Incentives**	**Information**	**Public/ecosystem goods and services**
Policy options/interventions	Regulation that obliges teachers to undergo training on how to best support low-performing students	Provide public funding for extra-curricular activities to schools with a low student drop-out rate	Organise a series of events to inform parents about the future of work and employability of low-skilled graduates	Create a free digital learning platform that supports low-performing students

[1] https://commission.europa.eu/system/files/2023-09/BR%20toolbox%20-%20Jul%202023%20-%20FINAL.pdf

Policy outputs	• One 2-hour online training organised annually; • All teachers participated in a training	• Schools launch four types of free extra-curricular activities; • 15% of students regularly participate in these activities	• Four events are organised annually; • Two-thirds of parents attended at least one event annually	• Free digital learning platform launched and announced at schools; • 20% of low-performing students use the platform at least once a week
Assessment	Impacts: high (3) Costs: high (3) Technical feasibility: medium (2)	Impacts: low Costs: high (3) Technical feasibility: medium (2)	Impacts: medium (2) Costs: low (1) Technical feasibility: high (3)	Impacts: medium (2) Costs: high (3) Technical feasibility: medium (2)
Result of the assessment	Combined score: 2 **(PRE)SELECTED**	Combined score: 0 **EXCLUDED**	Combined score: 4 **(PRE)SELECTED**	Combined score: 1 **EXCLUDED**

Source: Pillars (2023)

Conduct an in-depth SWOT (strengths, weaknesses, opportunities and threats) analysis of pre-selected policy options/interventions and compare them to finalise the selection.

Discuss and record advantages, disadvantages and risks/challenges associated with each pre-selected policy option/intervention to ensure that the selection is justified. The PESTLE (political, economic, social, technological, legal, environment) framework might be useful while considering factors that impact the SWOT analysis.

Elaborate on the assessment of policy options/interventions against the developed criteria, envision how they will be implemented and monitored. The central question for the analysis is "*To what extent is a policy option/intervention likely to contribute to the policy outcome(s) and why?*". Once each policy option/intervention is analysed and clearly described, consider how the design of a policy option/intervention could be improved (e.g., in terms of content, format) to tackle identified weakness and threats, as well as, to capitalise on strengths and opportunities (Table 9).

The process of analysis and comparison might involve several rounds of discussion and analysis with the stakeholders and additional data collection (e.g., review of good practices in similar policy options/instruments). However, it is crucial to identify the optimal policy option/intervention and to build consensus. The latter will ensure support during policy implementation.

Table 9 Template for conducting a SWOT analysis of a policy option/intervention

	Favourable for achieving objectives	Unfavourable for achieving objectives
External origin	***Opportunities*** Positive externalities which can provide an advantage for the policy option/intervention, but remain beyond its control	***Threats*** Negative externalities which can put the policy option/intervention at risk, but remain beyond its control
Internal origin	***Strengths*** Positive internal factors controlled by the policymakers, and which provide foundations for the future	***Weaknesses*** Negative internal elements which are controlled by the policymakers and to which key improvements can be made
Discussion and analysis	How can opportunities and strengths be maximised? How can threats and weaknesses be minimised? How to capitalise on opportunities and strengths to reduce threats and weaknesses?	

Source: Pillars (2023), based on EC EXACT External Wiki (2023), SWOT analysis – strengths, weaknesses, opportunities and threats[1]

Step 4: Develop a comprehensive logical framework

A logical framework is a matrix in which the intervention logic (overall objective, purpose/outcome, expected results and activities), objectively verifiable indicators and sources of verification are presented.[2] It is instrumental for the development of an inclusive employment strategy, as a logical framework presents key components of a strategy, relationships between them, indicators for planning, implementation, monitoring and evaluation.

The previous steps, presented in the current chapter, already laid the ground for the development of a logical framework. To complete it, assemble data on policy impacts, outcomes, outputs, activities and inputs, and record it either in a tree/diagram/network chart or in a table (Table 10). Once the logical framework is complete, it is essential to verify whether the package of planned activities will ensure that the policy objectives at the impact level are met. If not, consider what activities could be amended or added.

[1] https://wikis.ec.europa.eu/display/ExactExternalWiki/SWOT+analysis+-+strengths%2C+weaknesses%2C+opportunities+and+threats

[2] https://wikis.ec.europa.eu/display/ExactExternalWiki/Logical+Framework+-+Logframe#:~:text=4.-,Logical%20Framework%20Matrix%20%2D%20Logframe,sources%20of%20verification%20are%20presented.

Table 10 Template for a logical framework construction

Level	Description	Indicator(s)	Data source	Baseline year (e.g., 2024)	Intermediate (e.g., 2026)	Intermediate (e.g., 2028)	Target/final year (e.g., 2030)
Impacts	Inclusive labour market	Employment rate among vulnerable groups;	Official national statistics	70%	72%	75%	78%
		Unemployment rate among vulnerable groups;	Official national statistics	16%	14%	12%	10%
Outcomes	Lower drop-out rates of students at schools	Student drop-out rates per year	Statistics from schools	10%	8%	6%	4%
	Greater availability and quality of career counselling	Number of career counselling centres	Economic register	30	40	45	50
		Satisfaction rate of individuals with career counselling centres	Survey results at career counselling centres	50%	60%	70%	80%
	…	…	…	…	…	…	…
Outputs	Four school events are organised annually to inform parents about the future of work and employability of low-skilled graduates	Number of events organised at schools per year	School reports	4	8	12	16
	Twenty career counselling centres are launched	Number of career counselling centres launched	Labour office statistics	0	10	15	20
	…	…	…	…	…	…	…
Activities	The Ministry of Education organised	Number of trainings	Reports of the	2	4	6	8

	two trainings per year for school leaders to ensure that they inform parents about the future of work and employability of low-skilled graduates	organised for school leaders per year	Ministry of Education				
	Recruitment of 100 highly-skilled professionals to work at new career counselling centres	Number of recruited highly-skilled professionals	Labour office statistics	0	50	75	100
	…	…	…	…	…	…	…
Inputs	20 mln Eur of public funds allocated for strategy implement-tation	Budget allocated for strategy implemen-tation	Reports of the Ministry of Finance	8 mln Eur	13 mln Eur	17 mln Eur	20 mln Eur
	…	…	…	…	…	…	…

Source: Pillars (2023)

Step 5: Draft an inclusive employment strategy by elaborating on components of a logical framework

Below are suggested chapters of the strategy document:

1. State of the economy and technological transformation
    a. Macroeconomic outlook
    b. Impact of technological transformation on the economy
2. An overview of the labour market – present and future
    a. Employment and unemployment trends
    b. Key challenges on the labour market and vulnerable groups
3. Key components of an inclusive employment strategy
    a. Policies in response to unemployment/job displacement:
        i. Education and training
        ii. Labour market policies
        iii. Social protection

    b. Policies for innovative and inclusive job creation:
        i. Innovation, industry and entrepreneurship
        ii. Migration and labour mobility
    c. Policies supporting employers and employees during job transformation:
        i. Employment-related policies and institutions
        ii. Social dialogue
4. Conclusions and next steps
5. Annex: List of policy options/interventions to implement the strategy

Once the strategy document is drafted it is recommended to share and discuss it with relevant stakeholders for feedback and potential elaborations/improvements.

3 Phase 3: Implementation of an inclusive employment strategy

The current chapter presents key steps that should be included in the process of implementation of an inclusive employment strategy. It builds on good practices collected through desk study and interviews with the policymakers.

The ILO has developed an implementation framework that consists of the following three pillars:[1]

- **Coordination** – management of activities across dimensions and stakeholders;
- **Accountability** – stakeholders that mobilise, report and are responsible for the result of an activity;
- **Support system** – resources necessary for implementation, including financing, labour market information systems etc.

These pillars highlight importance of leadership at all levels of the system of implementation, of communication for sharing of information and feedback, and of mechanisms that support the policy implementation process. They will be further elaborated in this chapter.

Step 1: Set-up an inter-ministerial coordination group and working committees

The coordination of the strategy implementation should be managed by a central body, consisting of key national and regional/local public authorities across relevant ministries (e.g., labour/employment, education, STI, finance, industry, entrepreneurship, migration). The composition of the group is likely to originate from the strategy design phase, as it involved consultations with different ministries. The group should be led by the ministry in charge of employment, which has been responsible for the strategy design. Importance of **effective leadership** and of **collaboration** with relevant stakeholders cannot be overestimated, as they determine success of the strategy design and implementation.

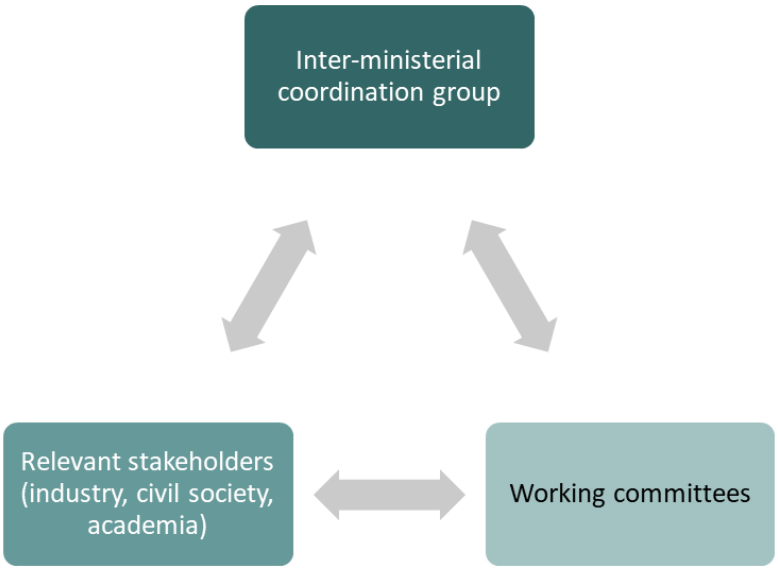
The purpose of the inter-ministerial coordination group is to make all strategic decisions related to the implementation process and to drive it across and between all levels (national – inter-ministerial, regional/local – inter-departmental). The members of the inter-ministerial coordination group may set up **working committees** in specific domains that fall under their

[1] https://www.ilo.org/wcmsp5/groups/public/---ed_emp/documents/publication/wcms_831186.pdf

responsibility/mandate to support specific aspects of the strategy implementation. These working committees should consist of representatives of organisations that will be directly involved in the implementation process (e.g., labour inspectorates, central bank, public employment services, state education centre).

Multi-stakeholder consultations with social partners, industry representatives and academic experts should be organised by the inter-ministerial coordination group and by subordinate working committees. Such consultations may assist in the identification of possible opportunities, risks and challenges, and for ensuring their support during the implementation process.

Figure 6 Suggested coordination mechanism of the strategy implementation



Source: Pillars (2023)

Step 2: Develop the implementation plan

The implementation plan should be drafted based on an inclusive employment strategy. It provides a step-by-step guidance on **what, when, where, how** and **by whom** will be implemented. Typically, the ministry in charge of employment is drafting the plan, following discussions within the inter-ministerial coordination group and consultations with key stakeholders. The plan outlines objectives, targets, activities, inter-institutional coordination structures that govern the implementation processes, roles and responsibilities of key stakeholders involved, operational mechanisms and procedures.

While drafting the implementation plan consider the following:

- To what extent will the current institutional frameworks, coordination mechanisms be effective and sufficient to ensure successful implementation of designed policy options/interventions?
- How to effectively define and divide responsibilities between different stakeholders?
- What support do stakeholders need to ensure effective implementation of the strategy?
- How to set-up clear lines of communication between the stakeholders?
- How much time, human and financial resources should be allocated to ensure effective implementation?
- What financial, regulatory, technical or other constraints could affect the strategy implementation, and how to address these constraints?
- What synergies, stakeholders, resources could support the implementation?

Given a variety of activities (policy options/interventions) that will be implemented as part of the strategy implementation, it is essential to develop a database that will record data on all planned activities in a standardised format. Such database facilitates data management and monitoring. Table 11 suggests a simplified template of a database.

Table 11 Template of a database on planned activities

Output	Activity	Short description	Start – end date	Location(s)	Budget (total, per year)	Indicators and targets	Status	Stakeholders and responsibilities
Output #1: Twenty career counselling centres are launched	Activity #1: Recruit 100 highly-skilled professionals to work at new career counselling centres	Recruitment will be conducted in 3 rounds...	01/2026 – 01/2030	Region X, Y and Z, organisation A, B and C (address info)	Total: 50k Eur In 2026: 20k Eur …	Number of recruited highly-skilled professionals Targets: …	Not launched	Ministry of Labour, Mr.John Green: overall coordination of the activity …
	Activity #2: …							
	Activity #3:							

Source: Pillars (2023)

Once the plan has been reviewed and finalised, each responsible stakeholder should develop own detailed work plans that are in line with commitments, responsibilities and activities described in the implementation plan.

Step 3: Ensure alignment, accountability and support among key stakeholders

To some extent, this step is developed in parallel with step 1 and 2, as successful implementation of any strategy relies on engagement of relevant stakeholders that become active agents of change and of mobilisation of resources. In view of this, it is essential to…

- **Establish advocacy channels**

The ministry in charge of employment should identify and involve key stakeholders that will be instrumental for raising awareness about the strategy, for mobilising resources in specific domains (e.g., education, STI, industry) and maintaining relations with key partners. Advocacy activities should reach all relevant levels of governance, sectors/domains and stakeholders. Hence, a comprehensive advocacy strategy should be developed.

- **Get endorsement of the general public and of main beneficiaries**

Advocacy activities should extend beyond the key stakeholders to reach broader audience, as it increases visibility, public support and stimulates commitment of involved stakeholders. Among effective communication and dissemination activities are listed public appearances on TV and radio, interviews or news items for newspapers/journals, active engagement on social media, publishing of advocacy papers, presentation in large events.

- **Stimulate implementation of commitments among accountable stakeholders**

To stimulate accountability among stakeholders that are involved in the strategy implementation, agreements should be made and signed. These agreements should specify commitments, rules, responsibilities, deliverables, milestones and deadlines. In addition, regular and open communication should be established between the inter-ministerial coordination group and other key stakeholders.

- **Equip relevant stakeholders at all levels with essential knowledge/information for the strategy implementation**

It is critical to ensure that all stakeholders that are directly involved in the strategy implementation have common understanding of the strategy objectives, inter-institutional coordination structures, and knowledge of support systems, procedures and tools related to

implementation of activities that they are responsible for. It might be necessary to organise capacity building activities to familiarise stakeholders with specific procedures and tools that should be utilised. Information-sharing materials should be of high quality – concise and clear.

Step 4: Ensure preparedness of the support systems for implementation

The implementation support system includes four elements:

- Institutions/stakeholders that are involved in strategy implementation,
- Employment-related policies, laws and regulations,
- Labour market information system (i.e., it comprises all systems that produce, collect and analyse relevant data),
- Mechanisms that will fund the strategy implementation (financing approaches, rules and principles).[1]

Prior to full deployment of the strategy implementation, it is essential to assess the status of these elements to avoid delays and discrepancies. A preliminary feasibility study could be launched for this purpose. The assessment should consider not only individual elements in isolation, but also their interaction at three levels: [2]

General level (consider impact on coordination mechanisms, structures and procedures, capacities and readiness of the stakeholders to implement planned activities, leadership, availability of resources, clarity of tasks and expectations, communication etc.),

Activity-specific level (consider impact on availability of human, technical and physical resources to implement a particular activity (policy option/intervention), management mechanisms and procedures, communication etc.),

Individual level (consider impact on motivation/willingness and commitment of stakeholder to implement planned activities etc.).

Piloting also may be effective to test some processes, activities and methods, coordination structures and accountability frameworks before a full-scale launch of the strategy implementation.

[1] https://www.ilo.org/wcmsp5/groups/public/---ed_emp/documents/publication/wcms_831186.pdf

[2] https://capacity.childwelfare.gov/sites/default/files/media_pdf/ci-briefs-b-cp-00026.pdf

4 Phase 4: Monitoring and evaluation of an inclusive employment strategy

This chapter discusses how to develop and use a well-functioning monitoring and evaluation (M&E) system that supports effective strategy implementation and design. Monitoring systematically tracks progress and (inter-mediate) results associated with the strategy implementation. Specifically, what is happening, how is it happening, and why is it happening?

Monitoring is considered an integral part of an evaluation process, as a strategy evaluation is informed by findings collected during monitoring. However, evaluation represents a more comprehensive assessment of fulfilment of stated objectives, of policy/strategy design, implementation and results/impacts. Its aim is to determine the relevance, efficiency, effectiveness, coherence, impact, sustainability of results.[1] Hence, M&E are complementary, but monitoring precedes evaluation.

M&E should be based on the following principles:[2]

- **Impartiality** - free from external influence and bias to provide comprehensive and objective results of the strategy including a truthful description of successes and shortcomings,
- **Utility** - M&E should be usable for intended users,
- **Credibility** - M&E should be based on reliable data, observations, and references ensuring a high quality of standards in a professional field. M&E results should be replicable to build on existing evidence and reference,
- **Measurability** – use of measurable indicators to assess the contribution and achievements of the strategy,
- **Partnership** - involving multiple stakeholders, who are affected by the M&E results.

Step 1: Form a team for coordination of M&E activities

It is common practice to assign one organisation that will coordinate efforts related to collection and analysis of data for M&E. Typically, the ministry in charge of employment is

[1] https://www.oecd-ilibrary.org/sites/9fa07ac8-en/index.html?itemId=/content/component/9fa07ac8-en#endnotea0z2

[2] https://afocosec.org/wp-content/uploads/2020/12/Guidelines-for-Project-Monitoring-and-Evaluation-G-2-20R-All.pdf

responsible for building the M&E system, and then for presentation/discussion of findings. Based on these findings, this ministry, together with the inter-ministerial coordination group, will make adjustments to the strategy implementation.

Stakeholders that are directly involved in the implementation of strategy-related activities are expected to provide data on progress and results of these activities through periodic reports. Hence, it is essential to stimulate their commitment to collect and share data with the ministry in charge of employment.

Step 2: Develop a plan that outlines M&E activities

The M&E activities should be defined and planned prior to full-scale implementation of the strategy, given their importance for ongoing implementation processes. It is suggested to develop a plan that describes the type of activities that should be undertaken, their frequency and timeline, methodologies for data collection and analysis, mechanisms for data sharing, and storage, budget allocated for M&E activities. In addition, a plan should indicate responsibilities of stakeholders involved in M&E and highlight how analysed findings will be disseminated and incorporated into the policy cycle.

It is advisable to develop a plan in collaboration with the stakeholders that will be involved in M&E activities to ensure that a plan is feasible, clear and comprehensive. Table 12 illustrates a template that could facilitate monitoring activities.

Table 12 Template for monitoring activities

Activity	Estimated and actual start date	Estimated and actual completion date	Date and actions undertaken	Activity owner	Status/ comments	Recommen-dations	Monitoring schedule
Launch and run a networking platform for self-employed	Estimated: 05/11/2024 Actual: 10/12/2024	Estimated: 28/12/2026 Actual: pending	01/05/2024: The working group decided on the software to be used for the platform …	Ministry of Labour, Ms.Anna Black	10/05/2024: On track; The decision on additional funding is pending…	10/05/2024: Involve the Ministry of Economy to approach investors…	10/05/2024 25/08/2024 05/11/2024 05/3/2025 05/6/2025 …
…	…	…	…	…	…	…	…

Source: Pillars (2023)

Step 3: Provide infrastructure for data collection, sharing, analysis, storage and (re)use

All data should be managed in an efficient and timely manner. To facilitate this, user-friendly digital data-management platforms should be created. These platforms should ensure compliance with the GDPR and have the following capabilities:[1]

- Cataloguing data collection requirements (frequency of data provision, actors, etc.),
- Collecting or harvesting data,
- Data storing,
- Data quality assurance, including (automatic) validation,
- Data processing and analysis,
- Database interoperability,
- Data visualising, sharing and disseminating results,
- Data access and discovery.

Step 4: Ensure high-quality data collection

Although data collection for monitoring has a narrower focus and precedes data collection for evaluation, strong alignment between M&E should be ensured to capitalise on monitoring results and to support answering the following evaluation questions:[2]

- What was the expected outcome of policy option/intervention(s)? (i.e., rationale of policy options/interventions, expected results/impacts)
- How has the situation evolved over the M&E period? (i.e., analysis of monitoring results)
- To what extent were policy option/intervention(s) successful and why? (i.e., assessment against evaluation criteria – effectiveness, efficiency, coherence, and analysis of success/failure factors)
- How did policy option/intervention(s) make a difference/impact? (i.e., discussion of results/impacts for different stakeholders/beneficiaries and of their sustainability)

[1] https://commission.europa.eu/system/files/2023-09/BR%20toolbox%20-%20Jul%202023%20-%20FINAL.pdf

[2] https://commission.europa.eu/system/files/2021-11/swd2021_305_en.pdf

- Is policy option/intervention(s) still relevant? (i.e., analysis of relevance – challenges/needs that have been targeted)
- What are the conclusions and lessons learned? (i.e., summary of findings on achievements, benefits and failures, areas for improvement and lessons learned)

Data collection for M&E relies on the logical framework, developed during the strategy design phase. The logical framework provides **indicators at every level** (i.e., input, activity, output, outcome, impact), informing how progress and results should be measured and assessed. In case additional indicators should be developed, especially for evaluation purposes, ensure that designed indicators comply with the following criteria:[1]

Besides data on indicators, **contextual information** should be collected during M&E to analyse factors that influence/determine performance.

In many cases, data on indicators cannot be easily extracted from existing data sources. Thus, primary data collection might be needed, involving quantitative and/or qualitative research methods (e.g., public consultations, web-scraping of stakeholders' websites, focus group interviews).

Lastly, it is critical to develop common definitions, standards, procedures and templates for data collection to ensure high-quality of collected data and correct interpretation of result.

[1] https://commission.europa.eu/system/files/2023-09/BR%20toolbox%20-%20Jul%202023%20-%20FINAL.pdf

Step 5: Streamline analysis and reporting of data

The analysis of data should be guided by clearly defined objectives, targets, indicators and questions that reveal aims of M&E. The aggregation, triangulation and analysis of data from different sources and/or activities should follow procedures and methodologies described in a plan on M&E activities (step 2). This will allow comparison of findings across time (for one activity), between different objects of analysis and activities. Data analysis should be conducted by experts/researchers that can detect patterns, trends, offer an insightful interpretation of findings, given their knowledge of contexts, and suggest recommendations.

The reporting of findings should be concise, non-technical (i.e., accessible to non-expert readers), and provide sufficient detail without the need to review other reports/materials.[1] For these purposes, reporting templates should be developed.

Step 6: Disseminate findings and organise a consultation

M&E findings should be disseminated and discussed with the inter-ministerial coordination group, key involved stakeholders, beneficiaries and, possibly, with the general public (if relevant). The aim of the consultation is to assist the ministry in charge of employment in the interpretation of findings and to support future decision-making.

During the consultation, participants should…

- Share observations and insights related to quality of the M&E process,
- Provide own interpretation of findings,
- Suggest other (success or failure) factors that led/contributed to specific results,
- Provide conclusions/lessons learned,
- Suggest the course of action that should be undertaken, in case the implementation process is not completed (e.g., continue, stop, change the implementation of an activity).

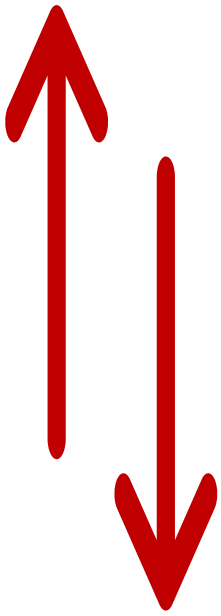
Step 7: Disseminate results of the consultation and introduce adjustments to the implementation process, if relevant/possible

[1] https://commission.europa.eu/system/files/2021-11/swd2021_305_en.pdf

Following the consultation, the ministry in charge of employment should summarise main conclusions developed during the consultation and disseminate them with the relevant audience.

If the implementation process is not completed, a plan on next steps should be developed. A plan should specify concrete adjustments that can be managed and monitored. The development and implementation of a plan can involve the following stages:

1. Further analysis of identified areas for improvement together with the stakeholders that are directly involved in the implementation process,
2. Formulation of a step-by-step plan on what actions, methods, processes should be adjusted and how,
3. Validation of a plan with the relevant stakeholders,
4. Verification of sufficient allocation of financial, human and other resources to manage adjustments, and of motivation and accountability,
5. Strengthening of coordination and monitoring mechanisms for targeted actions, methods, processes,
6. Implementation of adjustments (if necessary, with the support of additional stakeholders and resources),
7. Close monitoring of adjustments and of their results/impact,
8. Communication of monitored results/impacts to the relevant stakeholders and, if unsatisfactory, go back to stage 1.



5 Useful resources

For more information on how to design, implement, monitor and evaluate strategies/policies/projects to ensure inclusive labour markets, consider the following resources:

ILO. (2012). Guide for the formulation of national employment policies: https://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_policy/documents/publication/wcms_188048.pdf

ILO. (2021). From policy to results: guidelines for implementation of national employment policies: https://www.ilo.org/wcmsp5/groups/public/---ed_emp/documents/publication/wcms_831186.pdf

European Commission. (2021). Better Regulation Guidelines: https://commission.europa.eu/system/files/2021-11/swd2021_305_en.pdf

European Commission. (2023). Better Regulation Toolbox: https://commission.europa.eu/system/files/2023-09/BR%20toolbox%20-%20Jul%202023%20-%20FINAL.pdf

UN and WHO. (2010). Guidelines on setting of targets, evaluation of progress and reporting: https://unece.org/DAM/env/water/publications/documents/guidelines_target_setting.pdf

European Parliament. (2021). Guidelines for foresight-based policy analysis: https://www.europarl.europa.eu/RegData/etudes/STUD/2021/690031/EPRS_STU(2021)690031_EN.pdf

Ministry of Finance, Government of Republic of Serbia. (2004). Guide to the logical framework approach: a key tool to project cycle management: http://www.evropa.gov.rs/Documents/Home/DACU/Documents/Guide%20the%20LFA%20in%20PCM%20-%20final%20version%20(draft)%20-%207July07.pdf

UK Aid. (2013). Indicators of Inputs, Activities, Outputs, Outcomes and Impacts in security and justice programming: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/304626/Indicators.pdf

Government of British Columbia. (2020). Policy approaches playbook: consideration for policy development: https://www2.gov.bc.ca/assets/gov/government/about-the-bc-government/regulatory-reform/pdfs/policy_approaches_playbook.pdf

European Training Foundation. (2018). Guide to policy analysis: https://www.etf.europa.eu/sites/default/files/m/72B7424E26ADE1AFC12582520051E25E_Guide%20to%20policy%20analysis.pdf

Institute for the evaluation of public policies. (2020). Guidelines for the design evaluation of public policies: https://funcionpublica.hacienda.gob.es/dam/es/portalsefp/evaluacion-politicas-publicas/Documentos/Metodologias/02_GUIDELINES_DESIGN_EVALUATION_PRINT.pdf

WWF. (2018). Policy analysis and engagement toolkit: a guide for Pacific non-government organisations in the fisheries sector: http://d2ouvy59p0dg6k.cloudfront.net/downloads/cso_policy_analysis_toolkit_2.pdf

Fischer F., Miller G.J., Sidney, M.S. (2007). Handbook of public policy analysis: theory, politics, and methods: http://www.untag-smd.ac.id/files/Perpustakaan_Digital_2/PUBLIC%20POLICY%20(Public%20Administration%20and%20public%20policy%20125)%20Handbook%20of%20Public%20Policy%20Analysis%20Th.pdf

Ministry of Foreign Affairs of the Netherlands. (2009). Evaluation policy and guidelines for evaluations: https://www.oecd.org/dac/evaluation/iob-evaluation-policy-and-guidelines-for-evaluations.pdf

National Development Planning Commission of the Republic of Ghana. (2020). National public policy formulation guidelines: https://ndpc.gov.gh/media/Guidelines_for_Public_Policy_Formulation_in_Ghana_Final_Nov20201.pdf

Institute for government. (2011). Policy making in the real world: evidence and analysis: https://www.instituteforgovernment.org.uk/sites/default/files/publications/Policy%20making%20in%20the%20real%20world.pdf

Institute for government. (2011). Making policy better: improving Whitehall's core business: https://www.instituteforgovernment.org.uk/sites/default/files/publications/Making%20Policy%20Better.pdf

PORTAL. (2003). Policy formulation and implementation: https://www.eltis.org/sites/default/files/kt9b_wm_en_6.pdf

The Presidency of the Republic of South Africa. (2020). National policy development framework: https://www.gov.za/sites/default/files/gcis_document/202101/national-policy-development-framework-2020.pdf