

Working Group: Labour Market Information (LMI)

Guidelines on establishing Labour Market Information Systems To Support effective Labour Market Governance in Africa



FOREWORD

The AUC's Ouagadougou + 10 Declaration and Plan of Action on Employment, Poverty Eradication and Inclusive Development, which was adopted by AU Assembly of Heads of States, in January 2015 in Addis Ababa, places labour migration and regional economic integration, social protection and operational and intra-regional skills and labour matching as among its six key priority policy areas. Evidence based policy making in these areas requires Member States to practice good labour market and, specifically, employment governance. This in turn necessitates robust information systems to guide the collection, compilation, storing, analysis and dissemination of representative labour statistics and labour market information to inform and monitor policies, development goals and targets.

A reality of the economic challenges faced by Member States is that economic growth achieved over the recent decades has insufficiently translated into quality income and livelihood opportunities for most people. This is against the backdrop of an exponentially growing labour force in most Member States while decent job creation is at the same time limited. There is, thus, an urgent need for countries to nurture pro-employment and employment intensive strategies, policies and programmes. The current policies and strategies do not address the binding constraints to decent job creation and thus do not effectively respond to the actual labour market realities. Governments, in general, struggle to address this link between economic, labour market and human capital development.

The effective design and implementation of pro-employment and employment intensive strategies, policies and programmes requires a targeted, coordinated and harmonized approach to labour statistics and labour market information collection, compilation, storage, analysis and dissemination to inform and monitor such policies. Hence, most countries invest in the establishment of Labour Market Information Systems (LMIS). Degrees and sophistication of such infor-

mation systems operational in Member States have been observed by the AUC through the publication of "A Roadmap for the development of Labor Market Information Systems" and further through the 3rd STC: Social Development, Labour and Employment (STC-SDLE3) highlighting multiple inefficiencies and urging countries to move towards establishing Type 3 LMIS.

The information system framework outlined in this guideline take the principles observed in Type 3 LMIS and merges them into an integrated information systems approach that puts strong emphasis on the needs-based production of labour statistics, analytical capacities and requirements, as well as on the strengthening of institutional coordination mechanisms to systematically inform the policy sphere. This methodology recognizes that all countries have different policies, institutional arrangements and degrees of capacity to collect and analyze labour statistics and market information and therefore promotes a dynamic and needs based information system design that is relative to the level of a countries development.

As with the resolutions passed before it, this guideline represents another milestone in addressing the labour statistics and labour market information gap evident in Member states that remains wide and manifests into poor planning and, consequently, poor decision making and development results. Considering existing international standards and best practices in the area, this guideline will help Member States in tackling their information system challenges. It is through the implementation of this framework that a well-established, accepted and functioning information system becomes an integral tool to guide planning, monitoring and evaluation of pro-employment policies and assist governments, the private sector and the education fraternity to understand their respective labour markets and inform their labour demand-supply planning activities.

ACKNOWLEDGEMENTS

YouMatch's network brings together around 90 employment service practitioners from 25 African and MENA countries within nine interregional Communities of Practice (CoPs). Endorsing a multi-stakeholder approach, the network is constituted of representatives from over 70 public, private and civil society organisations. YouMatch's CoPs provide an interregional forum on employment services. It is within this framework with the CoP on "Utilising Labour Market Information as an Effective Basis for youth Employment Services" that acknowledgement is given to: Mr. Wilfrid Gbewenondo Djojo (Benin), Mr Amos Ela Ela (Cameroon), Mr Ephrem Gidey (Ethiopia), Mr. Mamady Cisse (Guinea Conakry), Ms. Lilliane Elodie Zalo (Ivory Coast), Mr. Soro Dognimon (Ivory Coast), Ms. Mai Elia (Jordan), Ms. Sharleen Muthoni (Kenya) Mr. Mike Mtu-kulo (Malawi), Mr. Pachalo Mwanza (Malawi), Mr. Alasan-ne Yall (Mauritania), Mr. Oussama Lakhmiri (Morocco), Mr. Mohamed Hazim (Morocco), Mr Albius Mwiya (Namibia), Mr Indongo Indongo (Namibia), Mr. Gilbert Agaba (Rwanda), Mr. Pacifique Uwamahoro (Rwanda), Mr Abdou Musonera (Rwanda), Mr. Jean de Dieu Irankunda (Rwanda) and Mr Mbaye Sar (Senegal), without whose continued participation and contributions in the CoP and the YouMatch network, this guideline would not have been possible. The YouMatch Network extends its gratitude to its partners, the African Union Commission (AUC), the African Union Development Agency (AUDA-NEPAD) and the West African Monetary and Economic Union (UEMOA) for their participation and contributions in the realization of these guidelines.

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ABBREVIATIONS

ACBF	African Capacity Building Foundation
AU	African Union
AUC	African Union Commission
AUDA	African Union Development Agency
COP	Community of Practice
CSO	Central Statistics Office
ECA	United Nations Economic Commission for Africa
EEF	European Training Foundation
EII	Employment Intensive Investment
ES	Employment Services
GIZ	German International Development Cooperation
ICLS	International Conference of Labour Statisticians
ILMIS	Integrated Labour Market Information System
ILO	International Labour Office
IOM	International Office of Migration
ISCO	International Standard Classification of Occupations
ISIC	International Standard Industrial Classification
IT	Information Technology

KILM	Key Indicators of the Labour Markets
LED	Local Economic Development
LFS	Labour Force Survey
LMI	Labour Market Information
LMIA	Labour Market Information Analysis
LMIG	Labour Market Information Governance
LMIS	Labour Market Information System
MENA	Middle East and Northern Africa
NEPAD	New Partnership for Africa's Development
NPCA	Africa's Development Coordinating Agency
NSO	National Statistics Office
OECD	Organisation for Economic Co-operation and Development
PES	Public Employment Services
REC	Regional Economic Community
SDG	Sustainable Development Goal
TVET	Technical Vocational Education and Training
VET	Vocational Education and Training
WG	Working Group

1. INTRODUCTION

1.1 BACKGROUND

Africa is the only region in the world with exponential labour force growth that is predicted to continue to increase for the years to come. According to the ILO over one in five young people were not in employment, education or training (NEET) in 2019, reflecting large shares of joblessness in the labour market. The shares have been steadily growing over the last decade highlighting that economic growth of recent decades does not seem to translate into the wellbeing of all African's.¹

Africa's unemployment rates are the lowest in the world when compared to other regions, mainly reflecting the fact that the concept of unemployment is not reflective of the state of the labour market in economies with high informality and poor social protection schemes where people are forced to work in many possible ways to survive. According to the ILO unemployment rates in Africa are overall on a general declining trend since 2012, reflecting an increasing share of low quality employment in labour markets.² The limited decent job growth in Africa combined with significant increases of the labour force has hampered poverty reduction efforts in recent years. Although, the proportion of poor people might have declined, the total number of poor people is steadily increasing and expected to further rise if joblessness and decent work deficits are not addressed. Prevailing poverty is a sign of low quality and the mostly informal work the bulk of people and their families engage in to make a living.

The urgency of creating sufficient decent income opportunities cannot be overstated especially since the outbreak of the novel coronavirus (COVID-19) that has sparked deep concerns about the lasting impacts of the pandemic shock on businesses and livelihoods of people. Beyond the health impact, COVID 19 has severely affected economies through lockdowns and restrictive measures with long lasting socio-economic consequences. In most African countries start-ups, micro- and small- sized businesses as well as vulnerable firms with little cash-on-hand have to lay off their operations and staff temporarily or close entirely in response to shocks to demand for their goods or services. The combination of these effects will trigger the reallocation of employment and jobs across sectors activities and firms.

To address the decent job growth challenge Africa is facing evidence based pro-employment strategies, policies and programmes at macro, sectoral and local labour market levels are urgently needed with a strong emphasis on the demand side to support a structural labour market transformation. This will require effective and efficient employment governance, comprising holistic and vibrant strategies, policies, programs, laws, institutional setups, machinery and processes (horizontally and vertically) that will constantly monitor and respond to labour market changes.

¹ ILO.2020. Global Employment Trends for Youth Africa. Available under: https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/documents/briefingnote/wcms_737670.pdf

² ibid

It is argued by many labour market experts that current economic strategies and policies in most African countries do not effectively address the binding constraints to decent employment and job creation and Governments are facing challenges in understanding employment trends and skill needs in economic sectors and in their wider economic context. Successive waves of economic as well as education and training reforms during the last decades have left many countries struggling with employment governance and specifically with building effective links between skills formation, employment and economic development. This led to planning and programming of interventions that do not address the job challenge at its root cause. Recent research of the African Union confirms that there is a direct link between the lack of quality jobs and social unrest in the region.³ Hence, Africa's job growth challenge if not addressed is a threat to inclusive and sustainable development and social cohesion and will likely trigger massive migrations of people in search of opportunities if appropriate policies are not designed and implemented.

The African Union's commitment to foster decent work, incomes and jobs is rooted in its 2063 Agenda,⁴ which is the continent's strategic framework aiming to nurture inclusive and sustainable development. Its pledge for inclusive job-rich growth is also emphasized in its Declaration and Plan of Action on Employment, Poverty Reduction and Inclusive Development.⁵ The first five year priority Programme, corresponding to this Plan of Action, seeks to equip African countries with the capacity to move from intent to action and results in their bid to create decent jobs for their people, significantly increase their social protection and raise them out of poverty. It is against this background that the AU advocates strongly for the design of integrated Labour Market Information systems (ILMIS) that support labour market institutions with improved labour market governance.

A recent study, "Roadmap for the Development of Labour Market Information Systems",⁶ commissioned by the AU takes stock of current LMIS practices. It argues that traditional technical assistance to support LMIS in Africa has neither succeeded in improving the functioning of labour markets nor achieved sustainability of the systems themselves, due to a narrow focus on producing employment statistics at the macro-level.⁷ It is against this background that Governments need more all-inclusive information systems to support labour market and, more importantly, employment governance in its broader macro-economic context, while no longer solely focused on demand driven skills development and widening the options for structural change and job growth.

This guideline brings together the most up-to-date knowledge and best practice in the area of information systems to support employment governance. It builds on widely practiced and accepted ILO labour standards and also takes into consideration the findings of the African Union commissioned "Roadmap for the Development of Labour Market Information Systems."⁸

The guideline spells out an information system approach that is endorsed and implemented in many Governments around the world. It provides a practical solution to support the African Unions' call for a "Harmonization and Coordination Framework for the Labour Market Information System in Africa."⁹ As is argued, traditional LMIS approaches that focus mainly on data production and exchange to support skills development are insufficient to tackle the jobless growth challenge that is eminent in most African countries. The Integrated Labour Market Information Systems (ILMIS) approach proposed in this guideline, goes beyond traditional LMIS approaches irrespective of their type classification Type 1-3 observed.

³ African Union (2019) "Report of the Minister's meeting of the 3rd Specialized Technical Committee on Social Development, Labour and Employment".

⁴ African Union. "Agenda 2063" Available under: <https://au.int/en/agenda2063/overview>

⁵ African Union.(2014) "Declaration and Plan of Action on Employment, Poverty Reduction and Inclusive Development"

⁶ FHI 360.(2016) Kjartan Sorensen and Jean Michel Mas. "A Roadmap for the Development of Labour Market Systems".

Available under: <https://www.fhi360.org/resource/roadmap-development-labor-market-information-systems>

⁷ *ibid*

⁸ FHI 360.(2016) Kjartan Sorensen and Jean Michel Mas. "A Roadmap for the Development of Labour Market Systems".

Available under: <https://www.fhi360.org/resource/roadmap-development-labor-market-information-systems>

⁹ African Union. (2011). THEME: "Promoting Employment for Social Cohesion and Inclusive Growth - Harmonization and Coordination Framework for the Labor Market Information System in Africa".

The promotion of Integrated Labour Market Information Systems (ILMIS)¹⁰ in this guide is a direct response to the expressed request of Ministers during 3rd Specialized African Union Technical Committee on Social Development, Labour and Employment¹¹ calling for appropriate measures to improve LMIS¹² to:

- i. Focus on decent work for youth with social, economic and political impact, dealing with the demographic factor and rural employment;
- ii. Develop and improve statistics and data on wages;
- iii. Strengthen Member States' policy framework on labour migration through capacity building and development of multi-lateral and regional agreements;
- iv. Evaluate/assess the impact of macroeconomic, economic and social development policies/models and of governance systems on poverty, employment, income, inequality and vulnerabilities of persons and workers in all sectors; the evaluation should also cover the impact of corruption, including on equitable redistribution of wealth;
- v. Design policies and general strategies to improve the conditions of the working poor poverty, inequality, including measures on decent minimum living wages as income guarantee measure, and mainstreaming employment across sectors
- vi. Institutionalise social dialogue in Africa with the view of making it an instrumental and effective mechanism for wealth, competitiveness and productivity, aiming at fair distribution of productivity gains, and promote cooperation and exchange with other countries
- vii. Invest in infrastructure needed to ease access of poor and vulnerable workers in agriculture to markets, productive assets, energy, health, skills development, social security and social protection, etc.¹³

1.2 OBJECTIVE AND STRUCTURE

The purpose of this guide is to help governments advocating for necessary investments in employment governance and to get started with putting in place necessary and relevant information systems. The guideline introduces the latest international standards and best practice in the development of information systems that can help governments to tackle their labour market, employment and skills development challenges inclusively. More specifically, after an introduction in Chapter 1, this guideline provides a brief overview of information systems types and explain their evolution in line with changes in the labour market context and new emerging needs of policy makers and planners.

Chapter 3 outlines a generic Integrated Labour Market Information Systems (ILMIS) system framework encompassing the latest information system standard developed by the ILO to help address labour market challenges in increasingly complex socio-economic environments, to assist governments in setting up institutional structures, mechanisms, processes and instruments. It further underlines developing the analytical capacities and tools needed to support labour market and employment governance to foster sustainable and inclusive job growth.

¹⁰ LMI (+A) systems go beyond the favored "Type 3 LMIS" approach as highlighted in the "Roadmap for the Development of Labour Market Systems" as they go beyond the "integrated database" approach.

¹¹ African Union (2019) "Report of the Minister's meeting of the 3rd Specialized Technical Committee on Social Development, Labour and Employment".

¹² *ibid*

¹³ *ibid*

Chapter 4 defines practical considerations when developing ILMIS systems that are based on implementation experience in many countries around the world. These considerations should be taken into account by politicians and technicians when trying to establish basic structures that can be gradually strengthened and expanded to support the achieving of employment related development goals and policy objectives of economies.

Chapter 5 provides examples of how to initiate the process of setting up basic ILMIS systems. It includes an example activity checklist and work plan for the first year of basic system development.

The framework in this guide is particularly useful for: 1) government agencies/officials concerned with labour statistics, (2) government agencies/officials whose policy focus is on labour market, employment, manpower planning or skills development; (3) managers of training and employment service institutions, both public and private; (4) social partners and (5) all those institutions and individuals concerned with the collection, compilation, analysis and dissemination of Labour Market Information (LMI). As is explained extensively in this guideline, the potential benefits of sound functioning integrated Labour Market Information systems (ILMIS) for the transitioning of economies are significant, especially in terms of labour productivity, wealth creation, social protection, peace and stability, and conflict prevention.

2. THE EVOLUTION OF INFORMATION SYSTEMS TO PROMOTE EMPLOYMENT

Labour Market related information systems (often referred to as labour market information systems) are perceived

differently from country to country depending on the policy needs and stages of socio-economic development.

2.1 LABOUR MANAGEMENT INFORMATION SYSTEMS

The abbreviation 'LMIS' originally refers to 'Labour Management Information System'. These management systems were invented towards the end of the first 'industrial revolution' to assist national manpower planning requirements. This period was characterized by nearly 'full' employment whereby wage and salaried jobs were generally immediately available for all graduates from the education and training systems. Almost all employment, mainly defined as wage employment, was in the public sector, informal businesses

hardly existed and administrative employment statistics were compiled on an exhaustive basis by a network of reporting units on a monthly, quarterly and annual basis. Unemployment, a concept originally formed to mirror wage-employment was perceived as almost non-existent. As the relationship between the training systems and the labour market was fairly direct, occupational profiles and structures changed very slowly and planning of employment and training programs could be done well in advance.¹⁴

¹⁴ ILO (1989): Strengthening Employment and Manpower Planning and Labour Market Information Systems in Africa

It was not necessary to project future demand for occupations and skill needs in the economy to balance misalignments between labour demand and supply.¹⁵ Hence, there was no real need for comprehensive analysis of labour market realities based on standardized labour statistics and institutional exchange and collaboration to guide human resource (HR) planning. It is against this background that

classic Labour Management Information Systems were often intra-institutional databases that were populated with purely administrative records of graduates and vacancies/positions available. Typically, the public institution that was mandated with overseeing manpower planning processes also hosted and maintained the Labour Management Information System.

2.2 LABOUR MARKET INFORMATION SYSTEMS

Conventional Labour Management Information System approaches became dysfunctional when economies transitioned away from classical planned to free market based systems, whereby the labour market structure fundamentally changed and work and employment pattern shifted from the public to the private sector, as a result of privatization, and from formally state owned enterprises to the informal economy. These organizational and structural shifts of evolving economies imposed a serious threat and challenge to the whole process of traditional manpower planning techniques of governments. The rapid labour market changes necessitated a need for comprehensive Human Resource Development (HRD) policies and programmes and required the collection and compilation of representative labour statistics and information from various sources that could help stakeholders with understanding the linkages between the education and training systems and the labour market. Hence, labour market information systems evolved, predominantly to support the compilation and sharing of labour market information.

A careful analysis of existing Labour Market Information Systems reveals that most systems are composed of several, most often interconnected subsidiary management information systems (such as the Education Management Information System, TVET Information Management System, Migration Management and Labour Inspection Systems, etc.) designed to predominantly cater for the various intra-institutional planning needs based on administrative records.¹⁶ In more advanced cases Labour Market Information Systems also include labour market relevant statistics from National Statistics Systems. Regardless, of their level of sophistication Labour Market Information Systems are generally built on the belief that “Information sharing mechanisms should have a technological base (a platform for information sharing and exchange); rules for this information sharing or exchange (regularity, limitations, use, etc.) and a joint understanding of concepts and definitions making shared or exchanged information compatible.”¹⁷

¹⁵ Sparreboom Theo (1999): Improving Labour Market Information in Southern Africa. Policy Paper No. 10 (ILO/SAMAT)

¹⁶ FHI 360.(2016) Kjartan Sorensen and Jean Michel Mas. “A Roadmap for the Development of Labour Market Systems”. Available under: <https://www.fhi360.org/resource/roadmap-development-labor-market-information-systems>

¹⁷ Martin I. (2011), Best Practice on Collecting and sharing migration data for the improvement of the labour market information system, ILO

The rationale of conventional labour market information systems hinges on two main assumptions; (1) that there is a direct correlation between the quantity of labour market information collected, compiled and shared and the quality and relevance of policies that can tackle the skills development challenge and; (2) that the labour market provides sufficient decent and productive jobs for the current and potential labour force that can be matched. Unfortunately, both beliefs are based on a biased perception of labour market realities in most countries, especially newly emerging African economies. It needs to be highlighted that there is no blueprint for labour market information systems as the policy requirements and institutional structures are different from country to country and so are the information needs.

There are a vast number of descriptions for Labour Market Information Systems (LMIS) available. According to an earlier ILO definition, LMIS are “a set of institutional arrangements, procedures and mechanisms by which a country can assure that all relevant labour market information is collected, shared, and channelled to applicable institutions to be analysed and processed into labour market matching and policy planning processes”.¹⁸ A classic LMIS is primarily an information system that organizes information flows and coordination mechanisms. It is a group or combination of dynamically interrelated, interdependent, and interacting information elements to support a common policy purpose. As far as the elements of this system are concerned, they are institutions, private sector, and civil society actors.¹⁹

According to the European Training Foundation, LMIS are systems, mechanisms or processes for gathering, organizing and providing information about the state of the labour market, occupations and jobs, including key changes taking place within employment, jobs, and occupation.²⁰ An earlier GIZ commissioned study views a “Labour Market Information System as an active labour market policy instrument that collects evaluates and provides labour market information to both the labour supply side and the labour demand side” to support skills development.²¹

Even though most active labour market information systems look great in theory, especially when linked to an online portal, they hardly ever functioned effectively in practice and more often than not, cannot be sustained for more than a couple of years. One of the major shortcomings is that earlier ‘classic’ LMIS focus on the tool itself without considering the labour market and policy environment that the system is supposed to inform and monitor.

This observation is confirmed through the African Union commissioned study to work out a “Roadmap for the Development of Labour Market Information Systems” the Region.²² This study argues “that traditional technical assistance to support LMIS in Africa has neither succeeded in improving the functioning of labour markets nor achieved sustainability of the systems themselves, because of a narrow focus on producing employment statistics”. Though such efforts are much-needed, a more comprehensive and integrated approach will be required in order to address the urgent information needs of youth and employers, and to realize the African Union’s ambition to elevate the roles of labour market institutions and LMIS as “important components of national economic development planning” over the next years.²³

¹⁸ Martín I. (2011), Best Practice on Collecting and sharing migration data for the improvement of the labour market information system, ILO

¹⁹ *ibid*

²⁰ European Training Foundation (ETF) Hana Řihova. (2016) Compendium on Anticipation and Matching of Skills Guide to anticipating and matching skills – VOLUME 1

²¹ Silke Woltermann, (2012) The Labor Market Information System as an Instrument of Active Labor Market Policies, Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)

²² FHI 360. (2016) Kjartan Sorensen and Jean Michel Mas. “A Roadmap for the Development of Labour Market Systems”. Available under: <https://www.fhi360.org/resource/roadmap-development-labor-market-information-systems>

²³ FHI 360.(2016) Kjartan Sorensen and Jean Michel Mas. A Roadmap for the Development of Labour Market Systems. Available under: <https://www.fhi360.org/resource/roadmap-development-labor-market-information-systems>

The study also highlights, “In the African LMIS observed (Cameroon, Rwanda, Botswana), while partnerships to support LMIS may be envisaged on paper, in practice the systems remain the single-handed undertakings of one institution.”²⁴ Hence, the roadmap encourages the establishment of Type 3 LMIS, which includes participatory mechanisms where the government formulates policy based on regular inputs from private sector associations.

Since LMIS generally lack clear coordination mechanisms between the various entities that feed information into the LMIS it augments the challenges related to the usefulness and quality of information provided. In many countries, one can moreover observe that very important institutions that do not have computerized management information systems in place are excluded from the LMIS regardless of their importance for policy making purposes. Also decentralized institutional structures and spatial differences are usually insufficiently taken into consideration.

Most traditional LMIS will also not allow for analysis to support for example the identification of target groups who experience difficulties in finding decent and productive employment, sectors that are growing in terms of demand for goods and services but are lacking employment growth and/or skills, problematic effects of certain labour legislations and labour market policies and information about general employment trends and so forth.

It is against this background that classic LMIS are widely understood as only one of the many analytical instruments that can help labour economists in translating labour market statistics and information into effective policies and programmes. LMIS's are nothing but a tool to assist labour market information and analysis and their distribution if built on representative labour statistics. LMIS needs to be understood as a part of a broader Integrated Labour Market Information Systems (ILMIS), a wider network of producers and users of labour market information and analysis to inform and monitor policies. (Chapter 3)

2.3 FROM CONVENTIONAL MANPOWER PLANNING TO LABOUR MARKET GOVERNANCE

More and more governments are realizing that changes in the political environment, financial constraints, changing institutional structures and the increasingly fractured and dual nature of rapidly changing labour markets, require holistic and vibrant strategies, policies, programs, laws, institutional setups, machinery and processes (horizontally and vertically) that support decent and productive employment creation and placement. Such labour market governance mechanism can

be broken into employment and labour governance. While employment governance is mainly concerned with the creation of sufficient decent and productive income/employment opportunities and employability of the current and potential labour force, labour governance is largely concerned with labour laws and the regulatory environment, industrial relations and labour administration.

²⁴ *ibid*

Skills development policies and interventions can no longer be addressed without understanding labour market realities and dynamics in their wider macro-economic and political context. In conceptual terms, the most significant limitation of the classic manpower planning approaches for tackling employment challenges is the assumption that there is a fixed relationship between skills supply and the derived demand for labour from the quantity of goods and services produced, as well as between labour productivity and education or skills.²⁵ Further, classical manpower planning approaches are based on the hypothesis that labour markets are always generating sufficient numbers of decent and productive employment opportunities to absorb all the new labour market entries and that people only require the necessary skills to be placed.

Unfortunately, the current labour market realities in most countries, especially in newly emerging and transitioning economies demonstrate that these assumptions are far from the truth. This also holds for many African countries that are suffering from exclusive jobless growth, whereby the labour market does not provide sufficient decent and productive employment opportunities and growth of the same to absorb the rapidly increasing number of labour market entries as a result of a rapidly increasing working age population.

Unemployment in many countries is only the tip of the iceberg and is not representative of actual prevailing labour market challenges. Most people cannot afford to be unemployed and have to work to make a living regardless of the quality of their economic activities.

It is recognized that most labour markets are increasingly segmented and dual. They are expected to even further change and restructure in light of the Fourth Industrialization, a new era that builds and extends the impact of digitization in new and unanticipated ways. Governments will not only need quality timely and up-to-date labour statistics but their analyses in the wider macro-economic context to develop evidence based inclusive job-rich strategies and policies.

In this context, it needs to be stressed that employment challenges are usually two-fold. Besides the technical rational, there is a strong prerequisite of political will and commitment from the highest levels of the Government to support a strong governance mechanism that can foster decent and productive job creation that goes hand in hand with skills development initiatives. It needs to be kept in mind that to date, neither traditional manpower planning approaches nor labour market governance mechanisms, have fully resolved skills development and employment issues regardless of the level of development of countries. Hence, the initial policy focus of labour demand driven skills development remains valid. The question is how to best ensure that education and training policies are in accordance with economic development and labour market needs of countries.

Successive waves of economic as well as education and training reforms during the last decades have left many African economies struggling with employment governance and specifically with building effective links between skills development, employment and economic development. It is against this background that the establishment of Integrated Labour Market Information Systems (ILMIS) is gaining increasing popularity.

²⁵ R. Amjad, et al. Quantitative techniques in employment planning (Geneva, ILO, 1990), and G. Psacharopoulos, "Linking vocational education and training research, policy and practice: a personal view", *European Journal: Vocational Training*, No. 36, 2005

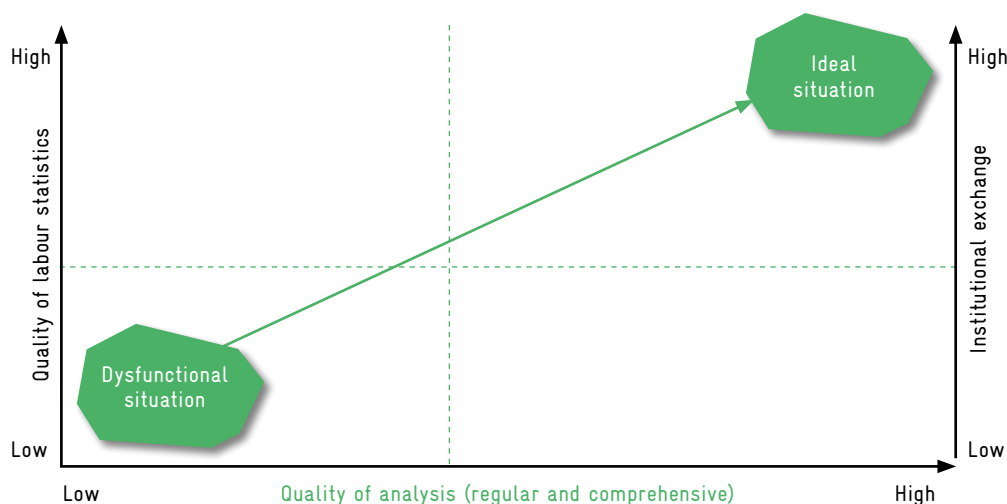
3. INTEGRATED LABOUR MARKET INFORMATION SYSTEM

The ILO developed the first Integrated Labour Market Information System approach, which it refers to as LMI (+A) system in key labour economics publications²⁶. For the sake of continuity and harmonization with the established AUC terminology the ILO LMIA system will be called Integrated Labour Market information System. Both ILMIS and LMIA system are the same and refer to network of institutions, persons, and information with agreed roles to produce and disseminate Labour Market Information Analysis (LMIA) to inform and monitor employment strategies, policies and programmes.²⁷

An ILMIS can provide information on: (1) the balance of labour demand and supply; (2) the current labour market situation (stock) and development (trends) over time.

An ILMIS will help governments to identify priority issues and target groups in the labour market that would need to be addressed through the formulation and effective implementation of appropriate policies and programmes.

FIGURE 1 – THE PURPOSE OF ILMIS-SYSTEMS



Source: Ina Pietschmann, Labour Economist

Hence, ILMIS systems are not only about labour market information per se. The main purpose of ILMIS systems is to allow for and improve employment governance in countries, while building and regulating high standards of institutional exchange, increasing the production of dedicated and representative labour statistics to allow for regular and com-

prehensive labour market information analysis reports and increasing the analytical capacities required to guide, inform, monitor and evaluate effective policies and programmes geared towards creating sufficient decent and productive income/employment opportunities and ensuring employability of the current and potential labour force (Figure 3).

²⁶ Sparreboom, Theo. Labour Market Information and Analysis System. Sandrine Cazes and Sher (Ed.) Verick. Perspectives on Labour Economic for Development. Geneva: ILO, 2013; ILO. Ina Pietschmann et.al. (2016) Key Labor Market Indicators: Analysis with Household Survey Data. Geneva: ILO, 2016

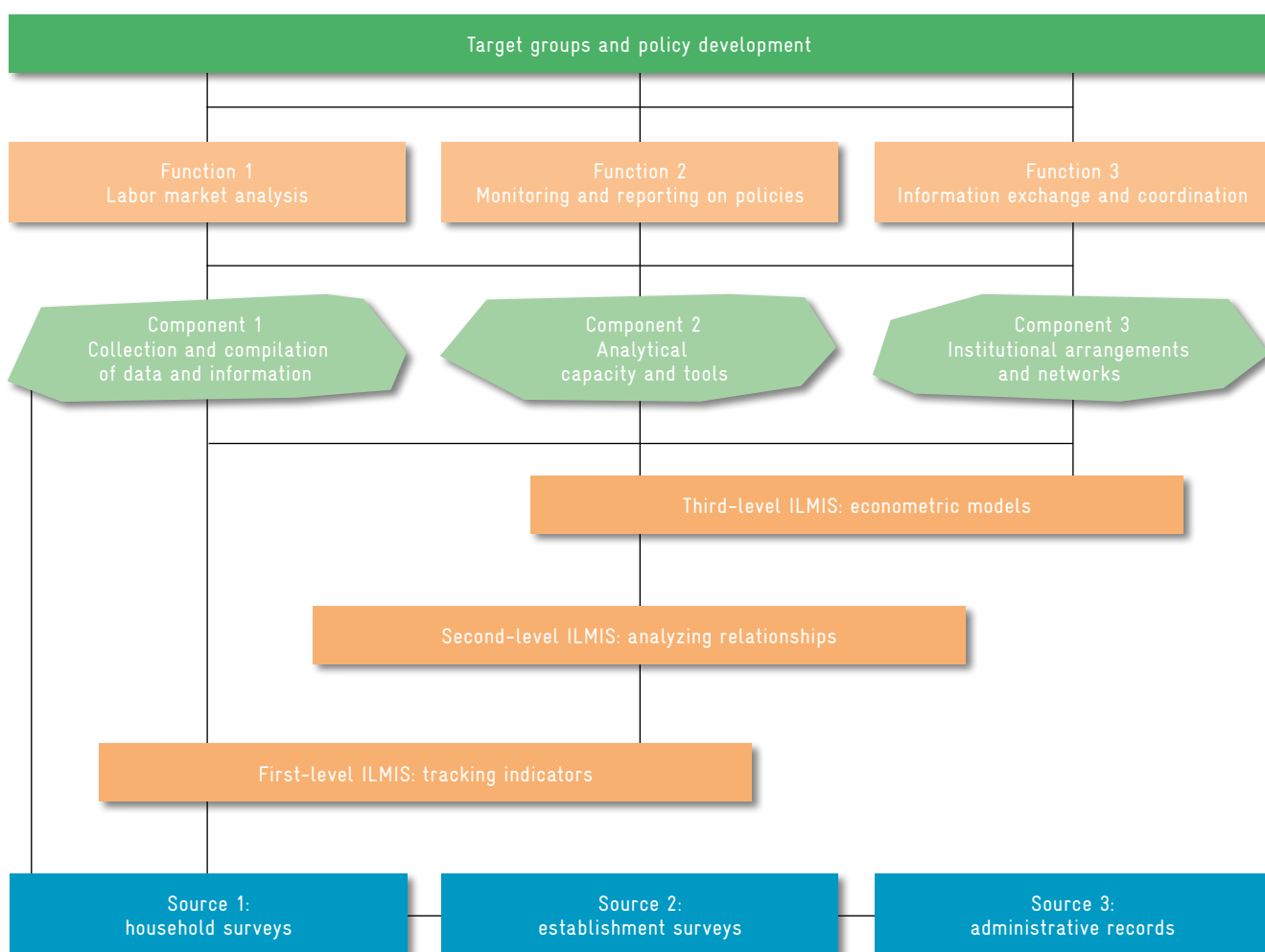
²⁷ ibid

3.1 CONCEPTUAL FRAMEWORK

The ILMIS is an information system approach that acknowledges, that while labour market information, and in particular timely, up-to-date and representative labour statistics, is crucial, a mechanism for informing systematic and dedicated production, based on analytical needs and for communicating the analytical findings, is equally important to guide the formulation, monitoring, and evaluation of policies and programs that are geared towards addressing labour market distortions, especially considering the increasingly complex labour market realities.

Further, ILMIS systems recognize that labour markets are flux and that the institutional structures, available finances, capacities as well as development and policy needed to govern employment are different from country to country. ILMIS systems only outline an all-encompassing frame with multiple functions, components, analytical levels as well as input labour statistics sources that countries would need to consider when designing their desired national systems.

FIGURE 2 – LMIA SYSTEM – CONCEPTUAL FRAMEWORK



Source: Adjusted from Sparreboom, Theo. Labour Market Information and Analysis System. Sandrine Cazes and Sher (Ed.) Verick. Perspectives on Labour Economic for Development. Geneva: ILO, 2013

Further, ILMIS systems recognize that labour markets are flux and that the institutional structures, available finances, capacities as well as development and policy needed to govern employment are different from country to country. ILMIS systems only outline an all-encompassing frame with multiple functions, components, analytical levels as well as input labour statistics sources that countries would need to consider when designing their desired national systems.

The ILMIS framework also takes into consideration that ILMIS generally evolve over time as policy needs increase and analytical capacities grow. Thus, based on the framework countries can design from merely 'basic' to 'highly sophisticated' ILMIS structures, depending on whether the selection of functions, components, analytical levels and input labour statistics.

3.2 FUNCTIONS, COMPONENTS, LMIA LEVELS AND SOURCES²⁸

In general ILMIS have between one and three core functions (Figure 2):

- (F1) Production and distribution of systematic labour market information analysis;
- (F2) Informing, monitoring and reporting on employment and labour strategies, policies and targets;
- (F3) Providing a mechanism to exchange labour market intelligence or coordinate different actors and institutions that produce and utilize labour market information and analysis.

The first function (F1) is a purely analytical function and focuses on the systematic production and distribution of labour market analysis for policy-makers and other labour market stakeholders. The analytical needs are defined by the respective stakeholders as well as the labour statistics and information needs. Hence, it will be important to build, reorganize and formalize institutional structures and arrangements that can, on a needs base produce, disseminate and use labour market information analysis and will provide opportunities for labour market stakeholders to influence the agenda of the ILMIS.

A LMIA can also be predominantly designed to inform, monitor and report on employment and labour strategies, policies and targets (F2). If in addition to (F1) informing, monitoring and reporting on employment and labour strategies, policies and targets the LMIA is used to conduct policy analysis and evaluations. This type of arrangement within the framework would combine functions F1 and F2 (Figure 2). At national levels, the institutional role of the LMIA system can also be broadened to include a third function (F3), which specifically focuses on the setting up or strengthening of necessary processes and mechanisms that support the production, exchange and coordination of LMIA activities of respective labour market stakeholders.²⁹

Regardless of the number of functions that LMIA systems perform, they have to jointly address the following three main components:

- (C1) Collection and compilation of statistics and information;
- (C2) Analytical capacity and tools;
- (C3) Institutional arrangements and networks

²⁸ Sparreboom, Theo. Labour Market Information and Analysis System. Sandrine Cazes and Sher (Ed.) Verick. Perspectives on Labour Economic for Development. Geneva: ILO, 2013

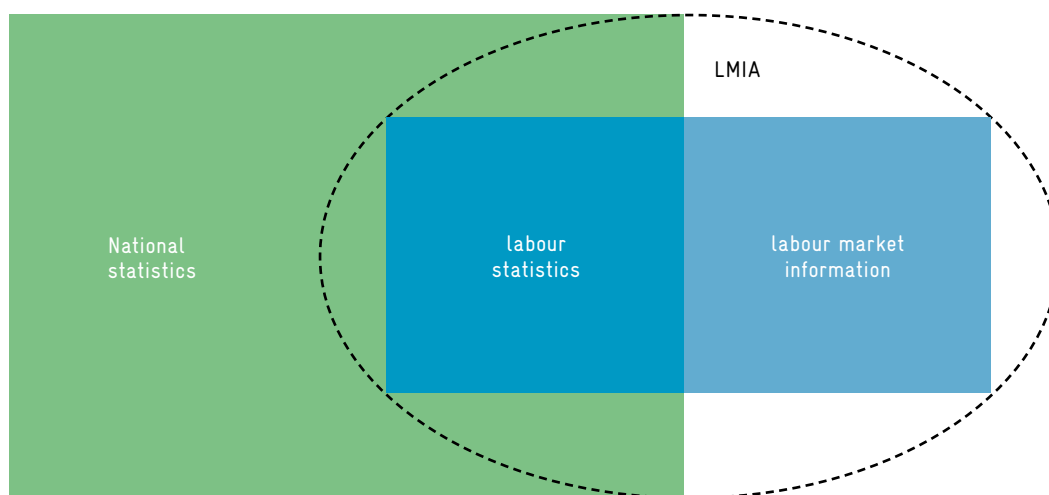
²⁹ Sparreboom, Theo. Labour Market Information and Analysis System. Sandrine Cazes and Sher (Ed.) Verick. Perspectives on Labour Economic for Development. Geneva: ILO, 2013; ILO Ina Pietschmann et.al. (2016) Key Labor Market Indicators: Analysis with Household Survey Data. Geneva: ILO, 2016

With regard to component (C1) and given that ILMIS mainly support employment governance in its wider economic context, (C1) does not just focus on the collection and compilation of labour statistics and information but also makes effort to address statistics and information regarding the state of the broader economy. For example, statistics on economic performance in broad economic sectors will be needed to understand labour productivity in sectors and the demand for occupational skills and vacancies. (Figure 2)

The concept of a ILMIS recognizes that quality labour market analyses require representative national statistics that need to be collected in a timely and up-to-date manner following internationally set labour statistics standards (ICLS).³⁰

Often the conceptions of labour statistics and labour market information are confused in the context of information systems. Labour statistics are quantitative empirical and numerical data points that are representative of a population of people or businesses. Hence, their collection relies on agreed principles and standards. Virtually all countries in the world have established publicly-funded statistical offices that produce labour statistics in one form or another. It needs to be pointed out that statistical offices are a statistical service provider. Thus, they are mandated with the timely, up-to-date and representative production of statistics only, and not with their usage.

FIGURE 3 – LMIA AND STATISTICS



Source: Author (adjusted from Ina Pietschmann et.al. (2016) Key Labor Market Indicators: Analysis with Household Survey Data. Geneva ILO, 2016)

Producing standardized labour market statistics constitutes the coordination of multiple institutions under the umbrella of a National Statistics System or in form of a National Labour Statistics Framework. Such a framework should not be confused with any other type of information system aiming

to promote employment. Also, the function of statistical analysis is usually embodied within a National Statistics Office and is confined to descriptive analysis of statistics in most cases, which is profoundly different from the types of analyses needed to translate statistics into policies.

³⁰ The International Conference of Labour Statisticians (ICLS) is a vehicle for standard-setting in labour statistics, and is hosted by the ILO every five years. Participants include experts from governments, mostly from ministries responsible for labour and national statistical offices, as well as from employer's and worker's organizations. Regional and international organizations and other interest groups attend as observers.

When compared to quantitative labour statistics, labour market information largely refers to primary qualitative information, either collected through specific studies or assessments or to secondary information (which can also build on primary statistics) presented in research reports, newspapers, mass media and so forth. However, these bits and pieces of qualitative or pre-processed information are generally collected to complement labour statistics and to allow their analysis in the wider economic context. ILMIS cannot rely on LMI to solely inform, monitor and evaluate policies and programmes. This point is paramount and needs to be underlined. ILMIS emphasize the need for quality labour statistics to support labour market and, specifically, employment governance.

The main sources of labour statistics consist of the following three source categories (Figure 2):

- (S1) Household surveys and population censuses;
- (S2) Establishment surveys;
- (S3) Administrative records

Each source has advantages and limitations in terms of the cost, quality and type of information gained.³¹ For example, establishment surveys typically have poor coverage of very small or unregistered businesses but are a more reliable source on available vacancies, wages and earnings. Similarly, administrative records provide a low-cost source of labour market information, but this information is severely limited by the purpose of the records, which may be different from that of an analyst or policy-maker.

Therefore, effective ILMIS systems draw on the right mix of all labour statistics sources. It needs to be highlighted that a well-functioning ILMIS system cannot only rely on administrative records and/or big data.

One of the most important features of ILMIS when compared to traditional LMIS is that they do not just consider institutional cooperation but also embody the analytical capacity, mechanisms and tools necessary to continuously identify and interpret labour market developments and trends, and to relate these trends to policies, programmes or other aspects influencing labour market and employment outcomes. The lack of consideration for quality labour market information and analysis as a critical link between labour statistics and policy making in earlier system approaches is one of the reasons for its non-functioning. Most countries undertake ‘ad-hoc’ labour market analysis that fail to understand the labour market in its entirety, insufficiently capture trends and or are not very clear on what to address to foster positive pro-employment change. Stressing the importance for targeted and policy relevant labour market information and analysis is what sets ILMIS apart from traditional information systems. In terms of analytical capacity, ILMIS are developed at three levels. (Figure 2)

At the heart of any functioning ILMIS lays a dedicated LMIA or ILMIS Unit. Such a unit is the precondition for quality labour market information and analysis. It needs to be equipped with a clear mandate and must be staffed with talent and the necessary technologies. Such a unit can be hosted anywhere in the government system. In many cases, it is attached to the government entity concerned with employment and labour policies. One of the main responsibilities of the ILMIS Unit refers to the first-level LMIA capacity, the monitoring or tracking of a set of agreed indicators based on crude micro- data, from multiple sources, disaggregated to the degree of detail needed. The monitoring of an agreed set of indicators not only results in signals on the state of the labour market, but also provides a starting point for a range of additional analytical activities and studies, focusing on relationships in the labour market and between the labour market and the broader economy (second-level LMIA). (Figure 2)

³¹ ILO Quick Guide on sources and uses of labour statistic. Available under: https://www.ilo.org/wcmsp5/groups/public/---dgreports/---stat/documents/publication/wcms_590092.pdf

Second level LMIA, refers to the analysis of relationships of labour market phenomena and looks at labour market realities and trends in their wider economic context. It involves the use of various statistics and information sources, quantitative methods (e.g. regression analysis) based on micro-data, but also employs a wide range of qualitative methods (e.g. sector studies, stakeholder-driven forums). In all cases, analytical activities will draw on or will need to be complemented

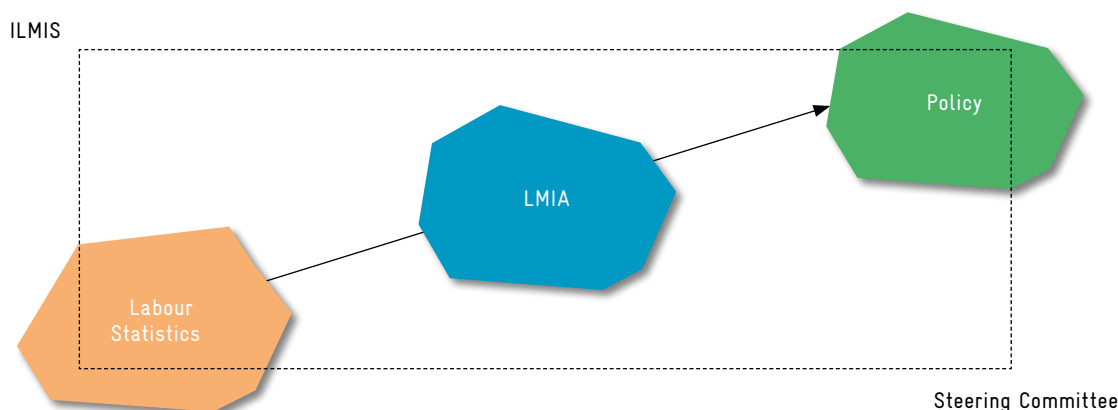
by a first-level LMIA, tracking of labour market indicators (signalling). Chapter 4 provides more information on common analytical tools and practices specifically geared towards informing skills development. The third and most advanced level of LMIA involves the use of comprehensive econometric models that build on comprehensive first and second-level analysis (Figure 4).

3.3 INSTITUTIONAL ARRANGEMENTS

Effective and efficient labour market and employment governance requires constant adjustments in various policy areas that are concerned with employment. Considering that the ILMIS constitutes the main mechanisms and processes to practice employment governance in countries, close coordination between stakeholders necessitates institutional linkages to guide the formulation and monitoring of national socio-economic development plans, including national employment strategies and policies, skills development, poverty reduction to just highlight some. Such institutional arrangements and networks are generally understood as a set of agreements on the division of the respective responsibilities of agencies involved in the collection, compilation, analysis and dissemination of LMI to support employment and labour governance.

Institutional arrangements also encompass governmental institutions involved in the implementation of policies and/or non-governmental entities that support the realization of government strategies and policies. It is crucial for policy makers to be included as, unless analysis and recommendations based on solid labour statistics and LMI are translated into decisions and policy action, there is little point in efforts to producing labour statistics and information from the outset. The lack of mechanisms and processes that could guide the production and use of labour statistics and information stored in conventional LMIS's is exactly what made and still makes these traditional LMIS's fail.

FIGURE 4 – LMIA INSTITUTIONAL NETWORK



Source: Ina Pietschmann, Labour Economist

There are many ways to develop a set of modifiable institutional arrangements that allows for the effective linking of information and analysis on the one hand, and policy action on the other. The design and effectiveness of such arrangements is determined by a number of factors, including the role of the government in the economy, what type of policies are envisaged, the state of the education and training system and the level of economic development.

One form of a straightforward institutional arrangement is the establishment of an LMIA Steering Committee (also referred to as National Coordination Committee) that is comprised of policy-makers, the national statistical agency and other key stakeholders including workers' and employers' organizations. The right institutional arrangements and the

legally binding commitment of parties concerned are vital for any ILMIS to effectively perform its analytical and dissemination function. For instance, the access to crude labour statistics from statistical agencies, administrative bodies and other entities is the precondition for any effective analysis and dissemination of information.

Hence, the ILMIS aims to create an institutional network of 'trust and knowledge sharing' between concerned entities, while acknowledging distinct functions and responsibilities for producers and users of LMI. The type and number of entities to be involved, etc. need to be identified by each country when designing a ILMIS that can facilitate more effective and efficient employment governance.

4. ESTABLISHING A ILMIS-PRACTICAL CONSIDERATIONS

There are many considerations that need to be taken into account when developing an effective National ILMIS that can be sustained and gradually expanded to support policy makers and planners in making pro-employment decisions. Some of the main consideration will be explained in the following sections.

Overall one can say that, an ILMIS must be relevant with respect to the needs of end users. Thus, it must provide robust institutional arrangements that ensure the sustained production of relevant, timely and representative labour statistics and analytical tools and capacities to allow for

meaningful LMIA. ILMIS are no longer just about organizing the collection of sufficient data, like earlier information system approaches but about the systematic production of labour statistics needed and the establishing of processes and mechanism that can allow and support effective employment governance. The building of a functioning ILMIS is a long-term project that requires strong political will and secured government funding. Hence, governments need to be very realistic with their short-term expectations regarding their returns of investment.

4.1 ILMIS DESIGN

The design phase of a ILMIS involves a number of crucial steps. Experience, from countries around the world shows that the ILMIS design process is fundamental for its success as it supports the building of ownership and gains a high level of political commitment. Ideally the process should be facilitated by an independent or external to the government party to ensure objectivity and an unbiased consideration of the various difficulties labour market stakeholders experience as well as their needs and in consideration of the overall employment governance challenges in the economy. The ILMIS design is a consultative process. It can also be facilitated by the establishment of a task team on ILMIS development. The task team will help ensure stakeholder involvement at an early stage.

The design of a ILMIS starts with conducting an LMIA needs assessment. The main purpose of such an assessment is to understand existing governance structures, strengths and weaknesses in relation to evidence based coherent employment, labour market and skills development policies and programmes. The assessment should seek to map out existing mandates, roles and responsibilities of key labour market stakeholders related to labour statistics and labour market information production, usage and exchange. The overall aim of assessment is to inform the most appropriate ILMIS architecture in the given context. The LMIA assessment should suggest clear recommendations for an optimal ILMIS planning based on the analyses of assessment findings. The recommendations should also include:

1. Clear policy objectives and targets that the system should inform and monitor, target group, planned analytical methods, sources of data and outputs of the ILMIS, software considerations as well as the institutional set-up of the system, taking existing arrangements into account;
2. A proposal for training and capacity building of the ILMIS Unit;
3. A financial proposal.

BOX 1 – LMIA SYSTEM DEVELOPMENT IN PAKISTAN – START-UP

The aim of the newly established labour market information and analysis system is to provide up-to-date and timely information and analysis, which can be used for policy formulation and monitoring of decent work and other policies. The LMI+(A) system consists of three components:

(1) Labour Market Information and Analysis Unit

(2) Institutional arrangements

(3) Labour market information and analysis tools

(a) Analytical tools

(b) Reporting tools

(1) The LMIA Unit has been staffed with a team of junior professionals working on information system development and policy analysis in the employment and labour field. The staff is being trained both through on-the-job and off-the-job training on topics such as labour market analysis and the use of general and specific software for statistical analysis and data management.

(2) Institutional arrangements enable the LMIA Unit to effectively bridge the gap between data collection and labour market analysis on the one hand and decent employment and other policy formulation on the other. These arrangements start from the formal and informal linkages of the LMIA Unit as it is located in the institutional set up of the MOLM. In addition, an Advisory Panel has been established which brings together labour market stakeholders and social partners. The Advisory Panel reviews and plans the activities and outputs of the Unit on a regular basis and fosters linkages between data collection, analysis and policy development at the national and provincial level. In this way the Panel ensures continued policy relevance, ownership and sustainability of the Unit.

(3) The LMIA system uses two sets of tools, namely analytical and reporting tools. The approach that has been adopted regarding the analytical tools is to start with the development of a national LMIA database containing a limited number of key labour market indicators. These indicators have been identified, produced and stored in accordance with international standards and reflect best practice in LMIA development. Over time, this set of indicators will be expanded in response to the demand for information and the capacity of the LMIA Unit to maintain and update the database. Regarding the dissemination and reporting tools, the LMIA Unit produces labour market reports on a regular basis. Since the start of the project, four reports have been produced.

Source: Sparreboom T.; Powell, M. (2009). "Labour market information and analysis for skills development", Employment Working Paper No. 27 (Geneva, ILO).

Possible scenarios for a ILMIS should be discussed during a joint LMIA design workshop. The design workshop should also agree on the institutions that should form the core network of ILMIS producers and users and their functions and responsibilities regarding LMIA.

It needs to be flagged that the basic ILMIS should be kept very lean and light. Countries should avoid by all means, involving too many institutions and parties, particularly at the beginning stages of forming a network. ILMIS are like trees; their branches grow gradually with increasing strength through enhanced analytical capacities of the ILMIS Unit, improvements in labour statistics and growing policy needs. Thus, if a ILMIS will be built from scratch, in a context of limited experience with labour market information and analysis, it is recommendable to establish a (first-level LMIA)

core system first that builds on a limited set of key indicators. Even for operational systems, it is essential that adequate LMIA capacity will be continuously developed to oversee all activities of the system and allow for movement to more sophisticated analysis.

Labour market practitioners around the world gave identified that the ‘right formula’ for institutional engagement as the main success factor in the establishment of functioning ILMIS. It acts like an integral cog in ensuring that the whole mechanism runs optimally. The hosting of the ILMIS Unit usually follows the policy and planning models countries apply.

4.2 IDENTIFY THE INSTITUTIONAL ARCHITECTURE

When considering the institutional architecture of an ILMIS and especially when trying to find the best institution for embedding an ILMIS Unit, to overseeing the system work, several approaches can be eminent that relate to factors such as the country’s level of development and the angle of anticipated market reforms and policy models applied.

Many emerging economies still assume that heavy investments in skills development (labour supply) will eventually translate into positive labour market outcomes (decent and productive income opportunities). In these countries, LMIA is predominantly used to guide decision-making within the entity that is concerned with manpower planning and/or skills development. Typically, the ILMIS Unit would be hosted in these institutions. One of the main shortcomings of this approach is that it often neglects the reality of labour markets. In contrast to the manpower and skills development approach that emphasizes the production of LMIA to mainly support supply side interventions, stands the demand side approach, whereby a government body concerned with private sector development or the private sector hosts the ILMIS Unit.

This approach usually requires LMIA to guide investment and sector development strategies and policies as well as demand driven skills development in workplaces. As one can imagine, this approach frequently falls short of informing and monitoring the decency of employment, workers’ rights, labour market integration and inclusion to just highlight some issues.

The most common and largely perceived as the “optimal” approach to establish ILMIS is to embed the ILMIS Unit with either the Ministry of Labour or any other Government entity whose ambit lies within employment strategies, policies and planning. However, in many African countries the Ministry of Labour is mainly concerned with the administration of labour standards (labour governance) and does not hold the formal mandate for dealing with employment governance. This responsibility is either absent or lies with the Ministry of Finance and/or Economic Development. In other countries, it is fulfilled by a National Planning Authority, the Office of the Prime Minister or similar. Hence, the ILMIS design assessment should review institutional mandates, policy frameworks and capacities in countries to determine the best ‘home’ for hosting a ILMIS Unit.

ILMIS are pre-dominantly designed to support national employment governance. If countries do not have a clear employment strategy, policy or programme in place, it would be advisable to promote such employment governance standards and produce LMIA that can inform their design. The creation of a well-informed employment strategy should

be based on sectors with high employment growth potential to accelerate the pace of job creation. Successful employment strategies will also require crossing traditional silos within governments and build bridges between national and local government bodies.

4.3 STRENGTHENING NATIONAL LABOUR STATISTICS

Sound labour statistics are the necessary precondition for timely and up-to-date labour market information analysis that will help to monitor and guide state employment and human resource development policies and programmes. Since National Statistics Offices (NSO's) are the central producer of national labour statistics, it will be inevitable to guide their labour statistics production. In many countries, NSOs are left to deal with the production of labour statistics, due to the lack of user demand and technical guidance in the area. The production of labour statistics in line with internationally accepted labour statistics (ICLS) standards is often neglected and stands last on the list of priorities particularly in nations where Statistics Offices are chronically underfunded. Labour market indicators composed are very often limited to labour force participation and employment and unemployment rates only.

Strategies and policies to promote inclusive employment and job rich growth as well as structural change in the economy will require dedicated and systematic labour statistics on the supply as well as the demand side of the labour market that go beyond traditional employment, unemployment and underutilization numbers/rates but capturing:

- I. All relevant work/employment dimensions (incl. education/skills background, working conditions, social protection, social security, social dialogue, collective bargaining, etc. and
- II. All people, including own-production workers, the potential labour force, migrant workers and child labourers to just highlight some.
- III. High quality information on the performance of the private sector, including employment opportunities, wages, skill supply, taxation and labour administration challenges, etc.

To tackle the challenges in monitoring the changes in the nature of work and employment Labour Statisticians from around the world (as part of the International Conference of Labour Statisticians³²) have designed and endorsed labour statistics standards that provide the backbone for such analysis. The Labour Force Survey, a dedicated household survey, is such a labour statistics standard. The concepts and definitions concerning statistics of work, employment and underutilization as endorsed by the 19th ICLS are designed for application in National Labour Force Surveys (LFS's).³³

³² The International Conference of Labour Statisticians (ICLS) is a vehicle for standard-setting in labour statistics, and is hosted by the ILO every five years.

³³ ILO, 19th ICLS Resolution concerning statistics of work, employment and underutilization, Geneva, 2013, para. 67a

LFS are aligned with the SNA boundaries and ensure representativeness of economic activities in major economic sectors. When collected at different points in time, LFS provide the basis for monitoring current situations, changes and trends in the labour market structure (with shifts of employment from lower to higher productivity sectors) and the employment situation, which may be analysed in connection with other economic and social phenomena. Further, labour force surveys are the primary source of information to capture informal economic activity, collect information needed to inform Human Capital Development interventions and can help to proxy labour demand, information that is crucially needed especially in countries with a large informal economy. Dedicated LFS statistics are indispensable for countries that suffer from major labour market inequalities, imbalances and jobless growth. Well designed and dedicated labour force surveys have helped countries around the world to reduce their transition costs towards middle and high income status.

Other sources of labour statistics, such as population censuses, multi-purpose household surveys, establishment surveys, or administrative records (e.g. employment service records) differ in scope, coverage, units of measurement or methods of data collection. Given that any policies are as good or as bad as the evidence their built on, ILMIS should focus strongly on improving, standardizing and streamlining the production of labour statistics. A first step into this direction would be the design of a National Labour Statistics Framework to better organize the production and dissemination of labour statistics in countries. Such framework needs to recognize the analytical needs to inform strategic planning documents geared towards labour market governance and takes an all-encompassing to be an integrated part of the National Statistics System. Likewise, if countries do not yet have a dedicated Labour Force Survey programme in place the National Statistics Office should be supported with the design and implementation of the same.

For all countries that do not have yet a dedicated Labour Force Survey, it would be recommended to design and run such survey at least on an annual basis. For countries that already have a labour force survey in place its adaptation to top notch sampling methods enlarged sample size to capture regional labour market difference, the adoption of latest ICLS standards are areas that should be promoted as well as the increase its implementation frequencies, for example from 'ad-hoc' to 'annual' or from 'annual' to 'quarterly'. Another point that is also very important in most countries is the improvement of statistics evaluation and quality control mechanism and processes.

Further National Statistics Offices should be supported in the development of statistics on the demand side of the labour market. This could involve the establishment of a business repository and regular survey on skills needs of businesses by economic sectors and for occupations or occupational families. The main objective of an establishment based survey on skill needs is to obtain data directly from enterprises on skills profile of their employees, any shortages or barriers, the extent and nature of their vacancies, and the required profile of applicants in terms of skills and other qualities, as well as the current training situation and their future training needs. The survey may be conducted annually covering a target sector each year.

Also, establishment surveys on employment and earnings are generally considered as core elements of a national statistical program on labour related establishment surveys and thus should be encouraged. There is often an urgent need to enhance dissemination practices and relations with users. In addition the to the improvements and expansion of national surveys that collect labour statistics on a regular basis, administrative records on the labour demand and supply side from selected institutions under the ILMIS should be refined. Strong emphasis should be put on administrative records related to skills development and social security and tax payments in sectors. Such information can be derived from special studies of institutional records.

4.4 STRENGTHENING LMIA CAPACITY, TOOLS AND PRODUCTS

Many politicians, economists and researchers assume that labour statistics and other intelligence about labour markets are readily available from various sources or can be easily collected if needed. However, the reality proves differently. The systematic collection of relevant and representative labour statistics and information on the labour market situation has to be initiated by labour market analysts and researchers that seek to understand labour market dynamics and trends. These trained Labour Market Economists or Analysts are hard to find in most emerging economies. This therefore means that a heavy investment in building the LMIA capacity and analytical tools is needed. Further, LMIA and trends must be made available to the relevant labour market actors.

The setting up of this LMIA production chain, and all related activities, carries a substantial cost for governments that will need to be considered. It will require a high level of political commitment and dedication to address the employment governance challenges. It is certain that the investments will pay off as labour market information and analysis contribute significantly to the reduction of the transaction costs from lower to higher productivity sectors, wages and income. It is widely known that labour market information and analysis (LMIA) guides evidence based policies that can help labour markets operate more efficiently and thus improve labour market outcomes.

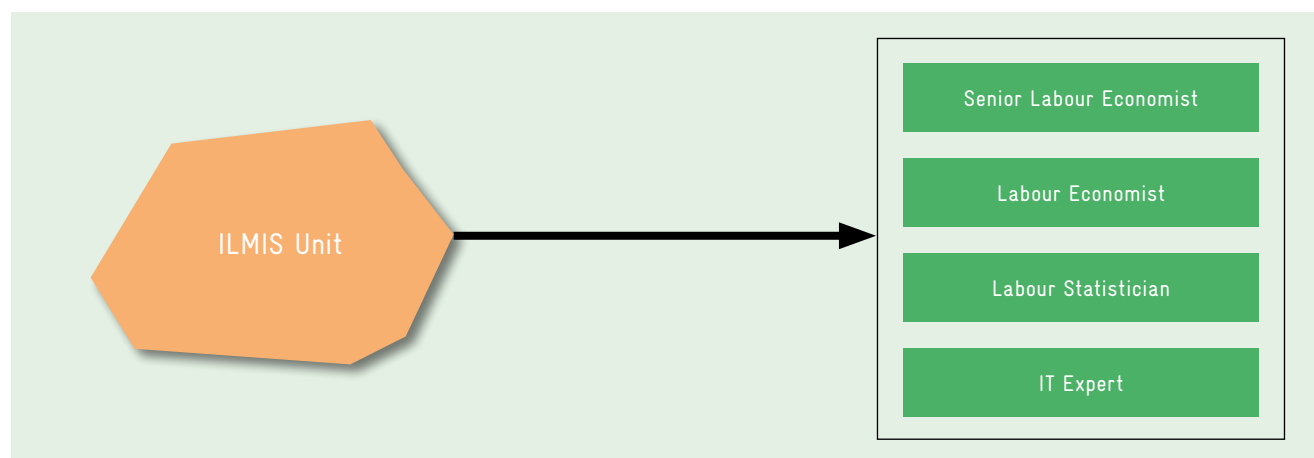
4.4.1 SUPPORT THE CREATION OF AN ILMIS UNIT

ILMIS systems put very strong emphasis on establishing the analytical capacity and tools that guide and coordinate the production of required labour statistics and information and will lead to valuable LMIA products to guide labour market actors. A major part of the early ILMIS development work should focus on establishing a solid ILMIS Unit with a clear mandate staffed with well-trained labour market expertise. The unit would be responsible for undertaking key activities to establish a core ILMIS system, such as the compilation of representative labour statistics, the establishment of an appropriate LMIA reference database, the production of

regular labour market reports and the dissemination of information and analysis while collaborating closely with labour market stakeholders, statistical agencies and research institutions.

The ideal 'home' for such a ILMIS Unit will depend on a number of factors. One aim of the LMIA needs assessment (section 4.1) is to propose the right position in the government's organizational/institutional structure.

FIGURE 5 – EXAMPLE STRUCTURE OF A BASIC ILMIS UNIT



Source: Ina Pietschmann, Labour Economist

There are a number of other very crucial factors that need to be considered when trying to set up and sustain a ILMIS Unit. The most important being the following:

1. The Institution that hosts the ILMIS Unit should have a clear mandate to coordinate the National Employment and/or Jobs Strategy or any other employment governance related policy framework;
 2. Funding for the ILMIS Unit should be secured;
 3. The ILMIS Unit needs to be an independent division with a clear mandate and responsibility to:
 - Coordinate the design, components and functions of a national labour market information and analysis system ILMIS;
 - Establish and maintenance of a LMIA reference database (classic LMIS) to allow for labour market trends analysis and to support the dissemination of results;
 - Coordinate the establishment and operationalisation of relevant analytical tools (Section 4.4.3)
 4. The ILMIS Unit needs to be established in a way in that it can be easily moved between institutions if changes in the organizational structure occur.
 5. The ILMIS Unit should be staffed with permanent civil servant positions that are part of the public civil servant scheme to avoid high staff turn-over and or loss of human capital built in LMIA.
- Utilize analytical tools to produce regular LMIA such as quarterly LMIA briefs and annual LMIA reports and to distribute the same widely;
 - Organize and chair regular LMIA Steering/Coordination Committee Meetings with key stakeholders and implementing partners to facilitate the design and implementation of a national employment/job strategy and related policies and programmes;
 - Be the focal point for enquiries about labour market situation and trends.
- A ILMIS Unit should be staffed with at least one or two trained labour economists and at least one labour statistician and one information technology (IT) expert.

4.4.2 ESTABLISHING A LMIA STEERING (COORDINATION) COMMITTEE OR NATIONAL COORDINATION COMMITTEE

Under the ILMIS umbrella it is vital to establish a LMIA Coordination Committee or LMIA National Coordination Unit as key instrument to bring together different labour market stakeholders and to facilitate institutional exchange related to LMIA. The primary function of the LMIA Steering Committee or National Coordination Unit is to guide the production of labour market information analysis needed by the various key policy makers and planners to coordinate resource and avoid duplication of efforts. In, at least, quarterly meetings analytical needs of parties will be discussed, LMIA reports, briefs and bulletins will be presented and explained to the immediate user to maximize their utility for policy making. Directed by analytical needs, joint efforts of the LMIA Steering Committee will help to strengthen labour statistics including the quality of administrative data that is produced by various actors. New ideas on extending the production of administrative labour statistics will be introduced that will address requirements. The LMIA Technical Committee plays an essential role in supporting the design and roll out of a National Labour Statistics Framework.

The LMIA Steering Committee must conduct frequent seminars and workshops that discuss the relevant labour statistics and analytical needs of Committee members and help rally a common understanding of issues and commitment to an inter-agency collaboration that can coordinate the gathering, analysis and dissemination of labour market information from a broad range of Ministries and labour market institutions. The LMIA seminars and workshops should build the operational capacity and knowledge to facilitate effective employment governance.

The LMIA Steering Committee provides a stabilizing influence on LMIA concepts and directions that are established and maintained with a visionary view. The Steering Committee provides insight on long-term strategies in support of legislative mandates. Members of the Committee ensure LMIA objectives are being adequately addressed. The Steering Committee will also facilitate the establishment of Memorandum of Understanding between institutions that agree on mechanisms to access labour statistics and regulate information exchange.

4.4.3 ESTABLISH ANALYTICAL TOOLS AND PRODUCTS

Similarly, to the belief many politicians, economists and researchers hold that labour statistics and other intelligence about labour markets are readily available to use, the second myth is that labour statistics can be directly translated into policies. This misconception contributes in large part to the malfunctioning of employment governance mechanisms and processes in many countries.

To capture the ever-changing labour market realities and dynamics in its complexity requires foremost analytical skills and tools that are tailored to serve specific policy needs.

Policy needs, and analytical requirements will determine the type and volume of labour statistics that are required for LMIA. In other words, decision makers must understand that when it comes to labour and employment governance, it is not just about the quantity of labour statistics that can be collected, compiled and stored but about the labour market analyses, analytical capacities and tools that have to be continuously performed to understand the binding constraints to employment. The analytical needs will also determine to a large part the institutional set-up that confines the ILMIS.

4.4.3.1 ANALYTICAL INDICATORS

Indicators are the most prominent analytical tool for LMIA. Indicator analysis is a structured analytic technique used in labour market information analysis. It uses labour statistics to expose trends and identify major shifts in a subject area, helping the analyst to provide evidence-based labour market intelligence with reduced cognitive bias. Indicators are therefore the basis for the reading of signals about the state of the labour market. For meaningful labour market signaling, indicators are needed that will help monitoring. The following areas are of direct relevance to understanding the labour market structure and to inform skills development:

- Employment trends (by occupation, sector, status, informality in employment for certain target groups and geographical area);
- Unemployment or underutilization trends (by occupations/skills and educational attainment levels for certain target groups and geographical area);
- Trends and levels of educational attainment/TVET training/skills development in the labour force for certain target groups and geographical area;
- Wage and income trends;
- Employment contribution to GDP by different economic sectors/target groups/geographical areas;
- Nature of employment by business type/size;
- Posts/vacancies/sets of tasks/terms of employment categorized by occupation, status of employment, education/skill requirements and business type
- Vacant posts (by sector, occupation, location)
- Filled posts (short-term, seasonal; voluntary, informal work)
- Filled posts (by condition of work/e.g. social security coverage)

Labour force indicators, as a sub-group of labour market indicators, provide information on the nature of work and employment of the economically active population (supply) that is engaged with, including occupational, sectoral and status of employment and wage information, which can be used as a starting point to assess skill needs. Key labour force indicators are ideally constructed based on annual Labour Force Surveys. Even though other household surveys might provide information for labour force indicators their values are less precise due to the fact that other household surveys are not dedicated to understanding labour markets exclusively.

The fact that household surveys are usually only conducted every 3 or 5 years hinders the monitoring of timely changes in the labour market composition and structure. Key indicators to capture enterprise based trends in job creation and requirements range from open to filled vacancies in sectors and occupations, wages for certain occupations, pension or health care coverage and contract type of employees to just highlight some. As part of the ILMIS design, countries will have to define a set of key labour market indicators that will be needed for analysis that can inform and monitor the identified policy and planning objectives. A good collection of indicators to choose from are the ILO decent work indicators.³⁴

4.4.3.2 LMIA APPROACHES AND TOOLS

The picture of labour market trends based on a set of indicators can be complemented and deepened using a variety of other analytical approaches or methods geared especially to inform skills development. Some are listed in Figure 6. Among these approaches is the method of econometric modeling based on labour market indicators. It needs to be highlighted that econometric modelling is the most sophisticated method capable of providing economy-wide, detailed, quantitative and consistent information about future skill needs, however it requires very strong and robust labour statistics over time and a high level of analytical capacity to lead to meaningful results for manpower planning. In countries without comprehensive, representative, up-to-date and timely, year on year labour statistics other multi-method approaches such as skills anticipation³⁵ will be much more meaningful to guide policy makers and planners.

In countries with a large informal economy the collection of representative enterprise based vacancy information through national establishment census and enterprise surveys is often a major challenge for statisticians. Vacancy records play a vital role in understanding of monthly and or seasonal hiring patterns. Hence, alternative LMIA approaches are needed to understand vacancy trends. One of such approach is a vacancy barometer; it collects information from vacancy announcements systematically and constantly. Analysis of such vacancy announcements can be a valuable tool to predict hiring demand in certain geographical areas, sector and for specific occupational groups and thus help balancing labour/skills supply and demand.

³⁴ ILO. 2013. Decent Work Indicators Available under: https://www.ilo.org/wcmsp5/groups/public/---dgreports/---integration/documents/publication/wcms_229374.pdf

³⁵ ILO (2015). "Guidance Note – Anticipating and matching skills and jobs" Available under: https://www.ilo.org/wcmsp5/groups/public/---ed_emp/---ifp_skills/documents/publication/wcms_534307.pdf

FIGURE 6 – OVERVIEW OF COMMON LMIA TOOLS TO SUPPORT SKILLS DEVELOPMENT

LMIA tools	Benefits	Limitations	Outputs	Resources
Signaling based on labour market indicators derived from labour statistics	Simple, easy to do and update	Heavy dependency on nationally representative labour statistics Requires very good analytical skills	General trends in skills demand and supply	Statistical and analytical knowledge Time series data from
Econometric modeling	If well maintained consistent overview and forecast	Very data depended, very costly, time-consuming, very difficult to maintain	Projections of demand & supply by occupation and industry	High expertise in econometrics Heavy reliance on quantitative National Statistics (SNA, LFS)
Enterprise based training needs survey	More specific enterprise based statistics Efficient means for predicting changes in skills demand	Limited to certain sectors, Very costly, relies on perceptions, depended on the willingness of employers to share information	Specific skills needs in selected enterprises	Expertise in development and analysis of surveys Needs to be designed and implemented jointly with the NSO
Special studies and assessments such as rate of return analysis, tracer studies	Provide information to particular skills	Very costly, linked to a specific education/ training institution	Subject specific/ qualitative demand and supply factors	Expertize in specialized studies
Sector studies (largely based on secondary data analysis)	Comprehensive approach to understand different factors that drive skills demand	Partial view, prove costly in view of scarcity and sector specific analytical skills	Sector specific data on demand and supply	Expertise in quantitative and qualitative analysis of skills issues
Job opportunity Index/ vacancy barometer	Gives insight into changing demand	Limited coverage of smaller firms, resource intensive	List of skills demand based on vacancies	Local newspaper accounts
Use of administrative records	little cost, readily available data	Limited to available data, timely access to data, incomparability issues, limited coverage	Demand and supply side information limited to administrative purposes	Man hours for compilation of administrative data and storage

Source: Adapted from Sparreboom, T. and Powell, M. (2009). Labour market information and analysis for skills development. Employment Working Paper No. 27 (Geneva, ILO).

4.4.3.3 LMIA REFERENCE DATABASE AND SOFTWARE

New information technology provides great opportunities to store and organize information in such a way that it can support comprehensive labour market analysis and facilitate its wide dissemination to labour market stakeholders and interested parties. The design of a web-based reference database, for LMIA and information, platform should be envisaged as part of the ILMIS development. Such a reference database, which is closely related to a classic LMIS, should be maintained by the ILMIS Unit. Its design and content should be guided by the various producers and users of Labour market information and analysis that are linked under the LMIA Steering Committee. If linked to a public employment service office the LMIS could be expanded by a feature to allow job matching while registering job seekers and vacancies.

A question that is often raised is the choice of appropriate software to support LMIA reference databases and tools. It needs to be understood that LMIA as such relies on several statistical software to enable processing of microdata and analyses. Such software can range from standard statistical analysis packages such as SPSS or SATA, to software that has been developed for specific purposes, such as the forecasting of economic and labour market indicators. The dissemination of labour market information and analysis often involve the use of specific software to design and maintain websites, publish information, and so on. Therefore, rather than a single, all-encompassing software product solution, software applied for LMIA is best viewed as a collection of applications that are used for various purposes at varies levels.

4.4.3.4 LMIA PRODUCTS

As part of the ILMIS design and the definition of institutional mandates, functions and responsibilities, the ILMIS Unit should be committed to produce a range of LMIA products. These products could cover quarterly LMIA briefs on various topics of relevance and annual employment trends reports. A

dissemination schedule and communication strategy should be developed by the ILMIS Unit under consideration of user needs in close collaboration with the LMIA Steering Committee or National Coordinating Unit.

4.4.4 ENHANCE THE ANALYTICAL CAPACITY

Once the ILMIS Unit at the centre of the ILMIS becomes operational there will be a great need for training in labour market analysis based on micro data from labour force surveys (LFS) and other sources of official statistics to conduct regular signalling. Staff of the ILMIS Unit needs to be confident in handling micro-data from various sources and to construct indicators based on international statistics standards, disaggregate, cross tabulate and analyse statistics and information. The ILMIS Unit should also be trained in general labour economics to understand the policy frame-

work, institutional responsibilities and roles to support their informing, implementing, monitoring and evaluation. LMIA training should also be provided to other stakeholders, especially users of LMIA to enable results to be effectively channelled into policies and activities. Training should be conducted continuously on-the job and off- the job. This would also include tailor made training to staff of public employment service centres in utilizing LMIA for job matching purposes.

5. SETTING UP A 'BASIC' ILMIS – EXAMPLES

5.1 EXAMPLE – ACTIVITY CHECKLIST

- 1 Conduct a LMIA needs assessment
- 2 Develop a ILMIS architecture geared towards clear policy objectives during high level government consultations
- 3 Write a report that spells out the ILMIS architecture and let involved parties agree to its design
- 4 Establish appropriate institutional mandates and arrangements among labour market stakeholders to support the functioning of the ILMIS
- 5 Establish a ILMIS Unit
- 6 Develop Memorandum of Understanding (MoU's) to support the collaboration and exchange of information between various institutions if necessary
- 7 Establish a LMIA Technical Steering Committee that will meet at least quarterly to guide the production and support dissemination
- 8 Develop a labour market monitoring strategy, including specific analytical outputs (reports, etc.)
- 9 Build consensus on statistics and information needed to construct a set of selected key labour market indicators regularly to allow trend analysis
- 10 Support the design or upgrade of a National Labour Force Survey Programme
- 11 Support the Design of a National Labour Statistics Framework and its gradual roll out
- 12 Agree on a list of core LMIA Indicators needed for analysis that can guide the achieving of policy objectives
- 13 Support the establishment of an online based LMIA reference database (LMIS)
- 14 Support the design and implementation of analytical tools to support LMIA
- 15 Develop a plan to support technical capacity and infrastructure to collect, analyse and disseminate appropriate statistics and information
- 16 Produce and disseminate labour statistics, information and analysis according to plan
- 17 Organize regular high level policy workshops and/or seminars to present LMIA results and discuss analytical needs with policy makers
- 18 Develop a communication strategy for LMIA products

Source: Ina Pietschmann, Labour Economist

5.2 EXAMPLE – FIRST STEPS TO ESTABLISH A ‘BASIC’ LMIA SYSTEM (FIRST YEAR)

Steps	Quantified output
1. Conduct LMIA assessment	LMIA assessment
2. Conduct workshop to identify the structure of a national LMIA system and its development strategy	LMIA system design available
3. Organise a workshop to identify key labour market indicators and to provide LMIA knowledge transfer to identified key stakeholders	List of labour market indicators available
4. Establish ILMIS Unit according to the need as identified under the LMIA system design.	ILMIS Unit available with the national mandate to be responsible for the production of timely and up-to-date LMIA
5. Draft report that spells out the LMIA system design, including key labour market players and indicators from the various labour statistics sources identified	Report that spells out the LMIA system design
6. ILMIS Unit reviews LFS data and meta-data and produces analytical indicators/tables based on available LFS micro files (for available years)	Set of statistical tables available for interrelated trend analysis of LFS data
7. Organize and conduct quarterly LMIA National Coordination Committee and/or LMIA Technical Steering Committee meetings to provide knowledge transfer in the area of LMIA, discuss analytical issues and the design of necessary administrative data collection/compilation tools	Active National Coordination Committee and LMIA Technical Steering Committee established
8. ON-the job training and guidance for the ILMIS Unit under the MCLS on: -Labour statistics concepts/ICLS standards -Analytical labour market indicators relevant to the LFS -Necessary statistical applied software (STATA and ADePT) to program and produce labour statistics tables -Analytical drafting -Employment policy and skills policy areas	On-the-job LMIA training conducted on LMI concepts and Indicators relevant to the LFS
9. Support building up a LMI reference database (LMIS) while holding regular consultations with stakeholder under the LMIA system umbrella to jointly develop a LMIS base structure/outline	LFS data sheets available to be uploaded to the LMIS
10. LMIA team drafts the first employment trends report informing on key labour market issues utilising LFS statistics	First Employment trends report
11. Conduct workshop to present and discuss results from the employment trends reports	Launching Employment Trends results
12. Conduct capacity building events for key labour statistics producers as identified under the LMIA system in labour statistics concepts and relevant statistics/analysis software (STATA/ADEPT)	Two training seminars conducted
13. Establish 1st quarterly thematic LMIA brief (theme to be decided under the LMIA National Coordination Committee)	1 st LMIA brief available

Source: Ina Pietschmann, Labour Economist

5.3 EXAMPLE – LMIA SYSTEM DEVELOPMENT RWANDA (FIRST YEAR)

The ILMIS for Rwanda was predominantly designed to improve labour market evidence to guide the formulation of evidence-based policies and programmes and their monitoring to support skills development, employment creation and inclusive economic growth.

The system in Rwanda fulfils the following two core functions.

1. Production and dissemination of timely and up-to date labour market analysis to inform an array of policy makers and planners about issues related to employment and skills development.
2. Provide a mechanism to exchange information or coordinate different actors and institutions to produce and utilize labour statistics as well as labour market information analysis.

Institutional structures and arrangements:

- A ILMIS Unit was founded and hosted under the Secretariat of the National Employment Programme (NEP)
- A LMIA Technical Committee was founded. (Figure 7) During quarterly Technical Committee meetings analytical needs of parties were discussed, LMIA reports, briefs and bulletins were presented and explained to the immediate user to maximize their use for policy making.
- A Memorandum of understanding between the NISR and MIFOTRA was signed to regulate the exchange of labour statistics and to agree on a mechanism to access LFS and other household and establishment-based survey micro-data. Other agreements with labour statistics producers were officially sealed to regulate data and information exchange.

FIGURE 7 – EXAMPLE RWANDA – LMIA STEERING COMMITTEE MEMBERS

NO	Name of Institution
1	National Institute of Statistics of Rwanda (NISR)
2	Ministry of Public Service and labour (MIFOTRA)
3	National Capacity Building Secretariat (NCBS)
4	Ministry of Education (MINEDUC)
5	Ministry of Youth and ICT (MYICT)
6	Ministry of Finance (MINICOFIN)
7	Rwanda Education Board (REB)
8	Workforce Development Authority (WDA)
9	Rwanda Revenue Authority (RRA)
10	Rwanda Development Board (RDB)
11	Rwanda Social Security Board (RSSB)
12	University of Rwanda
13	Private Sector Federation

Source: Rwanda Ministry of Public Services and Labour (MIFOTRA) 2015

Labour statistics

- An annual labour force survey (LFS) was designed for Rwanda and has been implemented since 2016.
- Staff of the National Statistics Office (NISR) was trained in key labour statistics concepts and definitions, sampling and weighting practices, questionnaire design, processing of survey results.
- Additional efforts were made in improving the labour statistics module of the Integrated Business Survey to bring it in line with internationally recommended statistics standards and to allow for the production of core indicators to measure employers base 'skills' demand.
- The continuing integration of the Labour Statistics Framework into the National Statistics strategy was fostered.
- A set of core indicators (Figure 8) was selected to allow for frequent signalling. Most of the indicators have been derived from the internationally recommended set of 'Key Indicators of the Labour Market' (KILM).

FIGURE 8 – LIST OF IDENTIFIED AND AGREED LABOUR MARKET INDICATORS FOR RWANDA

1. Labour force participation rate
2. Employment-to-population ratio
3. Status in employment
4. Employment by sector
5. Employment by occupation
6. Employment in the informal economy
7. Unemployment
8. Youth unemployment
9. Time-related underemployment
10. Educational attainment and illiteracy
Rwanda 1. Off-farm employment
Rwanda 2. NEET rates
Rwanda 3. Vulnerable employment rate

Source: Rwanda Ministry of Public Services and Labour (MIFOTRA) 2015

Capacity building for LMIA producers and users

- Substantial capacity building was provided to the ILMIS Unit on basic LMIA principles, concepts and approaches.
- Technical guidance was provided to the ILMIS Unit in how to coordinate different labour market actors and institutions that produce and utilize labour statistics, information and analysis.
- Further, a number of the joint LMIA seminars and workshops were organized that discussed labour statistics and analytical needs of Technical Committee members to rally a common understanding of issues and commitment to an inter-agency collaboration that can coordinate the gathering, analysis and dissemination of labour market information from a broad range of Ministries and labour market institutions in Rwanda.

Analytical tools and products

- The traditional LMIS database was upgraded to become an online based reference data and LMIA platform
- A ‘vacancy barometer’ was designed to provide valuable information on employer demands for occupations and skills.
- During the early stages of setting up a ILMIS, a general report on the Labour markets situation was prepared. The ILMIS Unit produced quarterly LMIA Briefs that were discussed with the Steering Committee and were widely disseminated to support policy formulation.

6. CONCEPTS AND DEFINITIONS OF THE KEY TERMS USED

Decent work – Decent work sums up the aspirations of people in their working lives. It involves opportunities for work that is productive and delivers a fair income, security in the workplace and social protection for families, better prospects for personal development and social integration, freedom for people to express their concerns, organize and participate in the decisions that affect their lives and equality of opportunity and treatment for all women and men.³⁶

Employment – Employment comprises all persons of working age who during a specified brief period, such as one week or one day, were in the following categories: a) paid employment (whether at work or with a job but not at work); or b) self-employment (whether at work or with an enterprise but not at work). The working-age population is the population above the legal working age, but for statistical purposes it comprises all persons above a specified minimum age threshold for which an inquiry on economic activity is made. To favour international comparability, the working-age population is often defined as all persons aged 15 and older, but this may vary from country.³⁷

Employment Governance – Refers to the totality of policies, norms, laws, regulations, institutions, machinery and processes that influence the creation of sufficient decent and productive income/employment opportunities and employability of the current and potential labour force.³⁸

Employment Policy – It brings together various policies that influence the demand and supply of labour and the functioning of labour markets. A national employment policy should promote decent work, in which international labour standards, social protection and workers' fundamental rights go hand in hand with job creation. A national employment policy is something that each country must forge for itself, according to its own context and state of development. Many stakeholders have to be involved in making it, and the result has to be something that they can all work towards.³⁹

Employment Strategy – Is a labour market/employment vision that is made up of strategic objectives in a medium- and long-term perspectives based on the basic ideas, a number of policies required for embodiment of the objectives, and procedures for implementing each of the policies.

³⁶ ILO See: <https://www.ilo.org/global/topics/decent-work/lang--en/index.htm>

³⁷ ILO Statistics Department ILOSTAT. Available under: https://www.ilo.org/ilostat-files/Documents/description_UR_EN.pdf

³⁸ ILO. (2011) Asian Decent Work Decade resource kit: labour market governance/ International Labour Organization, Regional Office for Asia and the Pacific. – 2nd ed. – (Bangkok: ILO, 2011)

³⁹ ILO.(2014) Guide on employment policy and international labour standards, (Geneva, 2014)

Informal economy – Due to its inherent heterogeneity, there are many ways of defining and analyzing the informal economy. In compliance with international recommendations the informal economy definition relates to “all economic activities by workers and economic units that are in law or in practice not covered or insufficiently covered by formal arrangements.”⁴⁰ It comprises: (i) **employment in the informal sector**,⁴¹ and (ii) other forms of **informal employment** (i. e. informal employment outside the informal sector).⁴²

Integrated Labour Market Information System (ILMIS)

– An integrated **Labour Market Information System is a Labour Market Information and Analysis Systems** – A network of institutions, persons, and information with agreed roles to produce and disseminate labour market information Analysis to inform and monitor employment strategies, policies and programmes.⁴³

Labour Statistics – Labour statistics are a very relevant and necessary body of official statistics focusing on the productive activities of workers and eventually deficiencies of the labour market, from many perspectives and covering many dimensions. Official labour statistics are generally produced by the institution in charge of statistics in a country. This is usually a separate agency: the national statistical office or institute, but it could also be a unit of another agency (a related ministry, for instance). In particular for labour statistics, the labour ministry could be in charge of the compilation and dissemination of data where a national statistical office does not exist or does not have the relevant mandate or resources.⁴⁴

Labour Force – The labour force comprises all persons of working age who furnish the supply of labour for the production of goods and services during a specified time-reference period. It refers to the sum of all persons of working age who are employed and those who are unemployed.⁴⁵

Labour Governance – Refers to the totality of policies, norms, laws, regulations, institutions, machinery and processes that are largely concerned with the governance of labour laws and the regulatory environment, industrial relations and labour administration.

Labour Market Governance – Refers to the totality of policies, norms, laws, regulations, institutions, machinery and processes that influence the demand and supply of labour.⁴⁶

Labour Market Information – When compared to quantitative labour statistics, labour market information largely refers to primary qualitative information, either collected through specific studies or assessments or to secondary information (which can also build on primary statistics) presented in research reports, newspapers, mass media and so forth. However, these bits and pieces of qualitative or pre- processed information are generally collected to complement labour statistics and to allow their analysis in the wider economic context.

⁴⁰ See ILO: Women and men in the informal economy: A statistical picture (Geneva, 2002a).

⁴¹ as defined by the 15th International Conference of Labour Statisticians (ICLS)

⁴² See ILO: Effect to be given to resolutions adopted by the International Labour Conference at its 90th Session (2002), (b) Resolution concerning decent work and the informal economy, ILO Governing Body, 285th Session, Seventh item on the agenda (Geneva, doc. GB.285/7/2).

⁴³ Sparreboom, Theo. Labour Market Information and Analysis System. Sandrine Cazes and Sher (Ed.) Verick. Perspectives on Labour Economic for Development. Geneva: ILO, 2013

⁴⁴ ILO Quick Guide on sources and uses of labour statistic. Available under:

https://www.ilo.org/wcmsp5/groups/public/---dgreports/---stat/documents/publication/wcms_590092.pdf

⁴⁵ ILO Glossary of Statistical Terms. Available under: <https://www.ilo.org/ilostat-files/Documents/Statistical%20Glossary.pdf>

⁴⁶ ILO.2011. Labour Market Governance. Available under:

See: https://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/documents/publication/wcms_098156.pdf

Labour Market Intelligence – Comprises any intelligence about the labour market, including labour statistics, labour market information and labour market information and analysis.

Labour Management Information System – These management systems were invented by western economies towards the end of the first ‘industrial revolution’ to assist national manpower planning requirements. Classic Labour Management Information Systems were often intra-institutional databases that were populated with purely administrative records of graduates and vacancies/positions available in businesses available.

Labour Market Information Systems – A labour market information system is a network of institutions, persons and information that have mutually recognized roles, agreements and functions with respect to the production, storage, dissemination and use of labour market related information.⁴⁷

Labour Market Information and Analysis (LMI +A) System – A network of institutions, persons, and information with agreed roles to produce and disseminate labour market information Analysis to inform and monitor employment strategies, policies and programmes.⁴⁸

Labour Market Governance – Refers to the totality of policies, norms, laws, regulations, institutions, machinery and processes that influence the demand and supply of labour.

Manpower Planning – Manpower Planning which is also called as Human Resource Planning consists of putting right number of people, right kind of people at the right place, right time, doing the right things for which they are suited for the achievement of goals of the organization.

Skills Development – Skills development can have multiple meanings as it includes wide ranging elements. The most common elements include:

- Basic education which ensures that each individual gets the chance for development of their potential, laying the foundation for employability;
- Initial training provides core work skills and the underpinning knowledge, industry-based and professional competencies that facilitate the transition into the world of work;
- Lifelong learning ensures that individuals’ skills and competencies are maintained and improved as work, technology, and skill requirements change;

⁴⁷ ILO.ILOSTAT. <https://ilostat.ilo.org/resources/labour-market-information-systems/>

⁴⁸ Sparreboom, Theo. Labour Market Information and Analysis System. Sandrine Cazes and Sher (Ed.) Verick. Perspectives on Labour Economic for Development. Geneva: ILO, 2013

Different countries focus on different elements of skills development, as countries see relative strengths and weaknesses in their own skills development systems, and as they learn more about innovations and experience in other countries.

Tripartism – The interaction of government, employers and workers (through their representatives) as equal and independent partners to seek solutions to issues of common concern. In other words, tripartism refers to the involvement of employers' and workers' organizations, alongside the government, on an equal footing, in decision-making.

LMIA Steering Committee or National Coordinating Committee – The Steering Committee's role is to provide technical guidance and advice to all parties involved ensure the timely production and delivery of needs based LMIA products that can guide employment governance.

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