From indicators to targets and policies

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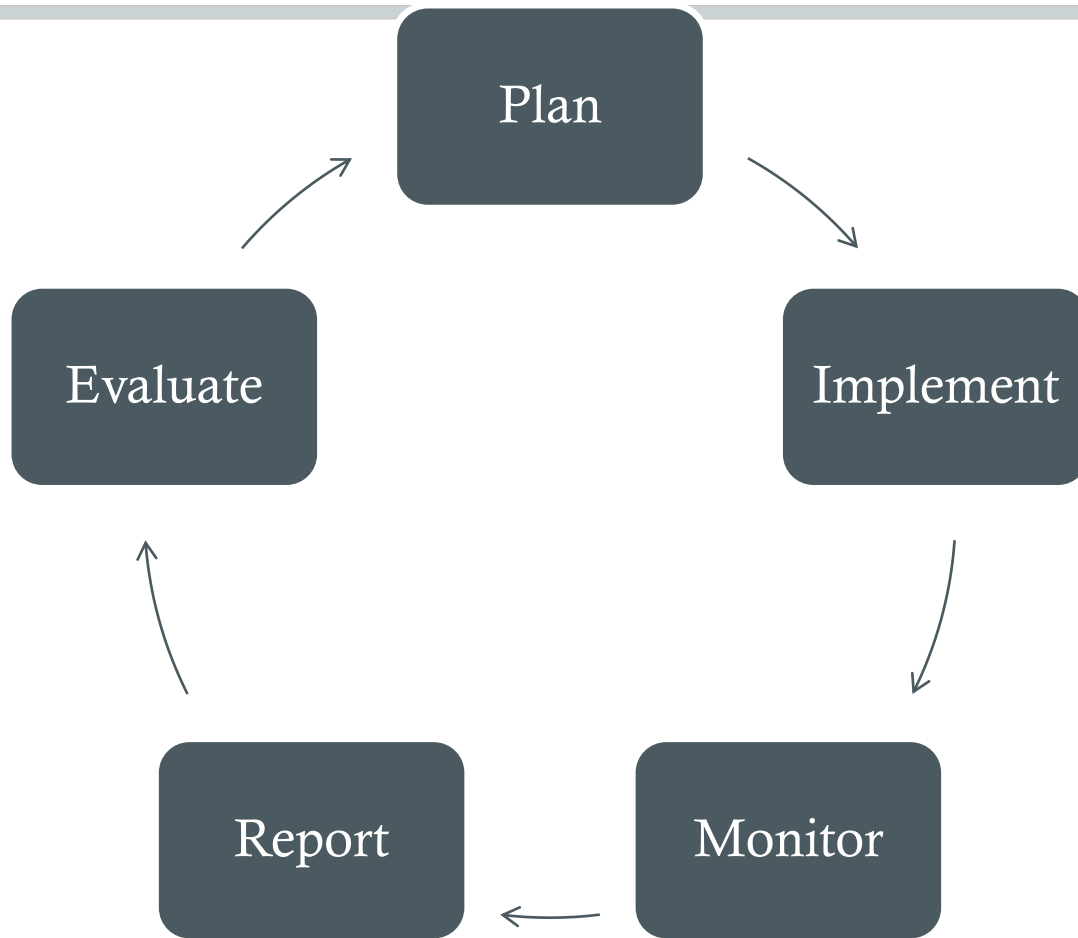
Shift of focus towards outcomes

- Policies financed by the EU budget should be more result/outcome-oriented, and to counteract "the understandable tendency of policy makers and the public to concentrate on highly aggregated, easily communicable measures" and on means rather than ends (EC, 2011, Cohesion Policy, p.1)

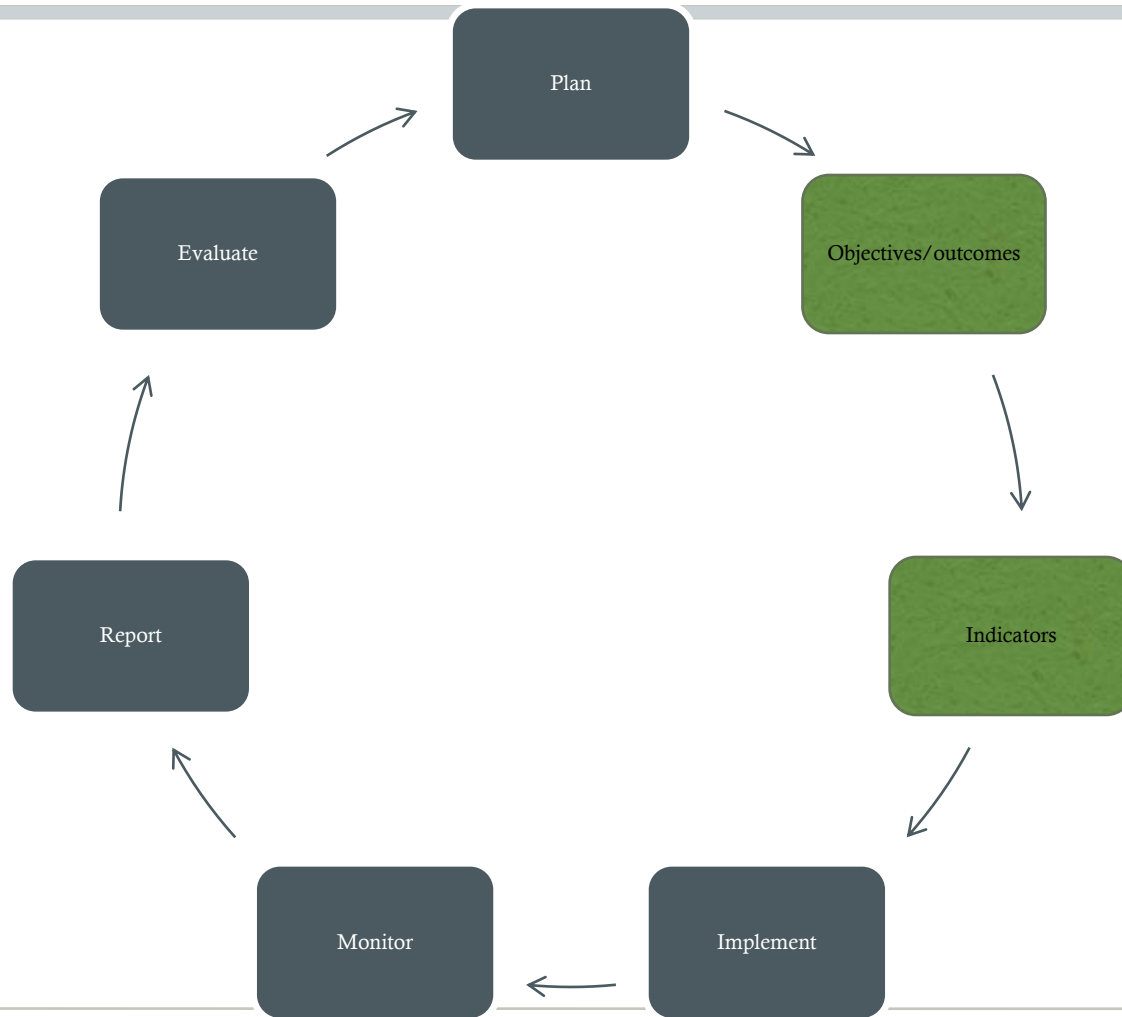- Replacing ideologically-driven politics with rational-decision making

Agenda

- Why M&E

- Indicators to be used

- Target-setting-methods and dont's

- Indicators and (evidence-based) policymaking

M&E cycle

M&E cycle – designing indicators

Policy cycle

Indicator → Interpretation of progress → Policy/decision making

Employment indicators designed to:

- Provide relevant and robust measures of progress towards full employment and decent living standard

- Be clear and straightforward to interpret and provide a basis for tracking the progress and international comparison

- Be relevant and linked to the country' monitoring system

- Be based on concepts and definitions defined as international statistical standards

- Be constructed from well-established data sources which enable consistent measurement over time

- Ensure accountability by improving informational flows

The process

- Gradual development (documentary analysis, field visits, peer learning)

- Indicators along with definitions, formulas, data sources, rationale

- Countries decided on indicators most appropriate to the national context

- Different capacity and development level across countries

Division of Goals/Objectives

I. Job Creation and Employment

II. Social inclusion

III. Efficiency of Public Employment Services

I. Job Creation and Employment

- Participation rate (by age and gender)

- Employment rate (by age and gender)

- Net employment growth (by gender and age)

- Share of employment in private sector

- Share of formal employment growth in total employment growth

I. Job Creation and Employment (cont.)

- Productivity growth by production sector (6 main branches by NACE)

- Youth neither in employment nor education and training (NEET)

- Coefficient of variation of employment between regions

- Share of employment in sectors with above average productivity in total employment

II. Social inclusion

- Share of social assistance beneficiaries registered as unemployed involved in active labor market programs

- Share of Roma population registered as unemployed involved in some labor market program*

* Or other, nationally defined ethnic minority

III. Efficiency of Public Employment Services

- Monitoring systems for ALMP

- Incidence of long-term unemployment

- Average duration of unemployment

- Activation of long-term unemployed (LTU)

Why more indicators

Discussion:

What does employment rate measure and is it useful indicator for policymakers?
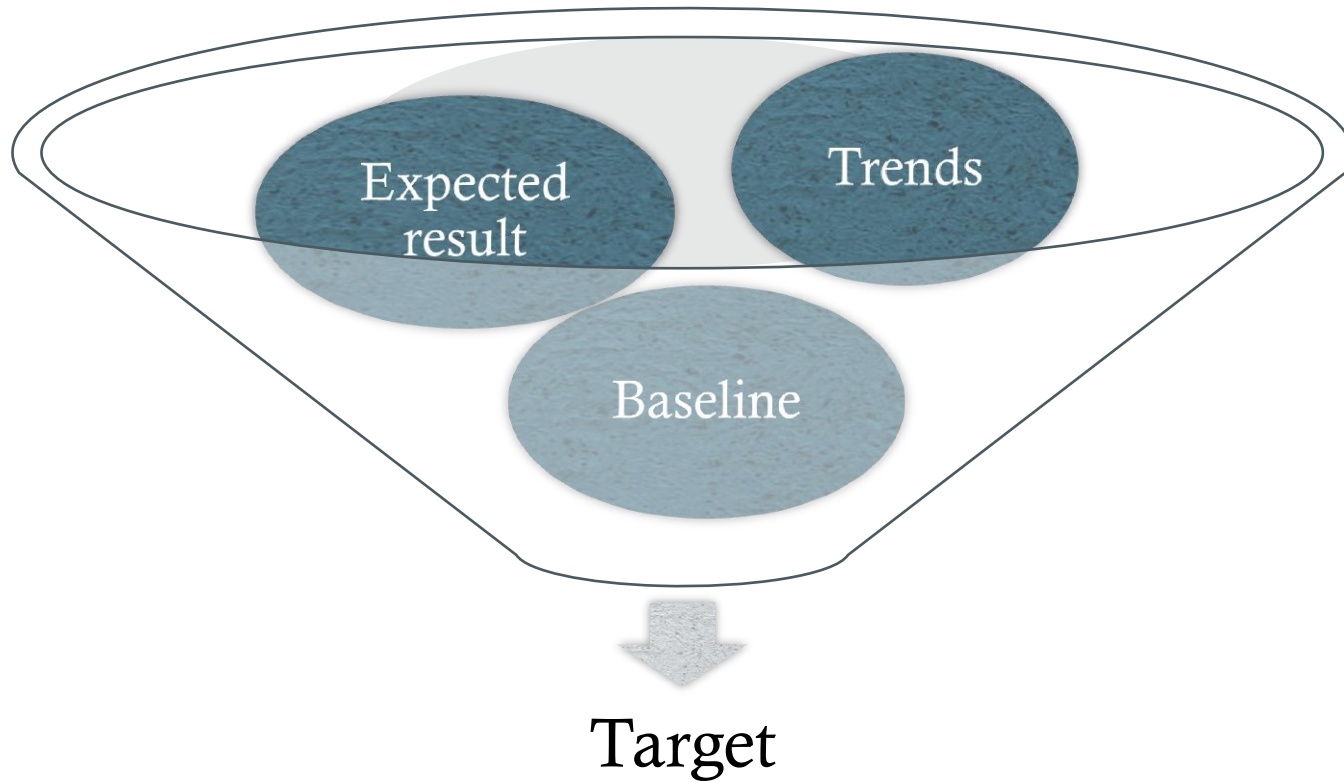
Target-setting:

from baseline to targets

Many different methodologies…

- Qualitative and quantitative

- Most countries use more than one method

- Which method depends on the indicator, on the data available and capacities

Developing targets

Factors to consider when setting targets

- Targets should be ambitious

- But targets should also be realistic
  - For the economy
  - It takes time to see effects
  - Resources (financial, human)
  - Institutional capacity
  - Political concerns
  - A target does not have to be one single numerical value; it can be a range
  - Easy to communicate

Example: Incidence of LTU

Indicator: Incidence of long-term unemployment (LTU)

Definition: Number of individuals with registered periods of continuous unemployment for over one year / total registered unemployed

Source: PES

Rationale: Is PES efficient in putting to jobs those in need of assistance?

Example: Incidence of LTU (cont.)

- Set baseline – definition, formula, periodicity, source(s)

- **Set targets**

1. **Assumptions/Data needed**

- What will happen to **total unemployment registration**?
  - Labor demand (growth leading to jobs)
  - Effect of policies: skills, taxation, social benefits, migration, incidence to register
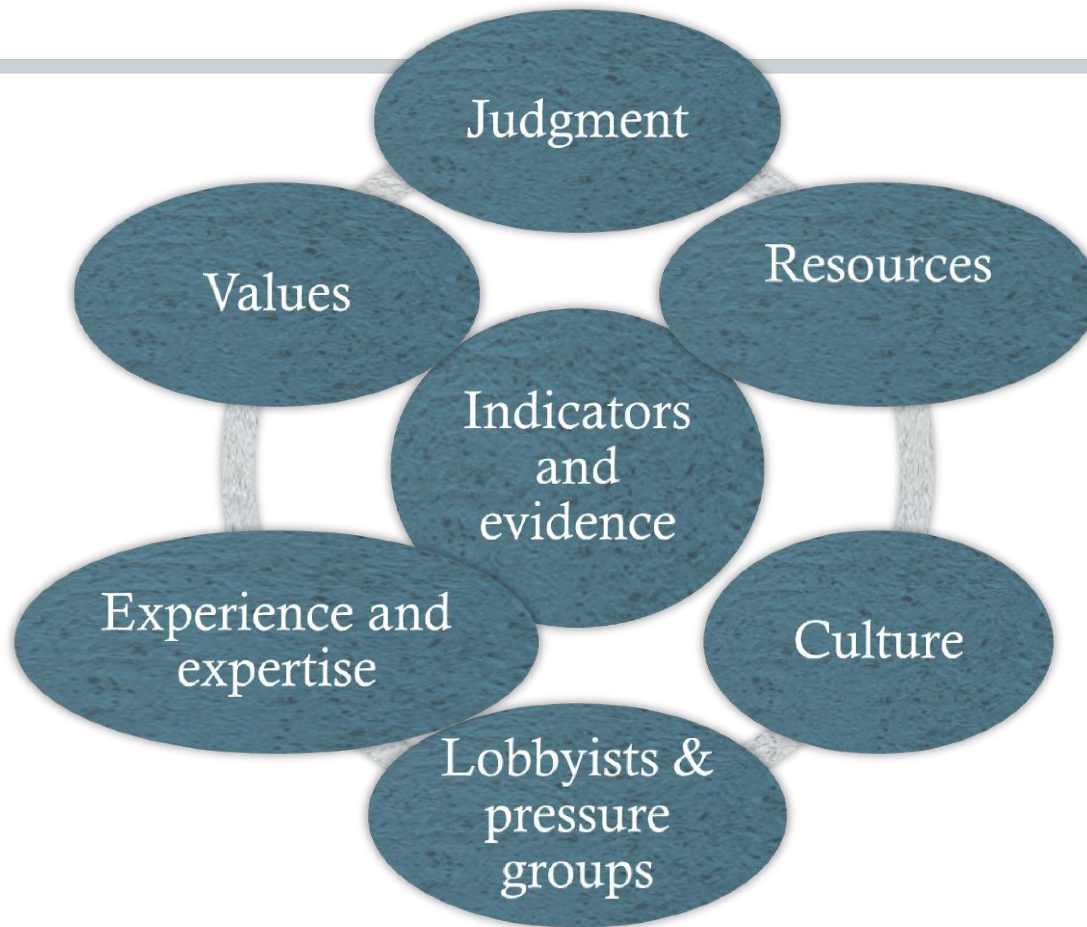 - Shocks

Example: Incidence of LTU (cont.)

- What will happen to the total **number of long-term unemployed**?

  - Same as above

  - PLUS: will long-term unemployed be differentially affected by all the above?

Other things to consider

- Develop scenarios

- Keep record of the assumptions

- When to change targets?

- Benchmarking

- Rewards/punishment

- Educate the others (spur the demand)

- Realistic (history of unrealistic targets)

To policymaking …

Factors influencing policymaking

Source: Adapted from Davis (2004)

Indicators and policymakers

- Need to understand indicators

- What evidence is available to inform policymaking

- Gain access to it

- Know how to critically appraise it

Indicators and evidence has to gain credibility among decision-makers

Indicators, targets and policymaking: example

- *Indicator:* NEET rate

- *Baseline:* 24.2% (age group 15-24)

- *Target:* reduce NEET rate by 4 p.p in 3 years

- *Policies:* lift financial constraints to participation in secondary education

- Has the target been reached? Why yes or why not?

- Change policy focus

Indicators, targets and policymaking: example

- Has the target been reached? Why yes or why not?

- Analyze data, collect additional info

- Change policy focus if needed

Thank you for the attention!