

Market Systems Approach to Decent Work in Ukraine (inception phase)

Evaluation Report

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EXECUTIVE SUMMARY

BACKGROUND & CONTEXT

In the beginning of the year 2022, the ILO in partnership with the UN Refugee Agency (UNHCR) launched an inception phase for the project Market Systems Approach to Decent Work in Ukraine. The project was funded by the Swedish International Development Cooperation Agency (Sida). The inception phase was planned to last for 8 months and was intended to lay the foundations for a larger programme which, underpinned by a market system development (MSD) analysis, will generate job opportunities for people at risk of socio-economic exclusion in selected sectors of the Ukrainian economy. After the large-scale war broke out in Ukraine, the project paused its activities for 6 weeks. In the end of April 2022, the staff began to restructure their plans, and they restarted their activities in May 2022.

The overall objective of the large-scale programme that was supposed to emerge from the inception phase was to contribute to the creation of more productive and decent jobs for women and men in Ukraine, including forcibly displaced, particularly in sectors with higher potential to stimulate the green economy in Ukraine.

As a baseline for the MSD analysis, key project activity, the project used a study earlier provided by Sida. It offered 5 sectors as priority to be considered for development in Ukraine, including: textiles and clothing; information and communication technology and business process outsourcing; retail/wholesale; construction; and transport.

Due to severe geographic limitations for work during wartime, the project selected three regions in Ukraine to conduct rapid market assessment as well as immediate needs assessment. It was decided to select three regions in the West (Lviv, Zakarpattia) and Center of Ukraine (Vinnytsia). Those regions were relatively secure due to being far from the frontline. Also, those were one of the most popular destinations for IDPs, according to the UNHCR data. They held a rapid assessment in seven sectors, then the sector selection, and then the comprehensive analysis in three short-listed sectors: construction, childcare, and e-commerce.

At the moment when this evaluation is conducted, Sida has not approved any of the project proposals.

The project was scheduled for completion at the end of December 2022. The project team applied for a no-cost extension for an additional month to implement an activity in one of the project priority sectors.

This final internal evaluation covers the whole period of inception phase: February – December 2022. The purpose of this evaluation is defined as a management and organizational learning tool that supports programme and policy improvements and promotes accountability and learning. The evaluation focuses on identifying and analysing results through addressing key questions related to the achievement of the outcome of the project. The evaluation can be used to translate lessons learned into the design of future projects, to contribute to sustainability and scale of the market systems approach, within and beyond the ILO.

Clients of the evaluation: Sida, the ILO, UNHCR, the project team, the ILO Ukraine and ILO-Budapest specialists, key national stakeholders.

The evaluation examined the project along the following five criteria: relevance, coherence, effectiveness of management arrangements, efficiency, and sustainability.

MAIN FINDINGS & CONCLUSIONS

In general, based on the results of studying the project documents, the evaluator got the impression that there has been done a full-fledged and consistent work and a finished product is ready. The project had its goals, it had to be revamped in accordance with the new realities that arose with the beginning of the full-scale invasion of Russia on the territory of Ukraine, but in the end, the ultimate goal of the inception phase has been achieved. This is proved by the presence of a report on the results of the selection of industries, as well as a comprehensive MSA of the markets in the three selected industries. In addition, the absolute majority of interviewees were satisfied with the project results that were achieved.

This project was interesting because most of the involved stakeholders were new partners for the ILO. From the point of view of opening new contacts and establishing new communication channels, the project has achieved considerable success.

It should be noted that the project implementation has been influenced by a number of external factors. Martial law since the end of February 2022 led to an almost complete stop of business activity throughout the country for a period of about two months. Ukrainians who were currently on the territory of Ukraine had to pay more attention to the basic needs of security, housing and other priority issues. At the same time, the work of persons who were outside Ukraine depended on the processes inside the country, so they also slowed down or stopped. In fact, the main phase of the project fell on three months of the summer of 2022, and it is considered that the project has achieved a good result during this period. The objectives were achieved, adequate quality of tasks was maintained as much as possible.

The project was intended to be implemented in cooperation with UNHCR, the UN Refugee Agency. Ideally, the purpose of the UNHCR to join this project was to represent people's logic, to better access the conflict-affected population, to help include vulnerable people into local processes, and make employment opportunities accessible for them. The idea was to connect the humanitarian expertise and knowledge of people the UNHCR has in possession with the labour market growth experience of the ILO. The very beginning of the project coincided with the beginning of the war, and it was understood that the UN Refugee Agency had to deal with other urgent matters. They however managed to appoint a representative to take part in implementing this project with the ILO. The agency was not active enough in the beginning but during later phases, during the actual MSA process and on the stage of proposal design they took more active part.

Project participants consider the results of the market analysis to be quite solid. At the same time, in conditions of peace, such an assessment is much easier to make, because data and information are much more stable and allow for a more permanent impression, both for stakeholders and analysts.

Regarding the sustainability of the project's findings, the research results will be relevant for a long time. Depending on the sector, this figure ranges from six months to two years. General market trends, challenges, issues of workers' skills – these research data may be relevant for a long time to come. At the same time, specific data, figures, and statistics change constantly, especially during wartime. Therefore, when using project results in planning other interventions, general conclusions may be useful, but quantitative indicators can only be used to understand the context.

RECOMMENDATIONS, LESSONS LEARNED AND GOOD PRACTICES

Recommendations:

- When designing an intervention in a new industry, it is recommended, when possible, to apply the MSA methodology. Such analysis allows to understand the industry deeper and therefore to design the project accurately.
- It is recommended to take full advantage of the development cooperation project document for the implementation phase. The donor funding could leverage off this work for a ready-made project.
- It is recommended that donor organizations clearly state the plan for the project and its continuation to the ILO and the project team.
- When considering interventions in relatively new industries such as e-commerce, the ILO should carefully analyze all the potential advantages and risks of such intervention.
- When involving other UN agencies as partners in the project, especially in the war time period, it is necessary to take into account the specifics of their work, their availability and other factors.
- The ILO should consider involving business associations and other non-traditional partners to the implementation of the project to raise the level of awareness of businesses and individual organizations about the possibilities of cooperation in the labour market and introduce them to the social partnership models.

Lessons learned:

1. At the implementation phase, the ILO should not indicate to stakeholders that a future implementation project will follow unless that is signed, even if the donor communicates their intentions to continue the implementation phase.
2. Market development in the sector of childcare has its hidden benefits: creates new jobs, allows women who leave children in childcare institutions to be (again) economically active, in longer perspective – contributes to better development of a child who goes to childcare and not stays at home.
3. Correct use of partner's exclusive competence during the implementation of the project allows to see one situation from different angles and consequently makes the project impact wider and more comprehensive.
4. While designing a market development project, interviews with stakeholders are not sufficient for deep understanding of the situation. It is recommended to apply Market System Analysis as a more comprehensive methodology which is appreciated and considered relevant by national stakeholders.

Good Practices:

1. During conducting the MSA analysis, the variety of stakeholders covered by the interviews creates a better visibility of the ILO among actors of various fields and opens new areas of cooperation in the future.
2. After acting as stakeholders in the ILO projects, business associations become more knowledgeable of the notion of social dialogue and become more interested in labour market, decent work and the functions of employers' organizations.
3. During online interviews with stakeholders, an online automatic translator can be applied.

BODY OF THE REPORT

Context

During the last decade, Ukraine has been on its way towards European Community. In 2014, the EU-Ukraine Association Agreement and Free Trade Agreement has been signed, posing a line of obligations on Ukrainian Government in terms of essential reforms to be implemented. In the economic field Ukraine declares to make a progress, at the same time, employment rate is still low, some sectors are in shadow and a big number of workers are working unofficially.

After war broke out in the East of Ukraine and Crimea was annexed, a new category of citizens was created – the Internally Displaced Persons (IDPs). Around 1.5 million IDPs left their homes and had to start a new life in another city of Ukraine, seeking social support.

In February 2022, Russia started a large-scale war in Ukraine. According to estimates, about 13 million Ukrainians left their homes, fleeing the war to other regions of Ukraine or abroad. According to the research by the International Organization for Migration, as of July, 2022, more than 6.6 million people in Ukraine are internally displaced. This figure is 15% of the total population of Ukraine.

The main international creditors of Ukraine - the IMF and the World Bank - predict that in 2022 the Ukrainian economy will shrink by 45%. At the end of the year 2022, according to the National Bank of Ukraine, inflation in Ukraine will exceed 30%. Consumer prices in July 2022 were 22.2% higher than last year. According to the Kyiv School of Economics, which, together with the government, calculates the losses caused to Ukraine by Russian aggression, the amount of direct documented damage to infrastructure as of August 22, 2022 is \$113.5 billion.

In an enterprise survey from 15th March 2022, Ukrainian SMEs identified that they had lost USD 60 billion in the first two weeks of conflict and 79% of enterprises have completely or partially ceased their activities.

Project summary

In the beginning of the year 2022, the ILO in partnership with the UN Refugee Agency (UNHCR) launched an inception phase for the project *Market Systems Approach to Decent Work in Ukraine*. The project was funded by the Swedish International Development Cooperation Agency (Sida). The inception phase was planned to last for 8 months and was intended to lay the foundations for a larger programme which, underpinned by a market system development (MSD) analysis, will generate job opportunities for people at risk of socio-economic exclusion in selected sectors of the Ukrainian economy.

The overall objective of the large-scale programme that was supposed to emerge from the inception phase was to contribute to the creation of more productive and decent jobs for women and men in Ukraine, including forcibly displaced, particularly in sectors with higher potential to stimulate the green economy in Ukraine.

After the large-scale war broke out in Ukraine, on 24 February, 2022, the vast majority of the economic and project operations stopped for some time. In February, March, and April 2022 overall business activity in the country was very slow. Ukrainians, including the project staff, were occupied with immediate needs, such as safety, temporary housing, necessary family arrangements. Project staff based outside of Ukraine was not able to continue the work in regular manner as it was obvious that the context was changing constantly and it inevitably led to changing the possibilities, conditions and objectives of the project.

The project paused its activities for 6 weeks. In the end of April 2022, the staff began to restructure their plans, and they restarted their activities in May 2022. Some international organizations and internationally funded projects have not yet resumed their activities or cancelled them at all.

As a baseline for the MSD analysis, key project activity, the project used a study earlier provided by Sida. It offered 5 sectors as priority to be considered for development in Ukraine, including: textiles and clothing; information and communication technology and business process outsourcing; retail/wholesale; construction; and transport.

Due to severe geographic limitations for work during wartime, the project selected three regions in Ukraine to conduct rapid market assessment as well as immediate needs assessment. It was decided to select three regions in the West (Lviv, Zakarpattia) and Center of Ukraine (Vinnytsia). Those regions were relatively secure due to being far from the frontline. Also, those were one of the most popular destinations for IDPs, according to the UNHCR data.

Rapid assessment was held during the period from the May 10th to May 20th. The study included interviews, observations, questionnaires, research of statistical information from open sources of public authorities. The research included a workshop with key stakeholders (business, public sector and local authorities) to discuss the proposals from the study. During the field visits, the following facilities were visited: a sewing enterprise, relocated IT coworking office, an area with relocated enterprises, other. This stage of the project identified key areas that the project can support to help stabilise the economy and provide employment to vulnerable workers.

After that, the Project held sector selection during which they created a short-list of three sectors to conduct rapid market assessment. This comprehensive analysis was held in the sectors of construction, childcare, and e-commerce.

The construction sector is expected to experience rapid growth once the after-war reconstruction of Ukraine starts. The research within the project estimates that it could grow 6–10 times its pre-war size. This growth will provide job opportunities for many, particularly for vulnerable workers and those seeking to rebuild their livelihoods after the conflict. However, there is a huge threat that the sector, which was already precarious for workers before the war, might not keep up with reconstruction employment demand or support better quality employment for workers.

The analysis suggests that various key constraints on skills, sector coordination and public procurement be tackled as a matter of urgency. With regard to skills, the priority is to analyse the expected gap between supply and demand for skills during reconstruction and then use these findings to build up an action plan to develop private and public training supply capacity so that industry demand and supply can be aligned quickly. For sector coordination, the idea is to support the accelerated creation of a reconstruction coordination body and then try to ensure that workers and employers are represented with a seat at the table. Lastly, it is important to work with external funders and local authorities in public procurement to develop actionable qualification criteria that reward contractors with better working conditions and more green technical competence.

Regarding, the sector of childcare and preschool education, the project analysis has discovered that the lack of affordable childcare and preschool education services limited female participation in the labour market as women stayed out of the workforce to take care of their children. This has been exacerbated by the war as women who have relocated to the safer regions of Ukraine with their children cannot go back to work without accessible and affordable preschool education and childcare services. Thus, preschool education and childcare services are in high demand. If new facilities open, they will generate jobs directly (particularly for women), as well as enable people with childcare responsibilities to rejoin the labour force. The impact would be particularly pronounced for the IDPs, who face significant challenges with regard to employment and childcare needs.

The analysis suggests that sectoral challenges be addressed with a series of short- and long-term interventions. Short-term interventions aim to stimulate rapid responses from the private sector to address preschool education and childcare shortages in safer areas with higher concentrations of internally displaced persons by addressing constraints on business management skills, access to capital, building space and cost. These interventions can provide entrepreneurs with opportunities to set up new facilities with a readily available market, and to create better paid jobs than those in the public sector. Long-term interventions address larger structural issues in the sector, including constraints relative to decentralization, reducing bureaucratic regulatory barriers, and changing social norms. Such interventions stimulate both supply and demand for childcare and preschool education services to build a larger, balanced and efficient public private partnership system that can help directly and indirectly in fostering women's employment.

E-commerce sector in Ukraine has been growing steadily over the past five years and is expected to continue growing. Nearly half of the Ukrainian adult population regularly purchase goods online, and more and more people seek e-commerce as an opportunity for self-employment. The onset of the war, however, has highlighted some constraints that hinder growth in the long run. There is a high proportion of informal employment among sector operators and with a few players dominating the sector, smaller businesses face challenges in their efforts to grow. Furthermore, as domestic demand for goods that do not cover basic needs has declined drastically, businesses wanting to shift to export markets face many barriers.

To overcome these constraints, the analysis suggests that three key areas be addressed: 1) facilitate inclusive SME growth and development by addressing entry and growth barriers for new and existing SMEs, particularly relative to skills gaps; 2) stimulate sectoral collaboration to help smaller businesses discuss their challenges and work together to resolve them; and 3) open up dedicated avenues to access international markets.

Present situation

The project design provisioned that the market assessment conducted at the inception phase would become the basis for the implementation phase, i.e., the large project. At the moment when this evaluation is conducted, Sida has not approved any of the project proposals.

The project was scheduled for completion at the end of December 2022. The project team applied for a no-cost extension for an additional month. At the time of this evaluation, the project is conducting additional activity in one of the identified priority areas, namely childcare – a case study in the city of Vinnytsia, where there is a sound example of a municipal-private partnership in the creation of a kindergarten.

*After this evaluation had been conducted, considering some funds left within the project, project management approved an additional request from the Government to conduct a rapid market assessment in the agricultural sector. The Government justified that this sector will be high in the agenda during the war as well as at the recovery phase. This sector might also be considered as one of the potential smaller projects as a valuable contribution into the country's recovery and reconstruction, especially considering that some of the agricultural regions will need particular efforts to recover after liberation.

Contributions, partners, stakeholders

The project was intended to be implemented by the ILO in cooperation with UNHCR. Ideally, the purpose of the UNHCR to join this project was to represent people's logic, to better access the conflict-affected population, to help include vulnerable people into local processes, and make employment opportunities accessible for them. The idea was to connect the humanitarian expertise and knowledge of people the UNHCR has in possession with the labour market growth experience of the ILO. During the interviews with stakeholders in the

research process, it was quite indicative that the participation of the UNHCR and their perspective specific issues regarding people's way of thinking makes a valuable contribution to the research and the vision of the market.

The ILO traditionally cooperates in Ukraine with a number of regular stakeholders, including Ministry of Economy of Ukraine, which is responsible for the labour market, trade union organizations and employers. This project was also interesting because most of the involved stakeholders were new partners for the ILO. In particular, Ministry of Education and Science of Ukraine, Ministry of Regional Development, State Service on Food Safety and Consumer Protection, Business association of educational institutions, other business associations, large and medium-sized marketplaces, regional departments of education.

Evaluation background

The purpose and scope of the evaluation

This final internal evaluation covers the whole period of inception phase: February – December 2022. The purpose of this evaluation is defined as a management and organizational learning tool that supports programme and policy improvements and promotes accountability and learning. The evaluation focuses on identifying and analysing results through addressing key questions related to the achievement of the outcome of the project.

This evaluation:

- assesses the planned and delivered progress of the project
- informs the ILO about whether the project strategy worked
- provides recommendations about what could be done to better achieve the outcomes in future initiatives, particularly in conflict affected context
- analyses gender equality and other non-discrimination issues as cross-cutting concerns
- recommends what the ILO can do to ensure that market systems application continues in the organisation, notably in the context of the war in Ukraine
- identifies what Sida or other potential donors should consider for a similar project.

The evaluation can be used to translate lessons learned into the design of future projects, to contribute to sustainability and scale of the market systems approach, within and beyond the ILO.

Clients of the evaluation: Sida, the ILO, UNHCR, the project team, the ILO Ukraine and ILO-Budapest specialists, key national stakeholders.

Evaluation started on 25 November 2022 and was completed on 14 December 2022. The total level of effort was 11,5 days.

Criteria and Questions

The evaluation examined the project along the following five criteria:

1. Relevance and strategic fit:
 - Are the objectives of the project consistent with beneficiaries' requirements (ILO and external market systems practitioners), global partners, donor's priorities and the SDGs?
 - Does the project play on ILO and UNHCR comparative advantages?
 - Is the project's approach fit for purpose in the current context?
 - To what extent did the project strategies, within their overall scope, remain flexible and responsive to adapt to the crises set out by the war?
 - Were the original and adapted project strategies, objectives and assumptions appropriate for achieving planned results?
 - What lessons can be learned for the design of future projects?

2. Coherence:
 - Has project implementation been on track according to the logframe/workplans?
 - To what extent has the project achieved its objectives?
 - Concerning the institutional level, to what extent did the work feed into government's national recovery strategies?
 - Has the project been effective in instilling innovation?
 - How effective were these measures in advancing gender equality and inclusion of people with disabilities within the context of the project's objectives?
3. Effectiveness of management arrangements
 - Was the management and staffing arrangement of the project adequate from both ILO and UNHCR? Was there a clear understanding of roles and responsibilities by all parties involved including both agencies?
 - Could the project have better addressed the challenges and obstacles resulting from the onset of the war during implementation?
 - Did the project receive adequate administrative, technical and – if needed – political support from the ILO and UNHCR offices and specialists in the field as well as the responsible technical units in HQ?
 - How effectively did project management monitor project performance and results?
4. Efficiency
 - How efficient was the project in utilizing project resources to deliver the planned results? How efficient was the project in delivering on its outputs?
 - How successfully has the project been able to adapt to partnerships in supporting the project implementation and the beneficiaries?
 - Was the project cost effective and did it provide good value for money?
 - To what extent did the project build partnerships (with constituents, national institutions and other UN/development agencies) that enhanced the project's relevance and contribution?
5. Impact orientation and sustainability:
 - Has the intervention made a difference to specific SDGs that the project is linked to? If so, how has the intervention made a difference? (Explicitly or implicitly)
 - How likely is it that the project's strategic orientation will be used in the future to systemically respond to crises?
 - To what extent would an implementation phase, that is based on the findings from this project, support national objectives for war-time recovery and reconstruction?

Methodology

The methodology of this evaluation was participatory and included multiple methods to capture the intervention's contributions to the achievement of expected and unexpected outcomes. Data and information was analysed with appropriate gender disaggregation.

Various types of information have been collected during the evaluation, including document review, online interviews with the staff at the ILO in headquarters and in the field, the UNHCR representatives, Sida representatives, stakeholders, other project partners (annex 4).

Main findings

Efficiency

In general, based on the results of studying the project documents, the evaluator got the impression that there has been done a full-fledged and consistent work and a finished product is ready. The project had its goals, it had to be revamped in accordance with the new realities that arose with the beginning of the full-scale invasion of Russia on the territory of Ukraine, but in the end, the ultimate goal of the inception phase has been achieved. This is proved by the presence of a report on the results of the selection of industries, as well as a comprehensive MSA of the markets in the three selected industries. In addition, the absolute majority of interviewees were satisfied with the project results that were achieved.

The ILO traditionally cooperates in Ukraine with a number of regular stakeholders, including Ministry of Economy of Ukraine, which is responsible for the labour market, trade union organizations and employers.

This project was interesting because most of the involved stakeholders were new partners for the ILO. In particular, Ministry of Education and Science of Ukraine, Ministry of Regional Development, State Service on Food Safety and Consumer Protection, Business association of educational institutions, other business associations, large and medium-sized marketplaces, regional departments of education – those organizations can be considered as new and successful cooperations.

From the point of view of opening new contacts and establishing new communication channels, the project has achieved considerable success. New partnerships may come in handy in the future. It is also positive from the point of view of increasing the visibility of the ILO among actors of various fields and opening new areas of cooperation in the future.

On the other hand, some state bodies did not show interest or did not actively participate in the work of the project. This may be due to a number of factors: their inability to devote enough time during the new working conditions in times of martial law, slow response to new requests and high level of bureaucratic processes. When conducting market analysis in some industries, it was important to understand not only the root causes and the source of certain processes, but also the intentions and political plans of the state to change these processes in the near future. Unfortunately, middle-ranking civil servants cannot always answer political questions, and senior officials of state bodies often did not find time to meet with the project. There is an assumption that the extension of the project to the implementation phase would have encouraged government bodies to pay more attention to the project's activities, but at the inception phase their level of involvement was insufficient, which could potentially affect some of the conclusions.

At the same time, a good discovery was the involvement of business representatives, including large, small, micro businesses, and business networks, in the market analysis process. If the project failed to organize a meeting with a specific player, an adequate replacement was found for him on the market. Communicating directly with the owners of enterprises relocated to safe areas was also useful for the results of the project.

Coherence

It should be noted that the project implementation has been influenced by a number of external factors. Martial law since the end of February 2022 led to an almost complete stop of business activity throughout the country for a period of about two months. Ukrainians who were currently on the territory of Ukraine had to pay more attention to the basic needs of security, housing and other priority issues. At the same time, the work of persons who were outside Ukraine depended on the processes inside the country, so they also slowed down or stopped. Some projects of international organizations that use similar schemes of organizing work processes

have not yet resumed their work; some are still at the stage of changing operational plans (*note – as of December 2022*). In this case, long-term projects are in a more advantageous position compared to the evaluated project, because it was planned to be finished in September 2022. In fact, the main phase of the project fell on three months of the summer of 2022, and it is considered that the project has achieved a good result during this period. The objectives were achieved, adequate quality of tasks was maintained as much as possible.

Effectiveness of management arrangements

At the same time, according to many project participants, the possibility of implementing some of its activities offline would significantly contribute to the effectiveness of discussions and could potentially have a positive impact on the quality of task performance. In particular, the leading market systems specialist of the project had to be outside Ukraine for security reasons during the entire time of its implementation, so he could not fully participate in every event. However, according to the project team, the work process was as comfortable as possible under such conditions.

Participation of the ILO Office for Central and Eastern Europe in Budapest made a useful contribution in the process of setting up remote work of the project and maintaining high-quality communication between the project staff in Geneva and employees in Ukraine.

The MSA methodology itself was a challenging issue for some participants of the project. According to them, the market systems specialist spent sufficient amount of time for training consultants on application of the methodology. It would however be beneficial for the project to have more time for better capacity building and practical knowledge application of the consultants.

The project was intended to be implemented in cooperation with UNHCR, the UN Refugee Agency. Ideally, the purpose of the UNHCR to join this project was to represent people's logic, to better access the conflict-affected population, to help include vulnerable people into local processes, and make employment opportunities accessible for them. The idea was to connect the humanitarian expertise and knowledge of people the UNHCR has in possession with the labour market growth experience of the ILO.

The very beginning of the project coincided with the beginning of the war, and it was understood that the UN Refugee Agency had to deal with other urgent matters. They however managed to appoint a representative to take part in implementing this project with the ILO. The agency was not active enough in the beginning but during later phases, during the actual MSA process and on the stage of proposal design they took more active part.

During the interviews with stakeholders in the research process, it was quite indicative that the participation of the UNHCR and their perspective specific issues regarding people's way of thinking make a valuable contribution to the research and the vision of the market.

The point in cooperation between the UN agencies is not always obvious, sometimes it creates unnecessary competition due to contiguous areas of expertise. In case of this project, it was pretty obvious that the inception phase would be mostly lead by the ILO. It was planned, however, that the project would be extended to the implementation phase, and more activities provisioned to be implemented jointly with the UNHCR, including action to be taken to reach out to the IDPs and help them in their access to the labour market.

Relevance and strategic fit

As a practical result of the whole inception phase, the project team designed a development cooperation project document for the implementation phase which is a comprehensive piece of work that illustrates perfectly the theory of change and all the outcomes planned to achieve within the project. The document itself is ready to lay ground for a large-scale project with activities in all three business sectors. It also contains a clear explanation on the influence it is supposed to make for the whole labour market at the stages of recovery and reconstruction of Ukraine.

One of the biggest achievements of this project is a successful attempt to apply the MSA methodology in Ukraine, moreover, in wartime conditions. This is a new approach to working with the labour market in Ukraine. According to many interviewees in this evaluation, this methodology was applied very appropriately. Its advantage is that it not only collects information about the industry from individual stakeholders, but also carries out an in-depth analysis of the market, its players, trends, and data.

Project participants consider the results of the market analysis to be quite solid. At the same time, in conditions of peace, such an assessment is much easier to make, because data and information are much more stable and allow for a more permanent impression, both for stakeholders and analysts.

Another interesting condition for market analysis is rapid changes in the regulatory environment. This is a widespread practice in Ukraine both in peacetime and during wartime. Analysts of this project encountered this and it is important to take this factor into account in the future when conducting similar analyses.

The analysis of the construction sector showed many important trends and interesting information in the areas of building materials production, the construction market, but mostly in the issues of undeclared employment of workers, dangerous working conditions, low level of interest in construction professions, high level of labour migration. Project participants, while generally agreeing with the conclusions and recommendations regarding construction, however note that there is a threat to the quality implementation of the ILO project in this area. This is due to the fact that at the moment the extent of the destruction caused by the war is unknown, so it is difficult to estimate the front of works for reconstruction. At the same time, the reconstruction of the country will be a project of unprecedentedly large scale, and what political decisions the state leadership will make in this process cannot be predicted at the moment. At the same time, no matter how the state decides to plan the reconstruction process, the conclusions of the project regarding the need for training and improving the competence of employees, as well as the need to introduce requirements for decent work in the rules of public procurement, will remain relevant.

In the field of childcare, in addition to the conclusions highlighted in the study, it is worth paying attention to several advantages of the perspective implementation of the ILO project. In this field, there are both public and private educational institutions, as well as a number of other actors – the Ministry of Education, local departments of education, business associations. A large number of private businesses are medium and small. The composition of market participants is quite diverse. According to the project participants, joint workshops within the framework of this phase of the project proved to be very effective in establishing a dialogue between the market players.

The study showed a whole layer of problems associated with the inability of women with small children to work, how much the country's economy, women themselves, and households lose as a result. Public-private or municipal-private partnership models can be effective in solving these problems.

In terms of the scale of the sector, changes in this field, at first glance, do not have a great impact on the economic development of the country, but with a deeper analysis, it turns out that solving the problems of childcare helps in several ways at the same time: helping women with children to be economically active, employ women in childcare facilities. In addition, there is good business potential in the childcare sector to establish new enterprises. It may also indirectly affect a range of circumstances for other family members, including IDPs' families. Thus, it is considered that the potential for changes in this field is even underestimated.

The E-commerce sector was an unexpected choice for the ILO project. There has never been similar research on this sector in Ukraine before. Its actors are mostly private enterprises, the whole sector is not yet shaped.

E-commerce can potentially open doors to markets outside Ukraine which is a good thing in terms of economic development. The sector itself is very self-sufficient, it grows fast and does not need much of assistance. A good thing is that it is relatively easy to access with disregard to place of living, which is beneficial for women and men staying at home as well as for IDPs who lost their homes.

At the same time, the connection between market development and creating decent jobs in this sector is not straightforward. When it comes to labour issues, the e-commerce sector is very much in shadow, however this does not necessarily create a huge problem since the immediate occupational health and safety risks are rather low. Should the ILO decide to make an attempt to change employment terms in this sector, the approach should be absolutely innovative or else the sector would not accept outside changes, big marketplaces are not interested in formalizing employment in this sector.

Sustainability

Regarding the sustainability of the project's findings, the research results will be relevant for a long time. Depending on the sector, this figure ranges from six months to two years. General market trends, challenges, issues of workers' skills – these research data may be relevant for a long time to come. At the same time, specific data, figures, and statistics change constantly, especially during wartime. Therefore, when using project results in planning other interventions, general conclusions may be useful, but quantitative indicators can only be used to understand the context.

CONCLUSIONS

Traditionally, the ILO in Ukraine works through the tripartite model, when representatives of the government, employers and trade unions are involved in the project. In the three industries selected in this project, this model looked different. In particular, in the field of childcare, there are currently no established organizations that would specifically represent workers and employers. Instead, there is a trade union of education workers, which takes care of all workers in education and may not pay much attention to the specifics of preschool institutions, as well as business associations, which are more concerned with the market as a whole, rather than the labour market. On the one hand, it can represent a threat to the quality implementation of the project, when one or another party of the social dialogue is not represented. On the other hand, according to the project participants, already after the first joint event, business associations started talking about the need to join the employers' organization to promote their interests in this field. This is a step towards the establishment of social dialogue in the industry, in which it actually did not exist before. Thus, the ILO raises the level of awareness of businesses and individual organizations about the possibilities of cooperation in the labour market.

The situation with the e-commerce industry is a bit more complicated. Opinions of the experts interviewed about the possibility of influencing the level of official employment in the industry and the involvement of social partners with the help of the ILO project were divided.

On the one hand, the high level of shadow employment in the industry can be just the field for the work of the ILO, because this is its mandate. Helping such businesses with access to the international market and international electronic platforms and the relevant requirements for the official employment of workers can become one of the incentives to increase the level of declared work. Also, this can be facilitated by the development of entrepreneurial culture, activities to improve the skills of entrepreneurs, platform for development of their associations.

On the other hand, the sector itself is developing very rapidly and independently. Players of the e-commerce market in Ukraine have good IT-skills, a lot of knowledge in this field. In such a self-sufficient environment, it can be very difficult to introduce external influence. There is interest, but first the sector itself needs to be shaped.

In addition, it is necessary to take into account that unemployment in the conditions of war encourages a person to receive any income, even in the informal sector. While undeclared work in construction entails a very high level of danger to the life and health of the worker, in the field of e-commerce this level of danger is much lower. In this regard, work on the formalization of work in this sector may not be a priority at the moment.

While challenges for participants of the social dialogue in the construction sector may seem too large-scale, it is still necessary to emphasize the need for technical assistance from the ILO during the reconstruction period of Ukraine. Construction projects of this scale entail huge risks: undeclared work of workers, neglect of labour safety standards in favour of speed of completion of tasks, hiring of unskilled workers for economy of the wage fund or due to lack of qualified workers. The ILO has already done a lot of work in this area through other projects focused on occupational safety and tackling undeclared work, but the new conditions will bring new risks. Therefore, participation of the ILO and a focus on decent work can be very useful.

In the field of construction, there is a need for technical assistance from the ILO during the reconstruction period of Ukraine. Construction projects of this scale entail huge risks: undeclared work of workers, neglect of labour safety standards in favour of speed of completion of tasks, hiring of unskilled workers for economy of the wage fund or due to lack of qualified workers. It is unacceptable to allow the narrowing of workers' rights, even in the conditions of war and the need for quick reconstruction. The specifics of this industry are more complicated and trickier, so it is recommended to plan interventions in this market separately

from other industries, in close cooperation with social partners and the TVET education system.

Overall, it became clear from many interviews during this evaluation that for market participants the ILO represents value as an independent facilitator who has sufficient expertise to provide quality assistance in creating conditions for decent work, and has established contact with a large number of partners and stakeholders, can gather participants at one table and help in establishing social dialogue. Most of the interviewees spoke about this, although the understanding of social dialogue will be completely different for each sector.

The inception phase of this project was supposed to lay ground for the implementation phase. This did not happen for a number of reasons. Full-scale military aggression on the territory of Ukraine has changed the conditions for the implementation of large projects, and the circumstances continue to change, which does not allow effective project planning. Changes in the Government of Sweden and corresponding changes in its foreign representations have led to a change in policies, the new Swedish Government has not defined the priorities regarding Ukraine, so it cannot guarantee supporting new projects.

For many foreign governments that provide assistance to Ukraine, solving immediate humanitarian issues is a priority. At the same time, according to many interviewees, the problem of systemic reconstruction and post-war development should not be secondary. It is recommended to focus on this point in negotiations with potential donors.

The lack of an implementation phase had a negative impact on cooperation with stakeholders who had hopes and plans for continuation of the project. A clearer communication from the donor's side about the possibilities for the next phases of the project activity is recommended for the future in order to avoid the disappointment of the project participants and a possible negative impact on the role of the ILO in the vision of new partners.

The ILO office in Budapest, responding to the high expectations of stakeholders, has already partially initiated implementation of a separate RBSA-funded project in the field of childcare. Thus, the still fresh and relevant findings of the research formed the basis of the project, which can bring immediate results and create conditions for the employment of women and the vulnerable population. This task became easier due to the fact that there was a well-prepared development cooperation project document for the implementation phase which was ready and suitable for funding.

The national coordinator of the ILO in Ukraine together with the ILO office in Budapest have currently expanded the pool of contact donors and potential partners, continue fundraising, trying to find practical application of the results of this project.

RECOMMENDATIONS

- When designing an intervention in a new industry, it is recommended, when possible, to apply the MSA methodology. Its advantage is that it not only collects information about the industry from individual stakeholders, but also carries out an in-depth analysis of the market, its players, trends, and data. Such analysis allows to understand the industry deeper and therefore to design the project accurately.
- It is recommended to take full advantage of the prepared advanced development cooperation project document for the implementation phase which is a comprehensive piece of work that illustrates perfectly the theory of change and identifies very targeted activities, highly relevant for recovery and reconstruction which has been validated by stakeholders. The donor funding could leverage off this work for a ready-made project.
- It is recommended that donor organizations clearly state the plan for the project and its continuation to the ILO and the project team. Transparent intentions need to be clearly communicated to stakeholders in order to avoid confusion on next phases of the project, as well as general deception associated with the ILO interventions.
- When considering interventions in relatively new industries such as e-commerce, the ILO should carefully analyze all the potential advantages and risks of such intervention: on one hand a successful project might have a positive outcome (e.g. reduce shadow employment), on the other hand, if the market is self-sufficient in its relatively chaotic state, then it might not accept changes in its fullest.
- When involving other UN agencies as partners in the project, especially in the war time period, it is necessary to take into account the specifics of their work, their availability with regard to war time circumstances, complexity of bureaucratic processes within the agencies and the impact of all those factors on the progress of the project, especially with tight time frames.
- The ILO should consider involving business associations and other non-traditional partners to the implementation of the project to raise the level of awareness of businesses and individual organizations about the possibilities of cooperation in the labour market and introduce them to the social partnership models.
- It is also recommended to consider good practices in daily work, for example when conducting interviews with stakeholders in several working languages. Considering the high price for parallel translation of work meetings and the fact that consecutive interpretation is time-consuming, it is recommended to follow the example of one of the consultants of this project, who during a stakeholder interview in Ukrainian typed the main theses into an online translator that automatically translated the general meaning to English-speaking participants of the meeting. This practice should not replace a high-quality professional translation when there is a need for it, but it can help in the prompt understanding of the content of the conversation and save project resources.

LESSONS LEARNED AND EMERGING GOOD PRACTICES

LL1.

At the implementation phase, the ILO should not indicate to stakeholders that a future implementation project will follow unless that is signed, even if the donor communicates their intentions to continue the implementation phase.

At the end of inception phase of the project, the ILO has developed three scenarios of the implementation phase, as well as a development cooperation project document, and presented them to the donor. It was only at this stage, when the donor indicated their reluctance to continue with the implementation phase. These were confusing and unsettling news for the stakeholders who were expecting for the next phase, as communicated earlier to them by the ILO.

This can be useful for ILO country teams, officers responsible for cooperation development, ILO officers in countries at war.

LL2.

Market development in the sector of childcare has its hidden benefits: creates new jobs, allows women who leave children in childcare institutions to be (again) economically active, in longer perspective – contributes to better development of a child who goes to childcare and not stays at home.

In childcare sector, in terms of the scale of the sector, changes in this field, at first glance, do not have a great impact on the economic development of the country, but with a deeper analysis, it turns out that solving the problems of childcare helps in several ways at the same time: helping women with children to be economically active, employ women in childcare facilities. In addition, there is good business potential in the childcare sector to establish new enterprises. It may also indirectly affect a range of circumstances for other family members, including IDPs' families. Thus, it is considered that the potential for changes in this field is even underestimated. By making project interventions in the childcare sector, the ILO might not only reach immediate outcomes but also create ground for long-term impact.

This lesson can be considered by market systems specialists, project teams implementing MSD projects.

LL3.

Correct use of partner's exclusive competence during the implementation of the project allows to see one situation from different angles and consequently makes the project impact wider and more comprehensive.

During the interviews with stakeholders in the research process in the framework of Market System Analysis, it was quite indicative that the participation of the UNHCR and their perspective, additional to the one of the ILO, of specific issues regarding people's way of thinking make a valuable contribution to the research and the vision of the market. One of the project target groups was the group of Internally Displaced Persons. The ILO does not have many special tools to work with this group. If the UNHCR did not contribute their expertise, there was a threat of not complete understanding of this group's needs.

This can be beneficial for project implementation teams, project design teams, UN officers responsible for inter-agencies connections.

LL4.

While designing a market development project, interviews with stakeholders are not sufficient for deep understanding of the situation. It is recommended to apply Market System Analysis as a more comprehensive methodology which is appreciated and considered relevant by national stakeholders.

One of the biggest achievements of the evaluated project is a successful attempt to apply the MSA methodology in Ukraine, moreover, in wartime conditions. This was a new approach to working with the labour market in Ukraine. According to many interviewees in this evaluation, this methodology was applied very appropriately. Its advantage is that it not only collects information about the industry from individual stakeholders, but also carries out an in-depth analysis of the market, its players, trends, and data.

This can be beneficial for those responsible for project design.

GP1.

During the MSA analysis, interviewing a variety of stakeholders enhanced ILO visibility among actors in various fields and opens new areas of cooperation in the future.

During the MSA, a wide range of potential stakeholders are interviewed. They will not necessarily take part in implementation of the project; they only provide specific information during the research. After the ILO have contacted them on the matter of the research, those organizations become aware of the ILO work and activities. By this, the ILO creates image about itself among external actors. Raising awareness of the ILO directly or indirectly is beneficial for the whole organization, specifically for officers responsible for public relations.

This good practice can be potentially used by the ILO country teams and officers responsible for developing cooperation.

GP2.

After acting as stakeholders in the ILO projects, business associations become more knowledgeable of the notion of social dialogue and become more interested in labour market, decent work and the functions of employers' organizations.

Traditionally, the ILO in Ukraine works through the tripartite model, when representatives of the government, employers and trade unions are involved in the project. In the three industries selected in the project, this model looked different. In particular, in the field of childcare, there are currently no established organizations that would specifically represent workers and employers. Instead, there are business associations that are more concerned with the market as a whole, rather than the labour market. After taking part in the ILO project, business associations started talking about the need to join the employers' organization to promote their interests in this field. This is a step towards the establishment of social dialogue in the industry, in which it actually did not exist before. Thus, the ILO raises the level of awareness of businesses and individual organizations about the possibilities of cooperation in the labour market. After acting as stakeholders in the ILO projects, business associations become more knowledgeable of the notion of social dialogue and more interested in joining employers' organizations. Extending the pool of employers' organizations with specific business associations in the sector where there are no employers' organizations can lead to strengthening of the social dialogue.

This practice can be considered by the ILO country teams.

GP3.

During online interviews with stakeholders, an online automatic translator can be applied.

When conducting interviews with stakeholders in several working languages, project team has to be creative with translation, as not all the participants of the meeting speak English and/or another official ILO language. Parallel translation is usually expensive and to ensure cost-effective management of the project it is mostly used for bigger, official meetings, but not for regular ones. In its turn, consecutive interpretation is time-consuming. To solve this issue, one of the consultants of the project during a stakeholder interview in Ukrainian typed the main talking points into an online translator that automatically translated the general meaning to English-speaking participants of the meeting. This practice however should not replace a high-quality professional translation when there is a need for it, but it can help in the prompt understanding of the content of the conversation and save project resources.