



# Evaluation Summary



International  
Labour  
Office

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Office

## *Inclusive Labour Markets for Job Creation in Ukraine – Independent Midterm Evaluation*

### Quick Facts

**Country:** *Ukraine*

**Mid-Term:** *19 December 2017 – 31 August 2021*

**Evaluation Mode:** *Independent Joint*

**Administrative Office:** *DWT/CO for Central Europe  
(Budapest office)*

**Technical Office:** *DWT/CO Office Budapest*

**Evaluation Managers:** *Emil Krstanovski (ILO);  
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**Project Code:** *UKR/17/01/DNK*

**Donor(s) & Budget:** *Danida, Denmark, USD  
8,445,000*

**Keywords:** *Employment policies; Youth employment;  
Skills development; Active labour market policies;  
Social dialogue, Social partners, SME development*

### Background & Context

#### Summary of the project purpose, logic and structure

The Inclusive Labour Markets for Job Creation (ILMJC) project in Ukraine is the largest ILO project currently implemented in Ukraine with an overall budget of DKK 54 million or approx. USD 8,5 million. Initially planned for 2017 – 2022, the project was in 2021 extended until June 2024. The ILMJC project is financed by Danida under its Danish European Neighbourhood Programme (DANEP) in Ukraine, under its Economic Growth Thematic Programme.

The ILMJC project is structured around three main specific objectives (outcomes):

- a) Labour market governance is improved through the strengthening of employment services and other labour market institutions.
- b) Skills development is better aligned with demand for skills with particular emphasis on the private sector.
- c) Tripartite social dialogue and collective bargaining as means to create more and better jobs are enhanced.

The ILMJC project provides assistance to Ukrainian institutional actors and social partners in improving the labour market governance, including through the reform of the State Employment Service, enhancing entrepreneurship capacities, and improving social dialogue and capacities of social partners to engage in meaningful social dialogue.

#### Present Situation of the Project

The direct beneficiaries of the project are:

- National Government level: Ministry of Economy of Ukraine (MoE), Ministry of Social Policy of Ukraine, Ministry of Education and Science of Ukraine, National Tripartite Social and Economic Council
- Public sector institutions: State Employment Service and its regional/local branches; Technical Vocational Education & Training (TVET) schools in selected amalgamated communities
- Social partners at national level and regional level: Federation of Employers of Ukraine (FEU), Confederation of Free Trade Unions of Ukraine (KVPU), and Federation of Trade Unions of Ukraine (FPU)
- Regional Government (Oblast) and Local Community (Hromadas) level: designated

institutions responsible for education and employment issues, RTSEC

– Local Civil society organisations at Hromada level  
The final beneficiaries of the ILMJC project are:

- Unemployed and inactive persons (particularly youth and women) at risk of social exclusion.
- Operators (self-employed) or employees of SMEs in the informal economy.

### **Purpose, scope and clients of the evaluation**

The purpose of this joint ILO-DANEP MTE was to promote accountability and strengthen learning among the ILO and key project stakeholders. The scope of the MTE was to assess Relevance and validity of design, Coherence, Project effectiveness, Efficiency and management arrangements, Impact, and Sustainability.

#### Specific objectives of the MTE

1. Assess the extent to which the project has achieved its stated objectives and expected results to date, while identifying the factors affecting project implementation (positively and negatively). If necessary, propose revisions to the expected level of achievement of the objectives;
2. Identify gaps and specific areas for improvement;
3. Identify developments affecting key assumptions and risk factors
4. Make recommendations for adjustments or improvements where necessary and possible in ongoing activities as applicable for the remaining time of implementation considering the no-cost extension until 2024, as well as for a possible new phase. Where possible, recommendations should be forward looking for consideration by ILO/DANEP.
5. Assess the extent to which the project outcomes will be sustainable;
6. Establish the relevance of the project design and implementation strategy in relation to the ILO, UN and national development frameworks (i.e. SDGs, GoU-UN Partnership Framework 2018-2022);
7. Identify lessons learned and potential good practices, especially regarding models of interventions that can be applied further;
8. Make recommendations for adjustments or improvements to further engage the Danish Social Partners under the current project, in accordance with ILO and DANEP rules and guidelines
9. Provide recommendations to project stakeholders to promote sustainability, improve and support delivery towards the project outcomes.

### **Methodology of evaluation**

The evaluation was conducted in compliance with UN evaluation norms and standards, ILO Evaluation Guidelines, as well as OECD/DAC Evaluation Quality Standards. It followed the prescribed ethical safeguards, as specified in the ILO's evaluation procedures.

The MTE was conducted in a transparent manner and as consultative as possible, using a mix of qualitative and quantitative methods to gather and analyse data, which were gender disaggregated to the extent possible. The MTE was organised in four phases: 1) Desk review and literature analysis; 2) Preparatory interviews (on-line) and SIYB survey (all on-line); 3) Field work (on location, some on-line interviews); 4) Debriefing and reporting.

The ET paid particular attention to gender equality in line with ILO's Guidelines on Integrating gender equality in M&E, as well as Danida's HRBA and Gender screening tool, intending to assess how the project has considered the specific needs of men and women, and what the effects of the interventions may be.

The MTE further carried out an assessment of the project's theory of change and project design, to assess factors that contributed to, or impeded, the achievement of results (as outlined in the results framework), and the extent to which the initiative is still 'fit for purpose'.

The MTE also had resource and time limitations, given its broad scope and limited time available for meetings on-line and in the field. During the Inception phase in 2020, all interviews and meetings were on-line, due to the COVID-19 pandemic. Follow-up interviews were also necessary due to postponement of the field work. The MTE eventually took place in Ukraine from 20 September-01 October, 2021.

### **Main Findings & Conclusions**

**Relevance and strategic fit:** The ILMJC project is aligned with national policies and strategic documents defining creation of new jobs as a top priority in the state policy. The ILMJC corresponds very closely to the needs of its direct beneficiaries (State Employment Service (SES), social partners, National Tripartite Social and Economic Council (NTSEC), National Service on Mediation and Conciliation (NSMC) as well as the core counterpart Ministry of Economy (MoE). The project team has demonstrated a flexible

and responsive approach that helped to cope with negative effects of COVID-19.

This relatively complex project operates in a context characterised by a significant number of donor programmes and projects related to job creation, SME development and social dialogue. Given a rather weak donor and institutional coordination, avoiding overlaps is quite challenging. No significant overlaps have been detected with other international interventions and programmes. The ILO has been able to co-finance or obtain additional donor funds for additional, complementary projects in SME development and economic empowerment, as well as Technical Vocational Education and Training (TVET). This is significant and demonstrates synergy and value-added of the ILMJC itself and DANEP's quite large investment.

In the remaining implementing period, the ILMJC project should consider closer cooperation with other projects and programmes working on local economic development, SME support, and strengthening of 'hromadas'.

**Validity of Design:** The ILMJC has a coherent Intervention Logic with results at output level feeding into the three overall outcome areas, and applies targeted and evidence-based approaches, including needs assessment of social partners, territorial diagnostics of labour market interventions, as well as solid legislative analysis of a wide range of social inclusion, employment and labour market policies and acts for their compliance with International Labour Standards. Gender equality and inclusion of vulnerable groups are integrated in indicators and targets, but application of gender equality rarely goes beyond measuring gender balance. The Theory of change and underlying assumptions are overall deemed to be still valid, with the caveat that national Tripartite Social Dialogue (TPD) remains challenged. This is a politically difficult and conflictual area with disengagement by some social partners, limited political will, and a non-operational National Tripartite Council from 2018 to 2021. The ILMJC project has done much to overcome and mitigate these challenges.

**Effectiveness:** The main findings by this MTE on the ILMJC's contributions towards the three main outcome areas are that, through this project and other recent ILO interventions in the period 2015-2018, the ILO contributed to an overall improved labour market governance in Ukraine.

*Progress under Outcome 1 Improved labour market governance* is good and on track, but the State Employment Service systems are complex, with a large number of staff in 25 regions of Ukraine.

The ILMJC has contributed to substantial system development (in fact, a complete reform plan) of the SES and of other labour market institutions (Social partners and the NMSC).

The ILMJC further successfully supported several processes related to framework conditions for social dialogue and labour market governance, commenting on and proposing changes to a wide range of draft and existing legal acts.

Through the Local Employment Partnership model, a potentially sustainable and scalable modality has been promoted and adapted to local circumstances, which – given sufficient support and buy-in from local authorities and partners - could be rolled out widely in other regions. Finally, enhanced ownership and support by the national responsible MoE and involvement of the Ministry for Communities and Territories will be important for the further application of the LEP model in other localities.

The ILMJC's contributions towards the *Outcome 2 on Skills development for new labour market entrants* (largely focussing on entrepreneurship development and Youth) shows good overall progress, but the outcome has been negatively affected by COVID 19. The main deliverable under Outcome 2 is the ILO's SIYB entrepreneurship training package, which is seen to have gained solid traction in the country, well beyond the ILO and the ILMJC.

The ILMJC similarly contributed to *Outcome 3 on TPD and collective bargaining*, but there were delays in implementation and limited achievement of outputs, which are overall behind target. The ET considers it unrealistic to achieve this outcome. There have been delays in implementation, due limited engagement by social partners and political will to engage in social dialogue, factors beyond the control of the ILMJC and the ILO. Nevertheless, the ILMJC has throughout successfully supported capacity building of constituents in TPD as well as provided solid technical assistance on improving and commenting on labour market and employment legislation, leading to improvement of the framework conditions for social dialogue and labour market governance.

The ILMJC project has done much to address gender equality in its interventions and is found to be gender neutral, in some areas responsive, but not transformative. Due to the project design, including the Results Framework, the approach to gender equality

and inclusion is found to be more formal than substantive. While most project activities as relevant do target men, women and youth, this rarely goes beyond ensuring gender balance.

**Efficiency of resource use:** The project had a no-cost extension until June 2024 as agreed with the donor and the ILO. This by default increases fixed and current costs related to administration and ILO Programme support costs. Expenditures are found to be in line with implementation plans, and the budget and financial management do not give reason for other concerns.

The ILMJC is assessed to be efficiently and well managed by a dedicated team of international experts, national officers and administrative staff. The project is adequately supported by a team of experts from ILO Budapest, providing frequent ad-hoc and specific technical assistance, guidance and advice. Overall, the services, technical assistance and advice by the ILMJC project experts, staff and external consultants and advisers are very well appreciated and generally found to be of good quality by stakeholders and constituents. The MTE considers that the constructive collaboration with national and local authorities, as well as social partners and other partners, is one of the key contributing factors towards the ILMJC's being well underway to achieving its outputs and contributing to the higher outcome level, with the caveats related to TPD and the risks below.

The fact that the ILO to its credit has been able to co-finance or obtain additional donor funds for complementary projects is significant in terms of efficiency, demonstrating synergy and value-added of the ILMJC itself and DANEP's investment in this engagement.

**Project's sustainability:** The MTE concludes that ILMJC project has achieved valuable and well-documented results that could be sustainable and have positive impact on the labour market and creation of new jobs, provided that possible risks are mitigated to the extent possible. A majority of stakeholders confirmed their readiness to continue activities initiated by the project. Since the social partners are relatively stable organisations and the capacity building efforts and systems development will remain, there are good prospects for sustainability. However, some of these require financial resources, which constituents and partners most likely will have problems acquiring.

Provided the identified risks and gaps in sustainability are addressed, the project results within Outcome 1 and

Outcome 2 could have a long term, sustainable positive contributions to the SDGs, ILO DWCP, and DANEP relevant targets, while the results within Outcome 3 are sustainable in terms of the enhanced capacity of social partners and the improved legislative framework. Sustainability of an improved national social dialogue will depend on the ability and willingness of all partners to engage meaningfully in the NTSEC. The project results also contribute towards major national programmes on Equal Opportunities, the National Economic Strategy 2030, Government Decentralisation as well as the Government's 'Affordable Loans Programme' (5-7-9%).

#### **Lessons learnt:**

The MTE has identified three important lessons learned – one negative and two positive:

1) SIYB: conversion and adjustment to online mode. Flexibility and quick response allowed conversion and adjustment of SIYB to online mode during COVID 19 restrictions, which again made it possible for ILMJC (and the ILO) to reach its targets (in fact overperform). There is a risk here of lower learning attainment and probably excluding certain marginalised people from online training in comparison with offline.

2) Improved demand-driven service provision by social partners. An improved understanding of clients' or members' needs ensures better service provision (survey of FEU members, Customers Relation Management (CRM) software for FEU, clients' feedback to SES, mobile app developed by KVPU for union activists). This has further been enhanced by training and capacity building of the social partners in legal, youth and effective communication.

3) National Tripartite Social Dialogue in a difficult context. The challenges surrounding National Tripartite Social Dialogue (TPD) and the functioning of NTSEC are beyond the control of the ILMJC and the ILO. These can be summarised as:

- TPD is a politically and socially difficult area, with limited engagement by social partners in social dialogue, even suspension of participation in NTSEC by the FEU in 2018.

- Disagreements by social partners on both content and consultations around the draft labour, employment, and social protection laws

- The role and mandate of social partners are not being fully recognised by the legislative executive

- Inadequate financing of core functions of the NTSEC secretariat

- Institutional and legislative constraints affecting the ability of NTSEC to fully perform its functions.

## Good Practices:

- 1) LEPs – a potentially strong and proven effective model for involving all relevant local partners within employment and job creation (local authorities, private sector, SMEs, Civil Society, and TVET schools, investors, professionals etc). LEPs demonstrate very good results, while scaling up and expanding to other regions are yet to be tested
- 2) Involvement of professionals in development of Master Classes for chef students and developing a national occupational standard for cooks, now officially approved by MoE. This has given direct added value to end users (students), has upgraded the curriculum and lifted the quality of training to new levels, to the benefit of hotels, restaurants and catering businesses (aligning with employers' needs for specialised, good quality TVET graduates). Involving master chefs as specialists has harnessed best practices in the sector. Finally, this enhanced the relevance and general quality of a local TVET school. IF this standard can be meaningfully used in other TVET schools, using the improved curriculum, it could lift quality of services in the hospitality sector.

## Recommendations

1. MoE should work to ensure that the NTSEC has adequate technical and financial resources (in particular a sufficient operational budget) to fulfill its important role in serving the council. This includes sufficient minimum financial allocation from the national budget, which is under the responsibility of the Ministry of Finance.
2. MoE and ILMJC should agree on HOW the two new LEPs (2022 =>) can be facilitated by MoE and local institutions. (The NGO partner in Kherson (New Generation) could be considered as master trainer and promoter of LEPs in other locations)
3. The ILMJC should demonstrate practical content and process of Local Employment Partnership (LEP) to MoE and develop a model in Ukrainian language. Clearly describe the LEP model, communicate its benefits to the MoE and local authorities and partners
4. Potential co-financing and co-implementation of LEPs with U-LEAD should be explored by ILMJC
5. Introduce tracking of SIYB in the M&E system, support the networking of SIYB trainers/mentors, contribute to development of the 'support package' to

SIYB grantees; preparation of Master trainers (Ukrainian)

6. Partnering with EU4Skills to promote changes in TVET education: Occupational standards => educational standard => improved curricula
7. The ILMJC should unpack its too detailed but rich results, using a communication adviser (important achievements, such as mediation, substantial input into labour laws, NTSEC, and TA to NMSC + Social Partners + LEPs). SIYB has good media uptake, LEPs have many success stories
8. The budget for media/communication needs to be increased - more can be done within limited resources.
9. The M&E system needs to be improved, based on suggestions by MTE
10. Start using cumulative reporting against indicators at outcome and output level, to demonstrate better tracking of results and reporting to donor and constituents
11. Consider support in certification of Ukrainian SIYB master trainers by the ILO Training Centre in Turin
12. Use ILO guidelines on Gender Equality more proactively and involve partners in discussion on how to make ILMJC interventions more gender mainstreamed
13. Assess and communicate how different needs of men and women should be considered
14. Contracts with Danish social partners should be reviewed again, with the possibility of expanding scope.
15. Alternatively, MoUs could be drawn up where Danish partners provide additional services or advice through their framework agreement with Danida - and the ILMJC can then provide funding for certain technical support and training.