



# DEFINITIONS AND DESIGN OPTIONS

WORKFORCE INITIATIVES DISCUSSION PAPER #1

## Abstract

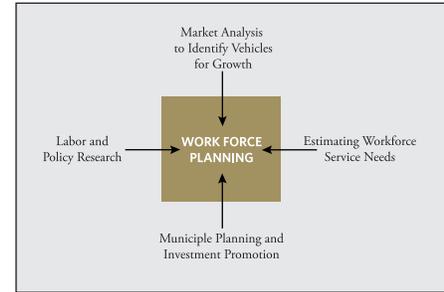
Workforce initiatives are about giving people the skills to do their jobs well, about strengthening the institutional infrastructure that provides job services, about positioning labor markets to lead growth and increased investment, and about creating sustainable employment and improved working conditions. Workforce initiatives aim to fill a specific gap in a supply, service, or value chain. They can be as broad as resources allow and address multiple issues. In the end, workforce initiatives contribute to resolving crucial economic and social problems that are caused not only by skills deficits, but also by structural deficiencies. This discussion paper summarizes the information in the AED publication, *International Workforce Initiatives: Definitions, Design Options, and Project Profiles*.

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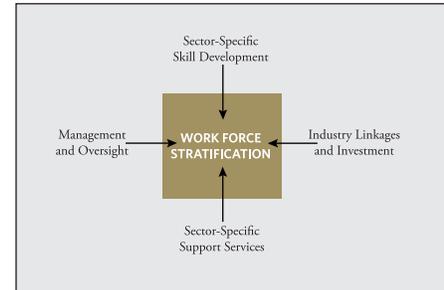
Photo: Tanya Habjouqa

## Definitions

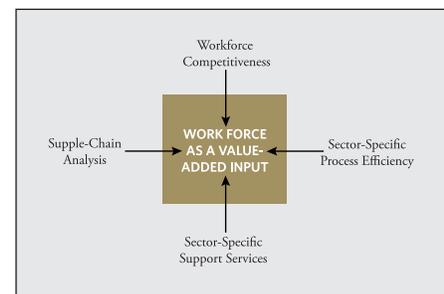
**WORKFORCE PLANNING:** Workforce planning is a process through which demographic and economic plans and trends are used to predict labor availability, skills demands, and opportunities for expanding employment in a target area. Workforce planners should aim to expand job markets and build an infrastructure to support sustainable skills development. They identify inroads for facilitating jobs growth within the context of development strategies, municipal plans, investment promotion campaigns, and/or project plans.



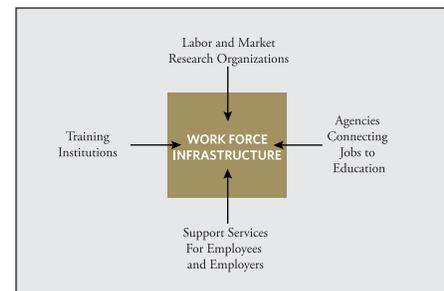
**WORKFORCE STRATIFICATION:** It is important to identify strata that exist along supply, services, and value chains, so that jobs and skills are created along entire systems—from basic labor to service workers to semi-professional and professional management. By focusing on market strata, activities can be more effectively staged. For example, in a reconstruction effort emergency jobs programs can prepare people for jobs to be created when facilities are completed and operations resume.



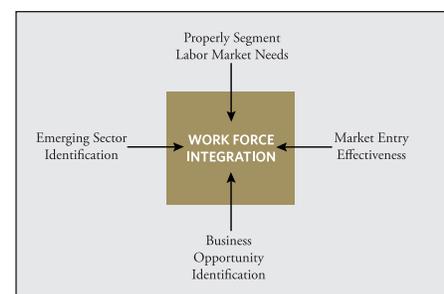
**WORKFORCE AS A VALUE-ADDED INPUT:** The workforce is the human side of supply and value chains. Effective human resources development and labor skills integration are key factors in increasing production efficiencies and reducing cost inefficiencies—both necessary components of competitiveness. For each manufacturing process, people need to be given the capacities that will deliver quality work. For each manufacturing process, there is a regulatory function for which people also need adequate training and resource allocations.



**WORKFORCE INFRASTRUCTURE:** The “workforce infrastructure” consists of agencies, NGOs, and businesses that provide employment services, human resources management, training services, labor research and market analysis, and a host of other related services. In the public sector, schools, training centers, personnel offices, and employment agencies have roles to play. In the private sector, associations, as well as businesses that provide employment services or that have human resource systems, are critical parts of workforce infrastructures.



**WORKFORCE INTEGRATION:** A successful workforce integration program assists people to move into new or next generation jobs or into employment in emerging sectors rather than into current markets. Workforce integration takes place when significant numbers of new entrants move into the workforce with minimal levels of conflict or negative competition. This is particularly true when working with displaced peoples, and can also be true with women and youth who often enter labor markets in large numbers.



## Design Priorities

Enterprise development, institutional development, improving access to finance for workforce entrepreneurs, and labor demand surveys can all play important roles in workforce initiatives. Project design priorities often include:

**ENGAGING THE PUBLIC AND PRIVATE SECTORS:** Agencies, businesses, and communities need to be able to identify growth opportunities and pursue them to create jobs. Business support agencies, training centers, and investment promotion agencies work together in the most successful workforce initiatives.

**EMPHASIZING SOCIAL ENTERPRISE INVESTMENTS:** Increasing evidence suggests that investing in social services, such as child care, elder care, health product distribution, and private education and training, have exponentially stronger development impacts. By viewing these as market segments, training people to fill market gaps increases the availability and affordability of social services and creates new jobs. In addition, investing in social sector enterprises and workforces can play critical roles in effectively addressing the tragic affects of famine, human capital deficits, persistent poverty, and gender inequality.

**ANALYZING INCENTIVE SYSTEMS:** The incentives for making investments in social services are not always obvious—neither are the incentives for reducing corruption, employing good labor practices, or adopting international health and safety standards. People must understand the benefits. At agency and business levels, tools that provide comparative analysis of funding alternatives, of the costs of healthy workplace programs versus lost labor productivity, or of the costs of lost exports vis-à-vis the costs of implementing a good labor practices certification program can be instrumental in illustrating incentives stakeholders should consider.

**IDENTIFYING, FORMALIZING, AND STRENGTHENING WORKFORCE INTERMEDIATION FUNCTIONS:** The word “intermediation” is most commonly used in discussions about financial markets. As applied to workforce development, intermediation is about connecting the people with requisite skills to the agencies and businesses that will pay them to do specified work. Often, intermediaries connect education and training institutions into sector-specific skills building. Without some kind of intermediary process, the integration of new populations into a workforce can have detrimental consequences. This makes the businesses and institutions that provide intermediary services vital to the workforce.

**CONNECTING WORKFORCE INITIATIVES TO ACCESS TO FINANCE ACTIVITIES:** Across developing countries in general, there is little access to finance for start-up businesses or for business expansion. This is a critical problem for workforce initiatives because businesses must be able to establish and expand to create new jobs, fund capacity development activities, or install human resources systems.

**PROMOTING WORKFORCE ENTREPRENEURSHIP:** Workforce entrepreneurship involves encouraging people to invest in workforce support and skills-building services. The most obvious examples are private sector training centers, which can be very profitable enterprises. However, workforce entrepreneurs also invest in career counseling, recruitment and placement, and human resources management services.

**USING NEW TECHNOLOGIES:** Technology transfer is driving economic growth in many countries, both poor and rich. In response, governments and businesses are confronted daily with the need to invest in ICT-related skills building. Assisting countries to create ICT-literate workforces has become an imperative in almost all sectors, ranging from education to manufacturing to trade services. In addition, there are entirely new market systems developing around green technologies—not all of which need large-scale infrastructure to have significant development impact.

**STRENGTHENING HUMAN RESOURCES MANAGEMENT:** Through HRM offices and systems, initiatives can address outlying but important issues in their project work plans, including establishing staff development, leadership, diversity initiatives, youth, and women’s employability programs. The information generated by automated HRM systems can also help agencies, firms, trainers, and planners to address transparency and improve labor practices.

**LEADERSHIP AND PROFESSIONAL DEVELOPMENT:** Adding leadership components can improve professionalism, innovation, and responsiveness. However, professional fields of practice, such as accounting, architecture, law, marketing, and medicine, are thin in many countries. Women’s participation in these fields can be especially thin, so focusing on leadership and professional development as workforce issues can have multiple effects.

## Illustrative Associate Awards and Cooperative Agreements with Workforce Components

Financial Integration, Economic Leveraging, Broad-based Dissemination (FIELD-Support LWA) (2008-2013)	With core funding from the USAID/EGAT Bureau, the FIELD-Support team assists missions to design and implement projects that build capacity in microenterprise and microfinance. Projects increase access to finance, generate employment, and increase financial literacy.
Armenia Human and Institutional Capacity Development (2005-2010)	This project builds capacity of local businesses and professional organizations to provide training and other support services, including workforce strengthening activities. A performance improvement approach is used across all activities, from evaluating partners' organizational performance to designing and evaluating the impact of training activities.
Ecuador - Local Business Development Program (2007-2012)	This project focuses on ameliorating unemployment by generating increases in licit income and employment by focusing on lead firms in value chains. Results included recruiting 20 anchor investors, creating 400 full-time jobs in the agriculture sector, increasing incomes for 8,000 families, and increasing sales by 50 percent.
Global - Women Leadership Training in Economics (2007-2011)	This project combines leadership training and higher education for women who want to enter the field of economics. Talented women are brought from abroad to participate in a two-year master's degree programs in the United States. The goals included increasing the number of women with economics-related policy skills and integrating more women into professional positions.
Haiti - Integrated Financing for Value Chains and Enterprises (2009-2014)	This project improves the capacities of a core group of financial suppliers to design and deliver appropriate products along current and emerging supply and value chains. By providing additional access to finance, the project encourages microenterprise expansion and entrepreneurship as a means of filling gaps along key value chains.
Lebanon - Business Linkages Initiative (2008-2011)	This project improves business and workforce productivity in the agribusiness, tourism, and ICT sectors. Activities are implemented in with key industry players, including associations, firms, and business services organizations, to make Lebanese products more competitive.
Pakistan - Promoting Employment and Labor Rights (2009-2011)	This DOL-funded project creates pilot programs with vocational education partners that help them develop good labor practices and labor rights curricula, offer employment services to students, and to target more training to fill discrete gaps in labor demand.
Sudan - Generating Economic Development through Microfinance (2008-2011)	This program seeks to strengthen the microfinance sector in South Sudan by creating a cadre of professionals who can implement microfinance activities, strengthen the microfinance association, providing potential borrowers with business and financial literacy training, and working with existing financial institutions to mitigate risk in South Sudan.
West Bank/Gaza - Palestinian Investment Partners program (2008-2011)	Through this project, key small and medium-sized enterprises in the West Bank receive support for expanding their existing businesses, in order to create new jobs, add product lines, transfer appropriate technology, improve business support services, and increase workforce efficiency. The grant program helps firms get started or to expand and create jobs.
Supporting Transformation by Reducing Insecurity and Vulnerability with Economic Strengthening Programs (STRIVE) (2007-2012)	This program focuses on optimizing the impact of economic strengthening programs on the well-being of at-risk populations, especially children. Program interventions include value chain strengthening, youth entrepreneurship, establishing appropriate income opportunities for adolescents, and improving savings. On-going sub-grants are being implemented in Afghanistan, Liberia, Mozambique, and the Philippines.