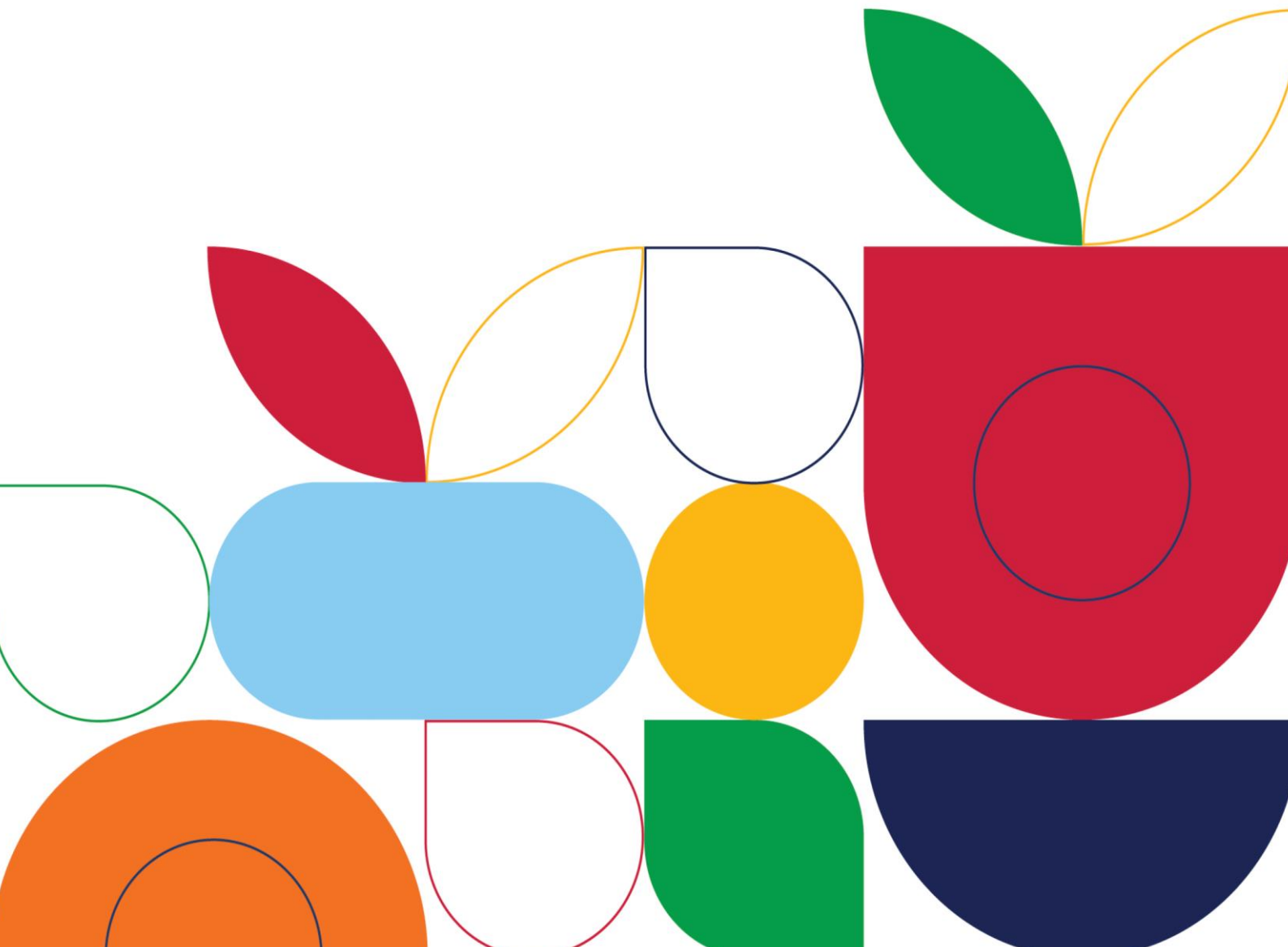




# GUIDANCE ON MAINSTREAMING DECENT WORK IN INFFS

DEC. 2023 VERSION



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## LIST OF ACRONYMS

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AAAA	Addis Ababa Action Agenda
CFC	Common Fund for Commodities
DFA	Development Finance Assessment
DFEA	Digital Finance Ecosystem Assessments
DWCP	Decent Work Country Programmes
DWT	Decent Work Teams
EBMOs	Employers' and Business Member Organizations
IMF	International Monetary Fund
ILO	International Labour Organization
ILO-CO	ILO country Offices
ILO-DWT	Decent Work Teams
ITC-ILO	International Training Centre of the International Labour Organization
ILS	International Labour Standards
INFF	Integrated National Financing Framework
JP	Joint SDG Fund Programme
KfW	KfW Development Bank (the German Development Bank)
LCDs	Least Developed Countries
LICs	Low Income Countries
LMICs	Lower Middle-Income Countries
MICs	Middle Income Countries
MFIs	Micro-Finance Institutions
MTEFs	Medium-term Expenditure Frameworks
MTRS	Medium-term Revenue Strategy
NEP	National Employment Policy
OECD	Organisation for Economic Co-operation and Development (OECD)
PEFA	Public Expenditure and Financial Accountability
PER	Public Expenditure Reviews
PUNOs	Participating United Nations Organizations
SIDA	Swedish International Development Cooperation Agency
SIDS	Small Island Developing States
SSTC	South-South and Triangular Cooperation
UNCDF	UN Capital Development Fund
UNDESA	United Nations Department of Economic and Social Affairs
UNDP	United Nations Development Programme
UNICEF	United Nations Children's Fund
UNFPA	United Nations Population Fund
UNSDCF	United Nations Sustainable Development Cooperation Framework

## WHAT IS THIS GUIDANCE NOTE ABOUT?

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**What this guidance note is about.** A practical guide to help governments adopting and leading an INFF, as well as relevant state and non-state actors (including social partners representing workers and employers) and supporting international partners understand (1) *what* the relevance of decent work is in building sustainable, resilient and inclusive social and economic systems to further advance Agenda 2030, and (2) *how* to effectively mainstream decent work across the building blocks leading up to the design and implementation of an integrated strategy for financing national SDGs and development agendas.

**Socio-economic challenges.** The economic disruptions and social impact of the COVID-19 pandemic have recently been further compounded by rising inflation, interest rates and food and commodity prices influenced by the conflict in Ukraine. A drop in labour income, estimated at 4% of GDP globally in 2020 alone, and a gap in social protection of 53% of the world's population, have pushed extreme poverty upwards for the first time in twenty years (by around 100 million people), driving poverty back to 2015 levels, when the 2030 Sustainable Development Agenda was launched. This situation has stressed the need to focus on the social dimension of Agenda 2030, and a more human-centred socio-economic recovery strategy at country level.

**Financial needs.** Massive investments are needed to reverse this socio-economic fallout, keep on track with Agenda 2030 and build a more resilient future. Prior to COVID-19, many countries were already struggling to cope with growing debt pressures and limited fiscal space to finance the SDGs. Now, the gap between needs and available finance has multiplied. The ILO points to a US\$ 982 billion fiscal gap just for the economic and labour market recovery in Low Income Countries and Lower-Middle Income Countries, and investment needs of up to 5% GDP annually to provide just a basic level social protection floor in the latter group of countries.

**Social investment.** With strained national budgets, policy makers faced with competing demands may be forced to make difficult budget decisions. Financing social investments, frequently with medium to long term results horizons, may not always be a top priority vis-à-vis more acute or immediate demands like servicing debt, paying wages, fighting inflation or stagflation, etc. Yet, financing social investments is key to boost productivity for a sustained economic growth that is inclusive in the equitable sharing of growth benefits.

**INFFS.** The Addis Ababa Action Agenda (AAAA) resulting from the 2015 Financing for Development conference called for countries to make use of the full range of financial resources, public and private, to support national SDG priorities. Member States agreed to use integrated national financing frameworks (INFFs) to support their national sustainable development strategies.

**The Decent Work Agenda** is a direct outcome of the SDGs (SDG 8 - Decent work and economic growth), but also a crosscutting policy driver of the different dimensions of Agenda 2030 and its SDGs. Ensuring that decent work objectives are reflected in INFFs is critical, its relevance reflected in recent multilateral initiatives supported by the UN Secretary General: (1) the [Global Accelerator on Jobs and Social Protection for a Just Transition](#) that aims to channel investments towards a job-rich recovery using INFFs to catalyse financial resources; (2) the Global Coalition for Social Justice that supports a new global social contract between governments and citizens, and within societies, anchored in a comprehensive human-centred approach to development that respects the rights of all.

**Mainstreaming decent work in INFFs.** To guide the mainstreaming process of decent work across the building blocks of an INFF and facilitate the engagement and dialogue between the UN system, and the ILO in particular, with governments, relevant national social partners or supporting international development partners, the ILO and UNDP have developed this guiding document. It should, however, not be seen as a blueprint, but rather as a suggested approach, as practical application will differ depending on country context and ambitions.

**Practical guidance.** After a first part setting up the stage with an introduction to INFF, decent work and their connection, a brief description follows of objectives, audience and structure of the guidance note. The third part presents a first practical guidance note. Structured around the building blocks of an INFF, it presents:

- ✓ A brief overview.
- ✓ Guiding questions (to help bring decent work policies and institutional frameworks into the INFF process, and identify entry points for advisory, technical assistance and capacity building).
- ✓ Analytical and planning tools.
- ✓ Country experiences to promote peer learning among countries mainstreaming decent work in INFFs (to be further enriched and expanded).

Special attention is paid in the assessment and diagnostics building block to the following decent work technical areas: unlocking job-rich growth through public finance; investing in social protection; financial sector's role in promoting decent work; fostering pathways to sustainability of enterprises and jobs; fostering pathways to formality; investing in climate action for jobs and a just transition; investing in labour standards.

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This is a live document and will benefit from lessons learned as practical country examples come to live and as further guidance needs are identified. Kindly contact us if you wish to contribute new information filling the contact form in [inff.org/contact-us](https://inff.org/contact-us) or through the below functional email:

Multilateral Partnerships and Development Cooperation, ILO ([PARTNERSHIPS@ilo.org](mailto:PARTNERSHIPS@ilo.org))

# 1. INTRODUCTION TO INFFs AND DECENT WORK

## TIMELINE OF INFFs

- **To finance the goals of the Agenda for Sustainable Development (Agenda 2030)**, estimated before the pandemic at 15% of Low-Income Countries GDP<sup>1</sup> (over 20% of GDP in specific country cases), the 2015 Financing for Development conference called, in its Addis Ababa Action Agenda (AAAA), for countries to work towards up-scaling and diversifying financial resources, changing the way existing resources are used and prioritised, and leveraging the full potential of all financial sources (domestic, international, public, and private).
- **The Integrated National Financing Framework (INFF)** concept was introduced in the AAAA as a tool for governments to develop a strategy to mobilise and align financing with all dimensions of sustainability, broaden participation in the design, delivery and monitoring of financing policies, and manage risk. While a country's sustainable development strategy lays out what needs to be financed, INFFs spell out how the national strategy can be financed and implemented.
- **Disrupting events since 2020** have added further challenge, risking the fulfilment of Agenda 2030 and the ambition of sustained and inclusive economic growth, full and productive employment, and decent work for all. The socio-economic impact of the Covid-19 pandemic caused labour income to fall 4.4% of global GDP in 2020 alone and pushed extreme poverty upwards for the first time in twenty years (by around 100 million people)<sup>2</sup>. Working poverty is now back to 2015 levels, year of the 2030 Sustainable Development Agenda.
- **Additional financing needs.** In March 2021, the IMF estimated Low-Income Countries (LICs) would need around US\$200 billion up to 2025 for relief and recovery, and another US\$250 billion to resume development progress. The ILO points to a US\$ 982 billion fiscal gap for the economic and labour market recovery in LICs and Lower-Middle Income Countries (LMICs), and investment needs of up to 5% GDP annually for LMICs to close the widening social protection gap (just to provide a basic level social protection floor)<sup>3</sup>.
- **Limited fiscal space.** While financing needs and risks have grown, the rising inflation, interest rates and food and commodity prices influenced by the conflict in Ukraine have further deteriorated fiscal space, debt position, private investment and access to international markets globally. (To delve further into the impacts of recent shocks across financing areas, see the [2023 Financing for Sustainable Development Report](#)).

Figure 1. Countries using INFFs



- To maximise and align the contribution of public and private finance with national sustainable development priorities and an inclusive and sustainable recovery from the pandemic, at the time of elaboration of this document, **eighty-six countries<sup>4</sup> were already adopting INFFs** to shape national financing strategies, and at least ten more were exploring the possibility or ready to adopt an INFF approach. In 2022, at least twenty-one of the eighty-six countries were already in the process of elaborating and negotiating their financing strategy, and a similar number were expected to develop theirs in 2023.

<sup>1</sup> IMF 2019 estimate: <https://blogs.imf.org/2019/01/31/mind-the-gap-in-sdg-financing/>

<sup>2</sup> IMF 2021 estimate: <https://blogs.imf.org/2021/04/29/achieving-the-sustainable-development-goals-will-require-extraordinary-effort-by-all/>

<sup>3</sup> ILO, World Social Protection Report 2020-22: Social Protection at the Crossroads – in Pursuit of a Better Future, 2021

<sup>4</sup> 70% of Least Developed Countries (LDCs), 60% of Middle-Income Countries (MICs) and almost half of all Small Island Developing States (SIDS).



- An ever-increasing number of **international development and financing partners** are engaging in INFFs at the country level in various ways, participating in financing dialogue (e.g. participating in oversight committees), providing technical assistance, financing projects or promoting a South-South and Triangular Cooperation (SSTC) approach, as the Global South emerges as key player in development cooperation.<sup>5</sup>

## YOUR MOST BASIC Q & A # 1

### WHAT DOES AN INFF FINANCE?

- ✓ **All United Nations member countries agreed** in 2015 that the most effective path towards eliminating poverty and improving people's lives is to aim for a set of **17 Sustainable Development Goals (SDGs)** across three dimensions of development: economic growth, social inclusion and environmental protection.
- ✓ Since then, countries around the world have been formulating their national **development strategies guided by the SDGs**. Such strategies define a nation's **development vision** or long-term development goals, and have a time horizon of at least 15 years (time between the 2015 agreement on SDGs and achievement by 2030), but can be much longer (for example, Ghana has a 40-year long development strategy, 2018 - 2047).
- ✓ Strategies are broken down into **medium-term development plans**, which define the **development priorities and implementation strategies** for the next few years (for example, Ghana's development strategy is divided into 10 medium-term plans of four years duration each).
- ✓ In the Addis Ababa Financing for Development Forum following the agreement on Agenda 2030's development goals, **INFFs were proposed** as a tool to help countries effectively diversify, mobilise and prioritise financial resources to fund the implementation strategies and mechanisms of a nation's SDG-aligned development ambitions.

## WHAT IS AN INFF?

(Further information can be found [here](#))

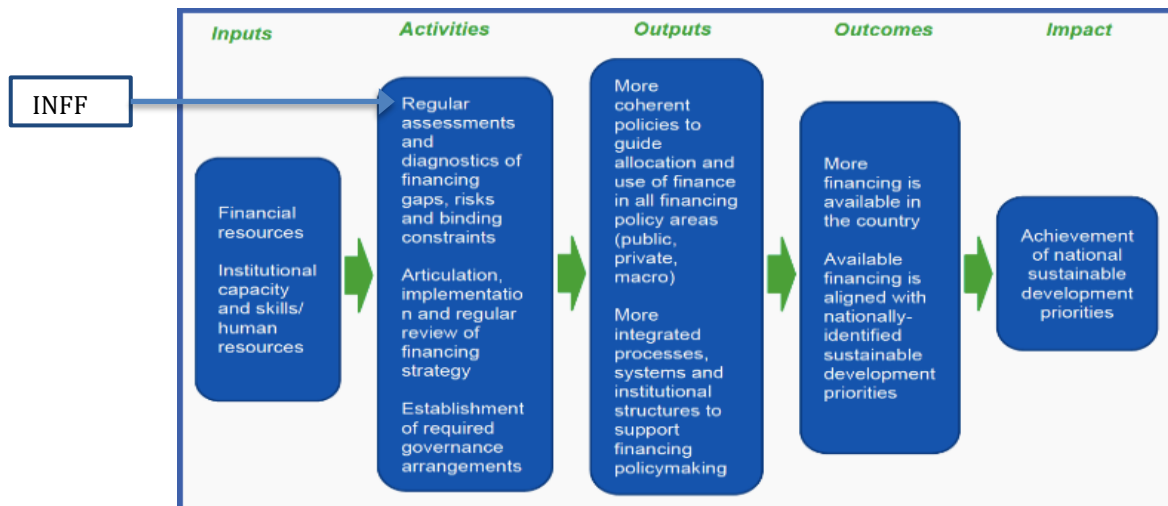
- **Integrated national financing frameworks (INFFs)** help countries finance their national sustainable development objectives and the SDGs. Through INFFs, countries develop a strategy to mobilise and align financing with all dimensions of sustainability, broaden participation in the design, delivery and monitoring of financing policies, and manage risk.
- INFFs are **voluntary and country-led**. They are embedded within planning and financing structures, enabling gradual improvements and driving innovation in policies, tools and instruments across domestic, international, public and private finance. They help governments to:
  - *Align* national planning and financing systems.
  - *Assess* costs and needed investment to realise national sustainable development visions or recovery plans.
  - *Map* the financial landscape, covering the full range of financing sources (domestic and international sources of public and private finance) and identifying impediments hindering mobilisation.
  - *Prioritise* financing policies to take advantage of risk-informed opportunities in the near-term, and identify financing policy areas for the medium- and long-term.
  - *Ensure coherence* across previously disconnected policies governing finance and implementing instruments (e.g. institutional structures, systems, processes, partnerships)<sup>6</sup> through alignment with one overall financing strategy.
  - *Strengthen coordination* across stakeholders to overcome fragmented decision-making.
  - Identify opportunities to access technical assistance and capacity building support from development partners, and highlight areas for peer-to-peer exchanges and learning.

<sup>5</sup> As reflected in Agenda 2030, South-South and Triangular Cooperation (SSTC) has become a key modality of development cooperation. It helps increase the relevance of socioeconomic dimension of the SDGs and the Decent Work Agenda. It promotes networking among countries of the Global South to share and learn from other countries' technical knowledge and experiences. Numerous SSTC actions also help illustrate the process of engaging ILO's constituents and partners in INFFs.

<sup>6</sup> Examples include: strategies to increase tax revenue, MTEFs to improve spending efficiency and planning, more sustainable debt management policies, strategies to create an enabling environment to promote SDG-aligned private sector investment, policies promoting public-private partnership, financial market regulations that help expand domestic markets, or strategies to leverage development cooperation, to tackle illicit finance or informality, or to develop innovative financing instruments to unlock new sources of finance.

- **What it is not.** Most countries already have financing policies and institutional arrangements in place and do not start from scratch. An INFF is not intended to replace the many existing arrangements and tools that countries may already be using, from medium-term expenditure frameworks (MTEF) and revenue strategies, to public investment management or financial sector development strategies. It rather provides a framework to assess, adapt, align and enhance complementarity of all such specific tools and arrangements under a broad integrated financing strategy supporting national development priorities, and to identify gaps and opportunities for resource mobilisation in a coherent and coordinated manner. As such, the process is led and tailored by national governments to align with existing policy, planning and budgeting cycles.
- **Theory of change.** Figure 2 illustrates the results that the activities leading to the adoption of an INFF aim for while using the country's existing tools.

Figure 2. INFF Theory of change



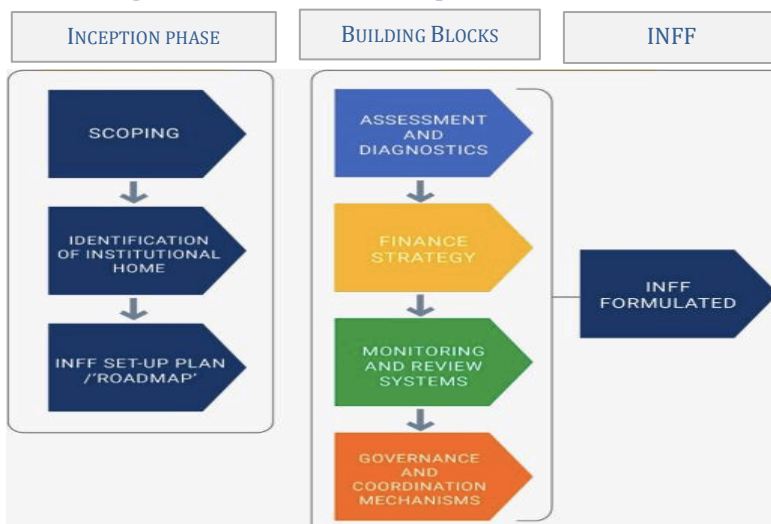
- **Building blocks (BB) of an INFF** (broadly matching the ILO programming / financing / resource mobilisation processes and phases):
  - [Assessment and diagnostics \(BB1\)](#) to provide the basis for decision making on financing – i.e. what are the needs, what financing is already available and how it is being used, what are the risks, and what are the underlying obstacles/binding constraints. Such information is frequently reflected in [Development Finance Assessments \(DFA\)](#).
  - [Financing strategy \(BB2\)](#) to guide the design of financing policies and reforms that can mobilise financing in line with national priorities and all dimensions of sustainability
  - [Monitoring and review \(BB3\)](#) to bring together all relevant data and information to track progress and facilitate transparency, accountability and learning on all things financing.
  - [Governance and coordination \(BB4\)](#) to ensure institutions and processes required for the formulation and implementation of coherent financing policies are in place and functional.

Figure 3. The four building blocks of INFF



- These four building blocks are usually preceded and guided by an *inception phase*, which typically entails:
  - Identification and determination of membership of an *institutional home* for the process (INFF oversight body and secretariat), and of platforms for engaging in dialogue with non-state actors.
  - *Scoping exercise* and initial assessments to gather relevant data, analysis and information on financing, capacity, policies, instruments, institutions and actors across all building blocks, and gaps to address.
  - Informed by the scoping exercise, an *INFF roadmap* may be articulated, which provides a plan for developing and operationalizing a specific INFF.

**Figure 4. Overview of INFF process and milestones**



- **Building block logic.** The INFF design process above is not necessarily a sequential exercise, as each block informs the rest. And the resulting framework providing the basis for INFF operationalization is a self-reinforcing process as a result of this recurring cross-feed. Hence, the INFF's wheel-like representation (*fig. 3*).

The design of the *financing strategy* (BB2) at the core of an INFF is informed by findings from the initial scoping undertaken in the inception phase, and by additional insights from in-depth assessments and diagnostics performed under the *Assessment and diagnostics* building block (BB1).

In turn, the *financing strategy* articulates policy interventions and reforms that will require monitoring and review of actions and results (*Monitoring and review*, BB3), and whose implementation and success will rely, to a large extent, on the institutions, coordination and dialogue processes underpinning them (*Governance and coordination*, BB4).

And *guidance* from governing bodies, *inputs* from stakeholders involved in coordination mechanisms (*Governance and coordination*), feedback and *lessons learned* from *Monitoring and review*, or *insights* from new *diagnostics* or updated *assessments* grant an updated and effective financing strategy at all times through context changes (e.g. political cycles, changing priorities or financial needs/landscape, etc.).

- **Each INFF is unique**, as it is tailored by national institutions to the local context, capacities, needs and priorities identified through dialogue at the national level and the assessments conducted. Hence, the objectives, use and approach of each resulting financing strategy will also differ across countries.
- **Most INFFs are linked to a medium-term national development plan**, supporting aspirations across economic, social, and environmental objectives, yet others focus on specific priorities. Many respond to particular resource mobilisation targets, while others aim to catalyse structural shifts in the financing landscape. A growing number of countries are connecting climate commitments with their INFFs, and more recently decent work objectives (due to the socio-economic impact of recent global developments, and the impact on the world of work of economic transitions to greener and more resilient models to climate change).

## YOUR MOST BASIC Q & A # 2

### **WHAT ENSURES CONTINUITY OF INFFS ACROSS CHANGING POLITICAL LEADERSHIP?**

The nature and set up of an INFF approach to sustainable development finance at country level offers certain "sustainability features" across political cycles:

- ✓ **Link to SDGs.** INFFs are linked to a country's SDG priorities enshrined in its medium- to long-term national development plan/strategy (see Box 1, *Introduction section*). Changing political leadership may entail variations in development priorities and implementation strategies, as do changing development contexts (e.g., the pandemic's impact on labour markets, social exclusion and poverty has brought social inclusion related goals such as SDG 8 to the frontline), or financial landscape (e.g., as a country approaches graduation from LDC status). The ultimate development goals, though, remain unchanged.
- ✓ **Ownership.** While governance and coordination mechanisms are situated at a high level of government (usually linked to the body that oversees the national sustainable development strategy), engagement of stakeholders across public and private spheres in a consultative process ensures leadership at senior technical level, as well as a broad-based ownership and consensus around the INFF and related reforms (see section *Governance and Coordination* building block).
- ✓ **INFFs are dynamic and self-reinforcing processes.** Each building block informs the rest during implementation: guidance from governance bodies (oversight and technical), insights on opportunities and challenges from stakeholders, captured through coordination mechanisms and public-private dialogue platforms; lessons learned from monitoring and review mechanisms; updated or new assessments of changing financing landscapes or policy priorities (see fig. 4, *Introduction section*). Hence, adjustments may be made to financing strategies (policy solutions and instruments), yet the Agenda 2030-aligned development goals that the financing strategy contributes to finance remain unchanged.

Hence, decision-making in the framework of an INFF is a consultative and information-based process that promotes engagement at all levels of policy making, and momentum around the integrated financing strategy and related reforms, to collectively achieve the nation's SDG-aligned development priorities.

## YOUR MOST BASIC Q & A # 3

### **WHERE CAN I LEARN MORE ABOUT INFFS?**

[INFF Knowledge Platform](#), a digital space for the INFF community to learn, share and connect that offers:

- ✓ [INFF e-learning courses](#) covering the basics and a more in-depth look into the INFF, and providing thorough instruction on how INFFs can strengthen financing processes and practices at the country level.
- ✓ An insight into [country experiences](#).
- ✓ [INFF Dashboard](#), an overview of global progress by country type, sector and policy area.
- ✓ **INFF Global Guidance** by building block, a step-by-step approach bringing together tested methodologies and tools from various development partners. Links to each building block are provided throughout this document (for example, the [inception phase guidance](#)).
- ✓ [INFF Facility](#), a joint initiative launched by UNDP, UN DESA, the OECD, the EU and the Governments of Italy and Sweden, to respond to the demand for support from countries developing INFFs. The Facility brokers technical assistance, facilitates knowledge exchange and provides access to technical guidance.
- ✓ [INFF technical guidance](#) documents tailored to specific country contexts, SDG sectors, and financing policy areas to provide practical support to INFF country-level implementation.

## WHAT IS DECENT WORK AND ITS ROLE IN SUSTAINABLE DEVELOPMENT

- **The concept of decent work** refers to opportunities for productive work that deliver a fair income, security in the workplace and social protection for all, better prospects for personal development and social integration, freedom for people to express their concerns, organize and participate in the decisions that affect their lives, and equality of opportunity and treatment for all women and men.

- **Decent Work Agenda.** The ILO has developed an agenda for the community of work, represented by its tripartite constituents (government, employers and workers), looking at job creation, rights at work, social protection and social dialogue. Gender equality and environmental sustainability are cross cutting objectives. The Decent Work Agenda represents an integrated programmatic approach to pursue the objectives of full and productive employment and decent work for all at global, regional, national, sectoral and local levels. It is based on the following four pillars and cross-cutting objectives:

Figure 5. Objectives of the Decent Work Agenda



- **Decent work, a goal of Agenda 2030.** Sustained, inclusive and sustainable economic growth with full and productive employment and decent work for all is the most effective route out of poverty and socio-economic inequalities, hence its inclusion in the 2030 Agenda for Sustainable Development, as SDG 8.
- **Decent work as a driver of other SDGs.** Estimates suggest investment in social protection and in jobs in the green economy and digitalization could lift 146 million people (including 74 million women and girls) out of poverty by 2030<sup>7</sup>. The transition to renewable energy and the circular economy could generate over 100 million jobs<sup>8</sup>, and doubling investments in education, health, and social work could create another 269 million jobs<sup>9</sup>.

The strong link between job creation and protection, sustainable growth and poverty reduction means that decent-work related policies also indirectly impact other SDGs (SDG 1 poverty, SDG 2 hunger, SDG 3 health and well-being, SDG 4 education, SDG5 gender equality, SDG 10 inequalities, etc.). The various objectives of the Decent Work Agenda are thus embedded in the targets of many of the remaining 16 goals of the 2030 Agenda. The Decent Work Agenda is not just a direct goal of Agenda 2030, but also a driver of sustainable development and other goals of the Agenda.

- **Social dialogue for enhanced resilience and economic sustainability.** Policies developed through social dialogue help people and communities cope better with crisis impact (e.g. during the COVID-19 pandemic, social partners and governments engaged to agree on measures to address the health and socio-economic consequences, and to promote resilience among companies and workers), while facilitating the transition towards a more sustainable and inclusive economy and, hence, progress towards Agenda 2030.

## LINKING INFFs AND DECENT WORK

- **Decent work in national development plans.** While financing social investments may not generally figure high in finance ministers' agenda, the recent global financial and economic crisis begs to reconsider priorities as it has reinforced the need to fully integrate new elements, such as the Decent Work Agenda, into the broader socio-economic strategy. Nowadays, Decent Work Agenda elements feature among the priority objectives of an increasing number of new generation national development and/or Covid-19 recovery plans.
- **Implementation of new generation NEPs.** Many countries are accordingly revisiting or in the process of designing National Employment Policies (NEPs). The ultimate goal is not the policy design, but rather the realisation of the results of its execution. Policy implementation requires funding and a package of accompanying socio-economic policy measures (such as those supporting sustainable enterprises that create decent jobs) to ensure the desired results, and their sustainability in time. While NEPs are increasingly ensuring decent-work oriented budget allocations, any real progress in policy implementation hinges on properly costing sectoral employment goals, and on a financing strategy for its medium to long term implementation.

<sup>7</sup> UN Secretary-General's report "[Our Common Agenda](#)".

<sup>8</sup> ILO, Skills for a greener future: A global view, 2019. The study is based on two global scenarios: energy sustainability (phasing out of fossil fuel energy generation and move to renewable sources), and "circular economy" (manufacturing, production and service sectors embracing recycling, repair, reuse, remanufacture and longer durability of goods).

<sup>9</sup> ILO, Care work and care jobs for the future of decent work, 2018.



- **Crosscutting nature of policies promoting decent work.** Any government policy (whether trade, sectoral, or macroeconomic policy) "becomes an employment policy" when impacting employment (quantitatively or qualitatively). The INFF's integrative nature, the coherence and coordination it promotes across policies, instruments, and stakeholders in defining a financing strategy, suit the crosscutting nature of decent work policies and its multifaceted impact on sustainable development.
- **Decent work as a source of sustainable financing and resource mobilisation.** Social protection has traditionally been more frequently considered in financing strategies given its role as automatic aggregate demand stabiliser, while job protection and creation have been less so. Yet employment policies and/or financing initiatives promoting decent work have an important role in maximising productive employment, a generator of sustainable financing in the long run.
- **Global Accelerator on Jobs and Social Protection for Just Transitions.** In recognition of the need to enhance the socio-economic dimension of the 2030 Agenda to address the complex global challenges that threaten to erase development progress, and acknowledging the role of decent work and social protection for a more human-centred mobilisation of financial resources, the UN Secretary General launched in September 2021 a UN system's collective response to enhance multilateral cooperation and increase investments towards a job-rich recovery<sup>10</sup>: the [Global Accelerator on Jobs and Social Protection for Just Transitions](#).

An increasing number of countries are therefore expected to start integrating decent work aspects in their INFF, especially those applying for support from the Global Accelerator.

## YOUR MOST BASIC Q & A # 4

### *WHAT IS THE GLOBAL ACCELERATOR ON JOBS AND SOCIAL PROTECTION FOR JUST TRANSITIONS?*

- ✓ **UN system collective response** launched by the UN Secretary General in September of 2021 to accelerate a job-rich, human-centred and climate-resilient recovery and structural economic transformation.
- ✓ **Goals:**
  - › Create at least 400 million jobs by 2030, primarily in the green, digital and care economies, mainly in LMICs, SIDS and countries in fragile situations;
  - › Extend social protection floors to those currently not covered (ca. 4 billion men, women and children).
- ✓ **Financial requirements in LICs and MICs:** ca. US\$982 billion from all sources of finance to support jobs and ensure a just transition for workers towards a more sustainable economy, and about US\$ 1.2 trillion annually for social protection.
- ✓ **Tools:** Integrated employment / social protection policies, supported by financing strategies anchored in INFFs.
- ✓ The **Technical Support Facility** associated to the Global Accelerator will support a portfolio of projects and programmes to act as a catalytic funding stream and leverage financing at scale (including through a [Joint SDG Fund](#) window on Decent Jobs and Universal Social Protection).

- **Bottom line.** Good reasons exist to mainstream decent work in INFFs, which can help countries determine: (1) what the financing needs for decent work are, and how to mobilise the needed resources; (2) the expected decent work outcomes and how to systematically conduct monitoring and review; and (3) the needed governance and coordination mechanisms to achieve the results in the context of the sustainable development agenda, including through the Global Accelerator on Jobs and Social Protection for Just Transitions.

<sup>10</sup> Sept. 2021 Secretary-General's Policy Brief [Investing in Jobs and Social Protection for Poverty Eradication and a Sustainable Recovery](#)

## YOUR MOST BASIC Q & A # 5

### WHY MAINSTREAMING DECENT WORK IN INFFs?

- ✓ Decent work & economic growth (SDG 8) is a **direct objective of Agenda 2030 AND a policy driver** of the different dimensions and SDGs of the Agenda.
  - ✓ The **recent socio-economic and financial context** has stressed the need to focus more on the social dimension Agenda 2030, and a more human-centred socio-economic recovery strategy for a more sustained, sustainable and inclusive economic growth.
    - › At global level, this view was endorsed by the UNSG with the launch in 2021 of the **Global Accelerator on Jobs and Social Protection for a Just Transition**. The UN-wide initiative seeks to channel investments towards a job-rich recovery through integrated employment/social protection policy approach and INFFs to catalyse financial resources.
    - › At country level, **new generation national development and recovery plans** are increasingly including decent work aspects among development priorities.
    - › Accordingly, **National Employment Policies** are already under review in some cases, and decent-work oriented budget allocations are being introduced. However, real progress in policy implementation ultimately relies on an effective financing strategy that, given the impact on employment of most government policies, would benefit from integration in the INFF's financing strategy.
- As a result, INFFs are expected to increasingly incorporate elements of the Decent Work Agenda.
- ✓ The **cross-cutting and tripartite nature** of decent work, leading to full and productive employment rooted in social dialogue:
    - › Promotes socio-economic resilience, and generates sustainable finance for further economic growth, wealth generation, and development.
    - › Adds value to the integrative and cohesive nature of the INFF, and the coordination among policies, instruments and stakeholders it promotes.

## MAINSTREAMING DECENT WORK IN INFFs

- **What mainstreaming decent work in INFFs means.** INFFs can support decent work objectives to accelerate the attainment of SDG 8 and other SDGs beyond the mobilisation of finance, by means of ensuring the adoption of the right financing policies, tools and instruments when supporting other development objectives.

Clearly, it is important to consider the direct financing needs, opportunities and challenges of decent work related development objectives to mobilise public and private investments for a more human-centred socio-economic recovery or progress towards Agenda 2030. Yet, it is equally important to understand how financing policies and mechanisms considered for the realisation of other development objectives may inadvertently support or hinder the achievements under the four interrelated pillars and cross-cutting elements of the Decent Work Agenda (e.g. the impact on decent work of a financing strategy focused on climate change, cleaner energy options or a transition towards a green economy).

Hence, whether decent work features among the development priorities of a country's planning strategy or not, it is worthwhile mainstreaming all aspects of decent work in integrated financing strategies and through the various INFF building blocks leading to them.

- **Decent work perspective in INFFs.** Such approach could be referred to as "decent work sensitivity" mirroring other commonly used terms like: "conflict sensitivity", used in the humanitarian, development and cooperation world to ensure that interventions do not unintentionally contribute to conflict, but rather strengthen opportunities for peace and inclusion; or "gender sensitivity" in policy making or budgeting to avoid an unintended impact on discrimination and to promote equal rights across genders.

A sensitive approach in these contexts asks for a sound understanding of the two-way interaction between actions and context of conflict, or the understanding and acceptance of gender differences and how policies, budgets and implementation mechanisms may impact men, women, boys and girls differently. Similarly, a sound understanding of how financing policies and implementation mechanisms (whatever their objectives) may impact any decent work milestone or progress made is essential to advance Agenda 2030's three dimensions.

Social partners play an important role in ensuring such a decent work sensitive perspective in INFFs.

## YOUR MOST BASIC Q & A # 6

### WHAT IS THE ROLE OF SOCIAL PARTNERS IN INFFS?

Early engagement of all relevant social partners of a country's economic structure from **Inception Phase**, when relevant data, analysis and information on existing policies, instruments, institutions and actors across all building blocks start to be collected, is key to ensure a decent work perspective in the INFFs. Where an INFF is already in place, involvement of social partners as soon as possible is important to analyse and assess, as a starting point, how well elements of decent work are reflected in its building blocks. A government's social partners in the world of work include employer and worker representatives.

#### Employers and Business Member Organizations

EBMOs, or business / trade associations, have the expertise, technology, and resources to, for example:

##### **INFF's Governance and Coordination**

Facilitate member engagement in the INFF process by providing a platform for dialogue and collaboration between private sector, government, and other relevant stakeholders.

##### **INFF's Financing Strategy**

- ✓ Advocate policy and regulatory reforms supporting an enabling environment for private sector investment, e.g., improving the ease of doing business or facilitating public-private partnerships.
- ✓ Boost SDG impact by promoting investments in priority sectors, SME access to finance, or sustainable business practices.
- ✓ Provide technical assistance and capacity building for SMEs and entrepreneurs to build sustainable enterprises through increased productivity and improved resource efficiency.

##### **Assessment & Diagnostics / Monitoring & Review**

Facilitate data collection for assessment and monitoring of private sector SDG alignment and finance, e.g. by conducting surveys among members, providing a comprehensive outlook of collective trends and progress, or promoting corporate reporting as a means of monitoring, review and verification.

#### Trade Unions

Trade Unions play a crucial complementary role in promoting a people-centred development/recovery plan by advocating for social justice for all to fight inequalities, while reinforcing the resilience of enterprises and labour markets. They can also:

##### **INFF's Governance and Coordination**

Reach out to those in non-standard or precarious employment, such as the self-employed and workers in the digital economy, temporary and migrant workers, domestic workers, or workers in the informal economy by, for example, reaching out through digital means.

##### **INFF's Financing Strategy**

Propose innovative solutions to labour market or society challenges to align with development goals like the greening of the economy, technological advances, gender issues, business sustainability or informality. E.g., incorporating green clauses into collective agreements to address green/blue economy emerging jobs workers' concerns.

##### **Assessment & Diagnostics / Monitoring & Review**

Facilitate data collection on drivers of job creation and decent work deficits in the country. E.g., the 2018-19 [ILO household and labour force survey](#) has been key in complementing business-based surveys by capturing self-employment and employment in the informal economy (see *Assessment and Diagnostics - Sustainable enterprises* section).

- **Support to the constituents in the world of work.** To support governments embracing and leading an INFF and help constituents understand the relevance of adopting a decent work lens or *decent work sensitive* approach throughout the INFF building blocks, the ILO and UNDP, in coordination with UNDESA, have developed this practical guidance note, which will be further enriched with lessons learned as practical country examples evolve, and as further guidance needs are identified.

To help overcome obstacles or knowledge and capacity gaps that could prevent or limit an active and effective participation of governments and constituents in INFF-related social dialogue to mainstream the Decent Work Agenda's four pillars and cross-cutting objectives, the ILO<sup>11</sup> is ready to:

- Contribute its **technical expertise** and know-how to identify needs and opportunities;
- Conduct awareness-campaigns and **capacity building** of constituents;

<sup>11</sup> The ILO is an international organisation of **normative and technical** nature (not a financial institution) with a unique **tri-partite approach**, which brings together its constituents to set labour standards, develop policies and devise programmes promoting decent work for all.



- **Promote a tri-partite approach** in social dialogue<sup>12</sup> around the four pillars of the Decent Work Agenda, underpinned by international labour standards. Such approach is a strong asset connecting government and key economic and social actors, including employers' and workers' organisations, to ensure the views of all social partners are reflected in planning and financing policies, programmes and instruments.

## YOUR MOST BASIC Q & A # 7

### *WHO DO I CONTACT FOR FURTHER GUIDANCE?*

- ✓ For assistance on engagement in INFFs through a tri-partite social dialogue, ILO Country Office contacts can be found [here](#) (scroll down to "Regions and Technical Cooperation").
- ✓ For countries with no ILO local infrastructure, useful contacts include:
  - › UNDP Country Offices;
  - › The ILO's regional offices and the departments for employers' and workers' activities (for the latter, scroll down [here](#) to "Social dialogue");
  - › Contact details for each of the Decent Work areas covered in this guidance note are provided under the respective area within the Assessment and Diagnostics building block;
  - › The ILO's Multilateral Partnerships and Development Cooperation division ([PARTNERSHIPS@ilo.org](mailto:PARTNERSHIPS@ilo.org)).

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<sup>12</sup> It is a constitutional commitment and obligation of ILO Member States to use social dialogue as a mechanism to develop labour market policies.

## 2. KEY FEATURES OF THE TECHNICAL GUIDANCE NOTE

### OBJECTIVE

- The practical guidance note intends to facilitate the understanding, engagement and dialogue of governments, relevant national state and non-state actors and supporting international development partners on the integration of decent work across the different building blocks leading up to and supporting the implementation of an integrated financing strategy. The note outlines a suggested approach and should not be seen as a blueprint, as application will differ depending on country context, development ambitions and INFF objectives.

### TARGET GROUPS

- The audience of the guidance note is wide-ranging:
  - **Governments** leading and owning the INFF development and implementation process, particularly Ministries of Finance, Planning, Labour and Commerce.
  - **National state and non-state actors**, including social partners (representatives of workers and employers) engaged in the process through public-private dialogue platforms.
  - **UNCTs, UNDP country offices (UNDP-COs) and regional INFF focal points** leading support and guidance for governments through the process of adoption of an INFF, **and ILO country offices (ILO-CO) and regional Decent Work Teams (DWTs)** leading on decent work and social dialogue in INFFs. In countries with no local ILO infrastructure/offices, this guidance note will be especially helpful for UNCTs and UNDP.
  - **INFF practitioners in general** as they support all the above in formulating and operationalizing an INFF and its financing strategy, or in engaging in INFF peer-learning initiatives among actors of the Global South.

### STRUCTURE

- Structured **around the objectives and actions of the inception phase and building blocks of an INFF** (as set out in the *Introduction section*), the guidance offers:
  1. Basic information on the building blocks and brief overview of covered decent work technical areas.
  2. Guiding questions to bring decent work policies and institutional frameworks into the INFF process, and identify entry points for advisory, technical assistance capacity building.
  3. Collection of available (yet not comprehensive) analytical and planning tool.
  4. Country experiences and good practice approaches<sup>13</sup>.
- **Decent work areas of focus.** Given the distinct nature of each of the four pillars of the Decent Work Agenda (rights at work, employment creation and enterprise development, social protection, social dialogue), the different technical areas under a single pillar (e.g. the employment and enterprise development pillar ranges from employment policies and skilling, to formalization, just transition, or social finance), and the different approaches to finance (e.g. social protection is mostly a public finance domain, while employment can more generally benefit from blended public and private finance; employment is also both a goal and a generator of finance and fiscal space), questions and resources to mainstream decent work in the *Assessment and Diagnostics* building block have been structured around a number of decent work technical areas relevant for the INFF process (details on each area can be found under the *Assessment and Diagnostics* building block):
  - › Unlocking fiscal space through job-rich growth
  - › Investing in social protection
  - › Financial sector's role in promoting decent work
  - › Fostering pathways to sustainability of enterprises and jobs
  - › Fostering pathways to formality
  - › Investing in climate action for jobs and a just transition
  - › Investing in labour standards

<sup>13</sup> The ILO is an implementing agency of Joint SDG Fund programmes created to accelerate SDG implementation. It provides technical support for catalytic investments in countries like Suriname or Zambia, or for the adoption of INFF building blocks in Albania, Bangladesh, Bosnia-Herzegovina, Cabo Verde, Egypt, and Namibia (additional upcoming programmes with ILO participation include Fiji, Solomon Islands, Tonga, Tuvalu and Vanuatu in the Pacific Ocean; Mauritius and Seychelles in the Indian Ocean; Sao Tomé and Príncipe in the Gulf of Guinea).

In some countries, the ILO is more engaged in INFF formulation, in others it is more focused on building capacity of national counterparts in specific programme areas. Country good practice examples of decent work mainstreaming in INFFs are thus limited at the moment. As decent work is increasingly mainstreamed in INFFs, the ILO engages further and an increasing number of country examples and decent-work related diagnostics, financing and monitoring tools become available, the guidance note will be updated.

## 3. PRELIMINARY PRACTICAL GUIDANCE BY BUILDING BLOCK



### INFF INCEPTION PHASE

#### BRIEF OVERVIEW

(Further methodological information can be found [here](#))

- The inception phase is a crucial first step in the INFF process as it helps outline *how to start the process* and *who should be involved*. It brings all stakeholders together to build a broad-based support for the process and a consensus on the way forward.
- The inception phase typically involves three steps:
  - *Scoping exercise* to gather relevant data, analysis and information on existing policies, instruments, institutions and actors across all building blocks (assessment and diagnostics, financing strategy, monitoring and review, governance and coordination).
  - Informed by the scoping exercise, an *INFF roadmap* can be articulated<sup>14</sup>. It provides a first identification of financing, capacity and other gaps, and a plan for developing and operationalizing a specific INFF.
  - Identification of an *institutional home* for the process (INFF oversight body and Secretariat), membership and platforms for engaging with non-state actors.
- Where employment, decent work, enterprise development and support to MSMEs, social protection or, more widely, socio-economic inclusiveness (almost always the case) feature among national development or recovery plan priorities supported by an INFF, the corresponding policy areas and relevant actors should ideally engage from inception (or as soon as possible, whatever the INFF stage<sup>15</sup>). Involvement could entail:
  - Active engagement of labour related institutions and actors (critical players like the Ministry in charge of labour and social protection, workers and employer organisations, and partners like the ILO<sup>16</sup>, all normally represented in existing national tripartite councils or committees) in the INFF governance and coordination setup. This could involve direct inclusion in the INFF oversight committees, technical working groups or through dialogue platforms to strengthen the "decent work sensitivity" (see/review concept in the introductory section *Mainstreaming Decent Work in INFFs*, and details on engagement in the *Governance and Coordination* building block) and the integrative nature of the INFF process.
  - Mapping of decent work stakeholders to engage other key actors in dialogue, and ensure awareness of the INFF process and their role in it from the outset (or as soon as possible).
  - Mapping of existing decent work related regulatory, policy and institutional framework to help identify and highlight analytical or any other gaps to address in the next stages of the process.
- Tapping into other countries' experiences and lessons learned through SSTC modalities could be a helpful approach when scoping for information to start configuring the INFF roadmap and buy in support across relevant stakeholders. Drawing from experiences engaging constituents and social agents and mainstreaming decent work in INFFs in countries that share similar socio-economic conditions, challenges and vulnerabilities related to sustainable development and decent work is a valuable input.

#### GUIDING QUESTIONS

- **Country decent work commitments.** *What are the international labour standards and conventions ratified by the country? Accordingly, what are the recommendations and relevant considerations related to decent work to observe in the implementation of the national development and financing frameworks?*

<sup>14</sup> Note that, in practice, many countries complete key assessments and diagnostics, often including a development finance assessment, during the inception phase to feed into the INFF Roadmap.

<sup>15</sup> Where an INFF is already in place, involvement of social partners as soon as possible is important to analyse and assess, as a starting point, how well elements of decent work are reflected in the various INFF building blocks.

<sup>16</sup> In general, especially in countries where the ILO is not resident, this will require engagement of the respective regional ILO Decent Work Team under the guidance of the responsible country director.

- **Development objectives.** Does the national development framework explicitly consider decent work aspects, such as sustainable enterprise development for job creation, the impact on employment of planned economic transition (e.g., towards green or digital economy), social protection, etc.? What targets or objectives has the government set for decent work? How do they feature in sector plans and the national development plan or set of policy objectives around which the INFF is centred?<sup>17</sup>
- **Financing needs** Have relevant financing needs assessments<sup>SSEP</sup> been compiled? How does this translate into practice, e.g., what is the GDP share of related expenditures? What is the financing landscape like for decent work objectives, the financing trends and composition?  
If not directly addressed in the national development framework, the impact on aspects of the Decent Work Agenda of policies governing finance and implementing instruments considered for the attainment of other development objectives will still need to be assessed to avoid negative unintended consequences for decent work ("decent work sensitivity" concept established in the introductory section *Mainstreaming Decent Work in INFFs*).
- **Knowledge base mapping.** Is there a comprehensive understanding of the:
  - Relevant sector policy and institutional framework?
  - Trends, risks, binding constraints of financing resources linked to sustainable development outcomes related to any of the four pillars of the Decent Work Agenda?
  - Existing/planned financing policies and most actively used instruments linked to decent work objectives?
- **Monitoring capacity mapping.** Have available data sources, systems, and monitoring frameworks for tracking different types of finance been mapped? To what extent are these able to disaggregate data, tag and track impact on decent work objectives?
- **Stakeholder mapping.** Has an institutional and stakeholder mapping been conducted to identify government bodies responsible for decent work and finance policy-making and implementation<sup>18</sup>? And of relevant non-state actors (employers, workers, informal sector, disadvantaged communities, etc.) and dialogue platforms? How are these (or how will they be) integrated in the INFF governing and coordination structures?
- **Next steps to close gaps.** Have potential analysis gaps and further relevant assessments that could be undertaken been identified? And gaps in the current monitoring and reporting architecture, and/or representation in the INFF governance and coordination structures?
- **INFF roadmap.** If an INFF roadmap exists, does it make reference to the steps to close identified gaps in terms of:
  - Institutional set-up for the INFF process and engagement of relevant state and non-state actors?
  - Additional analysis, assessments, diagnostics, monitoring mechanisms required?
  - Processes and responsibilities to ensure a decent work perspective or sensitivity in the drafting and implementation of the financing strategy?

## RESOURCES AND TOOLS

- [Financing Decent Work: a Global South Perspective](#)  
Interactive meeting point for South-South and Triangular Cooperation. It offers resources and online courses on SSTC for Financing Decent Work.
- For resources and tools to scope information for the different INFF building blocks, refer to the tools listed under each building block: [assessment and diagnostics](#), [financing strategy](#), [monitoring and review](#), [governance and coordination](#).

## COUNTRY EXPERIENCES

### ALBANIA

- **Albania's INFF.** In a middle-income country with growing inequalities and socioeconomic challenges, the Government is adopting an INFF to mobilise financing to reach the most vulnerable and disproportionately affected by poverty, especially children, women and the elderly.
- **Decent Work elements.** The ILO, together with UNDP and UNICEF, and with funding from the Joint SDG Fund, are assisting the Albanian Government to: assess, at central and municipal level, the fiscal space for and affordability of a social protection floor; identify innovative approaches, tools, and financing mechanisms; and develop a national strategy for financing comprehensive social protection floors.

<sup>17</sup> The INFF will usually support a specific plan, or set of plans, a decision that may be taken in the inception phase or later in the process.

<sup>18</sup> Mappings of government and social partners conducted by the ILO generally exist for all member states, and should be used if existing.

- **Contribution to the INFF.** The preparatory and analytical work through trainings, studies and assessments is helping the Government narrow down the focus of an INFF linked to the SDG-aligned *National Strategy for development and integration* (2022-2030). Social welfare challenges, in the form of decent work and social protection, are among the objectives Albania's INFF. Early ILO engagement with UN agencies guiding the INFF process is contributing to: inform the relevant parts of the DFA and stakeholder consultations that the financing strategy will draw upon; build institutional capacity; and assess further needs.

## BANGLADESH

- **Bangladesh INFF** focuses on SDG 6 (water and sanitation), SDG 7 (energy) and SDG 13 (climate action). Decent work may not be a direct objective, yet there are decent work aspects cutting across the three development objectives. Thus, despite the absence of SDG 8 related targets, the ILO is partnering with other PUNOs (UNDP, UNDCDF and UN Women) to help the government put in place an INFF to mobilise the required public and private resources for attaining the three SDGs by 2030. The ILO is leading on private sector engagement.
- **Private sector engagement activities** include:
  - **Leading multi-stakeholder dialogue.** During the inception phase, the ILO-CO conducted stakeholder consultations (government agencies, IFIs and development partners, NGOs, academia, think tanks, and private sector representatives, from MSMEs to large corporations, chambers of commerce, business associations and trade unions) and developed questionnaires, methodologies, guiding notes and tools to gauge concerns, ideas, recommendations and policy needs for engagement in SDG financing.
  - **Raising awareness** among constituents in the private sector on potential contribution to SDGs. The ILO-CO has conducted studies on: investments in bankable products; the implications for labour market policies and the different constituencies of financing SDG 8 (costed together with all other SDGs in the DFA); and MSMEs needs assessment in the three SDG areas of the country's INFF.
- **Results for the INFF's set up.** As a result, a valuable knowledge base has been created for an informed social dialogue, paving the way for effective tripartite dialogue on SDG 8 financing under the INFF down the road. The DFA and INFF Roadmaps developed for each of the three target SDGs include sections and/or subsections on labour market issues, employment, private sector and enterprises, which provide entry points for the ILO going forward.

## BOSNIA AND HERZEGOVINA

- **The INFF of Bosnia and Herzegovina (BiH)** will support the SDG Financing Framework (adopted in 2021), the country's first long-term development agenda in a decade. The INFF is to establish an ecosystem for systemic financing of priority SDGs by enabling an informed and targeted investment of public funds and mobilising additional financing, particularly from the private sector. UNDP, UNICEF, and the ILO are helping the Government of BiH define the specific objectives of the INFF and set the preparatory work for the operationalization its building blocks.
- **Institutional capacity building.** The INFF's focus is on the social dimension of sustainable development (social protection and labour, education, health, and nutrition) with particular attention to women, children, and youth. In this context, the ILO is building the capacity of institutional partners engaged in the INFF process, including statistical institutions and the Central Bank, to: (1) conduct employment impact assessments of current policies and strategies; (2) optimise resources to maximize job creation and formalization; (3) work with input-output tables for productivity analysis to better inform policy decisions in reaching SDG targets.
- **Results for the INFF's set up.** The capacitation and preparatory work is contributing to a more pro-employment perspective of policies and instruments governing public and private finance for the country's SDG priorities.

## CABO VERDE

- **Cabo Verde's INFF** seeks to align budgeting and planning with SDG targets to leave no one behind, optimise public revenues and spending, and create the conditions to mobilise further finance, including from the private sector. The Government is adopting the framework with the help and guidance of UNDP, the ILO, UNODC and the Joint SDG Fund.
- **Institutional capacity building.** The ILO is helping identify public spending measures to more effectively target excluded population groups and workers of the informal economy, including women and youth from the poorest municipalities. It is also building the capacity of national labour and statistics agencies to define SDG labour market indicators with a focus on informal employment and deficits in decent work.
- **Results for the INFF's set up.** Such institutional capacitation should: (1) allow for an informed process leading up to an integrated financing strategy that addresses the challenges faced by those most vulnerable in the world of work; (2) help fill gaps in the monitoring systems with respect to decent work and vulnerability, and track the positive and negative impacts of financial policies and tools on decent work and informal employment.

## EGYPT

- **Egypt's INFF.** To achieve its Sustainable Development Strategy objectives by 2030 and secure a sustainable society and economy, Egypt is using an INFF approach to define a financing strategy centred on key sectors, including some SDG accelerators (e.g., education, health, social protection, water and sanitation, and transportation). It is doing so with the support of the Joint SDG Fund programme's implementing agencies: UNDP, UNICEF, UNFPA and ILO, who is providing support for costing and landscaping SDG financing in social protection.
- **Capacitation for costing of social protection policies and tools.** Through trainings, technical notes, and technical and actuarial reviews, the ILO is building the Ministry of Social Solidarity's capacity to produce more accurate cost estimates and financing options for the new pensions model and the emergency fund proposed by the government to extend social protection to informal workers. Such information is integral for the DFA and financing strategy.
- **Capacitation for monitoring of social protection data.** Regional webinars on good practices for mainstreaming social protection data (including on expenditures and coverage) in national statistical systems are helping mainstream social protection in monitoring and review mechanisms in the INFF.

## JORDAN

- **Jordan's INFF.** To meet its SDG priorities while addressing the socio-economic challenges posed by the COVID pandemic and the country's fragile security and fiscal context, Jordan is taking forward an INFF with initial focus on climate change and gender equality, both crosscutting issues requiring integrated approaches. UNDP, UNICEF and UN Women are implementing the Joint SDG Fund programme to help the Government kick-start the INFF process.
- **Financing social protection and labour market policies.** One of the country's development objectives is to strengthen its national social protection systems to mitigate the impact of the pandemic and climate change on the most vulnerable. Its National Social Protection and Poverty Strategy (NSPS 2019 - 2025) calls for an integrated approach to social assistance, services and insurance, and labour market policies. To meet this and other development objectives, Jordan needs to ensure scarce resources are used efficiently and effectively, align investments to SDGs, and catalyse additional financing. Being the Social Security Investment Fund (SSIF) Jordan's largest domestic investor, increasing the impact investment of its portfolio, with special focus on environmental sustainability and gender equality, is at the forefront of the integrated financing strategy.
- **Engagement from inception.** Being decent work a core component of Jordan's INFF, the ILO has engaged from the very early stages through participation in the F4D UN working group that is guiding the initial steps towards the setup of an INFF.

## NAMIBIA

- **Namibia's INFF.** The Government of Namibia is adopting an INFF to increase the scale and quality of financing for the SDGs. It is doing so with support of the Joint SDG Fund programme's implementing agencies: UNDP, UNICEF, UNFPA and ILO. The key outputs of the programme are: (1) the development of a costed and comprehensive SDG-aligned financing strategy; (2) the establishment of a national public-private dialogue platform for SDGs; (3) the implementation of SDG aligned national budgets that are gender responsive and pro-employment.
- **Technical assistance on Decent Work:** Together with UNFPA, the ILO is supporting the government in developing and implementing pro-employment and gender-responsive budgets by providing/developing: (1) national budget analysis to assess employment and gender responsiveness; (2) tools for implementation, oversight, monitoring and evaluation of gender and pro-employment budgeting; (3) advisory to the Ministry of Labour (MoL) for the formulation and implementation of the 3rd NEP, finalisation of the Social Protection Policy, and an Employment Impact Assessment.
- **Results for the INFF set up.** The pre-COVID DFA and INFF roadmap (2019) were revised in 2021, and the financing strategy has been developed in 2022. The advisory and technical assistance provided by the ILO has capacitated the relevant stakeholders (Ministry of Gender Equality and Child Welfare, MoL, Ministry of Finance, parliament, and national planning commission), members of the INFF governing and coordination bodies, to provide an informed contribution to the formulation, implementation and monitoring of the integrated financing strategy.





### BRIEF OVERVIEW

(Further methodological information can be found [here](#))

- **Understanding the full picture.** The dialogue and decisions taken in the process of adopting an INFF need to be grounded in an understanding of the full picture of financing needs, opportunities, risks, and constraints. *Assessment and diagnostics* provides the basis for decision making on financing – i.e. what are the needs, what financing is already available and how it is being used, what are the risks, and what are the underlying obstacles/binding constraints.
- **Assessment and diagnostic tools.** To build such evidence base, countries are using a wide range of assessment and diagnostic tools across different financing sources, depending on information availability, capacity, and assessment objectives. Examples include: Public Expenditure Reviews (PER) and Public Expenditure and Financial Accountability (PEFA) assessments; Digital Finance Ecosystem Assessments (DFEA) on the role of digital financing as a driver of SDGs; external development finance reports to analyse key characteristics of and trends in external development finance; SDG investor maps that generate country-level data and insights about SDG-aligned investment opportunities; feasibility studies or thematic/sectoral studies, etc.
- **Putting it all together.** Most countries use **development finance assessments (DFA)** to bring the findings of a range of assessments together and facilitate a central process of financing dialogues. DFAs identify the most significant opportunities for mobilising, aligning, and leveraging capital for the SDGs, as well as the bottlenecks that should be addressed to unlock their full potential. Key recommendations through this central DFA process are reflected in an **INFF roadmap**.
- **Jumping into an existing INFF.** Where an INFF is already in place, an assessment can be conducted first to analyse how well elements of decent work like employment and social protection are reflected or integrated in existing diagnostics (how *decent work sensitive* they are).
- The **multifaceted nature of the Decent Work Agenda** (see section on *Key features of the technical guidance note*) calls for guiding questions and tools specific to different technical areas. Hence, in addition to the below general guiding questions, this building block is structured around seven key technical aspects of decent work:
  - › Unlocking fiscal space through job-rich growth
  - › Investing in social protection
  - › Financial sector's role in promoting decent work
  - › Fostering pathways to sustainability of enterprises and jobs
  - › Fostering pathways to formality
  - › Investing in climate action for jobs and a just transition
  - › Investing in labour standards

Each section consists of a brief overview, guiding questions, resources and tools, and country examples. Yet, given their crosscutting nature, some guiding questions and tools may be useful across different technical areas.

### GUIDING QUESTIONS

- **Decent work policy goals.** *If any decent work policy objectives are specific goals of the national development framework or recovery plan, have these objectives and their financing needs been considered in the DFA or other financial landscape analysis undertaken?*
- **Impact on decent work policy goals.** *If not a specific goal of the national development framework or recovery plan, has the impact on decent work policy objectives of policies governing finance and implementing instruments for the attainment of other goals been considered in the DFA or other financial landscape analysis undertaken? (See "Decent work sensitivity" concept established in the introductory section **Mainstreaming Decent Work in INFFs**).*

- For the **assessment of financing needs, opportunities, risks and binding constraints**<sup>19</sup> from a decent work perspective, questions to consider include:
  - **Financing needs.** If any aspect of decent work is a national sustainable development or recovery plan priority, has it been costed?
  - **Financing data.** What are the systems in place to collect, track and evaluate data to help understand the contribution and impact of different financing flows on decent work? What is known about public and private spending/investment in decent work? What is not known due to data limitations?
  - **Financing landscape.** What are the trends and compositions of the financing flows relevant to decent work? What are the risks, and the most appropriate mitigating measures, that could potentially impact the expected trend and composition of financing flows? What are the binding constraints restricting resource mobilisation to finance decent work objectives?
  - On **public finance:** What budgeting policies are in place to integrate decent work in the budgeting process? How does the allocated budget compare with costs identified in national decent work action plans? How does the national tax regime (direct and indirect) affect decent work?
  - On international and domestic **private finance:** Do the country's investment, business or financial sector development strategies consider decent work? To what extent do foreign investment promotion strategies integrate goals or incentives for the creation of decent jobs? Are there current public-private partnerships targeting or contributing to decent work objectives?
  - On **international development cooperation finance:** To what extent are development cooperation projects, support from climate finance facilities, and/or multilateral development banks lending aligned with the national decent work priorities?
- **Knowledge gaps.** What are the needs in terms of addressing knowledge gaps?
- **Social partners.** Have relevant employment and social protection public and private agents been consulted to ensure a decent work perspective? What evidence and analysis on financing has been generated in decent work forums that could be fed into the INFF process?

## UNLOCKING JOB-RICH GROWTH THROUGH PUBLIC FINANCE

### BRIEF OVERVIEW

#### WHY IS IT IMPORTANT?

- **Decent work and the SDGs.** The very formulation of SDG 8 “Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all” recognizes that economic growth can only be inclusive if it creates jobs and provides decent work for all (while fostering sustainable enterprises). Any action in support of SDG 8 will also contribute to reduce poverty (SDG 1) and inequalities within and across countries (SDG 10), ensure good health and well-being (SDG 3), advance gender equality (SDG 5), and promote peace, justice and strong institutions (SDG 16).
- **Decent work and fiscal space.** From a resource mobilisation stance, decent work opportunities for all supports consumption and aggregate demand, raises taxes and savings to finance investments and development, and makes fiscal deficits more sustainable.
- **Financing decent work and social protection.** Sustainable and resilient social protection systems able to withstand the ups and downs of economic cycles rely on two main financing sources: government revenues, and workers’ and employers’ social security contributions. Higher net wages and other earnings from work translate into higher social security contributions, all central elements of a nation's income distribution mechanism to reduce vulnerabilities, inequalities, social exclusion, and poverty. A government's capacity to generate sufficient revenue to secure the needed fiscal space for redistributive policies is also positively correlated with a nation’s ability to ensure an environment conducive to sustainable enterprises that create decent and productive employment. Hence the relevance of both quantity and quality of employment, or a decent work for all.

<sup>19</sup> **Binding constraints** are the factors (from capacity constraints to policy gaps and political economy challenges) that, if lifted, would have the most significant impact on the availability of resources. Such constraints cannot all be addressed at once. Identifying binding constraints can help prioritise policy action and is thus a critical input to the financing strategy formulation.

Consultations with key stakeholders during the scoping phase helps in the compilation of existing analyses to the extent available. (E.g.: UN Common Country Analyses, World Bank's Systematic Country Diagnostics, PEFAs, debt sustainability assessments, taxation reviews, development cooperation reviews, investment policy reviews, financial sector assessment programme reports and enterprise surveys, or Decent Work Country Programmes).



## HOW TO: PROMOTING JOB-RICH GROWTH

- To promote decent work, ward off high and long periods of unemployment or a spreading of the informal economy, which denies protection for workers and limits domestic revenue mobilisation opportunities, a new approach to macroeconomic and employment policies is gaining track.
- **Pro-employment macroeconomic frameworks.** The slow and uneven pace of economic and employment recovery since the 2008 global financial crisis, compounded by the most recent socio-economic shocks triggered by the COVID-19 pandemic and conflict in Ukraine, highlight the need for macroeconomic policies that contribute to a sustained and inclusive growth driven by a productive and decent work generating private sector. That is, policies contributing to a pro-employment macroeconomic framework to achieve SDG 8 and, ultimately, other SDGs. This may include:
  - Monetary policies that look beyond the single objective of abating inflation, and account for the relation between inflation, wages, and unemployment;
  - Central bank supervisory functions that encourage financial inclusion and a supply of credit for producers;
  - Fiscal policies that consider the economic and fiscal multiplier effects on aggregate demand of social protection systems and minimum wage policies, and those on employment of fiscal measures applied to investments in infrastructure, education, (re-) training, public employment or labour market policies.
- **National Employment Policies (NEPs)** that promote decent work, and an inclusive and equitable sharing of growth benefits. NEPs can help maximize the employment outcomes of investments in strategic sectors with high formal employment-creation potential and, in general, make financing flows more effective and conducive to decent job creation. To this end, and considering the employment challenges countries are facing, NEPs need to be revised to better support both the recovery from the pandemic and longer-term goals (such as building an effective and equitable public health system, investing in safety nets or social insurance), and complementary policies should be considered as well to enhance synergies in terms of indirect and induced jobs.
- **Mainstreaming employment in private investment policies:** Through adequate regulatory frameworks and relevant incentive packages, private investment can have a lasting positive impact on SDG achievement. Foreign investment, in particular, can have a range of positive spill over effects such as transferring skills and technologies or providing access to international markets. This is particularly important where investment is expected to play a central role in industrial upgrading and structural transformation, as spill over effects can boost local productive capacities that are dependent on human resources and skills development, technology and know-how, and/or infrastructure and enterprise development.
- FDI is, therefore, a key and relatively stable source of external private finance for many developing countries. Hence, the relevance of including strategies and public policies for attracting FDI in their integrated national financing strategies. New generation private investment policies in a number of these countries (targeting both FDI and domestic investment) are, in fact, better integrated with sustainable development strategies, and open opportunities to stimulate job creation and maximize the employment content of private investment (qualitatively and quantitatively), especially when informed by Employment Impact Assessments.
- **Financing strategy and social dialogue.** While good policy design is a necessary first step, it is not enough. The policy implementation process is key to achieve the desired results. Success in implementation rests on adequate financing strategies and coordination across a comprehensive set of measures and relevant ministries, agencies, and institutions. A decent work approach across the building blocks of the INFF involving all relevant social partners in the process is critical to ensure that the resulting integrated financing strategy incorporates employment and decent work policy objectives.

## GUIDING QUESTIONS

- Does the **national development framework or recovery plan** that the INFF supports explicitly consider employment or the role of economic growth on job creation? Are policies and strategies in place promoting “job-rich” growth i.e., economic growth that generates more and better jobs (e.g., income, working conditions, social security, workers’ rights)?
- What are the country specific elements of **pro-employment macroeconomic frameworks** that channel domestic savings into productive and job-rich investments?
- Has the government formulated (in consultation with social partners) a comprehensive **national employment policy (NEP)**? Does it consider not just the number but also the quality of jobs?
- To what extent is the NEP **coordinated and aligned** with the country’s sustainable development framework, and with other relevant national policies? E.g., is the employment impact of skills, trade, tax, industrial, infrastructure, sectoral, enterprise development and informal economy policies assessed?

- *Is the NEP grounded on concrete and **costed employment programmes**? That is, does it include specific employment targets, and are those costed? If not, how can the cost of addressing specific labour market challenges, full employment or SDG8 be estimated?*
- *Is the NEP backed by an adequate **financing strategy**? Are there financing gaps?*
- *Has a **pro-employment budget** been considered / implemented? Are results-based budgets with employment and labour market indicators in use? Is there an understanding of impediments hindering budget implementation? And of risks that could impact budget allocation and implementation? Is there a plan to reduce such vulnerability?*
- *What can be said about **the effectiveness and efficiency** of public expenditures on employment programmes (both active and passive labour market programmes)? And about the impact of the shift to indirect taxes, such as consumption taxes (VAT), on meeting SDG8?*
- ***On FDI attraction and regulations:** How does creating employment feature in policy statements relative to private and financial sector development, and investment promotion and facilitation? How is employment defined? Is it only defined in quantitative terms, or qualitative as well? Are there quantified employment targets to be achieved? How is the “potential employment impact” of possible investment projects estimated? Does this include measures of direct, indirect and induced employment? What relevant incentives (particularly tax incentives and grants) are available to foreign investors, which can impact decent job creation?*
- *Have relevant **social partners** been consulted in the INFF assessment process? Who are those partners? Who else should be consulted? Have their views on financing needs, opportunities, risks, and constraints been considered?*
- *What, if any, **capacity building** is needed for social partners to be able to effectively contribute to the assessment of pro-employment macroeconomic policies, the NEP or private investment policies, and their alignment with the national sustainable development framework, or the financing implications, opportunities, constraints, etc.?*

## RESOURCES AND TOOLS

- [Reference guide for Employment Impact Assessments \(EmPIA\)](#)  
Guidance providing insights into cost-benefit analysis of potential or ex-post impact on jobs and job-related outcomes of policies and interventions.
- [National employment policies for an inclusive, job-rich recovery from the COVID-19 crisis, ILO Policy Brief](#)  
Guidance for shaping a new generation of national employment policies that link COVID-19 crisis response and longer-term sustainable development goals to move towards a better future of work.
- [Responding to the crisis and fostering inclusive and sustainable development with a new generation of comprehensive employment policies](#)  
Review of COVID-19 pandemic's impact on labour markets, and the role of “new generation employment policies” in an inclusive structural transformation with the ultimate goals of poverty reduction and inclusive, human-centred societies. The brief provides examples of successful implementation.
- [From policy to results: Guidelines for implementation of national employment policies](#)  
Comprehensive framework for implementation. It includes a range of tools and methodologies covering the full NEP process from policy design to policy results.
- [How to assess fiscal stimulus packages from a gender equality perspective](#)  
Policy support tool to embed gender equality concerns in national fiscal stabilization and stimulus packages, monetary policy and budgeting. It considers the role of gender budgeting in the development and evaluation of fiscal and monetary stimulus packages.
- [Guidelines for the Review of Employment Related Public Expenditures](#) (upcoming)
- [Global Accelerator on Jobs and Social Protection for Just Transitions - Technical Support Facility \(TSF\)](#)  
The Global Accelerator is a multilateral initiative launched by the UN Secretary General to channel investments towards a job-rich recovery by bringing together relevant employment and social protection policies, supported by financing strategies anchored in the INFFs. It aims to create at least 400 million jobs by 2030, primarily in the green, digital and care economies of LMICs, SIDS and countries in fragile situations, and to extend social protection floors to the people currently not covered (about 4 billion men, women, and children).  
The TSF provides overall strategic and operational guidance at global, regional, and country levels for Global Accelerator activities that act as a catalytic funding stream to leverage financing at scale (including through a [Joint SDG Fund](#) window on Decent Jobs and Universal Social Protection). The TSF can help: (1) identify the country's capacity and existing coordination mechanisms in relation to jobs, social protection and just transition; (2) assess needs and demand for social protection and employment interventions; (3) ensure the quality of proposals and conformity with international standards, the Accelerator's integrated policy approach and the commitment to rights-based, adequate

and universal social protection; (4) expand capacity with new and required expertise, building on pre-existing structures (global, regional and national teams of participating UN agencies and partner countries).

## COUNTRY EXPERIENCES

### BANGLADESH

- **Bangladesh's INFF.** The Government of Bangladesh is designing an INFF to more effectively mobilise the required resources from public and private sources for advancing the SDGs realisation by 2030, focusing on SDG 6 (water and sanitation), SDG 7 (energy) and SDG 13 (climate action). It is doing so with support from the Joint SDG Fund programme's implementing agencies: UNDP, UNCDF, ILO and UN Women. The ILO is leading private sector engagement in the INFF.
- **SDG-8 costing and implications for labour market policies.** All SDGs were costed in the framework of the DFA, with the ILO contributing to cost SDG 8. The ILO has also developed several studies and policy briefs, with one updating the SDG 8 financing needs estimate based on the changing economic context created by rising inflation and interests, and slower economic and employment growth. The study also analyses the implications for labour market policies and constituents of financing SDG 8. This work has provided a valuable knowledge base for tripartite social dialogue down the road around SDG 8 financing under the umbrella of the INFF, and contributed to the DFA and INFF Roadmaps developed for each of the three focal SDGs.

### NAMIBIA

- **Namibia's INFF.** The Government of Namibia is designing an INFF to increase the scale and quality of financing for the SDGs with the support from the Joint SDG Fund programme's implementing agencies: UNDP, UNICEF, UNFPA and ILO.
- **Building the budget assessment capacity.** The ILO, together with UNFPA, is supporting the government develop and implement pro-employment and gender-responsive budgets by conducting, and providing technical assistance to relevant public sector stakeholders (such as MoL, Ministry of Finance, parliament, and national planning commission) on: (1) national budget analysis to assess employment and gender responsiveness; (2) tools for implementation, oversight, monitoring and evaluation of gender and pro-employment budgeting; (3) formulation and implementation of the 3rd NEP; (4) Employment Impact Assessments.

## WHO TO CONTACT

- **ILO's Employment Policy Department team** supports full and productive employment by developing integrated employment, development and skills policies that are inclusive, gender sensitive and sustainable. At country level, it supports constituents to develop, implement and monitor coordinated and context specific policies and programmes for more and better jobs, with a particular focus on vulnerable groups.
- **Global mailbox:** [employment@ilo.org](mailto:employment@ilo.org); [emplab@ilo.org](mailto:emplab@ilo.org)

## INVESTING IN SOCIAL PROTECTION

### BRIEF OVERVIEW

#### BASIC NOTIONS

- **Social protection** is stated as a basic right of all individuals in article 22 of the Universal Declaration of Human Rights: "everyone, as a member of society, has the right to social security". It comprises access to health care and income security, particularly in relation to old age, unemployment or informal employment, sickness, disability, work injury or loss of a main income earner, maternity, and families with children.
- **Two-dimensional approach to social protection strategies.** Effective and equitable social protection strategies should aim at a minimum level of income security and health care *for everyone (horizontal dimension)*. Starting from such basic guarantees for all, *higher levels of protection* should be progressively made available to as many people as possible, as soon as possible, in line with national circumstances and level of development (*vertical dimension*).

- **Social protection floors** are nationally defined guarantees of basic social security that, at a minimum and over a life cycle, ensure all in need have access to essential health care, and basic income security granting effective access to the goods and services defined as necessary at the national level.

### WHY IS IT IMPORTANT?

- **Socio-economic inequalities.** National social protection floors represent an essential measure for reducing and preventing poverty, vulnerability and social exclusion or inequalities. It promotes prosperity and human development through better health and education, and more sustainable economic systems. The relevance of social protection is directly reflected in SDG 1 (target 1.3 refers to the implementation of nationally appropriate social protection systems and measures for all), SDG 3 (target 3.8 calls for universal health coverage) and SDG 8 (target 8.b refers to the means of implementation), but it indirectly impacts various other SDGs (e.g., SDG 2 hunger, SDG 3 health and wellbeing, SDG 4 education, SDG 5 gender equality, SDG 10 inequalities).
- **Resilience.** Social protection systems act as automatic stabilizers in times of crisis by levelling off aggregate demand and by providing the necessary structures for rapid deployment of crisis response measures (e.g., benefits top-up, registration or payments to additional beneficiaries). Furthermore, social protection measures are indispensable in facilitating the economic transformation processes towards more sustainable production and consumption patterns that require the phasing out of polluting industries (and associated workforce).
- **Social protection gap.** Despite the unprecedented worldwide expansion of social protection during the COVID-19 crisis, the ILO's World Social Protection Report estimates that more than half of the world's population (53% of population, or 4.1 billion people) remain entirely unprotected, and the social protection gap between high- and low-income level countries has been exacerbated.

### FINANCING SOCIAL PROTECTION

- **Financial needs.** To guarantee at least basic income security and access to essential health care for all in 2020 alone, developing countries would have needed to invest approximately US\$1.2 trillion in normal circumstances, on average 3.8 per cent of their GDP (a percentage that rises up to 15.9 in low-income countries, and 5.1 in lower-middle-income countries). Such financing gap has increased further by approximately 30 per cent since the start of the COVID-19 crisis<sup>20</sup>. Evidence of the economic multiplier effects of social protection point, however, to certain return on such investments, somewhat compensating and reducing the net-costs.
- **Financing sources.** Building social protection systems able to deliver positive social and economic outcomes requires a mix of financing sources. While social protection is mostly state funded and administered, its budget also depends on the contributions from formal enterprises and workers. A mix of contributory (mainly social insurance) and non-contributory tax-financed schemes, sometimes combined with active labour market interventions, has been instrumental in cushioning the impact of economic and health crises and in building resilience. Effective measures to promote decent work outcomes, formalization of enterprises, and business performance, such as credit paired with financial education and business development services, or the introduction of micro insurance and emergency loans, can contribute to expand the fiscal space available to finance social protection systems.
- **Social partner engagement.** A decent work approach across the building blocks of the INFF, and engaging relevant social partners (from government to informal sector) from inception and the assessment and diagnostics phase, are critical steps in expanding the protection coverage in quantity (people) and quality, or the fiscal space needed through a process of formalization, for example (for details on formalization refer to the sections on *Fostering pathways to sustainability of enterprises and jobs* and *Fostering pathways to formality*).

### GUIDING QUESTIONS

- **Social protection gaps.** *Are there pockets of society excluded from national social protection systems? Do existing systems cover all life cycle risks? Are benefits provided at a level that allows people "a standard of living adequate for their health and well-being"?*
- **Underlying reasons.** *Is there an understanding of the size and underlying reasons of gaps in population coverage, comprehensiveness of risks covered or adequacy of benefits?*
- **National sustainable development framework.** *Is there a social protection strategy embedded in the national sustainable development framework to cover the gap and deficiencies, and/or progressively reach universal social protection? Does the strategy consider how to extend social protection to workers in the informal economy?*

<sup>20</sup> [World Social Protection Report 2020-22](#)

- **Social protection floors.** Does the strategy prioritize building a floor of social protection? If a social protection floor exists, are there still gaps in the coverage of the social protection system relative to the national social protection floor guarantees? Does the strategy aim for progressively achieving higher levels of social protection?
- **Delivery capacity.** Does the strategy consider the delivery capacity for the planned extension of social protection?
- **Financing gap.** Is there an estimation of costs, the financing gap and additional fiscal space required to implement the strategy and policy solutions? Did the government take measures to analyse the fiscal and economic affordability of a national social protection floor?
- **Financing sources.** Is there a strategy to create the additional fiscal space needed through contributory and non-contributory tax-financed schemes? Is there a clear understanding of the major? And of how the risks the country is facing could impact such fiscal space, and how could such vulnerability be reduced?
- **Social dialogue.** Is there a consensus among all stakeholders around the social protection strategy, floor guarantees and financing strategy? If not, is there a national tri-partite dialogue mechanism in place to do so?
- **Capacity building.** What, if any, capacitation is needed for social partners to effectively contribute to the discussions around the design of a social protection system and floor guarantees? And to assess financing needs and strategies (e.g. domestic revenue mobilisation or formalization of the informal sector to increase social security contributions)? (On formalization, refer to the sections on [Fostering pathways to sustainability of enterprises and jobs](#) and [Fostering pathways to formality](#))

## RESOURCES AND TOOLS

- [ILO recommendation No 202](#) and [Policy brief on the financing gaps for social protection](#)  
Recommendations and policy brief including guiding principles on financing social protection.
- [Interagency Social Protection Assessment \(ISPA\) tools](#)  
Suite of tools to analyse the performance of social protection systems, either as a whole, or specific schemes/programmes (e.g. Public Works, Food Security and Nutrition) or delivery elements (e.g. Identification Systems, Payment Systems).
- [Quantitative Platform of Social Security \(QPSS\)](#)  
Suite of tools supporting evidence-based policy analysis and reforms for robust social protection systems worldwide (including Actuarial Pension Model, Actuarial Health Model, Social Security Inquiry, Social Protection Costing Tool and Poverty Impact Assessment Tool).
- [Extending social security to workers in the informal economy](#)  
Guidance on the financing option of contributory social protection of informal economy workers.
- [Social protection assessment based national dialogue \(ABND\)](#)  
Methodology to conduct national dialogue in the process of identifying: social protection gaps, policy options, costs, and financing options. Complementary tools are the [Social protection floor cost calculator](#) and the [Fiscal space for social protection handbook for assessing financing options](#)
- [E-Learning on Public Finance for Social Protection Analysts](#)  
Addresses two elements: (1) analysis of the size of social protection expenditure and financing options; (2) how can the Public Financial Management cycle be applied to social protection.
- [Improving Synergies Between Social Protection and Public Finance Management](#)  
Thematic programme to support countries in conducting assessments and diagnostics (e.g., ABND, fiscal space analysis, assessment of financing options, social protection budget, or diagnostic for the extension of social protection to the informal economy) to expand and strengthen social protection systems and improve public finance management for a sustainable financing.
- [Fiscal space for social protection](#)  
Handbook providing easy reference to assess financing options for the extension of social protection coverage and benefits. It explores various financing alternatives, including those available to the poorest countries:
  - › Expanding social security coverage and contributory revenues.
  - › Increasing tax revenues.
  - › Eliminating illicit financial flows.
  - › Re-allocating public expenditures.
  - › Using fiscal and central bank foreign exchange reserves.
  - › Borrowing and restructuring existing debt.
  - › Adopting a more accommodating macroeconomic.
  - › Increasing aid and transfers.



- [Global Accelerator on Jobs and Social Protection for Just Transitions - Technical Support Facility \(TSF\)](#)

The GA is a multilateral initiative launched by the UNSC to channel investments towards a job-rich recovery through integrated employment and social protection policies supported by INFF-based financing strategies. It aims to create over 400 million jobs by 2030, primarily in the green, digital, and care economies of LMICs, SIDS and countries in fragile situation, and to extend social protection floors to those currently not covered (ca.4 bill.).

The TSF provides overall strategic and operational guidance at global, regional, and country levels for Global Accelerator activities that act as catalytic funding stream to leverage financing at scale (including through a [Joint SDG Fund](#) window on Decent Jobs and Universal Social Protection). The TSF can help: (1) identify the country's capacity and existing coordination mechanisms in relation to jobs, social protection and just transition; (2) assess needs and demand for social protection and employment interventions; (3) ensure the quality of proposals and conformity with international standards, the Accelerator's integrated policy approach and the commitment to rights-based, adequate and universal social protection; (4) expand capacity with new and required expertise, building on pre-existing structures (global, regional and national teams of participating UN agencies and partner countries).

## COUNTRY EXPERIENCES

### ALBANIA

- **Albania's INFF.** In a middle-income country with growing inequalities and socioeconomic challenges, the Government is adopting an INFF to catalyse financing to reach the most vulnerable and disproportionately affected by poverty, especially children, women, and the elderly. It is doing so with support from the Joint SDG Fund programme's implementing agencies, UNDP, UNICEF, and the ILO, who is providing advisory and building institutional capacity to: (1) assess the fiscal space and affordability of a social protection floor at central and municipal level; (2) identify innovative approaches, tools, and other financing mechanisms; and (3) develop a national strategy for financing comprehensive social protection floors.
- **Refining the focus of the INFF and financing strategy.** The ILO has provided technical, preparatory and analytical support through trainings, studies and assessments to help the Government refine the focus of the INFF regarding decent work and social protection financing. Early ILO engagement has led to the integration in the DFA of analysis and cost estimates on social protection, and to building institutional capacity for the development of a financing strategy that supports decent work and social protection.

### EGYPT

- **Egypt's INFF.** To secure a sustainable society and economy by 2030, Egypt is adopting an INFF and developing an integrated financing strategy around key SDG accelerators (e.g., education, health, social protection, water and sanitation, and transportation) with support from the Joint SDG Fund programme's implementing agencies: UNDP, UNICEF, UNFPA, and the ILO, who is assisting the government in SDG costing, and mapping SDG financing in the area of social protection.
- **Assessing cost and financing options.** Through trainings, technical notes and actuarial reviews, the ILO is building the capacity of the Ministry of Social Solidarity to more accurately estimate cost and financing options for the new pensions model and the emergency fund proposed by the Government to extend social protection to informal workers.

### NAMIBIA

- **Namibia's INFF.** The Government of Namibia is designing an INFF to increase the scale and quality of financing for the SDGs, with support from the Joint SDG Fund programme's implementing agencies: UNDP, UNICEF, UNFPA, and ILO.
- **Assessing financing options.** The ILO is providing support to the Government for the finalisation of the Social Protection Policy and the assessment of financing options.

### ZAMBIA

- **Zambia's INFF** seeks to align financing frameworks with the SDG priorities defined in the National Development Plan (7NDP and its successor), with a focus on the Covid-19 impact at social and economic levels. It will do so by:
  - › Advancing economic diversification while ensuring a just transition respectful with the environment, promoting an SDG oriented private sector, creating decent jobs, entrepreneurship and innovation, or encouraging formalization and growth of MSMEs through access to banking, insurance, financial services and markets.
  - › Costing a comprehensive social protection system supported by a sustainable and viable financing framework.
  - › Promoting broad partnerships with state and non-state actors (civil society and private sector, comprising business, MSMEs, pension and insurance companies, private equity, sovereign wealth fund, venture capital, asset

owners, and investors) to mobilise and effectively manage a diversified mix of resources that includes private sector and innovative finance solutions.

- **Engagement in social protection.** With the Joint SDG Fund support, UNICEF, UNDP, UNFPA, UNECA, and the ILO are assisting the Government of Zambia to set up the framework's building blocks. Jointly with the WB, the ILO is conducting public expenditure reviews to develop sector financing strategies in health and social protection.

## WHO TO CONTACT

- **ILO's Social Protection team** works to contribute to the development of social security by engaging in policy and standards development; knowledge development and information sharing; technical advisory services; capacity building; and building and strengthening partnerships. The Public Finance, Actuarial and Statistics Unit (PFACTS) leads work on social security reform, costing and the provision of viable scheme financing options.
- **Global mailbox:** [socpro@ilo.org](mailto:socpro@ilo.org)
- **HQ and field offices focal points** are under staff list [here](#)

## FINANCIAL SECTOR'S ROLE IN PROMOTING DECENT WORK

### BRIEF OVERVIEW

#### WHY IS IT IMPORTANT?

- **Financing needs.** Public finance alone cannot address the increasing decent work challenges emerging even more prominently in the context of rising inflation, interest rates and commodity prices influenced by the pandemic and the conflict in Ukraine. There is a pressing need for public and private finance to partner.
- **Financial sector's contribution to SDG.** The financial sector, through its role as intermediary, has the potential to contribute to the Decent Work Agenda and SDG 8, as well as other SDGs given the crosscutting effects of improvements in decent work (e.g., SDG 1 on poverty, SDG 2 on hunger, SDG 4 on education, SDG 5 on gender equality, or SDG 10 on inequalities). For that to happen, engagement across the building blocks of the INFF should take place at various sector levels (macro, meso and micro, as described below), particularly in the *Assessment and Diagnostics* and *Financing Strategy* blocks.
- The financial sector can contribute by:
  - Integrating decent work aspects in policies guiding financing decision-making, and in policies and procedures at the level of financial service providers (including those related to just transition finance).
  - Channelling financial resources towards sectors that have a high potential of expanding decent work opportunities, such as the digital, care and green economies.
  - Promoting a do-no-harm approach, or an understanding of the unintended impacts of its policies and initiatives to ensure that positive effects on decent work are reinforced, and negative effects minimised.

#### HOW TO: ENGAGING THE FINANCIAL SECTOR

- A good understanding of the financial sector requires, as a first step, a robust mapping of the sector in the country. On this premise, engagement with the financial sector to optimise its contribution to decent work can take place through (more information [here](#)):
  - **Financial inclusion.** Granting financial service access to everyone engaging in an economic activity. By reaching out to under-served market segments with targeted financial and non-financial services, the financial sector can contribute to enhanced productivity and risk management. Services can range from business skills training, financial education to promote an informed use of financial services, financial technology to advance decent work, or financial services (savings, credit, money transfer or insurance).
  - **Insurance access.** Promoting the contribution of insurance and insurers to the SDGs, and decent work in particular. Access to inclusive insurance solutions and protective measures (on top of social protection mechanisms) can increase the capacities of vulnerable populations to manage health, climate, agricultural, and SMEs-related risks.
  - **Sustainable investing.** Encouraging SDG-aligned investments that promote decent work by engaging with investors and investor networks (e.g. Global Impact Investing Network – GIIN, or Social Performance Task-Force - SPTF) or by setting and adopting impact management standards and measurement.

- **Engagement with the financial sector can take place at macro-, meso- and micro- levels:**
  - At policy, regulatory and enabling environment level, by engaging standard-setting policy makers and central banks.
  - At industry and support organisation level, by engaging with industry associations and training institutes for financial institutions to help translate policy into actions.
  - At service provider level, by engaging with banks, microfinance institutions (MFIs), credit unions, insurance service providers, Fintechs, or investors. Financial service providers require enhanced capacities to formulate new and adapted financial and non-financial products and services, develop innovative delivery channels and risk management vehicles, or adopt good practices in sustainability management.
- **Engagement in INFFs.** A decent work approach across the building blocks of the INFF, and engaging the financial sector from the start, i.e., from inception and the assessment and diagnostics phase, is critical to instil a sustainability perspective in finance and investment, and accelerate the private sector contributions (through financial inclusion, insurance access and impact investment) to the SDGs in general, and SDG 8 in particular.

## GUIDING QUESTIONS

- **International labour standards (ILS): commitments and regulatory framework.** *What ILS has the country ratified that the financial sector needs to abide by? What legislation or principles guiding standards compliance are in place for the financial sector? Do sustainable development and decent work aspects feature in such principles?*
- **Scope and responsibilities.** *Whom do such principles apply to? Just commercial banks, or all financial sector service providers in the country (e.g., non-bank financial institutions, microfinance institutions, foreign investors, insurance companies, etc.). Which are the supervising authorities overseeing implementation of such legislation and principles in the financial sector?*
- **Financial sector mapping.** *Who are the actors providing financial services in the country? Who are the relevant actors in the financial support infrastructure (e.g., credit bureaus, microfinance and banking associations, networks and platforms providing capacity building among financial service providers)? What are their constraints and incentives for serving sectors with potential for contribution to the country's national development priorities?*
- **Financial services gap.** *What financial instruments and tools are currently available to serve sectors with potential, especially under-served market segments? What is the demand not met by financial instruments and tools? How can the gap between demand and supply of financial services contributing to the SDGs and Decent Work Agenda be narrowed? Have SDG impact investment areas and opportunities linked to decent work been identified?*
- **Monitoring and reporting.** *What monitoring and reporting practices do actors across the financial sector follow? How does reporting on decent work (in terms of sector employees and/or lending/investment portfolios) feature? What monitoring and reporting best practices exist among leading firms? What incentives exist for firms to enhance monitoring, management and reporting in relation to decent work?*
- **Social dialogue.** *Is there an institutionalised mechanism to promote dialogue with Employers and Workers Organisations around baselines/targets and needs/obstacles for the financial sector's contribution to SDGs and the Decent Work Agenda, so that policy options that can help overcome the deterrents can be defined? (E.g., In case of risk aversion, risk-sharing mechanisms such as public-private guarantees or support for SMEs facing liquidity restrictions could be envisaged).*
- **Capacity building.** *To what extent do financial sector actors understand the concept of decent work and their own role in achieving decent work for all? What are the capacity-building needs in this regard, or for the purpose of:*
  - *Facilitating the financial sector's due diligence and compliance with ILS and the national regulatory framework governing decent-work aspects?*
  - *Improving sustainability management at the level of financial service providers (including policies, procedures, impact measurement or management tools)?*
  - *Developing financial and non-financial products and services and/or innovative delivery channels targeted at under-served market segments?*
  - *Developing assessments and monitoring mechanisms to observe compliance of labour standards, and reorient investments towards decent work objectives?*



## RESOURCES AND TOOLS

### Financial inclusion

- [Global Centre on Digital Wages for Decent Work](#)  
Through research, evidence-based advocacy, and country interventions at macro-, meso- and micro-levels, the Global Centre promotes workers' rights and employment formalization by empowering workers to access digital financial services that respond to their needs.
- [Microfinance for Decent Work: Action Research Programme \(MF4DW\)](#)  
Approach to decent work objectives by [16 microfinance institutions](#) through the delivery of innovative financial and non-financial services to foster social impact. Objectives include: eliminating child labour, fostering the formalization of enterprises, reducing vulnerability and enhancing business performance through improved working conditions.
- [Financial Education Programme](#)  
The ILO Financial Education Programme can be adapted to address the needs of diverse target groups

### Impact insurance

- [Impact Insurance Facility](#)  
The Facility works with governments, insurers, and other stakeholders to strengthen insurance markets and promote insurance reduce the vulnerability of populations and boost the productivity of economies. It provides a range of impact insurance tools, including handbooks, exercises, and checklists to help self-assess capacity building needs.
- [InsuResilience Investment Fund and Technical Assistance Facility \(IFF TAF\)](#)  
Private-public partnership (including the ILO and the Impact Insurance Facility) that works to improve the resilience of poor and vulnerable households and MSMEs. The fund invests in a range of MFIs, insurance companies and providers of climate technology and data solutions through loan, equity, and technical assistance to boost climate insurance and facilitate MSMEs (and households) access.

### Impact investment

- [Guidance tool for just transition in the financial sector](#)  
This Just Transition Finance Tool provides financial institutions with practical advice on how to embed just transition throughout their operations in their alignment with the goals of the Paris Agreement.
- [SDG Impact Standards](#) and [SDG investor platform](#)  
**SDG Impact** is a UNDP flagship initiative to accelerate private sector contributions towards the achievement of the SDGs through two mechanisms: SDG Impact Standards and SDG Investor Maps.
  - **SDG Impact Standards** are voluntary internal management standards (similar to ISO standards) for businesses and investors to operate more sustainably through responsible business practices and effective impact management systems and decision-making. Responsible and sustainable practices include those that respect the rights set out in the ILO's Declaration of Fundamental Rights at Work (enshrined in the ten fundamental conventions for labour standards). [SDG Impact Standards resources](#) (guidance, self-assessment tools and trainings to perform gap analysis, prioritise actions and develop action plans) have been developed for enterprises, private equity funds, debt and venture capital fund managers, and bond issuers. An external assurance framework and **SDG Impact Seal** will serve as incentive for businesses to take action strengthening internal management practices and decision-making over time, and to ensure a positive contribution (or at least not negative) to decent work.
  - The [SDG investor platform](#) directs investments to screened business models based on national SDG priorities and primary and secondary data gathered from the private sector. Opportunities can be filtered by SDG, region, country, sector and subsector, indicative return, investment timeframe, ticket, and market size.
- The [Africa Agriculture Trade and Investment Fund \(AATIF\)](#)  
Public-private partnership (initiated by KfW) investing in agricultural sector initiatives that contribute to food security, employment and incomes. The ILO, as sustainability advisor of the AATIF, has developed an [impact measurement framework](#) to track, measure and report on the social and environmental performance of investments. An example of how an impact-oriented investor can embed development goals into operations.
- [Quality Jobs investment strategies](#)  
Partnership between the Global Impact Investing Network (GIIN), the ITC-ILO and the ILO to help the impact investment community select strategies and adopt metrics that specify performance targets along the path towards investment goals. This work has resulted in the formulation of five strategic goals for impact investments in Quality Jobs, as well as a set of key indicators to measure improvements.
- [From sustainability commitment to impact by means of environmental management systems](#)  
Based on the ILO's Social Finance decade-long work with multiple institutions, the article discusses the relevance of Social and Environmental Management Systems (SEMS) for financial institutions seeking to improve business

performance and realise sustainability commitments, the core elements of SEMs, the typical challenges in developing and implementing such systems, and ways to address them successfully.

- The ILO is supporting **SIDA** in [developing an impact management system](#) for its guarantee instrument, with emphasis on employment outcomes (upcoming).

## COUNTRY EXPERIENCES

### BANGLADESH

- **Bangladesh's INFF.** The Government of Bangladesh is designing an INFF to more effectively mobilise resources from public and private sources for advancing SDG 6 (Clean water and sanitation), SDG 7 (affordable and clean energy) and SDG 13 (climate action). It is doing so with the support of the Joint SDG Fund programme's implementing agencies: UNDP, UNCDF, the ILO, and UN Women.
- **Bankable investment opportunities.** The ILO is leading private sector engagement in the INFF and has developed a number of studies and policy briefs to help raise awareness on potential contribution to SDGs. One such analytical work deals with investments in bankable opportunities that contribute to decent work and gender equality in the three development priorities (water, energy, and climate). This work has provided a valuable knowledge base for social dialogue down the road, and contributed to the DFA and INFF Roadmaps developed for each of the three SDGs.

### SURINAME

- **Suriname's INFF.** With a forest cover of 93% and an increased rate of deforestation, the Government of Suriname is adopting an INFF to reorient its financial ecosystem towards a more inclusive, sustainable and diversified economy, with particular attention to a more sustainable forest management and other nature-based solutions.
- **Engaging in financing solutions to promote sustainable economic alternatives with better jobs.** In this framework, the Accelerator for Agriculture and Agroindustry Development and Innovation Plus (3ADI+), an initiative supported by the Joint SDG Fund catalytic investment window, and implemented by FAO, UNIDO, UNFPA, and the ILO, seeks to mobilise financial resources to support value chains with a potential to positively impact productivity and smallholder farmer's income, while reducing environmental pressure on primary and secondary forests. The first venture supports the pineapple value chain through a mix of solutions to address financing constraints, including: a collateral support facility to de-risk commercial bank loans and incentivise private banks' lending to smallholder farmers; a cooperative centralising production planning and marketing; and an innovation hub foundation to provide tailored agronomic and business support, and management services to farmers.

## WHO TO CONTACT

- **ILO's Social Finance Programme** works with the financial sector to enhance its contribution to the Decent Work Agenda and the attainment of SDG 8. It engages with banks, microfinance institutions, credit unions, insurers, investors and others to conduct research; test new financial products, approaches and processes to promote financial inclusion, impact insurance and sustainable investments; and promote good practices through capacity building.
- **Global mailbox:** [socialfinance@ilo.org](mailto:socialfinance@ilo.org)
- **HQ and field offices focal points** are under staff list [here](#)

## FOSTERING PATHWAYS TO SUSTAINABILITY OF ENTERPRISES AND JOBS

### BRIEF OVERVIEW

#### BASIC NOTIONS

- **Sustainable enterprises**<sup>21</sup>. The concept relates to the three pillars of sustainable development: economic (viability), social (responsibility) and environmental (respectful with the environment). In essence, a sustainable

<sup>21</sup> The term "enterprise" covers a broad variety of business ventures of different:

- › Sizes (ranging from own-account informal economy operators to multinationals controlling entire global supply chains);
- › Ownership structures (family owned, limited company, shareholding company, state-owned, cooperatives, mutual benefit societies and similar social economy ventures);
- › Business orientation (commercial enterprises, social enterprises, public enterprises, community enterprises) or
- › Economic activity (agricultural, manufacturing, services, or a combination of those).

enterprise seeks a balance between the needs and interests of the enterprise (both workers and employers) and the broader aspirations of society, thereby contributing to the achievement of the UN Sustainable Development Goals and the ILO's Decent Work Agenda (DWA) aspiration of a decent work for all.

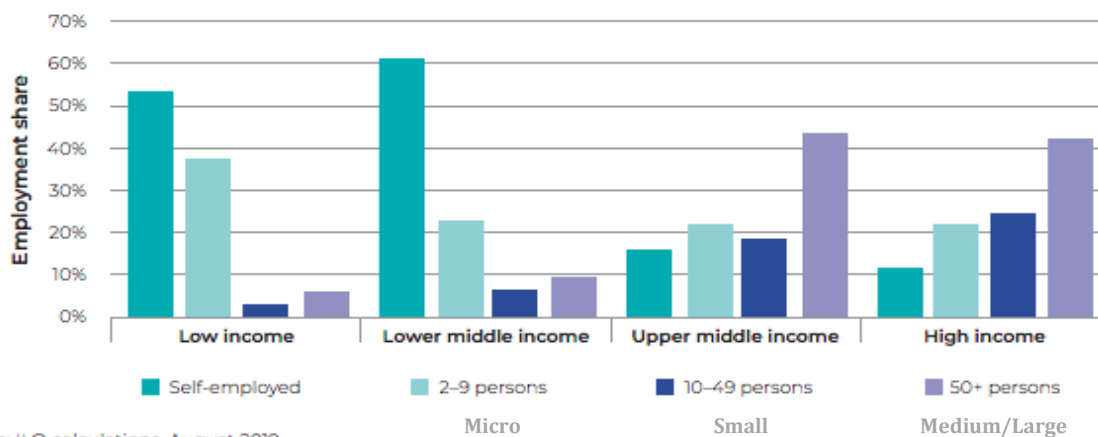
A subcategory of sustainable enterprises are those of the Social and Solidarity Economy (SSE)<sup>22</sup>, which pursue both economic and social objectives, often related to the environment, while fostering solidarity (e.g. cooperatives, mutual benefit societies, associations, foundations or social enterprises). These organizations contribute to all four DWA pillars by creating and sustaining jobs and livelihoods, extending social protection, strengthening and extending social dialogue to all workers, and promoting the application and enforcement of labour standards for all.

- **Sustainable enterprise development strategies/policies.** Promoting the development of sustainable enterprises that contribute to job creation and decent work requires a three-pillar multi-stakeholder strategic approach that involves government, constituents, and other public and private actors. Cutting across the following three pillars are relevant issues like gender equity, enterprises in the informal economy, and environmental sustainability:
  - Help establish an enabling environment for sustainable enterprises.
  - Help enterprises establish and thrive in this environment by nurturing entrepreneurship and facilitating access to the needed business development services, including access to financial services.
  - Assist enterprises to adopt sustainable and responsible workplace practices.

#### A DEVELOPMENT WORLD CAVEAT

- **The reality of job creation in the development world.** A negative correlation exists between countries' GDP per capita and the employment share of the self-employed and micro and small enterprises, together referred here as *small economic units*. In low and lower-middle income countries, this share hovers around 90%-100%, with a high concentration of the self-employed (figure 6). The same is true for the employment share of the informal sector, which ranges from less than 5% in some high-income countries to more than 90% in several low-income countries. The employment contribution of the informal sector is especially high in agriculture, where the self-employed category prevails.

**Figure 6. Employment share of different size economic units, by country income group (%)**<sup>23</sup>



Source: ILO calculations, August 2019.

- **Implications for poverty reduction and social cohesion.** *Small economic units*, often operating in the informal sector, are relevant globally, though more so in lower income countries or regions characterized by severe economic imbalances, inequalities and social exclusion. They are major drivers of job creation, and provide livelihood opportunities and important basic services to substantial segments of the population, thereby supporting poverty reduction and social cohesion, as well as recovery in crisis and conflict-affected settings. They can also contribute to skills development through informal apprenticeship of the youth, and a seedbed for experimentation and entrepreneurship, the foundations of innovation. In some cases, informal workers and businesses are connected with larger formal businesses and supply chains in different ways (as product distributors, buyers or resellers), contributing to a sizable part of GDP.

<sup>22</sup> ILO-ITC. Social and solidarity economy: Our common road towards decent work. Geneva: ILO, 2011.

<sup>23</sup> ILO [Report](#) on the contribution to employment of self-employment and enterprises of different size. The report is based on a new ILO database covering 99 countries across world regions between 2009 and 2018, and draws on national household and labour force surveys (as opposed to firm-based surveys), thereby covering self-employment and employment in the informal economy, which are among the largest contributors to employment in many countries, yet never covered in earlier studies.

- **Decent work implications.** Yet, decent work deficits (i.e. lack of social protection, lower wages, or poor occupational safety and health) are generally more pronounced in the smaller business ventures and the informal economy, where the smallest of such economic units tend to operate. Decent work deficits have a detrimental impact on business productivity, growth performance and sustainability. An exclusion-reinforcing poverty trap, as the more decent-work-deficient economic units are also more likely to hire from groups with lower chances of finding employment, such as youth, older workers, and less-skilled workers.

## HOW TO: THE PATH TO SUSTAINABILITY

- **Implications for sustainable enterprise development policies.** The pressing issue of decent job and productivity deficits needs to be addressed for a sustained, inclusive and sustainable growth and, ultimately, poverty eradication in low- and middle-income countries. This requires an integrated approach that addresses the four pillars of the Decent Work Agenda simultaneously<sup>24</sup>, as well as a deep understanding of the reality and challenges faced by *small economic units* of heterogeneous nature.

Economic and social development policies supporting job creation and income generation, and paving the way towards more sustainable business models need to pay special attention to the following:

- **Promoting an enabling business environment.** Policies in this direction need to be grounded on a profound understanding of how *small economic units* operate in a given country, their specific challenges, and institutional mechanisms, regulations and incentives that need to be in place to facilitate **pathways to formalization and to sustainability** (more on the subject of breaking the vicious cycle of low productivity and precarious working conditions prevailing in the informal economy in the section on *Fostering pathways to formality*).
- **Understanding the factors underlying productivity.** These include the external factors at the macro-level revolving around an enabling environment, and at the meso-level (e.g. regulations at the level of business service providers, access to finance, markets or infrastructure, integration in value chains, or skilled labour availability), as well as internal productivity factors at the business level (e.g. improved job quality for both managers and workers, and enhanced owners'/managers' labour and management practices and processes for more sustainable enterprises). Understanding gender dynamics through more and better sex-disaggregated data to define policies that support the economic empowerment of women and female entrepreneurs also contributes to improved performance and productivity, and a reduced gender gap in the labour market.
- **Environmental sustainability.** Climate and environmental change bring new opportunities and challenges for businesses and the labour market. To seize the opportunities, manage the challenges, and increase the resilience of business and workers in the face of the changes, easily accessible and user-friendly information, toolkits and advice is needed on green business practices, eco-innovation, and regulatory systems and compliance (more on the environmental dimension of sustainability in the section on *Investing in climate action for jobs and a just transition*).
- **Effective representation and social dialogue.** Ensuring employer and workers representation and consensus around enterprise development policies is essential for creating businesses that work as much for the people as for the planet.
- Employers' and Business Member Organizations (EBMOs), for example, the link between enterprises and governments, can help in the design of comprehensive strategies, policies and services that enhance productivity growth and foster an enabling environment for the development of sustainable enterprises. Or trade unions may, through appropriate social dialogue mechanisms, incorporate green clauses into collective agreements.
- In developing countries, where it is more likely that *smaller economic units* and workers are not represented, it is especially important to strengthen the capacity of local trade unions, and extend membership and collective agreements to all workers in the relevant sector irrespective of employment status (formal or informal) or size of enterprise.

(More on the roles of EBMOs and trade unions in *Your Most Basic Q & A # 6* in the *Introduction* section).

## GUIDING QUESTIONS

- *Do private sector development and employment feature in the **national development framework or recovery plan** that the INFF supports? Does it consider the triple dimension of sustainability (economic, social, and environmental) in the context of enterprise development and job creation?*

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<sup>24</sup> Full and productive employment, rights at work, social protection, and the promotion of social dialogue

- Has an **assessment** been conducted of employment creation by type of economic or business unit (size, ownership, business orientation, sector, economic activity)? Where are jobs being created and where is the potential for job creation? Which sub-sectors and value chains (particularly with significant MSME presence) have the biggest employment creation and job quality improvement potential? What are the deficits in terms of job quality and working conditions? How does it impact productivity and sustainability?
- Which are the priorities emerging from the assessments? Have a **strategy, comprehensive policy and action plan** supporting the promotion and development of sustainable enterprises been agreed upon, and are they based on the identified priorities? Are "small economic units", cooperatives or social enterprises specifically addressed? Is there an understanding of the reality and challenges faced by such economic units, e.g.:
  - Quantity and quality of employment creation? Participation of women and young entrepreneurs?
  - Business environment in which they operate (regulatory costs, burden/incentives of doing business, access to finance, infrastructure and markets, skilled labour availability, integration in value chains, etc.)?
  - Existence of and incentives of business service providers to serve "small economic units" (e.g. SME agencies, MFIs and others)? Entrepreneurial / management capacity deficits/needs (finance, labour, sustainability etc.) to take advantage of new market opportunities?
- **Financing.** Have mechanisms been specified to address the priorities identified in the action plan? Have their financing needs been estimated? Does an assessment of types/sources of required finance exist? Are there financing gaps? Is there a clear understanding of the major impediments hindering adequate mobilisation of financial and non-financial support, of the risks that could prevent such mobilisation, and mitigating measures?
- Are **budgetary lines** for sustainable enterprise development based on employment-related quantitative and qualitative indicators that help better target the sectors and specific value chains with the highest growth and employment potential?
- What relevant **incentive schemes** (particularly tax incentives) are available that encourage creating formal jobs and improving work conditions, especially in "small economic units"?
- **Business service providers.** Who are the actors providing financial and non-financial business services to "small economic units" and entrepreneurs in particular? (E.g., microfinance and banking associations, networks and platforms for capacity building of small entrepreneurs). What are the constraints and incentives for serving the "small economic unit" sector and support sustainability initiatives?
- Have relevant **social partners**, such as EBMOs and trade unions, been engaged or consulted in the different stages of policy development, implementation mechanisms and supporting financing strategy? How are "small economic units" engaged in or taken into account in such dialogue? Have their views on operational and financing needs, opportunities, risks, and constraints been considered? Who else should be engaged/consulted?
- What are the **capacity building** needs of social partners in the world of work to effectively contribute to the dialogue around assessment, design, implementation, financing opportunities and constraints, etc. of actions supporting the different dimensions of sustainability of economic units?

## RESOURCES AND TOOLS

- [Better Work](#)

ILO and IFC initiative that engages governments, global brands, factory owners, unions and workers in the global garment industry to improve decent work and competitiveness through assessments, advisory services, and training.

### External factors at macro and meso levels

- [Preferential tax regimes \(PTR\) for MSMEs](#)

Operational aspects, impact evidence and policy implications of PTR for MSME formalization and growth.

- [Creating a conducive environment for Women Entrepreneurship development](#)

Compendium of experiences from which to draw ideas, inspiration, lessons learned and innovations.

- [Value Chain and market systems development](#)

Governments frequently develop economic transformation strategies based on sub-sectors with development and transformation potential. This guide helps making the choice in terms of job creation and quality.

- [Global Accelerator on Jobs and Social Protection for Just Transition \(GA\)](#) - [Technical Support Facility \(TSF\)](#)

The GA is a multilateral initiative launched by the UNSC to channel investments towards a job-rich recovery through integrated employment and social protection policies supported by INFF-based financing strategies. It aims to create over 400 million jobs by 2030, primarily in the green, digital, and care economies of LMICs, SIDS and countries in fragile situation, and to extend social protection floors to those currently not covered (ca.4 bill.).



The TSF provides overall strategic and operational guidance for Global Accelerator funded-activities at global, regional and country levels to leverage financing at scale (including through a [Joint SDG Fund](#) window on Decent Jobs and Universal Social Protection). The TSF helps: (1) identify local capacity and existing coordination mechanisms in relation to jobs, social protection, and just transition; (2) assess needs and demand for social protection and employment interventions; (3) ensure quality of proposals and conformity with international standards, the integrated policy approach of the GA, and the commitment to rights-based, adequate and universal social protection; (4) expand capacity with new and required expertise, building on pre-existing structures (global, regional and national teams of participating UN agencies and partner countries).

- [InsuResilience Investment Fund and Technical Assistance Facility \(IFF TAF\)](#)

Private-public partnership (including the ILO and the Impact Insurance Facility) that works to improve the resilience of poor and vulnerable households and MSMEs. The fund invests in a range of MFIs, insurance companies and providers of climate technology and data solutions through loan, equity, and technical assistance to boost climate insurance and facilitate MSMEs (and households) access.

- The [Africa Agriculture Trade and Investment Fund \(AATIF\)](#)

Public-private partnership (initiated by KfW) investing in initiatives in the agricultural sector contributing to food security, employment and incomes. The ILO, as sustainability advisor of the AATIF, has developed an [impact measurement framework](#) to track, measure and report on the social and environmental performance of investments. An example of how an impact-oriented investor can embed development goals into operations.

### Internal factors at business level

- [What works for \(financial\) sustainability?](#)

Guide based on lessons learned from ILO's Start and Improve Your Business entrepreneurship training programme.

- [Greening MSMEs](#)

Policy advice on the implications of green growth for MSMEs and recommendations for "greening" MSMEs.

- [SDG Impact Standards](#) and [SDG investor platform](#)

**SDG Impact** is a UNDP flagship initiative to accelerate private sector contributions towards the achievement of the SDGs through two mechanisms: SDG Impact Standards and SDG Investor Maps.

- **SDG Impact Standards** are voluntary internal management standards (similar to ISO standards) for businesses and investors to operate more sustainably through responsible business practices and effective impact management systems and decision-making. Responsible and sustainable practices include those that respect the rights set out in the ILO's Declaration of Fundamental Rights at Work (enshrined in the ten fundamental conventions for labour standards). [SDG Impact Standards resources](#) (guidance, self-assessment tools and trainings to perform gap analysis, prioritise actions and develop action plans) have been developed for enterprises, private equity funds, debt and venture capital fund managers, and bond issuers. An external assurance framework and **SDG Impact Seal** will serve as incentive for businesses to take action and strengthen internal management practices and decision-making over time, and to ensure a positive contribution (or at least not negative) to decent work, among other sustainability criteria.
- The [SDG investor platform](#) directs investments to screened business models based on national SDG priorities and primary and secondary data gathered from the private sector. Opportunities can be filtered by SDG, region, country, sector and subsector, indicative return, investment timeframe, ticket, and market size.

## COUNTRY EXPERIENCES

### BANGLADESH

- **Bangladesh's INFF.** The Government of Bangladesh is designing an INFF to more effectively mobilise resources from public and private sources for advancing SDG 6 (Clean water and sanitation), SDG 7 (affordable and clean energy) and SDG 13 (climate action). It is doing so with the support of the Joint SDG Fund programme's implementing agencies: UNDP, UNCDF, the ILO, and UN Women.
- **Raising awareness on the role of businesses in achieving SDGs.** The ILO is leading private sector engagement in the country's INFF and has developed a number of studies and policy briefs to help raise awareness on potential contribution to SDGs. Such analytical work includes an assessment in the three SDG areas of focus (water, energy, and climate) of MSMEs needs, and of bankable opportunities that contribute to decent work and gender equality. This work has provided a valuable knowledge base for social dialogue down the road around the three dimensions of sustainable businesses.

## WHO TO CONTACT

- ILO's [Small and Medium Enterprises Unit \(SME\)](#) seeks to unlock the potential of creating more and better jobs in small businesses focusing on six key areas: 1) Entrepreneurship and management skills; 2) SME productivity,

working conditions and resilience; (3) Enterprise formalization; (4) Greening SMEs; (4) Access to markets; (6) Enabling environment reforms for sustainable enterprises.

- **Global mailbox:** [sme@ilo.org](mailto:sme@ilo.org)
- **HQ focal points** are under staff list [here](#)

## FOSTERING PATHWAYS TO FORMALITY

### BRIEF OVERVIEW

#### WHY IS IT IMPORTANT?

- **Formalization to reach Agenda 2030 objectives.** The SDGs directly address the challenges of informality by encouraging formalization of MSMEs (target 8.3) and expanding access to financial services for all (target 8.10). In turn, various SDGs focusing on poverty (SDG 1), gender equality (SDG 5), equality (SDG 10), institutions (SDG 16), partnerships (SDG 17), and water, energy, industrialisation and infrastructure, and agriculture (SDGs 6, 7, 9, 15), as well as the fiscal space available to finance SDGs, would benefit from gradually formalizing the informal economy and its enterprises.

#### BASIC NOTIONS

- **Informality in developing countries.** As stated in the section *Fostering pathways to sustainable enterprises and jobs*, the incidence in developing countries of informal enterprises among MSMEs is high (over 90% in some countries according to a 2019 ILO report<sup>25</sup>). These informal smaller economic units find themselves locked in a low-productivity trap due to burdensome regulations, limited entrepreneurial and technical skills, or poor access to markets and financial services. Addressing such limitations would enable those smaller units to access business opportunities, become more productive and competitive, and manage risks more effectively, opening opportunities for higher growth potential and revenue generation.
- **Informality and work standards.** Informal enterprises in developing countries are major drivers of job creation, and a source of livelihoods and of important basic services for substantial segments of the population, this contributing to poverty reduction, social cohesion, and recovery in crisis or conflict affected settings. However, in addition to facing low growth and productivity, they tend to uphold deficient environmental and decent work standards. Workers are not recognized, registered, regulated or protected under labour legislation and social protection. In addition, informal enterprises do not generate public revenues and tend to engage in unfair competition with formal enterprises.
- **Formalization or transition to formality.** The reduction of decent work deficits in the informal economy is not just a result of formalization; it is also an enabling condition that facilitates transition to formality. Such transition requires an integrated approach that simultaneously addresses the four pillars of the Decent Work Agenda - full and productive employment, rights at work, social protection, and the promotion of social dialogue. Addressing deficiencies in a progressive manner reduces vulnerabilities and increases the capacity of workers and enterprises to enter into the formal economy in a sustainable way.

#### HOW TO: THE PATH TO FORMALIZATION

- **Strategy and associated implementation plan.** Addressing the negative aspects of informality, while preserving the significant job creation and income generation potential of the informal economy, requires a combination of legal, regulatory and compliance frameworks, together with a **comprehensive and integrated strategy** (and implementation plan) that is tailored to the characteristics and needs of the targeted informal enterprises (e.g., enterprises ready to formalise do benefit from incentives and adapted policies/procedures, while subsistence level entrepreneurs will first require short-run interventions to reduce decent work deficits and create the conditions to formalise in the longer run).
- **No-harm approach.** While keeping the focus on formalization, strategies and associated implementation plans also need to be aware of the unintended impact of policies governing private sector development (e.g., tax, social protection, financial sector development, etc.) to minimize factors that can cause formalised enterprises to become informal, negatively impacting decent work conditions.

<sup>25</sup> ILO [Report](#) on the contribution of self-employment and enterprises of different size to employment. The report is based on a new ILO database covering 99 countries across world regions between 2009 and 2018, and draws on national household and labour force surveys (as opposed to firm-based surveys), thereby covering self-employment and employment in the informal economy, which are among the largest contributors to employment in many countries, yet never covered in earlier studies.

- **Engagement in INFFs.** To target the specific obstacles businesses face in their path to formalization, a tailored and fine-tuned strategy and implementation plan requires the engagement of a range of key institutional, private sector and civil society actors, including representatives from the informal sector<sup>26</sup>. All actors should be engaged from the start, i.e., from inception and assessment and diagnostics phases.
- The **multifaceted nature of formalization** crosscuts through other technical areas in the guidance note that may need to be referred to, such as financing, social protection or sustainable enterprises and jobs. For more information on the concept of informal enterprises, the relevance of and path to formalization, click [here](#).

## GUIDING QUESTIONS

- Does the **national development framework** of your country explicitly promote enterprise development observing the triple dimension of sustainable enterprise development (economic, social, and environmental)? Do sustainable enterprise development policies/programmes address MSMEs and small economic units? Do they explicitly consider the quality of employment creation, promote respect for workers' rights, and/or facilitate the access of enterprises (especially the smaller economic units) to finance?
- Is there an understanding by authorities **of size, nature, and drivers of informality** among MSMEs in the country?
  - Are there reports or diagnostic studies on the role of country context, the legal, institutional, policy and compliance frameworks, or micro-level determinants of informality such as education, discrimination, poverty, access to economic resources, to property, to financial and other business services and to markets?
  - Are there any knowledge gaps on the drivers of informality in the country?
- Is there an integrated national, sectoral, or specific **strategy for the gradual formalization** of the economy? Have social and private sector development policy options been identified to overcome the deterrents to formalization? Are these reflected in an action plan? Is there a system to monitor implementation results?
- If a strategy, action plan and monitoring system already exist, do they consider the informal enterprise's perspectives and needs in order to engage in a path towards formalization? That is, are they **tailored to the targeted segment of enterprise** at national, regional, or sectoral level?
- **Financing options.** Is there a clear understanding of the volume and types of financing required for the implementation of the strategy and action plan? Is there a clear understanding of the major impediments hindering adequate mobilisation of financial and non-financial support? And of how major risks that the country faces could impact such support, and how to mitigate vulnerability?
- **Social partners engagement.** Is there any institutional coordination mechanism in place to facilitate the development, effective implementation and monitoring of strategies and action plans with the full involvement of all relevant social partners (public administration, business associations, financial institutions, representatives of employers and workers of the informal sector, etc.)?
- **Capacity building.** Are participants aware of the theory of change of enterprise formalization for decent work? Is there an awareness campaign strategy? What capacity building is needed for social partners to productively contribute to dialogue around formalization strategies, action plans, needs and types of financing, or monitoring?

## RESOURCES AND TOOLS

- [ILO Recommendation 204](#)  
The recommendation provides guidance on the transition from the informal to the formal economy.
- [Methodological note on diagnosis of informality](#)  
The note presents the steps of a "standard" or "generic" diagnosis of factors, characteristics, causes, and circumstances of informality in the national context.
- [Theory of change on transition from the informal to the formal economy](#)  
Framework providing the main pathways for the transition to formality of workers and enterprises.
- [Theory of Change on enterprise formalization for decent work](#)  
The note presents a framework that provides the main pathways for the transition to formality of enterprises.

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<sup>26</sup> E.g., entry costs can be targeted through measures such as cheaper, easier, and more attractive business registration procedures; recurrent compliance costs, through gradual tax requirements, or social protection contributions adapted to the payment capacity of the target group; and benefits, through access to social protection schemes, productivity-enhancing services in the form of business development services, or access to finance (e.g. offering subsidised loans, dedicated credit lines, guarantee funds, etc.)



- [COVID Crisis and the impact on the informal economy: Immediate responses and policy challenges](#)  
Guidance on immediate responses, including social protection measures, to the impact of the COVID crisis on the informal economy.
- Awareness training course on enterprise formalization can be found [here](#).

## COUNTRY EXPERIENCES

### BANGLADESH

- **Bangladesh's INFF.** The Government of Bangladesh is designing an INFF to more effectively mobilise resources from public and private sources for advancing SDG 6 (Clean water and sanitation), SDG 7 (affordable and clean energy) and SDG 13 (climate action). It is doing so with the support of the Joint SDG Fund programme's implementing agencies: UNDP, UNCDF, the ILO and UN Women.
- **Promotion of sustainable MSMEs with a decent work perspective.** The ILO is leading the private sector engagement in the INFF, and has developed a number of studies and policy briefs to help raise awareness among constituents in the private sector on their potential contribution to SDGs. One such analytical work focuses on the needs of MSMEs' in the three SDG focus areas of the country's INFF (water, energy, and climate) to contribute to decent work and gender equality. This work has provided a valuable knowledge base for social dialogue on SDG8 financing down the road, and contributed to the DFA and INFF Roadmaps developed for each of the three SDGs.

### BOSNIA AND HERZEGOVINA

- **Bosnia and Herzegovina (BiH)'s INFF** supports the country's SDG Financing Framework, the first long-term development agenda in a decade, adopted in 2021. The INFF is expected to establish the ecosystem for systemic financing of priority SDGs by enabling informed and targeted investment of public funds, and mobilising additional financing from the private sector. The focus is on the social dimension of sustainable development, including social protection, labour, education, health, and nutrition with special attention to women, children, and youth.
- **Assessing impact of policies to optimise formalization.** In the framework of the Joint SDG Fund (and in partnership with UNDP and UNICEF), the ILO is building the institutional capacity of the BiH administration (including statistical institutions and the Central Bank) to assess the impact on employment of current government policies and strategies (through Employment Impact Assessments) with a view to optimise job creation and formalization.

### CABO VERDE

- **Cabo Verde's INFF** aims to align budgeting and planning with SDG targets to leave no one behind, optimise public revenues and spending, and create the conditions to mobilise finance, including from the private sector. The Government is adopting the framework with the help and guidance of UNDP, the ILO, UNODC, and the Joint SDG Fund.
- **Targeting workers in the informal economy.** The ILO is assessing current public spending to identify measures that can more effectively target excluded population groups and workers of the informal economy. It is also helping identify capacity building needs of national labour and statistics agencies to define SDG labour market indicators with a focus on informal employment and deficits in decent work, which would facilitate tracking the positive and negative impacts of public finance policies and measures on decent work and informal employment.

### EGYPT

- **Egypt's INFF.** To achieve its Sustainable Development Strategy objectives by 2030 and secure a sustainable society and economy, Egypt is using an INFF to define a financing strategy centred on SDG accelerators (e.g., education, health, social protection, water and sanitation, and transportation). It is doing so with the support of the Joint SDG Fund programme's implementing agencies: UNDP, UNICEF, UNFPA, and the ILO.
- **Capacitation for costing and financing social protection for workers in the informal economy.** Through trainings, technical notes, and technical and actuarial reviews, the ILO is building the Ministry of Social Solidarity's capacity to produce more accurate estimates of cost and financing options for the new model for pensions, and for the emergency fund proposed by the government to extend social protection to informal workers. This information is relevant for the DFA and financing strategy.

### SURINAME

- **Suriname's INFF.** With a forest cover of 93% and an increased rate of deforestation, the Government of Suriname is

adopting an INFF to reorient its financial ecosystem towards a more inclusive, sustainable and diversified economy, with particular attention to a more sustainable forest management and other nature-based solutions.

- **Engaging in financing solutions to promote sustainable economic alternatives with better jobs.** In this framework, the Accelerator for Agriculture and Agroindustry Development and Innovation Plus (3ADI+), an initiative supported by the Joint SDG Fund catalytic investment window, and implemented by FAO, UNIDO, UNFPA, and the ILO, seeks to mobilise financial resources to support value chains with a potential to positively impact productivity and smallholder farmer's income, while reducing environmental pressure on primary and secondary forests. The first venture supports the pineapple value chain through a mix of solutions to address financing constraints, including: a collateral support facility to de-risk commercial bank loans and incentivise private banks' lending to smallholder farmers; a cooperative centralising production planning and marketing; and an innovation hub foundation to provide tailored agronomic and business support, and management services to farmers

## WHO TO CONTACT

- **ILO's Enterprise formalization team** conducts research and provides advisory services to constituents to facilitate enterprise formalization through appropriate and well-coordinated legislation, policies, compliance mechanisms, and incentive schemes to facilitate the process.
- **Global mailbox:** [sme@ilo.org](mailto:sme@ilo.org)
- **HQ and field offices focal points** are under staff list [here](#)

## INVESTING IN CLIMATE ACTION FOR JOBS AND A JUST TRANSITION

### BRIEF OVERVIEW

#### WHY IS IT IMPORTANT?

- **The environmental dimension of SDGs.** Environmental sustainability is one of the three dimensions of sustainable development (the other two being the economic and social dimensions), and several SDGs are considered primarily *environmental*: SDG 11 on human settlements, SDG 12 sustainable production and consumption, SDG 13 climate change, SDG 14 oceans and SDG 15 ecosystems. Investing in climate action for jobs and just transition can contribute to all those goals, while directly addressing SDG 8 targets (e.g., SDG 8.3 on promoting policies to support job creation and growing enterprises, SDG 8.4 on improving global resource efficiency in consumption and production, SDG 8.5 on full employment and decent work with equal pay, or SDG 8.6 on promoting youth employment, education and training).

#### BASIC NOTIONS

- Both **opportunities and risks for employment creation** can emerge from climate change and the transition towards a greener economy, as it affects the sectoral composition of national economies. Therefore, climate action and decent work need to be pursued in tandem to protect livelihoods and our planet at the same time (and reach the 1.5-degree global warming target pledged at the Paris Climate Summit).
- The term "**just transition**" refers to the shift to a sustainable and resilient net-zero or carbon-neutral economy while: (1) maximizing the qualitative and quantitative benefits to employment and incomes in relevant sectors, and (2) mitigating the negative impacts of economic restructuring on labour markets in other sectors (e.g., job losses in carbon intensive sectors), which need to be addressed through, for example, skilling, reskilling, or social protection coverage for workers at risk.
- For a **just transition to be "fair"**, both opportunities and challenges need to be addressed across policy areas, from pro-employment macroeconomic policies to sectoral, industrial, and environmental strategies, with the aim of generating more and better jobs while promoting structural transformation and enterprise development, skill development, social protection, etc.

#### HOW TO?

- Addressing challenges and opportunities of economic restructuring calls for a **consultative process** based on social dialogue and engagement of relevant public and private entities, employers, investors, unions, and impacted communities, including indigenous communities to ensure labour and other rights are preserved.
- Just transition and green jobs **cross cut through other technical areas** in the guidance note that may need to be referred to, such as employment, social protection or sustainable enterprises and jobs. For example, a just

transition could entail investing in sectors that are both net zero and employment intensive, or government revenues could support climate sensitive social protection systems that address the vulnerabilities to climate change and green transition (through unemployment benefits, social transfers, re-skilling, etc.).

- **Engagement in INFFs.** A decent work approach across the INFF's building blocks, and engaging all relevant actors across public institutions, private sector, and civil society from the start, i.e., from inception and assessment and diagnostics phases, is critical to tackle in a coordinated manner all dimensions (economic, social, and environmental) of the transition to a sustainable economy, and ensure a fair and just transition.

## GUIDING QUESTIONS

- **National sustainable development framework.** *Does the national sustainable development framework explicitly address issues related to climate change, environmental sustainability, or the greening of the national economy and barriers to business adaptation to climate change? Does it address such goals from an employment perspective? That is, does the government promote "green jobs" and a just transition<sup>27</sup>?*
- **Impact assessment.** *Has an assessment of the social impact of national climate policies, specifically on labour markets (job destruction and job creation potential, and impact on the traditional livelihoods of indigenous and tribal peoples) been conducted? If so, which are the sectors that gain and lose, where are they, how are they impacted, and which are the skills needed to face the changes?*
- **Just transition plan.** *Which are the priorities emerging from the impact assessment? Has a just transition plan (or green job strategy, if focusing on job creation only) been agreed on based on the priorities identified?*
- **Who is facilitating social dialogue?** *Who is engaged in social dialogue (government, unions and employers, communities and indigenous people, other stakeholders)? Is there a consensus around the priorities emerging from impact assessments and the transition plan?*
- **Financing needs.** *Have specific policy instruments (e.g., skilling or re-skilling, social protection coverage, etc.) been identified to implement the transition plan targeting the priority sectors? Have financing needs for the implementation of such policy instruments been estimated?*
- **Financing options.** *Have sources of finance been identified? (E.g., blended finance solutions and the private sector can be leveraged, as pointed in the section [Role of the financing sector in promoting decent work](#), to address financing needs of MSMS in the green sector, while social protection is a key public sector responsibility, and skills development may be addressed by public-private partnerships).*
- *Is there a clear understanding of the major **impediments** hindering adequate mobilisation of financial support? And of how major risks the country faces that could impact such support and the results of implementation of the transition plan? And of mitigation measures to reduce vulnerability?*
- **Capacity building.** *What are the capacity building needs for government and social partners to productively contribute to the dialogue around the impact assessment on employment of transition plans, needs for minimising negative impacts, and financing options?*

## RESOURCES AND TOOLS

- [Green Jobs Assessment Institutions Network \(GAIN\) Training Guidebook](#)  
[GAIN](#), an international network of research institutions and international organisations, has developed a methodology for measuring and modelling social, employment and income distribution outcomes of climate and sustainable development policies. Through Input-Output Analysis based on statistical databases and economic models, the methodology contributes to a more just transition.
- [Finance for a Just Transition and the Role of Transition Finance](#)  
Review prepared by the ILO for the 3rd G20 Sustainable Finance Working Group meeting (under the Indonesian Presidency) of the Just Transition Financing ecosystem. It identifies building blocks for the alignment of financial flows, and highlights selected potential entry points for the design of transition finance frameworks.
- [Climate Action for Jobs \(CA4J\)](#)  
Roadmap to climate change mitigation and adaptation strategies that enhance economic diversification and job creation, placing people's jobs and well-being at the centre of the transition to a carbon-neutral and climate-resilient economy. It offers a programmatic response and technical support for a transition that is fair and inclusive, including through the Global Accelerator on Jobs and Social Protection for Just Transition (see below).

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<sup>27</sup> A number of countries have included references to just transition in their Nationally Determined Contribution to the Paris Agreement.

- [Guidance tool for just transition in the financial sector](#)  
The finance tool provides practical advice for financial institutions committed to align operations with Paris Agreement goals on how to embed just transition in their operations.
- [Global Accelerator on Jobs and Social Protection for Just Transitions - Technical Support Facility \(TSF\)](#)  
The GA is a multilateral initiative launched by the UNSC to channel investments towards a job-rich recovery through integrated employment and social protection policies supported by INFF-based financing strategies. It aims to create over 400 million jobs by 2030, primarily in the green, digital, and care economies of LMICs, SIDS and countries in fragile situation, and to extend social protection floors to those currently not covered (ca.4 bill.).  
The TSF provides overall strategic and operational guidance at global, regional and country levels for Global Accelerator activities, which act as a catalytic funding stream to leverage financing at scale (including through a [Joint SDG Fund](#) window on Decent Jobs and Universal Social Protection). The TSF helps: (1) identify the country's capacity and existing coordination mechanisms in relation to jobs, social protection, and just transition; (2) assess needs and demand for social protection and employment interventions; (3) ensure quality and conformity of proposals with international standards, the integrated policy approach of the Accelerator, and the commitment to rights-based, adequate and universal social protection; (4) expand capacity with new and required expertise building on pre-existing structures (global, regional and national teams of participating UN agencies and partner countries).

## COUNTRY EXPERIENCES

### BANGLADESH

- **Bangladesh's INFF.** The Government is designing an INFF to more effectively mobilise public and private resources for advancing SDG 6 (water and sanitation), SDG 7 (energy) and SDG 13 (climate action) with support from the Joint SDG Fund programme's implementing agencies: UNDP, UNCDF, ILO, and UN Women.
- **Role of the Private Sector:** The ILO is leading private sector engagement in the INFF. By raising awareness on how the private sector can contribute to the three SDGs, and ensuring the sector's concerns, needs and ideas for engagement are considered in the INFF blueprint, the ILO is succeeding in opening new entry points in decent work-areas. It has developed questionnaires, methodologies, tools, in-depth analyses, and policy notes to guide consultations with a range of national and international public and private stakeholders, including the world of work constituents, paving the way for tripartite social dialogue on SDG8 financing down the road.
- **Decent work elements of the SDGs environmental dimension.** All SDGs were costed in the DFA, including SDG8. Two subsequent ILO-CO studies and policy notes focused on implications for labour market policies and constituents of financing SDG 8, and on investments in socially and environmentally sustainable bankable projects in the three areas. As a result, the DFA and INFF Roadmaps developed for each of the three target SDGs include decent-work related sections and/or subsections (e.g., related to labour market issues, employment, and enterprises).
- **Assessing private sector contribution to social and environmental dimensions of SDGs.** In addition, the ILO engaged in the UNDP-led initiative to assess the contribution over 2019-2021 of the Ready-Made Garment Industry (RMG) to nine relevant SDGs and national development. 47 RMG factories (mostly woven, sweater and knot factories) participated in the web-based questionnaire and focus group discussions to report on contributions to:

SDG 1 no poverty	SDG 6 Clean water & sanitation	SDG 9 Industry, innovation, & infrastructure
SDG 3 Health & well-being	SDG 7 Affordable & clean energy	SDG 12 Responsible consumption & production
SDG 4 Quality education	SDG 8 Decent work & economic growth	SDG 13 Climate action

The ILO proposed SDG8 related indicators, and a first report "[A pathway to manage private sector impact on Bangladesh National Priority Indicators \(NPIs\) and SDGs](#)" was made public in 2021. The report sets a benchmark for scaling up social and environmental sustainability reporting to the industry, and the private sector more broadly.

### JORDAN

- **Jordan's INFF.** To meet its SDG priorities while addressing the socio-economic challenges posed by the COVID pandemic and the country's fragile security and fiscal context, Jordan plans to adopt an INFF with initial focus on climate change and gender equality. UNDP, UNICEF, and UN Women are implementing the Joint SDG Fund programme to help the Government kick-start the INFF process.
- **Social protection against climate change.** One of the country's development objectives, as stated in the National Social Protection and Poverty Strategy (NSPS 2019 - 2025), is to strengthen its national social protection system to mitigate the impact of the pandemic and climate change on the most vulnerable. Being the Social Security Investment Fund (SSIF) Jordan's largest domestic investor, aligning its investment portfolio to national SDG priorities, with a focus on environmental sustainability and gender equality, is at the forefront of its future integrated financing strategy. Hence, the ILO's early engagement in the INFF through the F4D UN working group supporting the Government in the preliminary stages of an INFF formulation that targets climate sensitive social protection systems.

## WHO TO CONTACT

- **ILO Green Jobs team** promotes environmental sustainability in the context of decent work through knowledge creation and sharing, advocacy, diagnostics and tools, policy advice and capacity building.
- **Global inbox:** [greenjobs@ilo.org](mailto:greenjobs@ilo.org)
- **HQ and field offices focal points** are [here](#).

## INVESTING IN LABOUR STANDARDS

### BRIEF OVERVIEW

#### WHY IS IT IMPORTANT?

- **Relevance of working conditions for development.** The primary mechanism to achieve a more sustainable and inclusive growth is through enhanced productivity and equitable sharing of the benefits of growth. Improving working conditions and ensuring all workers are effectively protected, particularly vulnerable population groups, is key to this end.
- **Rights at work in Agenda 2030.** In the human-rights-centred path to sustainable development set by Agenda 2030, the rights at work are particularly reflected in SDG target 8.8 (protecting labour rights) and target 16.3 (promoting the rule of law at national and international levels).
- **Labour rights, a cross cutting driver of Agenda 2030.** Yet, beyond being a direct outcome of Agenda 2030, the promotion of labour standards (which range from issues of gender equality and non-discrimination, to child or forced labour and labour conditions) also contributes to other Agenda 2030 policy outcomes. Hence, promoting labour standards is also a crosscutting policy driver.

#### BASIC NOTIONS

- **The Decent Work Agenda.** Promoting rights at work through labour standards is one of the four pillars of the ILO's Decent Work Agenda, together with the creation of employment opportunities, social protection, and social dialogue (see *Introduction* section on Decent Work). Gender equality and environmental sustainability are objectives cutting across all four pillars. All are crucial to advancing the entire sustainable development agenda.
- **International labour standards (ILS).** The rights at work are addressed in ILS, which consist of binding Conventions, non-binding Recommendations, Codes of Practice, and Guidelines. Since 1919, a wide range of work-related issues have been addressed, resulting in the development of 189 Conventions, 6 Protocols, 204 Recommendations, and dozens of Codes of Practice. Some of these no longer correspond to today's needs, and a review was initiated under the [Standards Review Mechanism](#) to agree on their continued relevance. About 71 conventions, including the fundamental conventions and those adopted after 1985, remain fully up-to-date. Progress continues in the review process.
- **Five Fundamental Principles and Rights at Work.** There are 10 conventions covering five fundamental principles and rights at work: freedom of association and the effective recognition of the right to collective bargaining (Conventions N° 87 and 98), the effective abolition of child labour (Conventions N° 138 and 182), the elimination of all forms of forced or compulsory labour (Conventions N° 29 and 105), the elimination of discrimination in respect of employment and occupation (Conventions N° 100 and 111), and the promotion of occupational safety and health at work (Conventions N° 155 and 187). In 2020, all 187 member States of the ILO have ratified the ILO Convention on the Worst Forms of Child Labour, 1999 (No. 182).
- **Tri-partism.** The development and supervision of labour standards is a fully tripartite process based on social dialogue with all constituents (governments, workers, and employers). At the national level, tripartite social dialogue processes translate ILS into national laws, and supervise the effective application of those laws.

#### HOW TO?

- **ILO support.** To help countries address issues with legislation and application of labour standards, the ILO engages in dialogue with governments to identify problems, find solutions and provide technical assistance, awareness raising and capacity building of national constituents for the application and use of standards.
- **Engagement in INFFs.** Mainstreaming labour standards in INFFs is critical to enhance productivity and an equitable sharing of the benefits of a more sustainable and inclusive growth, and to ultimately advance towards Agenda 2030. At the assessment and diagnostics phase, it is important to ensure that the socio-economic,



environmental, and financing policy measures proposed to tackle development or recovery challenges are in line with the ILS conventions ratified by the country, and that no one is left behind or excluded from enjoying their rights at work or to social protection.

## GUIDING QUESTIONS

- **Regulatory framework.** *What are the ILS conventions relative to discrimination at work, forced or child labour ratified by your country? How are they translated to national laws?*
- **Implementation and financing.** *How are labour standards implemented, and what are the financial implications? Who are the supervisory bodies responsible for monitoring compliance of national strategies, policies and programmes with ILS and the national regulatory framework? What systems are in place to ensure law enforcement in the formal and informal economy (e.g. child labour monitoring systems)? Do legal instruments exist to sanction any form of violation or non-compliance? Is there an appropriate budget line to finance such bodies, systems and instruments?*
- **Legislative or implementation gaps.** *Is there any vulnerable group in the country that is left out (discriminated at work, or forced to labour)? Why?*
- Does **the national sustainable development framework** pay special attention to:
  - *Population groups that may be subject to discrimination at work, such as the working poor, informal economy operators and workers, people with disabilities, youth, or women?*
  - *The respect, promotion, and realisation of all five fundamental principles and rights at work (see above) like elimination of forced or child labour, or of trafficking in persons? If so, are there appropriate budget lines for policy implementation?*
- Has your country developed and adopted a **National Employment Policy (NEP)** that:
  - *Pays attention to such population groups? (E.g., promotes gender equality and non-discrimination, integrates a comprehensive youth employment strategy, or seeks to extend social protection to informal workers?)*
  - *Aims to implement concrete, time-bound and quantifiable programmes to eliminate the worst forms of child and forced labour and associated human trafficking?*

*To what extent are such policies aligned and integrated with the country's sustainable development framework? To what extent are other relevant national policies (e.g. skills, trade, tax, industrial, infrastructure, sectoral, enterprise development or informal economy policies) coordinated and aligned with such employment policies? Is such NEP costed and is it backed by a financing strategy?*

- **Social partners.** *Are supervisory bodies engaged in the development of an INFF through its oversight and or technical bodies? Are national workers' and employers' organisations actively involved, through such bodies or social dialogue platforms, in the design, implementation and monitoring of schemes promoting:*
  - *Gender equality and non-discrimination at work?*
  - *The elimination of child labour and fight against forced labour?*

*Is the youth addressed by specific and targeted employment schemes, and are they themselves involved in the design, implementation, and monitoring of such schemes?*

- **Capacity building.** *What are the capacity building needs of supervisory bodies or social partners to more effectively engage in dialogue around the INFF, identify gaps in alignment with labour standards of existing and proposed financial and non-financial policy solutions, and assess the underlying reasons?*

## RESOURCES AND TOOLS

- [List of international labour standards by subject and validity status](#)  
Compendium of conventions and recommendations in the framework of the on-going revision.
- [International labour standard specific to working conditions](#)  
Set of conventions and recommendations specific to working conditions.
- [Ratification of conventions by country](#)  
Database of conventions ratified by each of the 187 ILO member States.
- [Database of national labour, social security, and related human rights legislation](#)  
Database of regulatory frameworks translating the ILS into national laws, classified by country.



- [ILO Fundamental Principles and Rights at Work Branch \(FUNDAMENTALS\)](#)  
FUNDAMENTALS provides support to member States to fulfil their obligations to respect, promote, and realise, in good faith, the fundamental principles and rights at work by strengthening relevant legislation and institutions, including employers' and workers' organisations, and the commitment of national duty bearers, rights-holders, and enterprises.
- [ILO International Training Centre \(ITC-ILO\)](#)  
Training and capacity building programmes for the promotion of decent work and sustainable development, including programmes on labour standards for government officials, employers, workers, lawyers, judges, and legal educators.
- [SDG Impact Standards](#) and [SDG investor platform](#)  
**SDG Impact** is a UNDP flagship initiative that works to accelerate private sector contributions towards the achievement of the SDGs through two mechanisms: SDG Impact Standards and SDG Investor Maps.  
The **SDG Impact Standards** are voluntary internal management standards (similar to ISO standards) to help businesses and investors operate more sustainably and optimise their contribution to sustainable development through responsible business practices and effective impact management and decision-making. Responsible and sustainable practices include those that respect the rights set out in the ILO's Declaration of Fundamental Rights at Work and enshrined in the ten fundamental conventions for labour standards. [SDG Impact Standards resources](#) are available to help perform gap analysis, prioritise actions and develop action plans, including guidance, self-assessment tools and trainings for enterprises, private equity funds, debt and venture capital fund managers, and bond issuers.  
An external assurance framework and **SDG Impact Seal** provide incentives for businesses to take action and strengthen internal management practices and decision-making over time, and make positive contributions (or at least not negative) to decent work, among other sustainability criteria.  
The [SDG investor platform](#) showcases investment opportunities in business models screened based on national SDG priorities and primary/secondary data gathered from the private sector. These can be filtered by SDG, region, country, sector/subsector, indicative return, investment timeframe, ticket, and market size.

## WHO TO CONTACT

- **ILO International Labour Standards and FUNDAMENTALS specialists** are assigned to ILO offices around the world to provide assistance to government officials, employers' and workers' organisations with issues arising in the region, new ratifications of Conventions, reporting obligations and drafting of legislation, solutions to problems raised by supervisory bodies. International labour standards specialists are stationed in the following ILO field offices:
  - › Africa: [Pretoria](#), [Cairo](#), [Dakar](#), [Yaoundé](#)
  - › Americas: [Lima](#), [San José](#), [Santiago](#)
  - › Caribbean: [Port of Spain](#)
  - › Arab States: [Beirut](#)
  - › East Asia: [Bangkok](#)
  - › South Asia: [New Delhi](#)
  - › Eastern Europe and Central Asia: [Budapest](#), [Moscow](#)
- **Global HQ inbox:** [normes@ilo.org](mailto:normes@ilo.org) and [fundamentals@ilo.org](mailto:fundamentals@ilo.org)

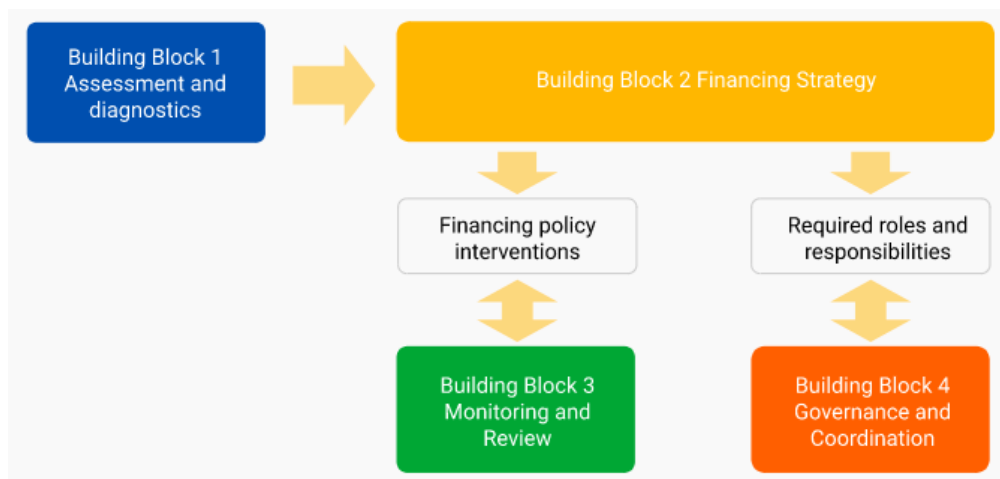


### BRIEF OVERVIEW

(Further methodological information can be found [here](#))

- The **financing strategy**, informed by findings from the initial scoping and in-depth analysis undertaken in the *Assessment and Diagnostics* phase, is at the core of an INFF. It brings together policies, regulatory frameworks, instruments, processes, and capacity development (otherwise subject to misalignment, fragmentation, and lack of coordination) under one overarching and coherent strategy to guide the design of financing policies and reforms that can mobilise financing in line with national priorities and all dimensions of sustainability.
- **Features.** The scope, shape and objectives of financing strategies will greatly vary across countries depending on local context, development priorities, financial needs and landscape, and the outcome of initial scoping, subsequent assessments, and social dialogue. Yet all financing strategies share certain features as they:
  - Result from a *country-led* process that requires an *inclusive approach* that involves all relevant state and non-state agents from the outset to bring in different perspectives and foster integrated thinking.
  - *Promote coherence* both with sustainable development objectives and among different policy areas (such as public and private financing, and macro-systemic issues). To promote integration and ensure coherence, the potential synergies, trade-offs, and/or unintended repercussions across sectors and policy areas should be considered (e.g., ensure that tax and investment policies are not conflicting, and together reinforce overarching development priorities, such as decent work).
  - *Practical and action oriented.* Proposed policy solutions, instruments, and processes should therefore be institutionally and politically feasible, and be accompanied by a clear and detailed action plan.
  - *Dynamic.* As the financing strategy is implemented, changes in financing landscape, shifting policy priorities, opportunities and challenges faced by public and private stakeholders, or lessons learned from the on-going monitoring and review mechanisms regularly feed back into the strategy for fine-tuning.

**Figure 7. How the financing strategy links to other INFF building blocks**



- **Coherent and actionable policy solutions.** A two-phased verification process to warrant a strategy that is coherent and actionable involves:
  - (1) *Policy coherence checks* to make trade-offs and integration explicit. This includes *macro checks* for coherence with macro-objectives (e.g., economic growth or debt sustainability targets), checking for alignment with all dimensions of sustainable development objectives (economic, social, environmental) or for *trade-offs/synergies* across policies and sectors, and ensuring *risk-informed policy prioritisation*.
  - (2) Assessment of *preconditions and resource requirements* to support an effective intervention sequence (e.g. institutional preconditions or financial resource availability).

- **Elements.** Based on the results of the above verification, the financing strategy should at the very minimum concisely lay out:
  - *Financing objectives* it seeks to achieve.
  - How existing *financing policies and instruments* can be brought together, and what further policy reforms and frameworks/instruments for policy implementation (regulations, systems, processes, etc.) are needed to mobilise and align different types of financing.
  - An *action plan* tabling actions to be undertaken, ranging from short-term and time-bound operational actions to long-term planning efforts, and specifying roles and responsibilities.
- Examples of financing policy solutions, instruments and processes (for a more detailed list click [here](#)):

Financing policies	Instruments & tools	Processes
<b>Public finance and investment</b>		
Revenue and PFM reform strategies Tax policies (e.g., anti-evasion, anti-dumping) Medium-term Expenditure Frameworks (MTEFs) Medium-term Revenue Strategies (MTRS) Pro-employment / gender-responsive / SDG / green budgeting Procurement standards policy Public investment strategies Public-private partnership policies	Different types of taxes (e.g., on digital economy, carbon, or financial transactions) Public spending and procurement clauses Subsidies Transfer payments Loan guarantees Thematic bonds (e.g., SDG or green bonds) Blended finance instruments	PFM procedures and reform processes Information management systems Auditing and accounting systems Capacity building programmes
<b>International development and cooperation</b>		
Development and cooperation frameworks and strategies	Grants Loans Blended finance Technical assistance, incl. through SSTC peer-learning	Systems for donor coordination Policy dialogue processes Gender policy marker
<b>Private finance and investment</b>		
Private sector / SME / financial sector development strategies Sustainable investment promotion policies (e.g., sustainable finance principles, disclosure and reporting requirements). Financial inclusion strategies Impact investment policies Responsible investment frameworks Diaspora engagement and remittance policies and strategies	Regulations and standards, incl. financial regulations Blended finance and PPPs Digital finance Tax incentives Financial instruments (e.g. guarantees or loans) Diaspora mutual funds and Investment incentives Technical assistance	Private sector engagement processes Policy dialogue processes Regulatory oversight systems Information management systems Capacity building of stakeholders in the financial sector
<b>Macroeconomic/systemic conditions</b>		
Macro-prudential / monetary / debt sustainability policies Financial sector development strategies	Regulations Capital controls Debt management practices	Early warning systems

- **Pro-employment financing strategies.** A financing strategy supporting sustainable development plans that feature decent-work related goals, or job-rich and accelerated recovery plans to overcome the most recent and on-going socio-economic challenges, should identify financing policies, instruments and processes that enable investments in strategic sectors with job creation potential and social demand (e.g., health care, digital, green, and rural economy). These should be accompanied by monetary, industrial, and sectoral policies for strategic investments, measures for skills development and social protection, and targeted approaches to at-risk groups (women, youth, informal workers, SMEs).
- **Decent work sensitive financing strategies.** As established in the introductory section *Mainstreaming Decent Work in INFFs*, in addition to addressing direct financing needs, opportunities and challenges of decent work objectives, it is important to consider how the financing policies and mechanisms regarded for the realisation of other development objectives may support or inadvertently decelerate the achievement of the four interrelated pillars of the Decent Work Agenda and their cross-cutting elements (gender equality and environmental sustainability).

## GUIDING QUESTIONS

- **Financing strategy objectives.** Does the financing strategy clearly state its objectives? If decent work, job creation and sustainable MSME promotion, social protection, and/or rights at work are among the objectives of the national sustainable development framework or recovery plan, have financial needs and financing options been analysed in the assessments and diagnostics that the financing strategy builds on?

*If rather than a direct development objective, elements of decent work (rights at work, social dialogue, job creation, or social protection) cross-cut through other development priorities, have the implications (positive and negative unintended consequences) of other sector and financing options on decent work policy outcomes and cross-cutting issues been analysed in the assessment and diagnostics phase? (See/review "decent work sensitivity" concept in the introductory section Mainstreaming Decent Work in INFFs)*

- **Policy solutions.** Do identified policy solutions to mobilise and/or align finance (in the various policy areas of public or private finance, such as public expenditure, taxation, investment promotion, financial sector development, financial inclusion, etc.) clearly respond to the specified financial needs? If there are gaps, what are the underlying reasons? Which further policy measures have the potential to fill the gaps and more effectively mobilise and align finance to decent work objectives?

*If elements of decent work are just crosscutting other development priorities, which further financing policy measures have the potential to promote (rather than unintentionally undermine) rights at work, social dialogue, or the efforts to address inequalities of employment policies and social protection systems? (See/review "decent work sensitivity" concept in the introductory section Mainstreaming Decent Work in INFFs)*

- **Policy coherence checks.** Are policy solutions aligned with all dimensions of sustainable development? Has the consistency of identified policy solutions with macro-objectives been considered? Is the set of policy solutions coherent? That is, have trade-offs, potential synergies and risks been taken into account?
- **Pre-conditions and resource requirements.** Have pre-conditions been considered in the proposal of policy solutions and the implementing frameworks? To what extent are institutional and resource requirements for policy implementation met (e.g., political backing, financial resources, or institutional capacity)? In case of constraints, are there further instruments/processes/regulatory frameworks that could support implementation?
- **Policy implementation framework.** How do existing regulatory measures, instruments, or processes for implementation of financing policy solutions support decent-work related development objectives and policy outcomes? What are the strengths, weaknesses, or gaps to consider going forward?

*How can these measures, instruments, and processes be adjusted, or which others have the potential to fill gaps and strengthen the responsiveness of policies and institutions governing finance to decent work policy outcomes?*

- **Action plan.** Have relevant financing initiatives for the implementation of decent-work related policies been tabled in the action plan of the financing strategy? Are these appropriately sequenced and time-bound? Are responsibilities for implementation specified, and are the actors that need to be consulted identified based on the mapping conducted in the Inception phase?
- **Engagement.** Have relevant constituents from the public and private sector identified by the mapping in the Inception phase (employers, workers, informal sector, etc.) been engaged throughout the assessment and identification of financing policies and instruments and the formulation of the financing strategy? Which state and non-state actors have been involved/consulted? Are any key actors missing? Are non-state actors needs and contributions reflected in the document?

## RESOURCES AND TOOLS

- [Improving Synergies Between Social Protection and Public Finance Management \(SP&PFM\)](#)

Initiative supporting countries strengthen and expand social protection systems and improve public finance management to ensure a sustainable financing. It does so by developing evidence, training materials, [tools and methodologies](#) to promote the design of social protection systems that are gender-sensitive, disability-inclusive, and shock-sensitive, and streamline financing through strong public finance management.

- [Fiscal space for social protection](#)

Handbook providing easy reference to assess financing options for the extension of social protection coverage and benefits. It explores various financing alternatives, including those available to the poorest countries:

- › Expanding social security coverage and contributory revenues
- › Increasing tax revenues
- › Eliminating illicit financial flows
- › Re-allocating public expenditures
- › Using fiscal and central bank foreign exchange reserves
- › Borrowing and restructuring existing debt
- › Adopting a more accommodating macroeconomic stance
- › Increasing aid and transfers

- [Global Accelerator on jobs and social protection for just transitions](#)

UN-wide operational programme to help bring together, at national level, relevant employment and social protection policy solutions and the needed investments to accelerate the attainment of a human-centred climate-resilient recovery and structural economic transformation. The ultimate objective is to create 400 million decent jobs in the green, digital, and care economies in LICs and LMICs, and extend social protection coverage to those currently excluded (ca. 4 billion people).

A [Technical Support Facility \(TSF\)](#) supports efforts to catalyse further funding from a combination of sources, including a [Joint SDG Fund](#) window on Decent Jobs and Universal Social Protection, and mobilise national and international expertise (from the UN system and development and financial partners) to:

- Assess the situation of employment and social protection in the country, or the structural economic challenges posed by climate change and a just transition to a zero-net economy.
- Identify priorities (e.g., youth employment or universal social protection floor), as well as integrated employment and social protection policy solutions facilitating just transitions and the identified priorities.
- Cost policy solutions, which greatly differs between employment and social protection policies / strategies.
- Identify financing policy solutions through the INFF and develop a financing strategy to mobilise resources for the implementation of the integrated employment/social protection policies / strategies. Financing policy options will, once again, differ greatly between employment and social protection (private finance may play a more relevant role in employment, and public finance solutions in social protection). Where an INFF financing strategy already exists, an assessment can be conducted to analyse how well employment and social protection are reflected in it.
- Establish tracking systems to annually review and assess the financial commitments (e.g., in terms of DRM, budget allocation, effort to raise taxes, international commitments) and to raise awareness on the relevance of investing in employment and social protection with national and international partners.

- The ILO work on [innovative](#) finance

Innovative finance initiatives, mechanisms or solutions could be categorized on the basis of key technical attributes and goals such as: financial products to mobilise funds from capital markets, risk mitigation mechanisms to reduce (perceived) risks, results-based financing, technology-enabled solutions, taxes and obligatory contributions to the state's revenue, voluntary solidarity contributions to a social or environmental cause, or debt management to meet the outcomes that could grant favourable conditions to ease debt pressure (e.g. reducing or extending a country's debt). The ILO has contributed to the development of:

- [Universal standards of social performance management](#) and for investments in the microfinance sector.
- [Quality Jobs investment strategies](#) to help the impact investment community select strategies and adopt metrics that specify performance targets in the path towards investment goals. Five strategic goals for impact investments in Quality Jobs, and a set of key indicators to measure progress have been identified.
- Impact assessment and monitoring framework for financial inclusion in collaboration with the [Africa Agriculture and Trade Investment Fund \(AATIF\)](#) to support [sustainable investments in African agriculture](#).
- [Thematic impact bonds](#), particularly employment related bonds (e.g., addressing child labour in the cocoa value chain in Côte d'Ivoire, an initiative integrated in the [ACCEL Africa project](#) - Accelerating action for the elimination of child labour in supply chains in Africa).

## COUNTRY EXPERIENCES

### ALBANIA

- **Albania's INFF.** In a middle-income country with growing inequalities and socioeconomic challenges, the Government is adopting an INFF to catalyse financing to reach the most vulnerable and disproportionately affected by poverty, especially children, women, and the elderly. It is doing so with support from UNDP, UNICEF, and the ILO through the Joint SDG Fund programme.
- **Financing strategy.** The ILO assists the Albanian Government at central and municipal level to: assess the fiscal space and affordability of a social protection floor; identify innovative approaches, tools, and financing mechanisms; and develop a national strategy for financing comprehensive social protection floors. Through trainings, analyses, technical studies, and assessments, it is helping the Government shape its INFF and upcoming financing strategy in support of its *National Strategy for development and integration (2022-2030)* and social welfare.

### BANGLADESH

- **Bangladesh's INFF.** The Government is adopting an INFF to more effectively mobilise public and private resources to finance SDG 6 (water and sanitation), SDG 7 (energy) and SDG 13 (climate action) with the support of the Joint SDG Fund and the funded programme's implementing agencies: UNDP, UNCDF, ILO, and UN Women.
- **Decent Work Focus.** Since these national SDG priorities are areas where ILO's technical expertise is cross-cutting



(unlike SDG 1 or SDG 8, more directly in the range of its technical expertise), the ILO in Bangladesh has primarily focused on leading private sector engagement and raising awareness on potential contributions to the SDGs:

- › **Multi-stakeholder consultation and social dialogue** to ensure private sector's concerns, contributing ideas, recommendations, and needs for engagement in SDGs are reflected in the various INFF milestones. By developing questionnaires, methodologies, guiding notes, and tools, and conducting multi-stakeholder consultations (including from MSMEs to large corporations and business associations, chambers of commerce, and employers' and workers' associations) the way is being paved for future tripartite social dialogue on SDG 8 financing.
- › **Awareness raising** among constituents in the private sector on potential engagement and contribution to the SDGs by conducting studies and sharing policy briefs (e.g., on investment in bankable products; SDG 8 financing implications for labour market policies and constituents; or MSMEs needs assessment in the SDG priority areas). This has provided a valuable knowledge base for future social dialogue.
- **Financing strategy.** As a result, the draft financing strategy (as well as the DFA and INFF Roadmaps leading to it) include sections and/or subsections on labour market issues, employment, private sector, and enterprises, which provide entry points for the ILO's technical assistance and capacity building support.

## NAMIBIA

- **Namibia's INFF.** The Government of Namibia is designing an INFF to increase the scale and quality of financing for the SDGs. It is doing so with the support of the Joint SDG Fund and the funded programme's implementing agencies: UNDP, UNICEF, UNFPA, and the ILO.
- **Financing policies: SDG budgeting.** The ILO and UNFPA are assisting the government in developing and implementing pro-employment and gender-responsive budgets. Technical assistance to relevant public sector stakeholders (such as MoL, Ministry of Finance, parliament, or national planning commission) is provided to: (1) conduct national budget analysis and assess employment and gender responsiveness; (2) develop tools for implementation, oversight, monitoring and evaluation of gender and pro-employment budgeting; (3) conduct Employment Impact Assessments.

## SURINAME

- **Suriname's INFF.** With a forest cover of 93% and an increased rate of deforestation, the Government of Suriname is adopting an INFF to reorient its financial ecosystem towards a more inclusive, sustainable, and diversified economy, with particular attention to a more sustainable forest management and other nature-based solutions.
- **Engaging in financing solutions to promote sustainable economic alternatives with better jobs.** In this framework, the Accelerator for Agriculture and Agroindustry Development and Innovation Plus (3ADI+), an initiative supported by the Joint SDG Fund catalytic investment window, and implemented by FAO, UNIDO, UNFPA, and the ILO, seeks to mobilise financial resources to support value chains with a potential to positively impact productivity and smallholder farmer's income, while reducing environmental pressure on primary and secondary forests. The first venture supports the pineapple value chain through a mix of solutions to address financing constraints, including: a collateral support facility to de-risk commercial bank loans and incentivise private bank lending to smallholder farmers; a cooperative centralising production planning and marketing; and an innovation hub foundation to provide tailored agronomic and business support and management services to farmers.

## ZAMBIA

- **Zambia's INFF** seeks to align financing frameworks with the SDG priorities defined in the National Development Plan (7NDP and its successor), with a focus on the Covid-19 impacts at social and economic level. It will do so by:
  - › Advancing economic diversification while ensuring a just transition respectful with the environment, promoting an SDG oriented private sector development, creating decent jobs, entrepreneurship, and innovation, or encouraging formalization and growth of MSMEs through access to banking, insurance, financial services, markets.
  - › Costing a comprehensive social protection system supported by a sustainable and viable financing framework.
  - › Promoting broad partnerships with state and non-state actors (civil society and private sector, comprising business, MSMEs, pension and insurance companies, private equity, sovereign wealth fund, venture capital, asset owners, and investors) to mobilise and effectively manage a diversified mix of resources, including private sector and innovative finance solutions.
- **Financing strategy for social protection.** With the Joint SDG Fund support, UNICEF, UNDP, UNFPA, UNECA, and the ILO are assisting the Government of Zambia to set up the INFF building blocks. Jointly with the WB, the ILO is conducting public expenditure reviews to develop sector financing strategies in health and social protection.





## BUILDING BLOCK 3: MONITORING AND REVIEW

### BRIEF OVERVIEW

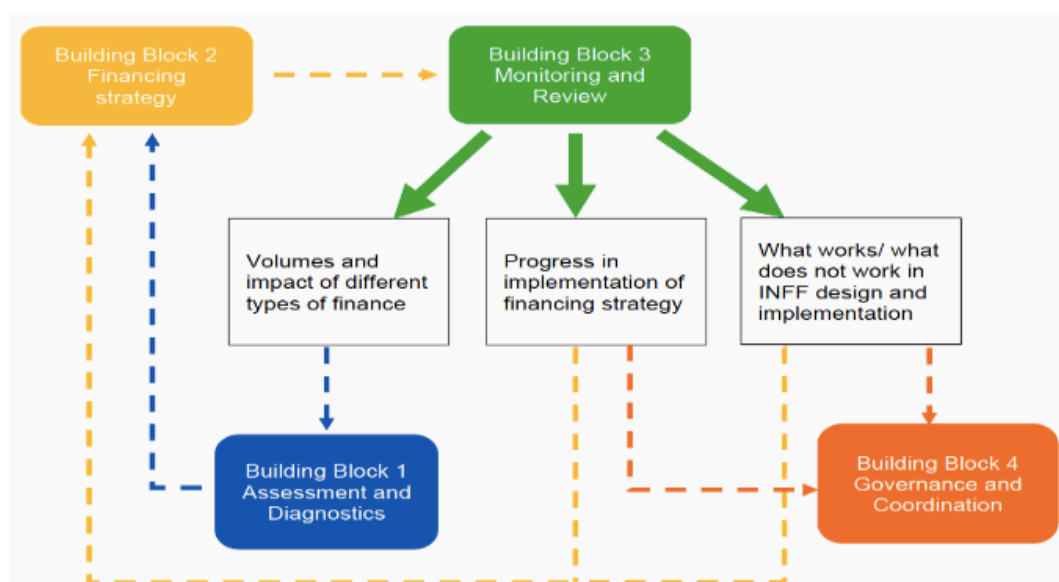
(Further methodological information can be found [here](#))

- **Relevance.** Monitoring the progress in mobilisation, use, coherence, alignment or impact of different financial resources and related policies is key to draw lessons and conduct informed and effective policymaking.

Findings can help enhance impact and risk mitigation by regularly feeding into financing needs, resources, risks and binding constraints assessment (*building block 1*), informing adjustments to specific policies and implementation mechanisms of the financing strategy (*building block 2*), and further strengthening governance and coordination arrangements guiding INFF design and implementation (*building block 4*).

*Monitoring and review* bring together all relevant data and information to track progress and facilitate transparency, accountability and learning on all things financing, facilitating an informed dialogue and partnership building among governments, partners, relevant stakeholders for reform processes.

**Figure 8. How monitoring and review [links with other INFF building blocks](#)**



- **Mechanisms and tools.** A variety of already available and newly developed monitoring mechanisms and tools allow policymakers to track public finance and private sector contributions to and alignment with sustainable development priorities. Such mechanisms include, for example:
  - In the public finance sphere, budget coding and tagging and monitoring of tax incentives or proceeds from thematic bond issuance in light of the specific national sustainable development priorities.
  - In the private finance sphere, SDG taxonomy tracking of allocations by financial institutions, corporate SDG reporting, or impact management and measurement.
- **Need for harmonisation.** As financing strategies are formulated, it is critical to reflect on how to harmonise disconnected monitoring systems and tools across key public and private finance in relation to sustainable development priorities. A more integrated approach would address redundancies and overlaps and close gaps in the monitoring architecture.
- **Decent work mainstreaming.** Harmonisation would also help streamline the monitoring, results reporting and evaluation of the UNSDCF and Decent Work Country Programmes (DWCP). Designing and implementing monitoring frameworks that are aligned with, and ideally use the ILO standard results and indicators, may be challenging given the Decent Work Agenda's multifaceted nature (from access to full and productive employment with rights at work, to social protection, and the promotion of social dialogue). The ILO can assist in integrating the appropriate indicators and statistics, and in monitoring and evaluating progress made.

## GUIDING QUESTIONS

- **Systems.** *What are the systems in place to collect, analyse and disseminate data to monitor the contribution to decent work policy outcomes of:*
  - **Government budget** *formulation and execution, or the extent of alignment of spending allocations? (E.g., SDG budget tagging with focus on relevant SDGs for decent work).*
  - **Government revenues** *and the extent of impact of tax systems? (E.g., progressivity of taxes, or taxing schemes to incentivise formalization of informal enterprises).*
  - **Private investment.** *Are there different systems for domestic and foreign investment? Are practices like impact investment monitoring (covering decent work) prevalent? If not, are there opportunities to advance such monitoring?*
  - **Private investment promotion.** *How are employment objectives or targets reflected in the internal performance management system of investment promotion agencies? How is the “potential employment impact” of possible investment projects estimated? Does this include measures of direct, indirect and induced employment?*
  - **If there are financial institutions and large corporations** *active in the country, are there mandatory sustainability reporting requirements? If mandatory requirements are not in place, are there established voluntary norms? (E.g., monitoring mechanisms among financial institutions to ensure labour standards). What taxonomies are used for reporting?*
- **Data.** *How often is data collected through the different monitoring systems? What is the quality of data produced? Is data disaggregated by any variable considered a source of discrimination in the world of work? (E.g., age, gender, race, disability, etc.).*
- **Responsibility.** *Who at national and sub-national levels produces such data? Are social partners associated with the collection, analysis and/or dissemination of data and information? (E.g., central / line / provincial ministries, specialized units, local government, NGOs, development partners, industry/trade associations, etc.).*
- **Accessibility.** *Is the information publicly available, easily accessible, and in a timely manner?*
- **Use and accountability.** *Who uses the information? How does it inform policy-making and allow oversight and supervision? E.g., is it used to inform budget preparation/implementation, resource allocation, programme policy-making, fiscal management, planning, evaluation, or accountability to parliament? Do decent work advocates in multi-stakeholder dialogue platforms have access to the scrutiny of key financing policies? (E.g., budget hearings, draft financing policy reviews, etc.)*
- **Capacity and enhancement opportunities.** *What is the state of the “enabling environment” for monitoring and review (e.g., in terms of buy-in, institutional capacity, data systems capacity)? How can existing monitoring and review systems be further strengthened to help better understand the impact of policies governing finance on decent work policy outcomes, and better support effective policy-making? Is there any technical assistance, capacity building, or training underway, planned or pending?*

## RESOURCES AND TOOLS

- [Monitoring and Assessing Progress on Decent Work \(MAP\)](#)  
ILO and EU initiative to support government bodies (including Ministry of Labour and National Statistical Offices), employers' and workers' associations, and research institutions strengthen the capacity to monitor progress towards decent work policy outcomes. It helps identify relevant decent work indicators, collect data (through questionnaire design, surveys, and database management), and use it for integrated policy analysis of decent work for policy-making.
- [Framework of Decent Work Indicators](#)  
Proposes a set of statistic and legal indicators to measure decent work, which were endorsed by the 18th International Conference of Labour Statisticians in 2008.
- [Reference guide for Employment Impact Assessments \(EmpIA\)](#)  
Provides cost-benefit insights into policies and interventions to measure potential or ex-post impact on jobs and job-related outcomes.
- [Quality Jobs investment strategies](#)  
Global Impact Investing Network (GIIN), ITC-ILO and ILO initiative to help the impact investment community select strategies and adopt metrics that specify performance targets along the path towards investment goals. Five strategic goals for impact investments in Quality Jobs, and a set of key indicators to measure progress have been identified.
- The ILO is supporting **SIDA** in [developing an impact monitoring system](#) for its guarantee instrument, with emphasis on employment outcomes (upcoming).

- The [Africa Agriculture Trade and Investment Fund \(AATIF\)](#) Public-private partnership initiated by KfW to invest in the agricultural sector and contribute to food security, employment, and incomes. The ILO, as sustainability advisor of the AATIF, has developed an [impact measurement framework](#) to track, measure, and report on investments' social and environmental performance.
- [SDG Impact Standards](#)  
SDG Impact is a UNDP flagship initiative to accelerate private sector contributions to SDGs. It aims to help businesses and investors embed sustainability and the SDGs into decision-making practices, and to direct capital to where it can make the most difference to people and planet. It does so through the SDG Impact Standards and SDG Investor Maps.  
The SDG Impact Standards are voluntary internal management standards (similar to ISO standards) that help businesses and investors operate more sustainably and optimise contributions to sustainable development. Sustainable business practices include those that respect the rights set out in the ILO's Declaration of Fundamental Rights at Work.  
A set of [SDG Impact Standards resources](#) have been developed, which include guidance, self-assessment tools and trainings to help perform gap analysis, prioritise actions and develop action plans. An external assurance framework and SDG Impact Seal are to incentivize progress over time and ensure a positive contribution (or at least not negative) to decent work, among other sustainability criteria. This SDG Impact Seal can be used as a tracking and reporting tool.

## COUNTRY EXPERIENCES

### BANGLADESH

- The **Ready-Made Garments industry (RMG)** in Bangladesh is a key actor in a country that has been the second largest RMG exporter in the world for the past three decades. The Bangladesh Garment Manufacturers and Exporters Association (BGMEA) has developed, with UNDP and the ILO's support, a **tool to measure the private sector's contribution towards the SDGs** and national development priority indicators.
- The [initiative was launched in 2021](#) to collect both **quantitative and qualitative data** over the previous three years through a web-based questionnaire, complemented with focus group discussions. The initial questionnaire referred to 12 SDGs potentially relevant in the RMG's direct or indirect economic, social, and environmental impact, yet replies focused on 9 SDGs:
 

SDG1 no poverty	SDG 8 Decent work and economic growth
SDG 3 Good health and well-being	SDG 9 Industry, innovation, and infrastructure
SDG 4 Quality education	SDG 12 Responsible Consumption and production
SDG 6 Clean water and sanitation	SDG 13 Climate action
SDG 7 Affordable and clean energy	
- The [first report](#) focuses on measuring the impact of **47 RMG factories** (mostly woven, sweater and knit factories) on the above 9 SDGs, a number expected to increase to up to 200 factories in the next rounds of the exercise.
- The report sets a **benchmark for scaling up sustainability reporting** for the industry, and the private sector more broadly, and enhances the effectiveness of public-private dialogue around SDG action by translating sector-specific achievements and challenges into the common language of Bangladesh National Priority Indicators and the SDGs.

### CABO VERDE

- **Cabo Verde's INFF** aims to align budgeting and planning with SDG targets to leave no one behind, optimise public revenues and spending, and create the conditions to mobilise finance, including from the private sector. The Government is adopting the framework with the help and guidance of UNDP, ILO, UNODC, and the Joint SDG Fund.
- **Targeting and monitoring decent work deficits.** The ILO is helping identify public spending measures to more effectively target excluded populations and workers of the informal economy, including women and youth from the poorest municipalities. It is also building the capacity of national labour and statistics agencies to define SDG labour market indicators with a focus on informal employment and deficits in decent work.
- **Institutional capacitation** should facilitate monitoring of progress and impact of public spending on decent work and the informal economy.

### EGYPT

- **Egypt's INFF.** To achieve its Sustainable Development Strategy objectives by 2030 and secure a sustainable society and economy, Egypt is adopting an INFF and developing an integrated financing strategy around key sectors, including some SDG accelerators (e.g., education, health, social protection, water and sanitation, and

transportation). It is doing so with the support from the Joint SDG Fund and the funded programme's implementing agencies: UNDP, UNICEF, UNFPA, and ILO.

- **Mainstreaming social protection data.** The ILO supports the government through regional webinars on good practices for mainstreaming social protection data (expenditures and coverage) in national statistical systems.
- **Capacitation for mainstreaming social protection data** in monitoring and review mechanisms is also helping authorities construct costing estimates and landscape financing in the area of social protection.

#### NAMIBIA

- **Namibia's INFF.** The Government of Namibia is designing an INFF to increase the scale and quality of financing for the SDGs. It is doing so with the support from the Joint SDG Fund and the funded programme's implementing agencies: UNDP, UNICEF, UNFPA, and ILO.
- **Employment budgeting.** The ILO and UNFPA support the development and implementation of pro-employment and gender-responsive budgets. Technical assistance to relevant public sector stakeholders (MoL, Ministry of Finance, parliament, and national planning commission) focuses on developing tools for implementation, oversight, monitoring and evaluation of gender and pro-employment budgeting, and Employment Impact Assessments.
- **Institutional capacitation** should facilitate the monitoring and evaluation of budget impact on decent work policy objectives, particularly on gender and employment.



## BUILDING BLOCK 4: GOVERNANCE AND COORDINATION

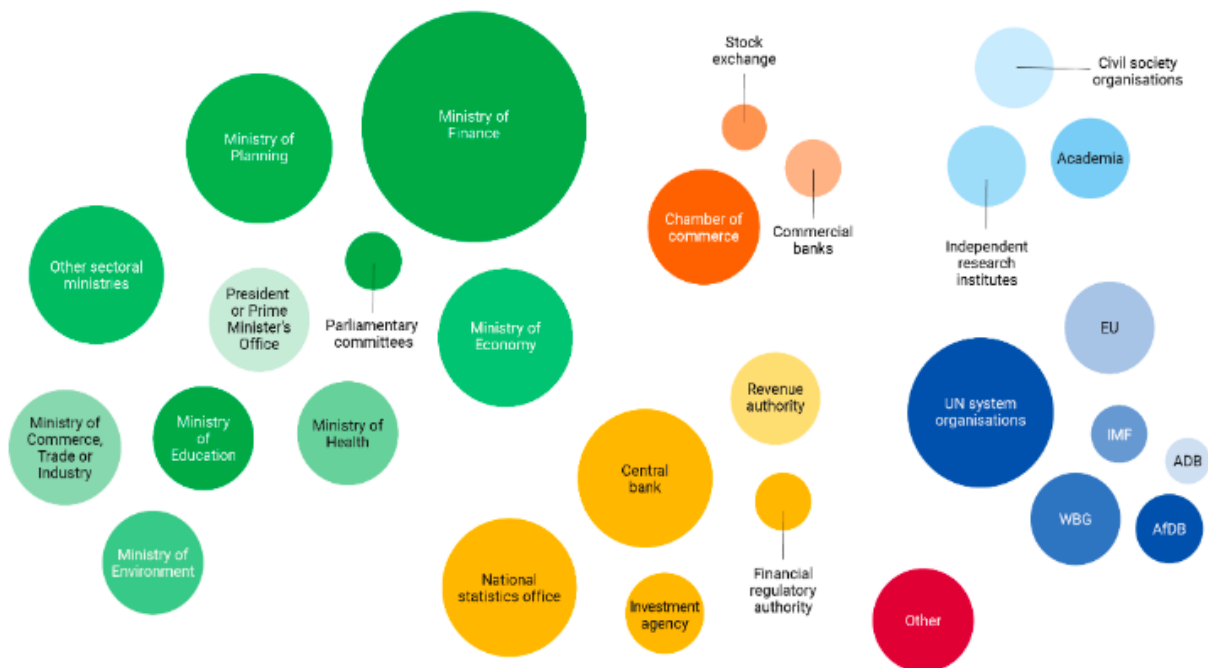
### BRIEF OVERVIEW

(Further methodological information can be found [here](#))

- **Leadership, ownership and buy-in.** Since INFFs aim to mobilise all sources of financing (domestic and international sources of public and private finance) while connecting planning and financing policies, **strong political backing and a broad-based ownership** are key. This calls for governance (for oversight and guidance) and coordination and consultation mechanisms to ensure institutions and processes required for the formulation and implementation of coherent financing policies are in place and functional.
- **Governance and coordination mechanisms.** A variety of mechanisms and tools can facilitate cooperation and improve coordination of actors and the coherence of financing policies, such as:
  - Mainstreaming (e.g. integration of a decent work perspective into the entire policy process);
  - Incentives for greater inter-ministerial coordination and cooperation (e.g. through conditional funding allocation for planning and activities);
  - Minimum safeguards to ensure that policies and investments do not undermine specific policy objectives;
  - Policy screening tools to assess policies for their positive contribution to national development objectives. Coherence/risk/sustainability checks to assess rules, standards, regulations and policies for consistency with national priorities may be helpful in designing screening tools.
- Such governance and coordination mechanisms could well rest on legally binding institutional and regulatory frameworks that recognise and uphold social dialogue and the role of social partners in national development.
- Such **integrative and participative approach** to governance, coordination and dialogue allows for a better understanding of the different public and private perspectives on financing opportunities and blockages to unlock SDG-aligned capital. It also ensures coherence and outlines an informed way forward.
- Governance and coordination across public and private spheres take place at different levels of dialogue:

**Figure 9. Who participates in INFF Oversight Committees?**

(Participation in INFF Oversight Committees across the World in mid-2022)



- **INFF oversight committees** (newly established or embedded in already existing structures) guide the entire process and bring together the responsible ministries for planning, policy and regulation with active

stakeholders in each area of financing. In a significant number of countries, INFF oversight committees count private sector representatives among its membership (e.g., chambers of commerce, stock exchange, or commercial banks, but could also include industry associations or investor networks). In many, they include civil society, IFIs and international development partners, parliamentarians, and others.

- A **working level ‘Secretariat’** may also be established or designated to provide technical expertise and coordinate the operationalization of the process.
- **Structured dialogue platforms for public-private engagement** of varying formats may be promoted to enhance coherence and integration between government and non-state actors (such as business networks, large corporations, MSMEs, non-commercial organisations, financial institutions, investors etc.).

Such institutional setup guarantees certain continuity of INFF implementation across political cycles or changes in political leadership, as decision-making takes place on a consensual and information-based process that relies on inputs from the technical secretariat and new or updated assessments and diagnostics, feedback and lessons learned from the monitoring mechanisms in place (under the *Monitoring and Review Building Block*), and insight from the public-private dialogue platforms. Such setup also guarantees buy-in and momentum around the INFF and related reforms to achieve the nation’s SDG-aligned development priorities

- **Social dialogue** between governments, employers’ and workers’ organisations is one of the four pillars of the Decent Work Agenda. Effective social dialogue is a means of good governance that promotes social justice and a more inclusive and sustainable economic growth through improved wages and working conditions, more sustainable and productive enterprises, and an enabling environment for the realisation of the aspiration of decent work for all<sup>28</sup>. In the context of an INFF, the input from public-private dialogue in terms of opportunities and challenges to unlock SDG-aligned private contributions has an important role to play in the oversight committee’s informed decision-making process.
- **Social dialogue format.** The tri-partite approach to social dialogue should be tailored to the country context and will, thus, vary across countries. A tripartite steering committee would be ideal though not always politically feasible. One level down are tripartite sub-committees on decent work. ILO country offices run tripartite Decent Work Country Programmes (DWCP), which could be used as a temporary dialogue platform in the meantime.
- **Guidance.** The ILO’s traditional tri-partite approach, know-how, and experience conducting social dialogue with public and private stakeholders (employer and employee associations, and even representatives from the informal sector) can support constituents in establishing a framework that promotes an effective social dialogue, ensures a broader engagement with SDG financing policies at the country level, and promotes an inclusive dialogue around economic recovery and the role of financing for job protection and creation. .

A guide by ILO offering governments and constituents a range of options when establishing a mechanism for national tripartite social dialogue or when reinforcing the existing systems can be found [here](#).

## GUIDING QUESTIONS

- **Political commitment and leadership.** *Is there a clear commitment from the highest political level to integrate aspects of the Decent Work Agenda in the approach to financing national sustainable development objectives? How is this commitment reflected in the oversight bodies of the INFF? That is, are relevant ministries and/or organisations (e.g. Ministry of Labour and Social Services) participating?*
- **Long-term commitment and technical support.** *How is such commitment guaranteed across political cycles and changes in political leadership? And how is such political commitment translated into practice? If there is a technical group, secretariat, or similar mechanism to inform and shape the INFF policy solutions and choices over time, does its composition and mandate guarantee that the implication on decent work of assessments and financing policy choices are considered?*
- **Stakeholders.** *Who are the key stakeholders to be consulted in the financing for Decent Work Agenda in your country? How are/can they be engaged? (It is practically impossible to include everyone in the INFF oversight committee; alternative ways of engagement need to be considered, e.g. technical support or dialogue entities).*
- **Dialogue and coordination** *Do coordination platforms of the INFF promote tripartite social dialogue? What specific mechanisms are in place to facilitate the active participation of private sector constituents in defining,*

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<sup>28</sup> Social dialogue involves: negotiation, consultation and information exchange; collective bargaining; dispute prevention and resolution; other approaches like workplace cooperation, international framework agreements or social dialogue in the context of regional economic communities.

Preconditions for sound social dialogue include: strong, independent and representative employers’ and workers’ organisations with the technical capacity to participate in social dialogue and access to relevant information; political will, trust and commitment to engage in social dialogue by all the parties; respect for the fundamental rights of freedom of association and effective recognition of the right to collective bargaining; and an enabling legal and institutional framework.



assessing, and deciding on public and private financing policies, programmes and activities that promote, or at least don't harm, decent work policy outcomes?

- **Capacity building.** What measures exist to build capacity of oversight and technical bodies to guide and support a decent work perspective in financing policy-making? Are there capacity-building programmes for workers' and employers' associations, including programmes organised by the Ministry in charge of labour matters, to allow for an informed and effective participation in INFF dialogue platforms?

## RESOURCES AND TOOLS

- [National Tripartite Social Dialogue: An ILO guide for improved governance](#)

The guide offers a range of ILS-aligned options when establishing or reinforcing a mechanism for national tripartite social dialogue. It draws on lessons learned and experience collected by the ILO over years promoting social dialogue and providing policy advice, capacity building, and practical guidance to tripartite constituents in all regions of the world and in different contexts (e.g., during economic crisis, political transition, when addressing the informal economy, or transitioning to a green economy, etc.).

## COUNTRY EXPERIENCES

### ALBANIA

- **Albania's INFF.** In a middle-income country with growing inequalities and socioeconomic challenges, the Government is adopting an INFF to realise its SDG-aligned *National Strategy for development and integration (2022-2030)*, and catalyse financing to reach the most vulnerable and disproportionately affected by poverty, especially children, women, and the elderly.
- **Building capacity to define the INFF's objectives.** The ILO, UNDP, and UNICEF, with financial support from the Joint SDG Fund, are helping the Albanian Government define the focus of their INFF by supporting the Government in assessing, at central and municipal level, the fiscal space and affordability of a social protection floor, and identifying innovative approaches, tools, and other financing mechanisms.

### BANGLADESH

- **Bangladesh INFF.** The Joint SDG Fund Programme in Bangladesh aims to help the government define an INFF to effectively mobilise the required financial public and private resources for attaining SDGs by 2030, focusing on SDG 6 (Clean water and sanitation), SDG 7 (affordable and clean energy) and SDG 13 (climate action). Being decent work a crosscutting element, the ILO is, together with UNDP, UNCDF, and UN Women, an implementing agency of the programme.
- **Private sector engagement.** Despite decent work not being among the country's direct development goals, the ILO in Bangladesh has added value to the INFF by leading private sector engagement to ensure that the sector's concerns, contributing ideas, recommendations and policy needs for involvement in SDGs and its financing are reflected in the setup of INFF building blocks. Consultations with a range of stakeholders from government to international development and financial partners, civil society, private sector (MSMES, large corporations and business associations, chambers of commerce, and business and trade associations) have paved the way for tripartite social dialogue down the road on SDG 8 financing.
- **Governance and coordination entities.** As a result, the private sector's views and needs are reflected in the different milestones of the INFF (DFA, roadmaps, draft financing strategy). In addition, all PUNOs successfully advocated with the authorities the establishment, under the existing SDG Implementation Review Committee (established in 2017 inside the Prime Minister's Office), of a specific **SDG financing oversight committee**. The new committee, with the participation of government, international development partners and private sector (workers' unions, employer federations/associations), is to monitor financing gaps and financial resources targeting SDGs. To support this committee, a **multi-stakeholder public-private dialogue platform** is to be created to exchange views in quarterly meetings.

### BOSNIA AND HERZEGOVINA

- **Bosnia and Herzegovina (BiH)'s INFF** to support the country's SDG Financing Framework, the first long-term development agenda in a decade, adopted as recently as 2021. The INFF is expected to establish the ecosystem for systemic financing of priority SDGs by enabling informed and targeted investment of public funds, and mobilising additional financing (particularly from the private sector). The focus is on the social dimension of sustainable development, including social protection and labour, as well as education, health, and nutrition, with particular attention to women, children, and youth.

- **Institutional capacity building**, UNDP, UNICEF, and the ILO<sup>1,2,3,4</sup> are supporting the Government of BiH narrow down and define the concrete objectives of the INFF, and set up the preparatory work for the operationalization of the various building blocks. The ILO, in particular, is building the capacity of institutional partners, including statistical institutions and the Central Bank, to conduct: (1) Employment Impact Assessment of current policies and strategies; (2) resource optimisation processes to maximise job creation and formalization, and (3) productivity analysis through input-output tables to better inform policy decisions to finance the SDG targets. The preparatory work will contribute to an enhanced pro-employment perspective of policies and instruments governing finance for the country's SDG priorities.

#### EGYPT

- **Egypt's INFF**. To achieve its Sustainable Development Strategy objectives by 2030 and secure a sustainable society and economy, Egypt is using an INFF approach to define a financing strategy centred around key sectors, including some SDG accelerators (e.g., education, health, social protection, water and sanitation, and transportation). It is doing so with the support of the Joint SDG Fund programme's implementing agencies: UNDP, UNICEF, UNFPA, and the ILO, who is providing support for SDG costing and SDG financing landscaping in the area of social protection.
- **Institutional capacity building to define the INFF**. Through trainings, technical notes, and technical and actuarial reviews, the ILO is building the Ministry of Social Solidarity's capacity to produce more accurate estimates of cost and financing options for the new model for pensions and the emergency fund proposed by the Government to extend social protection to informal workers. Such information is relevant to define the INFF and draft the DFA and financing strategy.

#### NAMIBIA

- **Namibia's INFF**. The Government of Namibia is designing an INFF to increase the scale and quality of financing for the SDGs. It is doing so with the support of the Joint SDG Fund and the funded programme's implementing agencies: UNDP, UNICEF, UNFPA and the ILO.
- Together with UNFPA, **the ILO is building capacity** to develop and implement pro-employment and gender-responsive budgets through: (1) national budget analysis; (2) the design of tools for implementation, oversight, monitoring and evaluation of gender and pro-employment budgeting; (3) advisory for the formulation and implementation of the 3rd NEP, finalisation of the Social Protection Policy, and Employment Impact Assessment.
- **Governance and coordination bodies**. Such technical assistance should increase the capacity of government entities participating in the INFF oversight committee and related public-private dialogue platforms (e.g. Ministry of Gender Equality and Child Welfare, MoL, Ministry of Finance, parliament, and national planning commission) to provide informed contributions and coordination with other stakeholders and ensure that the positive and negative impacts of policies governing finance and implementing tools on decent work policy outcomes.

## 5. ANNEXES

### ANNEX I. COUNTRY EXPERIENCES

#### ALBANIA

- **Albania's INFF.** In a middle-income country with growing inequalities and socioeconomic challenges, the Government is adopting an INFF to catalyse financing to reach the most vulnerable and disproportionately affected by poverty, especially children, women, and the elderly.
- **Financing social protection floors.** Together with UNDP and UNICEF, and with financial support from the Joint SDG Fund, the ILO is assisting the Albanian Government during the initial stages of the INFF to: assess the fiscal space and affordability of a social protection floor at central and municipal level; identify innovative approaches, tools, and other financing mechanisms; develop a national strategy for financing comprehensive social protection floors.
- **Contribution to the INFF.** The technical, preparatory and analytical work, through trainings, studies and assessments, is helping the Government narrow down the INFF financing its *National Strategy for development and integration (2022-2030)*. Social welfare challenges in the form of decent work and social protection of those most vulnerable are among the development areas addressed by Albania's INFF. Early ILO engagement is contributing to the integration of social protection analysis and cost estimates in assessments and policy dialogue, and to build institutional capacity for the development of a financing strategy.

#### BANGLADESH

- **The Joint SDG Fund Programme (JP) in Bangladesh** aims to help the Government define an INFF that effectively mobilises the required public and private financial resources for the SDG. The ILO, one of the implementing agencies (together with UNDP, UNCDF, UN Women), leads private sector engagement in the JP.
- **Bangladesh INFF** focuses on SDG 6 (water and sanitation), SDG 7 (energy) and SDG 13 (climate action), sustainable development areas where decent work plays a crosscutting role, rather than the more direct role in SDG 1 (poverty) and SDG 8 (decent work and economic growth), or even certain areas of SDG 4 (education) and SDG 5 (gender). Despite not being a direct goal in the form of SDG 8, the ILO-CO has played a critical role in **promoting decent work in the INFF** by:
  - › **Engaging in SDG cost estimate.** All SDGs have been costed as part of the DFA, with the ILO contributing to cost SDG 8, and later updating the estimate based on the changing economic context created by rising inflation and interests, and slowing economic and employment growth.
  - › **Leading multi-stakeholder dialogue** during the inception phase (including government agencies, private sector, business and trade union representatives, IFIs, development partners, NGOs, academia and think tanks) to prepare for effective tripartite social dialogue on SDG 8 financing using Bangladesh's INFF down the road. To this end, the ILO-CO developed questionnaires, methodologies, guiding notes and tools, and conducted consultations to gauge concerns, contributing ideas, recommendations and policy needs for engagement in financing SDGs from private sector constituents (from MSMEs to large corporations and business associations, chambers of commerce, and employers' and workers' associations.). As a result, the DFA and INFF Roadmaps developed for each of the three target SDGs include sections and/or subsections on labour market issues, employment, private sector, and enterprises, which provide entry points for the ILO going forward.
  - › **Raising awareness** among constituents in the private sector on potential contributions to SDGs by conducting and sharing studies on: investment in bankable products; the implications for labour market policies and constituents of financing SDG 8; and MSMEs needs assessment in the three SDG areas of the country's INFF. This work has provided a valuable knowledge base for social dialogue.
- **Measuring the contribution of the private sector.** The ILO-CO is part of the UNDP-led initiative with the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) to develop a measuring tool for the sector's contribution national SDG-aligned development priorities. The **Ready-Made Garments industry (RMG)** industry is a key actor in a country that has been the second largest RMG exporter in the world for the past three decades.
- The **initiative**, launched in 2021, collected quantitative and qualitative data over the previous three years through a web-based questionnaire and complementary focus group discussions, which narrowed down to 9 the initial 12 potentially relevant SDGs in the context of the RMG's direct or indirect economic, social, and environmental impact:

SDG1 no poverty	SDG 6 Clean water and sanitation	SDG 9 Industry, innovation, and infrastructure
SDG 3 Good health and well-being	SDG 7 Affordable and clean energy	SDG 12 Responsible Consumption and production
SDG 4 Quality education	SDG 8 Decent work and economic growth	SDG 13 Climate action
- While the **first resulting report** focused on the impact of 47 RMG factories (mostly in the woven, sweater and knit business) on these 9 SDGs, the number of participants is expected to approach 200 in the next rounds of the exercise.
- The report sets a **benchmark for scaling up sustainability reporting** to the rest of the industry, and the private sector more broadly, which would enhance the effectiveness of public-private dialogue around SDG action by translating sector-specific achievements and challenges into the common language of Bangladesh National Priority Indicators and the SDGs.

## BOSNIA AND HERZEGOVINA

- **Bosnia and Herzegovina (BiH)'s INFF** is linked to the country's first long-term development agenda in a decade, the SDG Financing Framework adopted in 2021. The INFF is expected to create an ecosystem for systemic financing of priority SDGs by enabling informed and targeted investment of public funds, and mobilising additional financing from the private sector. It focuses on the social dimension of sustainable development, including social protection and labour, education, health, and nutrition, with particular attention to women, children, and youth.
- **Support and capacity building to define the INFF.** With help from the Joint SDG Fund, UNDP, UNICEF, and the ILO<sup>15</sup> are supporting the Government of BiH narrow down the INFF's objectives and set the preparatory work for the operationalization of the various building blocks. The ILO is building the capacity of institutional partners, including statistical institutions and the Central Bank, to conduct: (1) Employment Impact Assessment of current policies and strategies; (2) resource optimisation processes to maximise job creation and formalization, and (3) productivity analysis through input-output tables to better inform policy decisions to reach the set SDG targets.
- **Contribution to INFF.** This preparatory work will contribute to an enhanced pro-employment perspective of policies and instruments governing finance for the country's SDG priorities.

## CABO VERDE

- **Cabo Verde's INFF** aims to align budgeting and planning with SDG targets to leave no one behind, optimise public revenues and spending, and create the conditions to mobilise finance, including from the private sector. The Government is adopting the framework with the help and guidance of UNDP, ILO, UNODC, and the Joint SDG Fund.
- **Decent Work promotion in public spending.** The ILO is helping identify public spending measures to more effectively target excluded populations and workers of the informal economy, including women and youth from the poorest municipalities. It is also building the capacity of national labour and statistics agencies to define SDG labour market indicators with a focus on informal employment and deficits in decent work.
- **Contribution to INFF.** Such institutional capacitation should allow for an informed process leading up to an integrated financing strategy that addresses the challenges faced by those most vulnerable in the world of work. It will also help fill gaps in the monitoring systems with respect to decent work and vulnerability, and allow tracking the positive and negative impacts of financial policies and tools on decent work and informal employment.

## EGYPT

- **Egypt's INFF.** To achieve its Sustainable Development Strategy objectives by 2030 and secure a sustainable society and economy, Egypt is using an INFF to define a financing strategy centred on key sectors, including some SDG accelerators (e.g., education, health, social protection, water and sanitation, and transportation). It is doing so with the help of the Joint SDG Fund programme's implementing agencies: UNDP, UNICEF, UNFPA, and the ILO, who is providing support for SDG costing and mapping of SDG financing in the area of social protection.
- **Capacitation for costing of social protection policies and tools.** Through trainings, technical notes, and technical and actuarial reviews, the ILO is building the Ministry of Social Solidarity's capacity to produce accurate estimates of cost and devise financing options for the new model of pensions and the emergency fund proposed by the Government to extend social protection to informal workers. Such information is of relevance for the DFA and financing strategy.
- **Capacitation for monitoring of social protection data.** Regional webinars on good practices for mainstreaming social protection data (including on expenditures and coverage) in national statistical systems are helping mainstream social protection in monitoring and review mechanisms, and the results of INFF financing mechanisms.

## JORDAN

- **Jordan's INFF.** To meet its SDG priorities while addressing the socio-economic challenges posed by the COVID pandemic and the country's fragile security and fiscal context, Jordan is adopting an INFF with initial focus on climate change and gender equality, both crosscutting issues requiring integrated approaches. UNDP, UNICEF, and UN Women are implementing the Joint SDG Fund programme to help the Government kick-start the INFF process.
- **Financing social protection and other development goals.** One of the country's development objectives is to strengthen its national social protection system to mitigate the impact of the pandemic and climate change on the most vulnerable. The *National Social Protection and Poverty Strategy (NSPS 2019 - 2025)* calls for an integrated approach to social assistance, services and insurance, and labour market policies. To meet this and other development objectives, Jordan needs to ensure scarce resources are used efficiently and effectively, align investments to SDGs, and catalyse additional financing. Being the Social Security Investment Fund (SSIF) Jordan's largest domestic investor, aligning its investment portfolio to national SDG priorities, with particular emphasis on environmental sustainability and gender equality, is at the forefront of the integrated financing strategy.
- **Decent Work Promotion from inception.** The ILO is engaging with the Joint SDG Fund PUNOs from the early stages of discussions around the INFF through participation in the F4D UN working group.

## NAMIBIA

- **Namibia's INFF.** The Government of Namibia is adopting an INFF to increase the scale and quality of financing for the SDGs. It is doing so with support from the Joint SDG Fund programme's implementing agencies: UNDP, UNICEF, UNFPA, and the ILO. The key outputs of the programme are: (1) develop a costed and comprehensive SDG-aligned financing strategy; (2) set up a national public-private dialogue platform for SDGs; (3) implement SDG aligned National Budgets that are gender responsive and pro-employment oriented.
- **Decent Work Promotion.** Together with UNFPA, the ILO is supporting the government in the development and implementation of pro-employment and gender-responsive budgets through: (1) national budget analysis to assess employment and gender responsiveness; (2) tools for implementation, oversight, monitoring and evaluation of gender and pro-employment budgeting; (3) advisory to the Ministry of Labour (MoL) for the formulation and implementation of the 3rd NEP, finalisation of the Social Protection Policy, and an Employment Impact Assessment.
- **Contribution to INFF.** The pre-COVID DFA and INFF roadmap (2019) were revised in 2021, and a financing strategy was prepared in 2022. The advisory and technical assistance provided by the ILO should capacitate the beneficiaries (Ministry of Gender Equality and Child Welfare, MoL, Ministry of Finance, parliament, and national planning commission), all members of the INFF oversight committee and the national public-private dialogue platform, to provide informed contributions to the implementation and monitoring of the integrated financing strategy.

## SURINAME

- **Suriname's INFF.** With a forest cover of 93% and an increased rate of deforestation, the Government of Suriname is adopting an INFF to reorient its financial ecosystem towards a more inclusive, sustainable and diversified economy, with particular attention to a more sustainable forest management and other nature-based solutions.
- **Engaging in financing solutions to promote sustainable economic alternatives with better jobs.** In this framework, the Accelerator for Agriculture and Agroindustry Development and Innovation Plus (3ADI+), an initiative supported by the Joint SDG Fund catalytic investment window, and implemented by FAO, UNIDO, UNFPA, and the ILO, seeks to mobilise financial resources to support value chains with potentially positively impact on productivity and smallholder farmer's income, while reducing environmental pressure on primary and secondary forests. The first venture supports the pineapple value chain through a mix of solutions to address financing constraints, including: a collateral support facility to de-risk commercial bank loans and incentivise private bank lending to smallholder farmers; a cooperative centralising production planning and marketing; and an innovation hub foundation to provide tailored agronomic and business support, and management services to farmers.

## ZAMBIA

- **Zambia's INFF** seeks to align financing frameworks with the SDG priorities defined in the National Development Plan (7NDP and its successor), with a focus on the Covid-19 impacts at social and economic level. It will do so by:
  - › Advancing economic diversification while ensuring a just transition respectful with the environment, promoting an SDG oriented private sector, creating decent jobs, entrepreneurship and innovation, or encouraging formalization and growth of MSMEs through access to banking, insurance, financial services and markets.
  - › Costing a comprehensive social protection system supported by a sustainable and viable financing framework.
  - › Promoting broad partnerships with state and non-state actors (civil society and private sector - businesses, MSMEs, pension and insurance companies, private equity, sovereign wealth fund, venture capital, asset owners, investors) to mobilise and effectively manage a diversified mix of resources, including private sector and innovative finance solutions.
- **Engagement in social protection.** With the Joint SDG Fund support, UNICEF, UNDP, UNFPA, UNECA, and the ILO are assisting the Government of Zambia set up the framework's building blocks. Jointly with the WB, the ILO is conducting public expenditure reviews to develop sector financing strategies in health and social protection.



## ANNEX II. METHODOLOGICAL APPROACH AND LIST OF INTERVIEWEES/REVIEWERS

- **Stages** in the elaboration of the practical guidance note:
  - Review of relevant ILO and UNDP documents<sup>29</sup>.
  - Semi-structured telephone interviews with key ILO HQ and regional office DWT specialists, ILO-COs and UNDP-CO and experts (see below).
  - Draft guidance note with initial proposal of guidance questions, tools, and country examples.
  - Integration of comments and feedback from the above contributors, the UNDP Sustainable Finance Hub and UNDESA (see below).
  - Workshop with ILO/UNDP staff on INFFs, guidance note, country cases, feedback, and brainstorming.
  - Integration of feedback and adaptation to module-based online access on INFF platform.
  - Country good practice examples of decent work mainstreaming in INFFs were limited at the time of elaboration of the first guidance note. As decent work is increasingly mainstreamed in INFFs to address development challenges and in response to the UN Secretary General’s call and launching of the [Global Accelerator initiative on Jobs and Social Protection for Just Transition](#), more country examples will become available. And as an increasing number of country examples and decent-work related diagnostics, financing and monitoring tools become available, the guidelines shall be updated.
- **List of interviewees, contributors and reviewers:**

DOMAIN	NAME
<b>LIST OF INTERVIEWEES AND CONTRIBUTORS:</b>	
ILO Social Finance	Craig Churchil Patricia Richter Fernando Messineo Libano Edgar Aguilar Paucar
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ILO Employment	Jean-François Klein Kee Beom Kim Dorothea Schmidt-Klau
ILO Social Protection	Valerie Schmitt Veronika Wodsak Helmut Schwarzer
ILO AKTRAV & ACT/EMP	Ariel Castro San chir Tugschimeg Roberto Villamil Jose Luis Viveros
ILO Bangladesh	Mohammad Avi Hossain (SDG Finance Programme Officer, Country Office)
ILO Egypt	Eric Oechslin (Country and DWT Director)
ILO Namibia	Hopolang Phororo (Country Director) Natalia Halweendo (in-country liaison between ILO and authorities) Bernd Mueller (DWT)
UNDP Albania	Abi Dodbiba (SDG Financing project officer)
UNDP Sustainable Finance Hub	Sara Lisa Orstavik (SDG impact standards expert)
<b>LIST OF REVIEWERS</b>	
ILO Multilateral Cooperation	Amber Barth Wolfgang Schiefer
UNDP Sustainable Finance Hub	Tim Strawson (SDG Finance specialist) Enkhzul Dambajantsan (Policy Specialist, SDG Finance)
UNDESA	Oliver Schwank Yanis Konstantin Kuehn-Von Burgsdorff

<sup>29</sup> To the extent possible reference has been made to the [IATF Financing Strategy guidance](#)



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