INFF Integrated National Financing Frameworks

International Labour Organization

U N D P

Guidance on Mainstreaming Decent Work in INFFs

Working Draft

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LIST OF ACRONYMS

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
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?

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 4.1 billion people, or 53% of the world´s population, have pushed extreme poverty upwards for the first time in twenty years (by around 100 million people). Working poverty is back to 2015 levels, when the 2030 Sustainable Development Agenda was set.

Financial needs. Massive investments are needed to reverse the 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 are frequently forced to make difficult budget decisions. Financing social investments may not always be a priority vis-à-vis demands like servicing debt, paying wages, fighting inflation or stagflation, etc. Yet, financing social investments is key to boost productivity for a sustainable 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 not only 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 therefore critical, its relevance reflected in recent multilateral initiatives supported by the UN Secretary General such as: (1) the Global Accelerator on Jobs and Social Protection for a Just Transition, which aims to channel investments towards a job-rich recovery using INFFs to catalyse financial resources; or (2) the Global Coalition for Social Justice, which aims for 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 description follows of objectives, audience and structure of the guidance note. The third part presents a first practical guidance note version. 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.

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 formality**;** investing in climate action for jobs and a just transition; investing in labour standards.

ACKNOWLEDGEMENTS

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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. Please contact us using the details below if you wish to contribute new information filling the contact form in inff.org/contact-us or through the below functional email:

Multilateral Partnerships and Development Cooperation, ILO (multilaterals@ilo.org)

1. INTRODUCTION TO INFFs AND CONNECTION TO 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[1] (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 link financing strategies and national sustainable development visions to mobilise the mix of financial resources required to achieve the SDGs. 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)[2]. 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) [3].
- **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, **eighty-six countries[4] are already adopting INFFs** to shape national financing strategies, and at least ten are exploring the possibility or ready to soon adopt an INFF approach. Twenty-one of the eighty-six countries are already, as of July 2022, in the process of developing and negotiating their financing strategy, and a similar number are expected to develop theirs over the coming year.

[1] IMF 2019 estimate: https://blogs.imf.org/2019/01/31/mind-the-gap-in-sdg-financing/
[2] IMF 2021 estimate: https://blogs.imf.org/2021/04/29/achieving-the-sustainable-development-goals-will-require-extraordinary-effort-by-all/
[3] ILO, World Social Protection Report 2020-22: Social Protection at the Crossroads – in Pursuit of a Better Future, 2021
[4] 70% of Least Developed Countries (LDCs), 60% of Middle-Income Countries (MICs) and almost half of all Small Island Developing States (SIDS).

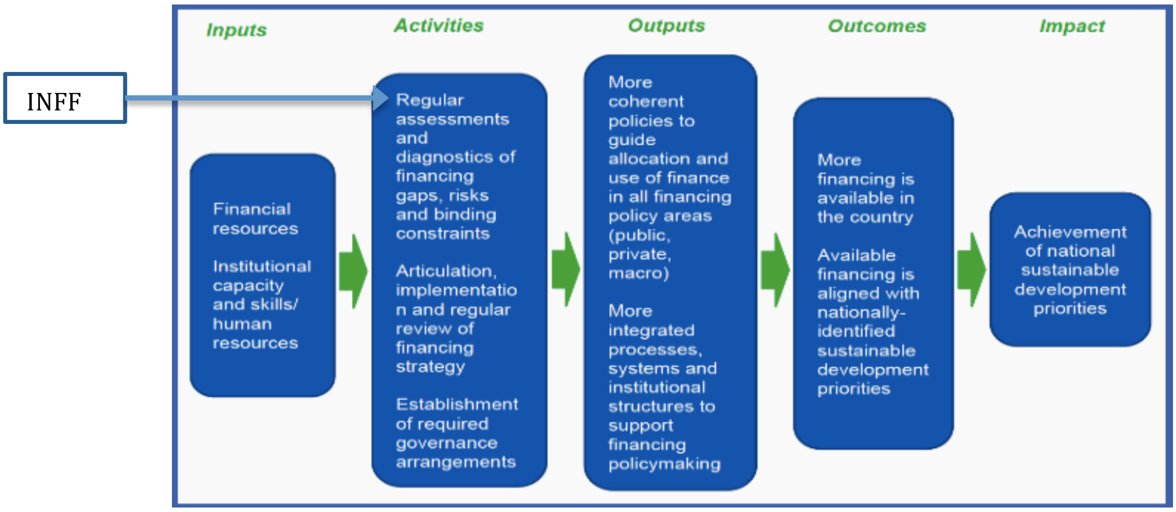
- An ever-increasing number of **international development and financing partners** are engaging in INFFs at the country level in various ways, participating in financing dialogue (e.g. participating in oversight committees), providing technical assistance, financing projects and promoting a South-South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

WHAT IS AN INFF?

(Further information can be found here)

- **An INFF is a planning and delivery tool** that provides a structure for governments to lay out a strategy to mobilise and make the most effective use of all types of finance for sustainable development priorities and SDG-aligned recovery plans at the national level. It helps 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)[6] through alignment with an 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.
- **What it is not.** Most countries already have financing policies and institutional arrangements in place and hence 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 identify gaps and opportunities for resource mobilisation in a coherent and coordinated manner. As such, the process is country led and tailored to align with existing policy, planning and budgeting cycles.

Figure 2. INFF Theory of change

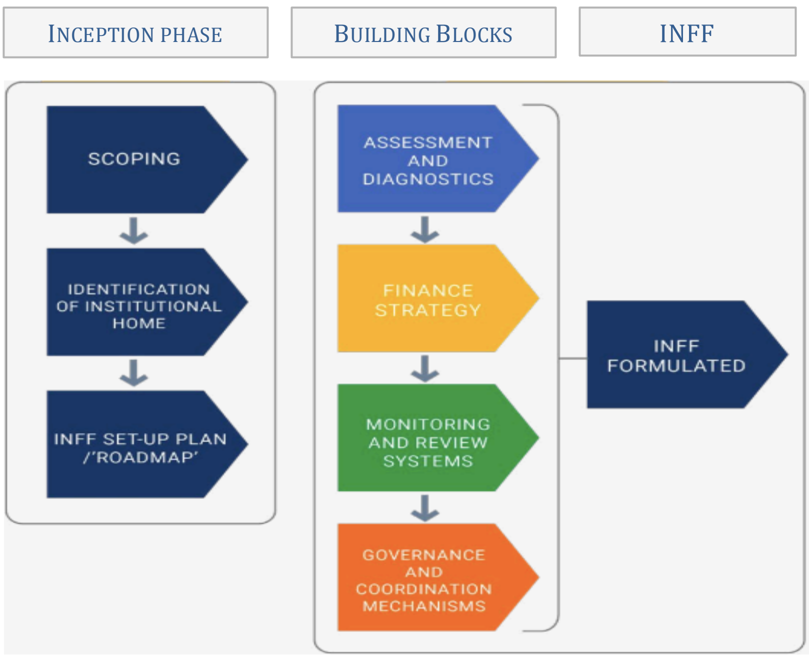


[5] As reflected in Agenda 2030, South-South and Triangular Cooperation (SSTC) has become a key modality of development cooperation. It helps increase the relevance of socioeconomic dimension of the SDGs and the Decent Work Agenda. It promotes networking among countries of the Global South to share and 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.

[6] 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.

- **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.
- **Building blocks (BB) of an INFF** (broadly matching the ILO programming / financing / resource mobilisation processes and phases):
    - *Assessment and diagnostics (BB1)*. Assessment of financing needs, landscape, risks and policy and institutional binding constraints. Such information is frequently reflected in Development Finance Assessments (DFA).
    - *Financing strategy (BB2)*. Design of a financing strategy for mobilising and aligning resources, whether public, private, domestic, and/or international.
    - *Monitoring and review (BB3)*. Set up of mechanisms for tracking government actions, outputs, outcomes, and results of the INFF, and enriching the process through lessons learned and needed adjustments.
    - *Governance and coordination (BB4)*. Formalisation of institutional mechanisms for public and private collaboration and coordination to guide and inform the process.
- 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.

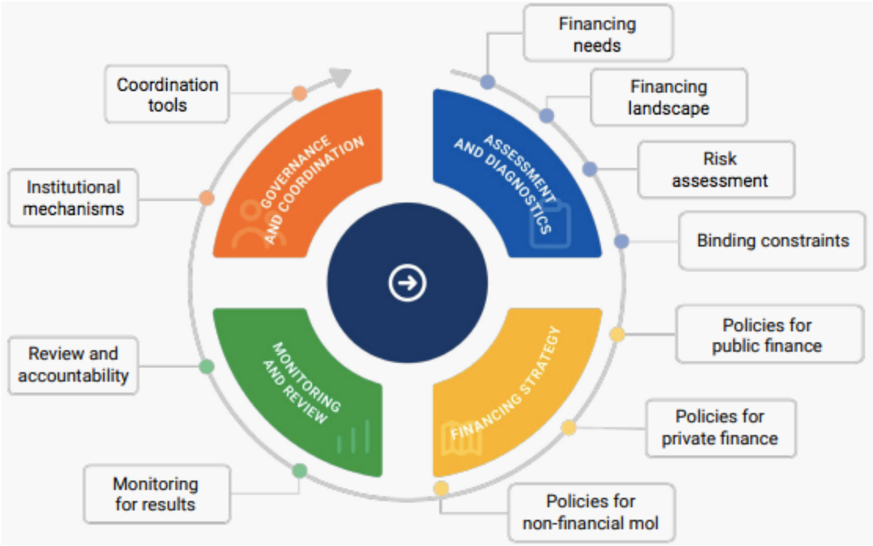
Figure 3. Overview of INFF process and milestones



- **Building block logic**. The INFF process above is not necessarily a sequential exercise, as each block informs the rest. 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 undertaken in the *Assessment and diagnostics* building block (BB1). In turn, it 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).

  The resulting framework provides the basis for INFF implementation, a self-reinforcing process as each building block continually informs the rest during operationalization (guidance from coordination mechanisms, feedback from monitoring and review, etc.). Hence the wheel-like representation below.

Figure 4. The four building blocks of INFF



- **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 are linked to a medium-term national development plan**, supporting aspirations across economic, social, and sustainable 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.
- Available INFF resources for further exploration of the INFF approach and its building blocks include:
    - INFF Knowledge Platform, a digital space for the INFF community to learn, share and connect.[7]
    - INFF Global Guidance, a step-by-step approach bringing together tested methodologies and tools from various development partners. The guidance for each of the INFF building blocks can be found on inff.org, for example the financing strategy guidance (links are provided under each of the building blocks throughout this document).
    - INFF Dashboard, an overview of global progress by country type, sector and policy area.
    - 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. It helps governments and their partners at the national level realise the potential of the INFF approach to transform national financing systems and accelerate progress toward the SDGs.

What is Decent Work and its role in sustainable development

- **Decent work** refers to opportunities for productive work that deliver 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:

[7] The option to subscribe to the INFF Quarterly Newsletter is available to receive news and events straight to your inbox.

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[8]. The transition to renewable energy and the circular economy could generate over 100 million jobs[9], and doubling investments in education, health, and social work could create another 269 million jobs[10].

  Such 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 4 education, SDG5 gender equality, SDG 10 inequality, 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, while facilitating the transition towards a more sustainable economy.

What is the connection between 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 a broader socio-economic strategy. Nowadays, Decent Work Agenda elements feature among the priority objectives of an increasing number of new generation national development plans and/or Covid-19 recovery strategies.
- **Implementation of new generation NEPs**. Many countries are accordingly revisiting or in the process of designing National Employment Policies (NEPs). Such policy is not the ultimate goal, which is rather the attainment of the results of its implementation. 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.
- **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,

[8] UN Secretary-General's report "Our Common Agenda".

[9] 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).

[10] ILO, Care work and care jobs for the future of decent work, 2018.

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 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: the Global Accelerator on Jobs and Social Protection for Just Transitions.

  The Global Accelerator aims to 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, as well as extend social protection floors to the people currently not covered (about 4 billion men, women and children). This would require US$982 billion in fiscal stimulus to support jobs and a just transition, and US$ 1.2 trillion annually for social protection[11]. Such objectives are to be reached by implementing integrated employment and social protection policies, supported by relevant financing strategies anchored in the INFFs, which are therefore expected to increasingly integrate decent work throughout its various building blocks.

  The Global Accelerator associated Technical Support Facility 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) [12].

- **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 needed resources, (2) expected decent work outcomes and how to systematically conduct monitoring and review, and (3) governance and coordination mechanisms necessary for achieving these results within the context of the sustainable development agenda, including through the Global Accelerator on Jobs and Social Protection for Just Transitions.

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 in a sustainable and coherent manner for a human-centred socio-economic recovery or progress. Yet, it is equally important to understand how financing policies and mechanisms considered for the realisation of other development objectives may inadvertently support or decelerate the achievements under the four interrelated pillars and cross-cutting elements of the Decent Work Agenda.

  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 gender. A sensitive approach 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 them differently.

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[11] Secretary-General's Policy Brief, Investing in Jobs and Social Protection for Poverty Eradication and a Sustainable Recovery

[12] See also the Financing roadmap of the Global Accelerator: Roadmap: Financing - Global Accelerator on Jobs and Social Protection for Just Transitions (ilo.org)

Similarly, a sound understanding of how financing policies and implementation mechanisms (whatever their objectives) may impact any decent work achievement is essential to advance Agenda 2030 and its socio-economic dimension. This requires engaging key social partners of the country´s economic structure in constructive dialogue, which includes the government and its constituents in the world of work (employer and worker representatives).

- **Support for mainstreaming decent work in INFFs.** To support governments embracing and leading an INFF in adopting a decent work lens or "decent work sensitivity" approach throughout the building blocks leading to the financing strategy, the ILO and UNDP, in coordination with UNDESA, have developed a practical guidance note that will be further enriched with lessons learned as practical country examples evolve, and as further guidance needs are identified.

  Please contact us using the following contact details if you wish to contribute new information: ILO´s Multilateral Partnerships and Development Cooperation at multilaterals@ilo.org.

- **The ILO can further support its constituents**[13] (governments, employer and worker representatives) and help them productively engage in mainstreaming the Decent Work Agenda´s four pillars and cross-cutting objectives through all SDGs and building blocks of an INFFs by**:**
  - Contributing its **technical expertise** and know-how to identify needs and opportunities;
  - Conducting awareness-campaigns and **capacity building**;
  - **Promoting a tri-partite approach** and social dialogue, underpinned by international labour standards. Such approach is a strong asset connecting government and key economic and social actors, including employers' and workers' organisations both in the formal and informal sectors, to ensure the views of all social partners are reflected in labour and financing policies, programmes and instruments.

  Contact points for support are ILO Country Offices (see "Regions and Technical Cooperation" scrolling down here). For countries with no country office, contact details by technical area are provided under the Assessment and Diagnostics building block in the guidance note.

[13] 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.

2. KEY FEATURES OF THE TECHNICAL GUIDANCE NOTE

OBJECTIVE

- The practical guidance note intends to facilitate the engagement and dialogue of governments, relevant national state and non-state actors and/or supporting international development partners on the understanding and 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 the former in formulating and effectively operationalizing an INFF and its financing strategy or engaging in peer-learning initiatives among actors of the Global South.

STRUCTURE

- Structured **around the objectives and tasks of the inception phase and building blocks of an INFF** (as set out in section 1), the guidance offers:
    - Basic information on the building blocks or brief overview of covered decent work technical areas (below).
    - Guiding questions to bring decent work policies and institutional frameworks into the INFF process, and identify entry points for advisory, technical assistance capacity building.
    - Analytical and planning tools.
    - Country experiences and good practice approaches[14].
- **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, social protection, social dialogue), the different technical areas under a single pillar (e.g. the employment pillar ranges from employment policies and skilling, to formalisation, 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 key decent work technical areas (details on each area in the assessment and diagnostics section):
    - Unlocking fiscal space through job-rich growth
    - Investing in social protection
    - Financial sector´s role in promoting decent work
    - Fostering pathways to formality
    - Investing in climate action for jobs and a just transition
    - Investing in labour standards

[14] 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 (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 of the countries, the ILO is more engaged in INFF formulation than in others, where 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 guidelines 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 process of an INFF 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* is articulated[15], which 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, social protection or, more widely, socio-economic inclusiveness (almost always the case) feature among national development or recovery plan priorities supported by the financing strategy resulting from an INFF, the corresponding policy areas and relevant actors should be engaged from inception. For example:
  - An active engagement of labour related institutions and actors (including critical players like the Ministry in charge of labour and social protection, labour unions and employers organisations, and partners like the ILO[16]) from early on through either direct inclusion in the INFF oversight committees, technical working groups or through dialogue platforms would strengthen the "decent work sensitivity" (see/review concept in the introductory section *Mainstreaming Decent Work in INFFs*) and the inclusiveness or integrative character of the INFF process.
  - Mapping decent work stakeholders, to engage other key actors in dialogue early on, for example through social-dialogue platforms, to ensure awareness of the INFF process and their role in it from the outset.
  - Mapping the existing decent work related regulatory, policy and institutional framework at inception would help identify and highlight analytical or any other gaps to address in the next steps of the process.
- Tapping into SSTC modalities could be a helpful approach while scoping for information to start configuring the INFF roadmap and buy in support across relevant stakeholders. Drawing from the experiences engaging constituents and social agents and mainstreaming decent work in INFFs in other 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?*

[15] Note that in practice many countries complete key assessments and diagnostics, notably often including a development finance assessment, during the inception phase to feed into the INFF Roadmap.

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

- ***Development objectives.*** *Does the national development framework explicitly consider decent work aspects, job creation, the impact on employment of planned economic transformation (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?*[17]

- ***Financing needs*** *Have relevant financing needs assessments 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 the Decent Work Agenda of policies governing finance and instruments for implementation considered to attain other 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?*
  - *The trends, risks, binding constraints of financing resources linked to sustainable development outcomes related to any of the four pillars of the Decent Work Agenda?*
  - *The existing and planned financing policies and most actively used instruments in relation 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? And of relevant non-state actors (employers, workers, informal sector, etc.) and dialogue platforms? How are these (or how will they be) represented 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 the INFF governance and coordination structures?*

- ***INFF roadmap****. Does the INFF roadmap make reference to steps needed to close the identified gaps, in terms of:*
  - *Institutional set-up for INFF process (including the engagement of the 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 of the four building blocks: (1) assessment and diagnostics, (2) financing strategy, (3) monitoring and review, (4) 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 catalyse financing to reach the most vulnerable, especially children, women and the elderly, who are disproportionately affected by poverty.

- **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

[17] 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.

social protection floor; identify innovative approaches, tools, and financing mechanisms; and develop a national strategy for financing comprehensive social protection floors.

- **Contribution to the INFF**. The preparatory and analytical work through trainings, studies and assessments is helping the Government define the focus of the INFF. Whether the focus ends up being the overall SDG-aligned *National Strategy for development and integration* (2022-2030), or just part of it, social welfare challenges, in the form of decent work and social protection, are to be addressed in Albania´s INFF. Even if not directly involved in the formulation of Albania´s INFF or preparation of the DFA, early ILO engagement with UN agencies guiding the process: is contributing to inform the relevant parts of the DFA and stakeholder consultations that the financing strategy will draw upon; building institutional capacity; and assessing further needs.

BANGLADESH

- **Bangladesh INFF** focuses on SDG 6 (Clean water and sanitation), SDG 7 (affordable and clean energy) and SDG 13 (climate action), where the ILO´s technical areas are crosscutting. Despite the absence of goals more directly related to decent work (like SDG 8), the ILO is helping the government put in place an INFF together with the other PUNOs (UNDP, UNDCDF and UN Women) to more effectively mobilise required resources from public and private sources for attaining the SDGs by 2030. The ILO is leading on private sector engagement.
- **Decent Work Elements** include:
    - **Leading multi-stakeholder dialogue.** During the inception phase, the ILO-CO conducted stakeholder consultations (government agencies, IFIs and Development partners, NGOs, academia and 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 financing SDGs. This has paved the way for effective tripartite social dialogue down the road on SDG 8 financing using the INFF. Furthermore, 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 their 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 framework of the DFA); and MSMEs needs assessment in the three SDG areas of the country´s INFF.
- **Contribution to INFF**. As a result, a valuable knowledge base has been created for an informed social dialogue. 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

- **Bosnia and Herzegovina (BiH)´s INFF** will support the SDG Financing Framework, the country´s first long-term development agenda in a decade, adopted in 2021. The INFF is 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 (social protection and labour, education, health, and nutrition) with particular attention to women, children, and youth.
- **Decent work elements**. UNDP, UNICEF, and the ILO are supporting the Government of BiH to define the objectives of the INFF at the very early stages and set up the preparatory work for the operationalization of the various building blocks. 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.
- **Contribution to the INFF.** The capacitation and preparatory work will contribute 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, ILO, UNODC and the Joint SDG Fund.
- **Engagement on Decent Work**. 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 thereby 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 support of the Joint SDG Fund programme´s implementing agencies: UNDP, UNICEF, UNFPA and ILO, who is providing support for SDG 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 model for pensions and the emergency fund proposed by the government to extend social protection to informal workers, information 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 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 initially 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 other development goals**. 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, aligning its investment portfolio to impact national SDG priorities, with a focus on environmental sustainability and gender equality, is at the forefront of the integrated financing strategy.
- **Decent Work central from inception**. The ILO has engaged from the early stages of the INFF through participation in the F4D UN working group that is guiding the setup of the INFF, to ensure decent work is figures as a core component of the 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 oriented.
- **Decent Work Inclusion:** Together with UNFPA, the ILO is supporting the government to develop and implement pro-employment and gender-responsive budgets through: (1) national budget analysis to assess employment and gender responsiveness; (2) developing 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 - Capacitation of public sector stakeholders of the INFF**. 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 oversight committee and the national public-private dialogue platform, to provide an informed contribution to the formulation (and steps leading to it), implementation and monitoring of the integrated financing strategy.

BUILDING BLOCK 1: ASSESSMENT AND DIAGNOSTICS

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 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.**
- 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 six 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
    - Investing in sustainable enterprises
    - 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 analysis of financial flows undertaken?*
- ***Impact on decent work policy goals.*** *If not specific goals of the national development framework or recovery plan**,** have 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 analysis of financial flows undertaken ("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**[18] 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?*

[18] **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 formulating a financing strategy.

Consultation with key stakeholders during the scoping phase can compile existing analysis to the extent that it is available. (E.g.: UN Common Country Analyses, World Bank's Systematic Country Diagnostics, Public Expenditure and Financial Accountability assessments, debt sustainability assessments, taxation reviews, development cooperation reviews, investment policy reviews, financial sector assessment programme reports and enterprise surveys, or Decent Work Country Programmes or DWCPs).

- *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 that target financing 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 to address 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, which is also strongly linked to poverty reduction. Any action in support of SDG 8 will also contribute to reduce poverty (SDG 1) and inequalities within and among countries (SDG 10), ensure good health and well-being (SDG 3), advance gender equality (SDG 5), and 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.
- **Decent work and social protection financing.** Sustainable and resilient social protection systems through the ups and downs of economic cycles rely on two main financing sources: government revenues, and workers' and employers' social security contributions. Such contributions form, together with net wages and other earnings, a central element of the income distribution mechanism to reduce vulnerabilities, inequalities, social exclusion, and poverty. Higher wages and earnings from work translate into higher contributions. Likewise, government revenue also depends on the economy's capacity to provide an environment conducive to decent and productive employment and sustainable enterprises, which in turn secures the needed fiscal space for redistributive policies. Hence the relevance of both rates and quality of employment, i.e. a decent work for all.

HOW TO PROMOTE JOB-RICH GROWTH TO UNLOCK FISCAL SPACE?

- 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 sustainable and inclusive growth driven by a stable and productive private sector that creates

decent work opportunities for all. That is, 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 encouraging financial inclusion and a supply of credit for producers.
  - Fiscal policies that consider the economic and fiscal multiplier effects of social protection systems and minimum wage policies on aggregate demand; multiplier effects 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 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 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 to enhance synergies in terms of indirect and induced jobs.
- **Mainstreaming employment in private investment policies**: FDI is a key and relatively stable source of external private finance for many developing countries, hence the relevance of strategies and public policies for attracting FDI in their INFFs. The new generation of private investment policies in many of these countries (targeting both FDI and domestic investment) are better integrated with sustainable development strategies, and open opportunities to stimulate job creation and maximize the employment content of private investment (both qualitatively and quantitatively), especially when informed by employment impact assessments.

  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 by boosting local productive capacities that are dependent on human resources and skills development, technology and know-how, infrastructure and enterprise development.
- **Financing strategy and social dialogue**. Besides policy design, the process of policy implementation is key. Success in implementation rests on adequate financing strategies and coordination across a comprehensive set of measures and relevant ministries, agencies, institutions. Hence, 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 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, enterprises 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 gaps?*
- *Has a **pro-employment budget** been considered and implemented? Are results-based budgets with employment and labour market indicators being used? Is there an understanding of the major 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, including active and passive labour market programmes? And about the impacts of the shift to indirect taxes, such as consumption taxes (VAT), on meeting SDG8?*
- ***On FDI attraction and regulations:** How does boosting employment and creating decent work feature in policy statements regarding the private and financial sector development and investment promotion and facilitation? What relevant incentives (particularly when tax incentives and grants) are available to foreign investors, which can impact decent job creation? How is employment defined? 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?*
- *Have relevant **social partners** been consulted in the 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 the social partners 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 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 NEPs 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) (upcoming)

  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. The aim is 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 the Global Accelerator's 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 will assist to: (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 the country proposals and their conformity 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 of Bangladesh is designing an INFF to more effectively mobilise the required resources from public and private sources for advancing in the attainment of the SDGs by 2030, specifically 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, ILO and UN Women. The ILO is leading on 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 around SDG 8 financing using the country's INFF down the road, 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. It is doing so with the support from the Joint SDG Fund programme´s implementing agencies: UNDP, UNICEF, UNFPA and the 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 simultaneously 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, and (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; emplab@ilo.org

INVESTING IN SOCIAL PROTECTION

BRIEF OVERVIEW

BASIC NOTIONS

- **Social protection** is a basic right of all individuals, reflected in article 22 of the Universal Declaration of Human Rights, which states: “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 levels of development (vertical dimension).
- **Social protection floors** are nationally defined basic social security guarantees that ensure that, at a minimum and over the life cycle, all in need have access to essential health care and basic income security, which combined grant effective access to the goods and services defined as necessary at the national level.

WHY IS IT IMPORTANT?

- **Social and economic benefits**. National social protection floors are key to reducing and preventing poverty, vulnerability and social exclusion or inequalities. They promote 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 (which includes target 1.3 on the implementation of nationally appropriate social protection systems and measures for all, including floors), 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 stabilizing aggregate demand and by providing the necessary structures for rapid deployment of crisis response measures (e.g., top-up of benefits, registration or payments to additional beneficiaries). Moreover, social protection measures are indispensable to facilitate the necessary transformation processes towards more sustainable production and consumption patterns requiring phasing out 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 countries with high- and low-income levels has been exacerbated.
- **Financial needs**. To guarantee at least basic income security and access to essential health care for all in 2020 alone, developing countries needed to invest approximately US$1.2 trillion, on average 3.8 per cent of their GDP (15.9 per cent in low-income countries, 5.1 per cent in lower-middle-income countries), a financing gap that has increased by approximately 30 per cent since the start of the COVID-19 crisis[19]. Yet evidence of economic multiplier effects of social protection point to a return on such investments, thereby reducing the net-costs.
- **Financing sources**. Building the social protection systems that can 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 building resilience. Credit paired with financial education or business development services and the introduction of micro insurance and emergency loans may be effective tools for promoting decent work outcomes, formalization of enterprises and enhancing business performance, all of which contribute to expanding fiscal space.
- **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, is critical to expand the number of people protected, the degree or quality of protection, or the fiscal space needed through a process of formalisation.

GUIDING QUESTIONS

- ***Social protection gaps***. *Are there pockets of the society excluded from social protection? Do existing schemes and programmes 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 of gaps in population coverage, comprehensiveness of risks covered or adequacy of benefit and underlying reasons?*
- ***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?*
- ***Social protection floors***. *Does the strategy prioritize building a floor of social protection? If the country already has a social protection floor, are there still coverage gaps in the country´s social protection systems with respect 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?*

[19] World Social Protection Report 2020-22

- ***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 and/or contributory schemes? Is there a clear understanding of the major impediments hindering the needed fiscal space? And of how major risks the country faces could impact the needed fiscal space, and of how to reduce vulnerability?*
- ***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 and floor guarantees? And to assess financing needs and strategies, such as domestic revenue mobilisation or formalisation of the informal sector to increase social security contributions? (Refer to the section on sustainable enterprises and formalisation)*

Resources and tools

- ILO recommendation No 202 and Policy brief on the financing gaps for social protection

  Recommendations and policy brief include guiding principles on financing social protection
- Interagency Social Protection Assessment (ISPA) tools

  Suite of tools to analyse the performance of a 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: analysis of the size of social protection expenditure, and financing options; 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 and financing options assessment, social protection budget, 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:
  1. Expanding social security coverage and contributory revenues.
  2. Increasing tax revenues.
  3. Eliminating illicit financial flows.
  4. Re-allocating public expenditures.
  5. Using fiscal and central bank foreign exchange reserves.
  6. Borrowing and restructuring existing debt.
  7. Adopting a more accommodating macroeconomic.
  8. Increasing aid and transfers.

- Global Accelerator on Jobs and Social Protection for Just Transitions - Technical Support Facility (TSF) (upcoming)

  The Global Accelerator is a multilateral initiative launched by the UN Secretary General to implement integrated employment and social protection policies, supported by relevant financing strategies anchored in the INFFs. The goal is 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 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 the Global Accelerator's 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 will assist to: (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 the country proposals and their conformity 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

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 disproportionally 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 ILO, who is providing advisory and building institutional capacity to: (1) assess, at central and municipal level, the fiscal space and affordability of a social protection floor; (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 support with the technical, preparatory, and analytical work, through trainings, studies, and assessments, to help the Government define the focus of the INFF, which will cover decent work and social protection. Even if not directly involved in the elaboration of the DFA, early ILO engagement has contributed to the integration in the DFA of the results of analysis and cost estimates on social protection, and it is building institutional capacity for the development of a financing strategy.

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). It is doing so with support from the Joint SDG Fund and the funded programme´s implementing agencies: UNDP, UNICEF, UNFPA, and ILO, who is assisting the government in SDG costing and landscaping 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. It is doing so with support from the Joint SDG Fund and the funded 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 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, 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.
- **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
- **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 a significant potential to contribute to the Decent Work Agenda and SDG 8, as well as other SDGs through the crosscutting effect 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, the engagement with the sector across the building blocks of the INFF should take place at various 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 the 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 ENGAGE THE FINANCIAL SECTOR?

- A good understanding of the financial sector requires a robust mapping of the sector in the country as a first step (see guiding questions below). 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. Such services include: 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 and insurance) for income generating activities, to increase productivity and enhance risk management.
  - **Insurance.** Promoting the contribution of insurance and insurers to the SDGs, and decent work. 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 and agricultural, as well as SMEs-related risks.

  - **Sustainable investing.** Increasing SDG-aligned investments that promote decent work through engagement with investors and their networks (such as the Global Impact Investing Network – GIIN, or the 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 with policy makers and central banks setting standards.
  - At industry and support organisation level, by engaging with industry associations and training institutes for financial institutions helping translate policy into actions.
  - At service provider level, by engaging with: banks, microfinance institutions (MFIs), credit unions, financial providers of insurance services, Fintechs, and 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, and 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 to the sustainable development goals.

Guiding questions

- ***International labour standards commitments***. *What international labour standards has the country ratified that the financial sector needs to abide by?*
- ***Financial sector regulatory framework.*** *What legislation or principles guiding standards compliance by the financial sector are in place? Do sustainable development and decent work aspects feature in such principles?*
- ***Scope.*** *To whom do such principles apply? (E.g., just commercial banks, or all financial sector service providers in the country like non-bank financial institutions, microfinance institutions, foreign investors, insurance companies, etc.). Which are the authorities supervising the implementation of such legislation and principles?*
- ***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 that help build capacity 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? What is the demand not met in terms of financial instruments and tools? How can the gap between demand and supply of financial services contributing to the SDGs and the Decent Work Agenda be narrowed? Have SDG impact investment areas and opportunities been identified that relate to decent work?*
- ***Monitoring and reporting.*** *What monitoring and reporting practices do actors across the financial sector follow? How does reporting on decent work (for employees or for lending/investment portfolios) feature? What best practices exist among leading firms? What incentives exist for firms to enhance monitoring, management and reporting in relation to decent work?*
- ***Social dialogue***. *How do financial sector actors collaborate with Employers and Workers Organisations to promote social dialogue? Is there an institutionalised mechanism to promote dialogue around baselines and targets, needs and obstacles to define policy options that help overcome the deterrents limiting the financial sector's contribution to SDGs and the Decent Work Agenda? (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 role in achieving decent work for all? What are the capacity-building needs in this regard, or in order to:*
  - *Facilitate the financial sector´s due diligence and compliance with international labour standards and national regulatory framework governing decent-work aspects?*
  - *Improve sustainability management at the level of financial service providers (including, among others, policies, procedures, impact measurement and management tools)?*

- *Develop financial and non-financial products and services and/or innovative delivery channels targeted at under-served market segments?*
- *Develop 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 formalisation 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 identified and tested, between 2008 and 2012 and in collaboration with ILO, by 16 microfinance institutions to foster social impact through the delivery of innovative financial and non-financial services. 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 embed insurance in strategies to 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 to 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) to help businesses and investors operate more sustainably and optimise their contribution to sustainable development 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, including guidance, self-assessment tools and trainings to help perform gap analysis, prioritise actions and develop action plans, have been developed for enterprises, private equity funds, debt and venture capital fund managers, and for bond issuers. An external assurance framework and **SDG Impact Seal** are soon to be available to incentivize 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 business models that have gone through a screening process 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 initiatives in the agricultural sector 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), ITC-ILO and 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 – how a social and environmental management system translates intention into action

  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 a 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 in the attainment by 2030 of 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, 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 of such analytical work deals with investments in bankable opportunities in the three development priorities (water, energy, and climate) that contribute to decent work and gender equality. 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.** To address the challenges faced by a Small Island Developing State 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 of such ventures supports the promising pineapple value chain through a mix of solutions to address the financing constraints, including: a collateral support facility to de-risk commercial bank loans and incentivise private sector banks to lend to smallholder farmers; a cooperative that 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, 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.

- **Engagement in private financial contribution to jobs in sustainable economic activities**. With the Joint SDG Fund support, UNICEF, UNDP, UNFPA, UNECA, and the ILO are assisting the Government of Zambia to define and set up the framework's building blocks. Furthermore, an upcoming Joint SDG Fund catalytic investment programme proposed by UNDP, WHO, FAO, ILO, and WFP would support a breakthrough initiative in Zambia: the world´s first tobacco control social impact bond (T-SIB). The WHO Framework Convention on Tobacco Control (WHO FCTC) recognizes the need to promote economically viable alternatives to tobacco production to prevent possible adverse social and economic impacts on populations whose livelihoods depend on tobacco production. The T-SIB aims to support tobacco farmers in Zambia to transition to economically viable and environmentally sustainable alternatives using an innovative 'pay-for-success' financing model to leverage capital from the private sector. A concept note has been submitted to the Joint SDG Fund, and the initiative is in the design and fundraising phase. If successful, the pilot of the T-SIB in Zambia will lead to regional scale-up in tobacco growing countries (Tanzania, Madagascar, Malawi, Zimbabwe and Mozambique), based on knowledge sharing and peer learning from the experience in Zambia.

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
- **HQ and field offices focal points** are under staff list here

FOSTERING PATHWAYS TO FORMALITY

BRIEF OVERVIEW

BASIC NOTIONS

- **Decent work and formality.** The reduction of decent work deficits in the informal economy requires an integrated approach which addresses the four pillars of the decent work agenda - full and productive employment, rights at work, social protection, and the promotion of social dialogue - simultaneously. Reducing decent work deficits in the informal economy is one of the results of formalization but it is, at the same time, an enabling condition that facilitates transition to formality. Addressing decent work deficits progressively reduces vulnerabilities and increases the capacity of workers and enterprises to enter into the formal economy in a sustainable way.

- **Informality** in **developing countries.** Yet a high incidence of informal enterprises among MSMEs exists in developing countries due to burdensome regulations, limited entrepreneurial and technical skills, or poor access to markets and financial services that would allow a higher growth potential and revenue generation, taking advantage of business opportunities, becoming more productive and competitive, and managing risks more effectively.

- While **informal enterprises** constitute a source of livelihood for people who cannot enter the formal economy, especially in developing countries, they also tend to face low growth and productivity, and 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.

WHY IS IT IMPORTANT?

- **Formalisation is therefore pivotal in reaching the objectives of Agenda 2030**. 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) and partnerships (SDG 17), as well as 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.

The path to formalisation

- **Strategy and associated implementation plan**. To address the negative aspects of informality, while preserving the significant job creation and income generation potential of the informal economy, legal, regulatory and compliance frameworks have to be accompanied by a, **comprehensive and integrated strategy** and subsequent implementation plan that is tailored to the characteristics and needs of the targeted informal enterprises (e.g., enterprises ready to formalise benefit from incentives and better-adapted policies/procedures, while subsistence level entrepreneurs will first require short-run interventions to reduce decent work deficits and create the conditions to formalize in the longer term).
- **No-harm approach**. While keeping their focus on formalisation, 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 formalized enterprises to become informal, negatively impacting decent work conditions.
- **Engagement in INFFs**. To target the specific obstacles businesses face in their path to formalisation, 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[20]. All actors should be engaged from the start, i.e., from inception and assessment and diagnostics phases.
- The **multifaceted nature of formalisation** crosscuts through other technical areas in the guidance note that may need to be referred to, such as financing or social protection. For more information on the concept of informal enterprises, the relevance of and path to formalisation, 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 programmes explicitly consider the quality of employment creation, promote respect for workers' rights, and/or facilitate the access of enterprises 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 to other business services and 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 formalisation** of the economy in the country? Have social and private sector development policy options to overcome the deterrents to formalisation been identified? 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 enterprises' perspectives and needs to engage in a path towards formalisation? That is, are they tailored to the targeted segment of enterprises 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? How major risks the country faces could impact such support, and how to reduce 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.)? Are participants aware of the theory of change on enterprise formalisation for decent work? If not, is there an awareness campaign strategy?*
- ***Capacity building**. What, if any, capacity building is needed for social partners to productively contribute to the dialogue around formalisation strategies, action plans, needs and types of financing, and monitoring of results?*

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[20] For example, 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; or benefits, through access to social protection schemes, or productivity-enhancing services in the form of business development services or access to finance through subsidised loans, dedicated credit lines, guarantee funds, etc.)

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.
- 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 in the attainment by 2030 of 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, 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 of such analytical work focuses on MSMEs' needs to contribute to decent work and gender equality in the three SDG focus areas of the country´s INFF (water, energy, and climate). 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** is in the very early stages as the country´s SDG Financing Framework, the first long-term development agenda in a decade, was 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). It will focus on the social dimension of sustainable development, including social protection and labour, education, health, and nutrition with particular attention to women, children, and youth.
- **Assessing impact of policies to optimise formalisation**. 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) to optimise job creation and formalisation.

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 workers in the informal economy**. The ILO is assessing current public spending to identify measures to 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 allow 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 cantered around 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.

- **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 the emergency fund proposed by the government to extend social protection to informal workers, information of relevance for the DFA and financing strategy.

SURINAME

- **Suriname´s INFF.** To address the challenges faced by a Small Island Developing State 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 livelihoods for marginal farmer communities.** In the above 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 income, while reducing environmental pressure on primary and secondary forests. The first of such ventures supports the promising pineapple value chain, starting with marginal rural and indigenous producers (many continuing century-long family traditional methods for their own or local consumption) through a mix of solutions to address the financing constraints, including: a collateral support facility to de-risk commercial bank loans and incentivise private sector banks to lend to smallholder farmers; a cooperative to centralize 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 SDG oriented private sector development, creating decent jobs, entrepreneurship and innovation, or encouraging formalisation and growth of MSMEs through access to banking, insurance, financial services and markets.
  - Costing and 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.
- **Engagement in economically and environmentally sustainable economic activities**. With the Joint SDG Fund support, UNICEF, UNDP, UNFPA, UNECA, and the ILO are assisting the Government of Zambia to define and set up the framework's building blocks. Furthermore, an upcoming Joint SDG Fund catalytic investment programme proposed by UNDP, WHO, FAO, ILO, and WFP would support a breakthrough initiative in Zambia: the world´s first tobacco control social impact bond (T-SIB). The WHO Framework Convention on Tobacco Control (WHO FCTC) recognizes the need to promote economically viable alternatives to tobacco production to prevent possible adverse social and economic impacts on populations whose livelihoods depend on tobacco production. The T-SIB aims to support tobacco farmers in Zambia to transition to other formal, economically viable and environmentally sustainable alternatives using an innovative 'pay-for-success' financing model to leverage capital from the private sector. A concept note has been submitted to the Joint SDG Fund, and the initiative is in the design and fundraising phase. If successful, the pilot of the T-SIB in Zambia will lead to regional scale-up in tobacco growing countries (Tanzania, Madagascar, Malawi, Zimbabwe and Mozambique), based on knowledge sharing and peer learning from the experience in Zambia.

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, and compliance mechanisms, as well as incentive schemes to facilitate enterprise formalization.
- **Global mailbox**: 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 constitutes 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 the achievement of all those goals, while directly targeting 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 may be posed by climate change and the transition towards a greener economy, as it affects the sectoral composition of national economies. 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 the carbon intensive sector), 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, to generate more and better jobs while promoting structural transformation and enterprise development, skill development, social protection, etc.

HOW TO?

- Addressing both challenges and opportunities of economic restructuring asks for a **consultative process** based on social dialogue and stakeholder engagement involving 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 cuts through other technical areas** in the guidance note that may need to be referred to, such as employment or social protection. For example, just transition could entail investing in sectors that are net zero and employment intensive at once, or government revenues can support climate sensitive social protection systems that address the vulnerabilities to both 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, and the greening of the national economy? Does it address such goals from an employment perspective? That is, does the government promote "green jobs" and a just transition[21]?*
- ***Impact assessment**. Has an assessment of the social impact of national climate policies, specifically on labour markets (job destruction and job creation potentials, including on traditional livelihoods of indigenous and tribal*

[21] A number of countries have included references to just transition in their Nationally Determined Contribution to the Paris Agreement.

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 assessments? 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 been identified to implement the transition plan addressing the priority sectors (e.g., skilling or re-skilling, social protection coverage, etc.)? 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 on the "role of the financing sector" to address financing need 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?*
    - *How major risks the country faces could impact such support and the results of implementation of the transition plan, and of how 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 by ILO prepared 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 to place people's jobs and well-being are at the centre of the transition to a carbon-neutral and climate-resilient economy. It offers a programmatic response and technical support to allow a transition that is fair and inclusive, including through the Global Accelerator on Jobs and Social Protection for Just Transition (see below).

- Guidance tool for just transition in the financial sector

  Just Transition Finance Tool providing financial institutions practical advice on how to embed just transition throughout their operations in their alignment with the goals of the Paris Agreement.

- Global Accelerator on Jobs and Social Protection for Just Transitions - Technical Support Facility (TSF) (upcoming)

  The Global Accelerator is a multilateral initiative launched by the UN Secretary General to channel investments towards a job-rich recovery through integrated employment and social protection policies, supported by relevant financing strategies anchored in the INFFs. The goal is 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 the Global Accelerator's 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 will assist to: (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 the country proposals and their conformity 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 of Bangladesh is designing an INFF to more effectively mobilise resources from public and private sources for advancing in the attainment of 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, ILO, and UN Women.
- **Role of the Private Sector:** The ILO is leading the private sector engagement in the INFF. By raising awareness on how the private sector can directly contribute to the priority 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-related 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 private sector and the world of work constituents, paving the way for tripartite social dialogue on SDG8 financing down the road.
- **Instilling a decent work perspective into SDGs environmental dimension**. As part of the DFA exercise, all SDGs were costed, including SDG8. Two of the subsequent studies and policy notes prepared by the ILO focus on implications of financing SDG8 for labour market policies and constituents in the three priority areas, and investments in bankable projects that are both socially and environmentally sustainable 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 provided technical assistance to an UNDP-led initiative to assess the contribution over 2019-2021 of the Ready-Made Garment Industry (RMG) to nine relevant SDGs, including SDG 8, and to national development. 47 RMG factories

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

(mostly woven, sweater and knot factories) participated in the web-based questionnaire and focus group discussions to report on their contribution to the following SDGs:

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 impact national SDG priorities, with a focus on environmental sustainability and gender equality, is at the forefront of the future integrated financing strategy. Therefore, the ILO is engaging from the very early stages in the INFF through the F4D UN working group, which is supporting the Government in the preliminary stages of formulation of an INFF that tackles climate sensitive social protection systems.

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 SDG-oriented private sector development, creating decent jobs, entrepreneurship and innovation, or encouraging

MSMEs formalisation and growth 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, 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 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.
- **Engagement in jobs for a just transition**. Another upcoming Joint SDG Fund catalytic investment programme proposed by UNDP, WHO, FAO, ILO, and WFP would support a breakthrough initiative in Zambia: the world´s first tobacco control social impact bond (T-SIB). The WHO Framework Convention on Tobacco Control (WHO FCTC) recognizes the need to promote economically viable alternatives to tobacco production to prevent possible adverse social and economic impacts on populations whose livelihoods depend on tobacco production. The T-SIB aims to support tobacco farmers in Zambia to transition to economically viable and environmentally sustainable alternatives using an innovative 'pay-for-success' financing model to leverage capital from the private sector. A concept note has been submitted to the Joint SDG Fund, and the initiative is in the design and fundraising phase. If successful, the pilot of the T-SIB in Zambia will lead to regional scale-up in tobacco growing countries (Tanzania, Madagascar, Malawi, Zimbabwe and Mozambique), based on knowledge sharing and peer learning from the experience in Zambia.

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
- **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 ILO´s Decent Work Agenda, together with the creation of employment opportunities, social protection, and social dialogue. 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 include 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 undertaken 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 is implementation of labour standards being financed? 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 youth employment schemes, and are they themselves involved in the design, implementation, and monitoring of youth employment 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 all conventions and recommendations organised by subject and validity status 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 the conventions ratified by each of the 187 ILO member States.
- Database of national labour, social security, and related human rights legislation

  Database of the 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)

  Offers training, and capacity building for the promotion of decent work and sustainable development, including training 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, including guidance, self-assessment tools and trainings have been developed for enterprises, private equity funds, debt and venture capital fund managers, and for bond issuers to help perform gap analysis, prioritise actions and develop action plans.

  An external assurance framework and **SDG Impact Seal** are to soon operate to incentivise businesses to take action and strengthen internal management practices and decision-making over time, and ensure a positive contribution (or at least not negative) to decent work, among other sustainability criteria.

  The **SDG investor platform** showcases investment opportunities in business models that have gone through a screening process 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.

Who to contact

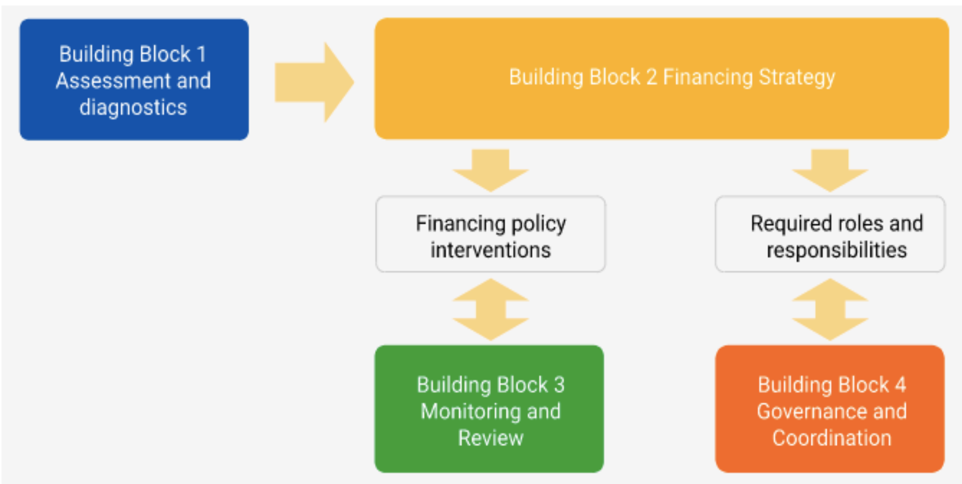
- **ILO International Labour Standards and FUNDAMENTALS specialists** are assigned to ILO offices around the world to provide assistance to government officials, employers' and workers' organisations with issues arising in the region, new ratifications of Conventions, reporting obligations and drafting 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 and fundamentals@ilo.org

Brief Overview

(Further methodological information can be found here)

- **The financing strategy,** informed by findings from the initial scoping and the in-depth analysis undertaken in the Inception and the Assessment and Diagnostics phases, respectively, is at the core of an INFF. It brings together policies, regulatory frameworks, instruments, processes, and capacity development (otherwise often subject to misalignment, fragmentation, and lack of coordination) under one overarching and coherent strategy to mobilise resources for financing national development frameworks, COVID-19 recovery plans and SDGs.
- **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. It is essential to involve 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 between different financing policy areas (public and private financing and macro-systemic issues). To promote integration and ensure coherence, potential synergies and trade-offs, 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 and social protection for all).
  - 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, or lessons learned from the on-going monitoring and review mechanisms should regularly feed back into policy and strategy design adjustments.

Figure 6. How the financing strategy links to other INFF building blocks



- **Elements.** The 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.
  - Needed reforms, new policies and frameworks, and instruments to put policies into practice (regulations, systems, processes, etc.) and 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
Public finance and investment		
Revenue and PFM reform strategies Tax policies, incl. anti-evasion or anti-dumping policies 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
International development and cooperation		
Development and cooperation frameworks and strategies	Grants Loans Blended finance Technical assistance, incl. through SSTC peer-learning	Systems for donor coordination Gender policy marker
Private finance and investment		
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
Macroeconomic/systemic conditions		
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 inadvertently support or 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, 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 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 financing policy solutions identified 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 needs identified? 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 address 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")*
- ***Instruments.*** *How do existing regulatory measures, instruments, or processes for implementation of financing policies 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?*
- ***Resource requirements****. 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?*
- ***Operationalization.*** *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 the actors that need to be consulted identified based on the mapping conducted in the Assessment and Diagnostics building block?*
- ***Engagement.*** *Have relevant constituents from the public and private sector (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 absent? 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:

  1. Expanding social security coverage and contributory revenues.
  2. Increasing tax revenues.
  3. Eliminating illicit financial flows.
  4. Re-allocating public expenditures.
  5. Using fiscal and central bank foreign exchange reserves.
  6. Borrowing and restructuring existing debt.
  7. Adopting a more accommodating macroeconomic stance.
  8. Increasing aid and transfers.

- Global Accelerator on jobs and social protection for just transitions

  UN-wide operational programme help to bring together relevant employment and social protection policy solutions at national level, 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, including in the green, digital, and care economies, and extend social protection coverage to the 4 billion people currently excluded.

A Technical Support Facility (TSF) will support 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 (including 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) and integrated employment and social protection policy solutions to facilitate just transitions and achieve the identified priorities.
- Cost policy solutions, which greatly differs from employment to social protection policies and strategies
- Identify financing policy solutions through the INFF and develop an integrated financing strategy for public and private, domestic and international resource mobilisation in support of the implementation of the integrated policies and strategies. Financing policy options will 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 raise awareness on the relevance of investing in employment and social protection both at national level and with 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 the debt pressure (such as reducing or extending a country´s debt). The ILO has contributed to the development of:

  - Universal standards of social performance management in the microfinance sector and standards for investment in the sector.
  - Quality Jobs investment strategies 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.
  - Impact measurement framework for financial inclusion. In collaboration with the Africa Agriculture and Trade Investment Fund (AATIF), the ILO supports sustainable investments in African agriculture through the development of new impact investment assessment methodologies and monitoring frameworks,
  - 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 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, analysis, 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 of Bangladesh is adopting an INFF to more effectively mobilise resources from public and private sources to finance 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 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 social dialogue and raising awareness on the private sector´s potential contribution to the SDGs:
    - **Multi-stakeholder consultation and social dialogue.** To ensure that the private sector's concerns, contributing ideas, recommendations, and needs for engagement in SDGs and its financing are reflected in the various milestones of the INFF, the ILO-CO has developed questionnaires, methodologies, guiding notes, and tools, and conduced multi-stakeholder consultations, including with the private sector, from MSMES to large corporations and business associations, chambers of commerce, and employer and workers associations. This has paved the way for future tripartite social dialogue on SDG8 financing.
    - **Awareness raising.** The country office has also raised awareness among constituents in the private sector on their potential engagement and contribution to 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 work 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.
- **SDG budgeting.** The ILO and UNFPA are supporting the government to develop and implement 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.** To address the challenges faced by a Small Island Developing State 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 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 of such ventures supports the promising 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 sector banks to lend to smallholder farmers; a cooperative to centralize 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 formalisation 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, including private sector and innovative finance solutions.
- **Engagement in 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 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.

- **Engagement in social impact bonds**. Another upcoming Joint SDG Fund catalytic investment programme will support a breakthrough initiative in Zambia: the world´s first tobacco control social impact bond (T-SIB) proposed by UNDP, WHO, FAO, ILO, and WFP. The WHO Framework Convention on Tobacco Control (WHO FCTC) recognizes the need to promote economically viable alternatives to tobacco production to prevent possible adverse social and economic impacts on populations whose livelihoods depend on tobacco production. The T-SIB aims to support tobacco farmers in Zambia to transition to economically viable and environmentally sustainable alternatives using an innovative 'pay-for-success' financing model to leverage capital from the private sector. A concept note has been submitted to the Joint SDG Fund, and the initiative is in the design and fundraising phase. If successful, the pilot of the T-SIB in Zambia will lead to regional scale-up in tobacco growing countries (Tanzania, Madagascar, Malawi, Zimbabwe and Mozambique), based on knowledge sharing and peer learning from the experience in Zambia.

BUILDING BLOCK 3: MONITORING AND REVIEW

BRIEF OVERVIEW

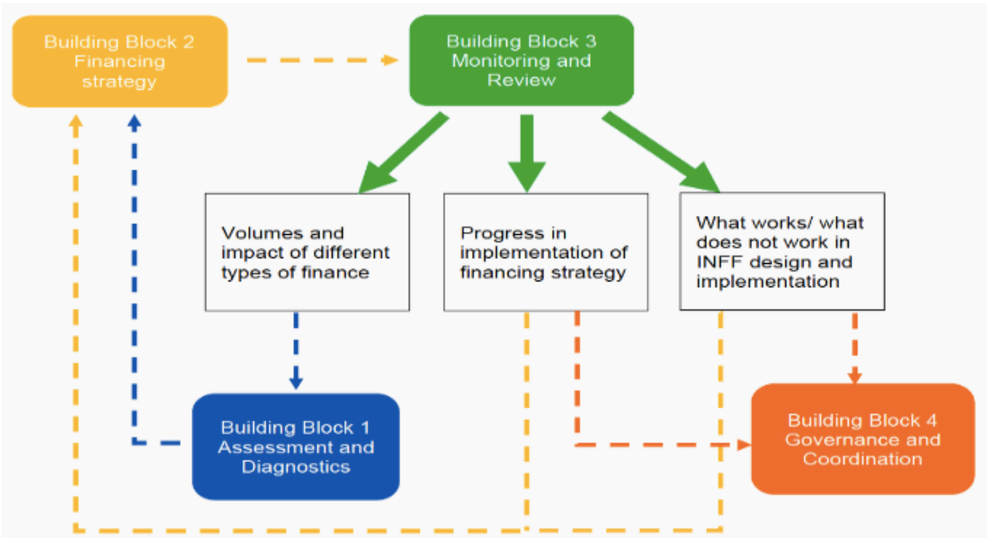
(Further methodological information can be found here)

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

  Findings facilitate the adaptation of policy design and implementation mechanisms to enhance impact and risk mitigation by regularly feeding into financing needs and landscape assessments, risk and binding constraints diagnostics (*building block 1)*, informing adjustments to specific policies of the financing strategy (*building block 2*), and further strengthening governance and coordination arrangements (*building block 4*).

  And monitoring and review also lays the groundwork for greater transparency and accountability, facilitating dialogue and partnership- building among governments, partners and other relevant stakeholders, as well as political constituencies for reform processes.

Figure 7. How monitoring and review links with other INFF building blocks[22]



- **Mechanisms and tools.** A variety of existing and newly developed monitoring mechanisms and tools allow policymakers to track public finance and private sector contributions (at domestic and international level), as well as alignment with sustainable development priorities. These include, for example:
  - In the public finance sphere, budget coding and tagging or monitoring of tax incentives or proceeds from thematic bond issuance in relation to sustainable development priorities.
  - In the private finance sphere, SDG taxonomy tracking of allocations to sustainable development priorities 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 tools and systems 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**. Integration would also help streamline the monitoring, results reporting and evaluation of the UNSDCF and Decent Work Country Programmes (DWCP). Yet designing and implementing monitoring frameworks that are aligned with / ideally use the ILO standard results and indicators may pose a challenge given the Decent Work Agenda's multifaceted nature, which combines access to full and productive employment with rights at work, 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.

[22] https://inff.org/report/monitoring-and-review-report

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 scheme to incentivise formalisation 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 the employment objectives or targets of investment promotion agencies reflected in the internal performance management system? How is the "potential employment impact" of possible investment projects estimated? Does this include measures of direct, indirect and induced employment?
  - ***Are there 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 level 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 agencies (including Ministry of Labour and National Statistical Offices), workers' and employers' organisations and research institutions strengthen the capacity to monitor progress towards decent work policy outcomes. It helps identify relevant decent work indicators, support data collection (through questionnaire design, surveys, and database management), and use the collected data for an 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 their 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 management system for its guarantee instrument, with emphasis on employment outcomes (upcoming).

- The Africa Agriculture Trade and Investment Fund (AATIF)

  The AATIF is a 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 the social and environmental performance of investments.

- SDG Impact Standards

  SDG Impact is a UNDP flagship initiative to accelerate private sector contributions towards the achievement of the SDGs. The initiative 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 their contribution 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 under development to incentivize businesses to act 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 Bangladesh Garment Manufacturers and Exporters Association (BGMEA) has developed a **tool to measure the private sector's contribution towards the SDGs** and national development priority indicators, an initiative led by UNDP to which the ILO has also contributed. The **Ready-Made Garments industry (RMG)** industry is a key actor in the country, which has been the second largest RMG exporter in the world for the past three decades.
- 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 considered potentially relevant in the RMG´s direct or indirect economic, social, and environmental impact, however, as practical experience of the participating factories streamed in, it became clear that they mostly perform in the following nine SDGs:

SDG1 no poverty SDG 3 Good health and well-being SDG 4 Quality education SDG 6 Clean water and sanitation SDG 7 Affordable and clean energy	SDG 8 Decent work and economic growth SDG 9 Industry, innovation, and infrastructure SDG 12 Responsible Consumption and production SDG 13 Climate action

- The first report is therefore focused on measuring the impact **of 47 RMG factories** (mostly focused on woven, sweater and knit) on the above 9 SDGs. The number of participants in the next rounds of the exercise is expected to increase up to 200 factories.
- The report sets a **benchmark for scaling up sustainability reporting** to 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 is supporting the government through regional webinars on good practices for mainstreaming social protection data (including on 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.

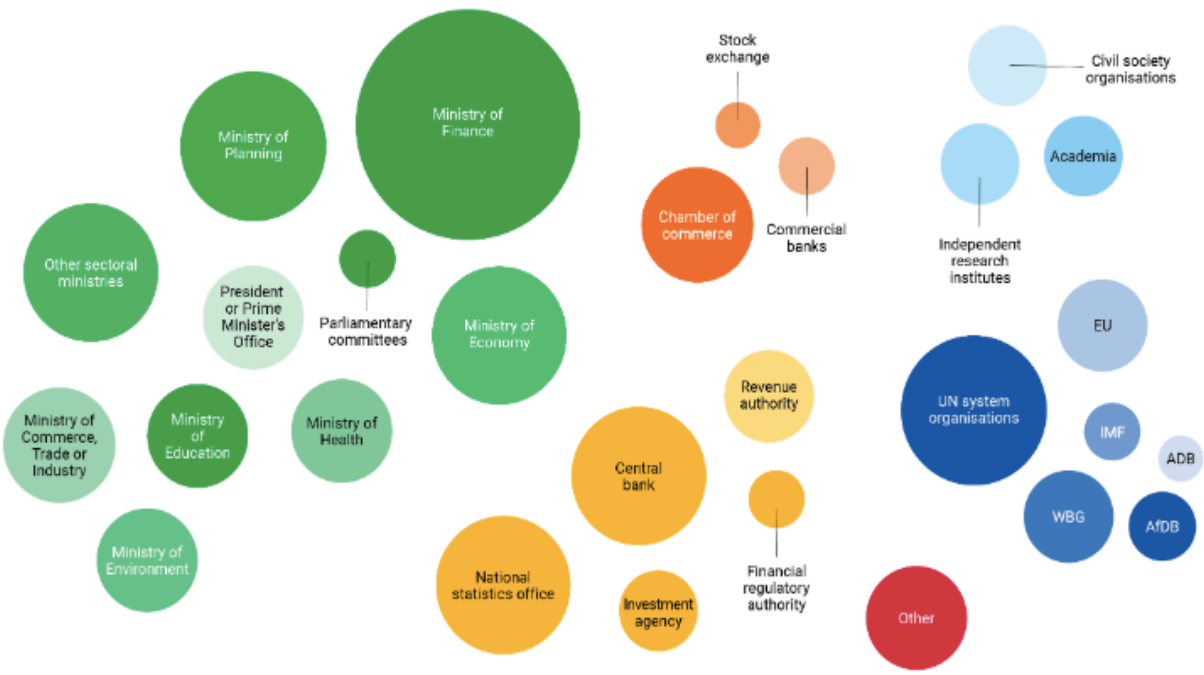
BRIEF OVERVIEW

(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 and coordination mechanisms at a high government level to guide and oversee the process, as well as engagement of stakeholders across the full range of state and non-state actors in a consultative process.
- **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. mainstreaming decent work principles), incentives, minimum safeguards and policy screening tools, coherence/risk/sustainability checks that may be helpful in designing screening tools, etc. Such governance and coordination mechanisms could well rest on an institutional and regulatory framework that recognises and upholds social dialogue and the role of social partners in national development. A legally binding institutional arrangement would be of the essence.
- 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, ensures coherence, and outlines an informed way forward.
- Governance and coordination across public and private spheres take place at different levels of dialogue:
  - **INFF oversight committees** (newly established oversight bodies or embedded in 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 number of countries, INFF oversight committees count private sector representatives among its membership (e.g., chambers of commerce, or stock exchange). In some, they include civil society, IFIs and international development partners, parliamentarians, and others.

Figure 8. Who participates in INFF Oversight Committees?

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



- 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.).

- **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 to promote social justice, inclusive economic growth, improved wages and working conditions, and sustainable enterprises, thereby promoting an enabling environment for the realisation of decent work for all[23].
- **Social dialogue format**. The approach to social dialogue will vary from country to country depending on local context. A tripartite steering committee would be ideal though not always politically feasible. One level down are tripartite sub-committees on decent work. How a tri-partite approach to social dialogue is implemented is a tailored process to a specific country. ILO country offices run tripartite Decent Work Country Programmes, which could be used as a temporary dialogue platform during such process.
- **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 their 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, 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 organised by the Ministry in charge of labour matters, to allow for their informed and effective participation in INFF dialogue platforms?*

Resources and tools

- National Tripartite Social Dialogue: An ILO guide for improved governance

[23] Social dialogue involves: negotiation, consultation and information exchange; collective bargaining; dispute prevention and resolution; and other approaches such as workplace cooperation, international framework agreements and 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.

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 gained by the ILO over the years in 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 transition 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**. 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, the ILO, UNDP, and UNICEF, with financial support from the Joint SDG Fund, are helping the Albanian Government define the focus of their INFF.

BANGLADESH

- **Bangladesh INFF**. The Joint SDG Fund Programme in Bangladesh aims to support the government put in place an INFF to more effectively mobilise required resources from public and private sources for attaining SDGs by 2030, focusing on SDG 6 (Clean water and sanitation), SDG 7 (affordable and clean energy) and SDG 13 (climate action). The ILO is among the programme´s implementing agencies together with UNDP, UNCDF, and UN Women.
- **Private sector engagement**. Despite decent work not being among the country´s 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 SDG8 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 also to be created to exchange views in quarterly meetings.

BOSNIA AND HERZEGOVINA

- **Bosnia and Herzegovina (BiH)´s INFF** is in the very early stages as the country´s SDG Financing Framework, the first long-term development agenda in a decade, was 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 mobilisation of additional financing (particularly from the private sector). It will focus on the social dimension of sustainable development, including social protection and labour, education, health, and nutrition with particular attention to women, children, and youth.
- **Institutional capacity building**, UNDP, UNICEF, and the ILO are supporting the Government of BiH define the 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 to define a financing strategy cantered 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 ILO, who is providing support for SDG costing and SDG financing landscaping 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 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 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) developing 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.
- **Contribution to INFF**. 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.
- **Decent Work Promotion**. 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, at central and municipal level, the fiscal space and affordability of a social protection floor; identify innovative approaches, tools, and other financing mechanisms; and 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 define the focus of the INFF. No matter if the aim is the financing of the overall SDG-aligned *National Strategy for development and integration* (2022-2030), or part of it, social welfare challenges in the form of decent work and social protection of those most vulnerable are to be addressed in Albania´s INFF. Therefore, even if not directly involved in the design of Albania´s INFF or preparation of the DFA, early ILO engagement is contributing to the integration in this first milestones and stakeholder consultations of the results of analysis and cost estimates on social protection, and it is building institutional capacity to contribute to the financing strategy.

BANGLADESH

- **The Joint SDG Fund Programme (JP) in Bangladesh** aims to support the Government put in place an INFF to more effectively mobilise required resources from public and private sources for attaining SDGs by 2030. 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 (Clean water and sanitation), SDG 7 (affordable and clean energy) and SDG 13 (climate action). These are sustainable development areas where, unlike the case of SDG 1 (no poverty) and SDG 8 (decent work and economic growth), or even certain areas of SDG 4 (quality education) and SDG 5 (gender equality), ILO´s technical areas are crosscutting.
- Hence, the **promotion of decent work in the INFF in Bangladesh** has focused on:
    - **SDG cost estimate**. All SDGs have been costed in the framework of the DFA, with the ILO contributing to cost SDG 8, and updating the estimate based on the changing economic context created by rising inflation and interests, and slower economic and employment growth.
    - **Leading multi-stakeholder dialogues** during the inception phase (including government agencies, private sector and trade union representatives, IFIs and Development partners, NGOs, academia and think tanks) to prepare for effective tripartite social dialogue down the road on SDG 8 financing using Bangladesh's INFF. To this end, the ILO-CO has developed questionnaires, methodologies, guiding notes and tools, and conduced consultations to raise awareness and 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 employer 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 their potential contribution to SDGs. The ILO-CO has conducted studies on: investment in bankable products; the implications for labour market policies and the different constituencies of financing SDG 8 (costed together with all SDGs in the framework of the DFA); 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´s work with the private sector has also helped the UNDP-led initiative with the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) to develop a tool to measure the private sector's contribution towards the SDGs and national development priority indicators. The **Ready-Made Garments industry (RMG)** industry is a key actor in the country, which has been the second largest RMG exporter in the world for the past three decades.
- An initiative launched in 2021 to collect both quantitative and qualitative data over the previous three years through a web-based questionnaire, and complemented with focus group discussions. The initial questionnaire referred to 12 SDGs considered potentially relevant in the RMG´s direct or indirect economic, social, and

environmental impact, however, as practical experience of the participating factories streamed in, it became clear that they mostly perform in the following nine SDGs:

SDG1 no poverty SDG 3 Good health and well-being SDG 4 Quality education SDG 6 Clean water and sanitation SDG 7 Affordable and clean energy	SDG 8 Decent work and economic growth SDG 9 Industry, innovation, and infrastructure SDG 12 Responsible Consumption and production SDG 13 Climate action

- The first report is therefore focused on measuring the impact of 47 RMG factories (mostly focused on woven, sweater and knit) on the above 9 SDGs. The number of participants in the next rounds of the exercise is expected to increase up to 200 factories.
- The report sets a **benchmark for scaling up sustainability reporting** to the industry, and the private sector more broadly, and 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 in the very early stages as the country´s SDG Financing Framework, the first long-term development agenda in a decade, was 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 mobilisation of additional financing (particularly from the private sector). It will focus on the social dimension of sustainable development, including social protection and labour, education, health, and nutrition with particular attention to women, children, and youth.
- **With the Joint SDG Fund support**, UNDP, UNICEF, and the ILO are supporting the Government of BiH define the objectives of the INFF and set up 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. The 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 thereby 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 cantered 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 ILO, who is providing support for SDG costing and SDG financing landscaping 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 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, information of relevance for drafting 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.

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, 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 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, aligning its investment portfolio to impact national SDG priorities, with a focus on environmental sustainability and gender equality, is at the forefront of the integrated financing strategy.
- **Decent Work Promotion from inception**. The ILO is engaging from the early stages of the INFF through participation in the F4D UN working group that is supporting the establishment of the 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) developing a costed and comprehensive SDG-aligned financing strategy; (2) setting up a national public-private dialogue platform for SDGs; (3) implementing of SDG aligned National Budgets that are gender responsive and pro-employment oriented.
- **Decent Work Promotion.** Together with UNFPA, the ILO is supporting the government to develop and implement pro-employment and gender-responsive budgets through: (1) national budget analysis to assess employment and gender responsiveness; (2) developing 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 the financing strategy has been developed 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), members of the INFF oversight committee and the national public-private dialogue platform, to provide an informed contribution to the formulation (and steps leading to it), implementation and monitoring of the integrated financing strategy.

SURINAME

- **Suriname´s INFF.** To address the challenges faced by a Small Island Developing State 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 of such ventures supports the promising pineapple value chain through a mix of solutions to address the financing constraints, including: a collateral support facility to de-risk commercial bank loans and incentivise private sector banks to lend to smallholder farmers; a cooperative to centralize 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, 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.

- **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.

- **Engagement in innovative finance for jobs and a just transition**. Another upcoming Joint SDG Fund catalytic investment programme promoted by UNDP, WHO, FAO, ILO, and WFP will support a breakthrough initiative in Zambia: the world´s first tobacco control social impact bond (T-SIB). The WHO Framework Convention on Tobacco Control (WHO FCTC) recognizes the need to promote economically viable alternatives to tobacco production to prevent possible adverse social and economic impacts on populations whose livelihoods depend on tobacco production. The T-SIB aims to support tobacco farmers in Zambia to transition to economically viable and environmentally sustainable alternatives using an innovative 'pay-for-success' financing model to leverage capital from the private sector. A concept note has been submitted to the Joint SDG Fund, and the initiative is in the design and fundraising phase. If successful, the pilot of the T-SIB in Zambia will lead to regional scale-up in tobacco growing countries (Tanzania, Madagascar, Malawi, Zimbabwe and Mozambique), based on knowledge sharing and peer learning from the experience in Zambia.

ANNEX II. METHODOLOGICAL APPROACH AND LIST OF INTERVIEWEES/REVIEWERS

- **Stages** in the elaboration of the practical guidance note:
  1. Selective review of relevant ILO and UNDP documents[24].
  2. Semi-structured telephone interviews with key ILO HQ and regional office DWT specialists, and ILO-COs (see below).
  3. Inception report, with initial proposal of guidance questions, tools, and country examples, shared with the above specialists for comments and feedback.
  4. Review and comments of draft guidance note by UNDP Sustainable Finance Hub and UNDESA (see below).
  5. Workshop with ILO/UNDP staff on INFFs, guidance note, country cases, feedback, and brainstorming.
  6. Integration of feedback, review and adaptation for module-based online availability on INFF platform.
  7. 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 globally, 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 will be updated.

- **List of interviewees and reviewers:**

Domain	Name
List of interviewees:	
ILO Social Finance	Craig Churchill Patricia Richter Fernando Messineo Libano Edgar Aguilar Paucar
ILO Green jobs	Camilla Roman
ILO Enterprises, SMEs	Judith van Doorn
ILO Employment	Jean-François Klein Kee Beom Kim Dorothea Schmidt-Klau
ILO Social Protection	Valerie Schmitt Veronika Wodsak Helmut Schwarzer
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)
List of reviewers	
ILO Multilateral Partnerships and Development	Amber Barth (Senior Programme Officer, ILO office for the UN) Wolfgang Schiefer (Senior Coordinator on UN and Sustainable Development)
ILO Bureau for Workers' Activities (ACTRAV)	Ariel Castro (Senior Specialist in Workers' activities)
UNDP Sustainable Finance Hub	Tim Strawson (SDG Finance specialist) Enkhzul Dambajantsan (Policy Specialist, SDG Finance)
UNDESA	Oliver Schwank Yanis Konstantin Kuehn-Von Burgsdorff

[24] To the extent possible reference has been made to the IATF Financing Strategy guidance

INFF | Integrated National Financing Frameworks

International Labour Organization

UNDP