

The purpose of this playbook is to provide the user with clear and concise guidance on incorporating the USAID Employment Framework into their programming. Employment is a crucial link between two key dimensions of a country's capacity for self-reliance: the capacity of its people and of its economic institutions.

WHEN DECIDING UPON THE RESULTS YOU ARE SEEKING TO ACHIEVE IN THE NEAR TERM, CONSIDER THE RELATIVE IMPORTANCE OF THE FOLLOWING:

- Increasing employment for those who want to work;
- Higher earnings; and
- Better and more inclusive jobs

Users can Incorporate the Employment Framework into their Programming Utilizing Three Basic Steps:



Diagnose

Diagnose economic growth and employment challenges in the country.



Decide

Decide within the Country Development and Cooperation Strategy (CDCS) what employment-related intermediate results (IRs) you want to achieve, and how.



Design

Design appropriate interventions to promote employment opportunities in a given country to maximize effectiveness and reduce the need for future U.S. assistance.



STEP I: DIAGNOSE

“What do we know about this economy’s growth and job prospects?”

Keypoint: Employment—more jobs, and better jobs—transforms economies, helping them to grow, develop, and move toward self-reliance.

Using the Country Economic Review (CER) and the [World Bank’s Jobs Diagnostic](#) as a starting point to analyze the current structure of employment in a country with data from the World Bank’s I2D2 database, especially sectoral employment and output growth rates, as well as the structure of employment by type.

TIP: Employment opportunities for today’s new entrants will probably be in the same sectors and segments as current employment, because employment transformation happens slowly.

CONTEXT MATTERS: In crisis and conflict settings, employment cannot improve until political stability returns.

Now, compare the expected growth of opportunities in the economy with labor supply growth (by education level if possible). Establish a clear picture of employment challenges and opportunities, even if some are outside of USAID's current comparative advantage to address.

Note: There are three main categories of jobs in USAID host countries:



WAGE OR SALARY JOBS:

Wage or salary jobs, including (i) steady, regular jobs in a modern private firm or in the public sector; (ii) casual informal wage work on traditional production units such as farms or microenterprises, or seasonal work on construction sites or in factories; or (iii) wage work in households, such as security guards, housekeeping, or childcare. Jobs in modern firms (with higher productivity) pay better, and grow as a share of total employment as GDP grows.





(SELF) EMPLOYMENT ON A FAMILY FARM:

(Self) Employment on a family farm in the agricultural sector (including crop and livestock production, aquaculture, and similar activities), where at least 50 percent of the labor comes from family members. This category includes landless farmers.



(SELF) EMPLOYMENT IN A HOUSEHOLD BUSINESS (MICROENTERPRISE):

(Self) Employment in a household business (microenterprise). Household enterprises (HEs) are unincorporated nonfarm businesses owned by households, located in either rural or urban areas. This type of employment includes the notional business owner as well as any family members working in the business. Most HEs are one-person operations. Most employment in the **gig economy**¹ falls in the self-employment category

TIP:  Because modern, private sector firms tend to produce the most formal, highest-paying jobs, the most effective strategy for increasing overall employment is to focus on growing employment in this sector.  Providing the right skills and information to youth, women or disadvantaged groups are also important for making employment more inclusive and productive.



STEP 2: DECIDE

“What employment-related intermediate results are you seeking to achieve in the near term within the CDCS?”

Formal employment growth at the firm level occurs when production and sales are growing and investment is needed to expand, so it may be best to focus on IRs which ultimately lead to employment, rather than “new jobs” directly.

TIP: Focus on a subset of the opportunities identified through your diagnosis, ideally prioritizing growing labor demand of modern firms, by considering USAID's comparative advantage in your host country as well as defining your target population, e.g. youth with a primary education; and request the right funding for effective interventions in budget planning.



STEP 3: DESIGN

“What interventions are most likely to be effective in achieving the results you chose?”

Key points:



The entry and growth of modern firms is critical for increasing demand for labor and generating better employment opportunities.



Increasing labor productivity is key to increasing opportunities and income, especially where agriculture is the primary source of livelihoods and employment.



Access to information (on opportunities, markets, input supply), capital or savings, skills (literacy, numeracy, socio-emotional, and specialized technical skills), and a location to work are critical to opening and sustaining a household enterprise (HE).



Skills improve employment prospects, even though they do not generate jobs directly or guarantee an increase in earnings.

In order to determine the interventions that would most likely be effective in achieving your chosen results, consider the following questions:

IS LABOR DEMAND WEAK?

In other words, is economic growth slow or negative, and is unemployment or underemployment high? Do you want to increase employment and earnings overall for current and potential urban residents, such as youth?



Does your Mission have a comparative advantage in support for modern firms in the country? If so, apply the respective evidence-based recommendations on improving government regulation, finance, market access, management and/or innovation on modern firms below.



Does your Mission have a comparative advantage more in support for household enterprises and farms in the country? If so, apply the respective evidence-based recommendations for improving agricultural market access, producer organization, technology adoption, risk mitigation, land markets, and/or household enterprise start-ups below.

IS LABOR DEMAND STRONG?

Do you want to achieve **better or more inclusive jobs**, i.e. improve earnings, working conditions, and/or inclusion for specific groups, such as women, rural residents, or out-of-school youth?



Does your Mission have a comparative advantage more in support for household enterprises and farms in the country? If so, apply the respective evidence-based recommendations for improving agricultural market access, producer organization, technology adoption, risk mitigation, land markets, and/or household enterprise start-ups below.



Does your Mission have a comparative advantage more in skills development in the country? If so, apply the evidence-based recommendations for improving skills below.

TIP: For more details on interventions and sources of evidence, please refer to Annex I of the full framework.



Increasing Labor Demand: Modern Firm Entry and Growth

THE ENTRY AND GROWTH OF MODERN FIRMS IS CRITICAL FOR INCREASING DEMAND FOR LABOR AND GENERATING BETTER EMPLOYMENT OPPORTUNITIES.

In developing countries, smaller firms are unlikely to grow over time, and large firms tend to start as large firms. The key for any effective support is to encourage firms with the vision and capacity to grow to enter, survive, or expand.

RECOMMENDATIONS FOR RIGHT-SIZED GOVERNMENT REGULATION

Facilitate the removal of systemic policy barriers to productivity, competition, trade, foreign direct investment, and infrastructure. Business registration should be far less of a concern than underlying firm growth.

POSSIBLE INTERVENTION	EVIDENCE, FINDING	STRENGTH OF EVIDENCE
Trade facilitation and opening industries up to competition	Increases labor productivity and employment	Strong evidence
Simplifying taxes	Unclear impact on employment	Limited evidence
Tax incentives for FDI	Mixed impact	Very limited evidence on developing countries
Strengthening land and property rights administration	Some association with investment and no evidence on link to employment	No evidence on developing countries
Simplifying business registration	Negligible increases in formal firms and their employment	Strong evidence

GETTING EMPLOYMENT TO WORK: A PLAYBOOK FOR THE FIELD

RECOMMENDATIONS TO INCREASE ACCESS TO FINANCE

Increase access to finance by improving credit information and collateral systems.

POSSIBLE INTERVENTION	EVIDENCE, FINDING	STRENGTH OF EVIDENCE
Improving credit information systems	Increases employment	Strong evidence
Collateral systems reform, especially for movable assets	Increases employment in movable-intensive sectors	Strong evidence
Matching grants	Mixed record for employment	Strong evidence
Credit guarantees	Increases sales and profits but no evidence on employment	Limited evidence in developing countries

RECOMMENDATIONS TO IMPROVE MARKET ACCESS

Provide market information and support the formation of firm consortiums to improve market linkages.

POSSIBLE INTERVENTION	EVIDENCE, FINDING	STRENGTH OF EVIDENCE
Improve market linkages through information or support for consortiums	Increases sales, employment, and sustainability of domestic operations	Strong evidence

RECOMMENDATIONS TO BUILD MANAGEMENT PRACTICES IN EXISTING FIRMS

Encourage firm profitability and expansion through targeted management consulting.

POSSIBLE INTERVENTION	EVIDENCE, FINDING	STRENGTH OF EVIDENCE
Business training	Classroom training has no effect on profits or sales	Strong evidence
Management consulting	Increases employment, especially assistance focused on increasing sales	Strong evidence

RECOMMENDATIONS FOR INNOVATION AND TECHNOLOGY ADOPTION

Support product innovation, i.e. introducing a new good or service, which can open up new markets or increase market share for innovators.

POSSIBLE INTERVENTION	EVIDENCE, FINDING	STRENGTH OF EVIDENCE
Support for research and development	Increases employment	Strong evidence



Interventions to Increase Income From Family Farms

WHERE AGRICULTURE IS THE PRIMARY SOURCE OF LIVELIHOODS AND EMPLOYMENT, INCREASING LABOR PRODUCTIVITY IS KEY TO INCREASING OPPORTUNITIES AND INCOME.

Investments that enable farm households to produce more products and products of higher quality will free farm labor to move away from a less productive activity such as subsistence food production and toward more productive activities off of the farm (employment in farm-related value chains such as input supply and post-harvest processing, or the provision of consumer services to farm households that now earn more income).

RECOMMENDATIONS TO INCREASE AGRICULTURAL MARKET ACCESS

Improve market access by improving rural road networks and investing in electricity and information and communication technology.

POSSIBLE INTERVENTION	EVIDENCE, FINDING	STRENGTH OF EVIDENCE
Improve rural road networks	Increases productivity, growth, and employment	Strong evidence
Other infrastructure improvements (electricity, ICT)	Increases productivity, growth, and employment	Strong evidence

RECOMMENDATIONS FOR ORGANIZING GEOGRAPHICALLY DISPERSED PRODUCERS

Facilitate access to new technology and market integration by organizing geographically dispersed producers.

POSSIBLE INTERVENTION	EVIDENCE, FINDING	STRENGTH OF EVIDENCE
Strengthen producer organizations (cooperatives and associations)	Evidence points to better access to technologies and markets	Strong evidence
Improve services that cooperatives can offer: better integration with markets, more affordable inputs, training, transport, value addition, and credit	Better access to markets, ultimately improved productivity	Strong evidence
Agricultural credit	Does not increase earnings by itself	Strong evidence

RECOMMENDATIONS TO IMPROVE THE EFFECTIVENESS OF INNOVATION AND TECHNOLOGY ADOPTION

Use innovations in communication technology to improve the use of innovations in agriculture.

POSSIBLE INTERVENTION	EVIDENCE, FINDING	STRENGTH OF EVIDENCE
Increase public sector R&D for designing and disseminating innovations	Agricultural R&D investments show high rates of return and positive impact on agricultural productivity and farmer incomes when disseminated and adopted.	Strong evidence

RECOMMENDATIONS TO ENHANCE RAINFED AGRICULTURE EARNINGS AND TO MITIGATE RISK

Where rainfed agriculture is common, increase earnings and mitigate risk by investing in irrigation systems and supporting opportunities in livestock production and nonfarm employment.

POSSIBLE INTERVENTION	EVIDENCE, FINDING	STRENGTH OF EVIDENCE
Irrigation systems	Reduces seasonal underemployment	Strong evidence
Livestock or nonfarm employment	Reduces seasonal underemployment	Strong evidence

RECOMMENDATIONS TO IMPROVE LAND RIGHTS AND LAND ACQUISITION

Improve access to land and develop land markets for agricultural employment and investment through land registration, rentals, and low-cost land sales.

POSSIBLE INTERVENTION	EVIDENCE, FINDING	STRENGTH OF EVIDENCE
Inventory and registration of land (including communal and state land)	Once land is registered and titled, land rental markets can develop; land rental markets promote commercial farming and encourage the transfer of land to younger farmers	Strong evidence
Land redistribution	Increased income in Malawi, disappointing results in South Africa	Mixed evidence



Interventions to Help Household Enterprises Start and Stay in Business

THE KEY TO OPENING AND SUSTAINING A HOUSEHOLD ENTERPRISE (HE) IS ACCESS TO INFORMATION (ON OPPORTUNITIES, MARKETS, INPUT SUPPLY), CAPITAL OR SAVINGS, SKILLS (LITERACY, NUMERACY, SOCIO-EMOTIONAL, AND SPECIALIZED TECHNICAL SKILLS), AND A LOCATION TO WORK.

Young people in both rural and urban areas are especially stymied by the lack of accurate information about opportunities to open HEs and the difficulty of financing a business.

RECOMMENDATIONS FOR BUSINESS START-UP

Facilitate business start-up by building awareness of opportunities (and if necessary, socio-emotional skills to take advantage of them) and by providing access to finance (through microfinance institutions, for instance). These interventions are especially important for youth while still in school, but are also helpful for school dropouts and graduates.

POSSIBLE INTERVENTION	EVIDENCE, FINDING	STRENGTH OF EVIDENCE
Microfinance or microcredit programs to provide start-up capital	These programs speed up start-up , although they tend to require some savings or collateral from credit recipients	Strong evidence
Apprenticeship and vocational training	Apprenticeships can succeed , whereas technical and vocational training is rarely cost-effective	Strong evidence
Building socio-emotional skills	Positive Youth Development that builds socio-emotional skills and connects young people with mentors and networks works well	Strong evidence
Building entrepreneurial mindset	Youth more likely to start a business, get a job	Limited evidence

RECOMMENDATIONS FOR EXISTING BUSINESSES

Support the maintenance of existing businesses through grants and access to a workplace or sales location, or explore new approaches to increase their income.

POSSIBLE INTERVENTION	EVIDENCE, FINDING	STRENGTH OF EVIDENCE
Finance	Cash grants work, but access to credit has little impact	Mixed evidence
Business skills training	One positive example from Kenya (over time)	Very limited evidence



Skills to Navigate the Labor Market and Work Environment

SKILLS IMPROVE EMPLOYMENT PROSPECTS, EVEN THOUGH THEY DO NOT GENERATE JOBS DIRECTLY OR GUARANTEE AN INCREASE IN EARNINGS.

The skills that help people to find and keep a wage job, improve the productivity of the family farm, or open and maintain a business are diverse, complementary, and acquired in a range of settings (the family, community, school, technical and vocational programs, and the workplace). They include cognitive skills, socio-emotional skills, technical or vocational skills, and firm-specific skills. Individuals entering the labor market, especially women and young people, also need information about careers, employment opportunities, earnings in different jobs and occupations, and the behavior that is expected of them during the job search and on the job.

RECOMMENDATIONS FOR SKILLS

- Ensure that all labor force entrants have **foundational cognitive and socio-emotional skills**, including skills that support on-the-job learning and post-secondary technical training.
- Develop **work-readiness behaviors** and expose youth to **workplaces**, preferably while they are still in school.
- Finance **technical training only with demonstrable value and additionality**—in other words, only when the private sector is not already providing such training.

For the full Employment Framework please visit: www.usaid.gov/what-we-do/economic-growth-and-trade/employment-framework

ENDNOTES

1. An economy based on flexible, temporary, or freelance jobs, often involving connecting with clients or customers through an online platform.
2. Defined as experimental and quasi-experimental studies in low or middle-income countries.

What Other Resources Can I Use?








MODERN FIRMS

Operating Units with relevant technical tools and other resources:

-  E3/Economic Policy:
 - Country Economic Review (CER)
 - [Inclusive growth diagnostic \(IGD\)](#)
-  E3/Trade & Regulatory Reform:
 - USAID [Trade Capacity Building Policy](#)
 - [SME evidence review](#)
 - [Women's Wage Employment in Developing Countries: Regulatory Barriers and Opportunities](#)
 - [Standard indicator guidance](#)
 - [Marketlinks.org](#)
-  Lab/Center for Transformational Partnerships:
 - [PSE Policy](#)
 - [PACE strategic review](#)
 - Aspen Network for Development Entrepreneurs ([ANDE](#)): research, [Entrepreneurial Ecosystem Mapping Toolkit](#), Ecosystem Snapshots, [Decent Work and Economic Growth in the SGB Sector](#)
 - Global Impact Investing Network ([GIIN](#)) research, case studies, working groups
 - Global Accelerator Learning Initiative ([GALI](#))
-  E3/Education:
 - [Key Approaches to Labor Market Assessment](#)
 - [Key Soft Skills for Workforce Success](#)
 - [What Works in Entrepreneurship Training and Education for Youth](#)
 - [Systematic Review of Positive Youth Development Programs in LMICs](#)
 - [Socio-Emotional Learning \(SEL\) Policy Brief](#)
 - [Measuring Skills for Youth Workforce Development Guidance Note](#)
- E3/Gender:
 - [Women, Business and the Law](#) (World Bank Group)
 - Women's Economic Empowerment and Equality Technical Assistance ([WE3 TA](#)): sector-specific gender analyses, including labor-related gender analyses
 - [Engendering Utilities toolkit](#)

TRADITIONAL PRODUCTION UNITS: FARMS AND HOUSEHOLD ENTERPRISES

Relevant technical tools and other resources include:

-  [Feed the Future Project Design Guide for Youth-Inclusive Agriculture and Food Systems](#)
-  [Women's Empowerment in Agriculture Index](#)
-  USAID [Wage Labor, Agriculture-based Economies, and Pathways out of Poverty: Taking Stock of the Evidence](#)
-  GFSS Supplemental Technical Guidance: [Towards Digitally-Enabled Global Agriculture & Food Systems](#)
-  [Digital Tools in USAID Agriculture Programming Toolkit](#)
-  USAID [Engaging Youth in Agriculture through Information & Communication Technologies Case Study](#)
-  [Guide to the Use of Digital Financial Services in Agriculture](#)
-  [Mobile Access Diagnostic Tool](#)
-  [Gender & ICT Survey Toolkit](#)