TC ABSTRACT

I. Basic Project Data

▪ Country/Region:	MEXICO/CID - Isthmus & DR
▪ TC Name:	Generating Digital Cloud Computing Skills in Mexico
▪ TC Number:	ME-T1504
▪ Team Leader/Members:	PAVON, FERNANDO YITZACK (SCL/LMK) Team Leader; ROSAS SHADY, G. DAVID (SCL/LMK) Alternate Team Leader; GASTON FERRIN (SCL/LMK); BARRIOS NUNEZ, URIEL (CID/CME); BARRAGAN CRESPO, ENRIQUE IGNACIO (LEG/SGO); LIBERTAD SICCHA (SCL/LMK); GONZALEZ HERRERA, BEATRIZ MARIA (SCL/LMK); JOSE HERNANDEZ (SCL/LMK); NASLUND-HADLEY, EMMA INGRID (SCL/EDU)
▪ Taxonomy:	Research and Dissemination
▪ Number and name of operation supported by the TC:	N/A
▪ Date of TC Abstract:	05 Jan 2023
▪ Beneficiary:	Contracted Entity
▪ Executing Agency:	INTER-AMERICAN DEVELOPMENT BANK
▪ IDB funding requested:	US$500,000.00
▪ Local counterpart funding:	US$435,000.00 (In Kind)
▪ Disbursement period:	24 months
▪ Types of consultants:	Individuals; Firms
▪ Prepared by Unit:	SCL/LMK - Labor Markets
▪ Unit of Disbursement Responsibility:	CID/CME - Country Office Mexico
▪ TC included in Country Strategy (y/n): ▪ TC included in CPD (y/n):	No Yes
▪ Alignment to the Update to the Institutional Strategy 2010-2020:	Social inclusion and equality ; Productivity and innovation ; Gender equality

II. Objective and Justification

2.1 The objective of this TC will be to support the design and implementation of a pilot initiative aimed at transforming skills training through the implementation of new training models and disruptive methods that endow Mexican youth with the necessary digital cloud computing skills. This initiative will promote Mexican youth engagement in digital economy and support the southern states region's economic development. It will provide strategic knowledge by enabling an impact evaluation of the new training model, generate awareness raising campaign of the model and technical note to disseminate best-practice and lessons learned in terms of digital skills training. These actions will be targeted to youth aged 23 to 29 across the nation with an emphasis on southern states of Mexico.

2.2 Companies in Mexico are going through their digital transformation phase and digital businesses in different sectors are in the need of workforce with abilities required to implement and operate these innovative technologies. In Mexico, 49% of firms have accelerated their digitalization processes and 91% plan to increase or maintain their hiring levels (Experis from Manpower Group, 2021). Work positions related to technology currently represent around half of the most demanded skills from the labor market. Specifically, Mexico faces an increase of 22% in lack of talent since 2019 (raising from 52% to 74%), which stems from technology developing faster than the capabilities of developing specialized professionals within the country. Among other

technologies, the demand for digital abilities in Mexico will surpass the availability of professionals with such skills and qualifications.
Cloud computing is one of the technologies which are shaping current technological trends in business, and the future of work. Cloud computing work requires technical skills to perform migrations and ability to negotiate terms with cloud service providers, ensuring data security and implementing best practices through the business process. According to Indeed, cloud computing is the number one skill demanded by companies and according to LinkedIn, in 2020, cloud computing was the second most demanded hard skill, below knowledge on blockchain technology. Cloud computing presents new possibilities of accessing infrastructure, software, and platform services on remote servers, which enable companies to pay for storage, software, and solutions on the basis in which they need them, instead of having to acquire their own infrastructure and provision of services. These capabilities are attracting more companies to move their business functions to the cloud. Currently there are numerous cloud computing providers among the world's top technology firms. Among cloud computing firms, Google LLC offers training programs on cloud computing skills for Google Cloud Platform (GCP) through their platform Google Cloud Skills Boost. On this platform, people can access training courses and certifications with the option to take on a career pathway towards building a professional profile for working on cloud computing. The aim is to leverage on the existing platform to: (i) increase wider audiences; (ii) raise completion rates of the training program offer, aiming to widespread the demand of professional skills required by the private sector in Mexico.
In this context, IDB and Google will collaborate in the design, creation, and implementation of a pilot program (based on Google's previous cohort experiences) which will disseminate digital cloud computing skills training offer throughout Mexico. The TC will provide a special emphasis in southern states and focus on increasing completion rates in cloud computing digital training in order to decrease the digital skills gap in Mexico.

III. Description of Activities and Outputs

3.1 **Component I: Pilot program for Digital Cloud Computing Skills in Mexico .** A pilot program on cloud computing skills will be created and coordinated in collaboration with Google under the Google Cloud Skills Boost program and IDB will directly secure additional support from Inroads Mexico, with the aims of enhancing the current selection protocol and delivery of training to raise completion rates of digital training programs based on previous lessons learned (based on Google's previous cohort experiences).

3.2 **Component II: Pilot program for enhancing income opportunities for young people from the southern zone of Mexico on digital e-lancing platforms .** This component will finance training aimed at developing the necessary skills to work as a freelancer on online platforms, aimed at talents with previously developed digital skills. Specifically, a scalability study and proposal will be carried out as well as the implementation of a pilot to train and mentor 100 young people from the southern part of Mexico on how to engage as freelancers and connect them to jobs/projects on digital e-lancing platforms.

3.3 **Component III: Evaluation & Contingencies..** Evaluation & Contingencies.

IV. Budget

Indicative Budget

Activity/Component	IDB/Fund Funding	Counterpart Funding	Total Funding
Pilot program for Digital Cloud Computing Skills in	US$275,000.00	US$435,000.00	US$710,000.00

Mexico			
Pilot program for enhancing income opportunities for young people from the southern zone of Mexico on digital e-lancing platforms	US$130,000.00	US$0.00	US$130,000.00
Evaluation & Contingencies.	US$95,000.00	US$0.00	US$95,000.00
Total	**US$500,000.00**	**US$435,000.00**	**US$935,000.00**

V. Executing Agency and Execution Structure

5.1 The TC will be executed by the Bank. The execution mechanism developed by the Bank will guarantee that a comprehensive vision of the similar interventions financed by the Bank and carried out throughout the region is maintained. The foregoing, in order to ensure an effective and quality contribution. The project team will coordinate with Ministry of Economy (ME) in Mexico technical assistance to ensure that all important topics are covered and to avoid the duplication of efforts, including other efforts oriented towards digital skills and even other platforms of cloud computing. Furthermore, the ME leads a task force within the Pacific Alliance for digital talent which places them at strategic position to lead the coordination. The project team will coordinate with ME as well as Ministry of Labour in Mexico to identify areas of opportunity with private sector requiring digital cloud computing.

5.2 Likewise, and based on previous experiences, it is estimated that the execution of the TC by the Bank can contribute to the exchange of information at the regional level, promoting knowledge and implementation of best practices by the countries that participate in the deployment of advanced digital skills. Google will collaborate by identifying countries where the model can be replicated based on the best practices & lessons learned from this initiative. Furthermore, the products from this TC will lay ground to replicate the initiative in other countries in the region such as Ecuador, Peru & Colombia.

VI. Project Risks and Issues

6.1 The TC presents a risk of being affected by low connectivity rates in the south of Mexico. Because of the material conditions which characterize the states in the south of Mexico, as such as Oaxaca, there is a risk that the population (25% target as a pilot for Freelancing) in Southern states does not have the tools needed to access this course or have little knowledge that these skills are demanded, and this would affect the courses outreach and its completion rates. To mitigate this risk, the following actions have been planned: (i) studies on the demand for skills in the south of Mexico, developed previously by People 1st International, will serve as base to define the possibility of implementing the pilot program in states from the south of Mexico, as such as Chiapas, Oaxaca, Tabasco, and Veracruz.

VII. Environmental and Social Classification

7.1 The ESG classification for this operation is "undefined".