

TC Document

I. Basic Information for TC

▪ Country/Region:	REGIONAL
▪ TC Name:	Regional Support for Labor Market and Social Protection Policies for Resilience
▪ TC Number:	RG-T4740
▪ Team Leader/Members:	Dias Alvarenga Baptista, Dulce Benigna (SCL/SPL) Team Leader; Bagolle, Alexandre (SCL/SPL) Alternate Team Leader; Tejerina, Luis R. (SCL/SPL) Alternate Team Leader; Gonzalez Herrera, Beatriz Maria (SCL/SPL); Rivera Herrera Sergio Andres (SCL/SPL); Penaherrera Proano , Gabriel Sebastian (SCL/SPL); Becker Seco Rosario Paz (LEG/SGO); Fostier De Moraes Gael (SCL/SPL); Ramos De Alvarado, Paola Michelle (SCL/SPL); Hellman Carolina Franco (SCL/SPL); Alfonso, Mariana (CSD/CCS).
▪ Taxonomy:	Research and Dissemination
▪ Operation Supported by the TC:	N/A
▪ Date of TC Abstract authorization:	April 9, 2025
▪ Beneficiary:	Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, Guatemala, Guyana, Honduras, Mexico, Nicaragua, Panama, Peru, Paraguay, El Salvador, Uruguay, Venezuela
▪ Executing Agency and contact name:	Inter-American Development Bank
▪ Donors providing funding:	OC SDP Window 2 - Social Development(W2E)
▪ IDB Funding Requested:	US\$150,000.00
▪ Local counterpart funding, if any:	US\$0
▪ Disbursement period (which includes Execution period):	36 months
▪ Required start date:	July 15, 2025
▪ Types of consultants:	Individuals; Firms
▪ Prepared by Unit:	SCL/SPL-Social Protection and Labor Markets Division
▪ Unit of Disbursement Responsibility:	SCL/SPL-Social Protection and Labor Markets Division
▪ TC included in Country Strategy (y/n):	No
▪ TC included in CPD (y/n):	No
▪ Alignment to the Update to the Institutional Strategy 2024-2030:	Social protection and human capital development

II. Objectives and Justification of the TC

2.1 The objective of this Technical Cooperation (TC) is to strengthen the capacity of labor market and social protection policies to prepare for and respond to extreme weather events, environmental degradation, and biodiversity loss in Latin America and the Caribbean (LAC).

2.2 The specific objectives are to: (i) estimate the effect of extreme weather events, environmental degradation and biodiversity loss on labor markets and poor and vulnerable households, using geospatial data, and provide actionable insights to align these policies to national mitigation and adaptation commitments (Nationally Determined Contributions (NDC), Long-Term Strategies (LTS), among others); (ii) strengthen the adaptation capacity of labor market and social protection programs and

services by developing and evaluating interventions in selected countries; and (iii) disseminate and exchange good practices and experiences between LAC countries.

2.3 After a solid performance in 2024, LAC enters 2025 with a cautiously optimistic outlook. Regional Gross Domestic Product (GDP) grew by 2.0% in 2024 and is projected to rise to 2.3% in 2025. Inflation broadly returned to pre-pandemic levels by late 2024, but monetary policy remained contractionary as central banks responded to renewed inflationary pressures linked to strong activity and extreme weather events. Labor markets continued to improve, with unemployment falling to its lowest levels in over a decade and nearly 4 million new jobs created in 2024. However, most new jobs were informal, reflecting persistent structural weaknesses. Female employment rose faster than male employment, helping narrow disparities among them but largely in low-quality, informal roles. As external conditions stabilize, the region faces the imperative of boosting productivity, reducing informality, and building fiscal buffers to support more inclusive and resilient growth in 2025¹.

2.4 In this challenging context, the increase in the frequency and intensity of weather events and of environmental degradation and biodiversity loss is increasingly affecting labor markets and poor and vulnerable households in the region. First, extreme weather events can negatively affect labor conditions and encourage labor migration. Second, environmental degradation and biodiversity loss may affect the provision of vital ecosystem services, which negatively affects activities and jobs related to natural resources. Moreover, extreme weather events, environmental degradation and biodiversity loss, and poverty are closely linked phenomena that can reinforce each other. On one hand, the destruction of environmental assets affects poor households and vulnerable populations, especially those in rural areas, whose livelihoods disproportionately depend on ecosystems. On the other hand, poverty, and the search to satisfy basic needs can lead to communities overexploiting environmental assets.²

2.5 Increases in the frequency and intensity of extreme weather events lead to job and productivity losses by both destroying physical assets and harming workers' health—causing injuries, heat stress, and mental-health issues.³ Extreme weather events resulted in a global loss of working life years equivalent to 0.8% of a year's work, annually, between 2000 and 2015.⁴ In LAC, working-life years lost from environment-related hazards increased from 138 to 197 per 100,000 workers from 2000-07 to 2008-15.⁵ Increases in extreme weather events may increase unemployment, decrease productivity, proliferate dangerous and informal work, and lead to migration. Additionally, in the LAC region, 78 million poor people live in areas that are highly exposed to weather-related shocks.⁶ In Central America, for example, it has been estimated that the increased intensity of hurricanes can cause losses of

¹ IDB. 2025. "2025 Latin American and Caribbean Macroeconomic Report: Regional Opportunities Amid Global Shifts"

² IDB. 2024. "Social protection and climate change: how can we protect the most vulnerable households against new climate threats?"

³ IDB. 2024. "Peril and Promise Tackling Climate Change in Latin America and the Caribbean"

⁴ ILO, 2018. Greening with jobs: World employment social Outlook

⁵ IDB & ILO, 2020. El empleo en un futuro de cero emisiones netas en América Latina y el Caribe

⁶ IDB. 2023. "Social protection and climate change: how can we protect the most vulnerable households against new climate threats?"

0.9% to 1.6% of GDP and can increase extreme poverty by 1.5%. Calculations for the drought episodes that affected Nicaragua in 1997, 1998 and 2000 point to a 10% increase in the likelihood of households descending into poverty.⁷

2.6 Rising temperatures make heat stress more common, leading to significant losses in working hours, jobs, and labor productivity, especially for the most poor and vulnerable households. Projected temperature increases will make heat stress more common, reducing working hours globally by 2% by 2030 and affecting, above all, workers in agriculture, in vulnerable conditions (e.g., outdoor workers, informal workers), and in developing countries.⁸ Heat stress could cost 2.5 million jobs in LAC by 2030.⁹ Due to its large population, South America is expected to lose 1.6 million full-time jobs, followed by Central America and Mexico at 800,000 and the Caribbean at 100,000.¹⁰ There is also evidence that labor productivity in various cognitive tasks drops by about 2% per degree Celsius over a threshold of 25°C,¹¹ and by 9% when temperature rises from 23°C to 30°C.¹² This effect is greater for informal and other low-wage workers. Heat stress is already contributing to more work-related injuries, yet only 37.4% of workers worldwide are covered by employment-injury insurance, with coverage far lower in low -and middle- income countries owing to high informality and weak enforcement.¹³

2.7 In the Americas, about 17% of total employment depends directly on ecosystem services¹⁴. Most of these jobs are in agriculture (57%); food, drink, and tobacco (14%); environmental-related tourism (9%); and textile (7%) sectors. However, many ecosystems are under stress, threatening jobs that, directly and indirectly, rely on natural resources.¹⁵ Environmental degradation limits the ability of ecosystems to provide services, damaging health, well-being, and economic activities,¹⁶ and puts jobs at risk.¹⁷ Extreme weather events will exacerbate environmental degradation and biodiversity loss, resulting in direct negative effects on jobs, worker's safety, health productivity and income.¹⁸ An estimated 116 million poor people in LAC live in high ecosystem value areas. In the five most biodiverse countries (Brazil, Colombia, Ecuador, Mexico, and Peru), 71.5% of poor people reside in such zones, including 4.3 million in the Amazon, where poverty rates average 54%. Their livelihoods depend heavily on ecosystems for food security, fiber, fuel, and wood. In countries like Honduras and Haiti, 30–50% of the population relies on agriculture linked to soil and

⁷ Williams, A. M. and S. B. Gonzalez, 2020. "Towards Adaptive Social Protection Systems in Latin America and the Caribbean: A Synthesis Note on using Social Protection to Mitigate and Respond to Disaster Risk."

⁸ ILO, 2018. Greening with jobs: World employment social Outlook.

⁹ Kjellstrom et al., 2019. Workplace Heat: An increasing threat to occupational health and productivity.

¹⁰ IDB & ILO, 2020. El empleo en un futuro de cero emisiones netas en América Latina y el Caribe.

¹¹ Seppanen et al., 2003. Cost benefit analysis of the nighttime ventilative cooling in office building.

¹² Seppanen et al., 2006. Effect of temperature on task performance in office environment.

¹³ ILO. 2024. World Social Protection Report 2024–26: Universal social protection for climate action and a just transition.

¹⁴ ILO, 2018. Greening with jobs: World employment social Outlook.

¹⁵ TEEB, 2010. The Economics of Ecosystems and Biodiversity: Mainstreaming the Economics of Nature: A synthesis of the approach, conclusions, and recommendations of TEEB.

¹⁶ Kumar, 2010. The economics of ecosystems and biodiversity: Ecological and economic foundations

¹⁷ Rademaekers et al., 2012. The number of jobs dependent on the environment and resource efficiency improvements.

¹⁸ ILO, 2018. Greening with jobs: World employment social Outlook.

water quality. Ecosystems also provide disaster-reduction services and hold cultural value.¹⁹

2.8 The increase in the frequency and intensity of weather events has heterogeneous effects and disproportionately affects poor and vulnerable households as well as vulnerable groups like migrant workers. The poor rely heavily on natural resources for their livelihoods and are therefore more susceptible to the negative effects of environmental degradation and weather-related disasters. These shocks can destroy housing, productive assets, income sources and support networks. Without an effective response, an additional 5.8 million people could fall into poverty by 2030.²⁰ Migrant workers, often employed in low-wage and precarious jobs, are likewise vulnerable because of their limited access to social protection and other resources. Addressing these inequalities requires targeted interventions that prioritize the needs of vulnerable groups and ensure equitable access to employment opportunities and social protection.²¹

2.9 The integration of labor market and social protection policies and extreme weather events' adaptation and resilience policies in the region remains limited. While countries establish strategies in specific instruments to increase resilience and adapt to extreme weather events, environmental degradation and biodiversity loss' impacts, there's minimal focus on labor market and social protection policies' role. For instance, most of these strategies lack specific references to skills development and, even where mentioned, there's insufficient detail on sectors, actions, and timelines. Focused action aimed at poor and vulnerable households is absent in most of these strategies. Despite growing evidence of the role of cash transfers in supporting the resilience of poor and vulnerable households, very few countries in the region include social protection in their extreme weather events that change adaptation and mitigation strategies. Furthermore, structural adjustment of industries can result in loss of jobs and income sources in certain economic sectors. Not all workers affected by this job losses belong to the poorest sectors of the population. However, without adequate social protection mechanisms, elimination of income sources can mean higher poverty rates in those groups.²²

2.10 While there is growing evidence of the effects of energy transition in labor markets and poor and vulnerable households, today there is limited information on how weather-related events, environmental degradation and biodiversity loss affect employment and poor and vulnerable household dynamics at the subnational level, limiting the development of adaptation and resilience measures. Additionally, labor market and social protection policies do not fully account for the differentiated effects of extreme weather events across income groups and sectors.

¹⁹ IDB. 2023. "Social protection and climate change: how can we protect the most vulnerable households against new climate threats?"

²⁰ Jafino, B. A., B. Walsh, J. Rozenberg and S. Hallegatte, 2020. "Revised Estimates of the Impact of Climate Change on Extreme Poverty by 2030."

²¹ IDB, 2023 "Social protection and climate change: how can we protect the most vulnerable households against new climate threats?"

²² IDEM

- 2.11 This TC will generate new data and policy insights to help LAC countries integrate labor markets and social protection policies into extreme weather events environmental degradation and biodiversity loss strategies and strengthen their responses.** By estimating the effects of extreme weather events shocks, environmental degradation and biodiversity loss on the labor markets and poor and vulnerable households, assessing interventions to strengthen the resilience of labor markets and poor and vulnerable households, and supporting the communication and knowledge exchange between LAC countries, this TC will provide valuable information to support the alignment of labor markets and social protection policies with NDC, National Adaptation Plans (NAP) and LTS commitments. Moreover, by generating disaggregated data different vulnerable groups, this TC will facilitate that policy recommendations to address specific vulnerabilities faced by women. The selection of beneficiary countries was based on data and surveys from the Natural Disasters and Household Surveys available in the SCL Data Lake, as well as information on extreme climate events from the Natural Disasters Database, which includes records of small- and medium-impact natural disasters.
- 2.12 Value added.** The proposed TC addresses information gaps that limit better integration of labor market and social protection policies into existing strategies and seeks to foster collaboration and generate operational knowledge to develop strategies for resilience. Leveraging previous Bank experience and ongoing projects related to green jobs, skills development, and adaptative social protection, the proposal builds upon existing initiatives to address pressing challenges in the region. Through dissemination of findings and sharing of insights, the TC aims to support long-term positive impacts and resilience-building across LAC.
- 2.13 Strategic Alignment.** This TC is consistent with the IDB Group Institutional Strategy 2030 (CA-631) and aligns with the objectives of: (i) reducing poverty and inequality by enhancing social protection and labor inclusion of vulnerable groups under the negative impacts of extreme weather events, environmental degradation and biodiversity loss; and (ii) addressing extreme weather events, environmental degradation and biodiversity loss by estimating their effects and providing policy recommendations to mitigate and adapt public policy to its effects. The TC also aligns with the operational focus areas of: (i) social protection and human capital development; and (ii) biodiversity, natural capital, and climate action.
- 2.14** This TC is aligned with the Strategic Program for the Development Financed with Ordinary Capital (GN-2819-14), specifically with Window 2 - Priority Area 5 on Inclusive Social Development, which supports initiatives aimed at improving access to social protection, reducing inequality, and promoting labor inclusion for vulnerable groups in the region. Likewise, it is aligned with several IDB Group Country Strategies, reflecting a comprehensive approach to addressing regional development challenges while promoting sustainability and inclusivity. It aligns with the IDB Group Country Strategy with Argentina (2025–2028) (GN-3288-1) focusing on quality human capital, and knowledge and innovation ecosystems based on environmental principles. It aligns with Bolivia (2022-2025) (GN-3088) by supporting inclusive and sustainable social development associated with weather events, environmental degradation, biodiversity loss and environmental sustainability. It aligns with Brazil (2024-2027)

(GN-3243-1) by enabling environmental sustainability and weather events, environmental degradation, and biodiversity loss as well as climate resilience and inclusion. It aligns with Chile (2022–26) (GN-3140-3) by promoting economic diversification, weather events, environmental degradation, and biodiversity loss' resilient approaches. It aligns with Colombia (2024-2027) (GN-3238) by supporting social inclusion, promoting economic diversification, and including cross-cutting elements to supporting adaptation and resilience plans. It aligns with Costa Rica (2024-2027) (GN-3250) by focusing on supporting resilient infrastructure and environmental resilience goals. It aligns with Dominican Republic (2021-2024) (GN-3084-2) by promoting sustainable reactivation of production and strengthening human capital. It aligns with Ecuador (2022-2025) (GN-3103-1) by focusing on the development of the productive sector as a driver of sustainable growth and supporting environmental sustainability. It aligns with Guatemala (2024-2028) (GN-3260) by promoting resilient infrastructure for basic services to vulnerable populations, private sector development, and climate resilience through adaptation and mitigation in agriculture and forestry. It aligns with Guyana (2023-2026) (GN-3187-1) by contributing to economic diversification efforts and cross cutting efforts to address resilience to weather events, environmental degradation, and biodiversity loss. It aligns with Honduras (2025-2026) (GN-2944-3) by addressing resilience to weather events, environmental degradation, and biodiversity loss both in a cross-cutting fashion and through specific interventions. It aligns with Mexico (2019-2024) (GN-2982) by supporting sustainable, equitable access to social services to decrease gaps in labor market access and addressing institutional quality, transparency, and weather events, environmental degradation, and biodiversity loss issues. It aligns with Panama (2025-2029) (GN-3289-1) by addressing issues of environmental sustainability, weather events, environmental degradation and biodiversity loss adaptation, and institutional strengthening. It aligns with Paraguay (2025-2029) (GN-3261-3) by improving the productive sector capacity to adapt to weather events, environmental degradation, and biodiversity loss, and supporting human capital re-skilling. It aligns with Peru (2022-2026) (GN-3110-1) by supporting priority areas of environmental sustainability and weather events, environmental degradation and biodiversity loss adaptation and mitigation to achieve sustainable growth to foster social progress under a decentralized approach prioritizing rural areas. It aligns with El Salvador (2021-2024) (GN-3018) by safeguarding productive fabric and employment with resilience to weather events, environmental degradation, and biodiversity loss. It aligns with Uruguay (2021-2025) (GN-3056) by supporting a strategic area of sustainable productive development incorporating an environmental perspective. Currently, Nicaragua and Venezuela do not have a Country Strategy with the IDB Group, which in accordance with the IDB Country Strategy Guidelines, prevents the approval of the Executive Board of financing operations and suspends the possibility of granting eligibility to new loans and guarantees. This sub-heading should facilitate a clear understanding of the objectives and the problem the TC aims to address.

III. Description of activities/components and budget

- 3.1 **Component 1: Studies on the effect of extreme weather events, environmental degradation, and loss of biodiversity on labor markets and poor and vulnerable households (US\$110.000).** The objective of this component is to estimate the effect of extreme weather events, loss of biodiversity, and environmental degradation on labor markets and poor and vulnerable households, using geospatial data (natural disaster databases and household surveys), and to provide actionable insights to align

these policies to national strategies and mitigation commitments. Information generated will support data-based policy design to align labor market and social protection policies with national and regional weather events, environmental degradation, and loss of biodiversity strategies. This component will fund: (i) analysis of the effects of weather events shocks, environmental degradation and biodiversity loss on employment and poverty trends and vulnerabilities at the subnational level; (ii) development of indicators to estimate the short- and long-term effects of weather events, environmental degradation and biodiversity loss, to inform the development of policies and financial instruments that facilitate investments to promote resiliency in labor markets and poor and vulnerable households; (iii) cross-country analysis to identify policy responses that can mitigate labor market disruptions, support workforce and households resilience, promoting that insights feed into national strategies updates across the region.

3.2 Component 2: Communication and exchange of knowledge (US\$40.000). This component aims to disseminate and promote the exchange of good practices and experiences among beneficiary countries by facilitating access to research findings, lessons learned, and best practices that can inform updates to national strategies across the region. It will finance: (i) design and implementation of a communication campaign to disseminate key findings and best practices for all beneficiary countries, fostering awareness and action to strengthen labor market and poor and vulnerable households resilience to weather events, environmental degradation and loss of biodiversity; (ii) preparation and implementation of virtual event(s) to facilitate the exchange of knowledge and experiences across countries, including event's coordination, simultaneous translation, graphic design, and outreach strategies; (iii) edition and publication of documents to support the dissemination of policy recommendations and technical knowledge across diverse audiences.

3.3 Results. The main results of this TC include: (i) technical note analyzing how extreme weather events, environmental degradation and biodiversity loss affect employment and poor and vulnerable households and provide policy recommendations; (ii) a harmonized cross-country database linking weather events, employment and poverty indicators; (iii) two data-driven policy strategies for two selected countries;²³ and (iv) two awareness communication campaigns.

3.4 Total costs. The total budget for this Technical Cooperation (TC) is US\$ 150,000.00 and will be financed by the OC SDP Window 2 – Social Development (W2E), with no local counterpart funding. These resources will finance individual consultants and consultancy firms for 36 months.

²³ The selection of these 2 countries will be done based on the TC findings as well SPL portfolio support needs at the time of execution. For any intervention in the country, a no-objection letter will be obtained from the corresponding liaison authority.

Indicative Budget (US\$ thousand)

Activity/Component	Description	IDB/Fund Funding	Total Funding
Component 1	Studies on the effect of extreme weather events, environmental degradation, and loss of biodiversity on labor markets and poor and vulnerable households	US\$110,000.00	US\$110,000.00
Component 2	Communication and exchange of knowledge	US \$40,000.00	US \$40,000.00
Total		US \$150,000.00	US \$150,000.00

3.5 **Monitoring.** Monitoring of the progress and quality of the activities financed by this TC will be carried out directly by the IDB, through the Social Protection and Labor Division (SCL/SPL).

3.6 The Inter-American Development Bank (IDB), through the TC Team Leader (TL), will be responsible for supervising and monitoring the appropriate execution of the project. The IDB's institutional systems will be used to support this process. The TL will also keep the specialist from the Climate Change and Sustainable Development Sector (CSD/CCS), informed and work with them to align local priorities and needs. It will keep the country offices where activities take place informed. All databases and geospatial layers will be produced and uploaded on Social Protection Sector (SCL) data following the appropriate standards (e.g., SCL geospatial data governance document).

3.7 Intellectual property included in publications and documents generated by this operation will be property of the IDB.

IV. Executing agency and execution structure

4.1 The IDB, through the Social Protection and Labor Markets Division (SCL/SPL), will be the Executing Agency, in accordance with the guidelines and requirements established in the Technical Cooperation Policy (GN-2470-2) and the TC Operating Guidelines (OP-619-4). The supervision will be performed by SCL/SPL.

4.2 This execution is justified given: (i) the IDB, through SCL/SPL, has technical expertise in social protection and labor market based on international best practices; (ii) administrative burdens can be reduced on the government, particularly in the identification and contracting of international experts; and (iii) the IDB has the necessary technical, operational, and institutional capacity to duly and timely execute the activities proposed under this TC.

- 4.3 **Acquisitions and financial management.** All procurement to be executed under this Technical Cooperation have been included in the Procurement Plan (Annex IV) and will be hired in compliance with the applicable Bank policies and regulations as follows: (a) Hiring of individual consultants, as established in the regulation on Complementary Workforce (AM-650) and (b) Contracting of services provided by consulting firms in accordance with the Corporate procurement Policy (GN-2303-33) and its Guidelines.

V. Major issues

- 5.1 The specific implementation issues for this TC are considered low to medium. The following risks have been identified: (i) potential resistance or lack of cooperation from country stakeholders, which could hinder data collection and analysis. To mitigate this, proactive engagement will be prioritized, in close coordination with the relevant country offices, through preliminary meetings, transparent updates, and leveraging existing partnerships to secure institutional support; (ii) risks related to data incompleteness or inaccuracies will be addressed by implementing robust validation processes, cross-referencing qualitative insights, and ensuring standardized data management protocols to improve reliability and integration, and; (iii) ensuring country ownership and long-term impact requires a strong dissemination and communication strategy, including user-friendly reports, workshops, and ongoing follow-up mechanisms to promote adoption and sustainability of the TC's findings and recommendations.

VI. Exceptions to Bank policy

- 6.1 No exceptions to the IDB's policies have been identified.

VII. Environmental and Social Aspects

- 7.1 This TC is not intended to finance pre-feasibility or feasibility studies of specific investment projects or environmental and social studies associated with them. It is not expected that this TC will generate significant and direct negative effects on the country's environment and natural resources; therefore, it is excluded from the scope of the IDB's Environmental and Social Policy Framework (ESPF), in accordance with paragraph 4.7 of the ESPF. According to the IDB's Environmental and Social Policy Framework (ESPF), there are no minimum, or no environmental and/or social impacts associated with this operation. The Environmental and Social Impact Category for this operation is "C." Environmental and Social Performance Standards (ESPS) 1, 2 and 10 were triggered and actions will be considered during project design, taking into account the management system given by the local regulatory framework and the preparation by the borrower of an Environmental and Social Management System (ESMS) in accordance with the scope and nature of the expected impacts and risks associated with the operation.

Required Annexes:

[Results Matrix_99147.pdf](#)

[Terms of Reference_53502.pdf](#)

[Procurement Plan_95633.pdf](#)

