

TC Document

I. Basic Information for TC

▪ Country/Region:	REGIONAL
▪ TC Name:	Strengthening the Public Employment Services Network (SEALC Network) to support a Just Transition to a Green and Digital Economy, and promote Gender Equality and Diversity
▪ TC Number:	RG-T4455
▪ Team Leader/Members:	Rosas Shady, G. David (SCL/LMK) Team Leader; Dias Alvarenga Baptista, Dulce Benigna (SCL/LMK) Alternate Team Leader; Yglesias Fischel Sofia (SCL/LMK); Casco, Mario A. (ITE/IPS); Ferrin Gaston (SCL/LMK); Franco Perez Andres Mauricio (SCL/LMK); Libertad Siccha (SCL/LMK); Gonzalez Herrera, Beatriz Maria (SCL/LMK); Vila Saint Etienne, Sara (LEG/SGO)
▪ Taxonomy:	Research and Dissemination
▪ Operation Supported by the TC:	.
▪ Date of TC Abstract authorization:	27 March 2024
▪ Beneficiary:	Argentina, Belize, Barbados, Bolivia, Brazil, Chile, Colombia, Costa Rica, Ecuador, Guatemala, Haiti, Honduras, Mexico, Panama, Paraguay, Peru, Trinidad & Tobago, Uruguay ¹
▪ Executing Agency and contact name:	Inter-American Development Bank
▪ Donors providing funding:	OC SDP Window 2 - Social Development(W2E)
▪ IDB Funding Requested:	US\$400,000.00
▪ Local counterpart funding, if any:	US\$0
▪ Disbursement period (which includes Execution period):	36 months (including the Execution period)
▪ Required start date:	May 2024
▪ Types of consultants:	Firms and Individual Consultants
▪ Prepared by Unit:	SCL/LMK-Labor Markets
▪ Unit of Disbursement Responsibility:	SCL/LMK-Labor Markets
▪ TC included in Country Strategy (y/n):	N/A
▪ TC included in CPD (y/n):	N/A
▪ Alignment to the Institutional Strategy (2024-2023):	Diversity; Environmental sustainability; Gender equality; Persons with Disabilities; Social inclusion and equality

II. Objectives and Justification of the TC

- 2.1 The Technical Cooperation project aims to support the strengthening of Public Employment Services (PES) to improve labor insertion in participating IDB borrowing countries, with a focus on green jobs, gender equality, diversity, and digital transformation. The specific objectives are: (i) support the improvement of PES through technical assistance; and (ii) generate operational and technical knowledge about PES and best practices in the region.
- 2.2 Shifts in globalization, technology, and society have made labor markets more complex, creating both opportunities and challenges. Even though the number of jobs

¹ The Bank will obtain the corresponding non-objection letter prior to scheduling activities within those countries.

in Latin America and the Caribbean (LAC) increased in 2023, the labor market continues to face high levels of unemployment and/or labor informality. During 2023, the level of informality and unemployment rate reached 48% ([ILO, 2023](#)) and 6.4% (IDB, 2023) respectively, with more than half of adult workers being working poor ([IDB 2023](#)).

- 2.3 Women, young people, and people with disabilities face an even more difficult scenario ([IDB, 2023](#)). For example, women still have higher unemployment rates (2% higher than men) and lower participation rates than men in all countries (IDB, 2023). As for young people the unemployment rate reached 16.1%. Finally, 57% of women and 40% of men with disabilities are unemployed and 92.6% face difficulties finding jobs ([ELADis, 2024](#)).
- 2.4 This situation is being exacerbated by the effects of the new technologies like automation, artificial intelligence, and digital platforms in the world of work. The OECD estimates that over one billion jobs (one third of global workforce), will be transformed in this decade ([IDB, 2020](#)). In the case of LAC, it seems that firms have rapidly adopted new technologies. However, the process of digital transformation of the labor demand can be negatively affected by limitations on the labor supply side. For example, less than 30% of the population in LAC OECD countries have basic digital skills (Cathles, Suaznabar & Vargas 2022), and recent surveys about the demand for advanced digital skills in Peru and Costa Rica indicate that respectively 79% (Novella and Rosas-Shady, 2022) and 46% (Novella & Rosas-Shady, 2023) of firms have challenges filling digital vacancies. Countries will need to offer short term upscaling and/or reskilling opportunities to their workforce.
- 2.5 The green transition will also have significant impacts on LAC labor markets, creating, substituting, eliminating, transforming, and redefining jobs. While IDB and ILO estimate a net gain of 15 million new jobs, there are still important challenges to ensure equal access. Currently, less than 25% of green jobs are occupied by women and 80% of new jobs will be created in male-dominated sectors. Additionally, many of the new jobs may be created in different regions compared to where job losses occur ([IDB, 2023](#)).
- 2.6 In this context of difficult labor insertion, labor market institutions such as Public Employment Services (PES) are key. PES are one category of Active Labor Market Policies (ALMPs). ALMPs are designed to facilitate the rapid and efficient insertion or reinsertion into the labor market of various groups, including workers, the unemployed, and vulnerable individuals, such as young people, women, people with disabilities, and others. This is achieved through intermediation, training, wage or recruitment subsidies and subsidized employment. In general, PES manage many of the other ALMP (ie. labor orientation, labor training, labor certification, etc.) and sometimes play a role in coordinating other passive services (e.g., welfare transfers related to the labor market).
- 2.7 The main functions of PES include operating as labor recruiters, providing labor market information, designing, and implementing other ALMPs, managing unemployment benefits, and overseeing labor migration (IDB, WAPES, and OECD, 2016). As Nunn mentions in his forthcoming IDB technical note “How Effective are Public Employment Services: Lessons for Latin America and the Caribbean” research on PES and intermediation services in LAC suggest they are generally effective and that women and less educated jobseekers tend to demonstrate the most significant effects and results are positive for employment, salaries, and formality PES can help governments

address low levels of insertion, increase inclusion of vulnerable groups such as people with disabilities, as well as to respond to the effects of technological change, and the green transition.

- 2.8 While PES and ALMPs are key for tackling labor market challenges, limited coverage and resources hinder their effectiveness. On one hand, LAC spent less than other regions on ALMP (Escudero et al., 2019; Espejo et al., 2023). This situation explains that on average the proportion of job seekers served per office is 38,872 in LAC, while in Europe and Asia-Pacific this number is less than 4,000. Likewise, the average workload of PES staff in the region is 5,180 unemployed per official compared to 170 in Europe (IDB, WAPES, and OECD, 2016). On the other hand, evidence suggests that to be more effective ALMPs and PES in LAC can benefit from improving program design and aiming to increase formality by targeting informal workers and focusing on skills development relevant to the formal sector (Escudero, Kluve, *et al.*, 2019b).
- 2.9 In general, LAC PES face challenges with providing good labor market information, using profiling tools and offering integrated services, designing, and implementing results-based management and performance systems, integrating passive and active labor market policies, as well with employer engagement. In 2014 less than 10% of formal companies in the region list vacancies in the PES (Dias and Flores Lima 2014), recent surveys in Costa Rica (2023) and Perú (2019) suggest that the situation has not changed, with only 9.8% and 3.3% of surveyed companies using PES to recruit IT vacancies.
- 2.10 In 2009, the Bank recognized the limitations of the region's PES and the benefits of regional technical exchange to strengthen them. As a response, the Bank established the Technical Support Network to Employment Services in Latin America and the Caribbean, known as the SEALC Network for its acronym in Spanish. In this document it will be referred to as the NETWORK. It is the first and only network in the region focused on strengthening PES. Currently, the NETWORK has 18 member countries: Argentina, Barbados, Belize, Bolivia, Brazil, Chile, Colombia, Costa Rica, Ecuador, Guatemala, Haiti, Honduras, Mexico, Panamá, Paraguay, Perú, Trinidad y Tobago, and Uruguay. The NETWORK will be open to receive new members upon request. The objective of this network is to support the efforts of LAC governments to build and strengthen their PES.. To achieve this goal, the NETWORK finances technical assistance programs, surveys, studies, dissemination efforts and facilitates experience exchanges enabling PES to learn from successful practices both within the region and globally. For instance, the NETWORK has hosted over 20 webinars, accumulating a total of 3,600 hours of recorded content. These webinars have been attended by over 7,000 participants and have featured insights from more than 60 global experts. Additionally, the NETWORK has produced over 15 blogs to consolidate and disseminate this knowledge. Furthermore, as part of these activities, in 2022, the NETWORK hosted the first fully hybrid Regional Policy Dialogue of the Social Sector focused on the digitalization of PES. The event attracted speakers from seven countries, who were connected worldwide, in addition to over 100 participants from different location across the region. Moreover, international institutions aligned with the Labor Markets Division (such as OECD, WAPES, SOCIEUX+) were also actively involved in this initiative.
- 2.11 The establishment and operation of the NETWORK have been financed through non-reimbursable technical cooperation projects (RG-T1752, RG-T2276, RG-T2760, RG-T3541). During the implementation of the first four phases of the NETWORK, more than 40 exchanges were carried out between countries in the region, as well as 18

cooperations with countries from other regions. Parallel to the increase in attendance and number of members, the NETWORK has increased its thematic scope, incorporating areas of analysis such as international labor migration and the effects of technology and digitalization on the labor market, developing studies and organizing high-level meetings on these topics. The beneficiary countries of this TC are members of the NETWORK.

- 2.12 The Bank recognizes that even though LAC PES have evolved over the years, they still require support through regional technical exchange as a continuity of the efforts started in the previous phases (ATN/SF-11829-RG, ATN/OC-13888-RG, ATN/OC-15746-RG, ATN/OC-17822-RG), as well as with specific support to face complex challenges that are emerging or have not been thoroughly addressed such as the just transition to a green and digital economy, and the promotion of gender equality and diversity.
- 2.13 The NETWORK allows the PES of the region to know the experiences in the field of national and international labor intermediation and PES effectiveness best practices. These experiences come from countries with labor markets with similar characteristics, as well as from countries with a higher level of development, which generates exchange scenarios that point to improving the efficiency of organizational structures, as well as opportunities to promote modernization and digitalization processes. This exchange would not be possible through separate national interventions that would yield results in isolation and in which agile access to the advances developed by other countries would not be generated.
- 2.14 **Value added.** Given the common challenges faced by LAC countries regarding PES development, the NETWORK's regional approach has proven highly beneficial. It facilitates knowledge and experience sharing among member countries. The NETWORK promotes both horizontal and vertical cooperation at the regional level and fosters the creation of knowledge products. These products can accelerate the implementation of actions that improve the quantity and quality of PES services in the region. Furthermore, the NETWORK's regional presence acts as an engine for positioning strategic issues on the PES development agenda. A recent example is the NETWORK's focus on digitalization and technology use in PES.
- 2.15 **Lessons learned.** The implementation of the three previous phases of the NETWORK has made it possible to identify that: (i) there is a demand for horizontal technical assistance, reflected in the active participation of the PES; (ii) the NETWORK is constituted not only as an effective mechanism for technical exchange between countries but also as a mechanism to consolidate the IDB's presence on PES issues; (iii) partnerships with other international institutions with an interest in PES, such as the Organisation for Economic Co-operation and Development (OECD) and the World Association of Public Employment Services (WAPES), as well as PES with a higher level of development in other regions, may increase and/or complement technical resources and financial support; and (iv) the active participation of countries, members or not of the NETWORK, in the provision of technical assistance allows not only providing high-level technical support but also reducing the costs of each technical visit, as it is not necessary to cover consulting fees.
- 2.16 **Strategic Alignment.** This TC is consistent with the IDB Group Institutional Strategy: Transforming for Scale and Impact (CA-631) and is aligned with the objective(s) of: (i) reduce poverty and inequality; and/or (ii) address climate change; by promoting equal access to better employment opportunities, improving the matching between the

demand for workers and the supply of job seekers through improvements in training and labor intermediation, and promoting green and just transitions. The TC is also aligned with the operational focus area(s) of: (i) biodiversity, natural capital, and climate action; and/or (ii) gender equality and inclusion of diverse population groups; and/or (iii) regional integration.

- 2.17 The TC is also consistent with the Sectorial Frameworks of: Labor ([GN-2741-12](#)) in the following action lines (i) Interventions to accelerate employment recovery and get people back into work (ii) Multisectoral approaches to increase productivity growth and ensure that benefits are shared equitably; and Skills ([GN-3012-3](#)) in the following action lines (ii) Strengthen quality assurance mechanisms and pertinence (iv) Leverage the use of technology to expand equitable access to skills development opportunities and make skills development systems more efficient.
- 2.18 The TC also aligns with priority area 5: Inclusive Social Development within the OC SDP Window 2 - Social Development (W2E) as established in GN-2819-14, by supporting: (i) policies and their implementation to make quality employment services accessible to all segments of the population and strengthen service delivery and management; and (ii) efforts to promote gender equality and development with identity of groups that face exclusion based on race and/or ethnicity.
- 2.19 Finally, the TC is also consistent with the IDB Gender and Diversity Action Plan 2022-2025 ([GN-3116-1](#)) in two thematic areas: improving human capital and improving economic opportunities.

III. Description of activities/components and budget

- 3.1 **Component I. Technical assistance, courses, workshops, surveys, and studies (USD 230,000).** The expected result of this component is that information and knowledge are generated to improve service provision to job seekers and employers in beneficiary countries. The service improvements are targeted to the following areas: (i) labor market information systems for nationals and migrants, employment portals, and labor observatories; (ii) employer engagement strategies; (iii) organizational development (iv) digital transformation; (v) digital skills gap; (vi) gender equality and diversity; and (vii) green jobs. For this purpose, the following shall be financed: (a) datasets with detailed information about PES such as governance, organization, resources, etc. within or outside the LAC region, (b) technical note on the assessment and capacity building of PES in the LAC region, (c) technical note on the PES and the just transition to the Green Economy, (d) travel and logistical costs for technical visits to strengthen the operation and/or services of the PES of the beneficiary countries, (e) preparation and implementation of courses or workshops to be given by renowned experts to officials of the PES of the beneficiary countries, (f) survey about the state of digital transformation; and (g) surveys about the demand for advanced digital skills in at least three countries; and the design of a digital platform prototype to provide information about digital programs and courses of upskilling / reskilling.
- 3.2 **Component II. Regional exchange, dissemination of experiences and best practices (USD 150,000).** The expected result of this component is that information and knowledge related to the NETWORK'S activities are disseminated. Dissemination activities will include regional exchange of experiences between PES in TC beneficiary countries and other countries within and outside the region, events, webinars, workshops, and other communication activities. For this purpose, the following shall be financed: (a) Production of the event and design of the dissemination materials for the global publication of the "The world of public employment service 2.0" in

collaboration with the Organization for Economic Co-operation and Development (OECD), and the World Association of Public Employment Services (WAPES). The modality of the event is yet to be determined. (b) preparation and implementation of on-line webinars, including simultaneous translation for webinars, graphic design, and (iii) translation and editing of documents. (c) Coordination of the SEALC Network.

3.3 Other costs (USD 20,000). Contingencies and incidentals. These resources are considered in case the activities end up requiring a higher budget than originally planned and new activities associated with components 1 and 2 that require funding are identified. For example: unforeseen needs associated with event production, developing a lesson learned document, or organizing results presentation events.

3.4 The expected results are that PES count with information to strengthen services and programs to support a just transition to a green economy, gender equality, improved, and digital transformation process.

3.5 The knowledge products generated within the framework of this technical cooperation will be owned by the Bank. In the specific case of the new edition of the book “The World of Public Employment Services”, it may be made available to the public under a Creative Commons license. However, at the request of a beneficiary, in accordance with paragraph 5.5 of AM-331, the intellectual property of such products may also be licensed and/or transferred to one or more beneficiaries through specific contractual commitments to be developed with the guidance of the IDB Legal Department.

3.6 It is estimated a budget of US\$400,000 to be executed up to 36 months. The funding source of this TC is OC SDP Window 2 - Social Development (W2E).

Indicative Budget (US\$)

Activity/Component	Description	IDB (W2E)	Total Funding
Component I. Technical assistance, courses, workshops, surveys, and studies	(i) labor market information systems for nationals and migrants, employment portals, and labor observatories; (ii) employer engagement strategies; (iii) organizational development (iv) digital transformation; (v) digital skills gap; (vi) gender equality and diversity; and (vii) green jobs.	230,000	230,000
Component II. Regional exchange, dissemination of experiences and best practices	Regional exchange of experiences between PES in TC beneficiary countries and other countries within and outside the region and to disseminate knowledge, and good practice associated with activities of the SEALC NETWORK through events, webinars, workshops, and other communication activities.	150,000	150,000
Other Costs	Contingencies and incidentals	20,000	20,000

Activity/Component	Description	IDB (W2E)	Total Funding
Total		400,000	400,000

IV. Executing agency and execution structure

- 4.1 Considering that this TC is an R&D initiative of the Bank, the Executing Agency will be the Inter-American Development Bank (IDB) through the Labor Markets Division (SCL/LMK), in accordance with the guidelines and requirements established in the TC Policy (GN-2470-2) and in the TC Operational Guides (OP-619-4). The Bank will be responsible for the coordination of all activities, hiring processes, and the supervision of this TC.
- 4.2 Acquisitions and financial management. The activities to be executed under this operation have been included in the Procurement Plan and will be carried out in accordance with the Bank's established procurement policies, namely: (a) Hiring of individual consultants, as established in the regulations AM-650; (b) Hiring of consulting firms for services of an intellectual nature according to GN-2765-4 and its associated operating guides (OP-1155-4) and (c) Hiring of logistics services and other services other than consulting, according to the policy GN-2303-28.

V. Major issues

- 5.1 Given the experience gained from the four previous TCs that supported the SEALC Network, as well as the nature of this RND initiative that will mostly produce report documents and studies, no substantial fiduciary, macroeconomic, political, or accountability risks have been identified that could impact the implementation of this TC. Notably, an implementation strategy and the respective terms of reference are already in place. The main risks associated with this TC are: (i) participants not being able to commit to the SEALC Network activities full-time and (ii) access to updated data. These factors can limit the capacity of local counterparts to participate in the execution of the initiative. To mitigate these risks, (i) the selection and invitation process will be segmented and targeted to key stakeholders with high interest in the NETWORKS activities; (ii) research design will be validated with local counterparts to ensure that access to the selected data sources is feasible.

VI. Exceptions to Bank policy

- 6.1 None.

VII. Environmental and Social Aspects

- 7.1 This Technical Cooperation is not intended to finance pre-feasibility or feasibility studies of specific investment projects or environmental and social studies associated with them; therefore, this TC does not have applicable requirements of the Bank's Environmental and Social Policy Framework (ESPF).

Required Annexes:

[Results Matrix_89832.pdf](#)

[Terms of Reference_16915.pdf](#)

[Procurement Plan_20220.pdf](#)