

TC Document

I. Basic Information for TC

▪ Country/Region:	SURINAME
▪ TC Name:	Support to the Implementation of Labor Market Alignment with New Industries
▪ TC Number:	SU-T1191
▪ Team Leader/Members:	Cruz Aguayo, Yyannu (SCL/LMK) Team Leader; Centeno Lappas, Monica Clara Angelica (LEG/SGO); Echeverri Duran Carolina (SCL/LMK); Bonilla Merino Arturo Francisco (LEG/SGO); Ferrin Gaston (SCL/LMK); Libertad Siccha (SCL/LMK); Gonzalez Herrera, Beatriz Maria (SCL/LMK); Chin Melissa Faye (SCL/LMK)
▪ Taxonomy:	Operational Support
▪ Operation Supported by the TC:	SU-L1061.
▪ Date of TC Abstract authorization:	28 Feb 2024.
▪ Beneficiary:	Ministry of Labour, Employment Opportunity and Youth Affairs
▪ 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:	August 1, 2024
▪ Types of consultants:	Firms and Individuals
▪ Prepared by Unit:	SCL/LMK-Labor Markets
▪ Unit of Disbursement Responsibility:	SCL/LMK-Labor Markets
▪ TC included in Country Strategy (y/n):	No
▪ TC included in CPD (y/n):	No
▪ Alignment to the Institutional Strategy 2024-2030:	Institutional capacity and rule of law; Productivity and innovation; Social inclusion and equality

II. Description of the Associated Loan/Guarantee

- 2.1 The 5626/OC-SU (SU-L1061) *Labor Market Alignment with New Industries Program* (“the Program”) was approved by the Board of Directors on October 21st, 2022, and signed by the Government of Suriname on November 11th, 2022. The Program is currently in the execution phase after reaching eligibility on May 9th, 2023. The general objective of the program is to promote employability for jobseekers. The specific objectives are to: (i) provide jobseekers with relevant and high-quality training for employment; and (ii) expand the use of labor intermediation services by jobseekers and employers. The components of this program consist of:
- 2.2 **Component I. Improve the quality and relevance of the Training for Employment (TFE) system (US\$6 million).** Aims to provide jobseekers with high-quality and demand-driven training programs through four lines of action: (I.1) the strengthening of TFE capacity to align the training supply with the productive sector needs; (I.2) the improvement of the quality and relevance of TFE by providing adequate inputs for the delivery of the courses; (I.3) the improvement of the management and monitoring capacity of the training providers by developing a unified registry and follow-up system

of beneficiaries and potential beneficiaries disaggregated by gender; and (I.4) the promotion to access training opportunities by eliminating some of the barriers that potential beneficiaries face, such as the cost of tuition and materials.

- 2.3 **Component II. Improve the coverage and effectiveness of employment services (US\$3 million).** Seeks to increase the coverage and effectiveness of employment policies through two lines of action: (II.1) the technological modernization of the employment services by implementing a digital transformation; and (II.2) the development of a Labor Market Information System (LMIS), including the visualization and production of statistics disaggregated by gender.
- 2.4 **Component III. Administration, Evaluation and Audit (US\$1 million).** Will finance the costs associated with administration, evaluation, and audits, including: (i) the establishment of a fully staffed PEU under the Labor Markets Director; (ii) the midterm and final reports and an evaluation; and (iii) annual audits of financial statements.

III. Objectives and Justification of the TC

- 3.1 The objective of this technical cooperation (TC) is to support and ensure the proper execution of the 5626/OC-SU program and adding value by: (i) identifying sector-specific training needs; (ii) designing mechanisms for the selection of the beneficiaries of training for employment programs; and (iii) strengthening the institutional capacity of the Ministry of Labour, Employment Opportunity and Youth Affairs (MOL) for the execution of the 5626/OC-SU.
- 3.2 The MOL has made significant progress in the execution of the Program with the establishment of a Program Execution Unit (PEU), Program Operations Manual (POM), and a consultancy for the roadmap for the TFE System. However, the MOL requires additional technical support to effectively achieve the objectives specified under the Program and ensure that investments align with the MOL's medium-term objectives.
- 3.3 Related to the first objective, three economic sectors have been identified as promising due to their current and future potential to generate formal employment, and in turn, increase productivity. Under the ATN/OC-18991-SU(SU-T1143) *Support to the Design of Active Labor Market Policies in Suriname*, which supported the loan preparation, agriculture and tourism were preliminarily identified as promising sectors in Suriname, highlighting the importance of developing and implementing training for employment programs tailoring to those industries. During the execution phase, the information technology sector was added, since it is a horizontal area that is showing increasing demand in Suriname according to the MOL¹. However, to ensure the effective alignment of training supply with the labor demand of these sectors, a more comprehensive analysis is required. This involves delving deeper into the specific occupations, skills, and competencies necessary to enhance productivity and competitiveness within each sector² and establishing management mechanisms for continuous alignment with three priority sectors and developing talent pipelines in these sectors.

¹ Suriname Mid-Term Labour Market Policy 2022-2024, MOL.

² Skills-based profiling and matching in PES, Directorate-General for Employment, Social Affairs and Inclusion PES to PES Dialogue, 2014.

- 3.4 To align the TFE programs to the productive sector needs, the labor demand and supply of occupations, competencies and skills need to be accurately described and mapped. The current lack of information on the gap between the labor demand and supply of skills remains a significant challenge for intervention and policy development to bridge this gap¹. Even though efforts have been made for data collection, the fact remains that there needs to be an effort that uses all these data sources and obtains other sources to develop a sectorial talent pipeline. Possible sources that can be used as input for the diagnosis of the talent pipeline are household surveys and census of the General Bureau of Statistics in Suriname, the Survey of Living Conditions of the IDB, and data from other international institutions such as the World Bank and the ILO³.
- 3.5 The second objective of this TC is to ensure that Public Employment Services (PES) and TFE effectively reach individuals who face significant challenges in securing employment due to skill gaps and insufficient job opportunity information. To achieve this, we need to establish a robust focalization mechanism that accurately identifies and targets beneficiaries. Currently, the MOL does not have existing systems or registries to identify and describe beneficiaries. The Program and the MOL can benefit from framework, which combines existing lists and data sources from previous training and programs, and social protection systems for targeting and identifying demographic traits. In addition, once the beneficiaries are identified, opportunity costs (e.g., loss of wages), financial constraints to cover course fees and materials, transportation expenses, childcare responsibilities, and other domestic obligations can be identified.
- 3.6 The MOL has some experience with identifying beneficiaries through grant programs and training programs through their three training institutions (SHTTC, SAO and SPWE) that fall under their jurisdiction, as well as jobseekers through the PES. The beneficiaries from these training institutions could be used for an initial set of beneficiaries, as well as identifying demographic traits of beneficiaries to expand targeting efforts beyond the currently available registries.
- 3.7 In addition, The Ministry of Social Affairs and Public Housing (MOSAPH) manages the largest part of the social protection system in Suriname and has most recently launched the “Moni Karta” under the Bank’s 5447/OC-SU(SU-L1063) Support to Safety Nets for Vulnerable Populations in Suriname Program. This program uses a Beneficiary Information System (BIS), Although the 5626/OC-SU program is not part of the social protection system, the target populations for the beneficiaries overlap (women, people with disabilities and young people who are Neither Employed in Education or Training/NEET) and the registered beneficiaries in the BIS can also be targeted for 5626/OC-SU. The program will benefit from an inventory of data⁴ and to establish a methodology to select training beneficiaries from the BIS, and other registries that include the selection variables of the MOL. In addition, this methodology can be used to identify potential barriers.
- 3.8 Finally, for the third objective, the MOL requires additional support to effectively carry out its active labor market policies through the Program. Particularly, the Program’s

³ For the talent pipeline, all the information that will be produced as a result of this TC would be archived in Bank Systems with the necessary protections for sensitive data. All the relevant information produced by this TC would be made available to the MOL.

⁴ All the pertinent data that would be used for the identification of beneficiaries, belongs to the MOL and will be housed at the MOL.

implementation has faced challenges related to the program management and procurement management. While commendable progress has been made in recent years, including the development of a Mid-Term Active Labour Market Policy and the establishment of a third Decent Work Country Program with the International Labour Organization (ILO), there is a need to further integrate the 5626/OC-SU Program in these initiatives. This will ensure that investments made within the program align with the MOL's medium-term objectives and endure beyond the execution period of 5626/OC-SU.

- 3.9 Under ATN/OC-18991-SU, a partial diagnostic assessment of the PES was conducted as part of the diagnostic of the 5626/OC-SU Program. In addition, the MOL has undertaken several technical cooperation and assessment with the ILO and the European network Socieux+⁵ to assess and improve the PES. The major challenges of the Suriname PES remain, such as limited human resources and limited use of digital tools. ⁶ The MOL would benefit from a complete diagnostic of the PES and support in the definition of the future PES, the human resource roles, responsibilities, and required digital infrastructure.
- 3.10 On the Program Administration side, the MOL could benefit from specific institutional strengthening related to program and procurement management, to better endure the operational challenges they have faced, such as relocation to a new building and delays in fully staffing the Program Executing Unit (PEU) which have in turn caused delays in the program activities and procurement processes. More specifically, the MOL has not been able to allocate sufficient resources to translate their labor market policies into specific terms of references and the PEU is facing challenges with fully taking into consideration IDB Policies and Guidelines on Procurement. Strengthening of the program management and procurement management of the PEU with additional human resources, in combination with technical experts and training and coaching activities of a project and procurement management advisor, would lead to more sustainable implementation of the program activities in accordance with the labor market policies while facing institutional and operational challenges.
- 3.11 **Strategic alignment.** The 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 (ii) Bolster sustainable regional growth by supporting the MOL with investments in human capital and institutional strengthening of the Executing Agency of the 5626/OC-SU Program and Program Executing Unit. The TC is also aligned with the operational focus area(s) of: (i) Institutional capacity, rule of law, and citizen security; and (ii) Social protection and human capital development. Also, the TC is aligned with the Country Strategy with Suriname (GN-3065) in the strategic objective of improving education and labor market outcomes, since it finances activities to target beneficiaries and improvement of public employment services.
- 3.12 The TC is consistent with the IDB Sector Framework Document for Labor (SFD) (GN-2741-12) contributing to the goal of the SFD to assist the region's young people, the unemployed, underemployed, hard to employ, make the transition to work faster, more effectively and with better earnings prospects (5.3.A). It is consistent with SFD's

⁵ Capacity building for public employment services: information for employers, speed dating, job fairs and supervision of private employment agencies, Socieux+, 2021.

⁶ Suriname Diagnostic Tool Report, Nunn, 2022.

mandate to design interventions which are evidenced based and draw on existing knowledge and where no prior knowledge is available, the groundwork will be laid for knowledge generation to inform future operations. The execution of the TC will take into consideration Regional Strategies that might be relevant for the action plans and policy dialogues.

- 3.13 Finally, the TC is aligned with the OC SDP Window 2 - Social Development(W2E) (GN-2819-4) in the priority areas of (iii) Effective, Efficient and Transparent Institutions and (v) Inclusive Social Development by: aiming to improve the service delivery and the capacity of the MOL and PES, as well as developing focalization mechanisms to identify beneficiaries and effectively target populations that are in need of employment services.

IV. Description of activities/components and budget

- 4.1 **Outcome Statement:** Support the execution mechanisms of the MOL for the 5626/OC-SU Program.
- 4.2 **Component I: Support to strengthen focalization of the interventions of SU-L1061 (US\$80,000).** This component aims to provide the MOL with sustainable and evidence-based technical support to design demand-driven training programs and target financial aid to use these training programs. This component will include consultancies to: (i) design sectorial talent pipelines for two priority sectors in Suriname; and (ii) identify beneficiaries for participation in the training programs developed under 5626/OC-SU. Additionally, it will entail identifying candidates eligible for financial or in-kind assistance through the program by providing an evidence-based selection methodology to be used by the MOL throughout the Program and beyond. The results of Component 1 are recommendations for the MOL for evidence-based decision-making regarding the 5626/OC-SU Program.
- 4.3 **Component II: Support to enhance institutional capacity of the MOL for the implementation of TFE and employment services (US\$70,000).** This component aims to provide the MOL with sustainable mechanisms and technical support to effectively integrate the program in the MOL. This component consists of consultancies for: (i) an organizational assessment of the PES and its back offices towards a modernized PES; and (ii) advisory services for project and procurement management to support the MOL and PEU with effectively executing the activities under the Program. The results of Component 2 are organizational recommendations for the MOL and strengthened procurement and project management of the Program Execution Unit.
- 4.4 The total cost of the TC will be US\$150,000, financed entirely by the OC SDP Fund Window 2 - Social Development (W2E) (GN-2819-14). The disbursement and execution period will be 36 months. These funds will be used in the following components:

Indicative Budget (US\$)

Activity/Component	Description	IDB (W2E)	Total Funding
Component I: Support to strengthen focalization of the	Provide the MOL with sustainable and evidence-based technical support to design demand-driven training programs and target	80,000	80,000

interventions of SU-L1061	financial aid to use these training programs through the design of a sectorial talent pipeline and the development of a strategy for the selection of beneficiaries for TFE programs		
Component II: Support to enhance institutional capacity of the MOL for the implementation of TFE and employment services	Provide the MOL with sustainable mechanisms and technical support to effectively integrate the program in the MOL through an organizational assessment for a modernized PES and project and procurement management advisory services for the PEU	70,000	70,000
Total		150,000	150,000

- 4.5 The team leader, Yyannú Cruz Aguayo (SCL/LMK) will be responsible for the execution and oversight of this TC. SCL/LMK will provide specialists as a focal point to monitor the activities planned in this TC.

V. Executing agency and execution structure

- 5.1 The Bank will execute the proposed TC. At the request of the Government of Suriname, the IDB, through the Labor Markets Division (SCL/LMK), will execute this TC. 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.
- 5.2 In accordance with the guidelines and requirements established in the Technical Cooperation Policy (GN-2470-2) and the criteria established in annex 2 of the TC Operating Guidelines (OP-619-4) given: (i) the Bank, through SCL/LMK has technical expertise in labor market programs, 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 Bank has the necessary technical, operational, and institutional capacity to duly and timely execute the activities proposed under this TC. The supervision of this TC will be carried out by the project team. The results of these activities are intended to bring key inputs to the implementation of the loan (5626/OC-SU). SCL/LMK will be responsible for the direction, supervision, and coordination of this TC. The Bank will coordinate its work extensively with the Government of Suriname and other benefitting ministries/entities.
- 5.3 Ownership of intellectual property rights of products resulting from the execution of the TC belongs to the Bank. However, a license to use these products will be granted to the beneficiary government, when applicable, and according to Bank policies and procedures.

VI. Major issues

- 6.1 Risks are mainly associated with low engagement and participation by productive and public sector stakeholders, as well as civil society. Insufficient integration, coordination and communication among government agencies may also lead to delays in project execution. To mitigate this risk, the Team will develop and apply tailored communication strategies for the different stakeholders in the case of low engagement.

VII. Exceptions to Bank policy

- 7.1 None.

VIII. Environmental and Social Aspects

- 8.1 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:

[Request from the Client_18860.pdf](#)

[Results Matrix_48159.pdf](#)

[Terms of Reference_38293.pdf](#)

[Procurement Plan_66279.pdf](#)