

TC Document

I. Basic Information for TC

▪ Country/Region:	REGIONAL
▪ TC Name:	Labor market outcomes and its determinants for women and diverse groups in Latin-America and the Caribbean
▪ TC Number:	RG-T4242
▪ Team Leader/Members:	Cruz Aguayo, Yyannu (SCL/LMK) Team Leader; Urquidi Zijderveld, Manuel Enrique (SCL/LMK) Alternate Team Leader; Bustelo, Monserrat (SCL/GDI); Carolina Echeverri (SCL/LMK); Dias Alvarenga Baptista, Dulce Benigna (SCL/LMK); Gaston Ferrin (SCL/LMK); Gonzalez Herrera, Beatriz Maria (SCL/LMK); Libertad Siccha (SCL/LMK); Sara Vila Saintetienne (LEG/SGO)
▪ Taxonomy:	Research and Dissemination
▪ Operation Supported by the TC:	N/A .
▪ Date of TC Abstract authorization:	21 Feb 2023
▪ Beneficiary:	Regional – all IDB borrowing member countries
▪ Executing Agency and contact name:	Inter-American Development Bank
▪ Donors providing funding:	OC SDP Window 2 - Social Development(W2E)
▪ IDB Funding Requested:	US\$200,000.00
▪ Local counterpart funding, if any:	US\$0
▪ Disbursement period (which includes Execution period):	36 months (including disbursement and execution)
▪ Required start date:	May 2023
▪ 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):	N/A
▪ TC included in CPD (y/n):	N/A
▪ Alignment to the Update to the Institutional Strategy 2010-2020:	Social inclusion and equality; Productivity and innovation; Gender equality; Diversity

II. Objectives and Justification of the TC

- 2.1 This Technical Cooperation (TC) aims to provide essential knowledge and inputs for the design of effective labor market policies targeted to women and diverse groups (i.e., people with disabilities, African descendants, indigenous, and LGBTQ+) in the Latin-American and Caribbean (LAC) region. The specific objectives are: (i) to identify potential discrimination against individuals from diverse groups, including those with disabilities and indigenous people, during the employee recruiting process; (ii) to assess the accessibility of job portals and digital services within labor and social security governmental entities; and (iii) to generate a framework for the collection of labor market data of women using mixed methods to effectively measure gaps and inequalities.
- 2.2 There is ample evidence for the LAC region that shows that women have worse labor market outcomes than men. The rate of women out of the labor force increased by 1.7 percentage points between 2019 and 2021, while for men this decreased by 1.6

percentage points. In 2021 women in the region earned 80% of men's labor income¹, a gap that remains when we compare females' income with their male counterparts with similar characteristics and in the same job.² Moreover, these differences climb up when women have children. In Mexico and Chile, women with at least one child younger than 5 years old earn more than 20% less than their male counterparts, while for women without children, the gap is 6.7% and 4.1%, respectively. Nevertheless, potential causes behind this, such as higher loads of domestic care and home duties, domestic violence, prevailing community insecurity, and discrimination, among others, remain relatively unexplored in some countries in the region, even though they are essential to public policy formulation.

- 2.3 Important gaps in the labor market are also present for people in diverse groups in the region. Indigenous peoples and African descendants have worse labor market outcomes compared with the rest of the population. For example, in 2017, the monthly salary gaps for indigenous peoples and African descendants compared with the rest of the population were 27% and 17%, respectively. Moreover, discrimination and exclusion patterns are perpetuated in the present day. In Perú, the callback rate for job interviews among whites is 19% higher than for Afro-Peruvian and 54% higher than the one among Quechuas³. There is also evidence of an association between sexual orientation and labor force participation. In Chile and Uruguay, gay men are up to 5 percentage points less likely to participate in the workforce. In addition, people with disabilities face high levels of inequality in employment opportunities compared with people without disabilities, especially if they are women or live in rural areas⁴.
- 2.4 Labor market policies focused on promoting the labor inclusion of these populations require identifying the specific drawbacks and barriers they face, as well as the causes behind these constraints. However, there are difficulties in accessing this type of information, as household surveys may fail to accurately measure the size of these populations and the inequalities that they face in the labor market⁵. Including additional questions in the traditional surveys to capture these determinants is a limited solution. Mixed methods, such as traditional surveys in combination with qualitative data and other collection instruments (structured interviews and indirect response methods, for example), are more promising when it comes to obtaining more detailed and nuanced information. In addition, studies to identify how discrimination may prevent people of diverse groups from having a job and how accessible are labor portals for people with different kinds of disabilities may be very informative and contribute to closing the current knowledge gaps. Moreover, since the pandemic contributed to exacerbating the gender and diversity imbalances in the labor market, it is urgent to take actions that contribute to a better understanding.

¹ Inter-American Development Bank (2023). Labor markets and Social Security Information.

² Urquidi, M. & Chalup, M. (2023). *Brecha de ingresos laborales por género en América Latina y el Caribe: un análisis de sus diferentes componentes y determinantes*. Inter-American Development Bank. IDB Working Paper Series; 2650.

³ Galarza, F. B., & Yamada, G. (2017). Triple penalty in employment access: The role of beauty, race, and sex. *Journal of applied economics*, 20(1), 29-47.

⁴ Pinilla-Roncancio, M., & Gallardo, M. (2022). Inequality in labour market opportunities for people with disabilities: Evidence for six Latin American countries. *Global Social Policy*, 0(0).

⁵ Ham, A., Guarín, A., & Ruiz, J. How Accurately are Household Surveys Measuring the Size and Inequalities for the LGBT Population in Bogotá, Colombia? Evidence from a List Experiment. IDB Working Paper Series; 1439.

- 2.5 **Strategic Alignment.** The TC is aligned with the Second Update to the Institutional Strategy (UIS) 2020-2023 (AB-3190-2) with the development challenges of: (i) Social Inclusion and Equality by financing tools to promote access to employment of people in vulnerable groups; (ii) Productivity and Innovation by financing better labor intermediation tools; and (ii) with the cross-cutting issue of gender equality and diversity, since it seeks to collect and analyze information on labor including gender and diversity-related data, to identify potential discrimination against diversity groups, and to assess the accessibility of people with disabilities to job portals and digital services. The TC is consistent with the IDB Sector Framework Document (SFD) for Labor (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) by identifying the main challenges these populations face to successfully insert in the labor market. It is consistent with SFD's mandate to design interventions that 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 TC also aligns with priority area 5: Inclusive Social Development within the Ordinary Capital Strategic Development Program (OC SDP 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. The TC is aligned to the crosscutting and priority area of promoting inclusion through a gender and/or diversity lens established in the IDB Group Country Strategy with all countries in the region by establishing a standardized framework to visualize their main constraints to insert in the labor market. The TC is aligned to the Gender and Diversity Sector Framework (GN-2800-13) with challenges 1 and 2 by identifying the structural factors and unequal treatment of diverse groups in the labor market that contribute to preserve the gaps. Finally, the TC complements the knowledge initiative on gender and diversity [GDLAB Labor](#), which seeks to expand knowledge about gender and diversity gaps in the labor market.

III. Description of activities/components and budget

- 3.1 The total cost of the TC is US\$200,000, financed by OC SDP window 2 – Social Development (W2E), on a non-reimbursable basis. The TC does not foresee a local counterpart. The beneficiaries will be the Governments of the Region through their Ministries of Labor, their Labor Intermediation Services and Labor Training Institutions. The disbursement and execution period will last 36 months. These funds will be used in the following components:
- 3.2 **Component 1. Diversity studies to identify potential discrimination and assess accessibility to job portals and digital services for indigenous populations and people with disabilities (US\$90,000).** This component aims to identify potential discrimination in the recruitment process against diverse groups such as people with disabilities and indigenous populations and assess the accessibility of job portals and digital services for people with disabilities within labor and social security governmental agencies in countries of the region. The specific activities of this component are: (i) consulting services to design and implement a diversity study to identify discrimination in the recruitment process based on a “field experiment” where real recruiters will be exposed to different profiles with similar characteristics but varying in gender, disabilities, and/or other diversity considerations, and will be asked

to arrange them by preference and assign them a salary range; (ii) consulting services to collect and analyze information related to the diversity study; and (iii) consulting services to design and implement an assessment of the accessibility to job portals and digital services of indigenous populations and people with disabilities, involving the active participation of individuals with different types of disabilities. The expected outputs are two technical notes resulting from the implementation of the studies in two countries in the region, a framework to assess accessibility, and the results of the validation of the accessibility survey.

- 3.3 **Component 2. Gender studies to design a framework to collect labor market information on women to identify labor market inequalities (US\$100,000).** This component aims to develop a framework to gather labor market information from women that allows identifying the main barriers that women face that prevent them from eliminating gender gaps in labor outcomes. The specific activities of this component are: (i) consulting services to design a suitable approach to collect information related to labor market status, labor trajectory, the determinants of workforce participation, and other related topics that are susceptible to underreporting, using mixed methodologies like qualitative interviews and indirect response methods; and (ii) consulting services to validate the framework by implementing a pilot of the method in a representative sample of women in two counties of the region. The expected output from this component is a framework to collect data to measure gender imbalances and their causes that are applicable to other countries. It is expected that outputs from this TC will contribute as relevant inputs for policy formulation, implementation, monitoring, and evaluation in the region.
- 3.4 **Component 3. Dissemination and validation (US\$10,000).** The objective of this component is to disseminate the key finding from studies on Components 1 and 2 in a manner that is reached by policymakers in the region such as officers from the Ministries of Labor and Finance, and key leaders in Non-Profit Organizations, making special emphasis on the policy implications of our findings and how new interventions with positive outcomes can be potentially applied in new scenarios in the region. Thus, the main outputs under this component are the dissemination and validation workshops to be held virtually with relevant stakeholders in the region.
- 3.5 It is expected that the countries where the pilot studies will take place to validate the frameworks generated under the TC will be Barbados, Bolivia, Guatemala, and Paraguay⁶, in order to consider a country per sub-region, and countries with both high and low levels of information.
- 3.6 The TC has an estimated budget of US\$200,000 to be executed for up to 36 months (2023-2026) including the disbursement period. The duration of the execution is justified by the time required to complete each activity in the consultancy process, as well as the interdependence between certain activities, which prevents them from being carried out simultaneously.

⁶ The team will request the non-objection of the corresponding governments of the countries where the pilot studies for the validation of the frameworks will take place and will coordinate with the COFs holding continuous communications about the progress.

Indicative Budget

Activity/Component	Description	IDB/Fund Funding	Total Funding
Component 1	Diversity studies to identify potential discrimination and assess accessibility to job portals and digital services for people with disabilities	US\$90,000.00	US\$90,000.00
Component 2	Gender studies to design a framework to collect labor market information on women to identify labor market inequalities	US\$100,000.00	US\$100,000.00
Component 3	Dissemination and validation	US\$10,000.00	US\$10,000.00
Total		US\$200,000.00	US\$200,000.00

- 3.7 **TC Supervision.** The TC will be supervised by the team leader, Yyannú Cruz-Aguayo, and alternate team leader, Manuel Urquidi Zijderveld (SCL/LMK) with the support of the team members. The team leader will coordinate the supervision of the TC with focal points in each country. The TC team does not anticipate supervision costs to Country Offices (COF).
- 3.8 **Sustainability.** The proposed TC aims to establish a standardized framework for collecting labor market information with a gender and diversity perspective that can be replicated throughout countries within the region, beyond those directly benefiting from the TC. In order to validate this framework, the TC will fund pilot studies to be implemented in countries with both high and low levels of information. Even though the studies will not be implemented in all countries in the region, the framework will benefit projects that need a framework to collect data region wise.
- 3.9 Additionally, the gender and diversity studies conducted under this initiative will be widely disseminated to inform future operations in the region. While each country may have unique challenges, gender and diversity imbalances are prevalent across the region, making the findings of these studies particularly relevant. Furthermore, the lessons learned from implementing these studies in certain countries will be shared to guide future initiatives with similar objectives. Overall, this TC represents a valuable opportunity to promote greater knowledge of challenges for gender and diversity equity in the region's labor market.

IV. Executing agency and execution structure

- 4.1 **Execution.** The Executing Agency will be the Inter-American Development Bank (IDB), through the Social Sector, Labor Markets Division (SCL/LMK), 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).

- 4.2 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 governments, when applicable, and according to Bank policies and procedures.
- 4.3 The supervision of this TC will be carried out by the project team. SCL/LMK will be responsible for the direction, supervision, and coordination of this TC. The Bank will coordinate its work extensively with the Governments involved and other benefiting ministries/entities.
- 4.4 **Procurement and financial management:** The activities to be executed are included in the Procurement Plan (Annex V) and will be executed in accordance with current Bank procurement methods as follows: (a) Contracting of individual consultants, as established in the regulations AM-650; (b) Contracting of consulting firms for services of an intellectual nature according to GN-2765-4 and its Operational Guidelines (OP-1155-4), and (c) Procurement of logistics and other related services, in accordance with the Corporate Procurement Policy (GN-2303-28).

V. Major issues

- 5.1 Risks are mainly associated with the potential low engagement of the different stakeholders or difficulties/delays related to large-scale data collection efforts at the country level. Some of these risks are unavoidable given the nature of the activities. To mitigate them, the team will invest in developing solid technical proposals and collaborations with country counterparts.

VI. Exceptions to Bank policy

- 6.1 None.

VII. Environmental and Social Strategy

- 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; therefore, this TC does not have applicable requirements of the Banks Environmental and Social Policy Framework (ESPF).

Required Annexes:

[Results Matrix - RG-T4242](#)

[Terms of Reference - RG-T4242](#)

[Procurement Plan - RG-T4242](#)