**TC ABSTRACT**

**I. Basic Project Data**

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| --- | --- |
| ▪ Country/Region: | MEXICO/CID - Isthmus & DR |
| ▪ TC Name: | Labor Market and Social Security Implications of the Platform Economy – The case of a major ride-hailing application |
| ▪ TC Number: | ME-T1386 |
| ▪ Team Leader/Members: | Oliver Azuara (SCL/LMK) Team Leader; Mariano Bosch (SCL/LMK) Alternate Team Leader; Ethel Muhlstein (SCL/LMK); Tania Gaona (SCL/LMK); Lukas Keller (SCL/LMK); and Juan Carlos Perez-Segnini (LEG/SGO). |
| ▪ Taxonomy: | Research and Dissemination (R&D) |
| ▪ Number and name of operation supported by the TC: | N/A |
| ▪ Date of TC Abstract: | 20 Jul 2018 |
| ▪ Beneficiary: | Mexico |
| ▪ Executing Agency: | Inter-American Development Bank, Social Sector, Labor Markets Division (SCL/LMK) |
| ▪ IDB funding requested: | $ 250,000 |
| ▪ Local counterpart funding: | $ 0 |
| ▪ Disbursement and execution periods: | 36 months |
| ▪ Types of consultants: | Individuals and Firms |
| ▪ Prepared by Unit: | SCL/LMK |
| ▪ Unit of Disbursement Responsibility: | SCL/LMK |
| ▪ TC included in Country Strategy (y/n): ▪ TC included in CPD (y/n): | No No |
| ▪ Alignment to the Update to the Institutional Strategy 2010-2020: | Productivity and innovation |

**II. Objective and Justification**

2.1 The objective of this TC is to increase the knowledge of the Mexican government and policy-makers about strategies to leverage digital, on-demand labor intermediation platforms to expand access to the labor market and promote social security contributions in LAC, a region where neither of these potentials are well understood.

2.2 The Bank is interested in exploring how the use of digital platforms will facilitate access to jobs and the labor market. We are also trying to find mechanisms to ensure self-employed workers that use these platforms have access to an insurance mechanism for health and pensions.

**III. Description of Activities and Outputs**

3.1 This TC will include the following activities: (i) survey of the self-employed workers that use a ride-hailing platform; (ii) pilots to promote take-up and use of protection and insurance mechanisms among users of the selected digital platform; (iii) knowledge and dissemination of results.

3.2 **Component I: Component 1. Survey of drivers using a selected ride-hailing platform in Mexico (US$100.000).** The objective of this survey is to study the motivations and socio-economic circumstances of individuals drawn to work using a ride-sharing platform. This information will serve to better understand the effectiveness of digital, on-demand labor intermediation platforms to reduce obstacles to accessing better jobs and increasing productivity.

3.3 **Component II. Pilots to promote take up and use of protection and insurance mechanisms among self-employed workers using a selected raid-hailing platform in Mexico (US$120,000).** Interventions will be developed with a partner platform and a financial institution in Mexico to pilot and test different interventions to increase saving rates of those self-employed workers who use digital platforms. Pilots will promote take up and use of protection and insurance mechanisms among self-employed workers using raid-hailing platform.

3.4 **Component III. Knowledge and dissemination (US$20.000).** Raise awareness and promote consensus among key stakeholders about how to leverage digital on-demand labor intermediation platforms for enhanced labor market accessibility and social protection coverage in Mexico.

**IV. Budget**

**Indicative Budget (US$)**

|  |  |  |  |
| --- | --- | --- | --- |
| **Activity/Component** | **IDB/Fund Funding (SOC)** | **Counterpart Funding** | **Total Funding** |
| Component 1. . Survey of drivers using a selected ride-hailing platform in Mexico (US$100.000) | 100,000 | 0 | 100,000 |
| Component 2 – Pilots to promote take up and use of protection and insurance mechanisms among self-employed workers using a selected digital platform (US$125,000): | 120,000 | 0 | 120,000 |
| Component 3. Knowledge and dissemination (US$25.000) | 20,000 | 0 | 20,000 |
| Incidentals | 10,000 |  | 10,000 |
| Total | 250,000 | 0 | 250,000 |

**V. Executing Agency and Execution Structure**

5.1 The Bank will be the executing agency for this TC.

5.2 The Bank, through the Social Sector, Labor Market's Division will be in charge of execution for this TC. LMK has expertise in labor markets and social security projects and in developing projects with the private sector.

**VI. Project Risks and Issues**

6.1 The main risks associated with this TC are: (i) low response rates of driver-partners of a selected ride-hailing partner to the survey proposed under component 1; and (ii) a lack of demand for long-term savings solutions among self-employed workers that use a digital platform, which would lead to a partial implementation of the activities envisioned under component 2 (Diagnosis).

**VII. Environmental and Social Classification**

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