

TC Document

I. Basic Information for TC

▪ Country/Region:	REGIONAL
▪ TC Name:	Promoting Gender Equality, Diversity and Inclusion in the Private Sector
▪ TC Number:	RG-T3509
▪ Team Leader/Members:	Albertos, Carmen (SCL/GDI) Team Leader; Oueda Cruz, Stephanie (INO/NFP) Alternate Team Leader; Berdeja Suarez, Isabel (INO/NFP); Blandin Andino, Lourdes (SCL/GDI); Garcia Alba, Jaime (INO/NFP); Greco, Maria Sofia (LEG/SGO); Martin, Carolina Susana (SCL/GDI); Roza, Vivian Ellen (SCL/GDI); Saldarriaga Jimenez, Andrea (SCL/GDI); Sanchez Ramirez, Ana Paula (INO/NFP); Serrano Pardo, Jimena (INO/NFP); Uribe Vasquez, Lina Eugenia (SCL/GDI); Villanueva, Maria Teresa (SCL/GDI)
▪ Taxonomy:	Research and Dissemination
▪ Operation Supported by the TC:	N/A
▪ Date of TC Abstract authorization:	18 Jun 2019.
▪ Beneficiary:	Private and public entities, business associations, local organizations in the Latin America and the Caribbean (LAC) region
▪ Executing Agency and contact name:	Inter-American Development Bank
▪ Donors providing funding:	OC Strategic Development Program for Countries (CTY)
▪ IDB Funding Requested:	US\$1,250,000.00
▪ Local counterpart funding, if any:	US\$0
▪ Disbursement period (which includes Execution period):	36 months
▪ Required start date:	January 15, 2020
▪ Types of consultants:	Individual consultants and consulting firms
▪ Prepared by Unit:	SCL/GDI-Gender and Diversity
▪ Unit of Disbursement Responsibility:	SCL-Social Sector
▪ TC included in Country Strategy (y/n):	No
▪ TC included in CPD (y/n):	No
▪ Alignment to the Update to the Institutional Strategy 2010-2020:	Gender equality; Diversity

II. Objectives and Justification of the TC

- 2.1 The **principal objective** of this TC is to strengthen the capacity of public and private stakeholders to close organizational gender gaps and to facilitate the inclusion in equitable and fair terms of historically excluded populations (Indigenous and Traditional Peoples (ITP), African descendant populations, Persons with Disabilities (PwD) and LGBTQ+ individuals) in **private sector companies'** workforce, value chains (including minority-owned Small and Medium-Sized Enterprises (SMEs)) and markets ([see note 1](#)). The TC will support

the public and private sectors ([see note 2](#)) in creating opportunities for diverse populations to assume their role as active drivers of their own economic development.

- 2.2 The private sector has an essential role to play in generating sustainable growth as it fosters innovation and job creation. However, both the full commitment of companies, and support from the public sector are needed to reach gender equality and diversity (G,D&I) goals in the workplace. The business case for G,D&I in the workplace is compelling. Studies have shown that reducing barriers to women's workplace participation would significantly boost welfare and growth. The potential gains of increased female labor force participation could create US\$1.1 trillion more in GDP in a best-in region scenario by 2025, 14% higher than at current conditions of improvement ([see note 3](#)). Other studies show that companies that have a diverse leadership in terms of gender, race and ethnicity tend to have higher profits.
- 2.3 Despite the important economic and social benefits of G,D&I, **large gaps in participation in the economy remain**. Factors of race, ethnicity, disability, sexual orientation and gender stand in the way of many people escaping poverty and achieving economic progress in Latin America and the Caribbean (LAC). Although the region has made progress in closing gender gaps in education, the rate of increase in **female participation in the labor market** has slowed down. Women's labor force participation continues to lag behind men's (56.3% vs 78.4%), and the gender pay gap is 12.5% against women ([see note 4](#)). Moreover, women make up only 4.2% of CEOs in LAC ([see note 5](#)). IDB Invest's work shows that many companies lack capacity in their human resource departments to address these issues, while other companies simply do not prioritize G,D&I ([see note 6](#)).
- 2.4 ITP, African descendant populations, PwD, and LGBTQ+ individuals account for an estimated 40% of the region's population ([see note 7](#)). Many members of these groups face **shared development barriers**, such as higher poverty rates, unemployment and underemployment, risk of abuse or violence, limited access to public services, and underrepresentation in decision-making bodies. In Panama, formal sector labor market participation of **indigenous peoples** is more than 30 percentage points lower than that of the non-indigenous population. In cases where ITP can access jobs, these tend to be low-paid, non-skilled jobs, perpetuating the cycle of inequalities ([see note 8](#)). **African descendants** are over 2.5 times more likely to live in chronic poverty than whites or mestizos and have fewer chances for social mobility. The working-age population of African descendants is disproportionately affected by unemployment, with rates more than twice as high as for whites and *mestizos*. African descendants with university degrees are confronted with glass ceilings that slow their career development ([see note 9](#)). **Persons with disabilities** have a higher poverty rate, and disproportionately higher rates of inactivity. Among the 24-35-year-old population, the employment rate for men with disabilities is 24% lower than among men without disabilities. Among women with disabilities the employment rate is even lower, by 12% ([see note 10](#)). Although little data is available on the obstacles faced by **LGBTQ+ populations** in the labor market, some estimates indicate that between 2.4% and 7% of the population, in the region, identifies as LGBTQ+ face barriers in access to formal sector employment.

- 2.5 Underrepresented groups also face **intersectional challenges** caused by interconnected layers of disadvantage. Females from ethnic minorities in Latin America face greater barriers to workforce inclusion than their white counterparts. Their work is usually concentrated in the informal sector and is poorly remunerated ([see note 11](#)). In 2012, the total ethnic earnings gap due to occupational segregation was 38% ([see note 12](#)). Underrepresented groups also experience challenges to establish and maintain a business, including limited access to capital, difficulties obtaining loans, limited access to networks, and other costs that restrict entry into industries ([see note 13](#)).
- 2.6 **Numerous strategies exist to promote diversity in the private sector.** Some strategies include: affirmative action ([see note 14](#)); mandatory employment quotas ([see note 15](#)); creating a diversity taskforce responsible for executing diversity action plans; providing diversity training for employees to ensure everyone understands their responsibility to foster inclusion and a good working environment; mentorship programs; creating diversity policies to make companies a more appealing place to work; promoting supplier diversity and integrating blind recruiting programs. Much of the evidence regarding the effectiveness of these strategies comes from outside LAC ([see note 16](#)), but examples from the region include the World Food Program's Purchase for Progress initiative in Brazil, which connected rural and ITP entrepreneurs to actors in the National Supply Company who were required to purchase at least 30% of food procurement from small farmers and rural entrepreneurs ([see note 17](#)). In Ecuador, Resolution No.014 requires grocery stores to reserve 20% of all shelf space for sales by small-holders, and ITPs ([see note 18](#)).
- 2.7 **The IDB has supported private sector efforts to advance the economic empowerment and development with identity of diverse population groups across LAC.** It has improved access for PwD to higher quality jobs in the formal sector and supported the development and growth of ITP-led businesses. The Bank recently approved two projects which have training components to promote labor market insertion of PwD ([see note 19](#)), and a loan to support indigenous businesses in Panama. Previous Bank efforts to support the development with identity of ITP have focused on improving access to social services and basic infrastructure and/or transport, strengthening traditional governance structures, promoting economic empowerment, supporting natural resource or land management by indigenous peoples, and combating discrimination. These operations –primarily technical cooperations– have brought attention to the importance of supporting ITP and African descendant communities and businesses directly, providing access to capital, building public sector capacity, and serving as trusted intermediaries between indigenous communities and governments. IDB lessons learned from supporting PwD labor insertion show that PwD have economic, social, and human potential that is still largely unrealized in LAC.
- 2.8 **To promote women's economic empowerment and close gender gaps, the IDB, in collaboration with the World Economic Forum (WEF) established the Gender Parity Taskforces (IPGs)** ([see note 20](#)), a public-private partnership that seek to: (i) increase women's labor force participation; (ii) reduce the gender wage gap; and (iii) increase the number of women in leadership positions. IPGs are currently operating in Chile ([see note 21](#)), Argentina ([see note 22](#)), and Panama

([see note 23](#)), and are under construction in Colombia, Dominican Republic, Peru and Costa Rica. In the IPGs, the public sector plays a key role in defining priorities for the country's action plan and convening the private sector. Their work has revealed a clear interest on the part of the private sector in advancing these three indicators but has also brought attention to a need for clearer guidance and practical tools to promote women's leadership and close the economic gender gaps within their organizations.

- 2.9 **From 2016-2018, IDB Invest has worked on more than 39 advisory engagements to promote G,D&I with private sector clients in LAC** ([see note 24](#)). These advisory engagements showed IDB Invest teams how to assist companies who lack capacity in their human resources and procurement departments to address G,D&I ([see note 25](#)).
- 2.10 While there are **lessons learned and best practices** to draw on in promoting a diverse workforce, much of this knowledge **has not been adequately disseminated** to LAC companies or adapted to regional contexts. There is a need to strengthen the private sector's understanding of the challenges excluded groups face in accessing jobs, and to develop clear strategies and guidelines for private sector actors to create economic opportunities for these groups. A main obstacle to understanding how firms' behaviors can change is the lack of company data. Initiatives and tools currently existing to measure and report on policies, practices, and data on diversity are either limited to gender analyses or require significant resources to be implemented ([see note 26](#)). Designing approaches to adequately integrate diverse groups in private sector operations requires deeper knowledge of what type of interventions work effectively in LAC.
- 2.11 **Public-private partnerships** play a critical role in empowering these groups economically through inclusive hiring and promotion policies, market expansion, workforce development and procurement spending. As diversity and inclusion is mainstreamed at scale, more research and data that speaks the language of the private sector and that builds the business case beyond gender is needed. The private sector needs to understand the characteristics of these groups, their challenges and their unique contributions they could make, in order to create opportunities that target private sector needs while respecting these groups' development with identity. Tools must be able to transfer knowledge about G,D&I directly to companies and through business associations, relevant government agencies, and local organizations that share these goals.
- 2.12 **Strategic Alignment.** The TC is aligned with the social inclusion and equality challenge identified in the *Update to the Institutional Strategy 2010-2020* (AB-3008), as well as the gender and diversity cross-cutting theme, as the objective of this TC is to promote the inclusion of diverse population and women in the private sector. It is also consistent with the Diversity Action Plan for Operations, 2019-2021 (GN-2531-17) and the Gender and Diversity Sector Framework Document (GN-2800-8), which states that the Bank will work to expand economic opportunities for women, expand their voice and agency, and support the economic empowerment of indigenous peoples, Afro-descendants, and other diverse populations. The TC is also aligned with efforts to strategically employ OC resources to contribute to the acceleration of economic growth by supporting key sectors such as SMEs, and growth through the private sector with an emphasis on

gender and climate (GA-269-4 par. 1.23). Finally, the TC is consistent with the Ordinary Capital Strategic Development Programs (OC SDPs) for Countries (GN-2819-1) ([see notes 27 and 28](#)). The TC will be implemented in countries where there is demand from private and public sector entities and in such cases, the TC is aligned with relevant country strategies.

III. Description of Activities/Components and Budget

- 3.1 **Component 1. Improve public and private stakeholders' capacity to close economic gender gaps (US\$530,000).** The objective of this component is to improve public and private stakeholders' capacity to close economic gender gaps through Gender Parity Taskforces (IPGs) and other activities. These efforts will take place in countries with IPGs as well as other countries in the region. Private sector engagement will focus on IDB Invest clients ([see note 29](#)), which typically are medium sized companies with relatively limited capacity to drive gender inclusion. Public efforts will be coordinated through the IPG agreements ([see note 30](#)). The following **activities** will be financed: (i) Creation and/or adaptation of existing guidelines, toolkits and/or programs to close gender economic gaps inside LAC companies and promote women's leadership development from entry to managerial level positions; (ii) Compilation of best practices to promote gender equality, including policies and strategies to increase the participation of women with an intersectional background; (iii) Implementation of workshops to guide the private sector and IPG companies in the execution of policies and practices to close gender economic gaps and integrate a diverse workforce; (iv) Organization of and/or participation of experts in national and regional conferences to share best practices and knowledge with LAC public and private sector on effective policies and programs to promote gender equality. These regional conferences will include key stakeholders, including private sector personnel, government officials, women leaders, IDB personnel, CEOs, and gender-specialized NGOs, and could be an opportunity to promote public and private partnerships; (v) Preparation of a technical note to systematize lessons learned and best practices from project activities and the IPG experience; and (vi) Technical assistance to support the Gender Parity Task Force team and design of a communication strategy to disseminate knowledge and best practices.
- 3.2 Expected **products** are: (i) At least three tools created or adapted for LAC private sector companies to close economic gender gaps and promote women's leadership development from entry to managerial level positions; (ii) two technical notes that shed light on the key drivers for the promotion of G,D&I, including strategies to increase the participation of minority women in LAC ([see note 31](#)); (iii) at least four workshops on policies and practices to close economic gender gaps (e.g. unconscious bias and sexual harassment prevention policies); (iv) participation in at least three events or conferences with public and private entities to share best practices; (v) technical note systematizing lessons learned and best practices; and (vi) communications plan for the dissemination of the technical notes. Expected **results**: (i) increased knowledge sharing among IPG actors on effective tools, policies and programs to close economic gender gaps; (ii) increased participation of private sector companies in regional IPGs; and (iii) increased commitment to promoting G,D&I by companies.

- 3.3 **Component 2. Strengthen public and private stakeholders' capacity to integrate and work with ITP, PwD, Afro-descendants and LGBTQ+ (US\$700.000).** This component seeks to strengthen public and private stakeholders' capacity to integrate and work with ITP, PwD, Afro-descendants and LGBTQ+. It will identify and leverage opportunities to facilitate underrepresented groups' insertion into the labor markets, taking into consideration their unique challenges while respecting their dignity and identity. All activities will take into consideration the different approaches needed for each group. It includes the following **activities**: (i) Analyses of barriers and opportunities for the participation of ITP, African descendants, PwD and LGBTQ+ in the labor force and private sector activities in the region, including a sectorial ([see note 32](#)) analysis of instruments that could be key to promote inclusion (diversity hiring laws, tax benefits, law-required quotas, affirmative action and procurement policies, etc.); (ii) Development of tools to diagnose and design an inclusion strategy for underrepresented groups in the private sector, which will account for each groups' specificities, including measurement challenges ([see note 33](#)); (iii) Creation of instruments for private sector entities to implement a diversity and inclusion strategy ([see note 34](#)); (iv) Design and implementation of two advisory engagements to support companies to include underrepresented populations ([see note 35](#)); (v) Preparation and implementation of workshops and high-level meetings to share best practices in promoting diversity and inclusion ([see note 36](#)). These high-level meetings will take the form of stakeholders fora such as CEOs, NGOs with topical expertise, and government officials; and (vi) Design and implementation of two workshops to train underrepresented groups in the future of work skills and integrate them into the workforce and/or supply chain in equitable terms.
- 3.4 Expected **products**: (i) At least two studies on barriers and opportunities for the inclusion of underrepresented groups ([see note 37](#)) in private sector activities in LAC; (ii) One online diagnostic tool to assess diversity policies, and practices of private sector companies for internal and external data analysis. The tool will consider the specificity of each group and will build on the experience of a similar tool developed to identify gender gaps (WEP tool); (iii) One *stakeholder and partner* mapping of relevant groups engaging with the target populations; (iv) Trend report analyzing private sector adoption of inclusive corporate practices; (v) At least three instruments, such as training guidelines and/or toolkits to guide programs to support inclusion, promote minority leadership, and foster enterprise diversity; (vi) Two advisory engagements for private sector companies and their personnel to include underrepresented groups in operations; (vii) At least two high-level meetings and/or workshops to share best practices in promoting diversity and inclusion between the private and public sector; and (viii) At least two workshops for underrepresented groups to acquire knowledge and skills matching the future of work needs. Expected **results** are: (i) Increase in knowledge among LAC public and private stakeholders in best practices to integrate excluded groups in private sector operations; and (ii) Increase in the number of private sector initiatives targeting the inclusion of underrepresented groups.
- 3.5 **Monitoring and impact evaluation.** A section of the funds will be allocated to measuring the results and effectiveness of the advisory engagements for companies to include under-represented groups in their operations.

- 3.6 The total cost of this TC is US\$1,250,000, which will be funded by the OC Strategic Development Program for Countries–Economic Growth Priority (CTY-ECG). For details, please see the Indicative Budget.

Indicative Budget (US\$)

Component	Description	Action line funding	IDB/Fund Total Funding (CTY-ECG)	Total Funding
1. Improve public and private stakeholders' capacity to close economic gender gaps.	Tools to close economic gender gaps.	370,000	530,000	530,000
	Communication expert.	25,000		
	Knowledge products.	65,000		
	Workshop design, materials, and implementation.	42,000		
	Travel and per diem for consultants.	20,000		
	Editing, formatting and translations.	8,000		
2. Strengthen public and private stakeholders' capacity to integrate and work with indigenous and traditional peoples, Persons with Disabilities (PwD), Afro-descent and LGBTQ+.	Knowledge products.	100,000	700,000	700,000
	Tools for private sector (Diagnostic tool).	150,000		
	Tools to promote diversity in the private sector (see note 38).	153,000		
	Advisory engagements (US\$5,000 allocated to measure effectiveness).	120,000		
	High-level meetings and events.	6,000		
	Workshop design, materials, and implementation	130,000		
	Editing, formatting and translations.	19,000		
	Travel and per diem for consultants.	22,000		
Contingencies	1.6%	20,000	20,000	20,000
Total		1,250,000	1,250,000	1,250,000

IV. Executing Agency and Execution Structure

- 4.1 The execution of this TC will be carried out by the Bank through the Gender and Diversity Division (SCL/GDI), with support from IDB Invest. This TC is an initiative of the Bank and falls under the knowledge and dissemination taxonomy. The Bank is the Executing Agency and has no counterpart. The Bank has significant experience implementing projects in the cross-cutting issue of gender and diversity, and has the expertise to conduct the selection and hiring of quality consulting services ([see note 39](#)). Execution by the Bank is justified because the activities are intended to reach all countries in the region and there will be economies of scale in the execution. These activities will benefit public and private stakeholders in different LAC countries that will benefit from the horizontal knowledge generated and the development of spillovers ([see note 40](#)).
- 4.2 **Procurement.** The Bank will contract individual consultants, consulting firms and non-consulting services in accordance with Bank's current procurement policies and procedures: recruitment of individual consultants (AM-650); contracting of consulting firms for services of an intellectual nature (GN-2765-1) and its operational guidelines (OP-1155-4); and procurement of logistics services and purchase of goods, (GN-2303-20).

V. Major Issues

- 5.1 This TC has the following risks: (i) Inability of governments to convene the private sector to join IPGs, eliminating the demand for practical guidelines to have gender

inclusive corporate policies, workshops and other technical assistance foreseen; and (ii) Lack of demand for diversity and inclusion projects to employ or integrate diverse groups into the value chain, talent pool or markets. The first of these risks will be mitigated by contracting a consultant for the IPG who will convene the private sector and develop tools to respond to the needs of businesses. In addition, IDB Invest will tap into the expressions of interest received from companies who need guidance and access to tools to advance gender equality in their organizations. To mitigate the second risk, the TC will finance research and training on the economic benefits of diversity and inclusion and will share this information with private sector stakeholders. The technical assistance will encourage companies to join the IPG or promote private-public partnerships, when relevant.

VI. Exceptions to Bank Policy

- 6.1 There are no exceptions to Bank policy.

VII. Environmental and Social Strategy

- 7.1 The TC is not expected to generate negative environmental and social impacts. Therefore, it has been classified as [category C](#), which implies that an environmental and social diagnosis will not be required, in accordance with the Bank's Environment and Safeguards Compliance Policy (OP-703).

Required Annexes: