

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

SURINAME

LABOR MARKET ALIGNMENT WITH NEW INDUSTRIES

(SU-L1061)

PROJECT PROFILE

This document was prepared by the project team consisting of: Yyannú Cruz Aguayo (SCL/LMK), Team Leader; Cynthia Hobbs (SCL/EDU), and Manuel Urquidi (LMK/CBO), Alternate Team Leaders; María Teresa Silva (LMK/CPN); Mónica Centeno-Lappas (LEG/SGO); Mariana Alfonso, Adrian Flores Aguilar (CSD/CCS); Carolina Echeverri (SCL/SCL); Beatriz Gonzalez, Cecilia Siccha (SCL/LMK), Monserrat Bustelo, Agustina Suaya (SCL/GDI), Cleide da Silva (VPC/FMP).

Under the Access to Information Policy, this document is subject to Public Disclosure.

PROJECT PROFILE

SURINAME

I. BASIC DATA

Project Name:	Labor Market Alignment with New Industries		
Project Number:	SU-L1061		
Project Team:	Yyannú Cruz Aguayo (SCL/LMK), Team Leader; Cynthia Hobbs (SCL/EDU), and Manuel Urquidi (LMK/CBO), Alternate Team Leaders; María Teresa Silva (LMK/CPN); Mónica Centeno-Lappas (LEG/SGO); Mariana Alfonso, Adrian Flores-Aguilar (CSD/CCS); Carolina Echeverri (SCL/SCL); Beatriz Gonzalez, Cecilia Siccha (SCL/LMK), Monserrat Bustelo, Agustina Suaya (SCL/GDI), Cleide da Silva (VPC/FMP).		
Borrower:	Republic of Suriname		
Executing Agency:	Ministry of Labour, Employment Opportunity and Youth Affairs (MOL)		
Financial Plan:	IDB Ordinary Capital:	US\$ 10,000,000	
	Total:	US\$ 10,000,000	
Safeguards:	Policies triggered:	ESPS1, ESPS2, ESPS10	
	Classification:	“C”	

II. GENERAL JUSTIFICATION AND OBJECTIVES

- 2.1 **Background.** Suriname is a small open economy dependent on gold and crude oil exports. The performance of macro indicators is linked to commodity prices and the mining sector. A decline in prices of gold and oil in 2015 generated a recession (Gross Domestic Product - GDP contracted 4.9% in 2016). This resulted in a large fiscal and external deficit, exchange rate devaluation, high double-digit inflation, and increased debt. Between 2017-2019, the economy was recovering with an annual average growth of 2.5% (World Bank-WB, 2021). The pandemic interrupted this recovery (GDP contracted 15.9% in 2020 and grew 0.7% in 2021)¹ and exacerbated preexisting inequalities. Before the pandemic, 26.2% of Suriname's population were poor, 36.6% were vulnerable,² and the poverty rate in the interior was over 50% (Khadan, 2020). During the pandemic, households with income vulnerabilities experienced severe income shocks because of higher employment loss, greater difficulties finding employment, and higher rates of unpaid leave (Arteaga et al., 2021).
- 2.2 **Overview of the labor market.** In 2017,³ the total labor force was 203,438, representing 62.5% of total population (IDB-SIMS, 2021). Approximately 75% of data related to economically active population reflects the labor market in the coastal regions of Paramaribo and Wanica.

¹ International Monetary Fund (2021). See Optional Electronic Link #1 ([OEL#1](#)).

² Households with monthly per capita consumption above the poverty line but below 1.25 times said line.

³ No more recent information is available.

- 2.3 Suriname's labor market is characterized by high levels of unemployment and informality, with high proportion working in the service sector. In 2017, the unemployment rate was 8.1%, compared to 6.9% for Latin America and the Caribbean (LAC) and 48.9% worked informally (that is, lacked social security). The most important sectors in terms of employment were services (31.3% of workers), financial (13.4%), hotels and restaurants (13.3%), industry (12.6%), construction (8.4%), and agriculture (7.4%) (IDB-SIMS, 2021).
- 2.4 The labor market is particularly precarious for women, youth, and individuals in remote areas. Although women average one more year of schooling than men, in 2017, women's labor force participation was 51.6% (73.4% for men), and the female unemployment rate was 11.1% (5.7% for men). Similarly, in 2010, the youth 20-24 years old participation rate was 52.9% (71.3% for adults older than 24), and the youth unemployment rate averaged 21.5% (ILO, 1996-2020). Employed youth work mainly informally (72.6%) and mostly in the service sector, one of the most affected during the pandemic (Khadan, 2020). Finally, individuals in remote areas are mainly employed in agriculture and mining, sectors with informality rates of 84% and 56%, respectively (ILO, 1996-2020).
- 2.5 The scope of strategies to reduce **high unemployment** and **informality** will be limited if the following identified conditions prevail: (i) labor force unequipped with the skills demanded by the productive sector; and (ii) lack of labor market information and tools to match jobseekers and employers.
- 2.6 **Labor force unequipped with the skills demanded by the productive sector.** Almost 75% of employers find difficult to identify and recruit employees with proper skills and only 34.8% of businesses offer formal training (compared to 51.2% for LAC) (ILO, 2020). Moreover, businesses in Suriname rate "an inadequately educated workforce" among their three largest problems (WB's Enterprise Surveys, 2018). Also, skills shortage may cause unemployment. The unemployment rate for people with basic education is higher than for those with advanced education (9.14% versus 3.61%) (WB, 2021).
- 2.7 It takes over three times to fill technicians or professionals' vacancies than elementary occupations (7.5 versus 2.3 weeks, respectively) (IDB, 2014). In 2017 jobseekers' registrations for lower administrative occupations were 70% higher than vacancies, while vacancies overpassed registrations for machinery operators/assembly workers by 74% (Suriname's Department of Labor Mediation -SDLM).
- 2.8 **Lack of labor market information.** The SDLM received 86 jobseekers' registrations and 52 job vacancies in 2019, however, the unemployed reached about 16,000, which suggests informal job-searching methods such as friends, relatives, and direct contacts with employers are dominant in Suriname like in LAC (Mazza, 2017).
- 2.9 Successful Training for Employment (TFE) often uses a dual system whereby educational institutions and workplaces offer occupational training aimed at matching the demand with the skill profiles (Remington, 2018). Evidence also suggests that efficient Public Employment Services (PES) with policies aimed at the rapid and efficient insertion of unemployed or vulnerable people into labor market, generate better matches with employers, reallocation of employees to more productive jobs, reduction of recruitment costs (Card et al., 2018; Flores-Lima, 2010), reduced unemployment times (Graversen and Van-Ours, 2009), and improved access to formal employment (Escudero et al, 2019). PES and TFE in Suriname lack some elements that could contribute to their success.

- 2.10 First, the coverage and effectiveness of active labor market services in Suriname⁴ are limited. The PES operates from three offices (Paramaribo, Nickerie, and Saramacca). Before the pandemic, the ratio of jobseekers to PES staff was between 1001-2000 (601-1000 for Trinidad and Tobago and Barbados). The increase in unemployment due to the pandemic added pressure to a system with preexisting limitations. The range of services provided is limited and most of them are delivered with placement counselors/staff without Information Technology (IT) devices or self-services facilities. Jobseekers lack guidance to undertake an effective job-search. The PES does not process and provide labor market information nor provides targeted services to special groups such as young, women, or ethnic minorities (IDB-WAPES-OECD, 2016). Between 2015-2019, PES reported 1,411 job registrations and 950 vacancies, however, only 167 turned into job placements.
- 2.11 Second, some challenges have been identified in the post-secondary TFE system.⁵ The relationship with the private sector is not institutionalized or coordinated through any systematic procedure⁶ and there is no process for periodical updates of training content. Insufficient financial resources limit infrastructure maintenance and operational adjustments. There is a lack of training for trainers; and finally, there are underdeveloped quality control and assessment mechanisms.
- 2.12 **Justification.** Suriname's Policy Development Plan 2017-2021 contemplates strategies to support growth and diversification of the economy and create more and better jobs. This includes producing certified individuals with technical and social skills that respond to the demand, equal opportunities for all citizens, and the protection of the environment. Achieving these strategies may be boosted with a TFE system that provides high-quality training aligned with the productive sector, and a PES unit with real coverage and modern infrastructure and services that reduces the mismatch between jobseekers and employers.
- 2.13 Within this context, the Government of Suriname has asked the Bank to finance an operation aligned with the institutional vision of the Ministry of Labor, Employment and Youth Affairs (MOL) of achieving sustainable development by working on the policy areas of industrial relations, labor market and employment, and labor protection.
- 2.14 **Strategic Alignment.** The program is consistent with the Second Update to the Institutional Strategy (UIS) 2020-2023 (AB-3190-2) and aligned with the development challenge of Social Inclusion & Equality by providing inclusive services (access and quality) in labor policies, and the cross-cutting themes of: (i) Gender Equality by increasing the employability of women; and (ii) Climate Change and Environmental Sustainability by developing skills for environmentally sustainable industries or for greening production processes. The program contributes to the Corporate Results Framework (CRF) 2020-2023 (GN-2727-12) through employment support initiatives, with the climate disaggregation of beneficiaries receiving climate-relevant skills training and beneficiaries receiving job search support to access net zero emission industries. The program is consistent with the IDB's Labor Sector Framework Document (SFD) (GN-2741-12), contributing to assisting region's unemployed, underemployed, and hard to employ people to find decent jobs (V.A.5.3); and with the Gender and Diversity SFD's

⁴ Additional information on the PES in Suriname can be found here: [OL#2](#).

⁵ Additional information on the TFE in Suriname can be found here: [OL#3](#).

⁶ The Surinamese National Training Authority (SNTA), incorporated in 2019, is expected to establish an institutional and stable relationship with private sector.

(GN-2800-8) by designing effective labor intermediation for groups facing difficulties in finding jobs (youth and women).

- 2.15 The program is aligned with the IDB Group Country Strategy with the Republic of Suriname 2021-2025 (GN-3065) through the specific area of “improving education and labor market outcomes” within the “Private Sector Competitiveness” strategic area; with the Bank’s Vision 2025 (GN-3025-5-(2/21)) by working towards sustainable and inclusive economic growth through improving access to good-quality jobs and relevant training options; and also promotes IDB’ subregional initiative of smart and resilient investments for the Caribbean through its social pillar of providing support to define sustainable development pathways for their transformation in a smart and resilient manner. The Bank is currently executing a Technical Cooperation (TC), ATN/OC-18991-SU that is providing inputs for the development of the operation.
- 2.16 **Objectives.** The general objective is to promote employability with emphasis on vulnerable populations such as women. The specific objectives are to: (i) provide jobseekers with skills aligned with the productive sector needs; and (ii) expand the access of jobseekers and employers to labor market intermediation services.
- 2.17 **Component 1. Improve quality and relevance of TFE system (US\$6.9 million).** It will improve the existing TFE system by aligning programs to labor market trends⁷ and available workers in a manner that includes women. It will: (i) strengthen the capacity to analyze employers’ current and future skills demands; (ii) improve the curricula in coordination with the productive sector; (iii) equip TFE institutes in accordance with the new curricula; (iv) train the trainers; (v) foster alliances with institutions that can readily provide training programs. Investments will seek to prioritize the development of skills for environmentally sustainable industries or for greening production processes, and it will include a direct investment subcomponent to train women in non-traditional industries.
- 2.18 **Component 2. Improve coverage and quality of the PES unit (US\$2.9 million).** It will: (i) design a digital transformation strategy based on a systems architecture framework;⁸ (ii) implement digital intermediation services and non-digital channels to increase the coverage of PES; (iii) implement unified databases and a labor market information system (including digital infrastructure) to facilitate decision-making, orientate training, business investments, and government policies, including information on emerging environmental sustainable industries; (iv) redesign and expand services to jobseekers (job-search tools, interview preparation); and (v) develop and improve recruitment services for employers.
- 2.19 **Administration and Evaluation (US\$200,000).** It will finance the costs associated with administration, audit, and program evaluation.
- 2.20 **Expected impact and results.** The project will promote employability and inclusive labor market opportunities. The expected results of the project include: (i) an increase in the number of training opportunities aligned with productive sector needs; and (ii) an expansion of the current labor market intermediation services.

⁷ The specific sectors are being defined by combining two inputs: (1) Technical recommendations obtained by: (i) a computable general equilibrium that integrates environmental and natural resources data, and economic, natural capital, and wealth indicators; (ii) labor demand projections based on structured focus groups, interviews, and representative surveys; and (2) Government of Suriname priorities, as stated the development plan.

⁸ Urquidi et al, (2021).

- 2.21 **Beneficiaries.** It will benefit: (i) jobseekers and employees in vulnerable groups, by providing access to high-quality technical and vocational training, leading them to better jobs; and (ii) PES Unit users, by training staff and providing digital tools to increase coverage and quality of services.

III. TECHNICAL ISSUES AND SECTOR KNOWLEDGE

- 3.1 To achieve the goals of this project, the Bank and the Government of Suriname agreed that a specific investment loan is the most suitable instrument due to its fixed scope, logical interdependence of the components, and physical and technical individuality. Also, it will allow the Bank to provide technical support during the execution. The amount of the loan is US\$10 million from Bank's Ordinary Capital. The Borrower is the Republic of Suriname, and the Executing Agency is the MOL.⁹ The disbursement period is expected to be similar to those for loans executed by the Labor Markets Division in other Caribbean countries with comparable executing units.
- 3.2 The Bank has experience in designing and supervising activities related to improving employability through strengthening TFE and labor intermediation services, highlighting the Program to Support Job Placement (2660/OC-PR), the Program to Support Employment I and II (2365/BL-BO; 3822/BL-BO) among others. Additionally, IDB has developed a framework for identifying elements that facilitate successful TFE ([IDB-TN-1328](#)), which has guided IDB's work on TFE projects (4692/OC-DR, 15890/OC-CH). Among the most relevant lessons learned from IDB's operational work, we can highlight: (i) strong collaboration is important between schools and private sector to identify and update the skills required by employers (4692/OC-DR, 3787/OC-BH, 2739/OC-BA, 3547/OC-PE, 4645/OC-JA); and (ii) teachers should receive continuous training (3539/OC-CH; 3773/OC-UR; 4692/OC-DR).
- 3.3 Additionally, the Bank can provide technical support based on analytical work on methodologies to anticipate skills demand, improve TFE, and explore emerging skills demand in LAC (Gonzalez-Velosa and Rucci, 2017; Fieldsend et al., 2017; and Amaral et al., 2019). Furthermore, IDB-WAPES-OECD (2016) provides a good understanding of PES around the world.

IV. ENVIRONMENTAL SAFEGUARDS AND FIDUCIARY SCREENING

- 4.1 In attention to the new Environmental and Social Policy Framework, the operation was classified as Category "C" since no significant negative environmental or social effects are to be expected. Environmental and Social Performance Standards (ESPS) 1, 2 and 10 were triggered and actions will be considered during project design.
- 4.2 **Fiduciary screening.** The MOL has no experience executing projects for IDB and has limited human resource capacity to fill key positions. Furthermore, to find capable personnel to fill these positions has proved challenging. The lack of an experienced implementation unit and the difficulty in finding the necessary personnel will affect the timing, efficiency and effectiveness of the project.

⁹ The MOL does not have previous experience in the execution of Bank's programs or TC, nor does it have experience executing programs with other Multilateral Development Banks (MDBs).

V. OTHER ISSUES

- 5.1 The preliminary risk assessments identified one medium-high risk related to the institutional environment: possible weak coordination between the Executing Agency and other institutions involved, which could lead to delays in achieving the program's objectives. The final project design will include a mitigation strategy to address this risk.

VI. RESOURCES AND TIMETABLE

- 6.1 Annex V details the preparation schedule and establishes the milestones for the Proposal for Operational Development (POD) to be distributed to QRR on June 30th, 2022, and to the Operational Policy Committee (OPC) on August 1st, 2022. The Bank's Board of Directors approval is expected on September 21st, 2022. The total administrative budget for preparation of the operation is \$86,000.

CONFIDENTIAL

¹ The information contained in this Annex is confidential and will not be disclosed. This is in accordance with the "Deliberative Information" exception referred to in paragraph 4.1 (g) of the Access to Information Policy (GN-1831-28) at the Inter-American Development Bank.



Operation Information

Operation Name	
Labor Market Alignment with New Industries	
Operation Number	SU-L1061

Operation Details

Organizational Unit	IDB Sector/Subsector
SCL/LMK	OTHER
Type of Operation & Modality	Original IDB Amount
LON / ESP	\$10,000,000.00
Environmental and Social Impact Categorization (ESIC)	Disaster and Climate Change Risk Classification (DCCRC)
C	Low
Environmental and Social Risk Rating (ESRR)	
Low	
Executing Agency	Borrower
SU-MLPH	MINISTRY OF FINANCE  
ESG Primary Team Member	Team Leader
	Yyannu Cruz Aguayo
Toolkit Completion Date	Author
09/03/2022	Tapia Alba, Mauricio Alejandro (Esg Guidance Services)
Applicable ESPSs	
ESPS 1; ESPS 2; ESPS 10	

Operation Classification Summary

Overriden ESIC	Overriden ESIC Justification
Comments	

Overriden DCCRC	Overriden DCCRC Justification

Comments

Summary of Impacts / Risks and Potential Solutions

The project has no environmental and social impacts and/or risks therefore no Environmental and Social Assessment (ESA) or Environmental and Social Impact Assessment (ESIA) process will be conducted for the project during preparation.

There are no contextual risks associated with the project (e.g. political instability, oppression of communities, armed forces in the project area).

The operation will not have direct impacts associated with child labor or forced labor in the workforce.

The operation will not have significant indirect and/or cumulative impacts associated with child labor or forced labor in the workforce.

The Executing Agency or other relevant entity (in relation to the operation) has a proven track record to respect and protect the fundamental principles and rights of workers (including fair treatment, commitment to non-discrimination, equal opportunity, protection of workers including workers in vulnerable situations, work accommodations, migrant workers' rights, collective bargaining and rights of association) and compliance with national employment and labor laws.

The operation will not result in the direct loss of employment (i.e. retrenchment).

The operation will not result in the indirect and/or cumulative loss of employment (i.e. retrenchment).

The Borrower will prepare and operate a Grievance Redress Mechanism for all workers (direct and contracted).

The operation will not cause direct impacts associated with accidents, injury, and attraction disease arising from, associated with, or occurring in the course of work.

The operation will not cause indirect and/or cumulative impacts associated with accidents, injury, and attraction disease arising from, associated with, or occurring in the course of work.

The operation will promote a sustainable use of resources including energy, water and raw materials.

The operation will not have direct adverse impacts on human health and the environment due to pollution from project activities.

The operation will not have indirect and/or cumulative adverse impacts on human health and the environment due to pollution from project activities.

The operation will not generate direct impacts generated by solid waste (hazardous and/or non-hazardous).

The operation will not generate indirect and/or cumulative impacts generated by solid waste (hazardous and/or non-hazardous).



E&S Screening Filter

The operation will not have direct negative impacts to the environment and human health and safety due to the production, procurement, use, and disposal of hazardous materials such as PCBs, Radiological Waste, Mercury, CFCs, etc.

The operation will not have indirect and/or cumulative negative impacts to the environment and human health and safety due to the production, procurement, use, and disposal of hazardous materials such as PCBs, Radiological Waste, Mercury, CFCs, etc.

The operation will not have direct negative impacts to the environment and human health and safety due to the production, procurement, use, and disposal of pesticides.

The operation will not have indirect and/or cumulative negative impacts to the environment and human health and safety due to the production, procurement, use, and disposal of pesticides.

The operation is not expected to or currently produce directly GHG emissions.

The operation is not expected to or currently produce indirectly-cumulatively GHG emissions.

The operation is not considering alternatives to implement technically and financially feasible and cost-effective options to avoid or minimize project-related GHG emissions during the design and operation of the project.

The operation has no exposure to climate transition risks related with a loss of value of a project driven by the transition to a lower-carbon economy, result from extensive policy, legal, technology, and/or market changes to address climate change.

There are no direct health and safety risks associated with the design of structural elements or components of the operation (e.g. existing or new buildings, earthworks, bridges, drainage, roadways, power stations, transmission and distribution poles, underground utilities, and dams), and/or road transport activities (e.g. transport of heavy or over-sized equipment) which could result in health and safety impacts to third parties and project-affected people.

There are no indirect and/or cumulative health and safety risks associated with the design of structural elements or components of the operation (e.g. existing or new buildings, earthworks, bridges, drainage, roadways, power stations, transmission and distribution poles, underground utilities, and dams), and/or road transport activities (e.g. transport of heavy or over-sized equipment) which could result in health and safety impacts to third parties and project-affected people.

The project will not directly affect the public (including workers and their families) by exposing them to hazardous materials released by the project, particularly those that may be life threatening.

The project will not indirectly-cumulatively affect the public (including workers and their families) by exposing them to hazardous materials released by the project, particularly those that may be life threatening.

There is no potential for the project or project-related activities (e.g. the influx of temporary or permanent project labor, among others) to directly result in or exacerbate community exposure to water-related (i.e., waterborne, water-based, and vector-borne diseases) and/or communicable diseases (e.g. COVID).

There is no potential for the project or project-related activities (e.g. the influx of temporary or permanent project labor, among others) to indirectly-cumulatively result in or exacerbate community exposure to water-related (i.e., waterborne, water-based, and vector-borne diseases) and/or communicable diseases (e.g. COVID).



The project's direct impacts on priority ecosystem services will not result in adverse health and safety risks and impacts to the project-affected people.

The project's indirect and/or cumulative impacts on priority ecosystem services will not result in adverse health and safety risks and impacts to the project-affected people.

There is no potential for an emergency or unanticipated event to occur in the project area of influence that demands immediate action to prevent or reduce harm to people, property, and/or the environment.

Natural hazards, such as earthquakes, droughts, landslides, floods, wildfires, or others, including those caused or exacerbated by climate change, are not likely to occur in the project area, and there will be no impact the project, and/or the project will not exacerbate the risk from natural hazards to human life, property, and/or the environment.

There is no potential direct impacts to workers and project-affected people related to the use or arrangement of security services to safeguard personnel and/or property.

There is no potential indirect and/or cumulative impacts to workers and project-affected people related to the use or arrangement of security services to safeguard personnel and/or property.

The project will not lead to direct impacts related to land acquisition - Impacts include, and are not limited to, relocation; loss of shelter; loss of land; loss of assets; restrictions on land and natural resources; loss of income; loss of livelihoods; loss of social safety net.

The project will not lead to indirect and/or cumulative impacts related to land acquisition - Impacts include, and are not limited to, relocation; loss of shelter; loss of land; loss of assets; restrictions on land and natural resources; loss of income; loss of livelihoods; loss of social safety net.

Vulnerable people will not be disproportionately affected by direct impacts related to land acquisition - people may be considered vulnerable by virtue of disability, state of health, indigenous status, gender identity, sexual orientation, religion, race, color, ethnicity, age, language, political or other opinion, national or social origin, property, birth, economic disadvantage, or social condition. Other vulnerable people include the elderly, children, single-headed households, refugees, internally displaced persons, natural resource dependent communities.

Vulnerable people will not be disproportionately affected by indirect and/or cumulative impacts related to land acquisition - people may be considered vulnerable by virtue of disability, state of health, indigenous status, gender identity, sexual orientation, religion, race, color, ethnicity, age, language, political or other opinion, national or social origin, property, birth, economic disadvantage, or social condition. Other vulnerable people include the elderly, children, single-headed households, refugees, internally displaced persons, natural resource dependent communities.

The operation doesn't have the potential to directly impact modified habitat that include significant biodiversity value.

The operation doesn't have the potential to indirectly-cumulatively impact modified habitat that include significant biodiversity value.

The operation doesn't have the potential to directly convert or degrade natural habitat.

The operation doesn't have the potential to indirectly-cumulatively convert or degrade natural habitat.



E&S Screening Filter

The operation doesn't have the direct potential to implement project activities in critical natural habitat.

The operation doesn't have the indirect and/or cumulative potential to implement project activities in critical natural habitat.

The operation is not expected to directly impact a legally protected area or an internationally recognized area.

The operation is not expected to indirectly-cumulatively impact a legally protected area or an internationally recognized area.

The project will not directly introduce (intentionally or accidentally) alien, or non-native, species of flora and fauna that have the potential for invasive behavior in areas where they are not normally found.

The project will not indirectly-cumulatively introduce (intentionally or accidentally) alien, or non-native, species of flora and fauna that have the potential for invasive behavior in areas where they are not normally found.

The project is not likely to adversely directly impact ecosystem services.

The project is not likely to adversely indirectly-cumulatively impact ecosystem services.

The project is not expected to cause adverse direct impact on Indigenous Peoples. FPIC is required when there will be (i) impacts on lands and natural resources subject to traditional ownership or under customary use; (ii) Relocation of Indigenous Peoples from lands and natural resources subject to traditional ownership or under customary use; or (iii) significant impact on Cultural Heritage.

The project is not expected to cause adverse indirect/cumulative impact on Indigenous Peoples. FPIC is required when there will be (i) impacts on lands and natural resources subject to traditional ownership or under customary use; (ii) Relocation of Indigenous Peoples from lands and natural resources subject to traditional ownership or under customary use; or (iii) significant impact on Cultural Heritage.

Indigenous Peoples are not expected to be adversely impacted by direct project related land-acquisition or access restrictions. Note that all impacts on lands and natural resources subject to traditional ownership or under customary law requires FPIC.

Indigenous Peoples are not expected to be adversely impacted by indirect/cumulative project related land-acquisition or access restrictions. Note that all impacts on lands and natural resources subject to traditional ownership or under customary law requires FPIC.

The project doesn't have the potential to cause adverse direct impacts on Indigenous Peoples who live in isolation and initial contact.

The project doesn't have the potential to cause adverse indirect and/or cumulative impacts on Indigenous Peoples who live in isolation and initial contact.

The project is not expected to directly damage or negatively impact cultural heritage.

The project is not expected to indirectly-cumulatively damage or negatively impact cultural heritage.

The project is not expected to directly damage or negatively impact critical cultural heritage.



The project is not expected to indirectly-cumulatively damage or negatively impact critical cultural heritage.

The project will not negatively directly affect people due to their gender, sexual orientation or gender identity.

The project will not negatively indirectly-cumulatively affect people due to their gender, sexual orientation or gender identity.

The project is not expected to lead to direct risks and impacts associated with Sexual and Gender-based Violence.

The project is not expected to lead to indirect and/or cumulative risks and impacts associated with Sexual and Gender-based Violence.

The project will not potentially face direct barriers to equitable gender-based participation.

The project will not potentially face indirect and/or cumulative barriers to equitable gender-based participation.

The project will not deal with a subject matter and/or be implemented in an area where the manipulation, interference, coercion, discrimination, and intimidation of stakeholders has been documented.

ESPS 1 - Assessment and Management of Environmental and Social Risks and Impacts

The project has no environmental and social impacts and/or risks therefore no Environmental and Social Management System (ESMS) will be prepared for the operation as defined under ESPS 1.

ESPS 2 - Labor and Working Conditions

The Executing Agency will prepare and maintain an Environmental and Social Management System (ESMS) for the operation with specific elements related to Labor and Working Conditions under ESPS 2.

ESPS 10 - Stakeholder Engagement and Information Disclosure

The Borrower will operate a Grievance Redress Mechanism at the Project level (direct and contracted).

ENVIRONMENTAL AND SOCIAL SAFEGUARD STRATEGY

- 1.1 In attention to the new Environmental and Social Policy Framework (ESPF), the operation was classified as Category “C” since no significant negative environmental or social effects are to be expected. Environmental and Social Performance Standards (ESPS) 1, 2 and 10 were triggered and actions will be considered during project design, considering the management system given by the local regulatory framework and the preparation by the borrower of an Environmental and Social Management System (ESMS) in accordance with the scope and nature of the expected impacts and risks associated with the operation.
- 1.2 **ESPS 2 - Labor and Working Conditions:** The Executing Agency will take into consideration for the operation the following norms related to Labor and Working Conditions.
- 1.3 Laws and Regulations. Suriname is member of the International Labor Organization. A large part of the working population in Suriname is employed on the basis of an employment agreement. Employment law can be found in various labor regulations: the Suriname Civil Code; separate Labor laws; the Personnel Act (Personeelswet) for civil servants (the largest segment of the Surinamese workforce); and the minimum hourly wages act. The country has regulations that cover trial periods, termination of employment agreements, notice periods, maximum working hours, minimum wages, annual leave, and right to join a labor union ([VANEPS, 2022](#)).
- 1.4 Safety Standards. Pursuant to article 1614 x of the Suriname Civil Code (Burgerlijk Wetboek), the employer is obliged to do all that is necessary to ensure a safe working environment for his employees. More specific provisions regarding the safety of the work environment of employees can be found in the Safety Act (Veiligheidswet) and secondary regulations derived from the Safety Act ([VANEPS, 2022](#)).
- 1.5 Functioning of the Labor Market. Suriname’s labor market is characterized by high levels of unemployment and informality, with high proportion working in the service sector. In 2017, the unemployment rate was 8.1%, compared to 6.9% for Latin America and the Caribbean (LAC) and 48.9% worked informally -that is, lacked social security (IDB-SIMS, 2021).
- 1.6 The Program and its ESPS strategy. This context represents a challenge in terms of public policies to protect workers, especially those linked to vulnerable groups. The Program seeks to address some of the underlying causes that generate informality, such as lack of skills demanded by employers and lack of information about job opportunities that meet labor and working conditions.
- 1.7 The general objective of the program is to promote employability with emphasis on vulnerable populations such as women. The specific objectives are to: (i) provide jobseekers with skills aligned with the productive sector needs; and (ii) expand the access of jobseekers and employers to labor market intermediation services.
- 1.8 The program will not generate employment per se but will promote training aligned with labor market needs to increase employability and increase access to formal jobs that meet labor and working conditions. Nonetheless, the design of the

program will evaluate: (1) Labor conditions and hiring of personnel for activities related to the operation; (2) Standards of safety and health of workers.

- 1.9 **ESPS 10 - Stakeholder Engagement and Information Disclosure:** The Borrower will operate a Grievance Redress Mechanism at the Project level (direct and contracted).
- 1.10 In consideration of the impact and risk category of the operation (Category C, minimal or no negative environmental or social impacts), the project team will develop a project-level grievance mechanism that will be implemented and operated by the Borrower. To this end, the project team will follow the IDB's internal Grievance Protocol to provide a channel for stakeholders to contact the IDB directly when interested in filing a complaint about the E&S performance of IDB projects. The Grievance Protocol will increase proactive engagement with stakeholders and serve as an "alert system" to identify projects where E&S risks may not be adequately managed by the Borrower.

COMPLETED AND PROPOSED SECTOR WORK INDEX

Topic	Description	Year	Reference
Labor Markets	1. Labor Sector Framework Document	2021	Link
Labor Markets	2. Skills Development Sector Framework Document	2020	Link
Labor Markets	3. Labor Markets of Latin America and the Caribbean in The Face of The Impact of COVID-19	2021	Link
Climate Change	4. Climate Change Sector Framework Document	2018	Link
Gender and Diversity	5. Gender and Diversity Sector Framework Document	2017	Link

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¹ The information contained in this Annex is confidential and will not be disclosed. This is in accordance with the "Deliberative Information" exception referred to in paragraph 4.1 (g) of the Access to Information Policy (GN-1831-28) at the Inter-American Development Bank.