

REGIONAL PROGRAM FOR MODERNIZATION OF THE LABOR MARKET

(TC-97-11-26)

EXECUTIVE SUMMARY

EXECUTING AGENCY: Secretaría de Integración Económica Centroamericana [Secretariat of the General Treaty on Central American Economic Integration] (SIECA)

RECIPIENTS: Ministries of Labor, workers, business community, and civil society in the following countries: Belize, Costa Rica, Dominican Republic, El Salvador, Guatemala, Honduras, Nicaragua, and Panama

OBJECTIVES: The objective of the program is to lay the foundations for improvement of labor market operation through modernization of current regulations and of the institutions in charge of policy formulation and implementation. Its specific objectives are to: (a) help the social actors involved reach agreement on reform of the labor market and elements that will affect economic integration; (b) strengthen the labor ministries by establishing an information system; (c) harmonize implementation of labor standards; and (d) generate experiences that could contribute to better operation of the market and enrich the dialogue among the social actors involved.

DESCRIPTION: The program consists of two components: (a) laying the foundations for labor reform at the regional level; and (b) pilot projects for analysis and dissemination of new models for reform.

FINANCING:

Modality:	grant
Recipient countries:	US\$1,000,000
MIF:	US\$4,000,000
Other donors:	US\$1,300,000
Total:	US\$6,300,000

IMPLEMENTATION SCHEDULE: The project execution period will be 36 months and the disbursement period, 54 months, including 12 additional months to allow for a payment of up to US\$30,000 for consulting services to carry out an ex post evaluation of the pilot projects. The schedule of activities is set forth in Appendix B. The contribution by the eight recipient countries will be divided equally among them for component 1.

**SPECIAL
CONTRACTUAL
CONDITIONS:**

Conditions precedent to the first disbursement
(except for resources for administration and technical support):

SIECA will submit to the Bank: (a) evidence that it has hired the general coordinator (paragraph 4.3); (b) the work plan for the first six months of program execution prepared by the general coordinator, to be submitted and approved at the first meeting of the program coordination committee; (c) evidence that a letter of agreement has been signed by the eight countries and SIECA, in its capacity as executing agency, stipulating that each recipient country agrees to provide the necessary resources for execution of the project activities in the respective country, in addition to the provisions necessary to ensure program coordination and for the support required for its execution (paragraph 4.3), monitoring (paragraph 7.1), and evaluation (paragraph 7.2); and (d) evidence that a cooperation agreement between USAID and SIECA has been signed ensuring the channeling of USAID funds to the executing agency (paragraph 9.1). The above conditions precedent will not apply to the amount of up to US\$10,000 equivalent earmarked for administration and technical support.

Other conditions:

Under component II: (a) for the selection of the sectors and small and medium-sized enterprises that will participate in pilot projects 1 and 2, SIECA will follow the procedures and eligibility criteria described in the technical files of the program; and (b) for pilot projects 1 and 3, the enterprises that submit eligible proposals must enter into an agreement with SIECA, according to a model approved by the Bank, as described in the technical files.

I. COUNTRY AND PROGRAM ELIGIBILITY

- 1.1 The countries that will participate in the program (Belize, Costa Rica, the Dominican Republic, El Salvador, Guatemala, Honduras, Nicaragua, and Panama) have all been declared eligible for all forms of financing from the Multilateral Investment Fund (MIF) by the Donors Committee. The proposed program is consistent with the eligibility criteria for financing from the Human Resources Facility of the MIF, under which resources are granted to governments, government agencies, and training or other institutions to develop the human resource base needed to increase investment flows and expand the private sector. This priority is reasserted in the chapter of the Task Force Report on strategies and priorities for 1997-1998 (MIF/GN-41-1), which emphasizes the importance of supporting labor market reforms, the legal and regulatory framework of the labor market, improved information systems, labor relations, and systems for worker training and benefits to promote training and continuous education.
- 1.2 The proposed program has a regional focus and approach to promote better communication and exchanges of experiences and knowledge among the major players in the private, public, and labor sectors, since better coordination at the regional level with regard to policy reform will help support economic integration, thereby strengthening the human resource base of the subregion.

II. BACKGROUND

- 2.1 The economic reforms undertaken in the region in the context of open regionalism have generated new opportunities for growth. Taking advantage of these opportunities requires improved labor adaptability and mobility. In addition, human resources must be adaptable to the changing conditions of an open economy to avoid unnecessary undue labor costs. Such costs translate into higher unemployment rates for specific population groups, decreased productivity and real wages, and underemployment, weakening the competitiveness of the private sector and the economies of the region. ^{1/}
- 2.2 The low unemployment rates in the region (which average 4%-5%, except in Nicaragua) do not reflect efficient operation of the labor market, but the highly volatile rate of participation (especially by women) and the very short duration of unemployment. Workers who lose their jobs leave the work force if household income is sufficient to support them, or they take the first

^{1/} Paredes, Ricardo, and Riveros, Luis. *Recursos Humanos en el Proceso de Ajuste*, Santiago, Chile, 1994.

available job, usually in the informal sector. This translates into high underemployment rates and very low productivity.

- 2.3 The regulatory frameworks of the recipient countries consist of extremely rigid, distortion-inducing regulations that contribute to huge losses of efficiency. This rigidity also creates incentives for enterprises not to invest in worker training and to evade regulations in order to minimize costs, thereby sidestepping worker protection. In addition, the ministries of labor have weaknesses, both in the generation of information for decision-making and in the administration of training systems, regulations on dispute resolution and occupational safety and health. These labor market factors are all recognized as having a major impact on labor force productivity.
- 2.4 The Declarations of Miami (1994) and San José (1997) formalized the commitment of the governments to amend the regulatory frameworks to promote productivity and equitable distribution of the economic and social benefits of globalization. The ministries of labor have expressed their desire to become useful instruments for modernization of the production apparatus and improved productivity, quality, and competitiveness. Such a change will be achieved by increasing the participation of the private sector and other civil society organizations in modernization, through the establishment of mechanisms for coordination and dialogue between the public and private sectors for the formulation of policies designed to develop the human resource base needed to expand the private sector, thereby also leading to increased employment, productivity, and hence wages. The group of recipient countries was identified and the proposed program devised in response to a request for support from all the ministers of labor of the subregion. The program activities were designed jointly by the group of ministers and the technical team of the Bank.

III. THE PROGRAM

A. Objectives

- 3.1 The objective of the program is to lay the foundations for improvement of labor market operation through modernization of current regulations and of the institutions in charge of policy formulation and implementation. Its specific objectives are to:
(a) help civil society agents reach agreement with the authorities on reform of the regulations and institutions involved in the labor market and economic integration; (b) strengthen the capacity of the labor ministries to formulate policies by establishing an information system on the labor market; (c) improve practices for proper implementation of harmonized labor regulations; and (d) generate experiences through pilot projects that could

contribute to better operation of the market and enrich the social dialogue.

B. Program components and activities

- 3.2 To achieve its objectives, the program consists of two components: (a) laying the foundations for labor reform; and (b) pilot projects for analysis and dissemination of new models for labor market reform.
- 3.3 **Component I** includes the following activities: (i) social dialogue; (ii) establishment of a regional information system; and (iii) improved practices for proper implementation of labor standards. Under **Component II**, new models in the following areas will be tested: (i) training systems; (ii) alternative dispute resolution methods; and (iii) occupational safety and health standards.
1. Component 1: Laying the foundations for labor reform
(US\$1,810,400, 70% MIF)
- 3.4 **Activity 1:** Through social dialogue, an agreement will be pursued on the purpose, time frame, and mechanisms of reform of the regulatory framework and the institutions involved in labor market operation. Three working seminars per country will be financed under the program, with representatives of the government, business community, trade unions, and nongovernmental organizations (NGOs) invited to attend. The seminars will give rise to the establishment of ad hoc committees for dialogue at the national level. The goal will be to ensure the broadest possible participation by various representative groups.
- 3.5 Prior to the working seminars, a publicity campaign will be carried out to inform the social actors about the process. In addition, to provide a regional perspective, two regional activities will be financed: (a) a seminar to disseminate the program, to be held once most of the countries have launched the series of national seminars; and (b) observation tours to familiarize the participants with other reform experiences in the region. Members of the ad hoc committees for national dialogue proposed by the respective ministries and selected by the program executing unit will participate in the regional activities.
- 3.6 **Activity 2:** The establishment of a comprehensive regional information system will be financed under the program to provide reliable, timely data on the status of the market and to identify any problems affecting its operation. The system will be established according to current SIECA computer standards and designed on the basis of existing information, will include procedures to collect and disseminate information for the government and other social actors, as well as mechanisms to

stimulate use of the information in policy and strategy formulation.

- 3.7 The data base will include statistics on employment, underemployment, and unemployment rates, wage levels by sector, and information on the economically active population (EAP) broken down by gender, age, and ethnic group. To carry out these activities, consultants will be selected through competition to conduct surveys and to design the national and regional information systems.
- 3.8 **Activity 3: To improve practices for implementation of standard basic labor regulations**, the methods used by the ministries to implement and oversee basic labor standards set forth in the conventions signed by the countries through the International Labour Organization (ILO) will be harmonized. 2/ This activity is based on the premise that by harmonizing the standards at the regional level, incentives will be created to ensure worker protection while at the same time increasing work force productivity, thereby promoting economic integration of the region.
- 3.9 To this end, the program will finance: (a) technical assistance and consulting services to measure the degree of compliance with the standards in the region and to design action plans to strengthen their implementation; and (b) training for ministry staff and other civil-society representatives, from the private sector, trade unions, and NGOs. The action plans will be carried out in ongoing association with the Regional Office of the ILO based in San José, Costa Rica.
- 3.10 Also to be financed under this component are two regional meetings of the ministries in which the action plans for implementation and oversight of the labor standards in the respective countries will be presented and discussed. These working meetings will help define a regional strategy for implementation and enforcement consistent with subregional integration.

2. Component II: Pilot projects for analysis and dissemination of new models for labor market reform (US\$1,095,500, 77% MIF)

- 3.11 Since each country has a variety of political and institutional situations, it was considered necessary to offer a set of three

2/ ILO conventions on basic workers' rights concern: (i) freedom of association and protection of the right to organize; (ii) the right to organize and collective bargaining; (iii) abolition of forced labor; (iv) elimination of discrimination in employment; (v) equal remuneration; and (vi) abolition of child labor and establishment of a minimum age for admission to employment. Most of these conventions have been ratified by all of the recipient countries or are part of their legislation.

pilot projects in the areas identified jointly by the group of ministers and the technical team of the Bank as having a high impact on labor market operation. Each country will be given the option of participating in a maximum of two such projects, depending on its level of development and its willingness and capacity to provide counterpart funding. The outcome of these initiatives will help advance the social dialogue, through their demonstration effect, and will lay the foundations for larger-scale operations in a possible subsequent stage of the program.

- 3.12 **Pilot project 1: Training system reform** is designed to produce changes in the structure of service financing and delivery by increasing participation by the business community, workers, and other private-sector institutions with a direct interest in the design, financing, and delivery of training services. These activities imply: (a) participation by new training providers in the delivery of services to the private sector; (b) promotion and development of new methodologies and products to boost investment in training based on the needs of the enterprise and the position; and (c) promotion of the use of new sources of financing based on competition in service delivery and procurement.
- 3.13 The objectives will be achieved by granting an incentive targeting small and medium-sized enterprises in a previously selected sector through a competition in the countries that decide to participate. ^{3/} The incentive consists of financing for 50% of the cost of the training by an enterprise, reimbursable once the enterprises finance 100% of the cost. The enterprises may receive this incentive only once, in the amount of up to the equivalent of US\$1,500 per firm.
- 3.14 The establishment of rosters of supplier firms and independent instructors may also be financed, with continual updating by an expert from the executing unit and labor ministry representatives, to be used to meet the needs of the enterprises that make use of the incentive. Only registered firms will be eligible to provide services to the enterprises.
- 3.15 **Pilot project 2:** The purpose of this project is to stimulate the use of **alternative labor dispute resolution methods**. The program will finance a series of training workshops and seminars designed to promote the idea that improved labor relations lead directly to better product quality, increased productivity and economic competitiveness, and better working conditions for workers. The specific items to be financed will be: (a) information workshops; (b) formulation of plans to determine the basic requirements for

^{3/} Since Honduras and Panama are already receiving MIF financing for this type of project, they may not participate in the proposed pilot project.

certification by the ministries of labor (adapted to the sector and participating country); (c) training seminars for employers and mediators from the public and private sectors; (d) production of training materials; and (e) dissemination seminars.

- 3.16 To target the pilot project, the activities will be carried out in a single previously selected productive sector in each participating country. ^{4/} To measure the impact of these activities, prior to the training seminars, a diagnostic study will be financed to: (a) compile baseline data on the current state of labor relations in the participating firms and sector in general; (b) review the capacity of the mediators and the government and the infrastructure in place for dispute resolution; and (c) establish indicators to track the progress achieved in dispute resolution, collective bargaining practices, and labor-management relations.
- 3.17 **Pilot project 3: Occupational safety and health standards.** This project is designed to establish a swift, relevant system to develop industrial safety and health standards based on three-party dialogue between labor, management, and government, and to introduce innovative oversight mechanisms through private oversight agencies licensed to operate as such by the State. These activities will require: (i) organizing three-party discussions on development of new health and safety standards; (ii) technical assistance for institutional development and training for staff in the ministries of labor and other social actors; and (iii) the institution of sector pilot programs for development and oversight of standards.
- 3.18 The objectives will be achieved through organization on the part of the ministries of meetings of enterprises, trade unions, and NGOs for dialogue on revision of the standards in a sector to be proposed by the respective ministries in coordination with SIECA. The program will finance a diagnostic study on adequacy and enforcement of current standards and proposals for their amendment. The sectors represented will agree upon the revised standards and the program will finance preparation by a specialized firm of new standards and their compliance monitoring mechanisms. Sector enterprises may hire private firms (local or international) specializing in standardization services to formulate plans for adjustment to the new safety and health standards to be developed within a period of no more than three years, in agreement with the ministry. Half of the cost of the adjustment plan (up to a maximum of US\$5,000 per enterprise) may be financed with program resources. The program will also finance campaigns to disseminate the new

^{4/} Since the Dominican Republic is currently receiving financing from the MIF to carry out a similar project, it may not participate in this pilot project.

standards and training for ministry staff in verification of compliance with the standards.

IV. EXECUTION

- 4.1 The Bank, using MIF resources, will finance a series of components, some of which will be cofinanced by the United States Agency for International Development (USAID). The Bank has therefore reached an agreement with USAID, SIECA, and the recipient countries on the areas of activity that will be supported by the two institutions and on the levels of financing to be provided by each. Within each component to be cofinanced, the IDB/MIF and USAID will finance separate activities.

A. Executing agency

- 4.2 SIECA will be responsible for program execution. It is an institution with full legal capacity under international law and is headed by the Council of Ministers for Economic Integration. Headquartered in Guatemala, SIECA has demonstrated that it has the capacity for financial administration and management of external cooperation projects (including projects supported by the European Union, USAID, and the OAS) in the areas of trade, intellectual property, telecommunications, and investment.

B. Organization

- 4.3 An executing unit will be set up in SIECA for the proposed project. To that end, a special bank account will be opened to ensure that all the project funds are managed independently of SIECA's other budget. The executing unit will have the following full-time staff for the three-year life of the program: a general coordinator, a technical officer specializing in labor matters, a technical officer specializing in computer systems, an accountant, and an assistant to provide direct support for the coordinator. The coordinator will hold general responsibility for the program, including preparation of annual work plans and the respective budgets. The accountant will be responsible for oversight of all aspects of the program concerned with accounting and procurement and for supporting the coordinator in program monitoring, under the direct supervision of SIECA's finance and administration department. The technical officers, whose role will be to facilitate and supervise execution of the program activities, will divide their responsibilities as follows: (i) the labor expert will monitor the component for social dialogue, labor standards, and pilot projects; and (ii) the computer expert will monitor the activities connected with the information system.

- 4.4 The above-described staff will be hired directly by SIECA. The coordinator will be selected and hired by mutual agreement between the minister in charge of coordination, SIECA, and the donors, following the established procedures. In the selection and hiring of the technical officers, the accountant, and the assistant, SIECA will seek the opinion of the coordinator.
- 4.5 For the social dialogue activity under component I, program resources will be used to hire a local consultant in each country to: (a) identify participants and issue invitations; (b) make the logistical arrangements; (c) prepare minutes of the meetings; and (d) carry out the necessary follow-up to secure the cooperation of the various players in the action plans.
- 4.6 A steering committee made up of the Secretary General of SIECA, one of two ministers of labor, and the program coordinator will be established. The committee will meet at regular, short-term intervals to: (a) make decisions on specific matters regarding program execution; (b) directly advise the executing unit; and (c) carry out routine monitoring and evaluation of program execution.
- 4.7 The executing unit will also have the support of a representative of each of the ministries of labor in the participating countries, to be appointed in the respective letter of agreement. The program representative will be appointed by each ministry to support the executing agency in program execution, while also acting as liaison between the executing agency and the respective ministry.
- 4.8 The executing unit will operate under the supervision and with the support of the program coordination committee, which will consist of the ministries of labor of the recipient countries, the general coordinator of the executing unit, and the Secretary General of SIECA, who will have a vote. The committee will meet semiannually to: (a) coordinate activities for program execution that fall to the various institutions represented on the committee; (b) approve the annual work plan; and (c) approve the reports of the executing unit in accordance with the annual plan of the program. Representatives of the Bank, USAID, the ILO, and the Agency for International Cooperation of Spain will be invited to participate in the committee meetings.

C. Procurement and disbursements

- 4.9 IDB procedures for the procurement of goods and the hiring of consulting services and MIF eligibility criteria will be followed for the procurement of goods and services and disbursement of the grant funds under the program.

D. Implementation schedule

- 4.10 The project execution period will be 36 months and the disbursement period, 54 months, including 12 additional months to allow for payment of up to US\$30,000 for consulting services for the ex post evaluation of the pilot projects. The schedule of activities is set forth in Appendix B.

E. Monitoring

- 4.11 For proper internal monitoring and oversight of the program during its execution, the executing agency will prepare and submit to the Bank the following reports, which will include observations and recommendations: (a) a mid-term report, evaluating the program 18 months after the first disbursement, with information on program performance and suggesting any adjustments deemed advisable, indicating the progress achieved under each component, reviewing the annual work plans and budgetary needs, evaluating the efficiency of program administration and coordination, and proposing any changes that should be made, along with an implementation schedule; and (b) a final report, to be delivered by the coordinator within 30 days after the completion of the program.

V. COST AND FINANCING

- 5.1 The estimated cost of the program is shown in the cost table below:

(US\$000)				
Category	MIF	Local contribution	USAID/G-CAP	Total
Component I: Regional activities				
Social dialogue	360	0	347	707
Information system	1,250	178	0	1,428
Labor standards	200	0	230	430
Subtotal	1,810	178	577	2,565
Component II: Pilot projects				
Training systems	569	0	94	663
Alternative dispute resolution	323	0	110	433
Safety and health	204	0	110	314
Subtotal	1,096	0	314	1,410
Technical support	594	359	226	1,179
Purchase of small equipment	210	0	48	258
Administration	87	463	38	588
Evaluation	100	0	0	100
Contingencies	103	0	97	200
TOTAL	4,000	1,000	1,300	6,300

VI. BENEFITS AND RISKS

- 6.1 **Benefits.** The proposed program is consistent with a strategy designed to improve operation of the labor market and development of the human resources base to increase investment flows and expand the private sector. To achieve this objective, an action plan for modernization of the labor market needs to be formulated, including a definition of its objectives and mechanisms. At the same time, the capacity of the ministries of labor needs to be strengthened to formulate policies and reforms in line with the changes under way as a result of economic liberalization and regional integration moves. To support and consolidate this process, concrete, innovative experiences must be generated to serve as input in decision-making and policy-making.
- 6.2 Laying the foundations for formulation of reforms will help improve operation of the labor market and thus benefit the population as a whole through better employment opportunities. Strengthening of the ministries so that they can play an effective part in cabinet

discussions on economic policy will enable them to incorporate social equity objectives in a harmonious manner.

- 6.3 **Risks.** Given the budgetary constraints on the ministries of labor, the availability of the official counterpart funds for the pilot projects may prove problematic. To offset this risk, as a condition precedent, the ministries must formally commit to providing the counterpart resources, supporting program executing, and meeting all their obligations as set forth in the Letter of Agreement signed by SIECA and the IDB, which describes execution of the program components.
- 6.4 The program also requires a high level of coordination, since the activities are to be carried out in eight countries and are being financed by several international agencies. To offset any risk in this regard, the program coordination committee (made up of the ministers, the general coordinator, and SIECA representatives) will serve as the body in which agreements can be reached and execution adjusted in response to changing circumstances.

VII. PERFORMANCE INDICATORS AND EVALUATION

- 7.1 Within five months after the date of the technical-cooperation agreement, the executing agency will hire a consulting firm to develop an external monitoring and evaluation system. The firm will define the evaluation methodology and indicators to be used, based on the data presented in the logical framework, both for the general evaluation of the program and for the impact assessments of the pilot projects. The methodology will include the type and timing of the information to be collected for monitoring and oversight of the activities carried out and for overall evaluation of the program. For proper monitoring of the program, the firm will prepare and submit to the Bank semiannual progress reports detailing implementation of the program activities during the period, in addition to the evaluation reports.
- 7.2 The executing agency will be responsible for implementing the monitoring and evaluation system and for making any necessary adjustments to achieve the proposed objectives. Information collection for use in monitoring and evaluation will reflect the suggestions of the coordination committee and will take into account the logical framework set forth in Annex 1.
- 7.3 Three reports will be prepared for program evaluation: (a) a mid-term evaluation, after 18 months of program execution; (b) a final evaluation, upon completion of the three-year program execution period; and (c) an ex post evaluation, one year after program completion. The mid-term evaluation will include a review of achievement of the goals established, especially the activities and

plans under component I. The findings will serve as input for any necessary adjustments in the program and for social dialogue discussions, and to help disseminate results. The mid-term and final evaluations will review the effectiveness of the program and fulfillment of the program objectives, while the ex post evaluation will mainly assess the impact and scope of the pilot projects. The findings of the impact assessments of both components will be used for the overall evaluation of the program and for the design of future operations.

VIII. EXCEPTIONS TO RULES AND PROCEDURES

- 8.1 None.

IX. CONDITIONS PRECEDENT TO THE FIRST DISBURSEMENT

- 9.1 SIECA will submit to the Bank: (a) evidence that it has hired the general coordinator (paragraph 4.3); (b) the work plan prepared by the general coordinator for the first six months of program execution, to be submitted and approved at the first meeting of the coordination committee; (c) evidence that a letter of agreement has been signed by the eight countries and SIECA, in its capacity as executing agency, stipulating that each recipient country agrees to provide the necessary resources for execution of the project activities in the respective country, in addition to the provisions necessary to ensure program coordination and the necessary support for its execution (paragraph 4.3), monitoring (paragraph 7.1), and evaluation (paragraph 7.2); and (d) evidence that a cooperation agreement has been signed between USAID and SIECA ensuring the channeling of USAID funds to the executing agency. The above conditions precedent will not apply to the amount of up to US\$10,000 equivalent earmarked for administration and technical support.
- 9.2 Other conditions: For component II: (a) for the selection of the sectors and small and medium-sized enterprises that will participate in pilot projects 1 and 2, SIECA will follow the procedures and eligibility criteria described in the technical files of the program; and (b) for pilot projects 1 and 3, the enterprises that submit eligible proposals must enter into an agreement with SIECA, according to a model approved by the Bank, as described in the technical files.
- 9.3 Five months after the date of the agreement, pursuant to terms of reference previously approved by the Bank, the executing agency will submit evidence that it has hired the consulting firm that will develop the monitoring and evaluation system.

LOGICAL FRAMEWORK

Objectives	Indicators	Means of verification	Assumptions
<p><u>Objective</u></p> <p>Foundations for operation of labor market</p>	<p>Channels of communication created at the national level between the private sector, government, and civil society, and at the regional level among ministries of labor.</p> <p>Agreement reached on the purpose, time frame, and mechanisms of a process to improve the regulatory framework and the institutions involved in labor market operation.</p>	<p>Agreement among social players at the national and regional levels</p> <p>Program progress reports</p> <p>Final evaluation</p>	<p>Political and economic stability is maintained.</p> <p>The policy for globalization and economic integration remains in place.</p> <p>Inflation and interest rates remain the same or decline.</p>
<p><u>Objectives</u></p> <p>Civil society and the government reach agreement on the institutions involved in labor market and integration</p>	<p>National diagnostic studies conducted on regulations and institutions that have the greatest impact on operation of the labor markets.</p> <p>National and regional seminars and observation tours held.</p> <p>Plans of action and tentative schedules prepared for implementation of the reforms identified.</p>	<p>USAID diagnostic studies</p> <p>Aide-mémoires on seminars</p> <p>Program progress reports</p> <p>Final evaluation</p>	<p>Other ministries, the private sector, and civil society support the idea of reforming the labor market.</p>
<p>Finalize implementation of reforms in the countries.</p>	<p>Diagnostic studies conducted to measure compliance with standards.</p> <p>Plans to strengthen compliance designed and implemented.</p>	<p>USAID and ILO reports and diagnostic studies</p> <p>Program progress reports</p>	<p>The private sector recognizes the benefits of standards in terms of competitiveness and productivity.</p>

Objectives	Indicators	Means of verification	Assumptions
<p>the experiences through s that could contribute eration of the market the dialogue among the s involved.</p> <p>systems</p> <p>olution</p> <p>health standards</p>	<p>Results are used as input for discussions among social players.</p> <p>Recipient countries participate in pilot projects.</p> <p>New project ideas submitted to the Bank and other multilateral organizations.</p> <p>New models to finance training reviewed by the private sector, government, and civil society and considered as elements of new legislation.</p> <p>In each country, 2,000 staff trained in new methodologies based on business needs.</p> <p>Alternative dispute resolution methods reviewed by the private sector, government, and civil society and considered as elements of new legislation.</p> <p>The number of disputes in participating enterprises decreases.</p>	<p>Aide-mémoires on national, regional, and dissemination seminars</p> <p>Program progress reports</p> <p>Final impact evaluation</p> <p>Program progress reports</p>	<p>The private sector and workers recognize training is an investment.</p> <p>The private sector and government recognize the benefits of alternative dispute resolution methods in terms of competitiveness and productivity.</p> <p>The private sector recognizes the benefits of new standards in terms of competitiveness and productivity.</p>

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PROPOSED RESOLUTION

REGIONAL. NONREIMBURSABLE TECHNICAL COOPERATION FOR A REGIONAL PROGRAM OF LABOR MARKET MODERNIZATION

The Donors Committee of the Multilateral Investment Fund

RESOLVES:

1. That the President of the Inter-American Development Bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Multilateral Investment Fund, to enter into such agreements as may be necessary with the Secretaría de Integración Económica Centroamericana (SIECA) and to take such additional measures as may be pertinent for the execution of the proposal memorandum referred to in document MIF/AT- with respect to a regional technical cooperation program to support the modernization of the labor market.
2. That up to the amount of US\$4,000,000, or its equivalent in other convertible currencies, is authorized for the purpose of this resolution, chargeable to the resources of the Human Resources Facility of the Multilateral Investment Fund.
3. That the above-mentioned sum is to be provided on a nonreimbursable basis.