

TC ABSTRACT

I. Basic Project Data

▪ Country/Region:	ECUADOR/CAN - Andean Group
▪ TC Name:	Supporting the Strengthening of the Ministry of Labor for the Promotion of Green Jobs
▪ TC Number:	EC-T1469
▪ Team Leader/Members:	DIAS ALVARENGA BAPTISTA, DULCE BENIGNA (SCL/LMK) Team Leader; ALFONSO, MARIANA (CSD/CCS) Alternate Team Leader; PENAHERRERA PROANO, SEBASTIAN (SCL/LMK); GONZALEZ HERRERA, BEATRIZ MARIA (SCL/LMK); GARCIA VALERO, ANDREA CAROLINA (SCL/LMK); IBARRARAN, PABLO (SCL/SPH); SALDARRIAGA JIMENEZ, ANDREA (SCL/GDI); ALMEIDA OLEAS, NATALIA (LEG/SGO); HEEWAN NOH (SCL/LMK); CECILIA SICCHA (SCL/LMK)
▪ Taxonomy:	Client Support
▪ Number and name of operation supported by the TC:	N/A
▪ Date of TC Abstract:	16 Jul 2021
▪ Beneficiary:	Ministry of Labor of Ecuador
▪ Executing Agency:	INTER-AMERICAN DEVELOPMENT BANK
▪ IDB funding requested:	US\$750,000.00
▪ Local counterpart funding:	US\$0.00
▪ Disbursement period:	24 months
▪ Types of consultants:	Firms
▪ Prepared by Unit:	SCL/LMK - Labor Markets
▪ Unit of Disbursement Responsibility:	SCL/LMK - Labor Markets
▪ 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:	Social inclusion and equality; Productivity and innovation

II. Objective and Justification

- 2.1 Support green and resilient jobs recovery through the promotion of employment linked to environmental objectives in Ecuador with a gender focus.
- 2.2 The specific objective is to improve the capacity of the Ministry of Labor to promote environmental and green jobs through the strengthening of the Public Employment Service (PES) called Red Socio Empleo (RSE) and the Technical Secretariat of the National Professional Qualifications System (SETEC, for its initials in Spanish). The economic crisis caused by COVID-19 had substantial impacts in Ecuador. The fall in the price of oil (projected at 42% by 2020), the economic slowdown of major trading partners due to the global nature of the crisis and the contraction of the local economy explain the fall in GDP of 11% and in revenues of about 27%, according to the most recent projections of the IMF. The economic crisis has had significant impacts on the country's labor market. Unemployment has risen significantly from 3.9% in December 2019 to 5.7% in February 2021. With women being disproportionately affected. For example, between December 2019 and September 2020, unemployment increased by 58% for men and 89% for women. The quality of employment has worsened, especially among individuals with low educational level and ethnic minorities. Before the pandemic, in December 2019, only 38.8% of employment was formal. Between

January and December 2020, formal employment recorded a net reduction of 8 percentage points.

Ecuador has taken several steps to promote employment recovery as part of its response to the pandemic. Under the Humanitarian Act, employers and employees have been allowed to make mutual agreements on existing employment contracts, including the reduction and flexibility of working hours. The Ministry of Labor (ML) published Ministerial Agreements with additional flexibility measures through the creation of special contractual modalities. ML has also used the RSE to support the reassignment of workers to the most dynamic sectors. RSE has played a key role in identifying vacancies, tracking offers, and finding candidates for occupations highly demanded during the pandemic. For example, in the face of an exceptional demand for health professionals, the RSE has used social media, in addition to its technological platform, to expedite the recruitment of doctors, nurses, and health technicians. Moreover, to mitigate the inequities of women's participation in the economy, the government announced the "Economía Violeta" (violet economy), a public policy that seeks to promote women's economic empowerment in Ecuador, with an emphasis on those who have lost income and jobs due to the pandemic. The ML also announced the creation of a gender seal for private sector companies, to close gender gaps within firms and promote women's inclusion into the workforce. Finally, the government has also requested support from the Bank to implement the Gender Parity Accelerator (IPG for its acronym in Spanish), which seeks to identify and reduce barriers that prevent women from accessing work opportunities on a level playing field.

III. Description of Activities and Outputs

- 3.1 Component I: Institutional strengthening for the promotion of green jobs with a gender focus.** Include: (i) design a strategy and implement specialized services for the promotion of green jobs by RSE; (ii) design and implementation of a management plan for the promotion of green jobs; (iii) design a strategy to engage the private sector in green sectors; (iv) design a gender strategy for the promotion of green jobs; and (v) design and implementation of the Green Jobs Committee.
- 3.2 Component II: Institutional strengthening for green skills development with a gender focus.** Include: (i) SETEC's institutional strengthening strategy to increase private sector confidence in the services offered and ensure the pertinence and relevance of training and certification in green sectors; and (ii) pilot of development of training standards in green skills with a gender focus.
- 3.3 Component III: Skills development for green sectors with a gender focus.** Design and finance pilots to develop the institutional framework required to build talent pipelines for green sectors with a gender focus. The objective is to establish the institutional arrangements necessary for the future expansion of the pilots. Given that part of the employment in these sectors occurs in family production models, a technical assistance and training approach is also required.
- 3.4 Component IV: Improvement of services for the promotion of green jobs with a gender focus.** Improvement of services, in particular digital services, of the RSE to facilitate the promotion of green jobs with a gender focus. Activities financed include: (i) design of a vocational and professional guidance system; (ii) redesign of the contents of the RSE technological platform; and (iii) advice for the implementation of a multi-screen web portal for the RSE, incorporating services for the promotion of green jobs with minimal impact but integrated into the current portal.

IV. Budget

Indicative Budget

Activity/Component	IDB/Fund Funding	Total Funding
Component I: Institutional strengthening for the promotion of green jobs with a gender focus.	US\$155.000.00	US\$155.000.00
Component II: Institutional strengthening for green skills development with a gender focus.	US\$35.000.00	US\$35.000.00
Component III: Skills development for green sectors with a gender focus.	US\$310.000.00	US\$310.000.00
Component IV: Improvement of services for the promotion of green jobs with a gender focus.	US\$250.000.00	US\$250.000.00
Total	US\$750.000.00	US\$750.000.00

V. Executing Agency and Execution Structure

- 5.1 The Executing Agency will be the Inter-American Development Bank (IDB), through the Labor Markets Division (SCL/LMK), in accordance with the guidelines and requirements established in the Technical Cooperation Policy (GN-2470-2) and in the TC Operational Guides (GN-2629-1).
- 5.2 This procedure is justified by the Bank's experience in developing the operational and technical instruments proposed for this type of operation, by the knowledge required, the scope of work, and by the orientation of the TC towards supporting Ecuador.

VI. Project Risks and Issues

- 6.1 The work proposed in this TC is highly technical and involve several players, (i) there is a risk of not obtaining good quality results if the work carried out is not properly guided and monitored; (ii) another challenge is maintaining a single agenda of activities that is shared by all stakeholders, avoiding duplication of effort and dispersion of resources; and (iii) another risk is related to the sustainability of interventions that are supported by this project. Additionally, increase in COVID-19 cases could also pose a potential risk for the coordination and execution of the proposed activities.

To mitigate these risks, we plan on implement the following activities: (i) establish a detailed monitor and evaluation plan to ensure good quality of results; (ii) a local coordinator to ensure stakeholder communication and collaboration will be hired as part of the proposed activities in component 4; (iii) sustainability risk is lower given that, although the Bank's request for support comes from ML, RSE plays an important role in the human capital strategy framework in the change of Ecuador's industrial matrix. The country has also included a component to support employment recovery linked to environmental objectives and women's economic participation under the loan "Support for the Protection of Social Spending and Employment Recovery (EC-L1273)". Also, the ML will enhance efforts to ensure that other stakeholders understand the relevance and potential benefits of the environment commitments Ecuador made for the labor markets during the COVID-19 recovery and guide the work towards the development of a governance that favors green jobs promotion; and

(iv) to mitigate the COVID-19 increase rate risk, although this risk is low, due to the county's advancement in its vaccination plan, we plan to: (a) establish a work-from-home/virtual protocol, including best practices and communications channels and tools, to ensure that all strategies and services can be designed and developed successfully, as well as all stakeholder activities; (b) develop a plan to change the pilots' methodology from in-person to virtual to avoid contact and spread of C19.

VII. Environmental and Social Classification

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