

TC ABSTRACT

I. Basic Project Data

▪ Country/Region:	ECUADOR/CAN - Andean Group
▪ TC Name:	Support to strengthen the Public Employment Service (PES) in Ecuador
▪ TC Number:	EC-T1473
▪ Team Leader/Members:	DIAS ALVARENGA BAPTISTA, DULCE BENIGNA (SCL/LMK) Team Leader; ZEGARRA AZCUI, FRANCISCO (VPS/MIG) Alternate Team Leader; CECILIA SICCHA (SCL/LMK); GONZALEZ HERRERA, BEATRIZ MARIA (SCL/LMK); ALMEIDA OLEAS, NATALIA (LEG/SGO); JUAN MANUEL SANDOVAL AYALA (SCL/LMK); SEBASTIAN PENAHERERA (SCL/LMK)
▪ Taxonomy:	Client Support
▪ Number and name of operation supported by the TC:	N/A
▪ Date of TC Abstract:	27 Aug 2021
▪ Beneficiary:	Ministry of Labor in Ecuador
▪ Executing Agency:	INTER-AMERICAN DEVELOPMENT BANK
▪ IDB funding requested:	US\$500,000.00
▪ Local counterpart funding:	US\$56,000.00 (In Kind)
▪ Disbursement period:	36 months
▪ Types of consultants:	Individuals; 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 The general objective is to support the improvement of labor migration management in Ecuador. The specific objective is to contribute to the strengthening of the Public Employment Service in the management of labor migration by strengthening its management by improving human resources management and the design of services.
- 2.2 The labor market in LAC is facing an unprecedented job loss scenario. In the case of Ecuador, unemployment nearly doubled, going from 3.8% in December 2019 to 5.7% in January 2021. The situation generated by COVID-19 has come at a time when the country was already facing a labor market with great challenges, deepened by the high flows of international migration, especially migratory flows from Venezuela. As of May 15th, 2021, Ecuador had approximately 271,000 Venezuelan citizens residing in its territory, who have migrated, largely due to the difficult economic, political, and social situation in their country of origin. These figures contrast with data of 2015, when the number of Venezuelan nationals did not exceed 5,200. Most migrants are living in Pichincha (47%) and come from Caracas (8%). About 62% are female and the average number of years of education is 13 years. Only 44% have valid identification and 24% have a validated degree. About 45% work, and among those who work, the average number of working hours per week is 32. Only 18% have an employment contract, and 50% lost employment due to COVID-19. Public Employment Services (PES) can play an important role in this context. In countries with developed PES, they provide job seekers with tools that allow them to effectively place themselves in the

labor market and provide these services to the migrant population, facilitating their link to the social fabric of the host country. PESs, in general, help people to find better jobs and businesses to find the right talent and can be important tools in managing labor migration. Evidence indicates that PES is a cost-effective intervention to link workers to jobs (Card et al, 2017). In Ecuador, the Ministry of Labor has a PES since 2009, Socio Empleo (SE for its acronym in Spanish). SE has achieved important developments: i) presence in 24 provinces; ii) most of the personnel are career civil servants, with defined occupational profiles, frequent training and career plan; iii) digital platform that increases the offer of services through digital channels; iv) partnerships with large employers; and v) increasing integration with other government agencies. Nonetheless, there are challenges. The first challenge is the lack of specific services to migrants. The PES provides one of the possible services offered to migrants: assistance to foreign workers who already reside in the country. Information on job offers abroad, information and advice to find employment abroad, assistance to foreign employers in search of migrant workers and assistance to returned migrants are not present. The second challenge is coordination and articulation with the private sector. Less than 3% of formal companies list vacancies in the PES. This situation is explained, among others, by the limited supply of services and the lack of an engagement strategy with employers. A third challenge refers to the need to modernize the digital platform in line with current innovation trends. Unfortunately, the digital platform is operating at its limit and does not have recommendations regarding business architecture, business intelligence, data quality and its use to make strategic decisions and improve user experience. Achieving the proposed objective requires the transversal strengthening of SE and not only limited to the migrant population, as the provision of services to this population is directly linked to the capacity and quality of services of SE.

III. Description of Activities and Outputs

- 3.1 **Component I: Strengthening the services offered to job seekers, both locals and migrants.** This component will finance: (i) design of services for managing labor migration; (ii) design of a profiling tool for the assignment of services; (iii) design of a strategy for the management of services for the local and migrant population, with governance, multichannel management, human resources management, and performance management; (iv) study on good practices for the recognition of skills acquired informally; and (v) pilot of a scheme for the recognition of skills acquired informally
- 3.2 **Component II: Strengthening the relationship with the employers for the development of recruitment and selection strategies for the local and migrant population.** This component will finance: (i) design of a strategy to create and maintain relationships with companies, which includes tools to support employers (i.e. information, training, and orientation packages) who are willing to hire migrants or provide resources to invest in their ventures or to buy services / products from their ventures; and (ii) the design of a diversification scheme for business services, including services for migration management.
- 3.3 **Component III: Strengthening the PES digital platform.** This component will finance: (i) design of a labor market information system that considers international migration; (ii) redesign of the RSE platform, to include services for managing labor migration; and (iii) the design of a multi-screen web portal for RSE, incorporating services for managing labor migration.
- 3.4 **Component IV: Contingencies.** This component will finance contingencies.

IV. Budget

Indicative Budget

Activity/Component	IDB/Fund Funding	Counterpart Funding	Total Funding
Component I: Strengthening the services offered to job seekers, both locals and migrants.	US\$250,000.00	US\$10,000.00	US\$260,000.00
Component II: Strengthening the relationship with the employers for the development of recruitment and selection strategies for the local and migrant population.	US\$80,000.00	US\$20,000.00	US\$100,000.00
Component III: Strengthening the PES digital platform.	US\$150,000.00	US\$26,000.00	US\$176,000.00
Component IV: Contingencies.	US\$20,000.00	US\$0.00	US\$20,000.00
Total	US\$500,000.00	US\$56,000.00	US\$556,000.00

V. Executing Agency and Execution Structure

- 5.1 The Bank's Labor Markets and Social Security Division (SCL/LMK) will have general responsibility for the direction, supervision, coordination, and evaluation of the TC, as requested by the Ministry of Labor (ML).
- 5.2 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). 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.
- Acquisitions and financial management. The activities to be executed under this operation have been included in the Procurement Plan (Annex 4) and will be carried out in accordance with the Bank's established procurement methods, namely: (a) Hiring of individual consultants, as established in the regulations AM-650; (b) Hiring of consulting firms for services of an intellectual nature according to GN-2765-4 and its associated operating guides (OP-1155-4); and (c) Hiring of logistics services and other services other than consulting, according to the policy GN-2303-28.

VI. Project Risks and Issues

- 6.1 One of the risks is related to the sustainability of the interventions that are supported by this TC. This risk is lower because, even though the Bank's request for support comes from ML, RSE plays an important role in the human capital strategy framed by the change in the industrial matrix of Ecuador. Given the Bank's extensive experience in labor intermediation, no difficulties are anticipated in the execution of this TC. There is already an execution strategy and the respective terms of reference.

VII. Environmental and Social Classification

- 7.1 This TC is not intended to finance pre-feasibility or feasibility studies of specific investment projects or environmental and social studies associated with them; therefore, this TC does not have applicable requirements of the Banks Environmental and Social Policy Framework (ESPF).