**TC ABSTRACT**

**I. Basic Project Data**

|  |  |
| --- | --- |
| ▪ Country/Region: | REGIONAL/Regional |
| ▪ TC Name: | The Future of the Jobs in Latin America and the Caribbean |
| ▪ TC Number: | RG-T3249 |
| ▪ Team Leader/Members: | Laura Ripani (SCL/LMK) team leader; Graciana Rucci (SCL/LMK) alternate team leader; Carmen Pages (SCL/LMK) alternate team leader; Ethel Muhlstein (SCL/LMK); and Tania Gaona (SCL/LMK). |
| ▪ Taxonomy: | Research and Dissemination (R&D) |
| ▪ Number and name of operation supported by the TC: | N/A |
| ▪ Date of TC Abstract: | 11 Apr 2018 |
| ▪ Beneficiary: | Ministries of Labor in the Latin America and Caribbean (LAC) Region |
| ▪ Executing Agency: | Inter-American Development Bank, Social Sector, Labor Markets Division (SCL/LMK) |
| ▪ IDB funding requested: | $ 300,000 |
| ▪ Local counterpart funding: | $ 0 |
| ▪ Disbursement and execution period: | 30 months |
| ▪ Types of consultants: | Individual consultants and consulting firms |
| ▪ Prepared by Unit: | Labor Markets Division (SCL/LMK) |
| ▪ Unit of Disbursement Responsibility: | Labor Markets Division (SCL/LMK) |
| ▪ TC included in Country Strategy (y/n): ▪ TC included in CPD (y/n): | No No |
| ▪ Alignment to the Update to the Institutional Strategy 2010-2020: | Social inclusion and equality |

**II. Objective and Justification**

2.1 The objective of this TC is to contribute to the research on the future of jobs in two aspects: adding new data for Latin America and the Caribbean (LAC) and developing policy tools to confront the challenges that the new trends pose for workers and firms in the region. One of the main aspects will be studying the skills that will be needed for tomorrow’s jobs and tasks by analyzing how technological change is affecting today´s labor demand and offer. In addition, this TC aims to use digital innovation to offer countries innovative tools that contribute to a better and more informed policy dialogue on this matter. A final task is to understand the impacts that automation will have in the labor market in the Region.

2.2 Technological advances known as the Fourth Industrial Revolution are changing today´s and tomorrow’s labor market. In recent years, many economies in LAC have experienced an expanded use of the Internet and digital technologies but the digital economy remains limited. LAC governments are now realizing the tremendous opportunities that digitalization opens for economies to become more productive, expand entrepreneurship, and drive inclusive economic growth. Countries in LAC will have a big opportunity, with an eager private sector and abundant natural resources. To capitalize on the opportunities of technological change, talent should be unlocked. Technology enhances all this potential and brings opportunities for all. However, achieving higher economic growth and regional competitiveness depends not only on technological advances, but also on having the adequate labor force to undertake the coming challenges. Without it, there will not be an alignment of digitalization and development. To prepare workers, countries in LAC will have to understand better what are the skills that are increasing in demand, and what types of skills are less demanded. The use of big data for this type of analysis is fundamental, since traditional surveys (household and firm surveys) are not as timely as they need to be to understand the fast changes that are occurring in the labor market. With a coverage of over 61 million users throughout LAC and 546 million users globally, LinkedIn can bring new, real-time insights which identify key elements of labor markets and skills. After knowing what are the skills that are more demanded, it is key to develop innovative policy tools to bring more and better training for all workers, especially younger individuals that are starting their first steps in the labor market. Technology brings many opportunities, but there is fear that automation and freelancing will pose a risk for all, especially for the middle class and the most vulnerable. In LAC, some countries are at the top of the list of potential automation. In addition, the lower cost of labor relative to capital and the slower introduction of technology bring ambiguity about the pace of these changes. And even though there are existing efforts to study the impact of this transformation, higher efforts to understand the specific challenges in the Region are needed. There is a need to study the role of automation in labor markets in LAC. While much research has been done for the United States and Europe, there is limited evidence about the effects of this new wave of automation on workers in LAC.

**III. Description of Activities and Outputs**

3.1 The TC will have the following four main components: **Component 1: Understanding the impact of automation in the LAC labor market**. The objective of this component is to support a study that aims to use the documented variation in automation across different sectors in the United States to understand in which way this is affecting at least three countries in LAC.

**Component 2: Big data analysis to understand how labor markets are changing**. The objective of this component is to have a better grasp of the changes in skills demand due to technological advances. In collaboration with LinkedIn, anonymized big data from its platform will be used to understand future trends and inform policymakers about new skills demands. The final objective is to use this information to inform the Technical Vocational Education and Training (TVET) system.

**Component 3: Digital innovation to close the skills gap**. Technological innovation has also brought new ways to develop skills. Digital learning is getting bigger and bigger as a way to learn new skills and adapt quickly to new skills demands. This component will study how digital learning can help current and future workers to prepare for the new labor market.

**Component 4: Sharing knowledge about the future of work in LAC**. The knowledge generated in this TC is extremely new and valuable for policymakers in the region. The IDB has a comparative advantage in two aspects: its knowledge about what is happening in the LAC region, and its expertise identifying and working on creative solutions to face the new challenges. For these reasons, it is important to include as part of this TC a component to finance a communication campaign, including infographics, videos, and other impactful dissemination tools, to maximize the impact of the research developed in this Technical Cooperation (TC) about the future of work.

**IV. Budget**

**Indicative Budget (US$)**

|  |  |  |  |
| --- | --- | --- | --- |
| **Activity/Component** | **IDB/Fund Funding (SOC)** | **Counterpart Funding** | **Total Funding** |
| Understanding the impacts of automation on the labor markets of the region | 95,000 | 0 | 95,000 |
| Big data analysis to understand how labor markets are changing | 85,000 | 0 | 85,000 |
| Digital innovation for closing the skills gaps | 60,000 | 0 | 60,000 |
| Sharing knowledge about the future of work in LAC | 60,000 | 0 | 60,000 |
| TOTAL | 300,000 | 0 | 300,000 |

**V. Executing Agency and Execution Structure**

5.1 The Bank, through SCL/LMK, will be responsible for the direction, supervision and coordination of this TC, in accordance with the guidelines and requirements established in the Technical Cooperation Policy (GN-2470-2) and in the TC Operating Guidelines (GN-2629-1).

5.2 This is due to the experience and capacity of the Bank in executing this type of project and its ability to hire high-level international consultancies, with added value, in addition to the Bank's greater options for using tools to transfer lessons learned from other countries, as well as organizing activities to promote the transfer of best practices from within and outside the region. The Bank will supervise the consulting services and the beneficiaries will be able to provide technical inputs to the consultants' reports. The ownership of the intellectual property rights of the products resulting from the execution of the TC belong to the Bank; however, a license to use the products will be granted to the governments of the Region.

**VI. Project Risks and Issues**

6.1 There are no risks associated with the execution of this TC.

**VII. Environmental and Social Classification**

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