

TC ABSTRACT

I. Basic Project Data

▪ Country/Region:	BRAZIL/CSC - Southern Cone
▪ TC Name:	Strategies for labor market recovery in Brazil
▪ TC Number:	BR-T1482
▪ Team Leader/Members:	GOUVEA GOMES, LIVIA (SCL/LMK) Team Leader; MIRANDA ANTONIO, KELLY (SCL/LMK); GARCIA VALERO, ANDREA CAROLINA (SCL/LMK); GONZALEZ HERRERA, BEATRIZ MARIA (SCL/LMK); CELESTE MARZO, CRISTINA (LEG/SGO)
▪ Taxonomy:	Research and Dissemination
▪ Number and name of operation supported by the TC:	N/A
▪ Date of TC Abstract:	12 Apr 2021
▪ Beneficiary:	Ministerio de Economía, Gobiernos Estatales, Gobiernos Municipales
▪ Executing Agency:	INTER-AMERICAN DEVELOPMENT BANK
▪ IDB funding requested:	US\$200,000.00
▪ Local counterpart funding:	US\$0.00
▪ Disbursement period:	36 months
▪ Types of consultants:	Individuals; Firms
▪ Prepared by Unit:	SCL/LMK - Labor Markets
▪ Unit of Disbursement Responsibility:	CSC/CBR - Country Office Brazil
▪ 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 This Technical Cooperation (TC) objective is to support the recovery of the labor market in Brazil, with a focus on actions within the scope of local governments (states and municipalities) and with potential articulations with the federal government. For this purpose, TC will use resources for the design and implementation of actions and their evaluation.
- 2.2 The COVID-19's crisis affected Brazil when it was in a slow recovery of the labor market, already weakened for structural and cyclical reasons. After having relative low unemployment rates until 2014 (on average 7.1% between 2012 and 2014), the country had an economic crisis that brought the unemployment rate to the level of 13.7% in the first quarter of 2017. A slow economic recovery brought the unemployment rate to 12.2% in the first quarter of 2020. However, the COVID crisis interrupted this improvement path, and the unemployment rate ended in 2020 at 13.9%. 2.2. These are just one of the many statistics that show the fragility of the labor markets in Brazil, where we could also highlight the drop in the participation rate (especially for women), the high level of informality, and the low productivity. More than ever, it is necessary to create efficient proposals with permanent social and labor impacts beyond the emergency period. In this sense, this TC will support (1) the creation of local diagnostics; (2) strategic support in the design and implementation of innovative solutions for the labor market crisis and their assessment. These actions will be described in more detail in Section III - Description of Activities and Outputs.

III. Description of Activities and Outputs

- 3.1 **Component I: Local Diagnostics.** Brazil is a country of continental dimensions, and there are typically relevant heterogeneities between its locations concerning the labor market. It is necessary to create local diagnostics and map interesting intervention opportunities. This is made possible through the intelligent use of the country's rich administrative records. The output of this component will be a panel with data at the municipality and the states' level, available to all the public.
- 3.2 **Component II: Strategic support in the design and implementation of solutions.** Resources will support the design and implementation of innovative solutions through pilots coordinated with local governments. Pilots will be conducted in such a way as to allow assessment. They will focus on the skills gap, work of the future, and employment intermediation, considering gender cross-cutting aspects. The output of this component will be at least three projects developed in partnership with governments and local entities.
- 3.3 **Component III: Incidentals.** Delays or additional costs to be considered.

IV. Budget

Indicative Budget

Activity/Component	IDB/Fund Funding	Counterpart Funding	Total Funding
Local Diagnostics	US\$40,000.00	US\$0.00	US\$40,000.00
Strategic support in the design and implementation of solutions	US\$150,000.00	US\$0.00	US\$150,000.00
Incidentals	US\$10,000.00	US\$0.00	US\$10,000.00
Total	US\$200,000.00	US\$0.00	US\$200,000.00

V. Executing Agency and Execution Structure

- 5.1 The executing agency of this TC will be the IDB, Social Sector, Labor Markets Division (SCL/LMK) and J-PAL. The IDB will be an executing agency due to larger experience accumulated on projects that are similar to this TC, which will allow the achievement of expected results. Furthermore, the IDB provides an independent and transparent execution of studies and assessments developed in this TC. J-PAL will be an executing agency due to its expertise in actions and knowledge production in RCTs and pilots.
- 5.2 Preparation and execution will be done in close collaboration with Social Sector, considering all the potential gained in intersectoral work, especially considering aspects of gender and education.

VI. Project Risks and Issues

- 6.1 The risks in executing the TC and achieving its objectives are: (i) unforeseen events related to the COVID-19 crisis concerning the implementation of actions; (ii) unforeseen events about the strategy for employment at J-PAL in Brazil. To mitigate first risk, we will be attentive to the scenario to safely ensure all actions' implementation. Regarding the second risk, we will be monitoring the evolution of the J-PAL strategy in Brazil. If it occurs barriers to J-PAL strategy in Brazil, we will choose to execute the entire TC by the IDB.

VII. Environmental and Social Classification

- 7.1 The ESG classification for this operation is "undefined".