**TC ABSTRACT**

**I. Basic Project Data**

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| ▪ Country/Region: | REGIONAL/CID - Isthmus & DR |
| ▪ TC Name: | Skills for labor productivity: Enhancing Private Sector Engagement for Employability and Productivity in Urban and Rural Areas |
| ▪ TC Number: | RG-T3152 |
| ▪ Team Leader/Members: | Maria Victoria Fazio (SCL/LMK) Team Leader; Laura Ripani. (SCL/LMK) Alternate Team Leader; Ethel Muhlstein (SCL/LMK); and Tania Gaona (SCL/LMK). |
| ▪ Taxonomy: | Client Support |
| ▪ Number and name of operation supported by the TC: | N/A |
| ▪ Date of TC Abstract: | 03 Jul 2018 |
| ▪ Beneficiary: | Participating countries, ES, HO, NI |
| ▪ Executing Agency: | Inter-American Development Bank, Social Sector, Labor Markets Division (SCL/LMK) |
| ▪ IDB funding requested: | $ 175,000 |
| ▪ Local counterpart funding: | $ 0 |
| ▪ Disbursement period: | 36 months |
| ▪ Types of consultants: | Individual consultants |
| ▪ Prepared by Unit: | Labor Markets Division (SCL/LMK) |
| ▪ Unit of Disbursement Responsibility: | Social Sector |
| ▪ 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; and productivity and innovation. |

**II. Objective and Justification**

2.1 The objective of this technical cooperation is to provide relevant tools to the countries of El Salvador, Honduras and Nicaragua to improve the economic and employment opportunities by strengthening the public-private relationship in sectors that are drivers of growth and employment, and to foster partnerships for workforce development that includes: private sector engagement strategies, analysis of potential synergies for the development of curriculums of a more demand-driven skills training and a skills roadmap to guarantee a sustainable workforce development strategy.

2.2 Most countries in Central America share similarities in their economic and labor markets outlook. The economies are vulnerable to shocks, and most job creation occurs in low-productivity or informal sectors of the economy, particularly especially in rural areas. And despite recent improvements in economic growth prospects, the countries still face challenges in terms of insecurity, economic diversification, quality job creation, competitiveness and inclusive labor markets. The outlook in terms of the future poses even more challenges, given that the trends of the future of work and the 4th industrial revolution show that the economic sectors that usually generate most jobs in Central American countries (i.e. retail and services) are already being automatized in advanced countries.

**III. Description of Activities and Outputs**

3.1 The TC aims to provide: a sector economic analysis on prioritized sectors for income and employment generation, including economic sectors of the future; tools for anticipating skills needs; and new data for developing a skills road map with pilots to test best experiences of public-private partnership for developing new training opportunities for the labor force.

3.2 **Component I: Identification of three priority economic sectors per country.** This component will select main economic sectors associated with the training strategy for workers, based on criteria such as growth potential, future employment generation, potential value chains in each sector, among others.

3.3 **Component II: Analysis of current and future skill demand with a focus on productivity growth.** The analysis will be conducted through the collection of secondary data from employers, and web scrapping of job board sites as well as interviews with training providers, HR departments, head of associations and export/investment-promoting agencies.

3.4 **Component III: Roadmap for skills development.** The skills roadmap will focus on how to develop productive private-public partnerships for workforce development and build an action plan with them that will include: setting structure to the partnerships within sectors and in articulation with public sector, understanding the employers needs and transferability to the curriculum development process.

3.5 **Component IV: Monitoring and dissemination strategy.** This component will finance activities to ensure the monitoring of the result indicators of this TC and different dissemination activities for the socialization of the results of this TC with key stakeholders.

**IV. Budget**

**Indicative Budget (US$)**

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| --- | --- | --- |
| **Activity/Component** | **IDB/Fund**  **Funding** | **Total Funding** |
| Identification of three priority economic sectors per country | $ 35,000 | $ 35,000 |
| Analysis of current and future skill demand with a focus on productivity growth. | $ 60,000 | $ 60,000 |
| Roadmap for skills development | $ 60,000 | $ 60,000 |
| Monitoring and dissemination strategy | $ 20,000 | $ 20,000 |

**V. Executing Agency and Execution Structure**

5.1 The Labor Markets and Social Security Division (SCL/LMK) of the Inter-American Development Bank (IDB) will be responsible for the management, supervision, coordination and evaluation of the Technical Cooperation.

5.2 SCL/LMK has the relevant technical knowledge of labor market issues in Central America and has developed a close relationship with stakeholders in El Salvador, Honduras and Nicaragua, which allows the Bank to execute the TC in collaboration with them.

**VI. Project Risks and Issues**

6.1 There are no expected difficulties in the execution of the TC. A strategy for the execution is designed in line with the objectives and components of the TC. Nevertheless, there are perceived risks related to political instability (e.g. changes in the structure and strategies of the ministries) and staff rotation in the beneficiary institutions.

**VII. Environmental and Social Classification**

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