**TC ABSTRACT**

**I. Basic Project Data**

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| ▪ Country/Region: | MEXICO/CID - Isthmus & DR |
| ▪ TC Name: | Support for Mexican Labor Market Policies |
| ▪ TC Number: | ME-T1392 |
| ▪ Team Leader/Members: | David Kaplan (SCL/LMK) Team Leader; Edna Miranda (CID/CME); Uriel Barrios (CID/CME); Alejandro De Gyves (CID/CME); Emilio Martinez (CID/CME); Ethel Muhlstein (SCL/LMK); Esteban De Dobrzynski (LEG/SGO); y Tania Gaona (SCL/LMK) |
| ▪ Taxonomy: | Client Support |
| ▪ Number and name of operation supported by the TC: | N/A |
| ▪ Date of TC Abstract: | 08 Mar 2019 |
| ▪ Beneficiary: | Mexico through the Ministry of Labor |
| ▪ Executing Agency: | Inter-American Development Bank, Social Sector, Labor Markets Division (SCL/LMK) |
| ▪ IDB funding requested: | $ 250,000 |
| ▪ 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: | Country Office in Mexico (COF/CME) |
| ▪ 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; Productivity and innovation; Gender equality |

**II. Objective and Justification**

2.1 This Technical Cooperation will support labor-market policies including the youth training program, which is a priority program for the new federal government, especially for the Ministry of Labor (STPS). Specifically, this technical cooperation will support: (i) the strengthening of processes, procedures, and employment policies of the STPS; (ii) the evaluation and strengthening of the Youth Building the Future Program (JCF); and (iii) the improvement of information and communication technologies (ICTs) of the National Employment Service (SNE) and the JCF.

2.2 The Mexican Government is taking actions to improve labor market’s outcomes and to enhance labor conditions of vulnerable groups such as women, and vulnerable groups of workers such as children, migrants, disabled, and domestic workers. During its first months, it sent a reform on labor justice to congress and increased the minimum wage. Additionally, the Supreme Court ruled in favor of domestic-workers right to social security, which is an important step forward to change the actual legal framework that pushes many domestic workers to informality. Finally, one of the Government’s flagship programs is “Youth Building the Future” (JCF), a national conditional cash transfer program directed to young people who are not working or studying. This is the second largest social program in the country and its objective is to connect young people with firms to receive training, gain experience, and improve their odds of finding a job. These initiatives have the potential to improve labor market outcomes in Mexico, but technical assistance appears to be crucial to ensure positive impacts.

2.3 The TC will expand the Bank’s technical support to new areas. It will support the generation of knowledge through the identification of best international practices for the improvement of women’s labor participation. It will also serve the development of profiling instruments for the matching of young people with training opportunities in the private sector, the development of the JCF platform, and the development of new functionalities of the SNE platform. This will be accompanied with the development of protocols to ensure an ethical use of technology. Finally, it will help to finance the design of a process evaluation for the JCF.

**III. Description of Activities and Outputs**

3.1 **Component 1. Strengthening active labor market policy processes and procedures.** Individual consultancies and firms will be financed to develop: (i) tools to support job-seekers to learn about demand needs and job descriptions; (ii) job profiles for the National Employment Service Offices (OSNE) and a training strategy for its employees; (iii) a strategy to improve SNE’s coordination with other public employment services in the region; and (iv) studies with international experts to identify best practices to improve vulnerable groups working conditions.

3.3 **Component 2. Improvement of Information and Communication Technologies (ICT).** Individual consultancies and firms will be financed to develop: (i) an impact evaluation of JCF to learn about the program’s effects on young people employability and firms’ productivity; (ii) profiling instruments for young people to ensure a high-quality match with firms; and (iii) pilots to improve training plans in firms and develop pre-apprenticeship programs to enhance youth adaptation to working environments.

3.4 **Component 3: Evaluation and redesign of skills training programs to improve their effectiveness.** Individual consultancies and firms will be financed to develop: (i) an automatized model of financial management for the SNE; (ii) a management system with automatized reports from field operation to the Minister’s office for the SNE and the JCF; and (iii) a follow-up and matching model for the youth registered in the JCF, including an occupational taxonomy.

**IV. Budget**

**Indicative Budget (US$)**

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| --- | --- | --- | --- |
| **Activity/Component** | **IDB/Fund Funding** | **Counterpart Funding** | **Total Funding** |
| Component 1. Strengthening active labor market policy processes and procedures | 53,000 | 0 | 53,000 |
| Component 2. Improvement of Information and Communication Technologies (ICT) | 96,000 | 0 | 96,000 |
| Component 3: Evaluation and redesign of skills training programs to improve their effectiveness | 101,000 | 0 | 101,000 |
| **Total** | **250,000** | **0** | **250,000** |

**V. Executing Agency and Execution Structure**

5.1 Upon request of the government, the IDB will execute the TC. SCL/LMK will be in charge of the technical supervision and COF/CME will be in charge of disbursements.

5.2 The Mexican Government requested the TC to take advantage of LMK's expertise in apprenticeship programs and active labor policies in the region.

**VI. Project Risks and Issues**

6.1 There is a risk that the new government does not accomplish the expected goals due to budget constraints in order to cover the needs of technical staff, technological alternatives, research and evaluation for better results. Considering the strong involvement of the private sector in the JCF program and the IDB technical support to the STPS since 1997, this risk is not considered high and will be mitigated with the close dialogue that has been established with the new authorities since the past elections.

**VII. Environmental and Social Classification**

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