

## TC ABSTRACT

### I. Basic Project Data

▪ Country/Region:	BRAZIL/CSC - Southern Cone
▪ TC Name:	Institutional Improvement of the Public Employment System (PES)
▪ TC Number:	BR-T1405
▪ Team Leader/Members:	GOUVEA GOMES, LIVIA (SCL/LMK) Team Leader; DIAS ALVARENGA BAPTISTA, DULCE BENIGNA (SCL/LMK) Alternate Team Leader; CELESTE MARZO, CRISTINA (LEG/SGO); GARCIA VALERO, ANDREA CAROLINA (SCL/LMK); HERNANDEZ-CARTAGENA, CAROLINA L. (SCL/LMK); GONZALEZ HERRERA, BEATRIZ MARIA (SCL/LMK); PENAHERRERA PROANO, SEBASTIAN (SCL/LMK); MIRANDA ANTONIO, KELLY (SCL/LMK); ZAMORANO GOMEZ, MARIA ELISA (SCL/LMK); CECILIA SICCHA (SCL/LMK)
▪ Taxonomy:	Client Support
▪ Number and name of operation supported by the TC:	N/A
▪ Date of TC Abstract:	03 Jul 2018
▪ Beneficiary:	Ministry of Labor of Brazil
▪ Executing Agency:	INTER-AMERICAN DEVELOPMENT BANK
▪ IDB funding requested:	US\$150,000.00
▪ Local counterpart funding:	US\$0.00
▪ Disbursement period:	24 months
▪ Types of consultants:	Firms; Individuals
▪ Prepared by Unit:	SCL/LMK - Labor Markets
▪ Unit of Disbursement Responsibility:	SCL - Social Sector
▪ TC included in Country Strategy (y/n):	Yes
▪ TC included in CPD (y/n):	No
▪ Alignment to the Update to the Institutional Strategy 2010-2020:	Social inclusion and equality; Institutional capacity and rule of law

### II. Objective and Justification

- 2.1 The objective of the technical cooperation is to contribute to the institutional improvement of the National Employment System (SINE in Portuguese) in Brazil. The technical cooperation will provide support to the operational reengineering of the Public Employment Services (PES) necessary to support the SINE reform, which seeks to improve the institutional setting aiming at the efficiency and effectiveness of SINE interventions. The technical cooperation will thus assist in the construction of the new institutional and operational framework of the new SINE regulation, which requires a decentralized business model for about 2,000 SINE offices. In this line, the cooperation will elaborate, in collaboration with SINE management, detailed studies and operation guidelines with instructions to undertake the institutional changes at SINE, required by the new law 13.667/18, in order to access federal funds and improve the operation effectiveness of public employment services. These studies and operational guidelines can be used in the future by an IDB loan that finances the investment needed for a more effective labor intermediation.
- 2.2 All 26 states, the federal district, and 1,300 Brazilian municipalities provide Public Employment Services (PES). The 2,000 SINE offices offer professional orientation and qualification, labor intermediation, unemployment insurance and labor market

intelligence. Nowadays, SINE network does not provide standardized services and is funded by federal government through individual contract negotiation with each state and municipality without a clear criterion to funding assignation. This process allows discretionarily in the transfer of federal funds and lacks transparency. The quality and efficient of SINE services can vary considerably. This variability can play an important role in the placement effectiveness of jobseekers. For example, the employment offices of Paraná state only placed 15% of workers referred. In contrast, the state of Alagoas has a placement rate of 46%. The institutional improvement and the new operational guidelines supported by the technical cooperation also has the aim of increasing transparency and reducing the regional heterogeneity of SINE's effectiveness.

- 2.3 All states and municipalities providing PES will be mandated by law (Federal Law n. 13.667/18) to adhere to the new institutional setting and business model to implement their services and to request access to federal funds under a new financing modality. However, it is difficult for the federal government to benchmark which SINE offices perform better and thus identify a business model that suits best the SINE network.
- 2.4 Initial efforts to harmonize the provision of basic services and to standardize the management information system was done under the technical cooperation BR-T1298, which elaborated the documentation and guidelines to standardize the main services of the SINE network. This technical cooperation builds on this effort and will support the operationalization of the new institutional setting that will be the instrument to enforce the standardization of services. The objective is to support the federal government and create the conditions necessary to coordinate and execute the new rules among stakeholders, which are various government agencies at local level that operate SINE services. In this line, the cooperation will include analytical products and consultancies to help the Ministry of Labor put together the business processes to streamline the operational cycle of SINE services.

### III. Description of Activities and Outputs

- 3.1 **Component 1: Appraisal of business requirements.** Appraisal of activities that each stakeholder within the MOL and SINE network will need to adjust to access federal funds for labor intermediation. This component will be produced at federal level and include consultations which will discuss stages and responsibilities that each covenantee needs to follow to apply, execute and report resources from the worker support fund as well as which goods and services should be eligible for finance.
- 3.2 **Component 2: Elaboration of operational manuals for the new institutional framework.** Operation manuals to access the national fund will be developed to each service provided by SINE such as professional orientation and qualification, labor intermediation, unemployment insurance and labor market intelligence services in the new institutional set up. These products will include division of responsibilities of each stakeholder, timeframe, deliverables, monitoring of results framework and business process flows of each service within a new operational cycle.
- 3.3 **Component 3: Performance benchmark and results framework.** Performance benchmarking and results framework for labor intermediation of fund applicants at municipality level. These products include the clustering of comparable SINE covenantees, a method to set their goals based on standard labor intermediation measures such as capacity, historic performance, placement rate, and efficiency taking into account local labor market conditions. It will also generate the business information needs required to monitor performance from the MIS.

#### **IV. Budget**

**Indicative Budget**

<b>Activity/Component</b>	<b>IDB/Fund Funding</b>	<b>Total Funding</b>
Component 1: Appraisal of business requirements.	US\$40,000.00	US\$40,000.00
Component 2: Elaboration of operational manuals for the new institutional framework.	US\$70,000.00	US\$70,000.00
Component 3: Performance benchmark and results framework.	US\$40,000.00	US\$40,000.00
<b>Total</b>	<b>US\$150,000.00</b>	<b>US\$150,000.00</b>

#### **V. Executing Agency and Execution Structure**

- 5.1 The technical cooperation will be executed by the IDB, Social Sector, Labor Markets Division (SCL/LMK).
- 5.2 The IDB will be the 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.

#### **VI. Project Risks and Issues**

- 6.1 There are no expected major difficulties in the execution of the TC. A strategy for the execution is designed in line with the objectives and components of the TC.

#### **VII. Environmental and Social Classification**

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