

TC Document¹

I. Basic Information for TC

▪ Country/Region:	ECUADOR
▪ TC Name:	Supporting the Strengthening of the Ministry of Labor for the Promotion of Green Jobs
▪ TC Number:	EC-T1469
▪ Team Leader/Members:	Dias Alvarenga Baptista, Dulce Benigna (SCL/LMK) Team Leader; Alfonso, Mariana (CSD/CCS) Alternate Team Leader; Almeida Oleas, Natalia (LEG/SGO); Cecilia Siccha (SCL/LMK); Garcia Valero, Andrea Carolina (SCL/LMK); Gonzalez Herrera, Beatriz Maria (SCL/LMK); Heewan Noh (SCL/LMK); Ibarra, Pablo (SCL/SPH); Penaherrera Proano, Sebastian (SCL/LMK); Rosero Casco, Maria De Los Angeles (CAN/CEC); Saldarriaga Jimenez, Andrea (SCL/GDI) Oleas, Natalia (LEG/SGO); Cecilia Siccha (SCL/LMK); Gonzalez Herrera, Beatriz Maria (SCL/LMK); Noh, Heewan (SCL/LMK); Ibarra, Pablo (SCL/SPH); Penaherrera Proano, Sebastian (SCL/LMK); Saldarriaga Jimenez, Andrea (SCL/GDI); Rosero, Maria de los Angeles (CAN/CEC)
▪ Taxonomy:	Client Support
▪ Operation Supported by the TC:	N/A .
▪ Date of TC Abstract authorization:	16 Jul 2021.
▪ Beneficiary:	Ecuador's Ministry of Labor
▪ Executing Agency and contact name:	Inter-American Development Bank
▪ Donors providing funding:	Strategic Climate Fund(SCX)Strategic Climate Fund(SCX)
▪ IDB Funding Requested:	US\$750,000.00
▪ Local counterpart funding, if any:	US\$0
▪ Disbursement period (which includes Execution period):	24 months
▪ Required start date:	November 1st, 2021
▪ Types of consultants:	Firms & Individual Consultant
▪ Prepared by Unit:	SCL/LMK-Labor Markets
▪ Unit of Disbursement Responsibility:	SCL/LMK-Labor Markets
▪ 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:	Environmental sustainability; Gender equality; Productivity and innovation; Social inclusion and equality

II. Objectives and Justification of the TC

- 2.1 **The overall objective is to support green and resilient jobs recovery through the promotion of employment linked to environmental objectives in Ecuador with a gender focus.** The specific objective is to improve the capacity of the Ministry of Labor to promote environmental and green jobs through the strengthening of the Public Employment Service (PES) and the office of the Undersecretary of Qualifications.

¹ TC Document corresponds with the "Technical Data Sheet"

2.2 The economic crisis caused by COVID-19 had substantial impacts in Ecuador.

The fall in the price of oil (projected at 42% by 2020), the economic slowdown of major trading partners due to the global nature of the crisis and the contraction of the local economy explain the fall in GDP of 11% and in revenues of about 27%, according to the most recent projections of the IMF.² The economic crisis has had significant impacts on the country's labor market. Unemployment has risen significantly from 3,9% in December 2019 to 5,7% in February 2021. With women being disproportionately affected. For example, between December 2019 and September 2020, unemployment increased by 58% for men and 89% for women.³ The quality of employment has worsened, especially among individuals with low educational level and ethnic minorities. Before the pandemic, in December 2019, only 38,8% of employment was formal. Between January and December 2020, formal employment recorded a net reduction of 8 percentage points.⁴

2.3 Ecuador has taken several steps to promote employment recovery as part of its response to the pandemic.

Under the Humanitarian Act, employers and employees have been allowed to make mutual agreements on existing employment contracts, including the reduction and flexibility of working hours. The Ministry of Labor (ML) published Ministerial Agreements with additional flexibility measures through the creation of special contractual modalities.⁵ ML has also used the PES to support the reassignment of workers to the most dynamic sectors. PES has played a key role in identifying vacancies, tracking offers, and finding candidates for occupations highly demanded during the pandemic. For example, in the face of an exceptional demand for health professionals, the PES has used social media, in addition to its technological platform, to expedite the recruitment of doctors, nurses, and health technicians. Moreover, to mitigate the inequities of women's participation in the economy, the government announced the "*Economía Violeta*" (violet economy), a public policy that seeks to promote women's economic empowerment in Ecuador, with an emphasis on those who have lost income and jobs due to the pandemic.⁶ The ML also announced the creation of a gender seal for private sector companies, to close gender gaps within firms and promote women's inclusion into the workforce. Finally, the government has also requested support from the Bank to implement the Gender Parity Accelerator (IPG for its acronym in Spanish), which seeks to identify and reduce barriers that prevent women from accessing work opportunities on a level playing field.

2.4 While a green and resilient employment recovery depends on multiple factors (e.g., pandemic evolution, investment climate, etc.), working with sectors linked to environmental objectives, such as agriculture, forestry, energy, transport, tourism, construction, and waste management,⁷ is expected to contribute significantly

² IMF, (2020).

<https://www.imf.org/~media/Files/Publications/REO/WHD/2020/Oct/Spanish/texts.ashx?la=es>.

³ Data from the IDB Information System on Labor Markets and Social Security (SIMS). They correspond to the percentage of the population unemployed between ages 16 and 65 in the months of December 2019 and September 2020: 7.73% and 3.65% for women and 5.26% and 2.97% for men, respectively.

⁴ INEC. 2021. Encuesta Nacional de Empleo, Desempleo y Subempleo. Ecuador

⁵ For example, to the Productive Sector, the Tourism and/or Cultural and Creative Sectors, Entrepreneurship and Innovation and Youth Access to the Labor Market and Incentives for their Training.

⁶ See the official notice. <https://www.comunicacion.gob.ec/el-presidente-moreno-apuesta-por-un-desarrollo-inclusivo-con-equidad-de-genero-a-traves-de-la-economia-violeta/>.

⁷ ILO has indicated these as key economic sectors where labor markets are going to face a bigger impact during the transition to low emission and resilient economies. We are currently conducting a study to identify sectors with greater potential for employment generation in the case of Ecuador.

to job creation. It is estimated that transformations in these green sectors (which make decarbonization possible during the transition to a net-zero emissions economy, might create 15 million net jobs in the region by 2030.⁸ However, international experience indicates that to maximize the positive impacts of the transition to a resilient and low-emission economy, it is necessary to develop an institutional framework that favors the promotion of green employment. Such an institutional framework should have four pillars: (i) production of labor market information through the development of studies on the potential for green job creation and on the training needs of the private sector in green sectors; (ii) coordination committee to define goals and complementary measures to facilitate the transition, and thus achieve economic, environmental, and labor objectives; (iii) coordination mechanisms between the productive sector and the training system to promote the development of pertinent and relevant skills in strategic green sectors; and (iv) PES with an offer of specialized services for green sectors that facilitates the reallocation of labor towards green sectors and emerging occupations in these sectors. In addition, PES could play a key role in promoting the participation of priority groups,⁹ in particular women who are less likely to have the right set of skills to benefit from the creation of quality green jobs.¹⁰ For example, if the final demand of the rail passenger transport sector increases by US\$1 million, 176 jobs can be created, but only 50 would be for women.¹¹ But additional information is needed to further explore the current and potential gender gaps in the green jobs sector in the country, which is why as part of this project, a gender study will be carried out to specify the gap and identify the barriers and opportunities to promote the employment of women in subsectors with potential for job creation. This will also allow to set specific gender targets within the project.

- 2.5 **Ecuador has been making progress in the production of inputs necessary for the promotion of formal employment linked to its environmental objectives.** The ML has been developing studies to quantify the potential for green employment generation in the forestry and agriculture sectors as a result of the country's environmental commitments as well as to identify the private sector's skills demands in emerging green sectors.¹²
- 2.6 **However, the country still faces important challenges for the development of an institutional framework for advancing both its environmental and labor market goals with a gender focus.** First, there is no multisectoral coordination with clearly identified leadership; this is necessary to translate environmental objectives into employment promotion and skills development at the national, regional, and local

⁸ Saget, C., A. Vogt-Schilb, and T. Luu. 2020. Jobs in a net-zero emissions future in Latin America and the Caribbean. Inter-American Development Bank, Washington, DC. <https://publications.iadb.org/es/el-empleo-en-un-futuro-de-cero-emisiones-netas-en-america-latina-y-el-caribe>.

⁹ Article 35 of the Constitution of the Republic of Ecuador states that "Older adults, girls, children and adolescents, pregnant women, persons with disabilities, persons deprived of liberty and those suffering from catastrophic or highly complex diseases, will receive priority and specialized care in the public and private spheres".

¹⁰ Saget, C., A. Vogt-Schilb, and T. Luu. 2020. Jobs in a net-zero emissions future in Latin America and the Caribbean. Inter-American Development Bank, Washington, DC. <https://publications.iadb.org/es/el-empleo-en-un-futuro-de-cero-emisiones-netas-en-america-latina-y-el-caribe>

¹¹ Iturriza (2021).

¹² Richards D. (2021) Aanalysis of best practices in incorporating knowledge related to climate change and environmental sustainability into vocational training programmes. (Manuscript in progress). Iturriza, A. (2021.) Multiplier Effects: Job creation in the context of the transition to decarbonized and resilient economies. (Manuscript In Progress).

levels (vertical governance). The lack of multisectoral coordination also makes it difficult for labor market stakeholders (e.g., private sector, civil society organizations, training and certification centers, and PES) to be aligned with these objectives (horizontal governance).¹³ Second, there is no strategic coordination with the productive sector to ensure the pertinence and relevance of training programs in green sectors. The Undersecretary for Qualifications, which regulates the training and certification supply, faces several limitations: (i) profile catalogues, schemes, and evaluation instruments are deficient and outdated; (ii) the process to design training programs does not ensure pertinence and relevance; and (iii) institutional processes for accreditation of training centers do not ensure quality.¹⁴ Third, the PES does not have specialized services to reassign the labor force to emerging or growing green sectors. The PES is present in 24 provinces, a technological platform for matching jobseekers and vacancies that allows them to potentialize their service offer through digital channels, recruitment agreements with large private companies, and a growing integration with other government agencies.¹⁵ However, it also faces important challenges: (i) the absence of a strategic approach to collect and use employers' knowledge of emerging market trends and future labor demand, which are key sources of information to direct jobseekers, and those at risk of dismissal, towards emerging green jobs; (ii) there is no special strategies for targeting priority groups. This is important because women, ethnic groups, young people, and migrants are less likely to have the skills to benefit from the creation of high-quality green jobs;¹⁶ and (iii) PES's technology platform is operating at full capacity and presents challenges regarding its operability with other government systems, which prevents the effective use of information to profile jobseekers, provide information, advice, and career guidance, and to improve the match between the labor demand and labor supply in the green sectors. In addition, the platform requires adjustments to ensure accessibility for people with disabilities.

- 2.7 The project is consistent with the Second Update of the Institutional Strategy (AB-3190-2) and is aligned with the development challenges of: (i) Social Inclusion and Equality, supporting policy measures to help promote access to better job opportunities in a low carbon and resilient economy (through the strengthening of the PES and the promotion of services for green sectors); and (ii) Productivity and Innovation, supporting policy measures to improve the link between the skills of the workforce and those demanded by the productive sector (through the skills development pilot). It is also aligned with the transversal areas of: (i) Gender Equality and Diversity, by promoting equity, empowerment and labor participation of women (through a gender strategy for the promotion of green jobs); and (ii) Climate Change and Environmental Sustainability by promoting employment in green sectors and the development of skills in clean technologies and sustainable production processes. For more information about the strategic alignment of this TC with other bank's documents

¹³ Platform for Advancing Green Human Capital. "Advancing green human capital: a framework for policy analysis and guidance." (2017). https://www.ilo.org/skills/pubs/WCMS_607491/lang--In/index.htm

¹⁴ Richards, D. (2021). Analysis of best practices in incorporating knowledge related to climate change and environmental sustainability into vocational training programs in Ecuador". Inter-American Development Bank (Mimeo in progress)

¹⁶ Saget, C., A. Vogt-Schilb, and T. Luu. 2020. Jobs in a net-zero emissions future in Latin America and the Caribbean. Inter-American Development Bank, Washington, DC. <https://publications.iadb.org/es/el-empleo-en-un-futuro-de-cero-emisiones-netas-en-america-latina-y-el-caribe>

and its complementarity with other operations, please see additional information [on this link](#).

III. Description of activities/components and budget

IDB will support the improvement of ML's capacity for the promotion of green jobs with a gender focus by: (i) the creation of a governance mechanism that promotes the coordination of the environmental, labor, and social goals; (ii) the strengthening of the Undersecretary for Qualifications' capacity to ensure the pertinence and relevance of training in green sectors; and (iii) the improvement of services for jobseekers and employers at the PES and the creation of services for the promotion of green jobs, which currently do not exist at PES.¹⁷ To achieve this, 4 components are proposed:

- 3.1 **Component 1: Institutional strengthening for the promotion of green jobs with a gender focus.** Activities planned include: (i) Design a strategy and implement specialized services for the promotion of green jobs by PES; (ii) Design and implementation of a management plan for the promotion of green jobs by the PES with strategy for human resources development of PES's staff and performance management system; (iii) Design a strategy to engage the private sector in green sectors; (iv) Design a gender strategy for the promotion of green jobs and mainstream it across relevant governmental agencies, private sector companies and other relevant actors; (v) Design and implementation of the Green Jobs Committee.
- 3.2 **Component 2: Institutional strengthening for green skills development with a gender focus.** Activities planned include: (i) Design a strategy for the institutional strengthening of the office of the Undersecretary of Qualifications and pilot the development of training standards for green skills with a gender focus.
- 3.3 **Component 3: Skills development for green sectors with a gender focus.** Design and finance pilots to develop the institutional framework required to build talent pipelines for green sectors with a gender focus. The objective is to establish the institutional arrangements necessary for the future expansion of the pilots. Given that part of the employment in these sectors occurs in family production models, a technical assistance and training approach is also required¹⁸. Activities include: (i) Support the reengineering of processes and human resources development so that micro and small enterprises (50 businesses) develop higher value-added economic activities in green sectors through competitive funds, with a focus on women-led businesses; (ii)

¹⁷ These services include: (i) identify the labor demand and supply in green sectors, (ii) vocational and professional guidance for jobseekers in green sectors, (iii) offering relevant information related to job opportunities, career pathways, training and skills needed in green sectors, (iv) act as a training broker between employers and the training sector to identify short and effective reconversion modules, (v) match jobseekers and vacancies in green sectors; and (vi) support jobseekers transitioning from a declining sector to emerging green sectors.

¹⁸ The focus of the intervention is to help the office of the Undersecretary of Qualification to strengthen its capacity to ensure the pertinence and relevance of training and certification in green sectors and not to deliver training. The component will finance the office of the Undersecretary of Qualifications application of a talent pipeline methodology as a strategy to ensure the alignment between what is needed in the workplace and what is learned in the classroom in high demand occupations in strategic green sectors. That requires going through the whole process of skills development from identifying demand with employers until placement in a green job. Therefore, technical training activities as well as technical assistance and training activities are aimed as stages of the methodology to pilot the development of training standards in green skills using the talent pipeline methodology. The pilots are a necessary stage to set the institutional arrangements that are necessary for the future expansion of the talent pipeline pilots, where training activities would then be funded by firms or the government.

Technical training in green sectors (for 100 people),¹⁹ with special emphasis on priority groups (including women) to enable their rapid insertion into the formal labor market; (iii) Impact evaluation of the project's effectiveness.

- 3.4 **Component 4: Improvement of services for the promotion of green jobs with a gender focus.** Improvement of services, in particular digital services, of the PES to facilitate the promotion of green jobs with a gender focus. Activities financed include: (i) design of a vocational and professional guidance system for jobseekers in the green sectors by leveraging the processes and services of the current system; (ii) redesign of the contents of the PES technological platform in order to include services for the promotion of green jobs and ensure contents are gender inclusive; and (iii) advice for the implementation of a multi-screen web portal for the PES, incorporating services for the promotion of green jobs with minimal impact but integrated into the current portal.

Indicative Budget (US\$)

Component	Description	IDB/Fund Funding	Total Funding
Component 1	Design a strategy and implement specialized services for the promotion of green jobs by PES.	US\$40,000.00	US\$40,000.00
Component 1	Design and implementation of a management plan for the promotion of green jobs by the PES with strategy for human resources development of PES's staff and performance management system.	US\$40,000.00	US\$40,000.00
Component 1	Design a strategy to engage the private sector in green sectors.	US\$30,000.00	US\$30,000.00
Component 1	Design a gender strategy for the promotion of green jobs and mainstream it across relevant governmental agencies, private sector companies and other relevant actors.	US\$30,000.00	US\$30,000.00
Component 1	Design and implementation of the Green Jobs Committee.	US\$15,000.00	US\$15,000.00
Component 2	Design a strategy for the institutional strengthening of the office of the Undersecretary of Qualifications and pilot the development of training standards for green skills with a gender focus.	US\$35,000.00	US\$35,000.00
Component 3	Support the reengineering of processes and human resources development so that micro and small enterprises (50 businesses)	US\$100,000.00	US\$100,000.00

¹⁹ With an average duration of 300 hours.

Component	Description	IDB/Fund Funding	Total Funding
	develop higher value-added economic activities in green sectors through competitive funds, with a focus on women-led businesses.		
Component 3	Technical training in green sectors (for 100 people), with special emphasis on priority groups (including women) to enable their rapid insertion into the formal labor market.	US\$180,000.00	US\$180,000.00
Component 3	Impact evaluation of the project's effectiveness.	US\$30,000.00	US\$30,000.00
Component 4	Design of a vocational and professional guidance system for jobseekers in the green sectors by leveraging the processes and services of the current system.	US\$40,000.00	US\$40,000.00
Component 4	Multi-screen web portal and redesign of the PES's digital platform, to offer services for the promotion of green jobs.	US\$160,000.00	US\$160,000.00
Component 4	Local coordinator for the execution of the TC.	US\$15,000.00	US\$15,000.00
Component 4	Contingencies (5%).	US\$35,000.00	US\$35,000.00
TOTAL		US\$750,000.00	US\$750,000.00

- 3.5 The supervision of this TC will be carried out by Dulce Baptista, specialist of the Labor Markets Division (SCL/LMK) and team leader, with the appropriate support from specialist and consultants from different sectors and the country office in Ecuador, if needed. The COF focal point for this project is María de los Ángeles Rosero (CAN/CEC). Adequate planning of transactional budgetary resources to guarantee the monitoring and fulfillment of activities and products included in this TC, will also be the team leader's responsibility, always in coordination with the COF.

IV. Executing agency and execution structure

- 4.1 **Execution.** The Executing Agency will be the Inter-American Development Bank (IDB), through the Labor Markets Division (SCL/LMK), in accordance with the guidelines and requirements established in the TC Policy (GN-2470-2) and in the TC Operational Guides (GN-2629-1). This procedure is justified by the Bank's experience in developing the operational and technical instruments proposed for this type of operation, by the knowledge required, the scope of work, and by the orientation of the TC towards supporting Ecuador.
- 4.2 **Acquisitions and financial management.** The activities to be executed under this operation have been included in the Procurement Plan (Annex 4) and will be carried out in accordance with the Bank's established procurement methods, namely: (a) Hiring of individual consultants, as established in the regulations AM-650; (b) Hiring of consulting firms for services of an intellectual nature according to GN-2765-4 and its

associated operating guides (OP-1155-4) and (c) Hiring of logistics services and other services other than consulting, according to the policy GN-2303-28.

V. Major issues

- 5.1 The work proposed in this TC is highly technical and involve several players, (i) there is a risk of not obtaining good quality results if the work carried out is not properly guided and monitored; (ii) another challenge is maintaining a single agenda of activities that is shared by all stakeholders, avoiding duplication of effort and dispersion of resources; (iii) another risk is related to the sustainability of interventions that are supported by this project; and (iv) additionally, increase in COVID-19 cases could also pose a potential risk for the coordination and execution of the proposed activities.
- 5.2 To mitigate these risks, we plan on implement the following activities: (i) establish a detailed monitor and evaluation plan to ensure good quality of results; (ii) a local coordinator to ensure stakeholder communication and collaboration will be hired as part of the proposed activities in Component 4; (iii) sustainability risk is lower given that, although the Bank's request for support comes from ML, PES plays an important role in the human capital strategy framework in the change of Ecuador's industrial matrix. The country has also included a component to support employment recovery linked to environmental objectives and women's economic participation under the loan "[Support for the Protection of Social Spending and Employment Recovery \(5230/OC-EC\)](#)". Also, the ML will enhance efforts to ensure that other stakeholders understand the relevance and potential benefits of the environment commitments Ecuador made for the labor markets during the COVID-19 recovery and guide the work towards the development of a governance that favors green jobs promotion; and (iv) to mitigate the COVID-19 increase rate risk, although this risk is low, due to the country's advancement in its vaccination plan, we plan to: (a) establish a work-from-home/virtual protocol, including best practices and communications channels and tools, to ensure that all strategies and services can be designed and developed successfully, as well as all stakeholder activities; and (b) develop a plan to change the pilots' methodology from in-person to virtual to avoid contact and spread of C19.

VI. Exceptions to Bank policy

- 6.1 None.

VII. Environmental and Social Strategy

- 7.1 This TC has no environmental or social implications. Considering the Environment and Safeguards Compliance Policy (OP-703), the nature and objectives of the TC, and its environmental and sociocultural impacts and risks, it receives a category "C" classification (see [Safeguard and Screening Form](#) and [Safeguard Policy Filter Report](#)).

7.2 Required Annexes:

[Request from the Client - EC-T1469](#)

[Results Matrix - EC-T1469](#)

[Terms of Reference - EC-T1469](#)

[Procurement Plan - EC-T1469](#)