

## TC Document

### I. Basic Information for TC

▪ Country/Region:	HAITI
▪ TC Name:	Support to Strengthen Services to Youth of the Public Labor Intermediation Service of Haiti
▪ TC Number:	HA-T1270
▪ Team Leader/Members:	Dias Alvarenga Baptista, Dulce Benigna (SCL/LMK) Team Leader; Garcia Valero, Andrea Carolina (SCL/LMK); Kim, Dohyung (SCL/LMK); Mathieu, Vladimir (SCL/EDU); Muhlstein, Ethel Rosa (SCL/LMK); Negret Garrido, Cesar Andres (LEG/SGO)
▪ Taxonomy:	Client Support
▪ Operation Supported by the TC:	.
▪ Date of TC Abstract authorization:	27 Sep 2019.
▪ Beneficiary:	Government of Haiti (GOH)
▪ Executing Agency and contact name:	Inter-American Development Bank
▪ Donors providing funding:	Korea Poverty Reduction Fund(KPR)
▪ IDB Funding Requested:	US\$650,000.00
▪ Local counterpart funding, if any:	US\$0
▪ Disbursement period:	36 Months
▪ Required start date:	February 2020
▪ Types of consultants:	Firms and Individual Consultants
▪ 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; Productivity and innovation

### II. Objectives and Justification of the TC

- 2.1 The overall objective is to support the strengthening of the public labor intermediation services (PLIS) of the Ministry of Social Affairs and Labor in Haiti. The specific objectives are: (i) to strengthen the governance mechanism between national and local offices for the delivery of public labor intermediation services; (ii) to design an information network blueprint required to support the governance between national and local offices for the delivery of public labor intermediation services; and (iii) to design quality standards for public labor intermediation services for youth.
- 2.2 Haiti's economic growth has slowed down to 1.2% in Fiscal Year (FY) 2019 (from 1.5% in FY 2018). Inflation was estimated at 20% in FY 2019, with a substantial depreciation of the gourde. Haiti continues being the poorest country on the American continent and one of the most unequal country in the world. Young people constitute more than half of the population and represent one of the most vulnerable groups (Herrera et al., 2014; Zanuso et al., 2014).

- 2.3 Youth suffer from high levels of inactivity, coupled with high levels of unemployment and extremely low levels of labor formality. In 2012, 34.5%<sup>1</sup> of them were Neither Employed nor in Education or Training (NEET); the problem was most acute among young women, 42.3% of which were NEET.
- 2.4 Youth have higher unemployment rates than adults, 18% versus 13%, and the unemployment rate among young women in urban areas is 22%. Out of those that are employed, only 24% had a job with a contract (11.3% for males, 7.5% for females). Recent data about NEETs in Haiti indicates that 38% of youth in this situation are looking for employment and eight out of ten youth have biased information about labor market trends independently of their educational level and occupational status (Novella et al 2018).
- 2.5 Haiti needs to integrate young people into society and into the labor market in order to maintain social cohesion and achieve the desired level of development and growth. Labor Intermediation Services (LIS) can contribute to improve the match between labor supply and demand through services beyond the match itself and may include: (i) labor market information; (ii) job placement; (iii) training and other Active Labor Market Programs; (iv) administration of unemployment insurance; and (v) migration management.
- 2.6 International evidence shows that labor intermediation is cost-effective<sup>2</sup> and that it helps the unemployed find better paying jobs, compared to the unemployed who use other search methods, and increase the probability of finding formal employment<sup>3</sup>. International experience identifies two key factors for successful provision of Public Labor Intermediation Service (PLIS): (i) service offer that responds to specific barriers for labor market insertion, including a strategy for initiating and maintaining links with employers; and (ii) maintain good governance between national and local offices and an effective management system for service delivery<sup>4</sup>.
- 2.7 The Ministry of Social Affairs and Labor (MAST), through its Directorate of Manpower of Labor (DML), is responsible for the PLIS. Currently a staff of 15 carry out limited activities at the PLIS, restricting service delivery to Port-au-Prince and its proximity with no links to 13 the regional offices. The PLIS presents challenges in the two key factors for successful provision of PLIS. First, the service offers to job seekers and employers do not take into consideration the specific barriers experienced by Haitian Youth and a strategic approach to engage employers to hire them. Second, there is no governance mechanisms in place between national and regional offices to ensure: (i) the right balance between flexibility to adapt to the local reality and minimum standards for the type and quality of services (vertical governance); and (ii) the coordination of their work with other stakeholders (e.g. employers, employer's association, education and training organizations), especially at the local level (horizontal governance). Strengthening the PLIS is particularly important giving the recent deterioration of the economic situation and its impacts on youth. Better coordination with other labor market stakeholders and services specifically designed

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<sup>1</sup> Labor Markets and Social Security Information System, 2018, based on the most recent data available from official sources (the latest household survey).

<sup>2</sup> Card, D., J Kluge y A. Weber, 2015. What Works? A Meta-Analysis of Recent Active Labor Market Program Evaluations. The National Bureau of Economic Research.

<sup>3</sup> Flores, Lima, R. 2010 Innovaciones en la Evaluación de Impacto del Servicio de Intermediación Laboral en Mexico. Technical note IDB-TN-118. Washington, DC.

<sup>4</sup> Mazza, Jacqueline (2016) Labor Intermediation Services in Developing Economies Adapting Employment Services for a Global Age, 2016.

to respond to barriers faced by Haitian youth will be key in order to provide relevant response to the current crisis.

- 2.8 Specifically, this TC will provide technical support to: i) Strengthen the governance mechanism for PLIS; ii) Design an information network blueprint to support governance between national and local offices; and iii) Establish quality standards for labor intermediation of youth.
- 2.9 This TC builds on the Korean's previous experience and expertise in the subject matter, as it is related to the regional technical cooperation RG-T2604. The latter has benefited from the expertise of the Korean public employment service on the incorporation of information technologies, in order to improve the effectiveness and efficiency of labor intermediation services, through development of diagnoses, strengthening plans, workshops in Barbados, Brazil, Chile and Peru<sup>5</sup>. This technical cooperation represents an important opportunity to improve the quantity and quality of the source of information for both non-refundable operation and regional cooperation.
- 2.10 The proposed TC is consistent with the Update to the Institutional Strategy (UIS) 2010 2020 (AB-3008) and is strategically aligned with the development challenges of: (i) social inclusion and equality since the project targets vulnerable youth and promotes equal access to better job opportunities; and (ii) productivity and innovation by providing PLIS (specially targeted for youth) which promote better matching between demand for workers and supply of job seekers. The program is also aligned with the cross-cutting theme of gender equality and diversity by promoting women's economic opportunities and productivity. Additionally, the program contributes to the Corporate Results Framework (CRF) 2016-2019 (GN-2727-6) with the indicator beneficiaries of on-the-job training programs. Also, the project is aligned with the dialogue area of vocational training of the Country Strategy with Haiti 2017-2021 (GN-2904) and with its strategic priority of "rendering key public services more accessible to enhance human development", as it is a relevant answer to the country development challenge of inclusion and poverty. Furthermore, it is aligned with the Labor Sector Framework Document (GN-2741-7), with the dimension for success "promote successful career paths while simultaneously enhancing productivity and social inclusion". Last but not least, this TC is aligned to the objectives of the Korean Poverty Reduction Fund, as it aimed to strength a national agency, the PLIS of the MAST, whose functions are related to the alleviation of poverty.

### III. Description of activities/components and budget

- III.1 **Component 1. Strengthen the governance mechanism for PLIS.** This component will finance the design of a governance mechanism<sup>6</sup> for the delivery of PLIS that

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5 The Regional Technical Cooperation has supported these countries with strengthening information technology systems of their PLIS in areas that will be covered by this TC (Barbados: operability with other systems; Brazil: use of bigdata to production information about demand for labor; Chile: production of labor market information at the local level; Peru: management system including regional offices). Hence there is a knowledge base and lessons learned that could be very valuable to Haiti, such as principles of data management (eg. equality, accessibility, privacy, responsibility, efficiency), balancing data coverage, addressing data quality issues, among others.

6 Governance mechanism is a combination of processes implemented to manage and monitor the organization's activities in achieving its objectives. Basically, governance is the means by which goals are determined and accomplished. There is a code of conduct implemented to ensure appropriate behavior and establish credibility. The governance mechanism should include polices covering 5 dimensions: 1) **Setting direction:** guiding the organization's actions through broad national goals; 2) **Instilling ethics:** encouraging employee behavior to be consistent with the public sector organization's code of ethics; 3)

promotes enable the public employment service actors working at the local level to develop strategies and customize policies and programs that respond specifically to local labor market conditions.

- III.2 The design should incorporate both mechanisms to ensure good vertical governance (the relationship between national, regional, and local levels) as well as horizontal governance (the relationship between labor market stakeholders; e.g. employers, employers' associations, education and training organizations, social security agencies).
- III.3 **Component 2. Information Network Blueprint<sup>7</sup> to support governance between national and local offices.** This component will finance the design of an information network blueprint to support the governance mechanism of the PLIS.
- III.4 In order to reach these objectives, the design should incorporate: i) assessment of current infrastructure in the 13 regional offices; ii) the blueprint for the network including: i) list and technical specification of equipment; ii) equipment connection; iii) physical space requirements; iv) environmental requirements; and v) security measures.
- III.5 **Component 3. Quality standards for labor intermediation of youth.** This component will finance the design of the quality standards and formal assessment process for labor intermediation of youth. The design should consider eight dimensions: 1) Relevance to youth; 2) Relevance to employers; 3) Training curriculum structure and design; 4) Teaching strategies and resources; 5) Complementary support services; 6) Career guidance services; 7) Job placement services; and 8) Monitoring and Evaluation. Institutional strengthening activities regarding training centers will prioritize Training Centers and related network financed by the Bank.
- III.6 It is also important to finance a diagnostic of the labor market information system and the design and piloting of strategy for impact sourcing and microwork program for youth in Haiti.
- III.7 To support all the activities of Components 1, 2 and 3, a consultant with expertise and fluency in Korean and French languages would be hired in IDB HQ and financed from the TC budget.
- III.8 The total cost of the operation is US\$650,000 and it is financed by the Korean Poverty Reduction Fund.

#### Indicative Budget (US\$)

Activity/Component	IDB/Fund Funding	Total Funding
<b>Component 1: Strengthen the governance mechanism of the labor intermediation public service</b>	<b>140,000</b>	<b>140,000</b>
1.1 Presentation of best practices and proposals for the governance	15,000	1,000

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**Overseeing results:** ensuring policies are implemented as they were intended and that the strategies are met; 4) **Accountability reporting:** defining financial and performance standards; 5) **Correcting course:** identifying problems and making necessary corrections when needed quickly and effectively.

<sup>7</sup> Information Network Blueprint is a planning tool or document that an information technology area or organization creates in order to guide its priorities, projects, budgets, staffing and other information technology strategy related initiatives.

Activity/Component	IDB/Fund Funding	Total Funding
1.2 Institutional analysis including the proposal of a governance legal framework	15,000	15,000
1.3. Mapping of the local labor market players	15,000	15,000
1.4 Elaboration of a legal analysis for the implementation of a governance system in favor of the labor intermediation in Haiti	40,000	40,000
1.5 Activities coordination	55,000	55,000
<b>Component 2: Information Network Blueprint to support governance between national and local offices</b>	<b>180,000</b>	<b>180,000</b>
2.1 Field visit of three Korean experts in labor intermediation systems	50,000	50,000
2.2 Field visit of four Haitian experts in labor intermediation and professional training to Korea	50,000	50,000
2.3 Program administration (technical support)	80,000	80,000
<b>Component 3: Quality standards for labor intermediation of youth</b>	<b>330,000</b>	<b>330,000</b>
3.1 Development of capacities of facilitators, tutors and labor capacitation centers	130,000	130,000
3.2 Data processing on education and workforce in Haiti	40,000	40,000
3.3 Constitution of a digital center	44,000	44,000
3.4 Workshop of the "Future of Work"	45,000	45,000
3.5 Coordination activities	15,000	15,000
3.6 Program administration (technical support)	40,000	40,000
3.7 Miscellaneous	16,000	16,000
<b>Total</b>	<b>650,000</b>	<b>650,000</b>

#### IV. Executing agency and execution structure

- IV.1 **Executing agency.** This TC will be executed by the Bank through the Labor Market Division (SCL/LMK) at the request of Haitian authorities. This is justified by the fact that this TC involves technical exchanges with another country and that the PLIS has weaknesses at the technical, operational and institutional level that could compromise the dully and timely execution of the activities planned. The project team is led by SCL/LMK who will supervise and coordinate the TC components. In addition, execution by the Bank in this topic has proved to enhance information sharing among beneficiaries, allowing an efficient exchange of best practices by countries engaged in comparable processes. The Bank, through LMK, has technical expertise based on international best practices and administrative burdens can be reduced of the Government of Haiti. Coordination with benefiting entities will be extensive. In addition, SCL/LMK will submit annual report and a final report to the donor.
- IV.2 **Procurement.** The activities to be executed are included in the Procurement Plan and will be contracted in accordance with Bank policies as follows: (i) AM-650 for Individual consultants; (ii) GN-2765-1 and Guidelines OP-1155-4 for Consulting Firms for services of an intellectual nature; and (iii) GN-2303-20 for logistics and other related services.

#### V. Major issues

- V.1 Major issue could include the potential delays due to the political uncertainty and periodic social unrest and the difficulty in receiving limited information provided by

stakeholders. In particular, these could delay the design of the governance mechanism and the design of the information technology blueprint. Most of the products of this TC will depend crucially on the active participation of the Government. Nevertheless, extensive consultation process will be used as a mitigation action. Additionally, close dialogue with the Government will be maintained to ensure that the products of the TC are in line with the priorities of the Government.

**VI. Exceptions to Bank policy**

VI.1 None.

**VII. Environmental and Social Strategy**

VII.1 This TC does not include activities that would have negative environmental and/or social impacts and is therefore classified as a category "C" operation, according to the policy OP-703. ([SPF](#), [SSF](#))

**Required Annexes:**

[Request from the Client\\_86828.pdf](#)

[Results Matrix\\_42802.pdf](#)

[Terms of Reference\\_21355.pdf](#)

[Procurement Plan\\_92926.pdf](#)