



International  
Labour  
Organization

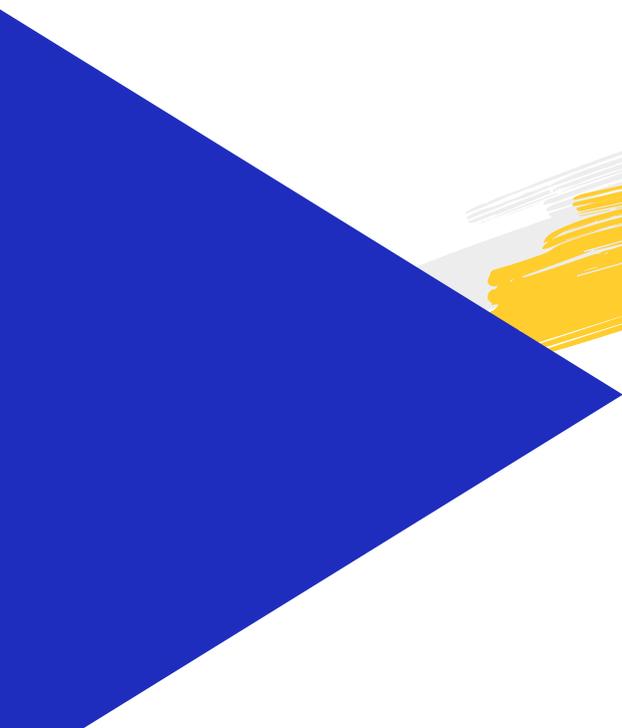
2<sup>nd</sup>

**ILO Skills Challenge  
Innovation Call**

**e-formality  
and skills development  
in Latin America  
and the Caribbean**

ILO  
**Skills  
Innovation  
Facility**

Bringing together great ideas





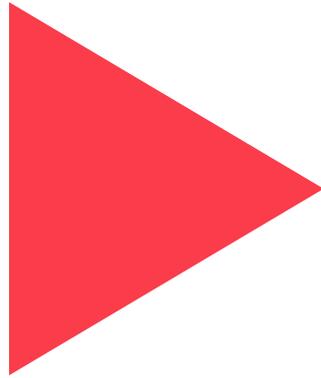


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## 1. Context

▶ The crisis triggered by the COVID-19 pandemic highlighted the high cost of labour informality in Latin America and the Caribbean. The vast majority of the 158 million people working informally in the region are being severely impacted by the adverse employment effects of the COVID-19 pandemic. An impact that mainly affects women, due to their over-representation in the informal economy.

At the same time, the pandemic has accelerated trends already present in the world of work, including the digital revolution. In this context, skills development is key to ensuring that this transformation is inclusive by reaching micro, small and medium-sized enterprises (MSMEs) - the biggest portion of all productive units in the region, which normally operate informally - and informal workers, who have traditionally found it more difficult to ride the digital wave. Skills development is also crucial to close the gender digital gap still present in most Latin American and Caribbean countries.

The significant impact of the pandemic on informal economic units and workers in Latin America and the Caribbean has confirmed that there is room to adopt innovative technology solutions and to build a path to formal employment. Moreover, the ILO recognizes the key role of individuals and organizations in strengthening knowledge and skills through innovative approaches that reach informal economic units and workers and facilitate their transition to the formal economy, as well as preventing the informalization of formal jobs.

Within this context, the ILO Skills Challenge Innovation Call invites all interested parties to propose new and innovative ideas, solutions and practices in e-formality, with an emphasis on skills development. Proposals must include innovations to be implemented in one or more countries in Latin America and the Caribbean (LAC) and have the potential to be scaled up and replicated on a larger scale.



## What is e-formality?

New technologies are continuously reshaping the world of work, affecting phenomena as present as labour informality. At the same time, a growing number of governments are promoting the application of new technologies in order to simplify and facilitate the transition from the informal to the formal economy.

Technology can facilitate access to social protection, simplify registration, enhance access to finance; increase productivity; strengthen skills development and improve apprenticeship systems to reach those in the informal economy; support labour inspection and compliance with laws; and give a voice to those working in the informal economy.

This set of policy innovations that, through the use of new technologies, will transform the way formalization policies will be implemented in the future, is called e-formality.

For more information visit:

<https://www.ilo.org/employment/areas/e-formality/lang--en/index.htm>

We aim to create change in three ways, by:

- encouraging people and organizations in all countries of Latin America and the Caribbean to identify the main current and future challenges to the transition from the informal to the formal economy, including those related to skills development;
- seeking innovative initiatives based on the use of new technologies that offer inclusive and gender-sensitive solutions to these challenges; and
- encouraging innovative partnerships involving employers' and workers' representatives and other key actors.

## 2. What is the Call?

▶ ILO [Recommendation No. 204 on the transition from the informal to the formal economy](#) highlights the importance of a comprehensive approach that addresses the multiple dimensions of informality, including strategies for inclusive growth and the generation of formal jobs. Therefore, the Call seeks innovative solutions that, based on the use of new technologies, contribute to promote the formalization of workers and economic units by acting on the different dimensions that affect informality. In this sense, improving skills and reducing mismatches in the informal economy are important actions for new workers to directly join formal employment, the transition of workers and economic units from the informal to the formal economy, and to prevent the informalization of formal jobs.

Thus, the development of skills that support lifelong learning, adapt to changing labour market needs and new technologies, and recognise previously acquired knowledge (e.g. in informal apprenticeship systems), will expand the options for formal employment and prevent the informalisation of formal jobs. Improved access to entrepreneurship training, skills development and tailored business development services will also support the transition of micro and small economic units into the formal economy.

In this context, technology can be a key tool to identify and reach informal economic units and workers (paying special attention to those most affected, such as women, youth, migrants, and indigenous peoples); to improve existing apprenticeship systems; and to facilitate the development of skills that enable workers to join the formal economy, including skills related to the development of sustainable formal businesses and enterprises moving into formal national or international value chains. Taking into account this potential, the technological transformations introduced by the crisis caused by the COVID-19 pandemic open an opportunity to adopt innovative solutions that, through the use of new technologies, encourage labour formalisation and the possibility for economic units to join formal value chains, by improving their skills.

These solutions must address a number of questions, such as:

- How to ensure that informal workers and informal economic units in Latin America and the Caribbean have the knowledge, experience and exposure to the skills required today and in the future, to access formality?

- How can new technologies be used to provide efficient and effective training and employment services for workers in the informal economy in Latin America and the Caribbean?
- How can new technologies be used to provide information and training services to help economic units overcome the “quality threshold”<sup>1</sup> as an effective means to transition into formal value chains?
- How can education and training institutions use new technologies to adapt their training programmes to the characteristics and needs of informal workers in order to favour their transition to formal employment - especially those who face the greatest barriers, such as women, youth, migrants, people with disabilities and indigenous peoples?
- How to overcome barriers faced by women to access formal employment, including actions to reduce the gender digital gap and interventions in female-dominated sectors in which the levels of informality are high (e.g. care and domestic work)?
- How can integrated apprenticeship systems be structured to allow for the recognition of knowledge acquired by informal workers in non-formal learning systems?
- How can innovative technical solutions contribute to skills needs anticipation in order to, for instance, achieve successful school-to-work transitions in sectors that have the greatest potential to promote the transition to formality?
- How to identify (in-between<sup>2</sup>) economic units with potential for productivity gains and employment and decent work generation that have moved beyond subsistence but are not embedded in formal dynamic value chains?

<sup>1</sup> Set of standards (quality, safety, labour, environmental, reliability, etc.) that economic units must meet in order to sell and insert themselves into dynamic value chains. It includes both physical and chemical characteristics -- visible or not -- of the product, as well as capacities of the production unit. More information at (in Spanish): [https://www.ilo.org/wcmsp5/groups/public/---americas/---ro-lima/documents/publication/wcms\\_760659.pdf](https://www.ilo.org/wcmsp5/groups/public/---americas/---ro-lima/documents/publication/wcms_760659.pdf)

<sup>2</sup> In-between economic units are intermediate enterprises that are neither fully modern nor traditional. They are usually units that operate beyond the subsistence level but cannot join dynamic value chains on their own. To do so, they need support from the state, buyers, other MSMEs, NGOs, etc. through productive development or enterprise development policies.

- How to promote access to business training, skills acquisition for sustainable formal business development and entrepreneurship, and other services that favour the transition of MSMEs to the formal economy?
- How to enable MSMEs in Latin America and the Caribbean to obtain incentives to invest in skills development and other actions to increase their productivity, link skills development to their business strategies and build sustainable tracks within formality?
- How to improve collaboration and partnerships among key stakeholders to develop innovative solutions that, through the use of new technologies, support the formalization of labour and economic units through skills development?

### 3. What are we looking for?



The ILO is looking for entities or legally recognized non-profit organizations that have innovative ideas and solutions that, based on the use of new technologies, promote skills development to facilitate the formalization of labour and economic units in Latin America and the Caribbean.

These solutions may include proposals to:

- develop information systems that, based on the use of new technologies and big data, enable economic units and workers in the informal economy to develop knowledge and skills to improve access to funding resources, increase productivity, favour compliance with laws, and promote access to social protection, among other formalization policies;
- improve the collection, analysis, management and use of data and information on skills needs and labour market trends, with special emphasis on informal economic units and informal workers - including, for example, actions to make school-to-work transitions successful in sectors that have the greatest potential to promote the transition to formality;
- improve delivery of active labour market programmes and policies by providing comprehensive vocational and job search assistance, training, and job placement for informal workers;

- reduce the barriers women face in accessing formal employment, including reducing the gender digital gap, and interventions in female-dominated sectors in which the levels of informality are high (e.g. care and domestic work);
- provide training to MSMEs so that they can develop skills that, in addition to being connected with their business strategies, enable them to start-up and grow sustainable formal businesses and enterprises; increase their productivity; and support their transition to the formal economy, thus building sustainable tracks to formality;
- adapt and improve the scope and effectiveness of vocational education and training programmes in Latin America and the Caribbean to address the characteristics and needs of informal workers, through innovative partnerships and the use of new technologies in their design, implementation, and assessment;
- improve the development and recognition of informal workers' knowledge and skills with innovative learning initiatives including non-formal apprenticeship systems;
- establish new and innovative partnerships, preferably through the use of new technologies, involving the multiple stakeholders interested in encouraging labour formalization through skills development at regional, sectoral, or local level.

The Call aims to support the achievement of the United Nations Sustainable Development Goals ([SDG 4](#), which seeks to ensure inclusive and equitable quality education and promote lifelong learning opportunities for all and [SDG 8](#), which seeks to promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all by supporting new solutions for workforce development that provide relevant skills for productive employment, decent work and lifelong learning.

## 4. Who can apply?

▶ Any entities or legally recognized non-profit organizations with contractual capacity and duly incorporated that have been in existence for at least two calendar years before the closing date of the call. The idea to be submitted can be a joint collaborative effort by different stakeholders, such as governments, employers', and workers' organizations.

Applicants are expected to include among the members of their team or organization, persons who have knowledge and experience in the different areas necessary to implement the proposal.

By entity or non-profit organization, we mean government agencies, employers' and workers' organizations, cooperatives, education and training institutions (including schools, public and private training providers, and universities), NGOs and civil society organizations, universities and other research and educational institutions.

In case of a team work, a project leader should be identified to coordinate the activities and to report to the ILO.

The ILO reserves the right to carry out reasonable due diligence, including through the contacting of references and other third parties to confirm eligibility of participants and may refuse to award the grant to a participant if there is suspicion of any irregularities, fraudulent activities, etc.

We accept all types of innovations, i.e. innovative approaches, projects, tools, technologies, and partnerships that offer solutions that facilitate labour formalization and skills development, by using new technologies. Proposals must include innovations to be implemented in one or more countries in Latin America and the Caribbean (LAC). However, participating entities or organizations can be located in any country, inside or outside the LAC region.

We welcome ideas and solutions at any stage of development. These can be innovations at an early stage or at a more advanced stage.

## 5. What will the winners be awarded?

▶ An independent Selection Committee will choose two winning ideas (first and second places). They will receive:

### 1. Financial Support

The ideas coming in the first and second places will be awarded grants of USD 30,000 and USD 20,000 respectively, to implement the proposed solution. The grant will be paid in one lump sum, in local currency and into a bank account in the name of the entity or organization.

The ILO reserves the right to adjust, suspend, terminate or withhold any disbursement of the grant funds at its sole discretion.

### 2. Technical Assistance to be provided in the form of an Innovation Lab

Through boot camps and remote mentoring, the winning proposals will receive technical support to turn their ideas into ready-to-implement prototypes.

The skills innovation lab is divided into two stages:

#### 1. Prototyping

During the six-month programme, representatives of each winning initiative will receive technical advice from ILO experts and partners within boot camps, at the ILO's expense. In the boot camps, participants will receive training and mentorship to prototype their project. Throughout the process, participants will communicate, debrief, and share documents, and feedback through a virtual lab.

The objectives of the first phase of the innovation lab are:

- **Refining solution:** With the support of experts, the winning proposals will further develop and refine their solutions.
- **Prototyping:** Innovators will receive technical support to develop a prototype or test version of their solutions.
- **Developing an action plan:** At the end of the process, innovators will develop a final report of the prototype, including an action plan and/or business plan for their innovation.

The process and methodologies to be used in the innovation lab will be adapted to the stage of development of the winning solutions.

## 2. Piloting

Once the prototype is developed, the innovators and partners will pilot the solution. The Steering Committee will oversee progress and impact in consultation with project partners. It is envisaged that each pilot will be completed within a maximum of 12 months. At the end of the pilot, the innovators will be invited to pitch their prototypes to an audience of national and international key stakeholders.

## 3. Visibility

The winners will receive support to raise awareness about their ideas and solutions, including an invitation to a regional event where they will present their innovative ideas to potential partners and sponsors; articles in media channels; videos; among others.

## 4. Access to an Extended Network of Skills Development Experts

The winners and shortlisted entries will join the [ILO Skills Innovation Network](#). They will have the opportunity to exchange with other innovators and share their solutions with ILO's stakeholders.

## 6. What must the winners do?

To receive the grant, the entity or organization must sign a [Grant Agreement with the ILO](#), which includes standard clauses on intellectual property rights, financial reporting requirements, criteria for the disbursement of funds, dispute settlement, and details of the proposed solution implementation. Naturally, applicants are expected to comply with the terms and conditions stipulated in the agreement.

As a pre-condition, before being permitted to sign a Grant Agreement with the ILO, the winners must, within three weeks, produce a detailed work plan and budget that will be the basis for the disbursement of the grant.

## 7. What eligibility criteria apply?

- ▶ In addition to the aforementioned, the proposal must meet the following eligibility criteria:
  - The solution answers one or more of the questions of the challenge listed in section 2;
  - The proposed solution responds to a clear need;
  - The proposed solution has the support and commitment of key stakeholders;
  - The proposed solution is submitted by a entity or by a legally recognized non-profit organization;
  - Applicants are available and able to start the Innovation Lab phase in August 2021.

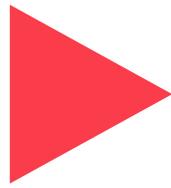
## 8. What is the application process and key dates?

- ▶ To submit your idea or solution, applicants should:
  - 1) Check eligibility criteria and conditions for participation in the call available in this document;
  - 2) Set up a team and develop your proposal;
  - 3) Submit your solution on the ILO Innovation Platform by 30 June 2021 (midnight Geneva time). To submit an idea the entity or organization will have to **sign up** to create a user account: <https://bit.ly/3a9kxwX>  
If the entity or organization already has an account, they can go directly to the **Challenge page**: <https://bit.ly/3vcrFAO>

**You can also send the completed form and supporting documents to [skills@ilo.org](mailto:skills@ilo.org) by 30 June 2021.**

Proposals can be submitted in English, French, Spanish, and Portuguese. No fee is required to participate in the Call for Proposals. Applicants will receive an email confirmation that their application has been received. Late or incomplete applications will not be accepted.

Dates and deadlines for the skills innovation call are:



- 4 May 2021  
**Launch of the Call**
- 30 June 2021 (midnight Geneva time)  
**Submission deadline**
- 30 July 2021  
**Announcement of winners**
- August 2021  
**Start of the Skill Innovation Lab**
- August 2022  
**End of pilot test of the solutions**

Any queries related to the Call in general or the application process itself should be directed to: [skills@ilo.org](mailto:skills@ilo.org)

## 9. How will the proposal be assessed?

▶ All proposals will be assessed by an independent Selection Committee, composed of ILO formalization and skills specialists, external innovation experts and other external members.

All proposals will be assessed against the following criteria:

### 1) Value for ILO priorities in formalization and skills development

- The solution develops added value to the ILO's global priorities in the area of formalization and skills development;
- It contributes to or generates new social and economic outcomes for direct beneficiaries and direct partners in general;
- It contributes to the achievement of the SDGs;

### 2) Fit with the ILO's mission and experience

- The solution demonstrates how it will leverage the ILO's network and expertise on formalization and skills development issues;
- It engages or includes ILO stakeholders and partners in new and different ways;

### 3) Innovation

- The proposal focuses on issues of an urgent nature or that have not been explored before;
- It is substantially different and creative (i.e. through new approaches, tools, or methodologies) and/or adds value to existing solutions;

### 4) Potential Impact

- The idea or solution is suited to the priorities and needs of the identified beneficiaries;
- It is appealing to potential partners and has the potential to build synergy with other initiatives in the country or in the LAC region;
- It has the potential for high social, economic, environmental, and other impacts;

### 5) Sustainability and Scalability

- There is a strong likelihood for the benefits (and/or activities) of the solution to continue beyond ILO support;
- It has potential for scalability to other territories and/or countries;
- It can generate and provide valuable lessons for the sector.

10. What is required in terms of acknowledgement to the ILO?

▶ Winning proposals must acknowledge that the activity is carried out with the support of the ILO through the ILO Skills Innovation Facility and the ILO Regional Office for Latin America and the Caribbean in all items produced and published (e.g. reports, brochures, press releases, videos, software, conferences, seminars, blogs, social media, etc.), using the ILO Skills Innovation Facility logo and stating the following:

“This... was produced with the support of the International Labour Organization through its Skills Innovation Facility, part of the Skills and Employability Branch (SKILLS), and the ILO Regional Office for Latin America and the Caribbean.”

Nevertheless, in no case may winning proposals use the ILO logo, nor that of any other partner organization of the ILO’s Skills Innovation Facility, unless otherwise agreed in writing.

11. What is expected from the winning solutions?

▶ One of the key purposes of the ILO is to document and disseminate lessons learned from the development and implementation of the solutions. Winners will therefore be invited to participate in the analysis and documentation process to collect lessons learned from their innovative efforts.

Winners will also be invited to become active members of the [ILO Global Skills Innovation Network](#) and to share their experiences with other innovators as well as those interested in learning about skills development and innovation.

12. Where can additional information be found?

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Website: [https://www.ilo.org/skills/projects/innovation-facility/challenge-call/WCMS\\_781712](https://www.ilo.org/skills/projects/innovation-facility/challenge-call/WCMS_781712)

### **ILO Regional Office for Latin America and the Caribbean**

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