

TC Document

I. Basic Information for TC

▪ Country/Region:	REGIONAL
▪ TC Name:	Digital Talent in the Caribbean
▪ TC Number:	RG-T4241
▪ Team Leader/Members:	Dias Alvarenga Baptista, Dulce Benigna (SCL/LMK) Team Leader; Beuermann Mendoza, Diether Wolfgang (CCB/CCB); Cruz Aguayo, Yyannu (SCL/LMK); Daniela Acevedo (LEG/SGO); Gaston Ferrin (SCL/LMK); Gonzalez Herrera, Beatriz Maria (SCL/LMK); Gonzalez Velosa, Carolina (SCL/LMK); Heewan Noh (SCL/LMK); Libertad Siccha (SCL/LMK)
▪ Taxonomy:	Research and Dissemination
▪ Operation Supported by the TC:	N/A
▪ Date of TC Abstract authorization:	February 2023
▪ Beneficiary:	SURINAME; BARBADOS; TRINIDAD AND TOBAGO
▪ Executing Agency and contact name:	Inter-American Development Bank
▪ Donors providing funding:	OC SDP Window 2 - Social Development(W2E)
▪ IDB Funding Requested:	US\$250,000.00
▪ Local counterpart funding, if any:	US\$0
▪ Disbursement period (which includes Execution period):	36 months (Disbursement period and Execution period)
▪ Required start date:	April 2023
▪ Types of consultants:	Firms
▪ Prepared by Unit:	SCL/LMK-Labor Markets
▪ Unit of Disbursement Responsibility:	SCL/LMK-Labor MarketsSCL/LMK-Labor Markets
▪ 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; Gender equality

II. Objectives and Justification of the TC

- 2.1 **The overall objective of this TC is to improve workers' labor market outcomes (e.g., employment, earnings)** through the identification and successful development of digital skills for the unemployed and active workers at risk of losing their jobs because of digital transformation in the Caribbean Region. The specific objectives are: (i) to identify the demand for digital skills and occupational demand among Caribbean countries through the Digital Talent Survey; (ii) to close the digital skills gaps identified by the survey through the design or strengthening of digital talent initiatives (DTI); and (iii) to pilot selected digital skills training programs, including e-lancing and microwork.
- 2.2 **The Caribbean region faces a complex challenge: most of its population does not have the digital skills required in today's job market.** Currently, the labor force is mostly comprised of people born before the internet era who are generally familiar with using digital technologies. However, to stay relevant in the labor market, they will need to be able to interact with increasingly sophisticated technology and evolving

digital platforms, in other ways to put it, they should be digitally competent¹. This lack of skills puts them at risk of losing their jobs because of digital transformation and makes local firms less competitive and productive because they lack workers with the right set of skills. According to the Innovation, Firm Performance and Gender survey led by Compete Caribbean in 2021: 60% of firms in the Bahamas, Barbados, Guyana, Jamaica, Trinidad, and Tobago, and Suriname face a severe digital skills gap.

- 2.3 **To tackle this challenge**, Caribbean countries will have to collaborate with firms, digital skills training providers, and workers to consolidate an ecosystem that allows them to identify digital skills needs and develop these skills in the local population to work in the Caribbean and abroad, through a mix of bootcamps, e-lancing, and microwork programs². The very technological advancements responsible for the changes to the workforce are also key to creating new jobs and providing the tools needed to upskill and reskill current workers³.
- 2.4 **The first step is to know exactly where Caribbean countries are standing at the moment**. Data collection needs to be done to identify the digital skills and occupational demand in the region, to obtain detailed information which allows Caribbean countries to understand what policies and initiatives will have the best effect. The Inter-American Development Bank (IDB) has developed the Digital Talent Survey, to identify digital skill gaps, their causes and consequences, and the strategies adopted by local firms to deal with the lack of skilled workers. This survey has already been conducted in Peru and is currently being implemented in Brazil, Costa Rica, and Ecuador. The results will allow local authorities to take immediate action to improve the digital skills of its population. It is also important to prepare feasibility studies to understand whether there are opportunities in digital platforms⁴ for those with advanced skills, the case of e-lancing platforms and low skills, the case of microwork platforms.
- 2.5 **The second step is to tailor solutions aiming at addressing the digital skills gap identified** according to each national and local context. To this end, IDB has designed the Digital Talent Initiatives (DTI) toolkit, which allows it to assess and strengthen the digital talent ecosystem to respond to an acute demand for advanced digital skills through the collaboration between businesses, community organizations, government, academic institutions, and training providers. Employers will also be critical for supporting the development of digital skills. The ability of a firm to leverage new technologies will be fundamental for business growth because technology will enable access to global markets and help create value⁵. This type of strategy has been used in Barcelona, Chile, France, Israel, London, and New York.

¹ Jodykay Maxwell, Fernando Pavón, Henry Mooney, and Antonio García Zaballos. "Successful digital transformation: It's not just about technology..." 2022. <https://blogs.iadb.org/caribbean-dev-trends/en/wanted-workers-with-digital-skills/>

² See RG-E1842-P001 – Third report, Upskills, November 2022.

³ Jodykay Maxwell, Fernando Pavón, Henry Mooney, and Antonio García Zaballos. "Successful digital transformation: It's not just about technology..." 2022. <https://blogs.iadb.org/caribbean-dev-trends/en/wanted-workers-with-digital-skills/>

⁴ Connecting with income generation opportunities on digital platforms is a viable option in countries where there are barriers to creating jobs, but also has the potential to promote inclusion for women, youth, migrants, people with disabilities, and other groups that traditionally experience poorer labor market outcomes. (See HA-T1270-P004 – « *Formation au micro-travail en ligne pour les jeunes d'Haïti – Plan de mise en œuvre* », Wisar, 2022)

⁵ Eugenia De Diego, and Dianne Edwards. "Wanted: Workers with digital skills" 2018. <https://blogs.iadb.org/caribbean-dev-trends/en/wanted-workers-with-digital-skills/>

- 2.6 **Finally, the third step is to pilot training programs aimed at developing digital skills that are in high demand** nationally or internationally as well as the ability of people in the Caribbean to generate income through work in digital platforms. For example, we have recently collaborated in an e-lancing program in Haiti⁶, looking to improve the digital skills for workers that would like to access online freelancing opportunities and work through digital platforms for customers all over the world.
- 2.7 **The digital transformation also offers income opportunities for women in the Caribbean**⁷. Women lag behind men in terms of digital skills, which affect their chance to take advantage of Information and Communication Technologies (ICTs). Increasing female labor force participation in the ICT sector and occupations in the Caribbean requires a gender strategy aiming at supporting the development of digital skills, so women match the demand in the ICT sector. In this sense, upskilling or reskilling of digital skills are particularly important to promote the inclusion of women in the digital economy⁸.
- 2.8 To support countries in the Caribbean region in this endeavor, the IDB has developed the initiative **Digital Talent**⁹ **for the Caribbean**. The direct beneficiaries of the interventions planned in this TC will be job seekers and firms in the Caribbean. Jobseekers will have accurate and updated information about the occupations and skills on demand in the country to inform their educational and job-seeking decisions. Also, they will benefit from skills training programs in e-lancing and microwork. Second, this TC will benefit firms' productivity and competitiveness, through the provision of skilled workers.
- 2.9 Several efforts are planned to ensure sustainability for the TC. First, national data survey results will be shared with the private sector, government, and national bureau of Statistics to promote that this type of data collection would be done on an ongoing basis. Second, information about the feasibility of work in digital platforms will be shared with the government and private sector and could be used to promote greater knowledge about this type of opportunity. Third, the results of the pilot on digital skills training will be shared with other countries in the region to support the design of training programs to facilitate access to jobs in the technology information sector and other sectors with dynamic digital transformation. A technical note to share lessons learned from this TC with other Caribbean and Latin American countries will be planned, along with an online event that could further support the dissemination.

⁶ See HA-T1270-P003 – “*Compétences de Freelance en ligne pour les jeunes en Haïti – Rapport de résultats et apprentissages du programme pilote*”, May 2022.

⁷ Flexible hours allow women who are responsible for domestic and care responsibilities to generate income without leaving their homes according to their own schedules. Likewise, the competitive format of digital platforms could be helpful in overcoming stereotypes and prejudices that limit women's employment. Other reasons that motivate women to work on digital platforms include obtaining work experience, generating extra income, and compensating for the lack of opportunities in the traditional labor market.

⁸ Aguerrevere, Gabriela, and Maria Victoria Fazio. “‘E-Lancing’ En América Latina Y El Caribe: ¿Cómo Conectar El Talento Digital Con Oportunidades Globales?” 2021. <https://doi.org/10.18235/0003590>; Bustelo, Monserrat, et al. “Open Configuration Options El Futuro Del Trabajo En América Latina Y El Caribe: ¿Cómo Será El Mercado Laboral Para Las Mujeres? (Versión Para Imprimir).” 2019. <https://doi.org/10.18235/0001934>

⁹ What is digital talent? This concept sums up a soft and hard skill set that allow to carry out the activities of daily and working life in an environment digital. This set of activities is developed on a continuum from skills basic to the advanced and is sustained in constant transformation.

- 2.10 **Strategic Alignment.** This TC is aligned with the Second Update to the Institutional Strategy 2020-2024 (AB-3190-2) with the strategic goal of “addressing the needs of less developed and small countries” and with the development challenges of: (i) Productivity and Innovation, because it seeks to increase the labor productivity through the strategies that promote training relevant to the demands of the productive sector; and (ii) Social Inclusion and Equality, because it finances tools that promote access to quality employment through relevant human capital investment. The TC is aligned with the cross-cutting issue of Gender Equality by collecting gender-specific information on digital skills gaps and designs the talent pipeline with a gender focus. This TC is aligned with the Labor Sector Framework Document (GN-2741-12), as it will help countries to design and implement policies addressing the lack of information about the digital skills demand and closing that gap by facilitating the dialogue of stakeholders from the public and private sectors to address this issue. The data produced from the Digital Talent Survey and pilots will anticipate market needs, provide new job opportunities, and support innovative and demand-driven education and training approaches and the development of modern institutions that provide labor market policies. Also, this TC is consistent with the Skills Development Sector Framework Document (GN-3012-3) by: (i) ensuring access to relevant and high-quality lifelong learning opportunities; (ii) leveraging the use of technology; and (iii) actively promoting the generation and use of empirical information. This TC is aligned with Suriname’s country strategy regarding the need to close the skills gap (paragraphs 3.10 and 3.13); Barbados, in the need to improve the supply and demand match between workers’ skills (paragraph 3.13), and with Trinidad & Tobago’s regarding the need to strengthen the digitalization process (paragraph 3.1, 3.4 and 3.6). Also, this initiative is aligned with the following regional and cross-cutting issues: social inclusion, equality, productivity and innovation, and gender equality.
- 2.11 Finally, this TC is aligned with the OC SDP Window 2 – Social Development (W2E) in the priority areas of (i) inclusive social development and (ii) inclusive economic growth.
- 2.12 **Previous Bank experience and ongoing projects regarding Digital Skills.** The proposal builds on the Bank’s previous experience with digital skills development as described below:
- i. ESW “Digital Talent in Ecuador” (RG-E1842) has been supporting the development of an instrument to assess the demand for advanced digital skills, the Digital Talent Survey, and a toolkit to design and strengthen DTI. The Digital Talent Survey was recently implemented at the sector level in Peru and is currently being implemented at the national level in Ecuador, at the regional level in Brazil (South Region), and at the sectorial level in Costa Rica. The DTI toolkit will be implemented in Ecuador in 2023. Digital Talent Pipeline in Chile “*Talento Digital para-Chile*” (4362/OC-CH) prepares the Chilean workforce for the increasing demands and potential of the digital sector. The program has two main modalities: one focuses on entry-level programs (reskilling) and another on specializations (upskilling) within the digital sector. This public-private partnership boosts a wide network of partnering institutions and a sophisticated governance model.
 - ii. Pilots for e-lancing implemented in 2020 in El Salvador¹⁰ and in Haiti in 2022. A proof of concept of a microwork pilot completed in Haiti in 2022 (ATN/KP-17847-

¹⁰ 'E-lancing' en América Latina y el Caribe: ¿cómo conectar el talento digital con oportunidades globales? | Publications (iadb.org).

HA). A feasibility study of the e-lancing pilot completed in Ecuador (ATN/JF-19163-EC), and a feasibility for microwork is still in progress in Barbados (ATN/OC-18391-BA). Finally, in El Salvador (ATN/TV-18558-ES) an initiative aiming at enhancing enhance opportunities on in-demand digital work platforms was implemented.

- iii. This TC also complements ongoing projects regarding skills, such as ATN/OC-19342-TT and TT-T1142 (in preparation at the time of this document). ATN/OC-19342-TT focuses on identifying and closing skill gaps in strategic and priority sectors, which may include the digital sector, and the skills developed through Digital Talent Caribbean can help to address these gaps. The skills and employment policies that will be supported by TT-T1142 can help to ensure that the digital talent pipeline developed through Digital Talent Caribbean is aligned with the needs of the productive sector. Overall, Digital Talent Caribbean can contribute to the objectives of both technical cooperations by developing a skilled workforce that is prepared for technological change and can contribute to the economic development of Trinidad and Tobago.

III. Description of activities/components and budget

- 3.1 The TC will support the consolidation of a favorable ecosystem for the development of digital skills in the Caribbean through three components as follows:
- 3.2 **Component 1: Identifying the demand for digital skills in the Caribbean (US\$75,000).** Proposed activities are the following: (i) adaptation of the digital talent survey; (ii) identification of a sampling framework; (iii) definition of the desired level of statistical representativeness; (iv) data collection, analysis; (v) datasets for two selected countries with information about digital skills and occupational demand in the Caribbean countries; (vi) dissemination of the results; and (vii) publication of a regional report about the digital skills gap in the Caribbean. The main criterion for the selection of countries where the digital talent survey will be collected is the inexistence of additional resources for data collection. Thus, the selected countries will be Suriname and Trinidad and Tobago¹¹.
- 3.3 **Component 2: Designing/Strengthening Digital Talent Initiatives for the Caribbean (US\$75,000).** Proposed activities are the following: (i) design of a DTI pilot for each selected country in the Caribbean based on the toolkit. The selection of countries for the DTI pilots would be based on their readiness and interest in implementing digital talent initiatives, as well as their potential for success in implementing such initiatives. The results of Component 1 activities will be taken into consideration.
- 3.4 **Component 3: Pilots of Digital Skills in the Caribbean (US\$100,000).** Proposed activities are the following: (i) development of feasibility studies for digital skills pilots (for example, e-lancing, microwork, or advanced digital skills) for each selected country; (ii) design of digital skills pilots; and (iii) training fees for the implementation of digital skills pilots in one prioritized country. There are several objective criteria that will be used to prioritize the country where the digital skills pilot will be developed.

¹¹ The digital talent survey in Barbados will be collected with fund of the BA-T1070.

Some potential criteria include: (i) the most significant digital skills gap, as identified by the Digital Talent Survey or other relevant data, (ii) high industry demand for digital skills, (iii) population of unemployed or at-risk workers, (iv) existing infrastructure for digital skills training, and (v) government policies and initiatives that support digital skills development, and (vi) the feasibility to run the pilot, as identified by the feasibility study. The implementation of these pilots aims at having a balanced (i.e., 50% men and 50% women) gender distribution among beneficiaries.

- 3.5 It is estimated a budget of US\$250,000 to be executed up to 36 months (2023-2026). The funding source of this TC is the OC SDP Window 2 – Social Development (W2E).

Indicative Budget

Activity/Component	Description	IDB/Fund Funding	Total Funding
Component 1: Identifying the demand for digital skills in the Caribbean	(i) adaptation of the digital talent survey; (ii) identification of a sampling framework; (iii) definition of the desired level of statistical representativeness. (iv) data collection and analysis; (v) datasets for two selected countries with information about digital skills and occupational demand in the Caribbean countries (vi) dissemination of the results; and (vii) publication of a regional report about the digital skills gap in the Caribbean	75,000	75,000
Component 2: Designing/Strengthening Digital Talent Initiatives for the Caribbean	(i) design of a DTI pilot for one selected country in the Caribbean based on the toolkit;	75,000	75,000
Component 3: Pilots of Digital Skills in the Caribbean	(i) development of feasibility studies for digital skills pilots for one selected country; (ii) design of digital skills pilots; and (iii) training fees for the implementation of digital skills pilots in one selected country	100,000	100,000
Total		250,000	250,000

IV. Executing agency and execution structure

- 4.1 Given the regional dimension of this TC and the lack of a regional entity with the capacity to execute it, 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-619-14) considering it aims at generating a regional perspective on the subject and that as a Research and Dissemination project it cannot be executed by a single country. This procedure is justified by the Bank's experience in developing the operational and technical instruments proposed for this type of operation (¶2.11). The IDB's multidisciplinary expertise and ability to identify projects and corresponding potential sources of financing, as well as the SCL/LMK's specialized knowledge, operational presence, and extensive experience in labor

market insertion of the vulnerable population, modernization of public employment service, and institutional capacity-building, make the IDB the most appropriate executing agency for this operation. The Bank will be responsible for the coordination of all activities, hiring processes, and the supervision of this TC.

- 4.2 **Acquisitions and financial management.** The activities to be executed under this operation have been included in the Procurement Plan 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 main risks associated with this TC are: (i) participants not being able to commit to the training programs full-time; (ii) access to updated data of firms for building a sampling frame; and (iii) sustainability of the program. These factors can limit the capacity of local counterparts to participate in the execution of the project.
- 5.2 To mitigate this risk, (i) the selection process will focus on an improved selection of candidates willing to reinforce their skills, using the previous experiences and lessons learned in El Salvador and Haiti; (ii) engage with national statistics offices and associations of firms to map the most updated information of firms; and (iii) work in close collaboration with local public partners so they can appropriate of the tools and designs applied.

VI. Exceptions to Bank policy

- 6.1 None.

VII. Environmental and Social Strategy

- 7.1 This TC is not intended to finance pre-feasibility or feasibility studies of specific investment projects or environmental and social studies associated with them; therefore, this TC does not have applicable requirements of the Banks Environmental and Social Policy Framework (ESPF).

Required Annexes:

[Results Matrix - RG-T4241](#)

[Terms of Reference - RG-T4241](#)

[Procurement Plan - RG-T4241](#)