

TC Abstract

I. Basic project data

• Country/Region:	REGIONAL/CCB - Caribbean Group
• TC Name:	Skills for Work: Enhancing Private Sector Engagement for Productivity in The Bahamas and Dominican Republic
• TC Number:	RG-T3016
• Team Leader/Members:	PAVON, FERNANDO YITZACK - Team Leader TANIAG - Creator RIPANI, LAURA A. - Team Member FAZIO, MARIA VICTORIA - Alternate Team Leader MUHLSTEIN, ETHEL ROSA - Operational Analyst GAONA, TANIA LUCIA - Project Assistant JAIME RAMIREZ, MARGIE-LYS - Attorney
• Indicate if: Operational Support, Client Support, or Research & Dissemination:	Client Support
• If Operational Support TC, give number and name of Operation Supported by the TC:	
• Reference to Request:(ezShare #):	
• Date of TC Abstract:	03 Apr 2017
• Beneficiary (countries or entities which are the recipient of the technical assistance):	The Bahamas and Dominican Republic
• Executing Agency and contact name (Organization or entity responsible for executing the TC Program) {if Bank: Contracting entity} {if the same as Beneficiary, please indicate}:	US-IDB - Fernando Pavon
• IDB Funding Requested:	\$ 200,000.00
• Local counterpart funding, if any:	\$ 0.00
• Disbursement period (which includes execution period):	36 months
• Required start date:	
• Types of consultants (firm or individual consultants):	Individuals
• Prepared by Unit:	Labor Markets
• Unit of Disbursement Responsibility:	SOCIAL SECTOR DEPARTMENT
• Included in Country Strategy (y/n):	No
• TC included in CPD (y / n):	No
• Strategic Alignment:	Social inclusion and equality, Productivity and innovation

II. Objective and Justification

The main objective of the TC is to continue the support of the Bank in this area, this time expanding the scope of this work to the Dominican Republic and focusing on the implementation of actions already identified in the roadmap and action plan that has been developed for The Bahamas. Specifically, this TC will consist of two main components: (i) the creation of a roadmap and action plan for the skills development system of the Dominican Republic and in-country workshops with high-level stakeholders to validate their feasibility; and (ii) implementation of pilot projects to materialize agreed-upon elements contained in the roadmap and action plan for The Bahamas, focusing on the process of private sector engagement.

Over the last 50 years, the Latin American and Caribbean region has suffered from relatively low levels of productivity with the productivity gap with respect to advanced economies and other emerging regions having significantly widened during this period (IDB, 2015). The international literature shows that the workforce's stock of skills is one of the main determinants of productivity. A more highly skilled workforce also stimulates productivity indirectly by encouraging innovation technology adoption, and better business management.

As evidenced by employers' surveys across the region, the workforce's lack of skills appears to represent a bottleneck to productivity. In the Bahamas, according to the results of the 2012 Wages and Productivity Survey, analysis of Labour Force Surveys, and in-country consultations, most employers in The Bahamas report difficulties finding workers with the right set of skills. Among the consequences of the lack of right skills for the job, 24% of respondents' state that staff skill levels are a main obstacle to productivity, due to unsatisfactory performance, absenteeism, lack of responsibility and commitment to the job. Moreover,

insufficient soft skills are also stated as the main cause of dismissals and turnover in firms (65% of firms). In the Dominican Republic, the percentage of firms that identify inadequate skills as an important limitation to their business lies close to the regional average (36.2% vs. 37.5%) but is far away from more competitive countries in terms of human capital like Panama (just 18.9% of firms).

In order to increase its productivity levels, therefore, the region requires more productive workers with better labor force skills. In this regard, Latin American and Caribbean education and training institutions are remarkably impervious to their need to respond to the growing skill gap and make education and training relevant to the real world. Education and training is supply- rather than demand-driven, with little connection to the types of skills most demanded by firms. International evidence suggests that to ensure that education and training is pertinent to the labor market's needs, countries must successfully identify employer' skills requirements on a consistent basis.

The active involvement of the private sector in skills development is therefore a key piece in the puzzle to enhance countries' productivity. The region needs to advance towards having vocational training systems that are able to develop the functions of identifying and responding better to employers' skills requirements, producing curricula that are able to transmit the competencies identified, achieving good quality standards, and developing effective financing mechanisms designed to address market failures and/or promote equity.

III. Description of activities and outputs

Component 1: Roadmap and Action Plan Development and Feasibility and Validation Workshops for the Dominican Republic. This component will include (i) assessment of the current state of labor market and skills development system in the DR; (ii) design of a skills roadmap and action plan for the Dominican Republic, taking into consideration specific challenges such as youth unemployment and female labor force participation; and (iii) feasibility and validation workshops to present the skills roadmap and action plan to key stakeholders. The assessment will be concentrated in understanding how pertinent the labor market and skills development system is in reaching the needs of the productive sector and the roadmap and action plan will contain concrete steps in the short, medium, and long terms for the strengthening of the skills development system. More specifically, the latter will focus on the establishment of private sector engagement mechanisms to achieve increased and more active participation from employers in skills development in strategic economic sectors. The roadmap and action plan will consider opportunities and challenges and best practices in other countries, which have been identified through previous TCs and which will continue to be explored in more depth through this new initiative. Finally, this component will also include a more focused dialogue with representatives from the public and private sectors and civil society within each country. The objective of this dialogue will be twofold: (i) to validate the findings from the assessments described under this component; and (ii) to evaluate the feasibility and timing of the action plans and roadmaps and their associated policy options.

Component 2: Public-Private Partnerships for Skills Development for the Roadmap and Action Plan Implementation in The Bahamas. This component will seek to materialize the actions identified within the already developed Skills Roadmap and Action Plan for The Bahamas under RG-T2611, related to the implementation of public-private partnerships proposals to ensure a demand-driven approach to skills development. The proposals will identify two sectors linked to the countries' overarching development strategy and that have a high potential to create good quality jobs (formal) and that pay above the average of the country. The sectors will be analyzed through the following: (i) current and future economic importance for the country (i.e. imports, exports, investment attraction opportunities, etc); (ii) mapping of current sector-based arrangements per country; (iii) using desk research, an overview of occupations/job roles and skills requirements for the sector and potential career paths; (iv) analysis of the future of work in the identified sector and occupations/roles due to advancements in technology and changing ways of working e.g. telework etc.; (v) stakeholder analysis for the sectors; and (vi) lessons learned from previous private sector engagement experiences in skills development (if applicable). The proposals will serve as inputs for the implementation of two Sector Skills Councils as outlined under BH-L1037 and as such will be complementary to efforts that are already underway in the country to strengthen skills development.

IV. Budget

Indicative Budget

Activity/Component	IDB/Fund Funding	Total Funding
Roadmap and Action Plan Development	US\$ 70,000.00	\$ 70,000.00
PPP for Skills Development for the Roadmap and Action Plan Implementation	US\$ 126,000.00	\$ 126,000.00
Monitoring & Incidentals	\$ 4,000.00	\$ 4,000.00
Total	\$ 200,000.00	\$ 200,000.00

V. Executing agency and execution structure

The Labor Markets and Social Security Unit (SCL/LMK) will be responsible for the direction, supervision and coordination of this TC. This is a Regional TC that has as its objective to develop knowledge and strategic products on skills development and to deliver workshops to promote public-private collaboration in this area.

Given the experience of the Labor Markets and Social Security Division of the IDB in these areas, upon request of the beneficiary countries, SCL/LMK will be responsible for the execution, procurement and supervision of the products included within it. For the selection of individual consultants, the Human Resources procedures will apply (AM 650); for the selection of consultancy firms, the Policies for the Selection and contracting of Consultants Financed by the IDB (GN-2350-9), using e sourcing. And, in the case of contracting services other than consultancies, the procedures and the Institutional Procurement Policy (GN-2303-20) will apply. Each country will have SCL/LMK specialists as a focal point to monitor the activities planned in this TC. If there is a need to travel to these countries, the staff will cover their travel expenses with the Bank's supervision budget for this TC.

VI. Project Risks and issues

There are no major risks associated with the execution of this technical cooperation except for the high degree of cooperation between the public and private sectors that is required to successfully strengthen countries' skills development systems through the implementation of actions within the roadmaps and action plans. To mitigate this risk, this TC will map key stakeholders in both countries and will monitor their participation in the different stages of the design and/or implementation of the Roadmaps and Action Plans.

VII. Environmental and Social Classification

The ESG classification for this operation is "C".