

## TC Abstract

### I. Basic project data

• Country/Region:	REGIONAL/CCB - Caribbean Group
• TC Name:	Support for Youth Employment initiatives in the Caribbean
• TC Number:	RG-T2936
• Team Leader/Members:	PAVON, FERNANDO YITZACK - Team Leader TANIAG - Creator BLAIR, SUDANEY - Operational Analyst FERNANDOP - Creator CAROLINAH - Creator BEUERMANN MENDOZA, DIETHER WOLFGANG - Team Member RIPANI, LAURA A. - Alternate Team Leader GONZALEZ VELOSA, CAROLINA - Team Member MUHLSTEIN, ETHEL ROSA - Project Assistant JAIME RAMIREZ, MARGIE-LYS - Attorney
• Indicate if: Operational Support, Client Support, or Research & Dissemination:	Research and Dissemination
• Reference to Request:(ezShare #):	
• Date of TC Abstract:	21 Mar 2017
• Beneficiary (countries or entities which are the recipient of the technical assistance):	Bahamas, Barbados, Guyana, Jamaica, Surinam, Trinidad & Tobago
• 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:	\$ 400,000.00
• Local counterpart funding, if any:	\$ 0.00
• Disbursement period (which includes execution period):	48 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):	Yes
• Strategic Alignment:	Social inclusion and equality, Productivity and innovation

### II. Objective and Justification

The main objective of the TC is to support the Caribbean's efforts to address the challenges of low productivity and high youth unemployment. Specifically, the TC will contribute to (i) gaining a better understanding of the situation of youth in the Caribbean labor markets; (ii) engaging the private sector so that it can more actively participate in skills development for the youth; and (iii) promoting a systemic and long-term vision for skills development through the development of concrete roadmaps and action plans

outlining steps to be taken in the short, medium, and long term and that emphasize the importance of multi-stakeholder engagement.

Caribbean countries are still grappling with the 2008/09 global recession, affected by high debt to GDP ratios, an average economic growth of 0.8 percent during 2010-2013 compared to 3.6 percent for rest of the small economies (ROSE) countries of comparable size, and low levels of total factor productivity. Moreover, the performance of Caribbean firms has worsened over time in terms of employment as average growth in employment during 2010-2013 was 0.33% - outperformed by ROSE benchmark countries - with employment decreasing in 8 out of 12 Caribbean countries. Such limited growth has primarily affected the youth, as unemployment rates for this segment of the population remain the highest in Latin America and the Caribbean (LAC), which in turn poses significant challenges when considering that over 60% of the Caribbean's population is under the age of 30 and 20% is in the 15 to 29 age group. It is estimated that the economic cost of youth unemployment for the Caribbean in 2006 ranged from 0.7% of GDP in Suriname to 2.5% of GDP in St. Lucia (Caribbean Development Bank, 2015). These estimates, however, only include lost wages and productivity due to unemployment, and not societal costs such as psychological distress, lost opportunities for human capital development, and the costs of risky behaviors such as involvement in crime and unsafe sexual practices.

The low levels of productivity and high levels of youth unemployment in the region are related to several factors, of which one is the skills shortages and mismatches that are prevalent in different countries. While average years of total schooling in the Caribbean stand around the worldwide average for small economies - suggesting that a insufficient education may not be a major constraint in the region -, 48.4 percent of Caribbean firms consider an inadequately educated workforce to be a major obstacle compared to only 25 percent of ROSE firms (World Bank Enterprise Surveys, 2010). Moreover, in terms of skills mismatches, a study of private sector demand demonstrates that positions requiring workers with completed vocational training and university degrees account for 27% and 21%, respectively, but only 5% of the local labour force has completed a vocational training programme and only 9% has a university degree. At the same time, private demand for persons with secondary education accounts for 38% of positions, but 54% of the local labour force has a secondary education as its highest education attainment. In terms of skills shortages, 87% of Caribbean firms reported a lack of necessary soft skills in individuals trained by local institutions.

The literature has been able to identify elements of success of youth-targeted skills development policies that could be integrated into interventions in the Caribbean. One of these elements, as evidenced by evaluations from training programs in LAC, has been the strong emphasis on employers' active participation to ensure that they are truly demand-driven and to achieve an effective link between education/training and work (CDB, 2015). In the Caribbean, private sector participation in skills development is limited, as evidenced by the fact that Caribbean firms are less likely to provide formal training for their employees compared to their ROSE counterparts. Overall, 35 percent of Caribbean firms engaged in formal employee training, while 46 percent of ROSE counterparts did so (this difference being statistically significant).

### **III. Description of activities and outputs**

Component 1. Analysis of Labor Markets for the Youth (USD 30,000). Analysis of the current situation of labor markets for youth in up to three countries using data from the Labor Markets and Social Security Information System Database (SIMS) national census data and household, enterprise, and living conditions surveys where available. A standard methodology will be used in each country to allow for comparisons across countries.

Component 2. Private Public Partnerships for Skills Development by Sector (USD 70,000). The proposal will identify one sector per country (up to three countries) already linked to the countries' overarching development strategy and that has a high potential to create good quality jobs (formal) and that pay above the average of the country. The sector 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 for the youth; (iv) analysis of the future of work in the identified sectors and occupations/roles due to advancements in technology and changing ways of working e.g. telework etc.; (v) stakeholder analysis for each sector in each of the selected countries; (vi) lessons learned from previous private sector engagement experiences in skills development in each of the countries (if available); and finally, (vii) based on all of the above, a proposed strategy for Private Public Partnerships to promote skills development for the youth.

Component 3. Skills Roadmaps and Action Plans and Pre-Design of Skills Development Programmes for the Youth (USD 300,000). The development of roadmaps and action plans for skills building for the youth based on a diagnostic of countries' skills development systems, with focus on the design, enhancement, and/or implementation of national apprenticeship and/or other types of skills development programs. Multi-stakeholder engagement (government ministries, training institutions, sectors and unions, youth organizations, youth research and donor organization) will facilitate the development of: (i) skills roadmaps

and action plans to produce system-wide changes in countries' skills systems with concrete steps in the short, medium, and long terms and (ii) pre-designs of apprenticeship and/or other skills development programmes that will consider governance, funding and incentives, quality assurance, curriculum design and delivery, and certification aspects.

## Outcomes

Name:

## Components

Name: Analysis of Labor Markets for the Youth

Description: A standard methodology will be used in each country to allow for comparisons across countries.

Analysis of labor markets for youth for up to 3 countries

Name: Private Public Partnerships for Skills Development by Sector

Description: Propose strategy for Private Public Partnerships to promote skills development for the youth.

Public-Private Partnerships proposals for Skills Development for a sector for up to 3 countries

Name: Roadmaps and Action Plans for Skills Development

Description: Development of roadmaps and action plans for skills building for the youth based on a diagnostic of countries' skills development systems, with focus on the design, enhancement, and/or implementation of national apprenticeship and/or other types of skills development programs.

Roadmap and Action Plan for skills development up to 3 countries  
Pre-design of skills development programmes

## IV. Budget

### Indicative Budget (US\$)

Activity/Component	IDB/Fund Funding	Counterpart Funding	Total Funding
Analysis of Labor Markets for the Youth	\$ 30,000.00	\$ 0.00	\$ 30,000.00
Private Public Partnerships for Skills Development by Sector	\$ 70,000.00	\$ 0.00	\$ 70,000.00
Roadmaps and Action Plans for Skills Development	\$ 300,000.00	\$ 0.00	\$ 300,000.00

## V. Executing agency and execution structure

The IDB, through the Labor Markets and Social Security Division (SCL/LMK), will execute this technical cooperation, to facilitate the execution, per the official requests of the Governments of different countries in the Caribbean. The Labor Markets and Social Security Unit (SCL/LMK) will be responsible for the direction, supervision and coordination of this TC. The Bank will coordinate its work extensively with the different Caribbean Governments and benefiting entities.

This execution scheme is proposed for the following reasons: (i) SCL/LMK has technical expertise in labor market programs, based on international best practices; and (ii) the Division currently has the capacity and experience within the Region to manage the administrative burdens, particularly in the identification and contracting of international experts.

## **VI. Project Risks and issues**

A possible risk is delays in TC execution due to insufficient integration, coordination and communication among government entities and strategic partners. To mitigate this risk, the team as part of the activities associated with different TCs in the beneficiary countries will embark in a consultation process with key players to identify "champions" both in public and private sector.

## **VII. Environmental and Social Classification**

The ESG classification for this operation is [C]