

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

THE BAHAMAS

BUILDING CAPACITY FOR SKILLS FOR CURRENT AND FUTURE JOBS

(BH-T1051)

TC DOCUMENT

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TC Document

I. Basic Information for TC

• Country/Region :	BAHAMAS/CCB - Caribbean Group
• TC Name :	Building Capacity for Skills for Current and Future Jobs
• TC Number :	BH-T1051
• Team Leader/Members :	Pavón, Fernando, team leader (LMK/CJA); Ripani, Laura, alternate team leader (SCL/LMK); Fazio, Maria Victoria, team member (SCL/LMK); Muhlstein, Ethel, project assistant (SCL/LMK); Davis Thompson, Camille, operational specialist (CBH/CBH); and Hennig, Betina, Attorney (LEG/SGO).
• Indicate if : Operational Support, Client Support, or Research & Dissemination.	Operational Support (OS)
• If Operational Support TC, give number and name of Operation Supported by the TC:	BH-L1037 - Skills for Current and Future Jobs
• Reference to Request :(IDB docs #)	Request for financing
• Date of TC Abstract :	11 Apr 2016
• Beneficiary (countries or entities which are the recipient of the technical assistance):	The Commonwealth of The Bahamas, through its Ministry of Labor and National Insurance (MLNI)
• Executing Agency and contact name:	Inter-American Development Bank, through the Social Sector, Labor Markets and Social Security Division (SCL/LMK). Fernando Pavon (LMK/CJA), fernandop@iadb.org ; and Laura Ripani (SCL/LMK), laurari@iadb.org .
• Donors providing funding:	Special Program for Employment, Poverty Reduction and Social Development in Support of the Millennium Development Goals (ORC/SOF).
• IDB Funding Requested :	US\$120,000
• Execution period: Disbursement period:	24 months
• Required start date :	September 30, 2016
• Types of consultants (firm or individual consultants):	Individual consultants.
• Prepared by Unit :	Labor Markets and Social Security Division (SCL/LMK)
• Unit of Disbursement Responsibility :	Social Sector (SCL), through the Labor Markets and Social Security Division (SCL/LMK)
• Included in Country Strategy (y/n): TC included in CPD (y/n):	Yes see link below http://sec.iadb.org/Site/Documents/DOC_Detail.aspx?pSecRegN=GN-2731
• GCI-9 Sector Priority	Institutions for growth and social welfare; and Social policy favorable to equity and productivity.

II. Description of the Associated Loan/Guarantee

- 2.1 Education and training policies can play an important role in addressing failures of coordination in the development of strategic sectors or territorial development by linking training policies to development strategies. Recent studies show the importance of specific knowledge (or know-how) on the ability of countries to diversify and increasingly produce more sophisticated goods, which is generated from the experience in production processes (Hausmann and Hidalgo, 2011). In turn, more and more countries recognize the strategic role of skills development policies to facilitate the implementation of economic development policies (Almeida, Arbelaez, Honorati, Kuddo, Lohmann, Ovadiya, Pop, Sanchez Puerta and Weber, 2012; Bassi and others, 2014; OECD-United Nations-CAF, 2014). Experiences such as South Korea, Singapore and Ireland, show that when an economic development strategy is associated with a skills strategy, and the alignment of these training systems to these priorities is promoted, it is possible to generate a base of skilled workers able to meet the productive demand, which in turn can attract more investment and facilitate the diversification of an economy. The assessments that have documented these cases agree that key aspects of these success stories include: (i) a long-term vision on how the country seeks to differentiate itself globally; (ii) closely working with the productive sector to capture, understand and meet their present and future work needs; (iii) coordinated actions between different public sector agencies responsible for skills development; and (iv) interventions to develop lifelong skills (Campbell, 2012; Van Breugel, 2012).
- 2.2 The Government of the Bahamas (GoBH) has requested IDB support for the **analysis, design and implementation of a Matching Grant Facility e-platform** that will support the implementation of the Pre-apprenticeship and Apprenticeship Programme in The Bahamas, to be established with the financial support of the program “Skills for Current and Future Jobs in The Bahamas” (BH-L1037); as well as other active labour market programs in the country.
- 2.3 The new apprenticeship programme to be established is targeted to the unemployed and school leavers between the ages of 16-40 years. The programme will seek to fulfil two main objectives: firstly, to increase the employability, and thus the probability of youth employment in three strategic sectors for the economy; and second, to promote formal and systematic feedback mechanisms between training providers and employers in these three sectors¹, so as to ensure the development of programmes that promote higher labour market productivity. Specifically, the component will finance the following: A job-readiness **Pre-apprenticeship Programme** for 1,100 beneficiaries, making use of the existing capacity of the

¹ International best practices recommend expanding apprenticeships starting by working with a sub-set of specific sectors and subsequently working with new ones (Lerman, 2010; Lerman, 2014). The strategic sectors that were identified with the Government of the Bahamas during the design phase of Apprenticeship programme (BH-L1037) will include: maritime, medical services, and IT/telecommunications.

National Training Agency (NTA), to provide technical and soft skills training; An **Apprenticeship Programme** that will consist of on-the-job (80%) plus off-the-job (20%) training for 1,350 beneficiaries that either have: (a) successfully completed the Pre-apprenticeship Programme; or (b) proven to already have the necessary skills to enter the Apprenticeship Programme.

- 2.4 In order to provide and promote formal and systematic feedback mechanisms between training providers and employers, the programme will work on the establishment of employer-led sector skills councils² that will facilitate the provision of relevant training curricula and the development of training quality standards; and the operation of a Matching Grant Facility (MGF) as a tool for the GoBH to establish a mechanism to put in place an Apprenticeship Programme directly linked with the participant firms providing apprenticeship training.

III. Objectives and Justification of the TC

- 3.1 The objective of this TC is to support the Ministry of Labour and National Insurance (MLNI), and private sector stakeholders in building capacity and development of key inputs to establish the framework for a demand-driven apprenticeship program.
- 3.2 Specifically, the TC will finance the design of a Matching Grant Facility (MGF) e-platform. The MGF e-platform will assist in the implementation of a formal and structured Apprenticeship Programme that addresses the countries' skills needs in specific sectors. The expected outcome is that the Government uses the products financed with the TC for improved, formal and structured Pre-Apprenticeship and Apprenticeship programs implementation in Bahamas. The TC aligns with the Social Fund (GN-2426-3) objective in enhancing the quality of operations in order to speed up disbursement and achieve developmental objectives.
- 3.3 A formal and structured Apprenticeship Programme that addresses the countries' skills needs in specific sectors is usually based on a system that evaluates which firms are capable and meet all requirements to participate and benefit from such a programme. Matching Grant Facilities (MGF)³ provide a good platform for firms within pre-selected sectors to submit their training proposals for apprentices, establishing their training plans and proposals for cost-sharing between the resources provided by the project and those provided by the firm. The MGF is a tool geared at enhancing credibility and interaction in public-private programmes, reducing bureaucracy by shortening response times. It seeks to establish a

² Many developed countries have carried out efforts to ensure the provision of skills at the sector level. In countries like the United Kingdom, there has been great emphasis for creating institutional structures that ensure the participation of both the public and private sector in the form of sector skills councils. These councils are independent organizations led by employers that serve several functions, including: (i) representing the interests of employers in the development of skills training policies; (ii) designing and implementing strategies to identify and satisfy the skills needs of specific sectors; and (iii) developing occupational standards and qualifications.

³ The design of the Matching Grant Facility and its process manuals will be funded with BH-T1051. The BH-L1037 will fund its implementation for the Apprenticeship Program described in Section 2.

transparent, credible and quick-response mechanism addressing firms' needs with clear financial management of funds. The MGF will be a mechanism that will be able to: (i) capture the specific skills needs of the private sector; (ii) evaluate proposals; and (iii) assign the support for training of people in firms.

- 3.4 **Strategic alignment.** The TC is consistent with the Update to the Institutional Strategy (UIS) 2010-2020 (AB-3008) and is aligned with the development challenge(s) of: (i) social inclusion and equality; and (ii) productivity and innovation, through CRF Country Development Results by: (#13) Number of beneficiaries of on-the-job training programs. The TC is also aligned with the priorities of the sector strategy "Social Policy for Equity and Productivity" (GN-2588-4) by: Individuals (all, men, women, youth) benefited from programs to promote higher labor market productivity. The TC is consistent with the private sector development priority area of the IDB Country Strategy (CS) with The Bahamas (2013-2017) (GN-2731) and the IDB Sector Framework Document for Labour (GN-2741-3) (2013). It contributes to the goal of CS to improve alignment between the labor supply and the needs of employers (strategic objective 4.4). At SFD level, it is consistent with: workers and companies have access to relevant and cost-effective workforce training mechanisms.

IV. Description of technical cooperation activities/components and budget

- 4.1 **Component 1.** In support of a demand-led Apprenticeship Programme that can align workers' skills with specific skills demands, benefiting both the labour force and overall productivity, it is necessary to establish a framework that will foster the alignment between the labor supply and the needs of employers. The MGF will establish an online platform where firms within pre-selected sectors can submit their training proposals per cohort of youth, establishing their training plans and proposed co-financing.
- 4.2 As part of the process of designing and implementing the MGF the following actions will be taken: (i) the GoBH through the Ministry of Investment (or similar agency determined by the GoBH) will select 3 supported sectors from which firms from these sectors will be able to submit proposals to the MGF based on their eligibility; (ii) the GoBH will also establish a Project Execution Unit (PEU) that works directly with private sector. In this process, it would also establish a MGF Review Committee for proposal review and approval; and (iii) the GoBH defines and establishes a quick disbursement mechanism to be considered into the modules to be designed for the MGF.
- 4.3 This component will finance the design and development of the Matching Grant Facility Platform taking into account different aspects based on a demand-led apprenticeship program with an efficient public sector monitoring mechanism. In the design process, any recommendations to enhance the use of the MGF platform feasibility should be provided. This process will involve (but not be limited to):

(a) design of an e-platform that has a number of features such as a demand-led application process, and a public sector monitoring mechanism; (b) establishment of criteria to define proposals' content; (c) establishment of a transparent mechanism to define approved (winning) proposals; (d) establishment of a monitoring and evaluation mechanism for the implemented proposals; and (e) communications & dissemination activities.

Indicative Results Matrix

Results / outputs Indicators	Unit	Baseline	Target	Exp. Completion Date	Means of Verification
Expected result: Government uses the products financed with the TC for improved Pre-Apprenticeship and Apprenticeship programs implementation					
Outcome					
Government uses the products financed with the Technical Cooperation for improved, formal and structured Apprenticeship programs implementation in Bahamas.	Apprenticeship program uses Matching Grant Facility (MGF) platform for its implementation.	0	1	December 1, 2017	MGF online link functioning.
Outputs					
1.1. Software (platform) design MGF online platform completed and approved by the IDB.	Online platform Designed (technical specifications document)	0	1	February 1, 2017	MGF design approved by GoBH & IDB specialist is used as technical specification for MGF implementation with BH-L1037.
1.2. Operational & Process Manual, including supporting documents to support the implementation of the Pre-Apprenticeship and Apprenticeship Programme through the MGF online platform designed and approved by the IDB.	Manual (Document)	0	1	March 1, 2017	Final report approved by IDB technical supervisor is used as input for the implementation of the MGF implementation with BH-L1037.
1.3. Communications Strategy and Implementation Plan designed and approved by the IDB.	Report	0	1	February 1, 2017	Final report approved by IDB technical supervisor

Indicative Budget (US\$)

Activity/Component	IDB/Fund (ORC/SOF)	Total Funding
1.1 Software (platform) design MGF online platform (includes hardware specifications needed for implementation).	70,000	70,000
1.2 Operational & Process Manual, including supporting documents to support the implementation of the Pre-Apprenticeship and Apprenticeship Programme through the MGF online platform.	30,000	30,000
1.3 Communications Strategy and Implementation Plan.	10,000	10,000
Contingencies	10,000	10,000
TOTAL	120,000	120,000

V. Executing agency and execution structure

- 5.1 At the request of the GoBH, the IDB, through the Labor Markets and Social Security Division (SCL/LMK), will execute this technical cooperation, to facilitate the execution, according to the official request of the Government of the Bahamas. The Labor Markets Division (SCL/LMK) will be responsible for the direction, supervision and coordination of this TC.
- 5.2 The Bank will coordinate its work extensively with GoBH benefitting entities, most directly, the MLNI. This execution scheme is proposed for the following reasons: (i) SCL/LMK has particular technical expertise in labor market programs, based on international best practices; and (ii) administrative burdens can be reduced on the government, particularly in the identification and contracting of international experts.
- 5.3 The team leader, Fernando Pavon (fernandop@iadb.org) will be responsible for the execution and expenditure management, with alternate team leader, Laura Ripani (laurari@iadb.org).
- 5.4 **Procurement.** The Bank will contract individual consultants, consulting firms and non-consulting services in accordance with current Bank procurement policies and procedures.

VI. Major issues

- 6.1 A possible risk is delays in project 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 TC (RG-T2611, ATN/KP-15014-RG) with private sector stakeholders, will embark in a consultation process with key players to identify "champions" and garner support to establish the Matching Grant Facility platform.

VII. Exceptions to Bank policy

- 7.1 None.

VIII. Environmental and Social Strategy

- 8.1 Due to the nature of this TC, there are no expected significant negative social and environmental impacts and this project received classification C. See safeguard reports at [Social Policy Filter Report](#) & [Safeguard Screening Form](#).

Required annexes:

[Request for financing](#)

[Terms of reference](#)

[Procurement Plan](#)