

## TC Document

### I. Basic Information for TC

▪ Country/Region:	BARBADOS
▪ TC Name:	Roadmap for Skills Development in Strategic Sectors in Barbados
▪ TC Number:	BA-T1070
▪ Team Leader/Members:	Ripani, Laura A. (SCL/LMK) Team Leader; Boyce, Natasha (CCB/CBA); Davis, Timyka Anishka (SCL/LMK); Garcia Valero, Andrea Carolina (SCL/LMK); Gonzalez Herrera, Beatriz Maria (SCL/LMK); Greco, Maria Sofia (LEG/SGO); Hernandez-Cartagena, Carolina L. (SCL/LMK); Penaherrera Proano, Sebastian (SCL/LMK)
▪ Taxonomy:	Operational Support
▪ Operation Supported by the TC:	BA-L1032, BA-T1038, BA-T1054.
▪ Date of TC Abstract authorization:	23 Sep 2020.
▪ Beneficiary:	Ministry of Labour and Social Partnership Relations (MLSP)
▪ Executing Agency and contact name:	Inter-American Development Bank
▪ Donors providing funding:	OC Strategic Development Program for Social Development(SOC)
▪ IDB Funding Requested:	US\$100,000.00
▪ Local counterpart funding, if any:	US\$0
▪ Disbursement period (which includes Execution period):	18 months
▪ Required start date:	December 2020
▪ Types of consultants:	Individuals
▪ Prepared by Unit:	SCL/LMK-Labor Markets
▪ Unit of Disbursement Responsibility:	SCL-Social Sector
▪ TC included in Country Strategy (y/n):	No
▪ TC included in CPD (y/n):	Yes
▪ Alignment to the Update to the Institutional Strategy 2010-2020:	Productivity and innovation; Social inclusion and equality

### II. Description of the Associated Loan/Guarantee

2.1 The objective of 3542/OC-BA, 3542/CH-BA, Strengthening Human and Social Development in Barbados, is to contribute to the reduction of extreme poverty and unemployment in Barbados. The programme has three components, with the following specific objectives: (i) reducing extreme poverty through the expansion and consolidation of the Identification, Stabilization, Enablement, Empowerment (ISEE) Bridge Program; (ii) reducing unemployment through improved employment services and demand-driven technical training, and (iii) creating an efficient Management Information System (MIS) that connects programs executed by MSCD, Ministry of Labour and Social Partnership (MLSD) and related institutions. This TC supports Component 2, Strengthening of Active Labor Market Policy (ALMP) (US\$3.7 million) which aims to increase employability and employment of the unemployed, including adults participating in the ISEE Bridge Program (IBP), entrenched public servants and youth. 3542/OC-BA; 3542/CH-BA will finance demand-driven technical training courses for 540 unemployed and vulnerable youth aged 16 – 30 years old while at the same time promoting gender equity. Loan 3542/OC-BA is under execution but facing significant delays.

### III. Objectives and Justification of the TC

- 3.1 **Barbados is affected by COVID-19, from a health and from an economic perspective.** On March 11, 2020, the World Health Organization declared the COVID-19 outbreak a pandemic. The first cases in Latin America and the Caribbean were reported in late February. Since then, their number has been rising fast, with some 5,820,840 confirmed cases of COVID-19 in the Americas. On March 16, 2020, Barbados confirmed its first two cases of COVID-19. Thereafter, the Government of Barbados declared a public health emergency on March 26, 2020 and implemented key measures, including social distancing, mandatory curfews, mandatory quarantine, and fiscal support to employers and employees.<sup>1</sup> As of November 25, 2020, 262 cases of COVID-19 have been confirmed in Barbados and 7 deaths have been recorded. COVID-19 is also affecting the economy, through an economic contraction and a rapid rise in unemployment and vulnerability, majorly resulting from the halt in tourism activity. Tourism activity came to a halt on March 2020, which together with a stop of domestic economic activity due to the curfew, has worsened the country's economic recession. Following a contraction of 0.1 percent in 2019, the economy contracted 3 percent in the first quarter of 2020 and is expected to fall by 11.6 percent in 2020 (**Error! Reference source not found.**).
- 3.2 **The halt on key sources of economic activity is resulting in a dramatic rise in unemployment.** One of the most severe consequences of COVID in Barbados has been job losses, with 46.3 percent of workers in an IDB telephone survey reporting losing their jobs between January and April 2020. Unemployment claims to the National Insurance Scheme (NIS) reached 41,836 on May 27, 2020, roughly one-third of the workforce.<sup>2</sup> **Figure 2** shows the share of households reporting income losses by source. Based on this figure, middle-income households (those earning between 1 and 4 times the minimum wage), have been the most affected by the economic shock: between January and April 2020, 51.5 percent of these households reported job losses, compared 49.4 percent of low-income households and 38.7 percent of high-income households. In addition, 37.8 percent of middle-income households reported business closures, compared to 25.8 percent and 33.4 percent in low- and high-income households respectively. Rental losses were more prevalent amongst high-income households (13.9 percent of households in high-income households, compared to 9.3 percent in middle-income households and 3.2 percent in low-income households).<sup>3</sup>

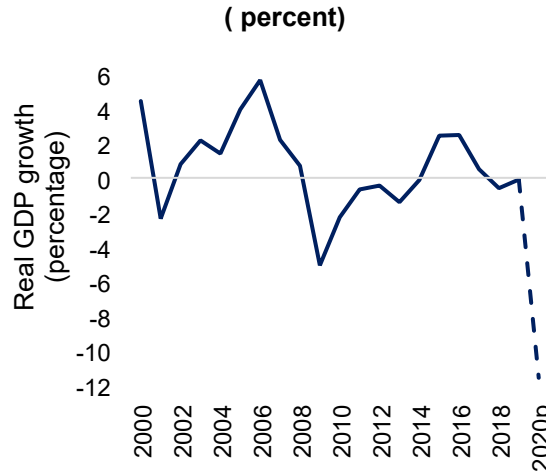
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<sup>1</sup> Source: [Prime Minister's Office Barbados](#).

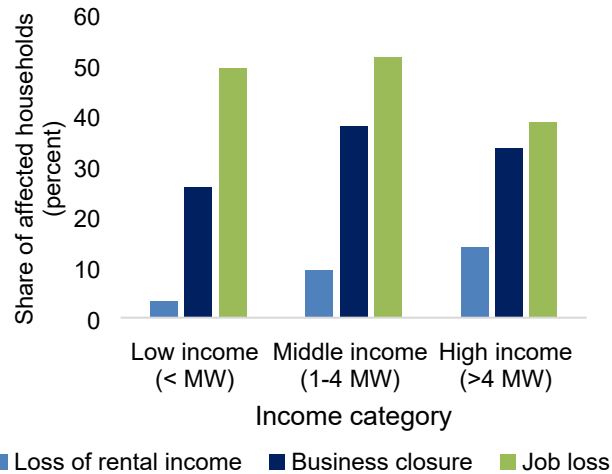
<sup>2</sup> Source: [Barbados Optional Savings Scheme \(BOSS\)](#).

<sup>3</sup> IMF WEO April 2020 and June 2020 and data from Bottan, N; Hoffmann, B; and Vera-Cossio, D. (2020). The unequal burden of Coronavirus pandemic: evidence from Latin American and the Caribbean. Working paper (forthcoming).

**Figure 1. Household income shocks by source**



**Figure 2. Household income shocks by source**

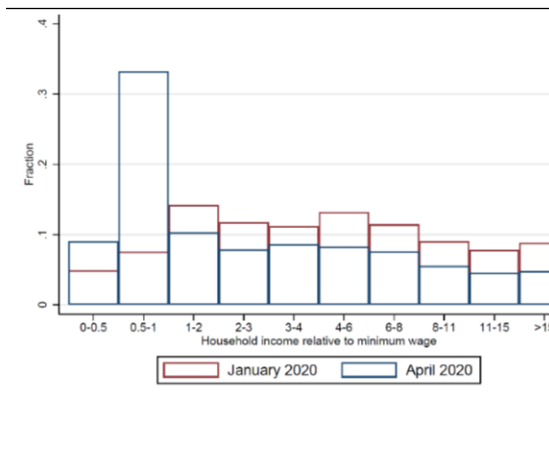


Sources: IMF WEO April 2020 and June 2020 and data from Bottan, N; Hoffmann, B; and Vera-Cossio, D. (2020). The unequal burden of Coronavirus pandemic: evidence from Latin American and the Caribbean. Working Paper (forthcoming). Note: (MW) minimum wage.

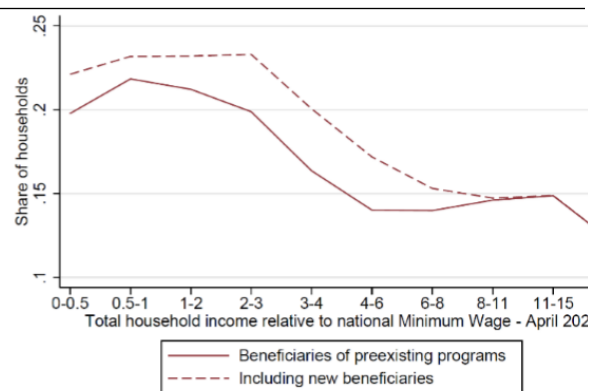
- 3.3 **COVID-19 is having a dramatic effect on livelihoods in Barbados.** As seen in **Figure 3**, the number of households earning below the minimum wage between January and April 2020 more than doubled, increasing the share of poor or vulnerable population. Prior to COVID-19, overall household poverty had increased, from 15.1 percent in 2010 to 17.2 percent in 2016. Whereas extreme poverty had decreased from 6.8 percent to 3.4 percent during the same period.
- 3.4 **Barbados has channeled support to the population through its broad social protection system.** Barbados ranks 56th out of 189 countries in the Human Development Index (with a score of 0.813), above other countries in the region such as Jamaica (96th) or The Bahamas (60th). High human development indicators are supported by a strong social protection system, which is divided into: (i) social insurance; (ii) social safety net programs; and (iii) public health and education services.

Although the coverage is widespread, the organization of social assistance projects is complex and largely uncoordinated, characterized by many small-scale programs that make limited use of technologies for the selection and monitoring of beneficiaries. The authorities have strongly relied on these programs to mitigate the impact of COVID-19 on livelihoods. As seen in **Figure 4**, the coverage of existing and new programs increased between January and April 2020, particularly for lower-income households. Support to households has been increased through the Welfare Department programs, the NIS and through the creation of new programs such as ‘Adopt-A-Family’ program. However, the social protection system was not designed to be adaptive and scale up so drastically in times of crisis and will likely experience strains for the next few years.

**Figure 3. Distribution of households by income January-April 2020**



**Figure 4. Coverage of preexisting and new social programs January-April 2020**



**3.5 There is a transformation of sectors of the Barbadian economy and an unequal impact of the crisis on different businesses, sectors and individuals.** According to a recent survey, 72.7 percent reported income loss in April 2020 due to business closures (54.8 percent), employment loss (44.2 percent), and loss of rental income (11.6 percent), 51.0 percent of middle and lower-income households were impacted by employment loss. While the crisis affected all households, the impact was unequal across income levels and gender. Households in low and middle-income categories in January 2020 were more impacted more by job losses as were women (47.2 percent of women, compared to 38.1 percent of men).

**3.6 The structure of the economy and the structure of the labour market will change.** National and economic strategies will be reassessed to prioritize strategic and high growth sectors given current fiscal realities. Business that survive current disruptions to business processes and liquidity constraints that follow, will be different in a post-COVID environment. Business models, products, services, supply chains, relationships, processes, workspaces will change, as will the demand of labour. The skills demanded by employers in Barbados before COVID will be different from the skills demanded by employers in a post-COVID environment. Active labour market policies, including skills development programmes, are necessary to ensure alignment

between the skills needed by employers and those that are available in the labour market. The misalignment between the demand and supply of skills may lead to challenges as unemployed persons may remain unemployed even as economic recovery begins. This TC will identify the sectors with high growth potential, post-COVID, and develop a roadmap and action plan for skills development in those sectors. In so doing, it directly supports alignment between labour market supply and demand.

- 3.7 **The alignment of the skills development system to the needs of employers in strategic growth sectors is essential to economic recovery in a post-COVID environment.** 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. As a consequence, many firms may need workers they do not find, at the same time many workers may remain unemployed following the pandemic.
- 3.8 **The objective of this TC is to provide support to the Government of Barbados to further facilitate the execution of the Loan 3542/OC&CH-BA, especially in terms of the execution of Component 2.** 3542/OC-BA, 3542/CH-BA will finance demand-driven technical training courses for 540 unemployed and vulnerable youth aged 16 – 30 years old while at the same time promoting gender equity. Priority will be given to training packages developed for the sectors with potential for job creation. In order to support the Government of Barbados efforts to diversify its economy and open investment to new sectors, 3542/OC-BA; 3542/CH-BA will support the development of a skills needs analysis and a training package for a sector with potential for job creation. This analysis will benefit from the methodological mechanisms developed for other strategic sectors. It will finance the development of relevant training curricula, training materials, and teaching methods for better learning outcomes.
- 3.9 **This TC will support advancements in Component 2, by identifying the sectors with high growth potential and the sector for which skills needs analysis and training package should be developed.** As priority will be given to training packages developed for sectors with potential for job creation, it is important for the Government of Barbados to identify strategic sectors with high growth potential and access to liquidity to support business continuity given the economic and social impact of coronavirus. It is also important for the Government of Barbados to identify the occupations and skills that will be most demanded by employers in post-COVID recovery. Skills development is increasingly more demand-driven and reflective of the needs and requirements of industries. A key element of successful skills development systems is the active role of employers in the design and delivery of skills development programs, specifically in identifying skills needs of particular industries, developing relevant curricula based on those needs, establishing the quality assurance mechanisms for assessment and verification of standards. It is important for the Government of Barbados to engage private sector stakeholders as well as public sector and civil society in designing relevant and high-quality interventions in high priority industry sectors with economic growth perspective aligned with the country's post-COVID growth strategy. The products of this TC will be direct inputs for 3542/OC-BA; 3542/CH-BA. The Bank will engage the Government of Barbados,

through the Ministry of People Empowerment and Elder Affairs as executing agency of 3542/OC-BA; 3542/CH-BA, in the validation of the proposed action plan and roadmap.

- 3.10 **This TC is aligned with the Second Update to the Institutional Strategy (2020-2023) (AB-3190-2) and the Corporate Results Framework (2020-2023) (GN-2727-10).** To the development challenge: (i) Social Inclusion and Equality, (ii) productivity and innovation, through CRF Country Development Results. The TC is also aligned with the priorities of the sector strategy, “Social Policy for Equity and Productivity” (GN-2588-4) as it contributes towards efforts to promote higher labour market productivity among vulnerable persons. The TC is in alignment with the objectives of the Strategic Development Program for Social Development (SOC) according to the GN-2819-1 to strengthen public institutions efforts to become more effective in social programming, group targeting, and social sector project execution. The TC is consistent with the IDB Sector Framework Document for Labour – SFD (GN-2741-7) contributing to the goal of the SFD to assist the region’s young people, the unemployed, underemployed, hard to employ, make the transition to work faster, more effectively and with better earnings prospects (5.3.A). It is consistent with SFD’s mandate to design interventions which are evidenced based and draw on existing knowledge and where no prior knowledge is available, the groundwork will be laid for knowledge generation to inform future operations. The execution of the TC will take into consideration Regional Strategies that might be relevant for the action plans and policy dialogues. The Bank is actively supporting the Government of Barbados with the implementation of 3542/OC-BA, 3542/CH-BA, Strengthening Human and Social Development in Barbados. The Bank continues to offer advisory services through technical cooperation operations which identify training and skills needs (BH-T1021; ATN/OC-12597-BH); (ii) design a roadmap and action plan for reform of its skills development system (RG-T2611; ATN/KP-15014-RG); and (iii) support labour markets and skills development with a special emphasis on capacity and institution (BH-T1035; ATN/OC-14040-BH). The proposed strategies are aligned with the Country Strategy of Barbados (GN-2953-1) under the area of safeguarding social outcomes.

#### **IV. Description of activities/components and budget**

- 4.1 **Component 1: Action Plan Development (US\$80,000).** This component will include: (i) assessments of the current state of labour market and skills development systems in Barbados, including infrastructure for the protection of workers against risks in the labour market; and (ii) the design of Skills Development Action Plans and Roadmaps for this country. With respect to the assessments, these will be concentrated in understanding how pertinent (or not) the labour market and skills development systems are in reaching the needs of the productive sector through in-country dialogues. At the same time, they will try to understand the cooperation between the public and private sector, government and enterprises, and government and employees with regards to vocational training. The analyses will be performed under a specific methodology, procedure, and guideline. Based on these results, initial Action Plans and corresponding Roadmaps will be developed, taking into account opportunities and challenges and elements of success from practices in other countries, which have been identified through a previous technical cooperation of the Bank (RG-T2402; ATN/KP-14149-RG and RG-T2611; ATN/KP-15014-RG). This component will support the in-depth analysis of potential growth sectors in Barbados that could provide high value opportunities for diversification, export-oriented activities,

feasibility opportunities that leverage current capabilities, and activities driven by the private sector.

- 4.2 **Component 2: Virtual action plan feasibility and validation workshops US\$15,000).** This component will include a more focused dialogue with delegates from the public sector and representatives from the private sector and civil society. The objective of this dialogue will be twofold: (i) to validate the findings from the assessments described in Component 1; and (ii) to evaluate the feasibility and timing of the aforementioned Action Plans and Roadmaps and their associated policy options. The dialogue generated between sectors during this exercise will provide a lens into the cross-sector collaboration dynamics that are necessary for a comprehensive approach to skills-building initiatives at the national level. Among other things, these dialogues aim to result into practicable Action Plans that will include elements such as: (i) creation and strengthening of programs and mechanisms that allow on-the-job training, in a structured manner and following preestablished and regulated contents; (ii) creation of information mechanisms about the opportunities and returns to education in the labour market, by occupation and sector; and (iii) better links between the technical education centers and the labour intermediation services; among others. Given current international travel guidelines, restrictions on mass gatherings in the context of the current COVID-19 pandemic and other public health measures to reduce the transmission of coronavirus, action plan feasibility and validation workshops will be facilitated through virtual platforms.
- 4.3 **The action plan will identify sectors linked to the country’s overarching national development strategy and that have high potential to create quality jobs in the formal sector.** The sectors will be analyzed through: (i) an analysis of value chain, market value and analysis, policy and regulatory framework governance, analysis of current business activity, sustainability of business practices, potential for new products and services, potential to innovate and integrate new technologies, current and future economic impact (imports, exports, investment attraction opportunities, etc); (ii) mapping of current sector-based arrangements in country; (iii) using desk research to provide an overview of occupations/job roles, and skills requirements for sector and potential career paths (taking into consideration specific challenges in a post pandemic environment and specific challenges for female participation; (iv) analysis of the future of work in the proposed sectors and occupations/role due to advancements in technology and changing ways of working, particularly in an era of increased social distancing and teleworking; (iv) stakeholder analysis for the sectors; and (vi) lessons learned from previous private sector engagement experiences in skills development.
- 4.4 The total amount of non-reimbursable financing requested is US\$100,000 from the Ordinary Capital Strategic Development Program for Social Development (SOC), showing allocations for each component per the budget below:

**Indicative Budget (US\$)**

Activity/Component	Description	IDB/ Funding	Total Funding
<b>Component 1: Skills Development Action Plan Development</b>			
1.1 Assessment of the current state of labour market and skills development systems.	Assessment of the macroeconomy, industry, and employment structure, and current state of labour market and skills development systems (opportunities and challenges) in Barbados.	35,000	35,000

Activity/Component	Description	IDB/ Funding	Total Funding
1.2 Development of Skills Development Action Plans and Road Maps.	A Skills Development Action Plan and Roadmap for the Barbados to strengthen the labour market and skills development systems.	45,000	45,000
<b>Component 2: Virtual Action Plan Feasibility and Validation Workshops</b>			
2.1 Virtual Action Plan Feasibility and Validation Workshops.	Virtual workshops held with representatives from the private and public sectors to evaluate the feasibility and validate the proposed Action Plan and Roadmap.	15,000	15,000
<b>Monitoring and Incidentals</b>		5,000	5,000
<b>Total</b>		<b>100,000</b>	<b>100,000</b>

4.5 The monitoring and incidentals budget will finance the promotion of employer, civic society and public awareness and engagement for the action plan and roadmap, fostering the principles of openness and dynamic dialogue in promoting buy-in and a shared vision. Specifically, resources will support a virtual dissemination and sensitization workshop, with the consultants sharing findings from the development of the action plan and road map and presenting the validated action plan, with next steps for consideration. The eligible expenses include gathering of information on the advance of the products and evaluating the final products of the TC with the Government of Barbados.

#### V. Executing agency and execution structure

5.1 At the request of the Government of Barbados, the IDB, through the Labour Markets Division (SCL/MK) will execute this TC given (i) the Bank, through SCL/LMK has technical expertise in labour market programs, based on international best practices, (ii) administrative burdens can be reduced on the government, particularly in the identification and contracting of international experts, and (iii) the Bank is positioned to provide execution and oversight of the consultancies that will be carried out under this TC. The supervision of this TC will be carried out by the project team. The results of these activities are intended to bring key and timely execution inputs to the loan 3542/OC-BA; 3542/CH-BA. SCL/LMK will be responsible for the direction, supervision, and coordination of this TC. The Bank will coordinate its work extensively with the Government of Barbados and other benefitting ministries/entities. The team leader, Laura Ripani (SCL/LMK) will be responsible for the execution and expenditure management.

5.2 **Procurement.** All activities to be executed under this TC have been included in the Procurement Plan and will be contracted in accordance with Bank policies as follows: (a) AM-650 for Individual consultants; (b) GN-2765-4 and Guidelines OP-1155-4 for Consulting Firms for services of intellectual nature and; (c) GN-2303-28 for logistics and other related services. The consultant to assess the current state of the labour market and skills development systems, develop the skills development action plan and road map and facilitate the virtual action plan feasibility and validation workshop will be engaged through single source selection as it represents a natural continuation of previous work conducted by Mr. Simon Perryman in the development of a roadmap and action plan for The Bahamas (RG-T3016, Skills for Work, Enhancing Private Sector Engagement for Productivity in The Bahamas and Dominican Republic).



- 5.3 **Monitoring and Reports.** SCL/LMK will provide specialists as a focal point to monitor the activities planned in this TC. If there is a need to travel to Barbados, the staff will cover their travel expenses with the Bank's supervision budget for this TC. SCL/LMK specialists will oversee the submission of annual progress reports, completion reports and others regarding this TC, as required by the Grants and Co-Financing Management Unit (GCM).
- 5.4 **Execution and disbursement periods.** The execution and disbursement periods will be 18 months.

## **VI. Major issues**

- 6.1 TC will support the Government of Barbados in assessing the skills demanded in strategic and growth sectors given the impact of the pandemic on its economy and society. The success of the project will depend on significant levels of engagement and participation by private and public sector stakeholders, as well as civil society. Insufficient integration, coordination and communication among government agencies may also lead to delays in project execution. To mitigate this risk, the TC will finance a technical, operational, and administrative consultant, with project management experience to support the EA with execution.

## **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 Policy Filter and Safeguard Screening Form.

### **Required Annexes:**

[Request from the Client - BA-T1070](#)

[Results Matrix - BA-T1070](#)

[Terms of Reference - BA-T1070](#)

[Procurement Plan - BA-T1070](#)