

TC Document

I. Basic Information for TC

▪ Country/Region:	JAMAICA
▪ TC Name:	Developing Skills Strategies for an Enhanced Skills Ecosystem for Strategic Jamaican Industries
▪ TC Number:	JA-T1215
▪ Team Leader/Members:	Pavon, Fernando Yitzack (SCL/LMK) Team Leader; Gaston Ferrin (SCL/LMK); Gonzalez Herrera, Beatriz Maria (SCL/LMK); Jody Maxwell (SCL/LMK); Libertad Siccha (SCL/LMK); Mendoza Benavente, Horacio (LEG/SGO); Monica Bonilla (SCL/LMK)
▪ Taxonomy:	Operational Support
▪ Operation Supported by the TC:	JA-L1091.
▪ Date of TC Abstract authorization:	02 Nov 2022.
▪ Beneficiary:	JAMPRO & selected industry workers
▪ Executing Agency and contact name:	Inter-American Development Bank
▪ Donors providing funding:	Multi-Donor Fund for the Transformation of Technical and Vocational Education and Training(TVT)
▪ IDB Funding Requested:	US\$300,000.00
▪ Local counterpart funding, if any:	US\$0
▪ Disbursement period (which includes Execution period):	24 months (Includes Execution period)
▪ Required start date:	April, 2023
▪ Types of consultants:	Firms and Individual Consultants
▪ Prepared by Unit:	SCL/LMK-Labor Markets
▪ Unit of Disbursement Responsibility:	SCL/LMK-Labor Markets
▪ TC included in Country Strategy (y/n):	Yes
▪ TC included in CPD (y/n):	Yes
▪ Alignment to the Update to the Institutional Strategy 2010-2020:	Gender equality; Productivity and innovation

II. Description of the Associated Loan/Guarantee

- 2.1 This TC will support the operation Skills Development for Strategic Jamaican Industries (JA-L1091), the objective of the operation is to support the post COVID-19 economic recovery plan to promote growth of four (4) strategic sectors in Jamaica and spur employment. Specifically, the operation seeks to provide the Sectors with better skilled workers to support the capacity of those industries to achieve growth strategies (¶3.5).

III. Objectives and Justification of the TC

- 3.1 Prior to the pandemic, Jamaica had successfully stabilized the economy, turning a fiscal deficit of 11 percent of Gross Domestic Product (GDP) in 2009/2010 into a 1 percent surplus in 2019/2020, and reducing public debt from 142 percent of GDP in

2009 to 94 percent by 2019/2020¹. The stabilization paid off through a sharp decline in interest rates, and the government's interest bill fell from 17 percent of GDP in 2009/2010 to 6 percent in 2019/2020. When the economy was hit by the pandemic, the government temporarily reduced the fiscal balance target to increase spending on health and social protection and reduced the Value Added Tax (VAT) rate. To safeguard the country's hard-won economic stability and in line with the Fiscal Responsibility Law, the government aims to reduce public debt to 60 percent of GDP by 2027/2028. This will further reduce interest payments, creating scope to boost spending on education, infrastructure, and poverty reduction, as well as improving the country's resilience to natural disasters. Real GDP grew by about 8.2 percent in 2021/2022 and is projected to grow by about 3 percent in 2022/2023/2024 2023".² Among its priorities to boost productivity and exports, the country aims to upgrade infrastructure, and improve education and training.³

- 3.2 Further to the impact the pandemic had in the region, the Fourth Industrial Revolution (4IR), characterized by rapid technological change, is significantly transforming the world's economic dynamics. Recent studies show that as digital technologies dramatically reshape industry after industry on a global scale, many companies are pursuing large-scale change efforts to capture the benefits of these trends or simply to keep up with competitors. Recent studies based on Global Survey ([McKinsey, 2018](#)) on digital transformation, points to a set of factors that might improve the chances of a transformation succeeding. Among the key factors, building capabilities for the workforce of the future are of top priority. The survey results confirm that developing talent and skills throughout the organization—**a fundamental action for traditional transformations**—is one of the most important factors for success in a digital change effort.⁴
- 3.3 Developing people with the right skills is not only crucial to deploy the right technologies; it is also key to achieve inclusive growth.⁵ A large body of evidence suggests that technologies are changing the demands for occupations and skills, and that many workers performing routine tasks run the risk of being displaced by technology. In the region, as much as 19% of men and 21% of female may be displaced by modern technologies in the coming years (Bustelo, Suaya and Viollaz, 2019). In addition, the lack of skills may create a backlash against the introduction of modern technologies – much as taxi drivers resist the penetration of ride-hail companies such as UBER. As highlighted in the Skills Development Sector Framework Document ([IDB, 2020](#)), aligning skills development to a country's growth strategy and the demands of productive sectors improves the relevance of the skills being developed. To properly align the supply and demand of skills, it is important to involve industries and other social partners in the identification of skills needed, curricula design, and provision of learning (OECD, 2019; Amaral et al., 2017). Ongoing collaboration supports the continuous adaptation of curricula to labor market demands. Many developed countries have ensured employers' participation in skills

¹ <https://publications.iadb.org/en/caribbean-economics-quarterly-volume-11-issue-3-headwinds-facing-post-pandemic-recovery>.

² [Caribbean Economics Quarterly - December 2022 Regional Overview](#): Headwinds facing the post-pandemic recovery.

³ [IMF Country Focus](#), February 22, 2022.

⁴ Idem. Unlocking success in digital transformations, October 29, 2018. Survey. McKinsey & Company.

⁵ See [Employment Action Framework with Gender Perspective](#), section 2.3.

development through the establishment of sector bodies or organizations that represent industries, as part of their institutional arrangements.

- 3.4 The Jamaica Education Transformation Commission (JETC) was established with the aim to advise how to create a world-class educational system geared towards enabling students to fulfill their potential and develop the skills base and human capital required for Jamaica to compete in the 21st century. The JETC presented their report "[The Reform of Education in Jamaica, 2021](#)" which triggered a second phase. In 2022, the JETC embarked in understanding the Transformation of Technical and Vocational Education and Training (TVET) system in Jamaica and requested support to the Bank in two perspectives: (1) To support the JETC with an assessment of the current institutional arrangements of Jamaica's premier training institution, HEART-NSTA to meet **Jamaica's skills supply** and provide recommendations including best practices related to the operating models of levy based skilled; and (2) Support the JETC with an assessment of the current institutional arrangements of Jamaica's premier training institution, HEART-NSTA to meet **Jamaica's skills demand** and provide recommendations including best practices to optimize governance arrangements and strengthen their M&E systems. In this regard, preliminary findings in terms of issues drawn from workshops with employers about the strengths, issues and opportunities in the TVET system for Jamaica include the following (among other): (i) The legal framework needs modernization and might be reviewed to become more flexible and responsive to employer requirements; (ii) The system needs significantly more employer engagement; (iii) There is a challenge in changing the culture, and how best to do this; (iv) One reason for low engagement is that some employers focus on getting labour at the cheapest level, which discourages training investment; (v) There is inadequate marketing to employers and the funding/financing for employers needs to be better understood; (vi) There is a low level of understanding of the industries and the available job opportunities amongst the general public and young people. As the analysis on the demand side of Jamaica's TVET/skills development system is being concluded (October 2022), preliminary findings indicate a clear need for: (i) increased private sector participation in Jamaica's TVET system; and (ii) increased responsiveness of TVET system. The Private Sector of Jamaica (PSOJ) along with JAMPRO with the support of the Bank for the establishment of the Global Sector Skills Council, has been working extensively on the prioritization of the Sector Skills Council as one of the main vehicles to increase private sector participation in the skills development system.
- 3.5 Additionally, this TC will support a proposed investment loan (JA-L1091) operations slated for the 2023 portfolio pipeline and will build on related operation in execution (JA-L1079/ 4645/OC-JA) Skills Development for Global Services in Jamaica). Some of the major achievements of the Skills Program include the establishment of the Global Services Sector Skills Council, the establishment of the competitive fund to support the sectors' training need. To date the sector has supported approximately 2,000 placements in the industry and is expected to contribute to employment of over 70,000 persons by the end of 2023. This TC is timely because it will support the momentum started by the GSS project as Jamaica move towards investing in sectors to support post COVID-19 recovery.
- 3.6 **Objective.** The objective of this TC is to support the post COVID-19 economic recovery plan to promote growth of strategic sectors in Jamaica and spur employment. To this end, it will support the coordination of private sector partners and drafting of

strategies leading to increased private sector participation in the training ecosystem and improve match between skills demand and supply of these strategic sectors. Specifically, it will test new mechanisms to identify skills demanded by two productive sectors to improve the match between skills demand and supply.

- 3.7 **Strategic Alignment.** This TC is aligned with the Second Update to the Institutional Strategy (2020-2023) (AB-3190-2) to the development challenges: (i) Productivity and Innovation through reducing the skills shortage among firms by providing fundamental knowledge to support the development of work-relevant skills throughout the lifecycle of workers; and data to design policies that enhance human capital, focusing on improving productivity, employability and/or innovation; and (ii) Gender Equality since the design of the sector skills strategies will respond to emerging occupations within specific sectors that have been impacted by technology and could include interventions to close gender differences and the final product of each selected industry will be an industry skills strategy presented as a business case given that having information of industry training needs, technical and vocational education and training (TVET) systems can become more responsive (agile) to industries as they evolve. This may include gender-imbalance mitigation strategy. The TC will contribute to the 2020-2023 Corporate Results Framework (CRF) through the beneficiaries of employment support initiatives indicator. Furthermore, this TC is aligned with crosscutting indicators on Gender and Diversity that supports economic inclusion for vulnerable groups Program for Social Development (SOC) (GN-2819). 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 Labor Sector Framework Document (SFD) (GN-2741-12): workers and companies have access to relevant and cost-effective workforce training mechanisms. Additionally, this TC is aligned with the Transformation of Technical and Vocational Education and Training (TVET) Fund in its purpose to support the design and implementation of a training mechanism endowing people with the necessary skills to develop successful lifelong learning labor trajectories and boost the country's economic development; and by allowing the adoption of training models that are new in a particular context, such as the use of technologies and/or platforms, as well as models of personalized learning that cater to individual learner differences. This TC is aligned with the cross-cutting theme of institutional capacity and rule of law in view of the activities to enhance JAMPRO (Trade & Investment Jamaica).
- 3.8 This TC is also aligned with IDBG (Inter-American Development Bank Group) Country Strategy with Jamaica 202-2026 (GN-3138), specifically with strategic objective 2.3 to strengthen social protection and labor. This operation is aligned with the priorities of the Government of Jamaica outlined in Vision 2030 National Development Plan and its medium-term socio-economic policy framework 2021-2024 specifically goals (i) human capital development; and goal (iii) economic stability and growth; and employment and international competitiveness. Lastly, it is aligned with the National Strategy – to grow the agribusiness sector and the National Five-year manufacturing growth strategy for Jamaica (2020-2025) to grow the manufacturing sector's

contribution to GDP to J\$81 bn⁶ by December 2025.⁷ This is also consistent with the IDBG's Country strategy with Jamaica as this TC will contribute to the development of engagement to support private sector-led recovery.

IV. Description of activities/components and budget

- 4.1 **Component I. Design of sector skills strategies (US\$120,000).** This component will fund the design of sector skills strategies that answer to the particularities and the dynamics of two of the prioritized sectors selected from: *Logistics, Agribusiness, Manufacturing & Creative Industries*.⁸ Funding will be provided to activities that: (i) identify potential areas where sectors could have or generate a competitive advantage in the country and/or play a vital role in other sectors, especially in response to the pandemic and the recovery of jobs; (ii) define and map the necessary skills in the most demanded roles within the sector and the transferable skills from other sectors; (iii) identify/develop new skills profiles in response to emerging occupations in the selected sectors; and (iv) map the training available in respect to those skills and propose the corresponding critical training route. To do so, it will build on the current industry strategies by revising and updating such prior to developing the skills strategy per sector. As a result, this component will provide the design of a sector skills strategy in the prioritized sectors to contribute to the growth of these Jamaican sectors. The skills strategies can then be used as a direct input (feedback) for the skills development system allowing for the timely anticipation of skills complements, relevant skill-learning policies and interventions. Furthermore, they can guide decision-makers on how to align skills development to a country's growth strategy and the demands of productive sectors and improve the relevance of the skills being developed. The expected products in this component are aimed to develop capacity building in the means of: (i) two skills development strategies developed in alignment with Jamaica's economic development strategy and the development of innovation schemes in the order of: (ii) developing tools to assess skills profiles ("baseline"): and (iii) new skills profiles in response to emerging occupations in the strategic sectors (such as the adoption of technology in agribusiness).
- 4.2 **Component II. Enhancement of processes for interaction of the skills development system with the private sector participation (US\$160,000).** This component responds to the TVET system's need to establish private sector participation channels to drive towards a more responsive TVET system in Jamaica. As identified in the JETCs assessment of the current institutional arrangements to meet Jamaica's skills demand, the establishment of proper participation channels to pivot towards a *demand-driven* TVET system will position the system itself to become a pillar of Jamaica's economic development strategy and innovate by enabling an ecosystem conducive to becoming agile in responding to changing industry-demands.

⁶ Using the Bank of Jamaica FX rate conversion rate of US\$1 to J\$148. 2773 at the time of publishing for the National strategy in 2020 to covert to USD, J\$81Bn will be equivalent to US\$546M.

⁷ Jamaica's manufacturing output for the period from 2002-2016 was estimated to be J\$60-65bn making it the largest contributor to GDP. Source: National Five-Year Manufacturing Growth Strategy for Jamaica (2020).

⁸ These sectors were proposed through consultation with the Government of Jamaica, the Planning Institute of Jamaica, JAMPRO, and the Private Sector Organization of Jamaica the four main priorities for post-COVID-19 growth. Given the funding amount this TC will prioritize the sectors with the highest growth potential in consultation with the main stakeholders outlined above.

This component will finance: (i) the establishment of industry-led bodies to systematize the future collaboration between major stakeholder to identify skills needs, set standards, and chart career pathways; (ii) the design of new training models and disruptive methods tailored for the selected sectors. The expected products in this component are to: (i) establish the grounds and structure of two sector skills councils in prioritized industries to provide evidence of private sector participation and enable the government and TVET system to pivot to a new demand-driven model and co-fund activities; and (ii) the design of new training models and disruptive methods tailored for the selected sectors with potential to be scaled-up as a proposal for the Government to expand to its implementation with TVET system funding. This component will also provide strategic knowledge by drawing best practices and lessons learned from (iii) a process evaluation of current industry demand-driven training in the Caribbean and its impact on supporting industry growth and fostering employability (Global Services Sector in Jamaica).

- 4.3 **Contingencies (US\$20,000).** These amounts will support activities including administrative expenses, dissemination of information related to training models and a final evaluation of the program.
- 4.4 **Funding.** This TC is funded by the TVET funds for a total estimated budget of US\$300,000. It will fund the design of the sector skill strategies for the estimated amount of US\$120,000 and the enhancement of the process for interaction of the skills development systems with private sector participation for US\$160,000.00. The disbursement period for this TC will be 24 months (Includes Execution period).

Indicative Budget (US\$)

Activity/Component	Description	IDB/Fund Funding	Total Funding
Component I. Design of sector skills strategies	Revise & Update industry strategies Skills development strategies developed in alignment with economic development strategies	US\$120,000	US\$120,000
Component II. Enhancement of processes for interaction of the skills development system with the private sector participation	Establishment of collaboration arrangements between major stakeholders (sector skills councils) and design of new training models for selected sectors	US\$160,000	US\$160,000
Contingencies		US\$20,000	US\$20,000
Total		US\$300,000	US\$300,000

V. Executing agency and execution structure

- 5.1 The Bank, through the Labor Markets Division of the Social Sector (LMK) will execute this TC to facilitate the execution per the request of Government of Jamaica, with

JAMPRO and Private Sector Organization of Jamaica (PSOJ) as its main partner. The PSOJ is a reputed member organization representing a wide cross section of member organisation such as the Jamaica Manufacturers and Exporters Association (JMEA) and the Jamaica Chamber of Commerce (JCC) and will be integral to the institutional framework of this program based on their role in the establishment of Sector Skills Councils to help address the persistent skills gap in Jamaica. The Labor Markets Division (SCL/LMK) will be responsible for the direction, supervision, and coordination of this TC. The Bank will coordinate its work extensively with PSOJ and JAMPRO, and by extension the Global Skills Sector Project Executing Unit for the implementation of this TC.

- 5.2 This execution scheme is proposed for the following reasons: (i) the Bank has technical expertise and resources to help support risk management and risk response planning specifically based on international best practices; and (ii) reduce the administrative burdens of the government, particularly in the identification and contracting of international experts and supported by the relevant policies for bank executed operational work including AM-650 for individual consultants, GN-2765-4 and OP-1155-4 for consulting firms for services of an intellectual nature, and GN-2303-28 for non-consulting services).

VI. Major issues

- 6.1 A potential risk identified is the coordination challenges among beneficiary and other key stakeholders to identify sector needs and risks and thus agree on appropriate sector collaboration mechanism as well as risk response and action plan. To mitigate this risk, this TC will rely on JAMPRO's capacity to coordinate risk response through its JA-L1079 Project Execution Unit and coordination of beneficiaries and stakeholders.

VII. Exceptions to Bank policy

- 7.1 None.

VIII. Environmental and Social Strategy

- 8.1 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 Bank's Environmental and Social Policy Framework (ESPF).

Required Annexes:

[Request from the Client - JA-T1215](#)

[Results Matrix - JA-T1215](#)

[Terms of Reference - JA-T1215](#)

[Procurement Plan - JA-T1215](#)