

## MIDDLE AND TECHNICAL MANAGEMENT TRAINING

(TC-96-03-18-6)

### EXECUTIVE SUMMARY

**EXECUTING AGENCY:** Consultative Association of Guyanese Industries (CAGI)

**RECIPIENTS:** The direct beneficiaries of this training program include: (a) CAGI which will receive institutional strengthening required to provide upgraded middle level and technical management training; (b) 1,500 middle-level and technical managers, who will receive training; and (c) employers who will benefit by having more productive workers.

**OBJECTIVES:** The goal of the project is the delivery of middle level and technical management training in Guyana, to improve managerial skills and thus improve competitiveness through enhanced productivity.

Specific objectives are to: (a) improve the middle management skills of the Guyanese workforce in three industry branches; (b) enhance the capacity of CAGI to determine and address industry training needs; (c) develop sustainable financing mechanisms including fee structures and industry participation in the financing of training.

**DESCRIPTION:** The three year project is designed to bridge the gap between the demand for middle level and technical management skills and the supply of high quality training in those skills. The project will introduce innovations in training in three growth sectors where employment is concentrated, but competitiveness is lagging. The industries were identified in a project preparation diagnostic and include: engineering and capital goods construction; agribusiness/food-processing; and services. Training would consist of general courses in areas identified in the demand study, and customized firm, specific courses to be identified during the three-year program.

To achieve its objectives the project will consist of two components: (a) Training system design and needs assessment; and (b) Curriculum development and training system delivery. These components will be executed in a sequential manner. The training system design and needs assessment component, includes activities such as: (i) baseline survey and training

audits; (ii) design of a management information system; and (iii) sensitization of senior management and HRD personnel.

The Curriculum development and training system delivery component includes: (a) curricula design; (b) training of trainers; and (c) participant screening and course delivery. Development of the curricula will include case studies to reinforce application of course to local industry context. All courses will be designed as independent modules to permit maximum flexibility and specificity. Curriculum will be accredited by the University of Guyana (UG). Courses will be delivered in conjunction with organizations such as the University of Guyana, Guyana Management Institute, and Guyana Sugar Corporation which will provide training facilities as well as trainers. Training fees will be set at rates equivalent to or greater than current CAGI training fees in order to achieve full cost recovery within three years of system design.

The key outputs expected from this project are: (a) strengthened institutional capacity of CAGI to promote and support middle level and technical management training; (b) upgraded and certifiable training curriculum and programs; (c) a cadre of trained trainers; (d) a framework for institutional and financial sustainability; (e) 1,500 upgraded middle level and technical managers; and (f) a management information system.

**FINANCING:**

Modality:

Grant

Implementing Agencies:

US\$ 370,000

(This is a combined total  
of all national counterpart)

MIF:

US\$ 875,000

Total:

US\$1,245,000

**IMPLEMENTATION  
SCHEDULE:**

Execution period:

36 months

Disbursement period:

40 months

**ENVIRONMENTAL  
CLASSIFICATION:**

The Environmental Management Committee, at its meeting of November 19, 1996, classified this as a Category II operation.

**BENEFITS:**

At least 1,500 middle and technical level managers will undergo training in state-of-the-art management techniques.

The project will improve the capacity of CAGI, the only private sector driven training institution, to

develop and deliver training that responds to industry demands. Cost-recovery mechanisms, such as training audits, associate membership in CAGI and student loans for short-term technical training will be developed to facilitate the sustainability of this type of training program beyond the project horizon.

**RISKS:**

There are two main risks that could impact the success of this program: (a) shortage of training opportunities to meet demand, and (b) shortage of financing needed to pay for training and other services. Lack of training opportunities will be offset by flexible delivery i.e. year-round and in several decentralized locations thereby increasing availability. Lack of funding for fees will be offset by a variety of schemes. For example, implementing an incentive fee structure for training which reduces participants' fees based on the number of modules taken; establishing employer guaranteed loans or educational benefit plans for employed trainees. For self-sponsored and self-employed students, developing alternative financing schemes such as installment payment plans.

**SPECIAL  
CONTRACTUAL  
CONDITIONS:**

Prior to the first disbursement, CAGI shall forward to the Bank the following information: (a) names and curriculum vitae of counterpart staff that comprise the CAGI supervisory team; (b) draft contracts for the members of project executing unit and a short-list of individual consultants from which they will be selected, with the exception of the project director who must actually be appointed prior to first disbursement; and (c) appointments to the Project Monitoring Committee (PMC) and Training Advisory Board (TAB).

## I. COUNTRY ELIGIBILITY

- 1.1 Guyana was declared eligible for all modalities of financing under the Multilateral Investment Fund by the Donors Committee on November 2, 1995.

## II. BACKGROUND

### A. Economic framework

- 2.1 Government largesse and a weak private sector characterized the Guyanese economy during the 1970s and 1980s. In 1988 Guyana embarked on an Economic Recovery Program and the IMF's Enhanced Structural Adjustment Facilities. The government achieved fiscal, monetary, and exchange rate stability, and ancillary measures in trade, finance and privatization helped to consolidate structural reforms. Guyana has maintained the position of being the fastest growing economy in the Caribbean for the past six (6) years, with a compound growth rate in excess of 7% since 1990, led by the traditional rice and sugar subsectors, as well as forestry and gold mining. Guyana completed its sixth consecutive year of positive economic growth at a rate of 7.5% in 1996. The construction, agriculture, and mining sector grew by 14%, 7.7%, and 15.3% respectively in 1996, while the forestry sector had modest growth. The Ministry of Finance projects growth in 1997 in the mining and construction sectors of 15% and 20% respectively, and states that the manufacturing sector can and should be encouraged to play a greater role in the expansion of the economy, especially agro-industry which could create employment opportunities for the youth, revenue for the government and foreign exchange for the country.
- 2.2 Guyana has the natural resources to support additional economic growth, but development of these resources has been severely limited by the lack of an enabling environment for the private sector, poor infrastructure, and lack of financial and human capital. However, there are several factors now driving the demand for improved productivity including: The removal of preferential access to traditional export markets for rice, sugar, and bauxite, which has increased the need for improved efficiency in these industries; a push towards rapid diversification and expansion of the economy into non-traditional exports to take advantage of market opportunities under agreements such as the Caribbean Basin Initiative (CBI); and liberalization of the Guyanese economy which has opened up the market to foreign goods, so consumers are demanding better quality products at competitive prices.
- 2.3 Despite these new influences driving demand for increased productivity, Guyana is still suffering from the effects of past state intervention which resulted in massive emigration of Guyana's human capital and entrepreneurial base and a consequent dearth of manage-

rial and entrepreneurial skills in the country. The World Bank estimates that some 500,000 Guyanese live abroad, compared to 825,000 living in the country. Lack of human resources has had a negative impact on foreign investment in Guyana. Guyana is perceived as a weak production location, in part because of low labor productivity as compared to other locations. Productivity of the Guyanese work force is estimated at US\$1,800 per worker as compared to US\$3,700 to US\$12,700 in the rest of the Caribbean.

B. The demand for middle level and technical management

- 2.4 One of the results of economic opening and removal of trade barriers, is the renewed interest in addressing the human resource needs of firms. A demand diagnostic conducted during project preparation revealed that Guyana's total workforce is 262,000, and is growing at about 2.3% annually. Demand for skilled labor is projected to continue to grow at higher rates in the medium term because economic growth is likely to be sustained at around six percent. The work-force is distributed among sectors as follows: (i) commodities/production including agriculture, forestry, mining, quarrying and manufacturing --46%; (ii) infrastructure including transportation, utilities, construction and communication --19%; (iii) commercial and other services (finance, consulting etc.) --23%; and (iv) government and community services --12%.
- 2.5 About 56,000 or 21% of the workforce are in traditional industries: sugar, bauxite, rice, saw milling, and utilities, which account for 80% of the value of exports. Removal of preferential trade programs is forcing these industries to modernize to become competitive. Another 115,000 or 44% of the work force are in the high growth, strategic, and non-traditional export-oriented activities such as: engineering and capital goods construction, and services. Enterprises in these areas, which typically employ less than 100 persons, face stiff competition as these sectors have minimal trade restrictions and low entry barriers.
- 2.6 Middle level and technical managers in the private sector are estimated at 14,000 persons or 5% of the total workforce in Guyana. Of these, approximately 71% are employed in firms, while the remaining 29% are owner/managers. Training in areas such as overall management skills, product and business development, and process strategy would help them to differentiate their products and services and become more competitive. Given that mid-level managers are most often responsible for in-firm training programs, training targeted at this segment of the work force would also have a significant multiplier effect.
- 2.7 However, despite the fact that employers feel that over 80% of their managers require immediate training in order to boost productivity, these same employers have concerns about the risk of investment in training, as turnover of technical and management personnel, especially in small to medium-sized firms, is high. Thus industry sees the need for sector-oriented training which

encourages sector-wide participation, and establishment of financing mechanisms which encourage government, employer, and employee cost-sharing to reduce the risk of turnover.

C. Consultative Association of Guyanese Industries (CAGI): A model of demand-oriented training

- 2.8 CAGI, a broad-based consortium of firms, founded in 1958, that provides consulting services to its members, is the principal employer's association of Guyana with a membership of 66 private enterprises, including all of the leading private and parastatal firms. CAGI has developed a unique position as the leading association of the private business sector in Guyana. Its relationship with members of the business community has given it rare insight on the needs and requirements of business as pertaining to human resource development needs. CAGI's membership includes the top producers in all sectors: rice, gold, sugar, bauxite, utilities, agribusiness, and services. CAGI has developed a reputation for establishing linkages between education and the work place, and developing programs on demand by its members which are practical and technologically relevant.
- 2.9 Between 1995 and 1996, CAGI trained approximately 800 participants in 50 training programs. Fifty percent of the courses offered were for supervisory and management level employees; three were targeted to senior management and CEOs. Approximately 25% of the courses were for delivery in-firm and all were oversubscribed. In arriving at its training program, CAGI's Executive Council of twelve, which consists of CEO's of its member organizations, develops, in consultation with CAGI staff, a tentative list of training offerings. This list is submitted to the broader membership as part of an annual membership survey. Depending on the findings of the survey, the training courses with most interest are scheduled. This approach guarantees a minimum level of participation and helps to ensure that courses offered are responsive to the needs of its members.
- 2.10 CAGI has two fulltime trainers on staff and maintains a roster of about 20 individuals who are hired as trainers on an as-needed basis. CAGI's training programs have been 67% self financing. The remaining 33% has been subsidized by member fees which are the main source of CAGI's budget. Membership fees range from US\$500 per year for large firms (over 100 employees) and US\$250 for small and medium-sized firms.
- 2.11 Other suppliers of management training in Guyana are: Guyana Management Training Institute (GMI) and the University of Guyana (UG). GMI develops, promotes, and raises funds for training programs in the public and private sectors. It also has a mandate to provide consultancy services to public and private sector clients. Its present focus is on supervisory, middle, and senior management, offering courses such as computing, secretarial administration, hotel management, financial administration and planning. GMI has

considerable physical facilities, however its training programs are rated poorly and thus not well supported by the private sector.

- 2.12 The University of Guyana, the only degree-granting tertiary institution in Guyana, currently offers a Bachelors degree in General Management. The Department of Technology offers degrees in Civil, Electrical, and Mechanical Engineering. However, these programs are not carried out in collaboration with industry, and UG does not offer short-term executive level or on-the-job training programs. Nevertheless, UG is the only institution that provides certification that is transportable and acceptable within the Guyanese context.

D. Meeting the challenges

- 2.13 Despite high levels of participation in its training programs, CAGI and other suppliers of training face a number of obstacles in addressing a growing demand for management training, including: (i) lack of trainers versed in new management theories and innovative teaching methods; (ii) the high cost of curriculum development, that requires adaptation of conventional management programs and training materials to Guyana's needs; (iii) the challenge of overcoming the perception of irrelevance and expense that the conventional degree-track management training has generated; and (iv) lack of financing for these initiatives.
- 2.14 To initiate the dialogue on how to address increasing demand for management training services, a participatory workshop was organized with CAGI in June 1996. The purpose of the workshop was to bring together representatives from various industry sectors with the principal management training providers to gain an appreciation of the training market from both perspectives. The selection of three strategic sectors in which to initiate training activities under this project was confirmed based on growth projections, exports, and firm size: agribusiness, engineering and capital goods construction, and services were the selected sectors.
- 2.15 The workshop also sought to determine how industry could become more proactive in determining solutions to their management training needs; to define a means by which industry could sustain relationships with the training suppliers to provide continuously improving training and technology transfer; and to develop an action plan for project development. The initial meeting determined that CAGI, as an employer organization representing the widest cross section of industry and the leading provider of in-firm and executive training, would be the most suitable executing agency for this project. However, the meeting also confirmed that collaboration among all institutions that currently provide management training would be needed to leverage available resources required to address the demand for training in the most cost-effective manner.

- 2.16 Follow-up site visits to firms in the target sectors revealed the need to upgrade and modernize existing general curricula in order to reduce the information gap at the sector level needed to fuel demand at the firm level, as well as improve and institutionalize training audit and labor market information systems needed to create customized programs at both the sector and firm level. Environmental considerations were also recognized as integral components of management education programs given the impending government regulations.
- 2.17 The resulting project design calls for the establishment of a training system that builds on the experiences of CAGI, and the creation of partnerships with UG, GMI, and firms such as Guyana Sugar Corporation (GUYSUCO) and Guyana Telephone and Telecommunication (GTT) that have extensive in-company training programs. The project would focus on three strategic sectors of the economy and favors the establishment of collaborative linkages between firms within a sector to improve cost effectiveness of training, maximize the potential of the group through mutual learning, and reduce competition by encouraging information and technological exchange. In addition, the strategy of promoting the formation of partnerships with firms and training institutions that are in the business of providing management training is intended to expand and develop the market for management training in Guyana.

### III. THE PROJECT

#### A. Objectives

- 3.1 The overall objective of the project is to improve the quality, accessibility, and flexibility of middle level and technical management training in Guyana. This would be accomplished through the establishment of a sustainable management training system, driven by private sector demand that would provide the work force with the skills needed to up-grade Guyana's key industries.
- 3.2 Specific objectives of the project are to: (i) improve the management skills of the Guyanese work force in the three targeted industry branches; (ii) enhance the capacity of CAGI to determine and address industry training needs on a continuous basis; and (iii) develop sustainable financing mechanisms for management training by promoting joint employer-employee financing.



- 3.3 Expected outputs of this project are: (i) training of 1,500 mid-level managers and technicians; (ii) availability of a cadre of trained trainers, coaches, and mentors; (iii) technical and organizational capacity within CAGI to initiate and undertake training plans that respond to the human resource development needs of industry; and (iv) development of modular and customized programs for in-firm and classroom learning.

B. Description

- 3.4 To achieve its objectives the project would consist of two components: the first, **Training system design and needs assessment** and the second, **Curriculum development and training system delivery**.

**Component 1: Training system design and needs assessment**

- 3.5 This component includes the following activities: (i) baseline survey of target industries (international experts/firm 2 months); (ii) the design of a management information system (6 expert months over the 36 month execution period); and (iii) sensitization of senior management and human resources development personnel.
- 3.6 The project would conduct surveys in the first three months of execution to establish relevant baseline information on middle-level and technical management in the three targeted industry sectors. Information would be collected on middle and technical managers including: distribution of highest level of education, employment status, participation in middle level and technical management training in the past three years, distribution by gender, level of income and income distribution, level of involvement in continuing education, level of personal expenditure on self development, and management training. Productivity indicators would also be collected and would focus on: level/percentage of vacant positions, turnover rate, number and percentage participating in company sponsored management training, level of expenditure on management training, number of self employed engaged in training, annual growth rate in sales, range of key products and services offered, export earnings as a percentage of sales, investment trend in the entity.
- 3.7 The survey proposed would also establish data on the number of private consultants and trainers in management training at large in Guyana, the level of financial self-sufficiency in CAGI's management training program, the level and range of training material available in-country, number and range of Guyanese industry case studies available for management training, application rates for management training, level of loan financing provided by the banking industry for management training, number of training programs offered outside Georgetown, number of out-of-town participants in management training programs, level of institutional collaboration in management training, and the number of persons trained at CAGI, the University of Guyana and the Guyana Management Institute, annually.

- 3.8 Technical assistance would be provided to CAGI for the acquisition and configuration of an integrated human resources management information system (HRMIS) which would process the information collected in the baseline surveys described above. The HRMIS would provide the means of collecting and organizing information, analyzing data, forecasting trends, conducting gap analysis, formulating solutions, communicating and brokering information, and matching supply and demand for employment and human resource development within the targeted industry sectors.
- 3.9 This information would assist CAGI in determining both long-term and short-term employment and training needs based on growth or contractions in strategic industries, and producing an annual workforce assessment study that highlights demand by occupation and skill competencies. An expert with experience configuring human resources management information systems would be engaged for four person months of consulting services over the life of the project, to provide technical assistance in system design, and training in use of the system, and ongoing maintenance and updating.
- 3.10 There would be continual demand analyses and market surveys of the private sector throughout the life of the project to determine the scheduling of course offerings. Marketing of the training program would be done through CAGI's network of members as well as to other private sector associations and the general public through the media. This would include seminars and workshops to sensitize senior management and human resources development personnel.
- 3.11 To facilitate continuous improvement of the management training environment, the project would support the development and execution of two international management conferences. The conferences would provide the management community with up-to-date information on management theory and practice. The topics would include recent developments in global economy and the challenge they present to Guyanese enterprises, as well strategies to address the challenges.

**Component 2: Curriculum development and training system delivery**

- 3.12 The activities to be carried out under this component would be as follows: (i) training of trainers; (ii) curricula design (19 expert months of short-term international experts); and (iii) candidate screening/ scheduling and delivery of training courses.
- 3.13 Trainers would be contracted locally by CAGI from industry and academia, and trained to deliver course modules. At least 28 individuals would be trained. These individuals would participate in a series of training activities to develop their technical and pedagogical skills. Training would be conducted by short-term experts (six months of short-term experts have been budgeted over the life of the project for training of trainers). Trainers would undergo a minimum of 40 hours of training resulting in a training certificate. These trainers would also be equipped to conduct training seminars to owner/managers and more senior management of

industry about the needs and importance of improved management training and human resources development issues. It is envisaged that at least six such seminars would be conducted in order to reach all firms participating in the training.

- 3.14 The second area of activity would be the design of modular curricula for mid-level and technical managers based on the results of the survey and diagnostic work conducted during project analysis. The project envisages the design and production of six general course modules that have been determined as essential tools for all mid-level and technical managers. Case studies and exercises would be developed for specific sub-sectors related to the industry sectors targeted to enhance the practical relevance of the curriculum. The project would also support design of at least three in-firm and industry specific training that would be determined based on the surveys conducted by CAGI of its members, training audits, and continuous needs assessments that would be carried out by the project team.
- 3.15 All curriculum and training material developed by the project would be reviewed and approved by a training advisory board (TAB) that would be established by the project. The TAB which would include members of industry, as well as public/private sector providers of management training and would provide quality assurance for the curriculum design and the certification process. The general course modules would be designed to permit accreditation by the University of Guyana. Accreditation would enable any certificates resulting from the training program to be accepted as credit towards a University of Guyana degree, which would further enhance the desirability and marketability of the program.
- 3.16 The project would screen individual participants from the selected industry sectors by providing both interviews and diagnostic tests to determine academic readiness and aptitude for management and/or technical training. Information and results obtained from this screening process would be entered into the human resources information management system and available to employers for employee training plan development and/or by individuals in preparing self-development plans. Individuals needing remedial training would be referred to self-guided tutorials to be made available by CAGI, or to other appropriate training providers that have courses suitable to the identified needs.
- 3.17 The project proposes to train 1,500 participants over the execution period. Courses would last on average for a period of one to two weeks and would be offered a number of times over the life of the project. The venue for these course offerings would be at CAGI, GMI, UG, or one of the large company-sponsored training facilities such as GUYSUCO. Collaborative agreements would be established between training providers and CAGI for the delivery of training programs and trainers. Training would be offered at decentralized locations to increase accessibility and flexibility to the target population. Similarly, training courses would be offered at night,

on weekends and year round, to take advantage of all available facilities.

C. Organization and execution

- 3.18 CAGI will have overall responsibility for project execution, that is, ensuring that the outputs are realized by mobilizing and managing the resources, and that all the required standards are fulfilled. Its administrative team comprises: an Executive Director, two training officers, and five administrative personnel. CAGI's training personnel are engaged on an as-needed basis from an active roster of twenty individuals. CAGI's physical plant is adequate for project execution, however, additional facilities such as those of GMI, UG and GUYSUCO would be used for training program implementation.
- 3.19 A Project Execution Unit (PEU) will be established at CAGI and will comprise: (i) Project Director, 36 months; (ii) Technical Training Expert, 36 months; and (iii) an Administrative Assistant, 36 months. The services of an information systems expert will also be contracted for 24 consulting months over the life of the project to provide support to the PEU. The PEU will report directly to the Executive Director of CAGI, and will have day-to-day responsibility for: (i) meeting the legal obligations; (ii) managing logistics; and (iii) developing, marketing, and sustaining the training program. This will include establishing financial arrangements; recruitment of short-term experts and trainers; mobilizing private sector counterpart support; conducting ongoing demand analyses; and developing strategic alliances needed for sustainability. Terms of Reference for all short-term and long-term experts are found in Annex II.
- 3.20 The work of the PEU will be supported by: a Project Management Committee (PMC), and a Training Advisory Board (TAB). The PMC will be established to provide technical and policy guidance to CAGI administration and the PEU; and should comprise representatives from UG, CAGI membership, GMI, and a representative from GUYSUCO or another large firm that is collaborating with the project through the provision of space and/or trainers. The PMC will focus on work program, process, project administration, oversight and policy issues. The Committee will meet at least once per quarter and shall be responsible for recommending actions needed to ensure that the project achieves the desired results.
- 3.21 The TAB will comprise representatives from industry and education organizations such as the UG, Guyana Manufacturers Association (GMA), Guyana Association of Professional Engineers (GAPE), and the Ministry of Education. The TAB will have responsibility for content, quality assurance, and accreditation of the training programs. Consequently, it will propose and review training designs, curriculum material and candidates to be certified as trainers. The TAB will meet as required during the process of curriculum design and semiannually thereafter.

- 3.22 Ongoing review will be provided by a Planning and Evaluation Committee (PEC) to be established comprising CAGI, two representatives each from the PMC and the TAB, and the IDB. The Executive Director of CAGI will act as the Chair of the PEC, and the Project Director will serve as the Secretary. The PEC shall meet four times over the life of the project. The first meeting shall take place within three months of project signing to approve the initial project work plan. The second shall be held at the end of training program design to review the mid-term report. The third meeting will be held mid-way through the training program delivery phase and the fourth at the end of the project to review the final report and the project completion report, required by the IDB. The PEC shall also review financial reports submitted annually, and as a part of the mid-term and final reports. The final financial report shall be audited.

D. Project costs and sources of financing

- 3.23 The MIF's non-reimbursable contribution of US\$875,000 represents some 70% of the budget, while CAGI provides US\$370,000 or 30% in cash and kind. The MIF's contribution will be used to cover the following expenses: (i) salaries, travel and per diem of the consultants and auditors; (ii) training supplies and equipment; (iii) organization and documentation for the management conferences; (iv) publications and training material; (v) initial survey and interim and ex-post project evaluations; and (vi) contingencies. See summary budget below.

**DETAILED BUDGET**

ITEMS	IDB (US\$)	LOCAL (US\$)	TOTAL (US\$)
2.0 Individual Consultants	435,300	101,400	536,700
3.0 Training	249,500	164,200	413,700
6.0 General Support	15,000	78,800	93,800
7.0 Publications	32,000	0	32,000
8.0 Evaluation	60,000	0	60,000
98. Contingencies (8%)	83,200	25,600	108,800
<b>GRAND TOTAL</b>	<b>875,000</b>	<b>370,000</b>	<b>1,245,000</b>

- 3.24 CAGI's contribution will cover the following expenses: (i) stipends, honoraria, and per diem of trainers; (ii) administrative costs for project management; (iii) facilities and utilities; (iv) instructional material for the trainees and fees; and (v)

office supplies and materials.

E. Cost recovery and sustainability strategy

- 3.25 Development of a framework for institutional and financial sustainability of the management training program will be a key output of the project. Based upon the demand diagnostic that was undertaken during project analysis, a minimum training target of 1500 mid-level managers and technical staff was established for the two-year training delivery period. CAGI currently recovers 67% of their training program costs through participant fees. Training fees would initially be set at rates equivalent to current rates and gradually increased to approach 80% recovery by the end of the project. CAGI would also implement group discounts and other volume-based incentives, to foster increased participation.
- 3.26 In addition, CAGI would impose a fee structure for training of trainer courses for academic and industry trainers to enable additional cost recovery. Trainer fees would be determined on the basis of the service agreement between the trainer and CAGI. Two service options are proposed: trainers who are fulltime staff of training/education institutions such as UG and GUYSUCO and other participating firms; and trainers who are self-employed consultants and other individuals.
- 3.27 Moreover, technical assistance would be provided for the development and marketing of a package of income-generating services. These services would include:
- a. A MIS system capable of monitoring and analyzing developments in the labor market, reflecting industry trends, profiling and linking employers with employees, and potential investors; and diagnostic tools and services to assess the skills, aptitude and potential of trainees, and to aid in the selection and promotion of employees.
  - b. Provision of consulting services to industry in diagnosing training needs; and the establishment of employer-trainer networks which support or develop in-company training capacity.
- 3.28 A detailed project budget is attached in Annex III. This annex also includes a project revenue table, which illustrates how CAGI from the sale of training and other services, would meet its operational costs within one year of the conclusion of the grant period and sustain its activities beyond the life of the project. It is estimated that by year four a minimum of 1200 persons would be trained per year. Given the projected level of training and other activity, the project would achieve 50% recovery in the second year; 80% recovery in the third year; and 100% recovery by year four. By year five, two years after project termination, CAGI would show a positive cash flow from its new activities (including self-financed course updating).

#### IV. DISBURSEMENTS AND PROCUREMENT

- 4.1 Prior to first disbursement, CAGI shall submit evidence that it has hired a project director.
- 4.2 A revolving fund of 10% of the MIF funds will be established. This will be replenished upon presentation of the disbursement requests which should be submitted on a quarterly basis. The disbursement period will be 40 months from the signing of the agreement.
- 4.3 In accordance with the agreement establishing the MIF, goods and services may only be procured from those countries that are donors of the MIF or developing country members of the IDB.

#### V. BENEFITS AND RISKS

##### A. Benefits

- 5.1 The training program is designed to complement the existing training framework by assisting in the formation of strategic alliances between educational and training institutions and organizations. This will result in institutionalization of an accredited management training program and system in Guyana, owing to partnership among the key interest groups: industry associations, training institutions, and UG. The project will strengthen the capacity of CAGI, the lead supplier of on-the-job management training in Guyana to improve its operations and offerings as a training provider, specifically through upgrading curriculum, and implementation of a MIS that will provide information required for decision-making to industry.
- 5.2 At least 1,500 management personnel will receive training that would enhance their job performance and subsequently contribute to the enhancement of Guyanese productivity. Owner/managers will be one of the target groups of the program. This will enhance the long term impact of the proposed training program as retention of the skills in Guyana will be higher because: (i) owner/managers emigrate less than other managers; and (ii) owner/managers remain in their industries and are more likely to implement new techniques learnt, than employees who typically have to encounter a great deal of bureaucracy to introduce new methods.
- 5.3 Approximately 30 training personnel would have received upgraded skills relevant to their technical skill area, and pedagogical training that would enhance their performance as trainers and subsequently contribute to the enhancement of CAGI's productivity and image.

- 5.4 The climate for management training in Guyana will be enhanced by improving CAGI's training capacity and quality, as well as establishment of a professional management association and the annual Management Development Conference to be hosted by CAGI in association with UG.

B. Risks

- 5.5 A major concern is sustainability of the program over the long term. This risk will be mitigated by three factors in the project design. One, the selection of CAGI an industry-based membership organization, improves the probability of sustainability, as CAGI already has demonstrated capacity and basic infrastructure for industry-driven training. Two, the project as designed is demand driven. That is training programs will be conducted only on the basis of determined demand, which facilitates cost recovery, which in turn facilitates sustainability. Three, the project establishes institutional mechanisms to sustain CAGI's capacity for continuous improvement of the technical capabilities of CAGI staff, of training program offerings and trainers, as well as the establishment of cost recovery mechanisms. These mechanisms include for example, the establishment of the Training Advisory Board and an accreditation process by UG, the linkage to be established with regional centers such as UWI and other international specialized institutions identified, the establishment of an annual management conference, and the establishment of the training audit process.
- 5.6 Another risk is associated with turnover. Employers recognize the need to invest in upgrading management personnel, but feel that high turnover particularly in smaller firms makes the cost of training prohibitive; especially since the present employee benefits range from 75% to 100% of the wage bills. The risks associated with turnover will be mitigated by the cost-sharing mechanisms. Plans include an employer-guarantee of consumer education loans through a payroll deduction plan; establishment of an installment or credit plan by CAGI; expansion of employer training benefits to include this program; as well as the establishment of joint CAGI/UG registration for certificate participants which would allow trainees access to UG Student Loan Funds.
- 5.7 The risk of not achieving the 1,500 minimum target is mitigated by: (i) pricing the courses at current rates; (ii) accrediting the courses by UG thus making the Certificate a tradable good, and further stimulating demand in the marketplace; (iii) decentralization of the training venues to increase accessibility of the course to individuals outside Georgetown thus satisfying current unmet demand; and (iv) provision of cost-sharing mechanisms for individuals.
- 5.8 Implementation of this project is not expected to resolve the risk of emigration, which while real, is diminishing in the light of changes in immigration laws in the host countries and the continuing growth in the Guyanese economy which is pushing up wages.



However, it is expected that this project will contribute to upgrading the general level of management skills in the country as well as the establishment of a sustainable system for continuous improvement of management capacity.

## VI. COMPLIANCE WITH PROJECT ELIGIBILITY CRITERIA

### A. General criteria for project eligibility

- 6.1 The proposed project is consistent with the general purpose of the MIF approved in the Agreement establishing MIF as stated in Article I, (b) referring to the generation of increasing levels of private sector investment and participation.

### B. Facility criteria for project eligibility

- 6.2 The project is also fully consistent with the criteria for grant financing under the Human Resources Facility (HRF) of the MIF Agreement which establishes, among other criteria, that grants be provided to develop the skills of the work force. Human Resources Facility financing includes pilot projects and technical cooperation to private sector institutions to develop the human resource base needed for increased investment flows and an expanded private sector, which is very much in line with the activities included in this project. Moreover, the HRF promotes local initiatives by the private sector, with particular emphasis on enhancing current training programs and continuous learning of the work force, which are fundamental to the design of this project.

## VII. COMPATIBILITY WITH THE BANK'S COUNTRY PROGRAM

- 7.1 The Bank's strategy in Guyana calls for activities and programs aimed at stimulation of productive employment. Priority areas for Bank financing as outlined in the Programming Paper of 1995, include programs of education and training to strengthen the human resource base as well as the development of programs that enable the delivery of services through the private sector. The proposed project is compatible with IDB strategy in that it supports the upgrading of labor force skills thus contributing to private sector development and growth. At the same time, the project will complement the strengthening of public sector training capacity and thereby support the program under development by the Bank for the post primary education (GY-0019).

#### VIII. FUNDING MODALITY

- 8.1 The project is expected to be financed through a grant based on: (i) the country eligibility; (ii) compliance with the criteria of eligibility for obtaining grant resources at the country level (Article 5b of the MIF Agreement) detailed in Section III paragraphs 3.1-3.4 of the Eligibility Memorandum; and (iii) the catalytic impact the proposed project is expected to have on investment flows, as required.

#### IX. EVALUATION

- 9.1 Success of the training program will be measured not only by the numbers of middle level and technical managers trained, but by number of repeat customers, the impact of the accreditation of this training program on the numbers of individuals entering degree programs at UG, as well as productivity of employees in the firms. CAGI will use the survey method to assess the impact of the training on the participating individuals and firms by assessing baseline positions prior to project initiation and conducting a similar assessment at the midterm and upon completion of the project. Interviews will also be conducted with individuals to gauge the impact of the training on their own job performance.
- 9.2 CAGI will conduct a baseline study, a midterm review and project completion report which will provide information needed to determine the project's effectiveness. CAGI will engage the services of consultants to assist with the baseline study. The terms of reference of the baseline study included in Annex II will provide the guideline for terms of references for both the mid-term and the end of project review.
- 9.3 The Bank will undertake two external evaluations. The first will be conducted at midterm, and the second and final evaluation will take place no later than three months after the completion of the activities of the project. For this purpose the Bank will contract independent consultants. The evaluation shall take into account impact on specific individuals, on selected companies, on sectors targeted and on CAGI, as well as the interrelationship between the implementing agencies with specific attention to CAGI.

### DETAILED BUDGET

ITEMS		IDB (US\$)	LOCAL (US\$)	TOTAL (US\$)
<b>2.0 INDIVIDUAL CONSULTANTS</b>				
A. Executing Agency				
2.1. Compensation				
2.1.1 Honoraria (Project Execution Unit)				
- Project Coordinator	36m x \$2500/m	75,000	15,000	90,000
- Technical Training Specialist	36m x \$2000/m	60,000	12,000	72,000
- Administrative Assistants	36m x \$400/m		14,400	14,400
- Information Systems Expert	24m x \$2500/m	30,000	30,000	60,000
2.2 Short-term Experts Fees				
- Industrial Engineer	4m x \$5000/m	20,000		20,000
- Human Resources Specialist	4m x \$5000/m	20,000		20,000
- Industrial Environmental Management	4m x \$5000/m	20,000		20,000
- Quality Assurance & Management Specialist	4m x \$5000/m	20,000		20,000
- Agro Processing Industry	3m x \$5000/m	15,000		15,000
- Information Technology Expert	3m x \$5000/m	15,000		15,000
- Training Material Development	3m x \$4000/m	12,000		12,000
2.2 Resource Persons' Honoraria				
- 24 Technical Instructors	6mods x \$600/ mod x 8 groups	28,800		28,800
- Other Instructors				
- Supplementary education	30/trainee x \$500		15,000	15,000
- Personal development/Gender	20/trainee x \$750		15,000	15,000
2.5 Travel	7 people x \$1000			
2.5.1.1 Airline tickets		7,000		7,000
2.5.1.2 Perdiem	25m x 30/d x \$150/ day	112,500		112,500
- Experts (7 international short-term)				
<b>SUBTOTAL</b>		435,000	101,400	536,700
<b>3. TRAINING/PARTICIPANTS</b>				
A. Training of trainers	6 mod x \$1000/wkshp x 2 wkshp	12,000		12,000
3.5 Workshop materials				
3.90 Other (Space, Facilities, Utilities)	6 mod x \$1000/wkshp x 2 wkshp	6,000	6,000	12,000
B. Training Program Execution				
3.3 Transportation and perdiem	10d x \$15/day x 48 workshops		7,200	7,200
3.5 Teaching Materials				
3.5.1 Books	6mods x\$500/modx 8 Groups	24,000		24,000
3.5.1 Software./Videos. etc.		1,000		1,000
3.6 Training Equipment (see notes 1.)		130,000		130,000
3.9.1 Other (Space, utilit., facilit.).	6mod x \$500/mod x4 offsite		12,000	12,000

ITEMS		IDB (US\$)	LOCAL (US\$)	TOTAL (US\$)
3.9.2 Other (Training fees)			134,000	134,000
<b>C. Management Training Conference</b>				
3.5 Materials and supplies	\$75/part. x 500 participants	37,500		37,500
3.9 Other (Space, Facilit. Utilities).	\$2500/conf. x 2 conferences		5,000	5,000
<b>D. Other Supplementary Self Study Course</b>				
3.5 Materials & supplies				
- Supplementary education	\$30/trainee x \$500	15,000		15,000
- Personal development/Gender	\$20/trainee x 750	15,000		15,000
<b>SUBTOTAL</b>		<b>249,500</b>	<b>164,200</b>	<b>413,700</b>
<b>6. GENERAL SUPPORT</b>				
6.1 Premises	36m x \$750/month		27,000	27,000
6.3 Office Equipment (see notes 2.)		5,000		5,000
6.4 Supplies			5,000	5,000
6.6 Support Personnel	36m x \$300/month		10,800	10,800
6.7 Auditing Services		10,000		10,000
6.8 Communications	36m x \$1,000/month		36,000	36,000
<b>SUBTOTAL</b>		<b>15,000</b>	<b>78,800</b>	<b>93,800</b>
<b>7. PUBLICATIONS</b>				
7.1 Preliminary Printing Costs		10,000		10,000
7.3 Printing		20,000		20,000
7.4 Distribution		2,000		2,000
<b>SUBTOTAL</b>		<b>32,000</b>		<b>32,000</b>
<b>8. EVALUATION</b>				
8.2 External Eval./Individual Consultants (Baseline, Midterm & Final)		60,000		60,000
<b>SUBTOTAL</b>		<b>60,000</b>		<b>60,000</b>
<b>98. CONTINGENCIES (8%)</b>		<b>83,200</b>	<b>25,600</b>	<b>108,800</b>
<b>GRAND TOTAL</b>		<b>875,000</b>	<b>370,000</b>	<b>1,245,000</b>

**NOTE: 1. Training Equipment required**

- 12 -- Pentium 130 Computers with CD ROM (2 with multimedia capability) (\$40,000).
- 3 -- RICS Computer with CAD/CAM, AUTOCAD, CIM (\$20,000).
- 2 -- Laptop Computers with Projection capability) (\$5,000).
- 6 -- Laser Printer (\$5,000).
- 2 -- TV/VCR (\$2000).
- 1 -- Video Camera/2 Overhead Projectors/2 Slide Projectors (\$3,000).
- 1 -- Telecourse Facility (\$55,000).

**2. Office Equipment**

- 1 -- Photocopier (\$5,000).

# CASH FLOW ANALYSIS START

ITEM	YEAR 1	YEAR 2	YEAR 3	YEAR 4	
<b>EXPENSES</b>					
Engineering Fees (700 x \$65 @ 25%/yr)		45,500	64,000	80,000	
Engineering Fees (In-firm & Customized) 100 x \$60 @ 50%/yr		6,000	10,500	15,000	
State Membership Fees (100 x \$20 @ 100%/yr)		2,000	4,500	6,750	
License Fees (200 x \$50 @ 50%/yr)		10,000	22,500	30,000	
Travel & Material Fees (800 x \$20 @ 10%/yr)		16,000	20,900	30,000	
Engineering Audit Fees (6 firms x \$500 @ 50%/yr)		3,000	5,000	9,000	
<b>TOTAL</b>		<b>82,500</b>	<b>127,400</b>	<b>170,750</b>	
<b>EXPENSES</b>					
Individual Consultants					
Executive Agency					
Local Honoraria (PEU/IDB)	82,500	82,500			
Local Honoraria (PEU/Local)	4,800	19,800	46,800	49,140	
Short-term Experts Fees	122,000				
Resource Persons' Honoraria (IDB)		14,400	14,400		
Resource Persons' Honoraria (Local)		15,000	15,000	32,340	
Travel	119,500				
Training/Participants					
Training of trainers (IDB)	18,000				
Training of trainers (Local)	6,000			2,000	
Training Program Execution (Local)		9,600	9,600	10,080	
Training Program Execution (IDB-Materials & Equipment)	164,000				
Management Training Conferences (IDB)		18,750	18,750		
Management Training Conferences (Local)		2,500	2,500	12,000	
Other Supplementary Courses		15,000	15,000	15,000	
Local Support					
Supplies (Local)	9,000	9,000	9,000	9,000	
Office Equipment (IDB)	5,000				
Supplies (Local)	1,500	1,500	2,000	3,000	

ITEM	YEAR 1	YEAR 2	YEAR 3	YEAR 4	
ort Personnel (Local)	3,600	3,600	3,600	4,200	
ing Services (IDB)		5,000	5,000		
unications (Local)	12,000	12,000	12,000	8,000	
cations (IDB)	12,000	12,000	8,000		
cations (Local)				4,000	
ation (IDB)		30,000	30,000		
TOTAL	559,900	250,650	191,650	148,760	
LOW	-559,900	-168,150	-64,250	21,990	
% Cost Recovery BREAKEVEN POINT OCCURS IN YEAR 4	0.00	0.33	0.66	1.15	

OBJECTIVES	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
<p>The overall goal of the project is to increase the quality, accessibility, and flexibility of middle level management training in Guyana, e.g.:</p> <p>a) facilitate the development of modular training programs and customized training support; b) broaden participation in training outside of CAGI membership.</p>	<p>Twenty-five (25%) increase in offerings of affordable and sustainable middle management training courses available to industry.</p> <p>Accredited middle management training program established and at least six modules accepted by UG.</p> <p>Fifty percent (50%) increase in number of small owner/managed enterprises participating in programs.</p> <p>Training delivery area outside of capital city and training program scheduled after-hours/weekends.</p>	<p>Training needs assessment for target sectors conducted by CAGI training staff. Mid-term and final Evaluation conducted.</p> <p>Methodology established to accredit middle-management and technical training courses to UG, and used by UG to fulfill requirements in a UG degree program.</p> <p>Baseline, tracer and evaluation studies conducted to determine qualitative and quantitative indicators, such as: analysis of training investment per employee; analysis of training offerings by number, type and participation.</p>	<p>Industry will respond to market-oriented education and training programs, and education and training providers will respond to industry needs with market oriented programs.</p>
<p>Improve the management skills of the Guyanese workforce in the three targeted industry branches.</p>	<p>1500 Middle and technical Managers trained in modern production techniques and service management.</p> <p>At least six modular training programs and six customized in-firm courses conducted by industry.</p> <p>Twenty CAGI trainers trained in new management techniques.</p> <p>Decrease in turnover rate in target sectors and firms.</p>	<p>Evaluation studies to verify quantitative and qualitative indicators.</p> <p>LMIS established and data on training and firms collected.</p> <p>Training of trainers program established.</p>	<p>Industry accepts new approaches to education and training. Continued political and economic stability of country encourage growth. Sectors selected are those where management training could have a multiplier effect.</p>

OBJECTIVES	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
<p>Enhance capacity of CAGI to determine and address industry training needs on a continuous basis; e.g. articulate and rationalize on-the-job, industry driven middle management training and education.</p>	<p>A minimum of twenty training audits carried out by CAGI.</p> <p>Two annual management conferences attracting over 150 attendees are organized.</p> <p>CAGI offers associate membership to individuals, and increases membership to 200 members by end of project.</p> <p>CAGI develops linkages to external training providers to ensure continuous updating.</p>	<p>Project training staff trained to conduct audits.</p> <p>Training Advisory Board established.</p> <p>Public relations campaign. CAGI develops LMIS and information center on Human Resources Development. CAGI offers new training services such as training audits to firms and sectors. Analysis of education and training offerings by number, type and participation included in annual manpower study conducted by CAGI extension officers.</p>	<p>The leadership of CAGI has the will to assume a leadership role in management training and development for industry.</p> <p>Industry responds positively to training and credentialling activities and generates demand for continuous training.</p>
<p>Develop sustainable financing mechanisms for management training by promoting joint employer-employee financing.</p>	<p>Market-based fee structure established for training courses and other services.</p> <p>Cost recovery at 66% by end of three-year project and 100% by year 4.</p>	<p>Analysis of total expenditure for management training courses and services; and number of people impacted per dollar of investment included in baseline and evaluation studies.</p>	<p>Industry willing to finance its share to maintain training development, credentialling and skills matching system. Workers meet some costs for training.</p>



PROPOSED RESOLUTION

GUYANA. NONREIMBURSABLE TECHNICAL COOPERATION FOR  
MIDDLE AND TECHNICAL MANAGEMENT TRAINING

The Donors Committee of the Multilateral Investment Fund

RESOLVES:

1. That the President of the Inter-American Development Bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Multilateral Investment Fund, to enter into such agreements as may be necessary with the Consultative Association of Guyanese Industries and to take such additional measures as may be pertinent for the execution of the project memorandum referred to in Document MIF/AT- with respect to a technical cooperation for Middle and Technical Management Training .

2. That up to the amount of US\$875,000, or its equivalent in other convertible currencies, is authorized for the purpose of this resolution, chargeable to the resources of the Human Resources Facility of the Multilateral Investment Fund.

3. That the above-mentioned sum is to be provided on a nonreimbursable basis.