

**SUPPORT FOR THE DEVELOPMENT OF A REGIONAL CREDENTIALING SYSTEM FOR THE  
HOSPITALITY AND TOURISM INDUSTRY**

**(TC-97-02-45-9)**

**EXECUTIVE SUMMARY**

**BENEFICIARY/** Caribbean Hotel Association (CHA)  
**EXECUTING AGENCY:**

**PROJECT OBJECTIVES:** The overall objective of the project is to increase the international competitiveness of the hospitality and tourism workforce in the Caribbean Region by developing a regional credentialing system. Specific objectives of the project are: (i) bridge the existing gap between the demand for specific skill sets and the supply of high quality education and training in hospitality and tourism occupations; (ii) promote consistent quality of service delivery by assisting in the design/ adaptation of competency-based, occupational standards; (iii) facilitate professional recognition of work experience, work-based learning and academic achievement; (iv) upgrade the quality of human resources available to the industry through the promotion and marketing of career paths and career mobility throughout the region; and (v) increase the number of "trained trainers" available to the sector.

<b>PROJECT COST AND FINANCING:</b>	Modality:	Grant
	Recipient:	US\$1,700,000
	MIF:	<u>US\$2,200,000</u>
	Total:	US\$3,900,000

**SPECIAL CONTRACTUAL CONDITION:** There will be two special contractual conditions: (i) an Inter-agency agreement between the CHA and the ACTI will be required prior to disbursement of grant resources for Component II of Subprogram A. This agreement will address CHA and ACTI roles and responsibilities for the establishment of an objective credentialing process for evaluating cumulative accomplishments via portfolio assessment and providing professional recognition, as well as, for the design and implementation of an objective process to provide industry validation of education and training programs (paragraph 3.5); and (ii) prior to implementation of the demonstration project focused on improving service quality and consistency in small hotels in the countries of the OECS, a specialized agreement will be drawn-up between the CHA and the CDB (paragraphs 3.9 and 3.10).

## I. COUNTRY AND PROJECT ELIGIBILITY

- 1.1 The following countries are participating in this project: Jamaica, Bahamas, Barbados, Belize, and Trinidad and Tobago and the OECS group of countries comprising: Antigua and Barbuda, St. Vincent and the Grenadines, Dominica, Grenada, Montserrat, St. Kitts and Nevis, and St. Lucia. Eligibility for this private sector led initiative has been established by the Multilateral Investment Fund because the project will: (i) establish a region-wide framework for the development and implementation of standards, certification, and credentialing processes for the Caribbean hotel and tourism sector so as to improve career mobility among workers in the industry throughout the Caribbean; (ii) provide an opportunity to develop a variety of training materials and products multiplying the effect of a single investment in training curricula; and (iii) strengthen the inter-regional networks of hotel and tourism training institutions and the intra-regional exchange of training methodologies and practices thereby leveraging other MIF investments in the sector.

## II. BACKGROUND

- 2.1 Hospitality and tourism is one of the most important economic sectors in the Caribbean and the lead producer of foreign exchange. The hotel and tourism industry currently employs 2.4 million people, 25% of the total employment in the Caribbean versus 10% of total worldwide employment, and that number is expected to increase almost 17% to 2.8 million within the next decade. Most countries of the region have experienced a loss of global market share for the hotel and tourism industry in the last decade due to increased global competition. Given this loss and because the industry accounts for 78% of the capital investment in the region (World Tourism and Trade Council data) and employs a significant percentage of the workforce, there is cause for great concern about the long-term sustainability of the industry and the region itself.
- 2.2 Intense competition throughout the world in the hospitality and tourism sector and the industry's poor overall operating results have created the need for the industry in the Caribbean to re-think basic business practices and develop specific strategies targeted at increasing productivity. Due to the labor intensive nature of the industry, one obvious focus for these efforts is improved human resources development. The shift to high performance work organizations, previously a phenomena in the manufacturing sector, is now occurring in the hospitality and tourism sector worldwide. Many organizations are re-engineering their work processes as a means of improving productivity and increasing responsiveness to the ever-changing and ever-growing needs of travelers. To accomplish this, skill requirements for workers at all levels of the organization must be raised. While the need for multi-skilled workers has long existed for small tourism entities, these types of businesses generally do not have the resources required to create their own training programs.

- 2.3 Regionalization, and increased mobility of skilled professionals and skilled personnel across the Caribbean, has become a high priority with the enlargement of the Caribbean Community (CARICOM) and the establishment of the Association of Caribbean States (ACS). Historically, college and university level degrees have provided the only basis for portable credentials that are recognized and accepted by governments for mobility of professionals and skilled workers. Many Caribbean nationals who work in the hotel and tourism sector have only received on-the-job training and lack formal, academic credentials-leaving them at a serious disadvantage relative to career progression because they do not possess the portable credentials needed to move into new and more challenging positions. They often find themselves competing against individuals who possess diplomas and degrees from colleges and universities around the world.
- 2.4 Within the Caricom context both ACTI and UWI have been working in the areas of accreditation and regional articulation of technical and vocational programs. This operation will build on this broad experience but will be industry driven.
- 2.5 In response to the challenges outlined above, the Caribbean Hotel Association (CHA) is taking the lead in creating an industry-driven system of education and training that focuses both on industry-based certification and academic preparation leading to industry recognized credentials. Based on the competencies or outcomes required for success-whether in entry- or executive-level positions, a certification and credentialing system recognizes that skills and knowledge are the currency for employment and that career advancement and industry-relevant skills and knowledge can be acquired in many ways. By tying together traditional academic programs, occupational standards and certification, work-based learning schemes and prior work experience, a certification and credentialing system builds a clear connection between these approaches and the competencies or outcomes required for recognition as a professional by the industry.
- 2.6 MIF approved three tourism sector human resource development projects in the Caribbean in 1995-96, in the Bahamas, Jamaica, and Trinidad and Tobago. While each project is distinct, all aim to improve training design and engage the tourism industry in the development of a system of competency standards to serve as a basis for skills assessment and certification. These projects seek to raise the quality and bring more consistency to the industry's training delivery system by promoting partnerships with relevant training and education programs to leverage available resources and customize education and training to the current and future needs of the industry. These three projects have only highlighted the need throughout the Caribbean region for a region-wide credentialing system that would provide for industry recognition of combined academic achievement, non-academic or industry-based training, work history, and skills attainment.
- 2.7 This regional project will build on the needs assessment activities and systems under development in the above-noted MIF financed

projects by linking, through a wide area network, the three country project offices to the regional project office thereby facilitating the exchange of data and information. The regional project will also organize annual meetings of all project coordinators to exchange information and experience on industry skills standards, assessment, certification, etc.

### III. PROJECT OBJECTIVES AND BASIC COMPONENTS

#### A. Project objectives

- 3.1 The overall objective of the project is to increase the international competitiveness of the hospitality and tourism workforce in the Caribbean Region by developing a regional credentialing system.
- 3.2 Specific objectives of the project are: (i) bridge the gap that exists between the demand for specific skill sets and the supply of high quality education and training in hospitality and tourism occupations; (ii) promote consistent quality of service delivery by assisting in the design/adaptation of competency-based, occupational standards; (iii) facilitate professional recognition of work experience, work-based learning and academic achievement which leads to increased opportunities for career growth and mobility; (iv) upgrade the quality of human resources available to the industry by increasing awareness of job and career opportunities in the sector through the promotion and marketing of career paths and career mobility throughout the region; and (v) increase the number of "trained trainers" available to the sector.

#### B. Project components

- 3.3 The project will consist of two subprograms:
  - (A) Design and development of industry certification system and credentialing framework. Subprogram A will include the following components: (i) certification system; (ii) credentialing framework; (iii) train the trainer programs; and (iv) awareness of employment and career opportunities.
  - (B) Demonstration projects. Subprogram B will include the following components: (i) a demonstration project focused on culinary and food and beverage service occupations; and (ii) a demonstration project focused on improving service quality and consistency in small hotels in the countries of the OECS.

Subprogram A - Design and development of certification and credentialing system

*Component I - Certification system (US\$750,000, 73% MIF)*

- 3.4 The main activities will include: (i) further development of occupational standards for industry positions based on the results of work profiling (job and task analysis, psychometrics) integrated with recognized standards of performance; (ii) development of a cost-effective means for assessing/certifying the competence of individuals according to established occupational standards. During the project implementation phase, the system is projected to enroll 10,000 incumbent workers (front-line to supervisory) and diploma students in programs for targeted occupations; complete and accept industry-based standards for a minimum of 40 occupations; and include 50% of CHA member hotels in affected countries.

*Component II - Credentialing framework (US\$300,000, 66% MIF)*

- 3.5 This component will establish a solid framework for credentialing. The main activities will include: (i) establishment of an objective credentialing process for evaluating cumulative accomplishments (work-based and academic learning, prior work experience) via portfolio assessment and providing professional recognition; and (ii) design and implementation of an objective process to provide industry validation of education and training programs. During the project implementation phase, the system is projected to enroll 5,000 workers and students in the credentialing process and 75 hotel and tourism schools/programs in the industry validation process. Activities will be undertaken in conjunction with ACTI and technical assistance funded by the project.

*Component III - Train the trainer programs (US\$850,000, 29% MIF)*

- 3.6 This component will create multipliers who are equipped to educate and train individuals to the standards established for the region. The main activities will include two thrusts: (i) work based learning-provide instruction for trainers, expert workers, internal assessors and external assessors in standards-based on-the-job training systems, i.e., apprenticeship, parallel training, mentoring, etc.; and (ii) academic learning-provide instruction for educators in standards-based curriculum development and delivery. During the project implementation phase, the system is expected to certify 750 "trained trainers"

*Component IV - Career awareness (US\$400,000, 25% MIF)*

- 3.7 This component will create demand for employment in hospitality and tourism occupations. The main activities will include: (i) identification and promotion of industry career path opportunities; and (ii) creation of widespread recognition for portable credentials awarded and facilitation of regional mobility for industry workers with portable credentials. During project implementation, these

activities are projected to create a 25% increase collectively for workers already employed and for students seeking employment in the hotel and tourism industry.

Subprogram B - Demonstration projects

*Component I - Culinary demonstration project (US\$500,000, 40% MIF)*

- 3.8 This component will focus on culinary and food and beverage occupations where a widespread shortage of skilled professionals exists across the region from entry to executive levels. Established and recognized region-wide service standards are needed to upgrade the consistency, quality and safety of food service across the region. The main activities will include: (i) establishment of Caribbean culinary standards and Caribbean cuisine; (ii) development of recognized competencies for culinary and food and beverage service occupations; (iii) creation of systems, policies and procedures for regional culinary and food and beverage service apprenticeship and certification programs; and (iv) organization of national competitions to demonstrate professionalism via demonstrated competence/mastery of standards.

*Component II - OECS demonstration project (US\$500,000, 100% MIF)*

- 3.9 This component will test the framework for certification and credentialing as it relates to the human resource development needs and sustainability of small hotels, one of the most significant challenges facing the hotel and tourism industry in the Caribbean. Effective human resource development is difficult due to scarcity of resources for staff training and lack of awareness as to the importance of training to long-term operational success and financial viability on the part of owners and operators. The main activities will include: (i) implementation of the Certification and Credentialing System developed by CHA under Subprogram A and (ii) regional extension services to facilitate the system.
- 3.10 In addition, this component will finance two regional extension officers for the six countries of the OECS who will provide to small hotels "train the trainer" programs, customized training assistance and outreach services and serve as information brokers (linking supply and demand in the training market). Training provided will include: (a) matching of small hotel human resource development needs and the supply of education and training programs for work-based and academic learning; (b) sound business practices and technological applications pertinent to small hotels.

**IV. EXECUTING AGENCY AND MECHANISM, PROJECT READINESS AND BENEFICIARIES**

- 4.1 The project will be executed by the Caribbean Hotel Association (CHA). Created in 1965, the CHA is the main private sector body representing the industry in the region. The Association works closely with public, private, non-governmental, and regional organ-

izations, such as the Caribbean Tourism Organization (CTO), to maximize benefits for its membership and to augment the hospitality and tourism sector. The Association is composed of over 1,000 active hotel members and 750 allied members represent all facets of the industry.

- 4.2 Due to a long history of delivering industry-based training programs, CHA will be responsible for the design and development of the industry-based certification and credentialing system and the adaptation and dissemination of that system. Three months after the agreement is authorized, CHA will charter an Industry Certification and Credentialing Council. This Council, which will include representation by the public sector and other relevant stakeholders, will provide third party verification by serving as an advisory body for the establishment of the standards, certification and credentialing processes.
- 4.3 CHA will establish a Project Execution Unit (PEU), that will be located in the offices of the Barbados Hotel and Tourism Association and part of the CHA federation. The PEU will be headed by a Project Coordinator who will be responsible for managing the Program including the identification and contracting of consultants, organizing the program of work for consultants and counterparts, sanctioning terms of reference, monitoring the technical quality of outputs and their dissemination within the participating countries. Administrative duties will be carried out by the coordinator with the support of an Administrative/Systems Officer. Specific administrative functions will include data collection, procurement and management of funds.
- 4.4 In addition to these staff, the work of the project will be facilitated by four component coordinators, who will manage the components in Subprogram A, and two project extension officers who will provide training on site in small hotels throughout the countries of the OECS for Subprogram B, Component II, Demonstration Project focused on improving service quality and consistency in small hotels in the OECS countries. All project staff will report to the Project Coordinator of the PEU. Terms of reference for the project staff are provided in Annex III.
- 4.5 The Association of Caribbean Tertiary Institutions (ACTI), which represents over 130 post-secondary institutions including the University of the West Indies (UWI), will serve as the executor for Subprogram A, Component II (see paragraph 3.5). An inter-agency agreement will be developed between ACTI and the CHA, to define roles and responsibilities of participation, prior to disbursement for the activities of this component.
- 4.6 Pursuant to the Memorandum of Understanding between the Caribbean Development Bank (CDB) and the IDB, signed on February 16, 1995, the CDB will serve as the "Financial Agent" for Subprogram B, Component II Demonstration Project focused on improving service quality and consistency in small hotels in the OECS countries.

- 4.7 The execution period will be 39 months and a disbursement period of 42 months. Reporting and monitoring will be the primary responsibility of the PEU. The PEU will be responsible for the preparation of annual work plans and progress reports.
- 4.8 The direct beneficiaries of the project will be the Caribbean Hotel Association and the members of the CHA Federation. The target populations for participation in the project will be (i) persons already employed in the industry, and (ii) new entrants to the job market, with particular emphasis on the youth, ages 16-24 which represents nearly 40% of the unemployed in the Caribbean.

#### V. COST AND FINANCING DURING EXECUTION AND OPERATION PHASES

- 5.1 The total cost of the project is estimated to be US\$3,900,000; US\$2,200,000 will be provided by the MIF through non-reimbursable financing to the CHA. The CHA will contribute US\$1,700,000 through cash and in-kind contributions. The CDB will serve as the "Financial Agent" for Subprogram B, Component II Demonstration Project focused on improving service quality and consistency in small hotels in the countries of the OECS.
- 5.2 Project operational sustainability will be arrived at through the generation of revenue from fees charged to industry workers, hotels, restaurants, and training/education providers for assessment and certification, processing of credentials, maintenance of credentialing records, and industry validation of education and training programs. Fees will be compatible with current government licensing schemes for tourism operators with a net profit margin required to sustain operation and maintenance of the system. It is expected that the project would be self-sustaining by the third year.

TABLE 1 (figures in thousands)			
ACTIVITY	IDB/MIF	CHA	TOTAL
<b>SUBPROGRAM A</b>			
1. COMPONENT I. CERTIFICATION	550	200	750
2. COMPONENT II. CREDENTIALING	200	100	300
3. COMPONENT III. TRAIN THE TRAINER	250	600	850
4. COMPONENT IV. CAREER AWARENESS CAMPAIGN	100	300	400
<b>SUBPROGRAM B</b>			
5. COMPONENT I. CULINARY DEMONSTRATION PROJECT	200	300	500
6. COMPONENT II. OECS DEMONSTRATION PROJECT	500	0	500
7. EVALUATION	50	0	50
8. ADMINISTRATION COSTS	200	200	400
9. CONTINGENCIES	150	0	150
Total	2200	1700	3900



## **VI. PROJECT JUSTIFICATION AND RISKS**

### **A. Justification**

- 6.1 The project will: (i) position the private sector to play an ongoing leadership role in targeting human resources development and management to the specific needs of the industry; (ii) encourage partnerships with education and training providers, government and non governmental organizations; (iii) facilitate the sharing of information and serve to leverage available resources to the industry's benefit; (iv) create new linkages to previously underserved members of the industry through-out the region; and (v) demonstrate the potential effectiveness of the certification and credentialing system for the Region.

### **B. Risks**

- 6.2 One risk is the geographical and historical fragmentation of the industry itself, given the multi-island setting and emerging tourism markets such as eco, adventure and heritage tourism. This risk is mitigated by the comprehensive membership of the CHA Federation which encompasses all aspects of the industry and has a physical presence through its member hotel and tourism associations throughout the region. A list of CHA's membership is attached as Annex IV.
- 6.3 Another risk is the possible transition to be expected in bringing training programs, administered by public education institutions and trainers, up to industry-driven standards, in view of the industry's limited experience in development and oversight of academic training systems.

## **VII. PROJECT PERFORMANCE CRITERIA/BENCHMARKS AND EVALUATION OF RESULTS**

### **A. Project performance criteria**

- 7.1 The results of the project will include: (i) a stronger partnership between the private and public sectors leading to better facilitation and coordination of general and specialized skill training; (ii) improvement in performance related to quality of service as indicated by visitor surveys and on-site assessment of worker performance against established standards; (iii) availability of a cadre of highly trained industry-based trainers, coaches and mentors for the industry; (iv) further development of a system of occupational standards and certification for hotel and tourism occupations with a special emphasis on culinary and food and beverage; (v) strengthening of the link between work-based learning and academic programs to promote occupational standards; (vi) development of a credentialing system which provides professional recognition for workers based on their lifelong academic and work-based learning and cumulative work experience; (vii) an increase in the number of Caribbean nationals attracted to

the industry; and (viii) greater mobility throughout the region for Caribbean nationals who work in the industry through regional recognition of standards, competencies and certification. Quantifiable project indicators and their means of verification may be found in Annex I, Simplified Logical Framework.

**B. Evaluation of results**

- 7.2 There will be two external assessments of the project: a mid-term review at the 18 month point; and a final review at the end of project implementation. The CHA will engage the services of a consultant(s) to conduct the mid-term review. This first assessment should focus on the organizational and consensus building aspects of the project and their impact on the overall administrative operations which have been put into place. The evaluation process will be guided by the project work plans and the general and specific goals of the project. The evaluation will also address how grant dollars were spent for specific areas of the budget.
- 7.3 The purpose of the final review will be to assess the impact of the program on individual participants, the industry, and the inter-relationship the project is designed to promote. The final review will focus on several key areas such as: assessment of the cost-effectiveness of services provided; attainment of certifiable skills by target groups; and improvements in quality of services and customer satisfaction. During this review, indicators outlined in Annex I will be used.

**VIII. EXCEPTION TO POLICY AND PROCEDURES (None)**

**IX. CONDITION FOR FIRST DISBURSEMENT (None)**

### SIMPLIFIED LOGICAL FRAMEWORK

OBJECTIVES	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
<p><b>OVERALL GOAL</b></p> <p>The overall objective of the project is to increase the international competitiveness of the hospitality and tourism workforce in the Caribbean Region.</p>	<p>Increased organizational profitability and enhanced total visitor revenues for the region;</p> <p>Increased earning power for industry workers;</p> <p>Increased guest satisfaction and increased number of repeat visits.</p>	<p>Profitability studies conducted by CHA, macro data from national and regional sources, increase in market share confirmed by the World Travel and Tourism Council and the World Tourism Organization;</p> <p>Results of labor market diagnostics provided by governments, multilaterals and other sources;</p> <p>Analysis of guest comment cards and visitor exit surveys.</p>	<p>Continued growth of global tourism industry and favorable economic conditions for the tourism industry in the Caribbean</p>
<p>Bridge the gap that exists between the demand for specific skill sets and the supply of high quality education and training in hospitality and tourism occupations.</p>	<p>10,000 incumbent workers (front-line to supervisory) and diploma students trained in programs for targeted occupations.</p>	<p>Output from CHA certification and credentialing database.</p>	<p>Hotel and tourism stakeholders accept new approaches to training.</p> <p>Members of CHA Federation will be able to sustain interest and commitment to project.</p>
<p>Promote consistent quality of service delivery by assisting in the design/adaptation of competency-based, occupational standards.</p>	<p>Completion and acceptance of industry-based standards for a minimum of 40 occupations;</p> <p>50% of CHA member hotels in affected countries implement standards.</p>	<p>Report on industry-based standards content from Industry Certification and Credentialing Council;</p> <p>Analysis of CHA member properties and audit for adherence to standards in participating hotels.</p>	<p>Hotel and tourism stakeholders accept standards and voluntarily participate in implementation of system.</p>

OBJECTIVES	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
Facilitate professional recognition of work experience, work-based learning and academic achievement which leads to increased opportunities for career growth and mobility.	5,000 workers and students enrolled in credentialing process;  75 hotel and tourism schools/programs undergo industry validation	Output from CHA certification and credentialing database;  Output from Industry Validation process developed by CHA and ACTI	Market demand for credentialing framework on part of employers,workers, educators and trainers.
Upgrade the quality of human resources available to the industry by increasing awareness of job and career opportunities in the sector through the promotion and marketing of career paths and career mobility throughout the region.	25% increase in number of workers and students who seek/maintain employment in the hotel and tourism industry.	Retention rates of workers participating in certification and credentialingsystem;  Tracking of employment applications and school/program applications submitted in affected countries.	Ability of project to change perception of job and career opportunities in the hotel and tourism industry.
Increase the number of "trained trainers" available to the sector.	750 "trained trainers" certified by project.	Output from CHA certification and credentialing database.	Hotel and tourism stakeholders including educators and trainers accept new approaches.

PROPOSED RESOLUTION

REGIONAL. NON REIMBURSABLE TECHNICAL COOPERATION FOR  
THE “SUPPORT FOR THE DEVELOPMENT OF A REGIONAL CREDENTIALING  
SYSTEM FOR THE HOSPITALITY AND TOURISM INDUSTRY” PROGRAM

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 Caribbean Hotel Association, and to take such additional measures as may be pertinent for the execution of the project proposal contained in Document MIF/AT- with respect to a technical cooperation program to support the development of a regional credentialing system for the hospitality and tourism industry in the Caribbean Region.
2. That up to the sum of US\$2,200,000 or its equivalent in other convertible currencies shall be authorized for the purpose of this resolution, chargeable to resources of the Human Resources Facility of the Multilateral Investment Fund.
3. That the above-mentioned sum is to be provided on a non-reimbursable basis.