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MULTILATERAL INVESTMENT FUND

THE BAHAMAS

**DIGITAL SKILLS AND EMPLOYMENT OPPORTUNITIES FOR THE DISPLACED
WORKFORCE IN THE BAHAMAS**

(BH-T1077)

DONORS MEMORANDUM

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PROJECT SUMMARY

BAHAMAS

DIGITAL SKILLS AND EMPLOYMENT OPPORTUNITIES FOR THE DISPLACED WORKFORCE IN THE BAHAMAS

(BH-T1077)

The Bahamas has experienced two major economic shocks over the last 12 months, Hurricane Dorian in 2019 and the COVID-19 pandemic. Hurricane Dorian caused losses and damages of about \$3.4 billion (27% of GDP), resulting in considerable pressure on public finances and reserves as well as business operations and livelihoods. The situation is now further compounded by the COVID-19 pandemic which has caused many businesses to lay off workers, temporarily or permanently. In this regard, the Bahamian government has projected that approximately 40% of Bahamians could be unemployed because of the global COVID-19 pandemic. The Bahamas is now at a critical state where saving lives due to the health consequences of COVID-19 must also be balanced with saving livelihoods given the economic impact of the crisis.

For the most part, many of the businesses affected currently operate traditional business models with limited digital integration. The challenges to business resilience in the Bahamas are further compounded by the relatively low digital and technological skills of the workforce, at a point where business leaders want to embrace innovation and digital transformation. Many of these workers lack awareness and access to learning new technologies and digital skills due to socioeconomic backgrounds and the high costs associated with training and education. Further, the livelihoods of women are significantly impacted as the country's tourism industry, one of the hardest hit sectors, offers many employment opportunities to a large segment of the female workforce. The displacement of workers in the tourism sector worsens gender disparities in the unemployment numbers with women being more likely than men to be unemployed, irrespective of their levels of educational attainment.

The proposed solution will focus on development and delivery of a relevant and accessible training program for displaced workers and self-employed persons to adopt and apply digital skills in existing and new business opportunities in The Bahamas. The project seeks to support employment and new entrepreneurship activities within the workforce and by extension, in businesses that have been impacted by the effects of Hurricane Dorian and the COVID 19 pandemic.

The direct beneficiaries are 500 displaced workers and self-employed persons from sectors that have been disrupted by the economic crisis across the islands. Priority will be given to participants from low income households with the aptitude to undertake the training program and will target at least a 50% female participation rate. The Executing Agency is the Avasant Foundation, and the total project budget is US\$1,000,000, of which US\$500,000 in financing will be provided by IDB Lab through a non-reimbursable technical co-operation.

ANNEXES

ANNEX I	Results Matrix
ANNEX II	Budget Summary
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Draft Resolution

AVAILABLE IN THE TECHNICAL DOCUMENTS SECTION OF MIF PROJECT INFORMATION SYSTEM

ANNEX IV	Diagnosis of Integrity and Institutional Capacity (DICI) [includes Integrity Due Diligence Analysis]
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ACRONYMS AND ABBREVIATIONS

Avasant	Avasant LLC
CBH	Country Office in The Bahamas
CCB	Caribbean Countries Department
DICI	Assessment of Integrity and Institutional Capacity
GDP	Gross Domestic Product
IDB	Inter-American Development Bank
IDB Lab	Formerly Multilateral Investment Fund
IDBG	Inter-American Development Bank Group
IFD/CMF	Capital Markets and Financial Institutions Division
IT	Information Technology
LAC	Latin America and the Caribbean
LMK	Labor Markets and Social Security Division
MIF	Multilateral Investment Fund
MSMEs	Micro, Small and Medium Enterprises
PSR	Project Status Report
SBDC	Small Business Development Centre
SDG	Sustainable Development Goal
SMEs	Small and Medium Enterprises
US/USA	United States of America

PROJECT INFORMATION

DIGITAL SKILLS AND EMPLOYMENT OPPORTUNITIES FOR THE DISPLACED WORKFORCE IN THE BAHAMAS

(BH-T1077)

Country and Geographic Location:	The Bahamas		
Executing Agency:	Avasant Foundation		
Focus Area:	Knowledge Economy		
Coordination with Other Donors/Bank Operations:			
Project Beneficiaries:	The direct beneficiaries are 500 displaced workers and self-employed persons from sectors that have been disrupted by the economic crisis across the islands. Priority will be given to participants from low income households with the aptitude to undertake the training program and will target at least a 50% female participation rate. Of self-employed participants, at least 40% will adopt digital business models. Indirect beneficiaries of the project can be estimated as 1,700 family members of program graduates that have experienced loss of income due to the pandemic.		
Financing:	Technical Cooperation:	US\$ 500,000	50%
	Equity:	US\$ 000,000	
	Loan:	US\$ 000,000	
	Other (explain):	US\$ 000,000	
	TOTAL MIF FUNDING:	US\$ 500,000	
	Counterpart:	US\$ 500,000	50%
	Co-financing (if available; include a separate line for IDB Co-financing if applicable):		00%
	TOTAL PROJECT BUDGET:	US\$ 1,000,000	100%
Execution and Disbursement Period:	36 months of execution and 42 months of disbursement.		
Special Contractual Conditions:	Conditions prior to first disbursement will be, to the Bank's satisfaction: (i) Selection of the Project Coordinator; and (ii) establishment of the Project Steering Committee.		
Environmental and Social Impact Review	This operation was screened and classified as required by the IDB's safeguard policy (OP-703) on July 1, 2020. Given the limited moderate impacts and risks, the proposed category for the project is C.		
Unit responsible for disbursements	CCB/CBH		

I. The Problem

A. Problem Description

- 1.1. The Bahamas has experienced two major economic shocks over the last 12 months, Hurricane Dorian in 2019 and the COVID-19 pandemic. Hurricane Dorian caused losses and damages of about \$3.4 billion (27% of GDP), resulting in considerable pressure on public finances and reserves¹. The islands of Abaco and Grand Bahama suffered massive destruction in infrastructure, 90% and 70% respectively, as well as significant loss of property and lives. Many businesses in the affected islands closed operations due to property damage, low economic activities and limited access to goods and raw materials. This resulted in job cuts, increased unemployment, and loss of income for many Bahamians across the impacted islands. The situation has been further compounded by the COVID-19 pandemic which has caused many businesses to lay off workers, temporarily or permanently. According to the country's National Insurance Board, it is estimated that 40,000 workers have been temporarily or permanently laid off during the COVID-19 pandemic. Approximately 25,000² applications were approved for unemployment benefits, resulting in a total payout of \$38.1M in unemployment relief between March 28 to June 9, 2020 and a further \$67M in early pension payment, as some persons opted for early retirement.
- 1.2. As one example of the depth of the economic impact, The Bahamas is considered to be the most tourism dependent economy among IDB member countries in Latin America and the Caribbean (LAC), and one of the most tourism dependent³ economies in the world, attracting millions of visitors to its shores annually. Tourism accounts directly and indirectly for 47.5% of total Gross Domestic Product (GDP) and 55.6% of total employment⁴. In 2019, 82% of visitors to the country originated from the United States (US), followed by Canada and Europe (7% each of all visitors)⁵. The Bahamian and US economies are closely linked, and as such, the ongoing pandemic and its effect the US population and its travel plans will continue to have a negative impact on GDP, balance of payments and unemployment numbers in The Bahamas. This is evident as companies across the country have laid off employees, including major hotels (Atlantis laid off more than 7,000 persons, and Baha Mar layoffs impacted 6,500 persons⁶).
- 1.3. The Bahamian government projected that approximately 40% of Bahamians could be unemployed because of the global COVID-19 pandemic. This is a steep increase over the 10.4% unemployment reported for 2019 and the 15.2% reported in April 2020⁷. The Bahamas is now at a critical juncture where saving lives due

¹ <https://flagships.iadb.org/en/caribbean-region-quarterly-bulletin-2020-q1/the-bahamas>

² <http://www.tribune242.com/news/2020/jun/12/nib-makes-47m-in-covid-distributions/>

³ World Travel and Tourism Council reported that The Bahamas was the 9th most tourism-dependent economy in the world in 2017

⁴ Extreme outlier: the pandemic's unprecedented shock to tourism in Latin America and the Caribbean / Henry Mooney, María Alejandra Zegarra. p. cm. — (IDB Policy Brief ; 339)

⁵ <https://flagships.iadb.org/en/caribbean-region-quarterly-bulletin-2020-q1/the-bahamas>

⁶ <https://ewnews.com/report-unemployment-projected-at-40-percent-in-coming-months>

⁷ IMF data mapper as at April 2020 reports The Bahamas' current unemployment rate at 15.2%, but The Bahamas' Government officials forecasted unemployment rates to reach as high as 30-40% due to COVID-19 pandemic.

to the health consequences of COVID-19 must also be balanced with saving livelihoods directly affected by the economic impact of the crisis. Public and private sector actors must ensure that the economy is well-positioned to resume normal functioning and growth once restrictions posed by the crisis are lifted.

- 1.4. The disruption in commercial and business activities across sectors such as tourism, financial services and retail and services, have caused many companies to re-think the way they do business and seek ways to incorporate new innovations or digital tools as they pivot their business models to adapt to the “new normal”. For the most part, many existing businesses currently operate traditional business models with limited digital integration. In this process of transition, elements of traditional business models that have been disrupted can be reoriented via the adoption of specific technologies such as online order fulfillment, digital payments and e-commerce, web programming and app development. Therefore, businesses must find creative ways to build a knowledge-based economy that improves productivity, competitiveness, and prospects for economic growth in a future that is uncertain. This situation is further compounded by the relatively low digital and technological skills of the workforce at every level in the companies.
- 1.5. While mobile infrastructure and broadband penetration in The Bahamas is one of the highest in the LAC region, many people in the affected workforce post COVID-19 face challenges to equip themselves with the skills for the future of work. Many of these workers lack awareness and access to learning new technologies and digital skills due to socioeconomic backgrounds and the high costs associated with training and education. Further, the livelihoods of women have been particularly impacted, as the tourism industry has traditionally provided many opportunities for the female workforce. There continues to be gender disparities in the unemployment numbers with female job seekers being more likely than men to be unemployed. Despite their often-higher levels of educational attainment, unemployment is higher for women with a secondary or university education compared to men⁸.
- 1.6. In recognition of gaps in availability of and access to education and skills training for the future of work and employment in The Bahamas, the government, even prior to Hurricane Dorian secured financing for skills and employment development, “Skills for Current and Future Jobs in The Bahamas” (BH-L1037) The objective of this loan facility is to (i) to increase relevant skills and employability in productive jobs, (ii) improve the effectiveness of public employment services and (iii) enhance the capacity of labor market intelligence systems. However, this loan is now being restructured to reallocate resources from skills development to support The Bahamas’ immediate COVID 19 emergency and recovery responses. In the absence of viable and accessible alternatives to address gaps in training and job matching as identified in the loan program, IDB Lab provides additionality and value added via financing of an accessible digital skills and employment matching program, that will in turn support business and economic recovery efforts in The Bahamas.

⁸ <https://www.bahamas.gov.bs/wps/portal/public/gov/government/news/unemployment/>

- 1.7. Given The Bahamas' current situation, the private sector has recognized that digital transformation is critical for continuity, resilience, and growth⁹. There is an urgent need for businesses in The Bahamas to engage in digital transformation as they seek to pivot and build new resilient models for survival and growth, given the devastating impact of Hurricane Dorian in 2019 and COVID 19 in 2020 on the country's private sector operations, future outlook and employment. However, for businesses to make this transition, employees and entrepreneurs must develop digital skills to identify, adopt and leverage opportunities for digital transformation. It is within this context that Avasant Foundation will partner with IDB Lab to deliver a digital skills program to support the reskilling and upskilling of the impacted workforce in The Bahamas. The Avasant Foundation has been working in the Caribbean region over the past 6 years and has delivered digital skills training and employment placement support in Jamaica, Trinidad and Tobago, Haiti and more recently Guyana. To date, Avasant Foundation has supported the employment of over 90% of digital skills training graduates within the local private sector. Avasant Foundation will utilize its proprietary virtual learning platform to deliver the training in The Bahamas. The Avasant Foundation was established by the global technology firm Avasant LLC to extend inclusive opportunities for digital skills and provides technical support to the work of Avasant Foundation via assignment of experts as needed and the provision of counterpart resources.
- 1.8. **Beneficiaries.** The direct project beneficiaries are 500 displaced and self-employed workers from sectors that have been disrupted by the economic crisis across the islands. Most of these displaced workers who have been temporarily or permanently laid off, are from families with an average of 3.4 people per household, therefore the indirect beneficiaries of the project can be estimated as 1,700 family members that experienced loss of income due to the pandemic¹⁰. Priority will be given to participants from low income¹¹ households with the aptitude to undertake the training program and will target at least a 50% female participation rate. In The Bahamas female headed households have a higher rate of poverty at 9.7% as opposed the poverty rate of 7.9 % amongst households headed by men.¹² Additionally, 40% of self-employed participants, will adopt digital business models.

II. The Innovation Proposal

A. Project Description

- 2.1. The objective of the project is to foster the development of digital skills of the displaced workforce and self-employed persons in The Bahamas and to connect them with new employment and entrepreneurial opportunities.
- 2.2. The project seeks to support employment and new entrepreneurship activities within the workforce and by extension, in businesses that have been impacted by

⁹ The country's primary business associations, the Small Business Development Center and the Bahamas Chamber of Industry and Commerce have both prioritized a business digitization agenda

¹⁰ <https://www.caribbeangeoportal.com/datasets/0a517edc56364fdfa1d342f959de1d99>

¹¹ The definition of low-income households used in the project will be relevant to the socio-economic context of The Bahamas where the poverty line is defined as income of less than US \$5000.00 year. (<http://www.tribune242.com/news/2014/jun/11/more-40000-live-under-poverty-line/>)

¹² <http://www.tribune242.com/news/2014/jun/11/more-40000-live-under-poverty-line/>

the effects of Hurricane Dorian and the COVID 19 pandemic, by building capacity for the adoption and application of digital skills. To build a resilient and more sustainable economy, business associations in the Bahamas have recognized the urgent need for digital transformation in adapting and building a foundation for future growth.

- 2.3. **The Model.** The project model focuses on the assessment of key digital skills most relevant to support business transformation in the Bahamas. The local private sector business associations such as The Bahamas Chamber of Industry and Commerce, the Small Business Development Centre and The Bahamas Hotel and Tourism Association are prioritizing support for local businesses to adopt digital models, however the specific skills that will be relevant to transformation of the local private sector are still evolving. In this regard, to ensure that digital skills training is curated to actual business needs and opportunities in The Bahamas, the Executing Agency will engage business stakeholders, starting with those operating in the most directly affected sectors and those with the highest levels of workforce displacement, to assess their digital transformation strategies, the specific digital skills, and human resources required in order to achieve this transformation. The development of relevant curricula to mirror these needs will be designed to connect participants with new employment and entrepreneurial opportunities that are linked to the broader business transformation agenda of The Bahamas' private sector. The curricula will include four broad areas: (i) foundational and transversal digital skills (ii) skills to advance digital entrepreneurship, and (iii) at least 2 industry specific training programs in areas likely to generate greatest employment opportunities requiring digital skills such as the energy sector transition to renewables, tourism and supporting services and business process outsourcing. In this regard the project aims to connect with and retool displaced workers and self-employed persons via delivery of business/employment oriented digital skills. Participants of the training program will receive training in digital skills, benefit from coaching in the identification of opportunities to apply these skills in existing or new businesses and connect with employment and business opportunities.
- 2.4. The training program will be delivered in a modular approach and will be taught over a six months period using the Avasant Foundation's virtual learning platform.¹³ At least ten cohorts with an average complement of 50 participants will receive training over the duration of the project including instructor led sessions, self-paced learning, and projects/assignments to apply the skills acquired. Participants will receive mentorship throughout the program and also receive coaching in accessing job opportunities in areas such as assistance with developing resumes and profiles, interview preparation and other relevant support as needed. A critical aspect of the program is the quality assurance of training delivery that will be conducted for each cohort to assess instructor performance, participant attendance, engagement, grades, and overall satisfaction. To support the connection of graduates with employment or business opportunities, the Executing Agency will explore strategic partnerships with existing job placement platforms locally and regionally such as 242jobs.com and CaribbeanJobs.com. Participants completing the program can register with an established digital

¹³ There is evidence that fully online and blended instruction (online and in-person) produce similar student learning outcomes as traditional in-person instruction at lower costs. See Chirikov et al. (2020): <https://doi.org/10.1126/sciadv.aay5324>

- platform to showcase the skills they have acquired for visibility to employers and businesses that may be seeking to contract persons with digital skills. Local private firms will be engaged primarily through local business associations, such as Chambers of Commerce and the Small Business Development Centre (SBDC) that are driving digital transformation agendas for businesses in The Bahamas. These business associations will help the Executing Agency in identifying local firms that can offer graduates with job opportunities that require digital skills.
- 2.5. Given current social distancing requirements, other restrictions and risks associated with the COVID-19 pandemic, the program will be delivered virtually via the Executing Agency's existing learning portal. However, recognizing the economic realities of the target beneficiary group, Avasant Foundation may engage with local business or educational organizations to provide physical space and use of necessary equipment for participants who may experience difficulties in accessing stable internet connectivity or lack access to the tools required to take part in the program, as the need arises. However, the virtual channel will be the dominant mode of training delivery as sporadic travel restrictions and potential lock downs of businesses and communities in the future as the pandemic unfolds may affect mobility and access to physical locations.
- 2.6. **Innovation.** The solution is both innovative and strategic in that it allows the workforce to pivot and adapt to the new distance economy. This effort can serve as a pilot to provide lessons and insights as to how the broader diversification and digitalization of the economy can take place. In the context of The Bahamas, the program seeks to retool disrupted workforce participants in a small island tourism dependent economy, that has been heavily impacted by both Hurricane Dorian and the COVID-19 pandemic. According to key local business associations, digital business transformation by firms prior to these devastating events has been slow, and the workforce will now need different skills sets to support accelerated adoption of new models that are essential to business resilience and recovery. In this context, the Executing Agency will adapt their learning platform to the needs of displaced workers and self-employed persons to deliver capacity building in digital skills that complement the local private sector digital transformation agenda. The project is considered innovative as it positions the acquisition and application of digital skills as an opportunity to help accelerate the digital transformation agenda of private sector firms in The Bahamas. It will explore how skills certification can jumpstart new opportunities for both employment and self-employment
- 2.7. **Component I: Assessment of Digital Skills Opportunities in The Bahamas (Total US \$193,000: IDB Lab US \$61,500, Counterpart US \$131,500):** This component will focus on working with local stakeholders to develop and conduct a digital skills and needs assessment methodology and diagnostic tool for The Bahamas. In this regard the Executing Agency will engage business stakeholders, starting with those operating in the most directly affected sectors and those with the highest levels of workforce displacement, to assess their digital transformation strategies and the digital skills that are needed from the workforce in order to achieve this transformation. This needs assessment will be a key input into the design of curricula that meet global standards and are locally relevant in at least 4 aspects: (i) foundational digital skills (such as fundamentals of digital technology, MS Office 365, Digital Marketing and Social Media Management, Web Design and Development, Mobile Application Development, Master Data

- Management, UX design and Project Management), (ii) digital entrepreneurship using Avasant Foundation's IGNITE entrepreneurship training (such as business management skills for the digital businesses, design thinking and ideation, management of social media and online transactions and order fulfillment processes), and (iii) at least two industry or sector specific digital training programs, all of which will be designed for delivery via on the virtual training platform using a mix of local and international expert trainers that will be hired by the Executing Agency.
- 2.8. The methodology and diagnostic tool used for the digital skills and needs assessment as developed by the Executing Agency, will be shared with local business associations, such as the Small Business Development Center which is an existing IDB Lab partner in The Bahamas, and can be used by such organizations locally beyond the project implementation timeline to facilitate ongoing monitoring and assessment of digital skills needed to support business model transformations.
 - 2.9. Under this component, the Executing Agency will also work with local civil society, private sector organizations in the main sectors impacted by the economic shock, including Chambers of Commerce, Educational Institutes and the Small Business Development Centre (SBDC) Access Accelerator to identify and recruit participants for the digital skills program. The program will be promoted by the Executing Agency using both traditional and virtual channels, to attract and engage targeted participants. Outreach efforts will be specifically targeted at the at-risk workforce across sectors that are seeking employees with digital skills while also maintaining a focus on engagement of women to ensure that the project attains at least a 50% female participation rate.
 - 2.10. The expected outputs of this component are: (i) completion of a digital skills and needs assessment methodology and report, (ii) development of at least 4 Curricula, (iii) project launch events and (iv) applications from at least 700 individuals for enrollment in training of which at least 500 will graduate.
 - 2.11. **Component II: Improve Digital Skills of the Displaced Workforce and Self-Employed Business Owners (Total US \$516,650: IDB Lab US\$299,400, Counterpart US \$217,250):** The objective of this component is to deliver relevant digital skills training to the selected applicants. Firstly, the project will develop a selection criterion for the training program to determine eligibility of participants and categories of participants to be prioritized. Here, the Executing Agency will conduct assessment based on the standard criteria for aptitude (work experience of at least 6 months either as an employee or 1 year as a self-employed person, a minimum of high school certification in Mathematics and English Language, as well as demonstrated willingness/aptitude to embrace digital skills as evidenced in scores achieved in Avasant Foundation's assessment), while placing priority on the displaced workforce, persons with income vulnerability, gender, and geographic location to ensure inclusion of The Bahamas' family islands which have traditionally recorded levels of poverty and unemployment that are significantly higher than the national averages. This component will also focus on the recruitment and orientation of at least 5-10 trainers¹⁴ to deliver instructor led

¹⁴ The specific number of trainers will depend on final curricula developed to respond to the Digital Skills and Needs Assessment conducted for The Bahamas as outlined in Component I

sessions on Avasant Foundation's learning portal and assign and assess projects that test participant's absorption and application of training content. The learning portal uses Google Classroom and allows secure and private access to instructors and trainers. Instructors use the portal to create and manage classes, assignments and grading, post multimedia content and push content to students and interact in a virtual "face to face" setting. Trainees participate in instructor led sessions, download content, utilize workbooks online, track classwork, as well as share screens and resources. Module evaluations are also completed on the portal. Security and administration are managed by Avasant Foundation. The number of trainers and respective areas of expertise will be determined by curricula developed. The project will include delivery of training to at least 500 persons, of which 50% will be women, in 10 cohorts over a 3-year execution period. These training sessions will be delivered virtually through the Avasant Foundation's learning portal.

- 2.12. This component will also finance continuous monitoring and evaluation of training activities to facilitate adjustments that may be required. As a part of the monitoring and evaluation process, semiannual quality assurance assessments will be conducted to assess instructor and participant performance, which will be complemented by annual tracer studies¹⁵ to track the progress of persons completing the program. The results of these assessments will support Avasant Foundation to identify and proactively address and manage challenges and risks arising in order to ensure achievement of project objectives, while ensuring that the intervention benefits from latest thinking and approaches in enabling digital transformation through skills development. The training assessments and tracer studies will form part of the final project Impact Report. This component will also include the identification and on boarding of digital entrepreneurship mentors assigned by Avasant LLC to bring to the project the talent and knowledge base required to provide additional support to participants. These mentors will be paired with trainees to support the definition and development of applications of the digital skills acquired in transformation of existing businesses, as well as in the development of new digital opportunities that can be monetized by program participants. These mentors will be drawn from Avasant LLC's Distinguished Fellows program as well as Avasant Foundation's existing mentor network. Participants in the digital entrepreneurship training will undergo at least 40 hours of instruction and can access up to 15 hours of mentor support which will be focused on the application of training content to practical digital business development. The mentor network members are volunteers and are actively engaged in digital businesses of their own or are working at senior levels in the technology field and have both technical and soft skills required for successful digital business mentoring.
- 2.13. The expected outputs of this component are: (i) development of selection criteria and enrollment process, (ii) development/customization of Avasant Foundation's existing training portal for project requirements, (iii) completion of the program by at least 500 participants of which at least 50% will be female, (iii) semi-annual

¹⁵ A tracer study is a survey of graduates of a training program that can be used to track employment/self-employment status, earnings bracket, additional training that the graduate may be pursuing and the relevance of skills to their current work situation.

quality assurance of training programs (iv) annual tracer studies covering at least 75% of participants and (v) annual and final project impact reports.

- 2.14. **Component III: Connecting Digital Skills with Business Needs and Opportunities: (Total US \$161,250: IDB Lab US \$95,000, Counterpart US \$66,250)** This component focuses on identifying a cost effective and relevant existing employment platform used in the Bahamas and the wider Caribbean region to connect program graduates with job opportunities. To ensure visibility of graduates to local businesses, coaches will be assigned and will support graduates in developing resumes and profiles, as well as in networking and practices that can raise their visibility and promote the skills, they have acquired in employment applications. Additionally, a local consultant will be contracted to continuously engage local businesses directly and via key business associations in The Bahamas to identify employment opportunities, encourage posting of job as well as contract opportunities on the selected digital employment platform, and to showcase the quality and relevance of the program to potential employers. Some resources are allocated to assist smaller enterprises in offsetting costs of posting job and short-term contract openings on the selected platform. Currently the use of online recruitment platforms is not widely practiced in the local business sector and will require some reorientation and cultural shifts in how firms attract and engage talent in tandem with other digital business model transformation initiatives in which they are engaged. In addition, the project may also target employment platforms and digital jobs geared towards the US/Canada and wider Caribbean markets as The Bahamas workforce has the advantage of proximity (time zone) and language for North American markets. An annual job fair will also be planned and implemented to further showcase and promote the program, demonstrate digital skills of graduates and connect graduates with prospective employers.
- 2.15. The expected outputs of this component are: (i) 75% of graduates registered on the employment portal and (ii) 50 job opportunities for digital skills posted by local businesses on the employment platform and (iii) 3 job fairs held in The Bahamas and the wider Caribbean region.

B. Project Results, Measurement, Monitoring and Evaluation

- 2.16. At the impact level, the project seeks to reskill and retool displaced workers as well as entrepreneurs in the Bahamas by building capacity and supporting the application of digital skills. The project targets 500 displaced workers and entrepreneurs completing the program, of which 50% will be female, 40% of participating self-employed business owners adopting digital solutions for resilience and growth and at least 50% of graduates re-entering employment or engaging new business opportunities.
- 2.17. Avasant Foundation focuses on connecting people with digital skills training and employment opportunities and in this regard has developed an information system to track trainees' participation, progress, and employment status through each of its programs. In accordance with IDB Lab's requirements, the Avasant Foundation will utilize its existing monitoring system, inputting data from the mechanisms outlined under Component I (participant registration), Component II (assessment records, tracer studies, and impact reports) as well as Component III (data analytics from the employment platform), to track and collate data and produce reports on specific results attained as outlined in the project's results matrix, and

will report on project results every six months via the IDB Lab's Project Status Report (PSR). The Avasant Foundation will also complete a final PSR on conclusion of the project.

- 2.18. The Avasant Foundation will develop an annual Impact Report using data collected during the course of implementation. The project will also be subject to a final evaluation financed by IDB Lab which will be conducted by an independent consultant, on conclusion of the project execution period. The objectives of this evaluation will be to (i) assess the efficacy of the training model and curriculum in positioning and transitioning the displaced workforce into knowledge economy-related jobs as well as in supporting new digital entrepreneurship activities (ii) assess number of jobs secured through acquiring digital skills (iii) provide value-added input for Avasant Foundation's strategy and plan to strengthen, sustain and scale the model in the Bahamas and in the wider region. Key questions to be interrogated will include: (i) What are the key digital skills that workers need to build to be resilient in the new economic context?; (ii) What are the key elements for creating reskilling systems that are able to respond to rapidly changing market needs?; and (iii) What approaches best promote job placement and economic reinsertion of reskilled workers in the digital economy? The evaluation will contribute to IDB Lab's knowledge on effective upskilling and reskilling of the workforce and the Future of Work.

III. Alignment with IDB Group, Scalability, and Risks

A. Alignment with IDB Group

- 3.1. The project is consistent with the Update to the Institutional Strategy 2010-2020 (AB-3008) as it is aligned to the IDBG's recognition that technology is a driver for economic growth, greater productivity, and new job creation. At the country level, the project is in direct alignment with IDB Country Strategy for The Bahamas (2018-2022) which prioritizes fostering an enabling environment for private sector competitiveness. The project is aligned with the Knowledge Economy thematic focus of IDB Lab, which emphasizes on the provision of products and services that solve social and environmental problems and linking the poor and vulnerable to the economic engine driven by knowledge-intensive sectors.
- 3.2. The project directly builds on the work to be done in under the IDB Lab funded project "Accelerate Bahamas" BH-T1071, to support development of 2,500 Bahamian SMEs and startups through digital transformation, innovation adoption and access to finance. Additional complementarities exist with the IDB's IFD/CMF division BH-L1046 US\$25M Credit Enhancement Facility to provide partial loan guarantees to eligible financial institutions (FI) for loans given to SMEs which are unable to meet collateral requirements and who are advised and vetted by the SBDC. The project will also explore synergies with the energy loan, Advancing Renewable Energy in The Bahamas BH-L1048 which encompasses some vocational training for this field. In this regard, the project may explore opportunities to design and deliver industry specific digital skills training to support maintenance and management of micro grids. In addition the project will undertake training delivery and employment posting as envisioned in the IDB loan operation "Skills for Current and Future Jobs in The Bahamas" (BH-L1037) as these loan resources

are currently being reformulated to support direct COVID 19 emergency and recovery efforts in The Bahamas. There are also complementarities with the IDB Lab regional operation Digital Services with Inclusion RG-T3510, which supports a bootcamp model focused on teaching digital skills to low-income young women in Latin America and the Caribbean.

- 3.3. The project is also aligned with the following Sustainable Development Goals (SDGs): (i) SDG 5 (Achieve gender equality and empower all women) and (ii) SDG 8 (Decent work and economic growth).

B. Scalability

- 3.4. To ensure scaling of the program beyond the period of IDB Lab financing, the Avasant Foundation will engage local business associations and large firms that are driving digital transformation agendas, as well as educational institutes from the initial stages and throughout the implementation of the project. As part of this process Avasant Foundation, the SBDC and other local stakeholders will assess feasibility and develop a business model to support continuity of skills training relevant to industries/sectors undergoing digital transformation. The SBDC is a natural partner in scaling digital skills training and employment, as under its existing IDB Lab project “Accelerate Bahamas” BH-T1071, SBDC will initially support acceleration and digital transformation of 2,500 local SMEs which is expected to create 500 new jobs.
- 3.5. The objective of this engagement will be to identify a business/ industry association (s) that will continue to drive the digital skills agenda for business transformation (using the digital skills needs assessment methodology and diagnostic tool as developed under Component 1), and will sustain and scale up delivery of digital skills training programs beyond the project timeline in partnership with Avasant Foundation and local training institutes as needed. In The Bahamas there are close to 23,000 business licenses issued in The Bahamas, and it is estimated 98% of these firms are MSMEs which account for 47% of all employment. In this regard, in The Bahamas alone, there is clearly scope for scaling of the project.¹⁶
- 3.6. Within the Caribbean and the wider region, businesses face similar challenges to those that are facing the business sector and workforce of the Bahamas. The digital skills training program in Bahamas represents extension and scaling of the Avasant Foundation’s reach and service delivery in the Caribbean, building on programs currently delivered in Jamaica and Guyana. In The Bahamas, the Avasant Foundation, given COVID 19 restrictions will be introducing a purely virtual training model for the first time. As this model is tested and refined in the course of the project, it can serve as a cost-effective vehicle for the extension and scaling of digital skills training in other countries of the Caribbean region and beyond. Avasant Foundation can leverage its existing model of securing private sector technical and financial support in the countries in which it operates to design relevant digital skills programs, deliver training, and connect trainees with job opportunities. Having developed and tested a full-scale virtual model for reskilling

¹⁶ If firms in The Bahamas were to have the same level of advance technology adoption as firms in the US had in 2018 (8.6%), about 2,000 firms could potentially demand services from the project graduates. See Zolas et al., 2020, “Advanced Technology Adoption and Use by U.S. Firms: Evidence from the Annual Business Survey” <http://conference.nber.org/conference/papers/f138039.pdf>

and retooling of the workforce in The Bahamas, the Avasant Foundation will be well positioned to accelerate extension and reach of this model at a lower cost in partnership with private sector firms and associations in the region. In this regard, the training program can be expanded to include other jurisdictions, perhaps starting within the Caribbean countries that share the English language.

- 3.7. To support these efforts the Avasant Foundation, supported by local partners in the Bahamas will participate in outreach events to attract stakeholders from the Caribbean and wider region that may be interested in replicating the program. The IDB Lab project team will also support potential scaling by connecting Avasant Foundation with colleagues in the IDB's LMK division and other team leaders and public partners engaged in digital transformation agendas to showcase the model and its results.

C Project and Institutional Risks

- 3.8. The key technical risks and corresponding mitigation strategies identified for the project are as follows:
- 3.9. **Disruption due to extreme weather events:** The Bahamas is vulnerable to hurricanes and such events or severe storms can impact power and access to training in the short term, as well as further depress business operations and job opportunities in the short and medium terms as was the case with Hurricane Dorian, depending on severity. Mitigation options are limited but the mitigation strategy to limit short term disruption to training activities is to monitor conditions locally and revise targets and activities as needed.
- 3.10. **Lack of Access to training portal due to unreliable power and internet connectivity:** Areas of The Bahamas suffer from intermittent power outages which limit access to the project's virtual training portal. As a mitigation strategy, the Avasant Foundation will secure partnerships with local training centers with more stable connectivity which trainees that reside in areas without a stable power and internet connection can access to participate in online classes if needed.
- 3.11. **Uncertainty of the resumption and pivot of business activity post COVID 19:** The current pandemic has cast significant uncertainty on how and when businesses will be able to return to profitable operations and what type of new businesses will thrive which could impact the project's targets for employment and entrepreneurship. The key mitigation factor is that digital skills are transversal and can be applied in a broad range of industries and may also support online gig economy opportunities/creative entrepreneurship, independent of conditions in The Bahamas.
- 3.12. The Assessment of Integrity and Institutional Capacity (DICI) conducted for this project rated institutional risk as low.

IV Instrument and Budget Proposal

- 4.1 The total project budget is of US\$ 1,000,000, of which US\$500,000 (50%) will be provided as a non-reimbursable technical cooperation by the IDB Lab, and US\$500,000 (50%) in counterpart financing. The counterpart financing includes in

kind resources from the management and staff of the Avasant Foundation in co-ordination, quality assurance and fiduciary support. In addition, counterpart cash and in kind resources representing consultant support, assignment of staff for project management and quality assurance, advisory support in digital skills assessment, and curriculum development which are assigned to the project will be covered by Avasant LLC the global technology firm.

	IDB Lab	Counterpart Cash & In-kind	Total
Project Components			
Component 1: Assessment of Digital Skills Opportunities in the Bahamas	61,500	131,500	193,000
Component 2: Improve Digital Skills of the Displaced Workforce and Self-Employed Business Owners	299,400	217,250	516,650
Component 3: Connecting Digital Skills with Business Needs and Opportunities	95,000	66,250	161,250
Project Administration		85,000	85,000
Final Evaluation	30,000		30,000
Contingencies	14,100		14,100
Grand Total	500,000	500,000	1,000,000
% of Financing	50%	50%	

V Executing Agency (EA) and Implementation Structure

A. Executing Agency Description

- 5.1. The Avasant Foundation will be the Executing Agency for this project and will sign the agreement with the IDB.
- 5.2. The Avasant Foundation (www.avasantfoundation.org) is a 501(C)(3) not-for-profit organization focused on digital skills development as a driver of opportunities particularly for marginalized youth and other at-risk populations. Avasant Foundation is registered and headquartered in California, USA, and was established under the aegis of Avasant LLC (Avasant), a global consultancy firm focused on provision of strategic advisory services for the digital economy. The Avasant Foundation works to improve lives and communities by empowering populations in developing countries through education, employment, and entrepreneurship initiatives in the new digital economy. Avasant Foundation leverages best practices and the knowledge of its parent organization Avasant LLC and utilizes Avasant consultants' expertise in the development of training, use of technology and design of innovative delivery methods.
- 5.3. To date, the Avasant Foundation has enabled the creation of 25,000 sustainable jobs for youth through digital youth employment training, focusing on the technological needs of local and emerging job markets. In this regard, some of the notable initiatives undertaken by Avasant Foundation include: Avasant Digital Youth Employment Initiative in Jamaica, Expanding Digital Youth Employment Training in South Africa and Haiti, piloting Technopreneur Training in Uganda, joining the SDG Philanthropy Platform for India, and launching Digital Works, a

social enterprise in Trinidad and Tobago as a demonstration project in Impact Sourcing. In all its programs and operations, the Avasant Foundation is committed to supporting gender balance and specifically, equitable participation of women in training, employment, and entrepreneurship opportunities. The impact of Avasant Foundation's work has been recognized globally; in 2015 and 2016 the organization was recognized by the Clinton Global Initiative for the high impact of its programs throughout Asia, Africa and the Caribbean, and in 2018, the Avasant Foundation received the Global Impact Sourcing Award from the International Labor Organization, as an Impact Sourcing Influencer.

- 5.4. Counterpart cash and in-kind resources for the project will be provided by Avasant LLC. Avasant LLC (Avasant), headquartered in Los Angeles, USA, is a global management consulting firm focused on translating the power of technology into realizable business strategies for the world's largest corporations. Specializing in digital and Information Technology (IT) transformation, sourcing advisory, global strategy, and governance services, Avasant prides itself on delivering high-value engagements through industry-focused innovation and flexible client-based solutions. This global technology firm has conducted more than 1,000 engagements in over 40 countries. In the Caribbean, the firm has extensive experience supporting national and regional digital transformation strategies in Jamaica, Trinidad and Tobago, Belize and St. Vincent and the Grenadines. Avasant's engagement in the global technology economy has inspired a strong commitment to community and the firm seeks to extend opportunities for value-added participation in a digital world through the work of the Avasant Foundation.

B. Implementation Structure and Mechanism

- 5.5. The Avasant Foundation will establish an executing unit and the necessary structure to execute project activities and manage project resources effectively and efficiently. Avasant Foundation will also be responsible for providing progress reports on project implementation.
- 5.6. To support implementation, the Avasant Foundation will contract a full-time local training program coordinator for the project to manage delivery of training and mentorship in the Bahamas and a part time project coordinator and project financial officer will be assigned to the project and financed by Avasant to support monitoring of results, technical reporting and fiduciary management. The training program coordinator, in collaboration with the Executive Director of the Avasant Foundation, will be responsible for the organization, roll out and management of key activities as well as local partnership/stakeholder management and program quality assurance. A part time consultant will also be retained to manage business engagement and outreach at the local level. Additionally, Avasant LLC will provide technical oversight and quality assurance.
- 5.7. The Avasant Foundation will create a project steering committee to govern the project implementation, manage risks and address challenges. The steering committee will comprise executives of key business associations in the Bahamas, including but not limited to the Small Business Development Centre and The Bahamas Chamber of Industry and Commerce, that are driving a digital transformation agenda and a technical expert from Avasant LLC. The IDB Lab team leader may attend meetings upon invitation to provide input and advice on changes that may be necessary to strengthen impact and achievement of project results, as

well as to foster connections with IDB Lab's technical partners in the region to support knowledge sharing and regional scaling. The project steering committee will meet at least quarterly in the first year of the project, and at least semiannually in subsequent years, as well as at the end of each training cohort, to evaluate the program and provide strategic advice to improve content, delivery and as well as employment and business opportunities for future cohorts.

VI Compliance with Milestones and Special Fiduciary Arrangements

- 6.1 **Disbursement by Results, Fiduciary Arrangements.** The Executing Agency will adhere to the standard MIF disbursement by results, IDB procurement policy¹⁷ and financial management¹⁸ arrangements as specified in Annex V and VI.
- 6.2 **Results-based disbursement.** The Project will be monitored by the Country Office of The Bahamas. Monitoring will be undertaken in accordance with the performance and risk management policies (fulfilment of milestones) established by the IDB Lab. Project disbursements will be contingent upon verification of the achievement of milestones (pre-determined outputs critical to achievement of the development objectives). Achievement of milestones does not exempt the Executing Agency from the responsibility of reaching the results matrix indicators and project's objectives.
- 6.3 **Financial Management and Supervision.** The Avasant Foundation will establish and be responsible for maintaining adequate accounts of its finances, internal controls, and project files according to the financial management policy of the IDB Lab. For the procurement of other goods and contracting of consulting services, the Executing Agency will adopt the principles of IDB Policies (GN-2349-9 and GN-2350-9), however, the Executing Agency, which is a private entity, will use their private sector procurement policy for the execution of the project.

VII Information Disclosure and Intellectual Property

- 7.1 **Information Disclosure.** This document contains confidential information related to one or more of the ten exceptions to Access to Information Policy and will be initially treated as confidential and made available only to Bank employees. This document will be disclosed and made available to the public upon approval.
- 7.2 **Intellectual Property.** The Executing Agency shall own the intellectual property rights to all works produced or results obtained under the Project and will grant the IDB Group an irrevocable, worldwide, perpetual, royalty-free, and non-exclusive license to use, copy, distribute, reproduce, publicly display and perform any and all Executing Agency intellectual property derived from execution of the Project, as well as to create derivative works.

¹⁷ Link to the Policy: [Procurement of Works and Goods Policy](#)

¹⁸ Link to the document [Operational Guidelines for Management of Milestones and Financial Supervision for MIF and SEP Technical Cooperation Projects](#)