

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

JAMAICA

**IMPLEMENTATION SUPPORT FOR SKILLS DEVELOPMENT FOR GLOBAL
SERVICES**

(JA-T1151)

TC DOCUMENT

This document was prepared by the Project team consisting of: Pavon, Fernando (LMK/CJA) Team Leader; Lucenti, Krista (INT/CTT); Muhlstein, Ethel (SCL/LMK); De Four, Takiyah (CCB/CTT); Jainauth-Umrao, Naveen (CJA/FMP); and Samuels, Rochelle (CCB/CJA).

IMPLEMENTATION SUPPORT FOR SKILLS DEVELOPMENT FOR GLOBAL SERVICES

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CERTIFICATION

I hereby certify that this operation was approved for financing under the **Ordinary Capital Strategic Development Program for Social Development (SOC)** through a communication dated February 14, 2018 and signed by Mariana Mendoza (ORP/GCM). Also, I certify that resources from said fund are available for up to **US\$300,000** in order to finance the activities described and budgeted in this document. This certification reserves resource for the referenced project for a period of six (6) calendar months counted from the date of eligibility from the funding source. If the project is not approved by the IDB within that period, the reserve of resources will be cancelled, except in the case a new certification is granted. The commitment and disbursement of these resources shall be made only by the Bank in US dollars. The same currency shall be used to stipulate the remuneration and payments to consultants, except in the case of local consultants working in their own borrowing member country who shall have their remuneration defined and paid in the currency of such country. No resources of the Fund shall be made available to cover amounts greater than the amount certified herein above for the implementation of this operation. Amounts greater than the certified amount may arise from commitments on contracts denominated in a currency other than the Fund currency, resulting in currency exchange rate differences, represent a risk that will not be absorbed by the Fund.

Certified by:

Sonia M. Rivera
Chief
Grants and Co-Financing Management Unit
ORP/GCM

Date

Approved by:

Carmen Pages-Serra
Division Chief
Labor Markets Division
SCL/LMK

Date

TC Document

I. Basic Information for TC

▪ Country/Region:	Jamaica
▪ TC Name:	Implementation Support for Skills Development for Global Services
▪ TC Number:	JA-T1151
▪ Team Leader/Members:	Fernando Yitzack Pavon, team leader (LMK/ CJA); Krista Lucenti (INT/CTT); Ethel Muhlstein (SCL/LMK); Takiyah De Four (CCB/CTT); René Herrera (CJA/FMP); Naveen Jainauth-Umrao (CJA/FMP); and Rochelle Samuels (CCB/CJA).
▪ Indicate if: Operational Support, Client Support, or Research & Dissemination	Operational Support
▪ If Operational Support TC, give number and name of Operation Supported by the TC:	JA-L1079
▪ Date of TC Abstract authorization:	February 12, 2018
▪ Beneficiary (countries or entities which are the recipient of the technical assistance):	Jamaica
▪ Executing Agency and contact name (Organization or entity responsible for executing the TC Program)	Ministry of Industry Commerce, Agriculture & Fisheries through Jamaica Promotions Corporation (JAMPRO) Diane Edwards, President JAMPRO
▪ Donors providing funding (amount and Fund's name):	OC Strategic Development Program for Social Development (SOC)
▪ IDB Funding Requested:	US\$300,000
▪ Local counterpart funding, if any:	US0
▪ Disbursement and execution period:	36 months
▪ Required start date:	July 2018
▪ Types of consultants:	Firms, individual consultants
▪ Prepared by Unit:	Social Sector, Labor Markets Division (SCL/LMK)
▪ Unit of Disbursement Responsibility:	CJA
▪ TC Included in Country Strategy (y/n):	No
▪ TC included in CPD (y/n):	Yes ¹
▪ Alignment to the Update to the Institutional Strategy 2010-2020:	Productivity and Innovation; Economic Integration

II. Description of the Associated Loan/Guarantee

- 2.1 **The Government of Jamaica has requested the IDB the operation “Skills Development for Global Services” (JA-L1079). The total amount of this loan is US\$15 million.** The programme, will support the Government of Jamaica (GoJ) to

¹ Included in 2018 OPR and it is GN-2915, indicative 2018 pipeline for JA under JA-L1079.

develop strategic economic sectors, such as Global Service Sector (GSS)², through increasing the pipeline of talent and strengthening the investment ecosystem.

- 2.2 Following worldwide trends, the Global Services Sector in Jamaica has experienced rapid growth over the past few years and has generated high levels of employment.** Exports of global services have increased from nearly US\$52 million to US\$223 million between 2011 and 2016, an increase of 331 percent.³ The share of global services has grown from almost 2 percent of total services exports in 2011 to nearly 7 percent in 2016.⁴ With this growth came an increase in employment from approximately 14,000 persons in 2015⁵ to over 22,000 in 2016⁶ (57 percent growth) - the highest for any economic sector within the last decade. However, for the GSS to continue to grow and upgrade into higher value-added activities it must overcome two main obstacles: (i) the workforce's skills gap and (ii) the lack of a robust ecosystem to attract investments in value-added and digital segments.
- 2.3 In this context, the skills development system has a key role to play.** A skills development system that allows for a timely anticipation of skills can contribute to a more relevant skill formation policy.⁷ As technology evolves, and labour markets become more dynamic, the skills that are in high demand will shift and there will be increasing demand for skills complementary to technology, including digital skills, high-level cognitive skills (such as creative thinking, the ability to learn, and problem resolution), and soft skills.⁸
- 2.4 Similarly, a strong investment ecosystem is critical to attract investments in value-added segments.** Surveys confirm that firms value a strong business environment when selecting a location to base their outsourcing operations.⁹ Critical selection criteria include the availability of incentives and the overall operating environment (regulations, quality of institutions, transparency and timeliness of accessing government approvals, and Investment Promotion Agencies "IPAs").¹⁰

² Global Services are those services that have been transformed by information and communications technology, enabling them to be digitized, codified, fragmented, and undertaken at any distance from the core business and final customer. They can be divided into three main segments: (i) Business Process Outsourcing (BPO); (ii) Information Technology Outsourcing (ITO); and (iii) Knowledge Process Outsourcing (KPO).

³ IMF, Balance of Payments (Millions of U.S. Dollars). "Other business services" (1-digit level) category. <http://data.imf.org/?sk=b4a9517a-a080-4d8a-b1dd-d1bba58213b7&sld=1390030109571>

⁴ IDB calculations based on IMF International Trade in Services database for the category "Other business services" (1-digit level) created by Loungani et al (2017).

⁵ JAMPRO. Annual Report 2014 - 2015.

⁶ HEART Trust/NTA (2017c).

⁷ International Labour Organization (2017).

⁸ Dutz, Mark A., Rita K. Almeida, and Truman G. Packard (2018). The Jobs of Tomorrow: Technology, Productivity, and Prosperity in Latin America and the Caribbean. Directions in Development. Washington, DC: World Bank. doi:10.1596/978-1-4648-1222-4. License: Creative Commons Attribution CC BY 3.0 IGO

⁹ A.T. Kearney Global Services Location Index (2017) and Deloitte (2017) Global Outsourcing Survey. <https://www2.deloitte.com/content/dam/Deloitte/nl/Documents/operations/deloitte-nl-s&o-global-outsourcing-survey.pdf>

¹⁰ Deloitte (2016). Choosing the right Global Business Services location. https://www2.deloitte.com/content/dam/Deloitte/be/Documents/realestate/Deloitte_GLS_Choosing_the_right_Global_Business_Service_Location.pdf

2.5 The general objective of JA-L1079 is to promote the growth of the Global Services Sector in Jamaica. Specifically, it intends to: (i) provide the Sector with better skilled workers; and (ii) increase the Sector's capacity to attract Foreign Direct Investment (FDI), particularly in higher value-added segments and to increase its exports. This operation proposes the following components:

- a) **JA-L1079 Component 1. Skills Development for the Global Services Sector and Strengthening of the Skills Development System.** The objective of this component is to improve the skills development system to provide the Sector with better skilled workers. First, it will finance activities that improve the system's ability to guarantee *relevance* of training and second, it will finance activities that can help improve the *quality* of training. Even though the activities will be focused on addressing the skills needs of the GSS, it is expected that there will be positive spillovers into other economic sectors because of improvements in the skills development system.
- b) **JA-L1079 Component 2. Global Services Sector Ecosystem.** The objective of this component is to create a stronger enabling ecosystem or environment for existing and future GSS firms. First, it will improve business processes governing the sector, as well as optimize the regulatory and incentives framework. Second, it will support the development of a strengthened value proposition for GSS, both for foreign and domestic firms, as well as the general public. This will increase the number of firms seeking to invest or reinvest in Jamaica, as well as the likelihood that existing firms add more value-added sub-segments to their business operations. Third, this component will increase support for small- and medium-sized enterprises (SMEs) in the GSS through the design of incubator spaces and the delivery of accelerator programmes. Lastly, it will create a digital management system which consolidates trade and business infrastructure of various organizations, which will reduce overlapping processes and formalities. This system will build on existing one-stop shop platforms.

III. Objectives and Justification of the TC

- 3.1 This Technical Cooperation (TC) will support the design and early implementation of critical activities oriented to supporting the skills development programme for GSS in Jamaica. Its main objective is to strengthen the institutional capacity of Jamaica Promotions Corporation (JAMPRO) for the preparation and implementation of skills development programme for GSS including a pilot for teacher training for job-readiness/soft skills module.
- 3.2 This TC is needed since JAMPRO does not have the necessary capacity to advance on the previous work required for the timely implementation of the programme's activities considering the needs required by industries. The TC is critical for the preparation of the loan operation JA-L1079.
- 3.3 This TC will finance the hiring of a project manager, procurement and financial management specialists for the Project Execution Unit (PEU); the preparation of the programme's operational manual and a pilot for teacher training for job-readiness/soft skills module the skills development system.

- 3.4 **Strategic alignment.** The TC is consistent with the Update to the Institutional Strategy (UIS) 2010-2020 (AB-3008) and is aligned with the development challenges of: (i) productivity and innovation by developing human capital to prepare workers for changing skills demands; and (ii) economic integration by expanding Jamaica's potential to export services to global markets. Additionally, the TC is aligned with the IDBG Country Strategy with Jamaica (2016-2021) (GN-2868) in its goal to increase private sector productivity and growth and reinforce human capital protection and development. The TC is aligned with Ordinary Capital Strategic Development Program for Social Development (SOC) (GN-2819-1) to strengthen public institutions' efforts to become more effective and efficient in social programming, group targeting, and social sector project execution. The TC is also aligned with the priorities of the sector strategy "Social Policy for Equity and Productivity" (GN-2588-4) by: Individuals (all, men, women, youth) benefited from programs to promote higher labor market productivity. The TC is consistent with the Labor Sector Framework Document (SFD) (GN-2741-7): workers and companies have access to relevant and cost-effective workforce training mechanisms.
- 3.5 This operation is aligned with the priorities of the GoJ in its medium term socio-economic policy framework 2015-2018: (i) the development of human capital; and (ii) economic stability, growth and employment (Vision 2030 National Development Plan) and with the National Policy on Work on its focus on the development of individuals in labor and growth areas, such as BPO. Lastly, aligned with the National Export Strategy 2015-2019 – to grow the IT-enabled services (ITeS) sector by 15% per annum with focus on the higher value-added areas and to add 18,000 new jobs by 2019.

IV. Description of activities/components and budget

- 4.1 **Component 1: Institutional Strengthening of JAMPRO for Programme Implementation.** This component will finance: (i) the preparation of an operating manual of the programme's goals and activities; and (ii) the PEU (project manager, financial management specialist and procurement officer at full time basis, for 6 months).
- 4.2 **Component 2: Support in the design of skills development programmes.** This component will finance the first stages for the enhancement of job-readiness skills curricula to align training to industry entry-level standards in the GSS. This will entail an update and industry validation of *soft, cognitive and foundational digital*¹¹ skills. Finally, it will provide a training plan (pilot) for teacher training for job-readiness/soft skills module in the education and training system.

¹¹ The update/upgrade of the digital skills will expand on Heart-Trust/NTA's "Digitization Services" Level 1 NVQ to support the integration of up-to-date foundational digital skills that could lead to higher level of digital competence. These will become core to have the foundational skills to get work and be ready for the workforce of the 21st Century. Digital competence as defined by [European Commission](#) involves the confident, critical and responsible use of, and engagement with, digital technologies for learning, at work, and for participation in society. It includes information and data literacy, communication and collaboration, digital content creation (including programming), safety (including digital well-being and competences related to cybersecurity), and problem solving.

- 4.3 **Component 3: Analytical work.** Analytical work to support the GSS industry and JAMPRO to generate information relevant in the design and implementation of the skills development programmes.
- 4.4 The expected result of the TC is to strengthen the institutional capacity of JAMPRO to implement the Skills Development for GSS Programme (JA-L1079) and to help structure the mechanism of interaction with the different programme stakeholders. Under JA-L1079 funding, a Global Services Skills Board (GSSB) will be established to draft out the industry-upgrade in terms of skills and its action plan. This will lay out interaction mechanisms with key stakeholders such as skills development system for sustainability purposes.

Indicative Budget (US\$)

Activity/ Component	Description	IDB/Fund Funding	Counterpart Funding	Total Funding
Component 1	Institutional Strengthening of JAMPRO	US\$160,000	-	US\$160,000
Component 2	Support in the design of skills development Programmes	US\$40,000	-	US\$40,000
Component 3	Analytical work	US\$90,000	-	US\$90,000
Audits	Audit for TC activities	US\$10,000		US\$10,000
Total		US\$300,000	-	US\$300,000

- 4.5 **Supervision, Monitoring and evaluation reports.** The TC will be supervised by a sectoral specialist (based in Jamaica) who is also the leader of the related loan. The TC will be monitored and evaluated according to the requirements of the Bank and through the Results Matrix (see Annex).

V. Executing agency and execution structure

- 5.1 The executing agency will be JAMPRO which will be the executing agency of the loan under preparation (JA-L1079). The sequence of the activities to be financed will be established by JAMPRO, which will communicate this to the Bank in the context of permanent dialogue for project preparation.
- 5.2 **Procurement.** Procurement under the proposed TC will be carried out in accordance with the Policies for the Procurement of Works and Goods Financed by the Bank (GN-2349-9), and the Policies for the Selection and Contracting of Consultants Financed by the Bank (GN-2350-9).

VI. Major issues

- 6.1 Potential risks include: (i) coordination challenges among government entities; and (ii) insufficient data for monitoring and evaluation. To mitigate these risks, i) The project will entail establishment of agreements (MOUs) between the participating agencies are in place (HEART-Trust/NTA, BPIAJ and the executing agency), including the establishment and functioning of the Global Services Skills Board (GSSB); ii) a

Monitoring & Evaluation (M&E) Specialist has been incorporated to PEU Core Structure to support data collection process.

VII. Exceptions to Bank policy

7.1 None.

VIII. Environmental and Social Strategy

8.1 There are no environmental or social risks associated with the activities outlined in this operation; therefore, its environmental classification is "C", according to the Environment and Safeguard Compliance Policy (OP-703). See safeguard reports at [Safeguard Policy Filter](#) and [Safeguard Screening Form](#).

Required Annexes:

- [Request from the client](#)
- [Results Matrix](#)
- [Terms of Reference](#)
- [Procurement Plan](#)