

TC ABSTRACT

I. Basic Project Data

▪ Country/Region:	Jamaica/CCB - Caribbean Group
▪ TC Name:	Jamaica Global Services Sector – Moving Firms Up the Global Value Chain
▪ TC Number:	JA-T1162
▪ Team Leader/Members:	Lucenti, Krista (INT/TIN) Team Leader; Bertrand, Annie (IFD/CTI); Franklyn, Russell Levon (IFD/CTI); Pavon, Fernando Yitzack (SCL/LMK); Gomez Gonzalez, Maria Margarita (INT/INT); Drakes, Lisa (IFD/CTI); Lindsay, Courtney Oliver (IFD/CTI); Centeno Lappas, Monica Clara Angelica (LEG/SGO)
▪ Taxonomy:	Client Support
▪ Number and name of operation supported by the TC:	N/A
▪ Date of TC Abstract:	September 27, 2018
▪ Beneficiary:	Jamaica
▪ Executing Agency:	Inter-American Development Bank
▪ IDB funding requested:	US\$400,000.00
▪ Local counterpart funding:	US\$40,000.00 (Cash); US\$40,000.00 (In Kind)
▪ Disbursement period:	36 months
▪ Types of consultants:	Consulting firms; individual consultants
▪ Prepared by Unit:	Trade and Investment Division (INT/TIN)
▪ Unit of Disbursement Responsibility:	Integration and Trade Sector (INT/INT)
▪ TC included in Country Strategy (y/n):	No
▪ TC included in CPD (y/n):	No
▪ Alignment to the Update to the Institutional Strategy 2010-2020:	Productivity and innovation; Economic integration

II. Objective and Justification

- 2.1 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. These are divided into Business Process Outsourcing (BPO), Information Technology Outsourcing (ITO) and Knowledge Process Outsourcing (KPO).
- 2.2 The objective of this Technical Cooperation (TC) is to support economic growth and employment in the Global Services Sector (GSS). This will be accomplished through: (i) the development of strategies and roadmaps for adaptation to the digital economy and the provision of higher value-added services, e.g. KPO and ITO; (ii) the preparation of promotional and marketing tools to increase the attractiveness of the sector to foreign and local participants; and (iii) to provide knowledge and outreach activities to stakeholders in the GSS, particularly women.
- 2.3 Jamaica's Global Services Sector has grown exponentially in the past 20 years. However, the services outsourced are primarily at the lower end of the value chain (back office functions such as call centers), which are at risk of being automated and therefore, create employee redundancies. To ensure the viability of the sector, BPIAJ's will need to develop its capacity to advance and enable the BPO cluster to onboard itself into the 4IR by providing higher value-added activities in Knowledge Process Outsourcing (KPO) and Information Technology Outsourcing (ITO). This strategy offers huge potential for growth and job creation given that the market is growing for higher value services.

Analysts expect the global market for ITO to reach US\$481 billion by 2022, while KPO is projected to reach US\$124.2 billion by 2025.

- 2.4 This TC is aligned with two of the main development challenges described in the Updated Institutional Strategy (UIS) 2010-2020 (AB-2008): “Social exclusion and inequality” and “Low production and innovation”. The TC is also aligned with the priorities defined in the Innovation, Science and Technology Sector Framework Document (GN-2791-3), and the priorities of the “Proposal for the establishment of the Compete Caribbean Partnership Facility (GN-2851). The TC is closely aligned with the Jamaica project on “Skills Development for Global Services” (JA-L1079) and will be monitored to minimize overlaps.

III. Description of Activities and Outputs

- 3.1 **Component I. Strategic Roadmap for the Digital Global Services Sector (US\$90,000).** The purpose of this component is to foster job creation. It will assist current and future GSS firms, through the BPIAJ, to refine, improve and plan their growth strategies. This would include industry forecasting for GSS, identification of niches for Jamaica, and gap assessments for the BPIAJ members and services exporting SMEs (in terms of technology, governance, regulatory aspects). The outputs of this component will include a detailed report and a roadmap for implementation for the Association and its membership.
- 3.2 **Component II. Institutional Support to BPIAJ to Support Growth in the GSS (US\$250,000).** The purpose of this component is to foster productivity and innovation. It will finance activities designed to increase capacity of BPIAJ to attract investors and employees in higher value-added services. These activities include an institutional optimization plan for the BPIAJ, design of a promotional campaign (for foreign and national firms, as well as for schools to increase the desirability of the sector), financing of marketing materials, and the hiring of a cluster coordinator for the project. The outputs of this component are an institutional review report for BPIAJ, a promotional campaign and its materials, and a cluster coordinator.
- 3.3 **Component III. Outreach and Knowledge Exchange (US\$60,000).** This component will finance webinars, a distinguished speakers’ series, and a mentorship program for women. Outputs in this component will include workshops, webinars and a mentorship program.
- 3.4 **Component IV. Incubator (US\$40,000).** This component will be financed by counterpart financing and will be used towards establishing a GSS Incubator.

IV. Budget

Indicative Budget

Activity/Component	IDB/Fund Funding	Counterpart Funding	Total Funding
Component 1. Strategic Roadmap for the Digital Global Services Sector	\$ 90,000.00	\$ 0.00	\$ 90,000.00
Component 2. Institutional Support to BPIAJ to Support Growth in the GSS	\$ 250,000.00	\$ 20,000.00	\$ 270,000.00
Component 3. Outreach and Knowledge Exchange	\$ 60,000.00	\$ 20,000.00	\$ 80,000.00
Component 4. Incubator	\$ 0.00	\$ 40,000.00	\$ 40,000.00
Total	\$400,000.00	\$80,000.00	\$480,000.00

V. Executing Agency and Execution Structure

- 5.1 The executing Agency is the Inter-American Development Bank. The execution and disbursement period will be 36 months, and the UDR will be INT/TIN. The procurement of individual consulting services will be carried out by the IDB in accordance with Human Resources Department (HRD) Complementary Workforce Policy (AM-650). The procurement of consulting services will be carried out by IDB in accordance with its Corporate Procurement Policy (GN-2303-20).
- 5.2 The Compete Caribbean Partnership Facility (CCPF), approved under GN-2851, was jointly designed with donors to be a Bank Executed Program, through the CCPF's Facility Coordination Unit (FCU) established in COF Barbados. The Bank has demonstrated its ability to coordinate and motivate action across diverse stakeholders at both the national and regional levels. The execution of this TC will be carried out by the Bank through the Trade and Investment Division (INT/TIN) and the Competitiveness and Innovation Division (IFD/CTI) in coordination with FCU. Project output indicators will be monitored following the Monitoring and Evaluation (M&E) framework of the CCPF. CCPF will work with the BPIAJ and very closely with the IDB Labour Market Division. Monitoring of project implementation will be based on the annexed Results Framework, which is considered indicative of expected results at the time of approval. A Baseline Assessment will be conducted to confirm indicators, data collection methodologies and baseline data.

VI. Project Risks and Issues

- 6.1 A risk to the project is that BPIAJ will not be able to acquire third party finance, which may affect the results and outcomes of the project. This risk is minimal given that it includes 50% of 20% of the overall cost of the TC, which constitutes USD40,000. The members of the BPIAJ have shown a willingness to invest in enhancing the resilience of the sector. Furthermore, other government agencies in the country are committed to providing support. Another risk is the fast-changing pace of technology and innovation in information, communication and technology (ICT) which is at the very heart of the GSS. At the end of the project when the members of the GSS in Jamaica have caught up with current ICT trends dominated by the 4IR, new innovations would have occurred. This risk, again, is minor, as Jamaica will compete not just on services offered that are enabled by 4IR, but with other comparative advantages such as proximity to major markets, English as an official language, an educated and skilled populace, among other advantages.

VII. Environmental and Social Classification

- 7.1 The ESG classification for this operation is "undefined".