

PUBLIC

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

TRINIDAD AND TOBAGO

MANPOWER STRATEGY FOR TRINIDAD AND TOBAGO

(TT-T1058)

TECHNICAL COOPERATION DOCUMENT

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TT-T1058

CERTIFICATION

I hereby certify that this operation was approved for financing under the Social Fund (SOF) through a communication dated July 15, 2015 and signed by Su Hyun Kim (ORP/GCM). Also, I certify that resources from said fund are available for up to **US\$400,000**, in order to finance the activities described and budgeted in this document. This certification reserves resources for the referenced project for a period of four (4) 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, for which the Fund is not at risk.

Original signed

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

09/30/2015

Date

APPROVAL

Approved:

Original signed

OCT - 1 2015

Hector Salazar
Sector Manager
Social Sector
SCL/SCL

Date

Original signed

Carmen Pagés
Jefa, SCL/LMK

OCT - 1 2015

Fecha

TC Document
Manpower Strategy for Trinidad and Tobago
(TT-T1058)

I. Basic project data

▪ Country/Region:	Trinidad and Tobago / CCB
▪ TC Name:	Manpower Strategy for Trinidad and Tobago
▪ TC Number:	TT-T1058
▪ Team Leader/Members:	Carolina González-Velosa team leader (SCL/LMK); Carmen Pagés-Serra (SCL/LMK); Diether Beuermann (CCB/CCB); Maria Eugenia de Diego (SCL/LMK); Betina Henning (LEG/SGO); and Ethel Muhlstein (SCL/LMK).
▪ Indicate if: Operational Support, Client Support, or Research & Dissemination	Client Support
▪ Date of TC Abstract authorization:	July 15, 2015
▪ Beneficiary :	Trinidad and Tobago, through the Ministry of Planning and Sustainable Development (MPSD).
▪ Executing Agency and contact name	IDB, Social Sector, through the Labor Markets and Social Security Unit (SCL/LMK). Carolina González-Velosa (cagonzalez@iadb.org)
▪ Donors providing funding:	Special Program for Employment, Poverty Reduction and Social Development in Support of the Millennium Development Goals - Social Fund (ORC/SOF).
▪ IDB Funding Requested:	US\$400,000
▪ Local counterpart funding, if any:	0
▪ Execution period:	30 months
▪ Disbursement period:	36 months for disbursement
▪ Required start date:	October 2015
▪ Types of consultants (firm or individual consultants):	Individual consultants, national and/or international
▪ Prepared by Unit:	Labor Markets and Social Security Unit (SCL/LMK)
▪ Unit of Disbursement Responsibility:	Social Sector, through SCL/LMK
▪ TC Included in Country Strategy (y/n):	No
▪ TC included in CPD (y/n):	No
▪ GCI-9 Sector Priority:	The current TC aligns with GCI-9 lending programs for small and vulnerable countries and poverty reduction and equity enhancement (sector) and regional development goals of social policy for equity and productivity

II. Objective and Justification

- 2.1 **Objective.** The objective of this TC is to support the Ministry of Planning and Sustainable Development (MPSD) in setting the foundations for the design and implementation of a Manpower Strategy that supports the country's medium-term economic goals. In this context, a Manpower Strategy would identify future human capital requirements in the economy and define a set of actions and policies to fulfilling such requirements (e.g. skill development, training, intermediation, migration).
- 2.2 **Justification.** The Government of the Republic of Trinidad and Tobago (GoRTT) has set specific goals in terms of economic growth and diversification. There are, however, concerns as to whether the country will have the pool of talented human resources required to support these goals. The MPSD has therefore requested the support of the IDB for the design and implementation of a Manpower Strategy to identify human capital requirements and implement actions to develop the required skills.
- 2.3 Designing a Manpower Strategy in Trinidad and Tobago (TT) is crucial, given the evidence that suggests a mismatch between the skills the employers need and the skills in the labour market. This mismatch is reflected by the fact that 41% of the firms surveyed indicate that limitations in the qualification of the workforce are a major constraint to their business. When asked about the most important obstacle to business, constraints in workforce qualifications are the most frequent obstacle chosen by firms, surpassing others like crime and credit limitations.¹ A Manpower strategy will enable the identification and addressing of any skill imbalances that exist in the workforce.
- 2.4 Designing a Manpower Strategy in TT involves major technical and institutional challenges. First, the quality of the diagnostic in TT is limited by data issues. There are, for example, no systematic tools to identify the demand of skills from firms at a national level or assess the relevance of the skills provided at the tertiary education level. Second, there are no institutional processes in which, systematically and permanently, human capital requirements are identified and skills strategies are designed.
- 2.5 Nonetheless, TT has major strengths that should be leveraged. First, TT has training institutions with vast experience working in partnership with the private sector to produce a workforce with relevant skills, albeit on an ad-hoc rather than a systematic basis. Also, the country has advanced in the development of a National qualification framework and has a number of multi-partied institutional arrangements that create spaces for public-private collaboration. Moreover, there have been innovative arrangements in which, at the sectoral level, the government has created partnerships with employers to develop training programs that address the shortage of skills in the sector.² Finally, the government is working on the revision of policies that aim at filling the skills gap and has invested in several studies that forecast labor demand in the prioritized sectors.

¹ Source: Enterprise Surveys conducted by the IDB, the World Bank and Compete Caribbean in 2010.

² An example is the recent partnership between the Ministry of Tertiary Education and Skills Training and the manufacturing sector. The agreement will allow for the development of a two-tiered apprenticeship system for the manufacturing sector over the next seven years to address the shortfall of skilled, semi-skilled, technical and professional labor in the manufacturing sector.

- 2.6 This TC will finance activities to set the foundations of a Manpower Strategy at two levels: sector-specific and national. In the first case, it will finance activities to support skills development in up to three select sectors prioritized in the MTND. Specifically, it will finance pilot processes of skills development at the sector level that will serve as a template for further expansion of the concept. In the second case, it will finance activities to improve the diagnostic of skills produced in the tertiary and Technical and Vocation Education and Training (TVET) systems and analyse how existing social programs can be utilized more strategically to develop skills for the economy in general. Overall, lessons learned from these pilot processes, assessments and diagnostics will be used to outline the next steps required for the expansion and consolidation of a Manpower Strategy.
- 2.7 This TC is aligned with GCI-9 lending programs for small and vulnerable countries and poverty reduction and equity enhancement (sector) and regional development goals of social policy for equity and productivity: building well-articulated safety nets, and improving the functioning of labor markets for higher productivity and increased social security coverage. The TC is also aligned with the Social Fund's objectives, to the extent that it enhances the volume and quality of Bank lending directed to social programs needed in LAC countries, while fostering increases in labor productivity. By supporting the development of a Manpower Strategy that helps bridge the gap between the skills in the workforce and those demanded by firms, this TC will contribute to an improvement in the labor productivity of TT.

III. Description of activities and outputs

- 3.1 **Component 1. Identification of manpower requirements (US\$285,000).** This component will finance activities that support the design and implementation of a strategy to identify and address skill needs in up to three prioritized sectors.³ These will yield three outputs. The first one is the **design of a skills strategy** that outlines: (i) institutional arrangements to guarantee an adequate involvement of the relevant stakeholders (employees, workers, training providers); (ii) labor market intelligence protocols to estimate (and periodically update) the human capital requirements in the prioritized sectors; (iii) development of qualification frameworks and training standards (if required); (iv) development of training and apprenticeship programs, given the human capital requirements; (v) outreach to potential trainees, training and placement. The second output is **the implementation of the skills strategy**, which involves the activities of planning support and coordination required for the smooth and timely running of the strategy. Given that these processes involve several stakeholders and institutions, coordination activities are of the essence. Thus, the third output, will finance **meeting and events for stakeholder engagement** (including major employers, training providers and policy makers).

³ These sectors will be chosen based on their strategic importance. The MPSD has suggested choosing among the following: ICT-Based Services, Energy Services, Financial Services, Manufacturing (particularly Food Products) and Maritime Services. This list may be revised, however, should the GoRTT and the technical teams deemed it necessary.

- 3.2** This component will also finance activities to support the assessment of the education system in terms of its capacity to graduate individuals with the skills required in the labor market. These activities will support the collection, standarization and processing of administrative information of the education sector as well as data on labor market outcomes of graduates. Expected outputs are **the protocols for data collection and data processing** as well as an **analysis of the labor market outcomes for the tertiary education system**.
- 3.3** Outputs in this component will be delivered in such a way that existing institutional strengths in the country will be leveraged and local capacity in manpower planning is built. Therefore, even though their delivery of will be led by external consultants, all activities will involve the participation of local consultants and government officials.
- 3.4** The activities in this component aim at the attainment at the **the building of local technical capacity in Manpower planning**. More specifically, the goal is to build local capacity to draw insight from labor market intelligence, develop standards and business relevant qualifications and to drive action on skills including outreach and placement activity to enhance productivity in the select group of prioritized sectors. The experience of setting up and establishing skills strategies in selected sectors could be used as a development template for further expansion of the concept in the other prioritized sectors, should it prove effective. Moreover, the activities aim at building the local technical capacity necessary to assess the capacity of the education system to produce relevant skills in the workforce, using administrative data.
- 3.5** **Component 2. Assessment of key social and education programs (US\$80,000).** This component will finance the analysis of key social and education programs in terms of their effects on the skills of the workforce. The expected output is an **assessment of how aspects related to the administration and the design of welfare, education and/or migration policies affect the supply of skills in the labor market**. The selection of specific policies to be analyzed will be grounded in discussions with technical public servants at the various ministries. The expected outcome is an evidence-based series of **policy recommendations that can be adopted by the country**.
- 3.6** **Components 3. Project administration (US\$35,000).** Resources will also be allocated for activities of supervision, communications and dissemination. This will finance expert consultants to support the execution, as well as activities to communicate and disseminate the findings of the TC.

Results indicative matrix

Outcome / outputs Indicators	Unit	Baseline	Target	Exp. Completion Date	Source
Expected outcome: Building of local capacity in manpower planning					
Outputs					
1.1. Sector level skill strategy designed	Strategy	0	1	April 2016	Final report approved by IDB technical supervisor

Outcome / outputs Indicators	Unit	Baseline	Target	Exp. Completion Date	Source
1.2. Process to implement sector skill strategy coordinated and in operation	Process	0	1	August 2016	Process agenda and satisfaction survey
1.3 Stakeholder engagement event organized and completed	Event			February 2016	Event Agenda, Presentations and Satisfaction Survey
1.4 Protocols for data collection and data processing designed	Report with design of protocols	0	20	April 2016	Design of Protocols approved by IDB technical supervisor
1.5 Analysis of administrative data of labor market outcomes of tertiary education performed	Report with analysis	0	1	August 2016	Final report approved by IDB technical supervisor
Expected outcome: Adoption of policy recommendations					
2.1. Assessment of effects of social programs in the supply of skills finalized and policy recommendations designed	Report with assessment and policy recommendations	0	1	April 2016	Final report approved by IDB technical supervisor

3.7 Budget The estimated budget for the 30 months execution period (2015-2017) is US\$400,000 from resources of the Special Program for Employment, Poverty Reduction and Social Development in Support of the Millennium Development Goals - Social Fund (ORC/SOF).

Indicative Budget (US\$)

Activity/ Component	Description	IDB/Fund Funding (ORC/SOF)	Total Funding
1 – Identification of manpower requirements		285,000	285,000
A1	Design and implementation of sector-level skills strategy	210,000	210,000
A2	Design of an information system (collection, centralization, standardization and processing of administrative information)	75,000	75,000
2 – Assessment of key policies		80,000	80,000
B1.	Assessment of key social and education programs	80,000	80,000
3- Project administration		35,000	35,000
C1	Communication and dissemination	15,000	15,000
C2.	Supervision and administrative support	10,000	10,000
4- Unforeseen contingencies		10,000	10,000
TOTAL		400,000	400,000

IV. Executing agency and execution structure

- 4.1 As requested by the Government of Trinidad and Tobago (GoRTT), the Bank will execute this TC (see letter in annexes). This execution scheme is proposed for the following reasons: (i) SCL/LMK has particular technical expertise in social development and labor market programs, specifically based on international best practices; and (ii) administrative burdens can be reduced on the GoRTT, particularly in the identification and contracting of international experts. SCL/LMK will be responsible for the direction, supervision, and execution of this TC. The team will prepare all reports required by the Donor or by the Grants and Cofinancing Management Unit (ORP/GCM). The Bank will coordinate its work extensively with GoRTT benefiting entities and most directly, with the MPSD.

- 4.2 **Procurement.** The Bank will contract individual consultants, consulting firms and non-consulting services in accordance with current Bank procurement policies and procedures. The Bank will consult with the GoRTT as it relates to the selection of these consultants.

V. Major Issues

- 5.1 A potential risk could arise from delays in project execution due to insufficient integration, coordination and communication between government entities and representatives of the private sector. Indeed, a key success factor for the activities outlined in component 1 is the effective engagement from major employers, policy makers and training providers. To mitigate this risk, the TC will finance activities to promote stakeholder's involvement and will leverage on already existing partnerships.
- 5.2 The second risk comes from lack of sustainability, if there are changes in the priorities of the administration and/or dependence on external support. To mitigate this risk, the TC is emphasizing efforts to promote local capacity building.
- 5.3 A third risk comes from the uncertainties regarding the quality and nature of the administrative data. To mitigate this risk, the TC is not only funding activities to construct and analyze the data but is also funding the design of protocols for data collection.

VI. Environmental and Social Classification

- 6.1 There are no expected negative social and environmental impacts and this project received classification C. See [safeguard reports](#).

Annexes:

- [Letter of request](#)
- [Terms of Reference](#)
- [Procurement Plan](#)