IDB Inter-American Development Bank

# TERMS OF REFERENCE

***Consulting Service for Deployment of Regional Call for Proposals in LAC***

*Regional/Mexico, Brazil, Colombia*
*RG-T4060*

*Regional Call for Proposals to create Industry Skills Strategies*

*The IDB will make available a pool of pre-screened consultants (firms and individuals) trained in the development of skill strategies which could be available to participating industries. Industries, however, may opt to hire their own consultants with the fund, subject to the no-objection of the bank. Industries will present proposals to develop industry skills strategy. To do so, they can either use funds to i) hire firm or ii) individual consultant following Bank policy. The firm in C1 will draft template of minimum requirements for reports under C2 and provide draft of updated TORs should industries opt to hire a firm.*

## 1. Background and Justification

**1.1.** The Fourth Industrial Revolution (4IR), characterized by rapid technological change, is significantly transforming the world's economic dynamics. The development of new digital technologies including artificial intelligence, robotics, biotechnology, and blockchain, marks a period that has been referred to as the 4IR. This Revolution offers the potential to boost economic growth through increased exports from higher value-added, more digitized activities in the manufacturing and services sectors. The successful adoption of existing technologies in a country or in the world is the main source of growth for countries (McKinsey, 2015). Continuing to introduce information technologies, such as broadband, and further progress in the digitalization of processes, in conjunction with a growing use of AI and robotics, will generate essential productivity gains to sustain high growth. This is an enormous opportunity for Latin America & the Caribbean, but for that to happen industries should be able to deploy people with the right talent to lead and take advantage of investments in technology.

**1.2.** Recent studies show that as **digital technologies dramatically reshape industry after industry at a global scale**, many companies are pursuing large-scale change efforts to capture the benefits of these trends or simply to keep up with competitors. Recent studies based on Global Survey (McKinsey, 2018) on digital transformations, points to a set of factors that might improve the chances of a transformation succeeding. Among the key factors, building capabilities for the workforce of the future are of top priority. The survey results confirm that developing talent and skills throughout the organization—**a fundamental action for traditional transformations**—is one of the most important factors for success in a digital change effort.

**1.3.** **Developing people with the right skills is not only crucial to deploy the right technologies**; it is also key to achieving inclusive growth. A large body of evidence suggests that technologies are changing the demands for occupations and skills, and that many workers

performing routine tasks run the risk of being displaced by technology. In the region, as much as 19% of men and 21% of female may be displaced by new technologies in the coming years (Bustelo, Suaya and Viollaz, 2019). In addition, the lack of skills may create a backlash against the introduction of new technologies – much as taxi drivers resist the penetration of raid-hail companies such as UBER. As highlighted in the Skills Development Sector Framework Document (IDB, 2020), aligning skills development to a country's growth strategy and the demands of productive sectors improves the relevance of the skills being developed. To properly align the supply and demand of skills, it is important to involve industries and other social partners in the identification of skills needed, curricula design, and provision of learning (OECD, 2019; Amaral et al., 2017). Ongoing collaboration supports the continuous adaptation of curricula to labor market demands. Many developed countries have ensured employers' participation in skills development through the establishment of sector bodies or organizations that represent industries, as part of their institutional arrangements.

1.4. **However, there is little information in Latin America and the Caribbean (LAC)**, on the impact the adoption of new technologies is having in industries in the region. This presents a challenge in identifying the evolution of skills needs in different industries, potential missed growth opportunities, as well as potential job displacement. This lack of information limits the ability for the training delivery ecosystem to be able to respond to industry-specific skills needs. This in turn limits industries' capacity to train new prospective employees and upskill or reskill the current workforce as they embark on their digital transformation journeys.

1.5. **It is important that the countries in the region implement policies to strengthen the recovery of their economies and achieve a sustainable rebound**. To this end, this initiative will help collect information to provide decision makers with data to design more appropriate interventions in the development of skills in industries with job creation prospects. A specific example of an industry that has expressed interest in regional initiatives such as this is the steel industry. The growth of the steel industry and its entire value chain plays a fundamental role in generating new jobs and promoting local communities; reaffirming that the steel industry is an important economic engine in Latin America. To achieve sustainable growth, it is vitally important to accompany the 1.2 million jobs in their transformation to Green Jobs.3 The steel industry in Latin America (represented by Alacero) is working with the Bank (ENE) on a decarbonization project for the Latin American and Caribbean Steel sector. The objective is to lay the foundations for the implementation of decarbonization projects for the steel industry in Latin America and the Caribbean. Therefore, the Latin American steel sector seeks to interconnect its ecosystem made up of universities, industries, service and equipment providers, associations, etc. to align individual efforts to support this transformation. The common language to achieve this interconnection is the skills that are based on the functional analysis of processes. In addition to generating permanent competence in human resources, the sector seeks to develop a standardized skills matrix for Latin America that allows us to identify training needs, channel investments, etc.

1.6. **To address this, the Bank team is working directly with specific industries to support their skills development process**, understand what needs to exist in the industry, and how the demand for skills will continuously evolve in the coming years. This type of industry-specific collaboration will provide information enabling the generation of better knowledge products around skills development and produce better diagnostics to promote our gender (gender gaps in the labor market) and climate change (green jobs and skills) agenda, included in Vision 2025. To collect this industry-specific skills data as industries continue to evolve (which is currently difficult to identify due to this continuous evolution), a regional Call for Proposals will be established that will allow LAC industries to apply to Call for Proposals to finance the design of training strategies they need. This in turn will create great amounts of skills data for its use among the region, mainly on benchmarking skill gaps for the digital transformation among countries within LAC, per industry; in comparison to more advanced economies. The Call for Proposals contemplates a fund limit per industry, and this amount is increased if different criteria are met (i.e. skills that contribute to environmental objectives and/or actions to mitigate gender imbalances in that industry)

1.7. **The objective of this TC is to establish a regional Call for Proposals that will allow industries in LAC to apply to Call for Proposals to develop their industry skill strategies (for specific countries).** The scope of the strategy is to identify industry skills needs to be able to charter occupational pathways as the industries evolve in the next few years. The objective of the strategy is to create a pipeline of workers with the required skills companies need to fuel their digital and/or business transformation in the context of the 4IR, as well as support the upskilling and reskilling of their workforce. Furthermore, these skills strategies will provide insights to mitigate workforce displacement in industries that are adopting technologies as well as drive digital inclusion of vulnerable populations by training them in the job-readiness skills they will need to access good jobs. The information generated by these skills strategies will be useful to identify the industries and countries facing higher risks of skill gaps as a barrier for productivity as digital transformation is deployed.

## 2. Objectives

2.1. The objective of this consultancy is to support the deployment of a Regional Call for Proposals in alignment with the evidence acquired from the analysis of the industry segments and subsegments and priorities in Brazil, Colombia, and Mexico. The consulting firm will support the wider aims of the industry segments to increase the relevant skills and employability of workers in LAC, for better communication of the skills need between employers and training providers and act to promote relevant skills and higher labour productivity. The final product is the design of minimum requirements an industry skills strategy should entail.

## 3. Scope of Services

3.1. The key activities of this consultation will be:

I. Development of Call for Proposals mechanism including operational mechanism and criteria for application to the Regional Call for Proposals.
II. Promotion of the Call for Proposals among key industry segments and subsegments with Brazil, Colombia, and Mexico.
III. Support companies/industries with application and submission applications to the Regional Call for Proposals.
IV. Manage the application process and assessment of industry segments to the Regional Call for Proposals. Alternately a digital platform can also be considered for the management of the Regional Call for Proposals application and assessment.
V. Monitor and evaluate the Regional Call for Proposals disbursement and provide timely report and feedback on the Regional Call for Proposals to the Inter-American Development Bank.
VI. Present minimum requirements that an industry skills strategy should entail.

## 4. Expected Outcome and Deliverables

**4.1.** The key activities to be developed for this consulting service will include but not limited to:

I. Development of operational manual including criteria for analysis of application to the Regional Call for Proposals.
II. Defined workplan for promotional based activities around the priorities of the industry segment and subsegment report.
III. Defined application process for various industry segments and sub-segments to the Regional Call for Proposals. Alternately a digital platform can be developed to manage the application and management of applications to the Regional Call for Proposals.
IV. Present a format or proposed template of industry skills strategy (minimum requirements that a strategy should entail)
V. Revise final TORs for consultancy to draft industry (1) skills strategy detailed in Component 2 of RG-T4060
VI. Report including monitoring and evaluation of the Regional Call for Proposals disbursement, including lessons learnt.

## 5. Project Schedule and Milestones

**5.1.** The delivery of the consulting service should be in line with the following:

| Milestone | Deadline from contract signatura |
|---|---|
| 1. Workplan | 2 weeks after signing contract |
| 2. Development of operational manual including critera for análisis of application to the Regional Call for Proposals | 2 month |
| 3. Defined workplan for promotional based activities around the priorities of the industry segment and subsegment report | 2 month |
| 4. Defined application process for various industry segments and sub-segments to the Regional Call for Proposals. Alternately a digital platform can be developed to manage the application and management of applications to the Regional Call for Proposals | 2 months |

| | |
|---|---|
| 5. Present a format or proposed template of industry skills strategy (minimum requirements that a strategy should entail) & final TORs Consultancy to draft industry (1) skills strategy | 2 weeks |
| 6. Report including monitoring and evaluation of Regional Call for Proposals disbursement, including lessons learnt. | 2 weeks |

## 6. Reporting Requirements

**6.1.** Reports will be reviewed by the Operations Senior Specialist of the Labour Market and Social Sector Division. Acceptance of deliverables are contingent on addressing comments and feedback provided by this party within revised versions of the submissions.

## 7. Acceptance Criteria

**7.1.** Reports developed under this consultancy must be submitted to the Bank in an electronic file. The report should include cover letter, main document, and all annexes. Zip files will not be accepted as final reports due to Records Management Section regulations. Deliverables will be reviewed by the Operations Senior Specialist of the Labour Market and Social Sector Division and other IDB staff.

## 8. Schedule of Payments

**8.1.** Payment terms will be based on project milestones or deliverables. The Bank does not expect to make advance payments under consulting contracts unless a significant amount of travel is required. The Bank wishes to receive the most competitive cost proposal for the services described herein.

**8.2.** The IDB Official Exchange Rate indicated in the RFP will be applied for necessary conversions of local currency payments.

| **Payment Schedule** | |
|---|---|
| **Deliverable** | **%** |
| 1. Development of operational Manual and defined workplan for promotional based activities | 20% |
| 2. Development of defined application process for industry segments | 20% |
| 3. Presentation of industry skills strategy & TORs for C2 | 30% |
| 4. Final report including monitoring and evaluation of the Regional Call for Proposals. | 30% |
| **TOTAL** | 100% |

IDB Inter-American Development Bank

# TERMS OF REFERENCE

***Consulting Service to Draft industry (1) skills strategy***

*Regional/Mexico, Brazil, Colombia*
*RG-T4060*

*Regional Call for Proposals to create Industry Skills Strategies*

## 1. Background and Justification

**1.1.** The Fourth Industrial Revolution (4IR), characterized by rapid technological change, is significantly transforming the world's economic dynamics. The development of new digital technologies including artificial intelligence, robotics, biotechnology, and blockchain, marks a period that has been referred to as the 4IR. This Revolution offers the potential to boost economic growth through increased exports from higher value-added, more digitized activities in the manufacturing and services sectors. The successful adoption of existing technologies in a country or in the world is the main source of growth for countries (McKinsey, 2015). Continuing to introduce information technologies, such as broadband, and further progress in the digitalization of processes, in conjunction with a growing use of AI and robotics, will generate essential productivity gains to sustain high growth. This is an enormous opportunity for Latin America & the Caribbean, but for that to happen industries should be able to deploy people with the right talent to lead and take advantage of investments in technology.

**1.2.** Recent studies show that as **digital technologies dramatically reshape industry after industry at a global scale**, many companies are pursuing large-scale change efforts to capture the benefits of these trends or simply to keep up with competitors. Recent studies based on Global Survey (McKinsey, 2018) on digital transformations, points to a set of factors that might improve the chances of a transformation succeeding. Among the key factors, building capabilities for the workforce of the future are of top priority. The survey results confirm that developing talent and skills throughout the organization—**a fundamental action for traditional transformations**—is one of the most important factors for success in a digital change effort.

**1.3. Developing people with the right skills is not only crucial to deploy the right technologies**; it is also key to achieving inclusive growth. A large body of evidence suggests that technologies are changing the demands for occupations and skills, and that many workers performing routine tasks run the risk of being displaced by technology. In the region, as much as 19% of men and 21% of female may be displaced by new technologies in the coming years

(Bustelo, Suaya and Viollaz, 2019). In addition, the lack of skills may create a backlash against the introduction of new technologies – much as taxi drivers resist the penetration of raid-hail companies such as UBER. As highlighted in the Skills Development Sector Framework Document (IDB, 2020), aligning skills development to a country's growth strategy and the demands of productive sectors improves the relevance of the skills being developed. To properly align the supply and demand of skills, it is important to involve industries and other social partners in the identification of skills needed, curricula design, and provision of learning (OECD, 2019; Amaral et al., 2017). Ongoing collaboration supports the continuous adaptation of curricula to labor market demands. Many developed countries have ensured employers' participation in skills development through the establishment of sector bodies or organizations that represent industries, as part of their institutional arrangements.

1.4. **However, there is little information in Latin America and the Caribbean (LAC)**, on the impact the adoption of new technologies is having in industries in the region. This presents a challenge in identifying the evolution of skills needs in different industries, potential missed growth opportunities, as well as potential job displacement. This lack of information limits the ability for the training delivery ecosystem to be able to respond to industry-specific skills needs. This in turn limits industries' capacity to train new prospective employees and upskill or reskill the current workforce as they embark on their digital transformation journeys.

1.5. **It is important that the countries in the region implement policies to strengthen the recovery of their economies and achieve a sustainable rebound**. To this end, this initiative will help collect information to provide decision makers with data to design more appropriate interventions in the development of skills in industries with job creation prospects. A specific example of an industry that has expressed interest in regional initiatives such as this is the steel industry. The growth of the steel industry and its entire value chain plays a fundamental role in generating new jobs and promoting local communities; reaffirming that the steel industry is an important economic engine in Latin America. To achieve sustainable growth, it is vitally important to accompany the 1.2 million jobs in their transformation to Green Jobs.3 The steel industry in Latin America (represented by Alacero) is working with the Bank (ENE) on a decarbonization project for the Latin American and Caribbean Steel sector. The objective is to lay the foundations for the implementation of decarbonization projects for the steel industry in Latin America and the Caribbean. Therefore, the Latin American steel sector seeks to interconnect its ecosystem made up of universities, industries, service and equipment providers, associations, etc. to align individual efforts to support this transformation. The common language to achieve this interconnection is the skills that are based on the functional analysis of processes. In addition to generating permanent competence in human resources, the sector seeks to develop a standardized skills matrix for Latin America that allows us to identify training needs, channel investments, etc.

1.6. **To address this, the Bank team is working directly with specific industries to support their skills development process**, understand what needs to exist in the industry, and how the demand for skills will continuously evolve in the coming years. This type of industry-

specific collaboration will provide information enabling the generation of better knowledge products around skills development and produce better diagnostics to promote our gender (gender gaps in the labor market) and climate change (green jobs and skills) agenda, included in Vision 2025. To collect this industry-specific skills data as industries continue to evolve (which is currently difficult to identify due to this continuous evolution), a regional Call for Proposals will be established that will allow LAC industries to apply for Call for Proposals to finance the design of training strategies they need. This in turn will create great amounts of skills data for its use among the region, mainly on benchmarking skill gaps for the digital transformation among countries within LAC, per industry; in comparison to more advanced economies. The Call for Proposals contemplates a fund limit per industry, and this amount is increased if different criteria are met (i.e. skills that contribute to environmental objectives and/or actions to mitigate gender imbalances in that industry)

**1.7. The objective of this TC is to establish a regional Call for Proposals that will allow industries in LAC to apply to Call for Proposals to develop their industry skill strategies (for specific countries).** The scope of the strategy is to identify industry skills needs to be able to charter occupational pathways as the industries evolve in the next few years. The objective of the strategy is to create a pipeline of workers with the required skills companies need to fuel their digital and/or business transformation in the context of the 4IR, as well as support the upskilling and reskilling of their workforce. Furthermore, these skills strategies will provide insights to mitigate workforce displacement in industries that are adopting technologies as well as drive digital inclusion of vulnerable populations by training them in the job-readiness skills they will need to access good jobs. The information generated by these skills strategies will be useful to identify the industries and countries facing higher risks of skill gaps as a barrier for productivity as digital transformation is deployed.

## 2. Objectives

**2.1.** The objective of this consultancy is **draft an industry skills strategy** presented as a business case. The consulting firm will support the wider aims of the industry segments to increase the relevant skills and employability of workers in LAC, for better communication of the skills need between employers and training providers and act to promote relevant skills and higher labour productivity. The final product is a sector-specific industry skills strategy identifying new occupational pathways and/or green jobs.

## 3. Scope of Services

**3.1.** The key activities of this consultation will be:

I. Industry Evolution & Growth. Assess and identify industry structure in participating countries.

II. Industry Evolution & Growth. Understand and highlight current and future competitive advantages of industry in regional markets.

III. Industry Skills Strategy. Highlight skills needed for industry evolution and possible new

industry segments.

IV. Industry Skills Strategy. Present prioritized occupations and skills required to build the pipeline of talent for these occupations.

V. Industry Skills Strategy. Present and snapshot of current and new pipeline of talent (current workforce and new entrant pipeline)

VI. Industry Skills Strategy. Identify current offer from training ecosystem and possible new partners.

VII. Industry Deployment Roadmap. Roadmap to deploy the skills delivery

## 4. Expected Outcome and Deliverables

**4.1.** The key activities to be developed for this consulting service will include but not limited to:

I. **Industry Evolution & Growth.** Development of industry evolution strategy highlighting industry opportunities.

II. **Industry Skills Strategy.** Present strategy as a business case for growth.

III. **Skills Deployment Roadmap.** Defined workplan for stakeholder engagement around the priorities of the industry segment and subsegment strategy. Includes presentation and awareness materials.

## 5. Project Schedule and Milestones

**5.1.** The delivery of the consulting service should be in line with the following:

| Milestone | Deadline from contract signature |
|---|---|
| 1. Workplan | 2 weeks after signing contract |
| 2. Industry Evolution & Growth Report. | 2 months |
| 3. Industry Skills Strategy | 2 months |
| 4. Skills Deployment Roadmap | 2 months |

## 6. Reporting Requirements

**6.1.** Reports will be reviewed by the Operations Senior Specialist of the Labour Market and Social Sector Division. Acceptance of deliverables are contingent on addressing comments and feedback provided by this party within revised versions of the submissions.

## 7. Acceptance Criteria

**7.1.** Reports developed under this consultancy must be submitted to the Bank in an electronic file. The report should include cover letter, main document, and all annexes. Zip files will not be accepted as final reports due to Records Management Section regulations. Deliverables will be reviewed by the Operations Senior Specialist of the Labour Market and Social Sector Division and other IDB staff.

## 8. Schedule of Payments

**8.1.** Payment terms will be based on project milestones or deliverables. The Bank does not expect to make advance payments under consulting contracts unless a significant amount of travel is required. The Bank wishes to receive the most competitive cost proposal for the services described herein.

**8.2.** The IDB Official Exchange Rate indicated in the RFP will be applied for necessary conversions of local currency payments.

| Payment Schedule | |
|---|---|
| **Deliverable** | **%** |
| 1. Development of defined workplan | 10% |
| 2. Industry Evolution & Growth Report. | 30% |
| 3. Industry Skills Strategy | 30% |
| 4. Skills Deployment Roadmap | 30% |
| **TOTAL** | 100% |

IDB Inter-American Development Bank

# TERMS OF REFERENCE

***Consulting Service to Draft industry (2) skills strategy***

*Regional/Mexico, Brazil, Colombia*
*RG-T4060*

*Regional Call for Proposals to create Industry Skills Strategies*

## 1. Background and Justification

**1.1.** The Fourth Industrial Revolution (4IR), characterized by rapid technological change, is significantly transforming the world's economic dynamics. The development of new digital technologies including artificial intelligence, robotics, biotechnology, and blockchain, marks a period that has been referred to as the 4IR. This Revolution offers the potential to boost economic growth through increased exports from higher value-added, more digitized activities in the manufacturing and services sectors. The successful adoption of existing technologies in a country or in the world is the main source of growth for countries (McKinsey, 2015). Continuing to introduce information technologies, such as broadband, and further progress in the digitalization of processes, in conjunction with a growing use of AI and robotics, will generate essential productivity gains to sustain high growth. This is an enormous opportunity for Latin America & the Caribbean, but for that to happen industries should be able to deploy people with the right talent to lead and take advantage of investments in technology.

**1.2.** Recent studies show that as **digital technologies dramatically reshape industry after industry at a global scale**, many companies are pursuing large-scale change efforts to capture the benefits of these trends or simply to keep up with competitors. Recent studies based on Global Survey (McKinsey, 2018) on digital transformations, points to a set of factors that might improve the chances of a transformation succeeding. Among the key factors, building capabilities for the workforce of the future are of top priority. The survey results confirm that developing talent and skills throughout the organization—**a fundamental action for traditional transformations**—is one of the most important factors for success in a digital change effort.

**1.3.** **Developing people with the right skills is not only crucial to deploy the right technologies**; it is also key to achieving inclusive growth. A large body of evidence suggests that technologies are changing the demands for occupations and skills, and that many workers performing routine tasks run the risk of being displaced by technology. In the region, as much as 19% of men and 21% of female may be displaced by new technologies in the coming years (Bustelo, Suaya and Viollaz, 2019). In addition, the lack of skills may create a backlash against the introduction of new technologies – much as taxi drivers resist the penetration of raid-hail companies such as UBER. As highlighted in the Skills Development Sector Framework Document (IDB, 2020), aligning skills development to a country's growth strategy and the

demands of productive sectors improves the relevance of the skills being developed. To properly align the supply and demand of skills, it is important to involve industries and other social partners in the identification of skills needed, curricula design, and provision of learning (OECD, 2019; Amaral et al., 2017). Ongoing collaboration supports the continuous adaptation of curricula to labor market demands. Many developed countries have ensured employers' participation in skills development through the establishment of sector bodies or organizations that represent industries, as part of their institutional arrangements.

1.4. **However, there is little information in Latin America and the Caribbean (LAC)**, on the impact the adoption of new technologies is having in industries in the region. This presents a challenge in identifying the evolution of skills needs in different industries, potential missed growth opportunities, as well as potential job displacement. This lack of information limits the ability for the training delivery ecosystem to be able to respond to industry-specific skills needs. This in turn limits industries' capacity to train new prospective employees and upskill or reskill the current workforce as they embark on their digital transformation journeys.

1.5. **It is important that the countries in the region implement policies to strengthen the recovery of their economies and achieve a sustainable rebound**. To this end, this initiative will help collect information to provide decision makers with data to design more appropriate interventions in the development of skills in industries with job creation prospects. A specific example of an industry that has expressed interest in regional initiatives such as this is the steel industry. The growth of the steel industry and its entire value chain plays a fundamental role in generating new jobs and promoting local communities; reaffirming that the steel industry is an important economic engine in Latin America. To achieve sustainable growth, it is vitally important to accompany the 1.2 million jobs in their transformation to Green Jobs.3 The steel industry in Latin America (represented by Alacero) is working with the Bank (ENE) on a decarbonization project for the Latin American and Caribbean Steel sector. The objective is to lay the foundations for the implementation of decarbonization projects for the steel industry in Latin America and the Caribbean. Therefore, the Latin American steel sector seeks to interconnect its ecosystem made up of universities, industries, service and equipment providers, associations, etc. to align individual efforts to support this transformation. The common language to achieve this interconnection is the skills that are based on the functional analysis of processes. In addition to generating permanent competence in human resources, the sector seeks to develop a standardized skills matrix for Latin America that allows us to identify training needs, channel investments, etc.

1.6. **To address this, the Bank team is working directly with specific industries to support their skills development process**, understand what needs to exist in the industry, and how the demand for skills will continuously evolve in the coming years. This type of industry-specific collaboration will provide information enabling the generation of better knowledge products around skills development and produce better diagnostics to promote our gender (gender gaps in the labor market) and climate change (green jobs and skills) agenda, included in Vision 2025. To collect this industry-specific skills data as industries continue to evolve

(which is currently difficult to identify due to this continuous evolution), a regional Call for Proposals will be established that will allow LAC industries to apply to Call for Proposals to finance the design of training strategies they need. This in turn will create great amounts of skills data for its use among the region, mainly on benchmarking skill gaps for the digital transformation among countries within LAC, per industry; in comparison to more advanced economies. The Call for Proposals contemplates a fund limit per industry, and this amount is increased if different criteria are met (i.e. skills that contribute to environmental objectives and/or actions to mitigate gender imbalances in that industry)

**1.7. The objective of this TC is to establish a regional Call for Proposals that will allow industries in LAC to apply to Call for Proposals to develop their industry skill strategies (for specific countries).** The scope of the strategy is to identify industry skills needs to be able to charter occupational pathways as the industries evolve in the next few years. The objective of the strategy is to create a pipeline of workers with the required skills companies need to fuel their digital and/or business transformation in the context of the 4IR, as well as support the upskilling and reskilling of their workforce. Furthermore, these skills strategies will provide insights to mitigate workforce displacement in industries that are adopting technologies as well as drive digital inclusion of vulnerable populations by training them in the job-readiness skills they will need to access good jobs. The information generated by these skills strategies will be useful to identify the industries and countries facing higher risks of skill gaps as a barrier for productivity as digital transformation is deployed.

## 2. Objectives

**2.1.** The objective of this consultancy is **draft an industry skills strategy** presented as a business case. The consulting firm will support the wider aims of the industry segments to increase the relevant skills and employability of workers in LAC, for better communication of the skills need between employers and training providers and act to promote relevant skills and higher labour productivity. The final product is a sector-specific industry skills strategy identifying new occupational pathways and/or green jobs.

## 3. Scope of Services

**3.1.** The key activities of this consultation will be:

I. Industry Evolution & Growth. Assess and identify industry structure in participating countries.
II. Industry Evolution & Growth. Understand and highlight current and future competitive advantages of industry in regional markets.
III. Industry Skills Strategy. Highlight skills needed for industry evolution and possible new industry segments.
IV. Industry Skills Strategy. Present prioritized occupations and skills required to build the pipeline of talent for these occupations.
V. Industry Skills Strategy. Present and snapshot of current and new pipeline of talent

(current workforce and new entrant pipeline)

VI. Industry Skills Strategy. Identify current offer from training ecosystem and possible new partners.

VII. Industry Deployment Roadmap. Roadmap to deploy the skills delivery

## 4. Expected Outcome and Deliverables

**4.1.** The key activities to be developed for this consulting service will include but not limited to:

I. **Industry Evolution & Growth.** Development of industry evolution strategy highlighting industry opportunities.

II. **Industry Skills Strategy.** Present strategy as a business case for growth.

III. **Skills Deployment Roadmap.** Defined workplan for stakeholder engagement around the priorities of the industry segment and subsegment strategy. Includes presentation and awareness materials.

## 5. Project Schedule and Milestones

**5.1.** The delivery of the consulting service should be in line with the following:

| Milestone | Deadline from contract signature |
|---|---|
| 1. Workplan | 2 weeks after signing contract |
| 2. Industry Evolution & Growth Report | 2 months |
| 3. Industry Skills Strategy | 2 months |
| 4. Skills Deployment Roadmap | 2 months |

## 6. Reporting Requirements

**6.1.** Reports will be reviewed by the Operations Senior Specialist of the Labour Market and Social Sector Division. Acceptance of deliverables are contingent on addressing comments and feedback provided by this party within revised versions of the submissions.

## 7. Acceptance Criteria

**7.1.** Reports developed under this consultancy must be submitted to the Bank in an electronic file. The report should include cover letter, main document, and all annexes. Zip files will not be accepted as final reports due to Records Management Section regulations. Deliverables will be reviewed by the Operations Senior Specialist of the Labour Market and Social Sector Division and other IDB staff.

## 8. Schedule of Payments

**8.1.** Payment terms will be based on project milestones or deliverables. The Bank does not expect to make advance payments under consulting contracts unless a significant amount of travel is required. The Bank wishes to receive the most competitive cost proposal for the services

described herein.

**8.2.** The IDB Official Exchange Rate indicated in the RFP will be applied for necessary conversions of local currency payments.

| Payment Schedule | |
|---|---|
| **Deliverable** | **%** |
| 1. Development of defined workplan | 10% |
| 2. Industry Evolution & Growth Report. | 30% |
| 3. Industry Skills Strategy | 30% |
| 4. Skills Deployment Roadmap | 30% |
| **TOTAL** | 100% |

IDB Inter-American Development Bank

# TERMS OF REFERENCE

***Consulting Service to Draft industry (3) skills strategy***

*Regional/Mexico, Brazil, Colombia*
*RG-T4060*

*Regional Call for Proposals to create Industry Skills Strategies*

## 1. Background and Justification

**1.1.** The Fourth Industrial Revolution (4IR), characterized by rapid technological change, is significantly transforming the world's economic dynamics. The development of new digital technologies including artificial intelligence, robotics, biotechnology, and blockchain, marks a period that has been referred to as the 4IR. This Revolution offers the potential to boost economic growth through increased exports from higher value-added, more digitized activities in the manufacturing and services sectors. The successful adoption of existing technologies in a country or in the world is the main source of growth for countries (McKinsey, 2015). Continuing to introduce information technologies, such as broadband, and further progress in the digitalization of processes, in conjunction with a growing use of AI and robotics, will generate essential productivity gains to sustain high growth. This is an enormous opportunity for Latin America & the Caribbean, but for that to happen industries should be able to deploy people with the right talent to lead and take advantage of investments in technology.

**1.2.** Recent studies show that as **digital technologies dramatically reshape industry after industry at a global scale**, many companies are pursuing large-scale change efforts to capture the benefits of these trends or simply to keep up with competitors. Recent studies based on Global Survey (McKinsey, 2018) on digital transformations, points to a set of factors that might improve the chances of a transformation succeeding. Among the key factors, building capabilities for the workforce of the future are of top priority. The survey results confirm that developing talent and skills throughout the organization—**a fundamental action for traditional transformations**—is one of the most important factors for success in a digital change effort.

**1.3.** **Developing people with the right skills is not only crucial to deploy the right technologies**; it is also key to achieving inclusive growth. A large body of evidence suggests that technologies are changing the demands for occupations and skills, and that many workers performing routine tasks run the risk of being displaced by technology. In the region, as much as 19% of men and 21% of female may be displaced by new technologies in the coming years (Bustelo, Suaya and Viollaz, 2019). In addition, the lack of skills may create a backlash against the introduction of new technologies – much as taxi drivers resist the penetration of raid-hail companies such as UBER. As highlighted in the Skills Development Sector Framework Document (IDB, 2020), aligning skills development to a country's growth strategy and the

demands of productive sectors improves the relevance of the skills being developed. To properly align the supply and demand of skills, it is important to involve industries and other social partners in the identification of skills needed, curricula design, and provision of learning (OECD, 2019; Amaral et al., 2017). Ongoing collaboration supports the continuous adaptation of curricula to labor market demands. Many developed countries have ensured employers' participation in skills development through the establishment of sector bodies or organizations that represent industries, as part of their institutional arrangements.

1.4. **However, there is little information in Latin America and the Caribbean (LAC)**, on the impact the adoption of new technologies is having in industries in the region. This presents a challenge in identifying the evolution of skills needs in different industries, potential missed growth opportunities, as well as potential job displacement. This lack of information limits the ability for the training delivery ecosystem to be able to respond to industry-specific skills needs. This in turn limits industries' capacity to train new prospective employees and upskill or reskill the current workforce as they embark on their digital transformation journeys.

1.5. **It is important that the countries in the region implement policies to strengthen the recovery of their economies and achieve a sustainable rebound**. To this end, this initiative will help collect information to provide decision makers with data to design more appropriate interventions in the development of skills in industries with job creation prospects. A specific example of an industry that has expressed interest in regional initiatives such as this is the steel industry. The growth of the steel industry and its entire value chain plays a fundamental role in generating new jobs and promoting local communities; reaffirming that the steel industry is an important economic engine in Latin America. To achieve sustainable growth, it is vitally important to accompany the 1.2 million jobs in their transformation to Green Jobs.3 The steel industry in Latin America (represented by Alacero) is working with the Bank (ENE) on a decarbonization project for the Latin American and Caribbean Steel sector. The objective is to lay the foundations for the implementation of decarbonization projects for the steel industry in Latin America and the Caribbean. Therefore, the Latin American steel sector seeks to interconnect its ecosystem made up of universities, industries, service and equipment providers, associations, etc. to align individual efforts to support this transformation. The common language to achieve this interconnection is the skills that are based on the functional analysis of processes. In addition to generating permanent competence in human resources, the sector seeks to develop a standardized skills matrix for Latin America that allows us to identify training needs, channel investments, etc.

1.6. **To address this, the Bank team is working directly with specific industries to support their skills development process**, understand what needs to exist in the industry, and how the demand for skills will continuously evolve in the coming years. This type of industry-specific collaboration will provide information enabling the generation of better knowledge products around skills development and produce better diagnostics to promote our gender (gender gaps in the labor market) and climate change (green jobs and skills) agenda, included in Vision 2025. To collect this industry-specific skills data as industries continue to evolve

(which is currently difficult to identify due to this continuous evolution), a regional Call for Proposals will be established that will allow LAC industries to apply to Call for Proposals to finance the design of training strategies they need. This in turn will create great amounts of skills data for its use among the region, mainly on benchmarking skill gaps for the digital transformation among countries within LAC, per industry; in comparison to more advanced economies. The Call for Proposals contemplates a fund limit per industry, and this amount is increased if different criteria are met (i.e. skills that contribute to environmental objectives and/or actions to mitigate gender imbalances in that industry)

**1.7. The objective of this TC is to establish a regional Call for Proposals that will allow industries in LAC to apply to Call for Proposals to develop their industry skill strategies (for specific countries).** The scope of the strategy is to identify industry skills needs to be able to charter occupational pathways as the industries evolve in the next few years. The objective of the strategy is to create a pipeline of workers with the required skills companies need to fuel their digital and/or business transformation in the context of the 4IR, as well as support the upskilling and reskilling of their workforce. Furthermore, these skills strategies will provide insights to mitigate workforce displacement in industries that are adopting technologies as well as drive digital inclusion of vulnerable populations by training them in the job-readiness skills they will need to access good jobs. The information generated by these skills strategies will be useful to identify the industries and countries facing higher risks of skill gaps as a barrier for productivity as digital transformation is deployed.

## 2. Objectives

**2.1.** The objective of this consultancy is **draft an industry skills strategy** presented as a business case. The consulting firm will support the wider aims of the industry segments to increase the relevant skills and employability of workers in LAC, for better communication of the skills need between employers and training providers and act to promote relevant skills and higher labour productivity. The final product is a sector-specific industry skills strategy identifying new occupational pathways and/or green jobs.

## 3. Scope of Services

**3.1.** The key activities of this consultation will be:

I. Industry Evolution & Growth. Assess and identify industry structure in participating countries.
II. Industry Evolution & Growth. Understand and highlight current and future competitive advantages of industry in regional markets.
III. Industry Skills Strategy. Highlight skills needed for industry evolution and possible new industry segments.
IV. Industry Skills Strategy. Present prioritized occupations and skills required to build the pipeline of talent for these occupations.
V. Industry Skills Strategy. Present and snapshot of current and new pipeline of talent

(current workforce and new entrant pipeline)

VI. Industry Skills Strategy. Identify current offer from training ecosystem and possible new partners.

VII. Industry Deployment Roadmap. Roadmap to deploy the skills delivery

## 4. Expected Outcome and Deliverables

**4.1.** The key activities to be developed for this consulting service will include but not limited to:

I. **Industry Evolution & Growth.** Development of industry evolution strategy highlighting industry opportunities.

II. **Industry Skills Strategy.** Present strategy as a business case for growth.

III. **Skills Deployment Roadmap.** Defined workplan for stakeholder engagement around the priorities of the industry segment and subsegment strategy. Includes presentation and awareness materials.

## 5. Project Schedule and Milestones

**5.1.** The delivery of the consulting service should be in line with the following:

| Milestone | Deadline from contract signature |
|---|---|
| 1. Workplan | 2 weeks after signing contract |
| 2. Industry Evolution & Growth Report. | 2 months |
| 3. Industry Skills Strategy | 2 months |
| 4. Skills Deployment Roadmap | 2 months |

## 6. Reporting Requirements

**6.1.** Reports will be reviewed by the Operations Senior Specialist of the Labour Market and Social Sector Division. Acceptance of deliverables are contingent on addressing comments and feedback provided by this party within revised versions of the submissions.

## 7. Acceptance Criteria

**7.1.** Reports developed under this consultancy must be submitted to the Bank in an electronic file. The report should include cover letter, main document, and all annexes. Zip files will not be accepted as final reports due to Records Management Section regulations. Deliverables will be reviewed by the Operations Senior Specialist of the Labour Market and Social Sector Division and other IDB staff.

## 8. Schedule of Payments

**8.1.** Payment terms will be based on project milestones or deliverables. The Bank does not expect to make advance payments under consulting contracts unless a significant amount of travel is required. The Bank wishes to receive the most competitive cost proposal for the services

described herein.

**8.2.** The IDB Official Exchange Rate indicated in the RFP will be applied for necessary conversions of local currency payments.

| Payment Schedule | |
|---|---|
| **Deliverable** | **%** |
| 1. Development of defined workplan | 10% |
| 2. Industry Evolution & Growth Report. | 30% |
| 3. Industry Skills Strategy | 30% |
| 4. Skills Deployment Roadmap | 30% |
| **TOTAL** | 100% |