

TC Document

I. Basic Information for TC

▪ Country/Region:	TRINIDAD AND TOBAGO
▪ TC Name:	Skills for technological change in Trinidad and Tobago
▪ TC Number:	TT-T1129
▪ Team Leader/Members:	Gonzalez Velosa, Carolina (SCL/LMK) Team Leader; Acevedo Calle, Daniela (LEG/SGO); Brathwaite, Neeca N. (CCB/CTT); Cecilia Siccha (SCL/LMK); Gomez Gerena, Maria Fernanda (SCL/LMK); Gonzalez Herrera, Beatriz Maria (SCL/LMK); Grant, Kayla Sharee (IFD/CTI); Laura Casas Rojas (SCL/LMK); Louis-Grant, Paula (VPC/FMP); Rieble-Aubourg, Sabine (SCL/EDU); Wilks, Jason Malcolm (IFD/ICS); Dookiesingh, Vashtie K. Rieble-Aubourg, Sabine (SCL/EDU); Wilks, Jason Malcolm (IFD/ICS); Dookiesingh, Vashtie (DIS/CCT); Kayla Sharee Grant (IFD/CTI); Neeca, Brathwaite (CCB/CTT); Louis-Grant, Paula (FMP/CTT).
▪ Taxonomy:	Client Support
▪ Operation Supported by the TC:	No
▪ Date of TC Abstract authorization:	08 Apr 2022
▪ Beneficiary:	Trinidad and Tobago
▪ Executing Agency and contact name:	Inter-American Development Bank
▪ Donors providing funding:	OC SDP Window 2 - Social Development(W2E)
▪ IDB Funding Requested:	US\$125,000.00
▪ Local counterpart funding, if any:	US\$0
▪ Disbursement period (which includes Execution period):	36 months (includes execution period)
▪ Required start date:	July, 2022
▪ Types of consultants:	Firms and individual consultants
▪ Prepared by Unit:	SCL/LMK-Labor Markets
▪ Unit of Disbursement Responsibility:	SCL/LMK-Labor Markets
▪ TC included in Country Strategy (y/n):	Yes
▪ TC included in CPD (y/n):	No
▪ Alignment to the Update to the Institutional Strategy 2010-2020:	Social inclusion and equality; Productivity and innovation; Gender equality

II. Objectives and Justification of the TC

- 2.1 Trinidad and Tobago has faced, for many years, major development challenges due to a sluggish economic performance and its hydrocarbon dependence: between 2009 and 2019 the average growth rate was negative (-1%) and around 80% of its exports have been derived from the energy sector. These challenges were accentuated in 2020 with the pandemic, energy production cuts and energy price shocks. The Gross Domestic Product (GDP) declined by 7.8%, and this downturn had a strong impact in household welfare. According to an IDB household survey, during the first semester of 2020, the share of households with an income below minimum wage increased from 12.4% to 47.1%.
- 2.2 Labor market conditions were also severely affected by the pandemic. In 2020 and 2021, prolonged lockdowns reduced hiring and resulted in layoffs. According to the Central Statistical Office, the unemployment rate in the second quarter grew from 4.4%

to 5.1% between 2019 and 2020. Data from the Ministry of Labor shows that 2,517 and 1,098 persons were retrenched during the first ten months of 2020 and 2021, respectively. Most retrenchments occurred in the distribution, manufacturing, restaurants, and hotels industries. Another indication of the weak labor market conditions is the reduction in total of job advertisements in print media which, according to the Central Bank, declined in 2021 by 16% when compared to 2020 and by 50% when compared to 2019 (Central Bank, Economic Bulletin, January 2022).

- 2.3 The school closures and social isolation generated because of the pandemic had a major disproportional negative impact on women compared to men, due to the child and elderly care activities they had to assume, that prevented them from participating in the labor market and was the cause for several job losses. This fact is combined with a structural problem of occupational segregation in the region, where men tend to work in occupations and sectors that are better paid with better working conditions. For example, in the Caribbean, tourism and services and sales sectors are predominated by female workers (54.3% are female and 38.7% are male) and were some of the most impacted sectors by the pandemic in terms of output and employment (ECLAC, 2021). This highlights the relevance of boosting female employment through labor policy.
- 2.4 The economy is expected to resume growth in 2022 thanks to a resumption of business activity and higher energy prices. This, however, may not translate into an equitable rebound of the labor market. Structural changes in the labor market due to the pandemic may have permanently affected the demand of certain occupations and skills and some workers may find limited opportunities for reemployment.
- 2.5 Labor demand in Trinidad and Tobago is also being affected by global trends, such as technological change. While the adoption of new digital technologies can increase productivity and competitiveness, it can also reduce the demand of workers, particularly of those whose skills are substitutes of digital technologies (Acemoglu and Autor, 2011; Autor and Restrepo, 2018). Environmental policies can also affect labor demand, as the transition of cleaner technologies change the demand of skills (IDB and ILO, 2020). If adequate policies are not implemented, the adoption of digital or cleaner technologies can have an unequal effect on workers. Skills obsolescence may limit employment opportunities for some workers which, in turn, can reduce labor productivity and household welfare.
- 2.6 **Objective.** The objective of this non-reimbursable Technical Cooperation (TC) is to strengthen and systematize activities that are being held to identify skills needs in Trinidad and Tobago, and to design a talent pipeline that closes skill gaps in strategic and priority sectors. Thus, this TC will benefit workers, firms and training providers who are vulnerable to structural and technological changes by orienting job training and labor intermediation programs in the relevant skills demanded by the productive sector.
- 2.7 **Strategic Alignment.** This TC is aligned with the Update to the Institutional Strategy 2020-2024 (AB-3190-2) with the strategic goal of “addressing the needs of less developed and small countries” and with the development challenges of: (i) Productivity and Innovation, because it seeks to increase the labor productivity through the design and implementation of strategies that promote training that is relevant to the needs and requirements of the productive sector, while activating strategic sectors that are key for economic growth; and (ii) Social Inclusion and Equality, because it finances tools that promotes access to quality employment

through relevant human capital investments and skills development. Also, this TC is aligned with Vision 2025 (AB-3266) in the tier of working towards a sustainable and inclusive economic growth in the objectives of: (i) reactivating the productive sector; (ii) promoting social progress; and (iii) strengthening good governance and institutions. Moreover, this TC is aligned with the Country Strategy of Trinidad and Tobago in the strategic area of promoting digitalization to support economic transformation, specifically in the strategic objective of improving digital skills and competences as it supports activities to identify skills gaps in strategic productive sectors and design an action plan to promote skills that are relevant to the needs of the sector. It is also aligned with Trinidad and Tobago's National Development Strategy, Vision 2030, Theme IV "Building Globally Competitive Business" which aims to improve diversification. Additionally, this TC is aligned with the OC SDP Window 2 – Social Development (W2E) in the priority areas of: (i) inclusive social development, in the objectives of supporting efforts to reduce poverty and inequality and promoting social inclusion and gender equality, since the TC seeks to design an action plan to improve human capital and promote access to quality jobs; and of (ii) inclusive economic growth in the objectives of supporting new methodologies to facilitate public policy decisions and growth agendas in the region, since the TC seeks to improve skills of workers in a strategic productive sector.

- 2.8 **Lesson Learned.** This TC considers lessons learned from the design and execution of similar operations, such as the Program for Skills Development for Global Services in Jamaica (4645/OC-JA) related with the promotion of growth of a strategic sector through the provision of better skilled workers; the Program to Strengthen Employment Policies in Colombia (4934/OC-CO), related with the development of information tools to inform about human capital gaps and labor demand, and to guarantee the relevance and quality of job training; the Intelligent Labor Reconversion Program in Chile (ATN/TV-18302-CH) related with the development of a platform that orients firms and people in the process of labor reconversion; and the Global Services Promotion Program (3112/OC-TT) in Trinidad and Tobago related with the development of an information system to guarantee relevance of training. Also, the findings from this TC will fuel and complement the execution of the operation Support to Skills Development in the Bahamas (BH-T1097) that will be implemented in parallel, and which activities and expected outcomes are very similar.

III. Description of activities/components and budget

- 3.1 **Component 1. Collection of information on labor demand (US\$35,000).** This component will provide methodological support for the design and implementation of an instrument that collects information on skills and occupational demand from a representative sample of firms in Trinidad and Tobago. This support will build on similar initiatives led by the private sector of Trinidad and Tobago that require strengthening and systematization. The instrument will help identify skills gaps (cognitive, technical, socioemotional, and digital), its causes and consequences, and the strategies adopted by firms to deal with these issues. Gender-related information will also be gathered. The collected data should inform training and intermediation programs, promoting the development of relevant skills for the productive sector. Specific activities are: (i) assessment of existing instruments in Trinidad and Tobago; (ii) co-creation with stakeholders of an online data collection exercise (i.e. questionnaire, definition of a representative sample, data collection protocols); (iii) methodological note of results from the data collection exercise; and (iv) proposal of policy recommendations to improve information systems to identify skill demands in

Trinidad and Tobago. With these activities, the main outcome this component is seeking is to increase the availability of information of skills in Trinidad and Tobago.

- 3.2 **Component 2. Design of a Talent Pipeline and implementation of pilot (US\$83,750).** This component will finance the design of an action plan to respond to emerging labor market demands in a strategic productive sector of Trinidad and Tobago. Activities include: (i) identification of a strategic productive sector that has skill requirements affected by technological change (e.g., digital, climate change); (ii) consultations and data assessment to identify skill requirements in the strategic productive sector that is affected by technological change and gender-related analysis; (iii) proposal of a Sectorial Talent Pipeline (an action plan to answer in quantity and quality in a short period of time, to the emerging demands of the productive sector) that includes operational management and estimation of the costs of: training, certifications, intermediation, monitoring and evaluation of results; and (iv) implementation of key measures to increase skills in a strategic productive sector. With these activities, the main outcome of this component is to design a strategy to increase human capital in a strategic productive sector of Trinidad and Tobago.
- 3.3 **Communication, dissemination, and other costs (US\$6,250).** This component will finance the following activities: (i) dissemination of the results, lessons learned, and policy recommendations related with the instruments and methodologies to collect relevant information about skills demand of the productive sector and how to use this information to orient training and intermediation programs, and with the design and implementation of methodologies to develop human capital in strategic sectors with the potential of boosting economic growth; and (ii) other activities that are not considered in the other components and that are key to the correct execution of this TC.
- 3.4 It is estimated a budget of US\$125,000 to be executed up to 36 months (2022-2025). The funding source of this TC is the OC SDP Window 2 – Social Development (W2E).

Indicative Budget

Activity/Component	Description	IDB/Fund Funding	Total Funding
Component 1. Collection of information on labor demand.	Collection of information on labor demand	US\$35,000	US\$35,000
Component 2. Design of a Talent Pipeline and implementation of pilot.	Design of a Sectorial Talent Pipeline	US\$83,750	US\$83,750
Communication, dissemination, and other costs.	Communication and other expenses	US\$6,250	US\$6,250
Total		US\$125,000	US\$125,000

IV. Executing agency and execution structure

- 4.1 This TC will be executed by the Bank through the Labor Markets Division (SCL/LMK) at the explicit request of the Government of Trinidad and Tobago. SCL/LMK will have overall responsibility for the direction, supervision, coordination, and evaluation of this TC. This is justified by: (i) the need to have an administration that brings international expertise in an effective and timely manner; and (ii) the technical specialized experience of the Bank in designing and developing tools to promote relevant training and employment programs in the region. Moreover, the Bank will seek a local counterpart with experience in this field to partner to accomplish the objectives of this TC and facilitate the scalability and sustainability of the activities carried out. The supervision of this TC will be made by Carolina González-Velosa, specialist of the Labor Markets and Social Security Division (SCL/LMK).
- 4.2 The activities to be executed in this operation have been included in the Procurement Plan (Annex IV) and will be developed according to the procurement methods of the Policy for the Selection and Contracting of Consulting Firms for Bank-Executed Operations (GN-2765-4).

V. Major issues

- 5.1 The risks in executing and achieving the project's objectives are: (i) lack of coordination among key stakeholders from the private and public sector; (ii) risk of implementation of policy recommendations that result from the activities of this TC; and (iii) unforeseen events related to the covid-19 crisis that prevent from having face to face meetings, workshops or missions and could delay the implementation of the activities of this TC. To mitigate these risks, the following activities will be carried out: (i) the design of the Sectorial Talent Pipeline includes efforts of institutional articulation among the private and public sectors; (ii) timely and effective communication channels will be built with high ranked officials of the Government to share the relevance and results of the project generating an appropriate visibility; and (iii) locally based consultants will be involved in the project supporting its correct development and the team will establish constant and effective communication channels with local counterparts related with the activities of this TC.

VI. Exceptions to Bank policy

- 6.1 There are no exceptions to bank policy considered in this TC.

VII. Environmental and Social Strategy

- 7.1 This TC is not intended to finance pre-feasibility or feasibility studies of specific investment projects or environmental and social studies associated with them; therefore, this TC does not have applicable requirements of the Banks Environmental and Social Policy Framework (ESPF).

Required Annexes:

[Request from the Client - TT-T1129](#)

[Results Matrix - TT-T1129](#)

[Terms of Reference - TT-T1129](#)

[Procurement Plan - TT-T1129](#)

