

TC ABSTRACT

I. Basic Project Data

▪ Country/Region:	TRINIDAD AND TOBAGO/CCB - Caribbean Group
▪ TC Name:	Skills for technological change in Trinidad and Tobago
▪ TC Number:	TT-T1129
▪ Team Leader/Members:	GONZALEZ VELOSA, CAROLINA (SCL/LMK) Team Leader; GOMEZ GERENA, MARIA FERNANDA (SCL/LMK); LAURA CASAS ROJAS (SCL/LMK); CECILIA SICCHA (SCL/LMK); GONZALEZ HERRERA, BEATRIZ MARIA (SCL/LMK); ACEVEDO CALLE, DANIELA (LEG/SGO)
▪ Taxonomy:	Client Support
▪ Number and name of operation supported by the TC:	N/A
▪ Date of TC Abstract:	08 Apr 2022
▪ Beneficiary:	Trinidad and Tobago
▪ Executing Agency:	INTER-AMERICAN DEVELOPMENT BANK
▪ IDB funding requested:	US\$125,000.00
▪ Local counterpart funding:	US\$0.00
▪ Disbursement period:	36 months
▪ Types of consultants:	Individuals; Firms
▪ Prepared by Unit:	SCL/LMK - Labor Markets
▪ Unit of Disbursement Responsibility:	SCL/LMK - Labor Markets
▪ 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:	Social inclusion and equality ; Productivity and innovation

II. Objective and Justification

- 2.1 The objective of this 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 sectors. Thus, this TC will support workers who are vulnerable to structural and technological changes by orienting job training and labor intermediation programs in the relevant skills demanded by priority sectors.
- 2.2 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 GDP declined in 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%. 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). 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 pandemic may have permanently affected the demand of certain occupations and skills and some workers may find limited opportunities for reemployment. 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.

III. Description of Activities and Outputs

- 3.1 **Component I: Collection of information on labor demand.** 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.
- 3.2 **Component II: Design of a Talent Pipeline and implementation of pilot.** This component will finance the design of an action plan to develop human capital in a strategic productive sector of Trinidad and Tobago.
- 3.3 **Component III: Other costs.** Communication, dissemination, and incidental expenses.

IV. Budget

Indicative Budget

Activity/Component	IDB/Fund Funding	Counterpart Funding	Total Funding
Collection of information on labor demand	US\$35,000.00	US\$0.00	US\$35,000.00
Design of a Talent Pipeline and implementation of pilot	US\$83,750.00	US\$0.00	US\$83,750.00
Other costs	US\$6,250.00	US\$0.00	US\$6,250.00
Total	US\$125,000.00	US\$0.00	US\$125,000.00

V. Executing Agency and Execution Structure

- 5.1 This TC will be executed by the IDB through the Labor Markets Division (SCL/LMK) at the explicit request of the Government of Trinidad and Tobago.
- 5.2 This TC will be executed by the IDB 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 agile and timely manner; and (ii) the technical specialized experience of the Bank in designing and developing tools to promote relevant training and employment programs.

VI. Project Risks and Issues

- 6.1 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 affect implementation of the project (e.g., limiting face-to-face workshops and missions). 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.

VII. Environmental and Social Classification

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