**Annex X**

**Understanding Employers’ Demands in The Bahamas and in New Providence: Results from the 2012 Wages and Productivity Survey**

Pending general context on skills mismatch and youth specific information

With respect to the skills mismatch in New Providence specifically, when disaggregated by island, the case of New Providence shows more emphasis on specific skills as top criteria for selecting, and similar emphasis on soft skills, compared to Grand Bahama (GB). According to the employers in NP, current job seekers lack the specific-job technical skills (68% in NP vs. 55% in GB), behavioural skills (24% in NP vs. 25% in GB) and numeracy skills (13% in NP vs. 26% in GB) required to meet the demands of the labour market.

**Annex X**

**Macroeconomic Context and Employment Opportunities for Youth**

The macroeconomic situation in The Bahamas deteriorated considerably as a result of the onset of the Great Recession. Real output contracted by 2.3 percent in 2008, with a further decline to –4.2 percent in 2009. During this time, tourism arrivals fell significantly as a result of higher oil prices, higher unemployment, lower disposable incomes, and lower consumer confidence indicators in the United States. Starting in 2010, signs of recovery emerged with growth rates of 1.54 percent, 1.06 percent, and 1.03 percent in 2010, 2011, and 2012, respectively. Economic growth remained less than historic levels, standing at 0.67 percent in 2013 (versus 2.3 percent in 2008), the fiscal balance began to improve resulting in a deficit of less than 5 percent. Meanwhile, external positions weakened resulting in an expanded current account deficit of about 19 percent. Foreign reserves remain low at $744.09 at end-November 2014, and credit to the private sector continued to decline.

Due to the general deterioration of the macro environment and the fiscal situation in particular, the GoBH introduced a Medium-Term Fiscal Consolidation Plan in 2012, which aimed at consolidating public finances and achievingsignificant and sustainable reductions in the government’s debt burden over time. A VAT, introduced in January 2015 at 7.5 percent, is the cornerstone of the fiscal plan, and key to the GoBH achieving its broader tax reform. The plan has set targets for recurrent and capital expenditure and revenue and is expected to achieve fiscal surpluses by FY2016/17. Nonetheless, if positive signs from the initial VAT outturn indicators persist, the MTFP may achieve its set targets. Debt levels, now standing at over 60 percent -- have lessened the fiscal space to support investment and spur economic growth, when compared to averages of 30-35 percent in the precise years.

As a tourism economy, The Bahamas remains dependent on global conditions and on the U.S. economy[[1]](#footnote-1). Efforts at diversification of both markets and sectors have been slow to materialize and, as a result, below-potential growth has persisted. Meanwhile, social statistics have deteriorated as unemployment levels have reached unprecedented highs (15.7 percent), placing pressure on the social safety net. In contrast, sluggish real sector activity is beginning to rebound, as tourism arrivals begin to increase, particularly in the air arrival component, providing support to the country’s main driver (51 percent) of growth. As a result, the domestic environment in The Bahamas is beginning to pull itself out of a slump, albeit at a very measured pace.

In the social sector, according to figures from the Department of Statistics, Bahamas had a net job creation of 5,000 positions in 2013. This number does not include turnover positions that show up during the year, especially in the hospitality sector. With respect to unemployment, it has been at double digit levels since 2011, with the current level at 15 percent and normally remaining between 7–8 percent. Unemployment worsened after the Great Recession when more than 800 employees were laid off from the largest hotel resort and casino in the country, The Atlantis Hotel Resort & Casino, in 2008. In 2009, unemployment increased to 14.2 percent, with further layoffs in the hotel, retail business, real estate, and other commercial sectors, resulting in unemployment at a record high of 15.7 percent at the end of 2014. Of this, youth unemployment (15–24-year-olds) fell to 31 percent in 2014 from 27 percent in 2008. However, the construction of the $3 billion Baha Mar Resort & Casino project, the largest single hotel investment in the Caribbean, which is set to open in Spring 2015, is expected to create growth in the economy and offset unemployment[[2]](#footnote-2). In fact, over a 20-year period, BahaMar is expected to generate $12 billion in additional employment income through direct and indirect impacts, or more than $33,000 per capita. BahaMar is expected to support an average employment count of nearly 12,000 jobs on an FTE basis, through direct and indirect impacts, which calls for the importance of training youth so they can gain the necessary skills to take advantage of this important economic opportunity.

**ANNEX**

**Implementing Agencies Component 2**

**Training for Employability and Training for Employment Programmes**

Component 2 of the Citizen Security and Justice Programme (BH-L1033) has as its main objective to increase the employability and employment of the at-risk youth population in New Providence and improve the effectiveness of the Public Employment Service (PES) in New Providence. This component, in turn, is divided into three sub-components, which are: i) a demand-driven “training for employability” programme for at-risk youth in New Providence through community development projects and with focus on the development of soft-skills (responsibility, degree of commitment, team-working skills, persistence and self-control) and remedial education (literacy and numeracy skills training); ii) a demand-driven “training for employment” programme for at-risk youth in New Providence with a focus on both soft and technical skills targeted at selected economic sectors, with special emphasis on the retail and hospitality sectors; and iii) capacity building of the PES under the Ministry of Labour in New Providence. For the two first sub-components, two organizations were selected, based on pre-established criteria, to implement the “training for employability” and the “training for employment” programmes. Following is a detailed explanation of these criteria, rationale for selection, and content of the programmes to be developed by the organizations.

1. **Selection criteria**
2. Training for employability programme

* Successful track record of the impact of its programmes as measured by formal impact evaluation assessments
* Previous experience working with at-risk youth 15-29 years of age in the Latin American and Caribbean region and preferably in The Bahamas
* Ability to customize programmes offered to fit the characteristics of the at-risk youth population (15-29 years old) in New Providence
* Experience with the development of soft skills
* Experience with the provision of services such as career guidance and mentorship opportunities for at-risk youth to be included as central components of the programme
* Standardized monitoring and evaluation framework to assess the outcomes, outputs and overall impact of its programmes
* Having worked previously with the IDB is a plus

1. Training for employment programme

* Previous experience working with at-risk youth 15-29 years of age in the Latin American and Caribbean region and preferably in The Bahamas
* Successful track record of the impact of its programmes in linking employment training and skills building to job placement
* Proven track record in the development of strong relationships with the private sector
* Previous experience with the development of on-the-job training/internship programmes
* Standardized monitoring and evaluation framework to assess the outcomes, outputs, and overall impact of its programmes
* Having worked previously with the IDB is a plus

1. **Rationale for selection**
2. Training for employability programme

Youth Build USA, Inc., an established non-profit organization based in Boston, MA, USA, has been chosen as executing agency of the training for employability programme given the fulfillment of the aforementioned selection criteria.

Upon analysis of some models for training and employment reintegration of at-risk youth in LAC[[3]](#footnote-3), the team has concluded that the YouthBuild (YB) model is one of the most widely researched and comprehensive models, with a proven track record of success both in the United States (there are now more than 200 YouthBuild programmes nationwide in the U.S. that have received over $500 million in government and charitable support) and internationally.[[4]](#footnote-4) Consistent with the labor component objectives of this loan, YouthBuild engages unemployed, low-income, at-risk youth (16 to 24 years old) who have oftentimes left high school without a diploma.

Its main comparative advantages are the following:

**Comprehensive Approach:** In accordance with programme objectives, YB offers the most integrated approach, combining remedial education, soft skills training, leadership development, counseling support and in many cases placement of graduates (in jobs, self-employment, or continuing education or training opportunities)[[5]](#footnote-5).

**Selective target population:** The YB model focuses on the same beneficiaries as IDB programmes addressing crime and violence, thus making its programmes applicable to the youth population targeted through this loan. Even though Youth Build has traditionally targeted low-income youths (ages 16-24) who have struggled with the traditional school system and/or employment and the labor market component of this programme intends to expand that target population to 15-29 at-risk youth, it has expressed its ability and willingness to customize its programmes accordingly.

**Monitoring and Evaluation Framework:** YB counts with a monitoring and evaluation framework that has enabled it to measure the impact of its programmes. Currently it is undergoing a Randomized Controlled Trial evaluation in the US (covering 4,600 participants).

**Results:** Outcome data from YB’s reports show that 62% of students complete the programme and 71% go on to continuing education or were placed in jobs. The benefits amount to $10.80 per dollar spent on court-involved YB student.

**Regional network for leveraging knowledge and partnerships:** Because this model has been implemented in different countries, it is supported by a robust knowledge management system. These experiences enable the collection, organization, and dissemination of learning and innovations emerging from programme design, implementation and management activities. Additionally, YB is one of the most widely researched and awarded non-profit organizations in this sector.[[6]](#footnote-6)

**Builds on MIF’s work to pilot and adapt the YB model in the LAC region:** The IDB has been collaborating with the implementation of YB model, through the Multilateral Investment Fund (MIF), which has supported adapted YB programme work in El Salvador[[7]](#footnote-7), Nicaragua, Honduras, and Guatemala, (phase II of the Entra21 Programme). The MIF also supported YB in post-earthquake Haiti (“Haiti Youth Reconstruction Academy Programme”), in partnership with the MasterCard Foundation, Clinton Bush Haiti Fund, USAID and others.

**Complementarity with Technical Cooperation RG-T2446 “Latin America and Caribbean Adaptation of the YouthBuild Model for At-Risk Youth”:** Currently, the Ordinary Capital Citizen Security Fund (CSF) funded a US$735,000 technical cooperation that is underway that has its objective to provide a pathway out of violence and social exclusion for at-risk youth in El Salvador and The Bahamas, through the implementation of the comprehensive YouthBuild model. The specific objectives are to i) design, pilot, and evaluate the YB model in the Caribbean and Central America and ii) build a rigorous evidence base and learning agenda for North-South and South-South cooperation in efforts to strengthen socio-economic inclusion for at-risk youth. Therefore, given that YouthBuild will be working in The Bahamas under this TC, it is of utmost importance to maintain consistency in the type of interventions as regards to the labor component of this loan so as to be able to accurately measure the impact of the program. Furthermore, resources from the TC will be complimentary to those designated under this loan.

1. Training for employment programme

* The implementation agency for this program will be defined based upon a competitive selection process.

1. **Content of programmes**
2. Training for employability programme

The YouthBuild programme is a six to nine month programme[[8]](#footnote-8) where participants build affordable housing for homeless and low-income people in their communities while pursuing their own academic education in a YouthBuild alternative school. During the six to nine months programme, students split their time between the construction site and the classroom, earn their GED (in the case of the U.S.) or high school diploma, prepare for jobs or college, and learn to be community leaders. Programmes provide group and individual counseling, and deliberately build small, mutually supportive communities of adults and peers. After graduating from YouthBuild, students may continue to receive counseling, job and college placement, and alumni services.

For this particular loan, interventions from Component 1, which include training courses on parenting, prevention of violence and sexual assault against women, mediation and conflict resolution, life skills training and safe dates training will be carried out at the community level in New Providence where crime and violence rates among youth are high. Given the complimentary nature of the loan’s Components 1 and Components 2 trainings, Youth Build will also implement the training for employability programme in the same communities even though, given the differing characteristics of the trainings within both components, the beneficiaries will not necessarily be the same.

Typically, the YouthBuild model includes 50 students per cohort. For the training for employability sub-component, the final target is to train 1,000 students total at the end of the five year duration of the loan, concentrated in years 2 and 3. Years 4 and 5 will be dedicated to evaluation of the programme. Part of the programme will consist of training at least ten trainers in the methodology of the YB model.

Throughout the course of the programme’s implementation, each partner organization carrying out the trainings will receive ongoing technical assistance support from YB International to develop a robust monitoring and evaluation system. This system will be installed and strengthened; to enable complete data collection and to track any adjustments to the model’s implementation.

Additionally, the programme will aim to build 3-5 significant and productive relationships with private sector partners. These partnerships could provide in kind donations or funding for tools, equipment, construction materials, apprenticeships, and/or jobs in the construction and supply chain/service industry sectors.

It is important to note that TC RG-T2446 funds will finance necessary and complimentary technical assistance and materials to conduct a process evaluation (assessing quality of implementation), which includes: assessments of existing training and credentialing systems to determine relevance and accessibility to the at-risk youth populations; tailored survey measurement development; and focus groups and interviews with youth enrollees, their families, and community residents and surveys of participants. The data derived from these studies would in turn be used to assess the feasibility of a full scale programme implementation and to hold learning & dissemination events with stakeholders (students, graduates, staff, public and private sector, IDB, YBI, experts, etc.), to exchange experiences, learning, and to consider adjustments to programme implementation. These exchanges will be disseminated to a wider audience through webcasts, blogs, online publications, videos, social media, etc. Moreover, funds will be used to design and conduct an impact evaluation (Randomized Controlled Trial) to enable analysis of cause and effect between the intervention and expected outcomes. This includes: a feasibility study for YB programme scale-up; a research proposal (evaluation design) and a randomized controlled trial that could measure the difference YB makes for the young people it serves by contrasting the experiences of participants who did not have access to the programme with those in the treatment group. The expected result of this component is to create, analyze, and disseminate more comprehensive and rigorous data on the effects of the YB programme on at-risk youth, which will in turn improve future programmes that aim to prevent youth violence.

1. Training for employment programme

The implementation agency for this program will be defined based upon a competitive selection process.

1. **Implementation Arrangements**
2. Training for employability programme

YouthBuild U.S.A. Inc. will be in charge of the procurement activities needed to accomplish this sub-component of the Citizen Security and Justice Programme and disburse the funds necessary to execute the activities and contracts in accordance with the attached indicative budget.

YouthBuild USA, Inc. will provide a team of experts on staff at HQ (US), who will oversee the programme implementation and provide technical assistance to the local field sites and partners.

1. Training for employment programme

The implementation agency for this program will be defined based upon a competitive selection process.

1. **Procurement**
2. Training for employability programme

One option to facilitate the execution of the training for employability component is to direct contract Youth Build. The hiring of consulting services for this loan shall be in accordance with the “Policies for the Selection and Employment of Consultants Financed by the IDB” (GN-2350-9 – Appendix 1) as well as the procurement of goods and works shall be in accordance with the “Policies for the Procurement of Goods and Works Financed by the Inter-American Development Bank” (GN-2349-9 – Appendix 4). It is proposed, moreover, that the Bank will conduct ex ante and ex post reviews of the acquisition methods for hiring consulting services and acquiring goods, as per the terms of the Project Acquisition Plan. YBI has adequate internal control and accounting systems, as well as the necessary administrative processes to supervise the contracting and procurement processes of the programme, and thus is assessed at a *low risk level* as an implementing agency.[[9]](#footnote-9)

1. Training for employment programme

The implementation agency for this program will be defined based upon a competitive selection process.

1. Financial services continue as the second pillar of economic growth for The Bahamas, historically contributing between 15 and 20 percent of GDP. This industry is composed of local and offshore banking, wealth management, and trust administration, with spinoff industries in real estate development. Historically, the Agriculture and Fisheries industry accounts for 2.5 percent of GDP. Manufacturing and all other sectors account for a combined 27 percent of GDP. [↑](#footnote-ref-1)
2. The GoBH’s investment policy is mainly aimed at attracting large, scale hotel developments and to a lesser extent smaller boutique-type hotels in the Family Islands. These investments are mostly financed by FDI, which has averaged 6.8 percent of GDP pre-recession and about 10.7 percent post-recession. [↑](#footnote-ref-2)
3. Some of the similar models analyzed were: PROCAJOVEN (Panama); IDB-funded youth employment models in

   Chile, Colombia, Argentina, Peru and Mexico (Ibarrarán, P., and D. Rosas Shady (2009). “Evaluating the Impact of

   Job Training Programmes in Latin America: Evidence From IDB-Funded Operations.”); Local reintegration programs for at-risk youth (Fe y Alegría, Polígono Industrial Don Bosco; el Programa del Padre Toño; Orphan Helpers; el Proyecto Nehemías y el Proyecto de Movimiento de Jóvenes Encuentristas (MOJE). [↑](#footnote-ref-3)
4. YB was founded in New York and has operated for over 35 years in the United States. This model has also expanded internationally, using local adaptations: in South Africa, Mexico, Israel, Bosnia, Iraq, Brazil and Haiti. See case study on YouthBuild in Hoffman, Joan Serra, Lyndee Knox, and Robert Cohen, eds. (2011) Beyond Suppression: Global Perspectives on Youth Violence. Praeger Press. [↑](#footnote-ref-4)
5. Also the YB experience has created tangible community assets (Community Asset Building, CAB) such as housing, community centers, schools, playgrounds, etc. provides a vehicle for soft and technical skills training, applied learning, leadership development, and as the best, most comprehensive, introduction to the world of work. [↑](#footnote-ref-5)
6. YBI has received the highest possible rating from Charity Navigator (“exceeds industry standards and outperforms

   most charities in its cause”); the Skoll Award for Social Entrepreneurship (2007 to 2013); and others. [↑](#footnote-ref-6)
7. The MIF is currently reviewing a proposal for scaling up the YB model in El Salvador through Catholic Relief Service and is coordinating with ICS to ensure complementarity. In El Salvador, the YouthBuild model is already established and has been running for a few years, through a local partner (Catholic Relief Services), in part funded by the IDB through the MIF. This project services a bridge between the initial YB model and the future scaling-up envisioned for El Salvador. [↑](#footnote-ref-7)
8. Typically, YB programs consist of a six-month full-time program and a three-month follow-up program. [↑](#footnote-ref-8)
9. The IDB conducted a DNA institutional assessment of YouthBuild Inc. in June 2014. The assessment overall is

   positive in terms of the high institutional and management capacity of the YouthBuild Inc. systems to implement this type of development projects. See DNA results IDBDOCS-#38883033. [↑](#footnote-ref-9)