

TC ABSTRACT

I. Basic Project Data

▪ Country/Region:	BAHAMAS/CCB - Caribbean Group
▪ TC Name:	Support to skills development in the Bahamas
▪ TC Number:	BH-T1097
▪ 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); JIMENEZ DE ARECHAGA, MARIA DEL PILAR (LEG/SGO)
▪ Taxonomy:	Client Support
▪ Number and name of operation supported by the TC:	N/A
▪ Date of TC Abstract:	23 May 2022
▪ Beneficiary:	The Bahamas
▪ Executing Agency:	INTER-AMERICAN DEVELOPMENT BANK
▪ IDB funding requested:	US\$150,000.00
▪ 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 Technical Cooperation (TC) is to strengthen and systematize activities that are being held to identify skills needs in The Bahamas, and to design a talent pipeline that closes skill gaps in strategic and priority 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 the productive sector.
- 2.2 Labor market conditions in the Bahamas have been weak for many years. Throughout the previous decade, unemployment rates in The Bahamas remained in the double digits, largely due to a continued overhang after the global financial crisis. Youth unemployment rates have been persistently higher. For instance, in May 2019 the unemployment rate of individuals aged 15-25 reached 20%, exactly twice the national unemployment rate (Department of Statistics, Labor Force Report). This already difficult situation dramatically worsened with the pandemic: according to IMF estimates, the unemployment rate in 2020 soared, reaching 25.5% in 2020. The extreme reliance of employment on the tourism sector, which is high even for Caribbean standards, made this shock especially dramatic. Between 2015 and 2018, 6% of the workers in The Bahamas were directly employed in tourism: this is the highest rate in the Caribbean (Mooney and Zegarra, 2020). Even though the economy is recovering, with GDP expected to grow in 2022 in 8%, and even though the tourism sector experienced a significant rebound, a full recovery to pre-pandemic levels is not expected before end-2023 (IMF, 2022).

- 2.3 This economic recovery, 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. Before the pandemic, significant gaps between the skills of the workforce and the current and future needs of the labor market had led to an uneven dependence of foreign talent and skills, creating tensions between labor and immigration policies. Moreover, low returns to local skills stimulate out migration: approximately two thirds of Bahamians with a tertiary education degree migrate to the US, Canada, or Europe (Ruprah and Sierra, 2016). To the extent that the pandemic may lead to structural changes in the labor market, making some occupations and skills redundant, these mismatches can persist or even become more pronounced.
- 2.4 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 finance 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.

III. Description of Activities and Outputs

- 3.1 **Component I: Information on skills demand.** This component will provide technical support for the design and implementation of an instrument that collects information on skills and occupational demand from a representative sample of firms in The Bahamas. 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.
- 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 The Bahamas.
- 3.3 **Component III: Communication, dissemination, and incidental expenses.** This component will finance the following activities: (i) dissemination of the results, lessons learned, and policy recommendations derived from component 1 and 2; and (ii) other activities that are not considered in the other components and that are key to the correct execution of this TC.

IV. Budget

Indicative Budget

Activity/Component	IDB/Fund Funding	Total Funding
Component I: Information on skills demand	US\$35,000.00	US\$35,000.00
Component II: Design of a Talent Pipeline and implementation of pilot	US\$107,500.00	US\$107,500.00
Component III: Communication, dissemination, and incidental expenses	US\$7,500.00	US\$7,500.00
Total	US\$150,000.00	US\$150,000.00

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 The Bahamas.
- 5.2 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 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).