

Model Scope of Work for Designing a Cluster-Based Workforce Competitiveness Strategy

Global Workforce in Transition Project

I. Introduction

Driving economic growth in developing countries through international development assistance is one of the most pressing challenges faced by U.S. foreign policy. Economic growth is the key to development in any country, both as a source of income for families and as a source of revenue for the government to provide public goods and services. The high and sustained rates of economic growth required by developing countries will only materialize under general macroeconomic stability and microeconomic conditions of increasing productivity. As noted in the recent publication “Foreign Aid in the National Interest: Promoting Freedom, Security, and Opportunity,” a country’s productivity is built upon the productivity and competitiveness of its companies, which in turn are dependent upon “the quality of the national business environment,... sophisticated company strategies,... highly skilled workers, better information, improving infrastructure, more advanced institutions, and stronger competitive pressure.”¹

USAID Administrator Andrew Natsios has emphasized the importance of each USAID Mission having a strategy for improving competitiveness. However, in a paraphrase of Michael Porter’s maxim “Firms compete, not nations,” Michael Fairbanks, author of *Plowing the Sea*, widens the basis of competitiveness in his statement, “Clusters compete, not nations.” National competitiveness strategies need to be built from the bottom up, based upon the physical, financial, and social capital available in a given country, rather than through a government-directed top-down approach.

Clusters are geographically bounded concentrations of similar, related or complementary businesses and institutions with active channels for business transactions, communications and dialogue, and that share specialized infrastructure, labor markets, and services. Clusters provide an excellent framework for identifying and addressing competitiveness issues on the microeconomic level where economic growth is generated. Improving direct and indirect cooperation among members of a cluster can make individual firms within a cluster and the cluster as a whole more competitive. This in turn can generate growth, higher incomes, and job creation.

Labor is a fundamentally important input into all business activities. Labor can also serve as one of the driving forces of effective “clustering” of firms. While proximity to other input factors (raw materials, transportation links, and financial capital) is advantageous but not essential, labor pools are local and essential. The higher the concentration of companies related to a cluster is in a region, the larger the pool of qualified employees will be, and the more likely it is that local people will be able to apply their skills within the cluster. More cluster-related businesses will be attracted to the region by the access afforded to specialized and skilled labor markets and to informal and tacit knowledge among local workers. These new businesses will increase job and employment opportunities for workers and reduce the change of long-term unemployment. Silicon Valley of the late 1980s to mid 1990s is perhaps the best-known example of the growth

that can be generated by a regional cluster with an effective confluence of large corporations, small entrepreneurial start-ups, publicly supported research and education institutions, financial capital, and a highly skilled workforce.

However, this virtuous circle of economic growth and rising employment is dependent upon the continued availability of an appropriately skilled workforce. Since people have to acquire the appropriate skills and knowledge somewhere, the region's formal and informal education and training infrastructure and the resources that support it are a critical part of the cluster. The more closely this education and training infrastructure can align itself to regional clusters, the better the employment and advancement opportunities will be for its participants, and the more competitive the cluster will become. Thus, any effective competitiveness strategy will need to incorporate efforts to improve the workforce available to the most important and the most promising clusters.

USAID's Global Workforce in Transition (GWIT) initiative provides a resource to USAID Missions to address this need.¹ The GWIT initiative is designed to assist developing nations build demand-driven workforce development systems that are a bridge between education and the economy. Such workforce development systems support economic growth, reduce poverty, and increase countries' competitiveness in the global marketplace by working:

- On the supply side of the labor market to improve individuals' capacities to find and hold jobs and increase their incomes, and to make the public and private education and training programs more relevant to the needs of workers and firms in the competitive global marketplace;
- On the demand side of the labor market to enhance firms', clusters,' industries' and/or communities' human resources capacity for economic growth and to expand opportunities for people's economic advancement; and
- In the labor market to create an efficient, transparent, and information rich environment that makes it easier for employers to find workers who have needed skills and for workers to find a job, stay employed and advance economically.

II. Background

This model Scope of Work (SOW) presents an assessment methodology for acquiring information needed to design and to implement a cluster-oriented workforce development system. Using this methodology, a multidisciplinary GWIT assessment team analyzes a regional economy and its labor markets; identifying the most important clusters within the regional economy; and then developing an action plan for improving the match between the skills required by the clusters and the education and training available to the region's population. The team:

- Gathers information about current and future workforce and skill needs of each cluster;
- Maps and examines the system that supports workforce development; and,
- Engages stakeholders in reviewing findings and actions, providing feedback, and discussing collaborative strategies.

¹ For more information on GWIT and demand-driven workforce development systems, visit GWIT's website www.gwit.us.

This approach is based on the following propositions:

- Regional economies and their workforce needs can best be understood and strengthened as “clusters” of interdependent firms. Improving direct and indirect cooperation between members of a cluster can make both individual firms and the cluster as a whole more competitive, which can generate growth, higher incomes, and job creation.
- While all sectors are important sources of employment and well being, value-added industries such as manufacturing and exportable services are crucial to most regions’ economic vitality. These firms generate regional income by bringing in currency from outside the region thereby creating additional demand for other goods and local services.
- Small and mid-sized value-added enterprises (SMEs), and the entrepreneurs that start and operate them, are important and often under-appreciated sources of jobs and wealth. They also represent current or potential suppliers in the value and knowledge chains of larger corporations, and often play crucial roles in the effective establishment and operation of clusters. In most developing countries, typically 50% or more of firms in a given cluster are SMEs, and over 50% of the workforce in a given cluster will be employed by SMEs.
- The keys to sustainable economic growth lie in innovation, modernization, and increased productivity within firms in the region, each of which depends on the skills and knowledge of those employed in the firms. As a result—and because labor is not easily imported—the skills, “know-how,” and creativity of the labor force and the capabilities of the institutions that support them are the most important external economy of clustered companies.

These propositions suggest that is especially important to pay special attention to the workforce for value-added sectors and for new and existing SMEs; networks that support learning and innovation; and the institutions and other formal and informal structures that introduce and transmit codified and tacit knowledge.

A. Making the Case for Clusters

Clusters have become, in many regions, the strategic framework of choice. They have proven useful for understanding how economies work, for organizing public sector services, and for allocating resources. They have also proven their utility as frameworks for individual

Textiles and Apparel in Morocco: This cluster, which accounted for 40% of manufacturing employment and 45% of manufacturing exports in the mid-1990s, was designated as a key cluster in a study for the World Bank. It had an active industry association, specialized training schools, a center for export promotion. In part due to strong ties to the European Union, 95% of its production was exported, despite large numbers of small firms. Its future growth depends on increased adoption of technology, higher quality, more expertise in design, and greatly improved education and training. Source: DRI/McGraw Hill, *A Cluster Development Initiative in Morocco*, World Bank, 1996.

and collective action by cluster members. In a cluster-based framework, regional economies are more than aggregations of independent small and large companies across all industries. Using the cluster framework, we look for commonalities and interdependencies among groups of companies, public agencies, and institutions in order to find scale economies, cost efficiencies, and synergies. These interdependencies include collective responsibility for developing and sustaining a labor pool with skills and knowledge appropriate to the needs of the firms in the cluster, and for creating a learning environment in which tacit skills and knowledge can be passed on to younger employees. Interdependent businesses and supporting organizations comprise the larger regional production systems that constitute regional clusters.

Clusters are not the same as sectors, although a sector in a particular region may be a cluster. One distinction is the importance of geographic (though porous) boundaries to clusters. The boundaries of clusters are defined in the loosest sense by the distance and time that people are willing to travel to work and that employees and owners of companies consider reasonable for meeting and networking. The geography over which “know-how” can efficiently spread is influenced by transportation systems and traffic but also by cultural identity, personal preferences, and social hierarchies.

Another distinction is that clusters are not always defined by common or related sets of products. The interdependencies that create the bonds within clusters can be:

- a reliance on common core technologies;
- vertical relationships up and down their value chains;
- similar work processes and related skill requirements;
- dependency on the same natural resources; or
- shared distribution channels.

Cluster strategies are often confused with network strategies. Much of the early interest and support for programs targeting collaboration among firms in certain industry sectors—including those funded by the World Bank, USAID, and UNIDO—was to encourage the formation of business networks. Although the two terms—network and cluster—are sometimes used interchangeably, there are fundamental differences. Networks are closed, generally small, groups of firms that agree to cooperate to achieve scale economies, enter markets, or bid on contracts that are unattainable individually. Clusters derive their advantages from the economies associated with high scale of demand and the opportunities to network and acquire information. An open, cluster-based organization adds value but is not essential.

B. The Life Cycles of Clusters

Clusters, like sectors, have life cycles, and the “stage of development of a cluster” affects the ways that opportunities and outcomes are distributed and the type of skills that are needed. Clusters can be in the incubation, growth, mature, and declining stages of development. Clusters can also be in different stages of development in different countries and regions; a growth cluster in a Sub-Saharan African country will likely be different than a growth cluster in an Eastern European country.

- An “incubation” stage cluster often needs employees that are very flexible and adept at learning quickly. Industries such as life sciences are still in pilot stages, trying to find

their niches and bases from which to grow. Job responsibilities tend to be loosely defined and problem-solving skills critical. It is important to note that not all incubating industries have high technology products. For instance, a region that is shifting to organic agriculture in an original manner, in unusual products, or in new markets can be embryonic until it establishes itself.

- In “growth” clusters, such as electronics or pharmaceuticals in numerous developing countries, companies are more apt to invest in training in order to build up their workforce. Soft skills such as teamwork and communications are important. The employers are still able to be somewhat selective and look for employees with growth potential. But firms in these clusters often depend upon advanced technical and professional skills, which are likely to be in the shortest supply. Firms in Morocco’s growing high tech clusters increasingly need highly skilled workers to meet international quality standards and maintain technically advanced equipment. There is also a growing demand for more sophisticated technical and business management skills for production, planning, and logistics. But the country has too few qualified applicants with these skills to support the growth of these clusters.
- In the “mature” clusters, such as food processing or metalworking in many developing countries, work becomes more routine and specialized, skills standards are often developed, and employment becomes less attractive to youth. Good work habits and general workplace competencies are important, but skill upgrading gains prominence as industries modernize to remain competitive. The low interest in careers may create opportunities for less educated populations to gain a foothold in the labor market and gain valuable experience.
- In a “declining” cluster, the workplace needs are often retraining the work force for other clusters and preparing them for other careers. Clusters can decline due to loss of markets, changing consumer tastes, technological changes that reduce reliance on labor, obsolescence of products, or loss of competitiveness due to rising costs. This is less common in countries with low operating costs, but even in such countries rising costs can push a cluster into decline. For example, as incomes rise in northern Mexico, suppliers along the U.S. border have seen production orders shift to lower costs regions.

Reviving a cluster: The hosiery cluster in Castel Goffredo, Italy began forming in 1962 when Noemi, a German hosiery company, was forced to close and newly unemployed, skilled workers were able to purchase surplus equipment at bargain prices. Government policies in the late 1960s encouraged investments in technology and company “villages,” and the local rural cooperative bank, with some government support, underwrote a hosiery technology center in the 1980s. The real source of competitiveness, however, was their close working relationships with the companies that built the advanced equipment they used, such as Lonati in nearby Brescia.

C. The Critical Importance of Workforce Skills

Nothing is more important to clusters in less industrialized regions than the development of their human resources, the skills and knowledge of their people. The most important external economies of scale—particularly in mature and most growth clusters—are embodied in the mid-skilled³ labor force,⁴ the institutions that instill and develop the skills, and the social infrastructure that supports informal and continual learning. As the government is, in most places, the biggest investor in education and training, clusters are more dependent on the government for labor than for any other resource.

Companies value access to a large labor pool that not only possesses the competencies and work habits they need but is familiar with their operations and therefore able to apply their skills and knowledge to the particular work environment of the cluster. “Commodity skills” that are easily transferable are wanted by all employers, but the “leveraged skills”⁵ that are industry specific are more scarce. Even more specialized, firm-specific “proprietary skills” are learned on the job and enable companies to build internal intelligence; such skills also foster knowledge spillover as people change jobs. Effective clusters work with government counterparts to ensure that they will have an

appropriately skilled labor pool from which to choose. For instance, to support the skill needs of Brazil’s shoe cluster in the Sinos Valley, the country’s National Industrial Training Service, SENAI, has established vocational schools in tanning, shoe design, and manufacturing.⁶

In many poor regions, however, levels of educational attainment and achievement are low. The institutions responsible for educating young people too often are staffed by educators who are unfamiliar with how a business functions and what it needs. Learning is detached from the individual student’s economic future. While many companies are willing to invest in training, they view basic education and the responsibility of the family, church, and/or state. They expect applicants to already have acquired the most basic skills, demonstrated either by educational qualifications or work experience. The first major hurdle for those lacking relevant work experience is a record of basic educational and/or skill attainment that can qualify them to be considered for employment and/or entry into the training programs for specific and, ultimately, more advanced job skills.

Gem and Jewelry in Sri Lanka: The Gem and Jewelry Institute is designed to address training deficiencies in the current system of vocational education, add higher-level training, and help rationalize existing efforts in the industry. High-quality designers are critical to the repositioning of Sri Lanka as an exporter of high quality jewelry. The numbers of designers might be low, but their work could stimulate demand for the many artisans and manufacturers making the higher-value products. The Institute’s Board includes two Government schools under the Tertiary and Vocational Education Commission and one under the Gem and Jewelry Research and Training Authority. The Institute has already procured equipment to offer CAD-CAM training and gem and jewelry short-term specialist courses. The Ministry of Tertiary and Vocational Education has agreed to provide real estate and to help raise funds for the Institute.

Raising general educational levels is fundamental to the achievement of both the social and the economic goals of any region. Cluster connections have the potential to strengthen entry-level

programs by introducing reality and context into the educational process and aligning programs with real workplace needs. Staff of the educational institutions must be familiar with the workplace and willing to interject practical work-related content into their curricula. Even basic literacy programs, research shows, can be taught more effectively if the content is related to that used for employment within the cluster. For example, a group of hosiery manufacturers facing labor shortages use the language of the industry to teach non-English speakers sufficient English to be effective in the workplace.

The basic and specific skills of the work force are acquired in a variety of ways in developing economies.

- The largest institutions serving the mid-skilled labor force are the public schools, where many people acquire their basic skills.
- In some places private schools run by religious organizations, donors, the United Nations Relief Agency, and employers are also important providers of basic education and skill development.
- In some places work-related skills are taught through public or private technical institutes or vocational schools.
- Some employers operate in-house education and training programs and/or apprenticeship programs.
- Finally, people learn skills informally, from friends, family, or community members already in the work force.

The biggest challenge in serving people in less developed regions is creating efficient linkages between supply and demand in the labor market, specifically between the individuals (and the NGO or donor organizations that look out for their interests) and the businesses that provide the jobs. Where social and business connections in a cluster are weak, the channels through which information about opportunities flow are constricted, and job creation and economic growth are likely to suffer.

In particular, poor segments of the community are unlikely to know of job opportunities. Furthermore, without guides and incentives or direct subsidies, employers are unlikely to find these people for training or recruitment. Most employers still rely on referrals and recommendations from people they trust rather than taking the chance on completely unknown potential employees. To be referred and recommended, a person has to be connected and known. Without intermediaries that can both relate to firms in the clusters and serve as guides to members of the local community, the community will not derive maximum benefit from the cluster. One innovative solution is being implemented in a poor part of one large city, where an NGO supported by private foundations prepares underemployed and unemployed people to become machinists, an occupation with high demand and low supply. Because the NGO's staff members have worked in that cluster, their support of individual jobseekers who have received

training from the NGO can convince companies to consider workers who would have not gotten past the application stage.

III. Tasks for a Workforce Competitiveness Assessment

The information needed to complete a cluster-oriented workforce competitiveness assessment comes from recent studies by consulting groups, available government databases, surveys, focus groups, and interviews.

The assessment includes an overall analysis of interdependencies, and clustering, in the economy; estimated differences in the economic opportunities among clusters; labor markets and skill needs; the availability and quality of labor to meet the needs; the capacity of the workforce development system to meet the needs and spur innovation; and the organizations that help connect the supply and demand and expand opportunities.

Part One: Gathering Information about the Available Workforce and Skill Needs for Each Cluster

Task 1: Analyze the economic and employment base and identify (or review, if already identified) clusters with employment and growth potential.

The purpose of this task—assuming it has not already been done recently for other donors or other analyses—is to develop a clear picture of the structure and performance of a nation’s overall and regional economies. The special emphasis here is on those aspects of regional economies that can serve as a basis for advancing regional competitive advantage, generating more wealth in the communities that comprise the study area, and creating more livable wage employment opportunities.

Where possible, the team will use data collected by government organizations and NGOs, such as the International Labor Organization, as a starting point. But the team will depend to a large extent on “expert opinion” gathered from interviews with local economic development officials, NGOs, business people, and international organizations working in the region to identify concentrations of similar firms and

Self-Employment in Azerbaijan: While capturing employment in companies is difficult, self-employment can also be quite high in many developing countries. In Azerbaijan, tax authorities registered more than 725,000 individuals as self employed, and there are undoubtedly many more not registered. The 1999 population census shows 34.5% of males and 26.3% of females as self-employed—or more than half of the employed population. Thus, entrepreneurial skills are vital to a developing economy. Source: Arvo Kuddo, Labor market developments in Azerbaijan.

employment that indicate the presence of a cluster or clustering potential. The basis for the cluster may be defined, for example, by common skill sets or collective marketing opportunities, not only products.

Clusters will be selected for deeper analysis with respect to workforce and workforce development needs. This analysis focuses on examining the development and growth potential of the cluster and competitiveness potential and obstacles, skill needs, and labor requirements. In addition to delineating the current clusters, the research team will look for evidence of emerging clusters with growth potential.

Task 2: Estimate job quality and opportunity

Where available, the team reviews information and studies about employment in various occupations and/or industries to determine what types and levels of employment opportunities are or may soon become available. One measure of an industry's income-generating potential is a comparison of the average wages in that industry to the average wages for the entire economy. Others include comparison of insurance benefits, employment stability, turnover rates, working hours, child care, training investments, chances for advancement, and entrepreneurial possibilities. The team examines the obstacles to a quality employment system, such as use of children as laborers, lost time due to illness, labor laws, unhealthy work conditions, and violence in the workplace. The team will identify which clusters are stable or growing and which are offering the best jobs, careers, and economic opportunities. This is an indication of competitive advantage and a base upon which the region can build.

Task 3: Identify occupational needs and skill requirements by cluster.

The team examines recent studies that may have been conducted for other donor organizations or government agencies related to the place of interest or similar places. Much of the information, however, will have to be collected from companies and the organizations that represent them or estimated based on interviews and focus groups of samples of employers and associations representing the cluster that may exist. This will result in differentiated demands among different clusters. The questions will be aimed at learning about both generic and cluster-specific needs for language skills, work habits, soft (e.g., teamwork, communications), job skills, credentials, and certifications. The inquiry will include the following questions.

- a) What are the different job classifications that are represented in the firms in the cluster, the relative proportions, for example, of professional and management, skilled, semi-skilled, laborers, general support staff, sales and marketing, and transport? Do they differ between large and small enterprises, where workers may be expected to carry out a wide variety of tasks?
- b) What kinds of educational background and/or experience do companies want/need to compete, and where are the shortages or surpluses? How far (distance) do companies go to fill key positions that may require scarce skills or experience? For example, do they import or recruit workers from other regions or countries? Do foreign owned companies bring in their own workers?

- c) What are the leading strengths and weaknesses of new hires according to employers? How much are companies willing to invest to improve their skills?
- d) In which areas, if any, is any skill testing important and used? Who does the testing and what sort of remediation is available for those who do not qualify?

Task 4: Assess the availability and quality of the labor force

The importance of education to economic development cannot be underestimated. Access to a labor pool with knowledge of and skills related to the work at hand has been found to be the single most important factor in the clustering of industries. The levels of skills, creativity, and diversity within the workforce affect economic growth. This task includes the following.

- a) Analyze population and demographic trends. Using available data to the extent possible, the team examines demographic, population, and employment data in the country by age, income/poverty, gender, levels of education, and occupation. This can vary greatly among countries.
- b) Review existing studies and reports bearing on the labor force in the area's regions. We also analyze available local data that describe the current and projected employment and levels of educational attainment and achievement of the region's labor force.
- c) Interview and hold focus groups with large and small employers to get their views of the competencies of their employees and new applicants and how they view the quality and relevance of their preparation. Since official data are unlikely to offer much beyond literacy rates and, perhaps, enrollment and completion rates at various types of educational institutions, it is important to gather contextual information about the workforce and its capabilities.
- d) Interviews education and training providers to find out how and what they learn from employers about workforce issues as they conduct their business. Do they have formal advisory boards to assist with curriculum development? Do they have relationships with employers so that they can learn what they need?

Part Two: Map and Examine the System that Supports Workforce Development

Task 5: Inventory and assess the quality and capacity of existing education and training providers.

The focus groups described in Task 4 also will be useful in collecting information about what is available to prepare people for the workplace and how employers view and use the region's public and private education and training system. The system includes public and private elementary, secondary and higher education institutions, private for-profit and non-profit training organizations, and even equipment vendors. How is the system structured and funded? Whom

do companies and individuals turn to for skill development and upgrading; for new employees? What training programs do they value? What training do they need or want but unable to get?

The assessment team analyzes programs offered, enrollments, and completions. It compares these data with the skill needs identified through Task 5 to see how well the institutions or programs are responding to workforce needs. Is the appropriate training being offered to sufficient numbers of people? Are there clusters with training needs not being met? Are public and private training resources adequately used by businesses? Do programs match employer demands? Are programs taught in a context that reflects the area's existing and emerging industries? Do programs integrate entrepreneurship and management skills in their curricula? Is there sufficient flexibility in where and how the courses are offered to meet individuals' demand to continue learning and employers' demands for higher skills?

The largest focus of attention is on the region's education and training providers such as technical institutes and vocational schools, and, where they exist, higher level institutions such as polytechnics because research has shown that the mid-skilled workforce trained by vocational/technical schools, colleges, and training programs offered by NGOs and donors is among the most important location factors for emerging and traditional industries. Those systems and institutions that are most connected to their region's employers, offering programs that match local needs and engaging in multi-faceted partnerships with firms, are the most likely to be significant catalysts for economic growth. These institutions are the dominant and generally preferred source of workforce skills for production and front-line employees.

- a) **Elementary and Secondary Schools:** The basic education system is an important source of low skilled workers as well as a pipeline into further education. Using available reports and data the assessment team examines the enrollments and quality of the public school system in various parts of a region and comparative outcomes of the school systems compared to competing countries.
- b) **Vocational/Technical Schools:** Most regions have some form of vocational education or training schools. Some, like South Africa, have established sophisticated system of polytechnics (technikons) while others are just building their institutions. If none exists, it ought to be a high priority in any workforce development initiative.

Skills in South Africa: Act No. 97, 1998, established a National Skills Authority form South Africa that operates through Sector Education and Training Authorities (SETA). Each SETA is composed of representatives of business, labor, and government. It assesses employer needs, develops a skills plan, ensures comparability, gives grants, and monitors results. Source: Act No. 97, 1998.
- c) **Universities:** Universities can contribute to a region's economic potential as major employers, sources of cultural amenities, sources of student internships and faculty consultancies, short-term continuing and adult educational programs, and as repositories of knowledge. The team assesses the strengths and weaknesses of those institutions, including who gets admitted and how, enrollments, placements, community services, and their connections to the regional

economy and industry clusters. In some places and for some clusters, the R&D capabilities of the university will be important. In other places it may be access to the expertise of faculty and student interns.

- d) **Other sources.** Much of the education and learning may come from outside of any government public system. These include schools run by NGOs, churches, and international donor organizations, company training programs, apprenticeships, and informal community based learning. Argentina's Network of Business Development Centers, Red de Centros de Desarrollo Empresarial, offers in-company training for clusters in foodstuffs, metalworking, furniture, and knitwear.

The result of this assessment is an analysis of strengths, weaknesses and gaps in the formal and informal, public and private education and training system and specific recommendations. Drawing on knowledge of other workforce systems around the world, the assessment team also presents examples of successful and innovative workforce approaches from other areas facing similar economic conditions.

Task 6: Examine the organizations that work in regions to improve economic conditions, their capacities to understand labor market needs and connect people to employment opportunities.

Inventory the organizations that address social and economic needs in the populations, assess their reputations among and connections to employers and ability to help individuals acquire skills and get employed. This will be accomplished by reviewing key organizations' missions, operations, and accomplishments and then, through interviews, assessing their knowledge of and connections to education and training providers and specific industries. Some of the organizations may do training themselves. These organizations may be the most important links between clusters and potential labor pools.

Part Three: Engage Stakeholders to Review Preliminary Findings and Recommended Actions, Provide Feedback, and Discuss Collaborative Strategies

Task 7: Develop an action plan to improve the work force for each cluster and the employment and economic opportunities of the population.

Once all of the relevant information is gathered, organized, and analyzed, the following analyses are performed:

- Pairing employer "demand side" information with information from the "supply side" (education and training providers) and the labor market data, to give a full picture of the area's workforce issues.
- Mapping the workforce development system to show relationships between providers and clusters and among providers.

- Assessment of the strengths, weaknesses, opportunities, and threats associated with workforce for each of the selected clusters.
- Identify benchmark workforce development practices from similar clusters.
- Develop a draft set of recommended strategies with specific actions for each, assign responsibility for securing resources and implementation, and establish time lines.

Task 8: Conduct meetings with industry representatives, educators, and development officials to present the draft plan, solicit reactions and establish a mechanism for coordinated and collaborative action.

The assessment team will conduct strategic planning sessions of the stakeholders, with the objective of developing initial ideas for a strategy for development of the cluster. To facilitate discussions, the team will present initial impressions of strengths and weaknesses, and international best practices. This process will be used to: refine the analysis and recommendations; get buy-in from key stakeholders; and establish a means for working more closely with cluster organizations and with each other.

Task 9: Complete final strategic plan

Following the planning sessions, the comments and recommendations will be taken into account to develop a draft final strategic plan with recommended short-term and long-term strategies and actions, estimates of associated costs, a schedule for implementation. It will be reviewed by appropriate parties and revised for dissemination.

IV. Deliverables

The cluster-based workforce competitiveness strategy will be prepared in two phases. The first phase will present a draft analysis and plan intended to be discussed with local stakeholders to get their reactions and suggestions. The second phase will present a final report incorporating those reactions and suggestions, and will include an implementation plan and schedule. The end deliverables will be:

1. Report on the supply of and demand for workers with various types of skills and educational credentials within the cluster
2. Report on the various sources of education and training available to the workforce, including a “roadmap“ of the education and training system, an assessment of its strengths and weaknesses, and an analysis of how the system affects the opportunities and threats facing the cluster.
3. Final report with strategies and recommended actions for improving the system of workforce development for the cluster, as well as improving the system’s communications with and connections to the firms in the cluster.

V. Time Tables

A. Typical schedule

<i>Tasks</i>	<i>Months</i>									
	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7</i>	<i>8</i>	<i>9</i>	<i>10</i>
1. Cluster analysis	■	■	■							
2. Job quality & opportunity		■	■	■						
3. Employment needs & skills		■	■	■						
4. Labor force analysis		■	■	■						
5. Inventory of providers			■	■	■					
6. Regional intermediaries			■	■	■					
7. SWOT and action plan						■	■			
8. Review process								■	■	
9. Final strategic plan										■

B. Accelerated Schedule (assuming larger team)

<i>Tasks</i>	<i>Months</i>					
	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>
1. Cluster analysis	■	■				
2. Job quality & opportunity		■	■			
3. Employment needs & skills		■	■			
4. Labor force analysis		■	■			
5. Inventory of providers		■	■			
6. Regional intermediaries		■	■			
7. SWOT and action plan				■	■	
8. Review process					■	
9. Final strategic plan						■

VI. Accessing GWIT Services

Accessing GWIT services is easy.

- Draft your scope of work, ensuring that your objectives align with the general purposes of GWIT.
- Share the draft Scope of Work of the task order with your contracting officer (CO) and the GWIT technical officer (CTO) in EGAT/ED, Gwen El Sawi (gwelsawi@usaid.gov) or phone: 202-712-1849. The CTO must confirm to you and your CO that your objectives are consistent with those of GWIT.
- Discuss any adjustments with your CO that need to be negotiated with the GWIT contractor, EDC. Evelyn Ganzglass, Project Manager, eganzglass@edc.org or phone: 202-572-3735.
- Your CO issues a delivery order request to EDC.
- EDC responds with a task order proposal for your Scope of Work.
- Your CO negotiates the delivery order with EDC Contract Officer, Ken Repp, krepp@edc.org or phone: 617-618-2251. Copy of delivery order is forwarded to CTO.
- EDC fields the team and completes your work.

The Global Workforce in Transition (GWIT) initiative is a 5-year, multi-task order Indefinite Quantity Contract (IQC) mechanism that enables Missions, Bureaus and other USAID operating units to access technical support when forging strategic plans or facilitating the development of sustainable, demand-driven workforce development systems. The prime contractor is Education Development Center, Inc. Partner organizations are Associates for International Resources and Development (AIRD), Booz Allen Hamilton, Development Informatics, Opportunities Industrialization Centers, International and Regional Technology Strategies Inc.

GWIT's user-friendly website www.gwit.us provides detailed information on how missions can access GWIT services, scopes of work, GWIT capabilities, and additional relevant resources and links.

VII. End Notes

¹ USAID, "Foreign Aid in the National Interest: Promoting Freedom, Security, and Opportunity," p. 66, January 2003.

³ Mid-skilled labor force refers to those people in occupations that generally require less than a baccalaureate degree, such as manufacturing technicians, sales staff, network administrators, medical assistants, etc.

⁴ Stuart A. Rosenfeld, "A Governor's Guide to Cluster-Based Economic Development," Washington, DC: National Governors' Association, 2002.

⁵ Thomas A. Stewart. "Intellectual Capital: The New Wealth of Organizations," New York: Doubleday, 1998.

⁶ Khalid Nadvi, "Industrial Clusters and Networks: Case Studies of SME Growth and Innovation," University of Sussex, Institute of Development Studies, October 1995.