

Model Scope of Work for a Trade-Related Workforce Assessment

Global Workforce in Transition Project

Introduction

A number of USAID countries are, or soon will be, negotiating Free Trade Agreements (FTA) with the U.S. and other trading partners. As a result, these countries' industries will face increased competition from other regions. Increased integration with external markets will mean that resources will shift within and across industries resulting in employment growth in some sectors and decline in others. The impact of liberalized trading conditions is likely to be greatest in highly protected sectors such as agriculture. In order to compete, industries in these sectors will have to adopt new production methods and increase their competitiveness. Increased trade openness will create a demand for higher skilled workers. Workers in declining industries may require retraining to enable them to find new employment.

This model Scope of Work (SOW) identifies the kinds of questions that can be addressed in an assessment focused on the workforce impacts of a FTA. Such an assessment can analyze the impacts on the entire economy and changes in specific economic sectors. It can provide strategic options for USAID assistance in addressing workforce development needs created by liberalized trading conditions. The results of such an assessment can be used to inform the development of a Mission's four-year country strategy.

Workforce assessments can be carried easily using USAID's Global Workforce in Transition (GWIT) multi-task order Indefinite Quantity (IQC) contracting mechanism.¹ The GWIT project is designed to assist developing nations build demand-driven workforce development systems that are a bridge between education and the economy.

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',² 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

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

² The term "cluster" and the notion of "sector" both imply a web of related enterprises, encompassing input suppliers, skills providers, financial institutions, producers, marketing agents, processors, advertising firms, professional associations, distributors, government agencies, research institutions, consulting firms, public relations/marketing companies, wholesalers, retailers, and so forth, all working on a related set of products and services. The difference between "cluster" and "sector" is one of location (clusters are usually geographically proximate) as well as function. Businesses organized in clusters tend to exhibit collaborative behaviors within the commodity chain – resulting *inter alia* in lower input costs, better qualified and educated workers, and improved logistical efficiency (Fairbanks and Lindsay, 1997) – and vis-à-vis other stakeholders in the competitiveness diamond. Aring, Belghazi, Bouzri, Salinger. (2003) "Morocco Workforce Development Assessment."

job, stay employed and advance economically.

Purpose of the Assessment

A USAID Mission seeks to conduct a workforce assessment that focuses on identifying the workforce-related needs and priorities of key industries that have the greatest potential for employment growth as a result of the upcoming Free Trade Agreement (FTA) that will be negotiated with the U.S. The assessment will examine issues related to the supply of and demand for labor and skill development. It will result in a mapping of the country's labor market policy environment. The assessment may identify:

- Industry clusters (see footnote 2) that could benefit the most from participation in this kind of assessment to increase their competitiveness, increase employment opportunities, improve the quality of employment, and provide new employment opportunities for those workers and geographic areas most negatively impacted by economic restructuring;
- Government policies that impact the current and future supply and demand for labor, including consideration of macroeconomic policies, demographics, transportation and housing constraints;
- Government policies and other factors that impact the current and future supply and demand for skill development;
- Stakeholder interests, priorities, potential sources of leadership, willingness and capacity to address the job creation and skill development opportunities and challenges posed by the FTA;
- Relevant skill development activities currently provided by the public and private sectors and customer satisfaction with these services;
- Activities of other donors involving labor market and skills market;
- Policy and other changes the government and private sector could make for addressing priority workforce skill development needs;
- Options for USAID-supported assistance in addressing crosscutting and cluster-specific priority needs;
- Potential roles of basic education in expanding access to and promoting equity in the workforce development sector

Statement of Work

Focus on Industry Clusters

The assessment team will focus on three to five industry clusters that have a high potential for creating new employment opportunities as a result expanded trade anticipated under the anticipated FTA.

Industry clusters, in contrast to industry sectors, include not only supply and market chains, but also firms producing related and complementary products. Clusters include the sources of information and skills that support an industry; i.e., the training and educational institutions, research facilities, and industry associations that relate specifically to the industry. In addition, they include the sources of regulation, capital and technology. This broader definition is useful in assessing the competitiveness of an industry and therefore its likely growth prospects and workforce and skill development needs.

Selection of Industry Clusters

The team will, in collaboration with the Mission, select the industry clusters to be included in the assessment. The starting point for selecting these industry clusters should be those shown through previous competitiveness studies (to the extent that they exist) to have the most promise for expansion in a post-FTA environment. These may include labor-intensive manufacturing sectors (e.g., apparel, electronics, and automotive components); service sectors (e.g., tourism and information technology); and primary sectors (e.g., agribusiness and fisheries). The team will also consider the extent to which non-formal economic activities are important links in the supply chains of these clusters. In addition, the decision on which industry clusters to include, will be based on the contractor's and Mission's assessment of which industry clusters could benefit the most from participation in this kind of assessment to:

- increase their competitiveness, increase employment opportunities, and improve the quality of employment;
- provide employment opportunities for workers dislocated as a result of FTA-driven economic restructuring; and
- contribute to economic development and employment growth in rural areas and secondary cities.

The Mission may want to assessment team to prepare a brief background paper to inform this decision-making process. The paper would draw on previously completed trade and competitiveness studies and interviews with people involved in other donors' labor market and competitiveness-related activities. In addition, the team will conduct initial interviews with leaders in each industry cluster to determine interest and willingness to participate in the assessment and potentially to undertake strategies that may be recommended as a result of the assessment. Stakeholder ownership of the assessment is especially important since the stakeholders will have to pay for implementation of most, if not all, of the strategies that emerge with a combination of public and private resources.

Identification of Key Stakeholders in Education and Training

A diversity of workforce development and training service providers are active within the country, including both public and private service providers. One option to consider is having a local member of the workforce assessment team prepare a background paper before the field mission, to lay out the structure of key actors in the field and identify key workforce development-related issues on which each is presently focused.

Fieldwork

The project team will carry out the workforce assessment through structured interviews and focus groups with a sample of the key stakeholders in government, the education and training community, selected industry clusters, and among other development donor agencies involved in workforce development programs.

An initial briefing will be held at USAID officials immediately after arrival of the expatriate assessment team in country to make final decisions on the industry clusters to be included, who should be interviewed and other aspects of the work plan. The project team and USAID will jointly determine the number of interviews and focus groups required to get a good representation of different interests and perspectives in each industry cluster in light of time and geographic constraints. These perspectives include different kinds of companies (i.e., locally-owned, multinational firms, SMEs, micro-enterprises); different kinds of education and training providers (i.e., secondary and postsecondary educational institutions, private local and foreign training providers, NGO's and e-learning providers); intermediary

organizations (i.e., industry associations, employment offices and temporary placement firms); trade unions; workers at different skill and income levels; and students.

Although the interviews and focus groups will be organized around industry clusters, their intent is to gain an understanding of the overall workforce policy environment in the country and workforce related issues and circumstances common across industries.

The interviews and focus groups will address a range of issues regarding the markets for labor and skills development in order to answer the following questions:

On the demand for labor:

- What are the potential employment effects of the FTA on selected industry clusters, e.g.
 - the number and kinds of jobs that are likely to be gained and lost, including a timeframe for when this will happen;
 - how wages, benefits and working conditions will be affected;
 - how different segments of the population (e.g., women, youth, well-educated, poorly educated) and geographic areas will be affected; and
 - how different size and type of firms, especially locally-owned SMEs and micro- enterprises, will be affected.
- How do macroeconomic policy and legal and regulatory factors influence employers' decisions to hire new workers, and how do these decisions differ by size and type of firm? How can current barriers be overcome?
- What is the cost of labor relative to other factors of production among different kinds of firms in different industry clusters?
- Although this assessment will not focus heavily on the non-formal sector and child labor, to what extent are these issues in each of the clusters selected by the team?
- How can the formal and non-formal sectors be linked to enhance opportunities for workers in the non-formal sector?

On the supply of labor:

- How do educational and cultural issues influence the supply of labor?
- How do geographic mismatches between where people live and where the jobs are influence job access?

On the demand for skill development:

- To what extent are firms focusing on the implications of the bilateral FTA for their products and services markets? What new products, production patterns, quality control requirements, and labeling requirements will the FTA imply? What are the consequences of these implications for changes in worker skills demanded by employers?
- Do employers in selected clusters understand the needs of their markets, end customers, and the supply chains to which they belong? Have they identified categories of skill needs to help them compete in selected markets? What information sources do they use to identify skill needs?
- How do employers communicate skill needs, and to whom?
- How do the national labor laws and other policies and practices influence the demand for skill development and employers' willingness to invest in employee skills development?
- In what kinds of education and training are workers and students enrolling? Are they getting jobs as a result of the training?
- How do entry qualifications for training influence participation?

On the supply of skill development:

- How aware are education and training service providers of the bilateral FTA and the changes it will imply for the changes in production and, ultimately, changes in skills demanded by employers?
- How do government and private sector investments in skill development differ by type of firm and type of education and training (i.e., by occupation, education and skill level, work readiness, technical vocational training, on-the-job training, technology-enabled learning)
- What mechanisms exist for skill development in the non-formal sector?
- What is the capacity of the current public and private sector skill development system to address the demand for skill development in urban and rural areas?
- What are the current and potential roles of basic education in addressing the demand for increased skills?
- What do employers and individuals- the customers of the training system- think about its relevance and quality?
- How do tax and other policies influence employer investment in skill development?
- How do financing systems and legislative and regulatory policies affect education and training providers' responsiveness to customer demands?
- How can identified regulatory, financial and other barriers to institutional responsiveness be removed?

On the markets for jobs and skills development:

- What is the current and anticipated gap between the supply of and demand for skills at different levels?
- What mechanisms exist for matching labor supply with demand? How can these be strengthened?
- Are there new job market mechanisms which hold promise?
- How well do markets function for linking potential suppliers and consumers of skills development services?
- Are there ways to improve communication between suppliers and consumers? What roles are currently played by professional associations, chambers of commerce, unions, etc. in facilitating these lines of communication, and what new roles might be foreseen?
- How do individuals learn about opportunities for skill development and for labor market needs? Where do they go for sources of career information?

Debriefing

Upon completion of the fieldwork, the team will provide a summary of key findings and recommendations in a debriefing with the Mission.

Deliverables

The deliverables from this activity will be:

- *Background Report(s)*: These will be produced mostly based on desk research prior to the beginning of field work by the expatriate assessment team. They will include: an analysis of industry clusters/sectors and skills development providers; a preliminary list of industry clusters to be included in the study; and a preliminary list of individuals to be interviewed as part of the study;
- *Workforce assessment report*: The contractor team will prepare a draft report, including a short executive summary. The report will contain analysis of institutions, stakeholders, and policies and the communications among them at the national level and for each industry cluster, generalized from the interviews and focus groups conducted with key stakeholder in selected industry clusters. The report

will provide recommendations for the government and private sector action to address workforce priorities. The report will also detail options for USAID assistance to support implementation of these recommendations. It will be submitted within 15 days of the completion of field work.

- *Mission debriefing*: A debriefing on the team's key findings and future program options will be held by the workforce assessment team with USAID officials at the end of the fieldwork period.

Optional deliverables include:

- *Workforce assessment briefing materials*: In addition to the report, the team may be asked to prepare a PowerPoint presentation and other briefing materials for the Mission's use in broader dissemination to stakeholders.
- *Follow-up Activities*. These may include conducting outreach and strategic planning sessions with stakeholders and assistance in implementing the recommendations resulting from the assessment.
- *Debriefing with USAID official in Washington*.

Staffing and Level of Effort

At a minimum, the team should be comprised of a Competitiveness Analyst and a Workforce Policy Analyst and one or more local researchers. The team may also include one or more specialists in the industry clusters being studied. At least one of the expatriates should be familiar with the trade agreement negotiations and have prior experience conducting workforce needs assessments in developing countries. In addition the team will require logistics support and translators (as needed).

Based on the assumption that the field mission will last two weeks, estimated levels of effort for individual team members are as follows:

- Team Leader/Competitiveness Analyst: 40 days
- Workforce Policy Analyst 30 days
- Local researchers 40 days
- Local administrative staff 15 days
- Industry cluster specialist(s)
- Translator(s)

How to Access 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.

Global Workforce in Transition Model 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.

