

USAID ECONOMIC GROWTH OFFICERS WORKSHOP
OCTOBER 15-19, 2007
WASHINGTON, D.C.

Session Title: Workforce Development and Economic Growth

Date and Time: Wednesday, October 16, 2007 2:30 p.m.

Type of Session: Breakout

Speaker(s): Ron Israel (EDC), Caroline Fawcett (EDC)

Moderator: Jeffrey Levine

Overview of Session:

The speakers highlighted trends in workforce development and used some examples from Haiti and Kosovo for incorporating workforce development into economic growth programming.

Speaker's Remarks:

Jeff Levine explained that while historically workforce development was in EGAT, it was shifted to the education bureau and now, under the F process, it is back in the economic growth arena. It's also a priority of the USG to address youth and employment issues although it has received little focus recently within EG.

Ron Israel: Workforce development was previously strongly in the EGAT camp, with links to competitiveness activities, and remains a cross-sectoral issue.

Workforce development benefits economic growth in a number of ways:

- linking the private sector and workforce development
- improving productivity and competitiveness at all levels
- increasing incomes and earnings
- enabling meeting of labor standards
- addressing USG priorities focused on youth and unemployment
- reducing high rates of youth unemployment that can discourage efficient entry into the market

Trends & issues in workforce development

- Youth bulge in key USAID countries – demographic issues, particularly in Africa, Central America and Middle East(although improving there). So issue is not going away.
- High percentage of youth employment in key sectors, such as manufacturing and service sectors- that means an organizational nightmare for the manager (constant need for training of staff). The tendency seems to be for people to cycle through sectors and jobs leading to constant pressure for training of new young employees.
- Evidence from impact evaluations shows significant gains in earning and employment of youth workforce programs

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- The firm is not the institution that should be conducting the workforce development program – good partners but should not be the primary focus
- Using the results from the Chile *Joven* model, they highlighted benefits of demand driven design elements such as competitive bidding for training courses, vouchers that must be signed by private sector firms sponsoring vocational training, and partnerships through MOUs between associations/firms and training institutions.

Program beneficiary impacts include significant earning benefits, a strong employment effect for adult females. The highest return is on short term general training and jobs placement counseling whereby people get basic experience. Economies of scale are essential for high impact.

Linking the private sector and the workforce training institution is the key to success in activating the private sector such as using scholarships sponsored by the private sector etc.

They highlighted some activities under current USAID programs such as in Haiti where the goal is to train and prepare out of school/work youth for employment and/or re-entry into the education sector. The focus is upon literacy & numeracy, and then an accompaniment phase where they pair them with the private sector for continued skills development and potential employment.

Additional ideas for workforce and economic growth programs include certifications such as on basic skills or on internationally recognized skills programs such as tourism, electronics etc, depending upon the level of skills and market demands in each country.

Key Points Discussed During Question & Answer Segment:

Q. How much of a role does entrepreneurship plays in this?

A. It is an option but not for everyone. The urban rural split makes a difference – places where you have microenterprises organized (like in urban areas) you have more success in linking vocational training to entrepreneurship. In rural areas, it is harder and perhaps an area where USAID could have more impact and focus.

Some points from the audience included:

- Someone from the Health Bureau felt that they have a workforce development activity under health bureau and that there needs to be more linkages with EG.
- Regarding post conflict, it was noted that while workforce development is often seen as a post conflict remedy but there should be some caution because of lack of employment opportunities once the training is over. The presenters noted that having done vocational training in post-conflict areas, you need to link the training with entrepreneurship programs or jobs created by post conflict programs such as in the infrastructure sector.

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Also, most youth are already engaged in some income generation that work force development could leverage.

Q. How do you scale up this process under small budget?

A. In Central America, they privatized the training centers so it was opened it up to a competitive process and leveraged private sector resources. This model has faced criticism particularly from NGOs who are used to being the ones working with youth through a community based model.

Q. Trade offs for funds – what kinds of arguments do we put forward to justify these programs? How do we leverage Public Private Partnerships?

A. USAID can include workforce development as part of value chain or competitiveness programs. They can even just assist local training institutions by giving them credibility and helping with information exchange. USAID funds can be catalysts for Public Private Partnerships. EDC has had good experiences working with foreign firms which can add value at the margins and can get linked into vocational training programs early on.