

Introduction

As part of a larger study on *Growth and Competitiveness in the Caribbean*, the World Bank commissioned this paper on firm and worker training in the Caribbean. The topic was selected because of the view that a key constraint to growth and competitiveness is inadequate skill formation and knowledge absorption.

The main objective of the analysis, focusing on skills and technology absorption, is to examine the challenges and opportunities facing the Caribbean in promoting skills and technology with the aim of increasing productivity.

Firm and worker training is expected to increase labor productivity through improved skills of the workforce. If implemented right, technical and vocational training of the workforce has shown significant impact on employability, salary and productivity and is furthermore known to facilitate increased investment in technology. However, numerous studies have highlighted the failure of publicly administrated and provided training. This study will assess to what extent the Caribbean governments, private sectors and worker associations have succeeded in promoting productivity through training policies.

Objective: The objective of this paper is to present a comprehensive picture of the status of firm and worker training in the Caribbean and assess to what extent the Caribbean governments, private sectors and worker associations have succeeded in promoting productivity through training policies. Further, the study will detail the constraints to increase efficiency, quality and relevance of training and the possible policies to overcome these constraints

Scope: Given constraints in terms of both time and other resources, the scope of the study is limited to Barbados, Dominican Republic, Jamaica, St. Lucia (as representing an OECS country), and Trinidad & Tobago.

The study examines training provided in firms as well as pre-employment and unemployment training; the study does not address the vocational and technical formal education (this is part of the analysis of the formal education system), but does touch on the tertiary system, as many training programs are located there.

The study has seven sections:

1. **An Overview of Growth and Competitiveness Issues in the Caribbean in Relation to Training**
2. **Stylized Facts on Training in the Caribbean**
 - a. Information on how many workers receive training,
 - b. The kind(s) of training provided (length of training and skill level);
 - c. Where training takes place (in-side the enterprise, in training centers, education institutions)
 - d. Who receives training in the Caribbean (by employment status, income, gender, age, education, economic sectors, and region) and to the extent possible,
 - e. Whether there is excess demand for training

This section is accompanied by a comprehensive Appendix with data on training in the Caribbean.

3. **Governance and Institutional Structure.** The section presents a typology of the institutional structures for training in the Caribbean, and discusses the management of resources, private sector involvement in decision making about training, the sources of funding, public policy objectives of public-financed training programs, targeting of training, and integration of the training system with the formal education system. The section attempts to answer the following key questions:
 - *To which extent is provision, financing and regulation of training carried out by the same agency?*
 - *Can it be confirmed that the managing (public) training agency supplies the majority of training of the publicly managed funds?*
 - *What is the degree of competition in provision?*
4. **Economic impact of training.** This section surveys available evidence of the economic impact of training on labor market outcomes (employment and wages) and on firm productivity and investment. Further, it attempts to assess whether the supplied training matches the demand.

5. **Financing, costs and efficiency of training.** This section presents a regional view of financing of training in the Caribbean (pay-roll deducted training levy, co-financing from public and private side, the possibility of deducting payment for own training) and compares it with similar financing schemes in the world (level of tax levy, for example). Further, it estimates unit costs for training for selected Caribbean countries, and looks at other efficiency factors such as overhead costs, utilization rates of equipment and salary costs. The section attempts to answer the following questions:
 - *How many resources are generated from the mandatory pay-roll levy and directed to the public agency for training? (includes table of pay roll levy by country and total amount collected yearly)*
 - *Are the public training agencies efficient and cost-effective?*
6. **Regional Approach to training.** This section briefly summarizes the on-going work within the Caribbean Association of National Training Agencies, CANTA. Further, the paper presents and evaluates the possibilities for future collaboration/harmonization of enterprise training and national qualification frameworks in the Caribbean, including considerations regarding the feasibility and desirability of a common, open market for provision of training in the region. Planning and research issues are discussed as well as instructor preparation and training.
7. **Some Conclusions, Considerations and Recommendations**

Data: The data for these studies have been collected from various existing sources: administrative records of training agencies, firms' surveys, household/labor force surveys, and sectoral analyses conducted by the ILO, IDB and World Bank.

Limitations: Since the study relies on existing data, there are many gaps where information on training at the national level is simply not available. In most cases neither labor market surveys nor household surveys capture information on training (Jamaica captures a minimal amount of data), training statistics for public-financed training programs are not consolidated in three of the countries, and very little systematic data is available on training in firms and the linkage between training and productivity. Furthermore, data available on particular topics are not aimed at assessing or measuring the same things across countries.

