

WHY PRIVATE SECTOR ENGAGEMENT IN WORKFORCE DEVELOPMENT PROGRAMMING MATTERS:

The Case for Shared Value

The goal of the brief

The goal of this brief is to provide guidance on a variety of private sector engagement strategies that can support youth workforce development in the Latin America and the Caribbean (LAC) region. It was prepared as a follow-up to USAID's LAC Workforce Development Webinar Series. This brief provides practical tools, examples, approaches, and methodologies for private sector engagement. It also highlights some promising practices that may be relevant to USAID staff and implementers.

The LAC context

In Latin America, a large proportion of the region's population is between 15 and 29 years of age, creating a potential demographic dividend that could be realized if the region's youth can leverage the opportunity to fully develop their skills to participate in the region's labor markets. Many factors contribute to the exclusion of youth from economic participation and prosperity. These factors include entrenched socio-economic inequalities, lack of market-relevant education and training, and discrimination based on race, gender or where the youth live. Furthermore, education and skills provision are outdated and do not respond to the workforce needs of growing markets and employers. Because of these factors, youth in the region are unable to fully develop their skills to enter

or remain employed in the labor market. According to ILO estimates, six out of 10 young people can only find employment in conditions of informality, which implies little stability, absence of a contractual framework, low salaries, and the absence of rights and social protection.¹ Approximately 5 million young people (approximately 20 percent of the region's population²) neither work nor study. Experience in the region and multiple expert assessments suggest that this the sense of "no future for me" contributes to crime and violence.³ While governments and the donor community are responding to these challenges with the provision of youth-friendly programs and services, additional resources and private sector engagement are essential to address the different needs and barriers facing young women and men transitioning to the labor market.

¹ https://www.ilo.org/caribbean/newsroom/WCMS_715152/lang-en/index.htm

² <https://www.miamiherald.com/news/local/news-columns-blogs/andres-oppenheimer/article55732765.html>

³ <http://blogs.worldbank.org/education/nini-youth-latin-america-out-school-and-misunderstood>

Introduction to Private Sector Engagement

The private sector supports over 90% of employment in the developing world, and it has an important role in advancing economic growth that leads to jobs. However, as in the rest of the world, firms in Latin America often report not being able to find qualified workers. The public and private sectors and educational institutions must work in close collaboration to address the regional challenge of an 18% youth unemployment rate, and approximately 10 million young people who are entering the labor market annually in LAC, according to the ILO. Youth unemployment has increased over the last few years, most likely due to a jobless economic recovery in the region. Specific policies are needed to engage the private sector in ways that lead to sustainable and inclusive economic growth that results in jobs. Engaging and involving the private sector in the design, implementation and evaluation of youth workforce development programs that meet the evolving needs of employers can be a powerful strategy to improve youth skills and employment in the region.

Stages of engaging the private sector in youth employment and workforce development

Successful private sector engagement requires building relationships, understanding where shared value might be found and where business incentives can be aligned with program goals. Achieving this level of alignment takes analytical work, time, and the ability to listen carefully for what the private sector needs, can support and is willing to allocate resources towards. Often it is assumed that a Memorandum of Understanding (MOU) or Letter of Interest (LOI) is a first step to engagement. Instead it should be considered the last step, as it takes time to fully define the shared value and specific areas of collaboration and cooperation. Once a relationship and sufficient levels of trust are established it will be far easier to negotiate a transparent MOU that holds all partners accountable.

It is important to understand the cultural/historic context when building partnerships in the private sector. In the LAC region, and especially in Central America, the history of conflict between the people, education institutions, military and private sector has left a legacy of lack of understanding of the trustworthiness of the private sector and how it can benefit society. It is also important to understand that there are often communication barriers because of the different time horizons, "language," and world views among the private sector, educators, and public sector officials.

Private Sector Engagement (PSE) in all stages of programming

PSE can be part of many aspects and stages of youth workforce development programming. The following are examples of PSE in different stages of programming:

PSE in design

PSE in program design is essential to ensuring that the private sector is part of the design of the program's activities and considers themselves engaged as a key project stakeholder. The private sector should validate project interventions and activities, ensuring that the demand side and employer needs are being considered and addressed. The private sector should be collaboratively engaged to determine which are the high-growth sectors that will provide employment and entrepreneurship opportunities. Successful youth workforce development programs are ones that are demand driven and responsive to growth market trends. An activity that is common during the design phase and provides a specific deliverable that engages the private sector is a Rapid Sector Analysis (RSA). RSA, which is done in collaboration with industry-sector specific private sector actors, confirms identified gaps in the labor market. It includes technical and soft skills mapping as well as value chain mapping. Another example is a labor market assessment (LMA), which analyzes economic trends and patterns and identifies growth sectors while looking at the demand of future graduates and the supply of qualified workers in these selected growth sectors to start outlining the size and depth of the skills gap (see text box).



HOW TO ENGAGE THE PRIVATE SECTOR: A checklist of 9 steps

1. Conduct an RSA or LMA to map the needs and opportunities of the sector.
2. Identify potential private sector partners.
3. Interview potential private sector partners to determine their interest and readiness for some type of engagement.
4. Discover what's important for them in order to create shared value for all stakeholders involved—via one or often multiple conversations.
5. Develop an idea (prototype) for how they might engage with clearly defined roles and responsibilities, understanding the available resources (time, financial and/or in-kind).
6. Test the idea or prototype and refine it with the various partners involved.
7. Develop an MOU that spells out specific agreements, accountabilities and how to measure progress.
8. Build and manage the relationship: i.e. emphasize listening, doing what you promise, taking the time to build trust and most importantly, hold each other accountable.
9. Manage the exit, where appropriate.

PSE in implementation

During implementation the private sector can be engaged in a number of ways depending on the level and size of the available private sector firms. Specific examples of private sector engagement in implementation include, but are not limited to, co-organizing job fairs, company visits, internships and apprenticeships, externships for training instructors, guest speaker workshops, career guidance support, curriculum inputs, and embedded employment promotion units.⁴ It should be noted that quality youth apprenticeships where youth learn a curriculum at work and in school are at a beginning stage in the LAC region.⁵ Engagement with groups of private sector companies, through industry associations for example, can engage and provide benefits in different ways and share the potential risks among multiple partners. The following table describes some private sector partnership models, examples of shared value, specific program examples, and some types of activities that have been implemented with private sector partners.⁶

⁴ <https://jordankmportal.com/resources/success-story-employment-promotion-units-forge-path-to-sustainability>

⁵ <https://publications.iadb.org/publications/english/document/Apprenticeships-for-the-XXI-Century-A-Model-for-Latin-America-and-the-Caribbean.pdf>

⁶ This table was modified from USAID's https://www.usaid.gov/sites/default/files/documents/1880/Workforce_Guide.pdf



CONDUCTING LMAS IN HONDURAS, GUATEMALA AND JAMAICA TO ENSURE MARKET DRIVEN TECHNICAL EDUCATION:

The USAID Advance Program designed and conducted LMAs to examine labor markets and market demand for skills in the three countries of intervention. Prior to Advance, there was no precedent of meaningful coordinated solution between industry and education systems. Therefore, the goal was for these assessments to 1) understand the current and future demand of skills in key growth sectors of the economy, giving the program and higher education institution partners a common understanding and terminology for those technical and soft skills needed from employers, 2) inform selection of technical degree programs in these key growth sectors that Advance has strengthened through curriculum revisions and faculty training and 3) start convening industries, including Chambers of Commerce and cluster-based organizations to delineate a clear role for their continued engagement during implementation phase.

In Honduras, Advance identified the health services sector as a priority and convened key representatives from large and small clinical laboratories and clinics to understand vacancies, salaries and investment, while at the same time learning their language, vision for the future and individual and organization incentives. Later, Advance used this information to facilitate a shared vision between these employers and higher education partners, one of filled vacancies and a qualified labor force. With a shared vision and specific roles for the different players, Advance was able to establish task forces assigned to multiple activities including curriculum revisions for technical careers related to nursing, wellness and clinical laboratories, faculty training in subject-matter expertise, and labor bridging events such as job fairs and site visits to clinics, among others.

Aligning the size and experience of the private sector partner with program goals is a critical element of successful private sector engagement and programs should consider the costs and benefits of engaging with different types of private sector actors. For example, the USAID Career Center Program in Morocco considered the merits of engaging with small and microenterprises (SMEs) and large multinationals. The program found that SMEs form a substantial portion of the economy in Morocco, but that large multinationals have the ability to hire much larger numbers of youth and they have structured human resource departments that can engage with career centers to shape HR strategies, whereas SMEs often lack formal HR management. Therefore, the program opted to focus its private sector engagement efforts on large multinationals as the best fit for its goals.

Programs should also consider what the incentives for the private sector to partner with the program might be. In addition to the shared value propositions described above, incentives for the private sector include market access, talent acquisition, local outsourcing opportunities, local supply chain sourcing, desire to update worker skills, philanthropy and corporate social responsibility.

PSE in Evaluation

During the various stages of monitoring and evaluation of youth workforce development programs the private sector can be engaged to collaborate in establishing, monitoring and reporting on co-designed Key Performance Indicators (KPIs). The private sector can be a critical source of valuable data and information to evaluate how well a program is performing in terms of job creation, job placement, retention, recruitment and a number of other donor-defined KPIs. The private sector must be incentivized to participate in this stage of the program, and this can be structured to align the allocation of donor funds to address the specific trainings needs of private sector partners. This type of alignment can deepen the private sector's level of partnership in the process of monitoring, evaluation and continuing engagement after the program has ended.

| Type of Alliance/ Partnership | Shared Value and Strategic Considerations | Program Examples | Implementation Examples |
|---|--|---|---|
| Multinational companies co-investing | <ul style="list-style-type: none"> Formed to address large-scale challenges affecting multiple companies across sectors. | <ul style="list-style-type: none"> New Employment Opportunities (NEO) Initiative | <ul style="list-style-type: none"> The NEO Initiative provides skills training, internships, and job opportunities through alliances among businesses including CEMEX, Forge, Microsoft, and Walmart, as well as government, and civil society stakeholders in 10 countries. |
| Multi-sector/ cross-industry alliance | <ul style="list-style-type: none"> Enables working and partnering with a range of private sector firms through a shared platform such as a business association of chamber of commerce. Enables a specific industry or sector to jointly address talent acquisition and skills development challenges. | <ul style="list-style-type: none"> USAID METAS Project in Honduras | <ul style="list-style-type: none"> The METAS project developed partnerships with private sector, civil society and the Chamber of Commerce to facilitate training opportunities directly delivered by employers or civil society partners and conduct demand-driven training in close coordination with industry partners. |
| Industry and Multi-firm/ University Partnerships | <ul style="list-style-type: none"> Formed to align higher education more closely to industry needs. Improves human and institutional capacity at universities. Youth are better prepared to make career choices and employees are better able to recruit qualified youth. | <ul style="list-style-type: none"> USAID Higher Education for Economic Growth project in El Salvador USAID Morocco Career Centers | <ul style="list-style-type: none"> One of the activities of the USAID Career Centers Program in Morocco was a curriculum for work-readiness training. The program worked with three companies to pilot training modules: Xceed (call center), SEBN (automotive manufacturing) and Domino's Pizza (restaurant). Program staff held meetings with company representatives immediately after the pilot to gather feedback to inform the finalization of training materials. |

| Type of Alliance/ Partnership | Shared Value and Strategic Considerations | Program Examples | Implementation Examples |
|----------------------------------|--|--|--|
| Single-firm Alliance | <ul style="list-style-type: none"> • Formed to meet the specific needs of one firm within a specific industry/sector. • Common with multinational corporations or larger national firms. • Common with ICT companies or telecom operators • Common with multinational corporations or larger national firms. • Common with ICT companies or telecom operators | <ul style="list-style-type: none"> • USAID Advance Program (Honduras, Guatemala, Jamaica) • Cisco's Networking Academy Alliance (technology) • Tarsian & Brinkley WFD Alliance in Afghanistan (apparel company) • Johnson & Johnson Bridge to Employment • Cisco's Networking Academy Alliance (technology) • Tarsian & Brinkley WFD Alliance in Afghanistan (apparel company) • Johnson & Johnson Bridge to Employment | <p>The Advance Program engaged private sector partners in Jamaica like the Jamaica Film and Television Association and major hotel chains such as Marriot and Hilton in skills identification and validation workshops to align curricula with market demand for entry level positions in the food and beverage and creative industries. In Honduras, Manpower's human resources department delivered a workshop on job search and recruitment processes to students, and Fundacion Zamora Terán and Lafise Bank are hosting students for internships.</p> |
| Industry-based Alliance | <ul style="list-style-type: none"> • Formed to promote sector competitiveness. • Linked to national economic strategies. • Aim to leverage value for the sector writ large (i.e. skills development programs for all industry actors). | <ul style="list-style-type: none"> • USAID METAS Project in Honduras • Higher Education Development Alliance in Nigeria • Global Travel and Tourism Partnership (GTTP) • Youth Career Initiative (YCI) • Empresarios por la Educacion | <p>GTTP is a skills development alliance that includes private sector partners such as Marriott International, Hertz, Hilton and American Express. The program has trained over 3M young people in travel and tourism using private sector designed curricula.</p> |
| Community-based Alliance | <ul style="list-style-type: none"> • Alliance driven by particular community needs that can go beyond WFD and into addressing broader social concerns. • Driven to focus on communities and/or regions where private sector works or has operations. • Local governments are often key partners. | <ul style="list-style-type: none"> • USAID Empleando Futuros (EF) in Honduras • Coffee and Sugar Association (Funcafe and Anacafe) in Guatemala • Education & Employment Alliance in the Philippines (supported by Chevron) • Live Wire Program in Niger Delta Region (supported by Shell) | <p>Empleando Futuros (EF) works with the private sector to identify where there are job opportunities in the ten Honduran municipalities with the highest rates of violence and crime, as well as the highest migration rates.</p> |

| Type of Alliance/ Partnership | Shared Value and Strategic Considerations | Program Examples | Implementation Examples |
|---|---|---|--|
| Community-based Alliance, cont. | <ul style="list-style-type: none"> • Driven to focus on communities and/or regions where private sector works or has operations. • Local governments are often key partners. | <ul style="list-style-type: none"> • The Coffee Alliance for Excellence (Café), the Peru Cacao Alliance and the CRECE alliance in rural Peru (supported by USAID and number of private companies such as TechnoServe, Jacobs Douwe Egberts, among others) • Education & Employment Alliance in the Philippines (supported by Chevron) • Live Wire Program in Niger Delta Region (supported by Shell) • The Coffee Alliance for Excellence (Café), the Peru Cacao Alliance and the CRECE alliance in rural Peru (supported by USAID and number of private companies such as TechnoServe, Jacobs Douwe Egberts, among others) | <p>Consultation with the private sector informs what qualifications, training, and skills are required for at-risk youth to succeed in jobs, which EF uses to develop training curricula and job matching opportunities such as career fairs and referrals. In some cases, EF has worked directly with employers to develop a customized recruitment, training and placement pathway for targeted youth.</p> |
| Alliances that Empower Youth | <ul style="list-style-type: none"> • Formed to address global or regional challenges of youth engagement and employment. • Integrated alliances that offer a combination of funding, internships and other private sector-led activities. | <ul style="list-style-type: none"> • Solutions for Youth Employment (S4YE) • Nestle Alliance for Youth • IDB's A Ganar • NEO Initiative | <p>A Ganar mixes field and classroom activities to teach soccer-based and market-driven skills for employment. The program organizes events and sponsorship packages for enterprises and coordinates closely with FIFA in designing projects.</p> |
| Recovery from Conflict, Disaster, or Complex Emergencies | <ul style="list-style-type: none"> • Formed to expedite employability or livelihoods activities. • These partnerships also promote stability in creating 'second chance' programs. | <ul style="list-style-type: none"> • USAID Indonesia's Aceh Polytechnic • USAID Central America Regional Youth Alliance | <p>Following the 2004 Indian Ocean earthquake and tsunami, USAID partnered with Chevron to develop the Aceh Polytechnic, a technology-focused post-secondary institution with offerings in fields like information technology, electronics telecommunication, and business accounting.</p> |

Conclusion

There are multiple ways in which to engage the private sector in youth employment and workforce development. If the aim is to provide youth with the skills they need for productive livelihoods and employment it is essential that the private sector is engaged in the process to ensure that the skills supplied match and ideally, anticipate, private sector demand. If the aim is to create employment opportunities for youth, the private sector's engagement is equally essential. While the public sector and NGOs can provide employment opportunities, only the private sector can provide these employment opportunities in significant numbers. If the aim is to help the region grow and if such growth calls for a higher level of skills then it is critical to engage the private sector, especially those firms that trade internationally, to develop the skills needed to meet global standards. The table and examples provided above illustrate the many ways in which the private sector can be engaged successfully for growth that leads to jobs.

Finally, perhaps the most important and often overlooked aspect of private sector engagement is the importance of building a foundation of trust, relatedness, transparency and accountability with potential private sector partners. Many barriers of language, concerns, time horizon, history, and the need for quick results separated the private sector from their NGO, education, and public sector partners. The many examples in this brief document that these barriers can be overcome to produce genuine results in youth and workforce development. In all cases, the successful outcome of private sector partnerships is the trust that comes from a relationship that is based on integrity, where each partner can count on the other to deliver on his or her promises. that is based on integrity, where each partner can count on the other to deliver on his or her promises.

YouthPower Action

YouthPower Action supports and advances USAID's Youth in Development Policy through evidence-based positive youth development programming across all sectors and country contexts by providing technical assistance to USAID Missions and operating units. YouthPower Action's activities increase youth engagement and youth voice to strengthen USAID's positive youth development programming. YouthPower Action supports USAID missions and operating units through a flexible buy-in mechanism.

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For more information, contact:

Elizabeth Berard

Task Order Contracts Officer's Representative
eberard@usaid.gov

Kristin Brady

Project Director for YouthPower Action at FHI 360
kbrady@fhi360.org