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A regular series of notes highlighting recent lessons emerging from the operational and analytical program of the World Bank's Latin America and Caribbean Region.

## SCHOOL AND WORK

### Does the Eastern Caribbean Education System Adequately Prepare Youth for the Global Economy?

Andreas Blom and Cynthia Hobbs with background analysis from Theresa Beltramo, Christel Vermeersch, Henning Salling Olesen and Thomas McArdle

*As the global economy rapidly changes and new technologies are introduced, more highly skilled workers are required.* In the Organization of Eastern Caribbean States (OECS)<sup>1</sup>, firms struggle to fill skilled positions for lack of qualified candidates, while the number of unemployed low skilled workers is growing. This paradox especially affects youth. Even during recent economic booms, youth unemployment has remained high, indicating a mismatch between skills acquired in school and the critical skills demanded by the labor market. There is a clear need for more relevant education and training to prepare young people for the demands of work. In this context, the OECS governments are seeking ways to foster economic growth and competitiveness and strengthen their human resource base.

*Eastern Caribbean governments asked the World Bank to provide analysis and concrete policy suggestions, tailored to the OECS, to improve the employability and competitiveness of their work force.* A new report<sup>2</sup> comprises the first phase of analytical activities in response to this request, and focuses

on the relevance of the education and training systems in the OECS. Its findings confirm the importance of strengthening the link between OECS education and training systems and employers' needs. Analytical findings have also informed the design of a project in St. Lucia to pilot a new market-driven training model which requires close partnership between the public and private sectors.

*All citizens of the Eastern Caribbean should receive an education that prepares them adequately for the world of work.* The report reviews current education and skills training options in the OECS and asks whether the prevailing education policies achieve this laudable goal. An important objective of the report is to stimulate debate and offer concrete suggestions that could contribute to wider reform of the education system, taking into consideration the latest education and training policies in the region. In this context, the report examines how the economic transformation of the Eastern Caribbean affects demand for education and skills. It considers the Caribbean Single Market Economy and resulting free movement of labor, and the implications this has for common standards and certification. The re-



1 The Organization of Eastern Caribbean States (OECS) consists of seven member countries (Antigua and Barbuda, Dominica, Grenada, Montserrat, St. Lucia, St. Kitts and Nevis, and St. Vincent and the Grenadines) and two associate members (Anguilla and the British Virgin Islands).

2. Extracted from "SCHOOL AND WORK: Does the Eastern Caribbean Education System Adequately Prepare Youth for the Global Economy?" Phase I Report Skills Challenges in the Caribbean, Latin America and the Caribbean Region, World Bank Report 38555, May 2007. The full report is available at <http://www.worldbank.org/laceducation>

port provides in-depth analysis and relevant international cutting-edge practices to guide policymakers, educators and private sector leaders in fostering a creative, productive and well-paid workforce.

**MAIN FINDINGS:**

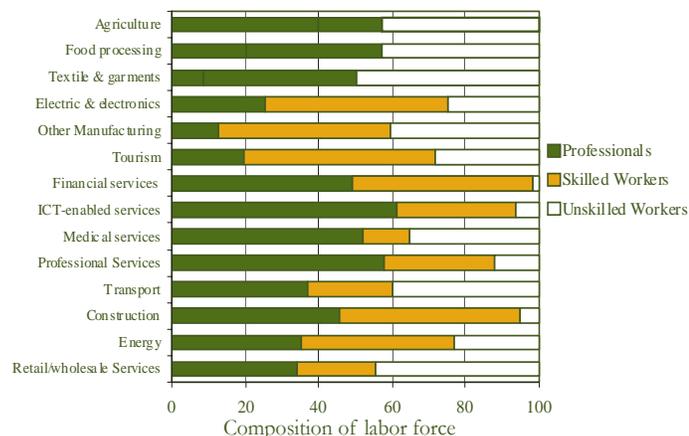
**The economic transformation of the Eastern Caribbean increases the demand for skills, which creates both great opportunities and risks.** The human capital development challenges posed by this transformation are captured in the statistics summarized in Box 1. Since 1980, services have been the most important source of growth in the OECS countries. Private and public services now account for almost four-fifths of the economy. The service sector relies extensively on skilled labor to prosper, pay good salaries and create jobs (see Figure 1). Even niche manufacturing and agriculture are changing and now require more skills because of changes in crops, demands for quality improvements, and increased need for management. The economic transformation has fueled demand for skilled labor and is expected to continue to do so. Already, shortage of skilled workers appears to be severely hindering firm competitiveness in the OECS (see Figure 2). Therefore, education and training are essential for job creation, competitiveness, and economic growth. The demand for skills opens doors to qualified workers, but it carries downside risks. Fewer low skilled and manual workers will be sought or needed, and those school leavers with unneeded competencies are more likely to remain unemployed. This could lead to marginalization of such groups which, in turn, could lead to their engagement in deviant behaviors. On the other

hand, the increased demand for skills generates great opportunities for improving living conditions in the OECS. The new positions are expected to be better remunerated and therefore lead to an improvement in living standards and reduction in poverty.

**Based on the findings, the report argues that the education system is not adequately preparing young people for the new skilled jobs.** School leavers—understood to be all pupils, including those that graduate successfully and those that leave school before completing a degree—often do not possess the skills required for the service jobs in the new global economy. Despite having received up to 11 years of formal education, school leavers often have no diploma or marketable skills. These young people can take an exceptionally long time to find employment. In particular, in this group of school leavers:

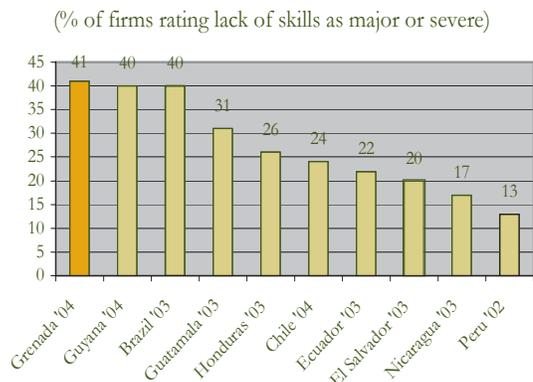
- **Some struggle with daily use of basic skills**, such as reading, writing and arithmetic, as indicated by the results of Common Entrance Exams and Caribbean Examination Council (CXC) exams in English and mathematics.
- **Many face difficulties demonstrating behavioral life skills that are valued by employers**, such as team work, pro-activeness, critical thinking, and communication (see Figure 3).
- **Most have not acquired professional skills linked to a specific career or technical skill in demand**, such as Information and Communication Technology (ICT).
- **Few will receive labor market training while in the labor force**, since research shows that firms are

Figure 1 - New service jobs demand skills (Grenada)



Source: Grenada Investment Climate Assessment (FIAS, 2004)

Figure 2 - The Grenadian skills gap is the most severe in the Western Hemisphere



Source: Grenada and Guyana Investment Climate Assessment (FIAS, 2004) and (FIAS, forthcoming). The survey year is indicated after the country.

## Box 1 - Key Statistics

- 79%: share of GDP produced by the service economy in the OECS – thus, training people to work in this sector is critical.
- 79%: percentage of expected new hires in the tourism industry in St. Kitts and Nevis in 2006, as a share of all expected national hires.
- 41%: share of business firms in Grenada rating workers with lack of skills and education as a severe obstacle for their competitiveness – education and training systems are not preparing students adequately for the available jobs.
- 100%: transition rate from primary to secondary education in St. Kitts and Nevis and St. Vincent and the Grenadines - the other OECS governments are taking steps to achieve this goal.
- 0: number of international examinations beyond the Caribbean in which any OECS country has participated - accurate information is needed to compare the level of learning outcomes in the OECS on a global scale.
- 88%: share of employers in St. Kitts and Nevis rating “attitude to work” as very important - behavioral life skills are valued by employers in the Eastern Caribbean.
- 14 months: average time needed in St. Vincent and the Grenadines for a CXC graduate to find a first job - school leavers face difficulties in the transition from school to work.
- 56%: estimated youth unemployment rate in Dominica - indicates the difficulties of finding the first job, which seems linked to insufficient preparedness of school leavers.
- 149: number of enrollees in sewing and garment production in St. Lucia in 2005, where the textile industry is small and declining - only 390 machine operators are employed, and only some of them are sewing machine operators. Unemployment training in the Eastern Caribbean is, at times, out of sync with labor demand.
- 48%: share of business firms that provide training to their employees in Grenada - in comparison to international data, this suggests that the incidence of job training and further education of the OECS labor force is low.

*more likely to offer training to highly skilled workers.* Those that do receive training are sometimes trained in areas of relatively low demand, such as sewing and cake decoration.

## RECOMMENDATIONS:

*The OECS education system should provide cutting-edge knowledge, teaching, and research to assist the economy to specialize in globally competitive niches.*

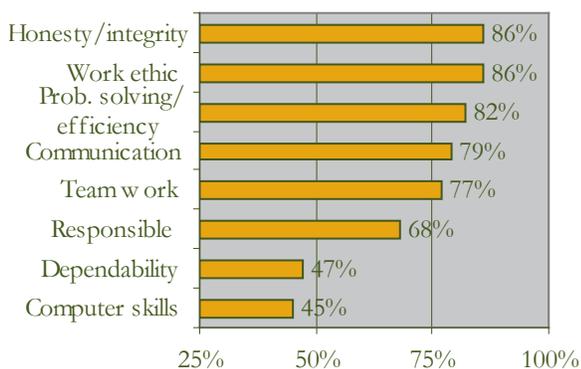
Further, the gap in the OECS between labor market

needs and schooling should be bridged. The education sector has to transform to keep pace with the changing economy. This represents a major challenge to the Eastern Caribbean education system. Existing literature and research presented in the report suggest the following prioritized actions:

*Formal education should be more relevant to the needs of the Eastern Caribbean economy.* This could be achieved in several ways:

- *Improve governance of education institutions in the Eastern Caribbean by including broader societal representation on their governing boards, and by further empowering the boards.* In particular, the private sector has weak representation in the governance of the Caribbean Examinations Council (CXC), some post-secondary education institutions, training institutions, and school boards. This hinders crucial communication between the education institutions and employers. The private sector should be better represented, and the boards should be sufficiently empowered to set strategic directions for their institutions.
- *Enhance accountability.* Learning outcomes, such as graduation rates, CXC exam results, and employment

Figure 3 - Caribbean: Employers' desired skills



rates, could be made available to families, school boards, and parent-teacher associations to evaluate the performance of each school. It is also highly recommended that the OECS participate in a global learning assessment to gain a better understanding of how their education system compares to international standards. Furthermore, the goals and objectives of post-secondary education and training institutions should be limited in number, clear and measurable, and if possible agreed to in multi-annual performance contracts between the institutions and the government.

- **Improve the quality of education.** Efforts towards achieving universal secondary education in the OECS are laudable. Increased access should be accompanied by better quality education at the primary and secondary levels, a strong focus on reading, writing and mathematics, and greater support to students with a wide range of abilities. Mastery of these basic cognitive skills by all workers is the basis for a productive human resource base and their gateway to further professional education. Governments should support ongoing training to teachers and counselors and continue to promote literacy and numeracy.
- **Better nurture behavioral life skills of students.** Cooperative teamwork skills, problem solving and pro-activeness could be better nurtured in the schools. Informal classroom observations indicate that this would require further in-service training of teachers and curriculum modifications.

**Many young people will need assistance in transitioning from school to the labor market.** While measures to improve the quality and relevance of education will better prepare youth for the labor market, there is, in the short run, a staggering high share of unemployed youth that would benefit from employment assistance programs. In this regard, an important action would be to:

- **Scale up youth training programs.** Scaling up existing programs of proven quality could be combined with policies to increase the relevance of training. In particular, international experience emphasizes private sector-driven training, with co-financing from employers, combining life skills and technical skills training and inclusion of traineeships to provide on-the-job training. Further, there is important scope for

regional collaboration in such a program.

**Actions to increase job training of the work force could include the following:**

- **Foster a regional market for training.** This could be achieved gradually by using harmonized rules of application, accreditation and financing of training in the Eastern Caribbean. This would stimulate the development of specialized training providers, adding more value to training and reducing costs through economies of scale.
- **Channel all public funding for training through a single transparent and competitive fund.** Funds for which trainers could transparently compete, based on demonstrated outcomes (unemployed participants gain a well-paid job), would increase value for money. Further, up-front involvement of the private sector, such as a mandatory co-payment, would ensure that training is relevant.
- **Encourage firms and labor unions to devote more attention to training of workers.** Training could become a key element in future labor negotiations. Business executives should invest resources in training and skills councils and participate on the boards of education and training institutions to make institutions aware of their labor needs.

To ensure that there is sufficient capacity to implement priority actions, policy makers will need to be highly selective in the choice of actions. Equally important would be strong political will to carry out reforms and to undertake effective regional collaboration.

## About the Authors

Andreas Blom is a Senior Education Economist with the Human Development Unit of the South Asia Region at the World Bank. He recently moved from the Latin America and Caribbean Region. Cynthia Hobbs is a Senior Education Specialist with the Human Development Unit of the World Bank's Latin America and Caribbean Region. Both have worked in the Eastern Caribbean for over five years and are based in Washington, DC.