

I. Purpose:

The proposed task order will contribute to the process of education and economic reform in Nigeria in two ways:

- a) It will contribute to the state of knowledge about Nigeria's workforce education and training environment in specific clusters of economic activity; and
- b) It will model action-oriented research and constructive stakeholder dialogue on education reform issues in Nigeria.

This pilot activity will make use of the Workforce Diagnostic and Implementation Development process (Workforce Diagnostic), a product that has been adapted and used in several other countries considering starting/expanding workforce development strategies.¹ The Workforce Diagnostic process is adaptable to different workforce issues and reflects the multi-dimensional facets of workforce development. The process emphasizes Nigerian stakeholder participation, buy-in, and consensus around possible solutions to workforce issues affecting economic development and industry growth.

Specifically, the application of the Workforce Diagnostic process in Nigeria will contribute to the achievement of the Mission's economic growth and education sector reform SOs and IRs in several ways:

- ✓ It will contribute to the state of knowledge of specific industry clusters: their prospects for growth and job creation in a specific region and the nature of the skills gaps and human resources management problems affecting the growth of these clusters.
- ✓ It will identify key issues involving young men's and women's employment and self-employment in various sectors.
- ✓ It will contribute to the state of knowledge about the education sector and training providers in the private and public sector in a specific region of the country.
- ✓ It will provide a model for action-oriented research and constructive dialogue between the private sector, donors, education and training providers, the local community and the government to inform on education sector reform and labor skills system development.

II. Background:

The democratically elected Government of Nigeria (GoN) has embarked upon a path of political, economic, and military reform assisted by USAID/Nigeria. The GoN's reform strategy aims to stabilize the political environment in order to develop Nigeria's vast economic potential. The current official unemployment figure of five percent is estimated to be as high as 28%.

Unemployment this high and growing is a potential political time bomb, especially considering that 40% of urban youths are estimated to be unemployed.

The majority of much-needed educational sector development programs in Nigeria focus on basic education; only 69% of the population complete primary school. Even so, there is a gap between needed and available skills. It is common for employers to have to offer basic skills training to new employees. In addition, the high HIV infection rate in Nigeria of 6.7% has an impact on

¹ This Workforce Development Strategy Diagnostic has already been applied in South Africa, Egypt, and Sri Lanka. Please see Annex A for a short summary of the results of these activities.

workforce development as the majority of those infected are of prime working age. This further constrains the growth and competitiveness of local businesses.

A number of approaches have already been developed to address the growing workforce constraints in the country. Opportunities Industrialization Centers International (OICI) and the State Agency for Mass Education in Kano are addressing this issue with vocational skills development.

But these programs tend to be supply-driven initiatives, and do not appear to be linked very strongly to the broader workforce development needs of businesses and entrepreneurs in Nigeria. Part of the equation in any economic reform program must be the development of policies that promote workforce flexibility, adaptability and innovation. Research in country after country has demonstrated that such policies are at the heart of productivity and job growth. The development of home-grown, local stakeholder-developed and led training and education sector solutions will be critical to enhancing the competitiveness and thus the prospects of economic growth in the country. Actions that support the development of an adaptable workforce, with the skills necessary to support the dynamic requirements of a competitive economy, are also critical to an industry's ability to build and sustain competitiveness in the global marketplace. The role of the Workforce Diagnostic process is to develop a pilot approach to understanding the nature of the workforce constraints in a cluster of economic activity (see the Text Box below for a description of the term "*industry cluster*") and develop locally designed solutions to address these.

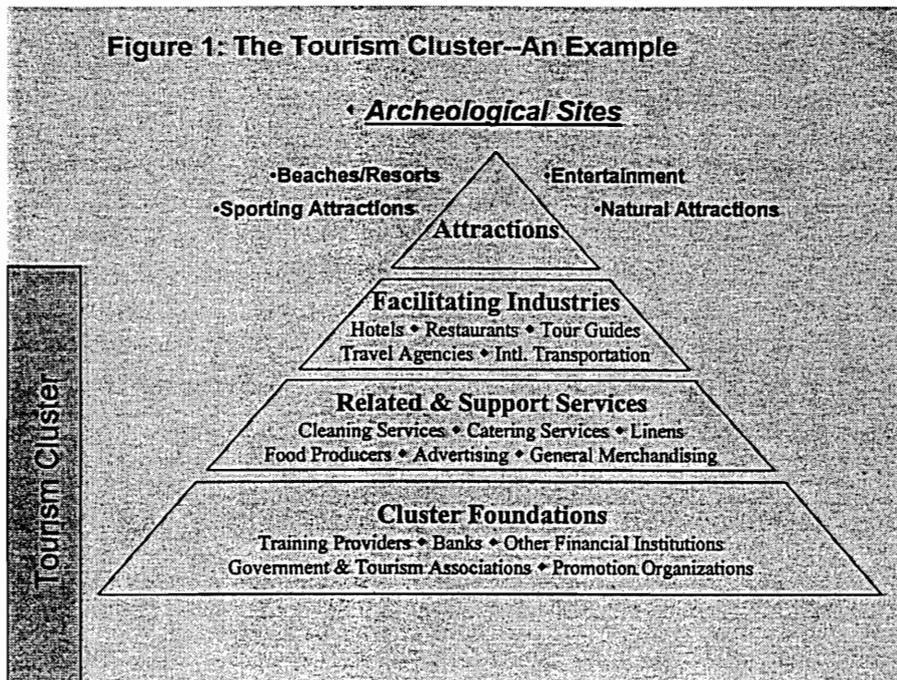
Additionally, the diagnostic will need to be sensitive to gender and religious concerns, and how these issues play into workforce strategies that affect competitiveness. Sharia has been instituted in the predominantly Muslim north and the pilot will take into account, for example, restrictions on how late at night women are allowed to work or study outside the home.

The Mission believes that interventions in the workforce arena will be able to leverage activities within the Economic Growth and Education SOs, and contribute to Intermediate Results outlined for both.

What is a Cluster?

An industry cluster is a collection of interconnected companies and institutions that rely upon their relationships and shared industry knowledge to achieve and sustain competitiveness. An industry cluster contains not only the relevant industry members, but also the supporting institutions such as educators, training providers, suppliers, distribution and transportation companies, and the financing organizations that serve the industry. Workforce development system improvement is crucial to increasing the competitiveness of a cluster.

An example of a cluster is illustrated in Figure 1 below.



III. Statement of Work

The contractor will be responsible for the completion of the following tasks, in collaboration with and with the participation of local stakeholders. The tasks are broken down into two distinct stages:

A. Phase I: Evaluate How to Apply the Diagnostic to Achieve Mission Strategic Objectives

The Team will clarify strategic issues, and explore how and when the Workforce Diagnostic should be used in Nigeria as a tool of the Mission strategy implementation. The effective application of this tool will require Mission staff buy-in (from Strategic Objective, or SO, Team Leaders and other Mission stakeholders) and also buy-in from the Nigerian business community, NGOs, and the government. All tasks outlined below will be achieved with the guidance of the Mission and the participation of Nigerian colleagues and stakeholders.

Activities in the workforce development arena will be focused on a specific industry cluster. In the case of Nigeria, one cluster in a key region (possibly Kano) will be selected. The pilot might expand to include additional clusters per the decision of the Mission.

Why focus on the “industry cluster”?

The industry cluster has been found to be a useful unit of analysis and an effective mechanism for developing local momentum for education (and broader workforce) reform efforts. In particular, the cluster serves to establish or foster a coalition of firms, associations, other NGOs and training providers with a common understanding of and a shared commitment to the actions required to address workforce development challenges hindering the cluster’s prospect for growth. The workforce diagnostic and implementation pilot program being proposed for Nigeria seeks to model **effective dialogue** between cluster companies and the training providers that design and deliver training to the cluster, in order to improve productivity and industry competitiveness.

Thus, the objective is to identify stakeholders in a set of inter-related companies within an industry cluster, and identify and create consensus around a set of workforce development issues that cut across companies within the cluster.

The Workforce Diagnostic can also address key crossover issues facing Nigeria such as the large unemployed youth population and the growing healthcare crisis.

The Team's Tasks

In this phase of the work, the Workforce Development Diagnostic Team will:

- Work with the relevant SO teams to review elements of the Mission's education strategy (as relates to workforce development). Explore how this Mission strategy can be further refined and its effectiveness measured, and determine how certain tools, such as the Workforce Diagnostic, can be effectively used as instruments for strategic planning, implementation and monitoring.
- Canvass existing information on workforce, competitiveness, education and training. Identify studies and assessments that would be relevant to the implementation of the Workforce Diagnostic, as determined in consultation with the Mission. Establish the manner in which the information in these studies can be applied, and determine what additional information would be required to conduct the Workforce Diagnostic.
- In cooperation with Mission officials, inform relevant private sector, government officials, and other donors about the Workforce Diagnostic process, content, and objectives and work with Nigerian counterparts to tailor the process to local needs and sensitivities.
- Identify potential local facilitators with whom to collaborate in the Workforce Diagnostic phase.
- Make recommendations on how to focus the workforce diagnostic process for maximum effect, in particular, making recommendations on the cluster of economic activity and the region in which the workforce diagnostic will be focused.

Specific Tasks for Phase I

The specific tasks for this phase are as follows:

1. Task: *Work with Mission staff and appropriate Nigerian stakeholders to review existing Mission portfolio in SO2, and SO3, looking at objectives and activities of the current and expected programs in these SOs. The PricewaterhouseCoopers Team, in collaboration with the Mission SO Teams, will then identify and refine the workforce development elements of the Mission strategy in order to frame those elements in a Nigerian context.*
2. Task: *Explore with SO2 and SO3 teams, and appropriate local stakeholders, ways in which the Workforce Diagnostic can be used to support the implementation of Mission strategy and monitor progress. Outline expected results and timeframe required for implementation.*
3. Task: *Identify reports and assessments that would be relevant to the implementation of the Workforce Diagnostic.*

This desk research will examine existing appraisals of Nigerian workforce education and training activities to be aware of and take advantage of key insights and observations related to Nigerian workforce development systems.

4. Task: *Meet with and hold follow-up interviews with other donors to discuss ways to leverage and cooperate with their related activities in Nigeria.*

5. Task: *With local stakeholders, make initial recommendations regarding the Workforce Diagnostics focus (e.g. make recommendations to the Mission on an industry cluster, as well on regional/geographic focus) and timeframe for implementation for the subsequent phases.* The text box below describes in a bit more detail how the cluster screening/selection process is undertaken.

Cluster Screens

Clusters are screened for growth potential as well as the potential impact of workforce development initiative design and implementation. The Team will select a few possible clusters to put through the screening process, present their findings and recommendations to the Mission and together, use these factors to determine which cluster will receive the greatest value from workforce development.

Key questions asked by the Team as it evaluates and selects clusters include:

- *Prospects for growth and employment.* Does the cluster have strong overall prospects for labor-intensive growth?
- *Workforce Development Capacity.* Is human resource management and skills development is the binding constraint to growth in that cluster, rather than policy or infrastructure?
- *Equity.* What is the capacity to affect directly or have positive multiplier effect on small and micro businesses, regional improvement and female employment?
- *Synergy with USAID Mission Goals.* How well does the cluster leverage Mission expertise and resources? Would many/most of the firms affected already form part of firms being assisted one way or another. Is there Mission/existing contractor expertise and way of providing assistance to the sector?
- *Synergy with other donor-funded efforts.* How well might a cluster leverage donor resources? Are any donors already providing assistance to the sector?
- *Political feasibility.* Is the Mission likely to run into US Government or Nigerian sensibilities that could derail the process?
- *Data availability.* Does the Mission and other projects have good data on the sector for analyzing, monitoring, and tracking purposes? Otherwise the analytic element of this process may end up taking too long and eating too many resources.
- *Private sector commitment.* Is there a high proportion of private sector participation in the sector? Is there evidence of private sector interest in skills development issues? Are there good /effective sector associations?

6. Task: *Define the boundaries of the cluster for the purposes of the exercise.*

The objective of this task is to define the parameters of the cluster, so the appropriate stakeholders can be identified. For example, if the Team is looking at the Agro-processing industry, the Team will determine whether the parameter of the cluster falls within food processors, or extends to food retailers.

7. Task: *Identify preliminary cluster members and conduct focus groups to discuss the cluster competitiveness and its links to work force development.*

During the initial presentation to stakeholders, lessons learned and benefits to be gained from an industry cluster strategy, and the benefits to the industry cluster, will be provided. General roles and responsibilities of cluster members' and the benefits they generally gain from formal alliances and partnerships will also be identified. The objective of the focus group is to gather important first-hand information, as well as to gain stakeholder collaboration and support for a cluster strategy and Action Agenda (described in Phase II). Potential clusters include agro-processing, light manufacturing, and healthcare.

8. Task: *Apply cluster screens and select cluster(s) for participation in pilot project.*

As soon as the team has collected information on key potential clusters, it will apply its screens (as described above), and select the cluster or clusters which have the greatest potential for demonstrating impact during the pilot project. The team will meet with USAID to jointly determine final selection of the cluster(s).

B. Phase II: Cluster Diagnosis and Stakeholder Buy-In

Once the cluster has been identified, the Team will develop a preliminary image of the cluster that reflects its state regarding workforce education and training. This workforce diagnostic process helps frame the issues related to the role of workforce development in the cluster. The stakeholders will articulate relevant issues, and frame the dialogue on education reform and workforce development with the government, donors, and other players.

Key issues that will be addressed through this initial diagnostic include:

- ✓ Which clusters of economic activity are demonstrating potential for job growth in a region?
- ✓ What are the workforce issues that are acting as bottlenecks to growth along the value chain in a cluster?
- ✓ What types of programs have private sector players instituted and with what results to date?
- ✓ How do industry and educational authorities now cooperate? How might they cooperate to create relevant training programs and opportunities that address the bottlenecks identified?
- ✓ Are there working models for creating effective linkages between education/training providers and employers that can be replicated across sectors and regions?
- ✓ What is the role of government and non-governmental organizations (NGOs) and industry associations in the development of relevant and sustainable workforce enhancement strategies?
- ✓ What are key gender equality issues in education and training, and what are possible interventions to address them? (For example, are the costs of training and hiring of women different, how and why? Once we know this we can develop policies/interventions to help promote gender equality in the workplace).

The Team will then organize and facilitate workshops in the cluster where these questions will be discussed with the cluster stakeholders.

At the strategic workshops the stakeholders will:

1. *Identify workforce development issues within their cluster and identify potential solutions and stakeholders willing to invest in workforce development solutions.*

The stakeholder workshops validate and complement the gathered cluster data with qualitative information. Stakeholders explain their view of challenges and propose solutions to identified workforce development issues.

2. *Define which workforce development issues are stakeholder priorities and establish how the private sector and donors will support these priorities.*

Results from the cluster analysis including the strategic workshops will be shared with all relevant stakeholders. The team will then work with the stakeholders to identify the cluster's strategic priorities and identify the types of resources the private sector could leverage to enhance workforce development within their industry cluster. During these workshops, broader gender and equity issues will be identified and proposed approaches discussed and outlined with the stakeholders. At the end of the workshop the Contractor will:

3. *With the collaboration of key stakeholders, draft a strategic Action Agenda that identifies critical areas for workforce development, which links action to results.*

The Team will summarize the cluster workforce development activities to which stakeholders have committed. These are the *Action Agendas* for the cluster (please see Appendix A for a sample Action Agenda). These Action Agendas represent a menu of possible items that USAID and other donors might choose to support as the cluster moves ahead to address its workforce development needs. For each activity in the Action Agenda, the following questions will be examined:

- What is the institutional setting available to create sustainability through this activity? For example, who will take the lead, among the cluster stakeholders, in overseeing the implementation of the activity: An association? Another NGO? A learning organization?
- How will cluster stakeholders' respond to this activity and what is their shared responsibility? In other words, what contributions, in kind (in the form of time, facilities and so on) or in cash, will stakeholders be willing to make to achieve their shared objectives?
- What results will be achieved to strengthen productivity and overall competitiveness?

Thus, the Workforce Diagnostic and Implementation process will provide the Mission with a menu of potential activities for stakeholders to undertake in the development of the key clusters, increasing the future capacity of Nigerians in workforce development.

IV. Deliverables

A. Phase I Presentation

The key deliverable in the first phase is a presentation to the Mission:

1. Industry Cluster Description and Cluster Screening Results.

This presentation will provide an explanation of the cluster demarcation process; this process defines the parts of industry chain that will be included in the diagnostic, including a summary of

stakeholders in the cluster, and a brief overview of why each sector was chosen. Next, the team will outline the screens used as selection criteria for cluster participation (as defined above), and will discuss the results of the screening analysis. The Team will then work with Mission to determine which cluster or clusters look the most promising for project participation.

In addition, the Team will provide the Mission with measurement indicators for its workforce development strategy; and tools to ensure implementation of this strategy, including the enhanced role of Nigerian stakeholders in subsequent Workforce Diagnostic activities.

B. Phase II Deliverables

As an outcome of the workshops, four major deliverables will be produced for the cluster:

1. Workforce Education and Training Assessment - Industry Cluster Map and Analysis.

This map serves to graphically identify the key cluster players and depict these stakeholders' roles and relationships in the cluster at a particular point in time. This map should include the formal and informal linkages between industry, labor, government, civil society, private and public training providers, and non-governmental organizations. The written document goes into further detail on how these stakeholders contribute to the present competitiveness of the cluster, and attempts to identify potential challenges that can be addressed through a workforce development program.

2. Workforce Education and Training Action Agenda.

This document summarizes the results from the discussions, focus groups, and workshops with stakeholders from the cluster. As stakeholders assign priorities and responsibilities to the identified challenges, the Action Agenda seeks to capture areas of common agreement regarding proposed actions. It will also highlight those areas that, though workforce related, will be more difficult, or take more time, to address (e.g. gender-based hiring practices that may not be amenable to immediate "treatment" through training or union issues). Please see Appendix A for a sample Action Agenda.

3. Workforce Education and Training Recommendations and Action Agenda.

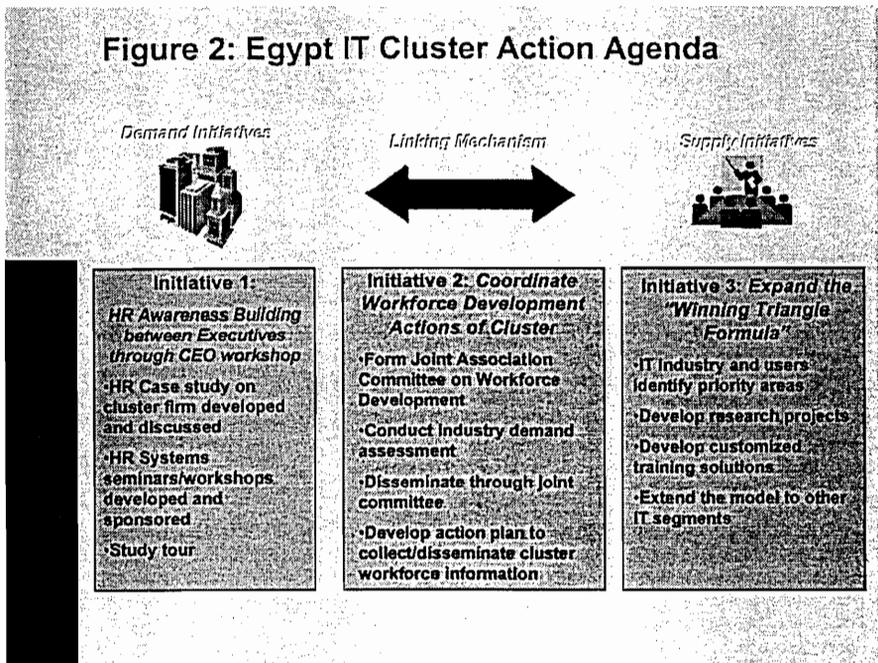
From the Action Agenda designed at the strategic workshops, and based on discussions and research into donor activities and priorities, the Team will recommend activities that USAID could undertake to operationalize a shared agenda on workforce development. Activities might also represent work other donors or NGOs might choose to implement. For each activity recommended, the following questions will be answered:

- What is the institutional setting available to create sustainability through this activity?
- How will cluster stakeholders' respond to this activity? What are the costs of this activity? Where will the resources come from?
- Where will the technical assistance come from?
- What skills have the stakeholders identified as needed?
- What recommendations for workforce development system building do the stakeholders have?
- What tasks will the activity entail? What is a time frame for implementation?
- What are expected outputs from these activities? What are the expected outcomes, in terms of contributions to the IRs for each of the SOs?
- What other outputs might emerge that contribute to other SOs?

A brief description of the types of items that emerge in the Action Agenda through the stakeholder workshop process is provided in Figure 2 below. A summary of the types of outputs that are emerging from the workforce diagnostic process being applied in Sri Lanka is provided in the text box below.

4. Recommendations for Development of Local Skills for Continuing Workforce Development Activities in the Education and Training Sector.

The Team will document the Workforce Development Methodology utilized in Nigeria to create sustainability and to illustrate how the pilot can be replicated in other clusters and regions in the country. Recommendations for identification and development of local “cluster coaches,” who will manage cluster activities, facilitate strategic planning and dialogue with stakeholders, and conduct cluster research, will be provided. The recommendations might also include designs for a train-the-trainer session.



(Note: See Annex B for the full Action Agenda from the Egypt IT stakeholder workshops)

Potential Cluster Outputs in Sri Lanka

The WDS Team recently completed a Phase I Workforce Diagnostic of three Sri Lankan industries: information technology, tea, and jewelry. Based on these findings, the WDS Team sees several potential implementation activities and outputs resulting over the long-term that address cluster workforce development:

Education and Training Initiatives

- *Standardization and accreditation process:* Developing and implementing training accreditation processes, or standardizing curricula with minimum requirements, as a means for ensuring the quality of curricula across training programs.
- *Train-the-trainer programs:* Implementing programs to strengthen trainers' teaching skills and current industry knowledge.
- *Organizational redesign of education and training institutes:* Redesigning organizations, especially the main industry training institutes and research bodies, to better respond to industry needs.

Industry Initiatives

- *Industry-wide workforce competency assessments:* Benchmarking the workforce competency of the Sri Lankan industry against best practices of international competitors, determining workforce strengths and weaknesses, and changing industry strategy/focus accordingly.
- *Supply-chain skills gap valuation:* Determining training and skills needs of each segment of workforce along the industry supply chain, and improving programs to address these skills deficiencies.
- *Human resource case studies:* Developing and utilizing case studies to demonstrate lessons learned in different dimensions of HR development and the benefits of investing in human resources.

Linking Mechanisms between Education and Industry

- *Association workforce development services:* Expanding and improving workforce-related programs and services offered by industry/trade associations and their ability to bridge the gap between employer needs and education and training outputs.
- *Industry public awareness campaigns:* Improving industry image through public awareness campaigns designed to attract and retain workers in the industry or within particular industry segments.
- *Industry workforce development advisory committees/incubators:* Developing advisory committees or incubators consisting of distinguished industry personnel or experts to support thought leadership and innovation in industry workforce development.

V. Timing and Level of Effort

Timing

The diagnostic assessment will take place in the chosen clusters over a three-and-a-half month period, during which the Team Leader will be present in Nigeria. The table below illustrates a potential timeframe if the exercise was to begin on July 10, 2000.

Tasks/Deliverables	Timeframe
Phase I	
Approve SOW / Assign Consultants	July 10 – July 28
Cluster Analysis Begins	July 31

Technical Assistance Field Visit I	Aug. 14 – Sept. 8
Presentation 1: Industry Cluster Description	Sept. 4
Phase II	
Deliverable 1: Cluster Map & Analysis	September 25
Technical Assistance Field Visit II	Oct. 2 – Oct. 23
Cluster Strategic Workshops	October 9 – 19
Deliverable 2: Workforce Action Agenda	October 25
Deliverable 3: Workforce Activity Recommendations	November 1
Deliverable 4: Recommendations for Development of Local Skills for Continuing Workforce Development Activities.	November 15

Level of Effort

The following table depicts the structure of the Workforce Strategy Team and the required level of effort (LOE).

Title	Total LOE
Project Principal, Level 1	8
Project Director/Cluster Methodology Specialist, Level 1	45
Team Leader/Competitiveness Specialist, Level 1	82
Workforce Diagnostic Specialist, Level 2	66
Cluster Specialist – industry specialist, Level 1	33
Expat Subtotal	224
Local Cluster Specialist	66
Local Cluster Assistant	22
Local Subtotal	88
Total	

Illustrative Budget

See Appendix C

ANNEX A: Summary of Workforce Development Exercises in South Africa and Egypt

1. South Africa: November 1998 to April 1999

The South Africa Department of Labor (DOL) and the United States Agency for International Development (USAID) agreed to examine the development of a national skills development strategy for 2000-2004. This included strengthening the capacity of institutions created under the Skills Development Act, specifically the Sector Education and Training Authorities (SETAs). The results of this analysis were to be used by DOL, the SETAs, and other institutions to guide the national skills development strategy in the next five years. It will also feed into the work that the European Union will fund beginning in July 1999.²

In South Africa, workforce issues have been the focus of a great deal of attention in the wake of the passage of the Skills Development Act (SDA) in 1998. The objectives of the SDA are to:

- provide a national framework to devise and implement national, sector and workplace strategies to improve skills,
- integrate strategies into the National Qualifications Framework (NQF),
- provide for learnerships that will lead to occupational qualifications,
- finance skills development, through the National Skills Fund, and³
- regulate employment services.

The SDA creates the National Skills Authority (NSA) to advise—among other things—the Minister of Labor on skills development policy, review skills development strategy, and determine spending priorities of the National Skills Fund. The SDA also creates SETAs to serve as intermediaries between government and industry players (unions, industry, and relevant training providers), particularly in the area of workforce capacity development. SETAs, for their part, will:

- establish learnerships,
- implement sector skills plans,
- approve individual workplace skills development plans,
- collect employer levies,
- make funding allocation decisions for skills development in the sector, and
- monitor overall implementation of the SDA.

The DOL conducted a demarcation study that outlined the industries likely to have SETAs, but neither this study nor the SDA Regulations mandated what sub-sectors fit into those industries. It was expected that the industries would coordinate their own demarcation and apply to the DOL to be a SETA by October 1999. The SDA required each SETA develop and submit to the DOL Sector Skills Plans (SSP) on an annual basis. These SSPs need to take into account the national priorities and targets that are defined in the Skills Development Strategy. The SETA's SSPs were required by March 2000. The SDA stipulated that the SETAs would be funded through a levy collected as a percentage of the members' wage bills, starting April 2000. At the time the workforce diagnostic process was implemented, the industries are at different stages of readiness in their demarcation and preparedness to apply and write a SSP.

It is in this context that the activities of the Workforce Development Strategies Team (WDS Team) took place, beginning in the last quarter of 1998. The WDS Team spent from November 1998 through March 1999 designing a strategic planning process that would assist the SETAs in identifying the relevant

² The development of a national skills development strategy was supposed to be funded by the European Union (EU) as part of a broad Labor Market Skills Development Program (LMSDP). EU-sponsored technical assistance was to have begun in January 1999, but the process of approving workplans for various projects under the LMSDP is very slow and is not expected to begin until July 1999.

³ Details on the funding of this initiative are still being discussed. It may be a portion of a 1% levy on wages.

stakeholder members and developing their SSPs. The WDS Team recommendations sought to help SETAs evolve into effective tools for private and public sector dialogue and actions in workforce training, rather than simply bureaucratic institutions collecting a levy. The WDS Team focused its work in the South African tourism and hospitality industry that is slated to become a SETA. During this process, the WDS Team consulted with DOL, USAID, the Hospitality Industry Training Board,⁴ business and labor representatives, organizations concerned with training, and training providers.

2. Egypt: June 1999 to January 2000 (Phases 1 and 2)

At the highest levels, Egypt recognizes the need for human capital development in order to increase its competitiveness in the global economy. In a July 1999 meeting with Vice President Gore, President Mubarak asked for U.S. assistance in three areas, one of which was human resource development. As a result of this conversation, and analysis already conducted, USAID/Egypt has included in its strategy a workforce development strategic objective that strives to obtain concrete results in this area. In response to the Mission's new strategic objective, a team from PricewaterhouseCoopers, SRI International, and J.E. Austin Associates (hereafter referred to as the Workforce Development Strategies (WDS) Team) was selected to help operationalize parts of this Mission strategy and conduct the Workforce Development Strategic Planning Process.

In August 1999, USAID/ Egypt agreed to undertake this process in the following three clusters: 1) tourism; 2) agribusiness; and 3) information technology. The Mission identified these clusters as potential growth industries where human resource and skills development issues are critical constraints to their growth and development. The Workforce Development Strategic Planning Process is designed to help policy-makers, educators, and industry stakeholders understand how competitiveness and workforce development are linked in a sector. It is a tool to generate productive dialogue among the stakeholders, leading to actions and commitments that strengthen the linkages between the needs of industry and workforce development policies, to the benefit of both. The set of interventions designed from this dialogue leverage private sector resources to promote and sustain industry competitiveness.

During this project, the WDS Team conducted two mission trips to Egypt. The first trip in September 1999 had three purposes: 1) to collect research on each cluster through stakeholder interviews, focus groups, and desk-top research; 2) to develop stakeholder relationships in order to discuss pressing workforce development issues; and 3) to make determinations of how to demarcate each cluster.

During the second mission trip, from October 31, 1999 through December 10, 1999, the WDS team continued to work with cluster stakeholders, held student focus groups, and conducted strategic planning workshops in each of the three clusters. The purpose of the strategic workshops was to go beyond identifying workforce development challenges, and to work with the Egyptian cluster stakeholders to design actionable and realistic initiatives that could begin to address some of the stated issues.

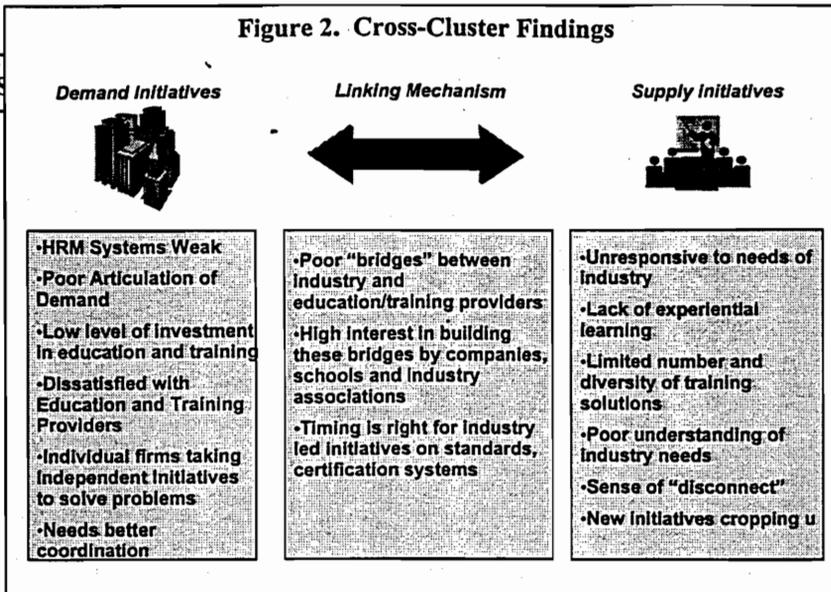
At each of the three cluster strategic planning workshops, the WDS Team attempted to present a compelling story of "why" workforce development stakeholder action is necessary to make the cluster more competitive.

Throughout this project, and specifically in the strategic workshops, cluster stakeholders identified and prioritized numerous initiatives for workforce development improvements. Many initiatives were specific to an industry's internal human resource management, and some centered around increasing the relevance of training providers and educators' curriculum and teaching methods. A third set of initiatives focused on improving the linkages between demand (industry) and supply (educators / training providers). There were also similarities between the types of initiatives cluster stakeholders would undertake to rectify these issues.

Thus, in each cluster, the Action Agendas developed by the stakeholders in each of the strategic planning workshops fall into one of three broad categories:

⁴ This training board will be folded into a larger Tourism Sector Education and Training Authority.

Figure 2. Cross-Cluster Findings



- Cluster-wide forums to facilitate dialogue on responses to workforce development problems. The workshops served to highlight that the competitiveness of each firm depends on how well the cluster can address common workforce development priorities and challenges. The cluster

stakeholder dialogue sessions served to crystallize for stakeholders the need to develop a basic infrastructure to dialogue on and develop solutions to common problems. All clusters agreed on the need to develop "Human Resource (HR) Joint Committees" or "HR Teams," and to have those teams develop an action plan for the cluster. These HR Joint Committees or Teams are based in existing industry associations. All clusters also agreed to discuss mechanisms for funding those activities. A key set of initiatives to be sponsored by these new HR Teams will focus on the development and implementation of a skills gap analysis and a demand assessment. This will help improve the flow of effective information between industry stakeholders and education and training providers currently characterizing all clusters (see also the industry-educator linkage programs described below).

- *Internal Human Resource Management Activities.* Most industry cluster players view education and training as a cost, not an investment. Consequently, spending at the firm level on continuous education and training is abysmally low. Stakeholders agreed that this view needs to change, and the change must begin at the very top, with the CEOs. Agreed-upon activities in this area center on the development and dissemination (through HR conferences, for example) of case studies on "model companies" in Egypt, and local examples of best practices on the human resource management (HRM). Initiatives in this category are by and large designed to strengthen the industry's capacity to effectively articulate and prioritize demand for skills and promote the development and upgrading on standards on an on-going basis.
- *Educator / Industry Linkage Programs.* Initiatives in this category were designed to strengthen the education/training sector's capacity to understand, anticipate and respond to the industry's demand for skills training and education in certain areas. Linkage programs suggested by the stakeholders included actions such as industry-sponsored sabbaticals for professors (referred to as well as "internships for educators."), and broader outreach initiatives, such as the development of focused partnerships between a training provider and the industry revolving around a specific training problem (see the initiatives described below). This initial exercise then provides information with which to conduct a productive dialogue between industry stakeholders and education and training providers on broader training program objectives, content and methodologies.

ANNEX B: Sample Action Agenda from Egypt IT Cluster Workshops

From a list of potential initiatives, the IT cluster stakeholders developed three initiatives into more detailed action plans. The pages that follow describe these three initiatives.

Initiative I:

Education-Industry Linkage Program

Initiative Mission:

Create a closer link between the IT industry and Egyptian education / training providers in order to provide students / workers with the correct set of skills to compete in the industry.

Initiative Overview:

IT educators and training providers are often not able to provide students with the up-to-date knowledge and skill base that is relevant to the current needs of the industry. The initiative would consist of an industry / education provider partnership. Under the initiative, the IT industry would open up a dialogue with the IT faculties and training institutes to articulate their training needs on regular basis. Faculty will update their curricula to respond to the articulated needs. Building on the initial success of a partnership program between the electronics industry and a group of Egyptian universities and institutes, the initiative would aim to extend that concept to other segments of the IT industry.

Initiative Action Plan:

Step 1: Meet during January at Mentor Graphics. At this meeting, the working committee will develop an action plan that will include objectives, performance indicators, and means of measuring performance, and a "road map" for achieving the results. The committee will determine which industry segments should be included in the initiative action plan. The meeting will also establish sub-committees from industry and university for each segment of the industry to be covered. *(January 24, 2000)*

Step 2: Prepare a case study on the electronics industry-university partnership. Disseminate the case study so that it can serve as a model of success *(March 2000)*

Step 3: Extend electronics model to other segments of the IT industry including software development. *(April 2000)*

Step 4: Sub-committees will review industry workforce / education needs in its respective segments of the industry. Following the needs assessment, industry would consult with faculties and institutes about updates of the curriculum oriented towards meeting current skills gaps. *(June 2000)*

Step 5: Faculty and instructors will modify programs to reflect current needs. *(September 2000)*

Step 6: Review and monitor program, and make continuous adjustments in light of current needs (ongoing annually).

Initiative Champions:

Linkage Committee members include: Dr. Nabil Said (ITI), Dr. Hazem Tahawy, Prof. Abdel Moneim Wahdan (Ain Shams University), Dr. Hatem M. El Borai (Zagazig), Dr. Sayed M. Metwalli (Cairo University), Agharid Amin (Microtech), Dr. Mohamed Ismail Youssef (Team Misr), Dr. Hoda Hosny (AUC), Mohy Gamaledin (Microtech)

Initiative II:

Strengthening of Internal HR Systems

Initiative Mission:

Establish / upgrade human resource systems in the Egyptian IT cluster companies in order to enhance employee productivity, loyalty, and career development.

Initiative Overview:

The proposed initiative will strengthen the internal HR systems of IT cluster companies. The program will develop work environments that will: enhance skills; encourage human resource development, and provide greater access to training solutions. The initiative will broaden the HR mission within the companies beyond the payroll / administrative function. The Egyptian Human Resources Management Association (EHRMA) will develop "best practice models" to deal with issues such as: workplace turnover, investments in training, and company budget allocations for training.

Initiative Action Plan:

Step 1: The Egyptian Human Resources Management Association (EHRMA), the Management Development Initiative (MDI), GMT, and the International Executive Service Corps (IESC) will develop a senior executive leadership program to develop awareness of HR development strategies. *(February 2000)*

Step 2: A HR systems seminar coordinated by GMT. *(March 2000)*

Step 3: The initiative will develop model HR systems appropriate to the IT companies in Egypt. *(Nine IT companies by July 2000)*

Step 4: The new model HR systems will be shared and networked by Yasser Elmamoudy (Citibank) and by Amany Meomen (High Tech Systems). *(July 2000)*

Initiative Champions:

Institutions: The Egyptian Human Resources Management Association (EHRMA), and the Management Development Initiative (MDI), GMT, and the International Executive Service Corps,

Individuals: Yasser Elmamoudy (Citibank) and by Amany Meomen (High Tech Systems)

Initiative III:

Association Workforce Development Initiative

Initiative Mission:

To enhance capacity of IT associations to respond to the workforce development needs of the agribusiness cluster.

Initiative Overview:

This initiative will enhance the role of associations in responding to training / HR management needs of the sector. One of the outcomes of this program is to create and disseminate successful / best practice models for Egypt. Under the initiative, the four IT high tech associations will also form a joint HR committee.

Initiative Action Plan:

Step 1: The champions will meet to finalize objectives and work plan of the initiative. *(January 2000)*

Step 2: Four associations ESA, EHITA, ECA, and the EIS from the industry will form a joint HR development committee. *(February 15, 2000)*

Step 3: Create an on-line discussion group on HR development. *(February 15, 2000)*

Step 4: Create a clearinghouse to gather and disseminate information on: cluster training needs, HR management expertise, survey results, market trends, training providers, and specialized skills and service providers. *(August 2000)*

Initiative Champions:

Institutions: Egyptian Software Association (ESA), Egyptian High Tech Association (EHITA) Egyptian Computer Association (ECA) and the Egyptian Hardware Association (EHA), and the International Service Corps (IESC)

Individuals: Mohammed Abdel Fattah and Sayed Ismail

ANNEX C: Illustrative Budget (One Cluster)