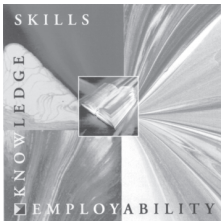

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Skills, Productivity and Employment Growth

The case of Latin America

International Labour Office

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CONTENTS

PROLOGUE

This report was prepared as part of the preparatory work for the general discussion on *Skills for improved productivity, employment growth and development* at the 97th Session of the International Labour Conference.

The aim of this study is to illustrate the relationship between training and workers' skills, productivity and the growth of quality employment in Latin America societies through the analysis of the existing information and the study of some national case studies. The main focus is on the evolution of later decades, particularly since the end of the 1980's up to the present.

We will present a panorama of the region as a whole that will enable us to make comparisons with other regions in the world, focusing in particular on the evolution and outcomes in some countries which illustrate these relationships. Case studies that vary as regards levels of education and productivity were chosen. The national case studies selected are: Argentina and Chile, which have high indicators in population's participation in secondary education as well as in productivity; Brazil, which has lower rates of participation in education but medium levels of average productivity with big differences between the more developed regions and the rest of the country; and Peru, which has an important post-primary education coverage and lower productivity.

We would like to express our warmest thanks to Maria Antonia Gallart, the consultant who was responsible for this study under the supervision of Josiane Capt of the Skills, Knowledge and Employability Department (EMP/SKILLS) and also to Christine Hofmann (ILO) and Fernando Vargas (ILO/Cinterfor) who made valuable contributions.

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EXECUTIVE SUMMARY

The aim of this study is to illustrate the relationships between training and workers' skills, productivity and the growth of quality employment in Latin America societies by means of analysing existing information and case studies of four different countries. The national case studies we selected are Argentina and Chile, which have high indicators of participation in secondary education and productivity measured by GDP per worker; Brazil, which has lower rates of participation in education but a medium level of average productivity and big differences between the more developed regions and the rest of the country; and Peru, which has wide secondary education coverage but a lower product.

We will review the current social and economic situation in these countries and how this evolved in the 1990s, and focus on the differences and similarities between the countries as regards the size of their economies and populations, their unemployment rates, the distribution of urban employment by sectors, and the extent of the informal sector. Lastly, we will examine inequality and poverty, and the differences between countries in the light of the consequences of the economic reforms of the 1990s, the current structural heterogeneity in these areas and the challenges that worker training is facing.

The training situation is presented below. In this, a clear distinction is made between the growth in formal education coverage, which is the source of the general skills needed for insertion in today's labour market, and the development of vocational training, which provides more specific skills and labour competencies. We compare the levels of training of the work force in each country, the current situation in teaching, educational reforms and vocational training structures. We look at what the four selected countries have achieved in education and also their shortcomings, and the differences between them in a scenario in which they all fare poorly when their performance is evaluated on an international level. We examine the coordination between training, employment and productivity, the tensions be-

tween the training offer and the needs of the enterprises and population sectors that demand training and employment, current mechanisms to improve this coordination, and the difficulties involved in these areas.

Lastly we will examine the problems that emerge from the foregoing analysis, and the problems inherent in the policies that have been implemented. These difficulties can be summed up as follows:

- Educational coverage among populations living in poverty is inadequate and of poor quality, and this has negative consequences in terms of young people's labour competencies.
- There is little coordination between formal education, vocational training and the world of enterprises.
- The formal economy is huge, but training is geared mainly to the formal economy.
- Policy changes are made with insufficient evaluation of the programmes executed.

A review of the activities of institutions involved and programmes implemented raises serious questions about training systems in which the greatest investment is concentrated on better-educated workers who perform in the integrated or formal economy, while poor, unemployed young people and workers in the informal economy receive training that is more limited. We provide a rationale for setting up permanent funds that would make continuity of programmes possible, and also for serious evaluations of interventions and institutions, which would serve as a basis for correcting the orientation of training and responding to the problems outlined above. Lastly, we draw some conclusions about prospects for the future in this sphere in the individual countries studied.

INTRODUCTION

The aim of this study is to illustrate the relations between training, workers' skills, productivity and the growth of quality employment in Latin America societies through an analysis of the existing information and an examination of case studies of selected countries. We will focus on the evolution of these aspects in recent decades, especially in the period since the end of the 1980s.

The basic indicator for classifying countries in terms of labour force training levels and skills is the proportion of workers who have reached secondary or higher education,[1] and in this study we take skills to be the stock of the knowledge, abilities and attitudes needed for the world of work. The other basic indicator in our analysis of countries is productivity, which here is taken to be product divided by the amount of work involved in generating that product, that is to say annual product (GDP) per employed person. In both of these areas we will use data provided by the ILO (Table I.1).

THE COUNTRY CASES

We will present an overview of the region as a whole so it can be compared to other regions in the world, and to illustrate these relations we will focus in particular on the evolution and outcomes in some selected countries. These countries were chosen to reflect different educational and productivity levels, and we decided to centre our analysis on four, namely Argentina, Brazil, Chile, and Peru. Indicators for Argentina and Chile show relatively high rates of education, their education systems are mature and have been expanding for a long time, and they also have relatively high levels worker productivity. However, in recent years the economies of these

1 The indicator here is the percentage of people in a country with a certain educational level out of the total work force, and in this case secondary and higher education are the criteria.

two countries have evolved differently: Chile has enjoyed continuous steady growth while in Argentina periods of high growth have alternated with serious crises. Education has evolved differently in the two countries: in Chile there have been reform policies that transcended political changes, but in Argentina there have been considerable variations and a certain degree of geographical dispersion in education policies. In Brazil formal education indicators had always been low but in the 1990s there was an unprecedented move to expand enrolments, and the country now has a vocational training system that gives wide coverage and is of good quality. Brazil is an emerging country, and it cannot be ignored on the world level because of the sheer size and growth rate of its economy. A serious effort is being made to reduce poverty indicators and improve the quality of employment. The fourth case study is Peru: here the coverage provided by the educational system has been extended so much that today the country has high indicators for secondary and higher education. However, its productivity indicators remain low (see Tables A and B, and Annex 1).

The four countries we have selected vary in population size and volume of production, and Brazil and Chile are the two extreme cases. The populations of the selected countries are predominantly urban, which is the norm in Latin America, but the rates vary from 90% in Argentina to a little over 75% in Peru. In recent years, net secondary education rates have tended to converge but there is still considerable variation, between 81% in Chile at one end of the scale and 68.6% in Peru at the other. Lastly, according to CEPAL data for 2005, gross per capita product was USD 8,130 in Argentina and USD 2,340 in Peru, with the other two countries falling between these extremes. These differences, and the trends for the region as a whole, enable us to make an interesting analysis of the evolution and outcomes of the relations between training, productivity and decent work.

THE KEY VARIABLES

The first key variable is **training**. Formal schooling gives workers the reading, writing and mathematics skills that form the basis of thought and communication skills and the basic content of specific knowledge. What is developed above all are problem-solving skills and the capacity for abstraction, which are constructed in application to and reflection on day-to-day

activities, and technological skills such as normal computer operating and being able to handle information and communication technologies.[2] It is obvious that a competent worker must have mastery of manual skills and must be able to operate equipment and develop the vocational projects needed for the performance of a job. This pyramid of abilities become skills when they are applied in activities in daily life and in particular in the world of work through choosing options, that is in decision-making in concrete circumstances in real time and in situations with a certain degree of uncertainty (Zarifian, 1999). Vocational training, specific training and on the job training give each worker the skills he or she needs for labour market entry and decent employment. Lack of skills is a serious disadvantage for a worker seeking employment. What is more, to be able to utilise the new information and communication technologies (ICTs) advantageously and to be productive in the new forms of labour organization, a worker needs an extended period of formal education plus flexible specific training.

From the worker's point of view, the link between skills and decent work is **employability**. A person has this when he or she can obtain employment, retain it, progress in it, handle the changes that take place, obtain another job if necessary, and move in and out of the work force in different periods of working life. This last point is particularly important for women.[3]

The second key variable is **productivity**. Normally this concept is bound up with efficiency in the use of resources, and for our purposes it is utilised as the value added by the worker. Therefore it differs from the total productivity of factors, which also includes other sources of productivity besides labour such as quality of management, technology, health and safety, and governance.[4] In this study we shall confine ourselves mainly to aspects that have to do with education and training.

Lastly, there is **the quality of employment.** This is defined not only by the number of jobs created but by the conditions of work in those jobs,

2 SCANS. *What work requires of schools*. Report by the SCANS Commission for America 2000. Washington: United States Department of Labour, 1992.

3 See ILO Recommendation 195 concerning human resources development: education, training and lifelong learning.

4 ILO. Key Indicators of the Labour Market. Labour productivity and unit labour costs. KILM 18 and Employment, Productivity and Poverty Reduction in the report on employment in the world 2004/5.

whether they provide social coverage and satisfy the accepted norms of decent work considered as "a synonym for productive work in which rights are protected and that generates adequate income and involves suitable social protection. This also means sufficient work in the sense that everyone should have full access to opportunities to obtain income".[5]

In this report we will examine the common characteristics and the differences between the countries analysed as regards their economies, their training systems and the labour market entry of their workers, with the aim of proposing some policy alternatives.

CONTENTS OF THE REPORT

In the first chapter we outline the socio-economic situation of the region with a special focus on the four countries to be analysed. We examine their similarities and differences in areas ranging from the size of their economies and populations to their demographic characteristics and the profile of their labour markets, with an emphasis on the evolution of these aspects since the 1990s. Structural heterogeneity and current poverty rates are highlighted as they are problems that pose challenges for training systems.

In the second chapter there is a diagnosis of the training situation in the four selected countries. This involves a distinction between general formal education on the one hand, how its coverage has expanded and what its weaknesses are, and on the other hand training that is more specifically geared to work, in other words technical education and vocational training. The levels of learning of the work force in each country are compared, and also current participation in secondary and higher education and the recent implementation of education system reforms. We present the results of evaluations made under the *Programme for International Student Assessment (PISA)* for the four countries. As to vocational training, we examine the similarities and differences between countries as regards vocational training institutions and the new generation of programmes implemented in recent decades. Lastly we examine the coordination between training, employment and productivity, and current tensions between the training offer, enterprises'

5 Somavía, Juan. Director General of the ILO. Report presented at the 87th Session of the International Labour Conference, 1999.

requirements, and the needs of the population seeking training and employment.

In chapter three we list and describe the problems that emerge from the foregoing analysis, the challenges that these problems pose for training, and the responses that are found in public policies. In conclusion, this review of the activity of the institutions in question and the programmes implemented is used as the basis for some suggestions about future initiatives that should make it possible to correct current orientations and respond to the challenges involved. Then we present some conclusions about the prospects for the future in these areas, individualised by country.

1. THE SOCIO-ECONOMIC SITUATION IN LATIN AMERICA

Latin America is in the "middle class" of developing countries since its social and economic indicators are healthier than those of some other regions but not as good as in countries that are clearly emerging (Table 1.1 and Chart 1).

However, these indicators reveal that there is great **heterogeneity among the countries** in Latin America, and indeed within the borders of individual countries. We can make some general observations about the situation. This is a continent in which industrialisation has been under way for more than fifty years in quite a number of countries but this has not been a continuous or permanent process, it has been interrupted by serious crises. In terms of geographical distribution, industrialization is extremely uneven, although it does not consist just of isolated enclaves like in some other continents. On the other hand, in the biggest countries like Brazil and Mexico, there are state of the art manufacturing and service enterprises that coexist with and work alongside low technology and low productivity undertakings that are small and distributed throughout the country. In the middle-level countries like Argentina and Chile, old industrial development has generally failed to provide the necessary foundations for a modern industrial sector, and has also failed to bring about a relatively equitable distribution of income. However, both economies do have some modern industrial sectors built on solid foundations.

The most outstanding **economic sectors** are as follows:

- In these countries, the term "manufacturing industry" covers a wide range of very varied production systems ranging from a big export industry like steel and its secondary products to maquila metalwork, textiles and footwear workshops in the informal economy.
- Service industries account for a significant proportion of urban employment and have double or more than double the number of workers employed in manufacturing industries, but the services sector is very heterogeneous and ranges from up-to-date technological serv-

ices like software and on-line virtual services on the one hand to low skill personal services on the other.

- Extraction activities like mining and hydrocarbon (petroleum) exploitation are very important in the economies of some Latin American countries like Chile or Venezuela, and their demands for human resources are different since they require relatively small numbers of highly specialised technicians and relatively large numbers of semi-skilled workers.
- Trade is a big employer in the region, it far exceeds the manufacturing sector in number of workers, and it is characterised by high levels of informal work.[6]

It is important to note two social characteristics in the region. The first is that the non-structured sector is very extensive. This is also known as the non-registered sector (because typically the legal regulations for contracting labour are not complied with) or the **informal economy** because of the kinds of activities in question, which are legitimate but not fully legalised.[7] In 2005, some 48.5% of urban employment in the region was in the informal economy (Table 1.4). The second characteristic is **inequality of income** and the fact that such a large proportion of the population are living in poverty. In 2003, fully one third of workers in Latin America were earning USD 2 per day or less (Table 1.1).

1.1 THE SOCIO-ECONOMIC SITUATION IN THE SELECTED COUNTRIES

We shall now narrow our focus to the four countries we have selected for this study. As mentioned above, two of these, Argentina and Chile, have relatively high levels of education and their per capita income is above the mean for the region; one of the countries, Brazil, has acceptable levels of productivity but low levels of education; and one, Peru, has low productivity levels but educational coverage is wide.

6 Agriculture is a very important component in some economies in the region but in the countries we are studying it employs only a relatively small percentage of workers, and it is not analysed here since its demands are very different from those of other sectors.

7 These three terms are not exactly identical but in the context of this study they are used interchangeably.

These four countries are similar in that they are all relatively highly **urbanised**: the rates are 91.8% in Argentina, 86.6% in Chile, 83.4% in Brazil and 72.6% in Peru. Another similarity is that there are no great differences in the **life expectancy** social indicator: Chile ranks highest with an average of 77.7 years, then comes Argentina with 74.3, Brazil with 71.0 and lastly Peru with an average life expectancy of 69.8 years. However these countries are very different when it comes to total population size and economic weight. Brazil's GDP is more than four times that of Argentina, seven times greater than that of Chile and ten times that of Peru. As to number of inhabitants, Brazil has 4.9 times the population of Argentina, 11.6 times that of Chile and 6.7 times that of Peru. However, the **gross product per inhabitant** derived from these indicators gives a different ranking. Argentina has enjoyed strong economic growth in recent years and now has a per capita income of 8,130 United States dollars, which is more than double the level in Brazil (USD 3,574) but only 1.4 times the level in Chile (USD 5,729) and 3.5 times the per capita GDP in Peru (USD 2,340). As to current levels of **open unemployment,** in two countries this is around ten percent (Argentina 10.7% and Brazil 10.2%) and in two it is around eight percent (Chile 8.3% and Peru 8.8%) (Table 1.2).

The overall profile of how labour is inserted in different branches of the economy shows that around one sixth of workers are in **manufacturing industries** and between 5 and 9% are in construction. The country with the highest proportion of employment in manufacturing industries is Peru, with 18.4% of the workers in the Lima metropolitan area employed in this sector. Next on the list comes Brazil with 15.9% in manufacturing, then Chile with 14.4% and lastly Argentina with 14.1%. The trade sector is very large, it accounts for 31.5% of employment in Peru (Lima), 25.4% in Brazil, 23.5% in Argentina and 21.5% in Chile. In Argentina all branches of services taken together[8] account for more than half of all employment (51.6%), and in the other countries it exceeds forty percent (Chile 46.3%, Peru 43.8% and Brazil 42.7%) (Table 1.3).

8 This consists of transport, storage and communications, financial establishments, and community, social and personal services.

The informal sector, poverty and inequality

To complete this brief comparison of the socio-economic situations of the four countries, we should analyse the informal sector and poverty. Peru is the country with the highest rate of employment in the informal sector (54.9%), followed by Brazil (49.1%), Argentina (43.6%) and Chile (31.9%). In all these cases the proportion of women in the informal economy is higher than that of men (Table 1.4).

An analysis of poverty, measured as the percentage of people whose daily income is less than twice the cost of a basic food basket, shows that in Peru the poverty rate is 42.0%, in Brazil 32.8%, in Argentina 26.0% and in Chile, which is the country in the best situation in this respect, it is 18.5%. Income concentration is very accentuated: in Brazil the richest decile of the population absorb 49.8% of total income, in Chile they receive 44.9%, in Argentina 41.7% and in Peru 36.1%. The income of the first decile, the very poorest, is 1.8% of total income in Peru, 1.3% in Chile, 1.1% in Argentina and 0.9% in Brazil. These data indicate an important difference in how these countries are placed. The other indicators examined above show that Chile is in the best situation, Peru comes at the bottom of the list and Argentina and Brazil are in between, but now, when it comes to inequality indicators, Peru and Argentina are in a better situation than Chile, where there are fewer poor people but society is more unequal (Tables 1.5 and 1.6).

One last point about inequality is that there are gender differences in this dimension. We saw above that there are more women than men in the informal sector, and this is where the quality of employment is worse. We can also consider data on pay differentials between men and women who have the same number of years of study. Women's average pay as a percentage of men's is 87% in Argentina, 81.7% in Chile, 78.1% in Brazil and 77.4 in Peru. Yet again, Argentina and Chile have taken advantage of their early modernisation and more homogenous societies, at least in the past. Neither Brazil nor Peru has yet approached these levels of opportunities for women (Table 1.7).

The evolution of the per capita GDP and unemployment

To round off this overview of the four countries and have a more dynamic insight into the situation in each, we can analyse their evolution of

GDP per inhabitant in recent years. The development of this variable varies considerably over time and is different in each of the countries in question. Argentina performed well from the start of the 1990s until 1998 but then sank into recession and suffered a brutal fall in 2002, but since then it has achieved a high rate of growth. Brazil has also had its fluctuations but these have been less marked than in Argentina; Chile has enjoyed growth at various rates and in recent years the increases have been greater, and the pattern in Peru is somewhat similar (Table 1.8).

Open unemployment has also evolved differently in the different countries. Argentina has usually had relatively low unemployment levels (7.5% in 1990). The situation worsened considerably in the 1990s, in 1997 it began to improve, but then came the recession and as a result of the 2001 crisis open unemployment soared to 19.7% in 2002. Since 2003 exports of basic commodities have been rising and in 2006, with the economy fully reactivated, unemployment fell to 10.7%. In Brazil the system for gauging unemployment has been changed so it is only possible to compare data from 2002 onwards. Open unemployment stood at 12.3% in 2003 and it has since come down to around 10%. In Chile this indicator has also had its fluctuations but these have been far less drastic than in Argentina: the figure in 1990 was 7.4% and today the unemployment rate is 8.3%. In Peru, again the fluctuations have been more limited than in Argentina: in 1990 unemployment stood at 8.3% and in 2006 the figure was 8.8% (Table 1.9).

From this survey of the main features of the economy and the labour market we can identify aspects in common that make it possible to sketch out styles of training for each country, and these should be similar in some respects but would also differ considerably in order to cater to the individual potentialities of the different countries' economies. Argentina has a large industrial sector but as a country it is very unstable and at the moment it has high unemployment rates, a very extensive informal sector, and poverty levels that, while relatively low compared to other economies in the region, are very high in the context of the country's past history. Brazil has huge potential thanks to its great size and past development, and it has a large industrial sector, but on the other hand it does have an extensive informal sector and high levels of poverty and inequality. The indicators show Peru to be more stable, with a considerable proportion of the population employed in industry and trade, but its informal sector is enormous and poverty levels are high, although one positive aspect is that there is less inequality. Chile

is the country with the best indicators and the most stable historical profile of the four as regards the economy, but inequality levels are high.

1.2 THE CHALLENGES IN THE 1990s[9]

In the 1990s **the region underwent great changes**. Countries implemented macroeconomic reforms to make their economies more open, and on the microeconomic level there were changes to promote a restructuring of the productive apparatus, to eliminate less efficient enterprises and to support sectors that supposedly had competitive advantages. In many countries this meant making labour laws more flexible, which favoured labour mobility. The idea was to foster the export of goods and allow imports to hold down the prices of consumer goods manufactured less competitively in the domestic economy. It was supposed that this would lead to greater dynamism in economic growth, but the possibility that employment in small and medium enterprises would suffer a negative impact was not considered. In the first half of the 1990s, production indicators did indeed perform well, inflation was under control and labour indicators got no worse. Employment decreased in traded sectors[10] and increased in services. After the Tequila effect,[11] and in particular in the closing years of the century, it was found that the value added in sectors that were very intensive in labour like textiles, clothing, leather and footwear, had suffered a marked fall, more people were employed in the informal economy and unemployment rates were rising.

Guillermo Labarca reported on this process in Latin America as a whole and commented that "*All the countries increased their imports of capital goods, and outsourcing[12] and sub-contracting expanded. Here it should be noted that although there was a considerable* ***increase in productivity*** *in the region in the 1990s, it was not possible to narrow the productivity gap with the*

9 In this section we follow Labarca, Guillermo (coordinator), *Reformas Económicas y Formación*. Montevideo: GTZ-ILO/CINTERFOR-ECLAC, 2003.

10 Traded sectors are those sectors that produce goods that are exportable, and whose prices, in this case, are buoyant thanks to the international market.

11 The Tequila effect was the name given to the impact of the devaluation of the Mexican peso on the economies in the region in 1995.

12 Outsourcing is when a larger enterprise sub-contracts smaller enterprises to provide specialised services or products.

United States. Another important point is that although productivity went up, this increase did not come about in small and micro enterprises, and, to make matters worse, technical progress, which supplements investment, was concentrated in large enterprises.

This has generated problems. First, there are dynamic sectors that are hardly coordinated at all with the rest of a country's economy and remain as an isolated enclave, and second, a lot of employment was generated by micro enterprises, but these jobs were in the least productive sector of the economy. This translates into heterogeneity and polarisation in the labour market."[13]

In the early years of the 21st century, after a number of countries in the region went through very severe crises, international demand for some basic commodities increased, in particular for petrol and foodstuffs, and this changed the situation. Indexes of economic growth in the region improved considerably, but the characteristics of the labour market remained unchanged with a burgeoning informal sector and heterogeneity among enterprises. It is difficult for training systems to respond to such a segmented clientele, and this is exacerbated by the fact that they have to cater to an employed population in which many people have been displaced from their previous jobs and there are new workers who are mainly young people and women.[14]

When we turn to the four selected countries we find they are in different situations within this general scenario.

- At the beginning of the 1990s Argentina attempted to radically restructure its productive apparatus and thus interrupt a process of runaway inflation, and up to 1997 the country enjoyed good results in terms of economic growth and maintaining acceptable labour indicators. However, between that year and 2001 unemployment rose to unprecedented levels and a severe recession set in. The Argentine peso was devaluated and debt servicing payments were suspended. Then, thanks to increases in international prices for foodstuffs, the country enjoyed a good recovery in economic growth and in employment. Argentina is the most unstable country of the four, and with its fluctuating indicators added to and fuelled by political instability, it is not the best scenario for public training policies.

13 Labarca, Guillermo. "Las reformas económicas y la formación para el trabajo" in G. Labarca (coordinator), op. cit. p.13.

14 Women have greatly increased their participation but they have also suffered high levels of unemployment.

- Brazil has evolved unevenly in the recent past with phases of growth alternating with periods of stagnation. But it has drawn strength from the very size of its economy, and thanks to consistent policies to defend its productive system it is now more an emerging country than a country in crisis.
- Chile has been consistent in its policies and has grown at a slow but steady rate. Its policies are counter-cyclical, and governments of different political persuasions have maintained continuity in education and training policies. In recent years, like Argentina, the country has benefited from rising international demand for basic commodities.
- Peru has been fraught with serious political problems stemming from violence in the country and changes in government, but its indicators have been much less erratic than those of Argentina. What stands out is that the labour force has consistently maintained high levels of participation in the services and trade sectors in particular, and that the informal sector is very large.

When Labarca talks about the determinant dimensions of **structural heterogeneity** in Latin America, he points out that:

"The patterns of development in the region have changed in that we no longer have a single model as in the past, when agrarian societies were developing into industrialised ones. The restructuring that is taking place has followed three basic patterns: one based on natural resources, which is what pertains in Chile, Argentina and Uruguay, one based on human resources generally working in a maquila system, which is what is happening in the Caribbean countries and Central America, and mixed regimes, the main example of which is Mexico. Another factor in the situation is the great impact that the automobile industry has in Mexico and Brazil. These differences are reflected in analyses of development in the region (Katz, 2000, Stallings and Peres, 2000), and they should also be reflected in human resources policies and strategies, but this does not happen very often.

Each development pattern dictates its own demand for specific kinds of human resources, and this makes the differences between countries and also differences within each sector of their economies. Natural resource exploitation, like mining for example, demands specialized technicians and workers, but for fruit production the skill level of the mass of the labour force is quite low. In both sectors, however, there is a demand for professionals for research and development. These different development patterns mark important differences between

countries and even, as is the case of Mexico and Brazil, between different regions in the same country".[15]

Although Labarca does not deal specifically with the countries that concern us here, we can use what has been presented above as a framework to examine the economies we are studying. Brazil is a large exporter of foodstuffs and at the same time, like Mexico, it has a mixed economic regime. Argentina has developed an agricultural system that is geared to exports, but it also has industry that caters to the domestic market. However, in both Brazil and Argentina, the automobile sector is very important. Peru partly follows the first model mentioned above because extraction industries are so important in its economy, but trade and services also have great weight in its employment profile, and in these sectors most of the work is in the informal economy.

1.3 THE CURRENT SITUATION IN THE FOUR COUNTRIES

Argentina has enjoyed five years of strong economic growth and has now attained higher production levels than those pertaining before the crisis. Employment has increased and industry has expanded, although a considerable proportion of workers are still employed in the informal sector. The greatest technological step forward has taken place in agriculture with the spread of cultivation technology (direct seeding) and the use of agro-chemicals, and these innovations have resulted in a big improvement in productivity. The amount and the value of production have both increased considerably, but employment in the agricultural sector has not grown in numerical terms and a large proportion of the workers are still family members (26.3%) or unskilled employees (60.0%).[16] But this sector of the economy employs only a small proportion of the employed population and it does not seem to have any problem in attracting graduates from higher technical education, who make a technological contribution. Another sector in which production has

15 Labarca, Guillermo. "Formación para el trabajo ¿pública o privada?" In G. Labarca (coordinator) *Formación para el trabajo ¿pública o privada?* Santiago de Chile: GTZ-ILO/Cinterfor-ECLAC, 2001. p.11.

16 Benencia, Roberto and Quaranta, Germán. "Los mercados de trabajo agrarios en la Argentina: demanda y oferta en distintos contextos históricos", in *Estudios de Trabajo* No. 32, July - December 2006. P. 81-111.

increased is the metal-mechanical industry, but here there are problems in the sphere of human resources: the main complaint is that young job applicants lack basic skills, and there are also lesser problems to do with a lack of training in trades.

In Brazil, the strong industrial sector is continuing to develop. Its production is not just for domestic consumption but also for export, and it includes goods with significant contributions from added value and technology like steel and commercial aircraft. The country's industrial base includes a branch of automobile production integrated with other Mercosur countries which is not only aimed at the Latin American market and also exports to Europe. There is a demand for a wide range of occupational skills, and the employers' union body is responsible for the most important training organization in the region, the National Industrial Training Service (SENAI), which is financed from a payroll tax in enterprises. It seems therefore that the demands for training are being adequately met. However, there are shortcomings in general levels of education in the population as a whole, particularly in the poorest and most densely-populated regions where a hefty proportion of the people do not have access to the basic skills of expression and applied mathematical skills that would open the way for them to enter more specific training programmes and accede to formal employment.

Chile is an exporter of minerals and foodstuffs. Among the countries considered here it is the one that has enjoyed the most continuity and the steadiest growth, and it has the lowest rate of non-registered employment in its labour market. Workers' incomes are relatively high and it is the country with the lowest proportion of poor people. Chile has a "modern" labour market and a population that has attained good levels of education, but on the other hand the demand for skills is not very specific and social mobility is seriously hampered by slow economic growth.

Of the four countries we are concerned with, Peru is the one with the highest proportion of informal labour, the highest percentage of people employed in trade, and two thirds of its GDP is in services. Its main exports are mineral products, but in recent years agro-industries have been growing. Informality has great weight in the economy and industrial development is still in its early stages. Demand for training ranges from management skills at one end of the scale to basic skills for the informal economy at the other.

2. EDUCATION AND TRAINING IN LATIN AMERICA

The basic general skills acquired in formal education are the foundations upon which people's employability is constructed, so it is important to inquire into the coverage and quality of elementary, secondary and higher education in the region. This perspective is useful not only in order to evaluate the skills of the current labour force but also to be able to make projections about what the situation will be in the future when children and young people who are at school today enter the world of work. In the first part of this chapter we outline the recent evolution of formal education in the region as a whole and in the countries we are analysing.

2.1 FORMAL EDUCATION

The education systems in Latin America today give wide coverage, indeed, in some countries primary education coverage in total and more than half of the age group complete secondary education. But the panorama is very heterogeneous as there are big variations between different countries and within individual countries. For example, in the English-speaking Caribbean the indicators are very positive whereas in Central America (apart from Costa Rica) levels are very low. States that developed their education systems early, which is what happened in the Southern Cone (Argentina, Uruguay and Chile), are in a privileged situation, but in other parts of the continent it is only in the very recent past that significant numbers of adolescents entered secondary education. Internal heterogeneity can be found in the differences in educational expectations between urban and rural populations, or between young people in poor households and young people in households with more acquisitive power.

One positive aspect of the education system in the region is that as a rule there are **equal opportunities** for males and females, and in some countries like Chile, Argentina and Brazil, this has reached the point

where the study life expectancy of female students is greater than that of males (Table 2.1).

To go more deeply into the situation of formal education we will now focus on the four countries selected for this study. Starting at the very beginning of the 19th century, two of them developed **educational systems** that were structured along the lines of the European model, they widened their coverage during the 20th century and have now attained high rates of participation in all three educational levels. This means that schooling is practically universal at the primary level and coverage at the secondary levels extends to the majority of young people in that age group. This is the situation in Argentina and Chile. In Brazil and Peru on the other hand, the educational systems have always had low coverage rates, but coverage was greatly extended towards the end of the 20th century and today their rates of secondary education are almost on the same level as those of Argentina and Chile. Three of the countries invest similar percentages of GDP in education: Chile heads the list with 4.4% of GDP, followed by Brazil with 4.3% and then Argentina with 4.1%. Peru invests less: only 3.1% of GDP goes on education (Table 2.2).

However, **school attendance rates are still very unequal**: they are higher for students from good socio-economic backgrounds than for those who come from poorer households. In the youngest group, children of 6 to 12 years of age, these differences today are very small, but in the 18 to 23 age bracket the gap is wide, and even in Argentina and Chile the differences between young people from the first and fourth quintiles have worsened (Table 2.3).

This gap in access to the higher levels of education between young people from poorer households and those who are better off is the result of two simultaneous processes:

- Repeating a year: due to the fact that so many students have to repeat a year they are backward, over-aged, and they stay in primary and secondary education much longer than they should.
- The deterioration that comes from educational wastage.

This problem is aggravated by the need to have mastery of the basic skills of reading and writing and applied arithmetic in order to acquire the minimum skills for employability (SCANS) in today's labour market. It is almost impossible for children and young people who drop out of the educational system without acquiring these basic skills to compete for a decent job.

Schooling and the labour force

The dissimilar histories of the educational systems in the countries we are analysing have important consequences for schooling levels in the labour force. Workers in the countries that developed their educational systems early are better educated (Argentina and Chile). In Peru the average educational level of the urban labour force is high too. On average, the labour force in Brazil has approximately three years less schooling than in the other countries, labour force educational levels in urban areas are well above those in rural areas, and there are even big differences within the urban work force. In the other three countries the mean is ten to eleven years of schooling but in Brazil it is only around seven years. And although this should be enough to acquire the minimum basic skills, this only happens if education is of good enough quality and if it is evenly distributed. As we shall see below, this is not the case in Brazil (Table 2.4).

Technological progress, and the fact that the manufacturing and modern services sectors are so broad, means there is an increasing demand for human resources with higher educational levels and/or technical training. Therefore we should analyse not only workers' average levels of formal education but also the offer of human resources with high educational levels, which presumably means vocational or technical training.[17] A cross country comparison shows that Argentina and Chile improved in this respect in the 1990s, and at the end of the century somewhat more than a fifth of the population of working age had vocational or technical training. But in Brazil only a little more a tenth of this population group were in this situation. In Peru, yet again, the high level of educational coverage is reflected in the fact that nearly 30% of people in the 25 to 59 age bracket have two or more years of post-secondary education. This leads to the next question, which is whether staying in the educational system and obtaining certification for post-secondary education really means that an individual is vocationally and technically skilled (Table 2.5).

17 ECLAC defines people with "vocational qualification" as individuals who have completed five or more years of studies additional to secondary education. The criterion for "technical qualification" is having completed two to four years of post-secondary education.

Education in Latin America: quantity without quality[18]

Formal education in the region has evolved in a positive way in the dimensions outlined above, but there are also negative aspects such as high repetition rates and the backwardness this leads to, the fact that large sectors of the population (especially children and young people from poor households) drop out of education early, and the fact that the quality of education is poor. Throughout the region, completing many years in the educational system is no guarantee that skills have been acquired. In an evaluation of 15-year-olds carried out by the *Programme for International Student Assessment (PISA)* in 2000, students in Latin America ranked very low in reading, maths and sciences in a sample of more than forty countries. As regards reading, which is considered a basic skill for employability (SCANS, 1992), not only was the average of the test results very low but 80% of Peruvians, more than half of Brazilians, 48% of Chileans and 44% of Argentines were at the "1 or less" level of low skills (in the OECD the average in this category is 18%). Students at level 1 can only make simple connections between a text and common or ordinary knowledge or recognize the explicit themes of a text, and those who are below 1 cannot do even this. In contrast, at the other end of the scale at level 5, young people show a capacity for complete cognitive comprehension, they can infer information from a text and formulate and evaluate hypotheses about what they have read (Programme to Promote Educational Reform in Latin America (PREAL), 2005, p.31). Only between one and two percent of students in Argentina, Chile and Brazil are at this level, and in Peru the figure is below one percent (Table 2.6).

Educational achievements in the countries analysed: shortcomings and differences

At this point we can sketch out a panorama of the educational achievements of the countries we are analysing from the perspective of basic training for productivity and for decent work.

18 On this point the authors have followed *Cantidad sin calidad. Un informe del progreso educativo en América Latina*. Santiago de Chile: PREAL, 2005.

- Coverage: In all four countries primary and secondary education coverage has increased markedly, and although there are still differences between urban and rural populations, and between students from households in different social strata, the exposure that young people now have to formal education for a considerable number of years ought to be enough to enable them to learn the basic skills necessary to perform in a relatively modern labour market.
- Higher education: Another important question is what proportion of the population have higher education. This is problematic since the situation today is neither equitable nor efficient, the dropout rate is high, an excessive number of years are needed to complete each level, and there are big differences in these indicators between the poor and the rich so people do not really have equal opportunity.
- Quality of results: Just as serious as the above is educational performance in terms of quality of outcomes. In one of the four countries the vast majority of 15 year-old students have not reached even basic standards in mathematics or reading and writing, and in the other three countries half this age group are in this situation.

This raises two questions: How can we account for the inequity that stems from such a high percentage of young people having failed to acquire these basic skills at the appropriate age in the 21th century? What are the repercussions of this on an individual's possibilities of being trained for skilled jobs in a modern labour market? The answers to these two questions constitute a problem and a challenge as regards the possibility of raising productivity and creating more decent work.

Recent changes in educational systems: educational reform

Starting at the end of the 1980s and continuing through the 1990s, all four countries implemented integrated educational reform. These initiatives all followed a common model, but the implementation processes were different in each case and the outcomes also differ considerably. The experience began in Chile, where school management was decentralised to municipalities, the educational system was re-structured, a financing system was set up that was linked to enrolment in the school chosen by the par-

ents, and higher education was reorganised with fixed payments and many institutions stratified in a defined system. Thanks to strong backing from multilateral credit organizations, this reform model was taken up in other countries. This occurred in a context of state reform which was geared to improving the administration of scarce resources, putting a brake on universal-coverage social policies, and transferring costs to the private sector. The plan was to decentralise the unified educational system in the country and delegate the management of schools to intermediate administrative levels like provinces or municipalities, and this was expected to make for curricular flexibility and school autonomy, and as a consequence, efficient outcomes. In this context, efficiency is taken to be the result of a production function of schooling costs whose product is the performance of students on knowledge acquisition tests. Various factors conspired against the success of these reforms:

- Lack of continuity in public policies: in several countries policies were cut short when there was a change of government.
- The countries started from different initial situations - some had centralised systems (Argentina and Chile) and others already had a federal model (Brazil) - and this complicated implementation of new structures.
- The reforms coincided with an enormous increase in enrolments.
- In the decentralisation process responsibility was passed to government levels that did not have experience of managing education.
- Budgets were tight, and one of the consequences of this was that teachers' unions rejected the reforms, and social and institutional segmentation was perpetuated or aggravated.

The only country in which reform was continued, evaluated and relatively successful was Chile. In Argentina the initiative caused great confusion, various administrative levels were superimposed on each other, different curricula were employed in different provincial systems, and there were problems of inequality between provinces and within the same province. A new education law has since been promulgated which has tended to restore the organization of schooling to its previous situation but has left provincial administrations in charge of the management and financing of schools. There were also reforms in Brazil and Peru, but these were handled in a different way and their scope was much more limited than in Chile or Argentina.

It is beyond the scope of this study to make an in-depth evaluation of the educational reforms that were implemented, but they deserve this examination as they contributed to many of the unfavourable consequences mentioned above. This does not seem to have been because the reforms were badly conceived in themselves, rather it was because no appropriate steps were taken to gain the support of the different actors in the educational system, and there was a lack of continuity in the political decisions underlying implementation.

2.2 SPECIFIC EDUCATION AND TRAINING STRUCTURES FOR TRAINING FOR WORK

Technical schools

Before examining vocational training outside the formal educational system we should dedicate some space to secondary technical education, which has a strong tradition in the region.

In most of the countries technical schools offering industrial specialisations have been set up. In the 1960s, in a period of import substitution industrialisation, these schools spread throughout the region. In some countries they accounted for a sizeable proportion of secondary school enrolments (in Argentina nearly a third) and in the 1960s and 1970s they played an important role in preparing trainees for work or to go on to technical university courses. Brazil developed federal technical schools with a high technological level and financing from large central government budgetary allocations, the SENAI schools were also highly rated, and there were technical schools in the more industrialised states. Chile too had a widely extended technical secondary education system, but this played a lesser role. These technical schools were usually not typical vocational schools since they offered general education, basic technological training and technical knowledge in specific fields like chemistry, mechanical work or construction. Their trainees left with a general labour training base which enabled them to progress to specific training as apprentices in the workplace, or to go on to further education.

During the educational reform period in the 1990s, these schools met different fates. In Brazil the federal schools became technological institutes

or universities, and the state schools continued with the support of local governments. In Chile the reform led to the division of secondary education into two branches with science and humanities on one side and technical-vocational training on the other. The technical-vocational branch has lower academic and social status, its trainees find it more difficult to enter a higher education system that is more restricted, and information about their levels of performance in the world of work is inconclusive (Gallart, 2003a). In Argentina institutions deteriorated over a long period, but then in the reforms of the 1990s the technical schools were abolished and a system of multi-subject teaching was introduced which in some cases included a technical modality. In 2006 a technical education law was passed whereby technical teaching was reintroduced, and today there is a programme to strengthen technical schools which involves allocating funds for equipment and to finance institutional projects. In Peru there was little change in the private technical secondary schools and they still account for a significant proportion of enrolments in secondary education.

On the whole, technical schools have survived in the countries we are analysing but their standing today is far lower than it was in the 20th century. In evaluating the experience, we can conclude that these schools have managed to cope with the problems stemming from lack of policy continuity, but quite apart from that they suffered from serious defects such as very flimsy coordination (except in a few specific cases) with vocational training and the world of enterprises. They tended to adopt a more academic style and they became more like ordinary secondary schools but with a greater emphasis on technological-scientific subjects and on workshop and laboratory activities.[19] While acknowledging that this kind of formal education for work has its shortcomings, it should still be borne in mind for the future since there are many such educational institutions that function well, there is a demand in society for secondary education geared to the world of work, and the demand for their trainees in the current process of economic recovery is increasing.

19 For further details see Gallart, M. A. *La escuela técnica industrial en Argentina.* Montevideo: ILO/Cinterfor, 2006.

Vocational training: origin and development

In countries that started late on the road to industrialisation like those of Latin America, where there was no prior tradition of training for industry, this kind of training was consigned to **paraformal education**[20] which was generally the responsibility of institutions specifically set up for this purpose: the National Vocational Training Institutions. A particular model of vocational training was developed whereby training for work was not shackled to formal education or reduced to direct training for specific workplace tasks, but was a type of occupational training closely linked to the practical situation. It had some educational components that were more theoretical, it was implemented by national institutions devoted to this activity, and it was maintained and very often managed by the state. This began in Brazil at the start of the 1940s with the National Industrial Training Service (SENAI) in the context of the development-oriented government of Getulio Vargas. Industrialists from Sao Paulo, where the biggest industrial pole in South America was taking shape, played an important role in this process (Castro, 2002). The original SENAI had two significant features that it has retained right up to the present day: it is financed through a payroll tax levied on industry, and it is managed by entrepreneurs. Brazil initiated this kind of organization and it is in Brazil that these institutions are most widely spread. The SENAI caters specifically to manufacturing industries, and over time other such institutions were set up for different branches of production. These are the SENAC for trade and services, the SENAT for land transport and the SENAR for agriculture.[21]

Vocational training has spread far beyond the various states in Brazil. Similar institutions, each with its own individual characteristics, have been set up in most of the countries in the region, in many cases with ILO support. Their purpose is to support industrial development by providing for the training needs of the new population groups that are entering industrial employment, people who very often come from a rural background

20 The term "paraformal" refers to training that is predominantly practical and is structured in courses that can be connected up but are not part of the formal education curriculum and are not inserted in the pyramid of primary, secondary and higher education.

21 The so-called S System also includes technical assistance for micro and small enterprises (SEBRAE) and urban cooperatives (SESCOOP). In addition to training and technical support services, the S System provides education and health services for workers (SESI).

and have low educational levels. **National vocational training institutions** were set up in various countries in the 1950s (the National Training Service, SENA, in Colombia), in the 1960s (the National Training Institute, INA, in Costa Rica) and even in the 1980s (the National Institute of Technical-Vocational Training, INFOTEP, in the Dominican Republic). In most cases the state is responsible for the management and funding of these training institutions, and they are generally under the supervision of the Ministry of Labour. They have tripartite management systems made up of the state, employer organizations and trade unions, but the state is usually the senior partner, and in many countries trade unions are restricted to a minor role. These institutions are responsible for the planning and execution of training programmes financed by the state.

Originally the most common financing system was a payroll tax, but subsequently in many countries this was changed to a scheme whereby finance came from the public budget or through allocations of tax credits. In Chile not only was the financing system changed, but the actual execution of training is sub-contracted to other organizations and the national VTI is now mainly responsible for allocating funds. In this study we will not go in depth into the question of the institutional development of the VTIs,[22] but it is important to deal with some aspects that have an influence on the general characteristics of training in the region and also on some differences between these institutions in the four countries we are studying.

In Argentina, the national vocational training institution, the CONET, was set up at the end of the 1950s. It only engaged in a minor way in vocational training activities and it was more focalised on technical education in schools. In Brazil the mother institution, the SENAI, has not only survived but has grown in complexity and size, it has centres throughout the country, its courses cover a huge number of occupational profiles, its technological centres provide consultancy services for enterprises, and besides training and learning it is also involved in technical schools, which are among the best in the region. In Chile the original VTI, the National Training Institute (INACAP), was founded in 1966. It was privatised in the 1970s by the government of General Pinochet, and the National Training and Employment Service (SENCE) was set up as the body responsible for administering a system of financing based on a tax exemption scheme and on subsidising

22 It is understood that ILO/Cinterfor will develop these aspects in another report.

demand from enterprises and users, the latter being defined as target groups such as the unemployed and young people at risk. The actual execution of training is contracted out to numerous training organizations, both public and private, and the overall aim is to stimulate a training market. In Peru, the state VTIs that parallel the aforementioned institutions are the National Service of Occupational Training in Industry (SENATI), the National Service of Training for the Construction Industry (SENCICO) and CENFOTUR for tourism. However, unlike in other countries, these do not have a near monopoly on vocational training financed and managed by the state. In Peru the state also executes other training programmes and finances other institutions, some public and some private, such as the Occupational Education Centres (CEOs), which provide occupational and technical training on courses that usually run for less than a year, for young and unemployed people who may not have completed secondary education. The CEOs are outside the academic hierarchy and not connected with it, and at the moment they are changing to a new model and are now called Centres of Technical-Productive Education (CETPROs). People do not need an educational diploma to be admitted to a CEO or a CETPRO. Implementation of this new model began in 2005 and it is organised in two cycles: a modular basic training cycle which even people who are functionally illiterate can enrol in, and another cycle that consists of a training itinerary in a specialised subject. The aim of this restructured system is to achieve better coordination with the market (Jaramillo, Baanante, Valdivia and Valenzuela, 2007).

The 1997-2006 Labour Training Programme of the Centre for Labour Training and Development Services (CAPLAB)[23] played an important role in implementing the new CEPTROS model. In 1996, the Swiss Agency for Development and Cooperation together with the Ministry of Labour and Employment Promotion, contributed to the creation of the CAPLAB, whose main objective is to integrate socially disadvantaged young people and women into the labour market. Its activities are centred on improving labour training at state-run occupational education centres (CEOs), and it manages a programme that intervenes directly in 60 CEOs at locations on the coast and inland in Peru. Every six months, 30,000 young people complete their training at these CEOs and are incorporated into the labour

23 Centre for Labour Training and Development Services – CAPLAB. Report on Outcomes and Effects of the 1997-2006 Labour Training Programme.

market either as employees or by setting up their own businesses (see Box 1: CAPLAB, Peru).

It should be borne in mind that alongside the state VTIs and the public vocational training programmes and institutions there is also a **wide offer of training from the private sector**. In some fields these organizations are certified and subject to state regulations (for gas fitters, plumbers, builders, etc) but in others they are ruled only by the law of supply and demand, and this is the most common situation in training for administrative occupations (accountancy, secretarial work and administration) and in the field of new technologies (computers, electronics). This private offer consists of profit-based organizations and also NGOs. The demand for education from society is strong. For example, in the 1998 Permanent Household Survey for the Metropolitan Area of Buenos Aires, some 28% of the total population in the 15 to 60 age bracket reported that they had taken or were taking training courses outside formal education, and of these people more than 60% did so in pursuit of labour market entry (Gallart, 2001a).

There is also **on the job training**. This is provided directly by enterprises themselves, but the volume involved tends to be small except in the case of some programmes in large multinational enterprises in which technological development is important (e.g. Volkswagen and Ford), and in dual learning systems supported by enterprises that are mostly of German origin.

Training programmes for young people

Another source of training for work in the region that has developed more recently is a system of plans for young people and unemployed workers that provide short, locally-based courses geared to semi-skilled occupations. These courses usually involve providing some financial support for subsistence, and they are followed by periods of work experience in enterprises.[24] Many systems like this were in operation in the 1990s, they were usually under the auspices of the Ministry of Labour and were financed through specific-purpose national funds. Today there are fewer; they only continue in some of the countries that originally implemented them.

24 The initial model was Chile Joven, which followed the scheme set out in the United States Job Training Partnership Act.

The most important programmes at the regional level were those that followed the Chile Joven model and had IDB support. Hundreds of thousands of young people in Argentina and Chile were trained in this way and the system spread, with greater or lesser success, to other countries in the region.[25] These programmes consisted of courses geared to semi-skilled employment, curricular design was based on occupations for which opportunities for work experience in enterprises were available, and execution was subcontracted to private or public training institutions. This period of work practice was a necessary condition for the course, and it ensured that course content was consistent with the demand from enterprises. The training lasted for approximately three months and was followed by another three months of real practice in the workplace. In most cases the young people were paid a subsistence allowance for the duration of the programme, and afterwards tutors helped them in the search for labour market entry. Evaluations after the initial stages of the project showed a moderate improvement in occupational insertion, but there was concern about the cost of programmes of this type and this volume, and in fact in most countries when finance from abroad came to an end the programmes were significantly cut back, as in Chile, or closed down altogether, as in Argentina.

At the present time it seems that two kinds of programmes predominate:

- First, there are programmes that immediately follow secondary education and are aimed at getting young people to stay longer in education, delaying their entry into labour activity and at the same time providing them with skills and credentials to give them better access to the labour market. These involve financial incentives and/or flexible, modular study programmes which in many cases are part-time, and this enables the young people to finish their studies without being bound by fixed study schedules. At the present time programmes like these are in operation in Argentina, Chile and Brazil (see Box 2: Chile Califica, Chile).
- Second, there are programmes that try to help young people seeking work by connecting them with enterprises that are usually small and medium size, and by providing counselling to help with labour market entry. There are programmes of this type in Argentina, Brazil and Chile (see Box 3: Primer Paso, Argentina).

25 There were programmes of this type in Argentina, Brazil, Chile, Colombia, Peru and Uruguay.

The current panorama of vocational training in the region

The offer from training institutions is very varied between different countries in the region and within each individual country. In the 1980s, training was widely criticised for offering only a limited range of educational possibilities and for the fact that the programmes lacked relevance, and most VTIs subsequently embarked on or consolidated reform processes geared to generating offers that were new in terms of content and training modality. Today, in a good proportion of VTIs in the region, we can find three kinds of changes that emerged in response to the criticisms of the 1980s. First, progress has been made in the technical-pedagogical field, and today competency-based training, modular design, training based on projects and the use of ICTs in training are common in VTIs in most of the countries. In addition, in almost all cases, employers have been brought into the area of defining curricular content, and not infrequently they are also involved in monitoring the performance of trainees in the workplace.

The second sweeping change has been the introduction of mechanisms to improve and assure the quality of management, and this is so widespread now that VTIs in the four countries in this study have incorporated quality management processes and have had their training centres certified under ISO 9000 standards adapted to training. Besides this, training centres have been given more authority and autonomy so they can cater more closely to local demand.

The third change has been the introduction of new services for users, such as SENAI specialist technological development centres in Brazil, SENCE experiences to coordinate training, education and local development in Chile, technical assistance provided by the SENATI for the implementation of quality assurance in enterprises in Peru, and even mechanisms to recognize and certify skills acquired through experience to help people pursue a training itinerary or to improve employment insertion in Argentina, Brazil and Chile.

There are still complaints from enterprises about poor quality and backwardness in training and education, and there have been various experiences in which enterprises have made an effort to increase their investment in training their workers, above all in large enterprises in the structured economy. There is also other new investment in this area like state subsidies, and this tends to be focalised on groups that are vulnerable to unemployment such as young people and rural populations. It should be noted

however that in experiences like the tax exemption scheme in Chile it is very often better-educated employees who reap the benefits of the training provided.

To sum up, in the region as a whole and in the four countries we are focused on in particular, there is great demand from society for education and training for work. This is clear from the fact that large numbers of people are attending numerous education centres and taking programmes offered by a very wide range of institutions. This demand is for formal education and for a set of skills that are quite traditional and more suitable for work in an office than in a workshop or factory. A negative aspect in this panorama is that the demand from enterprises is not formulated in a very specific way, although there have been efforts to set up sector committees that include employers and aim at establishing training requirements, such as in SENAI and SENCE initiatives and efforts by the Ministry of Labour in Argentina to establish skills profiles in some occupational areas.

The main actors in training are as follows: the state, which finances, manages and supervises vocational education; enterprises where work and production are located and which are very different from each other and have different possibilities depending on whether they are large or small; trade unions, which participate in the management of national vocational training institutions and in some cases, such as Argentina, manage their own vocational training institutions (see Box 4: UOCRA Foundation, Argentina); NGOs, especially those devoted to helping the most unprotected groups in society; and lastly, and perhaps most important, there are the users of training, that is to say the people who want to be trained and can be trained. Today, it is difficult to coordinate all these actors, although in almost all the countries in the region efforts are being made to generate mechanisms to facilitate fluid intercommunication, to avoid parallelism in the various training offers, to make the training offer more relevant to employment, to correct the problems associated with poor quality and backwardness, and above all to foster the medium and long term training that is so necessary in a long term process like education. Examples of these kinds of mechanisms are the "Chile Califica" permanent education and training project, which has been in operation for six years, the proposal to set up a national skills certification system in Brazil, and a project to promote permanent education and training that was recently given the go-ahead in

Argentina. The country that has furthest to go as regards the systematic structuring of training efforts is Peru.

We have examined various aspects of training that countries have in common, and we shall now turn to their differences.

2.3 COORDINATION BETWEEN TRAINING, EMPLOYMENT AND PRODUCTIVITY: A HISTORICAL OVERVIEW

It is evident from the literature on education and employment that there is a close connection between suitable training for the labour force, their employability, and their ability to be more productive (given the appropriate investment and organization conditions, obviously). The economic development, modernisation and industrialisation process is **heterogeneous** and asynchronous because different processes are at work in a given country, and this applies even more between different countries. Thus there is differentiation on various levels:

- Differences between large and small enterprises.
- Differences in the size of domestic markets, which makes for different development possibilities.
- Differences between branches of the economy: some sectors are geared to domestic consumption and others to export, and they are at varying distances from the global technological frontier.

Another important characteristic is **labour market segmentation**. There are big differences between labour markets in different regions in the same country. There are also differences between large enterprises on the one hand, which can organize and finance their own specific training and cream off the candidates with the best formal education and experience from the labour market, and medium and small enterprises on the other. The latter tend to be reluctant to invest in training because their best workers are often lured away by larger, dominant enterprises. Lastly, there are micro-enterprises, which account for a large employment sector, but their demands for training are not clear, and even if there were, there are no institutions geared to training in the management and technological skills that are needed to develop productivity on this scale.

One very important characteristic in Latin America and the Caribbean is the sheer volume of non-registered employment in which labour laws, or at least social security regulations, are not respected. Approximately half the workers in the region are in the **informal labour market**. This ranges from profit-seeking enterprises that may be technologically advanced but still employ workers informally, to trade, construction, the clothing industry and informal transport enterprises, which work very intensively but whose employees are often unregistered.

Technological change, labour market segmentation and variations in economic policies all have an impact on what characteristics training ought to have. Each specific set of circumstances generates different demands, and in order to establish equitable access for people to obtain labour competencies and to raise productivity it is vital to have flexible training with a wide general skills base and an offer that includes a range of specialised subjects. Therefore we should establish what characteristics training ought to have if it is to respond adequately to the current context.

We can identify three factors that combine to delimit and characterise the coordination between training, employment and productivity.

1) The demand from enterprises for workers with specific skills, and the ability of the enterprises themselves to supplement the external training of possible candidates and of their current labour force.
2) The work of training institutions: schools, vocational training centres, NGOs and private institutes that offer their services in the "training market".
3) The users of training, that is to say the population demanding work, who should be trained and inserted in employment.

The coordination among these three factors is the result of historical processes and is different in each of the countries we are concerned with, and also within the individual countries, as it depends on the role and weight that each factor has.

There are big differences between the four countries we are studying as regards the history of their training offer and of the population's access to it, and also as regards how their productive and occupational systems are structured. In Argentina, the educational system developed early but industrialisation was a slow process, it mainly followed the import substitution model and had relatively modern but traditional technology (metalwork and textiles), and this model continued throughout the 20th century.

In this scenario, for many years the basic educational system and training in the workplace seemed to be enough. Recent technological changes in industry reached minority employment sectors and the need for training in these areas was met by contracting private training institutions in an ad hoc way as the need arose. Then, in the 1990s, there was an economic crisis and a sizeable proportion of industry was eliminated, unemployment soared to unprecedented levels, and the progressive deterioration of the education system was exacerbated. This process culminated in the crisis of 2001 when large swathes of the population were plunged into exclusion, young people because they lacked training and experience, and adults because they had been made redundant or because their skills were obsolete. The economy subsequently revived and starting in 2003 there was strong economic growth, and this has made it possible to utilise installed capacity and improve work and employment conditions. However, there are signs that industrial productivity is still low, most of the economically active population work in enterprises that have five or less employees, and around half of paid workers do not have social security coverage. The above-mentioned difficulties in the educational system and vocational training imposed limits on this growth process in terms of equity and productivity. Nevertheless, in Argentina and Chile economic growth has been based on the export of basic commodities or of products with low levels of transformation such as soya oil, but these sectors employ only a small part of the population, and tackling the problems outlined above is not usually a priority for governments.

In Chile there was a generalised restructuring of industry on the macro level, new enterprises emerged and the economy was opened to international competition. There has been continuity in policies, and this has fostered relatively steady economic growth. Reforms in the Chilean training system have been carried much further than those in any other country in the region and the coverage provided by formal education is very wide, although there are still serious problems as regards quality. However, there does not seem to have been any significant improvement in equality of opportunities for acquiring skills or accessing good quality higher education. In the new vocational training scheme the state administers the funds and grants tax credits to enterprises, and these in turn contract private training organizations for their courses. These are organizations that are regulated and grouped by branches of activity. This is how vocational training is responding to the needs of enterprises. These kinds of courses account for

most of state investment in training, but they have been criticised for orienting their offer to large enterprises and for concentrating on the training of middle and high level employees in these firms.

A Social Investment Solidarity Fund was set up to respond to the demand from society, and finance was allocated to training programmes for young people at risk of exclusion, like the Chile Joven programme. As we have seen, this model spread to a large number of countries in the region thanks to support from multilateral credit organizations. In the 1990s there was an enormous amount of investment of this kind in the region and the programmes reached hundreds of thousands of young people.

Brazil is a case apart. The SENAI came safely through the storms of the 1980s when serious questions were asked about the costs and efficiency of large national vocational training institutions. The SENAI was able to serve the needs of industrial growth in Brazil, in particular in the regions and poles where development was concentrated, thanks to its very good image with the general public, support from the employers' confederation (which manages it), and the fact that it was efficiently organised and technologically up-to-date. Although its actual scope is rather limited in the context of the country's immense population, its future is guaranteed because it has responded well to the productive sector and has been a viable channel for mobility for generations of workers in the industrial regions.

Under the government of Fernando Henrique Cardoso, a project called the 1995-2002 National Plan for Worker Qualification (PLANFOR) was set in motion. This programme operated on so vast a scale it was simply unprecedented in the region. Its objective was to expand vocational training as part of public employment policies, and to train or re-train the main mass of workers in basic, specific or management skills. It came under the Brazilian Ministry of Labour and was financed from the Workers' Protection Fund (FAT), which is managed by a tripartite commission and whose funds come from a 1% deduction on the payrolls of formal enterprises. The PLANFOR was executed at the state level and was controlled by state and municipal employment commissions in which the unions also had a voice. The courses were contracted out to vocational training agencies throughout the country. In the 1995-2002 period, when the plan was in operation, the Brazilian state invested USD 1,456 million in the training of an average of 2.5 million people per year. This was the most massive training effort ever undertaken in Latin America. The PLANFOR officially came to an end in July 2003 when

a new government came to power, but the programmes have continued under another name, the National Qualifications Plan (PNQ). However, there are problems with the new system: its budget has been cut back and there are long delays in the release of funds. Evaluations show that results have been positive, but this has had little impact on policy decisions.[26]

Of the four countries in this study, Peru is in the most difficult situation. As we saw in the previous section, educational coverage is very extensive but the quality of this education is still problematic (GRADE - PREAL, 2006). As regards vocational training, in the 1990s the SENATI underwent a process of reform in which the teaching-learning methodology was changed, and instructor profiles, equipment and infrastructure were improved. In 1997, enrolment in the Occupational Education Centres (CEOs) amounted to 228,000 trainees in approximately 2,500 institutions throughout the country.[27] At the present time these centres are being modernised and changed into CETPROs, but the outcomes these changes will produce is not yet clear (Grade, 2007). The model implemented by CAPLAB, described above, has very interesting prospects, and although it is only operating on a small scale at the present time, it is expanding (see Box 1: CAPLAB, Peru).

With the dawn of the new century, vocational training programmes **changed their focus** and they are now attempting a more integrated approach in which basic education and vocational training are linked, so as to reach the great majority of the population and allow enterprises to play a significant role. Chile and Brazil are taking this route.

In 2002 in Chile, a programme was initiated to build up a system of permanent training. This initiative came from the Ministries of Education, Economy and Labour, and it is financed by the Chilean government and the World Bank. It is based on training by skills, and its aims are to improve schooling levels, to widen access to technical training and quality training, to certify labour skills, abilities and dexterities, and to make the labour market function more smoothly. This is the "Chile Califica" pro-

26 For further information see Montero Leite, Elenice . "El mercado de la formación profesional en Brasil: financiamiento público y administración privada. Particularidades y perspectivas" in Galhardi, R; Martinez Espinosa, E. et al. *Financiamiento de la Formación Profesional en América Latina y el Caribe. Un estudio comparativo de buenas prácticas.* Montevideo: ILO/Cinterfor, 2007.

27 Saavedra, Jaime and Chacaltana, Juan. "Los jóvenes pobres y la capacitación en Perú", in Gallart, M.A. (coordinator) *Formación, Pobreza y Exclusión.* Montevideo: ILO/Cinterfor, 2000.

gramme: it is in operation throughout the country and its lines of activity are adult education, technical training, the certification of skills, and labour training and information (see Box 2: Chile Califica: Chile).

In 2007 in Brazil, the National Confederation of Industry (CNI) submitted a proposal entitled "Education for New Industry."[28] This was based on a diagnosis that showed that one of the main factors limiting economic growth was the fact that the labour force had low levels of education. This was increasingly evident in the face of the challenges posed by the incorporation of new technologies and the spread of industry to areas that previously had not been industrialised, all of which indicates that the services provided by the SESI and the SENAI should be decentralised. This proposal is based on investment and organization that the SENAI and the SESI already have, and it involves expanding these organizations' functions to cover unsatisfied demand for general and specific training. The aim is to raise enrolments to 16.2 million in the 2007-2010 period: 7.1 million of these in basic and continual education (SESI) and 9.1 million in vocational education (SENAI). The projected investment for this amounts to 10.45 thousand million reals.[29] This training is part of a strategic plan to develop industry and meet the demands of the enterprises that make up the confederation. These enterprises are calling for an improvement in basic skills because workers should be able to read manuals, interpret graphics and share knowledge among themselves. The main focus, then, will be on secondary education, but the other activities the SESI and the SENAI are engaged in will not be neglected. It is expected that 75% of students at the secondary level will have access to vocational education (see Box 5: Education for New Industry, Brazil).

We are now in a position to give a general outline of the coordination between training, employment and productivity in the region. While it is true that the offer of formal education and vocational training is considerable, there is a serious problem as regards coordination with the productive sector, and there is a tendency for the training offer to operate separately from real applications in enterprises. One factor behind this trend is that the productive system is very heterogeneous. The **entrepreneurial sector** nominally participates in the tripartite management of most national VTIs and is consulted by the government, it plays an even

28 CNI-SESI-SENAI. *Educaçao para a Nova Industria. Sumário Executivo*. Brasilia: 2007
29 The exchange rate is approximately 1 USD = 2 reals.

more important role in the SENAI of Brazil and indirectly in Chile too, through the demand for SENCE services. There is little genuine financing from entrepreneurs: funds come mostly from payroll levies or tax exemptions, which in either case means public money. Private financing for training mainly comes from fees for courses paid by private individuals. Enterprises are reluctant to invest more in this area for the classic reasons that they tend to invest only in specific training for workers who cannot be appropriated by the competition, and they do not finance more general training as this becomes an asset for the person who is trained rather than for the enterprise that pays (Becker, 1975). This problem, combined with the fact that the return on training is a long term process, leads to a serious problem of disinvestment in human capital, and it is in an effort to compensate for this that the state provides funds. The question, then, is how this state investment should be distributed. One route is to opt for large organizations, but the big traditional institutions are frequently criticised for having large budgets that are often absorbed by high fixed costs, and for not making enough evaluations. On the other hand, when funds are used to contract numerous smaller training organizations, as is the case in Chile, the criteria whereby courses and users are selected are open to criticism because the state ends up financing training that is not systematic and tends to benefit individuals who are already in a privileged situation thanks to their previous education or their employment niche.

Equity can be defined as access for the whole population to the skills that can make individuals employable and consequently productive, but it emerges that the people who have benefited least from formal education are those whose access to opportunities to acquire these skills is very limited. In the region the demand from society for education is very strong and it is channelled into many different kinds of courses that are low cost or free, but whose relevance to the labour market is questionable. This training offer includes large-scale programmes for unemployed young people that are offered by a variety of institutions and their costs are usually covered by state subsidies, but evaluation of these courses is very irregular. However, the economic sectors that are most integrated into the formal system and that pay higher wages usually obtain the employees they need by contracting workers who have already been trained in good quality systems or have been employed in small enterprises. Large enterprises can

do this because they employ a smaller proportion of the labour force and pay higher wages. Therefore, reaching the equity and productivity objectives that would really make decent work possible is very problematic in Latin America and the Caribbean.

At this point we can return to the three factors specified above that delimit and characterise the coordination between training, employment and productivity: demand from enterprises, the complex of training institutions in the "training market", and the population that demands work and training. The fourth great protagonist that emerges from the history of training in the region is the state as financer. Since national VTIs first came into being, the state has been involved in their tripartite management systems, and it has developed into the main financer of the training that is actually executed by training institutions, enterprises or NGOs.

Demand from enterprises is often channelled through large firms that implement in plant training. When state finance is available in the form of tax credits or subsidies these firms take advantage, but if there is no such system in operation they will still organize specific training at their own cost. This is clear from studies of the system in Chile, which concluded that state financing has not contributed to increasing the amount of training provided by this kind of enterprise (Martínez Espinosa, 2007). Small and medium enterprises in the formal economy have recourse to the "training market" and contract private courses or use vocational training services. Micro-enterprises in the informal economy do not usually have the benefit of adequate training providers.

Training institutions move in their own universe: technical education within the educational system is geared to two objectives, to give training for work and training for continued study. But if there is little demand for labour, and educational credentials become devalued, there is a risk that the system will move even more in the academic direction. For vocational training institutions, on the other hand, there are tensions between the shifting policies of different governments, institutional continuity which is hard to change, and the real demands of the labour market, which are not always well expressed by entrepreneurial lobbies. There are many small private training organizations like schools, vocational training centres, academies, etc., and they have to find a way to navigate between the demand from individual and corporate users and public and private finance. Apart from exceptional cases like the SENAI,

there is no coherent, organized offer in the region that responds to a variety of demands and not only offers courses but also provides infrastructure in terms of workshops and laboratories, the necessary up-to-date equipment, teacher training and the updating of curricula.

One last point is that the users of training, that is to say individuals who seek training, are faced with a wide range of options that they choose from depending on their educational or occupational trajectory. If their have reached the middle or higher levels of formal education and they live in an industrialised urban centre, they will probably be able to obtain good formal employment or accede to good quality training. If their social and cultural capital is at a lower level but still sufficient and they have quality secondary studies and/or experience in formal employment in medium or large enterprises, they will be able to benefit from specific training in the form of on the job training or improvement courses. The remainder of the population, in other words people who have not managed to insert themselves into these trajectories, include many individuals who want to obtain decent work and improve themselves. These people are the users of low-cost or free courses of variable quality in the market. This market sector is not regulated; there is no quality control, so efforts to obtain education in it do not always yield a good return in terms of employability.

As we have seen in this chapter, there are few effective mechanisms that support positive coordination among the factors involved. There are difficulties in the coordination between formal education in the educational system, and vocational training is characterised by large quasi-monopoly institutions and a very fragmented training market. This situation does not foster access to employability competencies for the majority of the population, which is an indispensable condition for productivity as defined in this study.

Table A: SOCIO-ECONOMIC CHARACTERISTICS

Countries	ARGENTINA	BRAZIL	CHILE	PERU
Total GDP [a] (USD millions)	183,196	797,365	115,247	79,383
Population [b]	38,971,000	190,127,000	28,349,000	16,436,000
Socio-economic development characteristics	Strong growth interrupted by severe crises. Agro-industrial model.	Moderate growth with fluctuations. Industrial and agricultural export model.	Moderate steady growth with anti-cyclical policies. Export of primary and extractive products.	Moderate growth. Extractive export model. Large informal domestic market.
Employment: employment rates [c]	2005 2006 52.1 53.8	2005 2006 50.9 51.0	2005 2006 49.1 50.1	2005 2006 60.5 60.8
Quality of employment (social security coverage) [d]	63.6	60.4	93.2	33.0
Work productivity [e]	USD 29,516	USD 17,560	USD 30,359	USD 12,841
Informal economy [f]	43.6	49.1	31.9	54.9
Inequality [g]	Decile 1 Decile 10 % % 1.1 41.7	Decile 1 Decile 10 % % 0.9 49.8	Decile 1 Decile 10 % % 1.3 44.9	Decile 1 Decile 10 % % 1.8 36.1
Poverty [h]	26.0	32.8	18.5	42.0
Main challenges	To maintain constant growth models. To gradually integrate informal workers into formal employment.	To incorporate sectors of poverty into formal employment.	To improve income distribution.	To extend the formal sector. To develop the economic capacity of the informal sector.

Sources: a) 2005. ECLAC, Statistics Yearbook 2006, p. 89.
b) 2006. ECLAC, Statistics Yearbook 2006, p. 23.
c) Employment rates: people employed/working-age population. Urban population including informal employment. ILO Labour Panorama 2006, p.33.
d) 2005 Argentina, Brazil and Peru, 2003 Chile. Percentage of employed urban population with social security coverage and/or pension. ILO Labour Panorama 2007, pp. 72.
e) GDP per employed person in United States dollars. ILO, Employment Trends Team/Skills Department, 2007.
f) 2005 Argentina, Brazil and Peru, 2003 Chile. Percentage of people employed in production units of up to 5 people and of urban self-employed workers. ILO Labour Panorama 2006, pp. 62.
g) 2005 Argentina and Brazil, 2003 Chile and Peru. Percentage of people in urban population whose income is in the first and in the last decile of the distribution. ECLAC, Statistics Yearbook 2006, p. 77-78.
h) 2005 Argentina and Brazil, 2003 Chile, 2001 Peru. Percentage of people in urban areas whose daily income is less than twice the cost of a basic food basket , including people who are destitute. ECLAC, Statistics Yearbook 2006, p. 74.

3. POLICIES AND PROGRAMMES IN RESPONSE TO IMPEDIMENTS TO ATTAINING DECENT WORK

3.1 THE PROBLEMS AND CHALLENGES

In the previous sections of this study we looked at a number of problems that constitute challenges for public policies:

1) *To extend educational coverage to contexts of poverty without due regard for quality leads to a lack of labour skills among young people who go through the educational system.*

The situation of young people in Latin America gives cause for serious concern. They make up a high proportion of the population, they are more numerous in poor households than in households that are not poor, they have limited access to the labour market, and their unemployment rates are more than twice the rates for the total active population. It is true that today they tend to stay longer in the educational system than in the past, but for many of them this does guarantee mastery of the skills needed for employability or ensure a competitive place in the queue of people seeking their first job. This situation is particularly serious among young people from households below the poverty line since these individuals receive poor quality education, have low activity rates, suffer high unemployment and can easily fall into delinquency.

Since the 1990s, the labour market has been demanding skills that can only be acquired through long years of schooling and also social skills that enable a worker to perform in labour contexts that are relatively complex and involve common technologies. Since there are numerous young people seeking jobs, access to formal employment is restricted to those who have been able to complete a sufficient number of years of schooling and obtain at least a secondary education certificate and preferably higher education qualifications. The vast majority of young people are not in this situation, obviously, so their only options are either unemployment or precarious jobs in the informal sector.

In the countries we are considering (Argentina, Brazil, Chile, and Peru) most people in the age group in question receive secondary education. As to the educational level of the labour force, we find that in three of the countries the average number of years of study among workers is ten, but in one country, Brazil, it is only about seven. There are also big differences between educational levels in rural areas on the one hand and urban areas on the other. To make matters worse, the actual performance of the educational system is problematic since dropout and repetition rates are high. Another ominous sign is that students from all countries in the region fare poorly on international educational quality tests (PISA). The basic and general training system for the labour force as a whole and for young people entering the labour market in particular, is open to serious criticism as it does not provide the majority of young people with mastery of the basic skills they need to be able to enter the specific training necessary to perform in the labour market in the modern world, or to subsequently change their jobs or be trained on a lifelong basis.

The conclusion we can draw from this scenario is that if educational coverage among populations living in poverty is expanded but the quality of that education is not improved, young people will graduate from the educational system without acquiring labour competencies.

The challenge is to improve the quality of education while at the same time reducing dropout rates and making the educational system more efficient. The educational reforms that were implemented in the past failed to achieve this.

2) *There is not enough coordination between formal education and vocational training or between training and enterprises.*

A second problem is that the educational system as a whole is relatively isolated from enterprises in the economy, and to make matters worse there is little coordination between formal education and vocational training or between training and enterprises. This is the case even with regard to technical education, which from the very beginning was conceived of as training for work. The predominant role of ministries of education and the institutional dynamic itself tends to promote the development of bureaucracies in education, and this does not favour linkages between education and enterprises. Vocational training institutions in general, and especially the national vocational training institutions that were set up under tripar-

tite management systems and geared to training workers in specific occupations to meet the needs of emerging industrialization, find it difficult to keep up to date or respond to the demands of technological change and the new dynamic of global markets. However, there have been some positive initiatives that have attempted to respond to the challenge of constructing financing and evaluation policies that would tend to bring the various modes and actors in training together. Another complication is that there is a private training offer from schools and NGOs that reaches a large part of the population. All in all, there are serious doubts about how relevant the content of formal and informal training is when it comes to imparting the skills required in the labour market of today and of the future.

The transformation that took place in the world economy in the 1990s, especially the phenomenon of globalization which means countries now have to compete internationally and technological progress which has fuelled a new dynamic in information and communications, make it essential to change the educational offer. These changes should be geared to training in skills to make people more employable and to respond to the needs of enterprises. To achieve this, traditional secondary education and a brand of vocational training that is focalised on relatively rigid objectives will have to evolve into a more flexible kind of training. A big obstacle here is that, in the region, training has to respond to a productive sector that is segmented into large and small enterprises in the formal economy, and also to an informal sector which employs about half the population.

The challenge is to structure financing and evaluation policies that will tend to coverage between the different modes and actors. This means there will have to continuity on policies and that evaluation should feedback initiatives in training organizations.

3) *The fact that the economies of the different countries are very heterogeneous and also that there is great heterogeneity within each country, raises serious doubts about how effective training and employment policies designed for formal enterprises and registered employment can be. The fact that informal employment is on such a vast scale constitutes a problem for traditional vocational training and limits the extent to which labour legislation can be applied.*

In the countries we are analysing a sizeable proportion of the population work in unregistered employment. Depending on the country, this amounts to between a third and more than half of the economically active

urban population. Women, youth, the poor and people with lower educational levels are over-represented in this informal sector. However, when we examine the variety and scope of training programmes available we find that training for employment in the formal sector predominates, and that the users of training, as a rule, do not come from this large population working in the informal economy.

The danger here is that the heterogeneous nature of the economy might come to be replicated in the training system and this would accentuate rather than reduce the inequality that is so typical of societies in Latin America. In addition there is the sheer scale of the unregistered economy, and thus there are very serious obstacles to creating quality employment and to allowing training to function effectively as a mechanism to promote integration among the population as a whole.

4) *The financing and updating of training policies is hampered by the fact that policies change with each successive government that comes to power, and by difficulties in maintaining consistency in training activity and evaluating outcomes in the middle and long term.*

One problem is that there is tension between the need for long term policies and the need to seek immediate solutions, and this makes for inconsistency in the system and leads to programmes being implemented or abruptly terminated without these decisions being sufficiently grounded in valid evaluation processes. Examples of this are PLANFOR and youth projects that were discontinued. A second problem is to overcome resistance to change and institutional renovation in training organizations that come under ministries of education or labour, and to bring them into a process of self-evaluation and cooperation with public policies.

TABLE B: CHARACTERISTICS OF TRAINING
Problems and challenges the four countries share, and programmes and policies implemented

PROBLEMS AND CHALLENGES	ARGENTINA	BRAZIL	CHILE	PERU	PROGRAMMES AND POLICIES IMPLEMENTED
Coverage and quality of formal education	Wide, consolidated coverage; inequality in outcomes; inequality in dropout and repetition rates depending on strata and regions. Problem of national coherence of the educational system and need to improve quality.	Recent expansion of education coverage; rural – urban dropout differential. Need to gauge and improve quality.	Wide, consolidated coverage but segmentation in outcomes. Need to improve quality and reduce segmentation.	Wide coverage; dropout rate unequal by strata. Poor quality.	• National Secondary Education Examination (Brazil). • Recovery of drop outs: Chile Califica (Chile). • Education for New Industry (Brazil).
Little coordination between formal education, vocational training and the world of enterprises	Little development in VT. Wide but uncoordinated offer of courses. Technical education recovering but still with little coordination with the productive sector.	Good coordination between training and enterprises in S System (SENAI, SENAC, etc.). Weak coordination with rest of the educational system.	Little coordination between formal education and VT. Vocational training (SENCE) sub-contracted and wide participation by enterprises.	Little coordination in formal education. In vocational training, renovation in SENATI; CEOs with little coordination, but reform in CETPROs.	• CAPLAB (Peru). • SENATI: Evaluation (Peru). • Education for New Industry (Brazil). • SENAI: Evaluations (Brazil). • Chile Califica (Chile). • Primer Paso (Argentina). • UOCRA Foundation (Argentina).
Heterogeneity in the economy (informality)	Few programmes specifically for the informal sector; closure of programmes for vulnerable young people aimed at insertion in formal employment (Proyecto Joven).	The SENAI is focalised on the formal sector. Scant training offer for the informal sector.	This is the country with the lowest proportion of urban informality. VT programmes centred on access to employment in the formal sector.	The country with the highest proportion of informal work; little training for this sector, but there are programmes to remedy this (CAPLAB).	• CAPLAB (Peru).
Few evaluations, and changes in policies and programmes	Changes in programmes (Proyecto Joven and Reforma Educativa) are not based on relevant evaluations.	Important evaluations have been made (PLANFOR) but the policies implemented do not take account of them. The SENAI makes periodic evaluations to modify its plans.	Adequate evaluations of problems, but insufficient accumulation of knowledge about the relation between processes and outcomes.	Global evaluation of education but with no apparent impact on policies. The SENATI has made evaluations and modified its policies.	• CAPLAB (Peru). • SENATI (Peru). • SENAI (Brazil) • Labour Competency Certification Programme (Argentina).

3.2 POLICIES AND PROGRAMMES TO RESPOND TO THESE PROBLEMS AND CHALLENGES

Improved quality and quantity in training and coordination with enterprises

There have been a number of innovative initiatives recently to tackle the first two problems outlined in the previous paragraph. In some cases these involved sweeping institutional change, and in others the implementation of programmes that were individual and relatively specific.

In almost all the countries analysed, programmes are under way to attempt to remedy the shortcomings in the basic and general training of people who dropout early from formal education, and to train the new generations on solid foundations in general education and suitable specific training that responds to the needs of the productive apparatus, and may also enable workers who have been made redundant to reinsert into the labour market.

In general, these programmes are aimed at implementing a flexible education offer organized into modules. That have content and skills from ordinary education but are offered in an updated way, in a flexible-attendance format, and organized in time periods that are shorter than in traditional primary and secondary teaching. They provide kinds of support that do not feature in ordinary education, like tutors and scholarships. The institutions offering these services are mostly schools that come under the Ministry of Education, but in some cases, like in Chile, other educational agencies are sub-contracted. An important aspect of these programmes in the sphere of secondary education is evaluation and accreditation. There are ad hoc tests, but there is a negative aspect: these assessments do not provide any guarantee that the certificates obtained are backed by the necessary skills or even that they can be collated with similar levels in formal education. The programmes vary: some are more centred on completion and seek to help young people remain in the educational system and finish their studies, while others focus more on levelling, and are geared to producing as many workers as possible who have the skills and qualifications necessary to work in the formal sector (see Box 2: Chile Califica, Chile).

There is another kind of programme geared to assisting young people who are seeking work, connecting them with enterprises (usually of small

and medium size), and providing counselling about labour market entry. In the countries we are analysing, these programmes are currently in operation in Argentina, Brazil and Chile (see Box 3: Primer Paso, Argentina).

One further initiative to mention is the "Education for New Industry" programme in Brazil, which was outlined in the previous chapter. The aim of this programme is to raise the educational and skills levels of the labour force with a holistic, integrated training system geared to widening the offer of good quality basic education, improving coordination with technical secondary education and extending vocational training to new production poles (see Box 5: Education for New Industry, Brazil).

In both these initiatives, the Chilean and the Brazilian, the aim is to position these programmes in national vocational training organizations like the SENCE and the SENAI to take advantage of their experience and the institutional human resources and physical infrastructure available in these organizations. To a certain extent this limits the impact the new programmes can have in the educational system as a whole as this reaches the bulk of young people, but there is the advantage that the participation of entrepreneurs is institutionalised in these national organizations, so there is better coordination with the demands of enterprises. In addition, coordination between secondary technical education and vocational training will be facilitated by their both belonging to the same organization. What is not clear is whether the users will be the same. The population groups trained in general education will very probably be different from those that training services cater to, so specific worker training is not taken into account in institutional coordination. However, the proposal includes ways to impart skills not acquired previously, so it would be very important to have follow-up studies on trainees so as to evaluate the coherence of training through outcomes in terms of the labour market entry of the users. Two national VTIs, the SENAI and the SENATI, have carried out evaluations based on the follow-up of trainees, in the latter case as part of its dual learning programme, and the SENCE in Chile has also carried out evaluations of the impact of the Chile Joven programme (see Box 6: SENAI External Evaluation Programme, Brazil; and Box 7: Evaluation of Ex-trainees of the SENATI Dual Programme, Peru).

Reforms to curricula and the organization of cycles have been implemented in educational systems. These changes meant prolonging basic education, delaying specialisation, and decentralising the financial and peda-

gogic management of schools to the local level. As yet there have not been any comprehensive evaluations that capture the successes and failures of these initiatives, but there seems to be agreement that the Chilean experience was more successful, and in fact in Argentina not only was the programme impossible to implement in the whole country but it has since been reversed. Moreover, the outcomes of the PISA evaluations mentioned above ought to be borne in mind so as not to jump to over-optimistic conclusions. The other change aimed at narrowing the gap between training and the demand from enterprises has been to update technical education in the formal system. It is too early to evaluate the impact of this initiative but at least technical education is being restored to a significant role in education for work.

The national VTIs have been criticized for failing to adequately adapt to the new demands and for being bureaucratically top-heavy, and policies that involve financing the demand for courses instead of the offer by vocational training institutions have been introduced. In most of the countries this got no further than good intentions, but in Chile it was actually implemented and the SENCE was set up and the INACAP privatised. The SENCE administers the FONCAP and sub-contracts public and private training institutions to execute the course components of the various programmes. The largest programme, with 850,000 workers trained in 2002, is the in plant training enterprise training programme. In the other national VTIs in the region, reforms were only partial because although some reform programmes were implemented, the previous management tended to remain in control of these activities and of the budgets.

There is an interesting initiative currently under way in several countries to make training more relevant to employment: the labour competency certification programme. This involves defining the most important skills in various employment profiles in each sector and branch; a process that is carried out by a tripartite team made up of entrepreneurs and union and state representatives. Workers are then trained in these skills and their competency is certified. To supplement this, new curricula are produced and the trainers are trained. These programmes only appeared recently and they only reach a small proportion of workers, but they are still in operation and it will be interesting to see evaluations of the outcomes they produce (see Box 8: Labour Competency Certification Programme, Argentina).

Heterogeneity in the economy and training for all

Training for work is clearly more oriented to the formal sector of the economy in terms of funding and also in terms of numbers of vocational training courses and users. People with higher educational levels are more likely to receive further training, but some programmes for micro-enterprises and for young people at risk of exclusion have been implemented. In programmes to assist micro-enterprises, training is seen as just one out of a range of inputs and not the most important, as priority is given to providing credit and assistance in the area of management. This complicates the implementation of wide-ranging coherent training policies in the different countries (Gallart, 2003b). In programmes for young people that follow the Chile Joven model the beneficiaries are from disadvantaged groups, but in spite of this the aim of the programme is to make them employable in low-skilled jobs in the formal sector. The work experience they are given is in formal enterprises, but it is not known how long they will retain this employment.

Some years ago, a review of training programmes for the informal sector in Latin America[30] showed there were various kinds of interventions in progress that had been initiated by governments and were supported by international credit organizations, national VTIs and civil society organizations, but it emerged that training as such was a minor component in these programmes and sometimes it was almost forgotten because the urgent and most important needs were for credit, consultancy service in how to manage undertakings, marketing, etc. It also emerged that the main focus was to help the micro-enterprise to survive rather than to foster the well-being or social integration of its workers.

There are a number of dilemmas in this scenario:

- *Should initiatives be geared to the micro-enterprise itself and its capacity to grow and accumulate, or should the main focus be the worker and his or her right to decent work?* There is a tension that is seldom acknowledged between benefiting the micro-enterprise and fostering good working conditions for its employees.

30 Gallart, María Antonia. *Habilidades y competencias para el sector informal en América Latina: una revisión de la literatura sobre programas y metodologías de formación.* Montevideo: Inter-American Technical Bulletin on Vocational Training, ILO/Cinterfor, No. 155, 2003.pp. 33-75.

- *On the one hand there is the goal of increased productivity, as judged by the market, and consequently there is an emphasis on reducing costs and selling products and services at a good price, and this often means evading taxes or exploiting staff. On the other hand there are state social assistance policies for the most unprotected sectors of society, which can involve subsidising activities that are non-profit making.* The danger in the latter case is that the activity will only last as long as there is funding, and when this comes to an end, as has happened with many programmes, the workers are made redundant.
- *One option is to train people to work in the informal sector, and the other is to provide instruments that will enable them to leave that sector and obtain a job in the formal economy.* Programmes of the Chile Joven type are for young people who are unemployed or in precarious employment, and the aim is to train them so they can insert into semi-skilled occupations in enterprises in the formal sector. There are difficulties with this approach stemming from the trainees' educational deficiencies and lack of social capital, which make prolonged insertion in registered employment problematic, and the situation is further complicated because vacancies in registered employment become saturated and there is competition for jobs from people with better qualifications.
- *One alternative is to give priority to young people completing their secondary studies in formal education, which would improve their possibilities of insertion in registered employment, and the other alternative is to train these people directly for the work that is available in the informal sector.* Evaluations of young people's programmes for the levelling of studies have detected this problem: if an individual obtains employment he or she stops studying and falls into the vicious circle of precarious employment in any case.

In various countries a distinction is made between programmes to improve young people's labour market entry and programmes geared to levelling in education, which focus on obtaining qualifications and educational skills and subsequently supplementing these with vocational training to open the door to employment in the informal economy and eventually evolve to greater integration into the productive process.

There are two typical problems with this approach. One is that the training organizations in existence at the moment, VTIs, technical schools,

training centres, etc., find it difficult to handle these kinds of users (young people who are deficient in skills like discipline or punctuality, etc.) and are not geared to providing the kinds of skills needed for the self-employed mode of labour market entry. The second obstacle is that curricula in VTIs are quite structured and are based on codified knowledge derived from an analysis of occupations in the formal economy. This means that the tacit knowledge that people with experience in the informal sector have, that is to say being able to manage in a competitive and unstable world with restricted access to tools, inputs and markets, is not taken into account. To improve labour market entry and open the way for upward mobility and a better connection with the integrated economy, it is essential to take this learning from experience as a starting point and build on it, and this demands not only changes to curricula but changes in the training style of instructors.

Something along these lines has been tried in the region: the 1997-2006 Labour Training Programme of the Centre for Labour Training and Development Services (CAPLAB) in Peru[31] (see Box 1: CAPLAB, Peru).

The changing policies of successive governments and the difficulty of linking up interventions and evaluating outcomes in the middle and long term

There have been two important attempts to establish continuity in the policies implemented. The first was to set up national funds to finance training, which replaced the previous system of specific purpose taxes or closed budgets by institution (e.g. FONCAP and FAT). This change was expected to enable programmes to have continuity and to be relevant beyond sectoral interests. The second mechanism was allocating funds by programmes, and systematically analysing these programmes to give them continuity if necessary so as to be able to terminate activities that were no longer of benefit to their target populations. Both these mechanisms have been tried, but our survey of experiences shows they were not very effective tools to ensure the continuity of programmes or to make it possible to distinguish those that

31 Centre for Labour Training and Development Services – CAPLAB. Report on Outcomes and Effects of the 1997-2006 Labour Training Programme.

were worth continuing from those that were not. From reading these evaluation reports and checking them against measures that were actually taken to extend or to terminate certain programmes one gets the impression that these decisions have more to do with political changes in state administration and/or the availability to secure finance within the programmes themselves or from international organizations than with any in-depth evaluation of the possibilities and shortcomings of the programmes.

3.3 PRACTICAL CONSEQUENCES OF THE POLICIES IMPLEMENTED AND LESSONS FOR THE FUTURE

Reforms in training systems and programmes for specific populations

From our analysis of the four countries we can conclude that radical reforms in education tend to be carried through when the different levels of the state all pull together in the same direction and when the sectors of civil society that support the reforms have sufficient power. If these conditions do not prevail, decentralisation leads to the fragmentation of educational systems or to a reaction that neutralises the effort to change. This is what happened when education reform was attempted in Argentina. In democratic processes in heterogeneous and compartmentalised societies the different levels of application must be taken account of when change is implemented, and in the sphere of education these are the national and provincial levels and schools, both private and public. Without a basic consensus in favour and the necessary finance, the reforms can have no future. On the other hand, expanding enrolments and implementing reforms without evaluating the learning outcomes they produce runs the risk of over-emphasising educational credentials and thus devaluing these credentials without improving real educational results. Therefore it is necessary to implement evaluation mechanisms that can feed back into the educational system and be used to improve its quality (see Box 9, National Secondary Education Examination, Brazil). The large national vocational training institutions (VTIs) can benefit from comprehensive, systematic evaluations based on outcomes in terms of the labour market entry of their trainees (see Box 6: SENAI External Evaluation Programme, Brazil).

We have outlined various programmes as examples of responses to some of the problems that have emerged. Some of these programmes are geared to the informal sector of the economy (CAPLAB) and others are aimed at young people or are more comprehensive and approach the problem on many levels (Chile Califica, Education for New Industry, Brazil). These are all in their early stages and are relatively limited in scope, but if they adhere to certain basic principles they may contain the seeds of valid and effective responses.

Some **characteristics that enable programmes to function well** and eventually produce positive outcomes are as follows:

- That ministries of education should play an active role in promoting continuity in formal education and making these structures flexible enough to accept change.
- That training should be tailored to the real requirements of the enterprises involved.
- That the Ministry of Labour should encourage and help guide the projects.
- That programmes should not be isolated but should provide mutual support for each other and be based in some organization that has continuity.
- That implementation should be gradual so that the programme can take advantage of the experience acquired to make changes to orientations.

As to content and activities, the wide range of subjects tackled and the varied kinds of intervention seem to be responses to a variety of different challenges, but in quantitative terms these initiatives are on a small scale considering that the target population is so vast. In addition, the evaluations are rather specific and short term and do not provide a basis for making comparisons with other programmes so as to be able to choose the most suitable. Like with many initiatives, lack of continuity in policies, and limitations on the evaluations that decisions about changing or closing programmes are based on, constitute serious obstacles to success.

Two recent programmes outlined here are explicitly geared to the coordination between education that makes it possible to acquire basic skills and qualifications on the one hand, and labour training that includes state of the art technologies and is coordinated with the demand from enterprises on

the other. These are Chile Califica and Education for New Industry (Brazil). These are both worthy initiatives, but they still have two weaknesses that ought to be remedied. The first is the question of access: both of these programmes cater to only a minority in the population, although at least they are making a start and that is very important in itself. The other weakness is the question of coherence and continuity in policies. Unless the interested ministries (labour and education) are actively involved, and unless the programmes and evaluations can continue to operate in spite of changes of government, it is difficult to make any significant impact on the population's levels of labour skills. In Brazil the PLANFOR scheme was virtually abandoned when a new government came to power and, quite apart from the actual limitations of the programme itself, this made it difficult to correct or improve a policy in which a lot of money had been invested and which had nation-wide scope. The Education for New Industry programme, on the other hand, is basically focalised on workers in industry and their environment, so it does not reach the great mass of workers in the informal economy. These observations are not intended to belittle these programmes, merely to highlight the problems that still have to be tackled by educational organizations, by enterprises and by governments.

Coordination between enterprises and training

In this area we can draw some general conclusions about which there is relative consensus in the sphere of research. Apart from these, there are also areas in which we should act on the basis of some instructive antecedents.

These conclusions are as follows:

- That non-specific vocational training has to be subsidised by the state.
- There are some formal education and vocational training institutions that provide reasonable coverage of training needs from the perspective of the labour market but not from the point of view of critical target populations.
- Training institutions cater mainly to the formal sector of the economy and their services are mainly used by medium and large enterprises in that sector.

- The institutional network that provides training is not clearly defined, and there is little control of the quality or relevance of the training beyond the prestige of some well-regarded VTIs.

The broad areas in which action has to be taken are as follows:

- To evaluate the quality of the general skills imparted in secondary education and vocational skills in vocational training so as to avoid the harmful effect of qualifications in the labour market becoming devalued, and to promote the employability of the bulk of the population.
- To bring in entrepreneurs' organizations to play a key role in evaluating and selecting the courses to be implemented but to make sure that large enterprises are not over-represented, or else vocational training would be turned into an option just for the elite.

Interesting precedents in this area are as follows:

- External examinations that are voluntary and free of charge to establish the quality of educational credentials, such as the National Secondary Education Examination (ENEM) in Brazil.
- Follow-up on trainees who complete vocational training courses, to evaluate their performance in the labour market, such as the SENAI External Evaluation Programme or the SENATI Dual Learning Programme evaluations.
- The labour competency certification programmes that are supported by employers' associations, unions and education authorities, which are responsible for monitoring validity and current relevance in the labour market.

Training for vulnerable sectors and micro-enterprises

An analysis of the data on unregistered employment in the region clearly shows that workers in the informal economy have lower levels of education and are in badly paid, precarious employment. The programmes that cater to this population on the Chile Joven model and the PLANFOR consist of short training courses for semi-skilled occupations, and have very few inputs for remedial work on the basic skills of reading, writing and applied arithmetic. Evaluations of the PLANFOR show that it brought about

only a slight improvement in labour market entry (Leite, 2007, p. 97), although people recognised that self-esteem, family and social relations and work performance did improve. It was not possible to make wider or more long-term comparative analyses because the funds from the FAT were cut back and projects for young people in various other countries were discontinued. If continuity had been maintained on this programme, it would probably have been possible, as time went by, to correct its flaws in the areas of training content and approach to the two dimensions of the target population: the users themselves and the enterprises providing employment.

There have been few public policies to tackle the informal sector as a whole, taking account of its sheer vastness. What there have been are individual programmes of greater or lesser scope and in which training has not had great weight. If we focus on the integrated training of people currently in the informal economy it is hard to distinguish between the most favoured sectors, people with high levels of education who do unregistered profit-making work and who can obtain training without any problem, and groups that are more numerous of people whose main or only labour option is to work in precarious employment in the informal sector. Within this sector we should also make a distinction between entrepreneurs who may be able to evolve and formalise their undertakings, and individuals, mainly young people and women with low levels of education and almost no access whatsoever to working capital, who drift from one precarious job to another. Programmes designed to raise the educational levels and social capital of people in the latter group are welcome, and so are initiatives that focalise on viable micro-enterprises that provide stable labour market entry. It should also be noted that initiatives like the CAPLAB are worth bearing in mind and evaluating with a view to applying them in other contexts as they have a holistic approach to the problem, their target populations are young people at risk of unemployment or of slipping into informal work, and they take advantage of institutional resources that are already available in the community (the CEOs).

4. CONCLUSIONS AND RECOMMENDATIONS

4.1 POLICIES

This brief overview of training policies in the region as a whole and in the four selected countries in particular shows how difficult it is to design policies that are both equitable and effective, and that provide all sectors of the population with the opportunity to acquire the employability skills that would enable them enter the formal labour market and pursue careers in skilled work.

One factor in this problematic scenario is that **policies are unstable** in most of the countries in the region,[32] and another is that there are high levels of inequality and pockets of poverty that prevent a large proportion of the population from acquiring the basic skills that formal education should be providing. Vocational training as a whole is more like a collection of agencies and programmes superimposed on each other than an actual system, and it does not give coverage to the whole target population. In the worst instances its interventions lack the necessary continuity or scope to make a real impact.

But on the other hand, people and institutions committed to training have been making a great effort over a very long period, and society is investing considerable amounts of finance in education and vocational training and therefore in the effort to improve people's training for work. In this scenario it would seem that it is urgently necessary to implement at least two fundamental policies, if possible at the level of the state, to maintain continuity. One is to have specific-allocation funds that go beyond the cronyism of the government of the day that so bedevils policy continuity, and the other is to have **evaluation mechanisms** and systems that would make it possible to adjust and correct the way funds are allocated to programmes and institutions.

32 When there is continuity in policies, such as has been the case in Chile, the outcomes are positive, although the original causes of some unwanted outcomes still persist.

What is needed is to ensure the **continuity and the amounts provided by specific funds** of the FAT and FONCAP type. Besides this, programme administration would have to be suitable and there would have to be clear criteria for allocating resources so as to avoid the division of training into two branches, a first level to cater to formal enterprises and well-educated users, and a second level for young people and the poor. This would reinforce mechanisms that are geared to compensating for or making good the initial weakness of critical target populations as regards social skills as well as in general education. This is a key component in public policies because experience shows that if a semi-public good like training is consigned to the free market then initial differences tend to be perpetuated or aggravated.

The **evaluation of outcomes** in formal education, the accreditation of schools and training centres as institutions and the validation of the mandate of national VTIs would all have to submit to objective criteria as regards target population profiles and the value of the services provided. In the international context there are institutional evaluation models and follow-up studies on trainees that could be extremely useful for evaluating formal education, vocational training and training courses of different kinds (Box 7: Evaluation of ex-trainees from the SENATI Dual Programme, Peru). To implement such an evaluation it would be necessary to set up evaluation bodies whose suitability and objectivity would be underwritten by the fact that they were quite separate from the institutions to be evaluated. For their task to make sense it would have to be linked to institutional accreditation and certification mechanisms, and the evaluation process and outcomes would have to be transparent and public. In some countries there are university evaluation boards that conform to this profile, and they could serve as an example for this initiative.

Within the framework outlined above there should be policies of the following types:

- Counter-cyclical training policies to avoid bottlenecks in times of economic expansion after cyclical crises.
- Long term compensatory policies to increase investment in human and social capital for the most disadvantaged population sectors.
- Realistic institutional policies to improve the quality of education services and the coordination between formal education, vocational training and the world of work. These policies should involve a combination of incentives and regulations to avoid undesirable effects.

4.2 THE SELECTED COUNTRIES

To conclude this study we shall make some observations about the prospects of the four countries we have focused on as regards the future of training, employability and decent work. Each country has different problems and possibilities although, as we have seen, they do have characteristics and trends in common, so we can draw some conclusions that apply to all four. Each country has its own distinctive features and these indicate its limits and future possibilities and explain some of the differences in the current scenarios outlined here.

Argentina

After a series of wild fluctuations it seems that the Argentine economy has now settled into a period of high growth. This is the case in the agricultural sector, which is exporting at very good prices and financing the state through the taxes it pays, and in the industrial sector, which is mainly geared to the domestic market but is also doing good export business in the areas of automobiles and foodstuffs. Industry's demand for training is mostly for basic and social skills for its workers, such as elementary reading and writing, mathematics, responsibility, discipline, etc. There is also a certain nostalgia for traditional trades that are passed on through labour experience and can be lost in the ups and downs of unemployment in successive economic crises. The government has made an explicit commitment to improving formal education in general, especially secondary technical education, and has invested in this, but improvements in organization have yet to appear and the fragmentation of the system and problems with managing education at the local level all conspire against this initiative. It is very difficult to evaluate vocational training because it is not a system at all but a disorganised network of state institutions, private businesses and NGOs that respond to the demands of individuals and enterprises and are mainly financed at the level of the provinces, and do not have explicit coherent policies.

In recent years, economic growth has been mostly in the registered, formal economy. Employment in this sector has increased and labour laws are usually applied, so these jobs can be considered decent work. Unem-

ployment has fallen, and all things considered there has been a marked improvement in the situation of these formal workers. However, a considerable proportion of employment is not registered, it amounts to nearly half the labour force, people working off the books in formal enterprises or precariously inserted in low-skill low-productivity jobs in very small enterprises in the informal economy. It is true that this sector's share in total employment has fallen, but in absolute terms, in numbers of people, it is still growing. A clampdown on productive units in the sectors with most informal employment (building, trade, clothing, footwear) would certainly cause a rise in unemployment, so it would be better to pursue inclusion policies that would raise productivity in these sectors, particularly in micro-enterprises, through a modified tax policy and by providing training for entrepreneurs and workers.

Brazil

Brazil can definitely be classed as an emerging country. Its economy is so big, its territory so vast, its population so numerous, its industrial sector has such weight, and its economic policies have a continuity that transcends changes of government, so in the early years of this new century it easily qualifies as one of a handful of countries that lead the developing world. It has invested heavily in formal education and has managed to put a stop to the trend towards the marginalisation of the majority of the population in the educational system. It was always a country with very good education for those at the top of the pyramid. This consisted of preparatory secondary education, technical education organised on a federal basis, the federal and private universities, and excellent vocational training in the S System, but this impressive array was only accessible to a minority of the population. The country's educational and vocational training apparatus reflects this situation. On the other hand, the expansion of enrolments in formal education and the PLANFOR are responses to the problem of marginalisation as they are attempts to make training available to the underprivileged majority. This is not easy, and as we have seen, these initiatives have run into organizational and financial difficulties.

There are immense internal divisions between people inserted in marginal activities and those integrated into the formal system, and between

urban and rural areas, and this uncertainty about the future of Brazil has yet to be resolved. But the efforts of employers' and workers' organizations and NGOs may help to point the way.

Chile

Over the years this country has pursued coherent economic development, educational and vocational training policies. There is a new generation of enterprises and entrepreneurs that are not fighting to defend outdated privileges like in other countries but are seeking to consolidate their insertion in a modern, competitive market. The Chilean educational system was one of the first in the region to extend coverage to the whole population and to include the whole age group in secondary education, and towards the end of the 20th century efforts were made to bring it up to date. The entire vocational training system was changed, a quasi-market for training was set up, enterprises were brought into this market, and a whole range of training institutions were promoted. The state continued to play the role of the main dynamic force in this market as its regulator and financer. As time went by defects were corrected and the legislation and organization of training were improved.

The data show that of the four countries we are concerned with here, Chile has the lowest proportion of informal work, is highly competitive internationally and has good levels of productivity, all of which is the fruit of policies that are coherent and constant. But there is also a dark side to the picture and various negative aspects are emerging. Secondary education is segmented and a considerable proportion of young people who complete their schooling are unable to go on to higher education. This segmentation reflects family socio-economic background so these people find it difficult to accede to formal employment with the skills that the educational system provides. The result is youth unemployment and unstable work trajectories. As to vocational training, the funds invested in training for people who are already in the formal sectors of the economy are vastly disproportionate to the money and organization devoted to educating the most disadvantaged sectors. However, this problem has been recognised and there is clearly the political will to tackle it. We will have to wait and see how public institutions and policies in this field develop in the future.

Peru

Of the countries we are concerned with, Peru is in the most complex situation. In recent years its economy has shown steady growth and the current political situation seems relatively stable, but the fact that so much of production is based on extractive industries severely limits possibilities for growth and for increased social inclusion. The outlook for economic development and decent work is not promising because the informal economy is so huge, employment is heavily concentrated in trade and services, and income levels are low. In addition, the fact that more people are now in formal education will surely fuel young people's aspirations, and the tension between the expansion of education and the lack of labour opportunities is a spur to migration. There is a danger that a vicious circle will develop, aggravating these imbalances. It is important to attack in critical areas like improving the quality of education, so that the years an individual spends in the educational system can have some value, at least in terms of adequate general skills and problem solving. Action is also needed in the sphere of production to take advantage of the energy and the enterprise capabilities that are wasted in the informal economy by channelling these into activities that are productive but are not based on exploiting unskilled labour.

ANNEX 1
STATISTICAL TABLES

Table I.1
Percentage of the labour force with at least secondary education, and productivity. Selected countries

Countries	Year	Labour force with secondary education (thousands)	Labour force with higher education (thousands)	Percentage of labour force with secondary education or higher (%)	Productivity estimations for 2005 (GDP per employed person in USD)
Argentina	2003	3302	2716	59,4	29516
Brazil	1999	11935	4392	26,7	17560
Chile	1994	2524	1157	68,8	30359
Peru	2003	2033	1235	87,4	12841

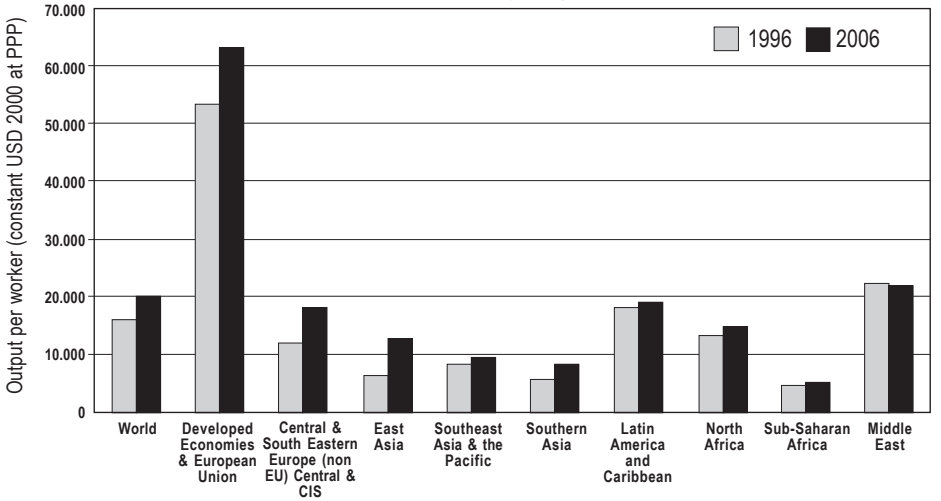
Source: ILO, Employment Trends Team/SKILLS Department, 2007: Methodology to identify countries for analysing the relation between skills, productivity, employment creation and development.

Table 1.1
Percentage of workers who earn USD 1 or USD 2 per day as a proportion of total employment. Selected years, regions and world total

Region	Proportion of workers who earn USD 1 per day or less				Proportion of workers who earn USD 2 per day or less			
	1980	1990	2003[a]	2015[b]	1980	1990	2003[a]	2015[b]
World	40,3	27,5	19,7	13,1	59,8	57,2	49,7	40.8
Latin America and Caribbean	15,6	16,1	13,5	11.5	41,2	39,3	33,1	28,8
East Asia	71,1	35,9	17,0	6,5	92,0	79,1	49,2	25,8
Southeast Asia	37,6	19,9	11,3	7,3	73,4	69,1	58,8	47,7
Southern Asia	64,7	53,0	38,1	19,3	95,5	93,1	87,5	77,4
Middle East and North Africa	5,0	3,9	2,9	2,3	40,3	33,9	30,4	24,9
Sub-Saharan Africa	53,4	55,8	55,8	54,0	85,5	89,1	89,0	87,6
Economies in transition	1,6	1,7	5,2	2,1	1,7	5,0	23,6	9,8

a) Estimations b) Projections
Source: Kapsos, 2004, in ILO World Employment Report 2004-05

Chart 1
Productivity measured as output per person employed (constant USD 2000 at PPP) by region, 1996 and 2006



Website: http://www.ilo.org/public/english/employment/strat/wer2004.htm
Source: ILO, KILM 18, Labour Productivity and Unit Labour Costs Indicators. At http://www.ilo.org/public/english/employment/strat/kilm/index.htm

Table 1.2
Characteristics of selected countries, Latin America and the Caribbean by main socio-demographic and economic variables, 2005, 2006

Countries	Total population (2006)	Life expectancy at birth (total both sexes) Average 2000-2005	Urban population % (2005)	Gross national product per inhabitant (Dollars at constant prices for 2000) (2005)	Total gross national product (At current market prices, in millions of dollars) (2005)	Urban unemployment rate (2006)
Argentina	38.971.000	74,3	91,8	8.130,8	183.196,0	10,7 a)
Brazil	190.127.000	71,0	83,4	3.573,7	797.365,4	10,2 b)
Chile	16.436.000	77,7	86,6	5.729,2	115.247,8	8,3 c)
Peru	28.349.000	69,8	72,6	2.340,4	79.382,6	8,8 d)
Latin America *	558.860.000	71,9	77,8	4.044,1	2.412.785,5	
Caribbean**	39.460.000	67,5	64,7	4.985,3	40.598,0	

* Includes 20 countries: Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Cuba, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, the Bolivarian Republic of Venezuela, the Dominican Republic and Uruguay.

** Includes 24 countries: Anguilla, Antigua and Barbuda, Dutch West Indies, Aruba, Bahamas, Barbados, Cuba, Dominica, Granada, Guadeloupe, Haiti, Cayman Islands, Virgin Islands (Am.), Virgin Islands (Br.), Turks and Caicos Islands, Jamaica, Martinique, Montserrat, Puerto Rico, Dominican Rep., St. Kitts-Nevis, St. Lucia, St. Vincent and Grenadines and Trinidad and Tobago.

a) Progressive incorporation until 28 urban agglomerations. New measure from 2003; data not comparable with previous years.

b) Six metropolitan regions. New measure from 2002. Data not comparable with previous years.

c) National total.

d) Metropolitan Lima. New measure from 2002. Data not comparable with previous years.

Source: ECLAC, Statistical Yearbook 2006, pp. 23, 32, 33, 88, 89. ILO, Labour Panorama 2006, pp. 55, 60, 61.

Table 1.3
Urban employment by branch of economic activity.
Selected countries and Latin America. 2005 (2003 for Chile)
In percentages

Countries	Total	Agriculture, fishing and mining	Electricity, gas and water	Manufact. Industry	Construction	Trade	Transport, storage and communic.(1)	Financial establish. (2)	General, social and personal services (3)	Total Services (1)+(2)+(3)	Unspecified activities
Argentina[a] 2005	100,0	1,4	0,5	14,1	8,5	23,5	6,7	9,4	35,5	51,6	0,3
Brazil[b] 2005	100,0	7,9	0,5	15,9	7,5	25,4	5,4	3,3	34,0	42,7	0,3
Chile[c] 2003	100,0	7,8	0,6	14,4	9,1	21,5	8,3	7,7	30,3	46,3	0,3
Peru[d] 2005	100,0	1,0	0,1	18,4	5,2	31,5	9,9	7,7	26,2	43,8	0,0
Latin America 2005	100,0	5,6	1,9	16,1	5,9	25,3	6,6	4,7	33,5	44,8	0,5

(a) 28 urban agglomerations
(b) PNAD Survey for September of each year.
(c) CASEN Survey.
(d) Metropolitan Lima.

Source: ILO estimations based on information from Household Survey in countries. Urban Coverage, in 2006 ILO Labour Panorama. Table 7A.

Table 1.4
Structure of urban employment by sex and formality of sector
Selected countries and Latin America - 2005 (2003 for Chile)
In percentages

Countries	Informal sector			Formal sector				
	Labour			Micro enterprises			Small, med. and large enterprises	Self employed
	Total	Indep. Total	Domestic Service	Total	Total	Public sector	Total	
Argentina[a]								
2005 Total	43,6	17,8	7,5	18,3	56,4	17,6	38,8	4,6
Men	43,2	20,4	0,4	22,4	56,8	13,5	43,2	4,4
Women	44,1	14,4	17,0	12,7	55,9	23,0	32,9	4,9
Brazil[b]								
2005 Total	49,1	24,2	8,5	16,4	50,9	12,4	38,5	1,5
Men	46,6	25,7	0,8	20,0	53,4	9,6	43,9	1,3
Women	52,4	22,2	18,7	11,5	47,6	16,1	31,5	1,7
Chile[c]								
2003 Total	31,9	15,0	6,5	10,3	68,1	11,6	56,6	5,2
Hombres	27,8	16,6	0,2	11,0	72,2	9,9	62,3	4,5
Women	43,7	11,5	14,9	8,5	56,3	12,9	43,4	5,8
Peru[d]								
2005 Total	54,9	32,5	4,6	17,7	45,1	7,6	37,6	3,1
Men	51,1	29,9	0,3	20,9	48,9	6,9	42,0	3,6
Women	60,0	36,1	10,4	13,5	40,0	8,5	31,5	2,5
Latin America								
2005 Total	48,5	25,1	6,3	17,0	51,5	12,8	36,5	2,3
Men	46,3	25,0	0,6	20,7	53,7	10,4	41,0	2,3
Women	51,4	25,1	14,2	12,1	48,4	16,0	30,2	2,2

Note: The data for the last year presented for each country was taken.
(a) 28 urban agglomerations.
(b) PNAD Survey for September of each year.
(c) CASEN Survey.
(d) Metropolitan Lima.

Source: ILO estimations based on information from Household Survey in countries. Urban Coverage, in 2006 ILO Labour Panorama. Table 6A.

Table 1.5
Percentage of people living in poverty in urban areas*
Selected countries and Latin America

Countries	Year	Percentage of people living in poverty in urban areas
Argentina	2005	26,0 [a]
Brazil	2005	32,8
Chile	2003	18,5
Peru	2001[b]	42,0
Latin America	2005[c]	34,1

* Percentage of people whose daily income is less than twice the cost of a basket of basic foodstuffs. Includes people who are destitute.
(a) 28 urban agglomerations.
(b) Figures from INEI of Peru. Not comparable with previous years due to changes in measurement framework.
(c) Estimations based on 19 countries: Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Rep., Ecuador, El Salvador, Guatemala, Haiti, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Venezuela, and Uruguay.
Source: ECLAC, Statistical Yearbook 2006. P. 74.

Table 1.6
Income distribution of urban population by first and tenth deciles
Selected countries - 2003 - 2005. In percentages

Countries	Years	Decile 1 (USD)	Decile 10 (USD)
Argentina	2005	1,1	41,7
Brazil	2005	0,9	49,8
Chile	2003	1,3	44,9
Peru	2003	1,8	36,1

Source: ECLAC, Statistical Yearbook 2006, pp. 77 - 78.

Table 1.7
Pay differentials by gender for the same number of years of study*.
Selected countries 2005-2003. In percentages

Countries	Years	Percentage
Argentina	2005[a]	87,0
Brazil	2005	78,1
Chile	2003	81,7
Peru	2003	77,4

* Average remuneration of urban employed women from 20 to 49 years old who work 35 hours a week or more as a percentage of average remuneration of men with the same characteristics.
(a) 28 urban agglomerations.
Source: ECLAC, Statistical Yearbook 2006, p. 80.

Table 1.8
Gross national product per inhabitant* and rates of variation in GDP per inhabitant. Selected countries, Latin America and the Caribbean. 1995-2005/6

	GDP per inhabitant (USD)							Rates of variation in GDP per inhabitant						
Countries	1995	2000	2002	2003	2004	2005		1995	2000	2002	2003	2004	2005	2006**
Argentina	7.199,3	7.730,2	6.455,8	6.960,6	7.518,5	8.130,8		7,8	-1,8	-11,7	7,8	8,0	8,1	...
Brazil	3.327,1	3.440,0	3.454,4	3.423,8	3.541,5	3.573,7		-0,9	2,8	0,5	-0,9	3,4	0,9	1,4
Chile	4.261,7	4.883,6	5.041,2	5.182,1	5.443,7	5.729,2		2,8	3,2	1,0	2,8	5,0	5,2	3,3
Peru	1.978,9	2.056,2	2.101,2	2.151,1	2.230,6	2.340,4		2,4	1,3	3,6	2,4	3,7	4,9	5,7
Latin America	3.602,2	3.886,0	3.745,9	3.760,5	3.926,3	4.044,1		0,4	2,3	-2,3	0,4	4,4	3,0	3,8
Caribbean	3.659,4	4.227,0	4.393,6	4.624,8	4.776,0	4.985,3		5,3	2,7	2,7	5,3	3,3	4,4	...

* At constant market prices. Dollars at constant prices for 2000.
**Preliminary figures
Source: ECLAC, Statistical Yearbook 2006, pp. 86 and 88.

Table 1.9
Urban open unemployment (average annual rates)
Selected countries and Latin America. 1990 - 2006

Countries	1990	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006*
Argentina[a]	7,5	17,5	17,2	14,9	12,9	14,3	15,1	17,4	19,7	17,3	13,6	11,6	10,7
Brazil[b]	4,3	4,6	5,4	5,7	7,6	7,8	7,1	6,2	11,7	12,3	11,5	9,8	10,2
Chile[c]	7,4	6,6	5,4	5,3	6,4	9,8	9,2	9,1	9,0	8,5	8,8	8,0	8,3
Peru[d]	8,3	7,1	7,2	8,6	6,9	9,4	7,8	9,2	9,4	9,4	9,4	9,6	8,8
Latin America [e]	7,9	9,3	10,0	9,4	9,3	10,5	10,5	10,8	11,6	11,2	10,6	9,4	8,6

* Up to third quarter.
(a) Progressive incorporation up to 28 urban agglomerations starting 2002. New measurement starting 2003. Data not comparable with previous years.
(b) Six metropolitan regions. New measurement starting 2002. Data not comparable with previous year
(c) National total.
(d) Metropolitan Lima. New measurement starting 2002. Data not comparable with previous years.
(e) Simple average.
Source: ILO Labour Panorama 2006, p. 55.

Table 2.1
Net enrolment rate in secondary education by gender . Selected countries

Countries	Secondary	
	M	W
Argentina	79	83
Brazil	69	74
Chile	78	79
Peru	70	68

Note: Data from most recent year in a range of 2 years from the date given.
Source: World Bank, World Development Indicators 2005, CD - Rom, in PREAL, 2006, Quantity without quality, a report on progress in education in Latin America, p. 39.

Table 2.2
Public expenditure on education. Percentage of Gross National Product. 2002 – Selected countries

Countries	Public expenditure on education (% of GDP)
Argentina	4,1
Brazil	4,3
Chile	4,4
Peru	3,1

Source: ECLAC, Statistical Yearbook 2006, p. 65.

Table 2.3
Differences in enrolment rates between richest and poorest quintiles (%) by age, 1990 - 2001
Selected countries

		Aged 6 to 12			Aged 13 to 17			Aged 18 to 23		
		Poorest 20%	Richest 20%	Difference	Poorest 20%	Richest 20%	Difference	Poorest 20%	Richest 20%	Difference
Argentina	1992	97	99	2	73	94	21	33	54	21
	1996	98	100	2	67	97	30	26	62	36
	2001	97	99	2	87	99	12	36	72	36
Brazil	1990	70	96	26	52	84	32	14	40	26
	1995	81	98	17	64	91	27	20	48	28
	2001	93	99	6	81	96	15	32	55	23
Chile	1990	96	99	3	79	94	15	25	52	27
	1996	96	100	4	82	97	15	27	63	36
	2000	98	100	2	87	98	11	26	64	38
Peru	1994	98	99	1	84	95	11	35	56	21
	2000	99	100	1	86	96	10	25	56	31

Note: The data show the percentage of the population in a particular age group enrolled in the school system.
Source: World Bank, 2004, Inequality, Table A.47 in statistical annex, p. 332, taken from PREAL, 2006, Quantity without quality, a report on progress in education in Latin America, p. 37.

Table 2.4
Average years of study of the economically active population aged 15 and over by sex, urban and rural areas, 1980 – 2005. Selected countries

Country	Year	Urban areas			Rural areas		
		Average years of study			Average years of study		
		Both sexes	Men	Women	Both sexes	Men	Women
Argentina* (Greater Bs.As.)	1980	7,4	7,0	8,2	...	...	...
	1990	8,7	8,6	8,9	...	...	...
	1994	9,3	9,0	9,7	...	...	...
	1999	10,4	10	11,1	...	...	...
	2002	10,7	10,2	11,2			
	2005	11,0	10,6	11,6			
Brazil	1979	5,9	5,6	6,4	3,1	3,0	3,4
	1990	6,7	6,3	7,2	3,0	2,7	3,5
	1993	6,0	6,0	6,0	2,8	2,7	2,9
	1999	7,3	6,9	7,9	3,5	3,3	3,8
	2001	7,6	7,2	8,1	3,5	3,3	3,8
	2005	8,3	7,9	8,8	4,2	4,0	4,6
Chile	1987	9,9	9,7	10,3	6,2	5,9	7,6
	1990	10,2	10,0	10,6	6,8	6,4	8,5
	1994	10,6	10,4	10,9	7,1	6,8	8,3
	2000	11,0	10,8	11,3	7,2	6,8	8,4
	2003	11,3	11,2	11,6	7,7	7,4	8,8
Peru	1999	10,0	10,4	9,4	4,8	5,6	3,7
	2001	10,0	10,4	9,6	5,3	6,1	4,1
	2003	10,4	10,8	10,0	5,4	6,3	4,3

* Since 1997 in Argentina information is available that makes it possible to calculate number of years of study.
The above figures are estimations based on the following categories: primary not completed, primary completed, secondary not completed, secondary completed, and higher.

Source: ECLAC, based on household surveys in the respective countries, in ECLAC, Social Panorama of Latin America, 2006, pp. 396 -397.

Table 2.5
Distribution of population aged 25 to 59 by level and type of training, 1990 - 2000. Selected countries

Country	Year	Urban areas				
		Total	Level of training*			
			Without technical or vocational training	With technical or vocational training		
				Sub-total	technical	vocational training
Argentina[a]	1990	100,0	82,4	17,6	10,0	7,6
	1999	100,0	78,8	21,2	11,1	10,1
Brazil	1990	100,0	89,9	10,1	7,4	2,8
	1999	100,0	89,2	10,8	7,3	3,5
Chile	1990	100,0	84,1	15,9	8,7	7,2
	2000	100,0	78,5	21,5	12,4	9,2
Peru	1999	100,0	70,4	29,6	14,4	15,1

(a) Greater Buenos Aires

* ECLAC defines people with vocational training as individuals who completed five or more years of studies additional to secondary education, and people with technical training as those who completed two to four years of post-secondary education.

Source: ECLAC, based on special tabulations of household surveys in the respective countries, in ECLAC, Social Panorama of Latin America, 2001 -2002.

Table 2.6
Percentage of students in lowest and highest levels of reading skills, and average score. Programme for International Student Assessment - PISA2000. Selected countries

Country	Average score	% at level 1 or below	% at level 5
Finland	546	7	18
Canada	534	9	17
Average OECD	500	18	10
Spain	493	16	4
Italy	487	19	5
Thailand	431	37	1
Mexico	422	44	1
Argentina	418	44	2
Chile	410	48	1
Brazil	396	56	1
Peru	327	80	0

Note: Level 1 (poor skills) 335-407 points. Level 5 (good skills) more than 625 points.

Source: OECD/UNESCO, 2003, Literacy Skills, in PREAL, 2005, Quantity without quality, a report on progress in education in Latin America, p. 31.

ANNEX 2
BOXES

Box 1

CAPLAB: Peru[33]

CAPLAB is an organization specialised in executing development projects in Peru. One of its priority objectives is to modernise vocations and promote decent work and self-employment in rural and urban areas, and the scheme is based on learning from and building on experience.

CAPLAB was set up in 1996 to tackle the problems of unemployment, precarious employment conditions and low income among large sectors of the population. The Swiss Agency for Development and Cooperation (SDC), in association with the Ministry of Labour and Employment Promotion and the Ministry of Education, supported the setting up of this services centre to foster the integration of socially disadvantaged young people and women into the labour market. Throughout its period of activity, the CAPLAB has cooperated with different institutions on a variety of projects. In addition to the SDC and the ministries mentioned above, there was also the INBAS (Institute for Vocational Training, Labour Market and Social Policy) in Belgium, CARITAS in Peru, the FONDO EMPLEO (National Fund for Labour Training and Employment Promotion), the Movimiento Fe y Alegría (Faith and Happiness Movement), ITACAB (Institute of Technologies Appropriated for Marginal Sectors) and ILO/CINTERFOR (the Inter-American Centre for Knowledge Development in Vocational Training).

CAPLAB activities are centred on a network of CEOs (Occupational Education Centres), which are managed by the state. These centres cater to the most disadvantaged sectors of the population and their aim is to help these people to have better access to employment through suitable

33 CAPLAB. (Centre for Labour Training and Development Services) "Report on Outcomes and Effects of the 1997-2006 Labour Training Programme".

technical training. CAPLAB formulated a series of proposals for strengthening and improving the CEOs because, at that time, the 900 centres in Peru were operating with minimal equipment and training teams that needed updating, and their trainees had a low level of labour market entry (only 27%). These proposals constituted the CAPLAB Model

This was organized into three different strategies. First, *Technical Training and Labour Demand,* which was an effort to change training processes to make them responsive to the labour demand from medium and small enterprises. As a result of this initiative, some 65% of the trainees from the CEOs that adopted the model achieved labour market entry in the specialist area they were trained for, and 30,000 young people per year benefited from the programme.

The second strategy was *to train facilitators for quality training,* which is an ongoing project with the trainers and instructors at the CEOs. They are taught to handle the latest technologies and methodologies in modern enterprises to ensure that the training they give will improve the trainees' access to the labour market. More than 4,000 centre directors and instructors have been trained under this scheme, 60% of whom are women.

The third strategy is to *widen access to employment.* This involved strengthening the Public Employment Service (PROEMPLEO) and fostering decentralisation in the service through the CEOs, municipalities and NGOs. This has led to improved labour market entry for some 36,000 people.

The application of the CAPLAB model was extended to around 285 CEOs, and this kind of intervention has spread to other countries such as Ecuador, Nicaragua and Bolivia.

In 2003 a new general education law was promulgated in Peru which included methodological proposals, tools and strategies from the model, especially in the process of converting CEOs into CETPROs (Centres of Technical-Productive Education). The centres ceased to be merely training organizations and became suppliers of other services as well for the labour force and for enterprises in the local area.

The CAPLAB implemented various experiences in which it pursued

its goal of achieving greater labour market entry not only through employment but also through different undertakings in rural and urban areas, many of which involved atypical activities. For example, the skills demanded by different producers were strengthened, and in one case a trainee from the Institute of Higher Technology, which is also in the programme, has a guinea pig[34] farm in the mountains where he lives. He sells 250 guinea pigs a week in two cities and has won a prize in a competition for small entrepreneurs for handling technology and the requirements of associating with producers. Another example is a vendor of curtain rails who was trained at a CEO in ironwork and went on to change his work prospects by setting up a curtain rail factory, and has now diversified into other metal products. His training at the CEO not only gave him mastery of the production techniques he needed but also helped him acquire the necessary management skills to develop the enterprise.

In this model, educational structures that are already in existence are used, and the emphasis is on organization, the training of teachers and managers, and tailoring the training to the real demands of local enterprises.

34 This is an autochthonous species of guinea pig which is a prized speciality in Peruvian gastronomy.

Box 2

CHILE CALIFICA: Chile[35]

The Chile Califica programme was set up in 2002 as a joint initiative by the Ministry of Education and the Ministry of Economy and Labour. It is a government body financed by the Chilean government and the World Bank, and its task is to set up a permanent training system in the country based on coordinating the world of training with the world of employment. The idea is that an individual will pursue skills-based training trajectories in a process that continues throughout his or her life regardless of age, level of schooling or labour situation, so as to complete, update and improve their training.

This is a general programme but it includes some components that cater to specific groups, namely young people and adults who have been excluded from the educational and training systems, the active population with low literacy levels and weak work skills, and workers who want to be trained and have their labour skills certified.

The first component is **Secondary Education Levelling**, which is a flexible system in that the beneficiaries can begin or complete their secondary education and thus establish a starting point that gives them the same possibilities as other workers for labour market entry. In this system, young people who are unable to go to classes every day are encouraged to study in whatever time they have available. These studies are based at institutions that are accredited at a Ministry of Education regional registration department, which is open to training providers, and the courses are specialised, free of charge and flexible, so the students can progress at their own pace, under conditions that suit them, and in the time they have available. The training is organized in line with combined models that include attendance activities, and they lead to final exams in educational establishments. This component is aimed at young people and adults over 18 who wish to complete their studies but are unable to attend classes on a daily basis. The students have classes over a period of approximately eight months and they receive instruction in language and communication, English, maths, social sciences,

35 From the Internet pages of REDETIS, ILO/Cinterfor and CHILE CALIFICA. November 2007.

natural sciences, philosophy and psychology. The study groups can meet at the premises of the training institution, at schools, at workplaces, or at social or community centres.

From 2002 to 2004, 74,000 people had their s*econdary education certified*. Their average age was 33 and the distribution by gender was homogenous.

Another component of the course is aimed at establishing an integrated *technical training* offer at all educational levels that is coordinated with labour training. It involves projects focused on labour competencies, and since 2002 some 25 projects of this kind have been financed.

A third component is *training* geared to the needs of the market and coordinated with the use of new computer technologies. This is organized in a distance learning modality and utilises CDs or the Internet, and there is a connected scheme to grant the enterprises that take part certain tax exemptions. The training is executed through technical training organizations (OTECs). Between 2002 and 2006, some 15 OTECs were certified, 840 were in the process of seeking certification and 341 were in the process of self-evaluation, and up to 2005, some 10,260 workers has been trained.

The fourth component is l*abour competencies*. Part of the programme is to set up a national system that enables people to certify their labour skills regardless of how or where these skills were acquired, and productive sectors, unions, academia and the state are all involved in this process.

Lastly there is a fifth component of the programme that has to do with l*abour information*. This is a programme to systematise information about the education and training offer and any other information about employment opportunities that may be useful for students, workers and employers.

Box 3

PRIMER PASO: Argentina[36]

The Primer Paso (First Step) programme is a project to provide work experience in the open market on a massive scale, and this is combined with supplementary training. This is in the framework of an employment promotion management project of the Ministry of Production and Labour in the province of Cordoba, and it is focalised on a target group that has high rates of unemployment.

The foundations for this programme were laid in 1999 when the local government of the province promulgated a decree to this effect. To launch the project, its management unit and the province's Employment and Vocational Training Coordination office designed and implemented a system whereby entry forms were distributed on a massive scale throughout the province thanks to assistance from local governments (municipalities), police precincts, branches of the Banco de la Provincia de Córdoba (Bank of the Province of Cordoba) and the post office network.

The target groups are unemployed young people aged 16 to 25 with low levels of education who have not had any connection with the formal labour market in the six months prior to the start of the programme. Candidates cannot be the beneficiaries of any other public employment and training programme and they cannot be receiving assistance from the social security system. On the programme, special consideration is given to the disabled and to young people from regions with very low levels of productive and socio-economic development. There is quota system and 1,000 places are reserved for these groups.

The basic aim of the programme is to insert these unemployed young people into the open labour market. First there is a **labour practice phase,** which starts with a registration procedure for enterprises that are disposed to participate, and only enterprises with 20 employees or less are eligible. In this phase, the beneficiaries do four hours a day of work practice up to a maximum of 20 hours per week. In addition to the wages they are paid by the enterprise they receive an allowance which is paid directly at the bank to avoid intermediaries. In the four years that the programme has been in operation, links have been established

36 For further information on Primer Paso, see www.redetis.org.ar and www.oitcinterfor.org, Youth, training and employment.

with more than 6,000 enterprises, some 95% of which are small and medium size, where the young people do their work practice. The average of beneficiaries per enterprise is 1.4.

In addition to this work experience component there is a **training** phase, and for this an agreement was signed with the City of Cordoba Economic Development Agency. This agency provides resources channelled from the IDB (Inter-American Development Bank) / FOMIN (Multilateral Investment Fund) using a system of training coupons. In this way, supplementary training is provided for 1,700 young people from the city of Cordoba and other cities of more than 10,000 inhabitants in the province. The training itself is organised by two training institutions, the Blas Pascal University, which is privately managed, and the Information Sciences Vocational Council of the Province of Cordoba. The young people are trained in specialised areas like applied computer sciences, sales and quality customer attention techniques, hygiene and safety at work, reading and interpretation of plans, and handling foodstuffs. This training is supplemented with a system whereby youth take part in an Occupational Project module which has a duration of 8 hours and is organised by trainers from the Employment and Vocational Training Coordination office, the executive unit of the programme. While this phase is in operation there is a supplementary component: a human capital diagnosis system is made available to a group of 300 small and medium enterprises that take young people on the programme to enable these enterprises to identify and systematise their training needs, and this was the basis for programming the specialised training areas mentioned above.

Lastly there is the **supervision** phase. More than 50 training staff from the province's central vocational training institute make visits to the enterprises involved in order to formally monitor the progress and administration of the programme and to make an on-the-spot check on the trainees' performance, their relation with the employer, and to forestall or resolve any conflicts that might arise. This inspection is an examination of the enterprise's pedagogic orientation profile rather than an assessment.

Approximately 44,000 young people have participated in some or other component of the Primer Paso programme, and as a direct result of the training and work practice system more than 10,000 of them have been inserted in a stable situation in the labour market.

Box 4

THE UOCRA FOUNDATION: Argentina[37]

This is an NGO that for nearly 15 years has been engaged in a variety of activities to provide updated, good quality education for workers in the building trade to improve their conditions of life. It is an interesting experience in that it involves an association between a union institution, the Workers Construction Union of the Republic of Argentina (UOCRA) and an employers' association, the Argentine Chamber of Construction (CAC).

In 1993 these two organizations signed a mutual cooperation agreement to set up the Foundation for Education and Training for Construction Workers (F.E.C.T.C.). The aim of this initiative was to promote training and education and facilitate labour market entry for these workers. Since that time, the Foundation has established linkages with various government bodies, enterprises and NGOs, which have helped it progress towards its objectives.

The Foundation offers a wide range of technical vocational training. The design of these activities is based on a diagnosis of demand from the sectors in question, so there are linkages between vocational training and the socio-productive context where the trainees will be inserted. The offer is structured as a combination of continuing training, so there is great emphasis on constantly updating and improving the training offer, and on competency-based training to give the worker a grounding that will allow him or her to use the skills learned in a variety of situations and contexts, to be able to reflect about their own practice and work with other people, and thus become more employable. This system of Training and Certification by Competencies (SIFOC) offers education organised into training itineraries that cover the main branches in the field including traditional building techniques, industrialised construction, various kinds of installation skills, welding and finishing.

For these training activities, a network of vocational training centres has been organised. Twenty centres in different regions in the

37 Source: the UOCRA Foundation web page, consulted on 16 November 2007, and publications distributed by the institution.

country are already members of this network, and another 14 are in the process of joining. The aim of this network is to strengthen training institutions in this sector. As these centres belong to the public education system, the whole local community in each case approves of the investment that has been made to develop them. The Foundation provides technical assistance for designing curricular content and also training and updating activities for the trainers.

In 2004, the National Training Plan for Construction Workers (PCNT) was initiated. This is a scheme to provide training for secure, skilled employment, and it involves instruction in health and safety on site and is geared to strengthening the network of training centres. In 2007, under this plan, some 1461 modules were executed and 24,917 workers received training. Some 77% of the beneficiaries attending courses are men, 43% are under 25 years of age, 52% completed primary education, and 80% are not currently involved in any other form of education.

In addition, the Foundation provides higher education at its Institute for Higher Studies for the Construction Industry (IESIC) with a professional nursing course and a higher technical diploma in industrial hygiene and safety, and also at national educational institutions (through cooperation agreements) such as the National General San Martín University and the Cervantes Higher Institute in the city of San Juan.

The Foundation engages in connected activities as well: it executes courses that are supplementary to the normal vocational training offer, organises conventions with enterprises, gives training that enterprises request, trains trainers through the network of centres, and provides assistance for training institutions, enterprises and workers. It set up and administers a Fund for Research, Training and Safety for the Construction Industry (FICS), which is the fruit of an agreement between the trade union and the Chamber of Construction to give priority to training in the area of risk prevention and health and safety at work.

Box 5

Education for New Industry: Brazil[38]

This programme was initiated in 2007 as a response from industry to the need to expand the offer of opportunities for training to cater to the new demands of the labour market in Brazil. It is linked to the Strategic Map of Industry 2007-2015, and is tailored to the productive sector's vision of how the country will develop in the future. These entrepreneurs have identified quality education as a crucial condition for enterprises to expand and for the economy, which is in a growth phase, to become more competitive. The programme is managed by the National Confederation of Industry (CNI), which plans to invest 10.45 thousand million Brazilian reals in basic and vocational education for 16.2 million people in the country. In the 2007 to 2010 period, these resources will be used to modernise the schools network and laboratories, to train teachers, and to overhaul the content of SESI (Social Service for the Industrial Sector) and SENAI (National Industrial Training Service) courses.

The SESI and the SENAI have vast experience in formal and vocational education and this was a key element in the organization of the programme as it draws on and improves what these two organizations have learned in over fifty years of experience during which they have been financed from a payroll levy in industry. The SENAI is currently training two million workers per year at 406 schools and 301 mobile teaching units. The SESI has schools in more than two thousand municipalities, and every year more than one and a half million people enrol on its courses in preschool education, primary and secondary education, continuing and adult worker education.

This initiative to restructure and reinforce what has been achieved is based on four lines of action: new vocational profiles, new industrial regions, new technologies, and an accelerated rate of growth in the economy. The *new vocational profiles* are designed to respond to the needs of the new model of industry in which there is an increasing trend to recruit human resources with higher levels of schooling. At the present time, some 4.8 million out of the country's 7.8 million industrial workers, which is 61% of the total, did not complete their primary education, and this is seen as one of the main factors limiting growth in the

38 Source: Educaçâo para a Nova Industria. Executive Summary, CNI, SESI, SENAI. Brasilia, 2007.

country's economy. To remedy this, it is vitally important to raise the levels of primary education, continuing education and vocational training. *New industrial regions* should de developed on the basis of the greater mobility of productive capital and not centred just in the more developed regions but geared to the emergence of new poles of production. As to *new technologies,* the programme aims at reformulating and updating teaching methodologies and educational content to be able to respond to the demand for better trained human resources. The final point is that *the economy's rate of growth is accelerating* so more trained workers are required, and the programme is geared to meeting this need.

The SESI and the SENAI have both set ambitious goals for the next three years. In the areas of primary and continuing education, the SESI has projected 7.1 million children, young people and adults enrolled, and it will extend its coverage to holistic schools (that have a longer teaching day). It is expected that coverage will extend to 40% of the populations of the holistic schools at the secondary level by 2010, and that the education of 75% of these students will be coordinated with vocational training. Besides this, an effort will be made to progressively increase the proportion of students who complete their studies in this time frame.

In vocational education, the SENAI envisages an enrolment level of 8.6 million young people aged 14 to 24 in initial and continual worker training, and they will have apprenticeship contracts with enterprises and will do theoretical and practical work. There will be around 482,000 trainees in secondary technical vocational education, and they will be taught the skills that are essential to be able to work in the new expanding industries. It has been estimated that by 2010 more than one million new jobs in industry will have been generated, of which approximately 400,000 will be technical occupations. The SENAI is also planning for 32,690 students in higher education, an area in which the organization is expanding, and an average annual growth of 32% in enrolments is expected over the period. To support this projected growth in enrolments, some 1.3 thousand million Brazilian reals will be invested in physical and technological infrastructure over the period.

The overall objective of this programme is to foster the insertion into the formal economy of an increasing proportion of young people over 16 years old. Today most of this age group are working in the informal economy.

Box 6

The SENAI External Evaluation Programme in Brazil[39]

This is an ongoing follow-up programme to evaluate the outcomes of the training institution based on the performance of its trainees. It consists of the SENAI Trainee Permanent Follow-up System – Sao Paulo (SAPES), which originally went into operation in 1985 and monitored various kinds of courses and specialised subject areas. In addition to this feedback it also provided an institutional analysis of the enterprises where the trainees were inserted. Since 2002, its head office has been at the SENAI main office in Brasilia (SENAI-DN), and the programme has spread to a large number of other states in the country. It meets the need for information to be able to make systematic evaluations of an institution's performance so it can tailor its vocational training programmes to student expectations and market needs. The main aim is to set up a system to monitor the performance of trainees in the labour market.

The programme functions as follows: there is an initial phase in which the profile of a trainee who completes a course at the SENAI is evaluated, and this includes an analysis of his or her expectations in terms of income and how long they expect to be in the labour market. Then there is a second phase in which the trainee's progress over the year after finishing their studies is checked against how far their expectations have been satisfied. Lastly, the enterprise where the trainee was inserted is asked to give an assessment of how this worker performed and what expectations the enterprise has of people trained at the SENAI.

This kind of evaluation has been adapted and used by national institutions such as the MTE/SEFOR (Ministry of Labour / Secretary for Vocational Training), the SENAC (National Commercial Training Service) and the CEETEPS (Paula Souza State Technological Education Centre – Sao Paulo). In the evaluation a set of indicators are used, and in this case 28 indicators were selected: 13 that reflect performance and 15 that monitor the goals that were set. These indicators cover four dimensions of trainee evaluation:

39 Source: SENAI DN, *Análisis externo del SENAI,* Brasilia, 2002.

1. Employability
2. Socio-vocational promotion
3. The trainee's satisfaction with the SENAI
4. The visibility of SENAI's image

In the institutions mentioned above, 9,056 students who recently completed training courses were evaluated in 1999, 3,580 in the year 2000 and 12,636 in 2001, and administrative staff in 779 enterprises were interviewed.

One positive finding is that some 63% of trainees were inserted into the labour market. Each year, this scheme makes it possible to evaluate how well the institution is working, analyse what steps are necessary to rectify any defects that are detected, and measure the effects of educational programmes on both kinds of beneficiaries, the trainees and the enterprises.

This programme has been extended from its original home at the SENAI office in Sao Paulo to 10 regional offices under the direction of the national head office. An important point to note is that these are external evaluations, because the reference indicators used to gauge the effectiveness of programmes are independent of the institution itself.

To sum up, first the trainees' labour performance is measured, then the SENAI courses[40] are evaluated, and lastly the SENAI's image.[41] All in all this is a positive experience because it makes it possible to periodically monitor how well a vocational training institution is functioning and provides concrete input for decisions such as whether training should be extended to new locations or whether certain courses should be terminated.

40 The courses are evaluated on a Likert scale with five levels.

41 Analysis of the SENAI's image is based on an Abraham Maslow ranking of individuals' needs and motivation.

Box 7

The evaluation of ex-trainees from the SENATI Dual Programme: Peru[42]

The evaluation of vocational training outcomes is a crucial problem in the development of these kind of institutions. To meet this need an evaluation of trainees who completed the SENATI Dual Learning Programme was carried out by Aiga Von Hippel in a coordinated effort involving the GTZ Project, the Ludwig-Maximilian University in Munich, the German Development Foundation and the SENATI itself. The aim was to evaluate the above-mentioned programme by following up on the progress made by trainees so as to be able to formulate projects to improve the institution's offer in the field of training and counselling.

In 1995 and 1996, the SENATI initiated far-reaching reforms in its teaching-learning methodology, the profiles of its training staff, and its equipment and infrastructure. It was decided at that time to undertake a study of trainees who enrolled at the SENATI just when the above-mentioned reforms were being put into practice and who completed their courses in 1998-99, so as to obtain a picture of the outcomes of the action taken. Field work was done to gather basic information that could be used to measure the quality and effectiveness of the Dual Learning Programme. The quality and effectiveness of vocational training institutions can be measured by analysing the subsequent employability of their trainees, that is to say gauging their ability to accede to and retain satisfactory employment.

In the case of the Dual Learning Programme, 69% of the apprentices who completed their courses were directly applying at work the training they had acquired, and a further 9% were employed in a related area. In the study, these positive outcomes were attributed to a number of factors including the following:

- The programme based on the dual system provides practical training in real activities on the job, in enterprises, and this is supplemented with theoretical technological training.

42 Source: Von Hippel, Aiga, "Grado de ocupación de los egresados del aprendizaje dual del SENATI" (National Service of Occupational Training in Industry). Produced by the German Agency for Technical Cooperation (GTZ) GMBH Project. Lima, Peru, 2001.

- Entrepreneurs participate in every stage of the training process, from course design right through to evaluation.
- The trainers made an important contribution.
- The institution itself has great prestige.

The statistics on trainees who complete courses are an important information input for the training institution about how these people perform in the labour area and, in the light of their current occupation, what they think of the training they received. This enables the institution to modify certain aspects of its offer and make adjustments so it is more tailored to the trainees' and the labour market's real needs. One component of the SENATI study was personal interviews with a random sample of people who obtained their final certificate in February 2001, that is, who had been part of the intake in the 1996-I semester at the Lima area office. Three occupational areas were selected on the basis of their importance in the economy, namely electrical engineering, automobile mechanics and metalwork. Interviews were held with ex-trainees who had been in the labour market for two or three years, with the idea that there would be a second interview some time afterwards to see what progress these people had made. A total of 90 individuals who had completed studies in the three fields mentioned above were interviewed.[43] First the data about job level and its connection, if any, with the training is analysed, and then there is a study of the employer enterprise as regards its size, the time the ex-trainee has been in this employment, remuneration, the level of the occupational position, satisfaction with occupational position, the reasons why this position was sought, working conditions, the skills the employee developed while studying, plans for improvement, and what further training courses the individual might take. The fact that nearly 70% of individuals are working in the area they were trained for is taken as a good outcome.

This model for studying ex-trainees can be replicated in other training institutions and in other SENATI centres. It constitutes a source of reliable information that can be used as a basis for making decisions about reforms and to supplement the retrospective evaluation of programmes.

43 A total of 231 people in the three specialist areas who enrolled in1996 obtained their certificates in 2001, and of these a random sample of 90 were selected, 83 men and 7 women.

Box 8

The Labour Competency Certification Programme: Argentina[44]

In various countries in Latin America there are projects under way to develop continuing training and labour competency certification. This involves drawing up catalogues of skills for different sectors of the economy, and these translate into changes in the curricula of training institutions. In Argentina, the Ministry of Labour, Employment and Social Security began with projects of this kind in mid 2004. Work is under way on a national level in the process of developing the certification of skills in line with performance parameters, work methodologies and procedures for standardization and evaluation, quality assurance in institutions and the certification of workers. Up to now, 23 sectors of activity have been covered and 190 competency standards have been established, each with its own evaluation instruments. It is calculated that by the end of 2007 some 12,000 workers had been evaluated in line with skills standards.

As well as the public institutions that have formulated these policies, in this case the Ministry of Labour, different actors in the productive process are necessarily involved in the pursuit of this objective. These actors intervene at different levels:

Technical level: Experts from the sector, to draw up occupational maps and competency standards.

Policy level: Administrative staff, to agree on the use of the parameters established, and to construct the sector certification body.

Institutional level: Councils and committees have to be set up to coordinate training institutions with employment offices to make sure that interaction processes are effective.

A number of associations and federations from different sectors of the economy are also involved in the process, such as representatives from the footwear industry, the Chamber of Construction and workers from the building industry, and federations and associations from other sectors like pastries and cakes, wool production and tourism. For these projects to operate smoothly, the entrepreneurial sector has to partici-

44 Source: www.trabajo.gov.ar/competencialaboral, consulted in October 2007, and interviews with participants.

pate very actively in order to establish linkages between skills certification and the demands of its quality policy and its capacity to manage its resources in relation to these parameters. Participation by the trade union sector is also crucial because of the collective agreements involved and the consequences of the process in terms of employment, remuneration and categories.

The innovative feature of this programme is that curricular design is structured so as to facilitate training by labour skills. To produce these designs, first the specific capacities to be taught on each course were determined, then the standards that had been set were analysed, especially as regards the capabilities that would be brought into play, and thus lists of skills were drawn up. These would be the training objectives on the courses to be prepared. At the same time, work was done on training instructors so they would be able to handle the new schemes which involve courses based on problems, critical points and diagnosing situations. Studies on this subject have shown that entrepreneurs are reluctant to support this training, and among the reasons they give is that it involves a loss of work time and/or that once employees have been trained they may move on to a different enterprise. There is also the question of how much the actors involved know about what a skill is and how it should be transmitted. The problem is how to attract the actors' interest and how to get them to participate in these projects because if these initiatives to improve the training of workers in the necessary skills are to yield positive results they will have to have real support from the various actors involved.

To be competent or skilled means to have a system for approaching work, the will to find solutions, a questing attitude, tolerance of failure, precision, and the desire to do a good job. Skill means having knowledge and capabilities that are mobilised in action.[45] When we talk about a skill, therefore, we implicitly mean three basic capabilities that must be combined and based on specific knowledge, namely to diagnose, to predict and to plan. These are the foundations that the success of these projects to certify skills will be based on.

45 Gallart, María Antonia and Jacinto, Claudia. (1997). "Competencias laborales: tema clave en la articulación educación-trabajo", in Gallart, M.A. and Bertoncello, R. (editor), (1997). *Cuestiones actuales de la formación*. Montevideo, ILO/Cinterfor.

Box 9

The National Secondary Education Examination: Brazil[46]

In the mid 1990s there was a reform in secondary education in Brazil. In 1996 the Law of Guidelines and Fundamental Principles of National Education was promulgated, and the National Secondary Education Examination (ENEM) was instituted to evaluate the quality of the education being given. In Brazil up to the 1980s, secondary education was geared mainly to relatively limited middle and high level population sectors and was seen as a route to tertiary education, but in the 1990s secondary education came more to be seen as the concluding stage of primary education, it came to symbolise democratisation and training for citizenship. With this change of perspective, more and more adolescents were incorporated into this level of education. The system expanded enormously and this was accompanied by the curricular reform mentioned above, and it was also necessary to incorporate a tool to measure the actual quality of the education. This tool is the ENEM, whose main purpose is to evaluate the exit profile of students who complete this level. This means making an evaluation of students' performance when their basic schooling is concluded, based on the range of skills to do with disciplined behaviour they will need to be able to cope with the increasing challenges of modern life. It is expected that these skills and learning content will have been assimilated by the students in the course of their schooling. "The school should ensure that the students develop the general structures of language, sciences, arts and philosophy with a teaching dynamic that allows the young people to mobilise this traditional knowledge in the search for creative solutions to day-to-day problems that are presented in appropriate contexts".[47]

In this way the examination leads to the construction of a labour competency chart and skills that constitutes a reference framework for evaluating basic schooling, and in this it is similar to examinations in other countries such as the SAT (Scholastic Aptitude Test) in the

46 Source: Guimarães de Castro, María Helena , "A reforma do Ensino Medio no Brasil", paper presented at the seminar "Calidad y Equidad en la Educación Media", Buenos Aires, 2004. CENEP. (Sponsored by the Ford Foundation).

47 Guimarães de Castro, María Helena, document previously cited.

United States or the Baccalauréat in France. It is a single, multi-disciplinary test with 63 objective questions based on a chart of five competencies and 21 skills. These five competencies are as follows:

- Mastery of the Portuguese language and of specific language in the areas of mathematics, arts and sciences.
- The application of concepts to understand natural phenomena, historical and geographical processes, technological production and art.
- The utilisation of data and information as a basis for making decisions in problem situations.
- The ability to construct consistent arguments.
- The capacity to formulate proposals for intervention in the real world, with respect for human values and taking the socio-cultural diversity of the country into account.

One important feature to bear in mind is that the examination is voluntary, and since 2001 it has been free of charge to students who complete their studies at public (state-run) schools. Between 1998 and 2002 some 3.3 million students were evaluated in this way. The examination is an important evaluation tool because it reveals the defects in the training that is given. Higher education institutions are free to choose whether they will utilise the results of this examination as a requirement for their students. In 2002, 4,893 students in Brazil also took part in the PISA (Programme for International Student Assessment), which is coordinated by the OECD in 32 countries, and the results they obtained in the two tests were very similar.

The ENEM makes it possible to examine whether the great expansion in enrolments in education in Brazil has been accompanied by an improvement in the quality of the education itself. The first approach was mainly designed to research the ability of school-leavers to read and understand texts. The ENEM Pedagogic Report expressly states that "The results of the 2002 ENEM show that of all the challenges in Brazilian schooling, access to learning to read is the most highly-valued and needed by society" (MEC/INEP, 2002, in the document cited). This experience of a voluntary, free examination is seen as an instrument for quality control in basic education in Brazil.

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GLOSSARY

CAPLAB:	Centre for Labour Training and Development Services. Peru.
CEETEPS:	Paula Souza State Technological Education Centre. Sao Paulo.
CEO:	Occupational Education Centre. Peru.
CENFOTUR:	National Training Service for the Tourism Industry. Peru.
CEPAL:	Economic Commission for Latin America and the Caribbean.
CETPRO:	Centre of Technical-Productive Education. Peru.
CINTERFOR:	The Inter-American Centre for Knowledge Development in Vocational Training
CNI:	National Confederation of Industry. Brazil.
CONET:	National Technical Education Board. Argentina.
ENEM:	National Secondary Education Examination. Brazil.
FAT:	Worker's Protection Fund. Brazil.
FOMIN:	Multilateral Investment Fund (IDB).
FONCAP:	National Training Fund. Chile.
GDP:	Gross Domestic Product.
GRADE:	Group for the Analysis of Development. Peru.
IDB:	Inter-American Development Bank.
ILO:	International Labour Office.
INA:	National Training Institute. Costa Rica.
INACAP:	National Training Institute. Chile.
INFOCAL:	National Institute for Technical Labour Training. Bolivia.
INFOTEP:	National Institute of Vocational Training. Dominican Republic.
NGO:	Non-Governmental Organization.
OCDE:	Organization for Economic Co-operation and Development.
OTEC:	Technical Training Organization. Chile.
PISA:	Programme for International Student Assessment.
PLANFOR:	National Plan for Worker Qualification. Brazil.
PNQ:	National Qualifications Plan. Brazil.
PREAL:	Programme to Promote Educational Reform in Latin America.
SAPES:	SENAI Trainee Permanent Follow-up System. Sao Paulo. Brazil.
SAT:	Scholastic Aptitude Test.
SCANS:	Secretary's Commission on Achieving Necessary Skills. USA.

SEBRAE:	Brazilian Support Service for Entrepreneurs' and Small Enterprises. Brazil.
SEFOR:	Secretariat for Vocational Training. Brazil.
SENA:	National Training Service. Colombia.
SENAC:	National Commercial Training Service. Brazil.
SENAI:	National Industrial Training Service. Brazil.
SENAR:	National Rural Training Service. Brazil.
SENAT:	National Transport Training Service. Brazil.
SENATI:	National Service of Occupational Training in Industry. Peru.
SENCE:	National Training and Employment Service. Chile.
SENCICO:	National Service of Training for the Construction Industry. Peru.
SESCOOP:	National Apprenticeship Service for Urban Cooperatives. Brazil.
SESI:	Social Service for the Industrial Sector. Brazil.
UOCRA:	Republic of Argentina Workers Construction Union.
VTI:	Vocational Training Institution.

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