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## 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,<sup>32</sup> 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.

<sup>32</sup> 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 financier. 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.