

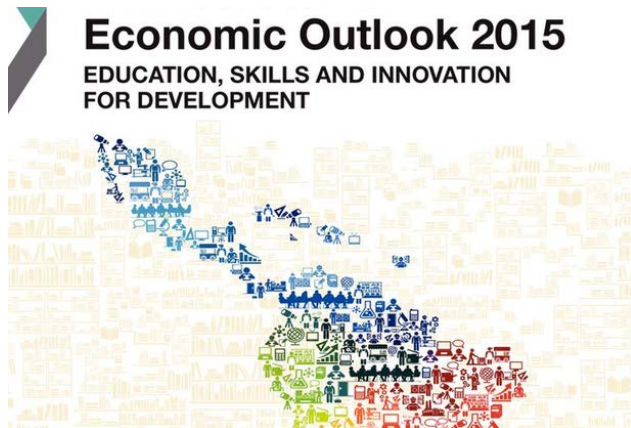
09.03.15

Understanding Skills Development in Latin America

Ariel Fiszbein



Everyone is focusing on skills development as solution to low productivity growth



**Working to End Poverty
in Latin America and the Caribbean**
Workers, Jobs, and Wages



Handle with care

We have a skills problem!

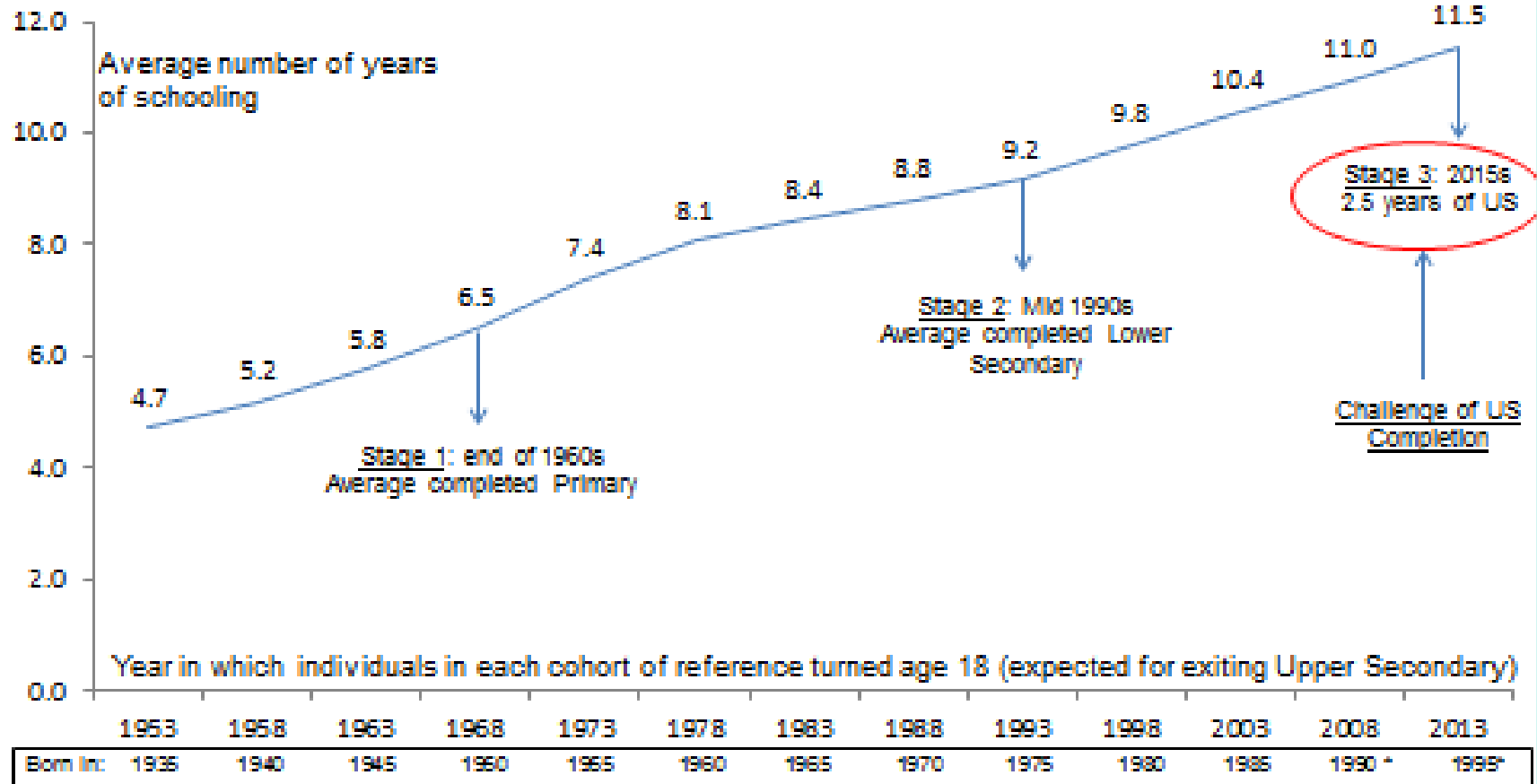


We need a large training program!!



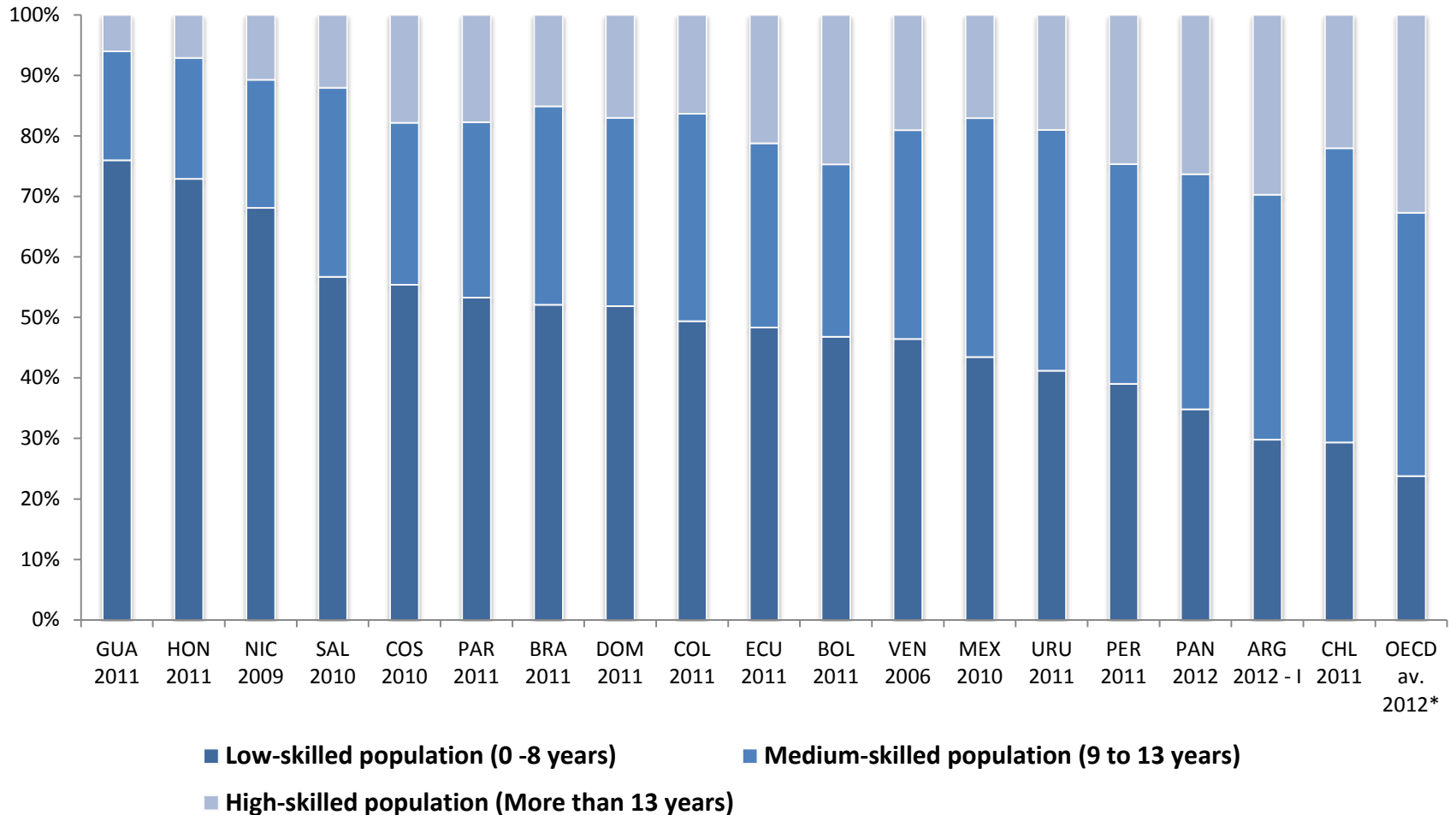
Which skills? Why aren't people/firms investing in those skills?

Average years of schooling for cohorts born between 1935 and 1995 in LA



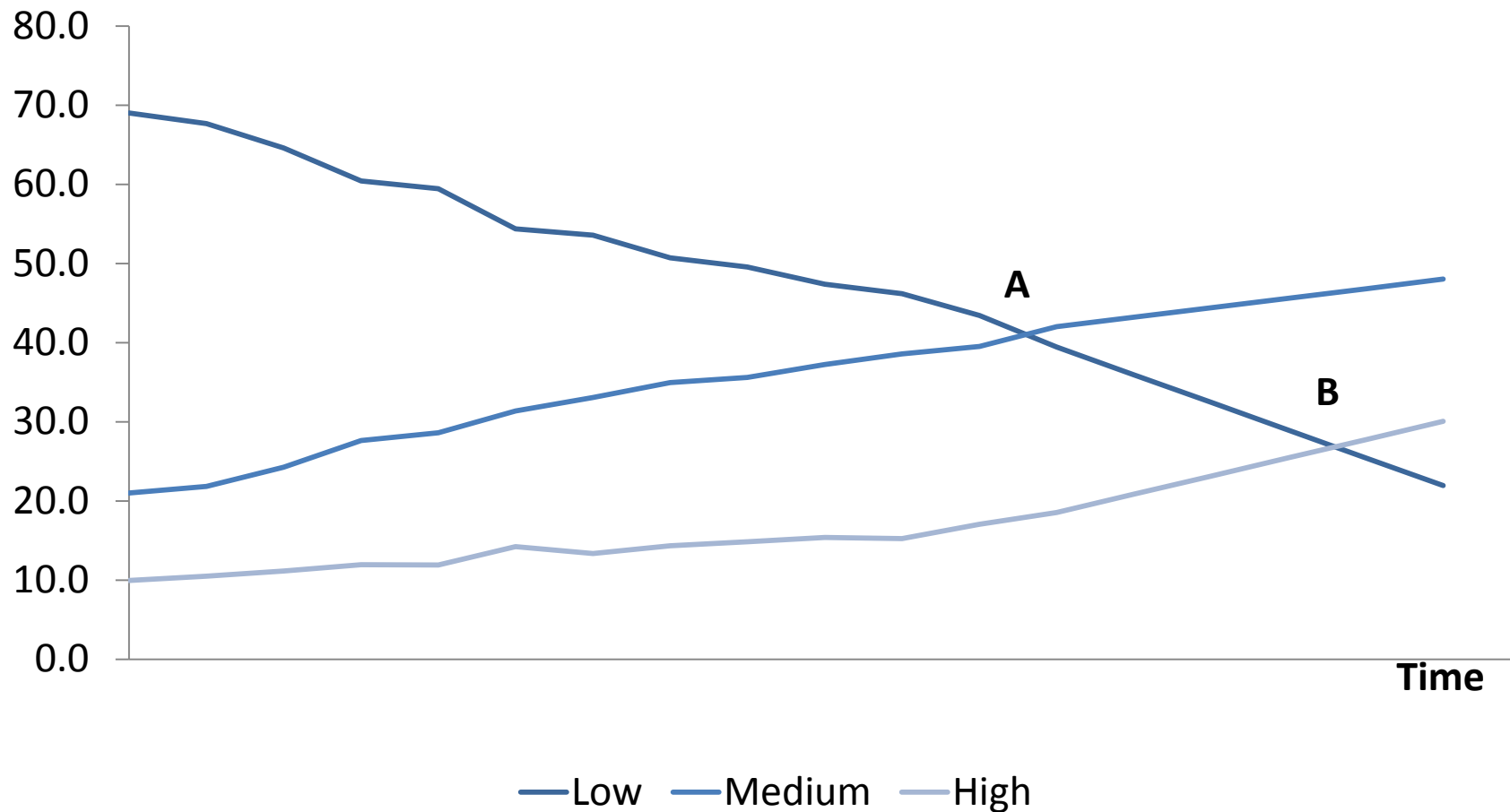
Source: Adelman and Székely (2015).

A diverse region in terms of skills development

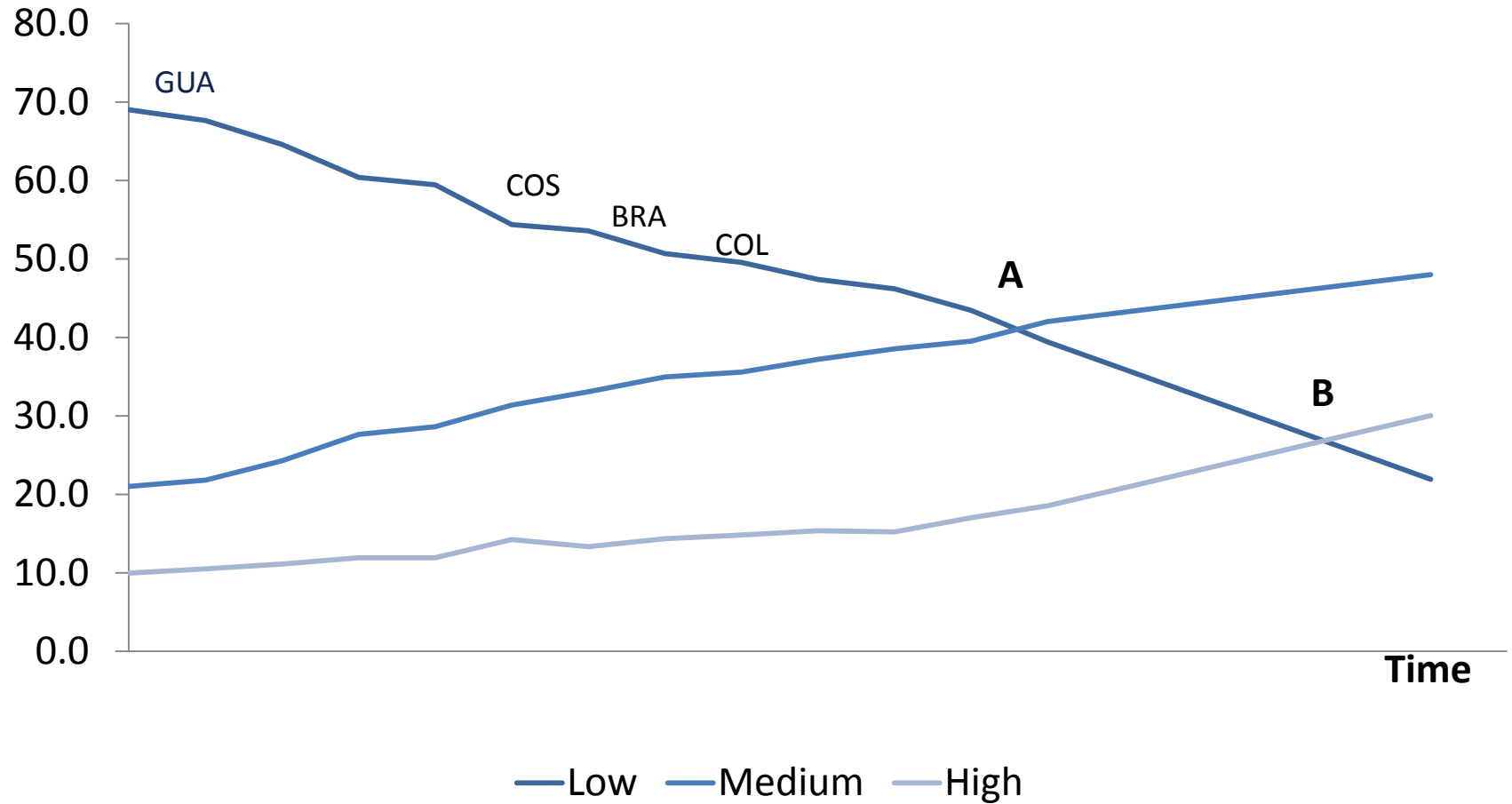


Source: Author's elaboration using SEDLAC data with the latest available information and OECD 2014 Education at a Glance Data

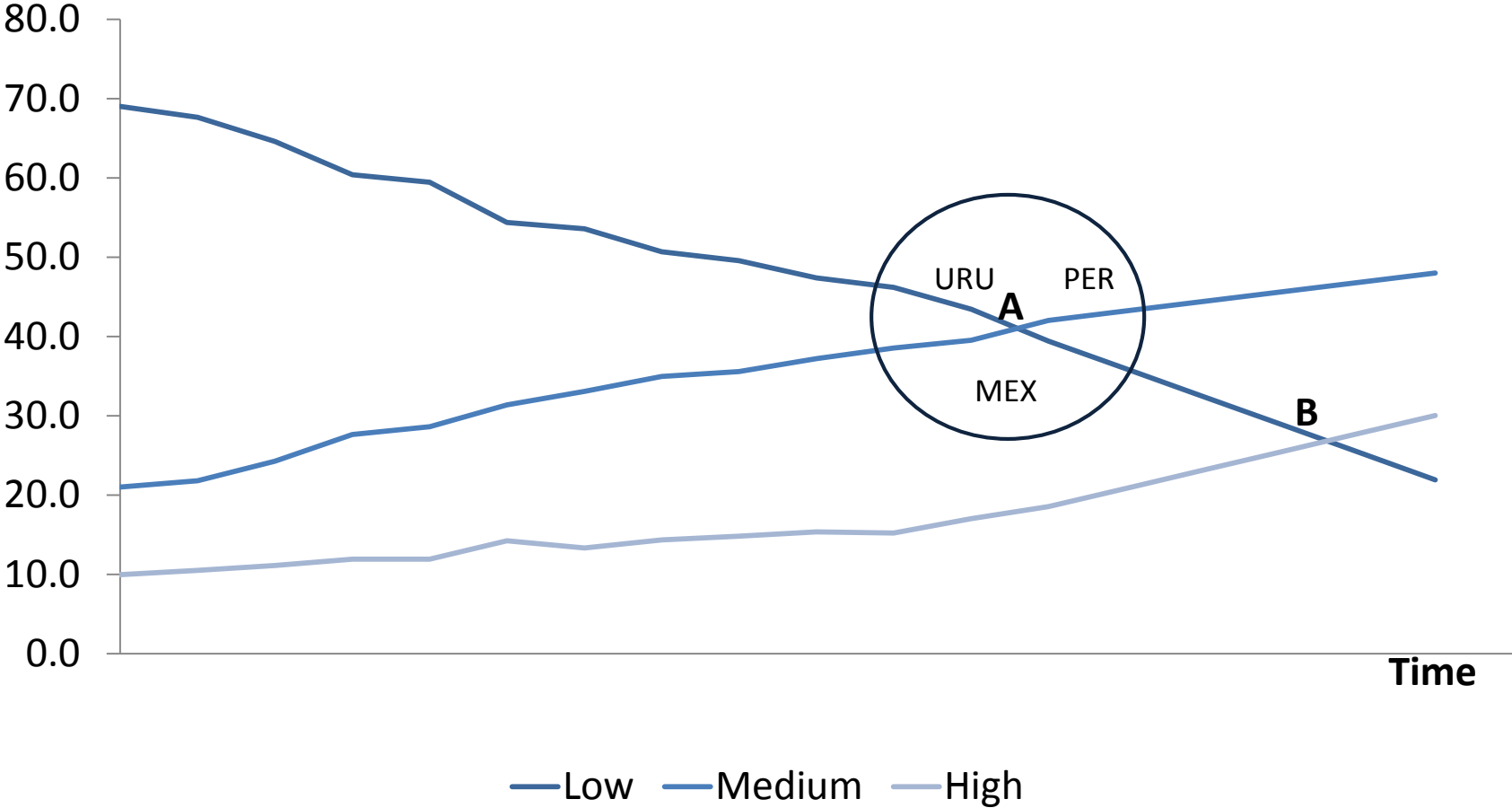
Where is Latin America in the path to skills development?



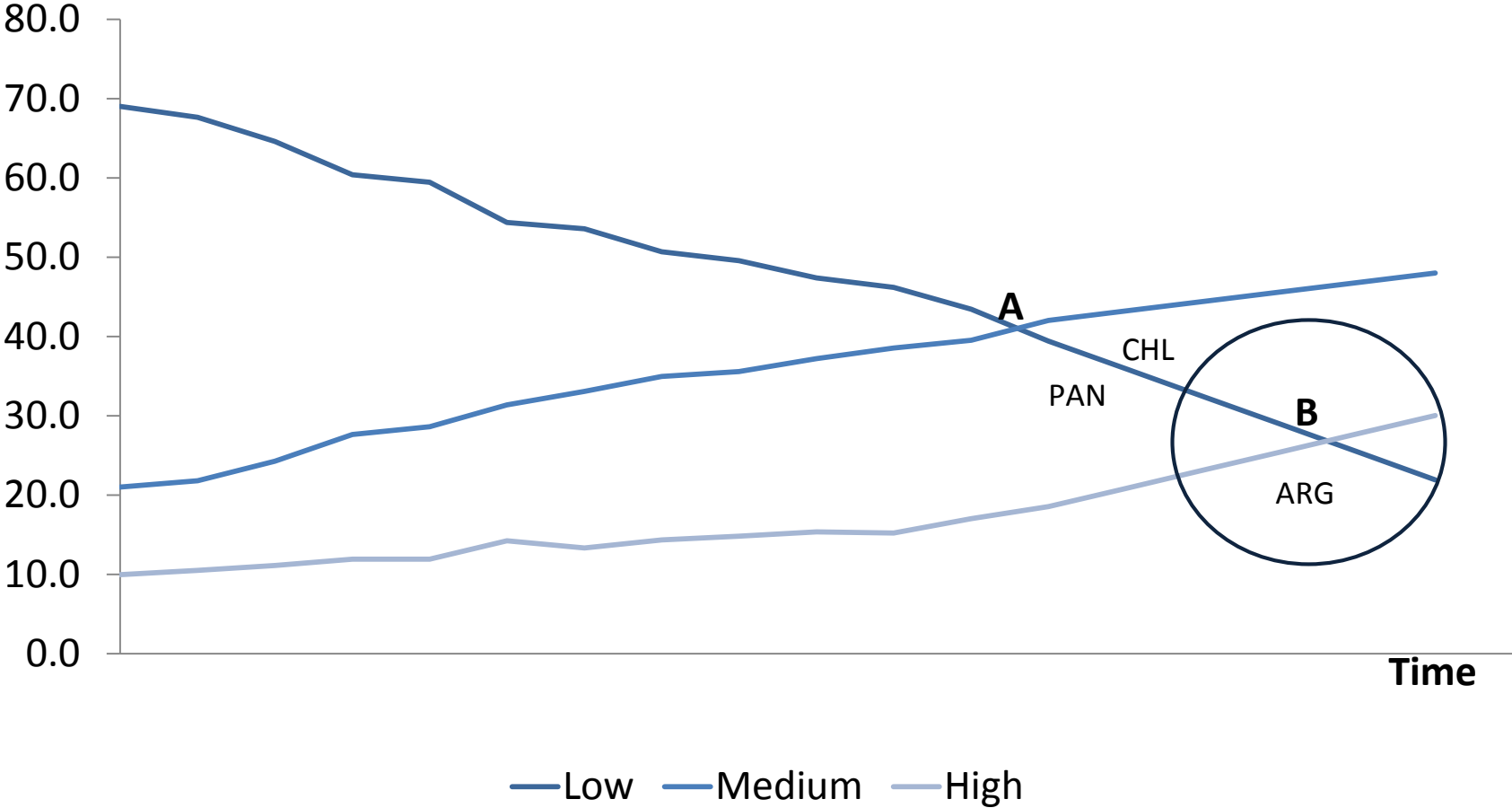
Rapid decline in the low skill workers



A few countries are entering a new phase of skills development challenges

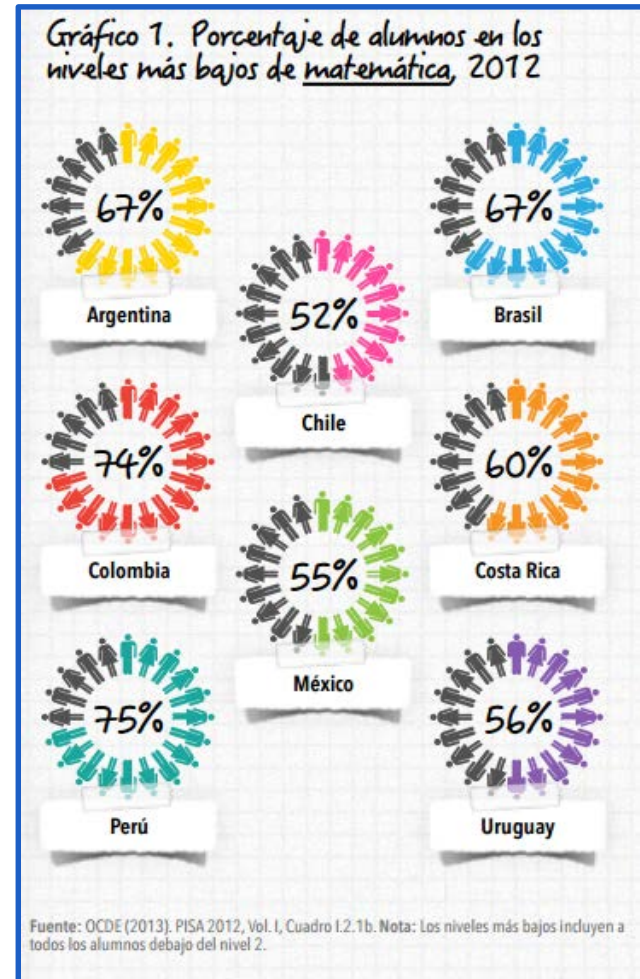
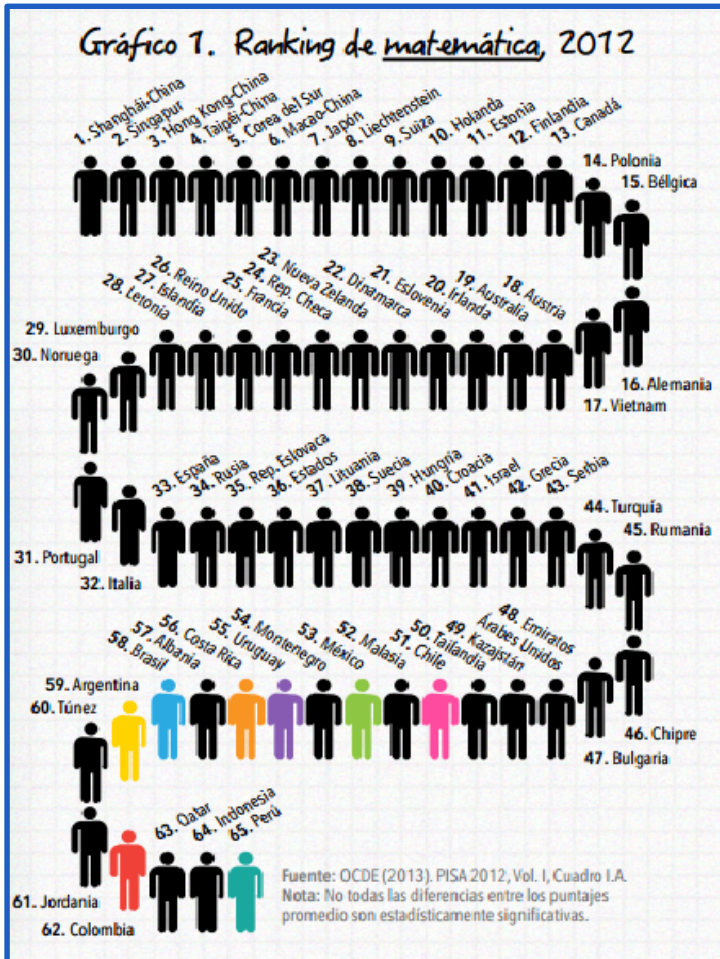


A few countries are entering a new phase of skills development challenges



But quality is extremely low:

Math PISA Results



15 year-olds reaching PISA top scores

ARGENTINA
(40MM)



One Bus

=

44 (0.0064%)

CHILE
(17MM)



Bus X 8 1/3

=

365 (0.12%)

NETHERLANDS
(16.6MM)

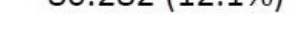
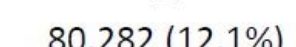
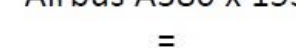
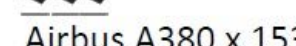
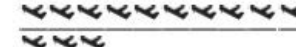
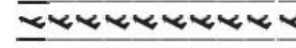
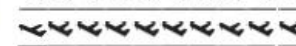
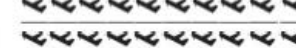
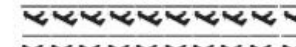
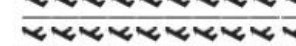
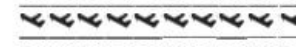
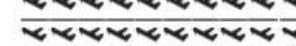
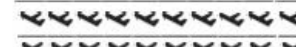


Airbus A380 x 17

=

8.735 (4.36%)

SOUTH KOREA
(48MM)

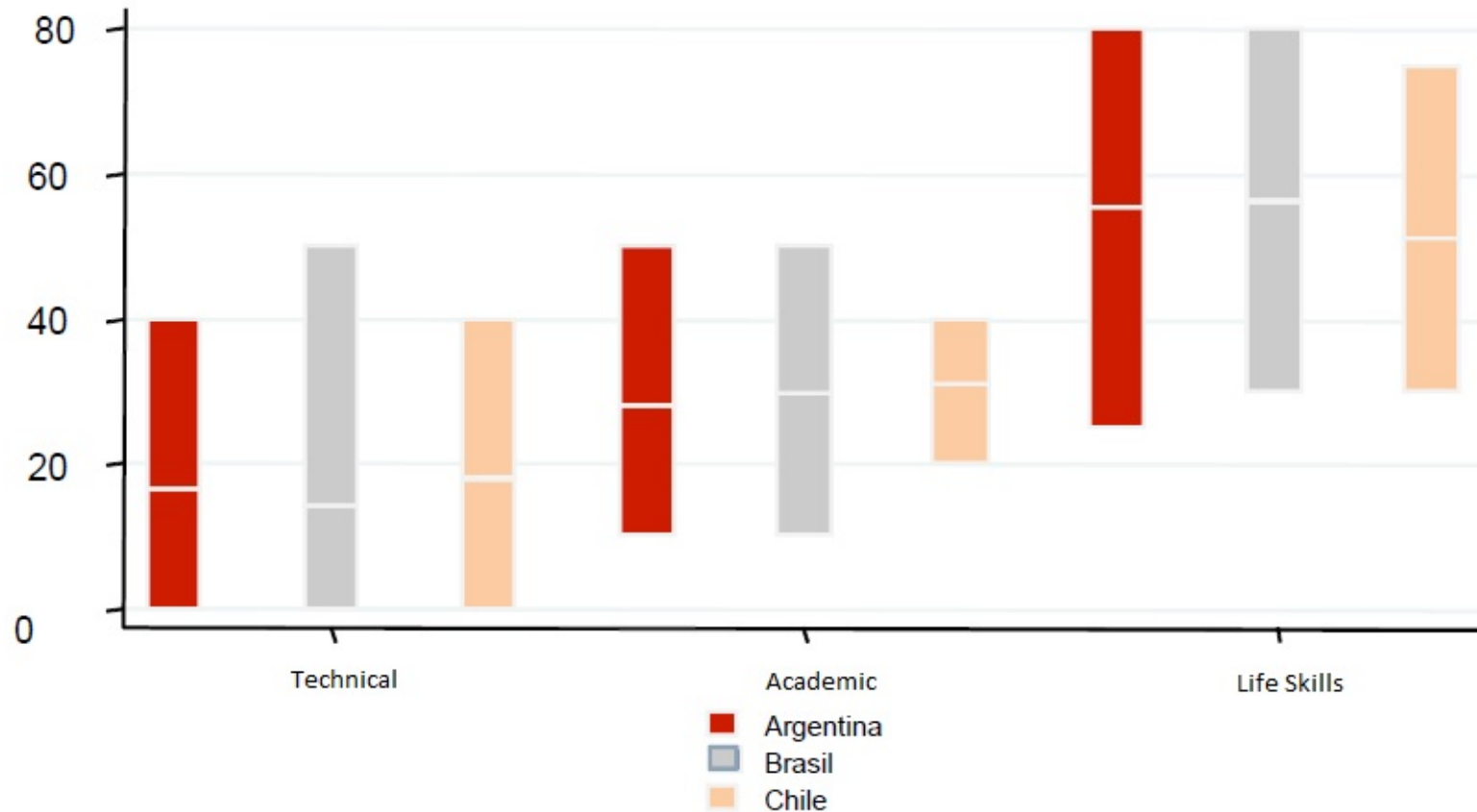


Airbus A380 x 153

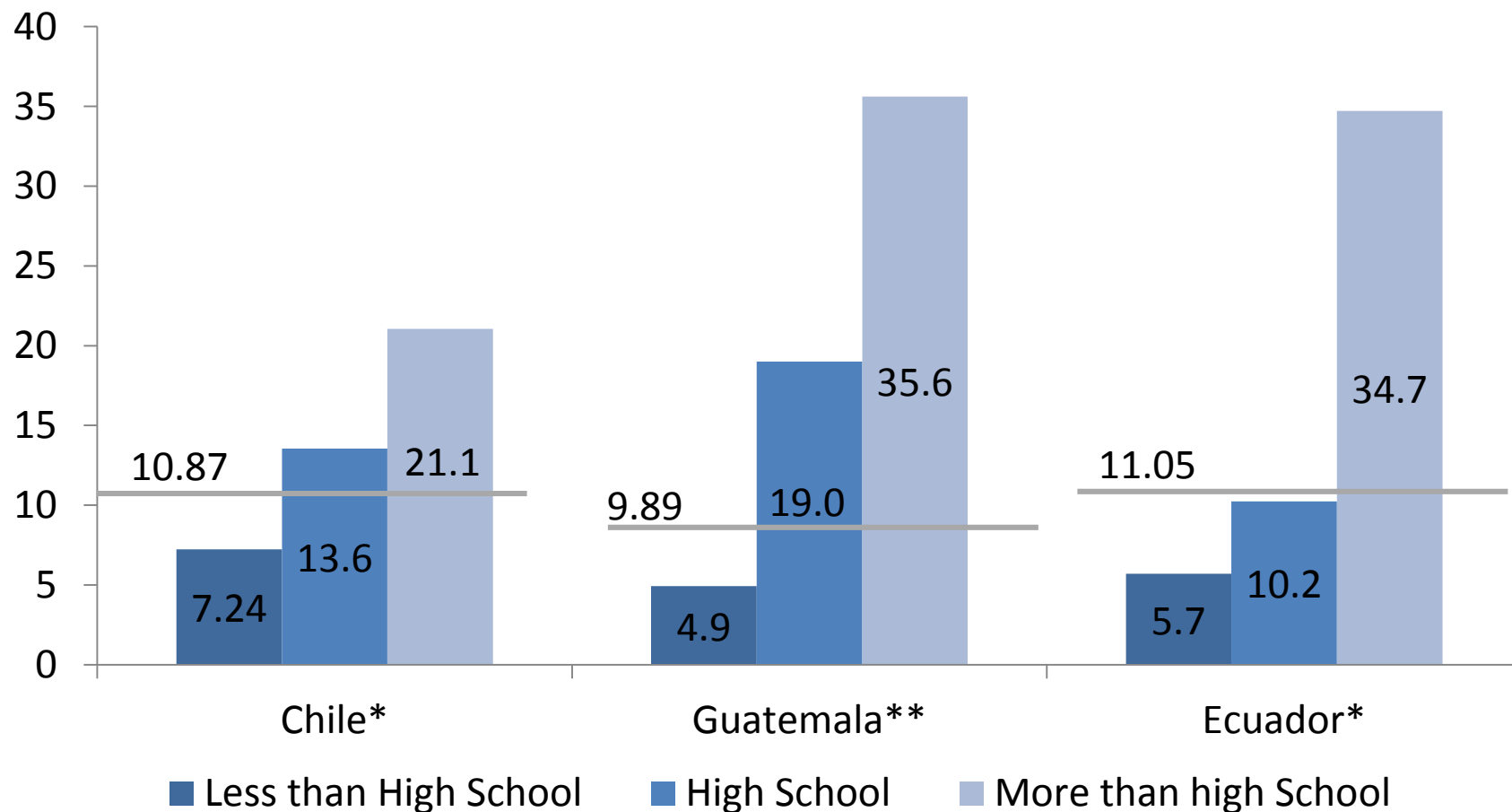
=

80.282 (12.1%)

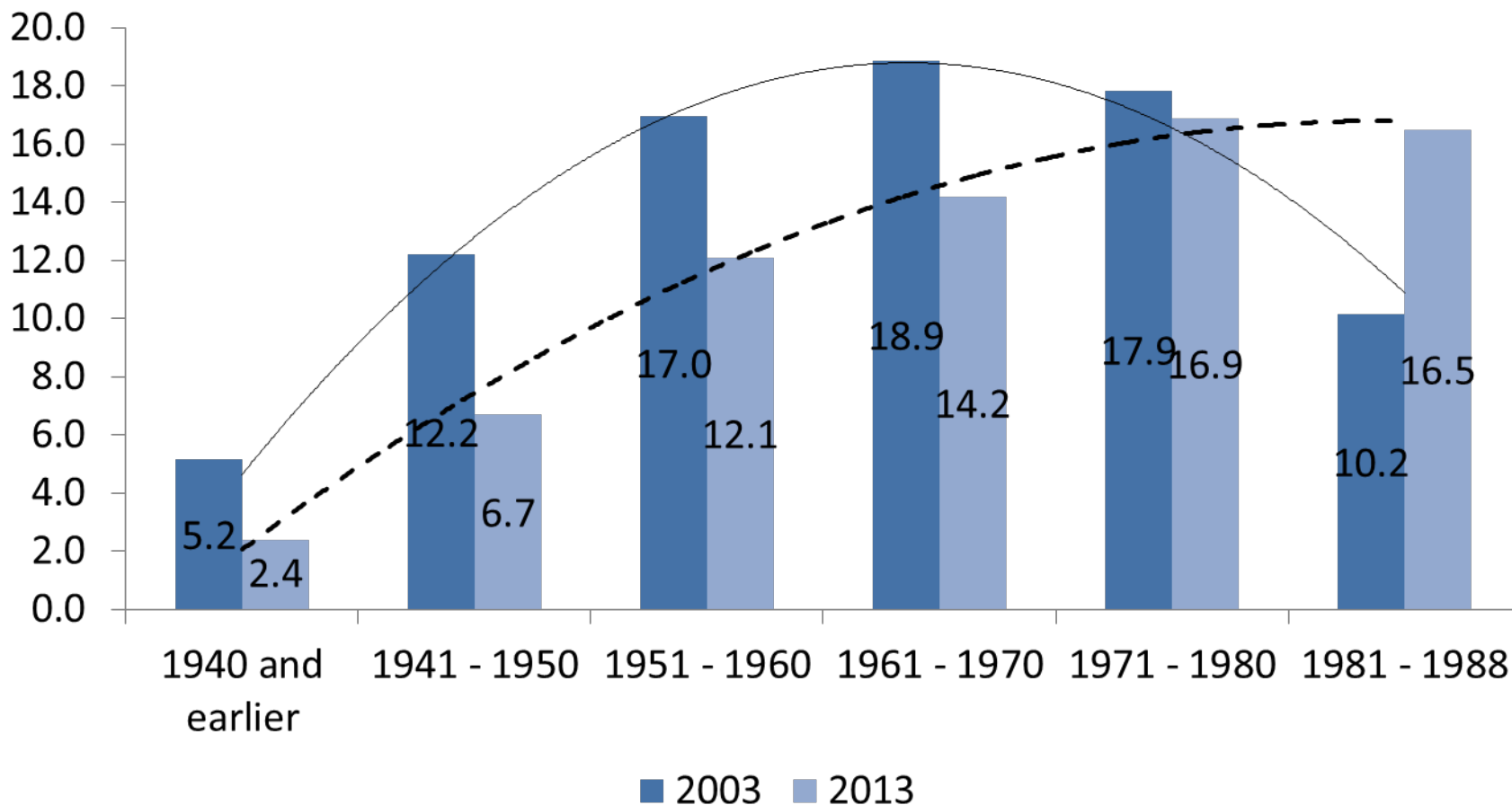
Survey on Skills Demands: Skills valued by firms



How much training is taking place?



Training over the lifecycle: cohort analysis in Chile



Provision and Funding of Training: Guatemala

	Provision				
		Public	Own	Other	Total
Funding	Public	4.0	0.3	0.7	5.0
	Firm	7.0	33.9	13.0	53.8
	Individual	12.3	2.0	10.6	24.9
	Other	3.7	4.0	8.6	16.3
	Total	26.9	40.2	32.9	100

Source: ENEI 2013 - II

Provision and Funding of Training: Ecuador

	Provision				
		Public	Firm	Other	Total
Funding	Public	2.4	1.4	1.5	5.2
	Firm	10.0	52.5	8.2	70.6
	Individual	3.8	1.3	9.9	15.0
	Other	4.2	0.2	4.8	9.1
	Total	20.3	55.4	24.3	100

Source: ENEMDU 2013

Challenges to understanding skills development

- Need to look at education & training
- Need comparators: time series & international benchmarking
- Breakdown of skills (PIAAC, socio-emotional skills)
- Understand how the market is working
- Labor force surveys: so many limitations....



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