

Making Markets Work for the Poor

Case Studies Series*

CAPLAB – A Training for Employment Programme in Peru

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Summary

In 1996, SDC launched a new skills development programme (Programa de Capacitación Laboral – CAPLAB) in Peru, aiming primarily at disadvantaged groups. The project identification mission had identified young people dropped out of the formal education and training system, and unemployed women as the two most appropriate target groups for an SDC intervention in the field of vocational education and training.

A careful analysis of the training system in place revealed that only a network of public low-level training centres (CEOs) was both accessible and affordable for these target groups. Therefore, the identification mission proposed to develop a reform programme for the CEOs, in order to make them work for the poor better.

The key issue of the proposed reform programme was to develop the CEOs from bureaucratic public institutions to flexible local service providers who respond to the needs of both the participants looking for a skills upgrade and the local companies looking for a skilled labour force.

The project design comprised three components:

- § A first component focused on the revision of the training programmes by introducing short, modularised courses based upon occupational profiles to be developed with practitioners from companies and including entrepreneurship training as an option.¹
- § A second component referred to the staff development of the CEOs and included a further training programme for principals and teachers / instructors, which covered managerial, technical and pedagogical aspects.
- § Finally, a third component envisaged the development of placement activities in all the CEOs involved, i.e. the CEOs had to establish a small placement office with two fulltime staff, equipped with a computer and linked to a network coordinated by a team in the Ministry of Labour. Their major task was to establish contacts with the local companies, to identify vacancies and to support the CEO graduates as well as other job seekers of the local environment in finding jobs.

The programme started with eight pilot CEOs in Lima, but was gradually extended to more than 60 CEOs from different regions of Peru, including rural areas. In addition, the CAPLAB approach was disseminated to more than 200 other CEOs, which apply some or all of the instruments of CAPLAB. Currently, the CAPLAB model serves the Ministry of Education as a blueprint for a reform of the whole CEO system in the country.

The CEOs operating under the CAPLAB programme significantly increased the percentage of graduates who find a job after the training (from 28% to 53%), and enabled another 17% to set up their own business. The placement offices, introduced in the context of CAPLAB, have developed to a nation-wide network of labour-exchange service providers that supports more than 100.000 job seekers and numerous companies each year.

What can be learned from the CAPLAB experience is that vocational education and training (VET) or skills development projects in development co-operation, in order to focus on poverty reduction, have to consider at least four main aspects:

¹ For this purpose the CAPLAB staff was trained in the DACUM methodology – an approved instrument for job analysis – and in different entrepreneurship training programmes like CEFE and others.

- 1) They have to select appropriate *target groups* (who are the poor and where are they?) and to carefully examine their needs and constraints in terms of education and training.
- 2) The training offers have to be *accessible* for these target groups (what are the obstacles for them to attend or successfully complete mainstream training programmes and how can these be overcome?)
- 3) The training has to prepare for *gainful activities* (what employment or self-employment perspectives do they have and how can these best be developed, even beyond traditional training activities?)
- 4) The training should open *career pathways* (how can training programmes for the poor be linked with mainstream training in order to allow individual career pathways?)

As compared to more traditional training approaches, a pro-poor training like CAPLAB:

- § Concentrates primarily on deprived urban areas and rural areas
- § Considers job opportunities in the informal sector
- § Promotes self-employment as a valuable option
- § Is more gender balanced
- § Has only low level or no formal entry requirements
- § Offers short term courses (modules) based on competencies
- § Includes placement activities and follow-ups.

1 Introduction

In the context of the Millennium Development Goals (MDG), poverty reduction has become the overall objective to which vocational education and training (VET) or skills development projects have to contribute. With regard to this overall policy framework many donor organisations have refocused their sector policies in the field of VET by paying more attention to demand-driven, as well as employment and income generating approaches.

The European Commission “establishes three priorities:

- § Basic education, particularly primary education and teacher training
- § Job related vocational training
- § Higher education, particularly at the regional level²

The Asian Development Bank’s principal priorities for education sector development are reducing poverty, enhancing the status of women and facilitating economic growth. In this context, ADB feels a need for developing non-formal training programmes in entrepreneurial and income generating skills for the poor.³

Much earlier than these large organisations and even before the MDG discussion began, SDC in its VET sector policy of 1994⁴, highlighted the need to focus on disadvantaged target groups, to take advantage of the employment potential of the informal sector and consider self-employment as a valuable option in the context of VET.

It was against this background that, in 1996, SDC commissioned INBAS to identify and design a new programme in the field of skills development in Peru. A team-leader from INBAS, two SDC staff – a representative of the HQ VET department and a representative of the coordination office – and two local consultants carried out a first mission in February 1996.

The proposal submitted by the team was approved by the SDC authorities as well as by the national counterparts, and the project “*Programa de Capacitacion Laboral – CAPLAB*” (*training for employment programme*) was launched in October 1996.

Following a pilot phase of 18 months and an interim phase from April 1998 until March 2000, the programme entered, due to its success, an extension phase as of April 2000, followed by an institutionalisation phase from April 2003 until March 2006.

Since April 2006, the programme is in its final phase, which terminates in March 2008.

2 Target groups

The terms of reference for the identification mission of CAPLAB in 1996 were inspired by the pro-poor approach of the then new VET sector policy and explicitly required a focus on disadvantaged groups. Therefore, the key questions the identification team had to answer at the beginning of their mission were:

- § Who are the poor?
- § Where are they?
- § What are their needs in terms of education and training?

Who are the poor?

As a result of 15 years of civil war in the rural areas of Peru, many people had left their farms and villages and had come to Lima, increasing the number of low-skilled job seekers. The economy, which had been severely affected by these political conflicts,

² Communication from the Commission to the Council and the European Parliament, 6 March 2002.

³ Asian Development Bank: Policy on Education, Manila, August 2002.

⁴ SDC – Sector policy vocational education and training, Berne, 1994.

was far away from offering a sufficient amount of jobs for this segment of the labour force. In addition, a high number of young graduates from the education and training system entered the labour markets every year and amplified the dramatic mismatch of supply and demand of labour.

According to an estimation of the Peruvian Ministry of Labour from 1996, 1.4 million young people were unemployed and were earning their living by doing all kinds of jobs in the informal sector.⁵

A careful analysis of available reports and statistical data revealed that two groups⁶ carried a particular high risk of being excluded from the labour markets:

§ Young people dropped out of the formal education and training system, and

§ Unemployed women, many of them single mothers.

The programme describes its target groups as follows:

“The target population of the CAPLAB programme is made up by youngsters ranging from 16 to 30 years and of older women with disadvantageous conditions in the labour market.”⁷

Where are they?

Geographically, they concentrated in deprived urban areas, the so-called *pueblos jóvenes*, a euphemistic term for the ring of shantytowns surrounding Lima and other big cities: CAPLAB estimated that up to 3.500.000 disadvantaged young people lived in urban areas.⁸

In general, they were not unemployed in the strict sense of the word because they had to earn their living by carrying out different kinds of jobs in the urban informal sector, and many even run their own micro-enterprise. A survey amongst participants of non-formal training courses of that time revealed that 70% of them were working as informal workers before they enrolled to the course.⁹

What are their needs in terms of education and training?

Many of these disadvantaged young people and unemployed women were drop-outs of the formal education and training system with incomplete secondary education and no or low vocational qualifications and skills. What they required in terms of training were training courses appropriate to equip them with the skills to:

§ either get a decent job, be it in the modern or the informal sector of the economy;

§ or to improve the performance of the micro-businesses they already run;

§ or to successfully start their own business.

The training system in place was not able to respond adequately to these needs.

3 Training system

The key question of analysis that arose at that stage was:

To what extent does the VET system in place, respond to these needs, where are the weaknesses and which are the gaps that could be bridged by an SDC intervention?

The analysis of the identification mission team revealed that the Peruvian education and training system clearly distinguishes a formal and a non-formal system.

⁵ “Planificación Programa de Capacitación Laboral CAPLAB, etapa piloto 1997 – 1998, chapter 2.1, contexto socio-económico.

⁶ The rural population, by far the poorest segment of the Peruvian society, was not considered as a target group for a VET intervention at that stage.

⁷ CAPLAB leaflet, characterization of the target group.

⁸ CAPLAB leaflet, characterization of the target group.

⁹ CAPLAB leaflet: characterization of the target group.

The *formal system* is exclusively oriented at academic careers and does not offer any labour market relevant qualifications at secondary level. It comprises a secondary technical school (*secundaria técnica*), but according to statistical data of the Ministry of Education only 15% of all students of secondary education inscribed in technical secondary schools while 85% inscribed in secondary schools with general education only.

¹⁰ Moreover, it can be assumed that almost all students who enrol in technical secondary schools have the ambition to continue their studies at the tertiary level and attempt to get access to a technical university. Consequently, the vocational part of the curricula is very weak as compared to the share of general education (which is needed to get prepared for the entry exams of the universities). Practical instruction does almost not exist. As a result, a high number of young people who either drop out of secondary education or do not pass the entry exams of the higher education institutions – and this is the majority of the applicants – enter the labour markets without any relevant skills and qualifications.

The *non-formal training system* is made for these target groups. It offers vocational training with the purpose to help participants to get a job. It has two levels. The *Centros de Educación Ocupacional – CEOs* (Centres for employment oriented training) operate at a lower level, while a few sector-specific training centres financed by a levy contributed by the companies of the respective sector, offer more ambitious vocational training courses.

Further analysis revealed that for the two target groups identified for a potential skills development programme, i.e. unemployed women and disadvantaged young people, only the non-formal part of the system was accessible. Their economic situation did not allow them to continue their studies beyond the level of secondary education, and many of them, especially amongst the women, even had to drop out of secondary education or terminated their education after primary school.

Within the non-formal system, their options were again limited. The sector-specific training centres required, as a minimum entrance level, a completed secondary education that many of the young people did not have. In addition, the training courses offered in these institutions usually had a duration of two or three years, which is not affordable for disadvantaged groups.

The only solution were the CEOs that did not have any formal entry requirements. There were approximately 1.000 public CEOs in Peru, operating all over the country under the auspices of the Ministry of Education. They offered basic training courses of usually one year of duration based upon standard curricula provided by the Ministry. The courses were attended by almost 300.000 participants per year. However, the CEOs were poorly equipped, with poorly qualified and badly remunerated and demotivated staff, and suffered from a bad reputation in the economy because of their outdated curricula and the low level of quality of their training that did not at all match the expectations of employers. A national survey in the early 90ies concluded that only one out of four graduates of the CEOs got a job after the training.¹¹

4 Project design

For the identification mission team it was clear from the beginning that the envisaged new programme should contribute to a reform of the system and a further development and improvement of its existing capacities. For budgetary reasons it was not intended to install new capacities like for example new training centres that could act as centres of excellence.

The analysis of the education and training system revealed that a programme aiming at the two identified target groups with the purpose to improve their access to employment and income, had to focus the non-formal training. Two options to make the non-

¹⁰ Ministerio de Educación, Resultados del Censo Escolar de 1994, Lima 1995.

¹¹ CAPLAB leaflet: training and labour market articulation.

formal system work for the disadvantaged groups were discussed: To establish preparatory courses and grant schemes in order to make the sector-specific training centres both accessible and affordable for the target groups or to reform the CEOs in order to improve the employability of their graduates.

The advantage of the first option was the quality of the training in these sector-specific training centres and their relatively good reputation in the economy, which enabled their graduates to find jobs in the modern sector. However, the overall capacity of these sector-specific training centres was very limited, and even with the best preparatory courses and grant schemes only an irrelevant minority of the target groups – according to estimations of the Ministry of Labour there were some 1.4 million unemployed young people – would have benefited of such an approach. That is why the team decided to go for the second option.

The obvious advantage of the second option was its potential to reach out to high numbers of participants – the CEOs provided training for almost 300.000 participants per year –, the fact that they were operating all over the country and also in those deprived urban areas where the majority of the target groups concentrated, and that the target groups, despite the bad reputation and low quality of the CEOs, already used their services.

The team therefore decided to design a programme that supports the CEOs to significantly increase their efficiency and effectiveness in order to make them work better for the poor. The main idea of the programme proposed by the team was to convert the CEOs from bureaucratic public institutions to market oriented flexible service providers for their local environment.

For a training institution to become a local service provider is much more difficult than for any other kind of service provider in the economy because they are not dealing with the demand and requirements of only one client but of three:

There are the participants who have different demands and expectations. If these are not adequately considered they drop out, the number of applicants reduces and the training centre gets in trouble.

There are the companies that require skilled labour force according to their needs, and if their expectations are not met, the training centre has difficulties to place its graduates and will sooner or later have difficulties to attract new applicants.

Finally, there is the state. A training centre aiming primarily at disadvantaged groups needs public funding. In return, the state imposes rules and regulations that have to be followed.

In the case of CAPLAB, responding to the demands of the target groups implied:

- § A significant reduction of the course duration to only three months
- § A flexible timing (evening and / or weekend courses) to allow participants to maintain their (informal) jobs
- § The provision of child care services to allow the participation of single mothers
- § The modularisation of curricula to enable graduates to re-enter training and complete or further build up qualifications at future occasions
- § A possibility to re-enter the formal education system through acquisition of qualifications in a step-by-step modular approach
- § The integration of entrepreneurship / self-employment / business development aspects in the training concepts.

In order to better meet the expectations of the local companies the programme design had to consider:

- § The development of new, modularised curricula based upon occupational profiles that reflect the reality of the world of work
- § A more hands-on training approach including an internship in a company
- § The development of a culture of communication between the training centres and the local companies that enables the training centres to orient their programmes towards the demand of their immediate clients.

To reshape the CEOs accordingly required the permission of the Ministry of Education, which finally agreed to give CAPLAB the status of a pilot programme. Thus, the CEOs operating under CAPLAB were allowed to deviate of the official educational policy and, amongst other things, to develop their own curricula and to carry out “productive projects”, i.e. to produce and market goods or services in order to confront their participants with real work situations and to generate income for the centre.

It was clear for the designers that such a radical reorientation of the CEOs had to be accompanied by a careful change of mindset of the key actors involved, i.e. the principals and the teachers and instructors of the CEOs. They had to adopt the new role of being service providers and partners of the local companies, and they had to learn that their main responsibility was the successful placement and labour market integration of their participants and not just the delivery of standard training programmes to a given number of people.

Based on these reflections the team designed a programme that comprised three components:

- § A first component focused on the revision of the training programmes by introducing short, modularised courses based upon occupational profiles to be developed with practitioners from companies and including entrepreneurship training as an option.¹²
- § A second component referred to the staff development of the CEOs and included a further training programme for principals and teachers / instructors, which covered managerial, technical and pedagogical aspects.
- § Finally, a third component envisaged the development of placement activities in all the CEOs involved, i.e. the CEOs had to establish a small placement office with two fulltime staff, equipped with a computer and linked to a network coordinated by a team in the Ministry of Labour. Their major task was to establish contacts with the local companies, to identify vacancies and to support the CEO graduates as well as other job seekers of the local environment in finding jobs. (This component implied the need to involve also the Ministry of Labour as a national counterpart because job placement services are part of the agenda of the Labour Ministry.)

5 Main results

The programme implementation started in 1997 with eight pilot CEOs in Lima that were selected via a public tender. Using the trained and experienced staff of these first pilot CEOs as multipliers, the network was gradually extended to more than 60 CEOs during the subsequent programme phases. In addition to these more than 60 CEOs that are members of the programme network, the programme’s philosophy, instruments and products were disseminated to more than 200 other CEOs in the country via training of trainers programmes, internships, conferences, publications, and the programme website. Today, the programme covers almost all regions of the country and has also been adapted to the specific conditions in rural areas.

Currently, the CAPLAB approach serves the Ministry of Education as a blueprint for a comprehensive reform of the public non-formal training system. With the support of the

¹² For this purpose the CAPLAB staff was trained in the DACUM methodology – an approved instrument for job analysis – and in different entrepreneurship training programmes like CEFE and others.

CAPLAB team and a pool of experienced principals, teachers and instructors from the CAPLAB CEOs, some 200 public CEOs are prepared to adopt a new approach, which reflects the principles of the CAPLAB programme and is based on the CAPLAB experience. The CEOs which successfully pass this reform process will get a new name (Centro de educación técnica-productiva – CETPRO) and a new status, which also entitles them to issue certificates that are recognised in the formal education and training system, thus realising the vision of the CAPLAB designers to achieve a certain permeability between the formal and non-formal training systems, i.e. to provide a more feasible option to disadvantaged groups to get access to higher education. Almost all of the more than 60 CAPLAB CEOs have already been upgraded to CETPROs.

As regards the impact of CAPLAB in terms of labour market integration, the monitoring data and the results of regular tracer studies reveal a significant improvement. The percentage of graduates who get a job after training has increased from 28% - the baseline situation - to 53%. In addition, 17% of the graduates started their own business after completion of a CAPLAB training.¹³ Taking into consideration that these figures have been achieved despite a drastic reduction of the course duration – from more or less one year to only three months – shows the dramatic change in terms of efficiency CAPLAB brought about. The advantage of the modular approach is also approved by the fact that some 15% of all graduates return to a CAPLAB CEO at a later stage in order to acquire a second module and to complete their qualifications.

The placement offices established in the CAPLAB CEOs have a success story of their own. They became the nucleus of a nation-wide public employment service that now comprises numerous placement offices operating not only in CEOs but also within local governments, universities or NGOs. The system covers almost all regions of the country and provides labour exchange services and labour market information to more than 100.000 individuals per year. Three out of four requests forwarded by companies can be successfully served by the placement offices.¹⁴ In addition to the important role, the placement offices have for the labour market integration of graduates they also contribute enormously to the quality control of the training programmes. Thanks to their close contacts with the companies, they get feedback on the job performance of the graduates that can be used for the adaptation of future programmes.

Apart from all these data, it is the new relationship between the training centres and the local companies that makes the change evident. Almost all of the CAPLAB CEOs now have a consultative board with representatives of local companies. CEO teachers and instructors undergo internships in companies in order to familiarise with the world of work. Local SMEs subcontract “their” CEOs when they receive an order that exceeds their capacities. CEOs and local companies organise joint trade fairs and other events. Companies offer their premises and machinery for specific parts of the training the CEOs are not equipped for, etc.

Altogether, it may be stated that CAPLAB contributed significantly to the reform of the non-formal training system in Peru, by demonstrating that, and how, tailor-made skills development can help disadvantaged groups to get access to (self-)employment and income.

6 Lessons learnt

What can be learned from the CAPLAB experience, as well as from similar programmes in other countries, is that VET or skills development projects in development co-operation, in order to focus on poverty reduction, have to consider at least four main aspects:

§ Selection of appropriate *target groups* (who are the poor and where are they?)

¹³ CAPLAB leaflet: training and labour market articulation.

¹⁴ CAPLAB leaflet: Labour information and placement system.

- § Training offers which are *accessible* for these target groups (what are the obstacles for them to attend or successfully complete mainstream training programmes and how can these be overcome?)
- § Training which prepares for *gainful activities* (what employment or self-employment perspectives do they have and how can these best be developed, even beyond traditional training activities?)
- § Training which opens *career pathways* (how can training programmes for the poor be linked with mainstream training in order to allow individual career pathways?)

The *selection of appropriate target groups* depends on the situation of the respective beneficiary country and the frame conditions of the project. The following groups are mentioned frequently in the strategy papers of the different donor organisations:

- § Women, especially single mothers
- § Young people, especially drop outs of the formal education system
- § Ethnic minorities / refugees
- § Unemployed
- § Micro entrepreneurs, especially in the informal sector
- § People in rural areas.

With the sole exception of ethnic minorities, CAPLAB somehow refers to all of these groups.

In each specific case, a careful analysis of the different groups and their specific needs and constraints in terms of training and skills development is necessary.

To be *accessible* for these target groups, the training offer has to meet certain requirements:

- § The training has to be *decentralised* - go where the people are.
- § The training has to be *affordable* for the target groups, i.e. low or no cost training (depending on the target group).
- § The *formal entry requirements* have to be *adequate and flexible* (in terms of educational level, certificates, age limits, etc.).
- § The *timing* has to be *flexible* according to the needs of the target group (evening or weekend courses, considering harvest periods, etc.).
- § The *course duration* should respond to the living conditions and the financial constraints of the target groups who usually need to earn their living and are not in a position to attend a full time course for a longer period (short courses, roll-on / roll-off, etc.).
- § Since many of the poor have substantial work experiences, their *prior and informal learning* should be *recognised*. This requires adequate instruments and institutional frameworks for *trade testing and certification*.
- § *Complementary activities* like basic education, socio-pedagogical support, child care etc are necessary to overcome the lack of prerequisites and / or difficult social situation of the target groups and to enable their participation and retention.

The purpose of skills development for disadvantaged groups is to enable them to earn their living, by means of employment or other *gainful activities*. To prepare the participants for different options, the training offer has to match the following criteria:

- § Training has to be *demand-driven*, i.e. it has to respond to the needs of the (local) companies (the DACUM instrument seems to be appropriate to develop relevant profiles and curricula).

- § In rural areas, training activities have to be embedded in *local / regional development strategies*.
- § Training concepts have to integrate *business development / entrepreneurship / self-employment aspects* (CEFE seems to be appropriate to foster self-employment strategies).
- § *Placement activities* have to be part of the training strategy. The responsibility of the training managers does not end with the successful graduation.
- § Training centres have to establish and maintain a permanent *contact with their local environment* (companies, chambers, local authorities, etc.) in order to be able to respond to changing needs and requirements of their clients. (This is much more effective than any of the sophisticated training needs analysis some donors use to carry out before they determine where to start their training activities.)
- § Training centres have to see themselves more as local *service providers* for the local workforce, micro enterprises and companies, and less as part of the education bureaucracy that executes a training policy designed by a Ministry in the national or regional capital.

Skills development for disadvantaged target groups aims primarily at immediate labour market integration or self-employment and is necessarily limited in terms of scope and duration. However, the training should also try to overcome the exclusion of the target groups from the formal education and training system and open *career pathways*, i.e. provide opportunities for further learning and personal development.

This implies:

- § *Modularisation* of curricula to enable graduates to re-enter training and complete or further build up qualifications at future occasions
- § *Certification* of competencies through a system with credibility in the private sector (including recognition of prior learning). (This is the main focus of the current final phase of CAPLAB.)
- § Ability of *step-by-step acquisition of higher level qualifications*
- § *Permeability* between formal and non-formal training.

The following table tries to summarise the main features of such a pro-poor training approach as compared to more traditional training projects:

Typical features of traditional training projects	Typical features of pro-poor training projects
Concentration on urban areas	Concentration on rural areas and / or deprived urban areas
Preparation for jobs in the modern sector	Consideration of job opportunities in the informal sector / self-employment
Male dominated	More gender balanced
Middle level formal entry requirements	Low level or no formal entry requirements
Long term courses based on occupations	Short term courses (modules) based on competencies
Management responsibility ends with graduation	Management responsibility includes placement activities and follow up
Transfer of good practice from donor to beneficiary countries (paternalistic approach, international experts play a key role)	Need to jointly develop new strategies (partnership approach, counterparts / local experts play a key role)