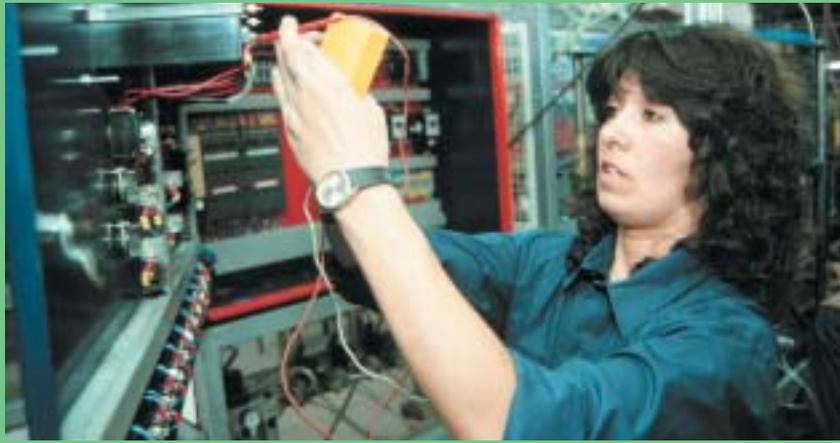


# SKILLS STANDARDS AND CERTIFICATION



# LESSONS from Innovation



CHANGING PERSPECTIVES  
ONGOING LEARNING  
QUALIFIED WORKERS  
BUILDING OPPORTUNITIES  
WORKER MOBILITY  
COMPETITIVE EDGE

## ABOUT MIF

Created in 1993, the Multilateral Investment Fund (MIF) supports innovative private sector development in Latin America and the Caribbean. In partnership with business organizations, governments and non-governmental organizations (NGOs) MIF provides technical assistance and investments to support micro and small business growth, build worker skills and help markets work better.

These projects are designed to test new development approaches, and help build region-wide networks of partner agencies. Through an active program of evaluating results and sharing lessons learned, MIF seeks to extend the reach of these experiences and promote the identification of effective ways to enhance broadly-based private sector development.

# Lessons from Innovation

**MIF** *seeks to capture, synthesize, and share key lessons learned from MIF projects for the benefit of those pursuing similar development objectives. The material presented here was drawn from the direct experiences of executing agencies and beneficiaries, as well as from evaluations and other reports. All concepts and conclusions were discussed and amended by the various implementing agencies to ensure that their experiences and perspectives were accurately presented. To access detailed reports on lessons learned, related information and publications, see: [www.iadb.org/mif](http://www.iadb.org/mif).*



## **INVESTING IN HUMAN CAPITAL**

Successful companies recognize that to be competitive in the 21st century, they need to invest in their human capital. In today's global economy, the ability to recruit, develop, and retain qualified workers is essential to business growth and performance. Not only are today's jobs more complex, but skills requirements are changing rapidly. Technological advances within many industries require that workers not only possess key skills, but remain committed to lifelong learning. For employers, promoting such learning can directly benefit their bottom line by reducing hiring risks and increasing employee effectiveness.

How can companies maximize the quality of the goods and services they produce? How can employers be assured their workforce has the necessary skills to carry out a job effectively? And how can employees better demonstrate to potential employers they have what it takes to do a job well? Such questions were the impetus behind a series of pilot projects spearheaded by the Multilateral Investment Fund.

Working with public, private, and nonprofit sector partners, MIF has invested in the development of skills standards and certification systems with fifteen projects in Latin America and the Caribbean. The goal: to increase the competitiveness and productivity of workers and industries throughout the region.

***“We were keen on establishing skills standards because of the technological changes inherent in our work and the opportunity to better meet workers’ needs. Workers now receive higher quality training in significantly less time. Teaching strategies and learning approaches are much more related to actual work situations... The training has made us more competitive.”***

*–Juan Cerabona,  
Director, Professional Training Center, SMATA (Mechanics Automotive Transport Union),  
Argentina*

## KEY TERMS

### **SKILLS STANDARDS SYSTEMS**

*Describe the abilities, skills, knowledge, and operations that an individual should possess for a specific occupation, industrial process, or technological application.*

### **CERTIFICATION SYSTEMS**

*Provide evidence of a worker's competency to perform specific work functions as defined by skills standards.*

### **ACCREDITATION SYSTEMS**

*Ensure the quality of programs, institutions, or organizations utilized by the skills standards systems and traditional education establishment through assessing the training and curricula provided against industry-endorsed criteria and internationally accepted standards.*

## **BENEFITS FOR ALL**

Ensuring that today's workers have the skills and abilities to carry out their jobs effectively benefits companies, workers, and society as a whole. Within today's global economy, the question is no longer whether to develop skills standards systems, but when and how.

The benefits of a skills standards system are many:

- For companies, the system provides objective information on workers' skills, thus reducing recruitment costs and enhancing their ability to manage human resources internally. By applying skills related to international standards of excellence, companies can also boost their overall productivity and competitiveness.
- For workers, the system provides a validated means of proving what they know and can do. Workers are able to increase their marketability and job mobility through demonstrating the skills they have acquired in any context—and not only through formal education or training.
- For society as a whole, a skills standards system creates a clearer link between those skills required by employers and how workers are educated and trained. Training programs become more effective as they better meet the demands of the marketplace. Experience also suggests that when companies adhere to skills standards systems there is less likelihood of accidents caused by inadequate training.



COUNTRY	YEAR APPROVED	PROJECT	EXECUTING AGENCY
Trinidad Tobago	1995	Training for the Tourism Sector	Hospitality and Tourism Association
Mexico	1996	Pilot Skills Standards and Certification Project	Consejo de Normalización y Certificación de Competencia Laboral
Bahamas	1996	Training Support for the Hospitality Industry	Hotel Training Council
Jamaica	1996	Tourism Training	Hotel & Tourism Association
Brazil	1997	Basic Skills Certification Program	Federação das Industrias do Estado de Minas Gerais
Caribbean Region	1998	Credential System for the Caribbean Tourism Industry	Caribbean Hotel Association
Colombia	1998	Technical Training for the Paper Industry	Centro Nacional del Papel
Brazil	1998	Development of Skills, Standards and Certification System for the Tourism Sector	Instituto de Hospitalidade
Caribbean Region	1998	Caribbean Tourism Health and Resource Conservation	Caribbean Action for Sustainable Tourism
Peru	1999	Human Resources for Tourism Development	Centro de Formación en Turismo
Argentina	1999	Worker Skills Certification Program	Ministerio de Trabajo, Empleo y Formación de Recursos Humanos
Chile	1999	Job Competencies Certification Project	Fundación Chile
Honduras	2000	Competitiveness in the Apparel Sector	Asociación Hondureña de Maquiladoras
Paraguay	2001	Strengthening Training Providers in the Construction Sector	Cámara Paraguaya de la Industria de la Construcción
Panama	2002	Pilot to Support the Development of Job Skills	Fundación del Trabajo

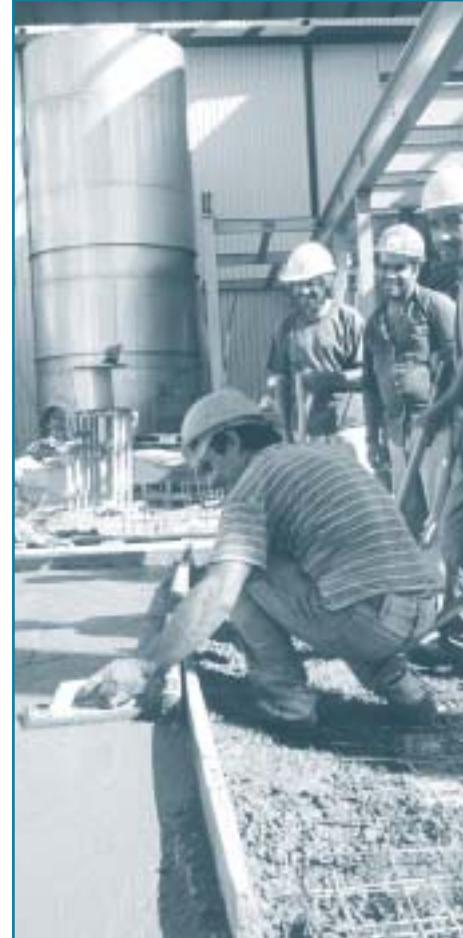
## **WHAT MIF DID**

At the time MIF first began investing in skills standards in 1995, such systems had only recently taken shape in developed countries, and were altogether new in Latin America and the Caribbean. Building on international lessons and experience, over the next seven years MIF co-financed 15 projects, 13 in a country basis and two as regional initiatives. To encourage local ownership of the program, MIF resources were nearly matched one to one by public and private institutions in each country. Overall, MIF's contribution was US\$25.5 million, with counterpart funding totaling US\$21 million.

MIF's long-term strategy was to serve as a catalyst in the region. Through raising awareness, mobilizing key players, adapting the methodology, and building a basic infrastructure, MIF sought to promote the growth of skills standards and certification systems with the aim of improving competitiveness and workers' productivity.

### *A Demand Driven Approach*

Developing comprehensive skills standards is a complex process, involving a fundamental shift in the way an industry views its human resource development. Rather than relying on external bodies (e.g., educational and training institutions) to determine what skills are necessary in preparing employees for the workforce, a “demand driven” approach engages businesses within a particular industry in identifying their own human resource needs.



For this reason, a critical first step in each country was generating support for the program within the private sector. Diverse industries are drawn to the development of skills standards, particularly companies whose goods and services are sensitive to quality requirements in the marketplace. Commitments for the MIF projects were secured among a wide array of industries representing, among others, automobile mechanics, construction, energy, food production, information technology, metallurgy, mining, and tourism.

To ensure broad acceptance across sectors, emphasis was placed on engaging a variety of stakeholders, including business associations, civil society organizations, labor unions, government agencies, and educational and training institutions. While building on existing experience, a premium was placed on developing innovative approaches to addressing locally identified needs.



*“A key factor in ensuring sustainable growth is the development of competitive advantages that allow local economies to compete in international markets. For the tourism sector, this means equipping employees with the skills to communicate with people from around the world, and maintain the highest quality services”*

*– Xavier Veciana,  
General Director, SuperClubs,  
Brazil*

## ***A Public Sector Approach in MEXICO***

*In Mexico, the development of skills standards was part of a public sector led initiative aimed at enhancing the competitiveness of the Mexican workforce, within the context of the North American Free Trade Agreement (NAFTA). Growing consensus had emerged that existing education and training systems were falling far short of equipping workers with the knowledge and skills they needed to succeed in a fast-changing marketplace.*

*Beginning in 1996, the MIF supported pilot initiatives in 13 industries with the technical support of the national skills standards board, Consejo de Normalización y Certificación de Competencia Laboral (CONOCER). Over the course of four years, more than 530 standards were developed and 42,000 workers certified an average of three competencies each, with 32 certifying agencies and 870 evaluation centers accredited.*

*Also important was the involvement of several major corporate brands, including the hotel chain Grupo Posadas, and the food company, Bimbo. Both are now adapting the standards for their own use. The state-owned electricity company, Comisión Federal de Electricidad (CFE) also took an active interest in the project and is developing standards and plans to certify its 80,000 workers.*

*Building on the results of the pilots, plans are now underway to implement the system on a national level. As a critical first step, the standards developed by CONOCER have been adopted by the technical education system as part of its modernization process and shift toward competency-based training. Efforts are now underway to engage wider private sector commitment in expanding the development of skills standards throughout the country.*



## **THE PROCESS**

The process of developing skills standards and certification systems is dynamic, involving a number of mutually reinforcing steps (see Figure 1). As systems are developed and key stakeholders become aware of the benefits, the process begins to regenerate itself. While this takes time and requires that proper financing be put in place, the benefits are far-reaching and long-term.

*IDENTIFYING* industries with an economic interest in and need for skills standards development.

*MOBILIZING* diverse stakeholders (e.g., government, business associations, labor unions, and workers) to become engaged in the process.

*DEFINING* individual standards (e.g., Electrical Technician) and researching work-related functions for each.

*VALIDATING* the standards through approval with all stakeholders.

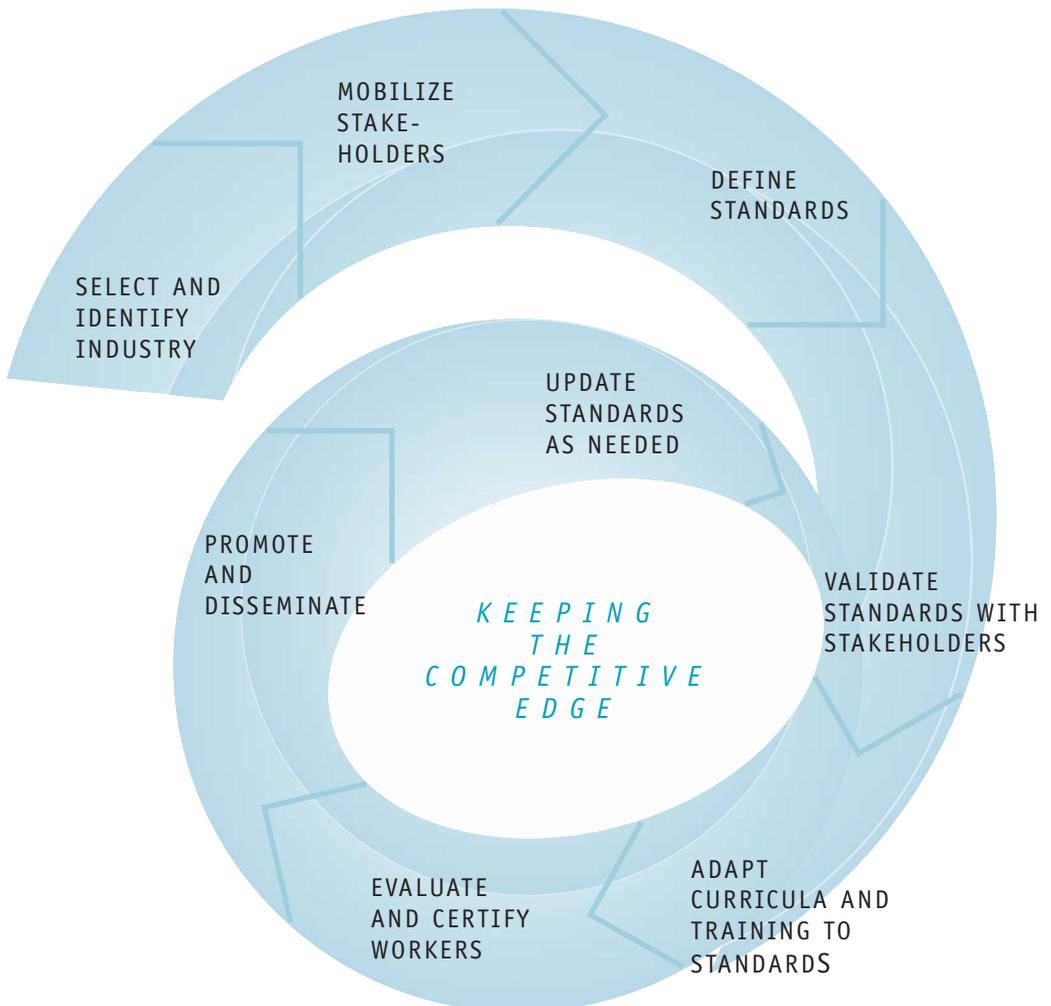
*ADAPTING* curricula and training materials related to the standards, and training trainers in their use.

*EVALUATING AND CERTIFYING* workers in accordance with specific standards.

*PROMOTING* the standards and disseminating information concerning their desirability and use.

*CREATING* systems for updating the standards as needed.

**FIGURE 1.**  
**SKILLS STANDARDS AND CERTIFICATION:**  
**A DYNAMIC SYSTEM**



## ***Pursuing a Sector Strategy in BRAZIL***

*In Brazil, the development of skills standards emerged out of the need to grow the country's nascent tourism industry. While Brazil is the eighth largest economy in the world, in the late 1990s, it ranked 25th in international tourism. With the recognition that the nation had not begun to tap its tourism potential, MIF joined with public and private sector leaders in launching a skills standards and certification program in 1998.*

*The project was implemented by the Instituto de Hospitalidade (IH), an independent, nonprofit organization. Recognizing the importance of building broad sectoral support, IH began by establishing a National Certification Council comprised of representatives of business, labor unions, government agencies, and educational institutions. It then set out to identify the skills needed across a range of tourism related jobs.*

*Project planners began by asking employers what types of jobs were difficult to fill and why. Among their findings was the importance of developing a service ethic among employees. While existing training programs focused on technical proficiency (e.g., how to operate a computer or cash register), less emphasis was placed on the delivery of superior service.*

*Through this broad consultative process, the project identified 52 standards with specific tasks designated for each. To arrive at a set of nationally validated standards, these were vetted through focus groups and in consultations with employers, workers, and training institutions throughout the country.*

*A model curriculum was then designed for use by training organizations in educating workers in accordance with the new standards. An additional benefit in Brazil was the training of trainers, who are now working to promote the new system.*

*Nearly 12,500 workers are now certified in Brazil, with more than 400 trainers trained. IH expects to reach a further 15,000 workers each year. As a lead participant, SuperClubs, an international hotel chain, is using the standards to train its entire workforce at its new, deluxe resort near Salvador.*





## SUCCESS FACTORS

Much was learned through the MIF pilot projects about what works and what doesn't work. MIF seeks to share these lessons to help develop similar initiatives in the region and beyond.

Factors that contributed to the success of skills standards and certification projects were:

- **Private sector commitment and leadership is key:** Success and long-term sustainability require that the business sector be engaged from the start. Not only is corporate investment needed in the short and long-term, but effective standards can only be created when they meet industry demands.

- **Proper financing must be put in place:** Securing the necessary financial resources to develop and maintain a certification system is critical. Financial sustainability remains a key challenge for those projects launched. To date, only a few large companies (e.g., Bimbo in Mexico, SuperClubs and CIEMG in Brazil and Codelco in Chile) have begun investing in certification. The extent to which private employers are willing to pay for the certification of their workers varies, as does the extent to which workers themselves are willing to pay.
- **Broad stakeholder approaches work best:** While skills standards initiatives work best when private sector led, it is critical to engage other key stakeholders (e.g., government officials, labor unions, NGOs, and training and academic institutions) right from

the start. While each of the pilot projects involved government officials, employers, and labor representatives to some degree, most grappled with how better engage labor, and several struggled with finding the appropriate balance between private and public sector ownership of the process.

- **Simpler is often better:** The methodology for developing standards, evaluation tools, and other instruments need to be responsive to private sector needs and are most effective when created in a simple, easy-to-use and administer format. Some of the methodologies developed in early pilot projects, while comprehensive, were found to be overly complex for employers and workers to use.



*“We are very pleased with the labor skills certification program as it has increased our competitiveness, productivity and our workers employability, we feel it’s a great opportunity for the industry and their workforce.”*

*–Eduardo Loyola, Executive Manager, Consejo Minero, Chile*

- **Standards certification should be linked to human resource management:**

Standards are most useful when used as a measurement against which workers are certified and when they are used as part of an integrated process of human resources management.

- **Proper implementation takes time:**

The development and institutionalization of a standards certification system is a long-term process. Timeframes for the development of standards should be realistic, as well as the time needed for the system to achieve market penetration and become sustainable. Many of those pilot projects undertaken exceeded their original target dates for completion, such that a time-frame of approximately four years is now considered more realistic.



## ***Mobilizing the Private Sector in CHILE***

*In Chile, widespread consensus emerged in the late 1990s that the nation's economic growth and global competitiveness were directly tied to developing its human resources. A study carried out by the Organization for Economic Co-operation and Development (OECD) pointed to a shortage of qualified, skilled workers to meet existing labor demands. That shortage was costing the nation dearly with at least one global company opting to expand its manufacturing elsewhere.*



*Launched in 1999, the Chilean pilot project focused on the mining, construction, and tourism industries, each of which is highly dependent upon meeting to quality standards. The project was implemented by Fundación Chile, an independent, nonprofit organization that worked closely with the National Training and Employment Service (SENCE).*

*The project began by studying comparable initiatives in developed markets, and then designing a strategy that built on the best of what was already known. With private sector partnerships firmly in place, it then set out to identify standards for particular job functions, especially those more heavily dependent on technology and related to quality service. Once the competencies were defined, instruments were developed to evaluate and assess workers. Over a three-year period, the project produced 271 standards and certified over 4,000 workers.*

*In the face of rising unemployment in the country, interest in certification has grown, as a means to increasing worker qualifications and marketability. To create incentives for companies to adopt skills standards, the government is now offering a tax rebate to companies that purchase technical training for their workers, based on the new standards.*

## A CATALYST FOR CHANGE

Implementing skills standards systems is a challenging, complex, and time-consuming process in which nations must thoroughly reevaluate how workers are educated, trained, and equipped to

carry out their jobs. For its part, MIF has served as a catalyst—leveraging resources and expertise in support of skills standards development throughout the region. In each of the pilot countries, considerable progress has been made in generating greater awareness of the

importance of skills standards and a long-term commitment to their use.

Participating companies have reported positive results, ranging from improved worker safety to greater customer satisfaction. In Mexico, the hotel chain Grupo Posadas



reports that its customers have experienced greater quality service as a result of its employee training. Likewise, in Brazil, SuperClubs credits the new standards with enabling it to train and employ young adults with previously limited skills. It, too, has experienced greater customer satisfaction



as a result of improved training. And in Chile, the development of skills standards for the mining industry is now credited with improvements in overall worker safety, with workers expressing a willingness to pay for at least part of their certification.

In each pilot country there is now a deeper level of understanding when it comes to skills standards, with businesses showing increased interest in and demand for such systems. Not only have hundreds of standards been developed and tens of thousands of workers certified, curriculums have also been created and instructors trained in their use. Long-term institutional structures are also now in place to continue the projects beyond the pilot phase.

And in some countries, policies now exist to support the use of standards.

With systems in place and a growing network throughout the region, participating countries are now sharing experiences and best practices with one another. However, much remains to be done to reach the critical mass where the full benefits of competency based systems can be realized. As the region builds on the experience gained in this introductory phase, MIF will continue to support innovative approaches to further skills standards and improve worker productivity and competitiveness. For further information on the MIF's work in this area, please visit: [www.iadb.org/mif](http://www.iadb.org/mif).



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Photo Credit:  
pages 7,10, and 11 – Almir Bindilatti

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(100% post-consumer waste) with soy inks.