

# Proyecto Joven

## New Solutions and Some Surprises

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## Executive Summary

This paper describes a very interesting project to train unemployed youth in Argentina and discusses several critical issues facing it. It should not be considered as an authoritative view on this project funded by the Inter-American Development Bank but rather as an attempt to elicit a dialogue with those who know the project better or who are familiar with the theme.

After several decades of economic stagnation and institutional stalemate, the Argentine economy was reformed, inflation controlled, and the regulatory framework revised. The early 1990s witnessed fast economic growth even though the employment creation was less than spectacular. However, growth stalled again in 1995 and

unemployment never stopped growing, reaching presently 30 percent for youth aged 15 to 24.<sup>1</sup>

It goes without saying that such high unemployment rates are painful and disruptive. The social conflicts which have been so hard to mitigate in the past may again find fertile ground if unemployment is not alleviated, a situation the Argentine government wants to avoid.

As a result of these uncomfortable statistics, the government has taken several initiatives both to reduce unemployment and to avoid its worst consequences. The Programa de Apoyo a la Reconversión Productiva funded by the IDB is one amongst others and the Proyecto Joven is part of this loan.

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<sup>1</sup> The unemployment rate for 15 to 19-year old males is 46.8 percent, while females in the same age bracket have an unemployment rate of 58.7 percent.

## What is "Proyecto Joven"?

Like many projects of this type, Proyecto Joven<sup>2</sup> is an attempt to increase employability and productivity targeting activities to youth aged 16 to 29 in the lower socioeconomic levels. By training unemployed youth and by making them more productive and teaching them the appropriate work ethic and attitudes, the program attempts to improve their chances of getting a job. Proyecto Joven is part of a 154 million IDB loan to support the Ministry of Labor to which the government contributes \$67 million. Seventy-three percent of the budget was spent by the first quarter of 1996.

The loan was signed in 1993 and, strictly from the point of view of disbursements, it is highly successful compared to the average IDB loan. This is also an impressive project in many other ways. The targets for number of trainees have been largely met. Funds are allocated on a competitive basis to institutions or individuals which submit a credible training proposal in line with the objectives of the program. It avoids some of the shortcomings of traditional public administrative procedures by using private agents to perform different functions and by separating execution from funding decisions, creating healthy checks and balances at different stages of the loan.

Training programs are composed of two parts. First is the training program itself, which lasts from 150 to 250 hours. Students learn the rudiments of semi-skilled occupations in classroom or workshop

settings. This is followed by an internship of equal duration. While firms of all sizes offer internships, data indicate that 60 percent of the firms are small and 20 percent are medium sized. Trainees do not receive wages from the sponsoring firm during their internship. They receive a fellowship of \$4 per day during the training period which is paid for with project funds. Similarly, during their apprenticeship trainees receive \$8 per month. Women with children are entitled to a bonus. Companies are not asked or required to hire the interns but there is a clear expectation that they will do so. The availability of unpaid labor is a strong incentive for firms to overcome their resistance. In fact, in the process of convincing firms to take the trainees, the entire training program is tailored to their needs. In other words, the demand drives each course's syllabus.

During the three years of the project's existence, 2,443 institutions offering the training (ICAPs) have presented proposals to the Ministry of Labor and 1,291 have been selected and funded. Twenty-five percent of them have received funding three or more times (14 percent of the contracting firms have displayed unacceptable performance or irregularities which is not a bad record at all). As of the end of 1996, out of the 5,606 courses selected for funding, 3,473 have already taken place. Of the 102,449 students selected for training, 56,600 have already graduated. It is instructive to notice that the dropout rate is very small for courses of this nature (about 10 percent but substantially higher for trainees older than 24 years).

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<sup>2</sup> Unless stated otherwise, the data presented in this paper are taken from the "Informe de Seguimiento y Evaluación," by the Secretaría de Empleo y Capacitación Laboral, attached to the Ministerio del Trabajo y Seguridad Social (August 1996).

Considering the declared intention of the project to reach down the social scale as much as possible, it is also interesting to note that 83 percent of the selected candidates are unemployed and 6 percent are out of the labor market. Eighty percent belong to households defined as being below the poverty line. Eight percent of the trainees have not completed primary education while 41 percent have finished elementary school. Similarly, 44 percent have incomplete secondary schooling, and only 7 percent have completed the secondary education cycle.

It stands to reason that the acid test of such projects is the subsequent employment status of the graduates. A program which has as one of its main goal to increase the employability of its graduates needs to find out for sure whether this is happening or not. The lack of rigorous surveys to answer this question is one disappointing aspect in an otherwise well-managed project. While the evidence is far from satisfactory, available surveys indicate that about 30 percent of the graduates are employed immediately after the program. Whether this insertion rate is high or low is highly debatable and

critical. Taking the data at face value, it is somewhat disappointing to find that close to two thirds of the graduates cannot find a job after completing a relatively expensive program (about \$1,400 per graduate, plus administrative costs). On the other hand, similar programs in industrialized countries result in the employment of an even smaller proportion of graduates, suggesting that results for Proyecto Joven are not out of line with the best-known programs elsewhere.

Interestingly, more than 20 percent of former trainees return to school, suggesting that the program, while not leading directly to a job, may have increased the self-esteem of the graduates and prompted them to pursue further studies.

The remaining of this paper presents a discussion of the program, its socioeconomic environment and an initial examination of critical issues which deserve attention, particularly in light of the government's decision to request a new loan to continue implementing the project.

## The Bureaucracy at Work: Enthusiasm Survives Meandering Procedures and Centralization

An overview of the way the program is being managed leaves two strong impressions. The first is the high motivation of the staff at all levels. Central managers from the Ministry of Labor share with local offices a great enthusiasm for what they are doing. Several of the schools and enterprises have also developed a strong commitment to the program. As confirmed by the recent work of Judith Tandler (forthcoming), what makes civil service effective is not only market incentives and out-sourcing but a strong organizational culture, high morale and a sense of duty and motivation. These are clearly major assets of the program, which need to be protected and boosted, since they are not irreversible. Political oscillations and ministerial changes may jeopardize the project if political appointments reach below the top administrative echelons.

Overall, the project has performed quite well at the administrative level. Disbursements are on schedule and there seems to be transparency in decisions. The project has led to administrative innovations. For example, spot checks confirmed that there are frequent inspections during the internships. The forms describing the courses are very good and the negotiations between course providers and firms receiving trainees are an exemplary innovation in vocational training. The use of outside institutions is also an important strength and source of legitimacy for the administrative procedures. Indeed, the out-sourcing of different tasks creates a healthy system of checks and balances. Altogether, the researchers and outsiders knowledgeable about the program and who were contacted by the mission volunteered the opinion that the project was administratively sound and well regarded in the

country. Not less noteworthy was the availability of a comprehensive and well-prepared evaluation of the program.

However, there seem to be at least two snags in the administrative model. The first is excessive complication in the control mechanism, resulting from too many controls and a manual set of procedures to manage the paper work (instead of using computers and other more streamlined techniques). This may be one source of the delays observed in contracting and executing the courses. The second stumbling block is the excess centralization of most procedures in Buenos Aires. The local offices have no administrative authority to make any significant decision and, least of all, approve or refuse projects. One unwelcome consequence of this over-centralization is the excessive time it takes to process the bids. While it is easy to understand the attempt of project management to avoid favoritism and nepotism at the local level, this seems to be an area where careful decentralization should take place. One possibility is to experiment with a selective policy to decentralize decisions initially to those provinces that show greater administrative maturity and are more willing to create their own checks and balance mechanisms. As greater experience with decentralization is acquired, it can be extended to other provinces.

Another issue of no less importance is the lack of functional links with local labor authorities. For all practical purposes, there is a branch of the Ministry of Labor operating the project in each province at the same time that each has its own labor department, presumably, performing parallel roles.

Considering the strong decentralization policies of the current Argentine government (e.g., the decentralization of primary and secondary education which has already taken place), it is disappointing to see a complete separation between provincial and

national bureaucracies in matters affecting this project. Yet, to the extent that this centralization ensures greater immediate compliance with project rules and regulations, it may have been a positive factor.

## Overcoming the Chronic "Supply-Driven Disease"

Observers of the training scene know that the number one problem of training is targeting the program to demand. Indeed, most public training systems sooner or later suffer from this mismatch. In booming economies, this is not a problem but this is not generally the case in the economies of the region.

The Argentine program, inspired by an earlier one in Chile (Chile Joven), which was also funded by the IDB, offers a stark contrast to the usual case of programs that offer training in areas where there is little or no demand for workers. The best way to insure the program against this "supply-driven disease" is to require an internship. Presumably, there is a strong correlation between the availability of jobs and the willingness of firms to offer internships. If the market for an occupation or the situation of an industry is so dim that no jobs are being offered, it is unlikely that they will be willing to take interns. Many reputable vocational training programs include an internship at the end of the course and the need to find internships works as a break to careless expansion of supply (e.g., the Brazilian SENAI).

The availability of internship opportunities serves as a proxy for the availability of jobs and as a signal for training providers about the areas in which they should offer courses. Since training is decentralized, training providers have a strong motivation to pair graduates with internships. This requirement for gaining access to a training contract makes the new system superior to those wherein training institutions receive a fixed budget with no incentive or requirement for finding jobs for their graduates. This is the saga of the old generation of training institutions in Argentina and elsewhere.

The participation of aggressive and competent public and private providers in Proyecto Joven shows that it is not the public/private dichotomy which makes the difference between a good and a bad response to the market but the system of incentives. When contracts are awarded to those able to find the market niches and others are unable to gain access to funds, behavior tends to be considerably different. Witness the presence of public institutions—such as technical schools and higher education institutions—which otherwise have a lukewarm or deplorable performance in their regular training programs.<sup>3</sup>

Surely, a program of this nature could just as well condition the contract to the placements of the trainees in jobs, not to their proxies which are the internships. This model has been tried in other countries and under different circumstances. Such a scheme, while plausible, could not be instituted at the current time when the youth unemployment is above 30 percent. A requirement that jobs be found for trainees would be asking too much from the training providers, especially considering that typical program graduates are not, *a priori*, the most desirable to employees.

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<sup>3</sup> The project report ("Estado de Ejecución"), authored by Mirta Judengloben, mentions that the technically weakest institutions were the private short post-secondary programs and the public universities.

# The Chronic Problems Confounding Training for the Unemployed

Like all programs of this nature, the evaluation of its impact remains subjected to methodological difficulties. It is not easy to decide if these projects perform well, if for no other reason that results are not easily measured or interpreted.<sup>4</sup> This section discusses some of the usual difficulties in assessing the impact of programs such as Proyecto Joven. Since the immediate impact of such programs on unemployment levels remains controversial, it concludes with the suggestion that more attention should be devoted to its long-run consequences, as discussed in the subsequent sections.

## DOES TRAINING CREATE EMPLOYMENT?

The predicament of youth training programs is that they are usually instituted as a response to high youth unemployment in periods when the economy is not creating sufficient employment for anyone else. There is an implicit assumption or hope that these projects will alleviate the problem and create jobs. Most OECD countries have embarked on similar initiatives—particularly after the oil crisis—and there is a tendency to expect too much from them.

The most general comment that has been offered about training for employment is that training does not create employment. To demonstrate otherwise remains an elusive goal (except in cases of training for the self-employed or microentrepreneurs). Unless there is agreement on this essential

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<sup>4</sup> For a very strong skeptical view on the methodological difficulties with evaluations of impact, see Dar and Gill, 1995. A similar but less radical position may be found in Leigh, 1992.

proposition, there is little chance of engaging in a useful dialogue on the subject. From all we know, employment is created by changes in macroeconomic variables rather than the availability of skilled labor (see Lee, 1995).<sup>5</sup>

The argument used by critics of training-for-employment programs is the so-called *substitution effect*. What they are saying is that training may very well increase the odds that a particular person will obtain a job. Yet, the number of jobs at any moment is a given and is determined by other variables. Hence, what training does is to substitute one job candidate for another, often at high costs to the state. Even with impeccable control groups, the substitution effect argument remains valid.<sup>6</sup>

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<sup>5</sup> Commenting on the general findings presented in this special issue devoted to globalization and employment policies, Lee endorses the position of Boltho and Glynn ("Hay alguna política macroeconómica capaz de crear empleos?," *ibid*) that "the link between employment and economic growth has not become weaker ... For every percentage point increase in the growth rate of a country in the last ten years there has been a similar increase in the level of employment."

<sup>6</sup> In the case of Britain, Lindley is very positive about its impact: "By the mid-1980s the evidence of 'deadweight' or 'substitution' etc told against any further use of direct youth employment or recruitment subsidies to lower the effective cost of youth labor and the government concentrated on developing the education and the training system." (*op. cit.* p. 170)

To demonstrate that a program creates employment it would be necessary (i) to demonstrate that its graduates get more jobs than they would in the absence of the program and that (ii) the jobs created add to the total number of jobs available, rather than merely change the distribution of jobs in favor of those who took the course. Notice that these are two independent issues, the first having to do with increasing the employability of the graduates and the second with the aggregate impact on employment levels of such programs.

It is difficult to dismiss the substitution argument. But it is also hard for its advocates to demonstrate empirically how powerful it is. The empirical tools to measure substitution effects remain undeveloped and underutilized.

When firms have openings or potential openings which remain unfilled due to lack of skills on the part of candidates, training can make a significant difference. Were that the case, there would be no substitution but a net increase in employment. This is the usual justification for such training programs. Government officials claim that there are many positions that remain open for lack of job seekers with the required skills. These programs could increase aggregate employment by providing youths with skills in areas with unfilled vacancies.

This argument makes much logical sense and casual evidence shows many instances of job openings which are not filled due to the lack of suitable candidates at times of high unemployment. However, in Argentina, as elsewhere, the quantification of these job openings remains elusive.<sup>7</sup> Thus, the empirical grounds for expecting significant employment creation are shaky at best. It is not that there is evidence to the contrary but rather that the evidence is lacking one way or another.

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<sup>7</sup> See, for instance, Lindley, 1996. "As regards the mid-1980s especially it would seem wrong to attribute high youth unemployment or underemployment primarily to poor school preparation for the transition to work."

In favor of a program such as the Proyecto Joven, it can be said that if there is a substitution effect, the program is still a good idea because the substitution effect increases the equity of the system. Since the program is clearly targeted to the less educated and less affluent youth, it favors the employment exactly of those who are less well equipped to withstand the consequences of unemployment. Perhaps the trainees take away the jobs of others, but those who get the jobs are the most deprived candidates.

Yet, the entire issue of whether the program indeed favors the most deprived job candidates is not so simple. Proyecto Joven is designed to select an economically and socially deprived clientele, that is, it has a built-in mechanism to target them. In fact, the doubtful reputation of its clientele is one of the factors which makes employers more reticent to offer an internship. Field visits confirm that some students come to school with concealed weapons and one of the major concerns of trainers is dealing with threats of antisocial behavior from a small minority of trainees.

But the question is more complex than that. By helping unemployed youth, the project may be bumping older workers who have greater difficulties making ends meet when unemployed and often have a family to maintain. In that respect, the gain in equity is questionable.

In addition, employers use the internship as a means to screen and select the best students, thereby getting rid of the left tail of the distribution. Using a number of formal requirements (e.g., medical examinations, physical fitness tests), employers do their best to eliminate candidates in whom they see risks, in terms of wrong attitudes, inappropriate behavior and so on. In addition, for reasons that will be explained later, the project drifted to jobs that are not so low in the payment scale, requiring candidates that are somewhat higher in the socioeconomic and educational scales. Ultimately, it is not clear whether the program is sufficiently targeted to justify its ex-istence by means of the *good* substitution effect that it promotes. The

information to respond to this empirical question is simply unavailable.

To sum up, even before looking at the numbers, it is difficult to escape the usual arguments that such programs have very unfavorable odds of improving the unemployment situation. The case for the substitution effect is difficult to dismiss under conditions of high unemployment. Nevertheless, the experience of other countries suggests that having a good worker in place increases the willingness of employers to make that position permanent. In that sense, the substitution effect is mitigated. The above arguments, of course, should not be conceived as an excuse for taking a cavalier attitude toward better data and a more careful analysis. Even if some questions remain without answers, more efforts in evaluation pay off and are expected by the lender.

A more robust argument in favor of training is its strong impact on productivity and the consequent benefits of productivity increases on growth and employment creation. This impact is more round-about, takes much longer but is safer and more predictable. There is ample evidence indicating that a better prepared worker produces more and that an overall environment favoring productivity growth is pitifully incomplete without the requisite skills of the labor force.

Hence, it can always be said that even if training does not increase employment immediately and the insertion rates of graduates are less than spectacular, it is more than justified on the long run. That is a sound argument. Yet, it has strong implications on the content of training. If the benefits take a while to materialize, improvisation and stop-gap policies are not justified. What matters is what lasts and not all training is equally durable or effective in the long run.

### **MEASUREMENT PROBLEMS AND CONTROL GROUP PITFALLS**

The most obvious and immediate way to measure the results of a training program is to verify the proportion of graduates who find a suitable job after

graduation. Any serious program in this area has to trace the students and find out what happened to them. In that respect, Proyecto Joven has undertaken more than one survey of graduates and the numbers of participants who found jobs fluctuates around 30 percent of the graduates, remaining sufficiently consistent from one survey to the next.

Of course, employment immediately after the internship is only part of the picture, as graduates will continue looking for jobs afterwards. A small survey undertaken 22 months after beginning the course found that close to 70 percent of the trainees were working. The evaluation also noted that the program works best for those aged 25 years or less. Moreover, firms contacted for internships were not at all happy with the idea of trainees older than 30.

These are obviously very positive achievements. However, these numbers are presented without the benefit of a well-designed control group. Research has shown that the introduction of control groups may severely change the interpretation of the insertion rates. Even when unemployment remains constant, the unemployed are not the same. In other words, a proportion of the unemployed would have found jobs without the training. Some surveys including control groups have found dramatic drops in the perceived effectiveness of training programs when the employment rates of the trainees was compared to a control group selected at the same time as the experimental group.<sup>8</sup>

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<sup>8</sup> Reporting on British surveys of youth trained in programs not very different from Proyecto Joven, Lindley (op. cit p. 174) notes that six months later 50 percent had a job. However, "much [of the evaluations] has been very unreliable, as indicated by the great variations among results. The experience of the United States suggests that as evaluation methods become more sophisticated and more comprehensive in terms of costs and benefits covered, there is a tendency for these programs to lose their attractiveness. British evaluation work follows this pattern; the same is true for other European countries." Ryan and Buchtenmann conclude that even for quasi-experimental studies of "the most intensively studied youth programs in Europe, Britain's YTS ... one cannot simply say from

One Proyecto Joven survey did include a control group but there were methodological snags with the procedures. The control group was not chosen before the experiment began but at the time of the survey of the graduates, a procedure which failed to ensure a group with equivalent features. In fact, 60 percent of the control group was working 22 months before the survey, compared to 41 percent of the experimental group. Comparisons indicated that the control group increased employment from 60 percent to 71 percent in the 22-month interval while the experimental group went from 41 percent to 72 percent in the same period. In other words, unemployment decreased by 53 percent for male trainees in the experimental group and 27 percent for the control group.

The training increased the employability of the males considerably more (18 percentage points) than if they had not taken the course. The results for female trainees is a lot less impressive (employment increased by 28 percent for females who did not take the training course compared to 39 percent for those who did).

Unfortunately, control group design errors take away much of the credibility of these results. The new evaluations have better control groups but the results are still not available. One cannot claim that correctly chosen control groups would have increased their employability by as much as those who took the course. But, by the same token, the project cannot claim with any certainty that it has increased the employability of the experimental group above the baseline of the untrained youth. The presence of a mushrooming informal sector—particularly in the case of occupations in which there is much out-sourcing—creates additional problems in the definition and measurement of who is employed and who is unemployed. Be that as it may, regardless of the intrinsic difficulties and costs of setting up control groups *ex ante* and the limitations

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such evidence whether or not YTS raised the earning potential or employability of participants." See also Dar and Gill op. cit.

of *ex post facto* attempts to create them, control groups are a vital tool to evaluate this type of program. It would be ill-advised to give up on control groups because they are problematic and difficult to interpret.

Little is known about substitution effects in Argentina. It has been stated that some enterprises reduced their pool of regular employees and subsequently hired younger and less expensive youth trained by Proyecto Joven. It is claimed that this happened in the case of the telephone company. There are also reports of another case, a small enterprise, where some older unionized workers were replaced by young trainees. Of course, while such casual observation illustrates the nature of the problem it is of no validity to demonstrate its quantitative importance.

### **IS TRAINING STILL A GOOD IDEA?**

The above discussion leaves a rather sobering set of conclusions. The experience of other countries shows modest benefits of training programs for the unemployed. The absence of reliable control groups and the possibility of major substitution effects make the employment statistics rather fuzzy and unreliable, as far as real reductions in unemployment are concerned. In other words, we have less than convincing evidence that the program is reducing unemployment.

In the light of these results, why would Argentina want to borrow more money to continue the program? Several industrialized and developing countries have conducted such programs because they show concern and action on the part of the government. But that is an expensive way to improve the government's public image. The equity issue could be mentioned, but it does not seem to carry the argument very far.

The survey presents another set of data which throws additional light on the impact of training on the participants. It provides data on the salary levels of both the control and the experimental group. The first results to note are reductions in average wages

for male youths during the period. This, of course, has to do with the impact of high youth unemployment on wages, an easy to understand consequence of the economic situation. But it is far more important to notice that the salaries of the experimental group were not only higher than those of the control group after the course, but that they continued to increase (1.3 percent) while the control group lost considerably (-6.7 percent). As unemployment became even more serious, additional losses were observed but the experimental group remained ahead of the control group, both in absolute wages and in percentage losses (-3.2 percent, compared to -3.5 percent).<sup>9</sup> These results confirm what had been suggested before, namely, that the ultimate impact of training is on productivity. The fast increases in earnings of those trained, compared to the control group, confirm similar results observed elsewhere. Therefore, the most reasonable justification is that: training increases employability because it increases productivity and competitiveness, which are critical elements to economic prosperity and growth. And it is growth that creates jobs.

Considering the lack of alternative sources of training in the country and the intrinsic qualities of the program (further discussed below), it seems to reach beyond the immediate impact on the employability of the trainees. Regardless of the more expedient motivation for such a program, its long-run consequences in improving the Argentine economy should not be ignored.

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<sup>9</sup> The results for female trainees are less uniform and were affected by sampling problems. Former female trainees make spectacular advances in the first period but the control group leaps ahead in the second period. Also noteworthy was the fact that neither group lost during the entire period, compared to the much poorer performance of males.

# Fine-Tuning the Program to Meet the Needs of Clients

## WHAT ENTERPRISES GET OUT OF IT

When managers were asked about paying the trainees rather than having the program pay them, many avoided the question. Some acknowledged that the trainees were quite productive early on in their internships. One went as far as saying they were more productive than the workers they replaced almost from the first day, particularly since they replaced old union members who engaged in surreptitiously work slowdowns. Despite this, entrepreneurs can generally be expected to say that they are unwilling to pay for the trainees, particularly once they started to enjoy their services free of charge. Nevertheless, there is no way of knowing how many would refuse interns if payment was required at the outset. At least one enterprise visited was very candid about its re-luctance to take interns, even for free. It took one entire year of negotiations with the more conservative managers in order to get through the initial resistance. But considering the lack of experience of many ICAPs (the acronym for the institutions offering training), it is likely that many were offering courses to their students that were not suited to the needs of the enterprises.

The learning and practical experience that takes place during the internship probably leave much to be desired, particularly when compared to classical models such as the German dual system where only enterprises having a "meister" on their payroll can receive apprentices. Although trainee evaluations of the importance of their internships are generally positive, a survey of attitudes of trainees identified several weaknesses related to the lack of relationship between the internship and the training, and lack of support from the tutors. It seems that it is difficult to persuade enterprises to structure internships to maximize learning, a common

problem in many countries that is made more difficult by the short duration of the project's internship. As the administration of the project became more demanding, the proportion of internships cancelled rose from 7 percent to 24 percent between the second and the sixth bid.<sup>10</sup>

Businesses accept interns for different reasons. Traditionally, large enterprises find that an internship program serves as a way of selecting the best candidates for employment. In other words, internships provide a free trial run on potential employees without the need to invest in employee training and undergo a search and selection process. However, this selection process should not be interpreted to mean that the trainees who are not ultimately hired by the firm are somehow short-changed. In fact, they still receive valuable training and experience that, if the internship is properly conducted, will serve them well in their search for other jobs. Large firms may use training as a screening mechanism and, at the same time, offer a serious program benefitting also the trainees who will not get jobs. Small businesses, however, are attracted to a source of cheap labor.

The experience of similar European programs is worth mentioning. They consistently pay stipends in order to maximize enrollment, even at the cost of subsidizing many who would pay anyway. This is a most delicate issue in fine-tuning the project rules for the future continuation of the program.

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<sup>10</sup> Cited by Jacinto, op cit.

## **WHAT THE TRAINEES WANT FROM TRAINING**

The question is not less complicated when we look at it from the point of view of the candidates for training. Surveys have indicated that the program attracts a variety of youth with differing motivations. Poorer candidates are attracted by the internships and, perhaps even more, by the fellowships. Seventy-one percent of the relatively poorer candidates appreciated the practical work experience and 61 percent attached much importance to the fact that the courses were free of charge. There was a perception that the content of the training matched the nature of the work they did during the internships. They also felt well treated and respected during the training. They see the program as a means to improve the chances of getting a job. However, several areas, such as training in computers, attract better-educated youth from higher socioeconomic backgrounds. They see in the program a chance to get a free-of-charge preparation for desirable jobs and they may bump other lower class youth out of those programs which are more demanding in terms of preconditions for entry. It was also mentioned that some better-off youth want the internship and the diploma as credentials for entering the job market.

Despite the incentives built into the ICAP contracts, adjusting the training to the expectations of the potential candidates has been a difficult task. For instance, only 60,800 candidates applied to fill 88,449 vacancies contracted with ICAPs. Interviews by Jacinto suggest that in some cases this was due to administrative snags between the ICAPs and the project but that, in several occasions, there was little interest on the part of the candidates for the courses offered. This was the case of training programs in construction. Proyecto Joven encountered the same problems that have been evident in other countries, namely that young workers are not attracted to this area and potential employers do not particularly value training. Part of the explanation for the lack of interest in construction jobs stems from the negative image of manual occupations which persists even in

the face of 30 percent unemployment rates among youth.

The stipend that the trainees receive has also given rise to some controversy. Some training providers and firms have noted that it is too high, in some cases even higher than current wages for full time positions in the same enterprises. There seems to be a major difference between Buenos Aires, where a relatively high stipend is required to attract students, and the provinces where the same stipend may be too high. Moreover, wage levels differ from industry to industry, making it difficult to have a single fellowship value to fit all cases. Yet the implementation of multiple fellowship values is not without problems.

A related issue is the impact of the internship on the trainees. The international literature mentions the importance of internships for unemployed youth with low self-esteem and little notion of what work in a firm is really like (Soffer and Zymelman, 1993). Interviews with program trainers and staff reiterate this perception. The survey cited by C. Jacinto confirms the strong perception on the part of the students of the importance of the internship as a transition to the labor market and their preference for the practical aspects of training (Claudia Jacinto, *ibid*). Indeed, the noncognitive benefits of the internships seem to be more important than the skills that are acquired during it. Discipline, punctuality, and learning to deal with authority were some of the traits that the trainees developed during the internships. In fact, Jacinto suggests that the training period which precedes the internship does not do enough to change students' erroneous expectations and negative attitudes. Since the problem is noncognitive, it is only the work environment of firms which is capable of reversing these negative values and expectations. Ultimately, to the extent that the program takes kids out of the streets, it helps reduce delinquency and crime which is an obviously desirable outcome.

**ICAPS: IMPROVISED TRAINERS  
AND AGGRESSIVE BROKERS**

One of the main features of the project is that any institution, be it private or public, large or composed of one single individual, may submit a training proposal as long as it satisfies the stipulated conditions. Bids come from consulting firms or private training firms, associations of employers, labor unions, nonprofit institutions, public and private universities and technical schools. Table 1 shows the distribution of contracted institutions, along with the sequence of competitions held.

What is most remarkable in this table is the reduction in participation of just about all the categories of institutions and the sharp increase in the number of individual suppliers, as the project goes from one competition to the next. It seems that enterprising individuals are taking over the market for training, reaching 56 percent of the contracts in the last competition. In other words, these individuals are competent brokers, able to sell

courses to enterprises, hire teachers and rent the classroom space. If the goal of the project is to develop a large army of brokers able to put together a program on short notice, it has been an astounding success. However, if the goal is to create a sound and competent capacity to train, then we have to ask whether this is a welcome development (this point will be explored further in the following sections).

Considering the large variety of ICAPs submitting proposals, it is not surprising that between 30 percent and 50 percent of the proposals were eliminated due to shortcomings in the technical and/or pedagogic design of the courses, and between 7 percent and 24 percent due to problems with the internships. In fact, one third of the ICAPs failed to perform all the mandated visits to the enterprises. These are not serious problems in a new program where much is to be learned by all parties. If anything, it indicates that monitoring is alert and working, that the project management is rigorous, and that the system motivates a large number of participants to submit proposals.

**Table 1  
Type of Bidding Institution and Competitions**

<b>ICAP</b>	<b>Pilot Phase (%)</b>	<b>2nd Compet. (%)</b>	<b>3rd Compet. (%)</b>	<b>4th Compet. (%)</b>	<b>5th Compet. (%)</b>	<b>6th Compet. (%)</b>
Consulting Firms and Academies	26	21	14	12	9	8
Companies, Federations, Chambers	15	13	13	9	10	8
Individual Consultants	15	25	40	45	53	56
Public and Private Universities	12	3	6	4	3	2
Secondary and Higher Education Institutions	6	8	6	4	3	3
Trade Unions	6	2	2	2	1	1
Foundations, Associations, Cooperatives	21	29	20	23	20	21
<b>Total</b>	<b>100 (34)</b>	<b>100 (160)</b>	<b>100 (221)</b>	<b>100 (443)</b>	<b>100 (553)</b>	<b>100 (631)</b>

## Reinventing Training under a Collapsing Training System

Most industrialized countries with training programs for the unemployed focus on activities which are complementary to what their regular training systems offer. Namely, they focus on short training targeted to nonconventional markets for typical graduates of traditional courses. This is also the case of Brazil, which has a complex and sophisticated worker-training system while its unemployment programs tend to target very simple occupations not covered by institutions like SENAI.

However, the situation in Argentina is not all similar. Technical schools were allowed to deteriorate to levels which seem hard to describe. Following CONET's uneven performance, responsibility for technical schools was transferred to the provincial governments where, very often, they were allowed to deteriorate further. For all practical purposes, some of the schools are unable to offer serious vocational preparation. The equipment is run down beyond repair, the buildings are derelict and the overall appearance indicates that the rigor, discipline, sense of order and cleanliness which are a necessary concomitant of serious industrial arts training cannot be had in these institutions.

The decision to transform all of them into *polimodales* is not without justifications. The new *polimodal* schools shy away from specific occupational preparation for the classic trades, particularly in the industrial arts, and offer instead a small number of tracks which give the "flavor" of industrial arts, business and so on. The system is not altogether different from the French *bacs*. This new model makes sense, considering the predominance of office occupations in modern societies and the

inherent difficulty of having academic public schools constantly adjusting course offerings to an ever shifting demand. It is a well-known fact that academic curricula and the flexibility required to follow market signals do not go well together.

To complement the *polimodal*, a significant expansion of post-secondary technical programs is taking place and this effort will be beefed up by an IDB loan under preparation. One consequence of this is to encourage the transfer to the post-secondary level of many occupations traditionally offered in secondary-level technical schools. In a country with relatively high levels of schooling, office technology, computer training and many tertiary sector occupations are, indeed, much better placed at the post-secondary level. Moreover, INET (the branch of the Ministry of Education dealing with the *polimodales*) is also considering requiring an additional year more focused on occupational training, with a strong emphasis on modern technologies, both in offices and in manufacturing. The exact nature of this program, implementation schedules and consequences are still unclear.

Both the post-secondary and the *polimodal* are welcome changes in educational policy. They reflect what is happening in many other countries and are an adequate response to difficulties with conventional secondary and technical schools. However, not all occupations can be pushed upwards to the post-secondary or dealt with under the broad concept of *polimodal*, which is a step back from occupational training. In fact, many

occupations have been forgotten under the new system; namely, the "classical" skilled (and semi-skilled, depending on the definition) occupations. These occupations require dexterity and motor coordination and have relatively long training periods. They are, in many cases, too complex to be learned on the job. In addition, their conceptual and symbolic contents, while not trivial, do not require a post-secondary degree. Welders, machinists, turners, cabinetmakers, and electricians are typical examples. For these occupations, Argentina has practically nothing to offer today, since it does not have a significant training system parallel to and independent from the academic schools. In so many words, the demise of the technical schools is not being followed by the creation of a system to prepare workers for skilled manual occupations.

The practical consequence of the new policies can be gauged by a superficial examination of the courses offered by Proyecto Joven. It shows that the market for the classic industrial arts has not disappeared at all (between 45 percent of the courses offered are in manufacturing trades, followed by 35 percent for services and 19 percent for the primary sector). The list of courses offered could just as well be that of a regular training system anywhere in the world. Metal work, electricity, catering, construction and sales are strong entries in a long list of perfectly conventional courses. Courses on meatpacking and agriculture are also numerous, an obvious reflection of the structure of Argentine economy.

It is quite instructive to see that thousands of individuals and institutions canvassing the country and looking for internships in thousands of enterprises—without any limitations on subject or content—have ended up with a list which looks perfectly standard and conventional. Serious training systems—which have been so maligned by their detractors—have been offering courses which cover similar ground. That is not to say, of course, that all or most traditional vocational offerings are up to date and reflect market needs. More often than not, vocational systems in developing countries offer courses that are out of touch with the market.

This is particularly the case in Argentina where technical schools have been allowed to deteriorate and programs and syllabi have become obsolete.

Looking at the list of offerings, it is easy to see that not all courses are standard fare. To be exact, there are many niche courses being offered. Our short visit noted courses such as meat cutting for a large meat packing firm (Swift), a course to prepare textile workers (Alpargatas) and a course on poultry farming offered for a cooperative. But the majority of the courses listed in the project report look quite standard. This is confirmed by examining the course contents for the program for machinists in a heavy equipment repair firm (Salem), and the gas installation and textile machine repair programs offered by the Monteros Technical school.

In other words, Proyecto Joven is playing a different role than that for which it was created. It has become a stand in for decrepit technical schools which are not being replaced by programs catering to the same markets. An interesting result noted in the "Estado de Ejecución" report is that many trainees are getting skilled rather than semi-skilled training, particularly in the primary and secondary sectors where many of the trainees come to the program already with some occupational skills. This observation confirms the unplanned mainstreaming that is taking place. There is nothing intrinsically wrong with this. It may be a mutation or even a distortion of the original goals but that is immaterial if it is doing a good job. But if Proyecto Joven assumes new roles as a result of other systems' default, the subject requires rethinking.

One issue is the planning and development of the courses. Serious training systems develop their courses progressively and improve on them through trial and error. Classical offerings show a long history of continuous adding and subtracting items from the curricula and improving teaching materials and techniques. For instance, some of the SENAI courses are mutations and up-dates of programs which started in the 1930s in the São Paulo railroads.

Proyecto Joven, apparently conceived as a niche-market program, deals with each course as if mankind had never offered anything similar. The result is that each course has to start from an identification of demand, a detailed description of the tasks required for the job and a detailed syllabus of the course. These procedures have at least two serious disadvantages. First, they oblige the contracting institution (ICAP), the company receiving the interns and the civil servants to engage in long discussions and negotiations, as if the training of a machinist or a gas installer offered anything new or as if there were any major difference from course to course (or from country to country). The second and even more serious problem has to do with the huge amount of previous learning that should go into the organization of serious vocational training. Good training programs reflect a cumulative learning effort often lasting several decades. No serious training in the mechanical trades would allow what the mission members saw: an instructor happily grinding a tool in front of his students and the IDB visitors without using eye protection. This is not how a leading industrial country should be teaching industrial trades to its youth.

Good training materials either are perfected through the years or require heavy financial outlays to be prepared at the outset. Since there is neither expectation of continuity nor funds for developing new materials, most courses are improvised and will remain so no matter how many times they are taught. The majority of courses lack written materials to distribute to the students. In the few that do, handouts were prepared by someone else—e.g., as in the case of the defunct state phone company for the phone line installation courses or the garment industry which translated materials from its Brazilian associate.

The implications seem to be straightforward. Only niche courses justify being developed from scratch and discussed step by step from beginning to end. Conventional courses need to be treated as such. A mill operator is the same occupation in Argentina, the United States, Russia and Switzerland. Surely,

all courses need to be tailored to the firms, but this is a simple process of adding or subtracting modules from a standard course. In fact, all the courses for conventional occupations designed from scratch ended up being very similar to their standard counterparts elsewhere.

Furthermore, it is unacceptable to use improvised materials in courses which are offered just about everywhere in the world. Hundreds of institutions have invested hundreds of millions of dollars in their development and have been tuning them out for decades. There are huge catalogs of training materials in all major languages. It is necessary to allocate funds to track, examine, select, translate, adapt and test the best training materials, wherever they might be in the world. Providers need not to be discouraged from producing their own materials, if they do not like what they see. But all candidates to provide courses should have access to the best training methods and materials available anywhere. By the same token, trainers should be offered opportunities to update their repertoire of training materials and methods. This will require the establishment of clearinghouses for training materials and fellowships for some key players to travel abroad and see the best training at work.

Another consequence of this *de facto* manner of filling a training void has to do with the types of courses requested. In an economy in which not many companies are growing, it is unavoidable that some of the firms where employment expands operate in areas of relatively high technologies and industrial processes. Hence, Proyecto Joven ends up training for highly skilled occupations. One firm needs CNC operators, another needs workers in instrumentation and calibration. How far up the occupational ladder should Proyecto Joven go? This remains an open question. But clearly, if the project is going to prepare quality control workers, an expensive specialty for which to train, the targeting of school dropouts is not necessarily a good idea. In these cases, the program might as well forget targeting and select the best candidates. To do otherwise might result in mediocre workers from not-so-deprived backgrounds, the worse of both worlds.

Last but not least, the entire approach of creating incentives for several thousands individuals to try to sell their courses to enterprises needs a second thought. Undoubtedly, without the market incentives offered to course providers, all this energy would not have materialized and neither would the results. Nevertheless, there is much waste in this massive effort to micro-identify demand and it does not create anything permanent. This fragmented method ignores a different tradition of approaching employers. It seems that parallel to this piece-meal approach it would make sense to invest in the organization of employers. The most obvious model is the sectoral chambers of employers, epitomized by the German experience. It is interesting to notice that with the support of the ILO, Rosario is trying to move in this direction. It is probably worth

exploring this alternative scenario which creates a permanent set of interlocutors to the training systems, saving the effort of reinventing training thousands of times.

This is not an argument for removing aggressive training brokers from the training picture. Nor is it an argument to be any less demand driven. But it is an argument to spend less time reinventing conventional courses. Once the demand for them is identified what is needed is to adapt an existing package to the concrete situation of the enterprise. And a better organization of employers will create a more propitious environment for the brokers to sell their courses and, eventually, to benefit from greater economies of scale.

## Ephemeral Organizations do not Learn the Art and Technology of Training

Organizations may learn, or they may fail to benefit from experience. The decision to leave contracts open to all kinds of organizations, including individuals, had a reasonable justification when the project was launched. The combination of lethargic or decrepit technical schools and aloof universities and a wide availability of experienced trainers or aggressive training entrepreneurs scattered around, makes a persuasive case for opening the competition to companies of all sizes and nature.

However, organizational learning cannot take place in organizations which are ephemeral, or just too small. And the fact of the matter is that 56 percent of the courses have been operated by individuals, not even small institutions. Even the motivation to learn is affected by the lack of long-run perspective of the organizations. Schools should be learning organizations. Education and training are their *raison d'être* and they should have all the interest in the cumulative nature of organizational learning. They are the natural depository of training strategies, materials and theories. By themselves, these factors should be enough reason to give a strong preference to public or private teaching organizations of substantial size. But in addition, schools which purchase equipment with project money can use them with their regular students. The Mederos school goes farther and is purchasing bricks with the revenues, in order to complete the new building to which they plan to move. By the same token, teachers who were forced to interact with enterprises to negotiate internships and follow up on them bring to their regular students the benefits from this interaction which may be so rare in technical schools. The same is true for training materials acquired for the project course.

The above arguments suggest that preference be given to training institutions which have at least the promise of permanence and the minimum size to have an internal synergy, otherwise the vicious circle of improvisation and noncumulative experience cannot be broken. Yet, the case of the technical schools is delicate. Project staff claim that they tend to be unresponsive and reticent. That may very well be true but the pay-off from obtaining their collaboration is much greater than elsewhere, given their permanent role in training a vast number of lower class students. Anything that may improve their ability to offer reasonable courses will have an impact that goes way beyond the immediate consequences on those trained by the project.

One interesting technicality to keep in mind is that in order to have greater flexibility in the use of funds, many technical schools submit their proposals in the name of the *cooperadora* (which is the equivalent of a PTA, organized as a nonprofit civil society). This is clearly a proxy for the technical school and should be treated as such.

It was claimed that often a technical school offers a course and then, in the next round of training bids, individual teachers who taught the previous class present themselves to offer the same course, competing with their own schools. In another case, an inspector protested when a technical school participated in the bids and it was later found that he had presented his own bid as an individual provider. These are undesirable scenarios. Supporting the right institutions generates stronger

long-run benefits to society, particularly when these institutions have other students who can benefit from the hardware and experience acquired in the

contract. That, of course, does not mean favoring less convincing bids but rather stimulating the right institutions to present themselves better.

## The Training Industry: Do We Need to Pay Custom-Made Prices when Assembly-Line Savings are Possible?

While the projects visited suggest that much work and dedication went to prepare the courses, it remains true that costs are quite high. On the average, the costs per student are \$1,400. This amounts to \$4.36 to \$4.98 per student/hour. If to these figures we add the administrative costs in personnel and other expenditures, costs may easily climb to two thousand dollars. In other words, the odd 200 hours plus the two or three months of internship cost twice as much as one school year with over 600 hours of class at the Universidad Tecnológica Nacional. Why should semi-skilled programs cost so much more than higher education of respectable quality? Or six times more than primary education? Or about the same as SENAI courses in Brazil which offer training of incomparably higher quality?

One of the reasons is the scale of operation. Enrollments seem to be far too small to benefit from economies of scale, with an average level of enrollment of 20 students per course.<sup>11</sup> If this lack of economies of scale is true, there are good reasons to consolidate scattered programs and obtain a much higher concentration of students in each course. This has the added advantage of justifying the use of much better teaching materials.

Another reason may be lack of knowledge on the part of the project staff about the real costs of offering training under different circumstances. It seems that the project could benefit from better cost

studies, as well as simulations of typical costs for a number of more frequently contracted courses. A very strange result is the very low variance in costs between occupations. The most expensive course (air conditioning) costs \$1,719 compared to \$1,126 for supermarket clerks. This homogeneity suggests that in addition to the lack of economies of scale, as suggested by the "Informe de Seguimiento," there are informal cost "norms" which everybody follows when presenting proposals. By the same token, offering a course for the first time should cost a lot more, as compared to subsequent repetitions. If that is not the case, either the repeated courses are overcharging or the first time the class taught it was with inadequate preparation.

According to the project managers, the initial concerns were not to minimize costs but to select the best proposals from a technical point of view. Cost cutting was something to be considered as more experience was acquired by all parties. And in fact, data show considerable reductions in costs from one competition to the next. Yet, the lowered costs remain too high.

To sum up, regular courses which are part and parcel of any vocational training system anywhere in the world should not operate as if they were custom-designed programs and with the prices of such courses. There are returns to scale which can be reaped on those standard courses. And more than likely, quality improves with quantity. Some of the best vocational schools have huge

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<sup>11</sup> Buenos Aires courses are somewhat less expensive, suggesting the presence of economies of scale in this large city.

enrollments.<sup>12</sup> There are no good reasons for Argentina to forego the economies of scale and

to continue offering conventional courses with the cost structure of custom-made programs.

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<sup>12</sup> Some of the most respected SENAI schools accommodate from two to three thousand different students everyday.

## Basic Skills: The Benefits for All

There is much debate on whether firms need workers who can handle a file or who can write and use numbers. This is not the place to settle this controversy. But the issue on whether such vocational courses should concentrate on manual skills or on basic cognitive skills is easier to settle because the recent developments of cognitive psychology confirms what good vocational training always practiced. Namely, the basic cognitive skills should not be a separate and additional subject matter of the training program but rather something seamlessly meshed with the skills training. There should be no reading and writing courses parallel to filing and cutting. Reading and writing should be part and parcel of all classes. The student reads about what he is going to do, writes the tasks that are going to be performed, uses simple mathematics to calculate angles, tolerances and measurements. Perhaps he is not even aware that he is learning to read and calculate together with his trade but these basic skills are just as important as anything else he learns.

There has been much conceptual work on basic skill development and ample guidance on how to proceed. Considering that the more likely impact of Proyecto Joven training comes in the long run in the form of higher productivity, reinforcing basic skills contents could be one of the most important improvements to Proyecto Joven. Putting it another way, what benefit does the program have for the two thirds of the graduates who do not find a job immediately after completing the course? Work experience and discipline are clear benefits. But perhaps, just as important, is the development of basic skills, if the program were to be conducted in

such a way that this becomes one of its main objectives.

It seems reasonable to think that the development of basic skills should be one of the main objectives of every course, rather than an add-on, required by the complexity of the occupation (e.g., machinists require some knowledge of math). Furthermore, since some occupations are very simple, for these the development of basic cognitive skills would be a valuable use of the student's time. This would be the case with those students who are being trained to work in supermarkets or in sales in general.

It should be clearly understood that the introduction of basic skills as proposed, even though it is easy to understand, requires considerable planning and investment. This is not something that can be included in the guidelines of the programs; it is a task that requires a fixed investment of time and a careful review of similar experiences elsewhere. This is another reason to devote much more time and resources to the preparation of training materials which will be used by many providers of training courses. One cannot expect a serious merge of basic skills with content training in courses contracted on a one-by-one basis. By the same token, experience suggests that it is not easy to explain to training providers what is required to include basic skills in the courses. If anything serious is going to happen along these lines, some courses have to be planned from the ground up, if nothing else, to serve as models for subsequent ones.

An interesting illustration of the difficulties is given by a program to train phone line installers. Even though the programs make use of manuals prepared by the training center of the old state phone company, they are not used to train the students in the craft of reading. Classes are written on the blackboard and copied by the students. The materials are distributed at the end of the course as references. It was claimed that if given written materials, the students would not understand them, due to their low literacy levels. But this is exactly the catch. The reason students need basic skills is because of their low literacy level and the means to remedy that is to use the technical materials to teach literacy. But this is not intuitive and it is not part of the training tradition in this category of courses, even though this training provider is exemplary in many other ways. The course is otherwise competently managed and seems to offer, at a satisfactory quality, exactly what the companies need. Unless basic skills training is brought in a much more structured effort with good experimental projects and training of trainers, not much is going to happen.

The bottom line is simple. It makes sense to reinforce the basic skills components. But this will not happen by preaching in projects where the development of the syllabi is strictly market driven. A proactive attitude is necessary on the part of those operating the program. ICAPs should have access to the best training materials available anywhere in the world (books, exercise books, tapes, methodological papers, training of trainers materials, computer programs, etc.). Funds will have to be allocated to set up some experimental courses in typical areas. And hopefully, there will be a decision to obtain the support of experts who have experience in the design and implementation of courses where basic skills are included. Some leading private or public institutions could be appointed for playing the role of clearinghouse of materials, methods and programs to train trainers. It could be appropriate to choose some institutions to develop curricula and training materials. They could be the same that offer courses or others engaged in related activities, such as technical colleges or research institutions.

## Some Conclusions and Some Surprises

This paper examines Proyecto Joven, a very interesting Argentine program funded by the Inter-American Development Bank for the purpose of training unemployed youth in semi-skilled occupations. The program was found to be innovative in many respects, successful in unexpected ways but in need of revisions.

*The project contains important innovations at the management level.* It is noteworthy that all the training is outsourced to private and public providers. The same is happening with some control, evaluation and auditing processes. This avoids the chronic problems of civil service operation and creates checks and balances between execution and funding decisions. The quality and dedication of the management was considered to be one of the reasons for the success of the program. While there is still room for management improvements, with more decentralization and simplification of procedures, overall the program seems professionally run and well monitored.

*Internships are beneficial to students and reduce the mismatch between training and demand.* Training providers must offer an internship to the trainees, which is the number one insurance against mistargeting. In addition, internships not only enrich the training in ways which are important to lower class youth but it also increases the chances that firms will hire the intern.

*The immediate impact is probably less convincing than it appears at first sight.* Evaluations indicate that about 30 percent of the graduates get a job after the internships and that up to 70 percent are

working after six months. These are internationally respectable results. But the same international experience shows that while in most programs the tracer studies show very encouraging results, when stricter methods are used to establish control groups the benefits drop precipitously. Given the methodological weaknesses of the control groups created, the program cannot convincingly avoid the scathing criticism levied at other similar programs, claiming that they help little to alleviate unemployment.

*The training seems to improve the productivity of graduates.* Lacking truly robust evidence for its immediate impact, the program would have to be partly justified in terms of its consequences in improving the productivity and competitiveness of the economy. In fact, initial evidence suggests that it improves the earnings of graduates at a rate that is higher than that observed for those who learn on the job. This consequence of training is, indeed, confirmed by the tracer study data, compared to a control group of youth of higher social and economic standing.

*From ad hoc program to mainstream training.* While Proyecto Joven was conceived as a niche program to help low-income unemployed youths to find jobs, it was implemented in an institutional vacuum left by deteriorated technical schools and an absence of other alternatives to training in the "classic" skilled manual occupations. By default, it became the *de facto* training system of Argentina. Not all customers are deprived youths and it trains in occupations which may be skilled

or even highly skilled. This development was pure serendipity and not altogether undesirable. By an expansionist mutation, the system adjusted itself to playing a more central role in the Argentine economy.

It was observed that the thousands of training providers trying to offer tailor-made courses to enterprises—in order to convince them to take interns—ended up with a list of courses and with course syllabi which are no different than what is offered by serious and conventional training systems anywhere in the world. At the same time that this confirmed the mainstreaming tendency of the projects, it showed that good conventional systems offer more or less what enterprises want.

*Mainstream courses require mainstream organization.* More than half of the courses in the last competition were offered by individual providers. The training programs are designed and offered one by one, without much preparation and without the perspective of being offered again. These factors prevent the investment in good learning materials and the cumulative improvements in teaching strategies and courseware which are the hallmark of competent training systems. In fact, training materials are nonexistent, courses are improvised (when compared to what happens in good training systems, even though they are much better than those presently offered by many decrepit technical schools), and little is gained from past experience, since individual training providers have no critical mass to accumulate experience.

*Tailor-made courses have high costs, even when they are all alike.* One of the results of the strategy adopted by the project is that all courses, by the rules of the competition, are tailor-made and,

therefore, have high operating costs. These high costs would have been a necessary evil if the tailor-made courses were indeed different from one another. But since the program was drawn to the role of mainstream training, the courses may be tailor-made in how they are developed but they end up being conventional courses with conventional curricula. Therefore, for what they are, they are vastly overpriced compared to serious vocational schools elsewhere and to the local technical universities. The combination of improvised courses with high costs makes for a cost-effectiveness which is much below what would have been possible with a system which fully exploited the economies of scale in teaching and preparing materials.

To sum up, Proyecto Joven is a program with undeniable qualities at the conception and management levels, even though it tackles a most intractable problem which is to train and find jobs for low-income unemployed youth. However, given the peculiarities of the training scene in Argentina, it ended up being drawn to the mainstream tasks of training for the classical skilled occupations. This is, perhaps, a better and more easily attainable task where the program is performing satisfactorily, even if this was not its goal. However, the program was not organized to be a mainstream training system and, therefore, is more expensive than warranted. Also inappropriate to its new roles is the fragmentation of providers. Very small and individual providers cannot build up the long run experience and the continuous learning which is the mark of good training institutions. It is quite clear that the form of contracting is not adequate and funds for the development of quality training materials are required, in addition to a number of other organizational changes which would adapt it to its new *de facto* role.

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