The Fast Track to New Skills

Short-Cycle Higher Education Programs in Latin America and the Caribbean
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María Marta Ferreyra, Lelys Dinarte Díaz, Sergio Urzúa, and Marina Bassi

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The COVID-19 pandemic has unleashed an unprecedented crisis in Latin America and the Caribbean (LAC)—a severe shock to a region that was already struggling to regain its footing after the collapse of commodity prices in 2013. The crisis has severely affected aggregate employment and production and has thrown millions of people into poverty. Yet, while the crisis has destroyed many jobs and businesses, it has also created others. Over the past year, machines and electronic platforms have replaced workers in some sectors, and we have also seen people with analytical skills fare well during the pandemic. Although these trends were already evident before the pandemic, they have become even stronger over the past year.

In this context, investing in the skills for the jobs of the future has become both critical and urgent. It is already clear that labor markets will emerge from the pandemic irreversibly changed. Many of the jobs that have disappeared may not come back. As firms begin to hire, many will seek new skills. Upskilling and reskilling the population will be critical—not just for economic recovery and transformation but also for equity and inclusion.

Developing skilled human capital is a fundamental role of higher education systems. Are LAC systems up to the current challenge? Can they accompany the ongoing structural transformation and provide for the needs of the new labor market, or will they remain focused on the labor market of the past? Can they respond flexibly and fast, or will they take many years to adapt?

This book argues that short-cycle programs (SCPs), a type of higher education program, are particularly well suited to address these challenges. These programs, which have been relatively overlooked by researchers and policy makers, have a clear focus on labor markets and helping students get jobs. And a major advantage is that they develop skilled human capital in only two or three years.

The evidence presented in this book shows that, on average, these programs deliver good academic and labor market outcomes. Moreover, their providers respond nimbly to the needs of local labor markets, and many SCPs implement specific practices that contribute to good student outcomes. Although not all SCPs are equally good, clear and vigorous policy can mitigate SCP shortcomings and help them fulfill their promise.
A 2017 World Bank study on higher education in the region, *At a Crossroads: Higher Education in Latin America and the Caribbean*, noted that higher education faced a defining moment, because the prevailing model was not delivering what the region wanted and needed—an education capable of promoting growth, innovation, and inclusion.

As the region seeks to build better and more adequate higher education systems, this report advocates for new actions and ideas supported by evidence, not simply to overcome the current crisis but also to set the foundations for a more productive economy and a more equitable society.

The findings of this report can help create an environment where good programs that students can attend are offered across the region—which is critical, given LAC’s urgency to skill, upskill, and reskill its population. SCPs can be extremely valuable: they are oriented to the labor market and specific skills or occupations, and their providers are flexible and adapt easily to new realities. In addition, the total cost and time commitment per student are lower than those of bachelors’ programs.

As LAC emerges from the COVID-19 pandemic, the region has the opportunity to chart a new future with more equitable and sustained economic growth. Building human capital with the skills demanded for the jobs of the future will be key. This report offers new evidence and ideas on how SCPs can help achieve this goal.

Carlos Felipe Jaramillo  
*Vice President*  
*Latin America and the Caribbean Region*  
*The World Bank Group*
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Overview

Following the collapse of commodity prices in the early 2010s, Latin America and the Caribbean (LAC) countries have been seeking new engines of growth, which, in addition to raising productivity, would preserve and enhance the equity gains attained in the previous decade. By developing skilled human capital, higher education could be a formidable engine of economic and social progress.

A specific type of higher education program forms skilled human capital relatively fast—the so-called short-cycle programs (SCPs). Unlike bachelor’s programs (which usually last five or six years in LAC), SCPs are short (two or three years long), eminently practical, and have a clear goal of training students for work in a relatively short time. SCPs are similar to short technical and vocational postsecondary courses in their practical focus, yet are different in that, by being a form of higher education, they are longer (at least two years long) and provide broader training.¹ SCPs are known by different names throughout the region, such as programas técnicos y tecnológicos, carreras técnicas, tecnicaturas, carreras terciarias, carreras de nivel técnico superior, cursos tecnológicos, cursos técnico-profesionales, carreras profesionales, and cursos superiores de tecnología. Some SCPs focus on traditional fields such as advertising, hospitality, physical therapy, logistics, graphic design, and electronics. Others focus on more recent, innovative fields such as app design, digital animation, big data, web design, cybersecurity, and social networks.

SCPs are attractive to a wide variety of individuals. These include those who are not able to pursue a bachelor’s program due to other responsibilities or poor academic preparation; those who might succeed in a bachelor’s program but are not willing to invest time and resources in it; and those who already have a bachelor’s degree but are seeking short, specific training in their broad area of knowledge (for example, a computer scientist interested in learning computer animation) or a different one (for example, a historian interested in marketing). More generally, SCPs can help individuals enhance their skills for a similar occupation (“upskilling”) or acquire new skills for a different one (“reskilling”).
Because firms and the economy need a variety of skills—those of engineers as well as technicians and economists as well as marketing specialists—through SCPs the higher education system can provide a greater variety of options than those limited to bachelor’s programs.

The wide attractiveness of SCPs contrasts with the prevailing view in the region, where SCPs bear the stigma of being the lesser higher education choice. If they are well-designed, SCPs have the potential to become a crucial tool for workforce development in the new world of work—where individuals can be expected to switch occupations, and perhaps careers, multiple times over their lifetime, and where training must be fast, efficient, and closely connected to the labor market.

Although LAC has been in need of skilled human capital for the past few years—particularly since the end of its “Golden Decade”—the need has become decidedly urgent following the COVID-19 pandemic. Even before the pandemic, machines had been replacing humans in routine tasks through automation; the internet had been replacing personal interaction through electronic platforms; and the productivity and market value of workers who produce intangible value added, such as researchers, programmers, and designers, was already on the rise. Rather than creating new trends, the pandemic has merely accelerated the preexisting ones.

Although the pandemic has damaged aggregate employment and output, not all firms and workers have fared equally. Many jobs and firms have been destroyed, yet many others have appeared. At the same time, the jobs that have disappeared are not likely to come back. To return to employment, those individuals will need to acquire the skills relevant to the new world of work in order to perform nonroutine, complex tasks that cannot be automated or executed by electronic platforms. Recovery from the COVID-19 crisis will depend crucially on upskilling and reskilling the workforce in order to support economic transformation.

Since governments are facing extremely severe fiscal constraints, workforce development can hardly count on additional resources. By definition, SCPs should be able to satisfy the skill needs fast and efficiently, but only to the extent that they can supply high quality and respond flexibly to the needs of the market. That is why this study investigates SCP outcomes, quality, and supply in LAC. The focus on SCPs is novel, as neither policy makers nor researchers have previously devoted much attention to them.

The study shows that SCPs have several strengths but also shortcomings. On average, SCPs have good academic and labor market outcomes, and many implement practices or have inputs associated with good outcomes. Further, the SCP market is dynamic and providers respond nimbly to labor market needs. However, SCP outcomes and practices vary greatly among programs, and providers often open low-cost, low-value programs.

To some extent, these shortcomings might be due to poor policy. Thoughtful policy design and diligent implementation might mitigate them, thereby
realizing the SCP potential at this time of great need. As a recent study on higher education in LAC shows, higher education is at a crossroads, with policy makers, institutions, firms, and students seeking a new, more effective type of higher education—one that fits the current realities and promotes growth, innovation, and inclusion. To attain this new type of higher education, new actions are needed. The evidence presented in this study can inform the new, bold actions required at this critical juncture.

The remainder of this overview begins by describing the novel data collected in order to answer the study’s novel questions, and describes the general landscape of SCPs in LAC—both from an institutional and economic perspective. It summarizes various measures of SCP outcomes and quality and describes aspects of SCP supply such as new program entry, competition, and program design. It presents the main findings from the analytical work seeking to identify the program characteristics, inputs, and practices that contribute to good student outcomes. It concludes by offering some policy considerations.

**New Data to Answer New Questions**

Consider a program that is “good,” in the sense that it provides good outcomes, after accounting for student characteristics. What makes it good? What specific practices does it use? For example, does it communicate frequently with local companies to assess their skill needs, update the curriculum in response to industry feedback, or hire faculty with industry experience?

Entering the “black box” of program quality is fundamental for the design and replication of high-quality programs. However, the ability to do so is severely limited by standard data sets, which do not report program practices. To overcome this limitation, the study designed and implemented the World Bank Short-Cycle Program Survey (WBSCPS) in Brazil (in the states of São Paulo and Ceará), Colombia, the Dominican Republic, Ecuador, and Peru (for licensed programs). These five countries account for 54 percent of all SCP students in LAC. The survey took place by phone, online, and in person and obtained an unusually high response rate (70 percent on average), for a total of approximately 2,100 effective interviews.

The survey covers a broad range of topics, including student demographics and readiness for the program; admission and graduation requirements; faculty characteristics, hiring, and evaluation; curriculum and practical training; infrastructure; online teaching; costs and financing; oversight and regulation; institutional governance; interaction with industry; job search assistance; competition; and academic and labor market outcomes.

To our knowledge, this is the first attempt to learn about SCP practices and characteristics systematically, in LAC or elsewhere. This wealth of information allowed for characterizing the SCP sector well beyond what had been possible previously and to delve into the question of what makes a program good.
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General Landscape of SCPs in LAC

In the new millennium, higher education in LAC has experienced a large, rapid expansion, with gross enrollment rates rising from 23 to 52 percent in less than 20 years (figure O.1, panel a). Nonetheless, throughout this expansion, enrollment has grown faster at bachelor’s programs than at SCPs. As a result, today’s share of SCP students in higher education enrollment is lower in LAC, at 9 percent, than in most other regions (figure O.1, panel b).

SCP

A relatively late addition to LAC’s higher education landscape, and their enrollment share varies widely across countries (figure O.2, panel a). Countries also vary in the types of institutions they authorize to provide SCPs (universities, non-universities, or both). On average, about half (48 percent) of SCP students are enrolled in private higher education institutions (HEIs) in LAC, yet the enrollment share in private institutions varies widely throughout the region (figure O.2, panel b).

SCP usually fall under the purview of the Ministry of Education, which authorizes openings and conducts quality assurance (accreditation). Although many SCPs nominally provide pathways (or credits) toward more advanced degrees, in reality, these are not effective and only few SCP students pursue longer degrees. This “dead end” quality of SCPs might have contributed to their stigma.

Figure O.1 In LAC, Higher Education Enrollment Has Grown Rapidly, but There Are Relatively Few Students in SCPs


Note: In panel a, gross enrollment rate is the number of students enrolled in higher education relative to the total population in the relevant age range (usually 18–23 years old). Panel b shows the share of SCP students relative to all higher education students. In each panel, the region-level indicator is a weighted average across the region’s countries. EAP = East Asia and the Pacific; ECA = Europe and Central Asia; LAC = Latin America and the Caribbean; MENA = Middle East and North Africa; SA = South Asia; SCP = short-cycle program; SSA = Sub-Saharan Africa.
On average, students in SCPs are more disadvantaged and less traditional than those in bachelor’s programs (table O.1). Students in SCPs are slightly older, come from lower income households, and are more likely to be married and work while studying. Students enter most SCPs with serious deficits in math, reading, and writing. As a result, the vast majority of SCPs conduct remedial activities.

Despite their disadvantage, SCP students obtain, on average, favorable academic and labor market outcomes. On the academic side, they graduate at higher rates than bachelor’s students (57 versus 46 percent; see figure O.3). On the labor market side, although they earn lower wages than graduates from bachelor’s programs—as expected—they obtain better outcomes than dropouts from bachelor’s programs (figure O.4). Their unemployment rate is lower (3.8 versus 6.1 percent), their formal employment rate is higher (82 versus 67 percent), and their wages are higher (by 13 percent). Since dropouts from bachelor’s programs account, on average, for a staggering 49 percent of all higher education students, such favorable outcomes for SCP programs are a promising starting point for the more detailed analysis presented in the next sections.

Program costs to students are an important element of the SCP landscape. Policy makers subsidize public HEIs both for SCPs and bachelor’s programs, leading to an average tuition that is well below cost (figure O.5, panel a). In contrast, they rarely provide funding to private HEIs or their students. Some policy makers provide, guarantee, or subsidize student loans, yet these cover only a small fraction of students in the vast majority of countries. As a result, students pay tuition mostly out of their own pockets. Further, the policy maker’s subsidy for an SCP student is lower than for a student at a bachelor’s program (figure O.5,
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Figure O.3  In LAC, SCPs Have Higher Completion Rates Than Bachelor’s Programs

![Graph showing completion rates for bachelor’s and short-cycle programs in various LAC countries]

**Table O.1  In LAC, Students in SCPs Are More Disadvantaged and Less Traditional Than Those in Bachelor’s Programs**

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<tr>
<th></th>
<th>Bachelor’s students</th>
<th>Short-cycle students</th>
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<tbody>
<tr>
<td>Female (%)</td>
<td>54.4</td>
<td>63.1</td>
</tr>
<tr>
<td>Age (years)</td>
<td>24.0</td>
<td>24.9</td>
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<tr>
<td>Urban (%)</td>
<td>90.3</td>
<td>80.8</td>
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<tr>
<td>Married (%)</td>
<td>14.5</td>
<td>22.6</td>
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<tr>
<td>Employed (%)</td>
<td>41.8</td>
<td>43.6</td>
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<tr>
<td>Income Q1 (%)</td>
<td>8.9</td>
<td>14.4</td>
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<tr>
<td>Income Q2 (%)</td>
<td>13.1</td>
<td>17.0</td>
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<td>Income Q3 (%)</td>
<td>19.0</td>
<td>23.5</td>
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<td>Income Q4 (%)</td>
<td>23.9</td>
<td>25.9</td>
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<tr>
<td>Income Q5 (%)</td>
<td>35.0</td>
<td>19.3</td>
</tr>
</tbody>
</table>

**Source:** World Bank calculations based on Socio-Economic Database for Latin America and the Caribbean (SEDLAC).

**Note:** The table shows averages of characteristics of students enrolled in bachelor’s and short-cycle programs (SCPs), regardless of age, circa 2018. Simple averages over LAC countries are shown. “Urban” denotes the percentage of students residing in urban areas. “Employed” denotes whether the student works, full or part time. A part-time (full-time) worker works less than (at least) 40 hours a week. “Income Q1” denotes the percentage of students in quintile 1 of the income distribution (bottom 20 percent), and similarly for the remaining quintiles. The quintiles of the income distribution correspond to total household income (ingresos totales familiares). Differences in average characteristics between SCP and bachelor’s students are significantly different from zero. LAC = Latin America and the Caribbean. Countries included are Argentina, Bolivia, Chile, Costa Rica, Ecuador, El Salvador, Honduras, Mexico, Nicaragua, Panama, Peru, and Uruguay.

Figure O.3  In LAC, SCPs Have Higher Completion Rates Than Bachelor’s Programs

**Source:** World Bank calculations based on the Socio-Economic Database for Latin America and the Caribbean (SEDLAC), and administrative data for Brazil and Colombia.

**Note:** For each country, the figure shows completion rates for students enrolled in bachelor’s and short-cycle programs (SCPs), circa 2018. Completion rates are estimated as the ratio of the number of individuals ages 25–29 years who have completed a higher education program to the number of individuals ages 25–29 years who have ever started a higher education program. For each country, the difference between the two graduation rates is significantly different from zero. For Colombia and Brazil, completion rates for bachelor’s programs are the ratio of the average number of graduates in 2014, 2015, and 2016 to the number of incoming students in 2010; the completion rates for SCPs are the ratio of the average number of graduates in 2012, 2013, and 2014 to the number of incoming students in 2010. “LAC” indicates the simple average over all countries depicted in the figure.
panel b), even though the former is more disadvantaged. The gap is only larger when considering total per-student subsidy, since bachelor’s programs last longer than SCPs.

SCPs are relatively affordable in some countries but less so in others (figure O.6 panels a, b). For an individual who earns the monthly minimum wage, the average tuition is below 15 percent of annual wages in the Dominican Republic and Ecuador, but is above 50 percent in Peru and Brazil, where public provision is relatively small. Not surprisingly, 75 percent of the program directors that responded to the WBSCPS reported that the main reason for student dropout is financial hardship (figure O.6, panel c). Even when tuition is relatively affordable, the financial struggle—and overall vulnerability—of these students and their families is a major obstacle for human capital accumulation.

**Labor Market Outcomes of SCP Graduates**

The favorable SCP labor market outcomes described above might not be due to the programs themselves but to the characteristics and effort of their students. After accounting for observed student characteristics, the favorable labor market outcomes remain: on average, SCP graduates in LAC earn 60 percent more than...
Figure O.5  Public Subsidies for SCP Students Are Lower Than for Bachelor’s Students in LAC Countries

Sources: Countries’ administrative information (see annex 1A of the book).
Note: All averages are simple averages over programs. In panel a, the orange diamonds indicate zero average tuition. For Colombia, average tuition at public institutions includes Servicio Nacional de Aprendizaje (SENA) programs, which charge zero tuition. In panel b, for a given country, the average subsidy at public HEIs for bachelor’s programs equals average tuition in private HEIs – average tuition in public HEIs, and similarly for SCPs. The figure includes all states in Brazil and all programs (licensed and nonlicensed) in Peru. All monetary values are in dollars (PPP 2019).

BA = bachelor’s; HEI = higher education institution; LAC = Latin America and the Caribbean; PPP = purchasing power parity; SC = short cycle; SCP = short-cycle program.

Figure O.6  Average SCP Tuition Varies across LAC Countries, but Financial Hardship Is the Main Dropout Reason Everywhere

Source: Administrative data for panels a and b (see annex 1A of the book); World Bank Short-Cycle Program Survey (WBSCPS) for panel c.
Source: The figure shows the program-level (simple) average tuition, expressed in 2019 PPP dollars (panel a), or as a proportion of the country’s annual minimum wage, equal to 12 times the monthly minimum wage (panel b). Panel c shows the percentage of program directors that report each reason as the main one to explain student dropout (“other reasons” are omitted from the figure). WBSCPS includes only São Paulo and Ceará for Brazil, and licensed programs for Peru. PPP = purchasing power parity.
high school graduates (figure O.7, panel a) and 25 percent more than bachelor’s dropouts (figure O.7, panel b). These (Mincerian) returns have been decreasing since the early 2000s for bachelor’s programs, yet they have risen for SCPs in more than half of the countries.

Beyond Mincerian returns, additional SCP quality measures tell a consistent story: on average, SCP returns are positive and relatively high, yet their variation—across fields, institutions, students, and regions—is also high. For a student with little information, this high variation poses considerable risk. Taking costs into account (direct costs such as tuition as well as the indirect costs of forgone earnings), SCPs have, on average, a positive net lifetime return relative to a high school diploma. In other words, they provide higher salaries over the life cycle than a high school degree. Net lifetime returns vary greatly among SCPs and bachelor’s programs—across and within fields and HEI types—ranging from high, positive returns to negative ones (figure O.8). As a result, some SCPs provide higher returns than many bachelor’s programs. Part of the SCP stigma, then, might arise from students’ lack of information on returns.

Similarly, SCPs vary widely in their value added, that is, in how much they contribute to a student’s labor market outcomes above and beyond the contribution made by the student or their peers (figure O.9). Program-level value-added varies across fields, but it varies much more within fields—depending, for instance, on the characteristics of the institution and the program itself.

**Figure O.7** SCPs Command a Different, Generally Positive Premium across LAC Countries

**Note:** Panel a reports the Mincerian returns to an SCP degree relative to the alternative of a high school diploma in the late 2010s. They are computed based on regression coefficients, which represent the average difference of (ln) monthly earnings between workers with an SCP degree and workers with a high school diploma, controlling for gender, age and its square, urban area indicators, and regional indicators by country. The returns are then computed as the exponential function of the coefficient minus 1. The estimation considers the potential impact of self-selection into employment. Panel b reports the Mincerian returns to an SCP degree relative to an incomplete bachelor’s program; estimation is similar to the one for panel a. The diamonds above the estimates for Peru and Chile in panel b indicate that the estimates are not significantly different from zero. LAC = Latin America and the Caribbean; SCP = short-cycle program.
Despite Good Averages, SCP Net Returns in LAC Vary Greatly among Programs—as Do Returns to Bachelor’s Programs

Program net returns in Chile, by field

Sources: World Bank calculations based on individual-level data from the Ministry of Education of Chile, Higher Education Information Service (SIES), and Mi Futuro.

Note: The figure shows the average, 25th percentile, and 75th percentile of the distribution of (average) program lifetime net returns by field. “Pctl.”: percentile. Program lifetime net return = \[ \frac{\text{present discounted value of lifetime earnings as a program graduate net of tuition}}{\text{present discounted value of lifetime earnings as a high school graduate}} - 1 \] \times 100. LAC = Latin America and the Caribbean; SCP = short-cycle program.

SCP Vary Widely in Their Contribution to Student Outcomes in LAC—Especially within Fields

Program value-added contribution to wages in Colombia, by field

Source: Ferreyra et al. 2020, background paper for this book.

Note: The figure shows the distribution of program-level value-added to wages, by field of study. Wages are expressed in dollars (PPP 2019). Program-level contributions are the program value-added fixed effects, adjusting for student and peer characteristics, estimated in the regression reported in box 2.4 of the book. Their overall average is zero. SCPs taught by Servicio Nacional de Aprendizaje (SENA) are included. LAC = Latin America and the Caribbean; PPP = purchasing power parity; SCP = short-cycle program.
Further, SCP returns vary among students, depending on what they would choose if they did not enroll in an SCP (namely, their fallback or second-best option) and on their background characteristics. For male students with poor academic preparation, who come from disadvantaged families in small or medium-size municipalities, SCPs provide better employment and salary outcomes than the fallback option of a bachelor’s program. For female students from disadvantaged, large families, SCPs provide better labor market outcomes than the fallback option of not enrolling in higher education at all. In other words, by providing a variety of quality offerings, including SCPs as well as bachelor’s programs, a higher education system allows individuals to find their best, most productive match while also fulfilling employers’ needs.

SCP graduates are in high demand relative to graduates from bachelor’s programs, as illustrated by vacancies posted on online portals (table O.2). Nevertheless, demand for SCP graduates varies across economic sectors and geographic locations. The same two sectors of the economy concentrate most of the vacancies for SCP and bachelor’s graduates—management, business and finance, and computer, engineering, and science. This might indicate segmented labor markets, where, for instance, a computer scientist and a network maintenance specialist perform different tasks based on their distinct skills. However, it might also indicate that at a time of high unemployment, the job ladder could unravel—with a computer scientist, for instance, being assigned to network maintenance. Further, the largest (most populated) area of each country concentrates the highest shares of vacancies and recent SCP graduates (the demand and supply for SCP graduates, respectively; see figure O.10). Nevertheless, demand is more concentrated than supply. In other words, there might not be enough SCP graduates relative to jobs in the largest areas, whereas there might be too many in the smaller ones. As a result, many SCP graduates in less populated areas might not find a job suited to their skills, whereas firms searching for SCP graduates in more populated areas might not find suitable candidates.

Table O.2  In LAC, SCP Graduates Are Employable and in High Demand

<table>
<thead>
<tr>
<th>Minimum level of education required</th>
<th>Argentina</th>
<th>Chile</th>
<th>Colombia</th>
<th>Mexico</th>
<th>Peru</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary</td>
<td>0.03</td>
<td>0.02</td>
<td>0.03</td>
<td>0.04</td>
<td>0.01</td>
</tr>
<tr>
<td>High school degree</td>
<td>0.40</td>
<td>0.60</td>
<td>0.56</td>
<td>0.58</td>
<td>0.53</td>
</tr>
<tr>
<td>SC degree</td>
<td>0.20</td>
<td>0.14</td>
<td>0.26</td>
<td>0.08</td>
<td>0.25</td>
</tr>
<tr>
<td>Bachelor’s degree</td>
<td>0.12</td>
<td>0.07</td>
<td>0.04</td>
<td>0.09</td>
<td>0.04</td>
</tr>
<tr>
<td>Graduate degree</td>
<td>0</td>
<td>0</td>
<td>0.01</td>
<td>0.01</td>
<td>0.01</td>
</tr>
<tr>
<td>No information</td>
<td>0.25</td>
<td>0.15</td>
<td>0.11</td>
<td>0.20</td>
<td>0.16</td>
</tr>
<tr>
<td>Number of vacancies</td>
<td>580,820</td>
<td>1,148,359</td>
<td>1,896,277</td>
<td>2,032,132</td>
<td>1,290,437</td>
</tr>
</tbody>
</table>


Note: For each country, the table shows the proportion of total vacancies posted online by minimum level of education required. The proportions sum to 1 (100 percent) by country. LAC = Latin America and the Caribbean; SC = short-cycle; SCP = short-cycle program.
Figure O.10 Within LAC Countries, Demand and Supply of SCP Countries Vary—and May Not Match Each Other—by Location


Note: In panel a, the figure shows, for Argentina, the percentage of vacancies requesting SCP degrees posted by firms from each location (left map) and the percentage of individuals from each location who graduated from an SCP in 2017–18 (right map). Both percentages are relative to the whole country. The location is the level-1 administrative division. Panel b displays similar information for Peru. LAC = Latin America and the Caribbean; SCP = short-cycle program.
Overall, the evidence on SCP outcomes indicates that, on average, SCPs are capable of enhancing individuals’ human capital and meeting employers’ needs—but not all to the same extent. In the current context, then, only some SCPs are worth supporting, expanding, or emulating.

**Supply of SCPs**

If SCPs are to form skills for the current context and beyond, it is critical that they respond nimbly and rapidly to labor market needs. In LAC, the SCP supply is indeed dynamic—more so than that of bachelor’s programs—as SCPs enter and exit the market (“churn”) more frequently than bachelor’s programs (table O.3). When deciding whether to open a new program in a particular location and field, HEIs respond to local economic conditions, such as the activity level in various sectors of the economy and the demand for the field’s graduates—and, importantly, SCPs are more responsive than bachelor’s programs (figure O.11, panel a). However, not all HEIs offering SCPs are equally responsive. Private HEIs and non-university HEIs are the most responsive (figure O.11, panels b and c). In general, SCPs’ ability to respond to local labor markets suggests that they might adapt nimbly to the current needs.

Institutions also factor in their costs when they decide whether to open new programs, adding programs in fields where they already have a presence, or offering low-cost programs. Costs are particularly relevant for private HEIs, which rely almost entirely on tuition revenue. In contrast, government transfers allow public HEIs to offer relatively costly programs, such as those in computing or technology. Institutions are more likely to open new programs if they enjoy greater market power due to fewer competing programs or a higher enrollment share in the field’s local market. From the point of view of public policy, the issue is that some HEIs might open low-value programs just because they are profitable.

SCP markets are not equally distributed across space, as the supply of higher education programs is much greater in large cities than smaller ones. Distance and online programs have recently mitigated this inequality by expanding the options in small cities beyond face-to-face programs. The concern remains, however, that SCP markets in small cities are less competitive than those in larger ones because

| Table O.3 SCPs Have a Dynamic Supply in LAC, with Lots of “Churn” among Programs |
|---------------------------------|-----------------|-----------------|-----------------|-----------------|
|                                | **Colombia**    | **Chile**       | **Colombia**    | **Chile**       |
| **SCPs**                       | **Bachelor’s**  | **SCPs**        | **Bachelor’s**  | **Programs**    |
| Average program life (years)   | 7.5             | 13.7            | 11.3            | 19.6            |
| New programs per year (%)      | 20.8            | 7.2             | 12.0            | 5.9             |
| Programs exiting per year (%)  | 18.0            | 5.5             | 10.3            | 4.7             |

**Sources:** Carranza et al. (2021), background paper for this book, based on Higher Education Information Service (SIES), from 2005 to 2018 for Chile, and National Higher Education Information System (SNIES), from 2003 to 2017 for Colombia.

**Note:** The table shows country-level averages for the variables listed in the rows; averages are taken over programs and years. LAC = Latin America and the Caribbean; SCP = short-cycle program.
small cities have fewer providers and, perhaps, their students are less familiar with higher education.

The presence of public, subsidized institutions in some countries decisively shapes market structure, especially with institutions that are large and have national coverage (for example, Colombia’s National Learning Service, SENA). Although private HEIs can hardly compete with public HEIs in terms of tuition, they can differentiate their product in other ways, such as program content, geographic coverage, competencies taught, student services, and, in general, “product design.”

The WBSCPS offers a wealth of data to investigate product design. The average program in the WBSCPS has 222 students. Consistent with their dynamism, SCP providers are young institutions, most having been established in the past 30 or 40 years. The programs are young and frequently updated. On average, the programs have desirable traits—but also substantial variation (table O.4). They mostly teach a fixed curriculum with little room for electives, which is preferable to a more flexible one, as has been shown by the US experience with community colleges. They teach both cognitive and socioemotional competencies and provide remedial education, before and/or during the program. On average, they place strong emphasis on practical training. They usually require mandatory internships and have good infrastructure in workshops and labs. Nonetheless, a full 66 percent of the programs taught no classes online before the
COVID-19 pandemic and, among the online programs, quality is uneven—it is higher, for instance, in synchronous programs. Thus, the adjustment to online teaching may have posed a significant challenge for the programs in the region.

In general, the programs have low student-to-faculty ratios. Most instructors are part time, with substantive industry experience and good academic qualifications. Most are evaluated at least once a year based on multiple criteria, including student evaluations, faculty peer evaluations, and class planning assessment. About half of them provided professional training to all or almost all of their faculty in the previous year. Most programs are provided by HEIs that have a governing body beyond the rector/provost, thereby giving a voice to multiple stakeholders such as faculty, students, and firms.

On average, the programs engage with industry and assist students in their job search (figure O.12). They assign a specific person (board member, program director, or staff) to interact with firms. They tend to have internship agreements with private companies, which often provide equipment for practice, train faculty, collaborate in curriculum design or student evaluation, and have agreements to hire program graduates. The programs communicate with firms to find out their needs and request feedback on recent hires from the program.

<table>
<thead>
<tr>
<th>Program characteristic</th>
<th>Mean</th>
<th>S.D.</th>
</tr>
</thead>
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<tr>
<td>Curriculum is fixed (%)</td>
<td>70.19</td>
<td>45.75</td>
</tr>
<tr>
<td>Teaches cognitive competencies (%)</td>
<td>79.34</td>
<td>40.49</td>
</tr>
<tr>
<td>Teaches socioemotional competencies (%)</td>
<td>94.69</td>
<td>22.42</td>
</tr>
<tr>
<td>Offers remediation during the program (%)</td>
<td>57.55</td>
<td>49.44</td>
</tr>
<tr>
<td>Percent of time assigned to practical training</td>
<td>46.70</td>
<td>16.86</td>
</tr>
<tr>
<td>Internships outside institution are mandatory (%)</td>
<td>57.75</td>
<td>49.41</td>
</tr>
<tr>
<td>Number of students per lab or workshop</td>
<td>59.43</td>
<td>133.25</td>
</tr>
<tr>
<td>Did not teach online classes before pandemic (%)</td>
<td>65.64</td>
<td>47.50</td>
</tr>
<tr>
<td>Student-faculty ratio</td>
<td>13.30</td>
<td>23.28</td>
</tr>
<tr>
<td>Percent of part-time faculty</td>
<td>61.54</td>
<td>30.28</td>
</tr>
<tr>
<td>Percent of faculty with more than 5 years of experience</td>
<td>55.74</td>
<td>33.12</td>
</tr>
<tr>
<td>Percent of faculty working in the industry</td>
<td>42.13</td>
<td>30.92</td>
</tr>
<tr>
<td>Percent of faculty with a bachelor’s degree</td>
<td>82.11</td>
<td>29.50</td>
</tr>
<tr>
<td>Evaluate faculty at least once a year (%)</td>
<td>86.32</td>
<td>34.37</td>
</tr>
<tr>
<td>Almost all/all faculty had professional training in the previous year (%)</td>
<td>54.83</td>
<td>49.78</td>
</tr>
<tr>
<td>HEI has a governing body beyond rector/provost (%)</td>
<td>89.13</td>
<td>31.13</td>
</tr>
</tbody>
</table>

Note: The table shows the mean and standard deviation of some program characteristics related to curriculum and training, infrastructure, faculty, and governance, as reported by program directors. WBSCPS includes only São Paulo and Ceará for Brazil, and licensed programs for Peru. HEI = higher education institution; LAC = Latin America and the Caribbean; SCP = short-cycle program; S.D. = standard deviation.
The programs support students’ job search in multiple ways, yet the most common one is relatively passive—providing job market information. Less common are services that are more immediately useful, such as arranging job interviews, bringing recruiters to campus, or preparing students for a job search. And, although the vast majority of programs evaluate student and faculty performance more than once a year, programs engage less frequently in activities related to students’ labor market outcomes, such as eliciting firms’ opinions of their graduates, inquiring about firms’ skill needs, or collecting data on graduates’ job placement and employment.

The SCPs in the survey countries tend to believe that students care mostly about training quality (figure O.13, panel a), which might explain why the programs seem to be more attentive to curriculum, faculty, and practical training than to students’ job search and labor market outcomes. Perhaps for this reason, the programs tend to view themselves as better than their competitors in training quality but not in employment outcomes (figure O.13, panel b). This suggests that although SCPs are responsive to the local economy and attempt, on average, to provide good training, they might need incentives to place greater emphasis on students’ labor market outcomes.
What Makes a Program “Good”?  

The rich data collected through the WBSCPS allow for identifying the SCP practices (for example, how the program relates to industry), inputs (for example, labs for practical training), and characteristics (for example, program age) that are associated with good student outcomes, after accounting for student characteristics. The analysis focuses on four outcomes: dropout rate, time to degree, and graduates’ formal employment and wages. It groups the quality determinants into six areas: infrastructure; curriculum and training; cost and financing; engagement with industry (including job search assistance); faculty; and practices related to admission, graduation, and governance. Although the data do not allow for asserting the causal impacts of the quality determinants, their associations with the outcomes are nonetheless informative.

Based on the statistical analysis, the dropout rate and time to degree are lower in programs that teach a fixed curriculum, evaluate their faculty using peer evaluation, and hire faculty with industry experience (figure O.14). Formal employment and wages are higher in programs that have sufficient
infrastructure for practical training, provide onsite internet access, teach numerical competencies, offer remediation during the program, run an employment center, have faculty with industry experience, and provide HEI scholarships to students. Giving an admission test and having a governing board beyond the provost or rector are also associated with better academic and labor market outcomes, as is having a higher tuition, which might put pressure on students to graduate or might provide better inputs. At the same time, some practices seem to hurt student outcomes. For instance, requiring a thesis for graduation delays it, and certain types of industry engagement (for instance, agreements whereby firms provide equipment or hire graduates) seem to hurt wages.

Of course, practices and inputs vary substantially across programs (table O.4, “S.D.” column). These results suggest that some programs might be able to improve student outcomes by adopting practices and inputs that are associated with good outcomes. In so doing, they might help shrink the large,
worrisome quality variation among programs—the gap between “good” and “bad” programs.

An important caveat is in order. To measure outcomes, the analysis relies on average program outcomes that SCP directors reported to the WBSCPS. Ideally, the analysis would rely on administrative data at the student level—background characteristics, SCP completed, and labor market outcomes. In most of LAC countries, this type of data does not exist or is not made available for research. Hence, although the WBSCPS contributed to making progress on the issue of what makes a program “good,” further progress remains hampered by lack of data. Providing these data would be of help not just to researchers but to all stakeholders, as discussed below.6

Policy to Realize the Potential of SCPs

Taken together, results from this study indicate that, although SCPs appear promising, they also have shortcomings. To some extent, policy failures might be responsible for the latter. For example, regulators might believe that some programs take advantage of students, but they might lack the information necessary to identify such programs or the willingness to take action against them. Regulators might believe that students should not choose low-return programs, but they might not collect and disseminate the information that students need to make good choices. And regulators might recognize students’ financial struggles, but they might not be willing to reallocate public funding toward those who need it most. They might favor the idea of SCPs providing credits for bachelor’s programs but not keep track of how this works in practice. They might endorse the notion of flexible pathways among various degrees but regulate them through overly rigid norms.

Rather than dismissing or relegating SCPs—as may have been the tendency in the past—policy makers can instead address the policy failures behind the shortcomings of SCPs and provide an environment in which institutions offer good programs, students make informed choices, and the needs of individuals, firms, and the economy are met. At this critical juncture, given the region’s urgent need for skills, realizing the SCP potential emerges as a key policy issue.

The study focuses on four policy categories: information, funding, oversight and regulation, and skill development pathways. The option of using a single policy instrument is not viable; multiple policy instruments are needed to face the multiple shortcomings, complement instruments’ strengths, and mitigate the possible unintended effects that a particular instrument might have.

Program-level information is necessary for policy makers—who must regulate the sector and hold SCPs accountable—and for students—who need to make informed choices. This information must include average graduates’ salaries and formal employment rates, as well as costs, funding options, and academic requirements. It must also be made easily available, for instance, on a website. However, existing evidence indicates that merely providing information is not sufficient to affect student choices. Instead, students must be engaged directly (for example,
through counseling or interactive websites) to ensure that they receive and process relevant, timely, and useful information.

Funding inequities must be corrected, both to restore equity in access to higher education and to bring the economy closer to its optimal skill level and composition. Given the current fiscal constraints, this can be accomplished by redistributing funding across students of different incomes, program types (bachelor’s and SCPs), and institution types (public and private HEIs), with the goal of providing the greatest assistance to the students who most need it. Since public funding might not be sufficient, carefully designed income-contingent loans, given by public or private institutions, might be a viable option for additional resources. Ultimately, SCP funding—and, more generally, skill development—might be viewed as a countercyclical component of the social protection system, rising during recessions to help individuals regain employment.

Oversight and regulation are fundamental in order to eliminate the lowest quality programs and promote an environment where only good programs are supplied. The regulator must establish outcome-based accountability standards—for instance, a “do no harm” rule whereby students’ labor market outcomes are such that students do not, on average, lose money through the program. The regulator must also screen the entry of new programs and authorize only those with good expected outcomes. It must monitor programs periodically (for example, annually), using outcome-based accountability standards, and publish the results. Most importantly, it must close poorly performing programs. Indeed, a realistic goal for regulation—and the “first line of attack”—might simply be the elimination of the worst-performing programs.

Flexible pathways should be encouraged to facilitate skill acquisition in blocks or modules as part of lifelong learning. Completing a block would award a credential that would count toward a degree. Flexible pathways in the United States include transfers from SCPs to bachelor’s programs, stackable certificates, digital badges, and the certificate-first approach. While all these pathways are worth exploring, perhaps more important than adjusting SCPs to feed into bachelor’s programs is adjusting bachelor’s programs to absorb SCP students. The negative experience of community colleges in the United States, which give SCPs the greatest flexibility to facilitate transfers to bachelor’s programs, suggests that greater SCP flexibility might not be the answer. Given the good average outcomes currently accomplished by SCPs in LAC, it seems as though bachelor’s programs—and not necessarily SCPs—might need greater flexibility. Streamlining programs is another way to inject greater flexibility into higher education, as many programs—particularly bachelor’s—might just be too long.

Returning to the issue of the SCP stigma, is it fair and realistic in light of the evidence? Although SCPs have shortcomings that may have contributed to their stigma—including, perhaps, the poor quality of the worst-performing programs—they also have strengths that many students may currently ignore. The policies described here should help mitigate the SCP stigma. Information campaigns to promote SCPs—particularly if private firms serve as SCP “champions”—should also help. But perhaps a new mindset for higher
education is needed as well, one that prizes variety in offerings so that all students can find their best match.\textsuperscript{12} The policy maker’s goal should not be to maximize the number of bachelor’s graduates, but to maximize individuals’ potential through quality higher education programs, regardless of their type. Similarly, a student’s goal should not be to obtain a bachelor’s degree at any cost, but rather to graduate from the program that best matches their needs, academic preparation, and interests.

SCPs entered the LAC higher education scene relatively late. They have not had a prominent role in this region where bachelor’s programs have been held as the superior—and perhaps only—key to social and economic mobility. Nonetheless, SCPs might prove to be extremely helpful in the current moment—not only to overcome the employment and production crisis generated by the COVID-19 pandemic, but also to prepare individuals for today’s world of work. Succeeding at this juncture would generate a different public perception of SCPs—no longer as the lesser choice, but as the right choice for many at a time of great need. Now is the time for SCPs. If not now, when?

Notes

1. The United Nations Educational, Scientific and Cultural Organization classifies SCPs as International Standard Classification of Education (ISCED) 5, which is a type of higher education. Shorter courses and certificates are classified as ISCED 4.
2. LAC’s “Golden Decade” (2003–13) was characterized by high commodity prices and growth rates. Following this period, both commodity prices and growth rates have fallen and have not returned to their previous levels.
6. At the time of writing this book, only Brazil had made administrative data available. Chapter 4 shows the results for Brazil using these data.
7. For further details on these pathways, see chapter 5.
8. Community colleges provide the greatest possible flexibility by letting students choose classes almost freely (“cafeteria style”), but most students who intend to transfer do not achieve this goal, and many drop out (Bailey, Jaggars, and Jenkins 2015).
9. For examples of these campaigns, see chapter 5.
10. This is in line with Ferreyra et al. (2017), who indicate three features of a good higher education system—quality, variety, and equity.

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Higher education in Latin America and the Caribbean (LAC) has expanded dramatically in the new millennium, yet enrollment in short-cycle programs (SCPs) is still relatively low. Shorter and more practical than bachelor’s programs, SCPs can form skilled human capital fast. The economic crisis created by the COVID-19 pandemic has accentuated underlying trends, such as automation, the use of electronic platforms, and the need for lifelong learning. Addressing these demands requires the urgent upskilling and reskilling of the population—a task for which SCPs are uniquely suited.

The Fast Track to New Skills: Short-Cycle Higher Education Programs in Latin America and the Caribbean explores the labor market outcomes and returns of SCPs, examines their providers, and identifies the practices adopted by the best programs. Relying on unique data that includes a novel survey of SCP directors in five LAC countries, it finds that while SCPs generate, on average, good labor market outcomes, they vary greatly in quality. SCP providers respond quickly and flexibly to local economy needs; and specific practices related to faculty, job search assistance, and interaction with prospective employers are distinctive of the best programs.

Drawing on these findings, The Fast Track to New Skills discusses how to create an environment where good programs are offered and students have the interest and means to attend them. It draws attention to a higher education sector that has been typically overlooked, both in research and policy.

The Fast Track to New Skills will be of interest to policy makers, researchers, and the public at large.