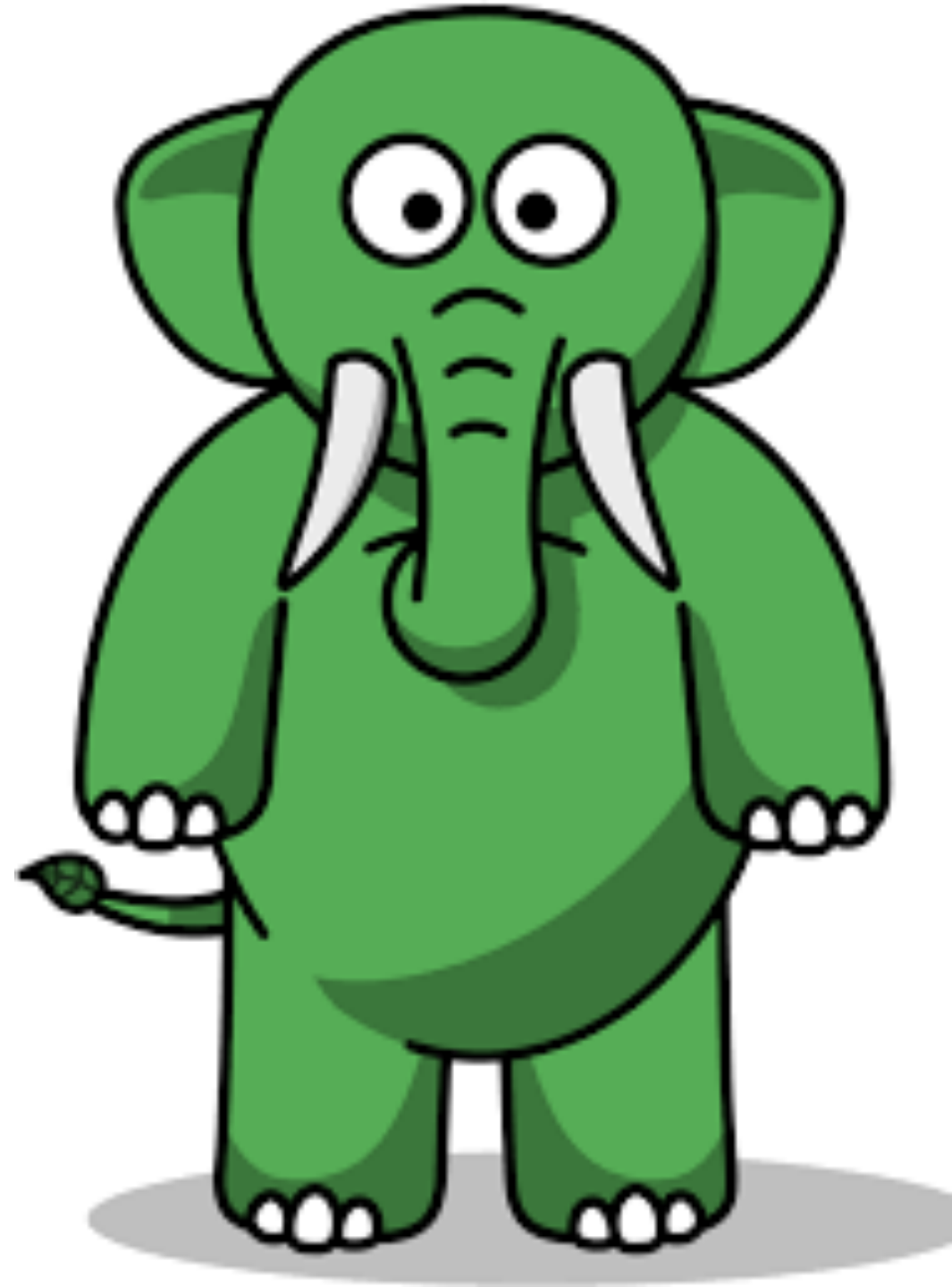


What about the elephant
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*Skills formation and employer
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America*

Aldo Madariaga



Two drivers for just transitions

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POLICY RESEARCH WORKING PAPER 6677

Green Industrial Policies

When and How

*Séphane Hallegatte
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6 June, 2019, ILO Geneva

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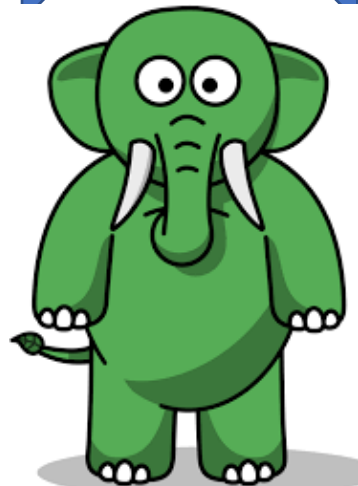
Prepared for
relevant sessions

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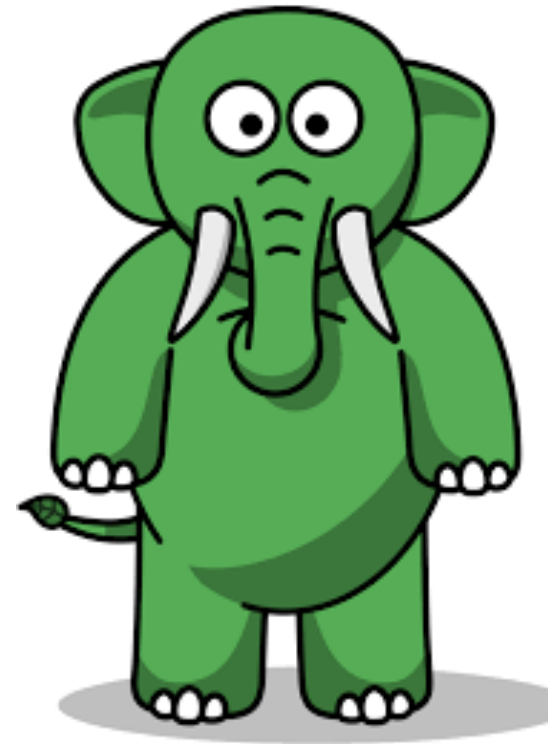
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Coordination= Political economy

- Of What?
 - Of actors with different interests (employers, governments, workers/unions, educational providers, families)
 - Different logics (industry needs, social equality)
- For what?
 - Improving match between skills demand and supply
 - Improving the life chances of people



Two models of coordination



**MARKET
(LMEs)**

Each company solves
its skills demands in the
market

**COOPERATION
(CMEs)**

Companies cooperate
to solve their skills
demands problems in a
coordinated way

Key role of employers in cooperative/ collective skills systems

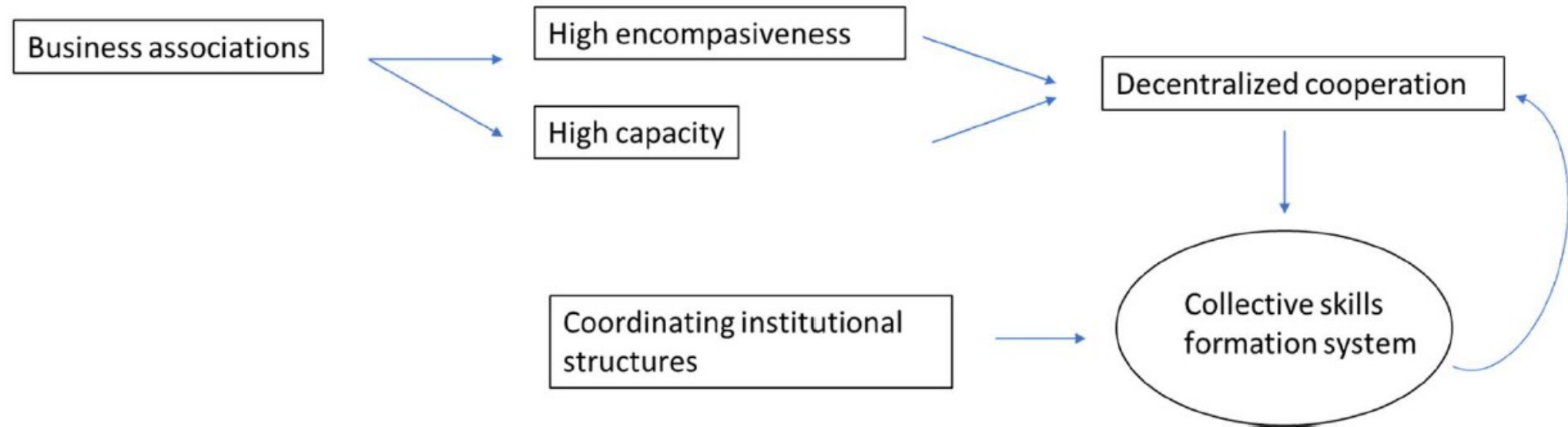


Figure 4. Business associative capacity and collective skills formation. Source: Authors' elaboration

Skills formation in Latin America

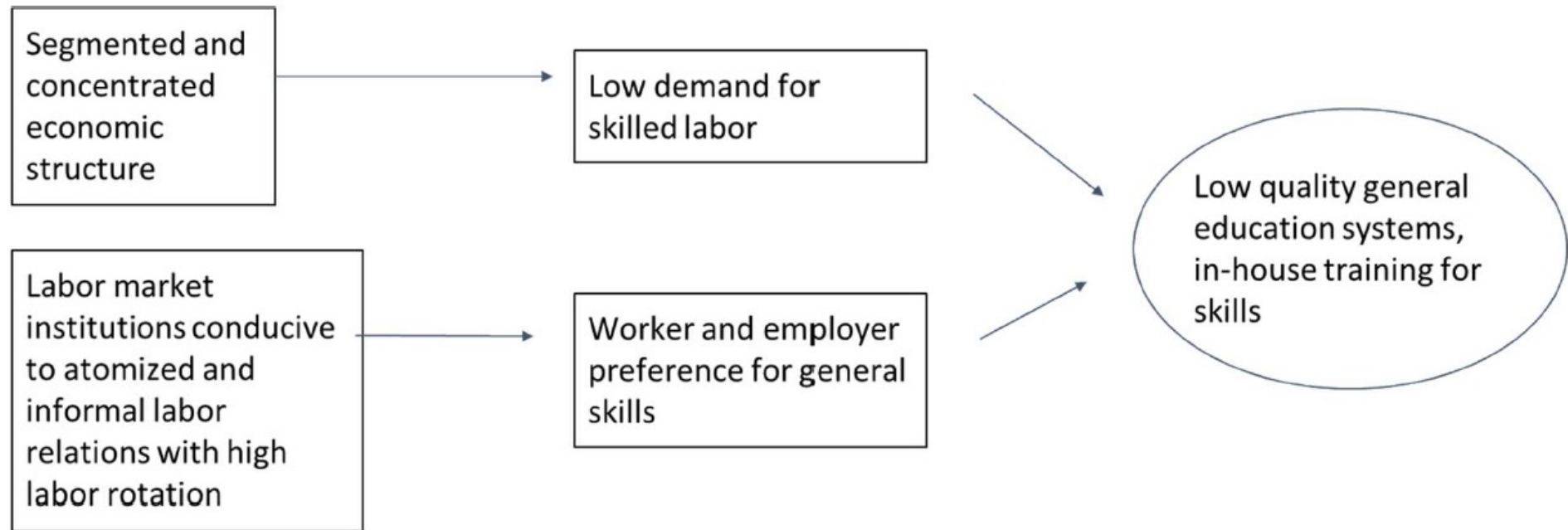


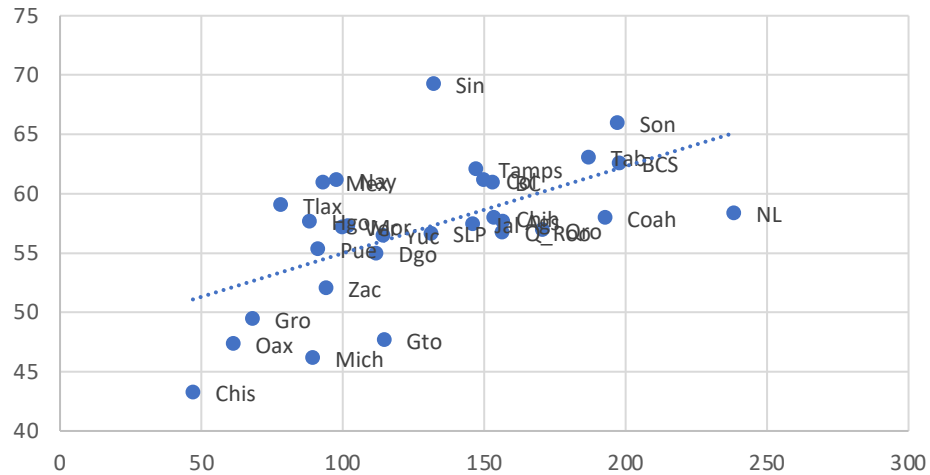
Figure 2. Skills formation in hierarchical varieties of capitalism (HMEs). Source: Authors' elaboration.

Can middle-income countries switch to more coordinated models of skills formation -as required by the just transition?

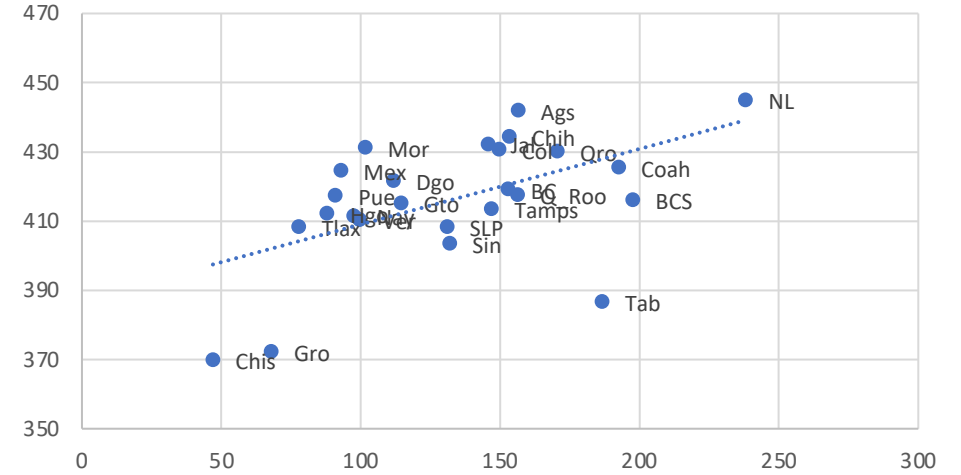
Yes, but...

Mexico (32 states)

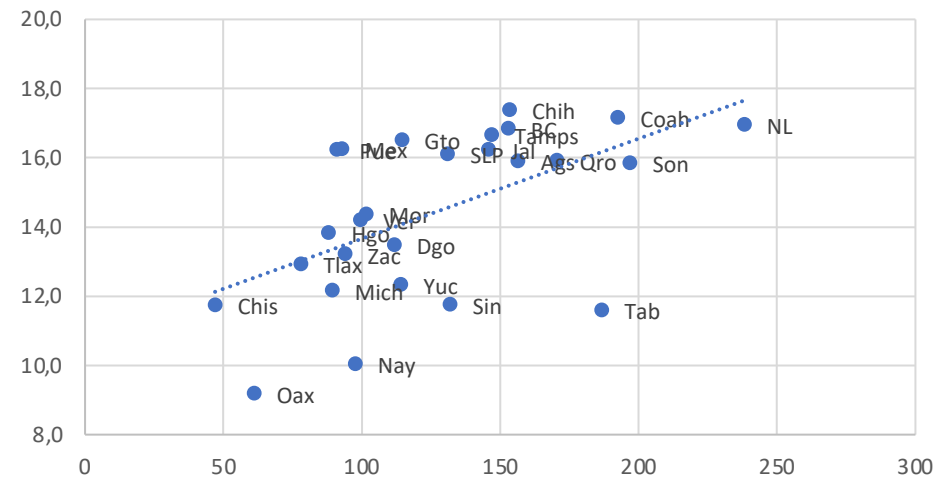
Complete secondary education (%)



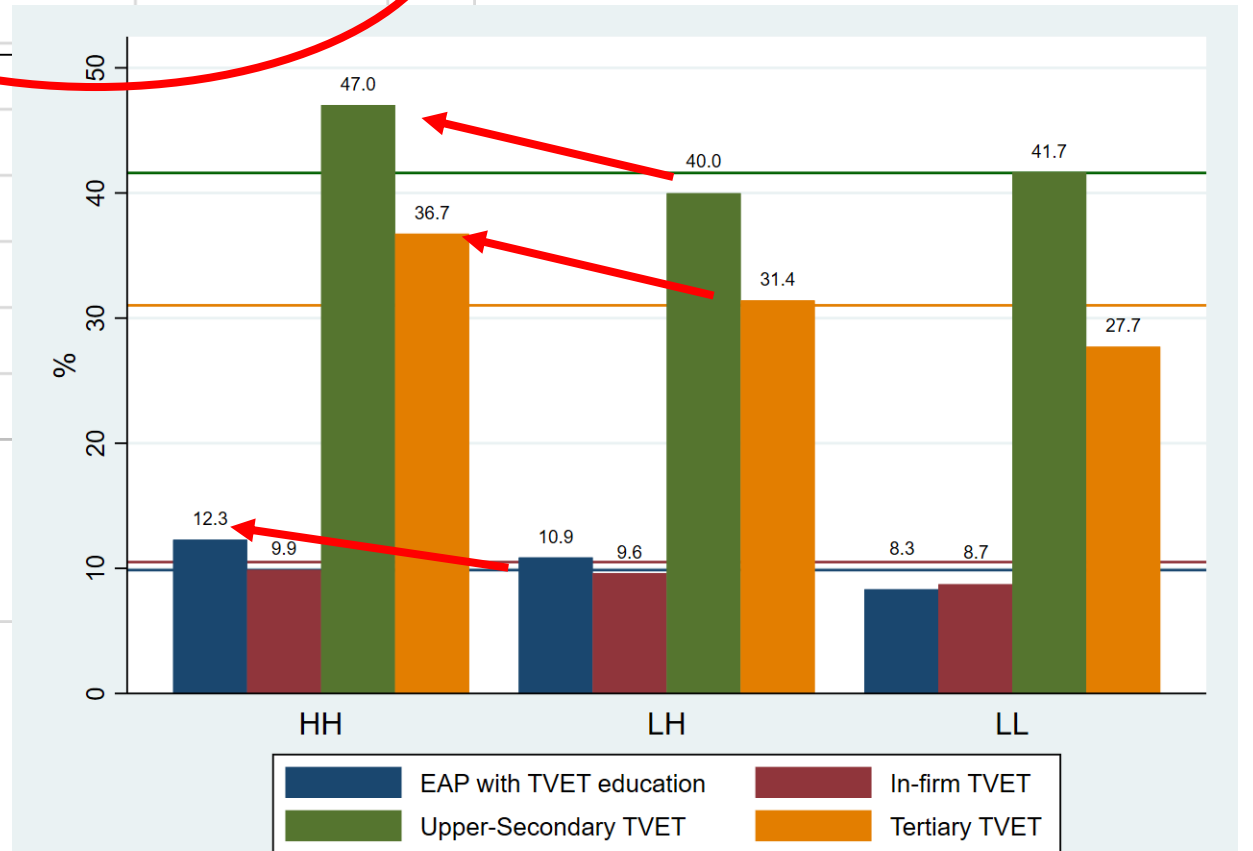
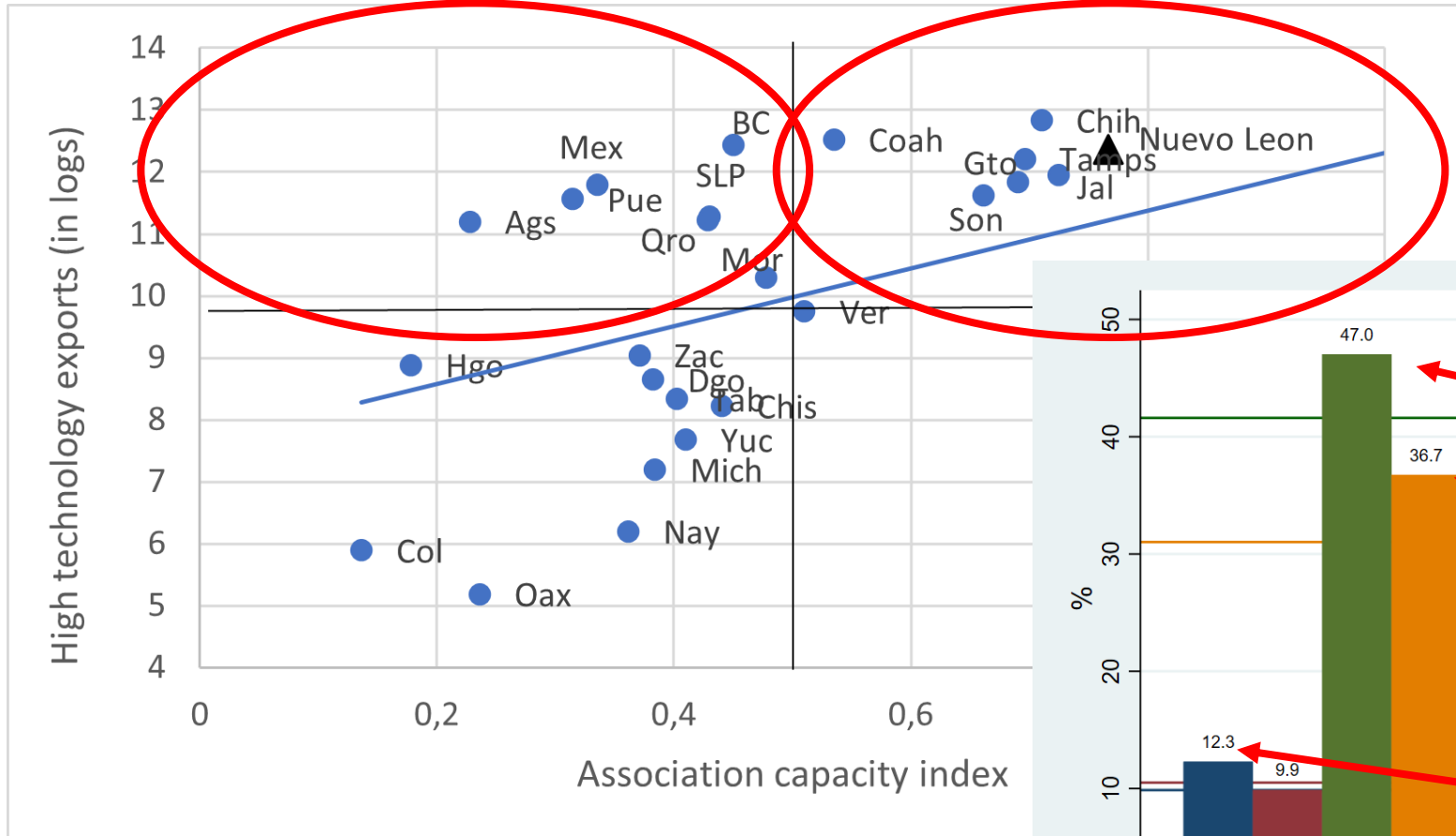
Cognitive scores (PISA)



High Tech exports (log)



An emerging coordinated system?



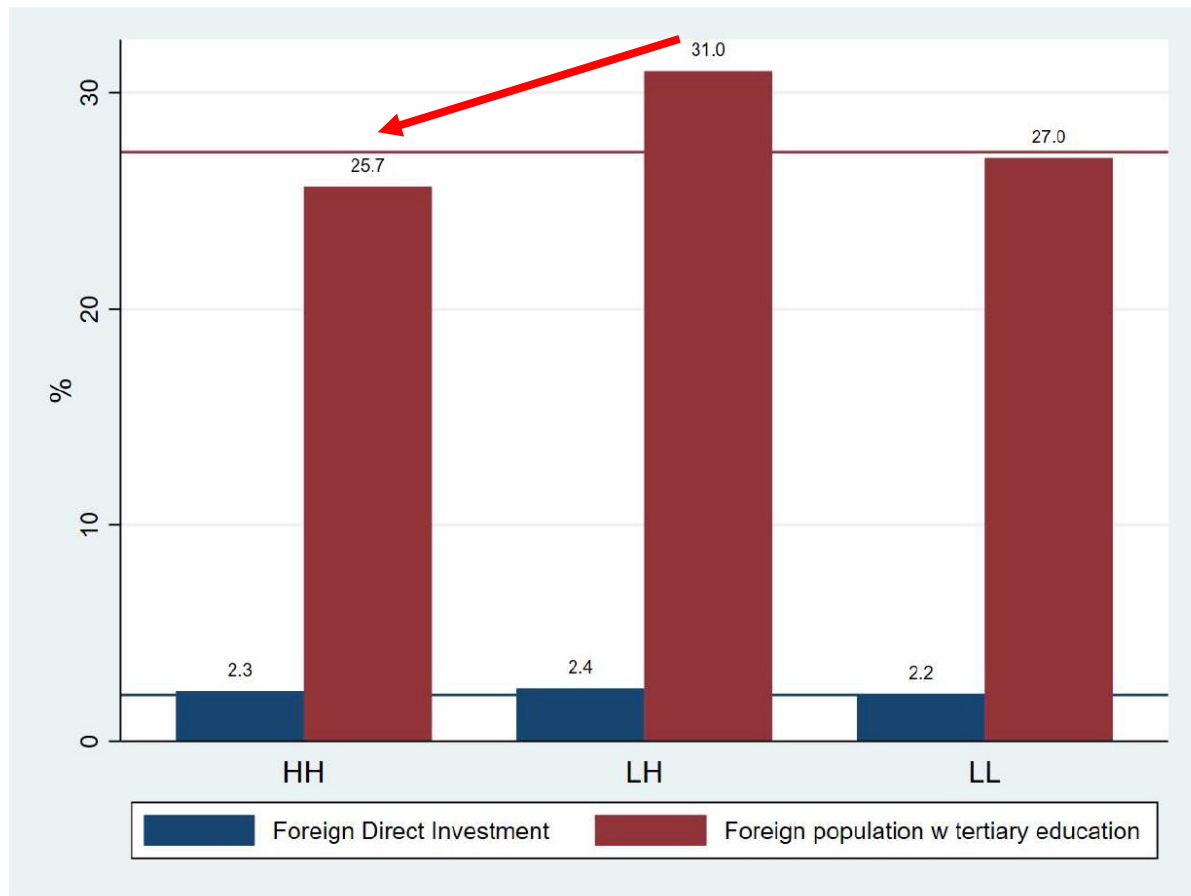


Figure 9. Foreign direct investment and skilled foreign workforce

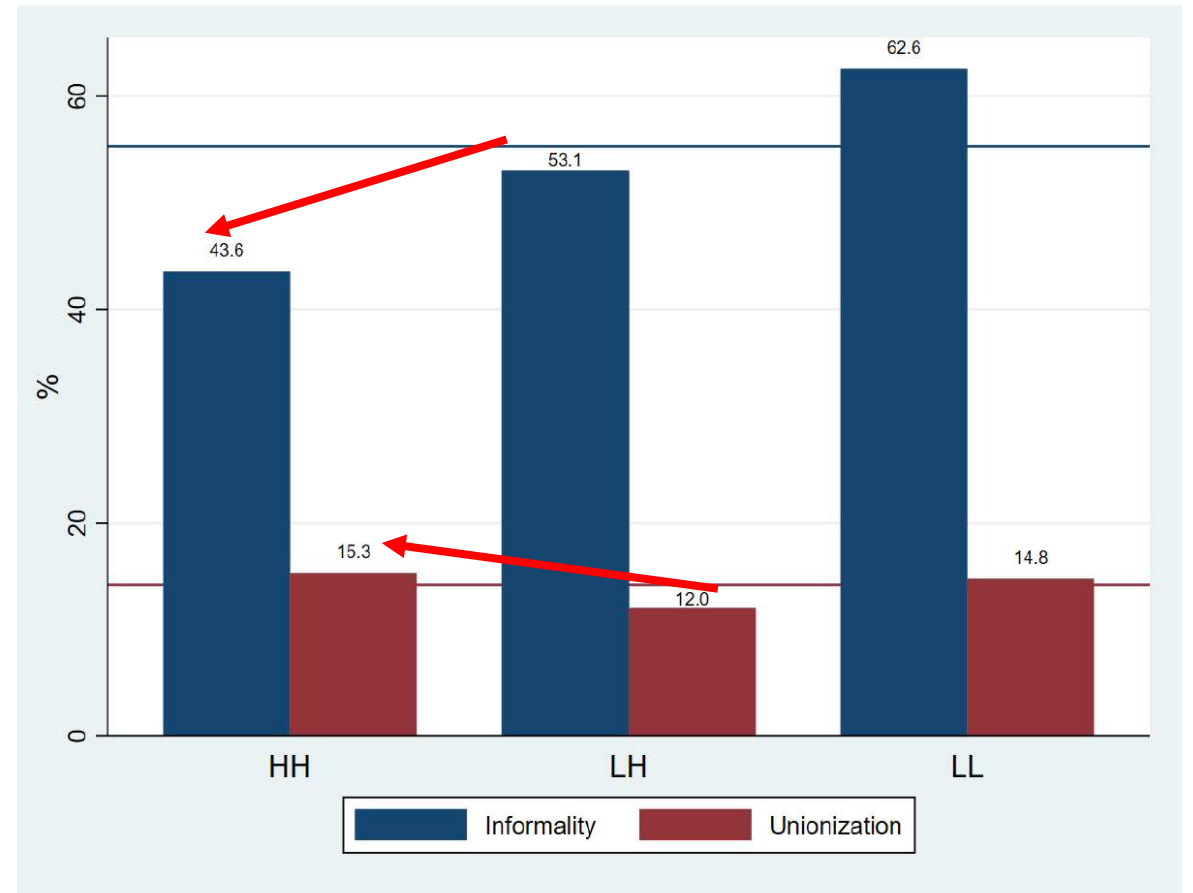


Figure 8. Informality and Unionization. Source: IMCO database and INEGI

Match between skills supply and demand

- Information circulation
- New cooperation initiatives

“We do have regular meetings every month. The human capital committee presents the cluster members with a course offering and at the end there is an open forum where firms can say, ‘We require these or those (skills)’. Several initiatives (like an online academia of specialized courses) have stemmed from those meetings. The survey of wages and salaries for the aerospace and advanced manufacturing sector in Nuevo Leon also emerged from the human capital committee”

(Interview Monterrey Aerocluster 2022).



Coordination and involvement with educational providers

- “Consejo de Competencias Mineras (CCM) had advanced from 2012-2016 concentrating its work under the premise that the human capital problem could be solved through improving available information: you produce studies of skills demand, the supply, and you give this ‘signal’ (sic) to the educational sector (...) But they saw that this adjustment was too slow. That is why they decided to create Eleva (...) to intervene directly in the educational sector.

“Eleva has funding from CORFO (Promotion Agency) and the Ministry of Education; it starts to fill the qualification framework (...) we begin to fill the occupations and the ‘formative routes’, and then we go and work with the educational ecosystem: VET high schools, training institutes, post-secondary VET schools that offer courses/degrees associated with the mining sector and we work for improving their standards, equipment, etc.”
(Director, Eleva)

- Rationalize formative routes and competence requirements
- Improvement of education sector capacities



Collective tackling of market threats

- “New firms started poaching people, and when that problem began, we invited about 15 firms and we talked to them. We made them aware of the low availability of technicians, because the pool of workers was the same (...). So, we coordinated to create a technical degree in the Alvaro Obregon technical high school, to train the teachers, create the materials, led by METALSA. We created the program and we started training the workers little by little (Interview Automotive Cluster 2019).
- Forming new skilled workers but also, safeguarding existing jobs and skills.
- Adjustment resources for companies



So YES!

BBC NEWS MUNDO

Noticias América Latina Internacional Hay Festival Economía Ciencia

Centroamérica Cuenta BBC Extra

Tesla llega a México: las ventajas del país para ser el mayor fabricante de autos eléctricos de América Latina (y qué gran obstáculo enfrenta)

The screenshot shows the top of the **DIARIO FINANCIERO** website. It features a navigation menu with categories like **Empresas**, **Mercados**, **Economía**, **Internacional**, **DFLab**, **Opinión**, **Videos**, **Podcast**, **Avisos Legales**, and **BrandCorner**. Below the navigation is a large advertisement for a **VOLVO XC90** SUV, priced at **\$68.900.000*** with a **FORUM** bonus. The main content area displays a news article titled **Gigante chino BYD: "Queremos invertir en Chile y no tenemos límites"** under the **Industria** category. The article text states: **"Queremos construir en Chile la cadena de valor agregado en litio más grande de Latinoamérica", señaló la ejecutiva de la compañía china, quien enfatiza que "somos la empresa que el Gobierno necesita para liderar en esta tecnología".**

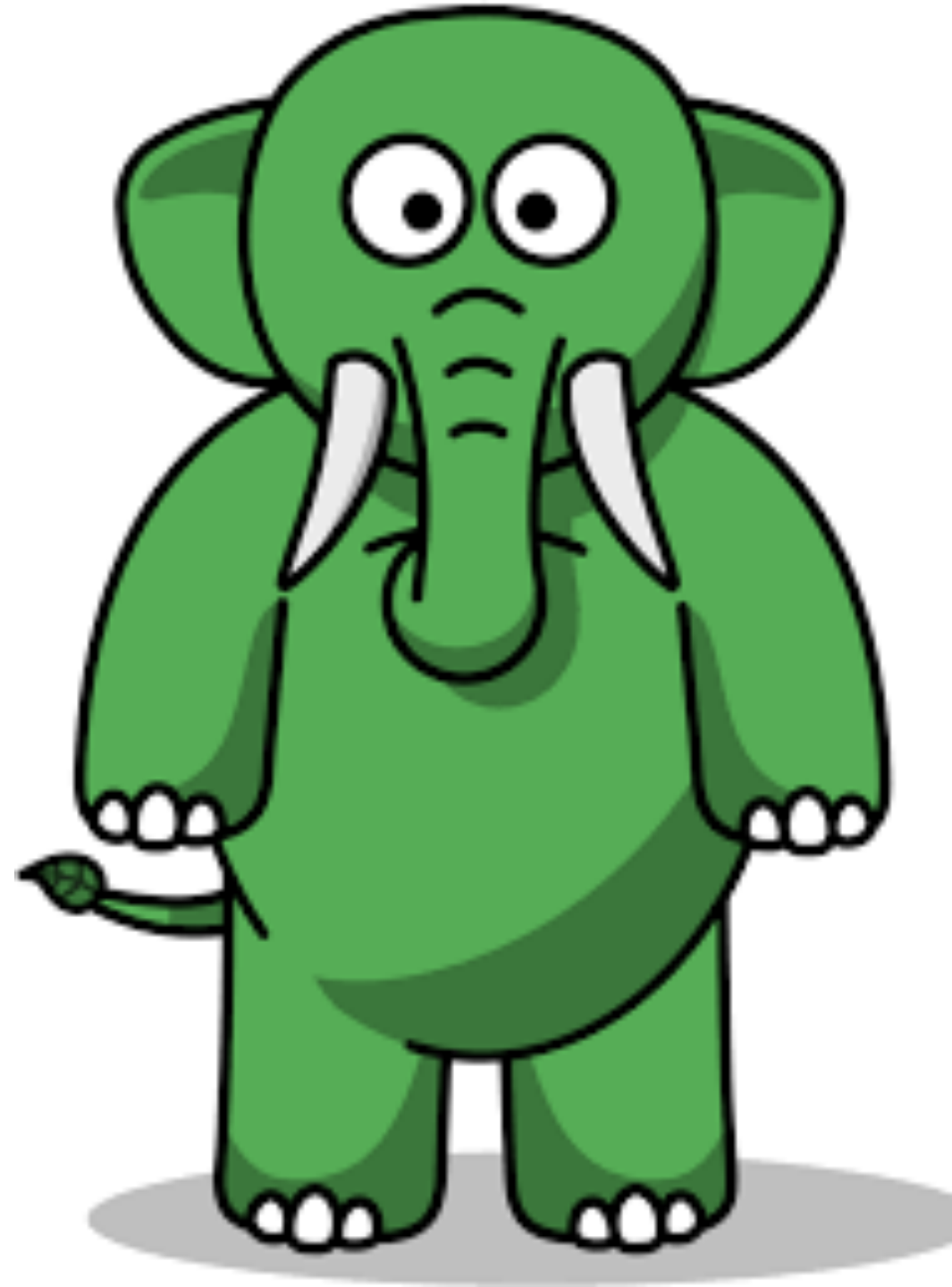
But... Challenges!

- First, on employers...
 - it takes a crisis to build trust.
 - “Cooperative” capabilities based on pre-existing organizational strength...
 - ... and varies by sector: size and n. of companies/ place in value chain
- Second, on state capacity...
 - Importance of state provided coordinating platforms/institutions (like organizational clusters)...
 - ... but states can also “spoke” employers!
 - Flexibility of systems ... may increase existing inequalities (e.g. regional)
 - How to escalate these collective but mostly private solutions / integrate into national educational systems
- Third, what role for other actors?

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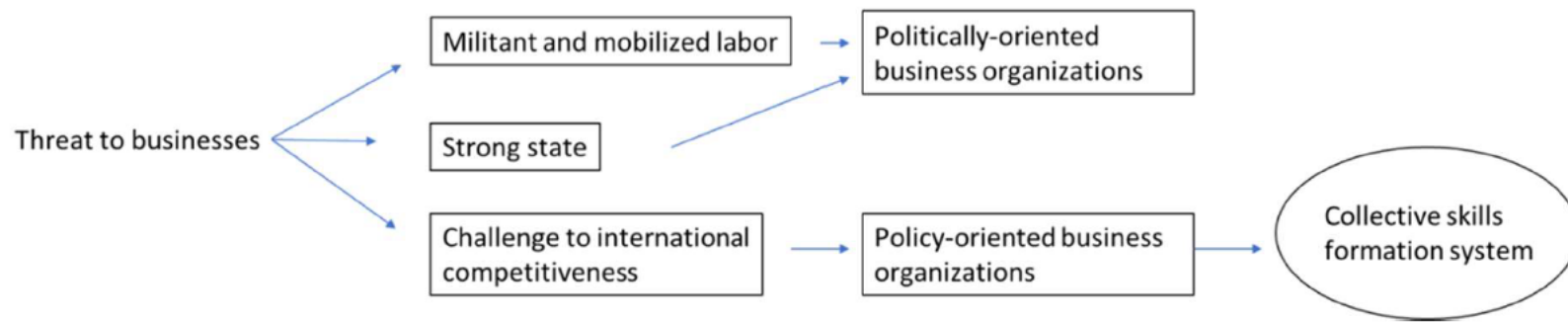


Figure 3. Origins of business associations and paths towards collective skills formation systems. Source: Authors' elaboration.

