

# MODELS TO IMPROVE ALIGNMENT BETWEEN TRAINING INSTITUTIONS AND PRIVATE COMPANIES

**New Employment Opportunities (NEO) Program**

A MILLION YOUTH

**neo**

A MILLION OPPORTUNITIES

## **ABOUT THE NEO INITIATIVE**

NEO is an initiative led by the Inter-American Development Bank (IDB), through its Multilateral Investment Fund (MIF) and Labor Markets Division (LMK), the International Youth Foundation (IYF), and partners: Arcos Dorados, Caterpillar Foundation, CEMEX, Fondation Forge, Microsoft, the Brazilian Social Service of Industry (SESI) and Walmart. NEO is a pioneering initiative in which businesses, governments, and civil society in 12 Latin American and Caribbean countries have joined forces to improve the employment opportunities for 500,000 young people, half of whom are women. The alliance pools resources, knowledge, and skills to drive effective and sustainable solutions to the problems of youth unemployment and skills gaps.

This study, entitled “Models to Improve Alignment between Training Institutions and Private Companies,” is part of a series of five thematic studies that analyze various aspects of NEO’s implementation at the local level, documenting achievements, identifying operational challenges and restrictions, and recording lessons learned and best practices.

## **THE AUTHORS**

The study “Models to Improve Alignment between Training Institutions and Private Companies” was written by Aída Arango and Ana Miranda, experts in youth, education and work, with guidance from Dr. Miguel Székely of the Center for Educational and Social Studies (CEES).

The opinions expressed in this publication are the authors’ alone and do not necessarily reflect the viewpoints of the IDB, its Board of Executive Directors or the countries it represents. Nor do they necessarily reflect the point of view of the MIF, IYF or NEO’s corporate partners.

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## EXECUTIVE SUMMARY

This document corresponds to the final report “Models to Improve Alignment between Training Institutions and Private Companies,” which studied the NEO initiatives in El Salvador, Mexico, Panama, Paraguay, and Peru. The study was led by Aída Arango and Ana Miranda.

Its overall objective was to analyze the models to improve alignment between the training organizations (supply) and private companies (demand) – henceforth referred to as S/D models – that were developed through the alliances created within the framework of the NEO initiative.

As for results, the NEO projects have managed to impact the causes behind the lack of S/D alignment. Alliances are creating an environment that encourages training institutions to be more receptive to the private sector’s needs. Furthermore, communication channels and mechanisms are being developed (e.g. sectoral roundtables) to make the training institutions aware of the private sector’s needs.

All NEO projects have offered socioemotional skills training and, with the support of the private sector, course offerings have been adjusted and new offerings will be developed. All of the alliances examined have developed knowledge products that are relevant at the local level. In addition to the labor demand studies, there are inventories of employability actors and services, rapid labor market assessment guides primarily aimed at training institutions, and guides for companies on integrating youth into the labor market.

The NEO initiatives have not only been successful in aligning supply and demand; it should also be noted that the advances have been made without any obvious disputes, which is a significant achievement in the contentious field of education. The task ahead is to institutionalize mechanisms, systems, and other opportunities for training institutions and companies to connect, since currently and with exceptions, these connections primarily depend on the aptitudes of those involved.

On the other hand, and despite the progress made by the NEO initiatives, it cannot be assumed that the respective education systems would be able to continue the S/D alignment process without dedicated leadership. This responsibility cannot be left to the central authorities, which are hard-pressed to carry out supervision, nor the training organizations, whose trainers need to dedicate all their time to teaching, nor managers, whose priority is the production process.

Therefore, it is important to support the alliances to continue when the current projects end, and particularly actions connecting the training institutions with the private sector, in order to create a sustainable education policy. Although sustainability is desirable in all public policies, the fact that education policies require more time to become established makes their continuity a key issue.



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