

# If Not Now, When? Short-Cycle Programs in Latin America

**Maria Marta Ferreyra**

## Abstract

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. Recent evidence indicates that while SCPs generate, on average, good labor market outcomes, they vary greatly in quality. Further, SCP providers respond rapidly and flexibly to local economy needs. Specific practices related to faculty, job search assistance, and interaction with prospective employers are distinctive of the best programs.

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Upskilling and reskilling the population for the new world of work was already an essential task before March 2020, but the COVID-19 pandemic has made it urgent. Indeed, around the world the pandemic has accentuated preexisting trends such as automation, the use of electronic platforms, and the dominance of technical and analytical skills—all of which have destroyed many jobs, yet also created others. For higher-income and lower-income countries alike, the skills agenda is crucial to bringing people back to work, while equipping them for this new environment. This agenda is even more pressing for Latin America and the Caribbean (LAC), as the region most economically battered by the pandemic.

Short and practical, short-cycle programs (SCPs) are uniquely suited to the challenge. They are attractive to students with little interest, time, resources, or preparation for a bachelor program, as well as for other individuals who might just be seeking additional skills. They are also attractive to employers who struggle to find staff equipped with the desired skills. However, SCPs are viewed in LAC as the lesser higher education choice—a stigma that is perhaps unfair, as discussed below.

## The SCP Landscape in LAC

Higher education in LAC has expanded dramatically in recent years, with gross enrollment rates rising from 23 to 52 percent in the new millennium. SCPs, however, capture only 9 percent of all LAC higher education students, substantially below the global rate of 24 percent. SCPs are a relatively late addition to LAC's higher education landscape, and the types of institutions authorized to provide SCPs (universities, nonuniversities, or both) vary according to country. SCP programs last two or three years and while many claim to provide pathways toward more advanced degrees, in practice this is often not the case.

Students in SCPs are more disadvantaged and less traditional than those in bachelor programs. Nonetheless, they obtain favorable academic and labor market outcomes. They graduate at higher rates than bachelor students (57 versus 46 percent). Although they earn lower wages than bachelor program graduates—as expected—they obtain better outcomes than bachelor program dropouts: Their unemployment rate is lower (3.8 vs. 6.1 percent), their formal employment rate is higher (82 versus 67 percent), and their wages are higher (by 13 percent). Even accounting for student characteristics, on average SCP graduates earn 60 percent more than high school graduates and 25 percent more than bachelor dropouts. Moreover, SCP graduates are in high demand relative to bachelor program graduates, as evidenced by vacancies posted on online portals.

Not all SCPs are equally good, however. Programs' labor market outcomes, net-of-costs returns, and value-added-to-student outcomes vary dramatically across fields, institutions, students, and geographic areas. Since the same is true for bachelor programs, it turns out that many SCPs provide better outcomes and returns than many bachelor programs. Yet, for an uninformed student, this high variation poses considerable risk.

The SCP supply in LAC is highly dynamic, as SCPs enter and exit the market ("churn") more frequently than bachelor programs. Institutions open new SCPs in response to local labor market needs, with private, nonuniversity institutions being the most responsive. In contrast, bachelor programs are less responsive than SCPs. Nimble and quick, SCPs are therefore able to adjust their offerings to the current context.

**What Makes a Program “Good”?**

Consider a “good” program—one that generates good student outcomes after accounting for student characteristics. What makes it good? Entering the “black box” of program quality is fundamental to designing good programs, but is not possible with the limited information coming from standard datasets. To overcome this obstacle, at the World Bank we designed and implemented the World Bank Short-Cycle Program Survey (WB-SCPS) in Brazil, Colombia, the Dominican Republic, Ecuador, and Peru. We interviewed approximately 2,100 program directors between November 2019 and July 2020, by phone and online. Program directors answered many questions regarding program practices, characteristics, and inputs; student body; and student outcomes.

This rich data identifies the distinctive practices applied by the programs with the best outcomes. In terms of academic outcomes, students’ dropout rate and time-to-degree are lower in programs that teach a fixed, structured curriculum; evaluate their faculty using peer evaluation; and hire faculty with industry experience. Regarding labor market outcomes, formal employment and wages are higher in programs that have adequate infrastructure for practical training, teach numerical competencies, offer remediation during the program, and hire faculty with industry experience. Further, those programs also interact frequently with the private sector and assist students in their job search. Although not causal, this evidence indicates that adopting such practices might allow programs to improve student outcomes, thereby reducing the wide, worrisome outcome variation that may partly explain the SCP stigma.

**At this Critical Juncture**

Is this stigma fair? Yes, and no. No, because of SCPs’ successes and promise (which may be largely unknown); yes, because of their shortcomings. Rather than dismissing or relegating SCPs to the background of higher education—as may have been the tendency in the past—policy makers can address shortcomings through several, complementary policies. The first is collecting and disseminating program-level information about SCPs and bachelor programs, including average graduates’ salaries and formal employment rates. This information is necessary for policy makers—who must regulate the sector—and for students—who should make informed choices. The second is providing financial assistance to SCP students. LAC countries provide a higher per-student subsidy to students on bachelor programs than those on SCPs—even though the latter are more disadvantaged—and rarely assist students in private institutions, who comprise half of the SCP enrollment. The third policy concerns oversight and regulation. Policy makers should evaluate programs using outcome-based accountability standards, screen them carefully at entry, and monitor them periodically. Crucially, they should close poorly performing programs. The fourth policy is creating flexible pathways to facilitate skill acquisition in “stackable” blocks as part of lifelong learning. Most importantly, policy makers have a responsibility to create an environment in which only good SCPs are offered and in which well-informed, interested students have the means to attend them.

SCPs might prove extremely helpful to bring people back to work and to prepare them for today’s world of work. To the extent that they succeed, they might no longer be viewed as the lesser choice, but as the right choice for many at a time of great need. Time, therefore, is ripe for SCPs in LAC. ▲

*Maria Marta Ferreyra is senior economist at the Office of the Chief Economist for Latin America and the Caribbean, The World Bank. Email: [mferreyra@worldbank.org](mailto:mferreyra@worldbank.org).*