

WORLD DEVELOPMENT REPORT (WDR) 2007

Development and the Next Generation

REGIONAL HIGHLIGHTS—Latin America & the Caribbean

This is a summary of references in *WDR 2007: Development and the Next Generation* to policy directions, actions, and programs relevant to youth in LAC.

Take advantage of LAC's demographic “window of opportunity”

- LAC has about 140 million young people aged 12-24. The number of young people in many countries in this region (including Argentina, Brazil, Chile, and Costa Rica) is peaking between 2000 and 2010; Brazil is entering a long plateau. Others such as Nicaragua and Peru will peak between 2010 and 2030.
- WDR 2007 notes that the expected decline in dependency (increase in working age population relative to non-working age population) offers an opportunity for economic growth in LAC, provided that young people have access to relevant education and jobs, and stay healthy.

Expand opportunities for young people by filling gaps in education, employment, and civic participation

- Inequalities of opportunity are widespread.
 - In Brazil, 14 percent of young people from the poorest 10 percent of the population are illiterate and only 4 percent are employed in the formal sector—while 50 percent of those in the richest 10 percent have formal sector employment and only 0.3 percent are illiterate.
- The World Bank's investment climate surveys show that more than a fifth of all firms in developing countries (including Brazil) rate inadequate skills and education of workers as a major or severe obstacle to their operations.

Priorities

- Build a strong foundation. Early investment in nutrition, health, and psychosocial development will pay off in the long run, the report says.
 - In Jamaica, enriched childcare and preschool programs have led to higher achievement test scores and high school graduation rates, and even lower crime rates for participants well into their twenties.
- Prevent child labor. Working can impair schooling and learning at young ages.
 - A study of 11 LAC countries finds sizeable negative effects on both math and language test scores among primary students (Gunnarson et al, 2005).
- Strengthen education to meet rising demand for skills.
 - A 2003 study (De Ferranti et al) finds that in several LAC countries, the rising demand for skills has outpaced supply.
- Link educational institutions with private sector employers through consultations.
 - In Chile—where vocational training institutes are governed by representatives of employers, workers, and the government—curricula are effectively adjusted to changing needs.
- Target upper secondary completion. A first step is to make lower secondary school universal without affecting overall educational quality. Also, make upper secondary education more relevant to skill acquisition.

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- In Chile's secondary education reform, all vocational specialization has moved to upper secondary school.
- Diversify funding sources for educational systems.
 - Families already contribute a lot to the cost of tertiary education—up to 80 percent of cost in countries with relatively high rates of enrollment such as Chile—when they feel they receive value for money.
 - Countries such as Uruguay, where private funds contribute less than 20 percent of tertiary level costs, could mobilize more resources through fees, public-private partnerships, and other income generation activities.
- Involve the private sector in funding and delivery of education.
 - In Bogota, Colombia, *colegios en concesión* (concession schools) were introduced in 2000, turning over management of some public schools to private institutions. This has overcome many problems including weak leadership, while dropout rates have fallen and resources have been freed up for needs such as nutritional support. (Patrinos, 2005, Barrera, 2005).
- Offer youth employed in the informal sector training that increases their chances of moving to the formal sector.
 - In poorer countries (Nicaragua, Paraguay), formal sector regulations can drive business into the informal sector, which employs youth extensively.
- Ensure that employment protection policies do not stifle opportunities for already disadvantaged groups.
 - Employment protection laws in Latin American countries significantly increase the unemployment rate for young people (Heckman & Pagés, 2000).
- Encourage participation in civic life by consulting youth directly and offering them opportunities to participate in making and implementing decisions. This not only ensures stability, but can deliver better outcomes.
 - These could include not only state-sponsored channels but also social and civil organizations such as Brazil's samba schools and sports clubs.
 - In Ceará, Brazil, young people were given a chance to vet the state budget and add initiatives to the agenda.
 - Extend opportunities for national service and volunteering.

Expand access to resources and information to improve young people's decisions

- Provide credit to students for university education, often costly.
 - One study (De Ferranti et al, 2003) shows that personal costs for half of all university students in private universities in Argentina, Brazil, Chile, and Colombia range from 30 to 100 percent of GDP per capita. Despite being a valuable investment, costs constrain because liquidity is a problem.
 - Another study (Jacoby and Skoufias, 2002) finds that Mexican households are less likely to send their children to university if they had a bad year—even if their permanent long-term income remains unchanged.
- Offer incentives to improve decisions. In some countries, secondary education too can be unaffordable. Also, the older students get, the greater the opportunity cost

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- of them being in school rather than working. The report notes successful programs that keep youth in school by offering conditional cash transfers.
- Mexico's *Oportunidades* gives larger transfers to households if young females stay in school (as opposed to males). In rural areas between 1997 and 2001, girls' enrollment in all three middle school years increased more than boys'. In grade 2 of middle school, girls' enrolment increased by 30.4 percent due to *Oportunidades*, while that of boys rose by 14.3 percent.
 - Make self-employment more of an option by providing youth with access to finance. Programs to provide seed capital, build financing and contacts have started in the region. *Endeavor* programs, providing such help, are promising.
 - Provide young people with critical information.
 - In the Dominican Republic, simply telling boys about higher lifetime earnings possible by completing secondary (versus just primary), notably increased transition/completion of secondary education (Jensen, 2006).
 - School-based career guidance services show promise in Chile. Success depends on quality of information available to counselors, and train-the-trainer programs to improve delivery and management of information.
 - Involve peers. In many societies, peers influence decisions. Jamaica's Health Ministry uses peer-to-peer learning to fight HIV/AIDS.
 - Disseminate health-related information widely, including on conditions formerly considered diseases of the affluent.
 - A 2004 survey (Fernald et al) of low income households in rural Mexico finds 60 percent of adult women and over half of adult males overweight. Obesity is often related to exercise and diet habits established in youth, indicating a need to add information about obesity to school curricula.

Offer second chances to youth to make up for past disadvantages or mistakes

- Evidence from *Jovenes* programs shows that vocational training programs for out-of-school youth, when provided as part of a package that offers incentives and information to find jobs, can increase employability and earnings. One study finds that the costs compare well to public expenditure on secondary education.
- The new Mexico Lifelong Learning Project provides equivalent lower secondary education to out-of-school individuals aged 15-34 who completed primary education. The curriculum is based on competencies for work and life, covering health, civic education and vocational skills.
- In Venezuela, help from the private sector has had mixed results. After a distillery employed youth gang members in El Consejo, the town's crime reports fell by 35 percent. But only one of 100 youth from the program found outside employment.