

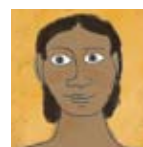
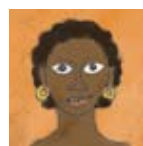
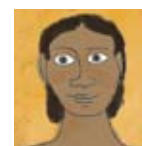
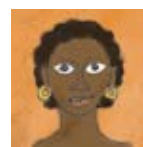
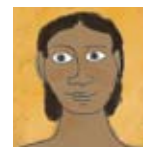
DECENT **WORK** AND YOUTH

Agenda for the Hemisphere
2006 - 2015



Latin America

100 million
youth with
productive
employment
and decent
work foster
progress



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DECENT WORK AND
Youth

LATIN AMERICA

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PROLOGUE

The issue of youth employment has acquired major significance in Latin American and the Caribbean societies, as much for the contribution young people could provide to the region's economic growth as for the high rates of youth unemployment existing even in economically successful countries.

Youth employment was considered as a priority by the "Decent work: An agenda for the hemisphere, 2006-2015"¹, presented by the Director-General of the ILO, Juan Somavia, during the XVI Regional Meeting of the American States Members of the ILO (2006) obtaining the support of the tripartite delegations that attended the meeting. Moreover, in the Decade of the Promotion of Decent Work, approved by the meeting, it was defined as a main objective to encourage more vocational training and a better entry in the labour market for the young.

The Agenda for the Hemisphere is a milestone for a better restructuring of the cooperation between the ILO and its constituents in the Americas. It also reflects priorities that will help improve the quality of development in the region.

The mandate received by the ILO from its American constituents, in the context of youth, was strengthened by the Declaration of the United Nations Economic and Social Council (2006), which tackled the subject "Creating an environment at the national and international levels conducive at generating full and productive employment and decent work for all, and its impact on sustainable development": "We reaffirm our commitment to develop and implement strategies that give youth everywhere a real and equal opportunity to find full and productive employment and decent work. In this respect, noting that almost half of the unemployed

¹ <http://www.oit.org/public/spanish/standards/relm/rgmeet/16amr/dwork.pdf>

people in the world are young people, we are determined to mainstream youth employment into national development strategies and agendas; to develop policies and programmes for enhancing the employability of youth, including through education, training and lifelong learning that meet labour market requirements; and to promote access to work through integrated policies that enable the creation of new and quality jobs for young people and facilitate access to those jobs, including through information and training initiatives. We recognize the importance of the work of the Youth Employment Network as a peer exchange, support and review mechanism, and invite Member States, the United Nations and partner organizations to strengthen and expand the Network at the national, regional and international levels.”

In the promotion of a sustainable development model with equity, the priority is given to policies oriented to provide youth with access to decent work. Specially in the Latin American context where there are more young people than ever in its history. This trend will remain until the year 2015 when the demographic growth rate will decrease.

For that reason, the ILO Regional Office for Latin America and the Caribbean deemed appropriate to study in-depth all youth related aspects considered in the Agenda for the Hemisphere. The outcome might be of interest for the Latin American States Members of the ILO. We hope that soon, regarding this matter, we will be able to publish more information about the Dutch, English, and French spoken Caribbean countries where many of the proposals presented in this publication could be useful.

This research was coordinated by Virgilio Levaggi, Regional Deputy Director for Latin America and the Caribbean of the ILO, and by the economist Juan Chacaltana, who contributed with the diagnosis and statistical information, and with information on decent work path. Virgilio Levaggi also edited the regional and national reports that we published.

Several ILO officials from the Headquarters and the regional offices, as well as external collaborators of the organization contributed to this research. We would like to thank the following people: Eduardo Araujo, María Arteta, Gerardo Castillo, Fabio Duran, Andrés Marinakis, Mario Tueros, María Elena Valenzuela, María Luz Vega, Francisco Verdera and Andrés Yurén. Thanks to the team of the “Promotion of Youth Employment in Latin America” project –Luis González, Chief Technical Assistant, Ernesto Abdala and Miguel Calderón–; to María Claudia Camacho, Organization of the American States’ official; to Carmen Masías’, Leo Mertens’, and Guillermo Pérez Sosto’ contribution; and to Ivet Linares and María Polo, for their support in the construction of statistical data. We also thank Luz Adriana Arreola and William Sánchez for their contribution.

We would like to acknowledge the comments and remarks given by the directors of the ILO offices in Latin America, and by Giovanna Rossignotti from the Employment Sector in Geneva.

It is important to emphasize that this study has not been restricted solely to analyze youth employment, but to understand the broad reality of decent work for youth. The magnitude and diversity of youth in our continent require an integrated view in order to search for answers.

The fact that millions of young people neither study nor work and that belonging to a specific gender or race can prevent many from ever having decent work are significant challenges, as important as, unemployment and the informal economy, in the efforts to strengthen democracy in the region and give these young people an integral role in our countries development.

This report emphasizes that, when addressing the relationship between employment and youth, it is important to move towards policies that balance short-, medium- and long-term strategies as well as considering the diversity of the continent’s youth.

"Decent Work and Youth in Latin America" presents several proposals that combine analysis and experiences about this topic, in order to gather the lessons learnt. They can enable our policy makers and youth to know about initiatives carried out by others, mostly in our own region.

This publication is complemented by an executive summary and some national studies. All the contributions received throughout this research, which constitute the background of this study, are gathered in a separate publication.

In the communications era, people can visit a website located at the ILO Regional Office for Latin America and the Caribbean web portal². There, digital versions of these studies and broader statistical data complementing the printed versions will be available for the use of the public. We hope that this website becomes a useful space for those concerned about decent work and youth.

We expect that this publication be useful for more young people to achieve decent and productive jobs that enable them to progress as individuals and contribute to the progress of their families and societies. Today, youth has to be seen as one of the region's major source of social capital and must not be considered as something distant and apart. Somehow, the future begins everyday. Youth is the present and, hopefully, a better future for the Americas.

Jean Maninat
Regional Director
for Latin America and the Caribbean

² <http://www.oit.org.pe/tdj>

INTRODUCTION

People and social groups see in their youth those who will be able to achieve even more than themselves. It is known that in Latin America, even the most impoverished invest a great deal in the education of children and youth so that they can achieve, through better jobs, a better quality of life than their parents.

In popular belief youth is associated with hope. It evokes, spontaneously, a time of opportunity or the future, usually conceived as something better than the present.

Nonetheless, youth is a stage of learning and training, and a time of indecision, rather than of certainty.

It is desirable for a society to make every effort to provide its youth with the largest number of options and the greatest freedom possible to develop as individuals, by providing better opportunities to join the workforce; particularly in a region where so many men and women face unemployment, inequality and poverty. Thinking about work and youth has social, economic and political implications. Offering proposals to promote decent work and productive jobs is opting for strengthening democracy, supporting social cohesion and contributing to economic growth. It is essential to become aware of how important it is for young people to have opportunities and be able to take advantage of them by exercising their freedom.

Human development and freedom

In the 20th century, Amartya Sen gave one of the major contributions to the concept of development. According to the 1998 Nobel Prize for Economics, development is a process based on expanding the capabilities and freedoms of human beings.

Therefore, freedom is the primary end of development and, at the same time, a means to achieve it.

The evolution of globalization has confirmed the validity of this vision, and in Latin America, the economic growth experience, deemed as something necessary but insufficient to achieve human development, has brought up –in the beginning of the third millennium– a fruitful discussion concerning the most adequate public policies to achieve progress for all.

When Sen refers to development, he focuses on what an individual can be or do (choices), and on what he actually becomes or achieves. As Kofi Annan stated: "Sen shows that the quality of our lives should be measured not by our wealth but by our freedom". The development focused on the individual and not on the assets overcomes the reductionism of an economic vision, which at a certain moment pretended to become the only valid current of thought.

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Institutional development

In the first Juan Somavia's Report "Decent Work"³ as Director-General of the ILO, presented to the 87th International Labour Conference meeting (1999) it is stated: "The primary goal of the ILO today is to promote opportunities for women and men to obtain decent and productive work, in conditions of freedom, equity, security and human dignity."

Decent work and development, the latter understood as the expansion of freedom, complement each other; however, it is obvious the usefulness of promoting decent work to expand opportunities for individual self-realization particularly, for youth.

Youth is the time when the desire for freedom acquires more focus in people's lives, and when multiple opportunities should be opened

³ ILO: *Decent Work*. International Labour Conference, 87th Session. Geneva, 1999.

for individuals to meet their personal vocation, since most of what is accomplished during adulthood is constructed during youth.

Sen participated at the 87th meeting of the International Labour Conference. Regarding Somavia's Memoire statement "All those who work have rights at work", he said: "The framework of rights-based thinking is thus extended from the pure domain of legality to the broader arena of social ethics. These rights can thus be seen as being prior, rather than posterior, to legal recognition. (...) the realization of rights can also be helped by other developments, such as the creation of new institutions, and better working of existing institutions⁴."

An institutional framework is crucial to implement decent work and development. Sen states that there are social institutions of different kind –organizations related to the market operation, administrative bodies, legislative institutions, political parties, non-governmental organizations, judicial system, the media, and the whole community– that contribute to the development process as they encourage and support individual freedoms. The development analysis requires an integrated understanding of the roles of these institutions and their interactions. Education in ethical values, stemming and evolving from social ethics are part of the development process alongside with the market and other institutions operation⁵.

Development requires that formal and non-formal institutions be adequately considered. When reviewing the non-economic causes of development there are currents of thinking that study the evolution of standards, regulations, values and behavior patterns –in a nutshell, institutions– and their impact on common progress. Institutions are rules of the game in a society; they can be formal (constitutions, laws, regulations, procedures, among others) or not (values, standards,

⁴ <http://www.ilo.org/public/english/standards/relm/ilc/ilc87/a-sen.htm>

⁵ A. K. Sen: *Development as Freedom*. Anchor, 2000.

and patterns, for instance). The former are characterized for their imposition, while the latter for their social validity. Institutions / rules of the game impact the performance of people in society⁶. They definitely influence the options and achievements of individuals.

A good institutional environment contributes to development, this one understood as freedom and as the elimination of “anti-freedom” (poverty, negation, refusal of rights, unemployment, etc.). Ultimately, democracy and development are respectively, the political and socioeconomic dimension of freedom.

Democratic governance, freedom and development

To promote decent work for youth is to foster democratic governance, freedom and human development.

This report presents a number of proposals that hope to positively influence the promotion of decent work for youth and, therefore, expand their freedom. The idea is that young people can have a decent work path (itineraries of work progressing towards more freedom) based on experiences, policies, actions, and organizations that develop an institutional infrastructure, which fosters opportunities for development.

Governments, agencies, and multilateral organizations have recognized the fact that in order to reach a more efficient, fair and steady economic growth, it is insufficient to implement market reforms, devise adequate macroeconomic policies, have good investment and programmes funding, have basic infrastructure, incorporate technological development and invest in human and social capital. Furthermore, it will be necessary to count on new and more efficient institutions⁷.

⁶ V. Levaggi: *Democracia y Trabajo Decente en Latin America* [Democracy and Decent Work in Latin America] (Lima, ILO, 2006).

⁷ J. Ayala Espino: *Instituciones y Economías* [Institutions and Economies] (Mexico City: Fondo de Cultura Económica, 1999).

The institutions of democracy must inspire the institutional infrastructure of development, which contributes to improve resource-allocation, to promote an efficient economy that can grow in a sustained and sustainable way, to face globalization, and to encourage social well-being, a better income distribution through the promotion of decent work, and the development of people, based on the expansion of their freedoms.

The institutional environment required in Latin America is one that enables the transition from economic growth based on the comparative advantages offered by natural resources to a development model based on the competitive advantages that only free people can generate in a globalized knowledge-economy. Socioeconomic institutions related to the labor market deserve special attention in the region's current context, in order to bring people back to the core of the development policies. These institutions are the conveyor belt between the economic achievement and people's day-to-day lives.

Development focused on individuals is the orientation of this study.

Policy integration

"The approach adopted in decent work provides a more promising understanding of the needs of different institutions and different policies in pursuit of the rights and interests of the working people. The linkages between economic, political and social actions and possibilities can be critical to the realization of rights and to the pursuit of broad objectives of decent work⁸."

Decent work allows a reflection about development from an integrated perspective. The holistic understanding of development

⁸ International Labour Conference 87th Session. Address by Mr. Amartya Sen, Nobel Laureate in Economics (15 June 1999).
<http://www.ilo.org/public/english/standards/relm/ilc/ilc87/a-sen.htm>

requires a vision that incorporates social and economic policies in a specific political and institutional framework: democracy. This is easily stated but, is quite difficult to accomplish in the real world.

We should not lose sight that efficiency and well-being are processes which solution does not depend exclusively on the institutions, the market, or political policies, but on a complex structure of economic, social and political institutional arrangements. Institutional arrangements that work in a specific economy may not work efficiently in others⁹.

When addressing employment and youth matters it is useful to ask: what do young people need in order to make better decisions that enable them to achieve decent jobs?

Today, the way decent work can contribute to broaden young people's freedom is a relevant question below the South of the Rio Grande, and appealing to young people themselves. Decent work favours the perspective of freedom and this point of view considers human beings as creatures who –when given the opportunity– commit actively in building their own destiny and do not restrict themselves to receive, in a passive way, the outcomes of any development programme, whether it was well designed or not¹⁰. There is no other more suitable group than youth to put into practice this concept of responsibility for young people's own progress, and with more vocation to steer their own destiny.

Today's youth

Young people in Latin America¹¹ account for the largest segment of the region's working age population. They were born during the eighties, one of the most critical periods of the region's

⁹ J. Ayala Espino, *op cit.*

¹⁰ A. Sen, *op.cit.*

¹¹ For this study, the group of people used to define youth as the cohort of individuals between the ages 15 and 24.

recent history: the so-called “lost decade”. They have grown up in the midst of numerous and big transformations in the world of production and work: globalization, massive migration, higher demand and use of information technologies and languages and –in some countries– significant labor reforms, among others.

They are more educated than previous generations. They lived their first years in a context of frequent crisis and have witnessed the region’s labour markets become precarious at the same rate their own and their families life conditions did. This scenario has led them to wonder whether education and the labour market are actual vehicles to progress, both personally and socially, which challenges democratic governance. There is an increasing rate of uprooted and excluded young people who do not trust institutions.

The proliferation of juvenile delinquency and violence is a phenomenon that challenges the cohesion of families and societies. There are young people at risk; but youth is, undoubtedly, a reason for hope, for the cause of freedom and development in Latin America, especially if they can attain productive jobs and decent work.

The current situation

Boosted by the expansion of global demand of raw materials, Latin America’s economy grew at a 4.43% annual rate between 2002 and 2003, and it is expected that it will continue to grow at rates higher than 4% in the forthcoming years. The recovery has been so remarkable that it has generated a currency appreciation problem in many countries, but has enabled others to pay down their external debt. In some countries, such as Brazil and Peru, employment has been growing at an unprecedented fast and sustainable rate. Yet the outcomes concerning work in the region are not satisfactory considering the great imbalance existing in the labour markets. Growth based on export, and the type of products Latin America exports (primary and semi-finished products) restricts a better

linkage between production and employment. Consequently, a greater productive and commercial diversification is needed.

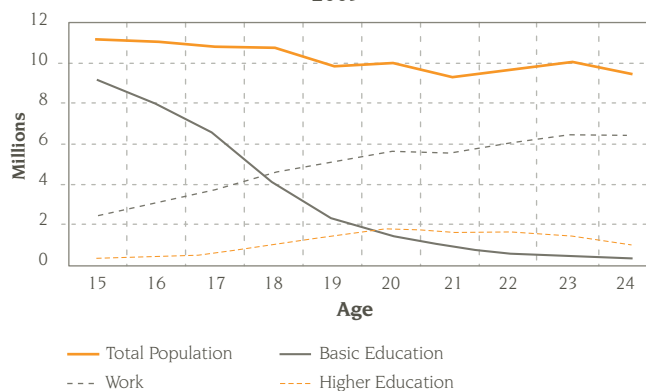
The current economic situation takes place within a framework of globalization, markets integration, and a larger use of information technology. This is an opportunity, and concurrently a challenge, since it could lead to broadening the gap between the region and the rest of the world. To face this new scenario –aiming at a favourable insertion into globalization– it is important to invest in young people, who are the most prepared generation in terms of technological changes, typical of the contemporary productive world.

In a short period of time, young people have to face important changes and make personal and significant decisions concerning education, work, family and even housing transitions. The time and the way they deal with these changes are decisive, not only for them, but for the whole society.

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Graph 1 shows the distribution of youth by age in terms of education or work. In Latin America and the Caribbean, there are 106 million young people. Of this group, 15 year-olds account for nearly 11 million, 16 year-olds make up a similar amount, and so

Graph 1
Latin America and the Caribbean: changes and decisions concerning youth 2005



Source: ILO elaboration based, on special household survey processing.

forth. Finally, the group of 24 year-olds comprises approximately 10 million individuals¹².

At early ages, young people should be studying. Yet, the graph shows that by the age of 15 a portion of youth is already out of school. It is likely that they started working as children, thus, they begin youth facing serious challenges having a socially positive work path. Therefore, policies designed to help retain youth in the basic education system, and improve the quality of the education provided as well as, the linkage of education to the productive and working world are needed.

The greater the age, the smaller the number of youth who remain in basic education; however, only one out of four young persons will reach post secondary education, which includes not only technical but also university or college education. Institutions which offered this training or education face problems of quality¹³.

The slope shows that the number of young people who work triples between the ages 15 and 24. This shows a fast-paced process where, from a qualitative standpoint, the manner that the first entry into the labour market occurs should be taken into consideration. The first-entry experience is crucial, since it determines young people labour expectations, and has an impact on their employability prospects.

How change is confronted is important for a young person's pathway in the mid- and long-run. The decisions posed by this change require counseling, especially from families and/or social networks. However, many young people, basically the most impoverished ones and with broken families, have to make decisions without adequate information and orientation. They lack

¹² Estimates of the total Latin American and the Caribbean population were drawn from the ECLAC Social Indicators Data Base for 46 countries. This data has been crossed with structures of working age populations from household surveys in 17 countries.

¹³ In the region, there are initiatives oriented to improve the quality of vocational training, and in fact, there are good experiences in this matter, derived from several institutions related to this field. Nonetheless, there is also a coexisting private market of vocational training facing quality problems. Consequently, policies oriented to correct this deficiency are needed.

role-models or live in uprooted socialization spaces that do not contribute to foster successful pathways towards decent work¹⁴.

What is new for the current generation is the fact that it will face such changes within a better economic, yet, more volatile context than their parents. Taking advantage of such possibility will lead young people to become active players in the development process, instead of being mere spectators.

The challenge

The United Nations Millennium Development Goals conceive decent work and productive jobs for youth as a key in the struggle against poverty, and they pose the reduction of youth unemployment rate as a major goal¹⁵. The "Decent Work: An agenda for the hemisphere, 2006-2015"¹⁶ also tackled the relation between work and youth. The present document examines what can be done in order for young people to have more opportunities available, and attain decent work and development. It is known that young people face challenges and disadvantages in the labour market and there is a huge literature¹⁷

¹⁴ C. Masías, in her study *Perfil psicosocial del joven y la joven que no estudia ni trabaja y su relación con los ámbitos laboral, familiar y de participación ciudadana* [Psychosocial profile of young people who neither work nor study and their relation with work, family and citizenship environments] (Background paper, Lima, 2006, <http://www.oit.org.pe>) shows that young people would like someone to care for them and teach them. In other countries, there are young who consider their families as the cause of their early insertion in the labor market, wherein they feel unprepared to compete.

¹⁵ UN: *Resolution adopted by the General Assembly 55/2. United Nations Millennium Declaration*. (New York, September 8th, 2000).

¹⁶ ILO: *Decent Work: An agenda for the hemisphere, 2006-2015*. (Brasilia, ILO, 2006).

¹⁷ R. Díez de Medina: *Jóvenes y empleo en los noventa* [Youth and employment in the 90s] (Montevideo, Cinterfor, 2001; ECLAC and OIJ); *La Juventud en Iberoamérica: tendencias y urgencias* [Youth in Latin America: trends and urgencias] (Santiago, ECLAC and OIJ, October 2004); J. Séller: *Los Jóvenes y el empleo en América Latina* [Youth and employment in Latin America] (Santiago, ECLAC and GTZ, 2006); C. Fawcett: *Latin American youth in transition* (Washington DC, SDD, 2002); Duryea, et al: *Critical decisions at a critical age. Adolescents and young adults in Latin America* (Washington D.C. IADB, 2003); ILO: *Un buen comienzo: trabajo decente para los jóvenes* [A good start: Decent work for youth]. Information paper. ILO: Tripartite meeting about youth employment: the pathway to follow. Geneva, ILO, October 13-15, 2004; ILO: *Youth: Pathways to decent work*. Report VI: Promoting youth employment: tackling the challenge. International Labour Conference, 93rd Session, 2005 (Geneva, ILO, 2005). Among the most recent reports, see The World Bank World Development Report. *Development and the next generation*. Washington, 2007. UN: *World Youth Report*, 2003 and 2005, and ILO papers *Global employment trends for the youth* (Geneva, ILO, 2004 and 2006).

concerning this matter in the region as well as in specific countries. The debate is what to do and how to do it.

This report focuses on the strategies that different governments and societies have used –and could use– to tackle the relation between youth and work. There are differences among them, because there are diverse approaches and work methodologies that condition actual and possible outcomes. There is not a unique recipe to promote development.

The report has two parts:

a) The first part presents an overview of youth employment and trends. It is based on a special processing of household surveys in countries where there is information available. More detailed data can be found in the Statistical Annex.

b) The second part presents the challenges that young people's access to productive jobs and decent work poses to governments and social actors of the region. It also recommends several courses of action to face them, and guidelines for a favourable institutional environment, aiming at a better work entry for young people.

"If poverty is to be reduced, the gains from globalization widely and equitably shared, and young people given the opportunity to realize their dreams and aspirations, pathways need to be created to convert global opportunities into productive, freely chosen jobs for young people as well as for the labour force in general (...) the need for effective policy and programme interventions is pressing¹⁸". It is important to take into account that to do things just for the sake of it is not enough. In Latin America, efforts have been made to deal with youth employment and improve the entry of youth in the labour market. Some of them have been more

¹⁸ ILO: *Youth: Pathways to decent work. Promoting youth employment-tackling the challenges. Report VI*. International Labour Conference, 93rd Session. n. 284 (Geneva, ILO, 2005).

successful than others. The magnitude of the challenge requires coherent strategies rather than isolated actions and an integrated view prior to partial approaches.

The positive response of the region to democracy and the development of its societies require the promotion of institutions and alternatives for young people to become free actors of their own destiny, and make a successful transition from childhood and education to adulthood and decent and productive work, as stated in the Millennium Development Goals.

1. Participation in the achievement of progress: magnitude and nature of the challenge

Most of the studies and documents dealing with youth and employment carried out in the region emphasize that young people face much higher unemployment rates than adults. In Latin America and the Caribbean (LAC), open unemployment reaches 16% while among adults the rate is 5%: the ratio is almost one to three, though in other countries this gap is greater. Among the unemployed, young people comprise 46% of the total.

Youth unemployment is a major concern in Latin America and the Caribbean development. The reduction of this indicator along the reduction of poverty is a consistent goal. Notwithstanding the magnitude of youth employment, this phenomenon is only one of the problems young people face in the region's labour market. There are 10 million unemployed young people in the region; at the same time, 22 million youth are not studying or working, and more than 30 million young work in the informal sector or under precarious conditions. The challenge is one of great magnitude and diversity, since different groups of young persons have different characteristics and needs.

• Dimensions and diversity of the youth labour market in the region

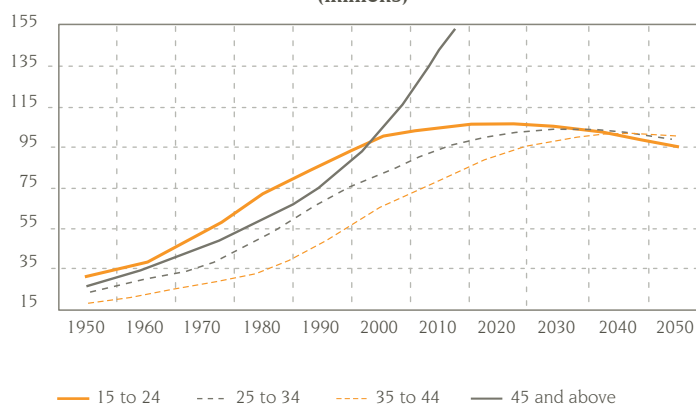
Employment and youth policies implemented in the region have rarely addressed the

issues of magnitude and heterogeneity at the same time. Some programmes have had very good results but limited coverage while some important large initiatives carried out have not had the expected impact. The challenge lies on the articulation of both dimensions.

In Latin America and the Caribbean, there are nearly 106 million young people between the ages 15 and 24. There have never been so many young people in this part of the world. It is likely that in the future this figure will stop growing, since forecasts indicate a lower demographic growth rate from 2015 onwards (graph 2). Between 1970 and 1975 the youth population increased 18%, while from 2000 to 2005 it only increased 3.9%. It is expected that from 2005 to 2010 it will only grow 1.8%. It is possible to say that we are reaching the youth demographic limit in the region. Whatever is done to pursue decent and productive work for youth will benefit the future of democracy, economic growth, social protection systems, and human development within the Latin American and the Caribbean societies in the first half of the 21st century.

The region presents many differences, even in the demographic issue. In some countries this indicator has greater impact than in others. A decrease in population itself will not necessarily imply a significant drop in youth unemployment or in the pressure on the labour market, since youth labour markets are sensitive to fast changes in the economy, and to a low aggregate demand for labour.

Graph 2
Latin America and the Caribbean: Evolution of population aged 15 and above (millions)



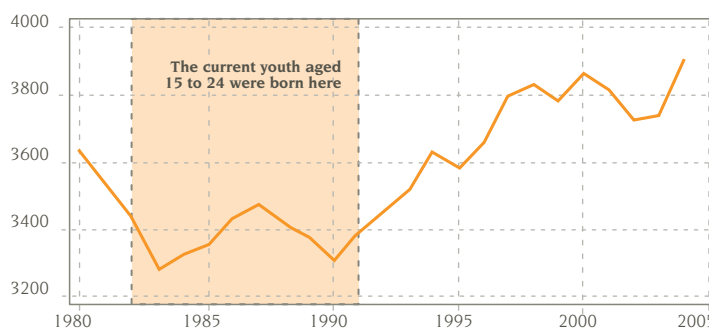
Source: ILO, based on ECLAC, BADEINSO, 2006 version.

The increase in the number of young people and in the population would not be a problem if the demand for labour had increased at the same pace. Nonetheless, the current youth were born during Latin America's "lost decade", characterized by a dramatic fall of the regional per capita GDP (graph 3). The consequences of such period have been so

significant that even now, two decades later, the per capita GDP and the poverty are similar to those existing in 1980.

Since 2002, Latin America has been through another economic scenario. The region has experienced a fast-paced growth, associated to better exchange rates and

Graph 3
Latin America: Per capita GDP evolution (constant dollar)



Source: ILO.

export of primary and semi-finished products. The regional economy grew 2% in 2003, 5.9% in 2004, 4.5% in 2005, 5.3% in 2006, and it is expected to reach rates above 4% by 2007 and 2008. The economic growth has been boosted by the dynamism of the export sectors as a result of the international demand trends that will more likely remain steady in the years to come. International conditions in Asia and in Europe allow moderate but interesting forecasts for the region, at least until the end of this decade, in spite of the North America economy slowdown and risks associated to international economic imbalances¹⁹.

Even though youth unemployment had a slight decrease, the ratio between youth employment and adult employment continues to be one to three. Youth unemployment rates in 2005 were higher, in average, than those of 1990. The precariousness of the region's labour market affects one out of two workers, and among youth it affects two out of three young people.

In the last decade, the world labour force doubled, due to the inclusion of the "real socialism" countries in the global market

economy (Freeman, 2005). There is more competition for jobs in the increasingly global labour markets. Youth is one of the groups that have been highly affected by this increase. Only China has nearly 190 million young people aged between 15 and 24; more than 60% of them live in the rural area and most of them have low qualifications. However, a small portion of the remaining Chinese youth –small for them, but huge for the world– are being qualified at an impressive speed²⁰.

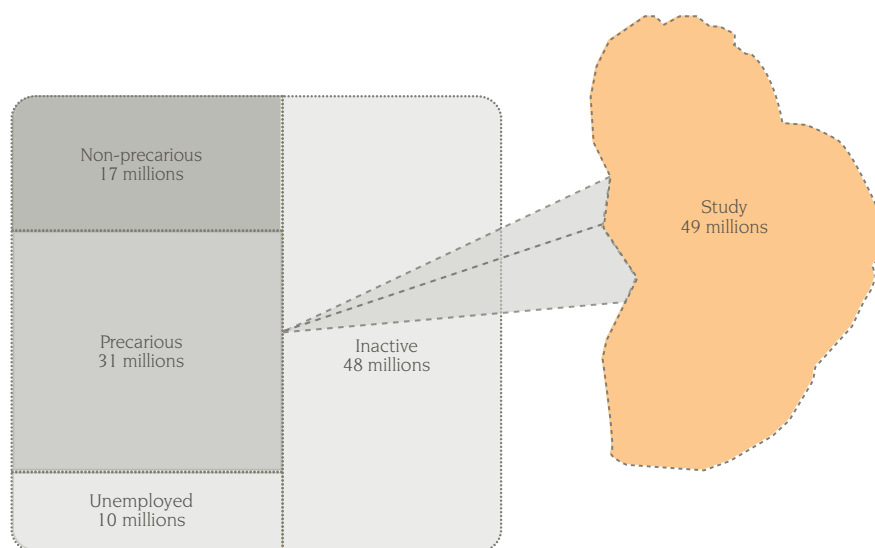
These great challenges require significant responses. Latin America has faced the youth labour issue by funding specific and well focused programmes with limited scope. In many cases they turned out to be good and successful. However, along the years they have lost impetus and support. The magnitude of the problem requires moving from the execution of programmes to the definition and implementation of State policies with short-, medium- and long-term strategic views, with the participation of youth.

When State policies are established, priorities need to be clearly identified. Graph 4 presents a "map" that shows the composition of the

¹⁹ According to the IMF, the global expansion has moderated, partly, as a result of the aversion to the increase of the oil prices in the world; however it is expected a 4.8% annual growth rate of the world economy by 2010 (IMF *World Economic Outlook* 2006). The World Bank forecasts an increase in the world per capita GDP of 2.1% per year for the 2006-2015 period; however it warns about the risk of a high increase in the interest rates and the fact that poor oil importer economies have become more vulnerable. The World Bank. *Global Economic Prospects*, 2006. (Washington DC., 2006).

²⁰ 2002 Data. *China Youth Employment Report. Analysis Report of China's Survey on School to Work Transition*. YEN Office China Research Institute of Labor Science of the Ministry of Labor and Social Security and ILO

GRAPH 4
LABOUR MAP OF THE LATIN AMERICA AND THE CARIBBEAN YOUTH



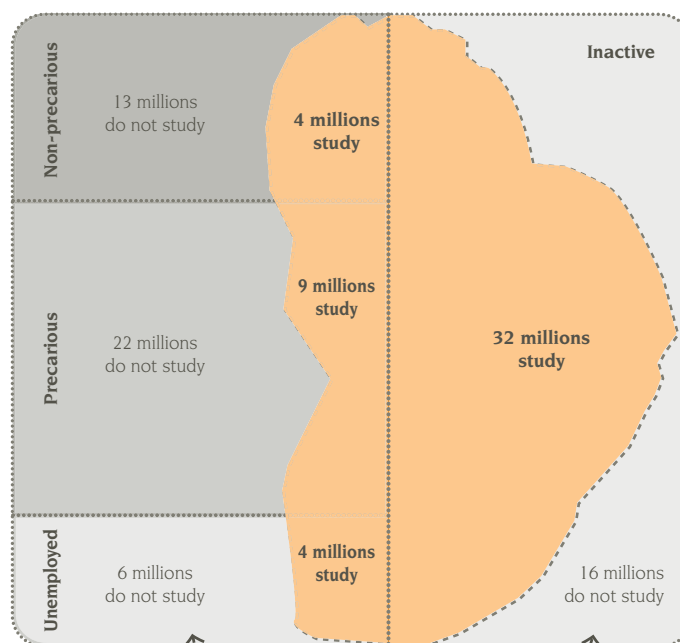
Non-precarious They work in an economic activity, with paid jobs, and health and pension coverage

Precarious They work in an economic activity, with paid jobs, without health and pension coverage.

Unemployed They are not currently working, and they are looking for a job.

Inactive They are neither working nor looking for a job.

 Population of young persons who **study**



Population of young persons who neither study nor work: 22 millions

Source: ILO elaboration, based on special household surveys processing.

youth labour markets in Latin American²¹. In any other demographic group, the analysis of the labour market would involve only three categories: the employed, the unemployed and the inactive. However, considering that young people are still in the process of pursuing basic and undergraduate studies, these categories must be supplemented with some level of education or training. This overview can help define priorities, at least from the standpoint of quantity and quality.

In 2005, of the 106 million of youth in Latin America and the Caribbean, 48 million youth were employed as 10 million were unemployed and some 48 million were inactive. However, at the same time, some 49 million young persons were pursuing basic and undergraduate studies. Based solely on these two variables, this leads to several situations. Young people who study and work account for 13 million, inactive youth who are studying are 32 million, and unemployed who study are 4 million. From another perspective, 35 million work and do not study, 6 million are unemployed and do not study, and 16 million are inactive and do not study. If the last two groups are joined together, the result is that there are 22 million young persons who neither study nor work, who account for nearly 21% of the total youth in the region. This graph shows

that open unemployment is an important issue among young people, however it is only one of the problems labour markets face in the region.

There are differences among these groups (chart 1). Men are the majority in the group who work only, and among those who study and work. Women, on the other hand, are the majority of those who only study, and among those who do not study and work. This chart shows that participation rates of young women in the workforce are much lower than those of young men. Among other things, this reflects, a certain cultural tradition, and the lack of opportunities for women, who have to combine work with family obligations. Furthermore, among those who study only, nearly 80% are between 15 and 19 years of age, and among those who work only, 68% are between 20 and 24 years of age. Finally, while those who study and work are concentrated in the highest strata of household income per capita, those who neither study nor work are concentrated in the medium and low-income segments.

In terms of the establishment of public policies, two important groups are of particular interest due to their size and the challenges they pose: a) those employed in informal activities and therefore jeopardizing their

²¹ A similar scheme was brought up by J. Fares, C. Montenegro and P. Orazem. *How are youth faring in the labor market? Evidence from around the world*. (The World Bank, Washington D.C., 2006).

Chart 1 Latin America: Youth characteristics according to labor and educational condition - 2005 (percentage)					
	Only study	Only work	Study and work	Neither study nor work	Total
Total	32.8	33.5	12.6	21.1	100.0
Men	46.2	63.7	58.2	28.0	49.7
Women	53.8	36.3	41.8	72.0	50.3
15 - 19	79.9	31.8	58.3	43.7	53.4
20 - 24	20.1	68.2	41.7	56.3	46.6
Quintiles					
1 (poorer)	6.7	5.8	1.9	6.9	21.2
2	6.0	6.7	2.1	5.1	20.0
3	6.0	7.2	2.2	4.2	19.7
4	5.9	7.5	2.8	3.3	19.5
5 (richer)	7.6	6.4	3.4	2.3	19.7

Source: ILO elaboration, based on special household surveys processing.

future prospects, and b) those who neither study nor work. Both of these groups have different characteristics and needs, and a variety of situations coexist within each of them.

Youth who work: where and under what conditions?

Youth who work number 48 million, of which 13 million work and study and the rest only work. Also, 38% of employed youth are women and 62% are between 20 and 24 years old.

From the standpoint of labour entry, companies are the most important source of

employment for youth. Young people work as wage-earners for companies in larger proportion than their participation in the working age population (chart 2)²². Young people are generally educated and prepared by the educational systems to become dependent workers, and they count on less resources and assets to start up their own business. At the same time, enterprises find more advantages in young people than in adults. A recent survey on Human Resources managers of the Andean Community showed that enterprises hire youth workforce because the current young people have more abilities to grasp current production processes, since they are

²² Totals for Latin America (chart 1 and chart 2) were based on the information from countries wherein ILO has micro data. This information is shown in detail in the Statistical Annex 1.

Chart 2
Latin America: Characteristics of youth labour insertion
2005

	Man	Woman	Urban	Rural	Total	Adults
Occupational category	100.0	100.0	100.0	100.0	100.0	100.0
Public wage and salaried workers	4.2	6.6	5.5	2.5	5.1	12.7
Private wage and salaried workers	64.3	50.6	67.5	27.0	58.9	38.9
Up to 5 workers	24.6	15.4	22.9	12.7	21.0	10.3
More than 5 workers	39.7	35.2	44.6	14.3	37.9	28.6
Independent workers	15.0	12.9	11.8	17.5	14.2	31.6
Employer	2.4	1.0	0.9	0.7	1.8	6.9
Contributive Family work	13.5	13.5	7.2	37.7	13.5	4.1
Domestic work	0.6	15.7	7.1	4.4	6.5	5.8
Work conditions						
% * Contributor to social security	31	35	38	14	33	42
% * Contributor to pensions	27	30	34	10	28	32
% * Joined a trade union	7	8	7	5	7	17
Income						
% * Income young/adults	85	63	54	67	56	100
Type of contract (% of private wage and salaried worker)						
% Permanent contract	22	30	24	10	24	42
% Temporary contract	11	15	13	6	13	12
% No contract	67	55	64	84	63	46

Source: ILO, elaboration based on special household surveys processing.
* Rate of total of occupied

more educated than previous generations, and adapt more easily to new information technologies. They are also more flexible to accept work conditions that tend to be difficult for adults²³.

Among the adults, 32% are self-employed or engaged in independent activities, and

7% state that they are executives or owners of an enterprise, while for youth these figures reach only 14% and 2% respectively, since they initially accumulate experience, capital and knowledge, which they later invest in a business or enterprise. Studies in specific countries indicate that business

²³ This survey was carried out within the framework of the Conference Organized by Seminario. (Lima, November, 2006).

Young people
are a defensive response
to the lack of
job opportunities,
since many of them do so
out of a need of income
and not because
they have identified
a business opportunity.

ventures launched by young people are a defensive response to the lack of job opportunities, since many of them do so out of a need of income and not because they have identified a business opportunity. Consequently, a large percentage of them fail after a few months in the market²⁴. The chart shows that contributive family work is prevalent among rural youth. Even when the majority of women work in enterprises, 16% of them are employed as domestic workers, the most common occupation among young Latin American women. The challenges youth face in the labour market are harder among women, and some groups. This reflects mechanisms of exclusion, segregation and discrimination in the labour market. When young individuals seek a job, they realize this painful reality in a rough way. A study carried out in Peru indicates that youth as well as adults feel they are discriminated from the best jobs, due to reasons related to sex, appearance, background, and race, and even because of their political preferences²⁵.

The type of employment to which they have access is what differentiates young people from adults. Two out of every three young persons are engaged in informal activities, in which their pay is often below the minimum wage and with no social security

²⁴ Listerri et al: *Is Youth entrepreneurship a necessity or an opportunity?* (IADB, Washington D.C., 2006).

²⁵ J. Chacaltana: *Empleos para los Jóvenes* [Employment for youth] (Lima, CEDEP-ECLAC, 2006).

benefits. Chart 1 shows information about labour conditions that confirms this trend. Young people have less social and health protection and lower pensions than adults, even though these differences have been reduced in the last decades, because the process of flexibilization of the labour market has put adults in similar working conditions as youth. Young people have lower levels of unionization and 63% of them are not working under a job contract, figure that rises to 84% in the rural area. In terms of income a young person earns 56% of what an average adult earns, confirming the fact that empirical income profiles grow as people age.

It is clear that the group of young incorporated in the labour market, through precarious conditions, deserves more attention, because the way young people obtain their first jobs is crucial for their work paths in the medium and long term. Consequently, "getting young people to achieve decent and productive jobs (...) is the safest way to increase their contribution to the future prosperity of their countries and societies²⁶".

The entry of young people in the labour market through precarious jobs is an undesired but actual outcome, and they are aware of this. From the perspective of work and personal paths, most times youth accept

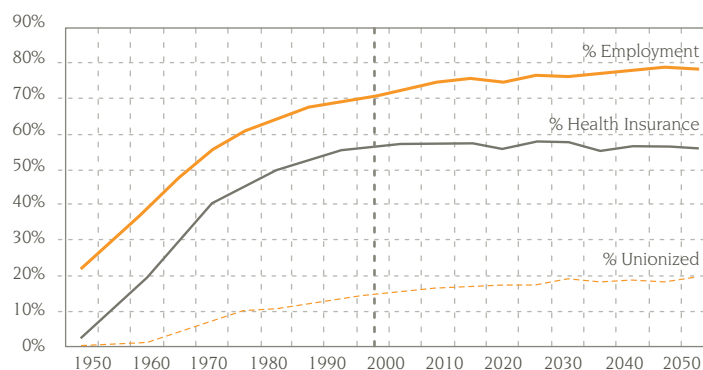
this type of jobs with the expectation that it will enable them to acquire experience, training and other elements that will improve their job prospects. They accept such jobs assuming that they will lead them to better job positions in the future. The major problem of the region's labour markets in the last decades has been the fact that employment insecurity became so massive that it broke such dynamics, generating uneasiness among youth.

A broad perspective is required to define development policies of youth employment. For instance, if enterprises have an allocation of young workers which exceeds their participation in the economically active population, and even in the working age population, measures that encourage paid employment for young people may face the moral dilemma of substitution of youth employment for adult employment. Therefore, it is important to have a comprehensive vision of the labour situation of young people and adults to develop strategies suited to the general interest. Supporting policies for youth employment in enterprises should prioritize quality rather than quantity.

Efforts oriented to improve work conditions of young people require a combination of macroeconomic policies and interventions in the labour market. If it generates jobs of poor

²⁶ G. Rosas and G. Rossignotti: *Empezar bien el milenio, con empleo decente para los jóvenes* [Starting well the millennium, with decent work for youth], in: *Revista Internacional del Trabajo*. Vol. 124 No2., 2005.

Graph 5
Latin America and the Caribbean: Indicators of employment quality per simple age
2005



Source: ILO, based on special processing of household surveys.

quality, the same may occur among young people. Policies aimed at youth policies can be useful for the entire labour market.

Youth who neither study nor work

Young people who face difficulties in the labour market may consider themselves as inactive rather than unemployed. Usually, they enter and leave the labour force²⁷. The second most numerous group is comprised by 22 million young people who neither study nor work. It is composed by the unemployed who do not study (26%) and the inactive who do not study, among whom, those who work on domestic chores account for 55% (chart 3).

Of this group, 81 % live in urban areas, which explains why the activity rates in this sector are always higher, even though the labour conditions are not better. In addition, 72% are women, 56% of whom are between the ages of 20 and 24. And 37% are married or living together and this percentage increases to 49% in the case of women.

The high prevalence of women in this group is explained by the large percentage of school dropouts as well as by the greater difficulties they face in gaining access to the labour market. Frequently, during their childhood and due to cultural standards,

²⁷ The indicator about youth who neither work nor study is interesting and complements the analysis of open unemployment in regions like the Latin America, where labor markets do not adjust, mainly through larger unemployment. In segments such as youth, the line between unemployment and inactivity is very thin.

Chart 3
Latin America: Characteristics of youth who neither work nor study
2005

	Total	Urban	Rural	Man	Woman	15 - 19	20 - 24
Total	100%	79%	21%	28%	72%	44%	56%
Components	100%	100%	100%	100%	100%	100%	100%
Unoccupied	26%	45%	15%	45%	19%	22%	29%
Household chores	55%	36%	67%	14%	71%	52%	57%
Other	19%	19%	18%	41%	10%	26%	14%
Married / live-in partner d/ Quintile	37%	26%	42%	7%	49%	24%	50%
I	31%	30%	37%	33%	31%	29%	34%
II	24%	23%	24%	23%	24%	22%	24%
III	19%	20%	17%	18%	20%	20%	19%
IV	15%	16%	11%	15%	15%	17%	14%
V	11%	11%	11%	11%	11%	12%	9%

Source: ILO elaboration, based on special household surveys processing.

girls must take care of domestic chores within their families, and they continue to do it when they marry or have offspring. Household work is important and productive for society –like any occupation– but it should not be the only job option for millions of young Latin American women. They already face major barriers to attain equal wages and if they have children it becomes more difficult for them to gain access to the region's labour markets.

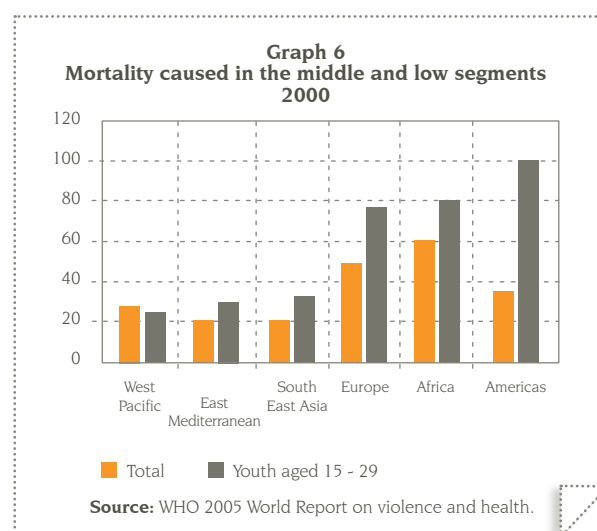
Figures show that in the past decades, women have progressed at higher rates than men in terms of education and, in some countries, there are more women than men pursuing undergraduate education. Despite this, almost 30% of women do not study or

work and are engaged in household chores, which keep them to use abilities and skills acquired during education. A work pathway that starts like that will more likely determine permanent labour inactivity. That is why many young women wonder whether education and the labour market are channels for progress.

Males represent 28% of the total number of youth who neither work nor study, a figure equivalent to approximately 6 million young people, 12% of the region's young population. Practically none of them engage in domestic chores (7%). They are in a high-risk situation and disengaged from the educational system and the labour market. It is a group with no future prospects and hope,

The second most numerous group is comprised by 22 million young people who neither study nor work.

because the present itself is adverse. They do not know what they want to become, since vocation is a choice that is out of their possibilities. They are prone to lack social standards and they are at high social risk. A number of them are engaged in illegal forms of subsistence. As a result, it is not surprising that juvenile delinquency in the region, basically among males, is increasing at accelerated rates. A recent report by the World Health Organization states that although Latin America is not the most dangerous region in the world, Latin American youth rank first in the world in terms of deaths from violence (graph 6).



Figures of youth who neither study nor work are larger than in other parts of the world. In the OECD countries, percentages of youth between the ages 15 and 24 who neither study nor work are around 12% (7%

in the 15-19 year old group, and 17% in the 20-24 year old group). Latin American figures almost double them²⁸. Why is there such a significant group of young people who neither study nor work in the region? Unlike Europe, Latin American labour markets pose several challenges for young people, specially for young women. They have more problems to get salaried employment and to start their own businesses.

Young people who drop out school are a major concern for many governments of the region. There are family, labour, personal and educational factors which explain this

phenomenon (chart 4). In some countries young people were asked about the reason they dropped out school. Economic and family reasons accounted for 34.5% –the strongest cause, even in rural areas– while the fact of having to start working made up for 25.2%. Among poor families, child and youth labour is a common strategy for survival, at the expense of education. Among women the second major reason for school dropout is either the engagement in household chores or early pregnancy, factors that hinder work pathways for young women.

Chart 4
Why do young people quit studying in Latin America?
2005

Main reasons	Total	15 - 19	20 - 24	Men	Women	Urban	Rural
Work reasons	25.2	17.6	30.8	35.1	15.1	27.0	22.6
Family/economic problems	34.5	34.7	34.4	31.8	37.2	31.6	38.5
Not interested in/did not do well	10.3	12.6	8.3	11.6	8.8	8.4	12.9
School is too far	1.1	1.3	0.9	0.9	1.3	0.2	2.2
Age reasons	0.2	0.1	0.2	0.2	0.2	0.2	0.2
Disease/disability	1.7	1.9	1.5	2.0	1.5	1.7	1.7
Household chores/pregnancy	8.6	6.9	9.9	0.8	16.5	7.8	9.7
Studies completion	6.9	8.5	6.0	7.1	7.1	9.4	3.4
Vacation	7.5	12.1	4.0	7.5	7.4	9.0	5.5
Other	4.0	4.2	3.9	3.2	4.9	4.7	3.2
Total: Do not study	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: ILO, based on special processing of household surveys.

²⁸ G. Quintín and S. Martin: *Starting well or losing their way? The position of youth in the labour market in OECD countries*. OECD, Social, employment and migration working papers N° 39 (Paris, OECD, 2006). This document introduces a more refined indicator about this phenomenon: the prevalence of those who neither study nor work. In Latin America, an statistical research line should include identifying those who are willingly included in this category and those who would choose otherwise, if they were given the possibility. In both cases larger research concerning this subject is needed. In Peru, for instance, a study by Masías (ibid) found out that young people who neither study nor work, do nothing: in many cases they are engaged in illegal activities, and since they feel embarrassed because of this situation, they prefer not to tell their interviewers about it. In all cases, social risk is present.

The purpose of education is not only to get income, but to set expectations for better future prospects; besides, it fosters learning abilities. Dropping out school to work, the most frequent response among young men, can generate income in the short term; however it affects their work pathway by restricting their education and their learning capabilities.

An early or inadequate entry in the workforce provides fundamentally narrow specific skills. Several studies and experiences show that, although technical skills are important in today's job market, basic knowledge is also needed²⁹. Stiglitz (2005) indicated that in developing countries such as the Latin America and the Caribbean ones, the millennium goal to achieve total coverage in primary school may be insufficient, given the growing gaps of knowledge that separate these countries from the developed ones.

Young people who neither study nor work can be the subject of direct and specific labour policies, both in terms of education and the labour market. Within a period of ten years, the Decent Work in the Americas: An agenda for the Hemispheric, 2006-2015 proposes to reduce, by half, the

percentage of young people aged 15 and above who do not study or work. Focusing on this group does not imply leaving others behind. The strategy to deal with these groups requires factors such as an economic growth pattern and the dynamics of the region's labour markets.

• **Youth as an asset: from exclusion to opportunity**

In the last decade, youth has become a prioritized topic, due to the changes that are taking place in the production world. Two phenomena that offer opportunities and dilemmas are concurring. The region is going through a period of important economic expansion, as a result of the dynamism of the world economy, and the increase of exports (mainly of raw materials and semi-finished products). From 2002 to 2005, the region's economy grew at 4.4% annual rate, and it is expected that it will continue to grow above 4%, per year³⁰.

An expanding economy is a requirement and a condition to boost youth work pathways. Several studies indicated that youth employment is more sensitive to the economic cycles than adult employment. A slow down and greater economic volatility is expected in

²⁹ J. Lasida and E. Rodríguez. *Entrando al Mundo del Trabajo: Resultado de seis proyectos* [Entering the labor world: Outcomes from six projects]. Entra 21. Serie Aprendizaje no. 2. Internacional Youth Foundation (Baltimore, Maryland, YEN, 2006).

³⁰ Certainly, we are not experiencing a 5% annual growth rate that would avoid the increase of the decent work deficit; but it is clear that macroeconomic conditions could benefit youth employment.

the world economy by the end of the present decade; however, forecasts indicate a promising scenario, at least, until 2010.

This process is taking place in an increasingly integrated and globalized world, where economies interact through commerce, technology and finance, and labour markets participate through massive immigration, transnationalization of services, and a workforce that has doubled in the past years, due to the inclusion of economies of large populations in the free market.

This context brings opportunities for Latin America's economic growth, in the way of the expansion of exports and a larger use of technologies; but at the same time they add some pressure on certain groups within the labour market. The gap between the changes in the production world and the time it takes the labour force to adapt to these changes sets the need for constant training. This situation poses a productive reallocation of the workforce, in which some groups will be left behind. New technologies have an impact on the way they are produced, as well as their requirements for qualification.

This poses challenges and opportunities for the region's labour markets. A growing and fast-paced changing world can accentuate

the gaps with Latin America and make them become permanent. These growing gaps in globalized markets turn emigration into a possible solution for young people's work expectations. Surveys have shown that a high rate of young people would leave their countries if they had the opportunity to do so: 76% in Peru, 70% in Nicaragua, 75 % in Chile, 52% in Mexico and 67% in Uruguay³¹. Although the desire of emigrate is widespread in the population, those who emigrate are, mostly, the best educated ones. Consequently, the investments made in these young people do not return to their countries. Youth emigration is not only the result of personal motivations, but of broader family issues, which they do not decide.

A recent United Nations report states that youth emigration accounts for one third of the total youth population. If individuals aged 29 were considered as youth, this rate would reach 50%. Youth emigration has an impact on developing countries, because while it increases revenues, it reduces the workforce at a highly productive age range. This situation is aggravated, due to the fact that those young who emigrate are the most resourceful, skillful, and trained. In some

³¹ Data was drawn from ad hoc surveys in each country, but show the magnitude of this issue in different countries. Data in Peru, was drawn from Apoyo (2005), in Chile from the Pontificia Universidad Católica de Chile (Catholic University of Chile) (2006) for young aged 18 to 24; in Uruguay, the data was drawn from Cifra, González, Raga y Asociados (2000) for youth aged 17 to 27, in Mexico from PEW Hispanic Center (2005) for youth aged 18 to 29.

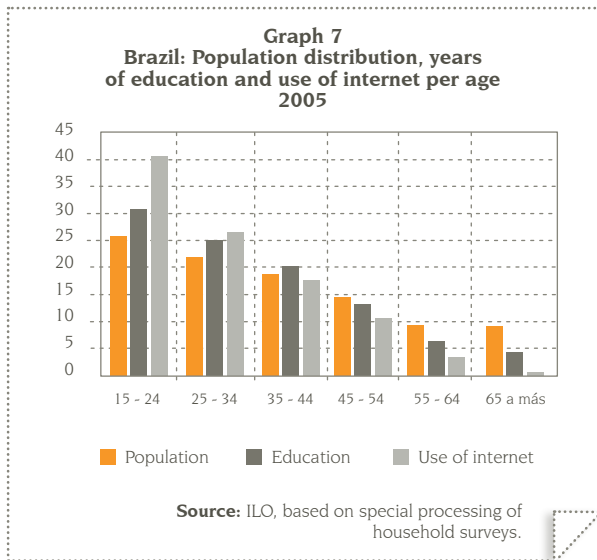
countries, young women emigrate in large numbers—since domestic work is one of the most demanded occupations in the places of destination. This impacts the population growth rate. According to the UN report, the host countries need young people, since they have aging populations, and less tax payers to support their social security systems and economic productivity. The report recommends that the creation of jobs for young women and men in their origin countries must be at the core of economic policies³². Host countries are using young immigrants as a solution to their labour and economic problems, while origin countries are not providing their youth with enough opportunities. This creates a vicious circle: the more young people leave their countries at a highly productive age, the less the countries are able to give opportunities to the next generations.

A hypothesis of this situation states that there is a role-model crisis among youth, which keeps them from expecting adequate work pathways in their own countries. The current young people have seen their parents' jobs becoming similar to theirs. In the past, young people used to accept precarious jobs because their elders had better employment, and this gave them hope for a better future. Consequently, a precarious

job at a young age was considered part of the way to progress. Nowadays, instead, young people see adults (their role-models for the future) facing as many labour challenges as they do (and even more, because when adults lose their jobs, they hardly find another under similar or better conditions). Labour market prospects are unattractive for youth in their own countries. On the other hand, globalization has brought a new reference: a world abroad. Television, cable, internet and the mass media developed in the last decade have shown young people that their peers in other countries have greater and better possibilities to progress than they do. Youth emigration is not surprising, then.

For young people, even for the excluded ones, employment continues to be a major element in their personal development and social participation. As a result, any efforts should aim at bringing back the expectation that positive future prospects can be achieved through hard work. Young people are better educated than those of former generations, and more acquainted with the globalized world, given their increasing use of information technologies, such as the internet. In Brazil, for instance (graph 7), the distribution of these assets is clearly inclined towards youth.

³² UNFPA: *Moving Young*. Special Youth Edition of UNFPA's State of World Population 2006 Report.



Any efforts should aim at bringing back the expectation that positive future prospects can be achieved through hard work.

In that country, young people between the ages 15 and 24 comprise 26% of the total working-age population. Nonetheless, they concentrate 31% of the total education years (even when many are pursuing studies), and account for 41% of internet users in the country. It is true that the total rate of internet users is only 21% of the total population (and this use is not equally distributed in the social segments); but it is clear that young people adapt easily and have more access to these technologies. This situation contrasts with the fact that youth accounts only for 10% of the personal income.

The same graph shows other information. This young generation is the first one in showing a high prevalence in the use of information technologies, which were largely disseminated in the region in the last decade, particularly during the time these young were

being educated and growing up. In the case of people aged 25 and 34, who are users of these technologies, the difference is not as remarkable as in the generation of young people aged 15 to 24. Certainly, this gap will be broadened in the next decades, since the increase in the use of information technologies everywhere is notorious among the new generations.

Even though Latin America does not rank in the last positions in terms of use of internet, it lags behind if compared to other regions. In most developed countries such as USA, Canada, European and some Asian countries, the rate of internet use is above 60 persons out of every 100. In Latin America, this rate –in the best case scenario– reaches 29 persons out of every 100³³.

We are falling behind in one of the most important languages of the increasingly globalized markets for the next decades. Therefore, it is necessary to disseminate these technologies among those who can take more advantage of them: young people. Several projects carried out in the region show the huge benefits the web provides to youth³⁴. The expansion of the use of internet, the language of the future, would take place

among the youngest generations, and this will introduce a positive turn in the demand of youth labour, and increase the work productivity. Furthermore, it would enable the diversification of the economic activities through the acquisition of more know-how. The boost of the economic growth would become sustainable, a characteristic of the current context³⁵.

Concerning the gaps between the developed world (industrialized world) and Latin America, it is clear that they are dynamic, and their solution –in the medium term– requires an inter-temporal strategy. For that purpose, the most suitable inter-temporal instrument is the consolidation of youth pathways as decent work pathways. It requires a decisive boost from the State and the social actors, and a political desire to change the vision of youth as a problem to youth as solution and opportunity.

This requires providing young people with access to education, in order to develop their learning abilities, productive imagination (which is what changed the world in the last two decades) and instill in them the idea that entrepreneurship is possible at an early age. Youth must have access to vocational training that provides them not only with

³³ The web should be assessed according to the purpose of its users. Although many young people in the region use it for non productive purposes, dealing with information technology is required in the new economic context.

³⁴ See some studies from the International Youth Foundation, particularly the *What Works* series. A very important issue is *What Works in Youth Employment: the impact of new information technologies*. What works series (Baltimore, Maryland, IYF, 2001), 68 p.

³⁵ J. Séller: *Los jóvenes y el empleo en América Latina: desafíos y perspectivas ante el nuevo escenario laboral* (Youth and employment in Latin America: challenges and perspectives in a new labor scenario). (Santiago de Chile, ECLAC, 2006).

specific but also with general skills that will enable them to deal with any circumstances, and help them to adapt to new changes. Young people must acquire work experience, because it will bring returns in the long term. They must have access to legal mechanisms that protect them from the exploitation of their employment needs, restricting their pathways and their freedom.

Policies that promote decent work must be for all. This implies the elimination of the mechanisms that exist and are being reproduced in the labour market and in our societies. If exclusion continues, the growing gaps between the region and the rest of the world will become even greater within the region's countries themselves. In the past, for instance, college and university education were not accessible to everybody, and eventually they become elitist.

2. A decent work path

The idea of decent work raised by the ILO Director-General refers to a productive work with fair remuneration, safety at the workplace, social protection for the workers and their families, better prospects for personal and social development, freedom to express

their concerns, the right to organize and to make decisions that affect their lives, and equal opportunities and treatment for men and women.

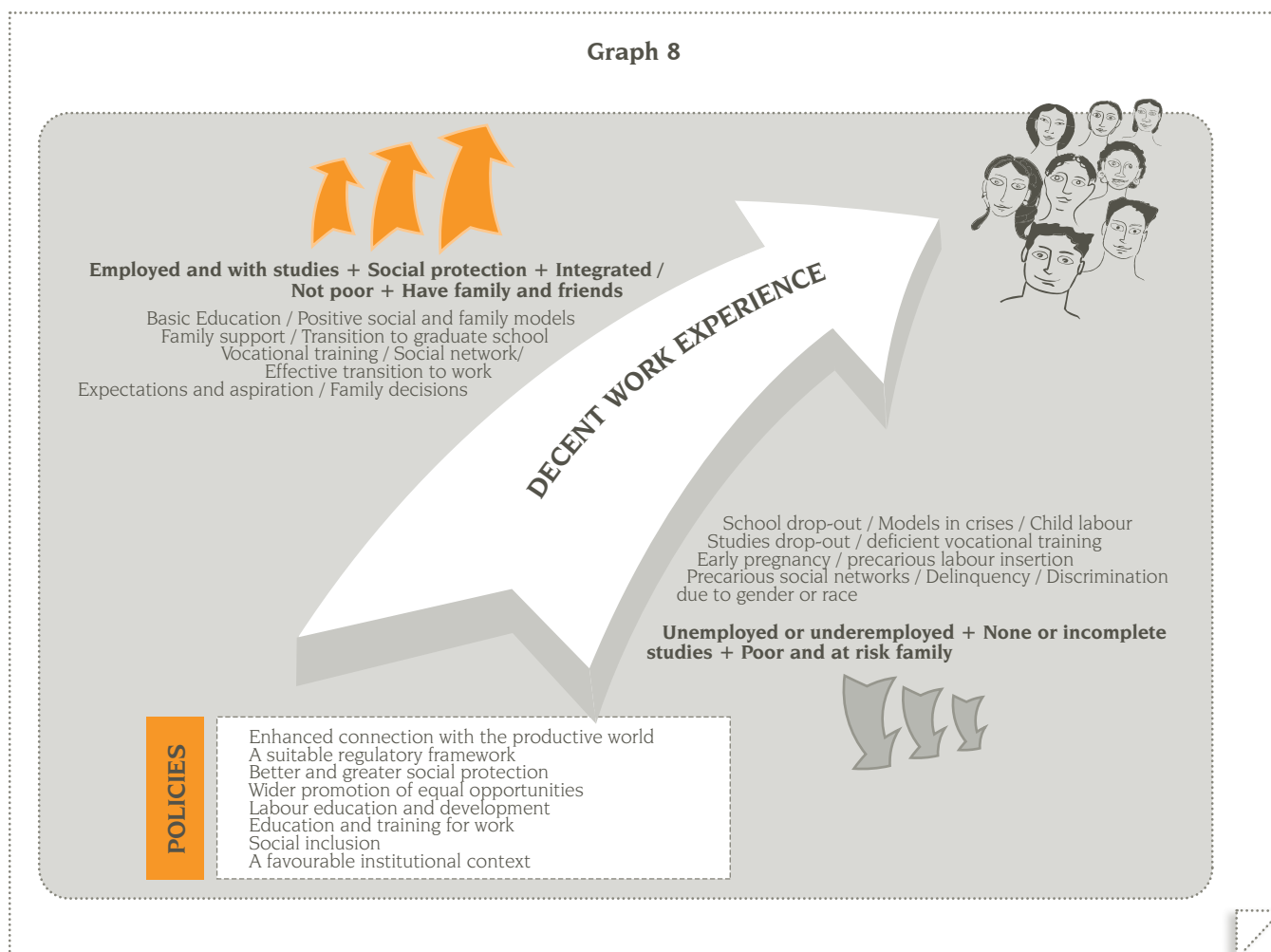
For young people, decent work requires the articulation of short, medium and long term goals, and to take into account the cycle of life and personal pathways. The labour itinerary should not start with a job or work, but with education, training or the accumulation of work or business experience, first steps of a decent work path³⁶.

Graph 8 shows that a decent work path requires the accumulation of certain elements in the labour market. Youth is the time when such elements are accumulated in terms of quantity and speed. There are factors that restrict such path: school dropout, early entry in the labour market and / or precarious jobs, undesired pregnancies or inadequate family or social environment.

From the perspective of the life cycle, decent work is a dynamic concept, a path more than a stage or situation that has some implications. One of them is the importance of education and training, and other is the lack of obstacles to attain a satisfactory work path. It is important to pay attention to socialization processes within families,

³⁶ This is a dynamic concept, consistent with most recent literature concerning poverty reduction in the world. In poverty there are people input and output flows. Decent work paths towards decent work contribute for people to leave poverty permanently, and prevent others from entering.

Graph 8



and cultural standards that assign pre-established roles to some young groups such as young women.

Young people do not necessarily expect the best job at the beginning of their work life, since they consider their first work experience as part of their training process and a way of acquiring assets that will be useful for the rest of their work lives. As it has been pointed out, the first job is crucial for their future since it will influence the way

young people build their expectations and pathways.

When young individuals do not envision a work path that enables them a positive socioeconomic mobility –a decent work path– they start to wonder how valid education is and how useful the labour markets are as mean to progress, personally and socially. This leads to discouragement and apathy, as well as problems for society's cohesion and social integration for young people.

The lack of work path expectations among young people is a growing phenomenon in the region, associated to the crisis or lack of role-models. Parents have problems related to work, or are absent. In some countries, many parents migrated massively, and a part of the youth generation grew up without having them nearby.

Therefore, decent work policies for youth should ensure the best work path possible in order to reduce poverty permanently, strengthen positively social mobility, and contribute to the consolidation of democracy. The region's political and economic context in the present decade shows a unique opportunity to boost human development, based on the expansion of opportunities for different kind of freedoms.

- **The challenges**

In Latin America, there are two major challenges that must be tackled to encourage young people work pathways.

The first one, despite the recent economic growth, is the lack of opportunities for the productive incorporation of young people in the region's societies. This leads to situations that restrict their work development, such as working in highly precarious activities, increasing the group who neither study nor work, and eventually to emigration. This lack of opportunities for young people does not match the distribution

of the existing work assets in the labour markets. Young people account for 20% of employment, but have more than 31% of the total of years of education and comprise more than 40% of total access to information technologies. However, they attain only 10% of the work income. Some factors restrict a more productive use of these assets, which vary from country to country; but they also have common roots: the vision of youth as a group of workers willing to accept poor labour conditions in exchange of experience, and the fact that young people labour assets are unequally distributed among them, reproducing the region eternal problem.

The second challenge is the magnitude and the diversity of the 31 million youth who work in precarious activities, and the 22 million who neither study nor work. This has a great importance in the design of policies, since they require high quality in their interventions and wide coverage. Furthermore, these universes are highly diverse in terms of characteristics and needs of intervention. Proportionally, more men engage in precarious activities, while more women remain without studies and work. Those who emigrate are mostly high-skilled young people.

Facing these challenges is a critical task for the governments and social actors of the region. According to the ILO (2004), if youth unemployment were to be reduced

by half, the region's production would grow by another 4.9 % and 7.8 % percentage points³⁷. To accomplish these results, an integrated set of interventions in different areas is needed.

3. Proposals: suitable institutional environment

- **A better articulation with the evolution of the productive world**

The main explanation for the work challenges young people face is the insufficient number of opportunities generated by the region's economy for workers in general, and for young people in particular.

A major problem in Latin America is low labour productivity, which restricts the creation of better jobs and tends to generate precarious jobs³⁸. There is an enormous diversity of production in the different economic sectors of the region. In Latin America, there are sectors that reach production levels inherent to highly developed economies

—particularly the primary sectors— coexisting with others where productivity is very low. It is precisely the latter who provide employment to a large part of the workforce. This diverse structures have not changed in recent decades, even though there have been attempts to modify them³⁹.

The economic growth experienced in the last years, boosted by the increase of the international demand for the region's main products⁴⁰, has been based on export sectors which are the most productive. Due to the growth experienced by this sector, the region's economies became more dynamic, but this situation seems to be insufficient to change the existing productive structures and, therefore, create productive jobs for everybody. This growth demands a high-skilled work force, which is not bad; but its impact is reduced and focused on the sector of the population with better education. Under these circumstances, it is not surprising that the progress achieved in the region in the last years has been insufficient considering

³⁷ ILO: *Global employment trends for youth* (Geneva, ILO, 2004).

³⁸ For a further discussion on this point see ILO Decent work in the Americas: An agenda for the Hemisphere, 2006-2015 (Brasilia, ILO, 2006).

³⁹ During the 90s, for instance, many countries tackled policies intended to ensure "a minimum fiscal , inflation, tariffs, and a maximum of privatization and finance liberalization", which in fact managed to control inflation and the public sector deficit. However, the outcomes in terms of growth, investment or jobs creation are still on debate, as well as its impact on the region' vulnerability to external shocks. It is known, nowadays, that achieving macro-economic stability is the way to accomplish this. Zagha, Nankani and Gill: *Repensar el crecimiento*. In: *Finanzas y Desarrollo* (March 2006).

⁴⁰ According to ECLAC (2007), the majority of Latin American countries, except Brazil, Costa Rica, and partly, Mexico, are still incorporated in world economy due to the export of raw materials (oil, minerals, agricultural and fishing products) accounting for more than 50% to 60% of total exports.

the great existing imbalances in the labour markets (unemployment, informality, precarious working conditions and poverty).

Economic growth should enable the sectors with the largest concentration of employment to articulate with the most dynamic sectors. A business climate that attracts private investment, promotes the creation of new enterprises and encourages competition is important to boost growth. This requires a stable macro-economy as well as specific measures that enable articulation with the most backward sectors. A more dynamic insertion in the international economy is paramount. In many countries of the region, the export of primary or semi-finished resources does not seem to be sustainable in the long term. Rodrick (2005) has shown that for countries to grow, not only is the fact that they export important, but also what they export. The fast-growing developing countries export developed countries' products, regardless their human capital and their institutional quality. The message is that prosperous countries are those where investments are made in new sectors, while those that are stagnant do not do so⁴¹. In other words, the way in which the

economy grows, its size and composition are all important. Robust econometric evidence sustains that growth based on highly intensive labour sectors –such as agriculture, manufacturing and services– reduce poverty much faster than less intensive labour sectors⁴².

It is necessary to generate an economic framework that articulates emerging and dynamic sectors with those concentrating most employment (informal, rural, and farming sectors). A combination of responsible macroeconomic policies with others meso- and micro-economic ones is necessary in order to encourage production and competition on the part of countries⁴³. Macroeconomic policies should ensure currency stability and avoid growth volatility. At the same time, they should allow to finance competitiveness, which requires equity in the tax system. Boosting competition requires working in several areas such as productive infrastructure, improved educational and training systems, adequate innovation systems, legal security, and, at the same time, a specific boost to enterprise productivity. In other words, incentives are required for labour intensive sectors as well as policies that enable them

⁴¹ D. Rodrik: *Políticas de diversificación económica* [Economic diversification policies], in: Revista de la CEPAL 87 [ECLAC Magazine] (December, 2005).

⁴² N. Loayza and C. Raddatz: *The composition of growth matters for poverty alleviation*. (Washington D.C., The World Bank, September, 2005); C. Gutiérrez, C. Orecchia, P. Paci and P. Serneels. *Does employment generation really matter for poverty reduction?* (Washington D.C., The World Bank, May 2007).

⁴³ For a further discussion on the growth of competition and productivity, see ILO: *Growth, competition and employment in Andean Countries* (Lima, ILO, 2005), and ILO: *Growth, competition and employment in MERCOSUR* (Buenos Aires, ILO, 2005).

to maintain their competitiveness and make progress in the qualification of workers. As a result, higher investments in technology, access and linkages with high-quality markets, and adequate productive infrastructure are necessary in order to reduce the production unit costs.

The relationship between the economic context and youth employment has specific dimensions. There are "intensive youth employment sectors" such as trade or services and others based on know-how and information technology which demand accumulated labour assets quickly grasped by young people. These sectors have expanded over the last few years. The use of information technology has been widely spread in all sectors. The present generation faces a productive world, drastically different to that of their parents when they were young, due to the existence, consolidation and dissemination of these technologies. Young people should perform better in the labour market within a context that favours their labour characteristics, but this did not happen in the 90s⁴⁴. However, during this decade, there has been a convergence of interesting elements such as the reduction in youth demographic pressure (in some countries the youth population growth

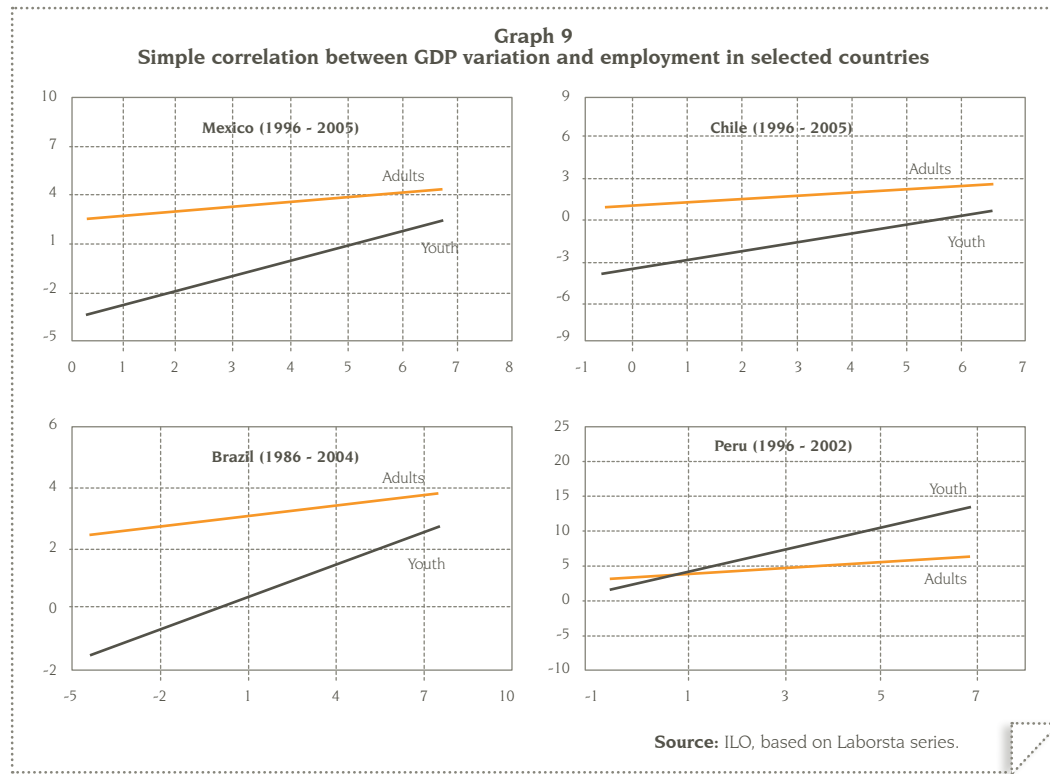
rate is negative), regional and worldwide economic expansion, and an emphasis on the advantages enjoyed by young people in terms of acquiring education and access to technologies, as compared to other generations. There is a scenario favourable to youth, which must be exploited. For them to do so, there is need for policies which provide opportunities for everyone, facilitating widespread dissemination of production know-how and new technologies (especially in sectors that, otherwise, would not have access to them). Policies are also needed to create favourable conditions so that the assets and advantages young people have for work, be adequately compensated in terms of opportunities and rewards in the labour market.

Specialized literature has identified that youth employment is more sensitive to macro-economic fluctuations than adults' employment. In terms of employment, in general, it is possible to talk about "cyclicality". The specific case of youth refers to "super cyclicality"⁴⁵. This can be applied in Latin American countries.

Graph 9 shows two interesting aspects. First, the simple correlation (shown by the slope of the tendency line) is greater in the

⁴⁴ Weller, J. op.cit.

⁴⁵ Other studies show that young people are the first ones to be dismissed in recession times, and the last ones to be hired in growth periods. OECD researches indicate more sensitivity in both directions.



case of young people than in adults. This implies a higher sensitivity of youth employment to economic cycles⁴⁶. Second, in the countries and in the periods analyzed, there is a higher frequency of negative variations in youth employment rates than in the adults' ones, which implies that the adjustment of the labour market would occur through youth employment. In business cycles, there must be a relatively permanent component of the workforce, and other more variable in which

youth has more presence. This is related to the same pattern of production that, before the cycles, tries to maintain the organization learning processes and the human capital acquired, with the same great flexibility, and adaptability that young people show in their first jobs⁴⁷.

In a context of growth such as the current one, a youth employment sensitive to business cycles can generate conditions for

⁴⁶ Similar, but less clear correlations occur in the case of simple correlation between variations in GDP and in unemployment rates.

⁴⁷ In Argentina, between the first quarter of 2003 and the third quarter of 2006, the GDP increased 48%, total employment 13%, youth employment 21%, and adult employment 9%. In Peru, there is a greater fluctuation of youth employment in relation to the adults.

a greater youth labour entry. Consequently, economic policies oriented to reduce growth volatility are required. Some of them have been tested in the region in the past few years. It is true that the current growth is based, mostly, on the dynamics of the international markets. Thus, it is important to consider how to take advantage of this boost to consolidate the region's and the countries' internal markets.

Business cycles will always exist, even within a context of growth. Then, it is necessary, in addition to labour policies for everybody, an emphasis on youth, given the great sensitivity of youth employment. Growth by itself may not be enough to resolve the labour market problem. Moreover, it poses a special slant in the case of young people that must be tackled with specific policies.

One area of intervention is the labour information systems which are seeking to operate between the productive and labour worlds. In the region's countries there are information systems that try to bring the opportunities generated by the economy to job-seekers, most of whom are young. It is necessary to reduce the unemployment that originate from information problems in the labour market. For young people, who are the main seekers of employment, this market has produced unsatisfactory results because they are misled into believing that they will obtain employment, and they are often sold promises, without any guarantee of obtaining a job.

It is necessary to modernize and broaden the coverage of these services. In addition to public information and employment services, private labour markets have arisen in an attempt to provide companies with suitable staff and to provide job-seekers with periodic information on the employment opportunities available. The public and private services do not cooperate, but rather compete with each other. The former could begin to approach and cooperate with private corporations without relinquishing their supervisory or monitoring work. Another challenge for the information services is keeping abreast of the current requirements of the labour markets, which feature high labour turnover rates. In several countries it has been observed that these systems, despite being modern and up to date in information technologies, act in the belief that the young individual is the only person who requires information about where the jobs are. Although this is important, enterprises also require information on potential employees and, in particular, on young people without employment record. They require information about their skills and basic issues such as their background and place of residence, among others. In summary, they demand employment credentials which take time and money to obtain, particularly for young people. As one young person said "Don't tell me where the jobs are, tell the companies who I am". Labour information systems could provide support to

young people by providing work credentials with a low-cost certificate that would not need to be subsidized.

Public and private employment services should not focus only on registration and work placement. They should play a greater role to benefit their clients, particularly young people, through information dissemination, counseling, and by devising policies and programmes that can link education to training. Such functions, in the case of young people, should be extended not only to job-seekers who are unemployed, but also to the inactive ones who study, and those who neither study nor work. This requires innovation. A better interrelation of employment services with training and formal education institutions would contribute to foster pathways in favour of the development of decent work skills.

Some recruitment companies have arisen, and frequently young people are the workers involved. These systems should improve the articulation between supply and demand of labour force. They should help young people who are facing difficulties in their job search, either for personal reasons or because they lack family or social networks. More regulations and control are needed, since it has been observed that these agents not only charge significant amounts to young people or enterprises, but they also tend to speed up labour turnover to increase their businesses.

As one young person said

"Don't tell me where the jobs are, tell the companies who I am".

• **A suitable regulatory framework: combining protection and promotion**

Labour regulation has usually tackled the issue of youth employment from a protective angle, particularly with rules regarding the minimum age of employment, which is an essential right sanctioned by ILO Members States. The law in Latin America protects young individuals by trying to avoid dangerous and precarious night jobs, which prevent them from enjoying their other rights, such as education. Sometimes, it establishes State obligations to protect young people's health and development⁴⁸.

There is not a general criterion in terms of youth age range: there are only five countries that consider the UN international definition of individuals aged 15 to 24 as youth, while in others youth can start at the age of 7, 12 or 14, and can end at age 30⁴⁹. Labour laws assume that once young persons enter the labour market, they must enjoy the same rights and obligations as any employee and must therefore, be treated equally, in the

broadest senses of the term, because being young, from a regulatory point of view does not make them any different as employees⁵⁰.

In practice, this is not necessarily fulfilled. Young people face greater disadvantages in the labour market because they usually have access to jobs with a high turnover, temporary or seasonal jobs; usually with less social security benefits and lower salaries. Theoretically, this is because they have less training and/or experience, but this is not always the case, and it is likely that they are treated differently under equal conditions. Thus, an urgent point on the region's research and regulatory agenda is to examine whether such differences in the labour results reached by young people are due to discriminatory practices or to their experience, education or skills. It is also important to carry out research about the implications that the employment protection law has over youth employment.

The main international standards related to youth employment (box 1) deal indirectly

⁴⁸ For further information, see María Luz Vega. *La legislación laboral ¿incentivo para el empleo juvenil?* [Labor law. An incentive for youth employment?] Background paper. (ILO 2007) <http://www.oit.org.pe>.

⁴⁹ Recently, a trend of establishing framework laws for youth is arising. These laws, known as Youth Law exist in Colombia, Costa Rica, Ecuador, Honduras, Nicaragua, Dominican Republic and are being discussed in Bolivia, El Salvador and Venezuela. In these laws, the rights and participation of young people are recognized. They establish a framework that pursues the construction of national youth policy. However, these texts do not include specific tools or instruments concerning youth employment. In Brazil there is a National Policy of Youth, sanctioned as a law, created by the National Secretariat of Youth, National Council of Youth, and the Projovem.

⁵⁰ That is the case of the Colombian Constitution, which 45 article stipulates an active participation of youth guaranteed by the State and the society, in public and private entities in charge of youth protection, education and development. The Constitution of Paraguay, in its 56 article stipulates a special consideration to youth by stating that "conditions to foster active participation of youth in the political, social, economic and cultural development of the country will be promoted."

Box 1 Youth employment international labour standards	
Standards	Description
ILO standards Conventions C 79 1946 C 100 1951 C 111 1958C C 122 1964 C 136 1970 C 138 1973 C 142 1975 C 182 1999 C 103 1952 and 108 1985 C 156 1981	Night work of young persons Equal remuneration Discrimination (employment and occupation) Employment policy Minimum wage fixing Minimum age Human Resource development Worst forms of child labour Maternity protection Workers with family responsibilities
Recommendations R 45 1935 R 136 1970 R 169 1984	Unemployment (young persons) Special youth schemes Employment policy / youth chapter
2. Related standards UN 2002	Resolution on promoting youth employment
OIJ 2005	Ibero-American Convention of Youth Rights

International Labour Standards generally address youth employment in an indirect way. Among the main labour standards to take into account, there are eight conventions, an ILO recommendation, a UN resolution on youth employment promotion and the Ibero-American Letter of Youth approved by the Youth Ibero-American Organization.

Source: Elaboration based on ILO.

with this issue, since young people are included in more comprehensive regulations.

Notwithstanding, 136 ILO Recommendation (1970) deals with special youth employment schemes and proposes that they must be “designed” to give young people the necessary skills and enable them to take an active part in the development of their countries. It

adds that these special schemes should be organized within the framework of national development plans and directed towards the achievement of full and productive employment. They should not duplicate nor be regarded as an alternative to regular educational or vocational training programmes. In other words, any regulatory scheme in favour

of young people should help in their development and enable –not hinder– their pathways towards decent work. A young person should not be considered as a different worker, and any measure regarding youth should ensure equal conditions. To establish peculiarities and even integrating measures do not imply a different treatment⁵¹.

In the region, there are several mechanisms to encourage young people's demands for employment through legal schemes designed for youth⁵². This type of instruments is used in many parts of the world, particularly in those where there is the perception that young people face restrictions in the demand for labour force.

In Latin America there is a trend to a greater use of some of these instruments. Thus, it is convenient to analyze them in detail. Three of them are the most commonly used.

First, there is a tradition of legislating on education or training contracts, usually aimed

at young people. In the past decades, this has been more frequent in the framework of the flexibilizing labour reforms⁵³.

In most countries of the region there are education and training contracts with a dual purpose: encouraging enterprises to hire young people, whom they would not hire otherwise, and at the same time, facilitating access to training within the company. These mechanisms can adopt different methods (chart 5). In Colombia, and in Costa Rica or Paraguay, for every certain number of hired employees the company must have an apprentice or otherwise it must make a contribution to a Professional Training Institution. In Chile, the apprentice programme includes incentives for companies that hire young people: a monthly subsidy of 50% of the minimum monthly wage per apprentice. In Peru, a wide range of training contracts have been established for different target populations (those with no education, high school graduates, with technical education, college

⁵¹ The 169 recommendation of 1984 refers to youth employment and disadvantaged groups and persons. It calls the States Members to adopt specific measures to boost employment of these groups. For young people, it is necessary to adopt other measures such as: a) professional training according to national conditions and practice; b) although priority should be given to the incorporation of young persons in regular employment, special programmes might be set up with a view to employing young people on a voluntary basis for the implementation of community projects, in particular local projects having a social character, bearing in mind the provisions of the Special Youth Schemes Recommendation, 1970; c) special programmes should be set up in which training and work alternate so as to assist young people in finding their first job; d) training opportunities should be adapted to technical and economic development and the quality of training should be improved; e) measures should be taken to ease the transition from school to work and to promote opportunities for employment on completion of training; f) research on employment prospects should be promoted as a basis for a rational vocational training policy; and g) the safety and health of young workers should be protected.

⁵² Similar schemes are appearing for other groups such as the MSEs (Small and micro enterprises), whose efficacy is currently under debate.

⁵³ For further discussion, see H. Barbagelata: *Formación y legislación del trabajo* [Training and labor law] (Montevideo, Cinterfor, 2007).

Chart 5
Some modalities of training contracts in Latin America

Experience	Characteristics	Outcomes
Apprenticeship contract in Colombia (2002 Law 789 and its statutory decrees) Ages: over 14. No maximum age required	Private enterprises (construction companies are not included) that employ up to 15 workers are required to hire apprentices: one apprentice for every 20 workers and an additional one per fraction of ten or more. Companies that employ between 15 and 20 workers will hire an apprentice. During the learning period, the apprentice will receive a monthly pay up to 50% the minimum wage and during the training period (internship) the apprentice will receive a monthly pay up to 75% the minimum wage in force. In both cases, apprentices will be covered by the Social Security System of Health, over the basis of a legal minimum salary and must be affiliated to the Professional Risks System by the Professional Risks Administrator. If the apprentice is an university student, he will be paid not less than the legal minimum salary in force. In case the enterprise does not want to hire apprentices, it could totally or partially pay the SENA the apprentice quote. The apprenticeship contract term lasts two years.	During 2005, 75.494 SENA students were able to do professional practices through the apprenticeship contract.
Training modalities in Peru (DS No 002-97-15 and Law 28518 May 15, 2005) Ages: depend on the type of contract	There are five training modalities that imply lower labour costs: a) youth labour training agreement for young persons between ages 16 and 25 who have not completed school studies for a maximum term of 36 months, b) pre-professional practice contract for university students where they are given orientation and professional technical training according to their studies, c) professional practice contract, for those who have finish undergraduate studies, d) apprenticeship contract for the industrial sector, through SENATI and targeted to 14 to 24 year olds, and e) internships in companies for any young persons. It has a limit in terms of length and a maximum percentage of workers in enterprises in these modalities. Recently, ex ante control measures have been added (eg. Presenting a training plan in some cases).	In the 1997-2000 period, 36 thousand contracts of youth vocational training were registered (80% in enterprises with more than 50 workers) and 9.472 contracts of pre professional practices (75% in enterprises employing more than 50 workers). According to household surveys, less than 10% of young persons doing youth vocational training declared they were being trained.
Apprentice Programme in Chile (Law 19.518 October 14, 1997) Ages: under age 21	Enterprises that hire apprentices can receive the Apprentices Programme benefits: a monthly bonus of 50%, a monthly minimum wage per apprentice hired, up to the first 12 months of contract. Besides, they receive a bonus per apprentice for training, through the Training Technical Organizations or carried out by the company itself. It has a maximum length of 2 years, and the percentage of apprentices should not exceed 10% of the total number of full-time workers.	Between 2003 and 2004, 542 companies participated in the programme (47% from the trade sector). In 2004, the number of apprentices was 1.033 and more the 77% of them were hired in companies with more than 200 workers.

Source: ILO.

students or graduates) with lower labour costs and benefits in almost all cases.

A compared review of these experiences carried out by Vega (2007) shows common features⁵⁴: a) periods no longer than 24 months, and fixed probation periods; b) minimum and maximum ages are established; c) no differences are made in terms of sex; d) the imposition of minimum obligations for both parties; e) a contract or at least mandatory clauses; f) certain social protection; g) wages or differential non-salaried pay; h) new reasons for termination of contract are included; i) especial compensations are fixed in case of termination of contract; j) mandatory extension of certificates, and k) obligation of registry⁵⁵. It is important to point out that special provisions are not made for young women, despite their increasing rates of unemployment and inactivity. In many cases they are discriminated against as much as or more than adult women, in the belief that as soon as they marry and have children they will be less productive or will leave their jobs.

From the perspective of young people's work paths, they would probably accept a compensation package divided in training and

lower salaries, since training will lead them to receive higher salaries in the long term. These training contracts must in fact provide training, but this is not always the case. In many situations, these contracts are used only to cut costs without providing the relevant training. Consequently, some controls have been introduced for this type of contracts through written mechanisms, administrative approval (Bolivia and El Salvador), maximum length (Bolivia, Honduras and Peru), minimum age, minimum wages⁵⁶ and/or a limit in the total number of people hired under this method.

There is a debate about ways of turning these mechanisms into training instruments, which provide young people with experience at the work place, preventing them from becoming a means to depreciate youth labour force. An interesting method used in some countries is assessment of the training in organizations or official accreditation through Professional Proficiency Certificates, as in the case of Colombia, Costa Rica or Panama; Professional Qualification Certificates in Brazil; Certificates of Labour Skills in Mexico, and Training Certificates in Argentina, Paraguay, the Dominican Republic, Paraguay and

⁵⁴ M.L. Vega, *op cit.*

⁵⁵ H. Henderson: *La promoción del empleo juvenil en las Recomendaciones de la Organización Internacional del Trabajo: análisis y propuestas* [The promotion of youth employment in the International Labour Organization recommendations: analysis and proposals], in: *Revista Derecho Laboral* [Labor Law Magazine], T XXXVIII, No. 178. (Montevideo, 1997), p. 358-370.

⁵⁶ Honduras, Nicaragua and Paraguay used lower wages for apprentices before the Law reform, and in Costa Rica it is expected a gradual increase in three stages.

Uruguay. It is a mechanism with reputation and transparency in the labour market, and great potential as well, even when they might face implementation problems. A potential line of work would be providing these certificates with valid and uniform quality standards to be more accepted in the labour market, since their coverage could be interesting.

One of the most recent mechanisms is the so-called First Employment Laws, which implies that by financing part of the cost of hiring young people, they would find it easier to obtain their first job in an enterprise. These schemes are currently in force in Mexico and Paraguay. Chile is discussing a programme similar to the Mexican one, related to subsidized contributions to the social security system. Although these cases share a common purpose, they present differences in their design and they most likely have different results (chart 6).

The Mexican Programme is interesting, because in order to avoid poor selection practices, the incentive operates only after a young person's tenth month of employment (at which time the payment made by the enterprise during the first month is reimbursed, and so on). As a result, it could be said that the goal of the Mexican programme, in addition to increasing social security among young people, is to extend a young person's

stay in the enterprise which is a valid goal. Two months after the programme creation, 2.000 enterprises had applied, and 1.500 workers had been registered.

Although these programmes have not been strictly evaluated, some conclusions can be drawn. First, in Paraguay, it is interesting that the incentive is "paid" by the young worker in the way of less labour benefits. In Brazil and Mexico, the State pays the cost, and this method makes more sense, since in the first case the young receives nothing in exchange. Second, these schemes assume that the subsidy is enough to encourage enterprises to hire young people formally, since they demand some requirements (to be up-to-date with taxes or security social contributions). These programmes are intended to formalize youth employment. However, they are interesting only for enterprises that hire them formally. On the other hand, in the case of informal business organizations, the labour "incentive" does not seem to be enough, since the decision to formally hire a person does not depend solely on the labour laws but also on tax and commercial laws and the production level of the enterprise, that turn out to be more important than the labour issue⁵⁷. Third, there are some concerns over the long-term sustainability of

⁵⁷ This is consistent with studies about specific labor regimes as the MSEs, for instance, that only addressed the labor part of the legal informality, when actually, the legalization of informality depends not only on labor laws but also on tax and registry laws.

Chart 6
First Employment Laws in Latin America

Experience	Characteristics	Outcomes
Brazil National Programme of First Job Incentive Under the Ministry of Labour and Employment responsibility	• It is oriented to young persons between ages 16 and 24, in forced unemployment situation, without formal employment record and from families with per capita monthly house-hold income below 50% of the minimum wage. • In the first component, enterprises that hire young persons will have access to an economic subsidy proportional to the number of young persons they hire, through the payment of R\$ 1.500 a year (approximately \$US 800 dollars per year at August 2007 exchange rate) per hired young person. Every young participant must continue with their studies, and enterprises should be up-to-date with their tax obligations. • The programme has two other components: it provides technical and civics training to youth and encourages the fulfillment of the Apprenticeship Law.	• The first job incentive had an initial goal of 450 thousand young persons inserted in the first year, but it managed to incorporate 352 thousand youth between 2003 and 2006 (30% of the total inserted youth in the labour market by the public system of employment in similar period). • In professional training, in the same period, it was able to provide training to approximately 726 thousand youth (the initial goal was to train 900 thousand youth during the first year). • Gradually, the PNPE was reoriented, replacing subsidy for training youth at risk or vulnerable youth.
Mexico First Job Law	• After a young person's 10 month of employment, the State reimburses the enterprises their contributions to social security. The amount of the subsidy will depend on the basic wage of contribution of the newly hired workers. At the tenth month, the first month is reimbursed, at the eleventh month, the second one and so on). • If the young leaves the enterprise the reimbursement is suspended. • It is administrated by the Mexican Institute of Social Security (IMSS). • Workers and their families will receive the social security benefits such as access to health services, right to a pension, subsidies in case of maternity, illness, job risks, decease and marriage, and access to nurseries, vacation, sport and social security centers of the IMSS.	• The programme's goal is to create 400 thousand job for which it counts with funds by 3000 million pesos, authorized by the 2007 budget (approximately \$US 300 million dollars).
Paraguay	• Fostering measures of employment for first job are addressed to youth between ages 15 and 28, searching for their first job. • Employers who hire them are exempted from paying some social benefits, such as retirement pensions contributions, social security, family allowances, vacation and short notice. • It implies a reduction of labour costs since they are exempted from paying retirement and social security contributions, family allowance, compensation for short notice and vacation.	• It has had problems in terms of implementation, basically due to some administrative requirements demanded to make use of the benefit. • According to data from the Ministry of Justice and Labour, three years after the Law enactment, no enterprise had joined this regime.

Source: ILO.

jobs generated through these programmes. It is necessary to discuss their interaction with broader processes of employment generation, and also to define the adequate time for their implementation. Fourth, they are likely to be more successful in meeting more specific objectives such as encouraging greater social security coverage among young people (like in the Mexican case) or achieving a lower turnover rate, particularly if they are focused on groups which usually have no access to these benefits, as in the case of independent workers. Whether or not young people find it more difficult to enter the labour market than adults is something that must be put into perspective because what seems to exist is a high job turnover. Sometimes, young people find it easier to get a job than adults; however it is also easier for them to lose their jobs. Therefore, policies related to a “first job” or initial entry into the labour market may become policies to extend the stay in the labour market or policies for permanent re-immersion.

A third instrument tested in the region is the special minimum wage regulations⁵⁸. Considering that the empirical income profiles grow as an employee gets older and it

is a fact that young people on average earn around 56% of what adults earn, theoretically a minimum wage could discourage the hiring of more youth than adult. We would have to examine whether or not introducing lower wages improves their entry⁵⁹.

Theoretically, a minimum wage is an instrument which regulates the initial basic wage mainly for employees, basically in the private sector. Given that young people are usually paid a starting salary, the minimum wage involves a greater proportion of young people than any other generation of employees⁶⁰. It is usually believed that the minimum wage acts to prevent young people from entering the labour market and, in fact, there are some countries in the region where young persons are paid below the minimum wage. Chile has a specific minimum salary for young people (box 2). Workers under the age of 18 and over 65 can earn less than the minimum adult wage. In Costa Rica, young workers up to the age of 18 earn a minimum wage, which is not less than 50% of the adult level during their first year of work, 75% during the second year and the full minimum wage as of the third year. In Paraguay, the minimum wage established for people under the age

⁵⁸ A. Marinakis: *¿Un salario mínimo específico para los pobres?* [A specific minimum salary for young people?] Background paper (ILO, 2007, <http://www.oit.org.pe/tdj>).

⁵⁹ It should be noted that wages below minimum wage exist for apprentices. This appears to be different because, on the one hand, it lasts only for the duration of the training programme and on the other, if training does take place, a part of the wage is paid in cash and the other part in training.

⁶⁰ In the case of young persons, the minimum wage regulations for the public sector and domestic labour are also relevant (although in several countries the selection processes in the public sector restrict the hiring of very young employees) because this is one of the main occupations for young persons.

Box 2
Special minimum salary for youth in Chile

In Chile, there is a differentiated wage for young people, which has varied throughout the time: in 1997 it was 86% of the minimum wage for adults and in 2002, 75%.

In the last years, while the relation between adult minimum and medium wage increased strongly, the relation between youth minimum and medium wage increased in slightly (it went from 28.4% in the first semester of 1997 to 32.8% in the same semester of 2005). In other words, while there was a relative increase of the cost of less qualified work (represented by the minimum wage), the younger workers saw this effect diminished through the differentiated increase of the minimum wage of adults and the minimum wage of young people up to the age of 18.

What effect did that combination of measures have over the employment of young people? It seems that the effects have not been significant. Before and after these initiatives, young people had a high prevalence in private paid employment, which is consistent with the idea of a restrictive minimum salary. Likewise, before and after the differentiated increase of minimum salary, youth unemployment rates and their relation to the adults ones did not change significantly.

Source: Marinakis (2007).

18 is 60% the adult wage, provided they do not perform the same kind of work.

Has this scheme worked? First, if the minimum wage were a barrier for young people entering the labour market, then there should be fewer young persons as compared to adults in those categories where there is compliance with regulations (i.e., mainly among wage earners in private enterprises). However, on the contrary, we found that in the region there is an over representation in

countries where wages are paid below the minimum, as much as in countries where there is not the case. Second, even in the case of Chile, before and after the application of differential increases in the minimum wage, the youth unemployment rates –and their relation to adult unemployment rates– remained the same (Marinakis, 2007). Consequently, this shows that the differential minimum wages –even in extreme cases– might explain, in part, the youth labour situation. Therefore, there must be other factors with more impact.

In summary, when defining special schemes for youth employment it is advisable to examine their potential and boundaries. Further analysis, assessment and follow-up would be necessary. Whether any special schemes are applied to youth, in compliance with the ILO 169 Recommendation, this must not affect but enhance their long-term path and perhaps, those schemes that exchange earnings for training (future earnings) must be examined more in order to ensure youth to obtain productive experience and training. Unfortunately, these schemes are used only to reduce costs, regardless the fact that young people expect their first entry to lead them to better opportunities in the long term. Laws of youth employment and their application within the framework of respect to essential rights are crucial. At the same time, it is important to create mechanisms that enable the promotion of areas with

scarce presence of young people (social protection, good jobs, length), and to avoid work precariousness.

- **Greater and better social protection**⁶¹

To prevent young persons from being hired under unsafe contracts with no social guarantees or social security benefits, legislation should be promoted that respects the essential nature of social protection. This would boost positive youth work pathways.

Because of the way social protection systems in Latin America operate, it is possible to find: a) youth who have access to social security through employment b) youth who have access to social security through family insurance, as dependants of paying or pensioned principals; and c) youth in both situations. Social protection of youth derived from their occupation based on a contributory approach is necessary to boost access to decent jobs.

In Latin America, social protection derived from employment is not encouraging and even less for young workers, who are not properly covered by valid social protection schemes. On average, 38% and 30%, of adults contribute to health and social protection, respectively. Among young workers, these rates decrease to 33% and 28%. Differences

are not so broad currently, but relaxation and changes in social security procedures from decades ago affected adults and led them to the type of jobs and social protection that young people usually have.

The inclusion of youth in social security is a subject which is relatively absent from the region's development agenda. This poses the challenge of drawing up innovative public policies to facilitate young people's access to social protection. Figures show that there are large differences among Latin American countries, and these are reflected in social security coverage.

Which strategy should be carried out to expand social protection among young people? There are differences in the incidence of diseases between young people and others. This affects insurance costs. Usually, young people are considered to provide "solidarity" to social security systems; however, given the health costs, it is necessary to discuss possible options to increase young people social protection (box 3).

Among possible instruments, premium subsidies to enter the system are an option. They are being tested in Mexico through the First Employment Law. The outcome is still not certain. In Chile, there is discussion about the

⁶¹ F. Duran: *La protección social de los jóvenes en América Latina* [Social protection for youth in Latin America]. Background paper (ILO, 2007, <http://www.oit.org.pe/tdj>).

Box 3
Alternative systems to increase the social protection of youth

A few potential strategic options to increase the social protection of youth could be:

- **Intergenerational Solidarity.** Social security systems intrinsically imply the concept of solidarity: of men towards women, of economically active employees towards the retired, of the urban population towards the rural population, etc. A valid question is whether it is possible to talk about setting inclusive policies based on the solidarity of economically active middle-aged employees towards young persons who have only recently entered the labour market.

- **Subsidy of premiums and "smooth" entry into the social security system.** A policy of subsidizing premiums for young employees could take two forms: simply lowering premiums for young employees, or making a State contribution to subsidize the payment made by young people. In summary, the question would be who pays for the subsidy: the other contributors or the State? In the first case, the lower labour costs could be considered as a supplementary strategy to encourage youth employment. These measures could be viewed as instruments for young people to more easily gain a foothold in the social security system.

- **Alternative systems for unpaid youth.** In the case of the social security health programmes, young people have a lower "rate of illness" than adult and elderly employees. In the setting of health insurance premiums, this could be an "advantage" for the design of low cost insurance schemes accessible to a large percentage of unpaid youth. Evidently, the ability to pay in relation to the cost is not the only decisive variable, but there is sufficient evidence that it is one of the main variables in the decision to join contributory social security programmes.

Source: Duran (2007).

informal sector, and young workers who are non-wage earners. It is important to test, wherever it is possible, alternative schemes for young non-wage earners, in the framework of broadening the coverage of social security to non-wage earners, starting with youth.

A few of the possible policies to increase social protection for young people raise questions or controversies that must be addressed in depth in the context of the agenda for the promotion of decent work. Further research, knowledge and scientific dialogue are required as well as being open to innovation, without losing sight of the general interest and principles.

- **Education and vocational training for work**

One of the most traditional areas on the youth labour agenda is employability, which is very important for establishing and continuing to build a person's employment record.

It is, therefore, necessary to review the contribution that their education and vocational training should make towards their work, two areas that can generate positive synergies. In both of them, indigenous people and African descent have a greater deficit than other groups and this reduces their possibilities to attain productive jobs and decent work.

adoption of a similar system. This mechanism is oriented to young wage-earners working in companies, but the social security coverage is lower among young people working in the

Education comprehends primary, secondary and university levels⁶². One of the Millennium goals is to make primary education universal by 2015, but this goal may be not enough for the region, due to knowledge gap that sets it apart from developed countries. It is also necessary to establish goals for secondary and higher education.

Learning difficulties in the primary education system have a direct impact on employment experiences. Reading deficiencies and difficulty understanding basic mathematics prevent young persons from learning, thinking, using their imagination, and solving day-to-day problems, which are essential elements for employment in today's world. The main restrictions to the employment future of young persons begin in the primary education system. If this education system prepares young only to become dependent employees, the options of the region's youth are being restricted.

For many countries of the region, improving secondary education, both in terms of coverage and quality is a major challenge in the short term, since many graduates from primary school are illiterate. There are problems of coverage, school dropouts, especially in rural areas, as well as problems in the qual-

ity of contents. Although there are 57 million of young people enrolled in school, by the age of 15 an important portion of them have already dropped out school.

The Programme for International Student Assessment (PISA) revealed that in Brazil, a significant part of young people aged 15 was placed in the low level in Mathematics, a percentage that is higher in Mexico. Many of them have problems in terms of reading comprehension. The educational systems in both countries are considered among the best in the region.

The gap with other countries is huge. The World Bank estimates that during the 2002-2003 school year, the average expense per high school student was US\$ 1.375 or 18% of per capita income, compared to US\$ 2.042 and 20% in Southeast Asia, and US\$ 6.688 or 26% in the OECD countries. These averages conceal a huge diversity. If the goal is to narrow the existing educational gap and achieve progress, it will be necessary to increase investment significantly as well as its efficiency⁶³.

In most Latin American countries, educational infrastructure needs to be improved and expanded, but at the same time, improvement is needed in the quality of teaching. The

⁶² M. Arteta. *Educación y empleo juvenil en América Latina y el Caribe* [Education and youth employment in Latin America and the Caribbean]. Background paper (ILO, 2007, <http://www.oit.org.pe/tdj>).

⁶³ The World Bank, 2006.

decision-making process needs to be decentralized, curricula should be revised, and a flexible education provided that students can continue learning when they begin working. The current quality of youth education is inadequate for a context in which better professional qualifications are needed. Without these improvements, the annual growth rate of the economy's productivity will scarcely move forward. There are governments that are making efforts in this regard, but in many cases through pilot projects that cannot implement the lessons learnt in the system.

Another challenge is equity. For persons who possess an education, this helps to create a positive work pathway but the labour market's demand for greater skills can act as a means of exclusion for those who do not have these skills. Demand-oriented policies are needed in order to reduce school dropout rates and provide greater educational opportunities for those with fewer resources⁶⁴. In this context, the conditional cash transfer programmes are interesting and promising. In Mexico, the Opportunities programme which covers about 5 million families, succeeded in reducing the school dropout rate by 24% among the target population, and in Colombia the Families in Action programme significantly increased the school attendance rate among children aged 12 and 17. These

programmes must be implemented within a context of a wider educational policy so that their achievements can become permanent. Increasing coverage, without increasing quality and relevance of educational centers is not enough to promote the access of young people to decent work.

In post secondary education things do not improve. Although in the last decades university courses enrollment have increased largely, and despite the investments made by many countries in this type of education, problems of access and quality still remain. Some careers lack relevance, leading many professionals to work in activities to which they were not trained. In Latin America is not rare to find taxi drivers with Engineering, Business Administration or Law studies.

Quality university education is only attained by the elite. However, some governments in the region have made remarkable efforts to facilitate the access to this type of education to low-income young people (box 4). Nevertheless, while the region has high quality educational centers, others have fundamental problems, a fact which seriously affects the prospects and possibilities of young people. A study carried out in Peru has shown that the return on university education has remained approximately 10% in the last two decades. Years ago, an additional year of education

⁶⁴ These programs started in Brazil (Elimination of Child Labour programme, 1996, Bolsa Escola 2001, Bolsa Família, 2004); and Mexico (Progres, known today as Oportunidades, 1997), and quickly expanded to other countries. In Chile (Chile Solidario, 1997), Costa Rica (Superémonos, 2000; Avancemos, 2005). Colombia (Familias en Acción, 2001), Ecuador (Bono de Desarrollo Humano), El Salvador (Red Solidaria), Honduras (PRAF II), Jamaica (PATH, 2002), Nicaragua (Red de Protección Social, 2002), and Peru (Juntos, 2005).

Box 4 University for all in Brazil

The ProUni (University for All Programmes) was created on January 13, 2005 (Provisional Measure N°213/2004 and Law N°11.096) with the aim of granting partial or full scholarships to low income students pursuing graduate studies and specific training at private institutions of higher learning which adopt the Programme in exchange for a tax deduction.

In the two selection processes conducted to date (2005 and 2006), ProUni offered a total of 250,000 partial or full scholarships to 1,142 institutions of higher learning throughout Brazil. In 2007, 13,000 more scholarships have been offered.

The establishment of ProUni, together with the setting up of ten Federal Universities and 49 new campuses in the country, have increased the number of vacancies in higher education, taken public education to the heart of the country and fought against regional inequalities. These actions are part of the recently launched National Education Plan, aimed at increasing access to higher education for at least 30% of the population aged 18 to 24, by the year 2010. At present, this figure is 12%.

In the National Student Proficiency Exam held in 2006, university students who benefited from the Programme performed better than students pursuing advanced studies who did not receive scholarships. The ProUni students excelled in 14 of the endorsed areas of knowledge, including business management, bio-medicine, accounting, economic sciences, social communication, law, and teacher training.

The exam was taken by 386,524 students in 871 municipalities throughout the country in 5,701 courses at 1,600 institutions of higher learning.

In the business management course –the field with the largest number of students in the country– ProUni students recorded an average score of 48.7 on a scale of 0 to 100, while other students obtained an average score of 39.9. The greatest difference was recorded in bio-medicine: 55.0 versus 44.7.

Source: Ministério da Educação do Brasil (2007)

produced a steady return. Nowadays, low-quality education generates returns that only increase, if the level of education acquired is high (Yamada, 2006). In other words, education becomes profitable in the labour market only after certain levels.

The professional or vocational training systems in Latin America⁶⁵ are devised for those who do not have access to higher education or who fail to complete high school, as an attempt to guarantee the best possible transition between school and employment. The experience has been quite diverse. At least, three training models coexist: a) one based on professional training institutions, which is the widest and most consolidated; b) a model focused on specific groups, and c) the third generation model aimed at the social inclusion of young people (Abdala, 2007)⁶⁶. In addition, in all the countries there is a variety of providers making up the private training or education markets of diverse quality. The users of these markets are families, young people, enterprises and the State. Enterprises are another source of training but for a more limited group of the labour

⁶⁵ E. Abdala: *Aportes desde PREJAL al documento sobre juventud y empleo de la Oficina Regional* [Contributions from PREJAL to the youth and employment document of the Regional Office], Background paper (ILO, 2007, <http://www.oit.org.pe/tdj>); and M. Calderón: *Reflexión sobre los problemas de calidad de la formación profesional. Mecanismos para hacer más transparente el mercado formativo* [Thoughts about quality problems of professional training. Mechanisms for transparency in the training market], Background paper. (ILO, 2007, <http://www.oit.org.pe/tdj>).

⁶⁶ Abdala (op. cit.) points out three coexisting models of vocational training in the region: a) the Vocational Training Institution model that begun by 1940, and currently trains nearly 5.4 million people per year, in the region; b) the focused model, which operates through specific programs (generation of youth projects in the region), encourages the demand of training rather than the supply, and focuses on underprivileged groups through modern focalization methods; and c) the "third generation" model, based on the idea that education and professional training are not enough, thus, they incorporate the youth psychosocial environment to the employment field.

force, though. There are not any estimates about how much the whole region –State, families, enterprises– invests in training and formation. It would seem that there are four major problems in the Latin American vocational training markets: a) the relevance of the training provided; b) inequity and exclusion of large segments of the population; c) the shortage of funding for training purposes, and d) the lack of transparency of this market and its results. It is more likely that the significance of these four factors varies from country to country, but it is necessary to have them into account to identify opportunities for improvement or intervention.

The quality of training has been widely discussed, and is related to the relevance of the education provided for the needs of the production world. There is similar discussion about basic education, which in some cases expanded its coverage at the expense of quality, with no resources increasing from the State and the society.

The changes in the world of production are faster than in the world of education and training. New methodologies and approaches must be applied to adjust contents to these rapid transformations. Some countries have already tested innovations in teaching

(dual education for instance), mechanisms of learning or practicing or constant training schemes. The main goal must be developing individuals' skills that could be transferred from one job to another, in order to avoid obsolescence and promote employability. Three models have been developed in Latin America to connect the educational supply with the production world: a) the occupational model, based on US DACUM methodologies, developed professional training institutions and pilot programmes in several countries; b) the functional model, represented by Mexico's Occupational Competency Standardization and Certification Council (1995), concerning the transformation of technical training and education; and c) the Spanish model of skills, which incorporates the functional approach to the development of a technical education subsystem linked to the general educational system. These models have been widely disseminated and tested by many institutions, and accepted by various governments as well as by professional training institutions⁶⁷.

An important point is that the quality of the training service cannot be assessed immediately, but when individuals enter the labour market and realize that it was unsuitable, and they are unable to complain

⁶⁷ For further discussion about labor skills, see F. Vargas, 40 preguntas sobre competencia laboral [40 questions about labor competences]. (Montevideo, Cinterfor, 2004). 135 p. (Technical Office Documents, 13).

as they would do in any other transaction. There are several possible ways of solving this problem. Calderón (2007) indicates many mechanisms that range from traditional methods adopted by Ministries of Education or Labour for authorizing operations, to those which measure the quality of training results (box 5). These mechanisms have the same goal: providing young persons with prior information concerning the quality of the education they will be acquiring.

The struggle against inequity is another subject largely discussed. It is one of the reasons for the generation of focused models of professional training. Many young people do not have access to training, due to social or market-related reasons (low income, non-salaried employment, among others). Usually, the kind of training they attain is of low-quality. Governments have tackled this problem through focused programmes addressing low-income youth. They showed a great potential to approach training to poor populations⁶⁸; however, many studies indicate that these programmes benefited the less poor people of this group. The evaluation department of the Inter American Development Bank indicated that the actual outcomes of these programmes were partial solutions to structural and more complex

Box 5
Mechanisms to make the vocational training market more transparent

a) Traditional mechanisms of authorization and registry of training institutions from the Ministries of Education and Labour. The training institutions must submit initial conditions and development projections, with periodic review and supervision of attention, and goals of facilities maintenance.

b) Registries. Used by training programmes, they are rigorous lists of training institutions with additional and ad hoc requirements of quality. In some cases, they have been disseminated, resulting in a dispersion of efforts.

c) Technical standards: As in any other activity, technical quality standards (such as ISO or any other recognized certification) can be applied to training institutions. In some cases, national technical standards have been developed (e.g. Chile's SENCE). The idea is to encourage institutions to fulfill minimum standards in terms of the service provided by training system. However, it can be expensive and with low coverage, since is not mandatory.

d) Systems of people authorization. They assess the outcome of the training process and provides information, through public channels, on the worker skills. These systems have been developed as national or state systems in Canada, United States and the English GNVQ (training) and NVO (labour qualification) systems. In Spain, the INCUAL is an institution that manages national qualifications in a decentralized way in the Autonomous Communities. In Latin America, Mexico's CONOCER has applied the certification of persons, what provides the labour market with a direct message from the worker's certified skills, and indirect from the center that provided the training (if they are not empirical worker). Another important experience takes place in Chile Califica, and experiences of less magnitude have taken place in Colombia (Sena), Peru (Cenfotur), and Brazil (Instituto de Hospitalidade, Bahia).

e) Mechanisms based on demand. They are also based on the results of the training process and are specifically oriented to disseminate the process outcomes. They use diverse information, from opinion surveys, national surveys, labour observatories, to estimates of training return, like Chile's Futurolaboral institution.

Source: Calderón (2007)

⁶⁸ In the beginning, these programmes were tested first in Chile, with the support of the Inter American Development Bank, and then they were disseminated in other countries like Argentina, Colombia, Haiti, Panama, Paraguay, Peru, Dominican Republic, and Venezuela.

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issues. It says that they did not address the basic causes of unemployment (reduction of some groups' vulnerability). In order to succeed, these programmes require a favourable macroeconomic context, and that the effects over employment must fluctuate between 0% and 10%⁶⁹. For that reason, successful professional training programmes need also the generation of job opportunities for those young who are being trained. Low quality has to be addressed in order to broaden and sustain the effect of external programmes. It is necessary to search alternative models to ensure that the unprivileged ones attain professional training.

In the region, there is little experience in terms of these programmes funding. This issue should be a priority in the research agenda. The investment of the States and the society (including families and enterprises) in these services is unknown, and it is likely that the same situation happens in terms of education.

Why is there such little investment in training? Why do the results never deliver what was expected? The low expenditure capacity of the region's economies is a reason, among others. Employers who invest run the risk that once the employees are trained they may leave the enterprise, taking the benefits of the training with them. If employees

⁶⁹ IADB: *Evaluación de los programas Joven en América Latina* [Evaluation of youth programmes in Latin America] (2006).

invest, the company profits, even it has not invested in their training. There is a problem of incomplete ownership rights since it is an investment in which investors cannot take full advantage of all the benefits of their investment. Thus, the State often makes the investments in this sector. Another solution is the design of mechanisms that internalize ownership rights involved. The contributive mechanisms –through which companies contribute for specialized institutions to provide training– are well disseminated in the region. In many countries there are institutions operating under this method (Senati in Peru, and Heart Trust in Jamaica). Tax deductions mechanisms, such as Tax Franchising in Chile, are less frequent. They allow enterprises to deduct from tax paying up to 1% of their payrolls in training expenses. This mechanism is more interesting when there is an institutional supply of consolidated training. Thus, each country should examine, based on specific studies and the characteristics of their education and vocational training markets, the most suitable solutions and responses.

It is not possible to elude the interaction between the vocational training market and the labour market. If the latter are of low quality, they demand or configure low-level

training markets. The vocational training complex systems of the region require a holistic view that incorporates every actor, their articulation with the economy, and the economy as a whole.

Education and professional training must also contribute towards questioning gender stereotypes and sexual discrimination in the workplace.

- **Business training and entrepreneurial development⁷⁰**

Entrepreneurship, particularly youth entrepreneurship, can be a real opportunity for young people. Unfortunately, this subject has not been sufficiently analyzed, and there is comparatively less experience in this field than in others. Moreover, there is a social, cultural and even political trend to think of youth employment as essentially being within the scope of dependent employment. This is true in the education system which instills in children and adolescents a vision of work based on a dependent relationship. It is present even in the way labour statistics are constructed. Most employment surveys in the region ask if the person is searching a job, for how long, the reasons for doing and even for not doing so; but they never ask why they did

⁷⁰ M. Tueros: *Potencial emprendedor juvenil en la región y sus políticas e instrumentos de promoción* [Youth entrepreneurial potential in the region and its policies and instruments of promotion]. Background paper. (ILO, 2007, <http://www.oit.org.pe/tdj>); and L. González: *Notas sobre proyectos de emprendimiento juvenil en América Latina y el Caribe* [Notes about youth entrepreneurship projects in Latin America and the Caribbean]. Background paper (ILO, 2007, <http://www.oit.org.pe/tdj>)

not start up a business or an enterprise. This certainly does not mean that entrepreneur training programmes are the solution to youth unemployment and underemployment, but that can play an important role.

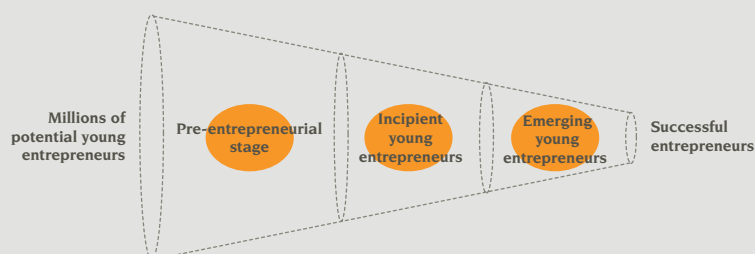
It has been observed that young people begin their work lives mostly as dependent workers: the proportion of self-employed people reaches only 14% (compared to adults, which reaches 32%), and only one out of ten

self-employed workers are young people between the ages 15 and 24. Young people start thinking of their own business, after going through dependant work relationship experiences that did not help them consolidate a successful work pathway (box 6).

There are two types of entrepreneurs: those who start a business because of an opportunity, and those who do it out of necessity (GEM, 2006; Llisterri and others, 2006). According to

Box 6 The Entrepreneurial Capacity Tunnel

The sketch proposed by Chigunta, 2002 is useful for defining policies to promote the business development by young persons.



The main idea is that there are phases in business development, which follow the life cycle of individuals:

- Pre-Entrepreneurial Phase, ranging from ages 15 to 18 years old, in which young persons prepare themselves and gather information regarding the productive business activity without actually executing any effective task conducive to the operation of a productive unit.
- Incipient Entrepreneurial Phase, ranging from ages 18 to 21, when the first steps are taken to organize an independent activity, the initial investment decisions are made and the first plans of the business are designed.
- Emerging Entrepreneur Phase, for persons aged 21 and older, is related to a certain amount of experience in managing a company and suitable technical know-how in the line of business.

The challenge is that in many Latin American countries, the age at which a business venture is started is too late and it is started out of necessity.

Source: Tueros (2007). / Graph source: TechnoServe

the Global Entrepreneurship Monitor (2006), in middle income countries, such as the Latin American ones, entrepreneurs are equally guided by opportunity and need; however among young people, the majority of entrepreneurs are guided by necessity or survival (GEM, 2006; Serida and others, 2006). Usually, those who are entrepreneurs out of need come from the low-income segment, while entrepreneurs driven by opportunity come from the higher income and higher education strata. They have more resources to support their business options, a large social network that enables them to consolidate their business ventures, and generally, have better opportunities for business development than the poor young. Unlike Asia, young Latin American entrepreneurs are from the middle and upper classes, which contributes to inequality, one of the region's typical problems⁷¹.

The major challenge for youth entrepreneurial promotion policies is to provide the poor young who wish to choose self-employment and business the same options as the youth of the middle and upper classes. The standardization of opportunities would provide a larger number of young persons with

possibilities to contribute through their work to social integration and development⁷².

Some factors restrict the increase of entrepreneurship. They are related to the countries' socioeconomic characteristics, to cultural and educational elements, and to the young person's condition. There are two types of obstacles for entrepreneurship: a) one associated to the entrepreneurship decision, as the lack of personal vocation for an independent job, and the aversion to taking chances; and b) another associated to the business establishment and its operation (access to loans and business development services) (White and Keyon, 2004). In order to encourage youth business pathways it is required to address both levels.

It is necessary to promote a favourable environment for business development through measures aiming at the consolidation, maintenance and improvement of competitiveness, as well as at the elimination of legal and financial obstacles to enterprises creation, particularly for youth. Fostering a favourable social and cultural environment to the productive enterprise is quite important. The enterprise must be seen as a key institution for jobs generation and economic growth.

⁷¹ According to Kantis (2005), *Developing entrepreneurship: Experience in Latin America and Worldwide* (Washington D.C., IADB, 2005) in Latin America only 25% of the most viable enterprises (the "dynamic" ventures) stem from families with low income, unlike East Asia where this percentage is nearly 50%.

⁷² The entrepreneurship capability can be understood as a group of skills that the individual applies under specific conditions, but are not necessarily a personal trait. The definition of entrepreneurship adopted is that of Australian public programmes which states that the entrepreneurial potential or capability is the ability to spot an opportunity to create value, and the process of taking actions on such opportunity, whether or not it implies the creation of a new organization (Government of Australia, 2003).

Recent studies highlighted the importance of business education for youth (CINTERFOR, 2007; Jaramillo, 2004; BID, 2004). Every country's education system should disseminate the entrepreneurial culture principles (box 7). Business training and education initiatives are

Box 7
The ILO Know about Business Programme (KAB)
for entrepreneurship training at school

The ILO Know about Business (KAB) programme was developed by the ILO Turin International Training Center, aiming at developing entrepreneurial vocation among school-age students. This programme was adapted to the region's needs by the ILO Sub Regional Office for the Andean Countries. Its goal is to develop know-how and skills about business creation among school students attending the last year of secondary education, both regular and technical. For that purpose, there is also a training programme targeted to teachers in charge of relevant subjects (such as economics, professional education, etc.). Teachers are provided with training for one week, and then they are able to develop a subject with their students about introduction to the enterprise (that can last about 100 hours of academic work)⁷³. It is important to have a entrepreneurial support network for students and teachers, which enables cooperation from trainers and experts to young entrepreneurs enrolled in the programme.

The KAB programme has been implemented in Bolivia, Ecuador, Honduras, Nicaragua, Panama and Peru, with the cooperation of public and private institutions, and has reached more than 20.000 students (university, conscripts, young under legal rehabilitation, etc) application of different instruments (business projects contests, internships, creation of networks of consultants and sponsors (business associations), among others.

Source: Tueros (2007).

carried out by private and non-government sectors, and they are going on the right path; however they are unable to achieve the necessary scale without the public sector involvement. Contents that encourage the entrepreneurial spirit and the productive imagination can be transmitted through regular education (primary, secondary or technical), alternative methods (professional training, compensations, etc) or higher education. This can help reduce the aversion to taking business chances. Both, entrepreneurial spirit and productive imagination have led the greatest changes in the world of production, in the last two decades.

In Colombia, in 2006, a "Law for the Promotion of Entrepreneurial Culture" (1014 Law) was enacted. One of its aims was to promote an entrepreneurial spirit in all the educational institutions of the country. The Law stipulates that all official or private institutions which provide formal education (nursery school, basic education, primary, high-school education) are obliged to establish an educational area for business, foster a positive attitude to creating business enterprises, design and teach entrepreneurial programmes and promote activities in support of business development (fairs, forums, seminars, round-tables, contests, etc)⁷³. In Chile, Peru and other countries, changes have been made to

⁷³ Among other interesting instruments, the Law also provides an institutional framework based on a National Network for Entrepreneurship, which works alongside with other regional networks, and which goal is to establish policies, guidelines, strategic plans, work groups, effort articulations and development of actions oriented to promote the entrepreneurial culture.

the national curricula for high school to incorporate space for the promotion of business development among the youth. The greater outcomes of these efforts may be evaluated in the medium and long term, but they represent a promising initiative.

Young people who already entered the labour market and who attend school to cover a deficit in their overall education have several choices. In this group, entrepreneurial education can be immediately applied and its design can be suitably adapted. Programmes designed for the long term have a content aimed at developing skills, providing information on processes and developing entrepreneurial attitudes and values with no immediate specific application, rather than aiming at the establishment of young real enterprises. In medium and short-term programmes, the educational goal is usually to prepare a business project and examine its feasibility, as well as the access to production factors and the legal requirements for operation. The outcome of the training process is a business plan that includes a summary of all the knowledge acquired, and the information on the requirements for its execution. However, the step to execution, and any additional requirements (from access to support networks to the facilitation of productive resources) are not necessarily included in the training programme (Tueros, 2007).

There are several support programmes in the region, aimed at creating a favourable environment for youth entrepreneurship. However, they face some barriers that restrict any initiatives from young entrepreneurs. They can be related to taxing, registry, the financial system, technological innovations and development, work environment, among others. Innovation is important in these areas. Moreover, it is essential to promote regulations that protect work independence, family businesses, "solidarity" economy and self-employment as occupational choices, and foster the development of careers for youth in these fields.

The specific level requires youth oriented actions. There are many types of interventions, which are described in box 8 regarding the boost provided by business incubators, information technology, access to markets, financial services, business development services and formalization programmes. Some support instruments can be training, technical assistance and funding. Several programmes have been implemented in the region, with no evaluation of impact. What needs to be known is which instruments are working, and which ones are not, even though several factors for the success of entrepreneurial initiatives have been identified⁷⁴. There is discussion concerning the traits that

⁷⁴ M. Jaramillo: *Los emprendimientos juveniles en América Latina ¿Una respuesta ante las dificultades de empleo?* [Youth entrepreneurship in Latin America. A response to employment challenges?] (Buenos Aires, Red Etis, 2004); and L. González, *op.cit.*

Box 8 Instruments that boost youth enterprises

In the region, different initiatives have been tested in order to improve the entrepreneurial capability among youth.

- Enterprises incubators: They solve different problems related to the establishment of a business, from access, space and infrastructure to legal and administrative management of problems.
- Technological information and access to markets: They try to articulate youth enterprises with consolidated business that provide them with technology and include them in their suppliers and distributors networks.
- Financial services: Most youth entrepreneurs are not eligible for credit loans due to their inability to present securities because of their short business lives, which generates a vicious cycle of credit denial, inability to grow, and risk of business bankruptcy. Different formulas aiming at sharing youth risks with other agents (State or their families) have been tested, such as: a) funds to promote business among groups that face special challenges to obtain resources; b) soft credit, with low interests, long grace periods, etc); c) subsidies, in the way of bonus, and special funds (credits, guarantees, etc), d) technological innovations in delivery services (one-stop windows, youth banking, combination of financial package with business development services, etc.), risk management (programmes of capital of risk, "angel" investors, etc.) among others.
- Business Development Services (BDS): They are an essential part of a favourable environment for emerging youth businesses, and they include specialized administrative management, and technical training, consulting in product design, marketing, and any other services that contribute to improve the position of the business in the market and its profitability. These services worked better when they were articulated to business internal processes, like accounting or legal ones. They can reach young businessmen through special programmes (organized by state agencies, associations, non-governmental organizations) or through horizontal association systems, like conglomerates or incubators. Incubator systems or integral provision business systems within actual or virtual spaces have proven to be very versatile in this field. An important BDS programme is carried out by the ILO, which is aimed at training skills for micro and small enterprises management through several programmes among which, "Start/Improve your Business" is the most popular.
- Formalization Programmes: They are quite suitable as training instruments, since most youth businesses are set up within the informal economy. Thus, consulting services about licenses, tax regimes, access to social security, staff hiring, etc. should be available in places young entrepreneurs frequent, from districts to recreational centers.

Source: Tueros (2007).

provide entrepreneurs with possibilities for success, and some programmes have developed mechanisms to identify the profile of a potentially successful entrepreneur. There is also discussion about the outcomes to be expected from those youth entrepreneurship interventions. In young people's case, a training experience should be prior to the consolidation of an enterprise. Like training

experiences at the workplace (important for the young person who works as dependent worker), the entrepreneurial experience is useful for those who choose self-employment and have the potential to carry out initiatives that, otherwise, would be less feasible. Another issue is the economic sector where the productive venture will be set up. Special attention should be paid to those

sectors that use information and knowledge technologies, to which young people present great abilities that must be enhanced with adequate training.

Programmes aimed at improving entrepreneurship of women are very important, since they have progressed in terms of education in the last decades, but whose participation in the group who neither study nor work is still high. Among the measures for promoting the entrepreneurial potential of young women, a gender focus in business management training and technological aspects is important in order to face the concentration of female led business enterprises in sectors such as personal services, or garment manufacturing. It is also important to subsidize child care services and nurseries, in order to take advantage of women business training and their incorporation to business networks.

Concerns about the capability of young urban entrepreneurs have focused on the promotion of small individual companies, but it should be borne in mind that there are productive ventures which base their strength on cooperation among entrepreneurs. In several countries of the region, the co-operative has solid institutional schemes for promotion, in which young people play an active role in

business and employment co-operative. In almost all Latin American countries, the State fosters co-operative schools. This initiative can have a positive impact in rural youth and/or indigenous populations, like in Argentina. There, since 1962, the co-operative school has played a significant role as a source of business skills in both, urban and rural areas, and it is the headquarters of the International Co-operative School Union (UICE).

- **Promoting inclusion⁷⁵**

Latin America's main problem is the profound inequality, which prevails even in the presence of economic growth. An important source of inequality is a labour market in which many must compete for few opportunities. Young people seeking jobs are aware of their exclusion based on gender, geographical origin, race, appearance, ethnic origin, age, and even political reasons. These factors are instilled in screening processes to fill job positions, and affects young people work progress. To get a job or to be promoted at work, differences are made among employees with similar performance. Discrimination occurs when persons are classified according to criteria which have no bearing on the job or the workplace, and inequality is also rationalized. Breaking these patterns of discrimination and exclusion is a key challenge,

⁷⁵ M.E. Valenzuela, *Políticas públicas de juventud para la inclusión social y para combatir la desigualdad y la discriminación en el mundo del trabajo*. Background paper (ILO, 2007, <http://www.oit.org.pe/tdj>).

since they affect young people self esteem and their future work pathways.

Youth policies must take into account measures aimed at overcoming the particular disadvantages faced by those who are most excluded.

An educational policy must promote equality by instilling in young people the notion of their rights. A non-discrimination policy should monitor discrimination practices (barriers for hiring, lower salaries, longer probation periods, etc.), measure inequality through statistics (labour market indicators, income, ownership rights, resource access, education, health, access to high-level positions, and political and union representation), process and disseminate this data. It must also verify if the statistical and administrative tools gather information about ethnic or racial origins.

The development of a legal framework on non-discrimination and equality at work is necessary to protect the most vulnerable populations from discrimination, and particularly young women, and indigenous and African descent youth from both sexes. The enforcement of the Law, and ensuring the rights of those most vulnerable and socially excluded are great challenges. It is necessary to reinforce labour inspections,

train inspectors, facilitate the reception of complaints and process them, develop preventive actions, as well as mechanisms to promote law, and carry out information campaigns. Sexual harassment is considered as a form of discrimination by the ILO Committee of Experts, as stated in the 111 Convention. It mainly affects female workers, and particularly, young female workers, diminishing their personal dignity and affecting their work development prospects. A policy of social inclusion for young people should ensure equal opportunities and address certain practices such as sexual harassment.

Young women

Despite having increased their levels of education in relation to men, young women show low rates of participation and their presence in the group of youth who neither study nor work is high. Their role-models (their parents) do not encourage them to achieve positive pathways: as a result of their education, many of them tend to reinforce gender stereotypes in their children, in the belief that women and men have different abilities, and so they will obtain different types of jobs (Mendelson, 2006). Young women's expectations are restricted to being full-time homemakers, despite their education⁷⁶. In the labour market, the

⁷⁶ A study carried out in Chile shows a significant percentage of adolescents engaged in household chores, at the expense of their personal and educational development opportunities (Silva, 2005).

socialization of gender roles drives young women to perform traditionally female occupations. The number of women with undergraduate studies, and scientific careers has increased; however, they face more difficulties to find a job, they develop professionally at a slower pace than young men, and salary gaps between men and women prevail. Due to cultural factors, the majority of young women continue to engage in traditional development processes, choosing careers reserved mainly for women, which require different general and professional skills, and which are not highly valued in the labour market.

Teenage pregnancy is one of the main factors restricting access to productive and decent jobs, particularly among poor women with little education, who are unmarried and unattached. Despite the drop in the region's global fertility rate, early pregnancy, even among adolescents, is rising (it was 65.1% for young women aged 15 to 29 in 1987, and 69,2 % in 2003). Teenage pregnancy affects young people employment patterns and reinforces gender inequalities, since it keeps young women from pursuing studies and professional training, and being prepared for the labour world. Most young mothers live with their parents, performing household chores, taking care of their offspring, and sometimes of younger siblings. Usually, they do not attend school or enter the labour market, and when they do it, it

is in very precarious occupations. This is a factor of inter-generational reproduction of poverty, since female adolescents from low-income households get pregnant at an early age, and thus, are likely to have more children. Policies aimed at promoting parental responsibility are important, as well as their relation to employment. One way to prevent teenage pregnancy is to provide them with options that give meaning and projection to their lives, in other words, prospects for a positive personal pathway. Young women who have small children need specific services. In Latin America there are not enough institutions to care for the workers' children. ILO studies have shown that a governmental policy of non intervention in this field produces high social and economic costs. If issues related to balancing work and family are considered to be private, their solution would be outside the competence of the State, and solutions will be sought which may tend to perpetuate social and gender inequalities. There are experiences in the region concerning this type of interventions. In Chile, there is an enterprise-based model, and in Peru a community-based model, with government support. There are also other models that have not been tested in the region, yet. However, they have been successful abroad (box 9). A supplementary solution would be the creation of child care institutions government support, in shopping centers, markets and industrial areas

Box 9 A few childcare programmes

In Latin America one can speak of three childcare support models:

- The company-based model. The regulations establish obligations for companies hiring women (let us say, more than 20 women with young infants), to provide childcare services (currently existent in Chile). There is an ongoing debate on the results of this type of intervention, since those women who work in small companies or in the informal sector are excluded from the benefit.
- The other two models are not directly related to employment. One is a community based model, in which the mothers are organized in groups of eight, and one of them is the "babysitter" responsible for caring for the children of all the other members of the group, such as the Wawa Wasis services in Peru. The other is a child care service provided by the State that exists in some countries of the Region, though with restricted coverage.

In other parts of the world there are other models:

- Government social security subsidy to pay "board certified child caregivers" for children under the age of six (France) or institutions which admit the children of low and medium wage earners (England).
- Tax relief for childcare services (for example, exemption from Value Added Tax in Australia).
- Tax relief for employers. In Holland, employers pay a percentage (determined by collective bargaining) of childcare costs (if both parents work, employers share these costs) and 30% of their contributions are tax deductible. In England, the childcare costs paid by employers are part of the cost of hiring staff and are tax deductible.
- Other successful measures which help relieve the burden of employees with domestic responsibilities involve setting more flexible hours for public services, which are not usually compatible with working hours (in keeping with ILO Recommendation 165, paragraph 32).

Source: Valenzuela (2007).

where there is a great concentration of female workers. Other solution can be child care services accessible to female workers of formal or small enterprises, or to self-employed women.

Policies to provide equal rights and working conditions to women engaged in domestic services are essential. For young women in this region, this is the most important occupation: approximately 11 millions, or 16% of the urban labour force. A great number of them are adolescents and young women who generally come from peasant

families, and start working at an early age. They are, thus, excluded from receiving an education and from enjoying protection of their rights. Domestic service is unlike any other occupation. Domestic workers live with their employers, performing day-to-day chores in exchange of remuneration. Their employers are not companies, but families. Their workplace is their employers' house. Due to its characteristics, the domestic service is difficult to supervise. Domestic workers usually perform their tasks without any contact with other workers. Thus, they cannot organize and negotiate for better

work conditions. Despite the importance of their work, domestic workers receive the lowest levels of remuneration and social protection. Composed mainly of females (over 90%), domestic service is the main occupation for women with lower levels of education and income. Legislation on domestic services needs to be reviewed, since it provides less protection than in other occupations. In most countries of the region a domestic worker's minimum wage is below the legal minimum wage, and their working hours are longer because the law does not stipulate the length of their workday but a minimum of rest hours. Moreover, they have very low social security coverage and hardly exercise their labour rights. A social inclusion policy for young people requires measures aimed at providing equal rights to domestic workers, improving their work conditions, giving professional status to their activity, and promoting their association.

Domestic workers are clear example of "multiple discrimination" in Latin America, since besides being female and poor they are mainly indigenous or African descent. Policies aiming at providing them with equal opportunities and results are essential (box 10).

Rural youth

Youth living in rural areas face major restrictions for their development. According to CELADE (2005), they account for 22% of the total number of young persons in

the region, approximately 23 million. Their problems are related to the shortage of opportunities in the rural sector, specially those with high indigenous population. In the rural environment, production is centered on a few activities and strongly based on agriculture, which in different countries, continues to lag behind. Traditional work in rural areas tends to be temporary, physically demanding, and poorly paid. One of the problems affecting rural youth is the lack of education and adequate training in their communities, which prevents them from finding suitable jobs.

In the rural area, the productivity of the land is usually valued above labour productivity. This limits the opportunities available to young people and causes them to attempt to leave the rural area. In some countries, the rural area "expels" young people, who emigrate not only in search of new opportunities but because they have an unattractive view of the type of personal development offered by the rural environment. Nonetheless, a more modern approach to rural development can and must be adopted in accordance with its relationship to the urban environment. It is a well known fact that in certain areas, particularly intermediate cities, the rural area is connected to the urban area through daily migration process. Many workers living in rural areas work in urban areas and vice-versa. Furthermore, many

Box 10
Social and professional qualification of domestic workers of Brazil

According to the Brazilian Household Survey (PNAD-IBGE), in Brazil, there are 6.6 million domestic workers, the majority of whom are of African descent, with an average income equivalent to nearly 90% of the minimum wage. Of this total, only 26% have a signed employment contract.

The Sector Qualification Plan "Citizen Domestic Work" (Ministry of Labour and Employment of Brazil, November 2005) is the first initiative of the Brazilian Government aimed at obtaining social and professional qualifications for domestic workers. It was created with the participation of the domestic workers' unions.

It is composed of three sub-projects: the first is aimed at increasing school enrolment and promoting the social and professional skills of domestic workers; the second, at strengthening their union organization, and the third at interaction between government ministries to develop public policies. It is coordinated by the Ministry of Labour and has the support of the Racial Equality Promotion Secretariat, the Special Secretariat for Women's Policies, in addition to other Ministries, the National Federation of Domestic Workers, and the ILO.

Developed as a pilot project during its first phase, the professional qualification, increased school enrolment and unionization components covered 350 domestic workers in seven cities: Aracaju, Sao Luiz, Salvador and Recife in the Northeast Region and Rio de Janeiro, Sao Paulo and Campiñas (SP) in the Southeast Region. The nationwide expansion of its coverage is expected to become a permanent public policy.

Two measures have been adopted as part of public policy, which contemplates action in the areas of Human Rights and Violence against Women, Housing, Health, Employment, Social Security and the Eradication of Domestic Child Labour. The first is the National Campaign for the Formalization and Valuation of Domestic Labour, launched in 2006 under the coordination of the Secretariat for Women's Policies (Law Nº11.324 dated July 19, 2006). This campaign proposes to provide income tax relief for employers who enter into official contracts with domestic workers.

The second is a number of credit lines available for municipal governments to build houses for domestic workers (the first complex is under construction in the State of Bahia).

Source: Pesquisa Nacional por Amostra de Domicílio - PNAD / IBGE (2005)
 Ministerio do Trabalho e Emprego do Brasil (2005)

"urban" economic activities use rural components or inputs and vice-versa.

There are experiences in the region. In an effort to rejuvenate the rural area, the "Land and Young Rural Entrepreneur Fund" programme in Mexico is targeted at persons aged 18 to 39. It offers technical and administrative training and grants scholarships worth up to the equivalent of 90 days of the daily minimum wage in force in the

relevant geographical area. Young people who successfully complete this stage can have access to the Land Fund, which provides funding for productive projects and access to credits for leasing land parcels or purchasing land rights. Another experience is the programme "Occupational Education for Rural Youth of Colombia", aimed at persons aged 16 to 25 who are not enrolled in other SENA training programme and who do not have any formal

labour ties. The programme's main goal is to train unemployed young people in the rural sector to improve their chances of entry into the labour market. In addition, it plans to conduct training courses throughout the country. These efforts require complementary interventions in other areas to increase the competitiveness of the rural area, through investments in infrastructure and inputs, and access to markets, in order to ensure reasonable yields in economic activities which sustain the majority of rural residents, particularly when such activities are usually identifiable. In Brazil, the Ministry of Agricultural Development is carrying out a programme that provides young people with a credit line to purchase a small rural property, through the "First Land" programme, included in the National Programme of Agricultural Credit.

The evolution of agroindustry in many Latin American countries must be suitable considered to make the rural environment attractive for youth, where they can find real opportunities to achieve their personal development and that of their families, and contribute productively towards the progress of their societies. The agroindustry ties with the domestic and foreign markets can offer labour opportunities for youth.

Indigenous youth

Indigenous youth constitute one of the most vulnerable and unprotected groups.

According to several estimates, the native population in Latin America fluctuates between 30 and 50 million. There is a consensus that a large percentage of them (90%, according to Barrena, 2002) are concentrated in five countries: Bolivia, Ecuador, Guatemala, Mexico and Peru. Independent estimates indicate that approximately one third of the native population in Bolivia and Mexico are young people (Barreno, 2002: CEPAL, 2005). In the labour markets, the native workers, including youth, face discrimination due to their origin and race. Moreover, in many cases in the areas where these communities are settled, typical labour relations are almost nonexistent and are, instead, based on cultural norms (such as community work).

In their work experience, young indigenous people face greater restrictions than their non-indigenous counterparts. In Bolivia, for instance, a recent study has found that indigenous persons are 15% to 30% more likely than non-indigenous persons to pass on poverty to their offspring (Hernani, 2007).

Policies suited to the specific needs of indigenous youth are essential. The programmes conducted for indigenous youth have dealt more with protecting their religious beliefs and cultural values or encouraging orderly migration –elements which are important in themselves. However, the interventions in the labour market and in effective policies to address labour discrimination have been

scarce. It is therefore essential for these topics to be included in labour policy agendas of countries with indigenous population.

Indigenous young people are poor, and have low level of education, since they usually drop out school at an early age. Because of their low qualifications, they find it difficult to obtain good jobs and employment. Professional training for them is a major challenge that must be adequately tackled by our States and societies.

- **An effective institutional framework⁷⁷**

Almost all the governments of the region are developing initiatives in favour of youth, in areas such as skills development to address the issues affecting them, the dissemination of their rights or sexual education. However, these initiatives have certain restrictions, which need to be overcome.

In most cases, youth issues are addressed through programmes rather than policies⁷⁸. The limitations of these plans are evident in the “youth project” type educational programmes, which initially had an interesting impact but slowly faded away over time. The

lesson here is that a programme can be successful for a certain period of time, but to solve the deeper problem, the structures that created the problem must be modified. We must move from the application and execution of programs to the design of effective policies to structurally and permanently deal with the problems.

Another limitation of such programmes is their emphasis on education, even though different opinion surveys indicate that the employment (unemployment and underemployment) is young people main concern. Without ignoring the importance of education as a key element in shaping positive work paths, it is clear that youth labour policies must play a greater role than they have had so far in the region.

In Brazil, nine out of 15 programmes aimed at youth are responsibility of the Ministry of Social Development, two of the Ministry of Sports, one of the Ministry of Labour, two of the Ministry of Agriculture, two of the Ministry of Defense, one of the Ministry of Culture and one of the General Secretariat of the Presidency through the National Secretariat of Youth, which supervises and coordinates the

⁷⁷ E. Araujo. *Marco institucional para el empleo juvenil* [Institutional framework for youth employment]. Background paper (ILO, 2007, <http://www.oit.org.pe/tdj>); and M. C. Camacho. *Juventud y empleo en Estados Unidos: principales elementos de las políticas activas de mercado de trabajo* [Youth and employment in the United States: main elements of active labor market policies] Background paper (ILO, 2007, <http://www.oit.org.pe/tdj>).

⁷⁸ Policies have broad and permanent goals, universal coverage and are institutionalized (have a legal and organic base), while programmes have specific objectives, they are either temporary or specific and are aimed at targeted populations.

programme's implementation through the Ministries of Education, Social Development, and Labour and Employment. In Argentina, by 2006 only one out of eight national youth oriented programs was executed by the Ministry of Labour and Social Security, which used to have six other sectorial programmes. In Peru, according to a National Youth Council study (CONAJU), in 2004, the State was responsible for 112 programmes, projects or activities, and one out of the 10 programmes executed by the Ministry of Labour and Employment Promotion was specifically aimed at youth.

It is difficult for initiatives which are not articulated in a plan or a policy to achieve results, and they are usually discontinued. They can often be scattered, diverse, varied and can lack cohesiveness and articulation with one another⁷⁹. This issue is so important that it could be said that the problem for many countries is not what to do –because the areas of intervention are more or less clear– but how to implement initiatives which are truly useful for youth. In some cases, in addition to

dispersed efforts, the activities undertaken are often duplicated, sometimes in the same geographical area. It is necessary to establish an institutional framework to eliminate inaccuracies, reduce dispersion and institutional duplication, and regulate adequately the authority assigned to the public institutions in charge of promoting policies and actions in favour of youth and especially, in education, training and labour related issues⁸⁰.

In the past decade, the National Youth Organizations have yielded positive results in some countries of the region. They were set up to coordinate the work of public bodies with the youth institutions. These institutions have adopted different modalities, sometimes as ministerial departments or State Secretariats, and there are organizations or bodies which are not dependent upon the Ministries but fall under the direct jurisdiction of the President of the Republic. They exercise a variety of functions such as management, debate and discussion, coordination, execution and assessment. In practice, one or more are combined with

⁷⁹ E. Araujo. *Op.cit.*

⁸⁰ Among the recommendations that the UN World Programme of Action for Youth, it is suggested to "establish an agency in the Government. The development of youth implies a cross-sectorial approach. This agency can be a ministry or a ministry department. Its goal is to coordinate youth-related activities from different ministries in order to ensure the incorporation of youth policies in the national development planning. Such agencies should promote coherence between policies and programmes". This model, based on the coordination of different ministries is a mechanism of supervision and political control, but also of feedback, with a small and efficient Secretariat (Agency - Service - Institute - etc.) with capability to develop pilot initiatives to the highest level (Prime Minister - Presidency of Government), seeks and reflects the need to support an ambitious political and strategic vision to be translated into "solid policies, in strong structures and voices."

The challenge
for many countries
is not what to do
but how to implement
initiatives which are
truly useful for youth.

emphasis on one of them⁸¹. Unfortunately, many of these bodies lack precise regulatory frameworks or mandates or the necessary financial resources, which prevent them from building stable teams of suitable professionals and experts.

The existence of these bodies is a step forward in the region, even though in most countries, institutional complexity that intends to favour youth has not been reduced by their creation. Probably it is time to promote a second generation of youth organizations in order to consolidate an effective institutional framework in the region.

Brazil has made a step forward in the last years. It has defined a legal and institutional framework, which depends on the Presidency of the Republic: A Secretariat of Youth, which main duty is to articulate demands from the civil society to the State, and a National Youth Council that gathers different youth organizations or youth-related organizations. In the United States of America "A Shared vision for youth" alliance (2004) was created by the Departments of Education, Labour, Health

⁸¹ A few of them have even attempted to classify models of these initiatives. At the end of the 1990's, Rodríguez (2000) found 5 models: a) the Chilean "prototype" whereby the National Youth Institute concentrates on conducting studies and research to learn about the problems of youth and rigorously assesses public policies; b) the Uruguayan "prototype" in which the National Youth Institute does not conduct research or execute specific programs directly but plays a central role in the allocation of funds and assessing the management of «third parties»; c) the Colombian model in which the priority is to support the development of municipal and local youth policies; d) the Mexican model («Causa Joven») which gives priority to the strengthening of civil society and providing support to youth organizations; and e) the National Youth Movement model of Costa Rica, characterized by promoting youth organization and participation. Ernesto Rodríguez, *Juventud y políticas públicas en América Latina: Experiencias y desafíos de la gestión institucional*, in: *Ultima Década N° 13* [Youth and public policies in Latin America: Experiences and challenges of institutional management] (Viña del Mar:Ediciones Cidra, 2000).

and Justice, and joined by the Department of Housing, the Institute of Social Security and the Corporation for Community Service. Its goal is to articulate efforts and build a common vision and action regarding youth (Camacho, 2007).

One basic institutional problem is the existence of initiatives or programmes that are unable to attend to the large number of young people in the region, considering the diversity of descriptions and needs in the region. Institutions must try to articulate the supply of services with the demands of young people. The existence of youth organizations can contribute to this. There are other complementary alternatives. One of these is the assumption that institutions will continue to be dispersed, and therefore there is a need to put in place measures to stop this from being a problem and allow services to reach the youth who really need them. An example of this is the "One Stop" centers in the United States (box 11), in which the variety of services offered by institutions is concentrated at the local level in order to provide youth with an orderly and unified service. The important issue in this option is the connection made with the young individual. The idea is simple: dispersion and diversity are part of the structure of governments, and it is better to acknowledge this. However young person do not have to suffer as a result. Even with multiple youth oriented institutions, there should be only one way for youth to relate to them.

Box 11
The "One Stop" system for the provision of training and employment services in the United States of America

The One Stop centres enable their users to receive an assessment of their level of skills and

knowledge, obtain information on different employment services, obtain counselling on available training and assistance programmes as well as information on their quality, obtain vocational and professional counselling and access to updated information on the labour market (as well as on the programmes conducted by the Departments of Education, Health, Social Security and Justice, among others). The centres are selected, authorized and supervised by local Boards through a competitive bidding process and possess affiliate institutions: currently there are more than 1,800 One Stop centres and around 1,400 affiliated centres.

The One Stop centres are the meeting point between young people and the majority of available services. They have strong ties with the business sector and are used by employers to select their staff.

Source: Camacho (2007).

Another alternative is to try to organize young people needs, particularly employment needs, to give them adequate responses. In Jamaica, in the framework of the Youth Employment Network (YEN), the Jamaica's Employers Federation has made a single youth registration form to uniformly gather information on their characteristics and needs. This can be done with some incentives with no expenses to the State. In Mexico, the National Youth Organization has managed to register a significant number of young people through the "Youth Power" card, whereby young persons are given

discounts at more than eleven thousands affiliated establishments. In the case of socially disconnected youth, more direct methods of contact are required. Examples are the courageous work developed by organizations such as "Youth at Risk" Programme in Guatemala or the National Youth Service in Jamaica.

The region's countries should continue to move towards an institutional environment in favour of youth, that can boost the outcomes of their actions. If programmes oriented to youth are not included in the framework of public policies, and in a national action plan, if they do not respond to a specific strategic framework, there is the risk that they will not produce positive results that can be disseminated.

At the initiative of the Secretary General of the United Nations, in 2005 the General Assembly called for the different countries to submit National Youth Employment Action Plans and their respective progress reports. These plans require an adequate institutional environment. Some countries have made progress in this field. The Youth Employment Network is working directly in Brazil, Ecuador, and Jamaica, among other countries, to establish guidelines and instruments to be followed by the rest of the countries⁸².

The promotion of young people's participation in the preparation and implementation of policies for youth is essential. They are the best support of an institutional body that will serve their needs.

- **The contribution of workers' and employers' organizations**

Workers' and employers' organizations can play an active role in the promotion of paths towards decent work for youth. Youth employment is included in both organizations agendas and is one of the areas in which they agree on many issues. These organizations have carried out a series of actions and initiatives for youth. The presence of youth in these organizations must be strengthened by encouraging young persons to participate more actively in them and by including this subject in institutional agendas and in social dialogue agendas.

Judging by their membership, the presence of youth is low among workers' organizations (Castillo 2007). There is a gap between youth and these organizations, since many young people do not wish to belong to a trade union because of the type of job they have access to. Moreover, some workers' organizations do not include in their agendas labour topics that are interesting for youth.

⁸² <http://www.ilo.org/yen>

Workers' organizations have accepted the challenge of working in favour of youth employment, in order to foster labour policies aiming at prioritizing employment quality, establishing ties with local communities, reinforcing the role of education, and promoting greater youth participation (box 12). It is

Box 12
Experiences and proposals of workers' organizations

Workers' organizations have given a significant role to the quality of young persons' jobs. They think decent work should involve actions and initiatives from their organization at three levels:

- The institutional plan, driving the need of labour policies to place a great deal of importance to jobs of quality, encouraging more and stronger participation from young persons. On the subject, IPEC-union programmes have been seen as successful in the region, not only in the child labour area, but also with youth..
- Civil society, articulating "youth interests" in the labour market through actions in areas to which young persons pay more attention (ecology, respect to minorities, pacifist movements, use of technologies, etc.) and connecting them with other actors and social institutions. Experiences such as the Eremín Project in Sao Paulo and the Universitas. Programmes in Central America are considered as advances towards this direction.
- Trade unions, trying to approach labour associations to youth, through vocational training actions, debate and discussion, as well as studies regarding the relationship between youth and trade unions. An interesting experience on this subject is the UNI, a young persons' network in Argentina.

Source: Castillo (2007).

important to note that the new world trade union organization has established quotas for youth and women. Trade unions are trying

to articulate youth's interests in the labour market in young people's preferred fields (ecology, minorities, pacifism, development of technologies, etc) by connecting with other stakeholders and institutions. Actions in this direction include discussion, debate and training efforts, as well as in-depth research.

The presence of youth in the employers' organizations is also low (Yurén, 2007) These organizations have been quite active in terms of design and implementation of initiatives aimed at improving not only membership by new enterprises led by young people, but also youth employment in general. Examples of this are the promotion of the Youth Employment Network in Jamaica (promoted by the Federation of Employers), and in some countries encouraging the participation of young entrepreneurs in employers' organizations and forging ties with training. There are young businessmen associations which have been multiplied in the region and become a source of directors for business organizations, and of initiatives for the development of their cities and their countries. There is, also, an international dimension in these associations (box 13).

Another approach is to include the youth employment issue in the social dialogue agenda. In most countries of the region there are bodies for this dialogue with wider or narrower scope. In the best case scenario they are tripartite, which means that in addition

Box 13
Experiences and proposals of employers' organizations

Employers' organizations place a great deal of importance on the need for economic growth and a macroeconomic, educational and legislative environment to promote employment. These organizations have had several experiences, in terms of youth employment, in areas such as:

- Design and implementation of youth employment policies, such as support for the Youth Employment Network in Jamaica, promoted by the Jamaican Employers Federation (JEF). This is a platform which has lent credibility to the process in that country.
- The participation of young entrepreneurs in business organizations, such as the Committee of Young Entrepreneurs of Mexico (COPARMEX), or the young entrepreneurs who promoted the JYEN in Jamaica.
- Labour intermediation services, such as the labour observatories in Colombia managed by the Chambers of Commerce which provide contact services between labour supply and demand.
- Promotion of an entrepreneurial spirit, to modify the training of young persons who are often educated to become employees and not employers. One example of this is the ANDI del Futuro programme, managed by the National Association of Entrepreneurs of Colombia, which provides support for the promotion of real business ventures with young members of ANDI.
- Ties with educational and training institutions, through the technical apprenticeship programme in Uruguay.

Source: Yurén (2007).

to stakeholders, the State participates by representing those who are usually unrepresented, such as young people. One way in which this process could operate would be by the establishment of a closer link between the bodies involved in social dialogue instances, usually in the labour area, and the National Youth Organizations whose action

is geared toward the youth. In general, there is a high level of consensus on the importance of promoting youth employment, and on their education and training for work between social actors. There are certain areas, specially in labour legislation, in which many differences may arise, but it is clear that through an open dialogue process, based on technical studies, a consensus is possible to be reached on this and other issues.

This situation demand the adoption of measures to approach positions, open spaces for technical discussion, eliminate practices that could be detrimental for any of the parties, or generate services useful for youth, such as the participation of productive agents in labour inspection. At the same time, governments should try to foster social dialogue, both well informed and technical, which requires access to information, training in subjects to be discussed, and negotiation between parties, beyond administrative or legal obstacles that hinder this process, otherwise dynamic.

Youth participation in the development of countries is impossible to achieve through public policies alone. The active contribution of employers' and workers' organizations is essential. The goal of having young people developing decent work experiences will be achieved if, among other things, they participate and feel represented by these organizations.

4. As a way of conclusion

In the Declaration of Mar del Plata (2005), during its 4th Summit, Chiefs of State and Government of the OAE country members stated: "We recognize that economic growth is a basic, indispensable, but not sufficient, condition to address the high rates of unemployment, poverty, and growth of the informal economy. We recognize that only countries that have had years of sustained economic growth have successfully reduced poverty. However, in the recent past some countries of the Hemisphere have experienced periods of economic growth that did not translate into equivalent employment gains, compounding existing problems of high-income concentration, poverty, and indigence. The challenge is to sustain higher rates of growth with equity and social inclusion, and to generate expanded opportunities, social investment, and social development"(n.8).

In Latin America, in the last quarter of the 20th century, during the so-called lost decade, the debate about the nature of development and how to achieve it was redirected: the importance of the economic growth, and the need to promote, simultaneously, equity and social inclusion are recognized.

In 2007, during the World Economic Forum on Latin America, in Santiago of Chile, the group of participants suggested five priority policies to encourage an action programme aimed at achieving high productivity and

growth with equity. Among them, they highlighted the need of greater investment in education, with special focus on quality, the importance of the relation between youth education and national prosperity, which is clear for the leading representatives of both, public and private sectors. In the meeting, the World Bank Vice President for Latin America and the Caribbean stated that in order to obtain and sustain high growth, it is necessary to address the lack of equity and to strengthen social policies in the region.

In the 21st century, Latin America needs to articulate the consolidation of democracy and the promotion of decent work, in order to achieve an inclusive and human development. Societies can not be divided between those that receive assistance and those that have employment.

In such task the attention to young persons is crucial, since they are becoming majority among voters and citizens. Their contribution to growth –through jobs or productive enterprises– is essential for the region, so that it can be incorporated, positively, in the world of globalization. The increasing access of young people to decent work will contribute to improve the quality of the development of our societies. Policies in favour of youth, particularly for the poorer and excluded ones, are investments for the present and the future of the democracies in the region. Young people are becoming an increasing contingency in terms of labour force. Due to the insufficient

Policies in favour
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creation of employment in the region, young people accept the most precarious jobs available. Their unemployment rate widely exceeds that of adult workers, and young women face higher levels of exclusion. Despite many policies designed to promote youth labour entry, most of them have been oriented to reduce costs related to young people hiring, such as apprenticeship and training contracts.

Therefore, it is important for government officials and social actors to count on studies and analysis concerning youth reality from a decent work perspective, and proposals and mechanisms of greater participation of young people in the labour market and the production world.

The main purpose of this report is to contribute to the creation of conditions for most young people on the south of the Rio Grande, which enables them to attain productive jobs and move towards decent work, participate in the generation of wealth, and harvest the fruits of the progress they contribute to achieve.

The social contract that must maintain the cohesion of the region's countries, and contribute to overcome the tendencies to social isolation and risk, which prevail in any group, requires the effective inclusion of young people in Latin American societies. Basic and superior education and employment (understood either as self-employment or dependent employment), which foster suc-

successful personal pathways should be part of this contract.

It is important to take into account that youth in the South Cone have a great respect for their grandparents because they knew, during their work life, how to obtain income, and, particularly, social benefits (scarce in some cases, though) that they enjoy after retirement. Such youth see their parents at a disadvantage, since they have to accept precarious and informal jobs to obtain, in part, the support the family requires to survive.

There is something that has been broken in the region's societies and must be recovered, on the essentials. Furthermore, there are social achievements that were not reached by those societies during the 20th century and must be the goal of a common action for the new millennium. This does not mean a return to the past, but to build a model of a society in which individuals coexist and enjoy the same opportunities, so that they can contribute to and be benefited from common progress.

It is important to emphasize the efforts of this report to distinguish the diverse characteristics of youth, which is not homogenous. This is a group that must not be seen as a burden, but as an opportunity, without falling into romanticism; it must be understood as an asset of our countries, which in many cases needs to be valued, given the fact that because of structural or

circumstantial problems, young people have fewer opportunities to overcome poverty and exclusion.

The idea of decent work pathways enables to see this diverse youth as a dynamic group, and not a merely static one. For that reason, challenges beyond the traditional clichés related to youth employment were identified. Young persons aged 15 to 24, who neither study nor work, constitute a worrying common reality in Latin America. This idea is articulated with the vision of the expansion of human freedoms. Latin American young people should, in the short term, have access to –with no distinctions– a wide range of options and conditions –personal and institutional– to reach individual, family and social accomplishments. In this sense, work is essential.

An important contribution is the recommendation to move from a few, or many, initiatives of limited size and limited coverage towards the formulation of more comprehensive and permanent strategies that enable young people themselves and other social actors –not only the public sector– to engage in the execution of policies that foster improved education for work and entrepreneurial capability; that allow youth to insert themselves and continue to work under the best possible conditions, (particularly in terms of labour rights, decent employment, creation of potentially successful enterprises, access to social protection

and participation in the dialogue that shapes their reality and that of their societies). There is not a unique recipe, because each context is different, even though Latin American countries give the impression of being alike. Even within some of these countries there are remarkable differences, for instance, between the rural and the urban areas, or between economic sectors that have access to the competitive world of globalization and others that do not.

The main proposal is that each country must build and review periodically, with the participation of young people, a suitable institutional environment for the promotion of youth decent work paths. This requires a better articulation with the evolution of the productive world. There cannot be gaps before the challenges it poses. Entering this world under precarious conditions or through informality is not the best option. An intelligent regulatory framework that combines protection and promotion of workers in general, and young workers, in particular, is necessary. Innovation is required, as long as it respects young people personal dignity, and enables them to have more and better access to social protection. Education and professional training are essential for youth to incorporate their energies in the achievement of a common progress. In today's world, youth must be well educated and trained, in order to develop their entrepreneurial capability and choose a business initiative, not

because of lack of employment, but because they have discovered the need for products and services that will allow their enterprises to succeed. The promotion of more social inclusion of certain groups of young women, as well as rural and indigenous youth is important for Latin America, since the region will take advantage of the creativeness and inclination for work of all the young, in the pursuit of human development.

The importance of an institutional framework that provides these initiatives with the possibilities of becoming reality is crucial. For this purpose, the contribution of workers' and employers' organizations, either independently or joined, is decisive.

This report is not a finished work but an ongoing contribution. The studies per country that are part of this research have the same aspiration. An institution as the ILO can serve its tripartite constituents with principles, ideas and comparative international experience. Decent work in the Americas: An agenda for the Hemisphere, 2006-2015 which orients the institutional actions in the Americas, is an example of this. For its realization in people's day-to-day lives, the promotion of decent work among Latin American youth is essential.

The enhancement of Latin America democracy and the construction of human development are tasks to be undertaken by youth.

Chart 1
Latin America: Participation, youth's and adults' unemployment and non-employment - 2005

Countries	Youth (15 - 24)			Adults (25 and above)		
	Activity rate	Unemployment rate	Non-employment rate	Activity rate	Unemployment rate	Non-employment rate
Argentina a/	45%	24%	66%	67%	7%	38%
Brazil	65%	19%	47%	71%	6%	34%
Chile	31%	22%	76%	60%	6%	44%
Colombia	51%	22%	60%	68%	8%	38%
Costa Rica	49%	15%	58%	66%	4%	37%
Ecuador	55%	13%	52%	74%	5%	29%
El Salvador	47%	14%	60%	65%	5%	38%
Guatemala b/	55%	6%	48%	67%	2%	34%
Honduras	48%	7%	55%	63%	3%	39%
Mexico	47%	7%	56%	63%	3%	38%
Nicaragua	51%	9%	54%	67%	4%	36%
Panama	50%	21%	61%	68%	7%	37%
Paraguay	60%	12%	48%	76%	3%	27%
Peru	59%	9%	47%	75%	4%	28%
Dominican Republic	41%	13%	65%	62%	4%	40%
Uruguay a/	53%	29%	62%	61%	9%	44%
Venezuela c/	48%	20%	62%	74%	9%	33%
Latin America d/	55%	16%	54%	68%	5%	35%

a/ The survey is only urban

b/ The survey in Guatemala is from 2004

c/ The survey is national and does not allow to break down data between urban and rural

d/ Average of all countries considered

Source: ILO, based on special processing of household surveys.

Chart 2
Latin America: Education and Work among youth (ages 15 to 24) by area. Urban/Rural
2005

Countries	Urban				Rural e/				Total						
	Only study	Only work	Study and work	Neither study nor work	Total	Only study	Only work	Study and work	Neither study nor work	Total	Only study	Only work	Study and work	Neither study nor work	Total
Argentina a/	45	24	10	20	100	-	-	-	-	-	45	24	10	20	100
Brazil	31	33	17	19	100	19	42	23	16	100	29	34	18	19	100
Chile	60	20	4	17	100	42	30	1	26	100	58	21	3	18	100
Colombia	38	30	7	25	100	20	45	4	30	100	33	34	6	27	100
Costa Rica	45	25	14	16	100	32	35	10	23	100	40	29	12	19	100
Ecuador	41	31	11	17	100	20	49	12	19	100	34	37	11	17	100
El Salvador	41	30	8	22	100	21	38	6	34	100	33	33	7	27	100
Guatemala b/	26	39	12	23	100	12	44	8	35	100	18	42	10	30	100
Honduras	34	33	8	26	100	12	45	4	39	100	22	39	6	32	100
Mexico	33	36	9	22	100	62	19	11	8	100	35	35	9	21	100
Nicaragua	40	30	10	20	100	20	44	11	25	100	32	36	11	22	100
Panama	46	25	10	19	100	28	40	7	24	100	40	30	9	21	100
Paraguay	34	30	18	18	100	21	44	15	20	100	29	36	17	19	100
Peru	24	34	11	30	100	14	57	13	17	100	21	41	12	26	100
Dominican Republic	45	20	16	20	100	38	23	12	26	100	43	21	15	22	100
Uruguay a/	43	27	11	19	100	-	-	-	-	-	43	27	11	19	100
Venezuela c/	-	-	-	-	-	-	-	-	-	-	51	20	10	19	100
Latin America d/	34	33	13	21	100	23	42	14	22	100	33	33	13	21	100

a/ The survey is only urban

b/ The survey in Guatemala is from 2004

c/ The survey is national and does not allow to break down data between urban and rural

d/ Average of all countries considered

e/ In Rural, each country's own definition was used. Further information is available at the countries' Statistical Institutes
Note: Study means the attendance to a formal education center

Source: ILO, based on special processing of household surveys.

Chart 3
Latin America: Occupational category of youth (ages 15 to 24) occupied
2005

Countries	Public Sector	Microenterprise	Small, medium and large enterprise	Self-employed	Employer	Contributing family work	Domestic work	Total
Argentina a/	7.4	28.4	42.0	11.8	0.8	3.5	6.1	100.0
Brazil	6.3	19.6	40.3	13.1	0.9	12.2	7.7	100.0
Chile e/	4.8	17.6	54.4	16.6	0.3	4.5	1.8	100.0
Colombia f/	1.6	19.0	27.1	25.6	13.4	5.4	7.8	100.0
Costa Rica	4.8	25.9	48.4	8.3	2.0	4.4	6.1	100.0
Ecuador	2.1	28.7	29.6	11.9	1.8	20.9	4.9	100.0
El Salvador	2.5	24.6	35.4	10.8	0.6	21.3	4.8	100.0
Guatemala b/	2.1	20.8	29.9	14.0	1.5	27.7	4.0	100.0
Honduras	2.9	20.4	34.8	15.0	0.7	22.0	4.2	100.0
Mexico d/	4.9	23.7	50.6	6.5	0.6	8.1	4.6	100.0
Nicaragua e/	4.3	26.2	28.9	13.8	0.9	26.0	-	100.0
Panama	4.7	16.5	37.5	21.4	0.3	12.6	7.0	100.0
Paraguay	4.5	22.9	18.0	14.4	0.4	25.7	14.1	100.0
Peru	2.3	18.9	21.2	14.4	1.0	35.8	6.4	100.0
Dominican Republic	5.7	14.0	38.0	29.5	0.5	9.1	3.3	100.0
Uruguay a/	5.0	29.6	48.0	14.6	0.5	2.3	-	100.0
Venezuela c/	8.0	24.6	38.0	21.8	0.8	4.4	2.4	100.0
Latin America	5.1	21.0	37.9	14.2	1.8	13.5	6.5	100.0

a/ The survey is only urban

b/ The survey in Guatemala is from 2004

c/ The survey is national and does not allow to break down data between urban and rural

d/ More developed areas

e/ SIAL does not define domestic work category

f/ There is no question in the survey form regarding size of enterprise in the rural area

Source: ILO, based on special processing of household surveys.

Chart 4
Latin America: Composition of youth employment (ages 15 to 24) by activity branch
2005

Countries	Extraction e/	Manufacturing	Electricity, gas and waterworks	Construction	Trade, hotels and restaurants	Transportation, storage, and communication	Financial establishments	Community services f/	Total
Argentina a/	1.4	17.7	0.7	10.6	31.7	6.0	9.0	22.8	100.0
Brazil	19.8	16.2	0.3	5.5	26.8	2.7	3.8	25.0	100.0
Chile	13.5	13.5	0.5	8.0	27.0	7.6	9.8	20.1	100.0
Colombia	25.8	14.9	0.1	3.6	25.1	7.1	6.7	16.8	100.0
Costa Rica	17.1	15.2	0.6	8.0	30.0	4.8	7.3	17.0	100.0
Ecuador	35.5	13.8	0.1	6.7	24.1	4.2	5.1	10.5	100.0
El Salvador	24.9	16.4	0.1	6.6	31.4	4.9	5.9	9.8	100.0
Guatemala b/	39.6	14.7	0.1	6.0	22.5	2.4	2.9	11.7	100.0
Honduras	43.9	16.1	0.1	5.8	18.0	2.3	2.3	11.5	100.0
Mexico	15.7	20.3	0.2	8.5	21.8	3.1	3.8	26.6	100.0
Nicaragua	35.5	15.2	0.3	5.2	22.0	4.1	2.3	15.3	100.0
Panama	23.4	8.0	0.3	8.1	28.9	4.6	9.3	17.5	100.0
Paraguay	34.3	9.0	0.1	4.5	21.8	2.5	3.3	24.5	100.0
Peru	39.0	10.3	0.1	2.9	22.6	6.3	3.1	15.7	100.0
Dominican Republic	14.5	18.3	0.3	6.2	29.3	7.3	5.2	18.8	100.0
Uruguay a/	5.8	15.6	0.0	6.2	32.6	4.4	10.5	24.9	100.0
Venezuela c/	13.0	11.9	0.2	8.7	29.3	6.8	3.9	26.1	100.0
Latin America d/	21.4	16.1	0.3	6.2	25.4	3.9	4.3	22.5	100.0

a/ The survey is only urban

b/ The survey in Guatemala is from 2004

c/ The survey is national and does not allow to break down data between urban and rural

d/ Average of all countries considered

e/ Agriculture, Farming, and Mine extraction

f/ Social, community and leisure Services

Source: ILO, based on special processing of household surveys.

Chart 5
Latin America: composition of youth employment (ages 15 to 24) according to employment characteristics 2005

Countries	Occupied					Wage and salaried workers		
	% with social security	% pension contributor	% search other job	% work more than 48 hours per week	% joined a trade union	% permanent contract	% temporary contract	No contract, other, n.a.
Argentina a/	46.1	30.0	29.8	23.5	n.a.	61.4	24.7	13.9
Brazil	41.7	38.5	21.4	15.0	9.1	n.a.	n.a.	n.a.
Chile	n.a.	n.a.	n.a.	7.5	n.a.	n.a.	n.a.	n.a.
Colombia	23.0	15.8	7.0	31.9	n.a.	15.1	16.0	69.0
Costa Rica	48.2	47.2	n.a.	32.0	1.0	n.a.	n.a.	n.a.
Ecuador d/	9.7	9.7	n.a.	25.6	n.a.	15.5	9.0	75.5
El Salvador	21.3	21.3	n.a.	29.0	n.a.	21.1	n.a.	78.9
Guatemala b/	15.6	15.6	5.4	32.1	1.1	21.0	3.5	75.5
Honduras d/	17.7	17.7	n.a.	34.9	0.8	27.3	6.0	66.7
Mexico	29.7	24.5	5.4	26.2	5.1	27.5	11.5	61.0
Nicaragua	15.0	15.0	n.a.	32.3	0.5	20.4	2.9	76.6
Panama	29.2	29.2	n.a.	16.8	n.a.	33.8	27.9	38.4
Paraguay	5.4	5.1	n.a.	39.4	n.a.	4.1	14.9	81.1
Peru	16.0	4.6	n.a.	42.0	n.a.	1.7	17.2	81.1
Dominican Republic	n.a.	18.1	9.2	18.2	1.3	23.4	4.2	72.4
Uruguay a/	1.2	45.4	19.1	14.8	n.a.	n.a.	n.a.	n.a.
Venezuela c/	n.a.	n.a.	3.9	14.2	n.a.	n.a.	n.a.	n.a.
Latin America	32.5	28.0	14.9	22.4	7.0	24.3	12.5	63.2

a/ The survey is only urban

b/ The survey in Guatemala is from 2004

c/ The survey is national and does not allow to break down data between urban and rural

d/ It is been assumed than in Ecuador and Honduras the rate of pension contributors is equal to health insurance contributors

Source: ILO, based on special processing of household surveys.

Chart 6 Education: 2005

a/ The survey is only urban
b/ The survey in Guatemala is from 2004
c/ The survey is national and does not allow to break down data between urban and rural
d/ Young without education, and young who studied primary education are included

Source: ILO based on special processing of household surveys.

Source: ILO, based on special processing of household surveys.

Chart 7
Latin American (selected countries). Youth aged 15 to 24. Reasons for stop studying

Countries	Ecuador	El Salvador	Honduras	Nicaragua	Paraguay	Peru	Dominican Rep.	Total a/
Work reasons	32.5	25.1	28.5	49.7	21.3	18.0	20.2	25.2
Family/economic problems	41.8	34.8	23.0	17.2	53.0	38.1	20.8	34.5
Not interested/did not do well	8.4	28.1	16.9	n.a.	13.9	6.7	8.3	10.3
School is too far	0.5	0.9	1.8	n.a.	3.6	0.8	1.4	1.1
Age reasons	0.8	0.5	n.a.	n.a.	n.a.	n.a.	n.a.	0.2
Disease/disability	2.0	1.9	n.a.	2.2	2.7	1.6	2.5	1.7
Household chores/pregnancy	8.0	5.7	18.0	22.4	n.a.	7.2	n.a.	8.6
Completed studies	4.5	0.6	3.3	n.a.	0.6	13.8	3.2	6.9
Vacation	n.a.	n.a.	7.6	n.a.	n.a.	11.7	24.2	7.5
Other	1.5	2.4	0.8	8.5	4.9	2.2	19.5	4.0
Total: Do not study	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

a/ Total of countries considered in the chart

Source: ILO, based on special processing of household surveys.

Chart 8
Latin America: Youth characteristics (ages 15 to 24) unemployed
2005

Countries	Youth (15 - 24)					What did they do to seek a job? f/				
	Unemployment rate	Laid-off	First time job-seekers	Seeking for job for more than 6 months (%) d/	Visited factories/ employers	Friends/ relatives	Newspaper ads/employment agencies/ job centres	Business procedures	Other	NA
Argentina a/ e/	23.6	9.3	14.3	40.5	-	-	-	-	-	-
Brazil e/	19.4	7.0	12.3	-	48.8	23.2	20.3	0.3	7.5	0.0
Chile	21.7	14.5	7.2	32.6	65.3	24.4	10.3	0.0	0.0	0.0
Colombia	21.6	13.6	8.0	1.8	51.5	27.0	19.4	1.8	0.3	0.0
Costa Rica	15.0	10.2	4.8	33.8	11.9	37.1	44.8	0.0	6.2	0.0
Ecuador	12.7	5.8	6.9	20.0	12.7	34.3	12.5	7.4	0.0	33.1
El Salvador	14.3	9.8	4.4	0.0	40.5	14.1	1.8	17.4	0.0	26.1
Guatemala	6.0	-	-	-	-	-	-	-	-	-
Honduras	7.0	4.3	2.7	22.5	58.3	38.5	0.0	1.2	2.0	0.0
Mexico	6.6	5.0	1.6	0.1	61.0	12.2	24.0	0.5	1.1	1.2
Nicaragua	9.0	5.9	3.0	22.9	10.0	49.1	32.3	0.0	8.6	0.0
Panama	20.8	14.1	6.6	28.1	31.6	0.0	42.3	1.6	16.7	7.8
Paraguay	12.3	8.0	4.2	24.8	35.6	45.9	8.9	0.7	0.0	8.9
Peru	9.5	7.1	2.3	1.4	55.4	22.7	18.1	2.1	0.1	1.6
Dominican Republic	13.0	8.3	4.7	31.2	64.3	32.6	2.2	0.8	0.0	0.0
Uruguay a/	29.3	19.1	10.1	6.1	28.2	33.6	32.3	1.2	0.0	4.7
Venezuela b/ e/	19.8	15.2	4.5	-	21.3	59.1	5.6	0.5	5.6	8.0
Latina America c/	15.8	7.3	9.4	13.1	47.2	25.9	18.9	1.0	5.1	8.7

a/ The survey is only urban

b/ The survey is national and does not allow to break down data between urban and rural

c/ Average of all countries considered

d/ Job search in Costa Rica is more than 5 months (options pre-defined)

e/ In Brazil and Venezuela there is not information available about length of job search. In Argentina, there is not information about how they search a job

f/ In "what did they do to seek a job" there is no option: Friends/relatives in Panama, newspaper ads ... in Honduras; business procedures in Costa Rica y Nicaragua

Source: ILO, based on special processing of household surveys

Chart 9
Youth characteristics (ages 15 to 24) who neither study nor work
2005

Countries	Total	Unemployed / inactive			%	Income Quintile f/				
		Non-occupied	Household chores	Other		1	2	3	4	5
Argentina a/	100.0	36.3	40.6	23.0	28.3	28.8	25.2	20.5	16.1	9.4
Brazil g/	100.0	36.2	51.7	12.0	-	33.1	24.8	18.8	13.8	9.5
Chile e/ g/	100.0	34.2	48.1	17.7	23.3	-	-	-	-	-
Colombia	100.0	35.1	42.8	22.1	35.5	31.3	23.2	17.0	14.1	14.3
Costa Rica	100.0	26.0	56.6	17.4	39.6	34.2	26.0	18.8	13.4	7.6
Ecuador	100.0	30.5	48.5	21.0	41.1	29.9	23.6	23.2	14.6	8.8
El Salvador	100.0	21.5	55.9	22.6	36.2	29.5	23.4	20.7	15.8	10.5
Guatemala b/	100.0	8.4	63.2	28.4	46.2	25.1	24.0	22.2	17.1	11.6
Honduras	100.0	8.6	74.0	17.4	35.9	27.2	26.0	20.9	15.8	10.1
Mexico	100.0	11.3	72.3	16.4	47.3	34.3	22.9	19.2	14.9	8.7
Nicaragua g/	100.0	15.2	68.6	16.3	-	28.8	24.2	19.5	16.4	11.1
Panama	100.0	35.1	1.0	63.9	44.6	30.7	25.8	20.4	15.2	8.0
Paraguay	100.0	25.0	49.3	25.7	39.9	33.4	26.9	19.4	13.8	6.5
Peru	100.0	14.9	55.7	29.4	19.7	24.3	16.4	19.6	20.6	19.1
Dominican Republic	100.0	15.5	28.1	56.5	33.6	30.0	24.2	20.5	15.3	10.0
Uruguay a/	100.0	45.2	35.9	18.9	26.1	41.1	25.9	17.3	11.3	4.4
Venezuela c/	100.0	30.2	41.9	27.9	30.1	29.3	24.0	20.5	15.3	10.8
Latin America d/	100.0	26.1	54.9	19.0	37.4	31.5	23.5	19.3	15.1	10.7

a/ The survey is only urban

b/ The survey in Guatemala is from 2004

c/ The survey is national and does not allow to break down data between urban and rural

d/ Average of all countries considered

e/ Survey in Chile does not have income variable

f/ No response in income variable is 11% in average

g/ In Brazil and Nicaragua there is no questions about marital status. In Chile there is no information about income

Source: ILO, based on special processing of household surveys.

Chart 10
Income indicators for all youth aged 15 to 24 (excluding CFW)
2005

Countries	Contributing family work (CFW)	Middle income e/ (young / adult) %	Sum total of income f/ (young/total), %
Argentina a/	4	54	8
Brazil	12	46	11
Chile	5	-	-
Colombia	6	60	11
Costa Rica	5	56	12
Ecuador	22	57	12
El Salvador	21	68	14
Guatemala b/	28	80	21
Honduras	22	60	17
Mexico	19	42	9
Nicaragua	26	57	15
Panama	13	50	9
Paraguay	27	51	13
Peru	36	46	9
Dominican Republic	9	60	12
Uruguay a/	2	43	6
Venezuela c/	5	67	13
Latin America d/	15	56	12

a/ The survey is only urban

b/ The survey in Guatemala is from 2004

c/ The survey is national and does not allow to break down data between urban and rural

d/ Average of all countries considered

e/ Ratio of youth income average (ages 15 to 24) and adults income average (aged 24 to 64)

f/ Ratio of youth income sum total (ages 15 to 24) and income total sum of the whole population

Source: ILO, based on special processing of household surveys.

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DECENT WORK AND YOUTH IN LATIN AMERICA

<http://www.oit.org.pe/tdj>

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2. National Reports

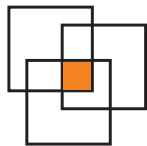
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- YURÉN, Andrés. *Las organizaciones de empleadores y su contribución a la promoción del empleo juvenil.*

4. Statistical Annex

5. Decent Work in the Americas: An agenda for the Hemisphere, 2006-2015



“Today, we are squandering the economic potential of an enormous percentage of our population, especially in developing countries which can least afford it. Focusing on youth, therefore, is a must for any country.”

“Only through decent employment opportunities can young people get the chance to work themselves out of poverty. Youth employment strategies are a key contribution to meeting the Millennium Development Goals.”

Juan Somavia
Director-General



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