

DECENT **WORK** AND YOUTH in Latin America

2010

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**Decent Work and Youth
in Latin America
2010**

Executive Summary

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■ INTRODUCTION

The promotion of decent work for youth is a key task in regional development efforts. It is part of the commitment to achieving the Millennium Development Goals made by Member States of the United Nations, particularly Goal Eight, "Develop a global partnership for development," whose Target 16 specifies: "In cooperation with developing countries, develop and implement strategies for decent and productive work for youth." The indicator for measuring this target will be the youth unemployment rate.

At the 93rd Session of the International Labour Conference in June 2005, the ILO recognized the special characteristics of youth employment: "The youth employment challenge, while bound up with the overall employment situation, has its own dimensions, which require specific responses." In addition, in 2007, the first report on Decent Work and Youth in Latin America was published, which established the groundwork for the discussion on the role of youth in development and the importance of promoting their path toward decent work. Three years later, the ILO presents this new report, which takes stock of progress and setbacks with respect to the problems identified in the previous report. It also analyzes the influence of the recent economic and financial crisis on the situation of youth employment in the region.

Youth can be viewed as a brief period in which an individual undergoes important changes and makes key personal decisions that will determine his or her educational, employment and family future. Although definitions of youth vary by country, in this report, youth are defined as individuals ranging from ages 15 to 24. The changes youth face during this life stage are important not only for their life trajectory in the medium and long term, but for society as a whole.

In this era of globalization, the economic crisis affected the countries of Latin America to differing degrees. Nevertheless, in all countries, youth were the population segment most vulnerable to job dismissal and to declining quality of employment. Even during the period of growth preceding the crisis, when the Latin American economy grew by 4.4% annually (2002-

2006), the youth unemployment rate continued to outpace that of adults. Youth also faced more precarious employment conditions than adults. All of this influences youth's attitudes toward democratic institutions, as well as their contribution to the development of these institutions. A youth who has reached his or her full capacity will generally stand firmly behind democratic institutions; one who is excluded or frustrated, by contrast, will no doubt act differently.

Youth employment policies aim to resolve existing problems among this population segment. Difficulties for adolescents (15–17 years) include dropping out of school at a young age to begin working –child labour. A key problem facing youth aged 18 to 24 is that many do not pursue higher education or do so in institutions where training is of poor quality and not pertinent to the job market. Moreover, for the group of youth who already work or want to, the manner in which they first enter the labour market is crucial for defining both their labour prospects and their perspectives for future employability.



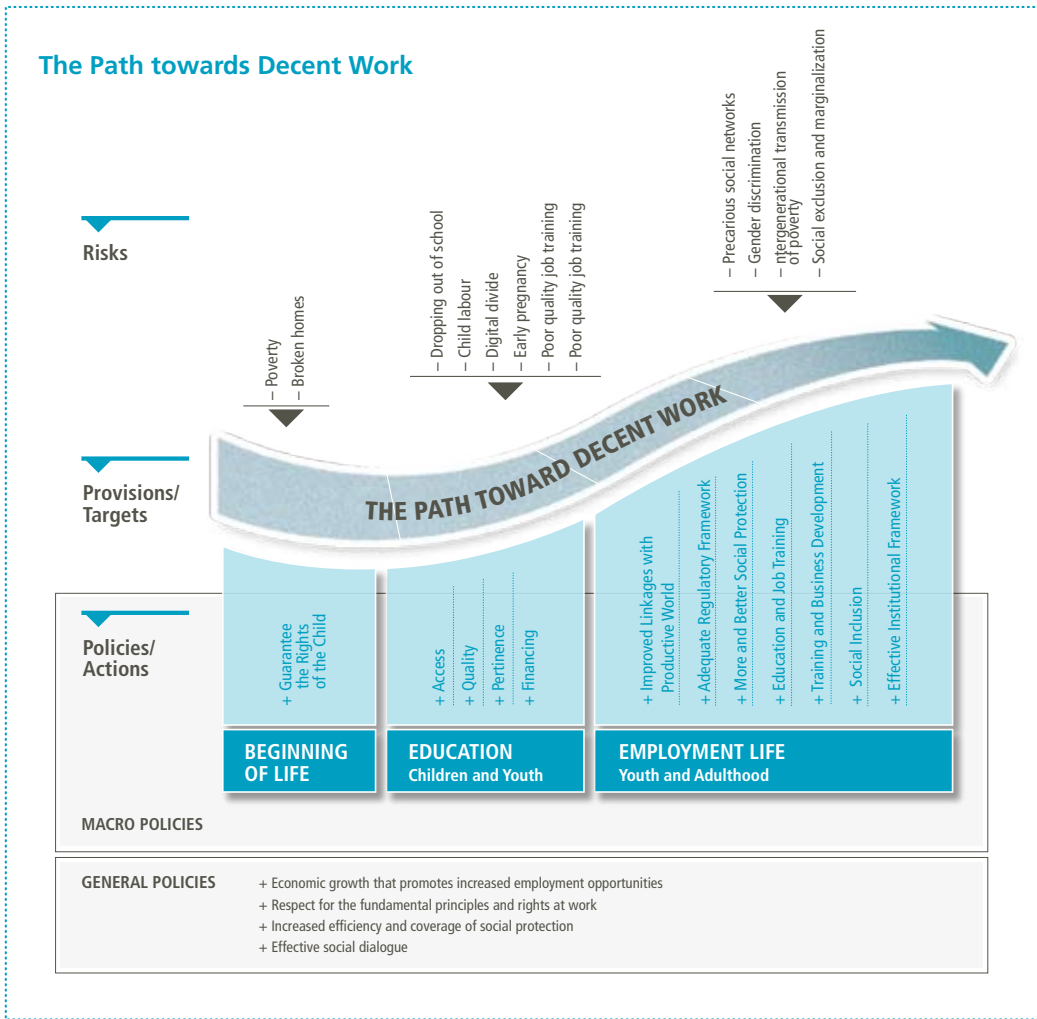
■ EDUCATIONAL OPPORTUNITIES: changes and options

For the Director General of the International Labour Organization (ILO), decent work means opportunities for work that is productive and delivers a fair income, security in the workplace and social protection for families, better prospects for personal development and social integration, freedom for people to express their concerns, organize and participate in the decisions that affect their lives and equality of opportunity and treatment for all women and men.

For youth, decent work requires linking short-, medium- and long-term objectives and considering their lifecycle and personal trajectory. The roadmap of employment should not begin with a job but rather with education, training or the accumulation of work or business experience, the first steps in the path toward decent work.¹

Youth's path toward decent work requires a quality education and the accumulation of work or business experience, depending on the case. Poverty, broken homes, dropping out of school, child labour, the digital divide, exclusion for reasons of gender or ethnicity, very early and/or precarious employment, discrimination and the lack of social network support are factors that hinder the attainment of decent work. Inclusive economic growth, respect for the fundamental principles and rights at work, increased coverage and efficiency of social protection, as well as access to social dialogue, are indispensable for overcoming these limitations.

¹ This is a dynamic concept, consistent with the most recent global literature on poverty reduction. In poverty, there are inflows and outflows of individuals. Employment paths toward decent work clearly contribute to individuals' permanent escape from poverty and prevent others from becoming poor.



Educational Level of Youth

The educational level of Latin American youth is slowly improving. Fourteen percent of youth have a higher education, slightly below the figure for adults (16%). Nevertheless, the youth population has an average of 9.3 years of schooling, compared with 8.6 for adults. Considering that most youth aged 15 to 17 are currently enrolled in school, it is not surprising that just 65% have attended secondary school. Two troubling statistics are that 2% of youth are illiterate –a rate higher than that of adults– and that only 19% has completed primary school. Youth education policies should focus on secondary education. Policy objectives should include improving

education quality and ensuring that youth complete secondary school to increase their chances of continuing on to higher education.

In Latin America, educational levels of the youth population vary by sub-regions, countries and within countries. Central America leads the region in the percentage of illiterate youth or those that only have a primary school education. Central America also has the lowest percentage of youth with a secondary or higher education. Gaps become even more evident when country figures are compared: thus, for example, the percentage of illiterate youth or those with only a primary school education is much lower in Ecuador (11%), Argentina (13%), Chile (13%) and Peru (14%) than in Honduras (52%) or Guatemala (59%).

With respect to gender, illiteracy rates are similar for both sexes, although more young women than young men have a higher education, particularly in the Southern Cone countries (84% versus 76%). However, in Guatemala, Peru and Bolivia, young men continue to have a slight advantage over women. Finally, the percentage of urban youth with a higher education is four times higher than that of their rural peers (16% versus 4%). For young men, the percentages are 15% versus 3%, respectively, whereas for young women they are 18% versus 4%.

Cost of Dropping Out of School

Information on why youth drop out of school is available for six countries only.² Reasons for leaving school include: the need to work (32%), family and/or economic problems (29%), a lack of interest in school or poor academic performance (17%) and household duties and/or pregnancies (10%). Given that the second most commonly cited reason indirectly reveals the need for youth to work to alleviate household economic problems, it is clear that employment is the main reason youth leave school.

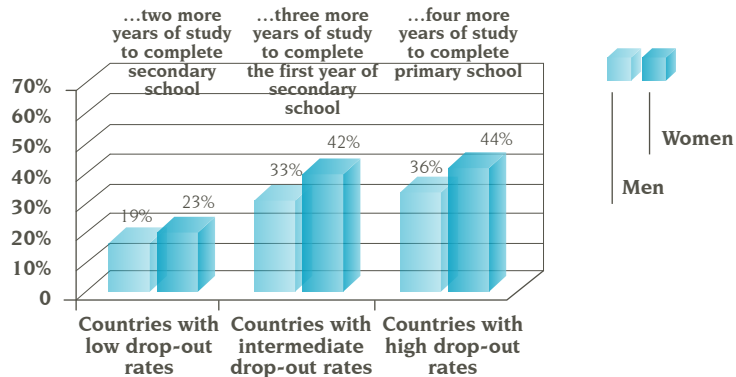
The figure below illustrates the loss of job earnings resulting from dropping out of school³:

² The Dominican Republic, Ecuador, El Salvador, Honduras, Nicaragua and Paraguay.

³ ECLAC (2002).

Loss of job earnings associated with dropping out of school, by sex and groups of countries

Percentage in which earnings would increase with...



Source: ECLAC, based on information from household surveys of the respective countries. See Chapter II of the 2001-2002 Social Overview of Latin America. Taken from Ernesto Espindola and Arturo León, "La deserción escolar en América Latina, Un tema prioritario para la agenda nacional," OEI, Revista Iberoamericana de Educación.

Education and Social Mobility

Education is an efficient vehicle for progress and social mobility since it gives positive returns, which are reflected in individuals' employment and job earnings. ECLAC studies reveal the need to complete secondary school, and if possible to pursue higher education, to cross the threshold that marks better returns on education and therefore, to escape from poverty, especially in increasingly competitive urban areas.⁴ The studies identify a turning point at the so-called 12-year education threshold. This return on education increases to the extent that more has been invested in it, in other words, the more years of study (quantity) completed and having the best learning environments, teachers and materials (quality).

A major study on social mobility in the region⁵ examines the real weight of existing evidence and argues that it is of limited value given the lack of intergenerational monitoring of families such as that done in industrialized nations. However, available data suggest that both social and educational mobility are low in the region. The study also reviews other research studies,

⁴ See UN, ECLAC, IYO, "Juventud and cohesión social en Iberoamérica," Santiago de Chile, 2009.

⁵ Azevedo, Viviane and César Bouillón, "Social mobility in Latin America: a review of existing evidence." Inter- America Development Bank, Washington, 2009.

which conclude that this low mobility is associated with some degree of social exclusion, reduced access to higher education and discrimination in the labour market.

A positive relationship exists between education and job earnings, in other words, the level of household earnings is closely linked to education received, as evidenced by the clear association between household income and the educational level attained by its members: the number of years of education completed progressively increases from the lowest to highest income quintile, from 5.4 to 10.7 years in the case of the household head, respectively, and from 6.2 to 11 years in the case of youth.

Clearly, education is frequently a determinant of inclusion/exclusion given that being able to enrol and remain in school and to receive a quality education that can impart sufficient knowledge and skills to obtain a good job and sufficient earnings is a major challenge, particularly for the poorest individuals. Exclusion particularly affects women, rural inhabitants and youth belonging to ethnic communities.

Expanding education coverage is not associated with an improvement in quality. Poor quality education hinders youth's possibilities for accessing better jobs and leads them to question the benefits of higher education. For this reason, countries are now defining education quality standards by identifying the skills that should be developed at each level. Several international comparisons on skills acquired have demonstrated that Latin American students perform poorly compared with those in other regions.

Poor quality education negatively affects access to opportunities for transition to quality employment. This effect, when perceived by youth, helps explain the lack of importance some give to education. In this regard, Vargas⁶ also attributes the education deficits of youth to "the little importance youth give to the capacity attained through education to give them a better future, and to their discrediting of the possibility of achieving a better future through work." Along these lines, a Siteal⁷ report questions whether youth leave school because they have to work or whether they turn toward the world of work once they perceive that school does not meet their expectations or simply excludes them.

⁶ Fernando Vargas, ILO/CINTERFOR. Contribution to this report.

⁷ Sistema de Información de las Tendencias Educativas en América Latina. Report, 2007.

Link between School and Work

The limited value placed on education and work could be counteracted with broad based policies to favour increased social integration that repairs the so-called “broken bridge” between formal education and professional training. To this end, wide-ranging policies are proposed that address social and educational gaps, which are often overlooked in policies that focus exclusively on youth’s labour market entry. These policies should also foster linkages between educational and labour efforts, promote social actors’ and young people’s involvement in the development of innovative solutions and expand opportunities in terms of educational supply, labour market entry, development of entrepreneurs and creation of businesses. Rural areas should also be included in policy solutions.

School must be linked with work since a youth’s performance throughout his or her work life will depend on this initial transition. In a study on this issue, the Adecco⁸ Institute reported that three main education/training systems determine the characteristics of the transition to employment: those of regular qualifications (such as in the English or French case), which are classic examples of continuing education, whether in the university system or in technical institutes, but with wide coverage; those of extensive professional training, such as the noteworthy German dual training system, where companies select secondary school graduates en masse and which operates practically on par with higher academic education; and a third system designed to harmonize the relationship between education supply and business demand. This system, which is operated by institutions and/or programmes, is possibly closest to the Latin American experience and has a low level of academic success.

These institutions and/or programmes are public and private operations that offer a supply designed to meet the demand created when young people complete their regular education in an environment of limited availability of jobs. Results of these programmes vary widely in terms of training quality and their real connection to labour market demands. This new training system plays a role in reducing pressure in the labour market and in decreasing social risk because it gives parents the option of offering an alternative to their children, delaying their transition to work. However, it does not necessarily significantly improve their possibilities for success when they eventually enter the labour market. Integrating school and work has become increasingly complex, among other reasons due

⁸ ADECCO INSTITUTE. “La transición de la escuela al trabajo: Podemos facilitarles ese difícil trance a los jóvenes europeos,” Adecco Institute, White Paper 3, London, April 2007.

to technological and productive developments. These changes occur so rapidly that official teaching systems cannot keep pace.

To improve the school-to-work transition, increased integration of the world of work with the world of education and vice versa is essential. With respect to the former, measures could include redesigning the curriculum (with the effective participation of businesses) and teacher training to strengthen youth's identification with the economic and productive world; increasing intermediate vocational training, particularly in poor rural and peri-urban areas; facilitating student visits to production centres and access to internships as an integral part of training; and establishing vocational training centres in schools and universities, or facilities associated with them, among others.

Likewise, the world of education must also be linked to the world of work. To this end, measures could include ensuring that companies provide vocational training to their young workers, in addition to training them for their specific job duties; introducing technological changes at work, which are associated with the increased engagement of youth with modernization processes; monitoring and follow-up of workers' skills as part of efforts to increase productivity; and strengthening ties between businesses and schools to enable the latter to serve as centres for practical training, vocational guidance or implementation of employment programmes.

■ YOUTH EMPLOYMENT in Latin America

By definition, all youth (aged 15 to 24 years) form part of the Working Age Population (WAP). Therefore, in Latin America in 2010, there were 104.2 million young WAP, of which nearly 50 million were employed or actively seeking work, that is, they formed part of the Economically Active Population (EAP). Youth account for a fifth of the total EAP in Latin America. As a group, young EAP have higher educational levels than adult EAP, which suggests that in the medium and long term, this group has a greater possibility of reaching increased productivity levels.

The youth employment rate varies significantly among countries; however, it is below that of adults across the board. The percentage of youth who are employed or actively seeking work is clearly higher in the Southern Cone than in the Andean region and Central America, particularly in Brazil (63%). Other countries with high youth employment rates are Peru (62%) and Paraguay (60%). By contrast, Chile stands out for having the lowest rate of youth employment (34%) yet the highest GDP per capita in the region.

	Total	Southern Cone Countries	Andean Countries	Central American Countries
Youth employment rate	54%	59%	50%	48%
Adult employment rate	69%	69%	72%	65%
Difference	15 percentage points	10 percentage points	22 percentage points	17 percentage points

The youth employment rate is markedly higher among men than among women. The percentage of young men who are employed or seeking work (64%) exceeds that of young women in the same situation (43%) by more than 20 percentage points. Although the employment rate among men surpasses that among women in all countries of the region, the difference is much greater in Central America (in Honduras and Guatemala, for example,

employment among men is 42 and 38 percentage points higher than that among women, respectively). By contrast, the gap is much smaller in Peru, Argentina and Bolivia (13, 14 and 14 percentage points, respectively).

There are no major differences in urban and rural youth employment rates. The urban youth employment rate is 54%. Differences become apparent when urban employment is disaggregated by sex and age. In urban areas, the gap between employed men and women is smaller (from 21 to 16 percentage points), which reflects both the increased labour force participation rate of women and the lower participation rate of men. Differences in youth employment in urban areas are more evident between the group of 18-24 year olds and 15-17 year olds (from 34 to 39 points), mainly because fewer young people in the latter group are working or seeking employment.

In light of the above, would it not be preferable for youth to complete higher education before joining the labour market? Research suggests that this is desirable since early employment in unfavourable conditions has a negative impact on youth's employment trajectory, creating a vicious poverty cycle. The lowest rates of youth employment are found in countries with high GDP per capita, such as Chile, the Dominican Republic and Venezuela. Countries with large rural populations, such as Brazil, Peru and Guatemala, have the highest youth employment rates, although Brazil does not have low per capita income.

Clearly, public policies are needed that encourage youth to complete their education and job training and thus to improve their employability. However, it is also a priority to improve working conditions of youth who are currently employed.

Youth Unemployment

Approximately 6.7 million youth in Latin America are unemployed, representing approximately 44% of the total unemployed population in Latin America. The regional youth unemployment rate is 13%. Although the youth unemployment rate varies among countries, in all cases it surpasses that of adults. The percentage of youth who seek but cannot find employment declines significantly when only Central America is considered. Guatemala and Honduras (4% and 5%, respectively) have the lowest rates. By contrast, countries with rates above 20% include Argentina (24%), Colombia (21%) and Uruguay (21%).

	Total	Southern Cone Countries	Andean Countries	Central American Countries
Youth unemployment rate	13%	16%	14%	7%
Adult unemployment rate	5%	5%	5%	3%
Difference	8 percentage points	11 percentage points	9 percentage points	4 percentage points

The fact that youth have higher unemployment rates despite being better educated than adults may seem contradictory since, in principle, employers should hire individuals with more training. Possible explanations for this phenomenon include: that more training is not necessarily equivalent to better training; that youth's increased education could raise their salary expectations, which would make them less likely to accept certain jobs; that there are fewer young than adult household heads, for which reason youth would be less likely to be forced to accept any job in order to cover household expenses. Nevertheless, the argument that probably best explains the higher unemployment rate among youth is that they have less work experience than adults. This limited work experience among youth is reflected in the fact that 62% of unemployed youth have never worked before, whereas 38% were previously employed.⁹

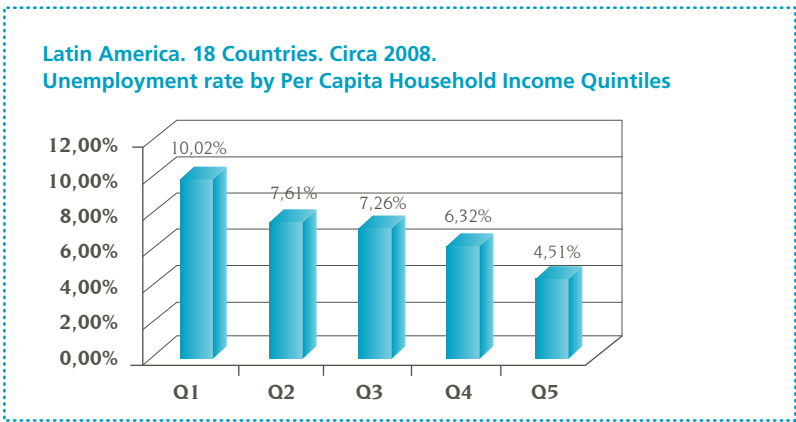
Youth aged 18-24 and those aged 15-17 have similar unemployment rates. Unlike other indicators, here it is not possible to generalize the result given that in some countries (particularly those of the Southern Cone), the youth unemployment rate is higher whereas in others (mainly in Central America), the opposite is true. The youth unemployment rate is significantly higher among women. The percentage of unemployed young women (17%) is 6 percentage points higher than that of young men (11%) and the difference is largest in the Southern Cone countries. Higher unemployment among young women occurs in all countries of the region except for Bolivia and El Salvador, where the percentage of unemployment among young men is equal to or higher than that of young women (10% versus 10%, respectively, in Bolivia and 12% versus 9% in El Salvador).

The higher unemployment rate among women is associated with their traditional roles as homemakers and mothers. Many employers offer

⁹ These percentages differ significantly among countries: at one extreme are Argentina, Guatemala and Venezuela, with very low rates of previously employed youth (22% and 22% and 16%, respectively) and at the other, the countries in which the percentage of previously employed workers is nearly equal to that of those who have never worked (Brazil, for example, where 46% were previously employed) or even higher (the Dominican Republic, 71%, and Nicaragua, 53%).

certain jobs to men only. Additionally, employers sometimes believe that hiring women will entail higher labour costs due to maternity leave. Policies such as paternity leave, delayed motherhood, the pressure women exert on the labour market due to their higher educational level and the decline in fertility rates should bring about changes or have an equalizing effect on male and female employment rates.

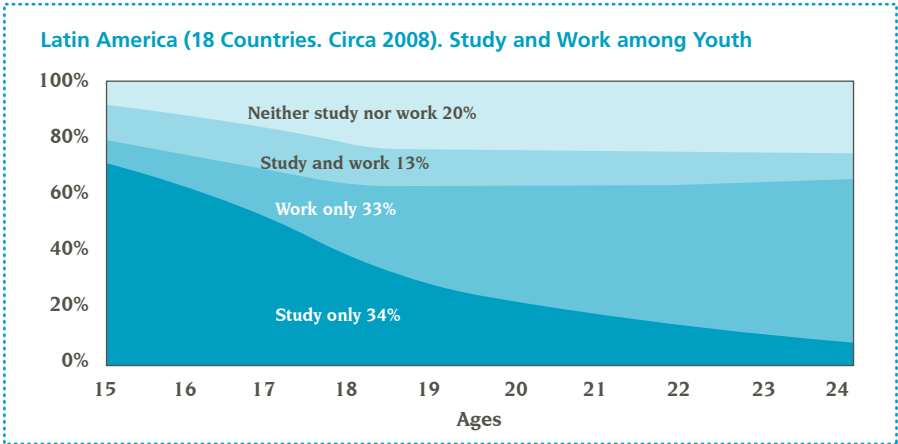
The youth unemployment rate is higher in urban than in rural areas, by an average of 13% to 16%. The relationship between household poverty levels and possibilities for employment is an important consideration here. Availability of household income is influential given that to obtain employment in an urban area involves prior access to social networks and mediation mechanisms. Thus, youth from families with higher incomes have an advantage over those belonging to poorer households.



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

School-to-Work Transition

The transition from school to work is not always smooth. Approximately 20% of youth neither study nor work. Youth can be divided into four groups: those who study only (34%), those who both study and work (13%), those who work only (33%) and those who neither study nor work (20%).



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

Countries with the highest GDP per capita have the highest percentages of youth who study only: Chile, 56%, and Venezuela, 54%. In other countries of the region, the percentage is very low: Peru, 23%, and Guatemala, 20%. The Southern Cone countries have the highest percentage of youth who both study and work (17%) whereas Central American countries have the lowest (just over 10%). For youth who work only, the percentages are 44% for Guatemala, 42% for Peru, 22% for Chile, and 19% for Venezuela. Colombia (28%) and Honduras (27%) have a large population of youth who neither study nor work.

Sixty-two percent of youth aged 15-17 study only, versus 20% for those aged 18-24. Among those who work only, the figures for these age groups are 12% and 44%, respectively. Finally, the percentages of youth in these age groups that neither study nor work are 12% and 24%, respectively, which is of concern for different reasons in each case.

Thirty-six percent of young women study only compared with 32% of young men, except in Peru, where the figure is 23% for both sexes; Colombia, with 37% for women and 38% for men; and Bolivia, with 38% and 39% for women and men, respectively. Forty-two percent of young men work only, compared with 24% for young women. The gender gap is largest in Central America and smallest in Bolivia. Overall, in Latin America, the percentage of women who neither study nor work (28%) is higher than that of men (11%), with Guatemala having the largest gap.

Distribution between training and youth employment in Latin America by sex

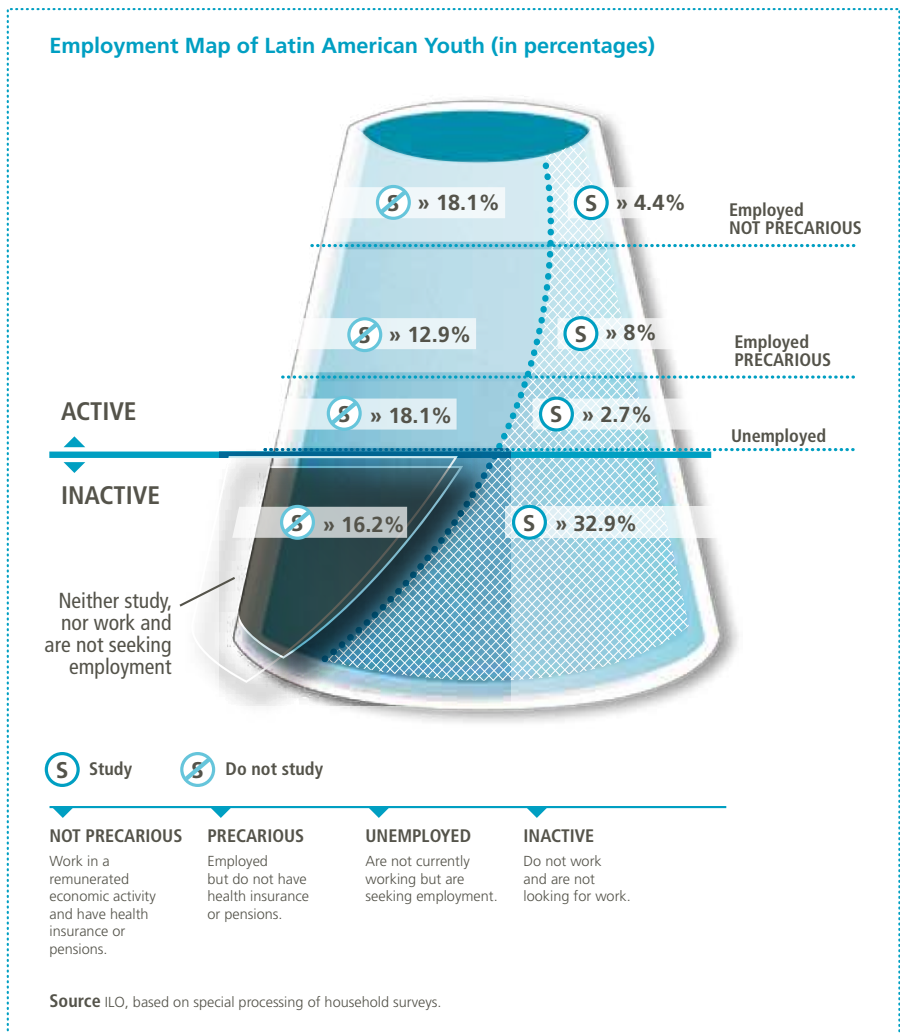
	Youth population that studies only	Youth population that works only	Youth population that both studies and works	Youth population that neither studies nor works
Total	34%	33%	13%	20%
Women	36%	24%	12%	28%
Men	32%	42%	15%	11%

Thirty-six percent of urban youth study only, as compared with 22% for those in rural areas. In rural areas, 40% of youth work only, as compared with 32% for urban areas. The percentage of youth that neither study nor work is higher in rural areas (26%) than in urban areas (19%), which can be explained by the weight of the percentage of women in this category (40%). This is most evident in Central America. This result is also associated with the increased incidence of the group of youth that neither works nor studies in low-income households: 30% are from households in the lowest-income quintile whereas just 11% are from households from the highest-income quintile.

Adding job precariousness as a category reveals a more precise map of the labour situation of youth in Latin America. Eight percent of youth who both study and work do so in precarious conditions whereas the percentage is 12.9% for those who work exclusively. Policy interventions in this area should focus on reducing these youth’s lack of social protection. Among youth who neither study nor work, nor seek employment (16.2%), 67% are homemakers whereas the other 33% are discouraged workers. Here the risk is social exclusion and marginalization. Social exclusion requires ad hoc policies.

Youth Employment in Latin America

Approximately 43.5 million youth are currently employed in Latin America, accounting for approximately 20% of the total employed population. While the inactive group (that neither works nor is seeking employment) is larger than that of employed youth among youth aged 15 to 17, the opposite occurs in the population ages 18 and over. This becomes a trend where, as the number of employed increases, the number of inactive workers declines. Thus, by age 24, twice as many people are employed as inactive.



Occupational Categories

The structure of the youth labour market differs significantly from that of the adult market. There are more youth than adult wage and salaried workers in the private sector (60% versus 45%). Just 5% of youth work in the public sector, as compared with 13% for adults. Sixteen percent of youth are independent workers, versus 32% of adults. The percentage of young domestic workers is 19%, compared with 1% for adults in this category.

The higher percentage of youth in wage and salaried employment compared with adults may be explained by the advantages business owners have in hiring youth, such as their higher level of education, lower cost and/

or the existence of incentives for employing youth that make their hiring more flexible. Nevertheless, there are more adult wage and salaried workers in the public sector, which mainly reflects current legislation in most of the countries of the region, which at least partially continues to adhere to the traditional “public service career” system. A second relevant issue is that self-employment is much more common among adults than among youth. This form of employment is concentrated in the rural population as well among merchants and personal service workers in urban areas. A third consideration is that there are more young household workers, which reveals their less favourable labour situation given that this work tends to take place in conditions of submission and long hours, leaving little margin for personal initiatives for social progress.

Youth account for approximately seven million of the 63 million people in Latin America who are employed as independent workers (11% of the total). A study by Angelelli and Prats¹⁰ reported that there are approximately 5.1 million young entrepreneurs in Latin America, representing 8% of the total entrepreneurs in the region. Youth experiences of entrepreneurship are still limited in the region, which is not surprising given that creating and managing businesses requires start-up capital, experience and a solid network of contacts, among other factors, which usually take time to accumulate.

Chacaltana¹¹ found that when youth complete secondary school and even higher education, they most frequently move on to wage and salaried employment and regard entrepreneurship as a last option. They may become “entrepreneurs out of need” rather than “entrepreneurs by vocation,” which includes those who take advantage of an economic opportunity, those who want to continue with the family tradition and in general those whose decision to become an entrepreneur is not based solely on economic need.¹²

What is at issue here is whether the fact that most individuals decide to become entrepreneurs in order to survive assumes that they are condemned to failure and, therefore, whether the policies and programmes that support entrepreneurs should focus on transforming those who are “entrepreneurs out of need” into those who are “entrepreneurs by vocation” or, in the extreme, to focus only on the latter. In addition, assuming that vocation is

¹⁰ ANGELELLI, Pablo and PRATS, Julia. Fomento de la actividad emprendedora. Sugerencias para la formulación de proyectos. IDB, 2005.

¹¹ Chacaltana, J (2006) Empleos para los jóvenes. CEDEP-ECLAC. Lima.

¹² “Developing entrepreneurship: experience in Latin America and worldwide.” Hugo Kantis, IDB. 2005.

crucial for the success of entrepreneurial experiences, traditional education systems should shift their focus from teaching students to become workers to encouraging them to become entrepreneurs. Moreover, "risk" generally has a negative connotation in society.

Overall, it can be argued that even youth who have a vocation to create businesses must travel a difficult road to achieve their objective. Obstacles such as youth's lack of experience, capital and contacts require policies such as the development of credit systems, training and technical assistance to facilitate the incorporation of youth into the ranks of entrepreneurs in the region. Those who do manage to form businesses need to remain in the market, expand and become profitable. Entrepreneurial policies and/or programmes should address this issue and thus contribute to reducing the mortality rate among new businesses.

Economic Sectors

With respect to employment by economic sector, there are few differences between youth and adults. Whereas the percentages of youth in the primary, secondary and tertiary sectors are 18%, 24% and 58%, respectively, those for adults are 17%, 22% and 61%.

Differences do exist among economic sectors in terms of young workers' labour market entry and exit. Thus, in the extractive sector, where agriculture predominates, youth find employment with few barriers initially; however, their participation declines over time because many migrate to continue their education or to work in other economic sectors. With respect to the manufacturing sector (secondary sector), in general, youth can enter early, especially through craft production, so that by the time they turn 24 they have practically reached the highest level of insertion. Their participation then begins to decline, decreasing significantly as retirement age approaches. Finally, in the tertiary sector, youth also are quickly incorporated, but with the difference that their participation continues to rise until age 30. In countries with less advanced economies, the tertiary sector is the "refuge sector" of unskilled labour, particularly in retail trade and personal services.

A more detailed picture of youth labour markets can be obtained by examining occupational groups since these reflect not only the economic activity youth engage in, but also their skills and competencies. Although there is a marked dispersion of occupations, these can be roughly grouped into five categories, each of which concentrate 12% or more of total employed individuals: farmers, livestock farmers and labourers (18%); sales people (15%); service workers (12%); and office workers (12%).

Youth's participation in the primary sector is higher in Andean countries than in those of the Southern Cone or Central America. The reverse is true with respect to the secondary sector. Results are similar for both the youth and adult populations. Where there is a clear difference between the age groups is in tertiary sector participation: among adults, it is nearly identical in Andean, Central American and Southern Cone countries. By contrast, youth employment in the tertiary sector is higher in the Southern Cone countries than in Andean or Central American countries. The proportion of women in the tertiary sector is much higher than that of men whereas the opposite is true in the primary and secondary sectors. These gender differences occur (at nearly the same level) in both the adult and youth populations.

Levels of Job Earnings

Whereas adults earn an average of US\$ 788 monthly, the average for youth is US\$ 424, a difference of 54%. Since one of every five employed individuals in the region is a youth, it is not surprising that the sum of youth's job earnings represents just 11% of the earnings of the total population.¹³ The gap favouring adults is largest in Southern Cone countries such as Brazil, Paraguay and Uruguay whereas earnings differences between the age groups are smaller in Bolivia, the Dominican Republic, El Salvador, Honduras, Mexico, Nicaragua and Venezuela.

These differences in job earnings are not associated with a higher educational level of adults. Thus, some arguments attempting to explain the difficult situation of youth in terms of labour market entry could also be used to explain the lower job earnings of those who do work. These include the fact that increased training of youth does not necessarily imply better training, and especially their limited labour experience, which is a key factor for employers both when deciding who to hire and when determining how much to pay the hired worker.

Although percentages for this indicator by poverty level are not available, it is known that youth from lower-income groups, especially women, usually form unions earlier. In addition, fathers' abandonment of family responsibilities tends to be more frequent in these groups and the gap in educational levels between men and women is greater. Thus, this is

¹³ Measured in the World Bank's PPP (Purchasing Power Parity) dollars. This measurement is an attempt to compensate for exchange rate differences; however, it is not always successful. Earnings listed in the tables should be compared with some skepticism given the differences between coverage, construction of survey variables, exchange policies and consumption structures, which are only partially compensated by the conversion to PPP dollars. In addition, interviewing processes and reporting biases may differ widely among countries as it is a very sensitive variable.

one way in which the intergenerational transmission of poverty takes place: children of abandoned women who are poor and have little education have a greater probability of being poor themselves.

Throughout Latin America, young women's average job earnings are less than those of young men. Nevertheless, gaps vary by country: those with the greatest wage differences between young men and women are Bolivia, the Dominican Republic and Peru whereas the difference is less pronounced in Colombia, El Salvador and Honduras.

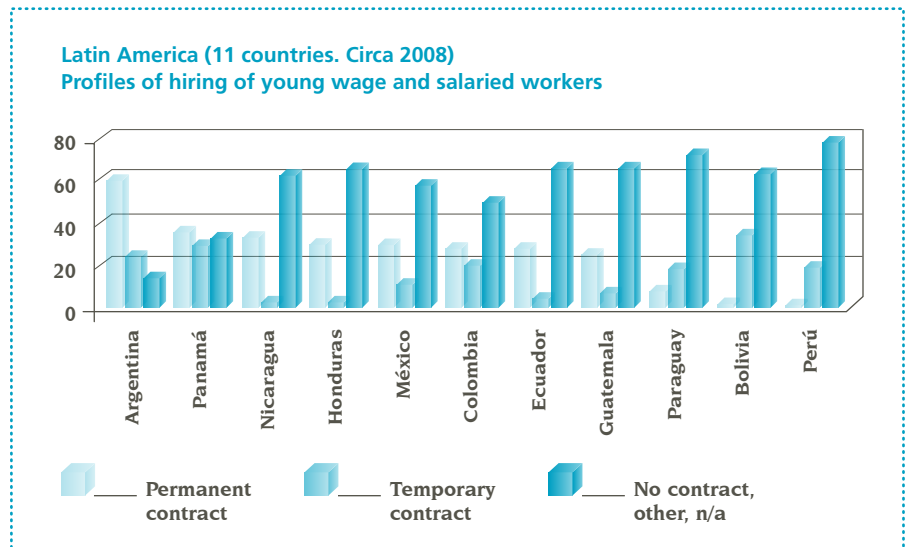
Social Protection

Social protection in Latin America has experienced uneven development. Although some countries have laws for universal unemployment and health insurance, as well as basic pension plans, actual coverage still lags behind.

In the case of the youth population, only 37% of employed youth have health insurance and 37% have pension coverage, as compared with 47% and 45%, respectively, for adults. This occurs because even though most youth are wage and salaried workers, half of them work in microenterprises and have no formal labour contract.

In this regard, the profile of hiring of young wage and salaried workers for the 11 countries with available information demonstrates that Argentina is the only country with permanent hiring for most wage and salaried workers given that dismissal must be justified in accordance with current law. In the other 10 countries, just 35% of contracts are permanent. In three countries (Bolivia, Paraguay and Peru), permanent contracts represent less than 10% of total contracts.

Southern Cone countries offer more access to social protection than do Andean and Central American countries. The lack of social protection is roughly equal for both sexes, even in the youth population, although women have a slight advantage. There is a clear difference when comparing the situation of urban and rural workers: 44% of urban workers have health insurance compared with just 15% of rural workers.



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

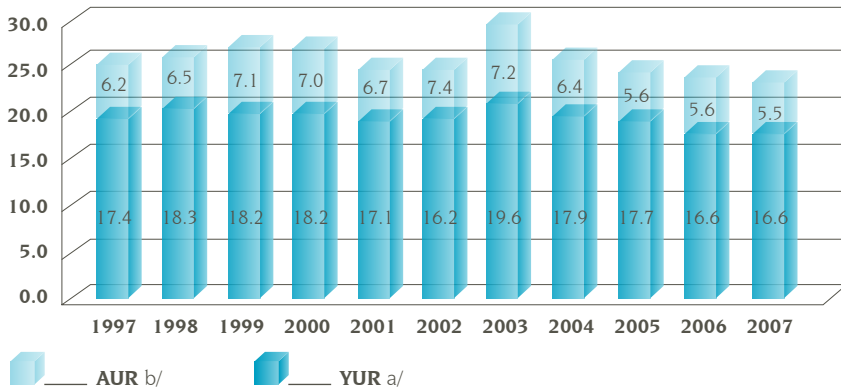
The figures underscore that social protection and, in general, better quality jobs, have not kept pace with advances in the increased labour market entry of youth in modern wage sectors (public and private). One reason for this is that in much of the world, not only in Latin America, the model of a stable, permanent staff has given way to flexible forms of employment that include outsourcing of work, rotation of jobs and schedules and the shortening of working hours.

The Crisis and Youth Employment

As the ILO has reported,¹⁴ the economic and financial crisis announced in August 2008 had repercussions on the real global economy, which subsequently negatively affected businesses and workers, as well as households in light of declining consumption and investment and the lack of job prospects. In Latin America, the impact of the crisis was felt in 2009, affecting the population in general and vulnerable groups in particular, in this case, youth. The crisis drove up the youth unemployment rate and increased informal employment among youth.

¹⁴ ILO. El impacto de la crisis económica and financiera sobre el empleo juvenil en América Latina. September 2010.

Latin America: Urban Youth and Adult Unemployment Rates (1997-2007) Percentages



Source: ILO, based on information from ILO - KILM - QUIPUSTAT - LABORSTAT, June 2010. For Latin America, information from 18 selected countries was used.

Note: a/ Youth Unemployment Rate, b/ Adult Unemployment Rate.

In the period 2007–2009, economic growth occurred during the first two years and the youth unemployment rate declined slightly. However, in 2009, when the effects of the crisis began to be felt in the region, GDP growth contracted and the unemployment rate rapidly increased.

Latin America: Real GDP and the Youth Unemployment Rate
First Quarter 2007 – First Quarter 2010 (percentage variation)



Source: ILO, based on information from IMF-WEOD, April 2010. The GDP series was constructed. For the unemployment rate, available information from ILO-QUIPUSTAT to June 2010 was used.

Note: a/ Real GDP at Constant Prices; b/ Youth Unemployment Rate; c/ Information obtained from Brazil, Chile, Colombia, Mexico, Peru, Uruguay and Venezuela; d/ GDP Information for the first quarter of 2010 for Brazil, Chile, Mexico, Peru and Venezuela only.

During the region's periods of economic growth (2003–2008), the youth unemployment rate did not as much reflect vigorous demand as it did a decline in the labour force participation rate. This decrease was more accentuated among youth, whereas the rate among adults increased or decreased to a lesser degree. Nevertheless, growth has been insufficient or irregular, which, together with a deficient labour market administration, has hindered growth in formal employment, particularly among youth. Additional causes include non-compliance with labour or social legislation and the market interest in reducing labour hiring and dismissal costs for this population segment.

The effects of the global economic crisis have not only triggered the rise in unemployment or the deterioration in job quality; they have also intensified poverty and inequality, which in turn threatens the education, health and well-being of children. This could hinder and even reverse recent global advances in reducing child labour and increasing children's access to education.

Strategic Framework for Developing Youth Employment Policies

Achieving the goal of decent work for youth in the global economy requires an adequate global and country-level regulatory framework that combines protection and promotion measures. The ILO contributes to the global effort by developing and promoting international labour standards designed to enable everyone, including youth, to obtain decent work.

Policy development at the global level has resulted in several important milestones, including the appeal to the General Assembly of the United Nations to declare 1985 Youth Year and the UN adoption, 10 years later, of the World Programme of Action for Youth to the Year 2000 and Beyond. The need to promote decent and productive work for youth is one of the targets (16) of the Millennium Development Goals and is directly related to the ILO's World Employment Programme. Likewise, the promotion of employment is an objective of the Youth Employment Network, a global partnership formed by the Secretary General of the United Nations, the World Bank and the ILO. The United Nations has also issued a series of resolutions and reports on youth.¹⁵

For the ILO, attention to this issue acquired special importance with the passage of the resolution of the 93rd Session of the International Labour

¹⁵ These documents can be viewed on the website of the United Nations and youth: <http://www.un.org/esa/socdev/unyin/library.htm#resolutions>

Conference in June 2005. The resolution establishes the priority objective of achieving decent work for youth. This objective is crucial for advancing in poverty eradication and sustainable development, growth and welfare for all.

There are also key ILO conventions and recommendations that provide guidelines for the development of youth employment policies.

The 2006 High-level Segment of the United Nations Economic and Social Council (ECOSOC, Geneva, Switzerland) made the commitment to "develop and implement strategies that give youth everywhere a real and equal opportunity to find full and productive employment and decent work." To this end, it stated that "given that almost half of the unemployed 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."

ILO Conventions related to the development of policies to stimulate youth employment

- **Convention No. 122 on employment policy, 1964.** With a view to stimulating economic growth and development, raising levels of living, meeting manpower requirements and overcoming unemployment and underemployment, each Member shall declare and pursue, as a major goal, an active policy designed to promote full, productive and freely chosen employment.
- **Recommendation No. 122 on employment policy, 1964.** The general principles of employment policy include the adoption of "the necessary measures to assist workers, including young people (...) in finding suitable and productive employment." It also calls for the need to prioritize "the serious (...) problem of unemployment among young people."
- **Recommendation No. 169 on employment policy (Supplementary Provisions), 1984,** establishes that promotion of full, productive and freely chosen employment should be regarded "as the means of achieving in practice the realization of the right to work." It contains a section on employment of youth and disadvantaged persons and establishes some special measures to adopt in the context of a global employment policy, with an emphasis on youth.
- **Recommendation No. 136 on special youth schemes, 1970,** calls for the implementation of "special schemes designed to enable young persons to take part in activities directed to the economic and social development of their country and to acquire education, skills and experience facilitating their subsequent economic activity on a lasting basis and promoting their participation in society."

With respect to Latin America and the Caribbean, the Agenda for the Hemisphere 2006-2015 was drafted at the ILO's Sixteenth American Regional Meeting, held in Brasilia in May 2006. It was subsequently adopted by representatives of organizations of employers, workers and governments. This document establishes the commitment to "promote better training and job access for young people," establishing the following target: "Within a ten-year period, halving the percentage of young people over the age of 15 who are neither studying nor in employment."

At the Ibero-American Summit of Presidents and Heads of States and Governments In October 2008, whose slogan was, "Youth, Decent Work and Development in Democracy," the Sonsonate Declaration was approved. Ibero-American governments, through their ministries of labour, agreed on a variety of measures to promote decent work for youth in their countries.

In addition, the Ibero-American Youth Co-operation and Integration Plan –developed by the Ibero-American Youth Organization to comply with the commitment made at the Ibero-American Summit of Presidents and Heads of States and Governments –includes an implementation strategy that incorporates employment as one of its key lines of action. The Plan expands activities to promote decent work and supports youth's self-employment initiatives based on their individual potential. It also promotes education and vocational training, in accordance with criteria of opportunity and pertinence, among others.

Moreover, the ILO's Declaration on Social Justice for a Fair Globalization (2008) promotes decent work for Latin American youth, and calls for the development of public policies and private initiatives for creating more opportunities and prospects for employment and income for society as a whole and for youth in particular.

Because of the uncertainties generated by the global financial crisis and its effects on employment, all proposals for policies and/or strategies to promote decent work for youth should consider the effects of the crisis on this diverse group of individuals. To this end, during the global crisis in June 2009, the ILO adopted the Global Jobs Pact with a view to guiding national and international policies designed to stimulate economic recovery, create jobs and protect workers and their families. It contains a series of measures that the countries, with support from regional and multilateral institutions, can adopt in an effort to mitigate the impact of the crisis and accelerate the recovery of employment. The fundamental objective of the Pact is to provide an internationally agreed basis for policy-making centred on investments, employment and social protection and designed to reduce the time lag between economic recovery and a recovery with decent work opportunities. It stresses that the response to the crisis should "contribute

to a fair globalization, a greener economy and development that more effectively creates jobs and sustainable enterprises, respects workers' rights, promotes gender equality [...]". The Pact calls for:

- A productive approach through entrepreneurship, innovation and sustainable enterprises to promote productive employment, decent and dignified work.
- Investment in people through the development of skills and knowledge for innovation and adaptability.
- The protection of people during the crisis and the creation, in all countries, of a basic social protection system developed on a solid fiscal base.
- Social dialogue and respect for labour rights and ILO international labour standards to reach fair solutions that protect employment and job earnings.
- A strong emphasis on gender equality and participation of youth.

The Pact is not a specific formula; rather, it contains recommendations in all these areas that can be adapted to the specific needs and contexts of each Member State.

On 24-26 May, 2010, a meeting was held in Salvador de Bahia, Brazil for the Pre-conference of the Americas that preceded the World Youth Summit held in Mexico in August 2010 and which brought together representatives of governments, civil society and youth. There the Bahia Charter was signed, which recognizes the challenge to fight poverty and inequality, in addition to that of improving training and employment for youth.

Participants agreed to promote efforts to eliminate discrimination and inequality; promote decent work; encourage participation of youth in the development of public policies; promote gender, ethnic and racial equality in all public policies; and ensure universal access to quality education, among others.



“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

