

Youth and MDG in Latin America and the Caribbean

As we approach the deadline for the Millennium Development Goals (MDG) by 2015, it is natural to wonder whether the countries from Latin America and the Caribbean (LAC) will be able to meet the proposed goals in terms of poverty, education and access to basic services and infrastructure, among others. The paper by Marchionni, Alejo, Conconi, Glüzmann and Tornarolli (2010)¹ focuses on analyzing the situation of young people between 15 and 24 years of age in the LAC region, especially in relation to the MDG. This analysis is based on microdata from household surveys from the SEDLAC database (CEDLAS and The World Bank). The paper assesses the situation of 23 countries in the region.²

Millennium Development Goals (MDG)

- Goal 1 (MDG 1):** Eradicate extreme poverty and hunger
 - Goal 2 (MDG 2):** Achieve universal primary education
 - Goal 3 (MDG 3):** Promote gender equality and empower women
 - Goal 4 (MDG 4):** Reduce child mortality
 - Goal 5 (MDG 5):** Improve maternal health
 - Goal 6 (MDG 6):** Combat HIV/AIDS, malaria and other diseases
 - Goal 7 (MDG 7):** Ensure environmental sustainability
 - Goal 8 (MDG 8):** Develop a global partnership for development
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Source: United Nations. <http://www.un.org/millenniumgoals/>

One of the first findings of this study is that, as a result of the demographic transition under way in most LAC countries, the relative size of the youth population is shrinking or will be in the near future. Although the consequences of this transition over the growth potential are not entirely obvious, it does seem very clear that the drop in the dependency rate in those countries which have already begun their demographic transition favors the concentration of public expenditure on youth and children. That is, the current demographic scenario seems to be working, at least in some countries of the region, in favor of increasing public investment in health programs (MDG 4, MDG 5, MDG 6) and education (MDG 2). The greater human capital of younger generations would eventually push for economic growth and poverty reduction (MDG 1).

This paper also finds that about half of young Latin Americans studies, though this average hides significant heterogeneities between countries ranging from 40% to 60%. Venezuela, Bolivia, Dominican Republic, Chile and Argentina (in that order) are the countries with the highest proportion of young people in the educational system (between 56 and 63%). Guatemala, Nicaragua, Honduras and El Salvador are in the opposite corner: only around 32-39% of the young people are enrolled at school.

In some countries, the majority of young people abandons school at around 12 years old (incomplete or complete primary education), while in others the dropping-out-of-school age is between 17 and 18

¹ “Los Jóvenes y los Objetivos de Desarrollo del Milenio en América Latina y el Caribe”, by Mariana Marchionni, Javier Alejo, Adriana Conconi, Pablo Glüzmann and Leopoldo Tornarolli (2010). Working Paper No. 99. Working Paper Series CEDLAS.

² The period between the early 1990s to circa 2008 is analyzed for the 18 countries of Latin America, depending on the last available survey in each country. Information is presented for the only available survey for the five Caribbean countries, which were carried out between 1999 and 2001.

(incomplete or complete secondary education). Regarding gender differences, full-time study is more common among women, while young men usually choose a combination of schooling and part-time work. Differences are also found between urban and rural areas: school enrollment is significantly higher in the former.

Most young people not engaged in studying are part of the labor market. Participation rates vary markedly among countries, ranging from 50% (Colombia, Dominican Republic and Venezuela) and 70% (Bolivia, Peru and Ecuador). They also vary by gender and urban/rural areas: participation rates are higher for men and in rural areas.

Marchionni *et al.* (2010) further evaluate the progress towards MDG 1 (reducing income poverty).³ Beyond the variability in poverty level between countries, it is found that young people are relatively less poor than children, due to living in smaller households with a lower dependency rate.

Poverty fell from the early 1990s in almost every country in the LAC region (6 percentage points on average), a statement that holds for every age group, including the youth. The objective of halving poverty since 1992 has already been achieved or is about to in most countries with large improvements in terms of poverty reduction, such as Brazil, Chile, Costa Rica and El Salvador. Other countries, including Nicaragua and Bolivia, are still far from meeting this goal, in spite of their significant improvements in reducing poverty rates. Among the countries that experienced an increase in poverty levels at some point of the analyzed period, Argentina and Uruguay are not far from halving 1992's poverty rates, while Colombia and Honduras are more than 20 percentage points away from achieving the MDG.

Poverty rates among young people dropped 5 percentage points in LAC, on average. Nicaragua had the highest proportion of poor young people in the region at the beginning of the 1990s, but was able to reduce it by 22 percentage points in 12 years, though it remains to be the poorest country (when considering young people). Colombia shows the opposite results: though its poverty rates among the young were similar to the regional average in the early 1990s, the proportion of poor young people increased almost 12 percentage points in the following decade, placing Colombia second in the region in terms of youth poverty.

There are great disparities in the incidence of poverty among the emancipated youth and those who still are not. In Latin America, the average difference is around 10% in favor of young people still living in the parental home. High unemployment rates experienced by young people are behind these results, as well as the limited access to adequate paying jobs. These differences are mainly seen among women, who usually start a family at a younger age than men.

Finally, the paper includes some microsimulations in order to quantify the changes in poverty (MDG 1) that could be expected from the demographic transition in place, the intended progress in education (MDG 2) and greater gender equality (MDG 3). The scenarios that are simulated include: changes in the age structure according to the United Nation's projections (2009), universal primary education and gradual expansion of enrollment in secondary and tertiary levels, and equalization of hourly wages of young men and women. All these changes imply a reduction in poverty levels, mainly due to the educational progress, though the effect is limited in magnitude in the LAC region. Even though these changes seem to have a significant impact in reducing poverty in some countries, in general they do not appear to be sufficient to meet MDG 1 (at least under the considered assumptions).

³ The analysis uses the moderate poverty line of USD 2.5 per day (in dollars PPP), on the grounds that the USD 1 poverty line, explicitly mentioned in the MDG 1, is too low for the LAC countries. Household per capita income is used as a measure of individual well-being, though the effect of considering adjustments in incomes per adult equivalent and economies of scale were also analyzed.