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The MDGS and the youth in Latin America and the Caribbean

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1. Introduction

How do the Millenium Development Goals and its pursuit impact the youth in Latin American and Caribbean nations? Although all the MDGs concern the youth in some aspect, there are some that have a more direct relation to this population group. The achievement of universal primary education (MDG2) is one of those, for whilst the target population of primary education is children, in time this will produce a leveling of basic skills and knowledge among the youth. And so is the gender goal (MDG3), which ultimate target is to overcome the differentials between males and females in all levels of education. To halt and reverse the spread or AIDS, target of one of the health goals (MDG6) is also of uttermost importance to boost the capabilities of the youth, as well as the improvement of maternal health (MDG5), since most of the children are born out of young couples. But of all the targets of the MDGs, the one that regards more explicitly the youth is that which prescribes the development and implementation of a strategy for "decent and productive work for the youth" (MDG8).

Therefore, education, health and decent work are the concerns with youth that are implied by the MDGs. To assure that the youth won't fall in one of the many poverty traps that may have tricked down their parents they must be provided with basic education, they must be healthy and informed about preventing themselves against lethal or impairing diseases, and they must be given opportunities to engage in economic activities bearing protection against exploitation, low quality or harmful jobs.

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However, just looking at the indicators proposed for monitoring the many targets of the MDGs is not enough to understand how the youth is faring impacted by the global effort to comply with the MDGs by 2015. That limitation is fostered by inequality. The existence of inequality implies that the average picture of the youth does not really depict the situation of particular groups. As Latin America and the Caribbean are known to be the region of some of the most unequal countries in the world, the issue of inequality becomes a major concern for those evaluating the progress of the region towards the MDGs. In other words, it is possible and very likely that some of the MDGs may be reached in average, but not for particular groups of the population, such as those defined by gender, race or ethnicity, income, and the place of living. The higher is the degree of inequality, the higher is the probability that an overall indicator will hide significant within countries disparities. And so, to interrogate inequality, one needs to look beyond averages. That is precisely what we intend to do in this short and descriptive report, focusing on a particular age group, those aged 15-24 years, the youth.

Although this seems to be an easy task, it is not. Overall indicators for nations are easy to find, but the same can not be said of disaggregated indicators. In this report we overcome this challenge thanks to EQxIS, a joint initiative of the United Nations Development Programme, UNDP, and of the Inter-American Development Bank, IADB, sponsored by the Department of International Development of the British Council, DFID. EQxIS is a database of socioeconomic indicators related to the MDGs and its targets on Latin American and Caribbean nations. EQxIS stands for Equity and Social Indicators.

EQxIS can not be treated as just another database. EQxIS distinguishes itself from other similar initiatives by its unique collection of indicators disaggregated by the following breakdowns: i) gender; ii) race or ethnicity; iii) urban and rural areas; iv) income; v) country regions. Besides the breakdowns which allows for beyond averages analyses, EQxIS has another edge above similar initiatives, which is enclosed in the fact that all indicators were calculated by the same team based on household surveys, the data was not gathered in its final form from Central Statistical Offices. Therefore, the team that set it up was able to follow, as strictly as the raw data from the household surveys allowed, the United Nations methodological recommendations for calculating the indicators suggested for monitoring the progress towards reaching the targets of the MDGs.

Besides the methodological standardization of the indicators provided, EQxIS is also statistically rigorous in the sense that the confidence intervals were calculated for all indicators. To guarantee the rigor, EQxIS “censored” indicators calculated based on small samples, or those which standard deviation was more than 20% of the mean. The information is also available for more than one time point, for some countries up to eight time points might be available.

In the descriptive analysis of the youth situation in regard to the MDGs, we will focus on just three indicators: the rate of disconnected youths (which is not an “official” MDG indicator); an alternative literacy rate that is based on the completion of at least five years of primary schooling; and the unemployment rate of the youth. For the three indicators we will follow the same analytical steps. We will start by analyzing its level and the temporal evolution; then we will see the differences that come forth when the

indicators are disaggregated by area (whether urban or rural); by gender; and by quintiles of the national per capita income distribution.

Notwithstanding all the advantages of EQxIS, all the remarks usually made about cross-country comparison are valid for the results we will present. It is important to keep in mind that the surveys used to characterize the youth regarding those three indicators have distinct questionnaires, and consequently different ways of gathering information, therefore cross-country comparisons should not be strictly considered. On the other side, it would be naive to attribute all differences to this limitation. Either way we are not, in this report, much interested in comparing countries in terms of the level of their national indicators, but mainly in terms of the differences between groups within countries.

Besides this introduction, the reader will find four other sections in this report: one for each indicator, and a final section with concluding remarks, in which all the main findings are summarized and framed together

2. Disconnected youths

We shall start by glancing at the activities of the youth. There are strong social expectations directed towards the way the youth dispose off their time. Usually there's higher tolerance for idleness among the youth, up to a certain level. But undisputedly they should be preparing themselves for their life as grownups, when they will have to provide for themselves, and most likely for their offspring. By preparing themselves we should understand that they ought to be building skills, acquiring human capital normally through formal education, or gaining experience in their first jobs, full or part time. If they are not preparing themselves, they could at least be carrying out some of their household's chores. Therefore complete idleness among the youth is seen as something highly undesirable.

We can then think of the youth as split in two groups. One is that of the connected youths, those who are getting some kind of training or education, or are already engaged in an economic activity, employed or self-employed, full time or part time, or even helping at home, doing things such as taking care of the younger ones and the elderly. The other group is complementary made up of the disconnected youths. Although the disconnection might be temporary, is not absurd to speculate that disconnected youths are more vulnerable in the sense that they are more prone to engage in harmful activities, such as drug abuse as well as criminal activities, raising their risk of becoming victims of violence. They are also simply more prone to lag behind others that are connected, restraining their future opportunities in life.

This characteristic of the youth is represented in *EQxIS* by the Disconnected Youths indicator. The indicator is the percentage of the population aged 15 to 24 years that is disconnected. Disconnected are youths that do not commit some of their time to perform at least one of three activities:

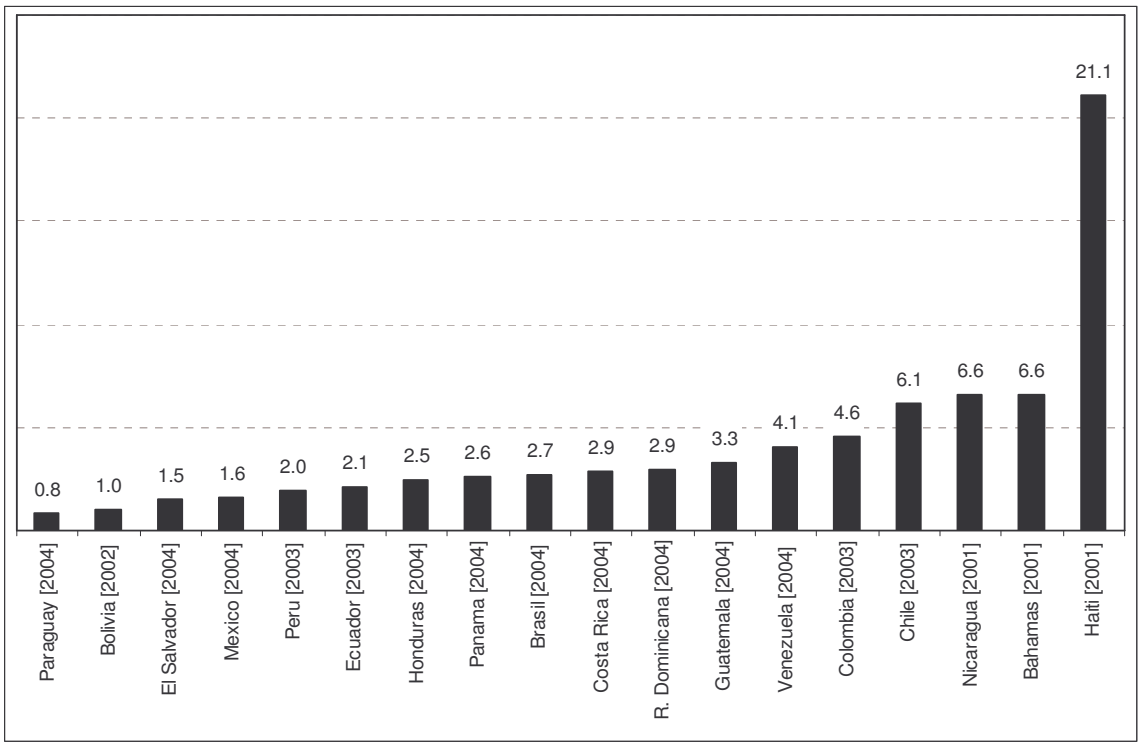
1. Attend school (any kind or level)
2. Engage in economic activity
3. Help other members of the household (at work or at home)

Whenever the information was available, disabled youths, notwithstanding disability being permanent or temporary, were considered connected regardless of not doing any of the activities above. It is important to keep in mind that the surveys used to characterize the youth regarding those three activities have distinct questionnaires, and consequently different ways of gathering information, therefore cross-country comparisons should not be strictly considered.

2.1. Level and evolution of the rate of disconnected youths

Let's now examine the percentage of the youths aged 15-24 that were disconnected in some Latin American & Caribbean countries. This indicator is depicted in Chart 1, for the closest available time point in the EQxIS database.

CHART 1. Disconnected youths as percentage of the population aged 15-24 years. Latin America & Caribbean



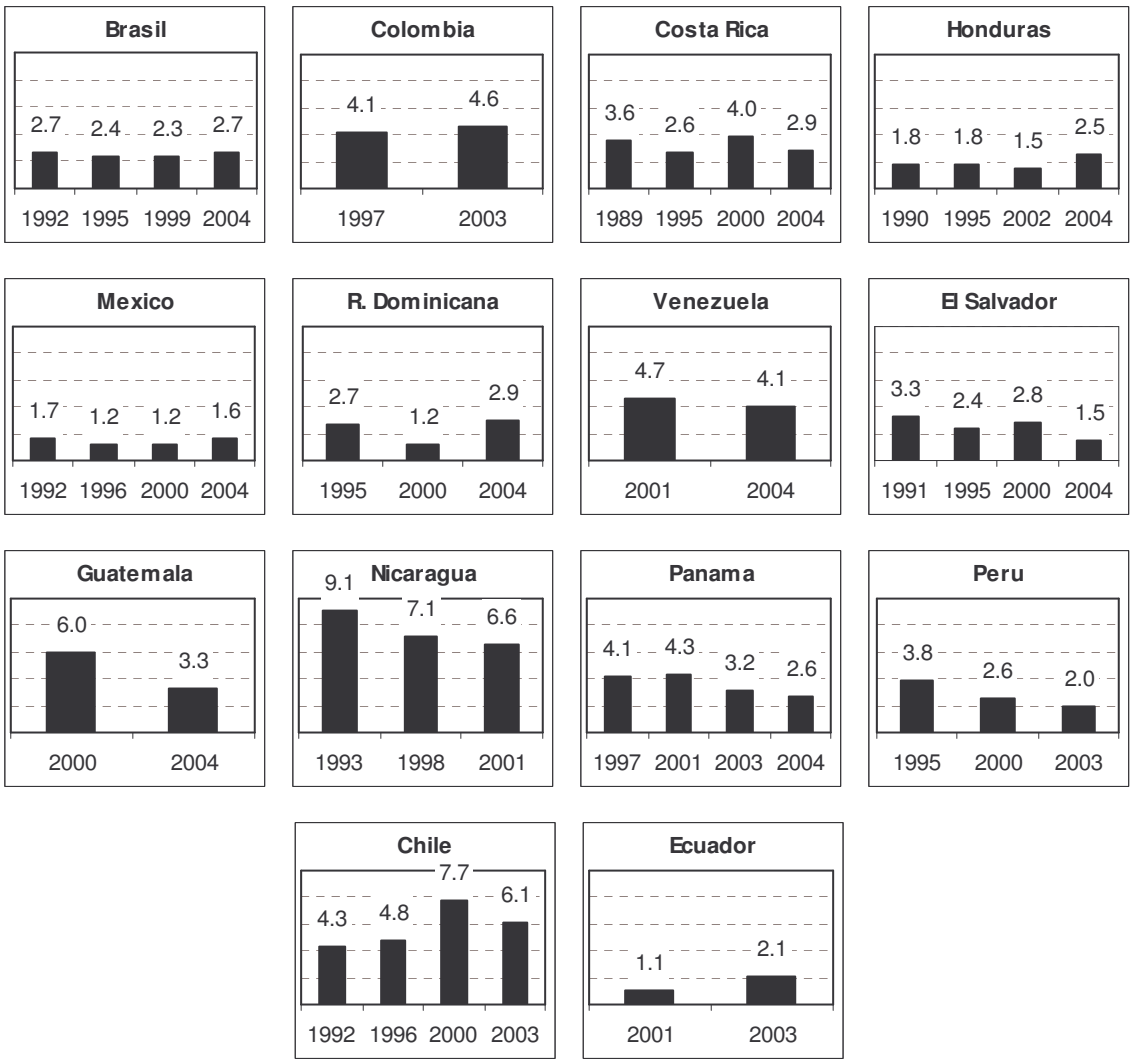
Source: Inter-American Development Bank, EQxIS (www.iadb.org/xindicators)

Haiti clearly stands out as the bearer of the highest rate of disconnected youths, definitely an outlier. Not counting Haiti, the average rate for the countries in Chart 1, not population weighted, is 3.2 and the standard deviation is 1.8. Of the 18 countries represented, only six had rates farther than one standard deviation from that mean: the aforementioned Haiti, Bahamas, Chile and Nicaragua with higher rates; and Bolivia and Paraguay standing out as the bearers of lowest rates.

First question that such a picture raises is about the temporal evolution of the rate of disconnected youths. Has it been lowering or worsening? To answer that question, Chart 2 presents in sub-charts the temporal evolution of the Disconnected Youths indicator for all time points available for each country in EQxIS.

For the first seven countries, from Brazil to Venezuela (by rows), is not possible to pinpoint a trend, there is either small variation or it is not clearly up or down. In the next five countries, from El Salvador to Peru, the rate of disconnected youths declined during the period. Chile and Ecuador are the only countries of the 14 that had information for more than one time point that seem to have experienced a raise of the rate of disconnected youths. But nevertheless Ecuador has one of the lowest rates, and it might have not risen at all from 2001 to 2003 if we take into account the confidence intervals. The case of Chile is somewhat different, because the rate of disconnected youths increases in the overall period 1992-2003, but shows what might be interpreted as the beginning of a declining trend after reaching a peak in 2000.

CHART 2. Disconnected youths as percentage of the population aged 15-24 years by year. Latin America & Caribbean



Source: Inter-American Development Bank, EQxIS (www.iadb.org/xindicators)

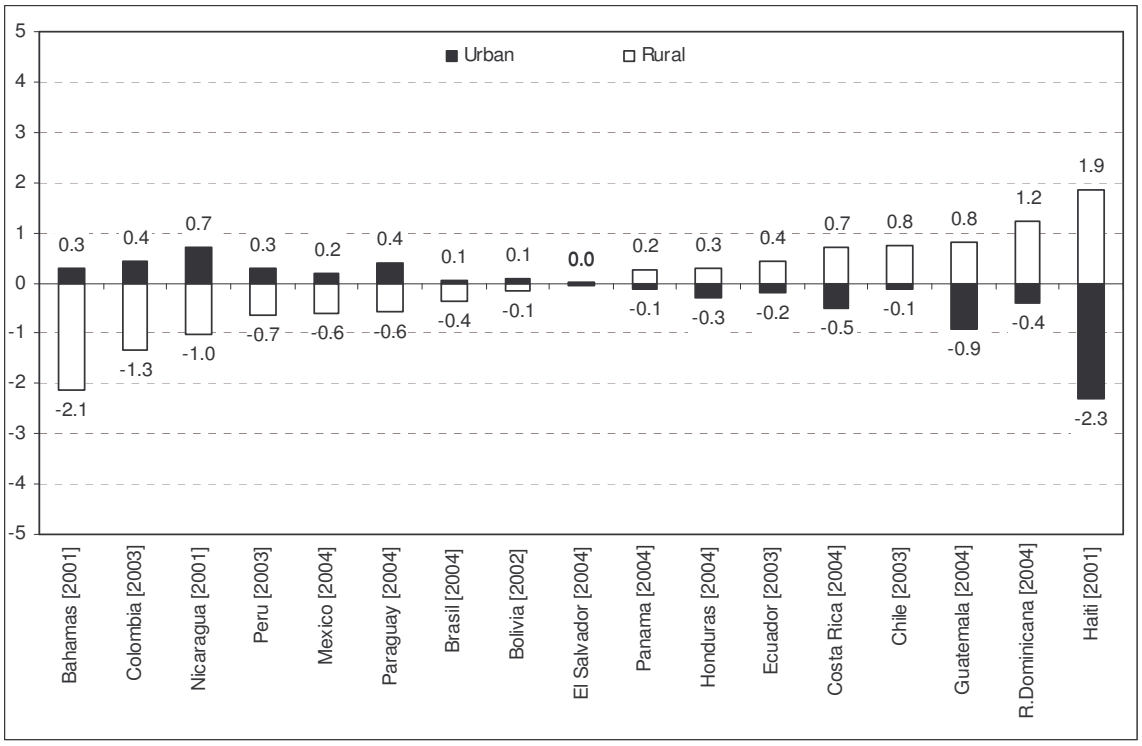
Setting aside the countries for which we had information just on one time point, one could say that the general trend for the countries under scrutiny is that of lowering their rates of Disconnected Youths. But this is the average picture. Does it stand for the different population groups that inhabit those countries? This is one of the questions that require a look beyond averages, and as advanced, we will answer it by examining differences between urban e rural areas, between genders, and between quintiles of the *per capita* income distribution, breakdowns that are made available by the EQxIS database.

2.2. Disconnected youths beyond averages: disaggregated by area, gender and income

Starting with the area breakdown, it is mandatory not to forget that the urban and rural categories in the EQxIS database follow the concepts deployed by the surveys of

each country, therefore what is understood by urban and rural can differ significantly. For instance, in Mexico rural localities are defined by population size and in Brazil by municipal laws. As advanced, the aim of this paper is to stress the differences found when countries are considered under a beyond average approach. Chart 3 was built in a way to allow the observer to look at the cross-country difference of differences between the rates of disconnected youths in urban and rural domains for the last time point available for each country, abstracting the global level of the indicator.

CHART 3. Disconnected youths as percentage of the population aged 15-24 years; urban-rural difference in percentage points. Latin America & Caribbean



Source: Inter-American Development Bank, EQxIS (www.iadb.org/xindicators)

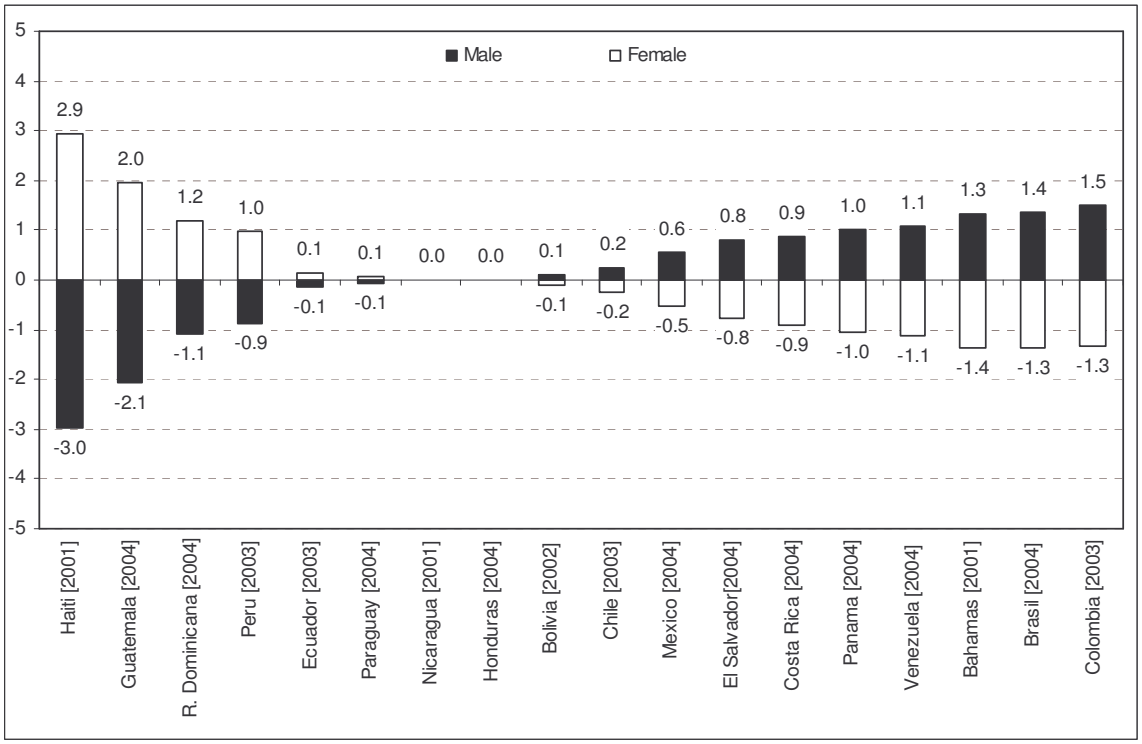
In Chart 3 the zero level represents the average rate of disconnected youths for the whole country. The white bars represent the difference, in percentage points, of the rural area average to the overall average; and the black bars the same for urban areas. The length of each country bar, given by the sum of the absolutes of the rural and urban differences to the grand average, is the distance between the urban and rural rates. The countries were ordered from that in which the rural rate was farther down the country rate, Bahamas, to the farther high, Haiti. For instance, Nicaragua, which we learned from Charts 1 and 2 had 6.6% of the population aged 15-24 disconnected: had a distance of 1.7p.p. (percentage points) between its rural and urban rates; had a rural rate 1p.p. smaller than the overall rate, and a urban rate 0.7p.p. higher, respectively 5.6% and 7.3%.

As most of the countries are predominantly urban, urban rates are closer to the overall average: the higher the urban proportion of the country's population, the closer the urban rate will be. Haiti and Guatemala are the only countries where the rural

population aged 15-24 years weighs heavier on the overall average than its urban counterpart. There are two clearly distinguishable groups of countries: those eight to the left where the urban percentage of disconnected youths is higher than the rural one; and those eight on the right, where the former urban-rural relation is switched (El Salvador is not classifiable because the rates are too close). But despising the variations due to the different degrees of urbanization, one can easily see that generally speaking, the rate of disconnected youths does not vary much between urban and rural areas. In all but two of the depicted countries, the distance between indicators is less than 2p.p. The exceptions, Bahamas and Haiti, are the countries with the highest levels of disconnected youths.

Second breakdown to apply to the rate of disconnected youths is gender. Although the gender complex varies a lot between cultures, the universal criterion for establishing the gender of an individual in surveys is sex. Chart 4 presents the differences between the rates of male and female disconnected youths for the last time point available for each country.

CHART 4. Disconnected youths as percentage of the population aged 15-24 years; gender difference in percentage points. Latin America & Caribbean



Source: Inter-American Development Bank, EQxIS (www.iadb.org/xindicators)

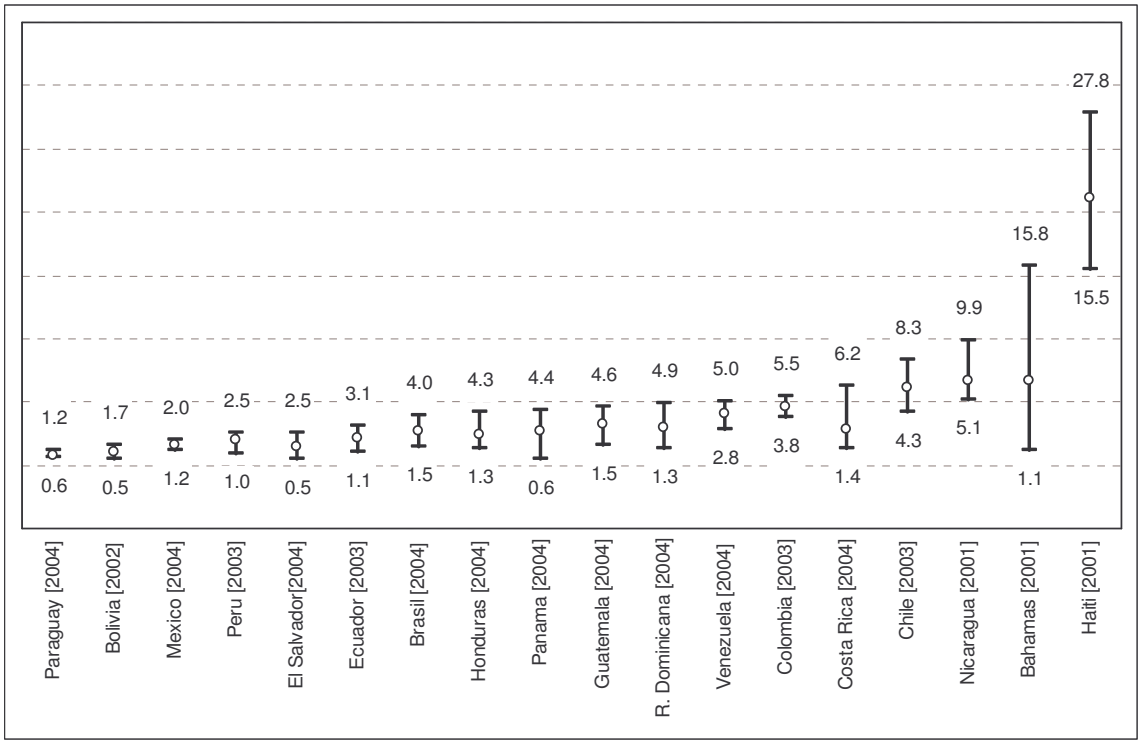
The black bars and the white bars in Chart 4 represent respectively rates of male and of female disconnected youths. As the population aged 15-24 years is split by sex in two almost equally sized groups, the differences of the rate of the sexes to the overall rate are of close magnitude. Gender differentials are sharper than urban-rural: more than 2p.p. in eight countries. The gender differential is not biased towards only one sex: while on the six countries presented on the left of Chart 4 male youths have lower than average

rates of disconnection, on the nine on the right they have higher than average rates. Nicaragua and Honduras show virtually no gender difference in this aspect.

Other important aspect to be taken into account in a beyond average approach is the positioning of individuals in the per capita income distribution. The question now is whether the poor youth are as disconnected as the better off. The EQxIS database yields indicators disaggregated by quintiles of the per capita income distribution that we can use for comparing youths at different income levels. Each quintile has about 20% of the total population of the country (not only of the group aged 15-24 years).

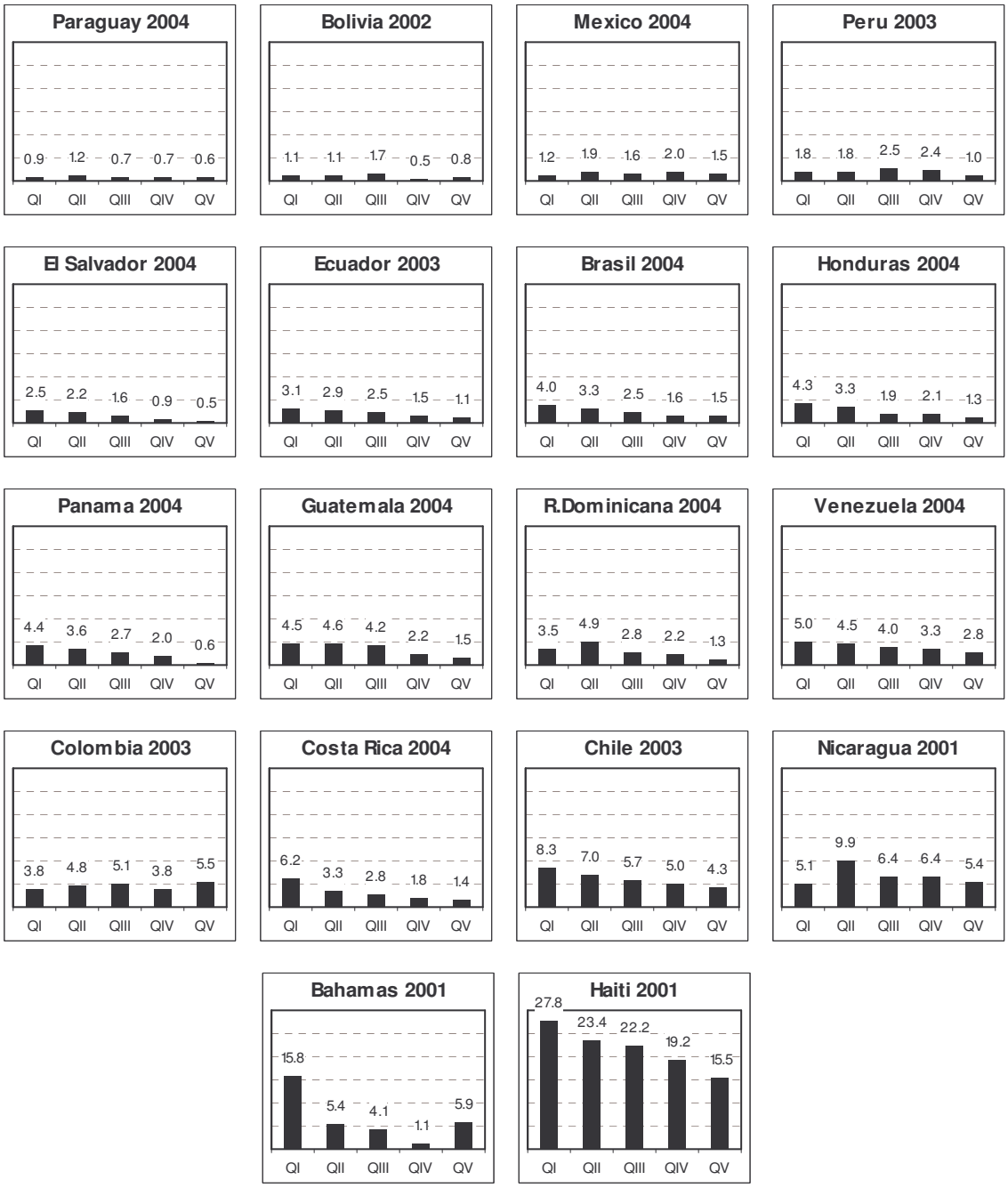
On Chart 5 the overall level is reintroduced in the analysis, represented by the open circle in the lines that connect the horizontal bars marking the highest and the lowest value of the rate of disconnected youths for each country. Chart 5 shows that the higher the overall rate, the higher the difference between the quintile with the highest rate and that with the lowest. The countries were sorted accordingly to the highest rate of disconnected youths found in each. The four countries on the left, from Paraguay to Bolivia, plus Colombia, have small inequality in the disconnection rate, for the difference between the highest and lowest rates is not high, less than 2p.p., and might even be considered non-existent if confidence intervals are accounted for. The other countries can be further split in two groups, those that have a high-low difference in the range of 2 to 4 p.p., and those five countries on the right, from Costa Rica to Haiti, in which the difference is higher than 4p.p..

CHART 5. Disconnected youths as percentage of the population aged 15-24 years by quintiles of the per capita income distribution; lowest and highest values. Latin America & Caribbean



Source: Inter-American Development Bank, EQxIS (www.iadb.org/xindicators)

CHART 6. Disconnected youths as percentage of the population aged 15-24 years by quintiles of the per capita income distribution. Latin America & Caribbean



Source: Inter-American Development Bank, EQxIS (www.iadb.org/xindicators)

The highest and lowest values depicted in Chart 5 do not necessarily come from the bottom and top quintiles. Chart 6 shows, for each country, the percentage of connected youths for each quintile of the per capita income distribution, for the last year for which data is available. QI represents the bottom quintile, the poorest 20% of the whole

population, whilst QV represents the richest 20%. We can see on Chart 6 that in half of the 18 countries, the highest rate of disconnected youths is registered at the bottom quintile, and that the lowest rate occurs among the richest 20%. For these countries, the rate of disconnected youths decreases monotonically as we move towards the top quintile. There is a second group of four countries that almost follow this pattern: Guatemala and Republica Dominicana, where the highest rate occurs at the second quintile (QII, bottom-up direction) but the rate of the bottom quintile is higher than the third, fourth and top quintiles; Nicaragua, where the bottom quintile is, unexpectedly, the one with the lowest rate, but from the second quintile on the pattern is that of monotonically decreasing rate; and Bahamas, where the top quintile has a rate higher than the fourth, up to which the behavior of the rate follows the pattern already described for the first nine countries. Finally, there's a third group that does not show a clear trend or high levels of inequality between groups, all quintiles have a similar rate of disconnected youths, which is composed by Paraguay, Bolivia, Mexico, Peru and Colombia.

Summarizing, from the average and the beyond average scrutiny of the rate of disconnected youths it can be said that:

1. Latin American and Caribbean countries analyzed have generally a low level of disconnected youths, that has been steadily decreasing over the last 10-15 years;
2. There are differences between urban and rural regions, but for most of the countries differences are not high and might even be considered non-existent if confidence intervals are called into play
3. Gender differentials are sharper than urban-rural, but in some countries females have higher rates of disconnection, while in others males have higher rates. The number of countries in which the disconnection is higher for males is greater than that in which is higher for females.
4. Income differentials tend to be larger than gender's and area's. For most countries, richer quintiles have lower disconnection rates. There are though five countries in which the differentials among quintiles are so small that can be regarded as having no difference at all.

3. Literacy rate

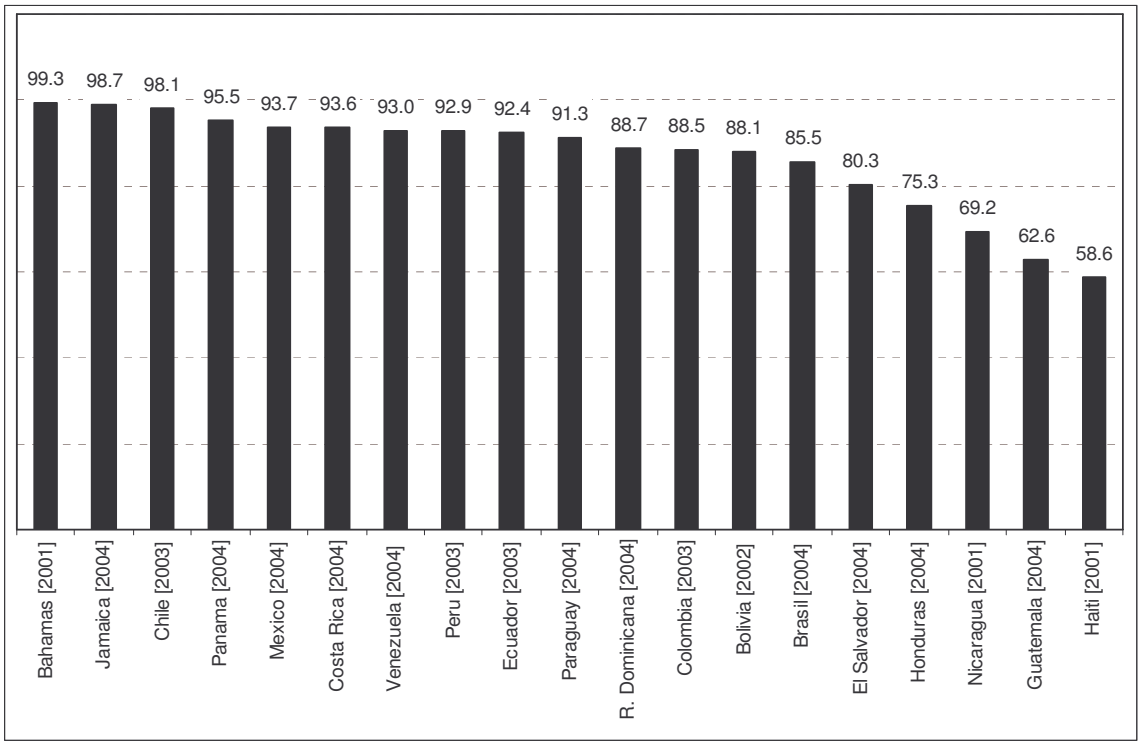
Our second indicator is the literacy rate of the population aged 15-24 years. EQxIS provide us with two literacy indicators. One is the traditional rate of people that know how to read and write; the other is the rate of people that have completed at least five years of schooling. For the present investigation, we chose to work with the second one for two reasons: it is more directly related to the third target of the second MDG; and it is available in EQxIS for a larger number of countries. Just as a reminder, the second MDG is to "achieve universal primary education", and its third target is to "ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling". The length of primary schooling in Latin American and Caribbean countries usually falls in the range of six to nine years, so the indicator chosen can give a rough idea of how countries are performing in this aspect.

We will follow for this indicator the same analytical steps of the previous section. First we will take a look at the overall level of the indicator and at its temporal evolution during the last 10-15 years. Then we will move to a beyond average approach, applying gender, area and income breakdowns to the literacy rate to grasp the differences between groups within countries.

3.1. Level and evolution of the literacy rate

Chart 7 presents the literacy rate, the percentage of the population aged 15-24 years with at least five completed years of schooling. It is needless to say that this indicator should be as close to 100% as possible. The three countries on the left, Bahamas, Jamaica and Chile are performing almost perfectly, being very close to the upper bound of the indicator. They are followed by ten countries for which the ratio of literate youths ranges from 95 to 85%. Then we see the group of five worst off countries in this regard. As in the previous indicator, Haiti stands out as the poorest performer. Honduras, Nicaragua and Honduras are also clearly lagging behind other countries.

CHART 7. Literacy rate as percentage of the population aged 15-24 years with 5 or more completed years of schooling. Latin America & Caribbean

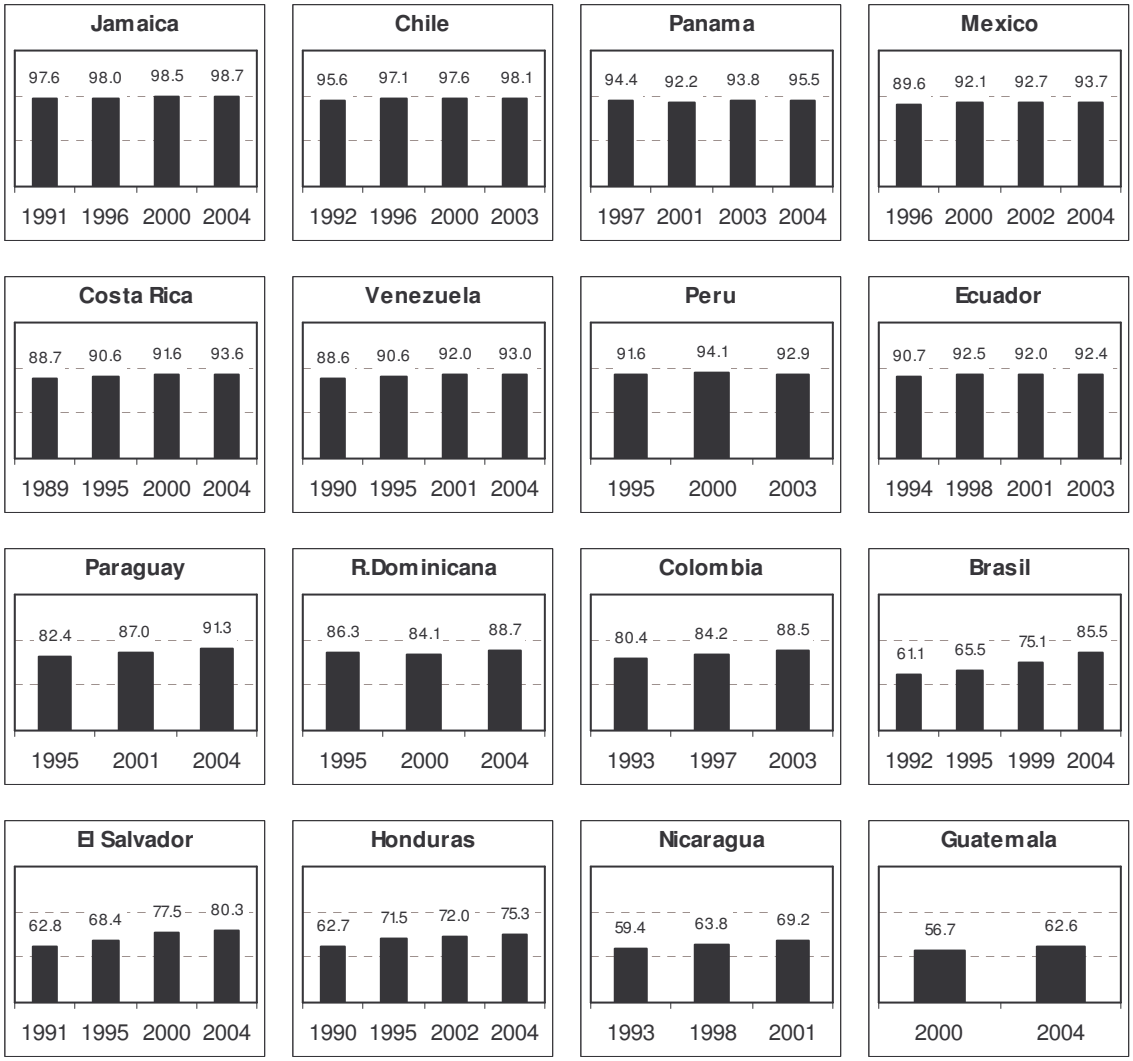


Source: Inter-American Development Bank, EQxIS (www.iadb.org/xindicators)

For 16 of the 19 countries presented in Chart 7, EQxIS provides the literacy rate calculated for more than one time point. The temporal evolution of this indicator is presented in Chart 8. From it one can see that comparing the rate on the first time point with it at the last, all countries are better off, because the literacy rate grew for the younger cohorts. The pace of this evolution is varied, but a general trend can be

pinpointed: in those countries that departed from a high level (around 90%) the literacy rate improves slowly; whereas the literacy rate was lower, the improvement is steeper. Brazil and El Salvador, for instance, although showing lower levels than other countries in the last time point, have improved a lot since the beginning of the nineties; Honduras and Nicaragua, which departed from equivalent low levels, have not performed as well as the two former countries, but had a significant evolution also. The poorest performer seems to be Guatemala, but for this country only two close time points are available, therefore we can not say much about the evolution of the literacy rate among Guatemalan youth.

CHART 8. Literacy rate as percentage of the population aged 15-24 years with 5 or more completed years of schooling by year. Latin America & Caribbean

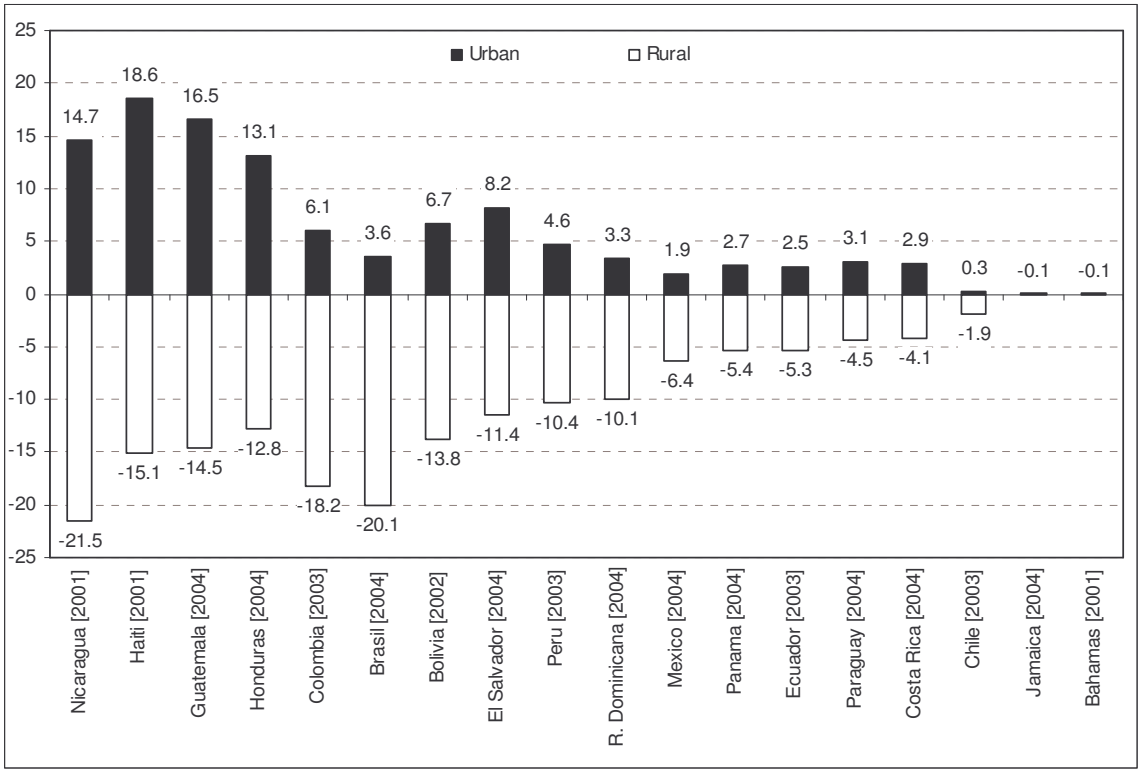


Source: Inter-American Development Bank, EQxIS (www.iadb.org/xindicators)

3.2. Literacy rate beyond averages: disaggregated by area, gender and income

Breaking down the literacy ratio by area, remembering that the concepts of urban and rural varies across countries, we get the results depicted in Chart 9. As in Chart3, it is expected that in more urbanized countries the literacy rates of urban areas are closer to the overall rates of the countries. In Chart 9, countries were sorted accordingly to the total urban-rural difference. As an example, Nicaragua, the country with highest urban-rural disparity had an overall literacy rate of 69.2% in 2001; but in urban areas this figure raises to 83.9%, whilst in rural areas decreases to 47.7%, a distance of 36.2p.p.. Haiti and Guatemala also show distances higher than 30p.p. in the literacy rate broke down by area. In seven countries there's a difference of more then 20p.p. between urban and rural areas. Only in three countries there aren't great disparities: Chile, Jamaica and Bahamas. The odds of completing at least five years of schooling are undoubtedly against those born in rural areas in the countries depicted, the only two possible exceptions being Jamaica and Bahamas.

CHART 9. Literacy rate as percentage of the population aged 15-24 years with 5 or more completed years of schooling; urban-rural difference in percentage points. Latin America & Caribbean

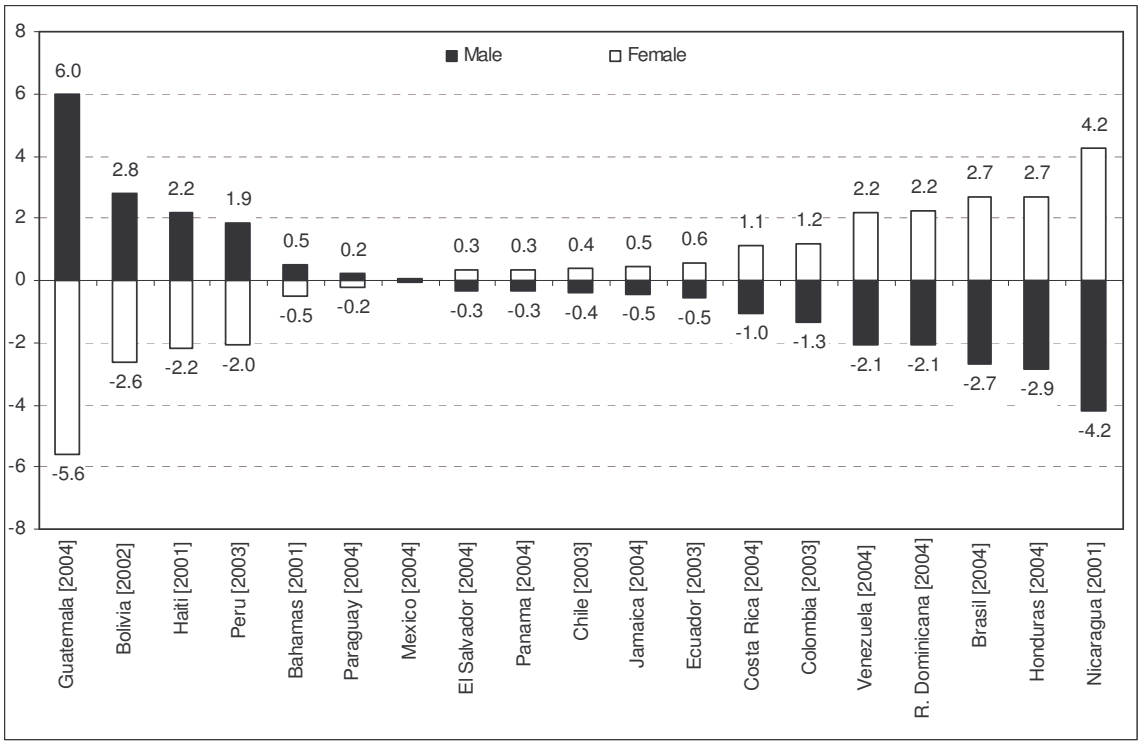


Source: Inter-American Development Bank, EQxIS (www.iadb.org/xindicators)

Changing focus to the gender disparities in literacy, presented in Chart 10, we are confronted with a different picture. Gender disparities are not as intense as urban-rural, and in 12 out of the 19 countries gender bias is against males: they have a smaller probability of completing at least five years of schooling. In eight countries there are

virtually no gender differentials, for the rates of males and females are less than 2p.p. distant. Greatest within country difference, however, 11.6p.p., is found in Guatemala, where the bias is against female youths. Second greatest difference is found in Nicaragua, but with the opposite sign, the likelihood of completing five years being smaller for males. It is interesting to notice that large disparities are found in countries with lower overall rates of literacy, the case of Guatemala, Nicaragua, Honduras and Haiti, and to a lesser extent, of Bolivia.

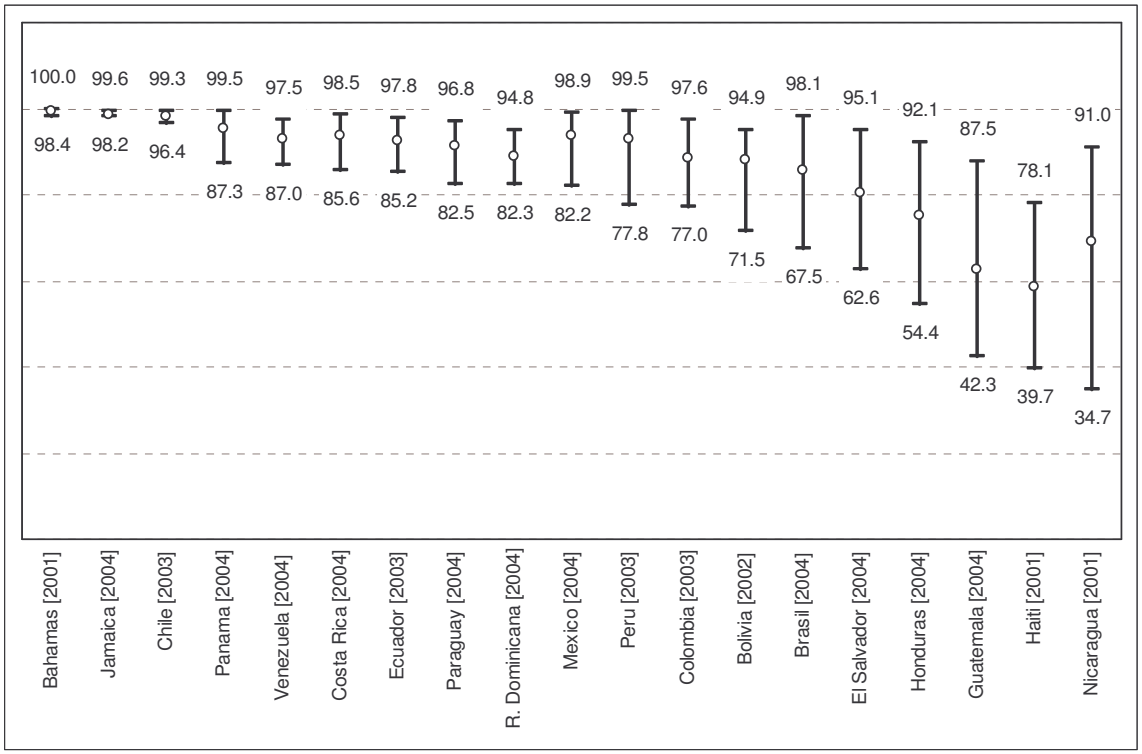
CHART 10. Literacy rate as percentage of the population aged 15-24 years with 5 or more completed years of schooling; gender difference in percentage points. Latin America & Caribbean



Source: Inter-American Development Bank, EQxIS (www.iadb.org/xindicators)

By their turn, differences between quintiles of the income distribution are even sharper than urban-rural as can be seen in Chart 11 that shows the maximum and minimum literacy rates. There are no surprises in this chart, the countries which had great urban-rural differentials have even greater differences between quintiles: Brasil, El Salvador, Honduras, Guatemala, Haiti and Nicaragua, all have distances of more than 30p.p. between the quintile with highest literacy rates and that with the lowest.

CHART 11. Literacy rate as percentage of the population aged 15-24 years with 5 or more completed years of schooling by quintiles of the per capita income distribution; lowest and highest values. Latin America & Caribbean



Source: Inter-American Development Bank, EQxIS (www.iadb.org/xindicators)

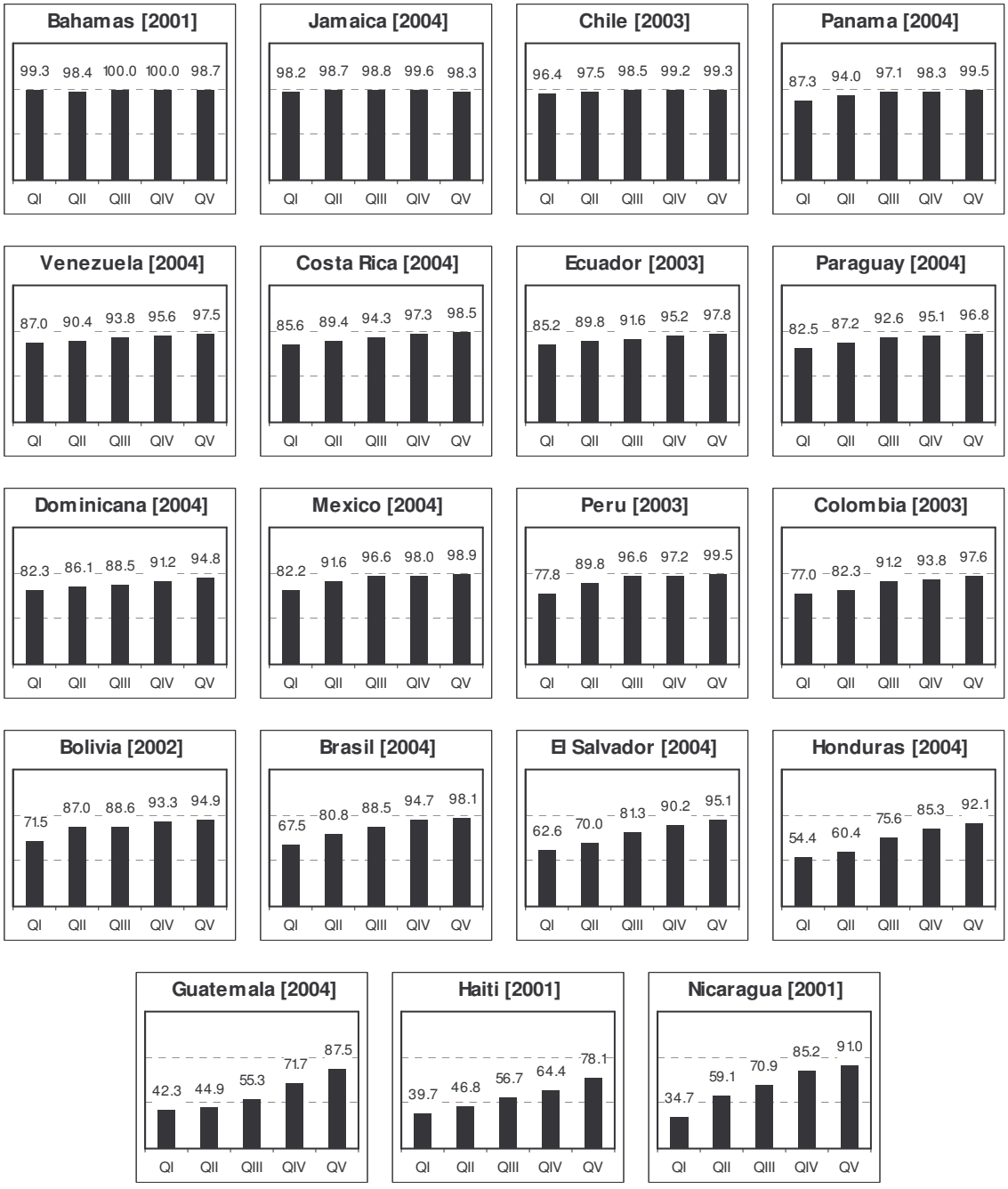
From Chart 12, that shows the literacy rate of the youth, we learn that the maximum and minimum literacy rates that were represented in Chart 11 coincide with the top and the bottom quintiles for 17 of the 19 countries. More than that, although the degree of inequality among quintiles obviously varies, for these 17 countries, the literacy rate increases monotonically as we move bottom up from the poorest to the richest quintile. And in almost all of them the literacy rate of the top quintile is close to 100%. The only two exceptions are Bahamas and Jamaica, which stand for the low inequality among quintiles and also, as already said, for the high percentages of people aged 15-24 years with at least five completed years of schooling.

Summarizing:

1. Most Latin American and Caribbean countries have youth literacy rates of more than 90%; over the last 10-15 years the literacy rate considered has been increasing; countries that show the lowest levels are the ones that improved most
2. There are high differentials between the literacy rates of urban and rural regions
3. Gender differentials are the less intense among the breakdowns analyzed, and the gender bias is against young males in the majority of the countries.

4. Income differentials tend to be larger than gender's and area's. For all but two countries, the richer quintile is the one with the highest literacy rate, and this rate decreases monotonically as we move top-down to the poorest quintile.

CHART 12. Literacy rate as percentage of the population aged 15-24 years with 5 or more completed years of schooling by quintiles of the per capita income distribution. Latin America & Caribbean



Source: Inter-American Development Bank, EQxIS (www.iadb.org/xindicators)

4. Unemployment rate

The third indicator to be tackled is the unemployment rate of the population aged 15-24 years. It is directly related to MDG 8, "develop a global partnership for development", target 17: "in cooperation with developing countries develop and implement strategies for decent and productive work for youth".

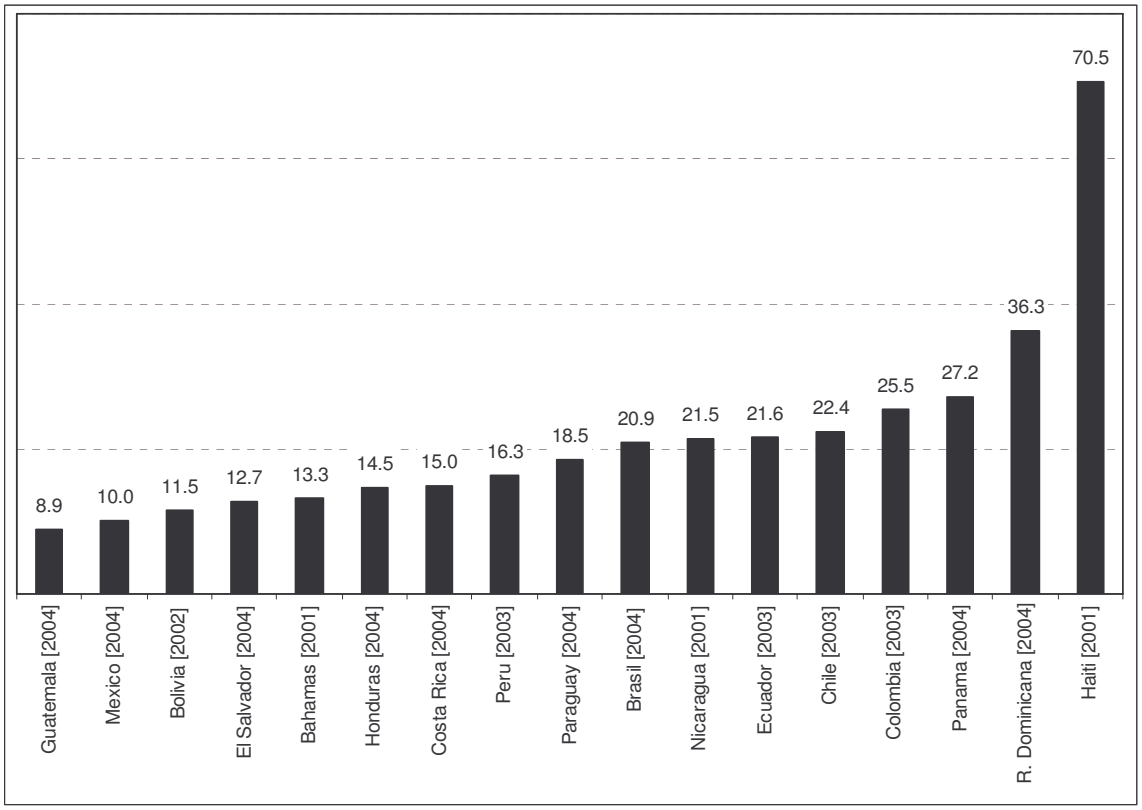
The unemployment rate is a widely used indicator with a straightforward and consensual definition: the proportion of the economically active population that in a given moment is not working, but is unemployed: seeking work or available for work. The economically active population is classically defined as being composed of those who are working, and those who are unemployed. The unemployment rate of 15-24year-olds provided by EQxIS follows these classic definitions. It is also worth mentioning that people engaged in the production of goods for self-consumption are deemed as economically active. Last but not the least, we stress again the point that as the data comes from surveys that have different designs and questionnaires, part of the differences may be due to the way data is collected.

There's a somewhat radical distinction, however, between this indicator and the two previously subject to our scrutiny. As the characteristics of the labor market in rural areas can be very different from that of it in urban areas (seasonal labor demand, household based agriculture), the standard unemployment rate is not regarded as being a good indicator for rural areas. Therefore, in this section, the indicators presented are for urban areas only (definition which also varies from country to country), and because of that we won't have the area breakdown in this part of the analysis.

4.1. Level and evolution of the unemployment rate

On Chart 13 the urban unemployment rate of the population aged 15-24 years is depicted for 17 countries. Once more Hait stands as an outlier, with an unemployment rate that is almost twice that of the second highest rate, bore by the Dominican Republic. Taking Haiti out, the unweighted average of the remaining 16 countries is 18.5%, coincidently that of Paraguay, with a standard deviation of 7.2. Only Guatemala and Mexico have unemployment rates farther than one standard deviation down the mean, and up only Panama, Dominican Republic and, of course, Haiti.

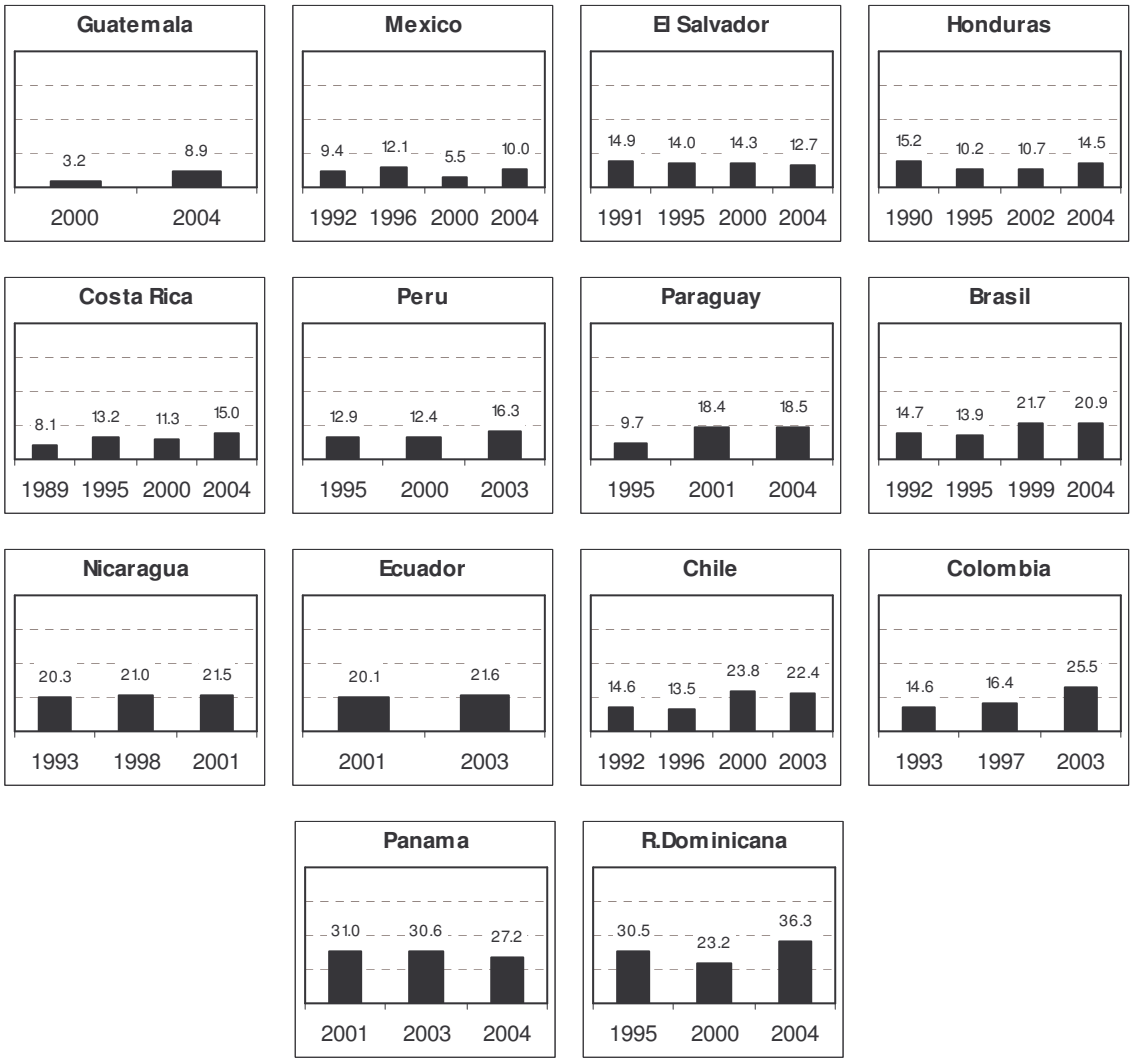
CHART 13. Unemployment rate as percentage of the economically active population aged 15-24 years – urban areas only. Latin America & Caribbean



Source: Inter-American Development Bank, EQxIS (www.iadb.org/xindicators)

For 14 of these countries EQxIS gives the urban unemployment rate of the youth for more than one time point, allowing us to grasp its evolution. For most of the countries, as we see on Chart 14, unemployment has been on the rise over the last 10-15 years. In Mexico, Honduras and Nicaragua, the unemployment rate is seemingly stable. Only in two countries, El Salvador and Panama, the unemployment rate decreased in the period.

CHART 14. Unemployment rate as percentage of the economically active population aged 15-24 years – urban areas only – by year. Latin America & Caribbean

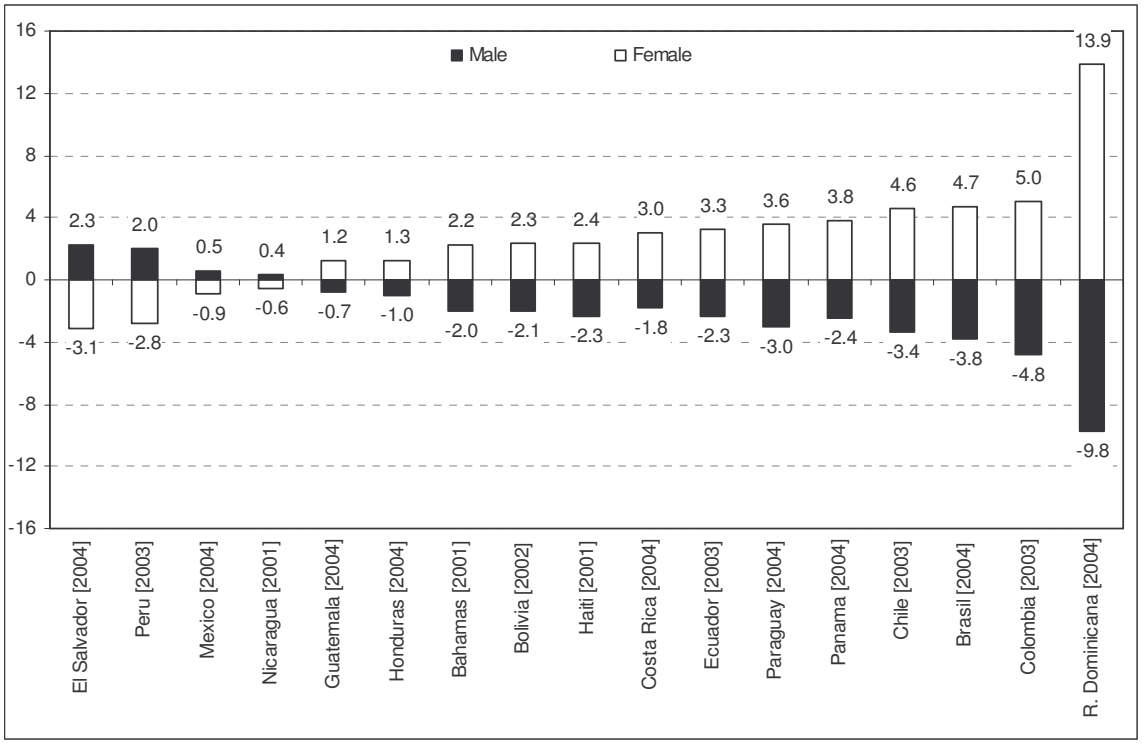


Source: Inter-American Development Bank, EQxIS (www.iadb.org/xindicators)

4.2. Unemployment rate beyond averages: disaggregated by gender and income

In Chart 15 the unemployment rate is presented disaggregated by gender. Only in three countries, Mexico, Nicaragua and Guatemala, the distance between the rates of males and females is less than 2p.p. El Salvador, Peru, Mexico and Nicaragua are distinguished from the remaining countries for they are the only ones in which the gender bias is against men. In all others, the unemployment rate of young females is higher than that of males. Dominican Republic stands out showing a gender differential considerably higher than other countries.

CHART 15. Unemployment rate as percentage of the economically active population aged 15-24 years – urban areas only; gender difference in percentage points. Latin America & Caribbean

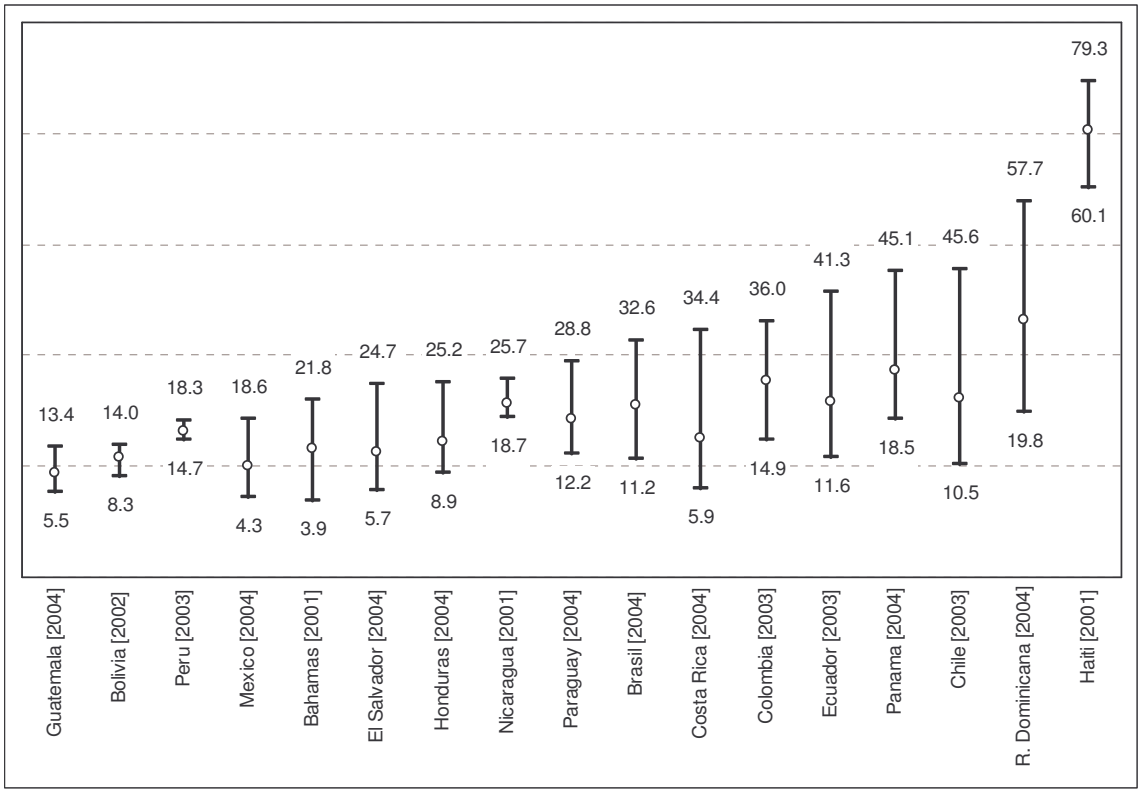


Source: Inter-American Development Bank, EQxIS (www.iadb.org/xindicators)

But Chart 16 shows us that breaking down the urban unemployment rate of the youth by income quintiles reveals differentials that are times more intense than the ones verified for gender. Only four countries have distances between the lowest and highest rates smaller than 10p.p.: Guatemala, Bolivia, Peru and Nicaragua. And the highest rates of unemployed are usually tied to the bottom quintile, whilst the lowest are verified in the top quintiles.

In fact, chart 17 shows that in nine of the countries the highest rate is that of the bottom quintile, and the lowest that of the top. In these countries, the unemployment rate decreases monotonically as we move bottom-up in the income distribution. There's a second group of four countries, Haiti, Costa Rica, Honduras and El Salvador, where one can also clearly spot a negative association between the unemployment rate and position on a higher quintile, but not perfectly decreasing as in the former nine countries. And then we have Bolivia, Guatemala and Nicaragua, countries in which the trend by quintiles of the unemployment rate is not well defined, but even in these the bottom quintile shows a higher unemployment rate than the top one.

CHART 16. Unemployment rate as percentage of the economically active population aged 15-24 years – urban areas only – by quintiles of the per capita income distribution; lowest and highest values. Latin America & Caribbean

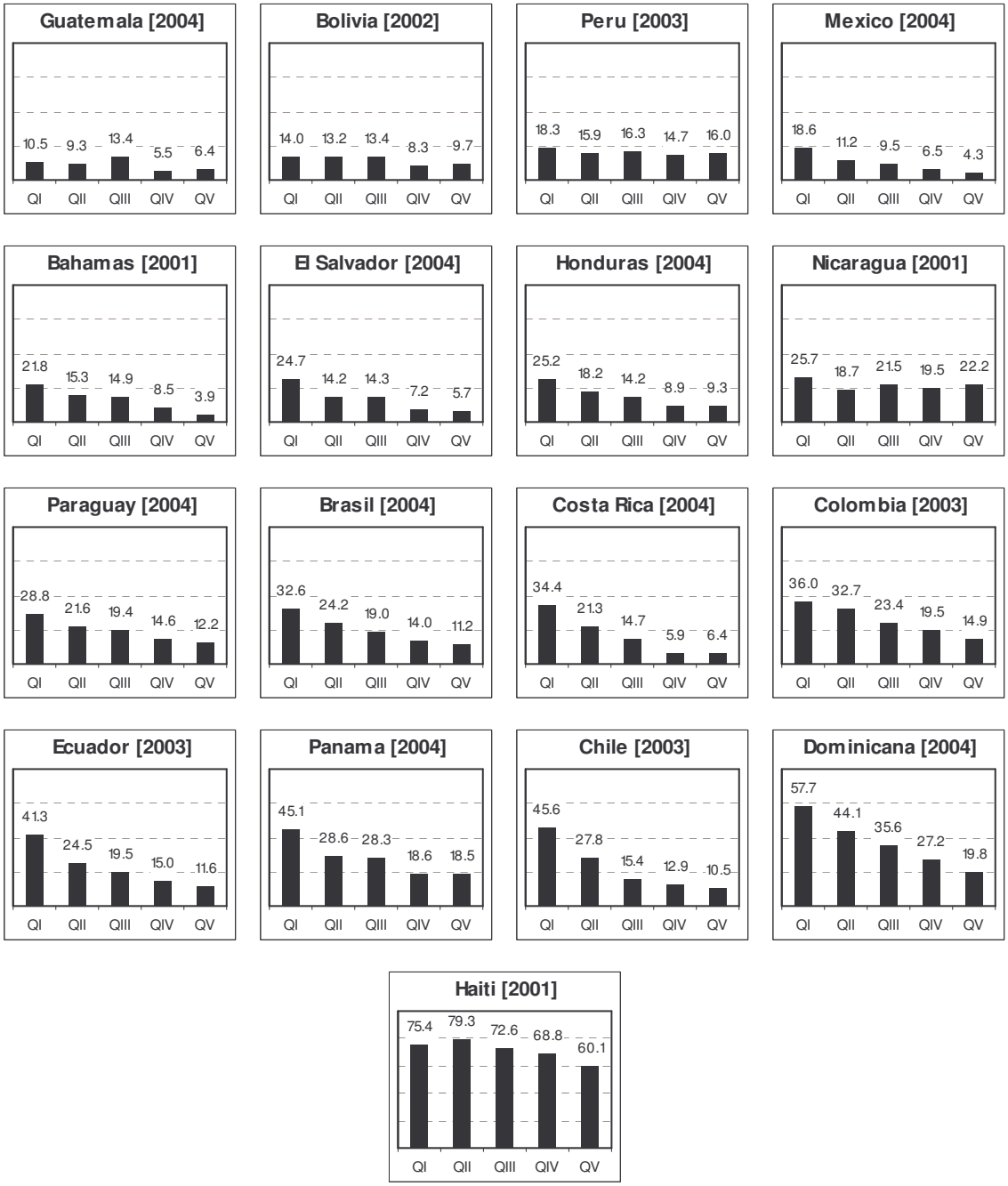


Source: Inter-American Development Bank, EQxIS (www.iadb.org/xindicators)

Summarizing:

1. Unemployment rates are high among the youth in Latin American and Caribbean countries. In average one could say that in this 15-24 age bracket one fifth of the economically active youth is seeking or available for work
2. In the past 10-15 years, youth unemployment has been on the rise
3. Gender bias in unemployment is set against young women in the majority of the countries analyzed
4. Income differentials are strikingly high for most countries. Being poor increases significantly the likelihood of being unemployed.

CHART 17. Unemployment rate as percentage of the economically active population aged 15-24 years – urban areas only – by quintiles of the per capita income distribution. Latin America & Caribbean



Source: Inter-American Development Bank, EQxIS (www.iadb.org/xindicators)

5. Concluding Remarks

Let's start reviewing the general trends that emerged from the data presented. In the Latin American and Caribbean countries analyzed, the average rate of disconnected youths is around 3.2%. Good news is that this figure, which should be as close to zero as possible, has been decreasing for almost all of the countries. This means that the likelihood of a young person being at school, or engaged in economic activity, or helping the family, is increasing.

Of the three indicators analyzed, the rate of disconnected youths was the one with smaller differentials when disaggregating by area and by gender. In half of the countries the likelihood of being disconnected was higher for those living and rural areas, and in the other half was higher for the urban youth. But setting aside two countries, in all others the urban-rural differential was very small, less than 2p.p. Although in relative terms for a low level indicator this might seem much (2 is 67% of 3), if we invert the indicator and talk about a rate of connected youths, which average level would be around 96.8%, the urban-rural differential shown would be of the same magnitude, though with opposite signs, and that is what allows us to evaluate the difference as being small.

Focusing on gender, the differentials between males and females are higher than the urban-rural ones, but still not of great magnitude. But one could say that the disconnected youths indicator does not show great gender differentials because it is not gender aware by design. As the indicator consider as being connected both those who are economically active (including those seeking or available for work) and those who are doing the home work, differences due to traditional gender roles, that set the domestic sphere as being the place for women and the public that of men, are hidden by it, even when breaking it down by gender. So, we do not know for sure how is the distribution of male and female youths by the type of activity that connects them. Nevertheless, the other two indicators help to shed some light on this issue.

The rate of disconnected youths, for most of the countries, is highly associated with the quintile of the per capita income distribution. The poorest is the quintile, the higher the likelihood that a young person will be disconnected. This trend was easily spotted. And differentials between quintiles are higher than between genders and areas; but not as high as the ones for other indicators.

Moving to the literacy rate, we found out that most of the countries have a high percentage of their population aged 15-24 years with at least five completed years of schooling. Half of the countries had more than 90%, and three of them were very close to the upper bound of 100%. There is good news regarding the performance of the countries in broadening the coverage of the educational systems. In the last 10-15 years, the countries that were lagging farther behind others have had a good performance, shortening the gap.

The breakdown of the literacy rate, however, revealed that the youth in rural areas had worst educational outcomes than its urban counterparts in almost all countries, the exception being those three countries that already had such a high rate that left no room for inequality. Contrary to the first indicator, the differentials for the literacy rate broken-down by area were higher than gender differentials. Gender differentials in the literacy

rate were biased pro-women in around two thirds of the countries, and their magnitude was similar to that of the countries where the bias was in the opposite direction.

But, undoubtedly, the higher within-country differentials are found when the literacy rate is broken down by income quintiles. In some countries, the literacy rate of the top quintile is more than twice that of the bottom one. The literacy rate of the top quintile, except for those countries which had a lower national rate, is generally very close to 100%. As this indicator has been improving over time, however, the fact that the top quintile has already reached a high level means that future improvements will contribute to reduce the distance between quintiles. This does not mean that inequalities in education will go away, for they might be simply shifting to higher educational levels, that is, all quintiles might be getting more education, keeping nearly untouched the distance in the averages of years of schooling of quintiles (an indicator which is also provided by EQxIS).

Framing the urban youth by the unemployment rate does not lead to optimistic conclusions. In Latin America and the Caribbean, in average about one fifth of the economically active urban youth is unemployed. And the unemployment rate has been on the rise for most of the countries in the past 10-15 years.

Breaking-down the urban unemployment rate of the youth by gender one can see a picture that is the opposite of that drawn for the literacy rate. Whilst on that indicator the gender bias was predominantly against males, the bias in unemployment is against females, with only four countries not following this trend. But this time, in the countries where the gender bias is against women, the differences in the rates of males and females tend to be higher than in the countries where it is the other way around.

When it came to the income breakdown we found strikingly high differentials between quintiles. The better off youth has unemployment rates significantly smaller than those of the poorest. In many countries the unemployment rate decreases monotonically as we move bottom-up in the income distribution. The unemployment rate of the poorest is twice, three, eventually four times that of the top quintile.

The figures of unemployment drive us back to the rate of disconnected youths. As being economically active was deemed as being connected, all those youngsters seeking or available for work – maybe the first job – were considered connected. This cast a shadow on the fact that not all youths that are connected through economic activity are connected equally. It might also be the case that poorer youths are mode in the need of earning their own income, and that would be the cause of the high differentials verified by income quintiles for the unemployment rate. But this can not be assessed from the indicators presented, in spite of all the breakdowns. For indicators are always a starting point, even when broken down by relevant population groups in a beyond average approach that illuminates what might be going on hidden by the overall figures. If one really wants to drill down to the causal processes underlying the unequal outcomes presented, another approach is needed.