

**Ibero-American
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**Youth employment
& entrepreneurship**
in Latin America
& The Caribbean (LAC)



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Youth employment & entrepreneurship in Latin America & The Caribbean



Youth labor market insertion problem is a phenomenon that has been widely documented in economics literature and has generated a growing reaction from public policy-makers. This phenomenon is particularly relevant in Latin America and the Caribbean. For example, the ILO (2020) notes that the urban unemployment rate among Latin American and Caribbean youth aged 15-24, tripled the adult rate and was more than double the overall unemployment rate average in the region in 2018. This situation was aggravated by the COVID-19 pandemic, where youth unemployment reached the highest digit since the data has been registered.

In addition, a significant number of young people who do find employment in the region are forced to accept informal economy jobs, which generally implies precarious working conditions, without protection or benefits, and with low levels of productivity and wages. Finally, the number of young people in the region who neither study nor work is also very significant, due mainly to frustration and discouragement from lack of opportunities in the labor market, which indicates that labor market insertion problems also, in many cases, end up manifesting themselves in low labor participation rates.

These labor market insertion difficulties not only represent a short-term problem for young people but can also have significant medium and long-term consequences on the process of human capital accumulation at individual level and, also at global economy level, if the phenomenon becomes widespread. Studies linked to scarring effects warn us that labor market insertion problems in youth can generate persistent impacts that hinder the process of human capital accrual of workers, affecting their income and productivity possibilities in the future.

Related to the above, this paper provides a more in-depth analysis of the young people labor situation, while mapping existing public policy initiatives in a specific group of CABEL member countries, including –by the information collected– Argentina, Colombia, Costa Rica, Cuba, Dominican Republic, El Salvador, Honduras, Guatemala, Mexico, Nicaragua, and Panama. Once the assessment has been consolidated, the work seeks to investigate the consistency or inconsistency of policies with the problems identified, providing public policy recommendations.

Main results of this report can be summarized in the following points:

Youth population segment in all analyzed countries show relevant labor market insertion problems.

A young people labor performing analysis shows that they represent a population group with significant labor market insertion problems in the countries under scrutiny. Lower participation and employment rates are observed along with higher unemployment rates. Thus, in line with previous findings for the region, this document shows that youth labor market insertion is a relevant challenge in the countries under investigation.

Table A. Activity rates, occupation, total and youth unemployment* in the region (latest available year, percentage)

Year	Country	AR		Total		UR	
		Total	Youth	Total	Youth	Total	Youth
2019	Panama	66.58	57.69	63.31	49.51	4.91	14.18
2019	El Salvador	61.12	54.35	57.25	48.30	6.32	11.12
2018	Dominican Republic	67.32	60.09	63.20	52.93	6.12	11.91
2019	Argentina	60.09	50.82	54.74	41.79	8.90	17.76
2019	Mexico	60.89	53.77	58.85	50.57	3.35	5.95
2019	Costa Rica	62.88	59.00	55.07	44.16	12.42	25.15
2019	Honduras	57.37	49.47	53.59	44.20	6.60	10.65
2010 II	Guatemala	61.62	63.25	60.45	61.36	1.89	2.99
2019 – JANUARY	Colombia	64.12	53.38	55.92	42.67	12.80	20.06
2012 II	Nicaragua	77.71	74.14	73.77	68.88	5.07	7.09

*Note: People between 15 to 29 years old.

Source: Permanent Household Surveys of selected countries.

2 The Gender gap remains ever-present in youth employment indicators.

The gender gap is still vast in the case of the youth population, which is especially worrisome. On average, for all the countries considered, both the youth activity rate and the youth employment rate are 25p.p. (percentage points) lower for women. For both rates, this gap reaches 45p.p. in the case of Guatemala and 30p.p. in El Salvador and Honduras. In turn, the gender gap in the youth unemployment rate averages 6p.p for the cluster of countries in question, double that observed on average for the total number of workers in the economy (3 p.p.). In the case of Colombia, Costa Rica and Panama, the gap exceeds 11p.p.

3 Insertion issues are general in the youth population segment, though they vary according to educational achievement and area of residence.

Young people with mid-level education (high school diploma or high-school dropout) experience greater challenges in obtaining employment, which is evidenced by lower employment rates and higher unemployment. This pattern tends to be observed at both urban and rural levels. Although insertion difficulties continue to be present, they decrease moderately both in the segments with higher educational levels (complete or incomplete higher education), mainly in urban areas, and in those with lower educational levels (at most complete elementary education).

On the other hand, the issues of job quality, estimated by the percentage of informality, generally show a decreasing pattern regarding educational level. Informality is comparatively lower among the most educated young people and higher among those with a lower level of formal education, reaching very high levels. This pattern of labor market insertion could be suggesting that in less educated young people the higher employment rate, relative to young people with an intermediate level of education, may be due to a greater flexibility to accept worse working conditions.

4 The greater difficulties in labor market insertion are not necessarily explained by the weaker educational profile of young people versus adults.

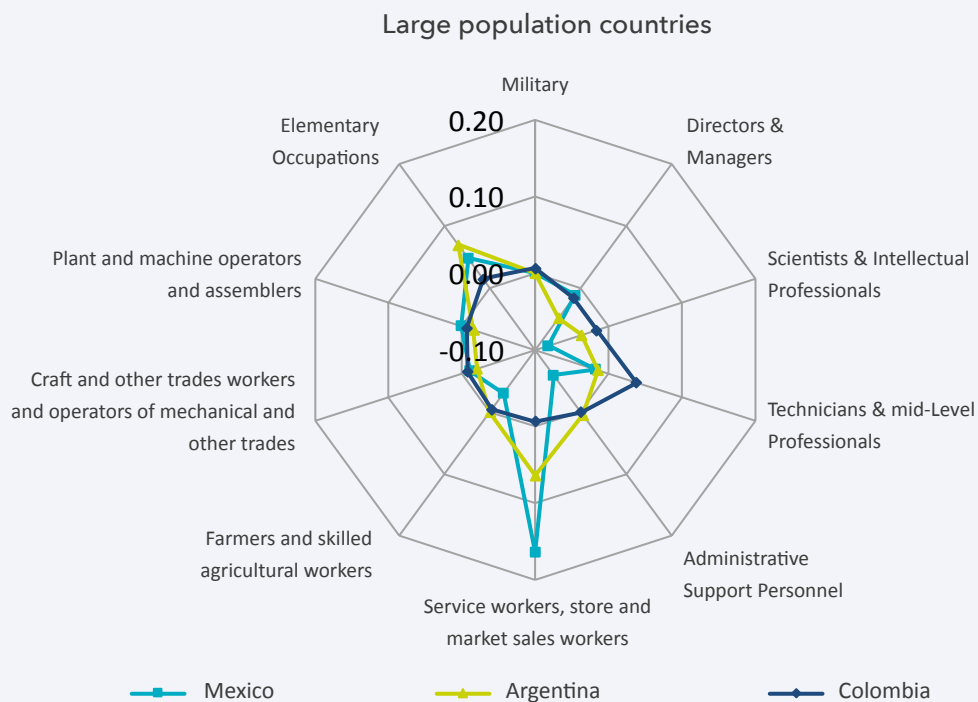
For all the countries surveyed, the average years of study of the population between 15 and 29 years old exceeds those of the working-age population. In this sense, this represents an advantage in terms of human capital of the young population over the adult population. In turn, in all cases, young women have a slight advantage over young men, confirming the overall trend in Latin America that female youth performance in the educational system is –markedly– ahead of male youth performance.

The youth population presents a similar type of labor market insertion to the adult population, although biased towards lower quality jobs.

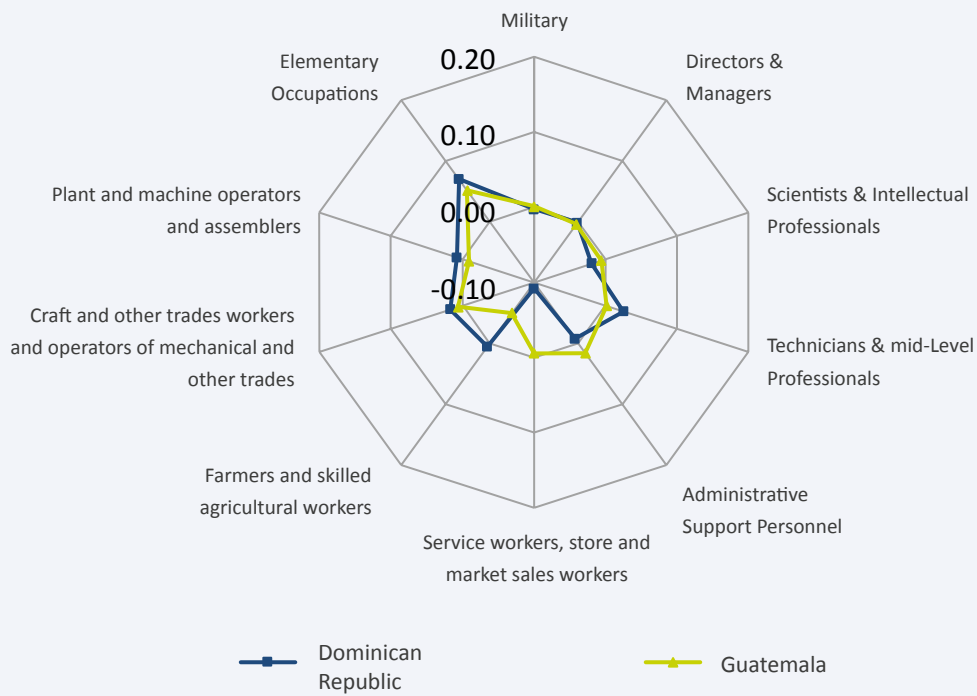
Overall, workers in most of the countries under study are mostly employed in “service workers and in-store and market salespersons”, “elementary occupations” and “journeymen, and craftsmen in mechanical and other trades” categories. In contrast, the occupations labeled “Directors and Managers” and “Scientific and Intellectual Professionals” have the lowest relative weight (representing between 3% and 12% of the total).

For young people, the labor market insertion profile is like the population average, although with a bias towards lower-skilled occupations. For example, the jobs corresponding to “directors and managers” and “professionals, scientists and intellectuals”, typically defined by a higher average educational level of their workers, systematically show a lower engagement in youth employment regarding the population average. On the other hand, the jobs corresponding to “service workers and salespersons in stores and markets” and “elementary occupations” show in many of the countries analyzed a greater relevance in the case of youth employment versus the average employment in the economy. Finally, in the other categories, there is no clear pattern among the different countries with respect to the existence of biases –positive or negative– of young people when it comes to getting into these types of jobs.

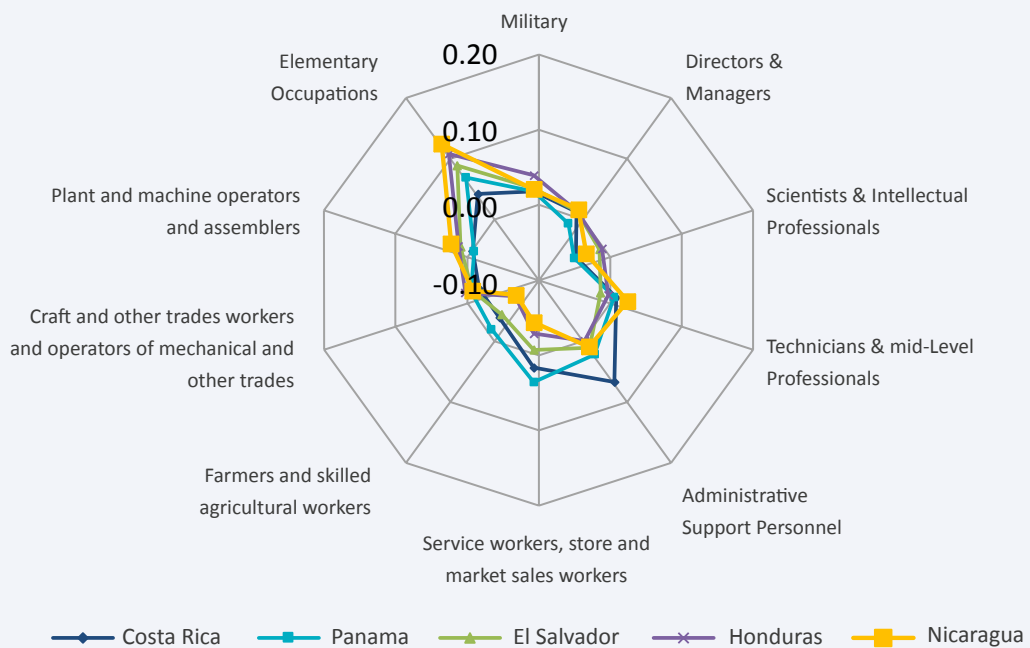
Figure A. Bias in youth labor market insertion (Difference in percentage points comparing the ratio of employed young people to the ratio of total employed people by ISCO 08 occupation category)



Mid-line population countries



Small population countries



Source: Permanent Household Surveys of selected countries.

The bias identified implies that, as pointed out by the ILO (2020) for Latin America as a whole, young people in the countries covered by this study not only have greater difficulties in labor market insertion, but also, if they manage to work, they tend to do so in occupations that on average represent jobs marked by lower salaries, greater informality and risk of automation, and lower formal education requirements.

There is evidence of bias among young people regarding dependent employment to the exclusion of independent entrepreneurship.

In all the countries under analysis, the percentage of self-employed workers among young people is between 4 and 12 p.p. lower than that observed for average employment. This bias is not only observed at global level, but also exists across the board in all occupational categories, both in occupations where wages and productivity levels are higher, where self-employment is mostly associated with the worker's choice, and in those where wages and skills demanded are lower, and therefore entrepreneurship may be linked more to a survival strategy than to a worker's choice.

This result could be due to the specific difficulties faced by young people in developing independent enterprises, for example, access to credit, which could lead to active public policies to reduce these difficulties; subsidy policies or public guarantees in the financing of youth micro-enterprises; or policies for technical support and monitoring of these enterprises. However, a preference bias towards dependent employment could also be present. It would be advisable to carry out further research on this aspect at the level of the different countries, to gain a better understanding of the phenomenon and hence design better policies.

Although at the aggregate level, the educational profile of young people is higher than that of the adult population, a significant proportion of them does not fulfill the requirements associated with higher productivity jobs.

The existence of a significant heterogeneity in the educational profile of young people is noteworthy, highlighting the existence of a very significant percentage of the youth supply (around 80%) with an educational level that is incompatible with occupations that are more demanding in terms of schooling, and which are marked by higher salaries and less informality.

Recent trends in youth employment –from a task perspective–, are only partially consistent with the hypotheses of de-routinization and aging of daily tasks.

On the demand side, the greatest element of uncertainty for the future is the widespread deployment of automation and digitalization technologies that are driving a progressive substitution of routine tasks that are easy to code ("de-routinization hypothesis") at the international level. In addition, according to the literature on the subject matter, it would be expected that this type of transformation would take effect at a faster rate among young people, since they have greater incentives to take jobs with a lower risk of technological

unemployment, while adult workers have greater incentives to try to remain in the positions they have been holding (routine tasks aging hypothesis).

The trends observed amid the last decade in the countries considered in this study only partially reflect the hypotheses put forward. Although, in most cases, the average number of jobs shows a significant increase in non-routine cognitive tasks and a decrease in the importance of routine manual tasks, the decreasing importance of non-routine manual tasks, as well as the stability observed in the case of cognitive-routine tasks, are not entirely consistent with the de-routinization hypothesis.

Based on previous literature, these results could be due to a lower uptake of technologies in the labor market, global offshoring phenomena with an influx of jobs intensive in cognitive-routine tasks to the region, or the impact of other structural changes such as the decreasing relevance of the agricultural sector in terms of output and employment.

In turn, the magnitude of the changes observed in the task profile within the last decade shows similar patterns in terms of youth employment and entrepreneurship with respect to what is recorded in average employment ratio. This finding would not be compatible with the task aging hypothesis, which suggests more accelerated transformations in the young population segment. In other words, individual incentives would not be enough for young people to tend to move significantly more deeply than adult workers towards jobs with a low risk of technological substitution. This situation increases the risk of technological unemployment and labor instability in the future if the incorporation of technologies intensifies.

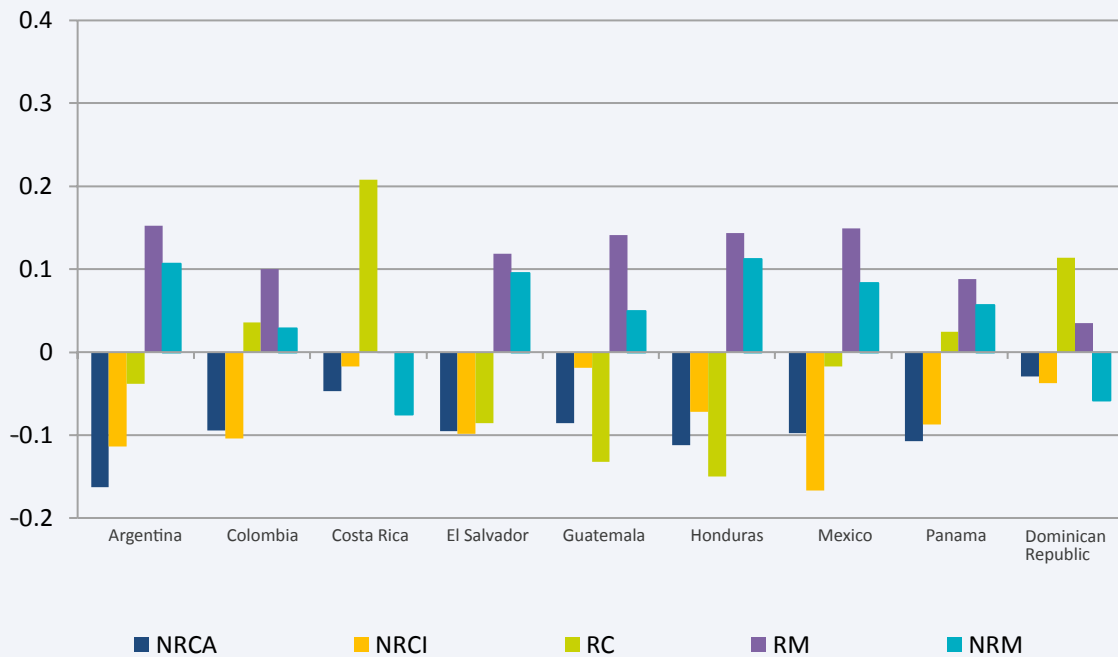


Youth labor integration shows a high-risk profile of technological substitution.

To the not very encouraging pattern of temporary change in the task profile, it should be added that the employment of young people in the selected countries presents a higher than average technological risk, with a lower relative engagement of non-routine cognitive tasks –those with greater compatibility with new technologies– and greater engagement of routine manual tasks (those most exposed to substitution), which exposes them as a particularly vulnerable group to a process of lowering the cost of capital that drives greater incorporation of technologies.

Another relevant result is that the technological risk profile found for young people does not show a consistent behavior among the countries analyzed when we differentiate between youth employment and entrepreneurship. In other words, in considered cases it cannot be concluded that either of the two forms of labor market insertion is defined by a greater risk of substitution –greater exposure to routine tasks–, but rather that the results are incongruous among the different countries under study.

Figure B. Youth employment task profile per country, per last available year
(Standard deviation versus employment average)



Source: Permanent Household Surveys. Period 2014-2019

Notes: *NRCA refers to Non-Routine Cognitive Analytical Tasks; NRCI refers to Non-Routine Cognitive Interpersonal; RC refers to Routine Cognitive; NRM refers to Non-Routine Manual Tasks; and RM refers to Routine Manual Tasks.

Based on information availability, in the cluster of countries under analysis, the timeline under consideration is not homogeneous. Argentina, Costa Rica, El Salvador, Honduras and Mexico selected 2019, for Guatemala 2014 was selected.

10

The countries of the region face the challenge of generating jobs for a growing labor supply in the coming decades.

On the supply side, all the countries considered in this study are experiencing the so-called “demographic bonus”, characterized by a relative increase in the working-age population in relation to the dependent population. It should be noted, however, that the migratory flows observed –mainly in Central America– will significantly reduce the magnitude of the demographic bonus and therefore of the so-called first dividend of economic growth associated with the demographic transition –relative growth of the working-age population–.

Although the youth labor supply in several of the selected countries is projected to decrease in absolute terms, this does not necessarily determine an easier scenario for the future labor market insertion of young people, since these first job insertions will have to be sought in a context of a growing total labor supply. In other words, the region’s economies face the challenge of generating jobs for a larger labor supply in the coming decades.

11

The mismatch of skills creates additional difficulties for labor market insertion.

Added to this is a scenario where companies are finding it increasingly difficult to find a suitable profile to fill their vacancies and where experience is a highly valued factor in job applications. In this aspect, migratory flows also generate a relevant challenge; in this case associated with the selection bias of migrants, which could be increasing the potential problems of lack of human capital in the region, thus increasing the problems of a skills mismatch for the most dynamic firms. Indeed, migration flows show a bias towards the more educated population, which generates negative impact on the average educational level of the labor force that remains in-country.

12

Within the context of difficulties for youth labor market insertion, all the countries analyzed show legal frameworks that show concern for employment-related issues.

All the countries under scrutiny have incorporated –to a greater or lesser extent in their legal systems– norms referring to labor in overall terms and to youth labor. The countries analyzed include articles in their respective national constitutions that refer to work or employment, with the aim of establishing a legal framework that safeguards its exercise and allows for its relative protection. With respect to youth laws, the distribution is less consistent, since there are still countries that do not have a law that promotes a specific legal approach for this segment of the population. Likewise, the Youth Employment Law is far from existing in all countries, where, for the most part, there is a law on entrepreneurship, aimed at promoting the creation and development of micro, small and medium-sized enterprises.

The aim of the legal-institutional systems surveyed is to underpin the rights and duties of young citizens to have access to employment opportunities, job training and skills-building, as well as to favor the conditions for entrepreneurship and innovation in their respective productive structures and to achieve personal and socioeconomic development, respectively. We can find, however, different levels of depth in the legislation in the different countries considered in this report.

13

A significant number of programs have been identified which aim to connect young people to the labor world, increase their income and/or help them set up their own business.

This work includes a non-exhaustive systemization of programs of different formats, which tend to be clustered in different categories: job training programs, assistance or mentoring programs for the job search process, public employment programs or employment subsidies, and programs to support micro-enterprises and self-employment.

1 In the programs surveyed in the countries considered in this study (e.g., comprehensive programs that offer packages of services, targeting young people by vulnerability), there are deficiencies that reflect inefficiency and inequity.

Overall, the duplication of services within the same country, offered by different governmental agencies (Labor, Social Development, Education and Youth Ministries or Secretariats of State) is highlighted, reflecting limitations in inter-agency coordination.

In addition, in our analysis we used various meta-analysis studies of youth employment and entrepreneurship program assessments to synthesize the key learnings therefrom. Overall, the meta-analysis studies reviewed do not find strong evidence that certain types of programs, or combinations of programs, systematically outperform others. On the contrary, what these studies do coincide in pointing out is that the large differences observed in the magnitude of impacts between interventions depend on a variety of variables linked to design, context, and roll-out issues.

Specifically, these reviews highlight that the “how” appears to be more important than the “what” (Kluve et al., 2016; Kluve et al., 2017; Datta, 2018; Levy Yeyati et al., 2019; Veza, 2021). The duration of the program, the granting of financial incentives, the targeting of activities, the individualized follow-up of participants, the profile of the target population, the quality of deployment and the context in which they are developed, are all critical characteristics on which the effectiveness of the programs depends (Kluve et al., 2017; Levy Yeyati et al., 2019).

1 Identifying the individual factors that threaten the permanence of young people in the labor market is crucial for the design of successful programs.

In some ways, programs that have the capacity to profile beneficiaries, i.e., proactively use information about participants’ skills, would be able to better respond to their needs. One example are programs that use this beneficiary information to assign them to specific services within a broader range of services offered, or to determine the intensity of exposure to said services (e.g., program duration) (Kluve et al., 2016).

In line with the above, the available meta-analyses coincide in pointing out that programs focused on vulnerable population segments (low-income or socially at-risk youth) are associated with greater impacts. This is precisely because, by identifying the disadvantaged situations of young people, it is possible to assign them the most appropriate intervention (Kluve et al., 2017). In turn, there is evidence that, although there is no combination of services that is preferred over others, programs that integrate multiple services –training, financial support, guidance, and labor intermediation, among others– tend to work better because they respond better to the different needs of the beneficiaries.

1.6 The importance of having solid monitoring systems is emphasized. The main deficiency identified in the programs developed within the region is that most of them have not been adequately evaluated.

In fact, the information available today on the types of interventions that work and the reasons why they work is inconclusive (Kluve et al., 2016). It is in the quality and proper functioning of these monitoring and assessment systems that the ability to warn about program performance, and to formulate consistent policy responses, lies (Kluve et al., 2016; Veza, 2021). In turn, it is these information systems that will allow the development of beneficiary profiles, necessary to link the best combination of benefits to eligible youth.

1.7 Labor market programs and policies in Latin American countries targeting young people partly follow the structure applicable for the general population.

Training-oriented programs are the most frequent in the labor market, with a large part of the core of these programs being concentrated in the youth population –around 40% are focused on young people, (ILO, 2016)–. In policies related to employment subsidies, 25% of these are targeted at young people, as is the case of First Employment Programs in the region. Likewise, programs that cater to entrepreneurship have been frequent due to the high informality they face, whose importance varies between 10% and 40% of total policies, representing 16% of the support programs for productive microenterprises aimed at the young population.

1.8 For those young people who study, there is a mismatch between what young people perceive they get from the education sector and the reality of what this knowledge overruns and is applied in the labor market, as well as what the labor market demands.

According to the ILO (2017), 36% of young people state that they do not apply what they have acquired in their work and 39% answered that their work demands less studies than those they have completed. In turn, another element that emerges is that when categorizing per areas of knowledge, it is Science, Technology, Engineering and Mathematics (STEM) careers in which a greater decoupling is perceived.

If this perception is considered valid, it is necessary to activate at least two types of policies aimed at this population segment. The first consists of adapting the academic content of educational systems to the reality of the labor market. In this line, the alternation or dual education systems can help to ensure that the knowledge acquired through the educational system is directly related to what is required by the labor market, thus reducing the mismatch between supply and demand in the labor market and, in turn, the new teaching methods that the alternation models imply with practice-based learning. A second line is linked to the needs required by jobs with a high technological component. Once again, careers with a high technological content that are taught under an alternation scheme can improve the gap between the academic content acquired and the knowledge they end up using their day-to-day.

1 **Dual training policies are still emerging in the region, and do not necessarily have an aspirational strategic guideline as to what training should be aimed at: frontier knowledge vs. labor market needs in certain productive sectors.**

However, employment programs, such as training and entrepreneurship programs, are increasingly being used to compensate for the shortcomings of the educational systems, by providing training in skills more in line with current labor market demands.

A second cluster of core policies is targeted at those young, actively working people. In this case, the reality once again differs from what is expected, given that young people are optimistic about their future –they believe they will obtain better salaries, covered by social security systems, working in their own business, etc.-. Although these high expectations denote a positive aspect given that they perceive themselves with a good future employment scenario, they require policies to support this optimism, or interventions on behalf of the State so that this population segment does not become frustrated in the short-term in the labor market.

2 **There are a range of policies and programs that could actively operate to target specific segments of the young population.**

Training programs are key for young people to be able to insert themselves in the labor market in a sustainable manner in the future. As already mentioned, these programs are the most abundant in the region and therefore, there is a wide range of programs from which young people can benefit. However, the initiatives that aim to provide targeted attention to youths with specific needs, such as those identified as being at risk of migration, have employment programs that are recent and work in isolation in some countries, but are considered fundamental to actively attract young talent to the labor market.

Another element refers to the process of technological innovation and the extent to which existing organizations are adapting to this change. In this sense, 61% of young adults perceive that automation and robotization will affect the future of the labor market, and 73% consider that there will be real training needs in technology areas and specialties (ILO, 2016). About 32% believe that new programs and specialization courses will be necessary, and 35% believe that new careers will be created (ILO, 2016). In some of the existing employment programs, there are components related to the creation of new soft skills and competencies that are highly related to technological change, although only one of the programs –implemented by Argentina– focuses on generating programming skills. The gaps in knowledge and access to technology occur from the early stages of the educational system, so the State –in each country– should play a leading and active role in each stage of the lives of young individuals to help reduce the socioeconomic gap, for example, by creating specific training programs in skills at the frontier of technological knowledge.

In addition, following on from the above in terms of the appropriate targeting of programs and policies, it should be noted that several of them focus on the vulnerable population, which represents the advantage that it aims to reduce existing socioeconomic gaps. There are relatively fewer specific programs or policies that address youths with disabilities or that consider gender (e.g., women), which, within the youth population are some of the sub-groups that are most disadvantaged in terms of access to jobs, have higher relative rates of

unemployment, among other labor market issues. This relative absence could be addressed by incorporating some incentives –benefits– or specific quotas for these groups in employment programs.

21 The youth institutes in the different countries are considered key for the social inclusion of young people, and, in many cases, it is important that they be fostered by the state.

As observed in this review, relatively few institutes are actively involved in, or manage programs that address the problems of young adults as a whole and those linked to the labor market. The advantage of having policies focused in one institution is that it avoids the overlapping of programs or policies.

22 The multi-causality of labor market insertion problems determines the need to generate targeted programs and/or programs based on a range of instruments, identifying in each case the main problems that generate employability difficulties.

The creation of these programs, in turn, must always be supported from the design stage by a feasible framework for assessment and monitoring to clearly identify the most favorable interventions from a cost-effective point of view.

In this sense, and in view of the evaluation deficit detected, it is also relevant to advance in technical support in the region from the point of view of the assessment and follow-up of existing programs, to help generate new specific evidence regarding each program applied in a specific context, bearing in mind that previous evidence indicates that the results obtained in one context cannot necessarily be extrapolated to other contexts or countries.

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Introduction



Youth labor market insertion problem is a phenomenon that has been widely documented in economic literature and has generated a growing reaction from public policymakers worldwide.

This phenomenon is particularly relevant in Latin America and the Caribbean. As an example, ILO (2020) notes that the urban unemployment rate among Latin American and Caribbean youth ages 15-24 tripled the rate for adults and was more than double the average overall unemployment rate in the region in 2018. In absolute numbers, that's about 10 million young talents looking for jobs without getting them in the region. This situation was aggravated by the COVID-19 pandemic, where youth unemployment reached its highest figures (23.8%) since the dawn of record-keeping.

ILO report (2020) also points out that 6 out of every 10 young adults who find employment in the region are forced to accept informal economy jobs, which generally implies poor working conditions, deprived of protection or rights, and with low-level productivity and wages. This data shows that the problem of labor market insertion of young talent is not only associated with unemployment but is also linked to the quality of employment in which young workers find themselves.

Finally, ILO (2020) highlights that an estimated 20 million young adults in the region do not study or work, mainly due to frustration and discouragement caused by the lack of opportunities in the labor market. Thus, insertion problems, in many cases, are also manifested in low labor participation rates.

These labor market insertion difficulties not only represent a short-term problem for young workers but can have significant medium and long-term consequences on the process of human capital build-up at the individual level, but also at the global level of the economy, if the phenomenon is widespread.

There is a variety of studies linked to the so-called “scarring effects” that warn us that labor market insertion problems in youth can generate persistent impacts over time that hinder the process of human capital accumulation, affecting their income and productivity possibilities in the future (see Heckman and Borjas, 1980; Ellwood, 1982, Corcoran, 1982). In this sense, economic theory provides us with elements that justify the relevance of the design of public policies linked to easing the insertion of young people into the labor market.

In response to these aspects, plans and programs have been launched at the global level to facilitate the integration of young people into the labor market. In the specific case of Latin America and the Caribbean (LAC), the design of public programs and policies with the aim of addressing youth labor issues is not a recent phenomenon. Miranda and Alfredo (2018), in their analysis of youth employment policies in the region, point out that since the 1990s, different types of programs, plans and laws to promote youth employment have been developed in different countries of Latin America and the Caribbean.

It should be noted that this paper does not attempt to assess the impact of the different existing programs or laws. This report seeks to prepare a diagnosis of the employment scenario of young people, while mapping existing public policy initiatives in a specific set of CABEL partner countries including –as far as information permits–, Argentina, Colombia, Costa Rica, Cuba, Dominican Republic, El Salvador, Honduras, Guatemala, Mexico, Nicaragua, and Panama. Once the diagnosis has been consolidated, the work seeks to investigate the consistency or inconsistency of policies with the issues identified, providing public policy recommendations.

The systemization of information for the assessment comprises two related but independent scopes that are addressed throughout the six core chapters that make up the report.

The first three chapters of the report provide an in-depth analysis of the behavior of the labor markets, focusing on youth labor market insertion in the selected countries. The problems of youth labor market insertion are analyzed in detail, both in terms of salaried employment and in terms of independent entrepreneurship. The analysis discusses the characteristics of both the demand for employment –more and less dynamic occupations, profile of tasks required, risk of automation of occupations, informality, etc.–, and the supply: age and educational profile.

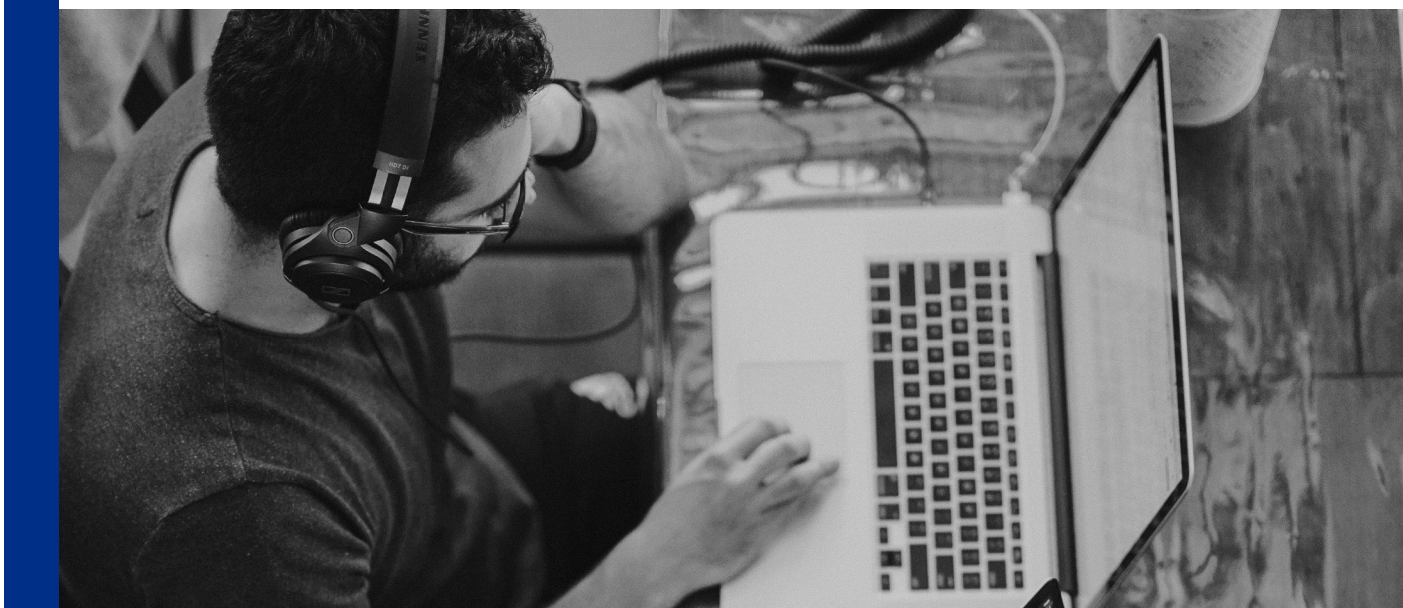
In addition, aspects related to the mismatch of skills between supply and demand are studied and possible future trends in the labor market are analyzed, also considering both issues from the demand side, related to technological innovation, and from the supply side, mainly considering demographics, and migratory phenomena.

Secondly, from the fourth to the sixth chapter, efforts are made to classify the main youth employment and entrepreneurship programs developed in the selected countries, as well as their legal and institutional framework. This classification is additionally contrasted with previous evidence where information is available on the types of programs that have been successfully deployed, and elements that previous studies have identified as needing improvement in the deployment of youth employment and entrepreneurship policies are discussed.

Once the diagnostic and classification effort has been completed, the seventh and final chapter of this report presents the main conclusions and policy recommendations of the study. This chapter initially discusses the consistency between the issues identified in the labor market analysis and the policy initiatives developed, and then moves on to a critical analysis of the initiatives identified, exploring possibilities for improvement in the programs.

Chapter 1

The labor & entrepreneurship market in Latin America and the Caribbean in the times of COVID-19



1.1. Introduction

This chapter presents the evolution of the labor market and entrepreneurial capacity in Latin American countries before and during the COVID-19 pandemic, focused on young people. The aim is to observe the extent and limits of the insertion of young Latin Americans in the labor market according to various factors and in comparison, with the insertion of the adult population.

The chapter is organized in six parts. The first part sets out the general sociodemographic profile of the countries under study, within the framework of which the features of the productive structure and the labor market are understood, in relation to age and gender groups. The second part describes youth labor insertion through the analysis of the main indicators of economic activity, i.e. the activity rate, the employment, and the unemployment rate, comparing the situation of young people with that of the general average of the economy. The third part delves into the statistics of youth insertion, seeking to determine patterns of insertion differentiated according to different socio-demographic and economic indicators. The fourth part deals with the general features of the educational profile of the youth population, showing the limitations and challenges faced by countries in training their young workforce to meet the challenges that the post-pandemic period will bring. The fifth section sets out what are the main post COVID-19 challenges for societies in general and for the youth population

in particular. Finally, the sixth section incorporates the chapter's concluding reflections. Annex A1 discusses details on the quality of education systems in the region.

1.2. Sociodemographic features of the Latin-American and Caribbean region

Among the countries under study, there are three profiles according to population size. The first group of countries with the largest populations is made up of the three non-Central American countries: Mexico –exceptionally populated–, Colombia and Argentina, which present certain common sociodemographic trends among their youth population; then a second cluster of countries with populations exceeding ten million inhabitants, made up of the Caribbean countries (Cuba and Dominican Republic) and Guatemala, which with relatively small surface areas present high density levels; finally, the Central American countries (El Salvador, Honduras, Nicaragua, Costa Rica, and Panama) with populations of up to nine million inhabitants, with different surface areas –but small compared to the first group– and with low levels of population density compared to the second group.

The following table illustrates the population composition of the countries under study by age group and gender for the year 2020.

Table 1.2. Population per gender and age demographics, per country
(2020, in percentages).

Country	Total		Men			Women		
			0-14 yrs	15-29 yrs	30 yrs and over	0-14 yrs	15-29 yrs	30 yrs and over
Guatemala	16,858,333	100	16.7	14.9	17.6	16.0	14.8	19.9
El Salvador	6,321,042	100	13.2	14.3	19.3	12.6	14.7	26.0
Honduras	9,304,380	100	15.9	14.1	18.7	15.4	14.8	21.1
Nicaragua	6,595,674	100	15.5	13.9	20.0	14.8	13.7	22.2
Costa Rica	5,111,238	100	11.1	12.5	26.8	10.6	11.8	27.2
Panama	4,278,500	100	13.2	12.3	24.7	12.6	11.9	25.4
Cuba	11,181,595	100	8.1	9.5	32.1	7.6	8.9	33.8
Dominican Republic	10,448,499	100	14.0	13.1	22.8	13.5	13.0	23.6
Mexico	127,523,986	100	12.4	12.0	24.2	11.4	12.2	27.8
Argentina	45,376,763	100	12.5	11.8	24.7	11.8	11.5	27.6
Colombia	50,372,424	100	12.0	12.7	24.1	11.5	12.5	27.2

Source: National Statistics Institute of Guatemala, El Salvador, Honduras, Nicaragua, Costa Rica, Panama, Cuba, Dominican Republic, Mexico, Argentina, and Colombia. Years: 2018, 2019, 2020.

In terms of population composition by age group in the region, Guatemala, Honduras, and Nicaragua have the highest relative proportions of the age group corresponding to children and adolescents (0-14 years), making them the least aged countries of the group under analysis. However, the three countries underwent a process of reduction of this age group by about one percentage point (1 p.p.) in the last three years, which indicates that the demographic transition process is advancing significantly. At the same time, the same three countries have the lowest proportions of older adults. Regarding the youth population (15-29 years), the three countries in question, plus El Salvador, have the highest proportions of young people (about 30%), which implies that they have an expansive productive potential compared to the other countries under study.

In contrast, the group of countries with more aged societies is made up of Costa Rica, Cuba, Argentina, Colombia, and Mexico, which have shown a slight increase in their 30-year-old populations, in recent years. In these countries, the young population barely reaches 18.4% in Cuba, 23.3% in Argentina, 24.2% in Mexico, 24.3% in Costa Rica and 25.2% in Colombia, in 2020.

Regarding gender distribution, the general trend in the composition of the population is parity between men and women. The countries where population difference by gender is greater are Mexico, Colombia, Argentina, El Salvador, and Honduras, where the gap is positive for women by at least 2 percentage points.

Of these countries, only El Salvador increased the gap in the period, perhaps linked to the fact that the male population emigrated to the northern continental region (Mexico, United States, and Canada), which means, for that country, a difference of 6.6 percentage points between the male and female population. In this case, therefore, the dependence of the economic structure and social processes on the female population is more serious versus other countries of the region, which creates the conditions for social protection problems when caregiving tasks fall heavily on women. These factors are associated –not only in El Salvador, but also in Honduras and Mexico, where labor informality is widespread¹– with high levels of female exposure to risks and a more intense subordination in their economic participation, a fact that is generally frequent throughout Latin America, where women earn lower income and are more frequently inserted in subordinate positions of economic occupation.

At the level of population distribution by age group according to gender, there are some interesting regularities. Within the young population (between 15 and 29 years old), there is a slight difference between the proportion of young men and young women in almost all countries, with the former predominating. On the other hand, in all the countries the proportion of adult women exceeds that of adult men, which shows a process of feminization of the adult population, indicating bias in favor of women due to the high life expectancy in all the countries.

¹ Labor informality is understood as the condition of employment, dependent or self-employed, in which workers earn less than the legal minimum wage, do not have an employment contract, they do not contribute to social security, they do not have health insurance and they do not have unemployment insurance (the latter is rare in Latin America).

1.3. Youth labor market insertion in the countries of the region

In this section we set aside the demographic characteristics of the population, to analyze the main indicators of youth labor performance, disaggregated by gender, versus the indicators observed for the general population. The analysis was carried out based on microdata from the latest Permanent Household Surveys available in each of the countries considered. The results obtained –presented in Table 1.2.–, show that, in line with previous findings for the region, youth labor market insertion is a relevant problem in the countries under study.

First, we can see that in all cases, youth employment rates are significantly lower than those observed for the economy. For the countries considered as a whole, the average difference is 9 percentage points. At one end, Panama, Argentina, Costa Rica, and Colombia stand out, with values above the average, reaching a maximum of 14 percentage points in the case of Panama. At the other end are Guatemala and Nicaragua, where the differences are significantly lower than in the rest of the countries. These important differences are observed for both men and women, although they are slightly more moderate for the latter. The only two cases where this isn't the case are Panama and Nicaragua, where the differential between the total and youth employment rate is greater for women.

In addition, in all cases, youth unemployment rates are well above the levels recorded for the overall economy. Youth unemployment rates for the average of the countries analyzed are almost 6 percentage points above the labor market average, thus reaching a maximum difference in the case of Costa Rica that reaches 13 p.p.. This is followed by Panama, Argentina, and Colombia, where the youth unemployment rate exceeds that of the economy average by 7 and 9 p.p.. On the other hand, Guatemala and Nicaragua are the countries with the smallest difference between the youth unemployment rate and that of the total economy.

Table 1.2. Activity rates, occupation and total and youth unemployment in the region (latest available year)

Year	Country	AR		Total TO		UR	
		Total	Youth	Total	Youth	Total	Youth
2019	Panama	66.58	57.69	63.31	49.51	4.91	14.18
2019	El Salvador	61.12	54.35	57.25	48.30	6.32	11.12
2018	Dominican Republic	67.32	60.09	63.20	52.93	6.12	11.91
2019	Argentina	60.09	50.82	54.74	41.79	8.90	17.76
2019	Mexico	60.89	53.77	58.85	50.57	3.35	5.95
2019	Costa Rica	62.88	59.00	55.07	44.16	12.42	25.15
2019	Honduras	57.37	49.47	53.59	44.20	6.60	10.65
2019 II	Guatemala	61.62	63.25	60.45	61.36	1.89	2.99
2019-JAN	Colombia	64.12	53.38	55.92	42.67	12.80	20.06
2012 II	Nicaragua	77.71	74.14	73.77	68.88	5.07	7.09

Year	Country	AR		Men TO		UR	
		Total	Youth	Total	Youth	Total	Youth
2019	Panama	78.00	68.77	74.92	61.70	3.95	10.28
2019	El Salvador	79.05	70.68	73.56	63.59	6.95	10.03
2018	Dominican Republic	80.43	70.78	77.09	64.91	4.15	8.29
2019	Mexico	77.84	67.34	75.23	63.41	3.35	5.83
2019	Costa Rica	74.91	66.64	67.75	52.96	9.56	20.53
2019	Honduras	75.10	64.74	71.14	59.72	5.27	7.76
2019 II	Guatemala	86.70	87.00	85.31	84.67	1.60	2.68
2019-JAN	Colombia	75.44	60.68	68.07	51.54	9.76	15.06
2012 II	Nicaragua	88.22	85.09	84.05	80.02	4.73	5.95

Year	Country	AR		Women TO		UR	
		Total	Youth	Total	Youth	Total	Youth
2019	Panama	54.68	45.27	51.21	35.85	6.35	20.82
2019	El Salvador	46.07	39.21	43.58	34.14	5.41	12.94
2018	Dominican Republic	54.58	49.17	49.69	40.69	8.95	17.24
2019	Argentina	50.44	43.67	45.65	35.43	9.48	18.86
2019	Mexico	45.66	40.53	44.12	38.04	3.36	6.13
2019	Costa Rica	50.77	50.46	42.31	34.33	16.66	31.97
2019	Honduras	41.56	34.43	37.93	28.92	8.73	16.01
2019 II	Guatemala	40.23	41.36	39.26	39.87	2.42	3.60
2019-JAN	Colombia	53.33	45.86	44.32	33.53	16.89	26.89
2012 II	Nicaragua	67.85	62.82	64.12	57.36	5.49	8.70

Source: Permanent Household Surveys of selected countries.

Again, these differences are observed for both men and women, although in this case it is women who present, in all countries, a greater differential. This differential is more than double of men in Panama, El Salvador, Dominican Republic, Honduras, and Nicaragua.

It should also be noted that this higher youth unemployment is observed even though youth participation rates in the labor market –youth supply– are also significantly lower than those observed for the economy. In fact, youth activity rates for most of the countries analyzed are below those observed for the average worker by more than 5 p.p., except for Costa Rica, Nicaragua, and Guatemala. Colombia, Argentina, and Panama stand out, where the activity rates of young people are between 9 and 11 p.p. below those of the economy average.

It should be noted that lower youth labor engagement is not necessarily a problem for the region's economies. Indeed, at least part of the youth population –15-29 years old– is in a stage coinciding with formal secondary and tertiary education, which can naturally lead to postponing insertion in the labor market. However, if at least part of the lower turnout arises because of young people discouraged by low employment prospects, it should be considered a problem. Table 1.3 shows, for some of the countries considered, the proportion of young people aged 15-24 who are neither studying nor working. The high values shown put into perspective the argument of school attendance as a cause of late entry into the labor market.

Beyond lower labor engagement, the high rates of youth unemployment undoubtedly imply a relevant problem, since those young people who wish to participate in the labor market experience significant difficulties in obtaining employment. As mentioned above, several studies warn of persistent impacts related to youth unemployment that hinder the process of accumulating workers' human capital.

Table 1.3. Ratio of young individuals ages 15-24 that neither study nor work (latest available year)

	Total (15 to 24 years)	15 to 19 years	20 to 24 years
Colombia	24.4	18.5	29.9
Costa Rica	19.7	12.0	27.8
El Salvador	22.6	15.3	28.9
Honduras	23.7	21.9	25.8
Mexico	18.0	14.7	21.5
Panama	16.0	11.9	20.6
Dominican Republic	12.2	6.5	18.3

Source: ECLAC Database/ Permanent Household Surveys Database (ECLACSTATS)

Based on available information, the year considered is 2020 for all countries under analysis, except for Honduras and Panama, which use 2019 as their benchmark year.

The labor indicators also show a significant gender gap in the labor markets of the countries under study, i.e., lower engagement and employment rates are systematically observed alongside higher unemployment rates in the case of women.

A noteworthy result of the analysis based on these indicators is that the gender gap continues to be very significant in the case of the youth population, which is particularly worrisome. On average, for all countries considered, both the youth activity rate and the youth employment rate are 25 p.p. lower for women. For both rates, this gap reaches 45 p.p. in the case of Guatemala and 30 p.p. in El Salvador and Honduras. In turn, the gender gap in the youth unemployment rate averages 6 p.p. for the cluster of countries considered, which is double that observed on average for the total number of workers in the economy (3 p.p.). In the case of Colombia, Costa Rica and Panama, the gap exceeds 11 p.p..

The gender gap undoubtedly represents not only an individual problem of labor discrimination against women, but also implies a significant waste of human capital in studied countries; especially bearing in mind that in practically all cases, women achieve a higher average educational accumulation than men.

Table 1.4. Gender gap in activity rates; occupation and unemployment –total and youth– in the region (latest available year)

		$AR_m - AR_h$		$TO_m - TO_h$		$UR_m - UR_h$	
		Total	Youth	Total	Youth	Total	Youth
2019	Panama	-23.32	-23.50	-23.71	-25.85	2.40	10.54
2019	El Salvador	-32.98	-31.47	-29.98	-29.45	-1.54	2.91
2018	Dominican Republic	-25.85	-21.61	-27.40	-24.22	04.80	8.95
2019	Argentina	-20.41	-14.16	-19.23	-12.60	1.04	1.91
2019	Mexico	-32.18	-26.81	-31.11	-25.37	0.01	0.30
2019	Costa Rica	-24.14	-16.18	-25.44	-18.63	7.10	11.44
2019	Honduras	-33.54	-30.31	-33.21	-30.80	3.46	8.25
2019 II	Guatemala	-46.47	-45.64	-46.05	-44.80	0.82	0.92
2019-Jan	Colombia	-22.11	-14.82	-23.75	-18.01	7.13	11.83
2012 II	Nicaragua	-20.37	-22.27	-19.93	-22.66	0.76	2.75

Source: Permanent Household Surveys of selected countries.

Note: Sub-Index states "w" and "m" referring to woman and men, respectively.

1.4. Heterogeneities in youth labor market insertion in Latin America and the Caribbean

In the previous section aggregate data on the difficulties for labor market insertion of young people in the countries considered in this study were analyzed. In this section, we seek to deepen this global view with the aim of identifying those groups particularly affected. To this end, labor market insertion indicators are analyzed again (employment and unemployment rates) and labor market insertion quality –informality–, but in this case, by educational level and geographic area (see Table 1.5).

A first relevant conclusion is that all the groups considered show greater difficulty in labor market insertion than the population average, which can be seen in higher unemployment rates and lower employment rates. In other words, labor market insertion problems exist for young people, regardless of their educational level or their urban or rural residence. In turn, the comparatively high rates of informality are also high for all the openings, which shows that the quality of insertion is also a generalized problem for the entire youth population.

Beyond the widespread nature of the problems, the opening allows us to identify specificities in the different groups. Although in some of the countries analyzed there may be few small exceptions, the data suggest that in most cases, young people with intermediate education levels –complete or incomplete secondary education– are those who have the greatest difficulties in obtaining employment, as evidenced by lower employment rates and higher unemployment.

This pattern tends to be observed at both the urban and rural levels. Although insertion difficulties are still present, they decrease moderately both in segments with higher educational levels (completed or incomplete tertiary education), mainly in urban areas, and in segments with lower educational levels –at most completed primary education–.

On the other hand, the problems with job quality, measured by the percentage of informality, generally show a decreasing pattern with the level of education. That is, informality is comparatively lower among the most educated young people and higher –reaching very high levels– among those with a lower level of formal education. This pattern of labor market insertion could be suggesting that in less educated young people, the higher employment rate; relative to young people with an intermediate level of education, may be due to a greater flexibility to accept worse working conditions. Once again, this pattern of employment quality is seen in both urban and rural areas, although in the latter case, the rates of informality are higher for all levels of education.

In short, the data classified by educational level indicate that insertion problems exist in all segments of the youth population, although they do not necessarily manifest themselves in the same way or have the same magnitude. In the case of more educated young people or those with intermediate educational levels, the problems are found mainly in obtaining employment, and to a lesser extent, in the quality of employment when they manage to obtain it. In the case of less educated youth, the numbers in several countries may suggest comparatively fewer problems in obtaining a job, although the problems of quality increase significantly with respect to the rest of the youth.

Table 1.5. Occupation rates, unemployment, and youth informality in the region, per geographic area and educational level (latest available year)

Education	Unemployment Rate			Occupation Rate			Informality		
	Total	Urban	Rural	Total	Urban	Rural	Total	Urban	Rural
Argentina									
High	15.07	na	na	47.23	sd	sd	39.47	na	na
Mid-Level	19.62	na	na	38.46	sd	sd	61.25	na	na
Low	16.26	na	na	45.55	sd	sd	76.23	na	na
Colombia									
High	22.28	20.81	44.29	60.44	61.41	45.3	32.77	31.50	59.77
Mid-Level	20.88	23.33	12.35	45.54	44.6	48.65	72.27	64.86	94.82
Low	13.30	21.34	2.54	55.74	48.89	65.68	91.43	86.89	96.35
Costa Rica									
High	16.57	15.65	21.48	63.18	65.42	52.81	21.83	21.58	23.25
Mid-Level	28.85	30.69	23.57	37.84	37.86	37.8	43.34	40.08	51.76
Low	24.11	28.21	17.73	49.16	47.94	50.93	69.25	71.12	66.71
El Salvador									
High	16.32	15.53	20.95	70.73	71.62	65.71	31.04	29.47	40.77
Mid-Level	12.27	13.12	10.94	62.07	63.76	59.65	63.04	56.02	73.85
Low	7.81	8.37	7.49	56.18	57.74	55.32	90.17	83.72	93.85
Guatemala									
High	2.72	2.34	4.81	58.52	57.59	64.41	40.06	40.38	38.26
Mid-Level	7.20	8.27	5.30	46.02	46.42	45.34	70.7	63.95	81.25
Low	9.34	6.64	2.87	52.55	56.61	50.42	92.57	89.83	94.16
Honduras									
High	13.96	14.52	10.37	47.67	46.34	57.76	46.18	44.03	59.67
Mid-Level	15.83	17.66	11.63	49.39	49.03	50.21	72.43	66.58	85.34
Low	7.19	11.65	4.74	59.25	57.21	60.37	93.62	86.17	97.53
Mexico									
High	7.30	7.38	7.17	57.04	57.36	56.55	38.05	31.9	47.67
Mid-Level	5.68	7.06	4.67	47.74	45.73	49.30	62.93	52.48	70.45
Low	4.24	4.89	4.02	57.11	57.25	57.06	83.33	73.8	86.58
Panama									
High	13.81	13.31	17.33	55.17	55.79	51.02	43.91	42.45	53.63
Mid-Level	15.73	16.91	13.27	46.10	43.70	51.75	57.97	52.18	71.64
Low	4.37	3.18	5.25	59.24	51.94	66.3	74.11	65.46	82.47
Dominican Republic									
High	8.12	8.07	8.51	63.00	63.50	59.05	na	na	na
Mid-Level	12.96	13.09	12.39	49.34	49.39	49.13	na	na	na
Low	9.33	11.03	5.91	59.14	56.74	64.19	na	na	na

Source: Permanent Household Surveys of selected countries of Countries under analysis

Note: "High" Education refers to tertiary levels –complete or incomplete–; "Mid-Level" refers to complete or incomplete secondary education; and "Low" refers to complete primary education.

1.5. Educational profile of the working population in Latin America & the Caribbean

The educational profile of the population in general, and of the working population, reflects the productive and competitive capacities of a society, which will enable it to project itself in the regional and global scenario. To analyze these factors, we chose to survey the average schooling –years of study– of the countries under study, both at the level of the national population, and at the level of the youth population. Within the framework of this indicator, several countries share some features that define their populations and place them in favorable or unfavorable scenarios for supporting labor markets and youth employment.

As observed in Table 1.6, the countries with relatively low levels of schooling are El Salvador and Honduras, whose average level of schooling is less than 9 years. Meanwhile, the working-age population in Costa Rica, Mexico and Colombia has an average schooling of 9 years, which indicates that their productive qualifications have relative gaps that need to be addressed in the short and medium-term. Finally, the Dominican Republic, Panama, Argentina, and Cuba are the countries whose populations have an average of more than 10 years of schooling. While the Dominican Republic and Panama barely surpass this level, Argentina is close to 11 years and Cuba exceeds 12 years of average schooling.

Regarding the schooling of the youth population, the fundamental element to highlight is that, for all the countries considered, the population between 15 and 29 years old average years of schooling exceeds those of the working-age population. In this sense, this represents an advantage in terms of young population human capital with respect to the adult population. In turn, in all cases, young women have a slight advantage over young men, confirming the generalized tendency in Latin America that female youth performance in the educational system is –clearly– ahead of male youth performance.

Table 1.6. Average education levels (latest available year)

Countries	Working-Age Population (14 yrs & older)	Youth Population (15 to 29 yrs)		
		Total	Men	Women
El Salvador	8.5	9.5	9.4	9.6
Honduras	7.9	-	8.5	8.9
Costa Rica	9.0	10.1	9.9	10.4
Panama	10.3	11.3	10.9	11.7
Cuba	12.2	12.2	11.9	12.5
Dominican Republic	10.0	10.9	10.4	11.5

Countries	Working-Age Population (14 yrs & older)	Youth Population (15 to 29 yrs)		
		Total	Men	Women
Mexico	9.4	10.8	10.7	11.0
Argentina	10.9	11.0	10.7	11.4
Colombia	9.1	10.7	10.1	10.4

Source: National Statistics Institutes of El Salvador, Honduras, Costa Rica, Panama, Cuba, Dominican Republic, Mexico, Argentina, and Colombia.

Notes: According to available information, the data on the Dominican Republic pertains to 2018; the data from El Salvador, Honduras, Panama, and Cuba pertains to 2019; and Costa Rica, Mexico, Argentina, and Colombia pertain to 2020.

With low schooling averages overall, young Latin-Americans face job training problems because of the educational system. Except for Cuba, the only Latin-American country whose average years of schooling is higher than 12 years (equivalent to secondary school graduation), the remaining countries have low or even very low average years of schooling, as is the case of Guatemala and Honduras. Along with Argentina, Colombia and Mexico, non-Central American countries, Panama, the Dominican Republic, and Costa Rica also have average years of schooling of over 10 years.

In the case of Cuba, with a medium-high educational profile, the problem is the stagnation of its productive structure, on which it will depend to take advantage of its relatively high human capital on which the national investment has been betting for more than half a century.

In the case of countries with low levels of schooling, their main problem is their low capacity in terms of educational profile to face the challenges of an increasingly competitive labor market in which knowledge plays a key role in economic and social expansion. Countries with medium-level educational profiles have the relative advantage that an effort to increase educational training by their respective States can place them in a position to foster conditions to strengthen the productive structure and the labor market, given that their years of study indicate –above all– educational inequalities within each country for societies that have invested in expanding coverage and permanence, but have not yet managed to ensure full access and sufficient incentives to prevent school dropout levels.

1.6. The challenges post-COVID-19

The COVID-19 pandemic caused a significant shock to labor markets worldwide, which to varying degrees began to dissipate in 2021 as economies –at least partially– recovered their level of activity. Nevertheless, the magnitude of the shock and the uncertainty that still prevails poses challenges for the immediate future and in the long term.

There are at least two relevant challenges that emerge from the situation of the Latin-American youth population in the context of employment, entrepreneurship, and the changes implied by the COVID-19 pandemic.

First, the onset of the COVID-19 pandemic is leading to changes in the labor market coupled with the technological imprint, the increased insertion of information and communication

technologies in productive processes, as well as the digitalization of social life, all of which confronts a Latin-American scenario, as far as its youth population is concerned, that does not have –at least in a significant proportion– sufficient knowledge and skills to move towards the underpinning of productivity based on the technological imprint.

As Reimers (2021) points out, the pandemic had an impact on the region's educational systems through the suspension of classes and the creation of remote learning modalities, with the result of variable effectiveness, increasing the gaps in educational opportunities among young people of different socioeconomic levels and nationalities. In other words, while the demand side would have accelerated the demand for skills, on the supply side, the impact of the pandemic would have operated in the opposite direction, potentially increasing the problems of labor market insertion of young individuals.

The challenge, then, is to promote both educational and extra-educational instances of training in the digital field, as well as to generate the appropriate incentives to introduce systems of interaction between education and work to develop the skills and competencies required in this regard in the economy. It is also necessary to strengthen continuous training and job retraining programs for those workers who have been affected (or will be affected in the future) by automation processes, generating skills that will allow them to reinsert themselves in occupations with a lower risk of technological replacement. This last point is fundamental in the case of young workers who have most of their working careers ahead of them.

Beyond the strengthening of supply conditions and social protection measures for affected workers, it is important to bear in mind that technological acceleration should be conceived, as Beato (2021) suggests, as an opportunity to improve the productivity levels of the region's economies. Indeed, it should be noted that the main labor problem is low productivity, which usually leads to a lack of social protection and low wages. In this sense, public policy actions aimed at moderating technological penetration will only lead to a further widening of the productivity gap between the regional economies and the OECD economies, which, according to *Ríos et. al* (2020), has increased over the last 50 years.

On the other hand, the strong expansion of communication platforms that enable remote work opens major possibilities for the offshoring of certain tasks or processes at the level of global chains. This could represent an opportunity for the economies of the region, since with lower wages than the more developed countries and better platforms for remote work, they could increase their share in the global services production, provided they have the necessary human and infrastructure resources to leverage this opportunity. Investment in digital infrastructure, as well as further investment in education, are crucial to transform this challenge into an opportunity for the region's workers.

The second relevant challenge for the economies of the region is to prevent the impacts of COVID-19 from continuing to deepen the existing –wide– gender gaps. Greater access to platforms that allow remote work can be seen in some cases as an opportunity to expand female labor participation, which assumes a much greater burden of unpaid household chores. In this sense, telecommuting could allow women to reconcile paid work with unpaid household work. However, it is important that the impact of these new possibilities does not work against the desired effect, increasing gender inequality.

The challenge for societies in the region and for public policy is to create levels of social infrastructure to enable caregiving work to be carried out on an equal footing with men, thus

promoting women's involvement in the labor market. The use of technology that allows for the partial incorporation of women into the labor market, at a distance, while most unpaid household chores continue to fall on them, does not seem to be the best way to reduce gender labor gaps in the region.

In this regard, the challenge is not only economic and labor-related, but also, at a more general level, a social challenge, to shore up social protection, promote greater access to the labor market for women, and encourage appropriate incentives for the development of young women's skills.

1.7. Final observations

Latin America and the Caribbean is a region of great diversity in terms of demographic transition progress and development levels, which is reflected in relevant differences in labor markets performance, in general terms, and of youth labor markets. The set of countries that comprise the object of study of this document clearly reflect the disparities observed in the region.

The analysis developed in this chapter shows that, indeed, youth labor market insertion is a relevant problem in the countries under study. In all the cases analyzed, young individuals show lower participation and employment rates alongside higher unemployment rates. Although there are significant discrepancies between countries, on average, the differences in youth labor market insertion and total labor market insertion are 9 p.p. in employment rate terms, 6 p.p. in activity rate terms and 6 p.p. in unemployment rate terms.

Asides these differences, those that exist within the youth population. First, the analysis shows that the labor market gender gap in these countries exists and is, in fact, very significant among the new generations. On the other hand, it was identified that, although the difficulties of labor market insertion apply all young people, it is those with an intermediate level of education who experience greater difficulty in securing employment. In turn, the less educated young people, although in most countries they have comparatively less difficulty in accessing employment, show significantly greater problems in terms of the quality of employment obtained.

Chapter 2

Labor supply and demand & youth entrepreneurship



2.1. Introduction

There are several concerns that have arisen among academics and policy-makers in recent years regarding the employability of the youth population. First, the probability of being unemployed for the young population is approximately three times higher than for adults, and this is even more acute if young women are considered (ILO, 2020). Another cause for concern is linked to the growing proportion of young people who neither study nor work (according to the ILO, 2020) who constitute 20% of the world's youth population. Thirdly, even for those young people who have obtained employment, there is a bias towards poor quality jobs lacking legal protection. Lastly, the adoption of new technologies, in what has been called "the fourth industrial revolution", means that many of the jobs they are accessing in the market for the first time are exposed to the process of automation. In addition, previous studies have pointed out that there are some factors that could indicate the differences between the expectations of young people in Latin-America, their acquired skills and education, and the reality of the jobs they are finding.

In this context, this chapter will delve into the nature of the jobs and enterprises in which young people in the region work and those they obtain given their skills, competencies, and opportunities. The content of this chapter is organized as follows. The next section analyzes

the profile of labor demand in the economies considered in this report, also describing the observed matching profile, which provides us with information on the type of skills demanded in the different occupations. The third section of the chapter delves into the place where young people fit into the labor demand structure. It analyzes the existence of biases towards a lower quality employment profile, as well as the importance of dependent employment and self-employment in the labor options of young individuals. Finally, a section of synthesis and conclusions is included.

2.2. Demand profile & matching

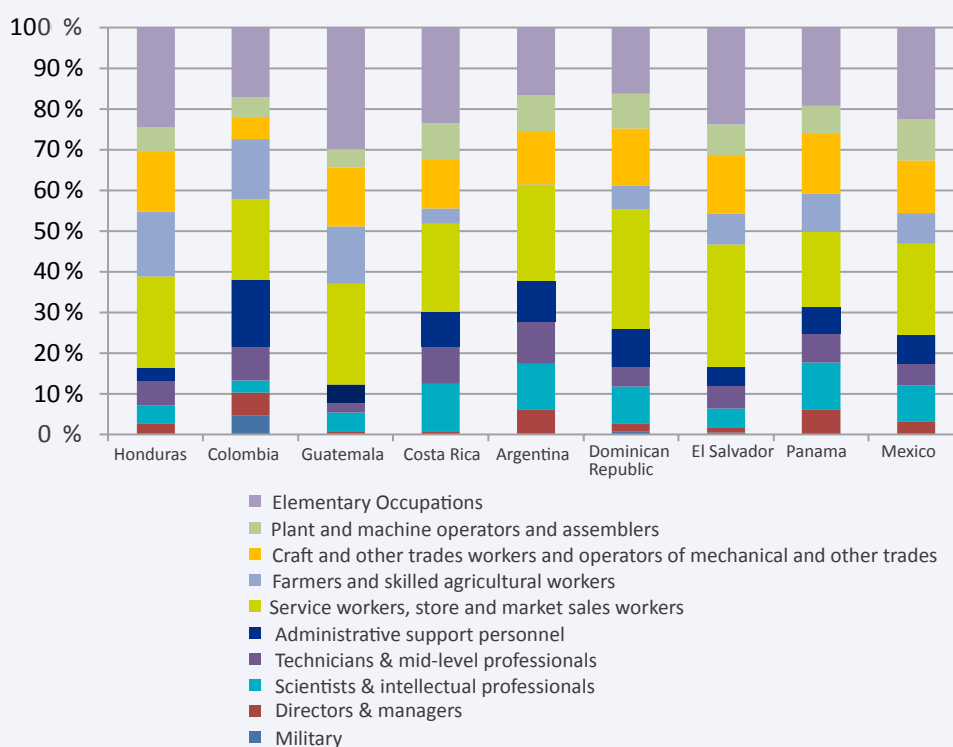
In this section we will analyze the main labor demand aspects for the set of countries analyzed.

Exploring the current occupational structure of the countries, the occupations with the highest representation are those corresponding to the so-called “Elementary occupations” and those grouping “Service workers and in-store and market sales workers”. In six of the eleven countries analyzed, “Elementary occupations” account for the largest proportion of workers (Guatemala, 30%; Nicaragua, 29%; Honduras, 25%; Costa Rica, 24%; Panama, 19%; and Mexico, 23%). In the remaining five countries, the occupations grouping “Service workers and in-store and market vendors” are the most represented (El Salvador, 30%; Dominican Republic, 30%; Belize, 29%; Argentina, 24%; and Colombia, 20%). Both occupational categories comprise between 37% and 55% of workers in said countries. At one end, Nicaragua, Guatemala, and El Salvador have more than 54% of their workers in these occupations; at the other end, Colombia and Panama have 37% and 38%, respectively.

In the analysis of employment by occupational category according to ISCO 08 coding, the next place corresponds to the occupations of “Officers, operators and craftsmen in mechanical and other trades”, which represent between 12% and 15% of the workers in the countries analyzed, apart from Honduras and Colombia. In the case of Honduras, this category is surpassed by only one percentage point by that of “Farmers and skilled agricultural, forestry and fishery workers”; on the other hand, in Colombia, the representation of “Officers, operators and craftsmen of mechanical arts and other trades” is much lower than in the rest of the countries, with only 6% of its workers in this category.

As shown in Figure 2.1, beyond the patterns described in the abovementioned four occupational categories, the distribution of workers is somewhat more disparate by country. The occupations corresponding to “Directors and managers” have a greater relative weight in Colombia, Argentina, and Panama, which is close to 6%, while in the other countries, the weight of these occupations in the total number of employed workers is less than 3%. Something similar occurs with the fields of “Scientific and intellectual professionals”, with Costa Rica, Argentina and Panama standing out with a representation of 11-12%; the Dominican Republic and Mexico, with 9%; while in the remaining countries, less than 6% of workers are employed in these categories.

Figure 2.1. Distribution of total employed by occupational category (ISCO 08) (latest available year)



Source: Permanent Household Surveys of selected countries.

Regarding “Technicians and mid-level professionals”, between 2% and 10% of workers in the countries analyzed are in this occupation category, with Guatemala and Argentina being the countries with the lowest and highest representation, respectively. In “Administrative support personnel”, Colombia has the highest representation, with 16% of its workers in this occupation category, while in the remaining countries this percentage is between 2% and 10%. Something similar occurs with the occupations of “Farmers and skilled agricultural, forestry and fishery workers,” where in between 14% and 16% of workers in Honduras, Colombia, Nicaragua, and Guatemala are employed, and less than 9% in the other countries. Finally, “Plant and machine operators” occupations have a similar distribution among the countries analyzed, with between 5% and 10% of workers in each country.

An analysis of the evolution over the last ten years shows certain stability in the employment structure of the countries analyzed in terms of occupational categories. In most occupations the changes are less than two percentage points. However, there are some exceptions, in terms of job creation or destruction by occupational category, that are worth mentioning.

The occupations corresponding to “Service workers and in-store and market sales workers” increased their share of employment in seven of the nine countries analyzed over the last ten years. This trend is mainly relevant in Honduras, El Salvador, Dominican Republic, and Guatemala, where the increase was between 8 and 14 percentage points. On the other hand, the occupations that tended to lose relative importance in jobs in the last ten years

are, in first place, those corresponding to “Elementary occupations” (in six of nine countries) and those of “Farmers and skilled agricultural, forestry and fishing workers” (in five of nine countries). Regarding “Elementary occupations”, the loss of participation took place first in El Salvador and the Dominican Republic –a drop of between 7 and 11 p.p. over the last ten years– and Panama and Honduras in second place –by 3 and 4 p.p., respectively–. In Honduras and Mexico, “Farmers and skilled agricultural, forestry and fishery workers” were the ones that lost the most jobs in the last 10 years, 5 p.p. in both countries. Finally, it is worth noting the drop in the occupations of “Directors and managers” in the last 10 years in Honduras and Guatemala, a drop of 8 and 5 p.p. respectively, while in the remaining countries this category remained unchanged.

It is interesting to consider the profiles of the occupations that have been gaining or losing relevance in the labor market, to detect potential changes that will be seen in the labor demand profile. In any case, Tables 2.1, 2.2, and 2.3 show some of the statistics analyzed for the total number of employed persons by occupation.

The jobs corresponding to “Service workers and in-store, and market vendors” are defined as employing workers between 36 and 42 years old on average, an age that coincides in general terms with the average age of the total number of workers in each country. Guatemala and Honduras are in the worst relative situation, with 7 and 8 years of education on average; at the other end, Argentina and Panama have 11 and 10 years, respectively. In all countries reviewed, the educational level of “Service workers and salespersons in stores and markets” is lower than the average educational level of the total number of employed persons in each country. Regarding the jobs corresponding to “Directors and managers” and “Scientific and intellectual professionals”, the difference is on average between 4 and 8 years of education, depending on the country. It is worth noting that these occupations are the ones that present workers with the highest average educational level, between 13 and 19 years of formal education, depending on the country.

On the other hand, “Service workers and in-store and market vendors” are occupations with a high percentage of women employed, between 54% and 63% in the countries analyzed, except for Colombia, where female involvement in these occupations is close to 70%. In fact, in five of the nine countries considered, this category is the one with the highest presence of female employment. The exceptions are Argentina, Dominican Republic, Panama, and Mexico, where “Scientific and intellectual professional” –in the case of Argentina– and “Administrative support personnel” –in the remaining countries– exceed the category of service workers and salespersons in terms of female presence. In terms of informality, more than 45% of “Service workers and salespersons in stores and markets” in the countries analyzed are informal, except for Honduras, which has a lower level of informality than other countries in this category (21%) and in the average of the total number of employed persons. After Honduras, Argentina and Panama have the lowest levels of informality versus other countries (46% and 47%, respectively); on the other hand, Guatemala has over 80% of “Service workers and salespersons in stores and markets” in informal conditions. At the other end, these levels contrast with the substantially lower levels of informality in “Directors and managers” and “Scientific and intellectual professionals”, which are less than 20% in the average of the countries.

Regarding the type of employment relationship, between 28% and 56% of “Service workers and salespersons in stores and markets” are self-employed. In most of the countries analyzed,

the presence of self-employment in this category is greater than that of the average number of employed workers. This is mainly true for Honduras, Guatemala, and El Salvador, where the presence is at least 20 p.p. higher. On the other hand, in Colombia and Costa Rica, the share of self-employed workers in this category is lower than that of the average number of employed workers. Likewise, these occupations are not very productive in terms of income. In fact, in the countries analyzed, of all the occupations considered, “Service workers and shop and market sales workers” are between the second and fourth worst earners. The exception is Colombia, where these occupations are better paid in relative terms than in the rest of the countries in the sample (position 6). Finally, on average, workers in these occupations perform tasks that present a probability of automation greater than 50% in all countries, according to the methodology proposed in the work of Frey and Osborne (2013). According to the distribution of workers in specific occupations within this category, the risk of automation is higher for some countries versus others. For example, Honduras and Mexico have the highest risk within this category –greater than 80% probability–.

Regarding the jobs that are losing ground, we focus first on “Elementary occupations”. These jobs focus –in all the countries considered– workers who are below the average age of the total number of employed workers in each country. The difference is greater for Nicaragua, Guatemala, and Honduras, where these workers are between 4 and 5 years younger than the average number of employed individuals. In turn, the educational level required for these occupations corresponds to between 4 and 9 years of education, depending on the country. At the lower end is Guatemala, with 4 years; at the other end, Argentina, and Colombia with 9. In all the countries analyzed, the educational level of these workers is lower than the average educational level of the total employed in each country, with an average difference of 3 years of education. Workers in “Elementary occupations” have high levels of informality, above 55% in all the countries analyzed, except for Honduras, which has a lower level of informality (18%).

The countries with the highest levels of informality in these occupations are Guatemala (91%) and El Salvador and Mexico –83% and 81%, respectively–. In turn, between 7% and 24% of workers in “Elementary occupations” are self-employed in the countries analyzed, except for Colombia, where half of the workers in these occupations are self-employed. Like service workers and salespersons, “Elementary occupations” are generally very undynamic in terms of income. Together with “Farmers and skilled agricultural, forestry and fishery workers” jobs, they are the lowest paid workers in the countries analyzed –except for Colombia, again–. Finally, on average, workers in these occupations perform tasks that present a probability of automation of between 66% and 86%. Guatemala and Mexico are the most at risk –above 80%–. Although these levels are high, the probability is lower than in other occupations such as “Administrative support personnel” and “Plant and machine operators”.

Table 2.1. Average years of education per occupational category (ISCO08)
(latest available year)

	Honduras	Colombia	Guatemala	Costa Rica	Argentina	Dominican Republic	El Salvador	Panama	Mexico	Nicaragua
Military Jobs	8.7	14.9	14.0	-	13.1	10.4	9.5	-	11.2	11.0
Directors & Managers	13.0	16.5	13.9	18.6	13.6	14.2	14.5	15.4	14.7	12.7
Scientists & Intellectual Professionals	15.7	15.1	13.6	16.6	15.6	15.6	16.0	16.7	16.2	15.0
Mid-Level Professionals & Technicians	11.4	12.6	10.8	12.8	14.0	12.8	13.8	14.5	12.5	12.7
Administrative Support Personnel	11.7	9.9	11.7	12.0	13.5	12.5	12.6	13.4	13.1	13.0
Salespersons at Stores & Markets	7.9	9.3	6.5	9.3	11.0	9.8	8.7	10.2	9.8	8.7
Farmers, Skilled Agricultural, Livestock, Forestry & Fishery Workers	5.3	5.7	3.1	6.7	11.3	6.0	5.3	5.4	6.0	4.1
Officers, Operators & Craftsmen of Mechanical Arts & Other Tasks	7.3	8.0	5.9	8.3	9.4	9.1	8.2	9.4	8.6	7.6
Machine Operators & Manufacturers	7.8	8.8	6.8	8.5	10.1	9.2	9.0	10.0	9.6	8.9
Elementary Occupations	6.3	8.7	4.2	6.7	9.1	7.2	7.0	8.4	8.0	6.2

Source: Permanent Household Surveys of selected countries.

“Farmers and skilled agricultural, livestock, forestry, and fishery workers are the workers with the highest average age within the employment structure of each country. The average age range of these workers is between 42 and 53 years. At the same time, this is the occupation category where the workers with the lowest educational level are found in the countries analyzed. Apart from Argentina, the average number of years of education of workers in this category is between 3 and 7. Guatemala and Nicaragua are in the worst relative situation, with 3 and 4 years; followed by Honduras, El Salvador, and Panama with 5 years. At the other end, Argentina has an average of 11 years of formal education. The percentage of women in this category is among the lowest when compared to the other occupations. The presence is extremely low in El Salvador (6%); Panama, on the other hand, has the highest (21%).

Table 2.2. Self-employment per occupational category (ISCO 08)
(latest available year)

	Honduras	Colombia	Guatemala	Costa Rica	Argentina	Dominican Republic	El Salvador	Panama	Mexico	Nicaragua
Military Jobs	5.3%	29.0%	0.0%	-	0.0%	0.0%	0.0%	-	0.0%	0.0%
Directors & Managers	34.9%	34.1%	28.5%	17.3%	75.0%	24.2%	25.4%	13.1%	18.6%	29.0%
Scientists & Intellectual Professionals	12.7%	45.3%	9.6%	15.5%	14.4%	13.5%	20.5%	11.3%	17.5%	16.7%
Mid-Level Professionals & Technicians	13.3%	12.9%	15.5%	20.3%	20.4%	13.1%	11.9%	13.9%	28.8%	14.5%
Administrative Support Personnel	7.9%	59.3%	4.7%	0.3%	1.0%	5.1%	1.9%	2.9%	1.6%	5.2%
Salespersons at Stores & Markets	52.7%	35.3%	43.3%	28.0%	34.1%	37.6%	56.1%	45.8%	34.0%	53.2%
Farmers, Skilled Agricultural, Livestock, Forestry & Fishery Workers	81.2%	59.7%	67.3%	86.8%	42.9%	67.2%	92.9%	99.5%	70.5%	99.7%
Officers, Operators & Craftsmen of Mechanical Arts & Other Tasks	46.5%	63.1%	33.8%	60.8%	46.1%	41.1%	45.8%	54.9%	48.7%	58.1%
Machine Operators & Manufacturers	34.2%	56.6%	17.6%	26.8%	27.3%	34.0%	21.6%	47.3%	12.7%	34.0%
Elementary Occupations	17.7%	50.9%	6.7%	9.0%	10.2%	14.4%	23.5%	20.3%	12.2%	22.1%

Source: Permanent Household Surveys of selected countries.

Table 2.3. Informality per occupational category (ISCO 08)
(latest available year)

	Honduras	Colombia	Guatemala	Costa Rica	Argentina	Dominican Republic	El Salvador	Panama	Mexico	Nicaragua
Military Jobs	20.2%	17.4%	87.8%	-	0.0%	na	2.2%	-	0.1%	na
Directors & Managers	16.4%	20.2%	38.6%	1.5%	8.3%	na	17.8%	15.5%	11.2%	na
Scientists & Intellectual Professionals	14.5%	26.4%	30.0%	14.2%	15.1%	na	25.2%	9.1%	21.0%	na
Mid-Level Professionals & Technicians	16.1%	22.4%	50.6%	26.3%	18.4%	na	20.9%	19.4%	40.7%	na
Administrative Support Personnel	15.0%	74.4%	29.6%	7.1%	15.6%	na	13.3%	16.5%	20.0%	na
Salespersons at Stores & Markets	20.9%	65.3%	80.7%	54.7%	45.5%	na	68.6%	46.9%	60.3%	na
Farmers, Skilled Agricultural, Livestock, Forestry & Fishery Workers	34.7%	25.7%	92.5%	89.3%	62.5%	na	93.4%	79.6%	80.5%	na
Officers, Operators & Craftsmen of Mechanical Arts & Other Tasks	21.1%	82.4%	85.2%	71.0%	49.6%	na	72.6%	57.6%	71.3%	na
Machine Operators & Manufacturers	19.3%	69.4%	56.9%	43.9%	37.6%	na	37.1%	43.3%	37.0%	na
Elementary Occupations	17.9%	66.0%	90.5%	60.4%	62.8%	na	82.7%	55.9%	81.3%	na

Source: Permanent Household Surveys of selected countries.

Informality within “Farmers and skilled agricultural, livestock, forestry and fishery workers” is even higher than in elementary occupations. Among the countries analyzed, on average, 70% of workers in this category are informal. Guatemala and El Salvador have maximum levels of over 90%. By contrast, in Honduras and Colombia, this condition appears in only 35% and 26% of workers in this category.

In relation to the contractual link, it is observed that the largest percentage of self-employed workers are in this occupational category. In fact, apart from Argentina where self-employment in this category is 43%, in the remaining countries the frequency of self-employment is greater than 60%. At the upper end are El Salvador, Nicaragua, and Panama with shares among 93% and 100%. As mentioned, the occupations of “Farmers and skilled agricultural, livestock, forestry, and fishery workers” are among the worst paid in the market versus all

the occupations, in all the countries analyzed. In this case, the exception is Argentina, which –in accordance with the differentiated nature of these occupations in the country– registers higher income levels than the other countries.

Finally, as in the case of elementary occupations, “Farmers and agricultural, livestock, forestry, and fishery workers” have high levels of automation risk, ranging from 61% to 84%. Panama presents the highest risk, with a probability of automation of 84%, followed by Colombia, Guatemala, Costa Rica, Argentina, and El Salvador, all with probabilities greater than 70%. These levels contrast sharply with those of other occupational categories, such as “Directors and managers” and “Scientific and intellectual professionals”, where the risk of automation is less than 15% in the average of the countries considered.

2.3. Youths in the labor market

Having analyzed labor demand characteristics for the set of selected countries, in this section will be explored the way in which young workers manage to insert themselves within this demand profile. It is known –from previous chapter discussion– that the labor market insertion of young people presents greater difficulties than that of the average population, which is manifested in all the countries considered, in a youth unemployment rate significantly higher than that of the average population. This higher unemployment occurs even though youth participation rates –youth labor supply– are lower than the population average.

Based on these aggregate differentials in terms of unemployment and turnout rates, the analysis should be complemented with an approach referring to the type of employment conditions in terms of formality, wages, and probability of automation in which young people are inserted and the type of employment relationship in which they are involved, that is, to analyze to what extent they opt for dependent jobs and to what extent they engage in independent entrepreneurship.

Bias towards lesser-skilled, informal, low-wage jobs and with greater automation possibilities

A first approach to the profile of youth labor market insertion from the point of view of youth employment can be seen in Table 2.4., which shows the structure of youth employment by type of occupation, according to the ISCO 08 international classification of occupations.

The data shows that young individuals present a labor market insertion profile like the population average, although with a bias towards lower-skilled occupations. For example, the occupations under “Directors and Managers” and “Professionals, Scientists and Intellectuals”, whose workers have a higher average educational level (see Table 2.1 in the previous section), systematically show a lower percentage of youth employment compared to the population average. On the other hand, “Service workers and store and market sales workers” and “Elementary occupations” show in most of the countries analyzed a greater importance in the case of youth employment versus the average employment in the economy. Finally, in the other categories, there is no clear pattern among the different countries with respect to the existence of biases –positive or negative– of young people when it comes to becoming involved in these types of occupations.

Table 2.4. Youth employment distribution per occupation category (ISCO 08)

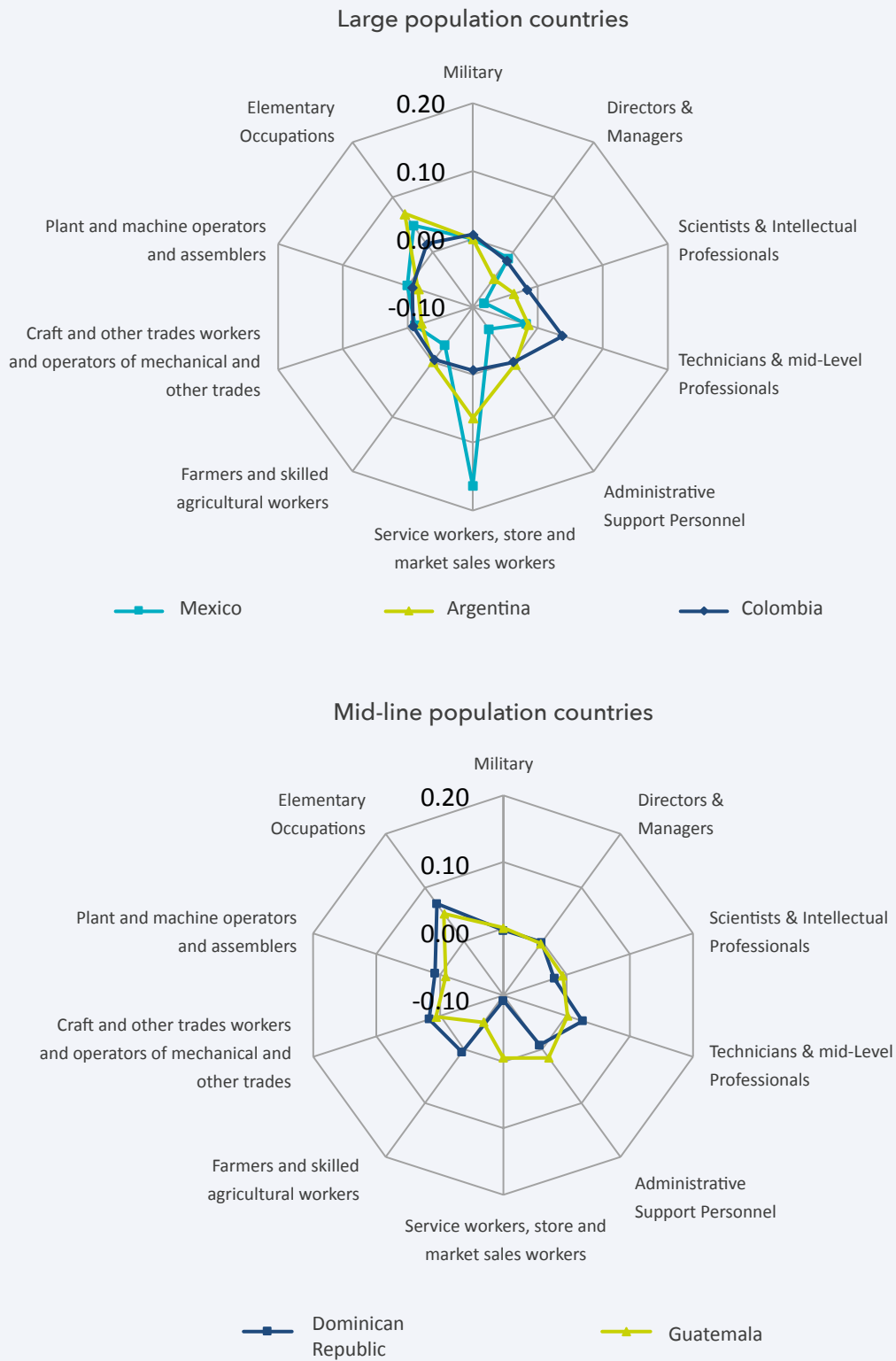
	Argentina	Colombia	Costa Rica	El Salvador	Guatemala	Honduras	Mexico	Nicaragua	Panama	Dominican Republic
Military Jobs	0.2%	5.3%	–	0.8%	0.1%	2.1%	0.1%	0.4%	–	0.5%
Directors & Managers	1.0%	4.0%	0.0%	0.7%	0.3%	1.7%	1.8%	1.0%	3.5%	1.6%
Scientists & Intellectual Professionals	7.6%	1.3%	7.0%	3.2%	3.7%	3.5%	7.5%	3.0%	6.8%	7.3%
Mid-Level Professionals & Technicians	8.8%	12.0%	10.2%	4.5%	2.4%	5.7%	5.2%	6.2%	7.9%	7.4%
Administrative Support Personnel	10.5%	16.5%	15.5%	6.5%	6.0%	3.8%	8.5%	3.8%	9.3%	8.5%
Salespersons at Stores & Markets	30.0%	19.1%	24.0%	30.1%	23.8%	20.3%	25.2%	22.2%	22.6%	20.3%
Farmers, Skilled Agricultural, Livestock, Forestry & Fishery Workers	0.2%	14.4%	1.0%	4.3%	8.9%	9.7%	4.5%	7.8%	8.4%	6.3%
Officers, Operators & Craftsmen of Mechanical Arts & Other Tasks	11.0%	4.8%	9.3%	12.6%	14.7%	13.8%	9.3%	10.6%	13.2%	15.8%
Machine Operators & Manufacturers	7.3%	4.2%	6.9%	7.2%	3.4%	5.7%	10.4%	6.2%	4.7%	9.3%
Elementary Occupations	23.6%	18.4%	25.4%	30.2%	36.8%	33.8%	27.5%	38.8%	23.7%	23.2%

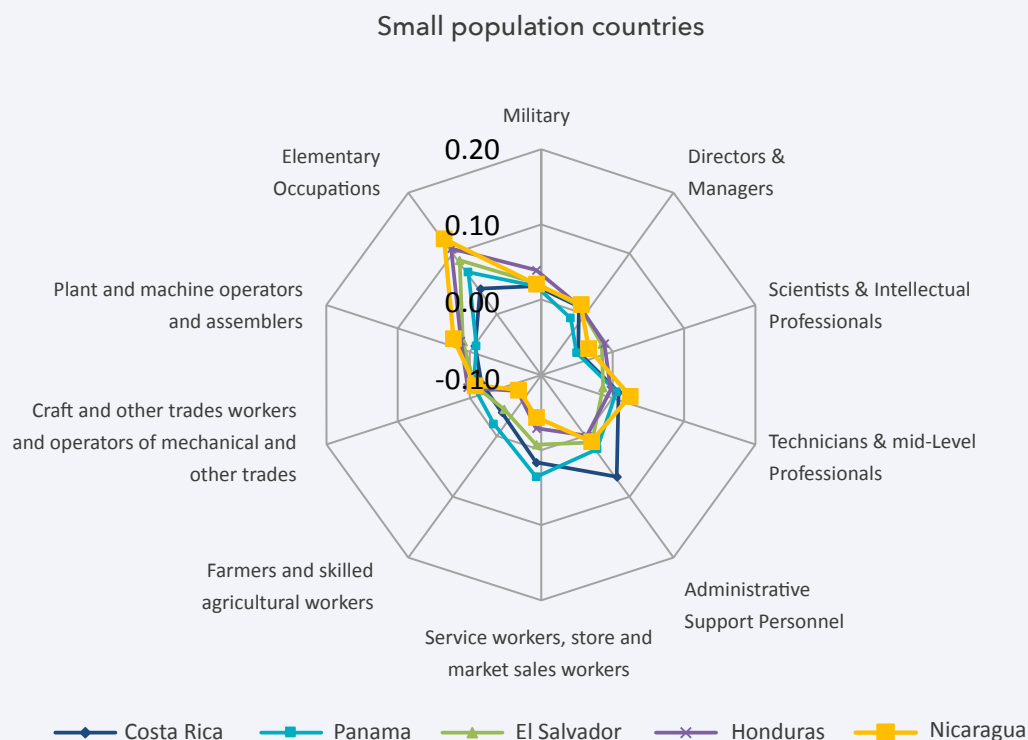
Source: Permanent Household Surveys of selected countries.

Figure 2.2. presents the different countries considered, clustered into three subgroups, the youth insertion bias with respect to the average employment structure in each of the occupational categories.

The insertion bias found implies that not only, as shown in chapter 1, do young workers have greater difficulties in finding employment, but also, if they manage to obtain it, they tend to do so in occupations that on average represent jobs of lesser quality. Indeed, as discussed in the previous section, “Directors and managers” and those under “Professionals, scientists and intellectuals”, where young people have greater difficulties of insertion, show on average a higher level of formality, better salaries, and lower risk of automation, which is compatible with the higher average educational level of workers in these occupational categories.

Figure 2.2. Bias in youth labor market insertion (difference in percentage points between the ratio of employed young individuals and the ratio of total employed individuals by ISCO 08 occupation category)





Source: Permanent Household Surveys of selected countries.

Once this bias has been detected, it is worth asking whether it can be explained by a lesser-qualified supply profile of young professionals than that corresponding to average employment. An aggregate approach to this question was already addressed in chapter 1, where it was shown that, for all the countries included in this study, the average educational level of young people is higher than that of the average worker (see Table 1.6 in chapter 1), even though the region continues to experience significant problems of educational coverage and quality.

To complement this aggregate information, Table 5 presents more detailed information on the educational level of young individuals, sorting them by deciles according to the years of formal education attained. This will allow greater appreciation of the existing diversity in terms of education among young people, while at the same time enabling a space to discuss what percentage of these young people have an adequate profile to enter higher-paying jobs. The table considers only young people over 18 years old to minimize the downward bias implied by considering youths who are still in the process of completing their schooling.

A first conclusion that can be drawn from Table 5 is that, in all the countries considered, there is indeed significant differences in terms of the years of formal education attained by young people, while there is also significant disparity between the countries analyzed.

The 10% of young people with the lowest educational accumulation have a maximum of one year of formal education in the case of Guatemala, while they reach a maximum of 9 years of formal education in Mexico. The other end of the distribution, shows that 10%

of youths with the highest educational level have at least 16 years of formal education in Argentina, Colombia, Mexico, Panama, and Nicaragua; this figure is reduced to 12 years in the case of El Salvador and Guatemala. Median distribution (percentile 50) is found in most countries between 9 and 12 years of formal education, which indicates that 50% of young people have attained that education level or less.

If the information reported in the previous section is considered (Table 2.1) it can be observed that most demanding jobs in terms of educational level corresponding to “Directors and managers” and those corresponding to “Professionals, scientists and intellectuals” are held by workers who, depending on the country, reach an average educational level of between 14 and 16 years of formal schooling. In this sense, approximately 20% of young people in the different countries would present a supply profile compatible with this type of job, defined by a higher level of remuneration, formality, and lower risk of automation. This figure is, in all cases, higher than the share of the employed currently represented by this type of occupation –slightly above 10% of employment–, so that in principle, it is not observed that the supply profile of young people could act at an aggregate level as a difficulty to replace vacancies that may be created in the future and even eventually supply a greater demand for this type of job in case they continue to gain importance in the average employment rate.

However, it is worth noting that approximately 80% of young individuals in the selected countries do not have a supply profile compatible with the most demanding occupations in terms of schooling. Insofar as educational outcomes are strongly affected by the socioeconomic household situation, we will find that most young individuals with supply profiles incompatible with occupations, with the highest productivity and wages will belong to lower-income households, thus hindering social mobility.

Table 2.5. Years of formal schooling completed by the young population ages 18-30 (by deciles)

Countries	P10	P20	P30	P40	P50	P60	P70	P80	P90
Argentina	7	9	11	12	12	12	13	14	16
Colombia	8	11	11	11	11	12	13	14	16
Costa Rica	6	7	9	10	11	11	11	12	14
El Salvador	4	6	8	9	9	11	11	12	12
Guatemala	1	3	5	6	7	9	10	11	12
Honduras	5	6	6	8	9	11	12	12	13
Mexico	9	9	9	11	12	12	13	15	16
Nicaragua	4	6	8	9	11	11	11	13	16
Panama	6	9	11	12	12	12	13	14	16
Dominican Republic	6	8	10	11	12	12	12	14	15

Source: Permanent Household Surveys of selected countries.

Bias towards dependent employment to the detriment of entrepreneurship

A second element to explore is whether the labor market insertion of young individuals shows a different profile from that of the rest of the population in terms of employment or independent entrepreneurship. To this end, in each of the cases where information was available, an analysis was made of the extent to which the labor market insertion of young workers occurs in the form of dependent work and to what extent in the form of entrepreneurship as self-employed workers (see Table 2.6). This profile was also compared with the labor market average to explore possible biases in the case of youth employment.

The data obtained from household surveys shows that the labor market insertion of young individuals in all the countries considered shows a bias towards dependent employment compared to that observed for the average worker. Indeed, in all the countries considered, the percentage of self-employed workers among young people is between 4 and 12 percentage points lower than that observed for average employment.

It should be noted that this bias towards dependent employment is not only observed at a general level, but also exists across all occupational categories. Both at the level of occupations typified by higher levels of wages and productivity, where self-employment is mostly an option for workers, as well as in those where wages and skills demanded are lower, where entrepreneurship may be related more to a survival strategy than to a choice of the workers themselves.

Table 2.6. Percentage of self-employment among young individuals, by type of occupation (ISCO 08)

	Argentina	Colombia	Costa Rica	El Salvador	Guatemala	Honduras	Mexico	Nicaragua	Panama	Dominican Republic
Military Jobs	0%	20%	-	0%	0%	3%	0%	0%	-	0%
Directors & Managers	86%	43%	-	22%	14%	24%	9%	34%	5%	14%
Scientists & Intellectual Professionals	12%	34%	13%	15%	2%	10%	12%	14%	17%	7%
Mid-Level Professionals & Technicians	19%	68%	13%	12%	6%	6%	17%	8%	3%	7%
Administrative Support Personnel	1%	36%	0%	1%	3%	3%	0%	3%	3%	3%
Salespersons at Stores & Markets	24%	29%	11%	39%	22%	26%	13%	30%	29%	26%
Farmers, Skilled Agricultural, Livestock, Forestry & Fishery Workers	40%	43%	67%	83%	28%	54%	34%	99%	100%	44%

	Argentina	Colombia	Costa Rica	El Salvador	Guatemala	Honduras	Mexico	Nicaragua	Panama	Dominican Republic
Officers, Operators & Craftsmen of Mechanical Arts & Other Tasks	22%	38%	30%	28%	18%	23%	24%	29%	32%	22%
Machine Operators & Manufacturers	19%	41%	5%	12%	14%	24%	7%	17%	34%	26%
Elementary Occupations	10%	42%	5%	24%	2%	10%	5%	11%	16%	17%

Source: Permanent Household Surveys of selected countries.

2.4. Final Observations

Overall, the labor market insertion of young individuals shows a similar profile like that of the average population, but biased towards lower-skilled occupations. This bias matches what was indicated by the ILO (2020) for Latin America as a whole, insofar as young people not only have greater difficulties in labor market insertion, but also tend to do so in occupations defined by lower salaries, greater informality, greater risk of automation and lower formal education requirements. These issues of youth labor market insertion occur even though in all the countries included in this study; the average educational level of young people is higher than the average worker. In this sense, despite the significant educational coverage and quality problems and in the region, it is difficult to conclude that the main insertion problem is a consequence of the youth supply profile.

However, there is evidence of a wide inequality in youth population in terms of years of education accrued according to inter and between countries education median distribution. Between 10% and 20% of the least educated young population have a profile that would only allow them to enter poor quality jobs marked by low salaries, high informality, and high risk of automation. If labor demand in the selected countries begins to fall significantly in this type of occupation, which could be expected given the average risk of automation, a significant number of young workers could face severe employability problems.

Finally, the labor market insertion of young people in all the countries considered show bias towards dependent employment compared to that observed for the average worker. This result could be due to the specific difficulties faced by young workers in developing independent enterprises, which could lead to active public policies towards reducing these difficulties. However, a preference bias towards dependent employment could also be present. It would be important to deepen research on this aspect at different country levels, to get a better understanding of the phenomenon and help to design better public policies.

Chapter 3

Labor market changes & skills required in the future



3.1. Introduction

Chapters 1 and 2 of this report analyzed the main aspects of the labor markets in the set of countries selected for this survey, focusing on the labor market insertion of young individuals. In this chapter we partially modify the descriptive approach to the current scenario to develop a prospective analysis, seeking to identify the main trends expected in the region's labor markets, and discussing how these trends may affect labor market insertion and youth entrepreneurship.

The chapter is structured in eight sections. After this brief introduction, the next section discusses main region's labor markets trends identified in previous literature. The third section discusses the possible transformations of labor markets in the countries under study linked to technological trends. The fourth section will pay attention to these trends by differentiating the case of employment and entrepreneurship. The fifth section studies the expected transformations in regional labor markets, focusing the analysis on demographic trends. The sixth section will focus on the analysis of the labor market along with recent migration trends in the region. The seventh section of the chapter addresses the growth of a potential mismatch between supply and demand in the labor market. Finally, there is a summary section and conclusions regarding the trends and challenges for youth labor market insertion in the coming decades.

3.2. Key Labor market trends identified in the literature

Considering a forward-looking approach to labor markets, several recent papers have drawn attention to the possible technological change process impacts within the labor market, in a section of the literature usually identified as the analysis of the “Future of Employment”².

These works have highlighted not only the possibility that technological change may displace a large part of current occupations (Frey and Osborne 2013, Brynjolfsson and McAfee 2014, OECD 2016), but have also highlighted a risk to the labor market associated not so much with the concept of technological unemployment but with its distributional impact. That is, the automation of certain tasks, especially routine ones, could modify the structure of employment, and be represented by two large groups of workers, in what has been described by Acemoglu and Autor (2011) as a labor polarization process.

On the one hand, those with high qualifications who work in occupations that are intensive in the use of non-routine cognitive tasks, with high productivity and high income. On the other hand, a set of low-skilled workers, displaced to occupations that are intensive in non-routine manual tasks, and therefore of low productivity and income levels. This would occur while mid-level-skilled and middle-income workers generally engaged in the development of routine tasks –manual and cognitive– face a lower demand for employment or lower incomes.

Different documents have addressed these concerns, outlining suggestions in public policies terms. For example, IDB (2020) states that first, it is necessary to have a policy agenda that identifies sectors that will be most affected by automation, considering both direct and indirect effects. Once risk sectors have been identified, career and training plans need to be designed to adapt workers’ skills so that they can move from occupations with declining demand to those with increasing demand. Finally, countries should support this transition of workers by considering social benefits and public employment services.

For its part, the World Bank (2020) places greater emphasis on investment in human capital, particularly in early childhood, to enable the development of higher-order cognitive skills in the population, as well as socio-behavioral and foundational skills. In addition, it is mentioned that governments could create fiscal space to finance the development of human capital with public funding, which could also be used to improve social protection, another of the policies mentioned. To this end, it is possible to increase some taxes such as property taxes in large cities or to optimize tax policies and improve tax administration to increase the State’s revenue stream without the need to increase tax rates.

Galan-Muros, V. and A. Blancas (2021) point out that the fourth industrial revolution is no exception and requires lifelong, collaborative and flexible learning, which contributes to the development of transversal skills, the improvement of qualifications (upskilling), and professional recycling (reskilling) just when it is needed.

The change in the task profile of the workforce, to a greater or lesser extent, has been documented in Latin-American labor markets. The works of Apella and Zunino (2017 and 2020), and Aedo *et al.* (2013) find evidence for Latin-American countries on a growing share in the labor market of occupations which are intensive in cognitive tasks, particularly those

² See, for example, Brynjolfsson and McAfee (2014), Autor *et al.* (2003), Spitz-Oener (2006), Acemoglu and Autor (2011), Frey and Osborne (2013), and OECD (2016).

non-routine, which present greater complementarity with greater technological penetration in the productive system.

The IDB (2020), using a methodology based on Frey and Osborne (2013) points out high rates of technological substitution risk, although with certain disparity among countries. At one end are Guatemala and El Salvador, where approximately three quarters of the labor force are in occupations with a high risk of being replaced by robots. The country in Latin America with the lowest percentage is the Dominican Republic, but with a value of 62%, indicating that at least two out of every three individuals are in such high-risk occupations. This percentage, to the United States is –according to this document– close to 47% of workers.

Regarding the labor market polarization phenomenon, there is less evidence in the case of Latin America. The work of *Messina et al.* (2016) analyzes this phenomenon for Mexico and Chile, finding some employment polarization evidence in Chile, but not in Mexico. In neither case do they find evidence of wage polarization. For their part, Apella, Rodriguez and Zunino (2019), analyzing the case of Uruguay, find evidence suggesting the existence of a very incipient process of workforce polarization.

On the other hand, the IDB (2020) find that in Latin America and the Caribbean, although middle-wage occupations have decreased their share of employment and middle and high-wage occupations have increased their share, these changes have been fewer than those observed in other regions. They conclude, therefore, that polarization is occurring only partially.

Interacting with the technological trends that are affecting the quantity and profile of labor demand, it is necessary to consider the demographic and educational trends that impact the volume and profile of the labor supply. Although there is significant diversity in the region in terms of demographic transition, most of the countries considered in this study will find themselves in the coming decades going through or completing the so-called demographic bonus, i.e., the period during which the working-age population grows in relation to the dependent population (see, for example, Cotelar (2011); and Rofman and Apella 2020). However, the available literature indicates that the observed migration flows, mainly in Central America, will significantly reduce the magnitude of this bonus. At the same time, given the selection bias of migrants, potential problems from lack of human capital in the region –that would allow or favor labor insertion in higher productivity sectors– could be increasing. Migratory flows could increase in local labor markets another of the problems which has been increasingly analyzed in the literature and identified as a challenge for the future, linked to the mismatch of skills between supply and demand. In this sense, the challenge for the countries will then be to ensure that the labor supply resulting from these opposing dynamics can be effectively inserted into the labor market in a context of labor-saving technologies, or technologies that bias the demand profile towards higher-skilled jobs.

Finally, in a medium-term labor challenges analysis, is important to consider that new coronavirus arrival could accelerate or modify the trends analyzed above. Although there is not yet sufficient evidence, it is believed that the arrival of the pandemic could have accelerated the process of technological penetration in the labor market³, intensifying the trends that have been identified in recent decades.

³ According to IDB (2019), "the COVID-19 pandemic has accelerated technology adoption." It is important to clarify the impact that this would have on the countries of the region, since developing countries have a slower technological adoption rate than advanced economies, while the occupations most in demand in the region they make human skills still needed in the future. However, the new coronavirus pandemic puts pressure on technological adoption in the region and in the world, and the penetration of new technologies at the international level also has an impact at the local level.

In view of the foregoing technological and demographic trends, this chapter analyzes the possible transformations in labor markets, with the aim of identifying the main challenges and developing policy recommendations to mitigate the risks identified. The analysis will focus on young population, which is known for presenting greater difficulties in labor market insertion, as evidenced by high rates of youth unemployment and a higher proportion of precarious employment among this population (see ECLAC, 2020; ILO, 2019).

3.3. Changes in the 2010-2020 decade. Task-based approach analysis.

It is difficult to predict with any precision the changes that will occur in the world of work in the coming decades, since there are several factors that will have an impact on the specific characteristics of labor demand and supply, which are subject to significant levels of uncertainty.

In this context, an interesting exercise is to analyze and identify the main trends observed in recent years, and then reflect on the extent to which these trends can feasibly be extrapolated in the future. In cases where it is possible to have an adequate theoretical framework that allows better understanding of the trends observed, it becomes easier to evaluate whether these trends will continue.

One of the main factors that will impact the dynamics of the labor market in the future is the process of technological change. To analyze the impact of technological change on labor markets in recent years and discuss the possibility of extrapolating trends into the future, we will use the conceptual framework based on the task-based approach and particularly the routine-biased technological change (RBTC⁴) hypothesis, which posits a reduction in the level of employment in routine-intensive occupations, i.e., occupations that are intensive mainly in performing tasks that follow well-defined procedures and are easily programmed in some kind of algorithm.

However, are not the occupations itself that are liable to automation, but the tasks that workers perform in their occupations. In other words, each worker in his or her respective occupation performs a set of tasks⁵. For this reason, the analysis of this phenomenon requires differentiating work by the set of tasks performed. This analysis framework, known as the “task-based approach”, is proposed by Acemoglu and Autor (2011), among others.

Tasks can be classified into two broad categories: routine or non-routine. A task is routine if its development involves a clear and repeated set of invariant actions. Many tasks, such as controlling the temperature of a steel production line or moving an auto part to its place on the assembly line, among others, have this characteristic. Because these tasks require the methodical repetition of a constant procedure, they can be clearly specified in a computer program and performed by a machine.

On the contrary, a non-routine task involves different time-varying actions, and requires the ability to adapt to the context, use of language, visual recognition, and social interaction, among others. Following Polanyi (1966), the skill that a driver has cannot be completely

⁴ Routine biased technological change. See applications of this conceptual framework in Autor (2015), Goos et al. (2014), Autor and Dorn (2013), and Goos and Manning (2007).

⁵ Of course, it is possible to find occupations composed of a single task.

superseded; the knowledge that a person has about their own body differs completely from the knowledge about physiology; and the rules of rhyme and prose cannot by themselves explain what a poem conveys. In this sense, moving in an automobile through a traffic jam or writing a poem correspond to the set of non-routine tasks. The reason being that such tasks require visual, socioemotional, and motor processing capacities that cannot be summarized in a set of programmable rules.

In turn, the tasks in each of these two categories can be manual or cognitive in nature, i.e., related to physical or knowledge-based work. From this, it is possible to establish four major categories of tasks. Although all occupations, with varying degrees of intensity, perform some or a combination of these tasks, the intensity of these tasks can be very uneven across occupations.

- **Routine Manual Tasks:** these are commonly performed by low to medium-skilled workers and constitute highly codable tasks that are replaceable by automation (e.g., manual assemblers, are intensive occupations in this type of task).
- **Non-Routine Manual Tasks:** these are commonly performed by low-skilled workers. Performing these tasks requires adaptability to the situation, language, and visual recognition, and social interaction (e.g., drivers, mining and construction workers are task-intensive occupations). These workers have a low risk of automation.
- **Routine Cognitive Tasks:** these are carried out by middle-skilled workers. In some occupations more than others, computers could be a substitute factor of production, requiring explicit and repeated sets of activities that can be encoded in a computer program (e.g., secretaries, sales personnel, clerical workers, bank tellers, among others, are task-intensive occupations).
- **Non-Routine Cognitive Tasks:** these are usually performed by high-skilled workers. Acemoglu and Autor (2011) divide into two subcategories: i) analytical and ii) relational. They require abstract thinking, creativity, problem-solving and communication skills. Computers can complement the performance of such tasks, increasing the productivity of skilled workers (Managers, Designers, Engineers, Information Technology Specialists, Teachers, Researchers, among others, are intensive occupations in this type of tasks).

Due to the decreasing costs of access to new technologies, computer-controlled machinery could replace those workers who perform more intensive routine tasks –manual and cognitive–. According to Bresnahan (1999), over the past three decades, computers have replaced tasks associated with numeracy, coordination of activities and communication, bank tellers, telephone operators, and other repetitive information –processing tasks.

On the other hand, the ability of computers to replace workers engaged in non-routine cognitive tasks is limited. The set of tasks that demand flexibility, creativity, problem-solving, and communication skills – non-routine cognitive tasks – are less amenable to automation. The need to establish a set of explicitly programmed instructions poses a constraint.

Applying this framework, the methodological detail of which is included in Annex A3 of this report, recent trends in the selected countries were analyzed at the level of both total employment and youth employment, finding very similar patterns.

In most of the economies under analysis, the variations observed in the task content of total employment are moderate, with an increase in the importance of non-routine cognitive

tasks –analytical and interpersonal– and a decrease in manual tasks –routine and non-routine–. Exceptions to this behavior are observed in Costa Rica and Honduras, where the opposite behavior of the labor market was recorded, with an increase in manual tasks –routine and non-routine–, and a decrease in the intensity of non-routine cognitive tasks⁶.

Regarding the content of routine-cognitive tasks, a more irregular pattern of behavior was observed in terms of signs, although with small variations in absolute value. While Argentina, Costa Rica and Honduras showed small negative variations in the importance of this type of task, Guatemala, Mexico, and Panama showed small increases in the development of this type of task. The countries that registered somewhat larger variations –El Salvador and the Dominican Republic– do so with a positive sign, showing a greater importance of this type of task.

Figure 3.1. Recent changes in task content of total employment per country



Source: Permanent Household Surveys of selected countries.

Notes: *NRCA refers to Non-Routine Cognitive Analytical Tasks; NRCI refers to Non-Routine Cognitive Interpersonal Tasks; RC refers to Routine Cognitive; NRM refers to Non-Routine Manual Tasks; and RM refers to Routine Manual Tasks.

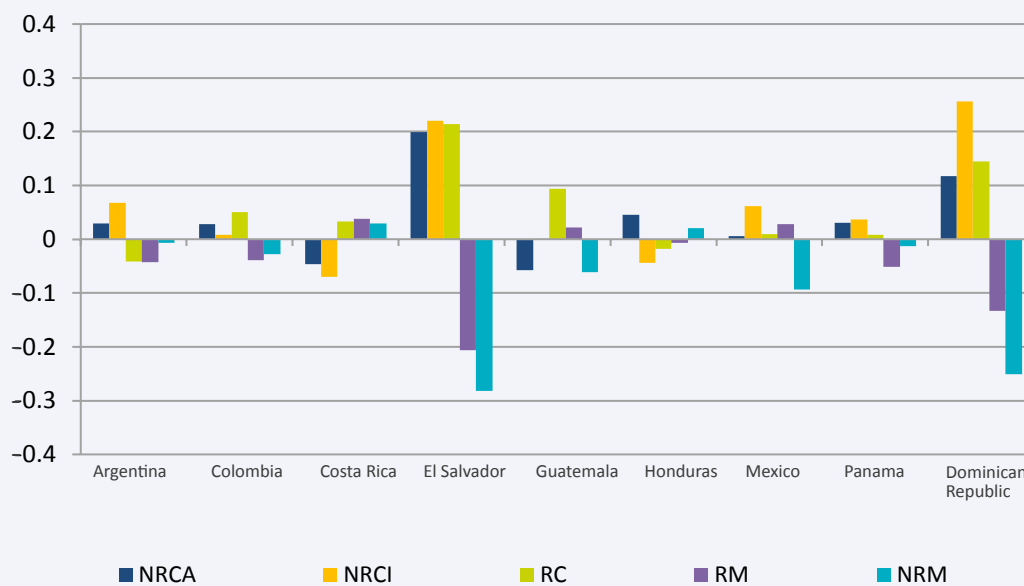
**Based on information availability, the period considered is not consistent in the different countries. Argentina considers 2019-2009; Colombia 2019-2010; Costa Rica 2019-2010; El Salvador 2019-2010; Guatemala 2014-2006; Honduras 2019-2015; Mexico 2019-2009; Panama 2019-2011; and Dominican Republic 2018-2008.

⁶ It should be noted that this change in the profile of employment tasks can be explained by changes in the structure of occupations within each sector of activity towards jobs that are more intensive in certain tasks or changes in the sectoral structure of the economy (even if the structure of employment remains constant). occupations within each sector of activity). To the extent that O*NET information at the midpoint of the last decade (2015) was used to assess task content, which applied to both the initial year and the end of the period, the exercise presented does not analyze possible changes in the profile of tasks that arise as a consequence of changes in the tasks that characterize the occupations themselves.

A relevant question is what has happened to the changes in the task profile within youth employment? Some previous work, such as Autor and Dorn (2009), put forward the aging hypothesis of routine occupations. According to this theory, young workers have no incentive to move into contracting occupations –intensive in routine tasks– or, if they were already employed in jobs with this profile, they would have incentives to move out of them. On the other hand, older workers have strong incentives to remain in occupations mentioned, especially when they have already been working in them long-term. The result of these different incentives according to age brackets is known as relative aging of occupations with decreasing labor market share.

However, as shown in Figure 3.2, in each of the cases it can be observed that within youth employment –under 30 years old– the evolution in terms of task content coincides with that observed in total employment, both in terms of sign and magnitude. That is to say –again with some small exceptions–, in most countries an employment behavior pattern defined by an increase in the importance of non-routine cognitive tasks is identified, at the expense of a lower importance of both routine and non-routine manual content, and a very moderate change in routine cognitive tasks.

Figure 3.2. Recent changes in youth employment task content by country (standard deviations in normalized data)



Source: Permanent Household Surveys of selected countries.

Notes: *NRCA refers to Non-Routine Cognitive Analytical Tasks; *NRCI refers to Non-Routine Cognitive Interpersonal Tasks; *RC refers to Routine Cognitive; *NRM refers to Non-Routine Manual Tasks; and *RM refers to Routine Manual Tasks.

**Based on information availability, the period considered is not consistent in the different countries. Argentina 2019-2009; Colombia 2019-2010; Costa Rica 2019-2010; El Salvador 2019-2010; Guatemala 2014-2006; Honduras 2019-2015; Mexico 2019-2009; Panama 2019-2011; and Dominican Republic 2018-2008.

The countries that show behavior patterns which are basically the opposite of the others are Costa Rica and Guatemala. In addition, although there are some differences in the magnitude of the variations in task content between youth employment and total employment, the differences are in all cases very small.

Thus, could be established that the impact of technological change estimated by the profile of youth employment demand in the countries considered in this study is basically the same as that observed at global level.

The specifications of the youth labor supply –somewhat more educated in all cases–, neither the lower income they tend to receive, nor the different set of incentives this population presents when looking for jobs, have been determinant in generating a more accelerated growth of non-routine cognitive tasks, or a more pronounced fall in routine-intensive occupations within youth employment.

A second conclusion of interest is that the dynamics of the impact of technical change suggested by the RBTC hypothesis, marked by a de-routinization of the tasks performed by workers, does not seem to be fulfilled in the countries studied. Indeed, the reduced importance of non-routine manual tasks, as well as the practically null impact observed on cognitive-routine tasks, are not phenomena consistent with the theoretical scenario.

These results are consistent with several previous findings in the literature. Apella and Zunino (2017 and 2020), –for Latin-American countries–, and Keister and Lewandowski (2016) –for Central and Eastern European countries– find evidence of a growing labor market share of non-routine cognitive task-intensive occupations, alongside a fall in the share of manual tasks, which represents evidence with points coinciding with the RBTC hypothesis although with some nuances –the routine cognitive tasks loss of importance and the observation of a lower share of non-routine manual tasks is unclear–.

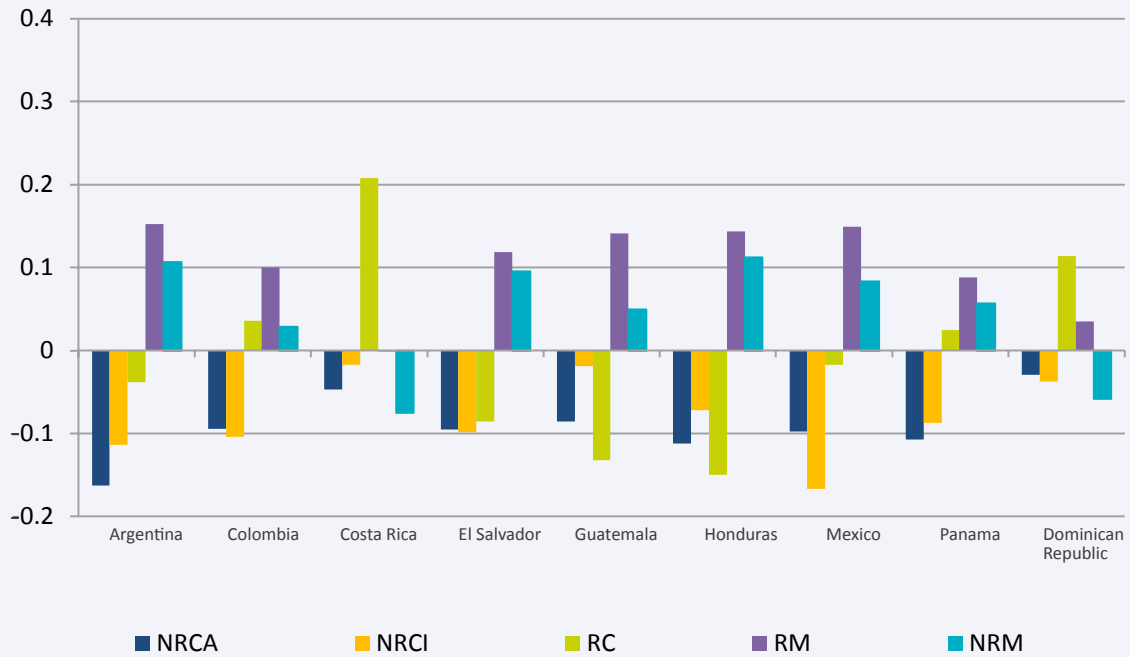
Finally, an interesting result is that young individuals, beyond their higher educational level, seem to be exposed to a greater extent than the population average to the potential impact of technical change. Figure 3.3 shows how in most of the countries analyzed –except for Costa Rica–, young people’s work shows greater intensity in routine manual tasks and less intensity in non-routine cognitive tasks, which denotes a profile of greater exposure to technical change. Although the risk of technological substitution is partially cushioned by the higher intensity of non-routine manual tasks, it is important to keep in mind that occupations with a higher intensity of these types of tasks are usually related to lower incomes and poorer job quality.

In short, the dynamics of the last decade show a pattern of change in the employment profile that is partially compatible with the RBTC hypothesis, which may be due to the moderate introduction of new technologies in strongly dual labor markets such as those analyzed in the cluster of countries, where most informal employment and entrepreneurship respond to survival strategies defined by low productivity.

In turn, the dynamics of change in the employment profile show similar patterns in terms of youth employment and entrepreneurship regarding what is recorded in average employment. This finding would not be compatible with the hypothesis of task-aging proposed by Autor and Dorn (2009), which indicates that the different incentives by age would not be sufficient for young people to opt for greater insertion in occupations with lower risk of automation. To the latter, it should be added that youth employment in the selected countries

shows an above-average technological risk profile, which exposes them as a particularly vulnerable group in the face of a process of lowering the cost of capital that would allow a greater incorporation of technologies.

Figure 3.3. Youth employment task profile by country in the latest available year (standard deviations versus employment average)



Source: Permanent Household Surveys of selected countries.

Notes: *NRCA refers to Non-Routine Cognitive Analytical Tasks; NRCI refers to Non-Routine Cognitive Interpersonal Tasks; RC refers to Routine Cognitive; NRM refers to Non-Routine Manual Tasks; and RM refers to Routine Manual Tasks.

**Based on information availability, the period considered is not consistent in the different countries. Argentina; Colombia; El Salvador; Honduras; Mexico, and Panama 2019; meanwhile Dominican Republic 2018, and Guatemala 2014.

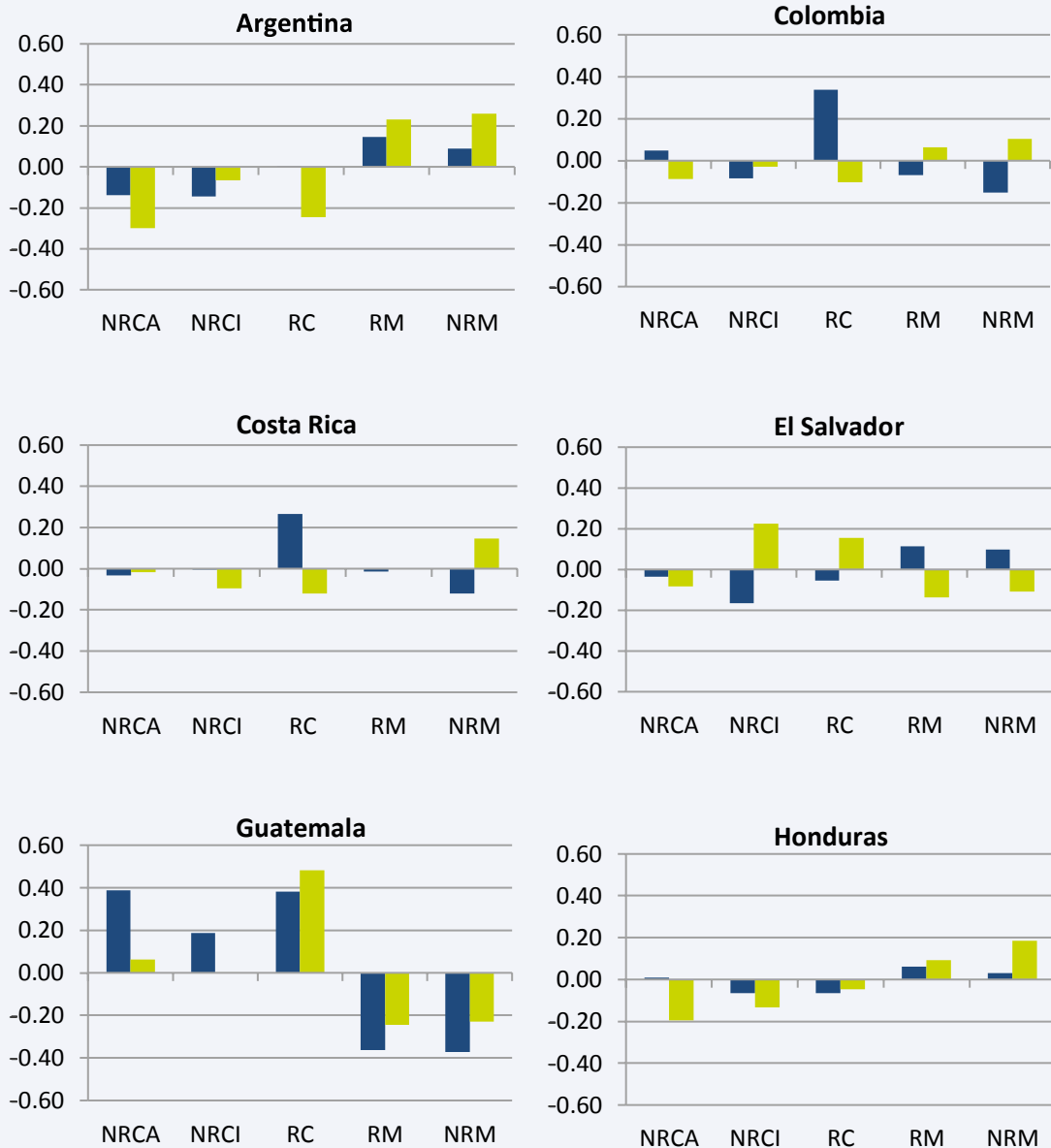
3.4. Youth labor market insertion task profile, differentiating employment and entrepreneurship

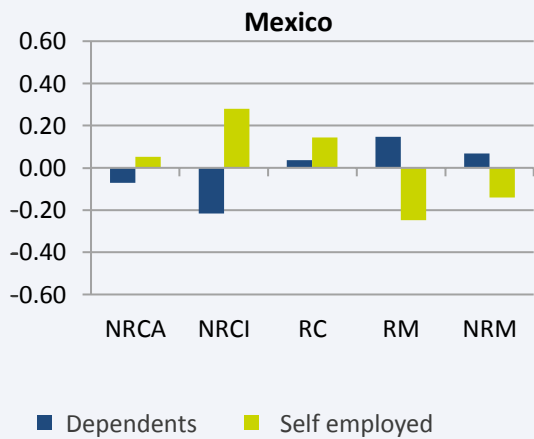
This section continues to deepen into the task profile analysis performed by young individuals in the region, distinguishing in this case the profile of salaried workers from those who perform work activities under the self-employed or independent entrepreneurship modality.

Regarding the average of workers in each country, young individuals –self-employed and dependent–, present a lower intensity of non-routine cognitive analytical tasks for four of

the seven countries considered (Argentina, Costa Rica, El Salvador, and Honduras), while only Guatemala presents an above-average intensity in both categories. Differentiating between self-employed and dependent workers, is observed that young self-employed workers in general perform analytical cognitive non-routine tasks with less intensity than salaried workers, with the exceptions of Costa Rica and Mexico, where the intensity is very similar between both categories of workers.

Figure 3.4. Youth employment task profiles by country by latest available year (standard deviations versus employment average)





Source: Permanent Household Surveys of selected countries. Latest survey information

Notes: *NRCA refers to Non-Routine Cognitive Analytical Tasks; NRCI refers to Non-Routine Cognitive Interpersonal Tasks; RC refers to Routine Cognitive; NRM refers to Non-Routine Manual Tasks; and RM refers to Routine Manual Tasks.

** The cases of Panama and the Dominican Republic are not included, due to insufficient information on salaried workers and self-employed individuals.

Regarding non-routine interpersonal cognitive tasks, young dependent workers show a lower intensity of performance than the average worker in all countries, except Guatemala, where positive results are shown in this category and for self-employed workers. This also occurs in the case of Mexico and El Salvador, clustering the three countries for which the results are above the average worker for this category. For Argentina, Colombia, Costa Rica, and Honduras the results are negative in both employment categories. If work relationship type is analyzed is more –or less– intense than the average, it is found that self-employed workers perform this type of task more intensely than dependent workers in the case of Mexico (as well as for analytical cognitive tasks) and El Salvador, while in the remaining countries the opposite is the case.

The results for routine cognitive tasks do not seem to have a clear pattern among the countries under analysis. In the cases of Argentina, Colombia and Costa Rica, there is a notable difference between the two types of work relationship, with negative values for self-employed workers and positive values for dependent workers in the latter two countries, while in Argentina the results are negative for both categories, with lower values for self-employed workers. Mexico and Guatemala show positive values for both dependents and self-employed workers, with greater intensity in the latter, as is also the case in Honduras, with negative values.

Young workers in Argentina and Honduras perform more routine manual tasks than the average worker in their countries, regardless of their work relationship. The opposite is true for young people in Costa Rica and Guatemala, who perform these tasks with less intensity than average. It is noted that for the four countries mentioned above –plus Colombia–, self-employed workers have a higher intensity of these tasks than dependent workers when compared to the average worker. The opposite is true for El Salvador and Mexico, which show positive values for dependents and negative values for self-employed workers.

Regarding non-routine manual tasks, only young workers in Guatemala have a lower intensity of these tasks than the average of their workers in both categories, and this is even more so for dependent workers. On the other hand, Argentina and Honduras show positive values for employees and self-employed workers, higher values in the latter case. This means that in all three countries there is a lower intensity of non-routine manual tasks for employees than for self-employed workers, in addition to Colombia and Costa Rica. As was found for

non-routine manual tasks, El Salvador and Mexico show higher-than-average intensity for employees and lower for self-employed workers.

In short, the technological risk profile found for young workers does not show a pattern of generalized behavior among the countries analyzed when we differentiate between youth employment and entrepreneurship. In other words, in the cases considered, it cannot be concluded that either of the two forms of labor market insertion is marked by a greater risk of substitution –greater exposure to routine tasks–; rather, heterogeneous results are found among the different countries under study.

3.5. Labor market changes by age in the coming decades. Analysis of the demographic bonus of the countries under study

Along with trends in technological change, demographic trends are one of the major forces impacting labor market dynamics, in this case, from the supply side.

In the case of the countries under study, the main trend in population growth is its relative stagnation. It can be seen from the demographic projections that the only country whose growth is projected to be negative in the period is Cuba (-0.35%). El Salvador's population growth is projected to be minimal, reaching only 6.24% between 2020 and 2040. On the other hand, the Dominican Republic, Nicaragua, Costa Rica, Argentina, Colombia, and Mexico project slight population growth over the period, with an absolute increase of between 13.27% and 18.25% (less than 1% annual average). In turn, Guatemala, Honduras, and Panama are the countries with the highest growth, 25.46%, 30.27% and 24.03% respectively –between 1% and 1.5% annual growth–. This average annual growth for the next 20 years is like that observed for the Latin American average. However, it is above the projections for other regions such as Europe (-0.1%) and North America (0.5%), and below that of Africa (2.2%) (UN, 2019).

The main trend observed is that population growth is increasing for the older age groups, while the infant population is growing at a lower rate than the juvenile population, just as the latter is growing at a lower rate than the adult population, in line with the aging process that the Latin-American population is undergoing (Chackiel, 2006).

With respect to the growth of the child population, only Honduras, Panama, Cuba, and Argentina reach a projected growth of 20% between 2020 and 2040, while the rest of the countries under study remain between 18% and 19%. The youth population of El Salvador, Costa Rica and Cuba shows a pronounced stagnation, while the other countries –without leaving stagnation–, seem to be approaching moderate growth. It is in the adult population where the highest population growth is observed, with Panama and Nicaragua reaching an increase of 25%, while Honduras and Guatemala reach an increase of 27%. The rest of the countries reach an adult population growth of between 20% and 24%.

Table 3.1. Comparison of total population, years 2020 and 2040
(millions of people and percentage variation)

Countries	Total population											
	Total			0-14 years			15-29 years			30 years and more		
	2020	2040	Var.	2020	2040	Var.	2020	2040	Var.	2020	2040	Var.
Guatemala	16.86	21.15	25%	5.52	4.91	-11%	5.01	5.32	6%	6.33	10.93	73%
El Salvador	6.32	6.72	6%	1.46	1.32	-10%	1.70	1.44	-16%	3.16	3.96	25%
Honduras	9.30	12.12	30%	2.92	3.04	4%	2.69	2.82	5%	3.70	6.26	69%
Nicaragua	6.60	7.57	15%	2.00	1.67	-16%	1.82	1.75	-4%	2.78	4.15	49%
Costa Rica	5.11	5.89	15%	1.11	0.99	-11%	1.24	1.13	-9%	2.76	3.77	37%
Panama	4.28	5.31	24%	1.10	1.08	-2%	1.03	1.12	8%	2.14	3.11	45%
Cuba	11.18	11.14	0%	1.76	1.73	-2%	2.06	1.83	-11%	7.36	7.58	3%
Dominican Republic	10.45	11.84	13%	2.87	2.56	-11%	2.73	2.63	-4%	4.85	6.65	37%
Mexico	127.52	144.94	14%	30.32	28.79	-5%	30.90	31.06	1%	66.31	85.09	28%
Argentina	45.38	52.78	16%	11.05	10.61	-4%	10.59	11.08	5%	23.74	31.09	31%
Colombia	50.37	59.56	18%	11.84	10.46	-12%	12.69	12.07	-5%	25.84	37.04	43%

Source: National Statistics Institutes. *Population Estimation 2020 - 2040*. Several Countries, 2020.

The population dynamics by gender are very similar. Overall, the trend shows a greater growth in the female population, although without exiting stagnation. With respect to the male population, Cuba presents the most marked stagnation, while Guatemala and Honduras are the only countries that come close to a slight population increase. Regarding the female population, Cuba, the Dominican Republic, Mexico, and El Salvador show a growth ratio between 20% and 21% between 2020 and 2040, among the lowest. It should be noted that no country is far from this number, with Guatemala and Honduras reporting a trend of greater growth for women.

Regarding the population ratio, it is evident, first, that the trends confirm the aging process of the population in Latin America and the Caribbean. In all the countries considered, the ratio of the child population decreases as the adult population increases, where Cuba is the country with the highest percentage of adult population (68.9%), followed by Colombia (62.2%); on the other hand, Honduras is the country with the highest percentage of child population (25.1%) and the lowest percentage of adult population (51.7%), followed by Guatemala (23.2% for the child population and 51.7% for the adult population).

However, in the youth population there are some differences in the population dynamics trends, although in all of them, the percentage of the age group in question tends to decrease. However, Guatemala, Honduras, Nicaragua, and the Dominican Republic maintain a relatively high ratio of youth population (between 25.1% and 22.2%), versus Cuba and Costa Rica (16.5% and 19.3%, respectively).

Table 3.2. Comparison of total population, years 2020 and 2040 (in percentages)

Countries	Total population					
	0-14 years		15-29 years		30 years and more	
	2020	2040	2020	2040	2020	2040
Guatemala	32.7	23.2	29.7	25.1	37.5	51.7
El Salvador	25.7	19.6	29.0	21.4	45.3	59.0
Honduras	31.4	25.1	28.9	23.3	39.8	51.7
Nicaragua	30.3	22.1	27.6	23.2	42.2	54.8
Costa Rica	21.8	16.8	24.3	19.3	53.9	64.0
Panama	25.8	20.4	24.2	21.1	50.0	58.6
Cuba	15.7	15.5	18.4	16.5	65.8	68.0
Dominican Republic	27.5	21.6	26.1	22.2	46.4	56.2
Mexico	23.8	19.9	24.2	21.4	52.0	58.7
Argentina	24.3	20.1	23.3	21.0	52.3	58.9
Colombia	23.5	17.6	25.2	20.3	51.3	62.2

Source: National Statistics Institutes. *Population estimations 2020 - 2040*. Several countries, 2020.

In the male population, specifically, there is a pronounced percentage decrease in the child population in Guatemala, El Salvador, Honduras, and Nicaragua, which translates into a significant increase in the adult population (in Guatemala and Honduras, for example, there is an increase of more than 14 percentage points). In Cuba, Mexico and Argentina, this movement is less accentuated: in the first country, the child population barely decreases, although it does not translate into a significant growth of the adult population (around 2.6%). In Mexico and Argentina, the child population decreases (by about 5 percentage points), while the adult population increases by about 7 percentage points.

The male youth population is relatively high in Guatemala (26.0%) and Nicaragua (24.2%), while Cuba, Costa Rica and Colombia have the lowest proportion of youth population (16.9%, 19.7% and 21.1%, respectively). It is also interesting to note that the male youth population of El Salvador shows the sharpest decrease, ranging among 7 percentage points.

In turn, the female population shows a similar pattern to the male population, with Guatemala, El Salvador, Honduras, and Nicaragua showing a decrease in child population, and a marked increase in the adult population ratio –also around 14 percentage points–. Cuba, Costa Rica, and Colombia are the countries with the lowest child population in 2040, with percentages below 20 percentage points, while the adult population of these countries is among the highest –above 60 percentage points–.

Table 3.3. Male population comparison , years 2020 and 2040 (in percentage)

Countries	Men					
	0-14 years		15-29 years		30 years and more	
	2020	2040	2020	2040	2020	2040
Guatemala	33.9	24.1	30.3	26.0	35.7	49.9
El Salvador	28.2	21.4	30.6	23.2	41.3	55.4
Honduras	32.7	26.3	28.9	24.2	38.4	49.5
Nicaragua	31.3	22.9	28.1	24.0	40.6	53.1
Costa Rica	22.1	17.2	24.8	19.7	53.1	63.1
Panama	26.3	20.9	24.5	21.5	49.3	57.6
Cuba	16.3	15.9	19.1	16.9	64.6	67.2
Dominican Republic	28.0	22.2	26.3	22.6	45.7	55.2
Mexico	25.5	20.7	24.8	22.2	49.7	57.1
Argentina	25.5	21.0	24.1	21.8	50.4	57.2
Colombia	24.6	18.4	26.0	21.1	49.4	60.5

Source: National Statistics Institutes. *Population estimations 2020 - 2040*. Several countries, 2020.

The highest female youth population is found in Guatemala (24.3%), followed by Honduras and Nicaragua (22.4% and 22.3%, respectively). The lowest percentages are found in Cuba, Costa Rica, Colombia, and El Salvador (in all of them, the percentages are below 20 percentage points). In addition, El Salvador shows a greater decrease in the female youth population, around 8 percentage points.

Table 3.4. Comparison of female population, years: 2020 & 2040 (in percentages)

Countries	Women					
	0-14 years		15-29 years		30 years and more	
	2020	2040	2020	2040	2020	2040
Guatemala	31.6	22.3	29.1	24.3	39.3	53.4
El Salvador	23.6	18.0	27.6	19.8	48.8	62.2
Honduras	30.1	23.9	28.8	22.4	41.1	53.7
Nicaragua	29.3	21.3	27.0	22.3	43.7	56.4
Costa Rica	21.4	16.4	23.8	18.8	54.8	64.8
Panama	25.3	19.9	23.9	20.6	50.8	59.5
Cuba	15.1	15.2	17.8	16.0	67.1	68.8
Mexico	22.2	19.0	23.7	20.7	54.1	60.3
Argentina	23.2	19.3	22.6	20.2	54.2	60.6
Colombia	22.5	16.7	24.5	19.5	53.1	63.8

Source: National Statistics Institutes. *Population estimations 2020 - 2040*. Several countries, 2020.

In conclusion, the countries considered in this study are all going through the so-called demographic bonus, defined by a relative increase in the working-age population versus the dependent population. As discussed above, the growth of the working-age population in the selected countries will not only be relative but will translate into an absolute growth of the labor force. Although the youth labor supply in several of the selected countries is projected to decrease in absolute terms, this does not necessarily determine an easier scenario for the labor market insertion of young individuals, since, as mentioned above, this first labor market insertion will have to be sought in a context of growing labor supply.

Under these circumstances, the challenge for the region's labor markets will undoubtedly be to absorb the greater supply of jobs that will exist over the next two decades, in a context where technologies make it possible to replace some types of tasks that have been performed to date –largely– by human labor. The risk that the younger and less experienced population will have greater insertion problems should be monitored and assisted with public policies, given that the quality of the initial insertion is usually an important determining factor for the rest of the individual's labor career⁷.

3.6. The challenges of the migration flow

It should be noted that the population projections analyzed above, which come from official institutes of each of the selected countries, do not only consider the demographic dynamics that arise as result of birth and death rates evolution, but also incorporate assumptions about migratory trajectories, which are of significant magnitude in several of the countries considered. However, an additional challenge related to migratory flows not identified in the general population dynamics analyzed in the previous section is the selection bias that exists in these flows in terms of educational level and, therefore, of human capital.

Migration is a phenomenon that has grown significantly in recent decades in several of the countries considered. Since the mid-2000s, a decrease in extra-regional migration flows has been observed, mainly in terms of Mexican migration to the United States; and an increase in migration flows within the region (ECLAC, 2018).

Of the analyzed countries, Mexico, Venezuela, Colombia, Haiti, Cuba, Dominican Republic, and El Salvador are the ones with the highest migration in absolute terms in 2020. However, in relative terms, El Salvador, Venezuela, Haiti, Cuba, Dominican Republic, Belize, Nicaragua, and Honduras stand out, all of them with more than 10% of their population living outside their origin country (UN, 2020). In contrast, the countries in the region that received the largest number of immigrants in absolute terms in 2020 are Argentina, Colombia, Venezuela, Mexico, Dominican Republic, and Costa Rica. In relative terms, Belize and Costa Rica stand out in first place, with more than 10% of immigrant population, followed by Panama, Dominican Republic, Argentina, and Venezuela, with more than 5% (UN, 2020).

It is worth noting that most migrants in the countries studied are of working age, with an average of 66% being between 20 and 64 years old. This quota of migrants represents approximately 3.6% of the population in that age group in the destination countries analyzed.

⁷ There is ample economic literature on the scarring effect or "scars" associated with youth job placement problems. See, for example, Heckman and Borjas (1980), Gregg (2001), Weller (2007), and Cockx and Picchio (2011), among others.

Belize (23%), Costa Rica (13%), Dominican Republic (8%), Panama (8%), Argentina (6%) and Venezuela (6%) are the countries where this ratio is significantly higher than average (UN, 2020). In turn, 24.6% of migrants in the countries studied are young people between 15 and 29 years old (UN, 2020). Colombia and the Dominican Republic have over a third of their migrants in this age group (36% and 34%, respectively), followed by Nicaragua and El Salvador with 28%. Naturally, these migratory flows have an impact on the age composition of the population of each country, and on the availability of labor force in each country, posing an important challenge for public policy.

The work of *Laloum and Ruiz-Arranz*, (2021) suggests that, although a significant number of migrants from the Central American region, Haiti, Mexico, Panama, and the Dominican Republic remain within Central America, approximately 75% of those residing abroad migrate to the United States. Indeed, more than 85% of migrants from the Northern Triangle, Mexico and Belize reside in the United States, while migrants from Costa Rica, Nicaragua and Haiti have a high proportion of migrants located within the Central American region.

In fact, a migratory flow that has taken on great relevance in recent decades is that of the northern Central American countries: El Salvador, Honduras, and Guatemala. *Del Carmen and Sousa* (2018) point out that immigration from these countries to the United States between 1980 and 2014 has grown at an annualized rate of 8.1%, a figure that is well above the growth of the U.S. immigrant population in the same period. As of 2015, the number of migrants from the Northern Triangle of Central America was estimated at approximately 2.8 million people, representing about 10% of the population from all three countries.

Abuelafia et al. (2019) note that the majority (74% for the three countries as a whole) of migrants argue economic reasons as the main reason for migrating. Among those who answered this type of reason, half (49%) were for reasons of unemployment. Notably, 54% of Salvadorans, 43% of Guatemalans and 48% of Hondurans indicate unemployment as the main economic reason for migration. In this context, international migration is clearly presented as a strategy in search of better job opportunities.

According to *Canales et al.* (2019), the labor supply generated in these countries –which are within the window of opportunity offered by the demographic bonus–, does not find sufficient momentum in the economic base to generate the necessary jobs to cover it. Thus, there is a continuous imbalance between the economic and population dynamics of these countries. According to these authors, this migration can be thought of as an “export of the demographic bonus”. To measure how much this loss represents, they estimate how much of the growth of the economically active population of each country forms part of this emigration. Specifically, for the period 2000-2015 it is estimated that 16% of the demographic bonus of Honduras and Guatemala, and 36% of that of El Salvador migrated to the United States. This ratio is much higher than the average for Latin-American countries, which does not exceed 6% for the same period.

According to *Del Carmen and Sousa*, (2018), these levels of emigration may have implications for the development of labor markets, especially if the migrant population is concentrated among individuals with higher skills or productivity. Given the low levels of formal education presented by workers in the Northern Triangle, migrants in general are unskilled workers whose highest level of education attained is incomplete secondary school. However, for these countries, most of the migrant population are young workers who –while not

highly skilled by international standards— represent a disproportionate loss of human capital for these countries.

Compared to those who do not migrate, migrants to the United States are younger, more educated workers and have higher hourly wages than residents of the Northern Triangle, even if just adjusting for purchasing power parity. In sum, the loss of human capital is estimated to be high for these countries. In an exercise where migrants are assumed to earn a similar wage to those who continue to reside in Central America and do not receive income from a migrant pool, migrant earnings represent 1.9%, 1.5% and 1.0% of the GDP in El Salvador, Honduras, and Guatemala respectively.

Along the same lines, Canales *et al.* (2019) point out that the export of the demographic bonus not only represents the loss of workers in general, but the loss of a particular group of workers. Specifically, it refers to the loss of young and more educated workers. In fact, considering the period 2005-2017, 50% of migrants from the three countries to the United States are under 28 years old, while less than 7% are over 50 years old. In turn, the educational level of these migrants is higher than that of the population remaining in their country of origin. The brain drain is such that 32% of Salvadorans with professional degrees reside in the United States, and this equals 27% and 19% for Guatemala and Honduras.

Again, *Abuelafia et al.* (2019) conclude that there is a human capital drain that occurs especially among young individuals. In fact, they find that migrants are young and have low educational levels compared to other migrants, but high versus the average in their countries of origin. In fact, nearly half of the migrants have not completed secondary education, and there is a higher proportion of individuals with completed secondary education among migrants, than among those residing in their country of origin. In addition, it is worth noting that two out of three migrants do not express a desire to return to their country of origin, regardless of their migratory status.

Beyond the sustained growth of migration from the Northern Triangle countries in the last two decades, it is also important to note the return flows that have taken place in recent years due to the tightening of the U.S. government's migratory measures. Given the current patterns of these migrants, the return of this population represents an opportunity for the countries of origin. Both the higher educational level of this population and their exposure to higher standards of living have the potential to generate a positive impact on the productivity of these countries. In this sense, the efforts of the countries should be in easing the reinsertion process of migrants, and especially, in strengthening their role in terms of labor intermediation (*Abuelafia et al.*; 2019).

Finally, although border closures and air restrictions related to the pandemic situation caused a drop in migratory flows in 2020 and 2021, the resulting deterioration of the economic scenario only reinforced the reasons for expulsion cited by migrants. In this scenario, a recovery of these flows, and even a worsening of these flows, is expected once the mobility restrictions are lifted (*Laloum and Ruiz-Arranz*; 2021). Therefore, the challenges mentioned regarding the loss of the demographic bonus of the above-mentioned patterns are more than valid for the short and medium-term in such countries.

3.7. Supply and demand connection and the challenge of a possible mismatch of skills

Although the second section of this chapter noted the average growth in employment and youth employment in non-routine cognitive tasks, it is possible that the transformations in the employment profile are not sufficiently significant due to the existence of skills mismatches, which limit the growth of certain occupations due to a shortage of adequate human capital.

Some studies point out that the low build-up of soft skills in the region, as well as the low quality of education that leads to a low accrual of cognitive skills, means that a significant part of the labor force is relegated to lower productivity occupations (see, for example, OECD, *et al.*, 2016).

Measuring the existence of difficulties by employers in filling their vacancies due to the lack of a suitable supply profile is not straightforward, since the usual statistics available at the country level do not incorporate information on the type of skills demanded by companies. The statistics available in regular surveys –such as the Permanent Household Surveys– include information on the level of employment and income of individuals, which arises from the balance between the profile sought by companies and the profile of the labor supply. If employers fail to create new jobs because they cannot find workers with the profile sought, this is not usually captured in the statistics, therefore making it impossible to track this phenomenon over time, at least in the case of the countries considered in this report. Thus, only in episodes where a specific data-gathering of this type of information has been undertaken have some interesting results been obtained⁸.

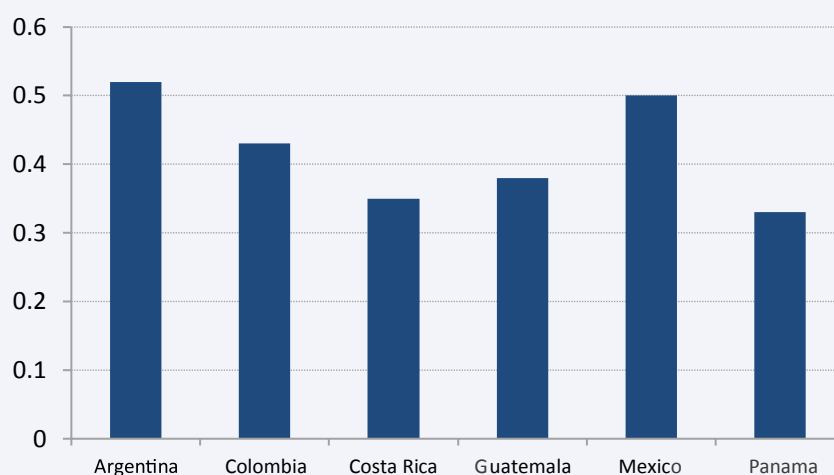
One such case is the 2018 “Talent Shortage” Survey developed by Manpower Group, the world’s third largest recruiting company, in 43 countries, including several of the countries of interest in this report. Specifically, data is included for Argentina, Colombia, Mexico, Panama, Costa Rica, and Guatemala⁹.

Data from the 2018 “Talent Shortage” Survey indicates that 45% of respondents say they experience difficulties in finding employees with the skills they need in their companies. The countries that are part of this study show somewhat different scenarios. On one end, Argentina, and Mexico report difficulties above 50%, above the global average of the survey. In Colombia, on the other hand, the statement of difficulties in recruiting personnel is very close to the global average of the survey, while in the cases of Panama, Costa Rica and Guatemala, the figure is close to 35%, almost 10 p.p. below the global average.

⁸ An in-depth review of the literature related to the mismatch phenomenon in Ibero-American countries can be found in *Ríos et al.* (2020).

⁹ Subsequent editions of the survey allow us to have a global view of the phenomenon but include a sample of fifteen countries that does not include the countries of the region. The results of this survey are analyzed in detail in *Ríos et al.* (2019).

Chart 3.1. Percentile of employers with difficulty to fill vacancies (2018)



Source: Talent Shortage Survey, 2018 by Manpower Group. Reference: Ríos et al. (2020).

Beyond the fact that several cases in the region are below the global average –and the possible existing biases in the companies included in the survey–, the reported figures of difficulties are important and denote a relevant problem of skills mismatch¹⁰.

As per the 2018 survey, among the difficulties mostly mentioned by the companies in the countries of interest of this report were the lack of experience of the candidates, the shortage of technical skills required for the position and that there are no profiles for the job search conducted by the companies.

The fact that the lack of experience is pointed out as the main reason for difficulty clearly shows an important barrier for the insertion of young workers, at least in the type of companies that recruit personnel through human resources outsourcing firms such as Manpower Group. Once again, as the importance of enabling young people to have their first work experience, arises, then, since beyond formal education, work experience emerges as a factor highly sought-after by companies for the awarding of their vacancies.

The Manpower study points out that in addition to specialized technical skills, the demand for transversal skills is very important for companies. In addition, 56% of employers worldwide highlight the importance of oral and written communication skills, as well as communication, collaboration, and problem-solving. The importance of transversal skills has also been highlighted in other works such as Mateo Diaz (2019) and OECD (2019).

In line with the above conclusions are the results found by Advance (2020) for the specific case of the Dominican Republic, Advance (2016) for Guatemala and Advance (2017) for Honduras.

For the Dominican Republic, the Advance (2020) paper notes that approximately 40% of employers encountered moderate (32%) or high (8%) difficulties in finding qualified

¹⁰ In turn, the Manpower Talent Shortage 2020 report, although it does not include the economies of interest in this report, which does not allow the results to be directly extrapolated, analyzes the temporal evolution of this indicator at a global level, accounting for a strong increase in the difficulties to cover vacancies in the last decade. The global average of difficulties would have gone from around 30% at the end of the previous decade to more than 50% in 2019.

technicians, while 51% reported high difficulty (10%) or moderate difficulty (41%) in finding new personnel with specific technical training. In terms of sectors of activity, employers reported the highest levels of difficulty in finding personnel in the areas of socio-cultural and community services, electricity and electronics, health and wellness, hotels and tourism, and construction and mining. Also, 78% of employers consider that available workers need further training. Finally, approximately two-thirds of employers required workers to have office software skills, half required foreign language skills, and the ability to operate machinery and equipment related to the job.

In the case of Honduras, according to the Advance study (2016), employers in the country report that they have no shortage of job applications, but nevertheless many of the workers are not prepared for success in the jobs, especially in administrative and managerial tasks, due to flaws in the Honduran education system. In addition, according to some employers, those workers with tertiary education levels generally have high ambitions in terms of salary and tasks to be performed, which has led them to focus on workers with high school education. Employers across all sectors report that there is a need for technology-related skills, and some of them consider that young workers have an advantage in terms of technology skills, especially those familiar with social networks. In addition, many employers report providing in-house training to new workers. Finally, it is interesting to note that the study finds there are several occupations or potential occupations that did not have, as of 2017, educational programs at the tertiary university level.

For their part, in Honduras, as per this study by Advance (2017), employers in the country report that they have no shortage of job applications, but nevertheless many of the workers are not prepared for success in the jobs, especially in administrative and managerial tasks, due to flaws in the Honduran educational system. In addition, according to some employers, those workers with tertiary education levels generally have high ambitions in terms of salary and tasks to be performed, which has led them to focus on workers with high school education. Employers across all sectors report that there is a need for technology-related skills, and some of these consider that young people have advantages in terms of technology skills, especially those familiar with social networks. In addition, many employers report providing in-house training to new workers. Finally, it is interesting to note that the study finds that there are several occupations or potential occupations that did not have, as of 2017, educational programs at the tertiary education level.

Finally, alongside the emergence of COVID-19 and with a greater focus on the entrepreneurship market, *Aguerrevere et al.* (2020) have also highlighted the importance of socioemotional skills that allow facing challenges and uncertainty, enabling the reinvention of businesses and adaptation strategies during, and after the crisis.

In short, although information is limited, the results of surveys and previous work would seem to point to an increasing difficulty for employers to find the worker profile they are looking for to fill their vacancies. In a context where, as discussed in the previous section, the countries of the region will have at least a few decades of absolute growth in the labor supply, the problem of skill mismatching could become a phenomenon that prevents the countries of the region from leveraging the so-called demographic dividend.

Following the analysis developed by Mason and Lee (2005), during the demographic bonus stage, a Demographic Window of Opportunity (DWO) is generated, characterized by favorable conditions for increasing economic growth. The first growth dividend refers to the

fact that, during the DWO, the relative share of the working-age population increases. This implies that during the demographic bonus stage the population directly involved in the production of goods and services increases relative to the dependent population. Obviously, this first growth dividend disappears, and even reverses, when the stage of population aging is entered. The second growth dividend generated during the DWO is since during the demographic bonus stage there is an increase in the population proportion that can be considered “net savers” –their disposable income levels exceed their consumption expenditure–. This situation, which favors an increase in the economy’s savings rate, can be used to increase investment.

However, if the labor supply growth cannot be exploited because in practice, participation rates are low, unemployment is high, or the jobs where workers are able to find employment are of very low productivity, there is a high risk that the economies of the region will not be able to capitalize on the bonus to generate a leap in their per capita income levels and their savings and investment rates. The growth of the skills mismatch implies greater difficulties for quality labor market insertion, which clearly represents an important risk for the economies of the region to capitalize on the favorable conditions of the demographic bonus.

3.8. Conclusions

In this chapter we discussed in broad outline the expected trends in the labor market in the coming decades.

On the demand side, for most of the economies considered, the changes observed in the task content of total employment are moderate, with an increase in the importance of non-routine cognitive tasks and a decline in manual tasks –routine and non-routine–. In turn, the magnitude of the changes observed in the employment profile over the last decade shows similar levels in terms of youth employment and entrepreneurship with respect to what is registered in average employment. In other words, individual incentives would not suffice for young workers to tend to move significantly more deeply than adult workers toward jobs with a low risk of technological substitution. To this not very encouraging pattern of temporary change in the task profile, must add that the employment of young individuals in the selected countries shows a higher-than-average technological risk profile, which makes them a particularly vulnerable group in the face of a process of lowering the cost of capital that would allow for greater incorporation of technologies.

On the other hand, the supply side, shows contrasting dynamics. Although the countries-considered in this study are experiencing the so-called demographic bonus, the migratory flows observed, mainly in Central America, would significantly reduce the magnitude of the bonus and, therefore, the so-called first dividend of economic growth associated with the demographic transition. In turn, although the youth labor supply in several of the selected countries is projected to decrease in absolute terms, the labor market insertion of young people will have to be sought in a context of growing labor supply. Added to this is a scenario in which companies are finding it increasingly difficult to find a suitable profile to fill their vacancies and where experience is a highly valued factor in job applications. In this aspect, migratory flows also generate a relevant challenge, in this case due to the selection bias of migrants, which could increase the potential problems of lack of human capital and mismatch of skills for the most dynamic firms.

Chapter 4

National legal frameworks that frame youth employment and entrepreneurship in Latin America and the Caribbean



4.1. Introduction

This chapter presents the different legal frameworks of the countries under study in the Latin-American region, showing, on one end the legal-institutional systems that underpin the rights and duties of young citizens to access employment, to have access to education and training for work, and to find the conditions for entrepreneurship and innovation. In a comparative way, the chapter deals with the legislative mechanisms, contemplating both the National Constitutions and the specific laws that deal with aspects related to Youth.

For each country, the articles on youth employment and entrepreneurship are presented based on the National Constitutions. In addition, it identifies, in the countries that have this recourse, the national laws –or draft laws– on youth and the child/adolescent/juvenile population that require special attention by the State. Finally, the chapter reports on legislation on Employment and Entrepreneurship that, in many cases, deals directly with the youth population (Law on “Youth Employment and Entrepreneurship”) or, at the level of the population overall, including specific articles on young people (see Table 4.1). At the end of the chapter there is a comparative analysis of the different national case studies, with a view to showing similarities and differences that will enable national integration bodies and organizations to identify the aspects and dimensions on which a regional and multilateral cooperation policy can

emphasize support and financing strategies. In addition, an annex with the legislation referred to and tables with relevant extracts is included at the end of the document.

Table 4.1. Legislation on employment & entrepreneurship in specific countries of the region

Countries	National Constitution	Youth Law	Youth Employment Law/ Entrepreneurship
Guatemala	X	-	X
El Salvador	X	X	-
Honduras	X	X	X
Nicaragua	X	X	X
Costa Rica	X	X	X
Panama	X	-	X
Cuba	X	X	X
Dominican Republic	X	X	X
Mexico	X	Bill of Law	Bill of Law
Argentina	X	Bill of Law	X
Colombia	X	X	X

Sources: Legal Frameworks of Guatemala, El Salvador, Honduras, Nicaragua, Costa Rica, Panama, Cuba, Dominican Republic, Mexico, Argentina, and Colombia.

4.2. Argentina

To better understand Argentina's legal framework, the framework of labor rights and the youth employment promotion, its Magna Carta must be reviewed, where articles referring to labor and employment are identified. However, in the National Constitution there is no specific reference to generational groups or age ranges, so that the constitutional principles apply to all persons.

Articles 14 and 14 bis from the Constitution establish lawful work –for all persons– as a national right, in accordance with regulatory laws, as well as the protection of labor and workers in rights associated with the exercise of work, the situation of dismissal, as well as the unionization and organization of workers.

In turn, in Article 334, the Constitution sets forth a very particular principle that makes this legal recourse one of the most advanced in the region, namely, the intervention of the State to ensure full employment of the country's human capital.

In terms of legislation, Law 27.264, which creates the Productive Recovery Program, and Law 26.390 on the Prohibition of Child Labor and Protection of Adolescent Labor are particularly noteworthy. Within the framework of the Productive Recovery Program, in 2016, a series of benefits were provided for small and medium-sized businesses (SMEs) which, although it is

not a program focused on young people, it did include this population within the beneficiaries. Law 26.390 provides for the creation of training contracts for unemployed young individuals.

4.3. Colombia

The Colombian legal framework that outlines labor rights and the promotion of youth employment includes the National Constitution in several articles referring to labor and employment, as well as two specific laws: The Youth Law and the Youth Employment Law. Therefore, in this country there is a specific distinction by generational groups or age ranges as far as employment guarantees and promotion are concerned.

In its Magna Carta, Colombia includes –in Article 53– a set of premises and conditions for which the State acts as guarantor as they constitute fundamental rights and principles that safeguard human dignity. It even states, for all forms of employment, the precaution of these rights.

Likewise, Article 54 contemplates the obligation of the State to assist and promote education and training, ensuring the development of skills for access to opportunities, especially the condition of people from the beginning of their working age (of working age), including the situation of people with disabilities, since it constitutes a dimension of vulnerability for access to and performance in employment.

Regarding legislation related to youth employment, the General Youth Law of 1997 stands out in the first place, which seeks to highlight, promote, and guarantee the rights of the generations in the process of transition to adulthood, seeking their comprehensive human development.

In this Youth Law, through these two articles –specifically 29 and 47–, the Colombian State proposes to ensure the insertion of young people in the economic life of the country, to use the productive potential of the young generation, combining national development with personal development.

It is important to highlight that Article 29 (c) of chapter VI considers self-employment strategies and salaried work, emphasizing both as forms of insertion of young people into the working world. In addition, the law establishes the financing of initiatives (economic and labor) by young individuals in the form of projects.

In terms of legislation, Colombia also has Law No. 1429 on Formalization and Employment Generation, which includes, among other population subgroups, young people under 18 years old and is aimed at formalization and employment generation, to generate incentives for formalization in the initial stages of business creation, to increase the benefits and reduce the costs of becoming formalized.

Colombia also has in its legislation a Youth Employment and Entrepreneurship Law, from 2016, through which it seeks to shore up the labor market with the youth labor force, offering provisions and regulatory proposals for labor dynamization in that country. This law considers young workers to be the population between 18 and 28 years old.

This law specifically considers aspects such as the small businesses creation through which the economic insertion of young individuals is made possible, but, unlike the condition of employee that the Law promotes for persons between 18 and 28 years, it raises the age to 35

years for the condition of holders of shares, quotas, or participations in the entrepreneurial units.

It also ensures the exemption of payment of the registration fee for companies in the Colombian Tax Authorities, known as commercial registration, which will also be exempted for its renewal at the end of the first year for young businesses.

On the other hand, the labor practice (or internship) is established as outside an employment relationship since it implies educational purposes. This clarification is expressly stated to avoid claiming labor rights by the interns, but also to ensure that the companies have incentives to receive interns without assuming any salary or social security obligations.

It is also interesting to note that Article 24 of Title V requires registration in the social security system of electronic and digital services companies, ensuring what the same law calls "decent work", i.e., employment relationships with adequate compensation and benefits.

Finally, the law highlights the promotion of education in economics and finance, so that youth entrepreneurship is coupled with training ensured by the Colombian State itself, providing for sustainability.

Based on the above, it can be established that, in comparative terms, Colombia has a solid Constitution that grants guarantees to citizens for the right to work and offers legal grounds for the vindication of its exercise. It also has the basic legislative provisions to promote youth employment, which would allow access to work, the promotion of entrepreneurship and the development of initiatives to take place without legal impediments.

Alongside Cuba and other countries, it has broad considerations in the articles of its legal framework, dealing with specific points that concern not only the right, but also the duties and obligations regarding the labor market and the economic and social life of the country. In this sense, it should be considered that public policies have sufficient support for their enforcement, although their existence and effectiveness depend on the social, financial, and political conditions, that is, on the institutions that ensure compliance with national legislation, which is not the subject of this chapter.

4.4. Mexico

The Mexican legal framework defines in its Constitution, in several articles, the exercise and promotion of youth employment, as well as in a specific law: The Youth Law. In this country there is a specific distinction by generational groups or age ranges to protect and promote labor rights.

The Mexican Magna Carta prescribes some specific regulations on economic growth and employment, as well as aspects promoted by the State. It also establishes freedom of enterprise and promotes socially and privately-owned enterprises that ensure the public interest. This equals to expressing that the purpose of State intervention is the promotion of the market with the necessary requirements of the social welfare of the entire population; this includes the youth population.

On the other hand, it establishes rural development as a specific aspect of this country, so that all economic initiatives and employment generation in the agricultural and livestock

sectors ensure the welfare of rural populations, especially peasants and indigenous people. It must also provide education and job training services, as well as entrepreneurship. Rural property has a public interest in the different economic activities.

With respect to labor and social security, title III of article 123 establishes the length of the working day for adolescents –referring to those over 15 and under 16 years old–, and at the same time stating child labor is prohibited. Up to this point, the reference to youth employment is more restrictive than enabling, that is, regarding the declaration of principles and measures for the promotion of employment.

There is a special consideration for women in the regulations of the Mexican Constitution, specifying their potential condition of maternity. Other aspects are also crucial in the case of women, such as the promotion of access to work on equal terms and conditions as men, in addition to the promotion of decent and equitably paid work conditions, with social security –among others–, which this legislation establishes at a general but not yet specific level.

Finally, Mexico's Magna Carta also encourages the promotion of education and training for work, so that the working population –especially young people– will be able to meet the requirements of the labor market. The Constitution provides that the law regulates these mechanisms, which results in specific legislations, some of which are described below.

The State of Mexico features specific legislation on youth, called the Youth Law, which contains relevant provisions regarding youth employment and entrepreneurship, focusing on three main areas:

1. The promotion of social rights, including access to quality education which is relevant for entry into the working world.
2. The promotion of economic rights, among which access to employment, professional training, and innovation, including conditions for business entrepreneurship, are key.
3. Public policies that combine the two previous points, namely, the promotion of employment opportunities and access to employment, job training, and the creation of conditions for entrepreneurship.

4.5. Costa Rica

Costa Rica features three main special norms that frame the issues of youth employment and entrepreneurship, including, in the first place, the National Constitution to which are added two regulatory laws, the General Law of the Young Person, and the Law of Small and Medium Enterprises.

It is important to emphasize that unlike the three abovementioned case –Argentina, Colombia, and Mexico–, in Costa Rica, the National Constitution does not refer to “employment” as a term for labor activity, but rather expresses it as “work”.

The National Constitution establishes the notion that work is a right and that society has an obligation to exercise it, which is particularly exemplary from the normative point of view. Furthermore, the idea that the lack of access to work and/or compensation violates the exercise of freedoms and human dignity itself.

On the other hand, it establishes that Costa Rican legislation must focus its object and attention on women and young individuals, which implies the aspects of safeguarding children and adolescents regarding child labor.

In terms of legislation, the Costa Rican Youth Law emphasizes two major factors, namely the rights of individuals and the duties of the State to create conditions and promote opportunities for young people.

The General Law of the Young Person is established in two parts regarding youth employment and entrepreneurship. On one side, it sets forth the rights of young persons in terms of work and pay, declaring the principle of labor insertion, training, and adequate compensation as the rights of young people in that country. On the other hand, it sets forth the duties of the State, whereby it promotes –as part of its obligations to facilitate– access to work, access to financing, availability of information on labor exchanges, and training to increase their productivity and competitiveness.

It is interesting to note that public policy through this law frames a comprehensive system of attention to youth, supporting both the economic development of youths along with the conditions in different areas for the exercise of this right in line with those of human development.

In any case, even though the law is taught within the framework of the educational system –in the Civic Education course–, actions to position and promote its content and scope should be strengthened. The Costa Rican youth population recognizes the importance of the existence of the law, but, at the same time, demands greater efforts by the State to enable a true appropriation and empowerment of their rights and their involvement in the development of the country.

Also, within the legal framework, we find the law for the promotion of low and medium-scale entrepreneurship, although in this case, the generational issue is not the object of specific treatment but is linked to the provisions of the Constitution and the specific law to guarantee the rights to employment and entrepreneurship among youths.

This standard raises the strategic nature of entrepreneurship for economic and social development, through the generation of employment and the use of the country's productive resources. It emerges especially in the processes of transformation of the productive structure that underpinned the service sector and a very special one, tourism. It follows that its conjunction with the General Law of the Young Person, constitutes an instrument to empower young Costa Rican people to undertake economic initiatives that, given the specific youth lifespan, will involve emerging processes of productive, commercial, and service activities and, for this reason, even of small and medium-size. All these activities will therefore be regulated and promoted by this law.

4.6. Cuba

The legal framework of the Republic of Cuba regarding labor, employment, and the youth conditions is the most extensive in the review of the legislation of the countries considered in this study. Its distinctive feature is the specificity of the regulatory measures for the different dimensions of the economy, to establish the criteria of its necessary and urgent dynamization.

In the Constitution, the scope of work and employment is linked to other crucial dimensions such as education, science, and culture, as well as identifying the social stakeholders that it can only concern and affect positively, not by infringing on rights.

In legal matters, the Children and Youth Code stands out in the first place. This law has the purpose of framing the protection and promotion of the child and youth population in Cuba, although it has a slight exhortative bias of attitudes and actions that agree with the principles and values of the socialist normative horizon to which the Cuban society is projected through its legal system.

This code establishes declarations of principle of the adequacy of youth to the socialist values established in the National Constitution and in other legal instances that constitute the political-ideological model of that country. The treatment of access to work, its compensation, and its initiative –in terms of entrepreneurship, from the market economy– operate more as duties of young citizens than as rights ensured and promoted by the State.

Another relevant regulation for the purposes of this report is the Decree-Law on the self-employment exercise. This provision, which emerges from the Cuban Executive Power and was endorsed by the Assembly of the People's Power –Legislative Power– is a legal mechanism for formalizing, regulating, and encouraging self-employment in-country, after three decades during which the Cuban economy had as one of its pillars the work of the active population in the self-employment category.

This regulation establishes the insertion of young people from 15 to 16 years old, in an exceptional manner –leaving the possibility open– and that 17- and 18-year-olds are guaranteed to be governed by the Labor Code.

In any case, a conceptual rupture has been identified between self-employed activity and that carried out by individual entrepreneurs, since the former is carried out only as a complement to state activity and they are only allowed to act personally, while the individual entrepreneur acts on their own account and, in addition, on behalf of third parties. Likewise, to obtain greater benefits from self-employment, it has been recommended to combine permission to knowledge-intensive activities and to promote links between the private and state sector, since they comprise two elements that will make it possible to absorb the surplus labor force and strengthen the state sector in an element of development for the Cuban economy (Antúnez, Martínez & Ocaña, 2013).

Another regulation of interest is the Decree-Law on micro, small and medium-sized enterprises. This law sets out the conception of economic entrepreneurship that Cuban society intends to underpin through micro, as well as small and medium-sized enterprises, by the generation of work and the use of productive resources. It constitutes, within the constitutional regulatory framework, an instrument for the promotion, encouragement, and development of emerging economic initiatives, encouraging productive potential and reactivating the economic structure at a general level.

Unlike Costa Rica, this law seeks to promote the grounds and conditions for economic reactivation and diversification in Cuba, making it easier for all persons and localities –including the youth population– to undertake initiatives that will involve emerging processes to support economic growth.

This aims to make micro, small and medium-sized enterprises a dynamic stakeholder in the Cuban economy. However, due to the youth of the law, there are still efforts to be made to increase the participation of SMEs in the Cuban economy, within the framework of the development and diversification of production, as well as in the promotion of employment and economic and social welfare.

4.7. El Salvador

Based on the Salvadoran legal framework for the outlining of labor rights and the promotion of youth employment, articles referring to labor and employment were found in its Constitution, which give significance to the legislation concerning young citizens.

First, the National Constitution of El Salvador recognizes work as an essential component of the fundamental rights and guarantees of the individual, while granting a specific section for the legal framework of the conditions for the exercise and protection of work that can be extended to the entire population.

The Magna Carta makes a specific distinction with respect to labor, expressly differentiating it from any other article of commerce. This is of crucial importance since it requires the State to safeguard the protection of labor conditions for the entire population. In addition, Article 42 explicitly refers to working women, who must be guaranteed the right to employment, even during motherhood.

Unlike Mexico, where the situation of women is also addressed in terms of legislation that promotes their access and other aspects –as mentioned above– in this country there is no mention of the issue of promoting decent working conditions or equitable compensation, with the social security component that is not addressed in this legislation. Maternity is the central reference.

In terms of legislation, the main reference is El Salvador's General Law on Youth, which sets out specific missions, instances and rights concerning work and employment. It also establishes general principles of public policies that structure and ensure the fulfillment of the former, so that both become effective in Salvadoran society.

The General Youth Law of El Salvador establishes the normative grounds for the provision of specific actions aimed at the youth population, which is established in the age range of 15 to 29 years old. It is particularly important to highlight chapter 4 of the Law, where article 18, concerning the importance of the design and implementation of public policies aimed at this population, promotes, on the one hand, programs that create the necessary conditions for the first employment, guaranteeing the creation of job opportunities. For starters, this article explicitly refers to the promotion of the individual and collective development of young individuals who carry out entrepreneurial projects, as well as, accordingly, it favors the granting of special credits to micro-entrepreneurs and cooperatives.

Finally, since October 2020, El Salvador features an Incentive Law for the Creation of Jobs for Young Citizens in the private sector, which provides for youths between 18 and 29 years old without work experience, with a contract of up to one year's duration and deductions for private sector companies from income tax.

4.8. Guatemala

The legal framework of this country does not establish specific criteria for the youth population, but it does contain a law that seeks to strengthen entrepreneurship, in which young people are included as one of the stakeholders of this initiative .

The National Constitution of the Republic of Guatemala expressly establishes the State role in guiding the economy, establishing the regulatory framework for its intervention in the promotion of full employment and the protection of workers.

This Constitution highlights the principle of social justice as the guiding purpose of labor legislation. In this sense, the regulations in this regard seek to recognize the rights of workers with the objective of procuring satisfactory economic conditions that guarantee the worker a dignified existence.

At the same time, the Magna Carta seeks to preserve the rights of female workers, as well as to prevent child labor in all its forms, and regulatory strategies to protect vulnerable populations.

In legislative matters, the Law for the Strengthening of Entrepreneurship stands out. The law establishes the object, purpose and –of utmost relevance–, the issue of schooling and higher education for the promotion of entrepreneurship, innovation, and employment generation. It also establishes general principles of measures to promote the fulfillment of the former, stressing the need to involve the population in conditions of poverty and vulnerability, so that rights and opportunities are effective in Guatemalan society.

The Law for the Strengthening of Entrepreneurship in Guatemala does not establish differentiating criteria for the youth population, so it is concluded that this legal norm covers the entire population, as explicitly established in article 2. In any case, articles 10 and 11 stand out, which promote the teaching of entrepreneurial principles at primary, secondary, and tertiary educational levels, mainly aimed at the child, adolescent, and youth population. In this line, an important aspect of this legal framework is the attention paid to vulnerable and poor populations, with whom the State assumes responsibility for actions to promote “ethical entrepreneurship” and the development of skills for entrepreneurial attitudes.

However, while the law seeks to foster entrepreneurship, the State should facilitate its progress in reforming laws related to business execution and keeping pace with current technological development. For example, it has been advised the creation of comprehensive digital platforms that allow two main actions: to facilitate the start and operation of businesses, with the possibility of quick resolutions of inconveniences; and a greater control of the government in terms of taxation and public order.

4.9. Honduras

The current Honduran legislation, based on its National Constitution, conceives work as a right whose exercise should be extended to the entire population. In addition, this is accompanied by a Framework Law for the Comprehensive Development of Youth, which seeks to promote the full development of young citizens and the definition of state policies aimed at this population segment. Finally, this country features a Law for the Promotion and Development of the Competitiveness of Micro, Small and Medium-Sized Enterprises

(MSMEs), whose main purpose is to improve the quality of life and productivity of micro, small and medium-scale producers.

First, the National Constitution of the Republic of Honduras defines labor as one of the pillars of the rights and guarantees of citizens, setting out the conditions for the exercise and protection of labor.

The National Constitution of Honduras defines a specific chapter for the regulation of labor, which establishes the main legal criteria for its protection in accordance with the interests of capital and the employer, as stated in article 135. Although there is no differentiation in the Magna Carta for the young population, the law stipulates protection for the population between 16 and 17 years old with respect to their labor occupation, a key period in the transition to adulthood. In addition, it promotes the protection of working women, ensuring the fulfillment of their rights under maternity conditions.

In terms of legislation, the Framework Law for the Comprehensive Development of Youth stands out in the first place. This law sets out the purpose, scope and specific rights concerning the work and employment of Honduran youth. From its postulates, general principles are extracted that, as duties of the State, promote the effective exercise of the rights of young people of comprehensive development in their socio-demographic condition.

The Framework Law for the Comprehensive Development of Youth aims to define the legal framework of action of the Honduran State with respect to the youth population, to help promote their full development. This law defines youth as all persons between 12 and 30 years old. A feature of this law is related to its strong gender component, through which the State assumes the responsibility of guaranteeing and protecting the rights of young women workers with additional measures of specific support. In turn, this law requires the State to adopt measures aimed at eradicating all forms of discrimination against young women in the workplace.

Although it is true that this law favored the design and implementation of public policies aimed at the youth population, it has been acknowledged that these policies have suffered from a lack of coordination due to their sectorial approach. Over the years, these policies have focused their intervention on specific aspects of youth, such as education. However, labor access and permanence, health, citizen engagement, among other elements, have been neglected, which has decreased the active participation of the youth population in the development of Guatemalan society (Suazo, Zelaya and Torres, 2014).

Also, in legislative matters, it is important to mention the Law for the Promotion and Development of the Competitiveness of Micro, Small and Medium-Sized Enterprises. This law proposes a framework for entrepreneurship that supports, alongside other dimensions of economic activity (productive, commercial and services), national development through job creation and the mobilization of the human capital of Honduran society. In line with the Framework Law for the Comprehensive Development of Youth, it promotes the insertion of young Hondurans to become involved in the foundation and development of small and medium-sized economic initiatives. Activities of different kinds will be governed by this law and will impact on young Hondurans' opportunities for access to work, income generation, and economic autonomy.

4.10. Nicaragua

The Nicaraguan legal framework includes both the constitutional and legislative levels. The National Constitution of the Republic of Nicaragua provides a relatively extensive article on labor and employment, establishing the regulatory framework for the promotion and protection of workers.

The Nicaraguan Constitution emphasizes the right and social function of labor. It establishes a series of articles that inscribe work among the Social Rights and conceives the world of work not only as an economic dimension of the Nicaraguan society, but also as a crucial aspect of its social and cultural development.

On the matter of child labor, it explicitly mentions that the work of minors is prohibited when it affects their schooling and personal development in the life cycle, so that child and adolescent labor, especially, is considered exploitation. Youth labor is not referred to in this regulatory framework but suggests that it is possible under certain conditions established in the law.

In matters of legislation, the Law for the Promotion of Comprehensive Youth Development is noteworthy. This law sets out specific articles concerning the work and employment of Nicaraguan youth. It presents the novelty that the recourse itself proposes a policy for the promotion of youth employment and, at the same time, for the opening and promotion of youth-driven small and medium-sized enterprises.

The Nicaraguan Youth Law clearly establishes in two chapters both the promotion of employment, for its access by youth, and the alternatives, purposes and opportunities promoted by the legislation in their favor. It also proposes the establishment of an information system that provides data and references to access the employment portfolio available in the economy. It also proposes guidelines and measures for the generation of and access to employment for young workers, training, and incentives, but does not specifically refer to the promotion of youth entrepreneurship and innovation.

Likewise, it establishes a set of guidelines and public policy prescriptions for the generation of small and medium-sized youth enterprises, proposing goals and objectives in this sense, as well as measures and options for their realization through incentives and stimuli.

In any case, although this law is part of a regulatory framework aimed at acknowledging the youth population as a priority subject for the productive development of the country, some actions favored by this law have lacked certain factors such as gradualness and effectiveness, resulting in overlapping actions and a lack of sustainability of the programs over time, due, among other factors, to the low budget allocation (Zelda, 2012).

Also, within the legislative sphere, it is important to mention the Law for the Promotion, Encouragement and Development of Micro, Small and Medium-Sized Enterprises. As in Costa Rica, Cuba, Honduras, and Guatemala, in Nicaragua this law projects the strategic nature of entrepreneurship for economic development, through the generation of employment—specifically for young individuals—and the deployment of productive resources. It constitutes, within the constitutional regulatory framework, an incentive for the promotion and development of emerging economic initiatives in the productive, commercial, and service areas to combine both the generation of wealth and the strengthening of human capital.

4.11. Panama

In a market-driven approach –given its strategic economic geographic location– the Panama legal framework focuses on young people in its bid for economic dynamization, particularly regarding work and employment.

The Panamanian constitution features two specific articles in which the promotion of work, which is presented as a right and its implications, acquire the highest importance, to which specific legislative projects are conditioned. These are articles 64 and 70 (see Annex).

Within the legislative framework, it is important to mention the 2019 law entitled: “Learning by doing to encourage the offer of first employment to youths in the private sector”. This law sets out the definition, aim, and measures to promote entrepreneurship, innovation, and employment generation among the country’s young generations. It also proposes criteria for the coordination of work with technical education and the appropriate professional training.

The law’s purpose is to encourage by means of a legal mechanism (First Employment Law)–, the political, legal, and institutional conditions to insert young Panamanians in the national economic activity, based on different strategies, partnerships and agreements that lead to underpin the productive potential of Panamanian youth and develop the country’s domestic market.

4.12. Dominican Republic

Dominican legislation on youth labor and employment mainly involves the Magna Carta with a law on youth and one on entrepreneurship, which provides for the generation of employment through small and medium-sized enterprises, and the promotion of individual entrepreneurial initiatives.

The National Constitution sets out –for its consideration of youth labor and employment, from the issue of family law– where it recognizes and establishes young individuals, at a broad level, as stakeholders in national development. Therefore, regarding the work articles, they are included in the principle declarations and are also involved in actions aimed at sustainability.

The Dominican Republic establishes in the same Magna Carta the importance of youths in national economic development. In addition, it states that work and employment constitute a right, an obligation and have a social function. The economy itself, based on the market economy, recognizes the importance of work for sustainable development.

In terms of legislation, the General Law on Youth stands out in the first place. This law is an instrument that specifically addresses issues related to work and employment, proposing their promotion and training for their effects. For starters, the General Law on Youth promotes the insertion to employment and provides guarantees, as well as encourages the conditions for social integration by means of employment. It also foresees the conjugation of the prescriptions of this norm with the public policy of work and training for employment that involves youths.

However, despite the objectives of this law, young professionals who have completed their university studies continue to face difficulties in gaining timely access to jobs, due to the

existing gap between the skills acquired, salary expectations and the profiles demanded by the productive sector and the compensation offered. In any case, the public sector has promoted actions to raise the educational level of the young population, such as the granting of scholarships and the promotion of internship programs (Darwin & Pimentel, 2017).

Also, in legislative matters, the Law on Entrepreneurship is noteworthy. This norm sets out the purpose, and scope with respect to the promotion of work, employment, and economic activities in the Dominican economy. From its provisions, general principles are derived which, as objectives, pursue the dynamization of the market and economic development.

Although this law is a legal instrument that does not specifically include the national youth as a stakeholder and object of the measures foreseen for the promotion of entrepreneurship, the general terms it establishes allow any person, who does not belong to the child and adolescent population, to leverage the incentives and benefits in a process of dynamization of the different economic stakeholders.

However, some challenges have been observed regarding the promotion of entrepreneurial processes in the country, aimed towards strengthening their economic growth contribution. Among them, the need has been underlined to implement in primary and secondary education subjects with contents that improve the entrepreneurial skills of students. Furthermore, considering the difficulty of featuring updated business information to identify entrepreneurial opportunities, it has been advised to create a knowledge generation policy, enabling the availability of updated information on the performance of the different economic sectors. This would make it possible to reduce the knowledge gap that, to date, exists between large companies and SMEs in the Dominican Republic (Barrero, Moreno & Villamizar, 2019).

4.13. Comparative analysis of national legal frameworks

As an overview, almost all the countries under study feature articles in their respective national constitutions that refer to work or employment, aiming to establish a legal framework that safeguards their exercise and enables their relative protection. Regarding a Youth Law, the distribution is less balanced, since there are still countries that do not feature a law that promotes a specific legal approach for this sector of the population. Likewise, the Youth Employment Law is far from being in place in all countries, where, for the most part, what they have is a law on entrepreneurship, aimed at promoting the creation and development of micro, small and medium-sized enterprises.

Argentina, Cuba, and Guatemala do not have articles in their respective Magna Carta that refer specifically to the youth population. In those referring to labor, however, they refer to the protection of employment or work, while seeking to grant workers' rights with the exercise of work, dismissal, as well as the unionization and organization of workers.

On their end, Colombia, Mexico, El Salvador, Honduras, Nicaragua, and Costa Rica feature legal provisions that legally define both the employment protection of the youth population and some specific directives that guide the actions of the State aimed at promoting the development of young workers. In this regard, El Salvador, for example, emphasizes in its General Law on Youth that the State must carry out public policies, programs, and strategies

for the comprehensive development of youth and their engagement in the different spheres of national life. When compared with the Colombian Youth Law, the latter promotes, to a greater extent, the economic insertion of this sector of the population by stressing the need to guarantee access to labor intermediation systems, credits, subsidies, among other economic measures to support youth.

Mexico is in an intermediate position among these countries, since –strictly speaking– a National Law on Youth is only in draft form. However, the State of Mexico does have such a law, which mainly highlights three rights or instances related to the protection and promotion of youth: first, social rights, promoting comprehensive and quality education that fosters values and is appropriate for the labor market; second, economic rights, highlighting the need for access to decent employment with a fair wage; third, public policies aimed at the young population, focusing on linking education, training, the labor market and access to credit.

In the case of Honduras, this country has the Framework Law for the Comprehensive Development of Youth. Due to its nature, it is a law that addresses the different dimensions of the life of the youth population, which is defined as between 12 and 30 years old. This law establishes articles explicitly oriented to the protection of youth employment, constituting one of the most complete laws in this regard, versus the other countries under study.

In a similar position is the Law for the Promotion of Comprehensive Youth Development, which has as one of its main purposes, to promote a youth employment promotion policy, as well as to strengthen the creation of small and medium-sized enterprises by young people in said country.

It is along these lines that most of the entrepreneurship laws of the countries studied fall into this category. Colombia, for example, in addition to the Youth Law, features a specific law on youth employment and entrepreneurship. This law aims to shore up the labor market with the youth labor force and proposes economic measures to encourage the opening of small businesses by individuals up to 35 years old.

In Cuba, the law most directly related to entrepreneurship concerns a decree-law on self-employment, which is a legal mechanism for formalizing, regulating, and encouraging self-employment in-country. In turn, the decree-law on micro, small and medium-sized enterprises is a legal recourse for the promotion, encouragement, and development of emerging economic initiatives.

Costa Rica, for its part, has a Law for the Small and Medium-Sized Enterprises Strengthening. This law underpins a specific regulatory framework that promotes a comprehensive strategic development system, which should enable the productive development of small and medium-sized enterprises. In this sense, the law aims to position SMEs as a leading sector in the process of economic and social development of the country, although it does not establish explicit criteria for the youth population.

Finally, El Salvador's Law for the Promotion & Strengthening of Entrepreneurship presents significant particularities. This law seeks to explicitly combine school education with the promotion of entrepreneurship, innovation, and employment generation, emphasizing the inclusion of the population segments in conditions of poverty and vulnerability. With the principle of social justice as its grassroots, this law positions the State as an active stakeholder in the guidance of the country's economy, ensuring the effective equality of rights in all sectors of the population.

Chapter 5

Public policies to promote employment & youth entrepreneurship in Latin America and the Caribbean



5.1. Introduction

This chapter aims to update the status of labor market programs targeting young workers by means of the most exhaustive survey possible, based on public information from the institutions and agencies involved. In this sense, the review was aimed at selecting youth employment programs in the countries of the region that are currently in force, restricting itself only to those whose origin is in the public sphere –although many of them involve the private sector–, and which are exclusively geared to the youth population¹¹. At the same time, it summarizes the programs or policies that take place at the national level, not the specific ones deployed by certain states or regions in each country. This record may provide an approximation of programs and policies that focus on employability of young people with a view to improving the analysis of the problem, hence obtaining a general overview that will make it possible to advance in the proposal of some aspects to improve the policies focused on this population segment.

After this introduction, the chapter is structured as follows: in the following section, a youth employment and entrepreneurship promotion programs review is made of in the countries

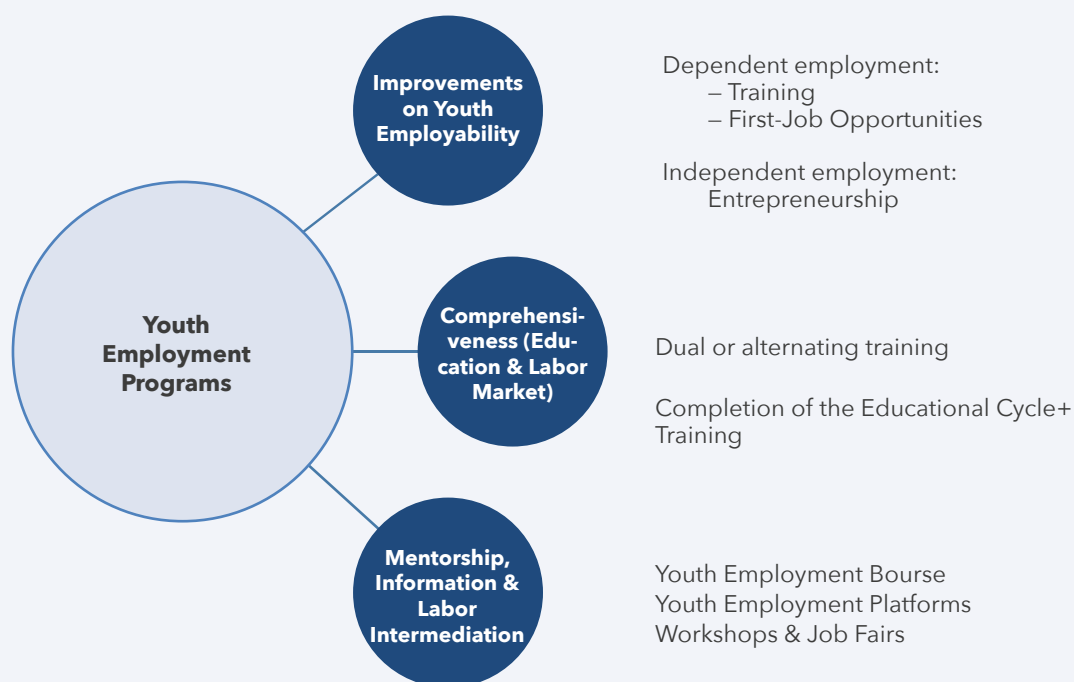
¹¹ That is, programs or policies that cover the entire working-age population are excluded.

considered; then, the response by some countries within the framework of youth employment programs as an adaptation to the COVID-19 pandemic is presented as case studies. Finally, some final reflections regarding lessons learned based on evidence and experience.

5.2. Analysis of youth employment & entrepreneurship programs in Latin America and the Caribbean

It was proposed using a ranking –as shown in Figure 5.1–, to include the different employment and entrepreneurship programs according to their nature. First, the programs that focus on improving the employability of the young population. These programs are the most widespread in the countries of the region and seek to satisfy the most immediate demand for employment, offering job training to the young population and improvements in the conditions of access to their first job. Secondly, there are comprehensive programs and policies that not only cover the needs of young people in terms of skills-training for labor market but are also combined with those offered by the educational system. This category includes initiatives dealing with dual training or alternation between the educational sector and the workplace, as well as programs or policies that seek to complement the advancement and completion of educational levels and facilitate access to labor market. Finally, initiatives related to the provision of information and labor intermediation services promoting a better bridge between labor demand and supply for young individuals seeking to enter the labor market.

Figure 5.1. Ranking scheme for youth employment programs



5.2.1. Focus on improving youth employability

5.2.1.1. On employment-dependents

Training

This category includes those programs whose purpose is to enhance youth labor supply through post-formal educational interventions. These educational interventions take the form of job training or education for work. This type of program is very frequent in the range of youth employment promotion options in the countries under study.

These programs differ from dual or alternating trainings, which are analyzed in section 5.2.2, mainly in that in training programs there isn't necessarily a tripartite agreement between companies, the State and educational centers, they are shorter-lasting –less than one year, while education in alternating modality has an average duration around 1 to 4 years–, they do not always include a formal evaluation of acquired competencies, nor a certification recognized by the industry. Likewise, skills training is traditionally specific to the job position and does not necessarily develop general competencies that are used beyond the job position, i.e., those that seek to develop transversal skills which are transferable to different jobs, as is the case with dual training.

However, although traditionally this type of program aims to develop hard skills or direct training for the job, many programs have emerged that combine the development of hard skills –those directly related to knowledge– and soft skills –understood as socioemotional, life and work skills–, and are therefore more complete in training today.

Among the programs aiming fundamentally to strengthen hard skills are Honduras' "*Jóvenes Construyendo Futuro*", aimed at young people between the ages of 18 and 29 who are neither working nor studying, who are offered job training and financial incentives. Likewise, there is the example of the "*ProJoven*" Program, which had its first phase between 2014 and 2017 and has its second in deployment during 2018-2021. The Program, developed by the Swiss Foundation for Technical Cooperation (Swisscontact), aims to offer quality professional training and education to young people between 16 and 30 years old in vulnerable conditions, which responds to the needs of the labor market and promotes the employability of the young beneficiaries.

To this end, it is proposed to work in sectoral coordination, to adapt the training offer to the labor market demand in dynamic sectors, such as construction and tourism. Argentina's "*Te Sumo*" program promotes the labor market insertion of unemployed young individuals between 18 and 24 years of age who have completed secondary school and are unemployed, in MSMEs. *Te Sumo* covers most of the salary for a job of 4 hours a day, or 20 hours a week during the worker's first 6 months, which varies according to the size of the company, granting benefits to the sponsoring companies that include a reduction in contributions for a period of up to 12 months. There may be training in the company itself and the program contributes a differential amount for this concept, although there is no employment relationship during the training.

Similarly, Mexico's "*Jóvenes Construyendo el Futuro*" program serves young people between the ages of 18 and 29 who are neither studying nor working, to develop their work habits and skills by connecting them with companies and institutions. In return for the training, the

apprentice receives –and their involvement in the activities at the chosen “Work Center”–, the government provides a monthly monetary allowance. Program personnel make periodic visits to validate that the training is being carried out properly. In this case, in addition to monetary support, scholarship recipients receive medical insurance covering accidents, illness, maternity, and occupational hazards during their time in the program.

In Colombia, through the “*Estado Joven*” program coordinated by the Ministry of Labor, internships in public companies are promoted for young people between 15 and 28 years old for a maximum of 5 months with a maximum of 38 hours per week, with certification of work experience and a monthly allowance equivalent to 1 legal minimum wage.

In Guatemala, the Economic Empowerment Program for Indigenous Youth and Women, developed by Swisscontact, aims to facilitate the improvement of the lives of young people and women through access to technical and professional training. For example, in 2019, 135 young participants have graduated from short-term courses in technical occupations to improve their employability skills, and 47 young workers have certified their skills in carpentry, welding and hairdressing occupations, among other results.

The “*Oportunidad 14-24*” Program launched in 2020 by the Presidency of the Dominican Republic is a technical-vocational training and labor/social reinsertion program for vulnerable youth between the ages of 14 and 24. The *Instituto Nacional de Formación Técnico Profesional (INFOTEP)*, oversees providing job training to participants with technical-occupational opportunities required by the local productive structure. An economic subsidy is provided for as long as the participant remains in the program, to reduce access barriers such as transportation, uniforms, and meals. Although the program began with coverage in certain regions of the country, the goal is to extend it nationwide. The program is supported by several United Nations international organizations, such as UNDP, UNFPA and UNICEF. In addition, outside the scope of this program, INFOTEP provides technical training to young workers from all over the country for their insertion in the labor market (courses in electronics, computers, accounting, health visitor, sales, and marketing, among others). It is implemented through the *Centros Operativos del Sistema (COS)*, non-governmental organizations located throughout the country.

In Belize, the Youth Apprenticeship and Enterprise Development Program of the Ministry of Youth, Sports and E-Governance offers a practical training service in areas such as plumbing, air conditioning repair, electrical, mechanics and food preparation. The program targets at-risk youth between the ages of 16 and 29 from across the country, as well as single mothers and youth in conflict with the law and offers a financial stipend to support the job pursuit. Upon completion of the training, the youths obtain a certification accredited by the *Instituto de Educación y Formación Técnica y Profesional (ITVET)*.

In turn, there is a wide range of programs that seek to promote knowledge-related skills, but also those related to soft skills that transcend a specific position.

In Panama, the “*Aprender Haciendo*” program seeks labor inclusion through internships and training. Prior to the internship period, young participants are offered training to strengthen soft skills for employment, taught by psychologists and/or social workers. These trainings include topics such as leadership, emotional intelligence, teamwork, anger and frustration management, entrepreneurship, financial education, human relationships, among others. The internships last 3 months, during which the young trainees receive supervision and

guidance from specialists in a business environment, preparing them for their insertion into the labor market. During this period, the young participants receive monetary support from the government (MITRADEL) as a contribution to pay the minimum wage for the work performed. The difference between the MITRADEL stipend and the minimum wage is paid by the company participating in the project. The companies enrolled in the program are required to report every 15 days to the government counterpart (Ministry of Labor and Labor Development - MITRADEL) on the trainee's attendance, performance, and progress, to receive a follow-up evaluation and even personalized advice if required by the trainee. Companies are encouraged to expand their production plant through tax incentives during the hiring of young workers. In case of hiring, companies will receive an incentive equivalent to double the corresponding minimum monthly salary for a period of three months after the completion of the internship phase.

In Colombia, *"Formándonos para el Futuro"* is aimed at victims of the Colombian armed conflict who are over 18 years, or who have reached the ninth grade in the educational system, although mainly young people participate. The Ministry of Labor, alongside the ILO, established as a goal that the beneficiaries strengthen labor and complementary competencies to mitigate the barriers that prevent them from accessing employment, providing technical labor training, and training in soft skills, social protection, networking, associativity, and management of basic Office computer tools. They must have a tablet or a computer and are granted a monthly stipend for connectivity, a monthly basket voucher, a school kit (school supplies and school clothes), and a biosafety kit (alcohol, antibacterial gel, and masks).

The *"JóvenES Con Todo"* program in El Salvador is an example that combines both programs. Participants must first take the "skills and competencies for life and work module" and then benefit from the technical training of the "employability module". The "life and work skills and competencies module" provides training to its beneficiaries on their civic, political, social, economic, cultural, sexual, and reproductive health rights, to foster critical and proactive citizens. Then, the "employability module" offers professional technical training and certification of competencies by the Salvadoran Institute of Vocational Training (INSAFORP).

Through its "employment module" it aims to ensure greater availability of jobs and the integration of young workers into them, through the direct creation of temporary public employment opportunities. Food and transportation stipend are provided to ensure the permanence of the participants in the program. Of the inter-institutional framework in which the program is part of, this module is under the supervision of the Ministry of Labor and Social Protection (MTPS). This program is an example of a comprehensive initiative, insofar as there is a structure of benefits organized in modules, which can be applied and combined in a diversified and personalized manner according to the profile and situation of each participant.

Within the framework of El Salvador's National Vocational Training Policy, INSAFORP coordinates several other training initiatives for young individuals that combine vocational training, training in life and work skills, and specific technical training (Empresa-Centro Program, Caminos de la Juventud, among others). The qualitative assessment of results based on surveys and focus groups obtaining a highly positive overall assessment of the program and the training of skills and competencies for life and work, and satisfactory on the fulfillment of all objectives (SETEPLAN, 2019).

On the other hand, within the framework of the National Programming Training Plan, “*Argentina Programa*” is developed through a training program organized in two stages that provides free and virtual certification to individuals over 17 years old to learn to program at a basic level (*SéProgramar*), which lasts two months and has a workload of 60 hours per week, and on a second stage that lasts 7 months, training to reach the level of junior full stack web programmer (*YoProgramo*). Furthermore, it grants a card to finance a computer if the young programmer has passed the first stage and is currently in the second stage. This program is carried out by the Ministry of Productive Development and the Argentine Chamber of the Software Industry (CESSI), and in 2020 and 2021 it was awarded with federal criteria and gender perspectives.

Throughout 2021, the “*Puentes /Rural For Young People*” Program was launched as an initiative of several institutions (*ICCO Latin America, Manqa, Miga, El Lab, PT Foundation* and *CASM*) and with the support of the International Fund for Agricultural Development (IFAD) to improve employment opportunities for young individuals between 16 and 35 years old in rural and peri-urban areas of Colombia, Honduras, and Bolivia. Among its tasks, the 3-year program aims to provide a comprehensive training and soft skills program in the gastronomy and hospitality sectors. The focus of the program is the promotion of local production and healthy and sustainable diets, and urban-rural integration to enter the labor market.

Finally, the “*Empléate en Costa Rica*” program is a public-private modality led by the Ministry of Labor and Social Security under the National Employment Program (PRONAE), which offers financial support for youths over 15 years old to obtain training in areas considered relevant for accessing the labor market and developing skills. In this way, it promotes labor insertion and fosters the development of soft skills.

First job opportunities

This category comprises those interventions aimed at mitigating the labor demand barriers faced by young individuals when they first enter the labor market. Specifically, it consists of those programs that stimulate private labor demand through wage subsidies or cost reductions and the promotion of temporary employment opportunities in public employment programs. These proposals have the advantage of favoring the generation of a direct link between young workers and the formal employment sector, aiming to improve their relationship in terms of durability. It has been noted that some of the proposals are institutionalized through laws or regulations, mainly regulating the conditions for hiring youths, and others are proposed through specific programs that seek to mentor young people at this stage. In all cases, the aim is to encourage more immediate and priority hiring of young workers by considering special hiring regimes that provide benefits in terms of lowering costs for companies.

In this sense, the Salvadoran program that arises from the agreement between the Ministry of Labor and Social Protection (MTPS) and the United Nations High Commissioner for Refugees (UNHCR), aims to mitigate the impact of forced displacement by providing formal employment opportunities that promote the integration of young Salvadorans between 18 and 29 years old into the communities that host them. In this case, the MTPS is responsible for the stipends corresponding to 3 months of work plus social security costs, and the private company pays for the following three months a minimum wage plus social security, making a total 6-month duration of the participant within the program.

The “*Insértate*” program in the Dominican Republic was created with the aim of mitigating the problem of low first job opportunities, a consequence of the need for work experience upon completion of formal education. In this way, “*Insértate*” helps young Dominicans to obtain their first work experience by offering paid internships in public and private institutions for 3 months. Although it is a program aimed at young workers, the internships are intended exclusively for young university students or professional technicians.

Costa Rica’s “*Mi Primer Empleo*” (*My First Job) Program is another example of this type of program, since it promotes the hiring of young people in the national productive sector. In this way, the program promotes the creation of new job opportunities for young people to acquire new skills and experiences and improve their chances of accessing quality jobs. The beneficiaries receive training in soft skills, such as: group cohesion, oral and written communication, basic financial education, résumé preparation, preparation for job interviews, etc. The State grants a financial benefit to companies that enroll in the program and increase their payroll. This, in turn, serves as an incentive for companies to train workers according to their needs.

Similarly, Guatemala’s First Job Scholarship program serves young citizens between 16 and 25 years old in urban and rural areas who are unemployed and living in poverty. The program seeks to promote the integration of these young people into the formal labor market through temporary hiring as apprentices for a maximum period of 5 months, so that the promotion of on-site knowledge and skills generates opportunities to enter the formal labor market. The youths receive from the employer a wage equivalent to 40% of the current minimum wage, in addition to the conditional cash transfer that is part of the program.

In the “*Padrino Empresario de Panamá*” program, youths at social risk between the ages of 15 and 17 receive job training within one of the program sponsor companies in administrative areas such as accounting, data entry in computer systems, receptionist tasks, filing and internal and external messaging, so that once they complete their studies, they can join the company. The youths receive a monthly scholarship for their work, as well as a food and transportation bonus –depending on the company–. The sponsoring companies make it possible for the young students to attend the company between 4 and 6 hours a day, five days a week, and in return, they receive benefits such as a 100% income tax deduction for these payments made to the participants.

Similarly, *Mi Primer Trabajo* (My First Job) covers the young population between 16 and 29 years old residing in Mexico City. Priority is given to those who lack work experience and are unemployed by offering training and financial compensation.

5.2.1.2. Self-employment or independent employment

This category groups those interventions that aim to promote young people’s initiative in business, through monetary incentives as well as technical support and know-how to develop self-employment activities.

Regarding financing, the strategies are intended to counteract the problems faced by this young population. Two stand out: i) access to credit for young masses, because it is hampered by factors related to no or little credit history, and ii) that access to these funds is generally aimed at people with more experience and training, who are also usually the oldest.

In El Salvador, the “*JóvenES Con Todo*” program, through its “entrepreneurship module”, promotes the development of enterprises and the creation of initiatives by young entrepreneurs, based on both “opportunity” and “need” criteria. It also provides seed capital to young entrepreneurs who want to start or improve their business. Of all the institutions that are part of the program, this module falls under the purview of the National Commission for Micro and Small-Sized Enterprises (CONAMYPE). In addition, as part of the Youth Training Program in El Salvador, in its subprogram “*Caminos de la Juventud*”, young Salvadorans receive training in entrepreneurship. The “*Juventud Emprende*” Program aims to generate and consolidate emerging businesses within the framework of micro and small enterprises led by young leaders. It covers strategic actions on several possible fronts: from providing advice on how to create businesses, entrepreneurial training, development of synergies and networks, support in the management of financing and assistance in participating in marketing spaces.

In Mexico, a program called “*Fábricas de economía solidaria*” seeks to support economic and social strategies driven by young individuals and based on the social and solidarity economy. It provides physical spaces for the creation, development, and consolidation of collective ventures and experiences of financial and social innovation, while at the same time providing solidarity support through technical training, emotional health and well-being, project follow-up, etc.

The Social Economy Strategies Network (REDES - *Red de Estrategias de Economía Social*) is another Mexican strategy that seeks, through education and financial inclusion, to contribute to economic entrepreneurship culture development among young people. It features two main components. First, a training model that provides education and tools for the social economy projects design (RAICEES - *Ruta de Acompañamiento para la Innovación y Creación de Emprendimientos en Economía Social*). Second, a seed capital that seeks to support young people to start or strengthen productive projects and innovative ideas with a focus on social economy and that stakes on local development (SEMILLAS).

PREMDE is a Dominican Republic program which supports the innovative and entrepreneurial culture of their young population. It focuses on two main actions. First, it provides access to credit and seed capital. In this way, it aims to financially support proposals that have a general impact on different productive areas of the country, offering solutions to pertinent problems, contributing towards creating new products or services, or providing technological improvements that favor greater growth and economic development. Also, it is proposed to expand and strengthen young entrepreneur networks by encouraging the networking of these young professionals with innovative entrepreneurial talent, either with institutions to manage financial resources, or with academic staff with project execution expertise.

Another Dominican program to promote entrepreneurship among young people is “*Juventud despegá*”, it presents 3 strategies. First, the coordination of seminars and conferences on entrepreneurship, innovation, and business, to inspire youths in these areas. Second, promoting youth entrepreneurship initiatives, supporting continuous training in business plans and to increase competitiveness in this segment of the population. Third, networks strengthening and synergies through the entrepreneurship fairs organization, in which young entrepreneurs can benefit –either by scholarships or advice on how to implement their ideas–.

The Argentine Program “*Jóvenes más y mejor trabajo*” provides –among other components– support to vulnerable young adults between 18 and 24 years old (540,000 young people in these conditions are targeted), who have not completed primary and/or secondary schooling and are unemployed, can develop a project in an independent manner. In this case, youths are provided with a business management course and specialized assistance for the drafting of a business plan. Once the plan is approved, legal, technical, and financial assistance is provided for its roll-out. This program includes a follow-up evaluation of the beneficiaries by type of benefit, obtaining an increase in engagement in the components of vocational training and job training and paid labor insertion (until 2015). Moreover, the main results of the program’s impact assessment show that the probability of insertion in a registered paid job increases by three percentage points for the group of beneficiaries of the vocational training component versus non-beneficiaries, and that the probability of formal labor insertion increases by 14 percentage points due to the component related to job training actions (MTSS, 2015).

AgroEmprende “*Innovando en el territorio*” is a program by the Ministry of Agriculture, Livestock and Fisheries of Argentina to support the independent work of young rural farmers between the ages of 18 and 40. The program aims to assist in business development and provide access to starting up resources or strengthening agribusiness ventures by rural youths. Based on a tender for productive projects, the program offers entrepreneurship training and technical assistance to the project holders to improve the sustainability of their projects over time. The selected projects are awarded with a financial recognition and support for one year¹².

The *Youth Employment and Entrepreneurship* program, promoted by CABEL, is another program example that, among its multiple purposes, aims to support young people in developing basic labor and entrepreneurial skills; increase their job and entrepreneurial opportunities, and reduce their risk factors. It is aimed at youths between 16 and 29 years old, without relevant work experience or formal employment, who are not studying in the day shift and who may be in situations of social risk and/or vulnerability. The projects to be financed under this program should facilitate formal employment and entrepreneurship of young individuals, which should include: (i) life skills training, (ii) formal employment guidance and entrepreneurship, and (iii) formal job placement and entrepreneurship. Job placement shall aim to develop attitudes, knowledge, and skills like those required to perform in formal work settings. Entrepreneurship will be aimed at setting up and/or expanding formal youth enterprises.

“*Emprendedores juveniles de Nicaragua*” (EJN) is another program aimed at developing entrepreneurial spirit of the young population. Founded in 1991, it emerged as an affiliate in the country of Junior achievement international (JAI) and is currently coordinated by the Nicaraguan Development Institute (INDE - *Instituto Nicaragüense de Desarrollo*). The Program’s main lines of work are encouraging the creation of new enterprises, training young people in financial education for the development of skills and personal management of their finances, and technical skills development that will help them become entrepreneurs.

¹² The program emerged in 2017, but it cannot be verified on official pages whether it is still in existence.

In Colombia, the credit line launched in early 2021 by Banco Agrario de Colombia; has been launched to support young people in financing their agricultural and/or agribusiness projects and ventures. The program is aimed especially at young people between 18 and 28 years old, students in their last semester or graduates of technical or technological careers in agriculture and livestock and related engineering sciences. The credit line is granted at preferential rates and provides up to 100% coverage for financing direct costs of the projects and grace periods of up to 12 months. Terms are up to 3 years if it is working capital credit, and up to 5 years if it is for investment.

In addition, there are other initiatives such as *CEmprende* and the *Red de Jóvenes Empresarios* program, both aiming to strengthen entrepreneurship among young Colombians and generate actions that allow the creation of an entrepreneurial culture and spirit. For starters, the *CEmprende* project is a virtual training pilot program in entrepreneurship that seeks to use technology as a tool to strengthen entrepreneurship skills in teenagers (14 to 17 years old), young people (between 18 and 21 years old) and educators. Also, the Young Entrepreneurs Network aims to strengthen the competencies and skills for entrepreneurship of youths between 14 and 28 years old. The Network intends to provide different growth spaces for the young population, such as: vocational diagnoses (for youths between 14 and 18 years old), growth plans focused on the identification of skills for entrepreneurship (youths between 18 and 28 years old), coordination of inspirational panels and workshops, entrepreneurship workshops, events (meetups) to facilitate the meeting between entrepreneurs, suppliers, businessmen and clients, among other actions.

In Guatemala, the *Economic Empowerment Program for Indigenous Youth and Women*, implemented by Swisscontact and financed by the Swedish International Development Cooperation Agency (SIDA), aims to enable young people and women to improve their lives through the development of new ventures, improve their existing enterprises, and by encouraging young people in technical and professional training to generate self-employment ventures. This is achieved by promoting sustainable entrepreneurship and financial inclusion. For example, in 2019, among other results, 530 youths were sensitized in entrepreneurship by attending workshops and 60 entrepreneurs had access to business coaching services through certified advisors.

In Belize, the RET Program of the non-governmental organization, Refugee International Trust (RET International) aims to provide job creation opportunities to at-risk youth as an alternative to crime and violence. In partnership with local entrepreneurs, young people receive support in developing viable business plans, advice, and assistance in applying for funding to launch their initiatives, and a mentoring service to guide the young entrepreneurs through the process.

Chart 5.1. Synthesis. Programs with focus on youth employability

Name	Program	Country
Training	<i>Jóvenes Construyendo Futuro</i>	Honduras
	<i>ProJoven</i>	Honduras
	<i>Argentina Programa</i>	Argentina
	<i>Te Sumo</i>	Argentina
	<i>Jóvenes Construyendo Futuro</i>	Mexico
	<i>Oportunidad 14-24</i>	Dominican Republic
	<i>Programa de Aprendizaje Juvenil y Apoyo Empresarial</i>	Belize
	<i>Aprender Haciendo</i>	Panama
	<i>JóvenES con Todo</i>	El Salvador
	<i>Estado Joven</i>	Colombia
	<i>Formándonos para el Futuro</i>	Colombia
	<i>Empoderamiento Económico de Jóvenes y Mujeres Indígenas</i>	Guatemala
	<i>Puentes/Rural For Young People</i>	Colombia & Honduras
	<i>Empléate</i>	Costa Rica
First Job	<i>Desplazamiento forzado</i>	El Salvador
	<i>Insértate</i>	Dominican Republic
	<i>Mi Primer Empleo</i>	Costa Rica
	<i>Beca Primer Empleo</i>	Guatemala
	<i>Padrino Empresario</i>	Panama
	<i>Mi Primer Trabajo</i>	Mexico
Self-employment or entrepreneurship	<i>JóvenES con Todo</i>	El Salvador
	<i>Programa de Formación para Jóvenes-Caminos de la Juventud</i>	El Salvador
	<i>Juventud Emprende</i>	El Salvador
	<i>Fábricas de Economía Solidaria</i>	Mexico
	<i>Red de Estrategias de Economía Social (REDES)</i>	Mexico
	<i>PREMDE</i>	Dominican Republic
	<i>Juventud Despega</i>	Dominican Republic
	<i>Programa Jóvenes Más y Mejor Trabajo</i>	Argentina
	<i>Agroemprende "Innovando en el Territorio"</i>	Argentina
	<i>Empleo y Emprendimiento Juvenil</i>	Honduras
	<i>Emprendedores Juveniles</i>	Nicaragua
	<i>CEmprende</i>	Colombia
	<i>Red de Jóvenes Empresarios</i>	Colombia
<i>Empoderamiento Económico de Jóvenes y Mujeres Indígenas</i>	Guatemala	
<i>Programa RET</i>	Belize	

A process mapping of the main programs and projects, alongside their main features is available on Annex A5 of this document.

5.2.2. Focus on comprehensiveness

Some educational programs or policies aim to keep young people in the education system and provide them with specific training for the workplace. Therefore, in some cases, students alternate between attending educational centers and developing skills in companies to later enter the labor market, giving way to what is also known as dual training or apprenticeships. Classroom training is generally carried out through educational institutes –formal or non-formal–, which include in their programs from training in trades and development of soft skills. On-the-job training has two components to highlight. First, the specific training given in a work environment; and second, the beginning of a career path-work path that sources from a specific formal experience. Overall, under dual training, competencies and skills are developed that go beyond the specific work experience, since it allows them to be used in different contexts and jobs, thus, enabling youths to adapt more easily to different work environments in a constantly-changing technological context.

In other cases, although it is not strictly dual training, the aim is for young people to acquire training and skills development through different programs, and to have access to certain internships in companies, also ensuring educational continuity. Regarding these programs, there is both soft skills training and cognitive skills training provided by the traditional education system.

Dual training or alternating course education

There are some dual training experiences in the countries of the region. One of the most relevant in the region is the dual training program in Colombia that covers basic, technical and pre-university education levels. Dual training has been deployed since 2014 and is coordinated by the National Apprenticeship Service (SENA) which reports to the Ministry of Labor and provides non-formal education in partnership with companies in the telecommunications, automotive and heavy industry sectors. The training is divided into 50% at the educational center and 50% on-site at the sponsoring company. This modality has been consolidated over the years and currently nucleates more than 345,000 students (ILO, 2017). According to the results of the impact assessment by Flores-Sánchez and Vigier (2020), young students who graduate from dual training (University of Cuenca in the period 2010-2016) obtain a significantly higher salary versus those who attend the traditional model and the period of insertion into the labor market is shorter.

Moreover, Mexico's *Jóvenes Construyendo el Futuro* program, in which beneficiaries obtain classroom training, both in trades, developing socioemotional skills and in the workplace –companies, businesses, workshops, training institutions– for a year. In turn, more comprehensively, under the Mexican Model of Dual Training (MMFD), eleven Mexican states articulate alternating course training between companies and the formal education sector, incorporating high school level to public institutions of higher education. The State provides a monthly salary for up to two years for students who opt for this educational modality.

Likewise, in El Salvador, the “*Empresa-Centro*” program, within the Youth Training programs framework offered by the Salvadoran Institute for Vocational Training (INSAFORP), combines theoretical training provided by the training center contracted by INSAFORP with hands-on education in a training company, in a real work environment. The objective is to develop

comprehensive training actions closely linked to the needs of the productive sector, to the effect, in parallel, of improving the employability of young students, contribute to increasing the productivity and competitiveness of businesses. *Olmos (2017)* provides evidence in favor of the “*Empresa-Centro*” program having positive impacts on the employment and income of beneficiaries.

In turn, in Guatemala there has been a pilot initiative since 2019 which seeks to implement dual training in the Family Educational Centers for Dual Alternation Training (CEFFAD) aimed at youths in rural areas. In Honduras, a similar experience has been rolled-out, whereby youths from isolated rural areas are trained in agricultural and handicraft production in the area, in the so-called Family Educational Centers for the Development of Honduras (CEFEDH).

In Honduras, the “*Chamba Joven*” project, part of the “*Con chamba vivís mejor*” program, aims to provide an economic benefit as an incentive to develop the job skills of young people between 18 and 30 years old, high school graduates, university students or unemployed graduates. To this end, strategic partnerships have been forged between private companies, government institutions and productive units so that students can access paid dual training internships for five months in a four-hour workday, either in private companies or in the public sector.

Completion of educational cycles & on-the-job training

There are other programs that combine education and work experience in the form of internships or work experience in companies. These include those aiming to enable young people to complete an educational cycle and at the same time receive training for working life.

In this sense, the Dominican Republic’s “*Programa Juventud y Empleo*” (PJE) takes on a comprehensive job training strategy. It is aimed at young people between 16 and 29 years old who are low-income and at social risk. The program provides theoretical and practical job training in classrooms to complete their formal education and a first work experience through internships in companies, aiming to improve the employability of the low-income youth population. First, it provides skills and knowledge for the execution of a trade and helps to complete the “formal” education cycle. Also, training is provided to develop group integration, communication, work organization and customer service skills, as well as social skills to respond to a variety of personal, professional, and social scenarios. In a final stage, internships are carried out in participating companies, aiming to completing the job training and increasing the chances of entering the labor market. These are two-month internships in the trade for which the young person undergoes training, and with the possibility of being hired by the company. This program is a comprehensive initiative, as it combines training, internships, and labor intermediation services.

On the other hand, the program carried out at the “*Formación Quédate en Guatemala*” training centers in Guatemala seeks to provide secondary and technical education services to young people returning to the country, or who wish to migrate, to provide them with tools that will give them the possibility of self-employment or improve their labor market insertion. Said youths receive expedited out-of-school education that is coordinated by the

Ministry of Education (Minedu).

In Argentina, the *“Progresar Trabajo”* program consists of granting scholarships for twelve months (AR\$3,600 per month) covering the entire annual school cycle of primary or secondary education to youths between 18 and 24 years old to complete their primary or secondary studies with views to continuing their education and participating in vocational training courses, to persons with disabilities from 18 years old, to women between 18 and 30 years old in single-parent households in charge of children under 18 years old, to members of indigenous communities and/or belonging to native peoples between 18 and 30 years old, and to trans and transvestite persons without age limits. The institution in charge of financing these groups is the National Social Security Administration (ANSES).

Colombia’s *“Jóvenes en Acción”* program provides a conditional cash transfer to youths between 18 and 24 years old at SISBEN Levels 1 & 2 to support them in their technical, technological, and professional training. In turn, it has a “Skills for life” training component, which is carried out in partnership with SENA, and seeks to provide tools to facilitate their labor and social insertion through the strengthening of transversal and socioemotional skills, and an “Opportunity management” component, which works on employability, entrepreneurship, and education, providing information on opportunities in these areas. The program was assessed on an experimental basis in the late 2000s, obtaining significant positive results: monthly salaries increased by USD\$11.00 and especially among women, positive results were obtained (Attanasio, 2009). However, even with positive results, the program was modified by losing the decentralization of regional employment supply and demand became centralized by SENA, posing a potential disadvantage.

Dual or alternating training is gaining prominence in educational and training centers in the countries all over the region. The acquiring of key competencies and on-the-job experience makes this modality a way out of the problems faced by young students in the labor market. Particularly, the more direct relationship between the student and the labor world, as well as the development of key skills that are useful for life, are an answer to reducing youth unemployment rates. As observed, initiatives of this type are incipient in most countries, with Colombia and Mexico being the countries where this type of modality is most developed overall. Likewise, there are several training programs that combine education with on-the-job practice, which, although they could be beneficial, they can also evolve to an on-the-job alternation modality to be carried out gradually without losing the main fundamentals of each program.

Chart 5.2. Synthesis. Comprehensive programs

Type	Program	Country	Education level
Dual training or alternating course education	<i>Formación Dual</i>	Colombia	Basic, technical & pre-university
	<i>Modelo Mexicano de Formación Dual</i>	Mexico	Secondary school
	<i>Programa Empresa-Centro</i>	El Salvador	Secondary school
	<i>Centros Educativos</i>		
	<i>Familiares de Formación por Alternancia Dual (CEFFAD)</i>	Guatemala	Primary & secondary school
	<i>Centros Familiares Educativos para el Desarrollo de Honduras (CEFEDH)</i>	Honduras	Primary & secondary school
	<i>Chamba Joven</i>	Honduras	High-school graduates & college graduates
Completar ciclos educativos y realizar capacitación laboral	<i>Programa Juventud y Empleo (PJE)</i>	Dominican Republic	Complete Formal Education Cycle
	<i>Centros de formación</i>	Guatemala	Secondary school & technical/vocational education
	<i>Quédate</i>		
	<i>Progresar Trabajo</i>	Argentina	Primary & secondary school
	<i>Jóvenes en Acción</i>	Colombia	Technical education

5.2.3. Guidance, information & labor intermediation services

This category comprises all those programs and policies whose purpose is to foster the youth employment supply, by offering information and guidance services to the young population. In this case, the supply is quite diverse, and it encompasses options such as job bourse, job fairs, vocational guidance programs and job search platforms. These services are free and help achieve a matching between the labor supply and demand.

The aim is to reduce, through these modalities, job search transactional costs, and improve the levels of communication between employers and job applicants. Chart 5.3. summarizes the programs or services under these modalities.

Chart 5.3. Synthesis. Employment guidance and information services.

Type	Program	Country	Description
Youth employment bourses	<i>Programa juventud y empleo (PJE)</i>	Dominican Republic	Offers (asides training and apprenticeships) job placement management through an E-Bourse.
	<i>Bolsa de trabajo para jóvenes de 19 a 29 años</i>	Mexico	Systemized Information on the current job supply. Available on digital platforms or on-site through the Labor Intermediation Services Center.
	<i>Portal de empleo de trabajo BA</i>	Argentina	Search engine for job search and job applications.
	<i>Busque empleo</i>	Colombia	SENA offers a free-access platform for employers and applicants.
Youth employment platforms	<i>Red de empleo joven</i>	Argentina	Job search assistance; has an employment bank and a guide to training workshops.
	<i>Banco de empleo joven</i>	Dominican Republic	Database System featuring information on studies and skills by young applicants, made available to employers; this allows targeting suitable applicant profiles to available and/or potential vacancies.
Workshops/job fairs	<i>Programa NEO (new job opportunities) – IDB</i>	El Salvador	Information on the job market, public & private resources available for training, scholarships & employment opportunities. Support to help strengthen key institutional stakeholders in all matters regarding youth employability (i.e.: Strengthening or creation of round tables and/or support departments).
		Dominican Republic	Labor Intermediation Services Office and Internships (OLIP) in several technical/vocational schools to help improve the quality of these services and reach out to a greater applicant quota.
		Panama	Vocational guidance digital platform: www.marcaturumbo.com.pa , to improve access to guidance and labor intermediation services in-country, direct access to the labor market and professional guidance counselors that foster greater opportunities in the market.
	<i>Programa de orientación vocacional y empleo (POVE)</i> * Vocational guidance & employment program (POVE)	Panama	Aimed especially at young students. Widespread of information for on-the-job skills demand, focused on training options, which will render greater labor insertion opportunities in the future. Exchange Panels with leading students, professionals, and entrepreneurs. Educational Fairs.

5.3. Case study: program response and adaptation to the COVID-19 pandemic

One of the populations of greatest concern in the context of the COVID-19 pandemic is the young population and mainly –according to recent figures–, young women. In this context and the constraints to face-to-face attendance and mobility associated with it, existing employment programs were prevented from operating in their traditional format and some of them adapted to remain active. In some cases, new program strategies were adopted, such as the possibility of maintaining the benefits by investing in virtuality, whenever possible. In addition, efforts were made to expand coverage, broadening the participation quota. In turn, in several countries, governments, through their ministries of labor or vocational training institutes, entered into agreements with technology and training content providers to offer online training to which young people could access for free.

In this regard, although some modifications were made to existing programs in countries such as Argentina, Costa Rica and Panama, Colombia and Mexico were selected as case studies because the programs that were adapted to the new context contemplate various lines of action and a variety of responses.

Mexico case: modifications made to the “*Jóvenes construyendo el futuro*” program

In Mexico, “*Jóvenes Construyendo el Futuro*” program capacity was expanded by increasing the number of young participants in job centers and the scope of coverage, by incorporating more areas covered by the program, especially those mostly affected by the reduction of employment. Additionally, the hybrid modality (face-to-face and virtual) was adopted in the training if the companies had the capacity for proper roll-out (Veza, 2021).

Based on official information, the beneficiaries who graduated from the program were twice as likely to find employment versus similar young people who were not in the program. In turn, it served as a safety net during the pandemic insofar as it allowed young adults to access income, health services, and reduced the probability that a household in which the beneficiary resides would go without food (STPS and CONASAMI, 2021).

Colombia Case: *Misión empleo* and changes made to existing programs

In Colombia there were different measures considered in response to concerns about the greater relative loss of opportunities for young workers in the labor market due to the pandemic. Given the recent deterioration of the labor market because of COVID-19, the Colombian government adopted the so-called “*Misión empleo*”, which has been supported by the UNDP, CABI, the World Bank, ILO, and IDB. The main objective is to design strategies to deploy employment policies in the short, medium, and long-term, addressing the following axes and working groups: social protection for workers, job training, labor regulation, and a last one, which covers different employment-related topics. In addition, a cross-cutting line is the employment of the young population whereby it seeks to reactivate and generate more jobs focusing on this subgroup (the 8th Experts’ Conference was dedicated in December 2021 to Employment and Young People). Also, within the framework of SENA alongside the Ministry of Labor, the *Empleatón* and *ExpoEmpleo* activities were carried out –in September 2020– to reactivate the labor supply with a focus on the young population.

Another change was made in the framework of the National Development Plan 2018-2022 in its article 196 of the Pact for Colombia - Pact for Equity, to enable and improve access to employment for the young population. It was created to prioritize the employment of young people between 18 and 28 years old, even if they do not have work experience. For them, a 10% quota was established for new jobs that do not require professional experience.

In addition, specific amendments were made to existing programs to adapt them to the new context during the pandemic, to improve young people's access to the labor market. Within the professional training provided by SENA, the contents were adapted for remote delivery through the Virtual Learning Platform. The "*Estado Joven*" program expanded the scope of its participants during the pandemic; the "*Formándonos para el Futuro*" program adapted part of its content to the virtual format, and the "*Jóvenes en Acción*" program extended the amount of the temporary economic benefit to young beneficiaries and adapted the "*Habilidades para la Vida*" (Skills for Life) component to the virtual format.

5.4. Summary of impact assessments at international & regional level

The employment situation of the young population is a government concern around the world. As a result, not only in Latin America and the Caribbean but globally, programs have been designed to attract young talent to the labor market. In this review, we have summarized a non-exhaustive variety of programs of different formats, which tend to be clustered in different categories: job training programs, assistance or guidance programs for the job search process, public employment programs or employment subsidies, and programs to support micro-enterprises and self-employment. What these programs share is that in one way or another they aim to connect young people to labor world, increase their income and/or help them create their own business.

The deficiency that exists regarding these programs is that most of them have not been adequately assessed. In fact, the information available today on the types of interventions that work and the reasons why they work is inconclusive (Kluve, Puerto, Robarino and Romero, 2016). In this summary, we use several meta-analysis studies on reviews of youth employment and entrepreneurship programs to organize the key learnings that emerge from them.

Overall, the meta-analysis studies reviewed do not find solid evidence that certain types of programs, or combinations thereof, consistently outperform others. On the contrary, what these studies coincide in is that the large differences observed in the magnitude of impacts between interventions depend on a variety of variables linked to design, context, and deployment issues. Namely, these reviews highlight that the "how" appears to be more important than the "what" (Kluve et al., 2016; Kluve et al., 2017; Datta, 2018; Levy Yeyati et al., 2019; Vezza, 2021). The program, monetary granting incentives, the targeting of activities, individualized follow-up of participants, the profile and character of the target population, the quality of deployment and the context in which they are developed, are all critical factors on which the effectiveness of the programs depends (Kluve et al., 2017; Levy Yeyati et al., 2019).

Identifying the individual factors that threaten the permanence of youth in the labor market is crucial for successful programs design. In some ways, programs that have the capacity to profile beneficiaries, i.e., proactively use information about participants' skills, would be able to better respond to their needs. An example of this is programs that use this bene-

ficiary information to assign them to specific services within a broader range of services offered, or, to determine the intensity of services exposure (e.g., program duration) (Kluve *et al.*, 2016). This does not imply having individualized programs, but rather that the programs can cluster beneficiaries into broad categories, according to their needs, increasing their chances of success. Having this ability to coordinate between the profile of participants and the services they receive appears to be critical to program performance (Veza, 2021).

In line with the above, meta-analysis studies coincide in pointing out that programs focused on vulnerable populations (low-income or socially at-risk youth) are associated with greater impacts. This is precisely because identifying the disadvantaged situations of youths allows assigning them the most appropriate intervention (Kluve *et al.*, 2017). In turn, there is evidence that, although there is no combination of services that is preferred over others, programs that integrate multiple services –training, monetary support, guidance, and labor intermediation, among others–, tend to work better because they respond better to the different needs of the beneficiaries. In other words, if the population of beneficiaries facing the program is diverse, it is reasonable that multiple portfolios of services are required to address such disparity (Kluve *et al.*, 2016; Datta, 2018; Veza, 2021). Another conclusion pointed out by these studies has to do with the importance of the context in which the programs are applied, evidencing a positive correlation between their effectiveness and the growth of the GDP per capita, as well as a negative correlation with the unemployment rate in the year of deployment (Levy Yeyati *et al.*, 2019).

Finally, and in line with the described attributes linked to the effectiveness of the programs, the importance of having solid monitoring systems is noted. The information provided by these systems can be broad, ranging from providing targeting indicators, indicators of drop-out and permanence in the program, compliance with quality standards, intermediate results, among others. It is in the quality and proper functioning of these monitoring and assessment systems that the ability to warn about the performance of programs and to formulate appropriate policy responses lies (Kluve *et al.*, 2016; Veza, 2021). In turn, it is these information systems that will allow the development of beneficiary profiles, necessary to match the best combination of benefits to eligible youth.

5.5. Conclusions

In recent decades, various programs have been developed and deployed in the countries of the region to promote youth employment and improve their access to the labor market. Among the first programs aimed at the young population were those related to education and training for work, special regimes for hiring –reduction of hiring costs within the formal sector of the economy– and laws regulating first employment (Miranda and Alfredo, 2018). In turn, recently, laws and programs that seek to promote the employment of the young population at high risk of migration have gained visibility. In addition, another modality that encompasses the training of young workers in a comprehensive manner is related to the dual– training models or training on par with the completion of educational cycles.

Overall, the review showed that programs targeting the youth population in the countries of the region are aimed at young people between 16 and 29 years old (with a few focusing exclusively on teenagers), while those related to entrepreneurship cover a slightly wider age range –up to 35 years old–. In addition to focusing on age, many of the programs

are targeted according to some socioeconomic factor that justifies their prioritization. For example, educational deficiencies, deficiencies regarding their current employment situation –unemployment, underemployment–, little or no work experience, exposure to situations of social risk, vulnerability, or violence. In some cases, the programs have a specific quota or priority access for young individuals based on gender, disability, or refugee status.

It should be noted that, in most cases, programs covering the entire economy were contemplated, however, some are also designed for specific productive sectors, mainly comprising the agricultural or farming sector or young people residing in rural areas, young people at social risk and vulnerable groups, youths at risk of migration and those with disabilities.

Finally, it is worth noting that the array of programs that have been deployed in the region in recent decades contain several of the attributes identified in the literature as being effective. As reviewed in the chapter, there is a trend towards more comprehensive designs; or at least, a greater offer of programs with different components: training, employment subsidies, first job opportunities, employment, and school completion programs, etc. In turn, several of the programs in motion aim to segment the target youth population by income level, educational level, violence status, etc., which, considering the meta-analyses reported, could be related to a better impact. However, given the scarce information available, there are doubts about the effectiveness of monitoring and follow-up systems for adjusting beneficiary profiles on the go. Finally, in several of the countries analyzed there seems to be a dispersion of efforts among various government institutions –labor ministries, development agencies, youth institutes, etc.–, which a priori would seem inefficient. The scarcity of impact assessments of the programs being implemented in the region leaves several questions unanswered.

Chapter 6

Countries appetite to invest in youth employment & entrepreneurship



6.1. Introduction

This chapter addresses the previous chapters in a complementary manner; the analysis of the existing institutional framework in the different countries that manage support for youth employment programs. Throughout the document, the institutional framework is understood in a broad sense, including institutes and organizations, as well as policies and regulations aimed at the youth population. In this sense, information on existing employment programs is summarized versus those that took place in the last two decades. It also presents a mapping of the organizations and institutions in charge of the governments that focus on improving the possibilities of the young population labor market insertion, entrepreneurship culture promotion, as well as in social areas, integration into cultural spheres, among others. Furthermore, national youth public policies in force in 2021 applied from different ministerial areas are included to determine the interest in the existence of guidelines drafted by the State.

For the selection of the organizations and policies, the three criteria adopted in chapter 5 were used. First, that they should reflect the current situation, including only youth policies in force in 2021. In addition, only those of a national character and scope are considered. Finally, policies and institutions aimed exclusively at the youth population are incorporated.

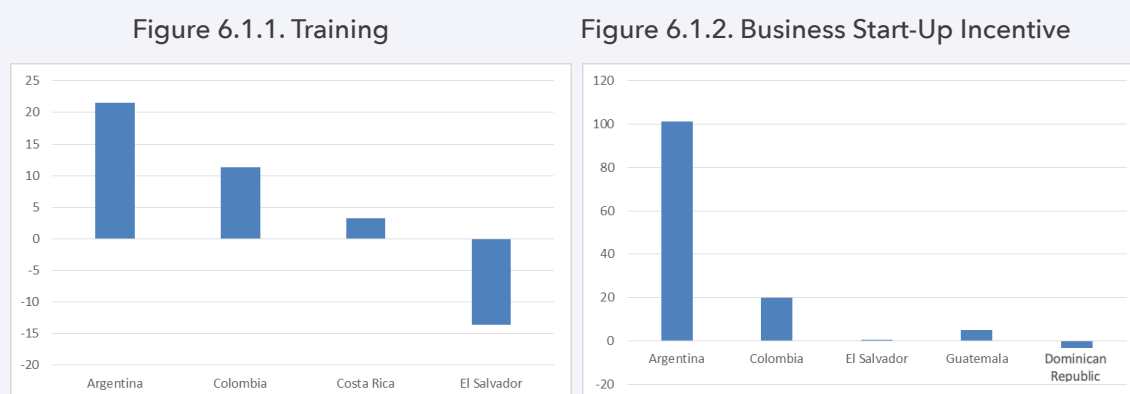
In all cases, the focus is on the issue of the labor market and entrepreneurship in the young population, understanding that this population has specific traits that differentiate it from other subpopulations.

The remainder of this chapter is organized as follows: The second section presents information on employment and business creation incentive programs spending in Latin American countries. The third section addresses the institutional framework developed to address youth employment and entrepreneurship issues in the region. The fourth section presents information on public spending on employment and entrepreneurship programs. Finally, the fifth section presents some final reflections as conclusion.

6.2. General overview: spending on employment and business incentive programs in Latin-American Countries, and youth development and well-being

Up until 2019, countries like Argentina, Colombia, Costa Rica, and the Dominican Republic have increased their employment programs spending. When distinguishing between training and business creation incentive programs, Figure 6.1 shows that mainly Argentina and Colombia have allocated resources incrementally on average in the last five years to programs for these purposes. In addition, Figure 6.2 shows the increase in spending on the levels of education that correspond to the young population in recent years for the countries for which this information is available, and there has been an increase in spending in all three countries.

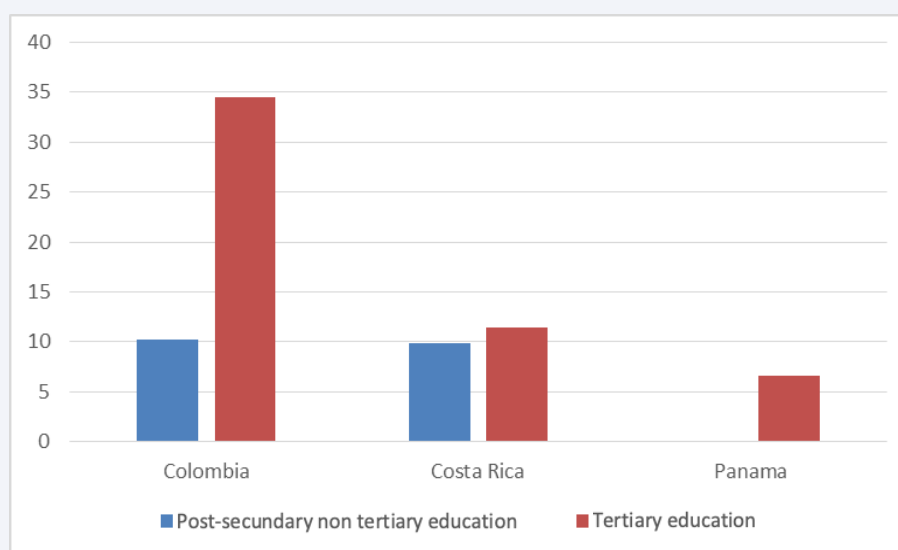
Figure 6.1. Average increase in annual expenditure in training and business start-up incentive programs (Average for the last 5 years, in percentage)



Source: Own elaboration from ECLAC-STAT Database (Last consultation: January 2021)

Note: Average over the last 5 years of the annual growth rate of spending in local currency adjusted by the annual inflation rate for employment programs. The average is considered in Argentina, Colombia, and Costa Rica growth rates between 2014–2018 and for El Salvador, Guatemala, and Dominican Republic between 2015–2019.

Figure 6.2. Variation in educational expenditures per latest available year



Source: Own elaboration from ECLAC-STAT Database (Last Consultation: January 2021).

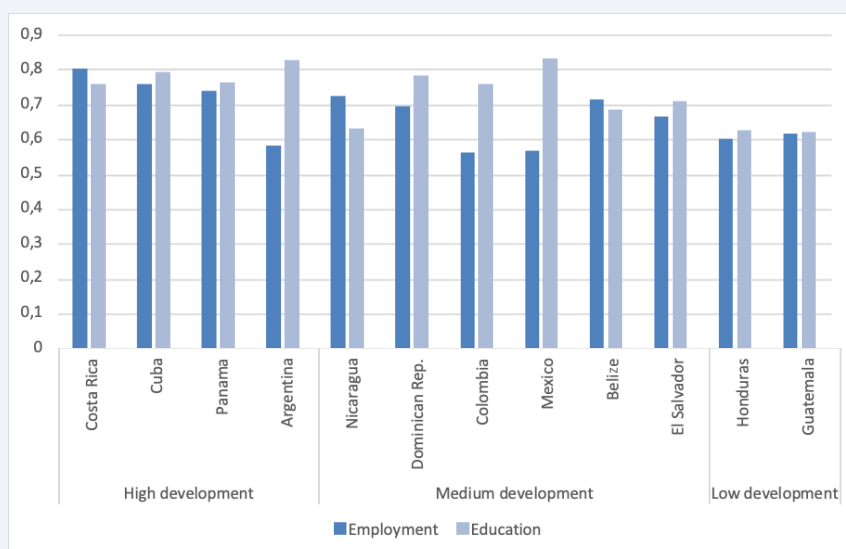
Note: Changes in Educational Expenditures in Inflation-Adjusted National Currency, corresponding to 2016 in Costa Rica; 2017 in Panama, and 2019 in Colombia

While there is no information available on education and employment spending covering 2020 when the COVID-19 pandemic begins, the fact that the increase in spending on these programs has trended positively in pre-pandemic years could be considered a good sign. It is to be expected, as noted in the ILO (2020), that the aftermath of the pandemic will cause disruptive effects that will affect the younger population –especially young women– in terms of education and employment opportunities to a relatively greater extent.

As developed in previous chapters, the employment problems faced by the young population are diverse and their intensity differs according to the countries analyzed. An interesting indicator that illustrates how much of the resources allocated by governments materialize in terms of youth development in different dimensions is the Youth Development Index (YDI), which is applied at the global level¹³. Through the YDI estimates, it is noted that Colombia is one of the countries that has experienced a significant improvement –around 14%– in the dimension of Employment, Opportunities for youths between 2010 and 2018. The Central America and Caribbean region rank seventh out of the nine regions considered in the ranking of youth development, obtaining improvements of 2% and 1% in employment and opportunities, and education. In this sense, Argentina, Colombia, and Mexico are the countries that relatively speaking present the lowest relative development in employment and opportunities according to the YDI indicator, although they are the ones that achieve the best position in the education indicator (Figure 6.3).

¹³ YDI is a 27-indicator index that measures youth development in 181 countries and comprises the following six domains: health and well-being, education, employment and opportunities, equality and inclusion, civic and political participation, and peace and security.

Figure 6.3. Youth development-based education, employment & opportunity indicators (YDI)



Source: Own elaboration based on the Global Youth Development Report of 2020. The Commonwealth

6.3. Institutional framework to address youth employment & entrepreneurship issues

6.3.1. The road traveled

This section outlines the existing employment programs in the region since early in the 21st century at the level of the youth population, to learn about the initial state of action to contemplate the trend and space of public policies over time.

In chapter 5, employment programs were classified according to three categories. According to this survey, there are currently 34 employment programs that focus on providing training to young students (14 training programs, 6 first job programs and the rest related to self-employment or entrepreneurship), 9 comprehensive employment programs aimed at mitigating the problems faced by youths in the labor market and in the educational sector –linked to dual training and the rest that combine the completion of educational cycles with on-the-job training–, and a total of 10 that seek to build bridges regarding different aspects and access to information and mechanisms to match labor supply and demand for this subpopulation. This shows that in the countries analyzed there is a specific concern for the problems of youth employment and entrepreneurship.

Training programs have played a leading role over the last two decades and have addressed the various employment demands specific to the youth population in this period. In El Salvador, the *"Puentes para el Empleo"* program (USAID-sponsored project) was in force between 2015 and 2020, linking job training and technical vocational training institutions to match the training of youths ages 16-29 years old, with the demands of high-growth companies. In Mexico, the *"Primer Empleo"* (First Job) program, which ran from 2007 to 2011,

targeted youths without work experience for direct job creation through the granting of a subsidy to employer contributions. El Salvador's Temporary Income Support Program (PATI) (2009 – 2016) included individual financial support and the strengthening of employability through vocational training in trade courses.

Meanwhile in Honduras, *Empleando Futuros* (2016 – 2021) sought to improve the training and protective factors of at-risk youth, bringing young people closer to the skill demands of companies through guided tutoring, and through the program "*Promoción al Empleo*" (PROEMPLEO) provided –between 2004 and 2011– technical and vocational training in addition to labor intermediation services to youths ages 18 and 29 years old who were unemployed or underemployed. With similar goals, the "*Programa de generación de empleo y educación vocacional para jóvenes en Guatemala*" (Employment generation and vocational education program for youth in Guatemala (2013– 2018) focused on strengthening technical and professional training and improving intermediation services between youths 14 to 29 years old, and companies. Moreover, the *Empleo Juvenil* program also in Guatemala (2013 – 2018) covered the needs of 12,000 youths in-country for job training in companies.

There is also a recent history of employment programs that address the specific needs of the potentially migrant youth population. Between 2009 and 2013, the Joint Program on Youth, Employment and Migration "*Development of national capacities to improve employment and self-employment opportunities for young people in Nicaragua*" was a pilot experience that sought to generate a favorable environment for the labor market insertion of youths between 15 and 24 years old as an alternative to migration, both through the promotion of technical and occupational training and social skills and productive entrepreneurship.

Furthermore, over the last few years it has been considered that the development of soft skills and competencies aimed at improving the labor market insertion of young people should be a key component of employment programs. In this regard, in Argentina between 2007 and 2012, the program "*Jóvenes con futuro*" was deployed by the Ministry of Labor, Employment and Social Security for the provinces of Buenos Aires, Córdoba and Mendoza, aimed at improving employability conditions by providing professional technical training and leveling the studies of youths from vulnerable environments. The "*Competencias para Ganar*" program in Nicaragua sought to enable young students to develop technical and soft skills through the National Technological Institute (INATEC) between 2017 and 2020. Also, in Nicaragua and in the same term, the "*Jóvenes para ganar*" program took place, its goal was to strengthen the technical and soft skills of young entrepreneurs.

Likewise, but aimed at young Nicaraguans in rural areas, the Program for the Promotion and Generation of Collective Work of Rural Youth (2010-2011) aimed to improve the capacity, and skills of young people between 16 and 24 years old, involving rural producers. In El Salvador, through Youth Economic Dynamism (2018 – 2020) it focused on consolidating entrepreneurial skills and various socioemotional skills, to improve their labor income, by targeting youths between 17 and 25 years old who were neither studying nor employed.

Regarding programs that refer exclusively to entrepreneurship, the experiences are more limited; in Colombia there was the program "*Jóvenes rurales emprendedores*" (between 2003 and 2015) that sought to promote activities related to entrepreneurship in young people ages 18 to 35, from vulnerable context. Therefore, from the comparison of the programs aimed at the young population in terms of employment and entrepreneurship in recent decades versus those that exist today – in 2021, they have increased in each category

analyzed in all countries, and that they mainly deal with specific subpopulations or issues. In this sense, they tend to be less universal and, in contrast, increasingly focused on those sectors or groups identified as the neediest.

6.3.2. National youth policies or development programs

The adoption of national policies or development programs aimed at youth are guiding mechanisms that establish the criteria and main guidelines, providing a general framework for action to institutionally consolidate and better coordinate policies aimed at the youth population. Table 6.1 summarizes the information on the countries in the region that feature specific policies and identifies how they address employment¹⁴.

To this end, each of the national policies addresses the main problems in the labor market affecting youths in the different countries of the region, including the main strategic lines of action proposed to guide said actions and, finally, the goals established in the strategic plans.

The horizon to be covered by the plans is vast, ranging from 4 years in Costa Rica to 17 years in Belize. In almost all countries, the national youth plans in force were deployed in the 2010s and will conclude between 2021 and 2030, with those of Belize and the Dominican Republic having the longest time-horizon, culminating in that year. Overall, the main employment issues recognized are unemployment and those related to precarious employment and underemployment. In addition to addressing immediate employment issues, actions include the promotion of training and entrepreneurship, as well as the development of skills necessary for the world of work, with goals set in accordance with the fulfillment of these targets.

The response provided by national governments is diverse in terms of how public employment programs are managed, while some governments have chosen to frame them in national plans, while for others they are part of their active policies (Vezzo, 2021; Gontero & Weller, 2015). National youth policies or plans have been developed by institutions that are specifically responsible for addressing the needs of this age group, whether they take the form of the Ministries of Youth in the different countries, the institutes that report directly to the presidency or the national youth institutes as independent bodies (see Table 6.1).

¹⁴ Colombia and Guatemala have had national youth plans, but they are not currently in force. In other cases, there is no guiding policy, but institutions oversee policy design. Cuba does not currently have a national youth plan. This is the Argentina case, where the Ministry of Social Development together with the INJ oversee planning medium- and long-term policies. In the link <https://www.youthpolicy.org/nationalyouthpolicies/#nav-C> there is a synthesis of several of the national youth programs and plans worldwide.

Chart 6.1. National youth policies or plans

Country	Policy	Term	Key employment issues	Guidelines & lines of action	Governing body or agency
Belize	National youth development policy	2013-2030	Unemployment	Socioeconomic opportunity	Ministry of education, youth, & sports
Colombia	National Law on Youth (No. 1.622) an amendment introduced by Law No.1885 (2018)	Since 2013	NA	Promotion Measures	Presidential Advisory on Youth, Presidency of the Republic of Colombia
Costa Rica	Public policy on youth	2020-2024	Unemployment, informality & underemployment	Right to decent work, financial autonomy	Ministry of culture & youth
El Salvador	National policy on youth	2010-2024	Unemployment & difficulty of access to decent work	3 actions: youth employability, labor intermediation, youth entrepreneurship in 3 strategic areas: human development, empowerment & youth employment opportunities	National youth department, secretariat of state of social inclusion
Honduras	National Policy on Youth	2007-2021	Unemployment & Underemployment	Guideline # 4: Universal access to financial rights of all youths through decent work & rural development	National Youth Institute, Presidency of the Republic of Honduras
Mexico	National Youth Program	2021-2024	Poverty, Informality, Unemployment	Main Goal #1: Create favorable condition that enable the reduction of gaps faced by the young population to support the effective exerting of their rights	Mexican Institute of Youth
Dominican Republic	National youth plan	2020-2030	Unemployment, shortage of opportunities for quality employment	Education (sdg1); employment & entrepreneurship (SG1 & SG2)	Ministry of youth

Although no impact assessments have been made of the National Youth Plans because they are still in force, it is nevertheless useful to compare the targets with the intermediate results achieved in the different countries, where possible. Table 6.2 shows the employment targets and the results achieved as a baseline up to 2020. As noted, the results regarding the goals related to the promotion of entrepreneurship, improvements in access and information on employment, as well as those related to better-quality employment, are considered intermediate, although they cannot be fully assessed, even several actions have emerged from the programs analyzed in chapter 5 that would be geared to these purposes. In the goals that set concrete results, it is noted that Belize and Mexico have not yet achieved the targets set by the plans, similarly to El Salvador, where 20% of the youth population who neither study nor work has not been reached. Some other goals in both Colombia and El Salvador had been achieved prior to the plan's completion, so it is expected that they will be sustained until its completion.

Chart 6.2. Goals, outcome, and degree of progress of youth-oriented policies in labor market areas

Country	Policy	Targets	Outcomes	Progress Status												
Belize	National Youth Development Policy	Increase on employment rate	Employment Rate in Youth Population Ages 14– 24 (National Statistics Institute of Belize: <table border="1"> <thead> <tr> <th>Year</th> <th>Total</th> <th>Men</th> <th>Women</th> </tr> </thead> <tbody> <tr> <td>2013</td> <td>34.4</td> <td>48.1</td> <td>21.0</td> </tr> <tr> <td>2020</td> <td>22.5</td> <td>44.9</td> <td>21.8</td> </tr> </tbody> </table>	Year	Total	Men	Women	2013	34.4	48.1	21.0	2020	22.5	44.9	21.8	Pending
		Year	Total	Men	Women											
		2013	34.4	48.1	21.0											
2020	22.5	44.9	21.8													
Access to productive employment	National Entrepreneurship Strategy in force with specific focus on the young population, and of the Unit for Enterprise & Job Creation under the Youth Services Department	Intermediate														
Skills development and training	Existence of employment programs aimed at developing skills and training (see chapter 5)	Intermediate. No information on skill impact														
Colombia	National Youth Law No. 1622 and amendments introduced by Law No. 1885 (2018)	Create employment mechanisms and quality working environment (QWE)	Several programs targeted at the young population segment (See chapter 5)	Intermediate												
		Creation of job bank	In 2021, the program " <i>Enrúdate para el empleo</i> " was launched nationwide by the Unidad de Servicio Público de Empleo pursuing better access opportunities for the young population to the formal employment market	Completed												

Country	Policy	Targets	Outcomes	Progress Status
Costa Rica	Youth Public Policy	Creation and dissemination of information on decent work	No information available	No information available to date
		Awareness –raising outreach and promotion		Intermediate.
		Skills-strengthening and training	Several programs targeted at the youth population (Empléate, see chapter 5)	No information available on the impact on skills
El Salvador	National Youth Development Policy	Revenue (PATI) for 25,000 youths ¹⁵	Total enrollment of 32,355 youths between 2013 –2016	Completed
		Increase coverage scope for labor guidance	Partial information: coverage for the Jóvenes con todo program was increased between 2016 –2017.	No conclusive evidence available to date
		Reduce unemployment & underemployment rate	Unemployment rate totaled 9.46% in 2019, and 10.25% in 2010, as per information provided by The World Bank. No information available on the underemployment rate.	Partially completed
		Reduce the ratio of youths that neither work nor study to 20%	In 2020, the ratio of youths that neither work nor study totaled at 27% of the national population, according to information from the General Statistics & Census Bureau	Target not accomplished
Honduras	National Youth Development Policy	Creation of a Youth employment plan		
		Actions involving employment, entrepreneurship, business planning, microcredit, public-private round tables	Chapter 5 presents several options along this line	No conclusive information available to date

15 The Programa de Apoyo Temporal al Ingreso (PATI) was deployed from 2009 to 2016 and aimed at the population segments of persons ages 16-24 years old and single-mother households, to provide technical training and direct employment.

Country	Policy	Targets	Outcomes	Progress Status
Mexico	National Youth Program	Reduce the youth unemployment rate from 6.3% to 4.8%	The youth unemployment rate totaled at 7.15% according to information from the World Bank	Not accomplished
Dominican Republic	National Youth Plan	Promote technical-professional and vocational training, and on-the-job skills development for youths seeking employment or entrepreneurship opportunities Lines of action related to employment and entrepreneurship.	Chapter 5 presents several options along this line	No conclusive information available to date

6.3.3. Institutions and organizations dealing with youth-oriented policies

In general, the institutions most commonly responsible for youth employment programs include the Ministries of Labor or Social Security, Ministries of Education, Ministries of Social Development and Ministries of Youth in countries where they exist. These government agencies are the main drivers of public policies, initiatives and lines of action aimed at young people, and they are responsible for a large part of the management, coordination, and execution of the different employment programs.

As observed in Chart 6.3, most of the employment programs included in chapter 5 involve the Ministry of Labor of each country. Of the 20 programs included, in more than half of them the Ministry of Labor oversees managing the program, and overall it does so almost exclusively (in 13 employment programs). In those cases, in which it shares with other ministries, it does so primarily with the Ministry of Education or public institutions linked to this sector, which participate in 6 of the 20 employment programs analyzed. In lesser order of importance are the Ministries of Social Development or of the different productive sectors.

Chart 6.3. Summary of institutional participation in youth programs by ministerial areas

Country	Program	Work	Education	Social Development	Other Areas
Argentina	<i>Argentina Programa</i>				<i>Ministerio de Desarrollo Productivo</i>
	<i>Jóvenes con más y mejor trabajo</i>	<i>Ministerio de Trabajo, Empleo y Seguridad Social</i>			
Colombia	<i>Estado Joven</i>				
	<i>Formándonos para el Futuro</i>				
	<i>CEmprende</i>				<i>Gobierno de Colombia</i> <i>CEmprende</i> <i>INNmpulsa</i>
	<i>Dual Education</i>				<i>Ministry of Commerce, Industry & Tourism</i>
Costa Rica	<i>"Mi Primer Empleo"</i>	<i>Ministerio de Trabajo y Seguridad Social</i>			
El Salvador	<i>Programa "Jóvenes con todo"</i>	<i>Ministerio de Trabajo y Protección Social</i>	<i>Instituto Salvadoreño de Formación Profesional (INSA-FORP)</i> <i>Ministry of Education</i>		<i>National Commission of Micro & Small-sized Enterprises (CONAMYPE)</i> <i>Ministry of Agriculture</i> <i>Fondo de Inversión Social para el Desarrollo Local</i>
	<i>Employment opportunities for youths and women in forced displacement</i>				
	<i>Juventud Emprende</i>				<i>CONAMYPE</i>
	<i>Programa de Formación para Jóvenes</i>				
	<i>Aula de jóvenes gestores</i>		<i>INSAFORP</i>		

Country	Program	Work	Education	Social Development	Other Areas
Guatemala	<i>Beca Mi Primer Empleo</i>	<i>Ministerio de Trabajo y Previsión Social</i>			
	<i>Jóvenes Construyendo Futuro</i>	<i>Secretaría del Trabajo y Previsión Social</i>			
Mexico	<i>Modelo Mexicano de Formación Dual</i>		<i>Secretaría de Educación Pública</i>		
Nicaragua	<i>Emprendedores Juveniles de Nicaragua</i>				<i>Instituto Nicaragüense de Desarrollo (INDE)</i>
Panama	<i>Aprender Haciendo-</i>				
	<i>Padrino Empresario</i>	<i>Ministerio de Trabajo y Desarrollo Laboral (MITRADEL)</i>		<i>Ministerio de Desarrollo Social (MIDES)</i>	Private Sector
Dominican Republic	<i>POVE: Orientación Vocacional y Empleo</i>				
	<i>Programa Juventud y Empleo (PJE)</i>	<i>Ministerio de Trabajo</i>	<i>Instituto Nacional de Formación Técnica Profesional (INFOTEP)</i>		

Furthermore, a large part of the policies oriented to this population are concentrated in the youth institutes. In three of the countries analyzed (Belize, Costa Rica, and the Dominican Republic), there are specific ministries in charge of youth policies, while in the remaining countries they take on the institutional form of institutes. The latter deal with access to rights, social and educational inclusion, access to the formal labor market, productive enterprises, civic training, cultural aspects, and participatory initiatives.

All the countries analyzed have such institutes or agencies that are explicitly in charge of public policy aimed at the youth population, and only some of them are involved as

responsible for managing the employment programs reviewed in chapter 5 (see Chart 6.4)¹⁶. In Mexico and the Dominican Republic, it is mainly the Mexican Youth Institute and the Ministry of Youth that are, respectively, in charge of several of the employment programs for youth.

While there is no assessment of the optimal institutional form, i.e., whether the policies should ideally be managed by a ministry or an institute, some elements for discussion can be considered. First, in several countries, policies are atomized in different state agencies, so having an institute or some state entity that brings together, coordinates, and manages policies aimed at the youth population is a necessity. One of the institutional diagnosis elements that has been pointed out in the literature is the existence of overlapping policies aimed at the youth population, which is why a single organization that knows and integrates the range of programs and plans for this subgroup is a substantial improvement in efficiency (Veza, 2021). Likewise, having an institute that functions relatively independently of the executive branch or the governments of the day can be considered an advantage to the extent that programs and policies can be more stable over time.

Chart 6.4. Summary of youth institutions

Institution	Country	Employment	Link
<i>Instituto Nacional de Juventudes</i>	Argentina		https://www.argentina.gob.ar/jefatura/instituto-nacional-de-juventud
Ministry of Education, Youth & Sports	Belize		
<i>Colombia Joven, Consejería Presidencial para la Juventud</i>	Colombia	<i>Red de Jóvenes Empresarios-FENALCO</i>	https://www.colombiajoven.gov.co/
<i>Ministerio de Cultura y Juventud</i>	Costa Rica		https://mcj.go.cr/

¹⁶ The following link has the reference to the pages of the youth institutes for the different Latin American countries: Latin American countries: <https://dds.cepal.org/juvelac/instituciones>.

Institution	Country	Employment	Link
<i>Unión de Jóvenes Comunistas (UJC)</i>	Cuba		https://www.ecured.cu/index.php/Uni%C3%B3n_de_J%C3%B3venes_Comunistas
<i>Instituto Nacional de Juventud</i>	El Salvador	<i>Programa Jóvenes con Todo</i>	https://injuve.gob.sv/
<i>Consejo Nacional de Juventud (CONJUVE)</i>	Guatemala		https://conjuve.gob.gt/
<i>Instituto Nacional de la Juventud</i>	Honduras	<i>Jóvenes Construyendo Futuro</i>	https://www.inj.gob.hn/
<i>Instituto Mexicano de la Juventud</i>	Mexico	<ul style="list-style-type: none"> – <i>Fábricas de Economía Solidaria</i> – <i>Red de Estrategias de Economía Social REDES</i> – <i>Bolsa de trabajo para jóvenes</i> 	https://injuve.gob.sv/
<i>Instituto Nicaraguense de la Juventud</i>	Nicaragua		
<i>Consejo Nacional de Políticas Públicas para la Juventud</i>	Panama	<ul style="list-style-type: none"> – <i>Premde</i> 	
<i>Ministerio de la Juventud</i>	Dominican Republic	<ul style="list-style-type: none"> – <i>Insértate</i> – <i>Banco de Empleo Joven</i> 	https://juventud.gob.do/

6.4. Public spending on employment programs for the youth population

There is little summary information on how much of the budget is allocated to youth employment programs. In this exploration precedent was found (UNFPA, 2016a) which allows a comparison to be made between the following countries: Colombia, Costa Rica, El Salvador, Mexico, and Dominican Republic, since it has been systematized for these purposes. The information is useful at the level of the interior of the countries, since it makes it possible to know the magnitude on policies aimed at young people spending and, in particular, at promoting youth employment within each country.

A first element to consider is the proportion represented by Public Social Spending on Teenagers and Youth (PSSAY) as a proportion of Gross Domestic Product (GDP). According to UNFPA (2016a), the PSSAY represented around 10% of the GDP in Costa Rica, while in the Dominican Republic and Mexico it was around 3% between 2013 and 2016. When considering PSSAY with respect to total public social spending, Costa Rica is again the country that allocates more resources to young population in comparative terms (34%), while Mexico allocates 20%. Finally, it should be noted that Costa Rica is also the country with the highest level of PSSAY per capita.

Chart 6.5. Countries with the best and worst results in Public Social Spending on Adolescents and Youth in relation to GDP, Public Social Spending and per capita

PSSAY/GDP	PSSAY/GPS	PSSAY per capita
Best in country ranking: Costa Rica	Best in country ranking: Costa Rica	Best in country ranking: Costa Rica
Worst in country ranking: Dominican Republic	Worst in country ranking: El Salvador	Worst in country ranking: El Salvador

Source: Own elaboration

When considering the PSSAY disaggregated by category for 2016, it can be seen that in these five countries education is the item to which the largest share of the PSSAY is allocated (between 41% and 55%). In fact, some employment programs fall into this category since they involve technical and vocational training. This is followed by health (between 20 and 30%) and social assistance (between 8 and 13%), while those relating exclusively to work accounted for a relatively lower proportion, in Colombia 2.1%, in Costa Rica 5.7% and El Salvador 0.9% (the rest of the countries do not have disaggregated data for this item).

UNFPA's work for the year 2016 delves more deeply into each of the countries separately considered in the study. According to UNFPA (2016b) the PSSAY in the interior of Colombia ranges between 1.2 and 2.7% depending on whether it is unified, national, or territorial spending. Spending on labor is mainly concentrated in the 18 to 24 age group, followed by the 25 to 29 age group. In turn, the territorial PSSAY in the labor category accounts for 73% of total spending with the remaining 27% being the PSSAY allocated at the national level (UNFPA, 2016b).

In Costa Rica, social public investment in young people by category indicates that work is the one that documents the lowest proportion and experiences between 2013 and 2016 the lowest relative growth (UNFPA, 2016b). The most important item is education, followed by health.

In El Salvador, health is the category that contributes the most to the PSSAY –around 32.9% in 2013– while education represents 28.6% and social assistance 21.5% of the total (UNFPA, 2016a). The labor component represents about 3% of the PSSAY.

Like in all countries, in Honduras, spending for the youth population shows a high focus of resources on education, at around 65%, health around 19% and culture and sports around 7.3% (Rodriguez, 2016; the information dates to 2005 and 2006). Moreover, about 2.4% of the investment is allocated to labor training and employment protection. The total expenditure or investment in youth equals 39.6% of the total expenditure in childhood, teenager, and youth.

In the case of the PSSAY in Mexico, education represents about 49% of the total in 2019, and then the PSSAY in health is 26.5% (UNFPA, 2019). A considerable increase was verified regarding economic, commercial, and labor issues ranging from representing 0.3% in 2017 to 4% in 2019, as the category that experienced the highest rise.

In sum, both comparative and dispersed information found regarding the investment by States in employment programs, allows us to learn that the bulk of youth policies are aimed towards education. This category includes several of the employment programs studied in terms of their nature: training programs, as well as those classified as comprehensive. In turn, what is spent exclusively on labor is a low percentage in the structure of the PSSAY, which is around 2% in almost all countries.

6.5. Conclusions

In the last five years, several of the countries in the region increased spending on employment programs, both in terms of training and entrepreneurship. However, spending on employment programs is substantially lower than spending on other areas such as education –public social spending on education is at around of 40% and 50%–, while spending on employment is between 1% and 6%. One of the key components is national youth policies and youth-oriented development plans. Seven countries: Belize, Colombia, Costa Rica, Dominican Republic, El Salvador, Honduras, Mexico, and El Salvador, have current medium– and long-term youth policies at the national level.

This chapter details their main elements, as well as the degree of progress regarding the labor market goals proposed in said policies, showing that although the plans have not yet reached completion –only in Honduras did the National Youth Policy end in 2021–, part of the objectives pursued have yet to be achieved and partial results obtained. Likewise, there is a diverse range of institutions engaged in the different employment policies, the ministries or youth institutes achieving different degrees of protagonism. Moreover, regarding the latter, all countries –without exception– feature a governing body that regulates, and coordinates policies aimed at this population whether institute or ministry.

Chapter 7

Summary & conclusions



Youth labor market insertion problem is a phenomenon widely documented in the economic literature which has generated a growing reaction from public policymakers and is particularly relevant in Latin-American and Caribbean countries. In line with previous findings in the region, this document shows that in the countries under study, youth employment rates are significantly lower than those observed for the average of the economy, while youth unemployment levels are well above the levels recorded for the global economy. It should also be noted that this higher youth unemployment rate is observed even though youth enrollment rates in the labor market –youth supply– are also significantly lower than those observed for the economy.

In response to these problems, a series of public programs and policies have been developed in the region since the 1990s; in many cases embodied within laws that have sought to promote the insertion of young people into the labor market. This document reviews the legal frameworks, institutional aspects and programs linked to youth employment, and analyzes the phenomenon of youth employment and entrepreneurship, with varying degrees of intensity depending on the information available, in a group of twelve CABEL member countries, including Argentina, Belize, Colombia, Costa Rica, Cuba, the Dominican Republic, El Salvador, Guatemala, Honduras, Mexico, Nicaragua and Panama.

The main goals of the report are to contribute to developing a diagnosis of the youth labor situation and the public policies deployed in the selected countries. The aim is to analyze the compatibility of all policies with the labor market diagnosis, as well as to seek opportunities for improvement in their design.

This chapter presents a summation of the results found regarding the current situation and prospects for youth labor market insertion, providing elements for discussion regarding the challenges and opportunities identified in terms of the design of public policies. Seven of the most relevant facts related to the main issues faced by young people in the labor market are identified below, which support the identification of the relevant aspects for this population in the Latin-American countries under study, and the amendments proposed to the existing policies and institutional framework.

There is a mismatch perceived by the youth population regarding the skills and competencies they receive from the educational system and how knowledge is subsequently transferred to the labor market. Employment policies in the region should address this mismatch, thus avoiding a double dilemma: early disengagement from the educational system and the low qualification of the labor force required by employers.

Lower youth labor participation would not necessarily be a problem for the region's economies. In fact, at least part of the youth population (ages 15-29), is at a stage coinciding with formal secondary and tertiary education, which can naturally lead to postponing insertion in the labor market. In view of this, and although it may seem redundant, the education systems strengthening, improving young individuals permanence for a greater number of years and aiming to improve their quality, continues to be a fundamental type of policy to reduce the existing risks of labor market insertion in the medium term.

Probably, the demand for experience and specific training within firms are the factors that do not allow youths to properly capitalize on their comparatively higher level of education. Likewise, and according to the ILO (2017), 36% of young students state that they do not apply the knowledge acquired in their work, and 39% answered that their job demands less studies than those completed. In turn, another element that emerges is that when separating by areas of knowledge, it is Science, Technology, Engineering and Mathematics (STEM) careers in which a greater decoupling is perceived. If this perception is considered valid, there is a need to activate at least two types of policies aimed at this population segment.

The first consists of adapting the academic content of educational systems to the reality of today's labor market. This could involve large costs –not only of a monetary nature– if we consider modifying the traditional secondary and tertiary education systems. A less compromising and more effective option in the short and medium-term would be to opt for deploying alternation or dual education systems, since they can help ensure that the knowledge acquired through the education system is directly related to the labor market requirements. In this way, the mismatch between supply and demand in the labor market could decrease and, at the same time, the adoption of competencies and skills could be improved based on the new teaching methods that the alternation models imply with practice-based learning. As seen throughout the chapters, this type of dual training policy is still nascent in the region, with very few countries having experiences of this approach, which would imply a greater commitment on behalf of governments and the need for greater

financial support. In addition, governments do not necessarily have an aspirational strategic guideline on what training should be aimed at –i.e., adopting a position regarding frontier knowledge as opposed to the immediate needs of the labor market in certain productive sectors– so, this discussion is far from being settled, and it would be relevant to undertake concrete actions –in the form of workshops, seminars, dissemination days, etc.–, that would allow the authorities to have a clearer picture for decision-making.

A second line of action should be aimed towards strengthening policies aimed at favoring the first-work experiences. These represent an appropriate short-term strategy to promote a faster incorporation of young people into the labor market, given that the current demand structure should not imply serious problems of skills mismatch for the young population, at least not more serious than those faced by the average worker in the economy. The programs identified with this approach are six and have been deployed in Costa Rica, El Salvador, Guatemala, Mexico, Panama, and the Dominican Republic. One of the difficulties faced by young population covered by these programs is the relatively short duration of the financial support over time and therefore, although they provide a first experience, it does not guarantee their permanence in the labor market. One aspect to consider is to assess these programs by conducting a sensitivity analysis to discern whether it is advisable to extend the period young people are covered by the first job programs, or to modify the content of the training by gearing it to specific labor demand arising from the private sector –similar to what the dual training system postulates–.

Once young people enter the labor market, they obtain jobs of relatively low quality and with less permanence or durability. Programs aimed at entrepreneurship are scarce in the region and could provide the young population with tools that could potentially allow them to move through their experience in the labor market with greater autonomy.

An additional issue documented in the literature featured in this report is also present in the countries analyzed, is related to the quality of employment young people can find. The results obtained show that youths tend to enter the labor market in a similar way to the population average, although with a bias towards lower-skilled occupations. These labor market insertion difficulties not only represent a short-term problem for the young population but can also have significant medium and long-term consequences on human capital accumulation process at individual level, and at the economy global level if the phenomenon is widespread. Furthermore, studies linked to scarring effects warn that labor market insertion problems in youth can generate persistent impacts that hinder the process of human capital accumulation of workers, affecting their income and productivity possibilities in the future (Heckman and Borjas, 1980; Ellwood, 1982; Corcoran, 1982). Likewise, they occur even though in all countries the average educational level of young workers is higher than that corresponding to the average worker in the economy. In this sense –and despite that the region continues to present important issues of educational coverage and quality– it is difficult to conclude that the main problem of insertion is a consequence of the youth supply profile, since on average it replaces workers with less educational background.

Another interesting phenomenon identified in this study regarding the labor market insertion of young people is that there is evidence of a bias towards dependent employment to

the detriment of independent entrepreneurship, versus that observed for the labor market average –the percentage of independent workers among young people is between 4 and 12 percentage points lower than that observed for the average worker–. It is important to note that this bias is not only observed at the general level, but also exists in each of the occupational categories; in occupations defined by higher-level wages and productivity, where self-employment is mostly an option for workers, as well as in those where wages and skills demanded are lower, and therefore, entrepreneurship may be linked more to a survival strategy than to a choice of the workers themselves.

This could be due to the specific difficulties faced by young entrepreneurs in the development of independent ventures, such as access to credit, which could lead to a greater number of active public policies to reduce said difficulties. Subsidy policies or public guarantees in the financing of youth micro-enterprises; or policies for technical support and monitoring of these enterprises are feasible options.

The market risk involved in the process of automation and digitalization concerns the youth of today and those of the future, especially the population from vulnerable households. It is essential to deploy specific programs to improve the training of youths in digital tools (e.g., programming) that match medium or high qualifications and mitigate the potential detrimental effects of technological transition.

Between 10 and 20% of the least educated young population, depending on the country, have a profile that would only allow them to enter low-quality jobs defined by low wages, high informality, and high risk of automation. If labor demand in the selected countries begins to fall significantly in these occupations –which could be expected given the estimated average risk of automation–, a significant number of young people could face severe employability problems.

In this sense, it was estimated that a very significant proportion of the youth supply (around 80%, depending on each country) has a profile that is incompatible with occupations that are more demanding in terms of schooling, defined by higher salaries and less informality. Considering that educational outcomes are usually strongly affected by the socioeconomic conditions of households, it is concluded that young people from less advantaged households are unlikely to have the right profile to work in higher-wage occupations, which would limit the possibilities of social mobility within countries.

From the labor demand point of view, the greatest factor of uncertainty facing the future is the widespread penetration of automation and digitalization technologies that are driving a progressive substitution of routine tasks at the international level, which can be easily codified –labor deroutinization–. As expressed herein, this type of transformation would be expected to occur at a faster rate among the young population, since they have greater incentives to enter occupations with a lower risk of technological unemployment, while adult workers have greater incentives to try to maintain their positions (aging of routine tasks). The results obtained in this study show that these trends have been only partially observed in the last decade. Although in most cases there is a significant increase in non-routine cognitive tasks and a decrease in the importance of routine manual tasks, the lower importance of non-routine manual tasks, as well as the practically null impact observed on cognitive-routine tasks, are not fully consistent with the de-routinization hypothesis.

In turn, the magnitude of the changes observed in the employment profile in the last decade shows similar levels in terms of youth employment and entrepreneurship with respect to what is registered in the employment average. This finding would not be compatible with the task-aging hypothesis. That is, individual incentives would not be sufficient for young workers to tend to move significantly more deeply than adult workers toward jobs with low risk of technological substitution. To this not very encouraging pattern of temporary change in task profiles, we must add that the youths employment in selected countries shows a higher-than-average technological risk profile, which exposes them as a particularly vulnerable group before a process of lowering the cost of capital that would allow a greater incorporation of technologies. Given the observed failure of individual market incentives (hypothesis of task-aging), it becomes relevant to promote the design of public policies aimed at mitigating this risk.

An additional relevant result is that the technological risk profile found for young workers does not show a generalized behavior among the countries analyzed when differentiating between youth employment and entrepreneurship. In other words, in the cases considered, it cannot be concluded that either of the two forms of labor market insertion is defined by a greater risk of substitution –greater exposure to routine tasks–; rather, disparate results are found among the different countries under study.

Undoubtedly, a space opens where public policies should play a relevant role to facilitate a good use of the favorable conditions for growth granted by the demographic bonus. Policies aimed at favoring first employment or entrepreneurship have an important role to play in avoiding the consequences of poor first job placement experiences (scarring). In this sense, 61% of young people perceive that automation and robotization will affect the future of the labor market and 73% consider that there will be real training needs in technology areas and specialties (ILO, 2016). About 32% believe that new programs and specialization courses will be necessary and 35% believe that new careers will be created (ILO, 2016).

In some of the existing employment programs, there are components related to the creation of new soft skills and competencies closely tied to technological change, although only one of the programs –deployed by Argentina– focuses on creating programming skills.

The gaps in knowledge and access to technology occur from the early stages of the educational system, so, the State in each country should play a leading role at each stage in the lives of youths to reduce the socioeconomic gap, for example, by creating specific training programs in skills at the frontier of knowledge in technology. A second line is linked to the needs required by jobs with high-technology components. Again, careers with high technological content that are taught under a scheme of alternation can improve the gap between the academic content acquired and the knowledge they end up using in the day-to-day.

Young women are the ones who systematically present relatively lower labor participation and employment rates, alongside higher unemployment rates. It is crucial to address this problem with specific employment programs focused on the specific needs of women and their timely insertion into the labor market.

The gender gap unquestionably represents not only an individual problem of labor discrimination against women, but also implies a significant waste of human capital in the countries under study, especially considering that in practically all cases women achieve a higher average educational advancement than men.

This leads to a discussion on the appropriate targeting of programs and policies aimed at the youth population. Throughout this review of employment programs and policies, it is noted that several of them focus on the vulnerable population, which has the advantage of reducing existing socioeconomic gaps. However, it is evident that there are relatively fewer specific programs or policies that cater to youth with disabilities or that consider gender (e.g., women).

This relative absence could be viewed in at least two different ways. First, for existing employment programs by incorporating some specific incentives –benefits– for women or through quotas for these population subgroups –following the criterion of positive discrimination–. Secondly, if specific programs for this population are considered, the creation of training or educational programs focused on women in educational areas where they are less represented –the areas of science and technology–, and in policies that improve their permanence in the labor market could guarantee more equal access to the labor market and better quality.

There are few youth employment programs with impact assessments of their labor market outcomes and/or educational attainment. Encouraging the use of this type of analysis by governments is essential for proper accountability.

Few programs feature an impact assessment on labor market outcomes and/or educational attainment. This is an important condition for achieving accountability and transparency (Abdala, 2000), helping improve the programs in case the results in the labor market are not as expected or if it is found that they have been effective or not in pursuit of the goals set, to achieve improvements in terms of spending efficiency.

This lack of evidence and obtaining robust results should not necessarily discourage the deployment of employment programs, but rather address it by encouraging initiatives to incorporate impact assessments as another tool in their design, considering the benefits –private and welfare benefits in general– as well as the costs. In addition, cost-benefit analyses of programs should be incorporated to learn a priori the expected benefits and costs attached to each program, as well as to consider a posteriori whether the program was efficient in terms of the cost-benefit comparison that emerges from the analysis (Urzúa & Puentes, 2010).

Despite the existing risks in the labor market, some youths remain optimistic about how they will position themselves in the future. While this is a positive aspect, it requires the existence of policies to accompany high expectations or, in other words, interventions by the State so that young workers do not become frustrated in the short-term in the labor market. One of the interesting initiatives that seeks to alleviate this issue is the employment programs that target the potentially migrant youth population.

The countries considered in this study are in all cases experiencing the so-called demographic bonus, defined by a relative increase in the working-age population versus the dependent population. It should be noted, however, that the migratory flows observed, mainly in Central America, will significantly reduce the magnitude of the demographic bonus and, therefore, of the so-called first dividend of economic growth associated with the demographic transition.

Moreover, employers are finding increasingly difficult to find a suitable profile to fill their vacancies, and experience is a highly valued factor in job applications. In this aspect, migratory flows also generate a relevant challenge, in this case due to the selection bias of migrants, hence increasing the potential problems of lack of human capital in the region, resulting in an increase in skill mismatch problems for the most dynamic firms.

Considering this aspect, a range of policies and programs emerge that could operate proactively. In this sense, training programs are key for young people to insert themselves in the labor market in a sustained manner in the future. As already mentioned, these programs are abundant in the region and, therefore, there is a wide array of programs from which youths can benefit. However, the initiatives that aim to cater in a targeted manner to young population with specific needs, such as those identified as being at risk of migration, feature employment programs that are recent and exist in isolation in some countries but are considered essential if they are to actively attract the young population. This requires a perspective with a territorial focus and vision, with greater emphasis on the need to approach the different zones directly and offer employment programs that specifically meet the productive needs of each area.

There is overlapping of efforts and of programs within the same country. The availability of information that systemizes the existence and coordination of the different programs, allows for a more efficient use of resources.

In this regard, the duplication of services within the same country, offered by different government agencies (labor, social development, ministries of education, and youth institutes), stands out. Likewise, national programs sometimes overlap with regional or state programs, targeting a similar age range of young people or with similar goals, reflecting limitations in inter-agency coordination.

It is worth mentioning that the Youth Institutes in the different countries are considered key to the social young people inclusion, improving their socialization, sense of belonging and the overall policies coordination that concern youth in their different aspects, which is why it is important that they be supported by the State. In the countries under study, relatively few institutes are actively involved in or manage programs that address the problems of the youth population and those related to the labor market. The advantage of having policies centralized in one institution is that it avoids the overlapping of programs or policies.

In sum, this study identifies relevant issues in the countries of the region in matters of youth labor market insertion, and a passive policy scenario does not suggest that this situation will change significantly in the coming decades. However, the design of public policies encounters major difficulties in the fact that the phenomenon does not have a single cause, but is a multi-causal problem, with a variety of circumstances among the young population.

This multi-causality determines the need to generate programs targeted and/or based on a variety of tools, identifying in each case the main issues that generate employability difficulties. Not only should the public sector partake in this process, but also a greater commitment from the private sector is essential. In this sense, greater private sector participation could improve the sustainability of the programs, and thus enhance to a greater extent the desired achievements of reducing youth unemployment and improving labor quality for this segment of the population. In turn, it is important that these programs design is always backed up by a feasible assessment and monitoring scheme to clearly identify the most favorable interventions from a cost-effective point of view. In this sense, and in light of the assessment deficits, it may also be relevant to advance with technical support in the region parting from the monitoring and evaluation of existing programs, to generate new specific evidence related with each program applied in a specific context, bearing in mind that previous evidence indicates that the results associated with one context cannot necessarily be extrapolated to other contexts or countries.

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Annexes

Annex – Chapter 1

A1.1. Information source on youth employment and entrepreneurship in Latin America and the Caribbean

Country	Documents	Type of document	Institution
Guatemala	National employment & revenue survey – youth module	Results-report	National Statistics Institute of Guatemala
			International Labour Organization (ILO)
	COVID-19 and the working world: starting point, outcomes and challenges in Guatemala	Results-report	Konrad Adenauer Foundation– Social Studies & Research Association (Konrad Adenauer Stiftung)
	Youth Employment in Guatemala	Results-report	
El Salvador	Youth employment analysis in El Salvador	Results-report	International Labour Organization (ILO)
	Multi-purpose household survey	Results-report	National Statistics & Census Bureau
	Side effects of COVID-19 in youth employment	Results– report	Salvadoran Foundation for Economic and Social Development
Honduras	Multi-purpose household survey	Data chart	National Statistics Institute
Nicaragua	Employment status report - permanent household survey (ECH)	Results-report	National Institute of Development of Information

Country	Documents	Type of document	Institution
Costa Rica	Permanent employment survey (ECE)	Data chart	National Statistics & Census Bureau
Panama	OTP labor market survey	Results-report	National Statistics & Census Bureau
Cuba	Employment & revenue statistics 1985-2019	Data charts	National Statistics Bureau of Cuba
	The labor force market in Cuba. Trends during COVID19	Academic research paper	Friedrich Ebert Foundation (<i>Friedrich-Ebert-Stiftung</i>)
Dominican Republic	National workforce survey	Data chart	Central Bank of the Dominican Republic (BCRD)
Mexico	National occupation & employment survey	Data chart	National Institute of Statistics & Geography
Argentina	Labor Market. Socioeconomic Indicators & Rates (EPH)	Results-report	National Statistics & Census Bureau
	Side effects of COVID-19: the work dynamic in urban Argentina	Results-report	The Argentine Social Debt Observatory
Colombia	Youth labor market	Results-report Data chart	National Statistics Department of Colombia

A1.2. Status of educational quality in Latin America & The Caribbean

To review the education quality in Latin America, the fourth version of the Regional Comparative and Explanatory Study results (ERCE 2019) of the Assessment of the Quality of Education in Latin America, promoted by the Latin-American Laboratory for the Assessment of the Quality of Education (LLECE) (UNESCO, 2021), are featured herein. In addition to the countries under study –whose results are presented below–, Brazil, Ecuador, Paraguay, Peru, and Uruguay participated in this assessment. This analysis of the quality of education in Latin-American and Caribbean countries is undertaken aimed towards observing the levels and results achieved in the tests and to foresee –up to certain limits– how they could influence the existing social opportunities within each country. This is considering that the tests are administered to students in grades 3 and 6, in the areas of reading, mathematics and natural sciences –only in grade 6–. In the presentation of results by country, a comparison will be shown with the regional average for each test and grade: for 3rd grade, the regional average in reading is 697 points, and in mathematics 698. For 6th grade, the regional average in reading is 696; mathematics is 697; and science is 702.

In the case of Guatemala, the average scores in reading and mathematics for 3rd grade are 656 and 662, respectively, significantly lower than the regional average. For 6th grade, the average scores in reading, mathematics and natural sciences are 645, 657 and 661, respectively, also significantly lower than the country average. As for the percentage of students reaching Level II (Minimum Performance Level), in 3rd grade, 39.3% of students in reading are at this level, while 35.1% are at said level in mathematics. In 6th grade, the percentage of students reaching Level III (Minimum Performance Level) in reading is 15.9%, in mathematics 6.7%, and in science 9.8%.

El Salvador, on the other hand, presents variable average scores versus the regional average. In 3rd grade, for the areas of reading and mathematics, the average scores are 697 (equal to the regional average) and 691 (lower than the regional average), respectively. In 6th grade, for reading, the average score is 699 –slightly above the regional average–, in mathematics 676 –below the regional average– and in science 705 –slightly above the regional average–. The percentage of 3rd grade students reaching Level II (Minimum Performance Level) is 56.4% in reading, and 50.1% in mathematics. The percentage of 6th grade students reaching Level III (Minimum Performance Level) in reading is 29.4%; mathematics, 7.6%; and science, 18.6%.

In Honduras, the average score in the reading Test for 3rd grade is 675 –lower than the regional average–, while in mathematics it is 702 –slightly higher than the regional average–. For 6th grade, the average score in reading is 661, mathematics, 682; and natural sciences 674, significantly lower than the regional average. Regarding the percentage of students who reach Level II (Minimum Performance Level), in 3rd grade, 47.2% are at this level in reading. In mathematics, 53.5% of students are at Level II. In 6th grade, the percentage of students at Level III (Minimum Performance Level) in reading is 16.2%; mathematics 11.2% and science 11.8%.

Nicaragua also presents significantly lower scores than the country average. In 3rd grade, for reading, the average score is 646, while mathematics is 663. In 6th grade, the average

score for reading is 654; mathematics, 663; and natural sciences, 669. In both grades, for all areas, it is evident that the scores are lower than the regional average. When examining the percentage of students who reach Level II (Minimum Performance Level), 36.1% of 3rd grade students are at this level in reading, while 34.6% are at this level in mathematics. For 6th grade, 13% of students are at Level III (Minimum Performance Level) in reading; 3.1% in mathematics, and 5.3% in science.

Costa Rica is one of the best positioned countries in all tests, for all grades tested. In 3rd grade, for reading, the average score is 748, while mathematics averages at 725. In 6th grade, for reading, the average score is 757; mathematics 726; and natural sciences 758. In all areas, for both grades, the scores are significantly higher than the regional average. The percentage of 3rd grade students who are at Level II (Minimum Performance Level) in reading is 74.7%, and mathematics, 66.7%. In 6th grade, on the other hand, the percentage of students reaching Level III (Minimum Performance Level) is 54.4% in reading, mathematics 20.9%, and science 38.9%.

For Panama, the average score in reading for 3rd grade is 659; mathematics is 654. For 6th grade, the average scores are reading, 652; mathematics, 645; natural sciences, 672. In both grades, for all areas evaluated, Panama has significantly lower scores than the country average. Regarding the percentage of students reaching Level II (Minimum Performance Level), for 3rd grade, 41.1% reach this level in reading, and 31.7% in mathematics. In 6th grade, the percentage of students reaching Level III (Minimum Performance Level) in reading is 17.5%; 3.3% in mathematics, and 11.8% in science.

In Cuba, the average scores for 3rd grade are 730 in reading and 751 in mathematics, significantly higher than the regional average. For 6th grade, the average scores are 738 in reading and 779 in science –significantly higher than the regional average–, and 689 in mathematics –lower than the regional average–. The percentage of 3rd grade students reaching Level II (Minimum Performance Level) is 69.7% in reading and 75% in mathematics. In 6th grade, the percentage of students reaching Level III (Minimum Performance Level) is 44.5% in reading, 20.7% in mathematics, and 48.6% in science.

For the Dominican Republic, for 3rd grade, the average score in reading is 624, and in mathematics 624. For 6th grade, the average score in reading is 644, in mathematics 636 and in natural science 649. For 3rd grade, the percentage of students reaching Level II (Minimum Performance Level) in reading is 27.1%; mathematics, 19.8%. For 6th grade, the percentage of students reaching Level III (Minimum Performance Level) in reading is 16.4%, mathematics 2.1%, and science 5.6%.

Mexico is one of the best positioned countries in all the areas evaluated for both grades. In 3rd grade, for reading, the average score is 713; mathematics, 722. In 6th grade, reading, 726; mathematics, 758; and science, 726. In both grades, for all the subjects evaluated, Mexico's average scores are significantly higher than the regional average. Regarding the percentage of 3rd grade students who reach Level II (Minimum Performance Level), 62.6% do so in reading, while 65.3% of students do so in mathematics. In 6th grade, the percentage of students reaching Level III (Minimum Performance Level) in reading is 41.7%, 38% in mathematics and 27.6% in science.

Regarding Argentina, in 3rd grade, the average score in reading is 689; mathematics is 690. In 6th grade, the average score in reading is 698; mathematics, 690; and science, 682. Apart

from reading in 6th grade, the average scores in both grades, for all areas evaluated, are significantly lower than the country average. The percentage of students reaching Level II (Minimum Performance Level) in 3rd grade for reading is 54%; and mathematics, 51.1%. In 6th grade, the percentage of students reaching Level III (Minimum Performance Level) in reading is 31.9%; in mathematics, 13.1%, and in science, 14%.

Colombia is also one of the best positioned countries in all evaluated areas, for 3rd and 6th grade. In 3rd grade, for reading, the average score is 716, and mathematics, 705. In 6th grade, in reading, 719; mathematics, 707; and science, 711. As noted, in practically all areas and in both grades evaluated, the scores are significantly higher than the regional average. The percentage of students reaching Level II (Minimum Performance Level) in reading for Third grade is 64.1%; mathematics, 56.4%. For 6th grade, the percentage of students reaching Level III (Minimum Performance Level) in reading is 37.5%; mathematics, 16.6%; and science, 21%.

Based on the results presented, learning levels in the region remain very low. The concentration of students in the lowest levels, especially in Level I, alerts the educational community on the poor learning in the first years of the educational process. This trend was already observed in the Third Regional Comparative and Explanatory Study (TERCE 2013), and the ERCE 2019 evidences that there has been no significant progress in the areas tested.

If foundational learning is not guaranteed in primary school, it is expected that the educational process will pose greater obstacles to learning throughout the higher levels. This, of course, poses challenges to States and education policies since the lack of educational quality jeopardizes the training and development of skills and competencies for the future workforce aiming to enter the labor market.

Among the countries under study, Costa Rica is the country that obtains results significantly above the regional average in reading –for 3rd and 6th grade–. In mathematics, Cuba is the country with the best results in mathematics for the 3rd grade, with a higher percentage of students above Level I (lowest performance level). Among the countries included in this study, Mexico holds the highest percentage of students above Level III (lowest performance level) in Grade 6. Overall, in 6th Grade, the ratio of students who achieve the expected level of performance is lower than those who do not, so, it represents a challenge for countries to introduce educational policies that seek to reverse these general outcomes.

In science –an area evaluated only in the 6th grade– Cuba is the country with the best performance, with 77 points above the regional average. Thus, Cuba and Costa Rica are the two countries with the highest percentages of students reaching Level III (Minimum Performance Level), with 48.6% and 38.9%, respectively.

When analyzing the factors associated with learning, it is possible to find important results regarding educational quality and socioeconomic context. Among them, the study highlights that, in the relationship between students and families, grade repetition is systematically linked to lower learning achievement by students; that school absenteeism negatively affects learning achievement; and that an adequate study time dedication after school is correlated with higher learning achievement. Likewise, the study affirms that parents' expectations of students' future schooling are positively correlated with learning, and that parental involvement in learning activities at home is positively connected to learning achievement, although this difference could be more important in 3rd grade than in 6th grade, due to the

lower levels of autonomy of younger students. This indicates that any educational policy that seeks to improve the education quality must consider, besides the education provided in the schools, socioeconomic differentiations that shape the expectations landscape and objective opportunities for schooling and social mobility.

Furthermore, the study finds that socioeconomic school level maintains a positive relationship with student learning. Therefore, the socioeconomic school level is more important in providing an explanation of learning than individual socioeconomic students level. Given the high inequality levels in the region, this is understood as the different economic segregation degrees are replicated as school segregation, where students attending the same school have the tendency to be socioeconomically similar and are less likely to encounter people from different social backgrounds within the school system.

The persistence of a high regional correlation between educational results and the socioeconomic level of students and schools indicates that educational quality is closely related to the social structure of the countries, in which the labor market creates a certain space of positions and opportunities through the school system. Finally, the results of the ERCE 2019 show the urgent need to strengthen primary education as a foundation for the future competencies, since fundamental learning –reading and numeracy skills– are the foundations for other learning.

Annex – Chapter 2

A2.1. Household surveys description

Country	Survey name	Institution	Year
Argentina	Permanent household survey (EPH)	National Statistics & Census Bureau (INDEC)	2019
Colombia	Comprehensive household survey (GEIH)	DANE	January – 2020
Costa Rica	National household survey (ENAHO)	National Statistics & Census Bureau	2019
El Salvador	Multi-purpose household survey (EHPM)	General Statistics & Census Bureau (DIGESTYC)	2019
Guatemala	Living conditions survey (ENCOVI)	National Statistics Bureau (INE)	2014
Honduras	Permanent multi-purpose household survey (EPHPM)	National Statistics Bureau (INE)	2019
Mexico	National household survey	National Institute of Statistics & Geography (INEGI)	2019
Nicaragua	Continuous household survey – INIDE	National Institute of Information & Development	2020 and 2010
Panama	Household survey	National Statistics & Census Bureau (INEC)	2019
Dominican Republic	National multi-purpose household survey (ENHOGAR)	National Statistics Bureau (ONE)	2018

Annex – Chapter 3

A3.1. Male population comparison, years 2020-2040 (Millions of people and percent change)

Countries	Men											
	Total			0-14 years			15-29 years			30 + years		
	2020	2040	Var.	2020	2040	Var.	2020	2040	Var.	2020	2040	Var.
Guatemala	8.30	10.39	25	2.82	2.51	-11	2.52	2.70	7	2.96	5.19	75
El Salvador	2.95	3.14	6	0.83	0.67	-19	0.90	0.73	-19	1.22	1.74	43
Honduras	4.53	5.88	30	1.48	1.55	4	1.31	1.42	9	1.74	2.91	68
Nicaragua	3.25	3.73	15	1.02	0.86	-16	0.92	0.89	-2	1.32	1.98	50
Costa Rica	2.58	2.94	14	0.57	0.51	-11	0.64	0.58	-9	1.37	1.86	36
Panama	2.14	2.64	23	0.56	0.55	-2	0.53	0.57	8	1.06	1.52	44
Cuba	5.55	5.50	-1	0.91	0.88	-3	1.06	0.93	-12	3.59	3.70	3
Dominican Republic	5.22	5.87	13	1.46	1.30	-11	1.37	1.32	-3	2.39	3.24	36
Mexico	61.93	70.72	14	15.78	14.67	-7	15.35	15.70	2	30.81	40.35	31
Argentina	22.27	26.04	17	5.68	5.46	-4	5.37	5.69	6	11.22	14.89	33
Colombia	24.59	28.76	17	6.05	5.30	-12	6.38	6.07	-5	12.16	17.39	43

Source: National Statistics Institutes. *Population estimations 2020 - 2040*. Several countries, 2020.

A3.2. Female population comparison, years 2020-2040 (Millions of people & percent change)

Countries	Women											
	Total			0-14 years			15-29 years			30 years and more		
	2020	2040	Var.	2020	2040	Var.	2020	2040	Var.	2020	2040	Var.
Guatemala	8.56	10.76	26	2.70	2.40	-11	2.49	2.62	5	3.36	5.74	71
El Salvador	3.37	3.58	6	0.79	0.64	-19	0.93	0.71	-24	1.64	2.22	36
Honduras	4.78	6.24	31	1.44	1.49	4	1.38	1.40	1	1.96	3.35	71
Nicaragua	3.34	3.84	15	0.98	0.82	-16	0.90	0.86	-5	1.46	2.17	48
Costa Rica	2.54	2.95	16	0.54	0.48	-11	0.60	0.56	-8	1.39	1.91	38
Panama	2.13	2.66	25	0.54	0.53	-2	0.51	0.55	8	1.08	1.58	46
Cuba	5.63	5.64	0	0.85	0.86	0	1.00	0.90	-10	3.78	3.88	3
Dominican Republic	5.23	5.96	14	1.41	1.25	-11	1.36	1.30	-4	2.46	3.41	38
Mexico	65.59	74.22	13	14.54	14.12	-3	15.55	15.35	-1	35.50	44.74	26
Argentina	23.10	26.74	16	5.36	5.15	-4	5.22	5.39	3	12.52	16.20	29
Colombia	25.78	30.80	19	5.79	5.15	-11	6.30	6.00	-5	13.68	19.65	44

Source: National Statistics Institutes. *Population estimations 2020 - 2040*. Several countries, 2020.

A3.3. Methodology & sources

The source of information used in this chapter is the database provided by the O*NET –Occupational Information Network– which provides information on the task content of occupations. Since 2003, O*NET data have been collected in the United States for approximately 1000 occupations based on the Standard Occupational Classification (SOC), and since then until 2014, it has been periodically updated¹⁷. Following Acemoglu and Autor (2011) four O*NET datasets are used: skills, job activities, job context, and abilities. Each of these contains descriptors that attempt to measure the importance, level, or scope of the activity. For this purpose, O*NET 2015 data are used to capture the change in task content within each occupation over the last decade.

Aiming to estimate task content within occupations, the task elements provided by O*NET are mapped to the corresponding four-digit occupations in the International Standard Classification of Occupations (ISCO). This is combined with individual labor force data from household surveys. Overall, each country has a specific ISCO version, or at least, in cases where a national classification is used, an ISCO equivalence is applied. O*NET follows a modified version of the Standard Occupational Classification (ONET-SOC). To match appropriate occupational attributes to household survey data, an equivalence table between these two classifications is used.

Following Acemoglu and Autor (2011), five main measures of task content or intensity are defined: cognitive non-routine analytical and interpersonal; cognitive routine and manual routine; and manual non-routine. These are shaped by the attributes of the activities required for their development. In this sense, some attributes –elements– that are representative of each task were selected. These are presented in Table A3.1.

Table A3.1. Construction of the task content measure

Tasks	Task elements (t)
	Information analysis
Cognitive non-routine (analytical)	Brainstorming
	Third-party interpretation of information
	Development of personal relations
Cognitive non-routine (interpersonal)	Guidance & motivation of personnel
	Training/ third-party development
	Importance of task repetition
Cognitive routine	Importance of precision
	Structure

¹⁷ O*NET is the DOT (Dictionary of Occupations) successor, which is no longer updated. O*NET was launched in 1998 based on BLS Occupational Employment Statistics codes. In 2003 it was changed to SOC, implying that consistent measures of task content are calculated since 2003.

Tasks	Task elements (t)
Manual non-routine	Operating vehicles or heavy machinery
	Hands-on use to handle, control, or feel objects
	Manual dexterity
	Spatial positioning
Manual Routine	Rhythm determined by speed of the equipment
	Machine and process controller
	Using time on repetitive movements

Source: Own elaboration analysis based on *Acemoglu & Autor* (2011)

After assigning each element to each task, and same to the survey-based information, the values of each “T” element are normalized to make the information comparable over time, using the following formula:

$$\forall i \forall j \in J \quad t_{i,j}^{std} = \frac{t_i - \mu_j}{\delta_j} \quad (1)$$

Where j is the set of 16 task items listed in Table A3.1 for the individual i in y . μ_j δ_j represent, respectively, the weighted average and the standard deviation of the task j in the final year considered in each country (in most cases 2019).

To develop the main task content or intensity measures, each of the standardized task items (from the same group) is summed and each of the five intensity measures is standardized.

Annex – Chapter 4

A4.1. Consulted legislations

Constitution of the Argentine Nation

Constitution of Colombia

Constitution of the Republic of Costa Rica

Constitution of the Republic of Cuba

Constitution of the Dominican Republic

Constitution of the Republic of El Salvador

Constitution of the United Mexican States

Constitution of the Republic of Guatemala

Constitution of the Republic of Honduras

Constitution of the Republic of Nicaragua

Constitution of the Republic of Panama

National youth legislations

Law No. 375 of July 4th, 1997: Youth Law and other provisions – Republic of Colombia.

Law No. 8261: General Law on Youth– Republic of Costa Rica

Law No. 16: Code of Children & Youth– Republic of Cuba

Decree-Law No. 44 on Self-Employment– Republic of Cuba

Decree-Law No. 46 on Micro, Small and Medium-Sized Enterprises – Republic of Cuba.

General Law on Youth (Decree No. 910) – Republic of El Salvador.

Framework Law for the Comprehensive Development of Youth (Decree No. 260-2005) – Republic of Honduras.

Draft Law on Youth – Republic of the United Mexican States

Law No. 392 for the Promotion of Comprehensive Youth Development – Republic of Nicaragua.

Law No. 49-2000 General Law on Youth – Dominican Republic

Laws on employment, entrepreneurship & small/medium-sized enterprises

Law 1780 on Youth Employment and Entrepreneurship; Measures to Overcome Barriers to Access to the Labor Market and Other Provisions – Republic of Colombia.

Law No. 8262 on Strengthening of Small and Medium-Sized Enterprises and its Reforms.

Decree-Law No. 44. On the Exercise of Self-Employment.

Decree-Law No. 46. On Micro, Small and Medium-Sized Enterprises.

Law for the Strengthening of Entrepreneurship (Decree No. 20-2018) – Republic of Guatemala.

Law for the Promotion and Development of the Competitiveness of Micro, Small and Medium Enterprises (Decree No. 135-2008) – Republic of Honduras.

Law No. 645 On Promotion, Development and Development of Micro, Small and Medium Enterprises (MIPYME Law) – Republic of Nicaragua

Bill No. 139 “Learning by Doing” of Law No. 121 to Incentivize the Offer of First Employment to Young People in the Private Sector – Republic of Panama.

Law No. 688-16 On Entrepreneurship – Dominican Republic

Law No. 121– Panama. “Learning by doing to incentivize the offer of first employment to young people in the private sector.

A4.2. Legal framework of Argentina

A4.2.1. National constitution

The Constitution of the Nation establishes the following articles as the pillars of the Law and guarantees on Labor and the expressions of the Labor Dimension.

Article 14.- All the inhabitants of the Nation are entitled to the following rights, in accordance with the laws that regulate their exercise, namely: to work and perform any lawful industry; to navigate and trade; to petition the authorities; to enter, remain in, travel through, and leave the Argentine territory; to publish their ideas through the press without previous censorship; to make use and dispose of their property; to associate for useful purposes; to profess freely their religion; to teach and to learn.

Article 14 bis.- Labor in its several forms shall be protected by law, which shall ensure to workers: dignified and equitable working conditions; limited working hours; paid rest and vacations; fair remuneration; minimum vital and adjustable wage; equal pay for equal work;

participation in the profits of enterprises, with control of production and collaboration in the management; protection against arbitrary dismissal; stability of the civil servant; free and democratic labor union organizations recognized by the mere registration in a special record.

Trade unions are hereby guaranteed: the right to enter into collective labor bargains; to resort to conciliation and arbitration; the right to strike. Union representatives shall have the guarantees necessary for carrying out their union tasks and those related to the stability of their employment.

The State shall grant the benefits of social security, which shall be of an integral nature and may not be waived. In particular, the laws shall establish compulsory social insurance, which shall oversee national or provincial entities with financial and economic autonomy, administered by the interested parties with State participation, with no overlapping of contributions; adjustable retirements and pensions; full family protection; protection of homestead; family allowances and access to a worthy housing.

A4.3. Legal framework of Colombia

A4.3.1. National constitution

The Colombian National Constitution establishes the following articles on the rights of citizens and obligations of the State.

Article 53. The Congress shall issue a labor statute. The appropriate law shall take into account at least the following minimal fundamental principles: Equality of opportunity for workers; minimum essential and flexible remuneration proportional to the amount and quality of work; stability in employment; irrevocability of minimum benefits established in labor regulations; options to negotiate about and reconcile uncertain and arguable rights; a situation more favorable to the worker in case of doubt in the application and interpretation of the formal law bases; the primacy of facts over established formalities in issues of labor relations; guarantees to social security, training, instruction, and necessary rest; special protection of women, mothers, and minor-age workers.

The State guarantees the right of suitable payment and the periodic adjustment of legal retirement benefits.

International labor agreements duly ratified are part of domestic legislation.

Statute, contracts, agreements, and labor settlements may not infringe on the freedom, human dignity, or rights of workers.

Article 54. It is the obligation of the State and employers to offer training and professional and technical skills to whoever needs them. The state must promote the employment of individuals of working age and guarantee to the handicapped the right to employment appropriate to their physical condition.

Article 334. The general management of the economy is the responsibility of the state. By mandate of an Act, the state shall intervene in the exploitation of natural resources, land use, the production, distribution, use, and consumption of goods, and in the public and private services in order to rationalize the economy with the purpose of achieving, at the national and regional level and within the framework of fiscal sustainability, the improvement of the quality of life of the inhabitants, the equitable distribution of opportunities, and the benefits of development and conservation of a healthy environment. The framework of fiscal sustainability must function as an instrument for achieving in a progressive manner the objectives of a social State based on the rule of law. In all cases public spending for social purposes shall have priority.

In a special manner, the state shall intervene for the sake of the full employment of the human resources and to ascertain that all individuals, especially those with a low income, may have effective access to all basic goods and services.

[It shall] also [intervene] to promote productivity and competitiveness and the harmonious development of the regions.

A4.3.2. Youth Law

Chapter VI

On public policies for the social advancement of youths in Colombia

Article 29. Agreement. The State and civil society, with the participation of young people, shall agree on policies and plans that contribute to the social, economic, cultural, and political promotion of youth through the following strategies:

(c) Guarantee the development of and access to systems of labor intermediation, credits, subsidies and programs of socio-labor guidance and technical training, which allow the exercise of youth productivity by improving and guaranteeing youth opportunities for linkage to economic life, under adequate conditions that guarantee their personal development and growth, through strategies of self-employment and paid employment.

Chapter VIII

Financing of the Law

Article 47. Self-management resources. The government institutions in charge of promoting employment and productive organizations shall allocate specific resources within their annual investment budgets to finance youth initiative projects.

A4.3.3. Law on youth employment & entrepreneurship

Title I

Incentives for the employment of young workers and their linkage to the productive sector

Article 1. Purpose. The purpose of this Law is to promote the generation of employment for young persons between 18 and 28 years old, laying the institutional framework for the design and execution of employment policies, entrepreneurship, and the creation of new, young companies, together with the promotion of mechanisms that have a positive impact on the employment of this population group in Colombia, with a differential approach.

Article 2. Small Young Enterprise. For the purposes of this Law, a small young company is understood as the one formed by natural or legal persons that meet the conditions defined in the first paragraph of Article 2 of Law 1429 of 2010. Natural persons up to 35 years old shall be entitled to the benefits established in this article. In the case of legal entities, they must have the participation of one or more young people under 35 years old, representing at least half plus one of the quotas, shares in which the capital is divided.

Article 3. Exemption from payment of the commercial registration and its renewal. Small young companies that start their main economic activity effective from the enactment of this Law, will be exempted from the payment of the commercial registration and the renewal of the first year following the start of the main economic activity.

Title III

Labor Practices

Article 15. Nature, definition, and regulation of the internship. The labor practice is a training activity developed by a student of complementary training programs offered by the higher normal schools and undergraduate higher education, during a determined term, in a real work environment, with supervision and on matters related to their area of study or performance and their type of training; for the fulfillment of a requirement to complete their studies or obtain a degree that will accredit them for labor performance.

Since it is a training activity, the internship does not constitute an employment relationship.

Title V

Provisions and Miscellaneous

Article 24. Decent work in the companies of the new times. Companies that provide goods or services through electronic platforms must incorporate mechanisms to carry out the processes of onboarding, contribution, or discounts to the Integral Social Security System.

Article 27. Economic and financial, cooperative and solidarity education in the Educational System. To advance in the national purpose that children and youth receive economic and financial education, in all public and private educational institutions, the culture of solidarity and cooperation will be promoted in all educational cycles, as well as the development of the cooperative and solidarity economy business model, as an alternative of partnership, cooperative and solidarity entrepreneurship for the generation of income, and the proper valuation of the economy.

A4.4. Legal framework of Mexico

A4.4.1. National constitution

The National Constitution of the United Mexican States contains key articles on the rights, guarantees and duties of the State.

Title One

Chapter I

Human rights & guarantees

Article 25. The State shall command the development of the Nation to be integral and sustainable; strengthen national sovereignty and democracy; and, through competitiveness, fostering economic growth, employment rates and a fair distribution of income and wealth, to allow the full exercise of liberty and dignity to individuals, groups and social strata, which security is protected by this Constitution. Competitiveness shall be understood as those conditions necessary to generate increased economic growth while promoting investment and job creation.

(...)

Social and private sector enterprises shall be supported and fostered under criteria of social equity, productivity, and sustainability, subject to the public interest and to the use of the productive resources for the general good, preserving them and the environment.

(...)

The law shall promote and protect economic activities carried out by private parties and it shall also generate those conditions necessary to foster private sector growth leading to the benefit of national economic development, promoting competitiveness, and implementing a national policy aimed at industrial development that shall include sectorial and regional components, according to the terms set forth by this Constitution.

Article 27.

(...)

Inc. XX. The State shall promote the conditions for integral rural development, with the purpose of generating employment and guaranteeing the welfare of the farmer population and their participation and incorporation in national development and shall promote agricultural and forestry activities for the optimal use of the land, with infrastructure works, inputs, credits, training services and technical assistance. It will also issue regulatory legislation to plan and organize agricultural production, its industrialization and commercialization, considering them to be of public interest.

Title Six

Labor & social security

Article 123. Every person has the right to have a decent and socially useful job. Therefore, job creation and social organization of work shall be encouraged according to the law.

(...)

Inc. III. The use of labor of minors under fifteen years old is prohibited. Children older than fifteen years old and less than sixteen shall have a maximum working day of six hours.

(...)

Inc. IV. During pregnancy, women shall not perform such work that requires excessive physical effort and could be dangerous regarding pregnancy. Women have the right to enjoy a disability leave due to childbirth, which shall cover six weeks before the birth and six weeks thereafter. During such disability leave, women shall receive their full wages and retain their employment and the rights acquired under their labor contract. During the nursing period, they shall have two special rest periods per day, consisting of half hour each one, to feed their babies.

(...)

Inc. XIII. The companies are obliged to provide their workers with training for the job. The statutory law shall establish the systems, methods and procedures through which employers will meet this requirement.

A4.4.2. National youth law

Section II

Social Rights

Article 9. Youths are entitled to:

IV. To quality education, sufficient and adequate for the labor market, that promotes values, arts, science, and technology, based on respect for democracy, institutions, human rights, peace, diversity, solidarity, tolerance, and gender equity; with an intercultural character for young people of indigenous communities; especially for young people who suffer from a decrease in their physical or mental faculties.

Section III

Economic Rights

Article 10. Young people have the right to decent employment with a fair salary, equal opportunities and equal treatment for women and men; to training and integration of young people with disabilities, pregnant or breastfeeding women; to access, if necessary, to their first job; to generate and innovate mechanisms for self-employment, as well as to receive financial education for their full social and economic development.

Chapter III

Public Policies for the Young Population

XV. Promote the development of flexible plans and programs with intermediate professional opportunities that allow young people to combine study and work. Under the principle of best interest, enter into partnership agreements with the public, educational, and private sectors, to provide tools for the comprehensive development of the youth population.

XVI. Promote the insertion of young people in the labor market, through tax incentives to companies and the service sector, so that they include young interns in their activities, promoting labor insertion.

The rendering of social service and professional practices performed by the students will count as effective time of work experience.

XVII. Promote credits and training for young entrepreneurs.

A4.5. Legal framework of the Republic of Costa Rica

A4.5.1. National constitution

The national Constitution of Costa Rica provides complementary legal provisions that lay the foundations to give force to the constitutional principles and ensure the compliance of the State in the promotion of the law.

Title V

Social rights & guarantees

Sole Chapter

Article 56. Work is a right of the individual and an obligation with society. The State must procure that everyone has an honest and useful occupation, duly remunerated, and because of this to impede the establishment of conditions that in some form diminish the freedom or the dignity of man or degrade his work to the condition of simple merchandise. The State guarantees the right to free election of [a] job

Article 71. The laws will give special protection to the women and the minors in their work.

A4.5.2. General youth law

Chapter II

Rights

Article 4.

Rights of young persons

c) The right to work, training, labor insertion, and fair wage.

Chapter III

Duties of the State

Article 6.

Duties of the State:

Labor:

- d) Organize young people into productive groups of different types.
- e) Develop training programs for young people to acquire knowledge and skills in the design and implementation of productive projects.
- f) Advise young people so that they can have access to soft sources of financing.
- g) Organize a job bourse to identify work activities that can be performed by young people and guide them in submitting job offers.
- h) Promote campaigns to encourage the employment of young people in the public and private sectors.

A4.5.3. Law for the strengthening of small and medium-sized businesses

Chapter I

Purpose & scope of application

Article 1. The purpose of this Law is to create a regulatory framework that promotes an integrated strategic system of long-term development, which allows the productive development of small and medium-sized enterprises, hereinafter referred to as SMEs, and positions this sector as a leading stakeholder, whose dynamism contributes to the process of economic and social development of the country, through the generation of employment and the improvement of productive conditions and access to wealth.

A4.6. Legal Framework of the Republic of Cuba

A4.6.1. National constitution

Title II

Economic foundations

Article 31. Labor is a primordial value in our society. It constitutes a right, a social duty, and a source of honor for all people who can work. Paid labor must be the principal source of income that sustains dignified living conditions, allows for the improvement of material and spiritual well-being and the realization of individual, collective, and social projects. Payment in accordance with the labor performed is complemented by the just and free fulfillment of universal social services and other provisions and benefits.

Title III

Principles of educational, scientific, and cultural policy

Article 32. The State orients, fosters, and promotes education, the sciences, and culture in all their forms. In its educational, scientific, and cultural policy, the State abides by the following tenets:

g) It fosters the education and employment of people required for the development of the country to ensure scientific, technological, and innovative capacities.

Chapter II

Rights

Article 64. The State recognizes the right to work. Any person that is able to work has the right to obtain a dignified employment according to their choice, qualifications, aptitude, and the demands of the economy and society. The State organizes institutions and services that facilitate the ability of working families to carry out their responsibilities.

Article 66. Child labor, performed by children or teenagers, is prohibited. The State grants special protection to teenagers who have graduated from vocational school or others who, in exceptional circumstances defined by the law, are permitted to work with the purpose of guaranteeing their training and holistic development.

A4.6.2. Code of children & youth

Title III

On the participation and initiative of young schoolchildren and students

Article 14. (...)

Children and young people thus learn to value the social function of their work, that of other workers and the contribution it represents to society; they develop the conscience of producers; they acquire work habits and other qualities of the communist personality are formed.

Article 17. The attention given by the State to the education and care of preschool children, through the children's circle, is an inherent fact of the socialist revolution, which at the same time makes it possible for women to work and constantly raise their cultural level, with parents, in turn, contributing to the support of these institutions through quotas appropriate to the income of the family nucleus.

Article 38. Students, who are of working age, according to their free and voluntary decision, perform paid work during the vacation period according to the possibilities and needs of the national economy.

The regulations issued in this regard must contain the rules of labor protection and hygiene, determine the priorities of the branches of the economy and define the appropriate work for students.

Title IV

On the participation and initiative of young workers.

Article 44. The pay for the work of young people in accordance with the socialist principle "from each according to their ability, to each according to their work", encourages them to achieve high levels of productivity, acquire greater labor skills and obtain a higher level of qualification.

Article 45. The entry of young workers into the labor market determines their full responsibility in complying with the rules and discipline of work. This entry takes place fundamentally after graduating as a qualified worker, medium or higher-level technician with the necessary knowledge to adequately perform their duties as a worker.

A4.6.3. Decree-law on the practice of self-employment

Chapter I

General provisions

Section One

Purpose & Scope of application

Article 2. Self-employment is the activity or activities that, in an autonomous manner, are carried out by natural persons, owners or not of the means and objects of work that they use to provide services and the production of goods.

Article 3.1. Cuban citizens and foreigners permanently residing in the national territory who meet the requirements established in the Constitution of the Republic of Cuba, the Labor Code, and its Regulations, regarding access to employment, may engage in self-employment.

Article 3.2. The exceptional incorporation of young people aged fifteen (15) and sixteen (16) into self-employment, as well as the conditions to be guaranteed to young people aged seventeen (17) and eighteen (18) who work in this form of management, are governed by the provisions of the Labor Code and its Regulations.

A4.6.4. Decree-law on micro, small & medium-sized enterprises

Chapter I

General provisions

Article 1. The purpose of this Decree-Law is to regulate the creation and operation of micro, small and medium-sized enterprises, hereinafter referred to as MSMEs.

Article 2. The objectives of this regulation are:

- a) To facilitate the insertion of MSMEs in a coherent manner in the legal system as an actor that has an impact on the productive transformation of the country.
- b) To delimit the procedures for the creation and extinction of private and state-owned MSMEs.
- c) Define the MSMEs, the classification criteria and the aspects related to their operation.

Article 3.1. For the purposes of this regulation, MSMEs are understood as those economic units with legal personality, which have their own dimensions and characteristics, and whose purpose is to develop the production of goods and the rendering of services that satisfy the needs of society.

Article 3.2. MSMEs may be state-owned, private, or mixed.

Article 4. MSMEs are classified according to the indicator of number of employed persons, including partners, as follows:

- a) Micro-enterprise: whose range of occupied persons is from 1 to 10 persons.
- b) Small-sized enterprise: whose range of employees is from 11 to 35 persons.
- c) Medium-sized enterprise: whose range of employees is from 36 to 100 persons.

Article 5.1. MSMEs are governed by the provisions of the Constitution of the Republic, the provisions of this Decree-Law, its complementary rules, its Bylaws, internal regulations, the resolutions adopted by its management, control and administrative bodies and other legal provisions in force, as applicable.

5.2. MSMEs have entrepreneurial autonomy within the framework of the legislation in force.

5.3. They are liable for their tax, credit, labor, environmental, contractual and any other obligations arisen from the legal system in force, with their assets.

5.4. MSMEs, as legal entities, contract goods and services with the other entities recognized in the legislation in force, under equal conditions and the provisions in force on the matter are applicable to them.

5.5. MSMEs are obliged to submit statistical information as provided for in the legislation in force.

Article 6. MSMEs have, as part of their autonomy, the following powers:

- a) Export and import in accordance with the provisions of current legislations;
- b) Manage and administer their assets;
- c) Define the products and services to be commercialized, as well as their suppliers, clients, destinations and market insertion;
- d) Operate bank accounts and have access to any lawful source of financing;
- e) To fix the prices of its services and goods, except for those subject to centralized approval;
- f) To define its structure, staff and number of employees;

- g) To determine the income of its workers respecting the minimum salaries established in the labor legislation in force;
- h) To make the investments required for the development of the MSME, complying with the provisions of the legislation in force;
- i) To create establishments that do not have legal personality, inside or outside the province where its registered office is located; and
- j) Any other power or right deriving from its status as a company, if it does not oppose what is legally established.

Article 7. MSMEs have access to the financing funds established hereto.

Article 8. MSMEs are subject to the tax regime regulated for them in the specific legislation.

Article 9. The labor relations established between the MSMEs and the workers they require to develop their activity are governed by the labor legislation in force.

Article 10. The National Council of Economic Stakeholders is the inter-institutional governing body of the policies and regulations concerning MSMEs in charge of promoting and fostering their development.

A4.7. Legal framework of El Salvador

A4.7.1. National constitution

The National Constitution of the Republic of El Salvador recognizes work as an essential component of the fundamental rights and guarantees of the person. Among its main points, the following stand out:

Section One

Individual rights

Art. 2. Every person has the right to life, physical and moral integrity, liberty, security, work, property, and possession, and to be protected in the conservation and defense of the same.

Art. 9. No one shall be obligated to perform work or render personal services without fair remuneration and without their full consent, except in cases of public disaster and others specified by the law.

Section Two

Work & social security

Art. 37. Labor is a social function; it enjoys the protection of the State, and it is not regarded an article of commerce. The State shall employ all resources that are in its reach to provide employment to manual or intellectual workers, and to ensure him and his family the economic conditions for a dignified existence. In the same form, it shall promote the work and the employment of people with physical, mental, or social limitations or disabilities.

Art. 38. Labor shall be regulated by a Code which shall have the principal objective of harmonizing the relations between employers and workers, establishing their rights and obligations.

(...)

Art. 39. The law shall regulate the conditions under which collective labor contracts and agreements shall be concluded. The stipulations that these contain shall be applicable to all workers in the businesses that signed them, although they do not belong to the contracting union, and to the other workers who enter such enterprises while the contracts or agreements are in effect. The law shall establish the procedure to make uniform working conditions in different economic activities, based on provisions contained in most collective contracts and agreements in force in each type of activity.

Art. 40. A system of professional training is established for the preparation and qualification of human resources.

Art. 42. The working woman shall be entitled to paid rest before and after childbirth, and to the conservation of her employment.

The laws shall regulate the obligation of employers to install and maintain crib rooms and places of custody for the children of workers.

Art. 43. Employers are obligated to pay severance and to provide medical, pharmaceutical, and other services established by the laws for workers who suffer work accidents or any occupational disease.

A4.7.2. General youth law

Chapter I

General provisions

Purpose

Art. 1. The present Law is of social interest and its purpose is to establish the legal and institutional framework that directs the actions of the State in the implementation of public policies, programs, strategies and plans for the comprehensive development of youth and their active participation in all spheres of national life. (2)

Scope of application

Art. 2. For the purposes of this Law, a young person is considered a person within the age range of 15 to 29 years old, without distinction of nationality, ethnicity, gender, religion, disability, situations of vulnerability or any other condition.

Rights of the young population

- (t) The right to their first job, compatible with their academic and family responsibilities, as well as to working conditions with equal opportunities, treatment in terms of insertion, compensation and promotion; as well as to the existence of programs that promote decent work, job training and special attention to the temporarily unemployed youth population;
- u) The right to opt for non-discriminatory access to initial, continuous, relevant, and quality vocational and technical training that will enable them to enter the labor market.

Chapter IV

Youth Public Policies

Youth Employment Promotion Policies

Art. 18. Policies for the promotion of youth employment shall:

- a) Create, implement, and follow up on programs that guarantee the right to first employment for youth, as well as guarantee the creation of job opportunities aimed at this population, always considering their particularities; (2)

b) Adopt the necessary measures to formulate initiatives and strategies to enable youth to train themselves to access or create employment options and encourage private companies to promote job placement and qualification activities; (2)

c) To guarantee the enjoyment of equality in the exercise of labor and trade union rights recognized in the laws of the matter;

d) To guarantee protection against economic exploitation and against all work that endangers the health, education, spiritual, physical, and psychological development of youth.

Likewise, the necessary measures shall be taken to suppress all forms of discrimination against young women in the field of labor; (2)

e) To promote programs for the training and labor insertion of young people with disabilities, guaranteeing gender equity;

f) Encourage the promotion of internships in the public and private sector focused on the country's development needs, so that students in technical and higher education have access to effective work experience with flexible schedules and incentives for participating companies;

g) To respect and comply with the labor rights recognized in the relevant laws, with special emphasis on social security; and,

h) Promote and manage agreements with the public and private financial system for the individual and collective development of young entrepreneurs, microentrepreneurs and cooperative members, with the granting of low-interest loans and assistance programs. (2)

A4.8. Legal framework of the Republic of Guatemala

A4.8.1. National constitution

The National Constitution of the Republic of Guatemala expressly establishes the role of the State in guiding the economy, establishing the regulatory framework for its intervention in the promotion of full employment and the protection of workers.

Section 8

Employment

Art. 101. Right to work. Work is a personal right and a social obligation. The labor system of the country must be organized according to principles of social justice.

Art. 102. Minimum social rights of the labor legislation. These are minimum social rights on which the labor legislation and the activity of the courts and authorities are based:

- a. The right to free choice of work and to satisfactory economic conditions that guarantee the worker and their family a dignified existence;
- b. All work shall be equitably compensated, except as may be determined by law;
- c. Equal pay for equal work performed under equal conditions, efficiency and seniority;
- (...)
- k. Protection for working women and regulation of the conditions under which they must render their services. No differences should be established between married and unmarried women in labor matters. The law shall regulate the protection of the maternity of the working woman, who shall not be required to perform any work that requires effort that endangers her pregnancy. The working mother will enjoy a forced rest paid with one hundred percent of her salary, during the thirty days preceding the birth and the following forty-five days. During the breastfeeding period, she shall be entitled to two extraordinary rest periods within the working day. Pre and postnatal rest periods shall be extended according to her physical conditions, by medical prescription.
- l. Minors under fourteen years old may not be employed in any kind of work, except for the exceptions established by law. It is forbidden to employ minors in work that is incompatible with their physical capacity or that endangers their moral formation. Workers over sixty years old shall be treated in a manner appropriate to their age.

Section 10

Social and economic regime

Art. 118. Principles of the social & economic regime. The economic and social regime of the Republic of Guatemala is based on principles of social justice. It is the obligation of the State to guide the national economy to achieve the utilization of natural resources and human potential, to increase wealth and seek to achieve full employment and equitable distribution of national income. When necessary, the State shall act complementing the initiative and private activity, for the achievement of the expressed purposes.

A4.8.2. Law for the strengthening of entrepreneurship

Chapter I

Purpose & Scope of the Law

Article 1. Purpose of the law. The purpose of this law is to encourage and strengthen entrepreneurship in Guatemala through technical and financial support to the entrepreneur; as well as to expedite the process of formalization of enterprises by creating a new legal framework to reduce the time and costs of registration procedures.

Article 2. Scope. This Law applies to all persons or groups of persons who wish to promote one or more legal economic activities carried out within the country.

Article 3. Purpose of the law. The purpose of the law is the creation of a legal framework that provides the appropriate conditions and technological tools that promote increased productivity, greater competitiveness through access to financing and new markets for entrepreneurs, seeking their inclusion in the formal system to expand the business base and social and economic development, especially in those communities or regions whose population is in extreme poverty or are vulnerable to internal and external migratory flows.

Article 10. Entrepreneurship in primary and secondary education. The Basic National Curriculum for Primary and Secondary Education must incorporate objectives, materials and contents that favor the social recognition of ethical entrepreneurship and the development of competencies and skills inherent to entrepreneurial attitudes. Special attention will be paid to the development of entrepreneurial values such as initiative, perseverance, creativity, confidence in one's own abilities and teamwork.

Educational establishments in the Diversified Cycle of the middle level may carry out all types of educational activities that promote entrepreneurship in young people who are about to graduate; especially in those communities or regions whose population is under poverty and extreme poverty or are vulnerable to internal and external migratory flows.

Article 11. Entrepreneurship in higher education. The Unit for the Strengthening of Entrepreneurship may coordinate with the universities of the country the promotion and implementation of teaching programs on the processes and attitudes of entrepreneurship, respecting the autonomy and academic freedom.

A4.9. Legal framework of Honduras

A4.9.1. National constitution

The National Constitution of the Republic of Honduras defines labor as one of the pillars of the rights and guarantees of citizens, framing the conditions for the exercise and protection of labor. In its articles, the following points and aspects are highlighted:

Chapter V

Labor

Art. 127.- Every person has the right to work, to freely choose their occupation and to give it up, to equitable and satisfactory conditions of work and to protection against unemployment.

Art. 128.- The laws governing relations between employers and workers are of public order. Acts, stipulations, or agreements that imply the waiver, diminish, restrict or distort the following guarantees are null and void:

(...)

7. Children under sixteen (16) years old and those who have reached that age and are still subject to education under national legislation may not be employed in any way whatsoever.

Notwithstanding, the labor authorities may authorize their employment when they consider it indispensable for the subsistence of themselves, their parents, or their siblings and if this does not prevent them from completing their mandatory education.

For minors under seventeen (17) years old, the working day, which must be daytime, may not exceed six hours or thirty hours a week, in any kind of work.

11. Women have the right to rest before and after childbirth, without loss of work or salary. During the breastfeeding period, women shall be entitled to one day off per day to breast-feed their children. The employer may not terminate the employment contract of the pregnant woman/expecting mother, nor after childbirth, without previously proving a just cause before a competent judge, in the cases and conditions established by law.

Art. 135.- Labor laws shall be inspired by the harmony between capital and labor as factors of production. The State must protect the rights of workers, and at the same time protect capital and the employer.

Art. 140.- The State shall promote the vocational and technical training of workers.

A4.9.2. Framework law for the comprehensive development of youth

Chapter I

Purpose & Scope

Art. 1. The purpose of this Law is to establish the legal, political and institutional framework that promotes the full development of young people, the definition of State policies on Youth, to guide the actions of the State, society and the family on this matter, as well as to promote the active and permanent participation of young people in their own development and that of the nation, in an environment of responsibility and freedom, guaranteed by the Constitution and the laws.

Art. 2. Young people, for the effects and benefits established in this Law, are the population whose age is between twelve (12) and thirty (30) years old.

Art. 3. The norms contained in the present Law recognize young people as strategic actors of development, guarantee the respect and promotion of the rights and duties inherent

to them and propitiate their full participation in the progress of the nation. Likewise, they determine the characteristics of the State policy for youth and establish the institutional framework that will guarantee its execution.

Art. 26. Right to work.

1. Young people have the right to work and to special protection thereof.
2. The States Parties undertake to adopt the necessary measures to generate the conditions that will allow young people to be trained to access or create employment options.
3. The States Parties shall adopt the necessary policies and legislative measures to encourage companies to promote activities for the insertion and qualification of young people in the labor market.

Art. 27. Right to working conditions.

1. Young people have the right to equal opportunities and treatment with regard to insertion, compensation, promotion and conditions at work, to the existence of programs that promote first employment, job training and that special attention is given to temporarily unemployed young people.
2. The States Parties recognize that young workers should enjoy the same labor and trade union rights as those accorded to all workers.
3. The States Parties recognize the right of young persons to be protected against economic exploitation and against any work that jeopardizes health, education, and physical and psychological development.
4. Work for young people between 15 and 18 years old shall be the subject of special protective legislation in accordance with international labor standards.
5. The States Parties shall adopt measures so that young underage female workers are beneficiaries of additional measures of specific care in addition to that which, in general, is provided in accordance with labor, social security, and social assistance legislation. In any case, special measures will be adopted in their favor through the development of paragraph 2 of Article 10 of the International Covenant on Economic, Social and Cultural Rights. In this development, special attention shall be paid to the application of Article 10 of Convention 102 of the International Labor Organization.
6. The States Parties undertake to adopt the necessary political and legislative measures to eliminate all forms of discrimination against young women in the workplace.

A4.9.3. Law for the promotion and development of the competitiveness of micro, small and medium-sized enterprises.

It aims to establish a framework for entrepreneurship that, together with other dimensions of economic activity – productive, commercial and services–, will support national development

by creating jobs and mobilizing the human resources of Honduran society. In accordance with the Framework Law for the Comprehensive Development of Youth, it promotes the insertion of young Hondurans to become involved in the foundation and development of small and medium-sized economic initiatives. Activities of different kinds will be governed by this law and will have an impact on young people's opportunities for access to work, income generation and economic autonomy.

A4.10. Legal framework in the Republic of Nicaragua

A4.10.1. National constitution

The National Constitution of the Republic of Nicaragua provides a relatively extensive article on labor and employment, establishing the regulatory framework for the promotion and protection of workers.

Chapter III: Social rights

Article 57

Nicaraguans have the right to work in accordance with their human nature.

Chapter V: Labor rights

Article 80

Work is a right and a social responsibility.

The work of Nicaraguans is the fundamental means to satisfy the needs of society and of individuals and is the source of wealth and prosperity of the nation. The State shall procure the full and productive occupation of all Nicaraguans, under conditions that guarantee the fundamental rights of the person.

Article 82

Workers have the right to working conditions that assure them in particular:

1. Equal pay for equal work under identical conditions, adequate to their social responsibility, without discrimination for political, religious, social, sex or any other reason, which assures them a welfare compatible with human dignity.
2. To be remunerated in legal tender in their workplace.
3. The unseizability of the minimum wage and social benefits, except for the protection of their family and under the terms established by law.

4. Working conditions that guarantee their physical integrity, health, hygiene, and the reduction of occupational hazards to ensure the occupational safety of the worker.
5. An eight-hour workday, weekly rest, vacations, compensation for national holidays and salary for the thirteenth month in accordance with the law.
6. Job stability in accordance with the law and equal opportunity for promotion, with no limitations other than the factors of time, service, ability, efficiency, and responsibility.
7. Social security for comprehensive protection and means of subsistence in cases of disability, old age, occupational hazards, illness, and maternity; and to their families in cases of death, in the manner and under the conditions determined by law.

Article 84

The work of minors is prohibited, in tasks that may affect their normal development or their mandatory education cycle. Children and teenagers shall be protected against any kind of economic and social exploitation.

Article 85

The workers have the right to their cultural, scientific, and technical formation; the State shall facilitate it by means of special programs.

Article 86

Every Nicaraguan has the right to freely choose and exercise their profession or trade and to choose a place of work, with no other requirements than an academic degree and that it fulfills a social function.

A4.10.2. Law for the promotion of comprehensive youth development

Chapter IV

Employment Promotion Policy

Article 8. Employment policies in rural and urban areas for young people must promote job opportunities in different modalities to reduce unemployment and underemployment and generate new alternatives for the entry of youth into the labor market and the promotion of work experience and income generation that will allow young people to improve their living conditions.

Article 9. The promotion of this policy will contemplate the following lines of action:

1. Information System for:

- a) Diagnose the labor needs of the national market and the skills required in technicians and professionals, resources, goods, and services.

b) Design programs, plans and projects available at the National Institute of Statistics and Census Bureau that allow youth to access information related to the demand for jobs, technical and professional careers offered by the national and private educational system, as well as the way to access goods, resources and opportunities offered by the State and civil society.

c) That the national or private educational system includes in its academic syllabus vocational technical careers according to the needs of the country.

d) The National Institute of Statistics and Census Bureau shall have an office in which data is collected with national and international information that serves the youth to be informed of the capacities and needs of the country in the labor market.

2. Employment generation

a) A national youth employment plan will be designed and promoted by the Ministry of Labor, in coordination with State institutions, private banks, and relevant national and international non-governmental organizations to promote alternative employment opportunities for young people in different modalities and according to the demand of the labor market.

b) State and private institutions will be encouraged, according to their needs, to hire at least 30% of youth labor.

c) Strengthen the increase in the number of companies, whether family or private, that prioritize youth labor.

d) Guarantee without distinction the participation and access of young women in the labor market by providing them with employment opportunities through awareness campaigns for employers to eliminate discrimination or differences in treatment based on age or gender.

e) Prioritize investment in localities with the highest poverty rates to ensure that young women have access to jobs and decent wages in accordance with the provisions of the Labor Code.

f) Young people with disabilities have the right to be incorporated into the labor market in conditions that allow them to feel useful and supported in their personal development through employment.

Chapter V

Creation of small and medium-sized youth enterprises.

Article 10. Encourage the private banking sector to promote, in rural and urban areas, small and medium-sized enterprises that incorporate youth labor that combines with the existing experienced labor force.

Article 11. To develop plans, programs and projects that allow young people access to priority, credit, technology, and youth entrepreneurship programs, with which the economically active population in the youth age range will promote self-employment or their entry into the labor market.

Article 12. To promote the training of appropriate technologies that allow young people access to scientific and technological knowledge and information in order to generate

young human resources, technical or professional, that strengthen the entrepreneurial bases, industrial reconvention and the competitiveness of the economy.

Article 13. Develop a program for the creation of micro, small and medium-sized youth enterprises (PYMESJ or YSMES) and/or youth cooperatives.

Article 14.

The State at the Central and Local Levels:

1. Shall sponsor and encourage initiatives that grant financing to local, national, urban, and rural youth associations that develop into small and medium-sized enterprises.
2. Support the institutional development of non-governmental organizations specialized in the promotion of credit for PYMESJ/YSMES and/or youth cooperatives.
3. Create incentives through institutional or fiscal support for existing companies that promote associativity with micro, small and medium-sized youth enterprises.
4. Provide for the creation of technical qualification entities for young people in the areas required by the PYMESJ/YSMES and youth cooperatives.
5. Encourage the signing of agreements between the private banking sector and non-governmental organizations that work with credit to extend coverage to YSMES and youth cooperatives.
6. Motivate private banks to take measures to design attractive programs for youth micro-entrepreneurs.
7. A Fund will be created, administered by an inter-institutional board of directors for the creation of YSMES and youth cooperatives, which will be financed with contributions from the State, from interested companies that partner with it, and by donations from national or foreign institutions.
8. The inter-institutional board that will oversee the administration of the Fund will be integrated by a representative of each of the relevant entities, both public and private, and the youth associations that have created the YSMES/PYMESJ and the youth cooperatives.
9. The search for funds with low financial costs will be promoted to feed the credit system for YSMES and youth cooperatives that encourage their level of competitiveness in the market.
10. The Fund's inter-institutional board of directors is empowered to define the preferential areas for the creation of YSMES and youth cooperatives and the training they require within the framework of the National Development Plan.

A4.10.3. Law for the promotion, encouragement and development of micro, small and medium-sized enterprises

As in Costa Rica, Cuba, Honduras, and Guatemala, in Nicaragua this law projects the strategic nature of entrepreneurship for economic development, through the generation of employment –specifically for young people– and the use of productive resources. It constitutes, within the constitutional regulatory framework, an instrument for the promotion, en-

couragement, and development of emerging economic initiatives in the productive, commercial, and service areas to promote both the generation of wealth and the strengthening of human capital.

A4.11. Legal framework in the Republic of Panama

A4.11.1. National constitution

The Panamanian National Constitution has two specific articles in which the promotion of labor as a right and its implications acquire the highest importance, to which specific legislative projects are subordinated.

Chapter 3

Labor

Article 64. Work is a right and a duty of the individual, and therefore it is an obligation of the State to elaborate economic policies aimed at promoting full employment and assuring every worker the necessary conditions for a decent existence.

Article 70. The maximum working daytime is eight hours and the maximum working week is up to forty-eight hours; the maximum working nighttime shall not exceed seven hours and overtime shall be paid with surcharge.

The maximum working day may be reduced to six hours a day for those over fourteen and under eighteen years old. Work is prohibited for minors under fourteen years old and night work for minors under sixteen years old, except for the exceptions established by law. The employment of minors up to fourteen years old as domestic servants and the work of minors and women in unhealthy occupations is also prohibited.

A4.11.2. Bill “Learning by doing to encourage the offer of first jobs to young people in the private sector”.

Article 1. The project “Learning by Doing” is created to encourage the offer of first jobs to young people in the private sector, attached to the Ministry of Labor and Labor Development as the entity in charge of its implementation and execution, through the National Directorate of Employment.

Article 2. The objective of the “Learning by Doing” project is to contribute to the reduction of the unemployment rate among young people from seventeen (17) to twenty-four (24)

years old, through work internships in a friendly business environment, supervised and guided by employability specialists; through training, certification and orientation to young Panamanians with academic training, be it high school, university, or technical levels of the National Institute of Vocational Training and Training for Human Development or the Specialized Higher Technical Institute, to facilitate their insertion in the labor market and for the development of sustainable enterprises.

A4.12. Legal framework of the Dominican Republic

A4.12.1. National constitution

The National Constitution considers youth labor and employment based on the issue of family law, which recognizes and establishes young people, at a broad level, as stakeholders in national development. Among its main points, the following stand out:

Article 55. Rights of the family. The family is the basis of society and the fundamental space for the integral development of people. It is formed by natural or legal ties, by the free decision of a man and a woman to enter marriage or by the responsible willingness to conform to it.

13) The value of young people as strategic actors in the development of the Nation is recognized. The State guarantees and promotes the effective exercise of their rights, through policies and programs that assure, in a permanent manner, their participation in all spheres of national life, and in particular, their training and access to first employment.

Article 62. Right to work. Work is a right, a duty, and a social function that is exercised with the protection and assistance of the State. It is an essential purpose of the State to foment dignified and paid employment. The public powers shall promote the dialogue and agreement between workers, employers, and the State.

Article 218. Sustainable growth. Private initiative is free. The State shall ensure, together with the private sector, an equilibrated and sustained growth of the economy, with stability of prices, tending toward full employment and the increase of social well-being, (...) through rational utilization of the available resources, the permanent education of human resources and scientific and technological development.

A4.12.2. General Youth Law

Article 15.- Labor & Employment Training Policy. The sectoral training and employment policy aim to:

- a) Guarantee the insertion of young men and women into the labor market to facilitate their integral development and thereby contribute to the economic development and general welfare of the nation.
- b) To increase the alternatives of labor insertion for young men and women through the offer of occupational possibilities that allow them to satisfy their needs and improve their quality of life.
- c) To establish offers of coordinated training services for young people within the framework of the development of professional competencies.
- d) To design initiatives and strategies to address social difficulties that may impede or limit young people's access to the labor market.
- e) Value and account for the voluntary work of young people as a means of recognizing and incorporating into national accounts their contribution to national economic development.
- f) Promote, within the framework of this "Labor and Employment Training Policy", the formal recognition of programs such as: Part-time jobs, internships, summer jobs and similar, as mechanisms that potentiate the training of young men and women as highly qualified and competitive human resources and should therefore be encouraged by both the public and private sectors.

A4.12.3. Law on Entrepreneurship

Chapter I

General dispositions

Article 1. Purpose. The purpose of this law is the creation of the regulatory and institutional framework that fosters the entrepreneurial culture and promotes the creation and permanence of formally incorporated enterprises in the economy, by establishing incentives and eliminating obstacles that allow their development and consolidation in the national and international markets.

Article 2. Scope. The present law applies to all economic activities of lawful commerce, classified as micro or small enterprises, within the territory of the Dominican Republic, subject to the conditions, exceptions and limitations provided therein, as well as in the Implementing Regulations to be issued for such purposes within one hundred and twenty days of the enactment of the law.

Article 3. Objectives. The main objectives of this law are as follows:

- 1) To support the entrepreneur and business activity, favor its development, growth and promote a favorable environment for economic activity, both at the time of starting the activity as well as in its subsequent development.
- 2) Encourage entrepreneurial thinking in citizens to stimulate the creation of ethical and sustainable companies that contribute to the growth and development of the Dominican Republic.
- 3) Create a regulatory and organizational framework for the creation and implementation of policies to promote entrepreneurship and business innovation.
- 4) Strengthen the support ecosystem for entrepreneurship, articulating the different actors in order to influence all phases of entrepreneurship in an efficient and dynamic manner.
- 5) Promote the development of the financing chain for entrepreneurs with agile, dynamic, and innovative mechanisms and instruments, in accordance with the different levels of maturity of the market.
- 6) Promote interaction and synergy among the stakeholders of the ecosystem through collective action spaces between public and private entities of the national entrepreneurship ecosystem.
- 7) Promote the development of programs for the creation of managerial and technical capacities for entrepreneurial projects.
- 8) Facilitate the development of a support industry that accompanies and supports entrepreneurs to minimize the risk of failure.

Annex – Chapter 5

A5.1. Summary of employment programs by country

Argentina

Program	Type	Youth beneficiaries	Beneficiary incentives	Website/Hyperlink	Impact assessment
1 <i>Argentina Programa</i>	Training	17yrs and older	Certificate in Programming and Financial Access to "First Computer"	https://www.argentina.gob.ar/produccion/transformacion-digital-y-economia-del-conocimiento/argentina-programa	No impact assessment available to date
2 <i>Te Sumo</i>	Training	18 to 24yrs	Wage according to the size of the company during the first 6 months of the employee's service term. (Differentiated Wage)	https://www.argentina.gob.ar/produccion/tesumo	No impact assessment is available to date
3 <i>Jóvenes Más y Mejor Trabajo</i>	Self-employment or entrepreneurship	18 to 24yrs	Financial stipend for education or start-up initiatives	http://www.trabajo.gob.ar/downloads/coc/faq_jovenes.pdf https://dds.cepal.org/bpsnc/programa?id=90	Program key outcomes: https://www.oitcenterfor.org/sites/default/files/ProgJov_masymejor_arg_1.pdf
4 <i>Agroemprendiendo en el territorio</i>	Self-Employment or Entrepreneurship	Rural Youths 18 - 40yrs	Financial Prize to "Best Project"	https://dds.cepal.org/bpsnc/programa?id=159	No impact assessment is available to date
5 <i>Progresar Trabajo</i>	Completion of educational cycles and on-the-job training	18 - 24 years Disabled Youths (18yrs +); women/single mothers in single parent households, members of indigenous communities ages 18-30, members of the LGBTQ community (no age limit)	Monthly Scholarship of \$3,600.00	https://www.argentina.gob.ar/ingresar-al-programa-estudiantil-progresar http://archivo.siteal.iipe.unesco.org/sites/default/files/arg_progresar.pdf https://dds.cepal.org/bpsnc/programa?id=89	No impact assessment is available to date

Program	Type	Youth beneficiaries	Beneficiary incentives	Website/Hyperlink	Impact assessment
6 <i>Portal de Empleo Trabaja</i>	Job Bourse	No age limit		https://www.buenosaires.gob.ar/developoloeconomico/trabajo/postulate/portal-de-empleo-trabajoba	No impact assessment available to date
7 <i>Red de Empleo Joven</i>	Youth employment platform	Unspecified		https://www.buenosaires.gob.ar/noticias/red-de-empleo-joven	No impact assessment available to date

Belize

Program	Type	Youth beneficiaries	Beneficiary Incentives	Website/Hyperlink	Impact Assessment
1 <i>Programa de Aprendizaje Juvenil y Desarrollo Empresarial</i>	Training	At-risk Youths ages 16-29	Job-Search Financial Stipend (BZD\$98.75) or USD\$49.00/week Certificate issued by the Institute of Technical & Professional Education (ITVET).	https://www.ilo.org/wcmsp5/groups/public/---americas/---ro-lima/---sro-port_of_spain/documents/publication/wcms_632706.pdf	No impact assessment is available to date
2 <i>Programa RET</i>	Self-Employment or Entrepreneurship	200+ youths from rural communities/impoverished areas experiencing high-crime rates in the city of Belize and Key District		https://es.theret.org/wherework/belize/	No impact assessment is available to date

Colombia

Program	Type	Youth beneficiaries	Beneficiary Incentives	Website/Hyperlink	Impact Assessment
1 <i>Estado Joven</i>	Training	15-28yrs	Monthly stipend equal to 1 legal Minimum Salary Certificate of "Active Labor Practice" by the Labor Ministry	https://www.min-trabajo.gov.co/em-pleo-y-pensiones/movilidad-y-formacion/estado-joven	No impact assessment available to date
2 <i>Formándonos para el Futuro</i>	Training	Victim Youths of Armed Conflict – older than 18yrs – Minimum education level: 9 th grade	Connectivity Stipend (107,000p/month) Food Basket Bonus (\$200,000p/month) School Supplies Kit Personal BioSafety Kit	https://www.ilo.org/lima/programas-y-proyectos/WCMS_731591/lang-es/index.htm	No impact assessment available to date
3 <i>Puentes / Rural For Young People</i>	Training	16-35 yrs		https://pdf.usaid.gov/pdf_docs/PA00WNWS.pdf	No impact assessment available to date
4 <i>CEmprende</i>	Self-Employment or Entrepreneurship	14-21yrs		https://innpulsacolombia.com/cemprende/node/6	No impact assessment available to date
5 <i>Red de Jóvenes Empresarios</i>	Self-Employment or Entrepreneurship	Program Target set to 24,000 youths, ages 14-28yrs		https://innpulsacolombia.com/innformate/cemprende-junior-y-la-red-de-jovenes-empresarios-dos-iniciativas-que-buscan-fortalecer	No impact assessment available to date
6 <i>Formación Dual</i>	Dual or Alternating course Training	Encompasses 345,000 youths in all school ages: Basic Education, Technical & Pre-university education		https://www.sena.edu.co	Impact Assessment finds that dual/alternating course training beneficiaries receive high salaries and lesser waiting time for labor market insertion
7 <i>Jóvenes en Acción</i>	Completion of Educational Cycles & On-the-job Training	14 –28yrs	Financial Stipend	https://prosperidad-social.gov.co/sgpp/transferencias/jovenes-en-accion/	Positive impact on monthly salaries, especially women during the 2000s decade
8 <i>Busque Empleo</i>	Job Bourse	Special focus on vulnerable population segments/ at risk communities		https://www.sena.edu.co/es-co/trabajo/Paginas/busqueEmpleo.aspx	No impact assessment available to date

Costa Rica

Program	Type	Youth Beneficiaries	Beneficiary Incentives	Website/Hyperlink	Impact Assessment
1 <i>Empléate</i>	Training	+15yrs Youths ages 17-24yrs and disabled youths ages 17-35 living in vulnerable/at risk communities/unemployed or inactive		https://infopronae.mtss.go.cr/empleate/	No impact assessment available to date
2 <i>Mi primer empleo</i>	First Employment	Women and disabled persons, any age. Men ages 17-35yrs		https://www.mtss.go.cr/elministerio/despacho/mi-primer-empleo/index.html	No impact assessment available to date

El Salvador

Program	Type	Youth Beneficiaries	Beneficiary Incentives	Website/Hyperlink	Impact Assessment
1 <i>JóvenES con Todo</i>	Training	At risk youths/vulnerable conditions, ages 15-29yrs, unemployed or underemployed, not listed in the daytime educational system		https://dds.cepal.org/bpsnc/programa?id=153	Quality Impact Assessment shows highly positive outcomes and satisfactory program completion
2 <i>Desplazamiento Forzado</i>	First Employment				No Impact Assessment available to date
3 <i>Programa de Formación para Jóvenes - Caminos de la Juventud</i>	Self-Employment or Entrepreneurship	18-29yrs		https://www.insaforp.org.sv/index.php/programas-de-formacion-profesional/formacion-para-jovenes/85-formacion-profesional/857-caminos-de-la-juventud#:~:text=El%20programa%20Caminos%20de%20la,para%20el%20trabajo%20y%20emprendedurismo.	No impact assessment available to date

Program	Type	Youth Beneficiaries	Beneficiary Incentives	Website/Hyperlink	Impact Assessment
4 <i>Juventud Emprende</i>	Self-Employment or Entrepreneurship	18-35 yrs	Mentorship services for start-ups	https://www.conamype.gob.sv/temas-2/emprendimiento/	No impact assessment available to date
5 <i>Programa Empresa-Centro</i>	Dual or Alternating course Training	18-25 yrs	INSAFORP pays for all training (sponsored training)	https://www.oitcenter.org/sites/default/files/file_ponencia/redifp/empresa-centro_insaforp.pdf	Positive impact on employment and participant revenue Positive impact over the female population
6 <i>Programa NEO</i>	Workshops-Job Fairs				No impact assessment available to date

Guatemala

Program	Type	Youth Beneficiaries	Beneficiary Incentives	Website/Hyperlink	Impact Assessment
1 <i>Empoderamiento Económico de Jóvenes y Mujeres Indígenas – EMPODER</i>	Training / Self-Employment or Entrepreneurship	Youths and Women		https://www.swisscontact.org/es/proyectos/empoderamiento-economico-de-jovenes-y-mujeres-indigenas-de-guatemala-la-empodera	No impact assessment available to date
2 <i>Beca Primer Empleo</i>	First Employment	16-25yrs	Monthly stipend paid for by employer (40%) and government, plus additional incentive equal to Q\$250.00	https://guatemala.gob.gt/tag/beca-primer-empleo/	No impact assessment available to date
3 <i>Centros Educativos Familiares de Formación por Alternancia Dual (CEFFAD)</i>	Dual or Alternating course Training			https://www.minfin.gob.gt/images/downloads/leyes_acuerdos/AG-314_220120.pdf	No impact assessment available to date
4 <i>Centros de Formación Quédate</i>	Completion of Educational Cycles & On-the-Job training			https://www.sbs.gob.gt/centros-de-formacion-queda/	No impact assessment available to date

Honduras

Program	Type	Youth Beneficiaries	Beneficiary Incentives	Website/Hyperlink	Impact Assessment
1 <i>Jóvenes Construyendo Futuro</i>	Training	18 to 29 yrs	Financial incentive	https://www.facebook.com/J%C3%B3venes-Construyendo-el-Futuro-Honduras-103493511820951/	No impact assessment available to date
2 <i>ProJoven</i>	Training	16-30yrs, youths at risk or living in vulnerable conditions		https://www.eda.admin.ch/dam/countries/countries-content/honduras/es/Ficha-PRO-JOVEN.pdf	No impact assessment available to date
3 <i>Empleo y Emprendimiento Juvenil</i>	Self-Employment or Entrepreneurship	16 to 29 years	Solidarity Credit	https://www.hn.undp.org/content/honduras/es/home/stories/bajo-el-financiamiento-de-la-agencia-espanola-de-cooperacion-int.html	No impact assessment available to date
4 <i>Centros Familiares Educativos para el Desarrollo de Honduras (CEFEDH)</i>	Dual or Alternating course Training			https://se.gob.hn/media/files/leyes/INFOP_FUNCEFED-H_16-AGOSTO-2019.pdf	No impact assessment available to date
5 <i>Chamba Joven</i>	Honduras	18-30yrs, youths with complete high-school/secondary school education or more	L4,000.00 for high-school graduates, and L6,000.00 for college/university graduates (diploma required) for a term of up to 5months in 4-hour daily shifts	https://presidencia.gob.hn/index.php/sites/con-chamba-vivis-mejor https://dds.cepal.org/bpsnc/programa?id=140	No impact assessment available to date

Mexico

Program	Type	Youth Beneficiaries	Beneficiary Incentives	Website/Hyper-link	Impact Assessment
1 <i>Jóvenes Construyendo Futuro</i>	Training	Youths ages 18-29yrs who are unemployed or not studying and are in vulnerable conditions (Program target: 2.3million people)	Monthly financial stipend during training	https://jovenes-construyendoel-futurohn.sre.gob.mx/	No impact assessment available to date
2 <i>Mi primer trabajo</i>	First Employment	Youths ages 16-29yrs in Mexico City	Financial stipend offered	https://www.programassociales.org.mx/programa/292/mi-primer-trabajo?v=609	No impact assessment available to date. Internal Assessment have been carried out
3 <i>Fábricas de Economía Solidaria</i>	Self-Employment or Entrepreneurship		Solidary Factory Project financing	https://www.gob.mx/imjuve/acciones-y-programas/fabricas-de-economia-solidaria#:~:text=Son%20espacios%20f%C3%ADsicos%2C%20coincursi%C3%B3n.resuelvan%20problem%C3%A1ticas%20sociales%2C%20por%20medio	No impact assessment available to date
4 <i>Red de Estrategias de Economía Social (REDES)</i>	Self-Employment or Entrepreneurship		Seed Capital	https://www.gob.mx/imjuve/acciones-y-programas/red-de-estrategias-de-economia-social-redes	No impact assessment available to date
5 <i>Bolsa de Trabajo para Jóvenes</i>	Youth Employment Bourse	Youths ages 16-29yrs; integration of disabled youths in labor market		https://www.gob.mx/imjuve/articulos/bolsa-de-trabajo-para-jovenes-25880	No impact assessment available to date

Nicaragua

Program	Type	Youth Beneficiaries	Beneficiary Incentives	Website/Hyperlink	Impact Assessment
1 <i>Emprendedores Juveniles</i>	Self-Employment or Entrepreneurship	Youths younger than 30yrs, without work experience		http://www.inde.org.ni/tag/ejn/	No impact assessment available to date

Panama

Program	Type	Youth Beneficiaries	Beneficiary Incentives	Website/Hyperlink	Impact Assessment
1 <i>Aprender Haciendo</i>	Training	17 – 24 yrs	Educational Scholarship	https://www.mitradel.gob.pa/aprender-haciendo/	No impact assessment available to date
2 <i>Padrino empresario</i>	First Employment	15-17 yrs/ at risk	Monthly salary Transportation stipend, etc.	https://www.mides.gob.pa/programas/programa-padrino-empresario/	No impact assessment available to date
3 <i>Programa NEO (Nuevas Oportunidades de Empleo) - BID</i>	Workshops/ Job Fairs			https://www.iadb.org/es/noticias/comunicados-de-prensa/2017-04-25/neo-beneficia-a-150000-juvenes%2C11791.html	No impact assessment available to date
4 <i>Programa de Orientación Vocacional y Empleo (POVE)</i>	Workshops/ Job Fairs	Middle School/ High-School students		https://www.mitradel.gob.pa/info-pove-programa-de-orientacion-vocacional-y-empleo	No impact assessment available to date

Dominican Republic

Program	Type	Youth Beneficiaries	Beneficiary Incentives	Website/Hyperlink	Impact Assessment
1 <i>Oportunidad 14-24</i>	Training	At risk youths, ages 14-24 yrs, (ICV I & II according to SIUBEN)	Funds transfer, food supplies, transportation fees	https://gabinetesocial.gob.do/wp-content/uploads/2020/10/Resumen-Ejecutivo-Oportunidad-1424.pdf	No impact assessment available to date

2	<i>Insértate</i>	First Employment	Youths ages 18-24yrs, with little to no work experience Program Target: 500,000 youths a year, 10% quota for disabled youths	Internships	https://juventud.gob.do/empleo/insertate/	No impact assessment available to date
3	<i>Proyecto de Reactivación Económica Dominicana Emprende (PREMDE)</i>	Self-Employment or Entrepreneurship	18 to 35 years	Financial support	https://juventud.gob.do/empleo/premde/	No impact assessment available to date
4	<i>Juventud Despega</i>	Self-Employment or Entrepreneurship	15 to 35 yrs		https://www.juventudesrurales.org/contexto/juventud-despega/	No impact assessment available to date
5	<i>Programa Juventud y Empleo (PJE)</i>	Youth Employment Bourse	Youths 16-29yrs, unemployed, high-school dropouts, living in conditions of extreme poverty	Daily stipend of RD\$70.00 for training course attendance, life insurance and accident coverage, free delivery of course materials	https://dds.cepal.org/bpsnc/programa?id=131 http://servicios.infotep.gob.do/pdf/prog_form/proy_ju-vmpleo2013.pdf	No impact assessment available to date
6	<i>Banco de Empleo Joven</i>	Youth Employment Platform	18 to 35yrs		https://juventud.gob.do/empleo/banco-de-empleo/	No impact assessment available to date
7	<i>Programa NEO (Nuevas Oportunidades de Empleo) – BID</i>	Workshops/ Job Fairs			https://www.iadb.org/es/noticias/hoja-informativa-iniciativa-acerca-de-nuevos-empleos-y-oportunidades-neo	No impact assessment available to date



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