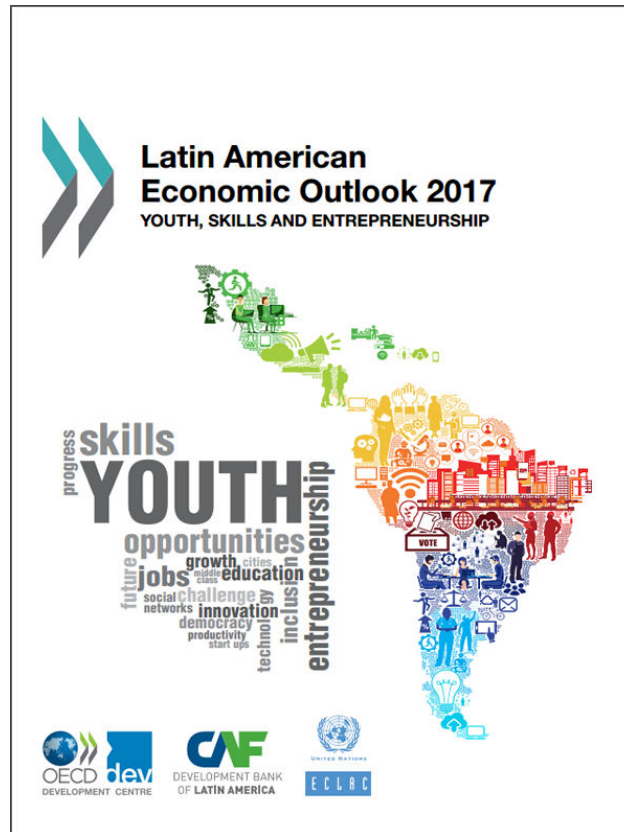


Tapping Latin America's young potential

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After years of strong performance, Latin America's economies are facing a dimmer outlook. The region's GDP growth will be negative for the second consecutive year in 2016, shrinking by between 0.9% and 1% in 2016, a contraction which has not been seen since the early 1980s. This slowdown has stalled the reduction of inequalities and the expansion of the middle class, with 25 to 30 million vulnerable Latin Americans at risk of falling back into poverty in the near future.

Still, Latin America has plenty of untapped potential. The region is young, giving the continent an exceptional demographic opportunity. One quarter of the Latin American population—163 million citizens—are aged between 15 and 29. Though education in the region has improved in recent decades, two out of three young Latin Americans are still not equipped to meet labour market needs for

sophisticated technical, professional and management skills. Some 50% of formal firms in Latin America and the Caribbean report having difficulty filling jobs, compared to 36% in OECD countries. The region particularly lags behind in terms of science students. Tertiary education students in Latin America are heavily focused on social sciences, business and law, averaging 39% across countries— from 25% in Chile to almost half of all students in Colombia. More worrisome is the share of young individuals in the region that are neither working nor engaged in education or training (NEET), which represents 21% of young people compared with 15% in the OECD area. Women are particularly disadvantaged, making up 76% of NEETS and occupying mainly unpaid jobs.

No wonder the latest *Latin American Economic Outlook*, jointly produced by the OECD, the United Nations Commission for Latin American and the Caribbean (UN-ECLAC) and the Development Bank for Latin America (CAF), calls for investing in youth through better education, improved skills and entrepreneurship opportunities to foster economic growth.

The report also focuses on linking young entrepreneurs with business networks, and expanding managerial and financial training to allow Latin America's young entrepreneurs to take advantage of global value chains.

References

Latin American Economic Outlook 2017 <http://dx.doi.org/10.1787/leo-2017-en>