

**Agency for International Development
Bureau for Latin America and the Caribbean
Office of Development Resources
Education and Human Resources Division**

**Education and Human Resources Development
in
Latin America and the Caribbean
Problems and Perspectives for the Nineties
A Briefing Paper**

LAC/DR/EHR

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Introduction:

We will show that investment in Human Resources Development is important to the achievement of the LAC Bureau's strategic objectives. Since the Bureau targets broad based, sustainable economic growth in the region; and also targets the evolution of stable, participatory democratic societies within the region, human resources development is essential.

Much discussion and considerable research has taken place showing direct correlations between (i) education and democracy; (ii) education and economic growth; (iii) education and population reduction; and (iv) education and child survival. In some cases the relationships appear to be causal and in others correlational. There is no question, for example, that mothers who are educated have fewer and healthier children.

In other cases there is synergy. For example, if environmental degradation is a problem, the question of population pressure often comes up. If one wants to reduce population, one gains value from investing in female education. But if students are suffering from malnutrition, they will certainly learn less. Our purpose in this paper is not to suggest that education is the panacea to the developing world's problems, but rather an essential ingredient, among others.

This paper argues that without considerable attention to human resources development, the LAC Bureau, and the countries we cooperate with, will be constrained from achieving their strategic development objectives.

Why invest in Education?

An educated human resource base is essential for economic productivity, political stability and social well being.

The economic rationale:

To sustain economic takeoff, nations need a certain level of education. For example, about 25 percent of the labor force had already completed secondary education at the time when the Asian nations of Korea, Hong Kong, and Singapore began their period of rapid economic growth in the 1960's. The problem begins in elementary school. Out of every hundred children who enroll in first grade, only 40 finish primary school in Central America, as opposed to almost 100 in the Asian countries. Korea produces proportionately more secondary school grads than Central America produces primary school graduates.

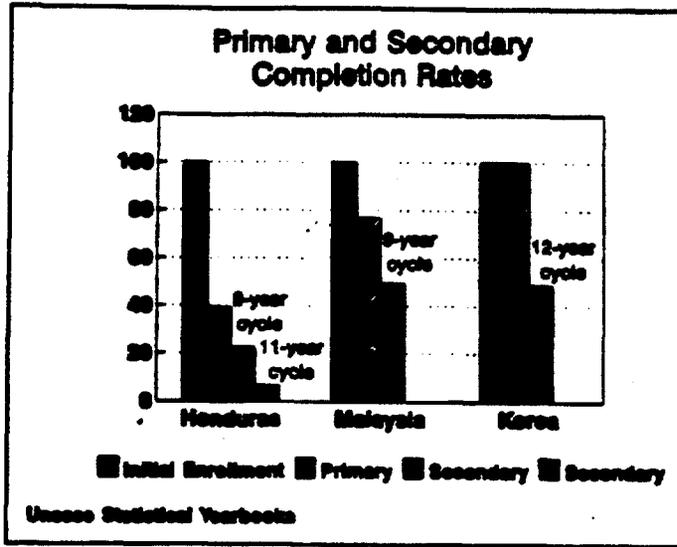


Figure 2. Flow through the school system.

Rates of return from investments in human capital are generally greater than the rates of return to investments in physical capital (infrastructure). Whereas returns to good infrastructure investments in Latin America average around 12 percent, returns to investment in human capital development are often twice as high.

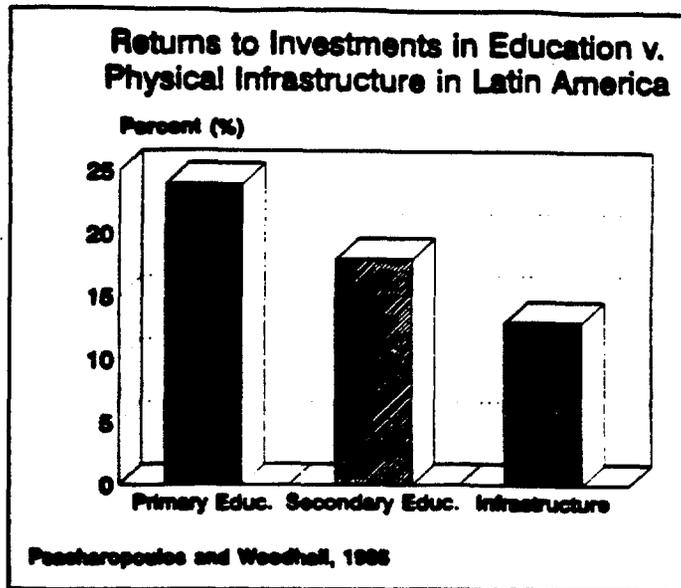


Figure 4. Rates of return for education and physical investment.

The market rationale:

A) Secondary, Technical and Tertiary Education

Numbers alone do not tell the tale. Worldwide, A.I.D. is engaged in a campaign to help to convert command (controlled) and mixed economies to market economies. In a command economy, where

economic planning and human resource planning are integrated, it is possible to dictate and control the supply of and demand for labor. Simply put, a government can closely estimate the number and kinds of skills that will be necessary five or ten years from now, and construct an educational system to meet expected demand. The problem in a market economy is that the education system, public and private, formal and non-formal must anticipate change, and be flexible enough to provide a level of service that accommodates changing demand. The U.S. educational system is geared to a market economy. Rapid and effective mass communications provide rapid feedback to students who, in turn, dictate expansion or contraction in technical and university disciplines. When the market is saturated with MBA's, teachers, engineers, computer programmers or plumbers, and fewer job opportunities are perceived to exist, universities shrink departments and expand others where student demand is higher. Private schools are minimally regulated and also respond to economic opportunities.

In most of the third world, including Latin America, public school systems can be characterized as being rigid and inflexible, turning out the same kinds and numbers of people from year to year creating surplus skills in some disciplines (Law, for example) and failing to satisfy shortages in others such as financial services and management. Private schools are overly regulated and often prevented from responding, in a quality manner, to changing demand.

At secondary, technical and tertiary levels, the inability of the educational establishment to respond to changing demand in the marketplace inhibits the growth of a market economy. Moreover, and perhaps more insidious, is that for fear of unemployment and possible political repercussions, there is the risk that some countries may backslide in the direction of a more regulated economy in order to provide jobs for people with surplus skills.

B) Basic Education

Market economies require people who can think, solve problems and adapt to changing technologies. People who have learned by rote are severely handicapped in functioning within a market economy. If Latin America is to experience sustainable economic growth with open markets, it is critical that we help to change the way that children learn. We need to influence the development of inductive, participatory teaching methodologies wherein children learn by doing and by questioning.

The political rationale:

There is a direct correlation between political stability and

secondary school enrollment. Nations with a more highly educated society have environments that are considered to be less risky for foreign investments and thus more conducive to investment and growth.

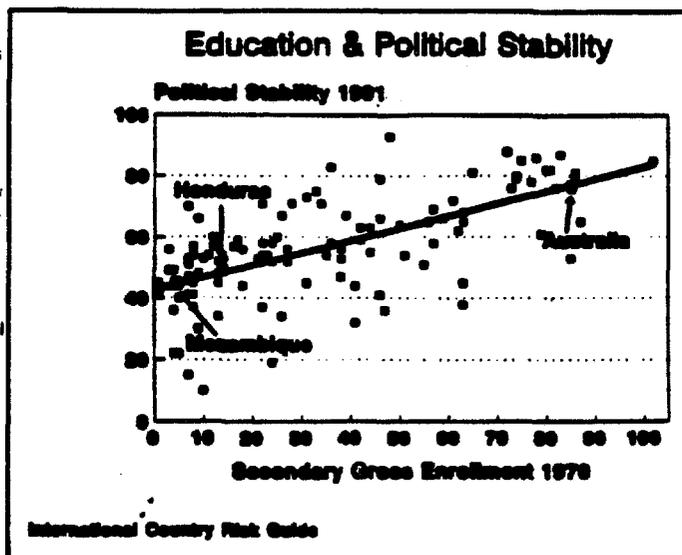


Figure 5. Education and political stability, scatter diagram.

In addition, higher levels of education are associated with higher levels of democratic rights.

Why is this so? In a democracy, people are expected to embrace changing and often complex concepts relating to pluralism and human rights. The right kind of investment in Education contributes to democracy in three fundamental ways:

- by learning in an inductive, participatory, active manner, children will gain experience in becoming active, participatory, questioning citizens.
- by designing curricula that respect human rights and impart community values, children are prepared for living within a democracy and will insist upon democratic involvement as they mature into adults.
- adults, including parents, who are given voice in decisions affecting the education of their children, through participation in open meetings, experience the fundamental essence of democratic involvement.

The social well-being rationale:

There is conclusive evidence that higher levels of female education causes a marked decrease in infant mortality. The same relationship exists between female education and levels of fertility, life expectancy and population growth.

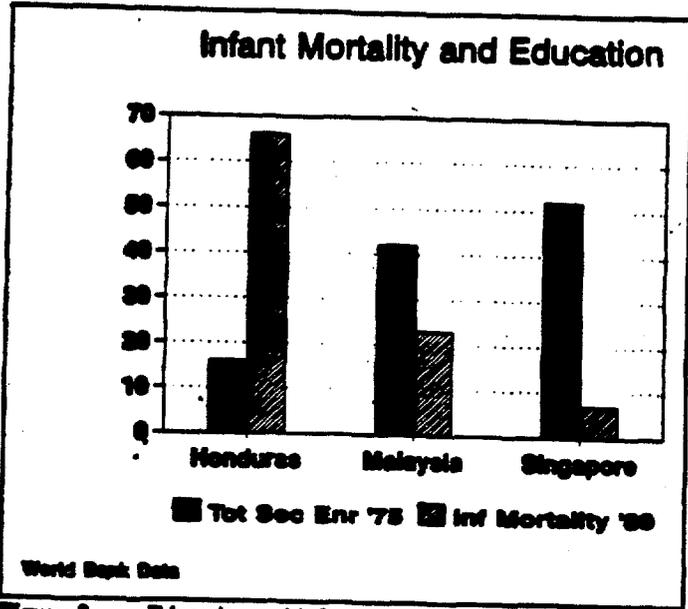


Figure 8. Education and infant mortality, country comparisons.

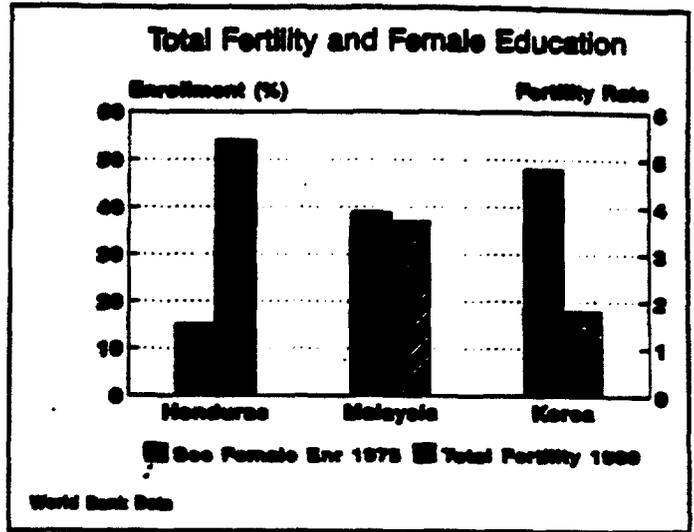


Figure 10. Education and fertility rates, country comparisons.

In conclusion:

Increased education yields increased participation in the labor force and increased productivity. These, in turn, lead to better economic performance.

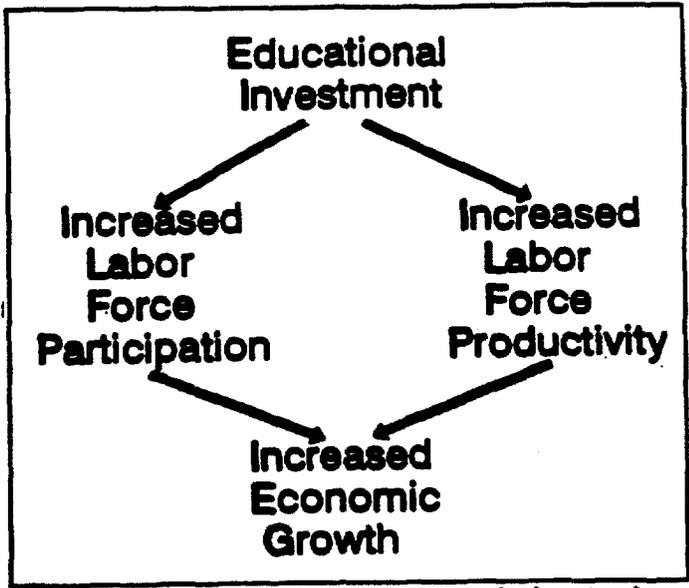


Figure 11. Relationship between increased educational investment and economic growth.

Increased education yields political stability which facilitates higher levels of foreign investment.

Increased education leads to lower fertility and decreases the cost of education since fewer children need to be educated. Thus, lower fertility frees resources that can then be used to improve the quality of education and enhance the educational status of the entire labor force.

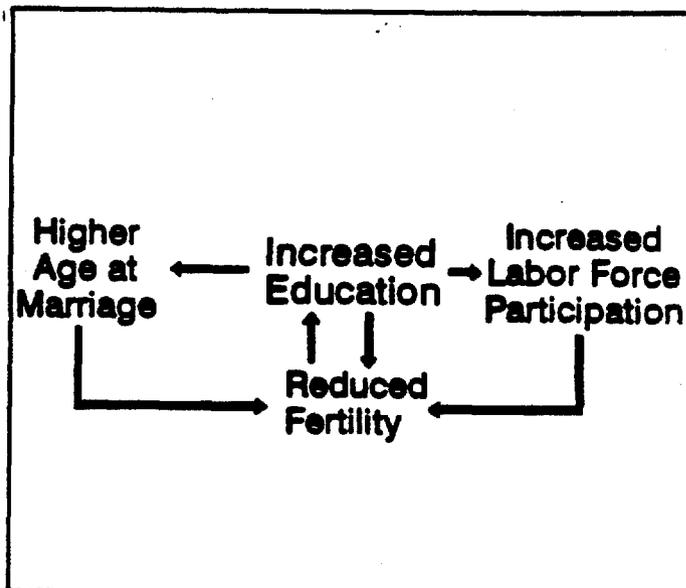


Figure 12. Relationship between increased education and reduced fertility.

STATUS OF EDUCATION IN LATIN AMERICA:

Between 1960 and 1987, illiteracy dropped from 34 percent to 16 percent. Primary school enrollment grew by 50 percent during this period, and exceeds 90 percent in most countries. Secondary enrollment rates have increased from 15 percent of age cohort to about 58 percent today, and enrollment rates in higher education have leaped from 3 percent to 19 percent. Gender differences have been reduced, with girls now enrolling at rates equal with boys at all levels of schooling. Post secondary and higher education have expanded dramatically. Considering that the school age population has grown at a 3 percent annual rate during this period, these achievements are impressive.

These advances, however have to be seen in context. The gains described above vary greatly within and among countries, with indigenous populations and the poor benefitting less. The most rapid expansion has been at the secondary and higher education levels, where the system principally caters to children from middle and higher income groups. At the primary level, more than half of those who enter do not complete the primary cycle. Repetition rates are among the highest in the world; the average student spends seven years to complete four grades. Most of those who repeat and drop out are poor; those poor who complete

school, learn less. Rural schools are of much lower quality than urban schools, and the curriculum used in these schools is ill adapted to the needs of the students.

Secondary education has become segmented with high quality private schools catering to the middle and upper class; and low quality public schools catering to the poor. Most who enter secondary do not graduate and the poor are disproportionately represented among the dropouts. Most students choose "general" or "academic" schools (as opposed to vocational or teacher training). But since so many drop out, they leave with few useful skills.

PROBLEMS:

Finances: Per capita expenditure on education has dropped, which in turn, has generated rising cycles of repetition, failure and dropouts, chiefly among the poor. Strained financial circumstances of the middle class force children who attended private schools back into the public school system placing further stress on the schools.

Public funds flow disproportionately toward secondary and higher education. This causes internal inequities within the systems, but also tends to serve the middle and upper classes more, since they are the primary beneficiaries of secondary and higher education.

Dissociation from labor markets: Expansion of the system has been geared to political demand rather than to the demands of modern labor markets. While requirements for human capital are changing dramatically, the schools turn out the same kinds of people that they have in the past. (This is due to bureaucratic education ministries and strong teacher unions wherein powerful stakeholders value the status quo.) Private schools too are constrained from being responsive to changing demand by an overly regulated policy environment.

Accountability: Education in Latin America is not sufficiently accountable to students, parents or employers. They are accountable only to centralized rigid bureaucracies whose stakeholders are overly concerned with their own interests. Education is perceived to be the right of the people but the responsibility of the government. Parents, students and communities are relatively disenfranchised with regard to the management of the schools.

The teaching profession: Teachers at all levels are poorly trained, poorly paid and are offered few incentives for excellence. The problem is partly financial but also due to educational systems that place greater priority on expansion

(more teachers) than on strengthening the professional status of teachers (better teachers). The poorest achievers enter the teaching profession. The teaching profession has steadily deteriorated causing quality to decline.

Although educational systems have greatly expanded since the 1960's, the expansion has come at the cost of equity, quality and efficiency. Education has become unresponsive to the constituencies that are intended to be served. The system is accountable only to itself, and is inappropriate to the demands of modern labor markets and democracies.

Implications for the future:

There is general agreement among development professionals that assistance in human resources development in the Caribbean, Central and South America must address the following key concerns:

1. There is a need to enhance the **economic competitiveness** of LAC countries by strengthening traditional skills and adding new ones to respond to changes in the labor market. This does not necessarily mean providing students with specific technical skills. It **does** mean providing knowledge, values and skills that promote technical innovation:

Strengthening basic literacy and numeracy
Increased emphasis upon sciences
Capacity to reason and learn independently

It also means rethinking approaches to Votech education with more involvement of the business community.

2. New approaches to human resources development should be linked to **citizenship** and the emergence of open societies within a **democratic framework**. A modern, internally competitive economy requires a citizenry that is autonomous, enquiring, informed and responsible. Children, must gain, at a relatively early age, skills relating to judgment, tolerance and problem solving, necessary to participate productively in a modern, market economy.

3. Consolidation of democracy requires the extension of educational and economic opportunities to all citizens. We need to go beyond the expansion of "access" toward universal acquisition of the skills necessary to function effectively in a modern economy. **Educational quality is replacing coverage as the central issue in the debate over equity**. Attention is shifting to the learning process and its results. This means shifting resources away from expansion (as primary enrollment rates exceed 90 percent) toward the improvement of teaching and learning.

4. There is a need to enhance the **accountability of the educational system** through fundamental structural change. At all levels, schools need to be better integrated with the surrounding society. Structural decentralization is one approach, but there are other paths to accountability involving (i) broadening participation in educational decision making through community empowerment and (ii) the creation of better standards for the evaluation of educational achievement. Each of these three approaches are mutually re-inforcing and each has merit.

5. Good teachers are fundamental to good education. Societies must attract better candidates for careers in education who receive better training, who receive incentives for excellence, who are better paid, and who receive more recognition and prestige.

6. There is a need to consider new approaches to the financing of education, and to recover some of the costs associated with tertiary education.

The role of the Latin America and Caribbean (LAC) Bureau of A.I.D.

The present: Over the past decade, A.I.D has supported a series of large multi faceted education projects in El Salvador, Guatemala, Honduras, Jamaica, the Dominican Republic, and elsewhere. Most of these projects are similar to each other in a sense that they demonstrate, through pilot activities (some, national in scope) how resources can be better used to improve efficiency, quality, equity and in some cases, the educational policy environment. Some of these pilot activities were extraordinarily successful, but were not institutionalized in terms of being sustained by the beneficiary countries. A.I.D collaborated with other bilateral donors and with the multilateral banks and organizations to minimize overlap, maximize consistency of approach, and identify critical gaps in coverage. Emphasis, in most countries, was on some combination of efficiency, access, and equity.

In addition, the LAC Bureau sponsored a series of regional and country specific participant training projects which were focused, not only upon acquisition of skills and higher education, but upon the values gained from an American experience. In many cases, these training projects were specifically targeted toward the recruitment of rural students, and those from the lower socio-economic strata.

Another activity worth mentioning, is the RTAC-II project, which is a successful effort to place Spanish language American textbooks in the hands of university students and professors. Unlike some of the successful pilot activities that have had

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difficulty in sustaining themselves after A.I.D. funding ends, RTAC II is already self sustaining in most countries where it functions, and may become capable over the next year or so, of generating its own growth into new countries.

The future: Whereas the arguments made thus far deal in the aggregate, there is considerable variability in the status of human resources development within the LAC region. Having said this, there are enough similarities among A.I.D. assisted countries to make certain generalizations.

Let us first consider some internal constraints. A.I.D. no longer has the resources (staff and funding) to mount large multi-faceted education projects that focus upon all of the inputs affecting education in a given country, ranging from school construction and textbook procurement to teacher training and curriculum development. Even if we had the resources, trends in LAC economies dictate that we should probably refrain from extensive pilot project development for the reason that our efforts, even if successful, may not be sustained by host country governments due to lack of funding and insufficient human capacity. In fact, some governments have knowingly substituted foreign grant and loan assistance for national budgetary funds, resulting in a deterioration of school quality when the loan assistance ended.

Whereas the 1980's and early 1990's focused upon access, expansion and internal efficiency, this paper suggests that it is time to shift our focus to quality, equity and to the responsiveness of the schools to modern labor markets, market economies and democracy.

Moreover, this paper argues for a major shift in the mode of A.I.D.'s assistance to the education sector. Instead of large, comprehensive sector assistance activities, we will promote smaller technical assistance intensive activities that focus upon information management, data analysis, policy development, planning and the structure of education systems. Our overarching purpose should be to assist governments to use their available resources in the most effective manner.

We envision a multi stage process over a period of 8-12 years:

- (i) A social marketing strategy needs to be developed that sensitizes LAC governments, parents, and businessmen of the need to consider education as an investment (rather than as a social expenditure), and exhorts them to invest more, efficiently and wisely. This process has already begun with the development of the LASER model (Latin American Strategies for Educational Reform) which has been presented in four Central American and Caribbean countries with excellent results. (Regional)

(ii) Related to the above, new types of education sector assessments will be undertaken. Labor/work-force assessments will be measure the extent to which educational systems, public and private; formal and non-formal are appropriate to the needs of emerging, democratic market economies and are sufficiently flexible to respond to changing labor market elements. These analyses will assess whether the numbers and kinds of skills needed are being produced, and also whether the quality of the training given to the work-force is appropriate in terms of strengthening capacity to reason and solve problems.

In cases where the educational system is not entirely appropriate to the perceived and expressed needs of the work place and society, the assessments will identify the principal constraints to change. A new technical services project, replacing EHRTS (Education and Human Resources Technical Support) is currently under design to assist Missions in this regard. (Regional)

(iii) At the Mission level, each USAID will need to become deeply involved and supportive of policy dialogue pertaining to educational reform. Assistance to human resources development should not, generally, be seen as an objective in itself, but rather as an essential precondition and means to achieve (i) self sustained economic growth; (ii) democratization; (iii) lower population growth; (iv) child survival; and (v) social equity.

Assistance to human resources development should not be seen as a competing sector of focus and concentration, but rather as an integral component of other USAID strategic objectives. Support to the education sector should generally consist of technical assistance for planning, policy reform and structural adjustment.¹

(iv) Participant training will continue to play an important part in the development of scarce, higher level human resources. The "Experience America" character of general participant training has been highly successful in providing participants with an exposure to a democratic,

¹ The United States, compared with other countries, is particularly well endowed with experts in the area of educational planning and administration. We have a recognized comparative advantage in models for resource allocation, decentralization and non-cognitive learning. We have a responsibility to offer assistance in these areas, since there are no other donors with anywhere near our level of competency.

market oriented economic system. The cost of participant training, however has been steadily growing. Building upon successful efforts to establish partnerships with universities and the private sector through cost sharing, the LAC Bureau will develop a new participant training framework that seeks to reduce cost by at least 40% and allow a corresponding additional number of participants to undertake training in the United States. The Bureau will also seek opportunities to make higher education in the region more equitable and more efficient through partnerships with U.S. universities.

Conclusions:

- Education attainment in any given society is an essential precondition to economic growth, fertility reduction and institutional pluralism in democratic societies.
- Funding of Education must be seen as an investment with high returns, rather than as a social expenditure.
- The LAC Bureau encourages a high level of Mission involvement in policy dialogue to encourage emphasis upon equity through sustained quality improvement and learning outcome rather than access.
- The LAC Bureau views empowerment of communities to influence the education of their children in a participatory environment to be the embodiment of democratic process.
- Finally, the LAC Bureau recognizes the need for education systems to serve emerging market economies by delivering graduates with the capacity to continue learning and adapt to changing technologies. Systems themselves should be flexible in being able to expand and contract education output in response to changing demand.