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Possibilities for United States Investment and Engagement

Ariel Fiszbein and Sarah Stanton

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EDUCATION PROGRAM REPORT
JUNE 2018

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With a new administration in the White House, the United States (US) has begun to reexamine its relationship with Latin America and the Caribbean (LAC). At the same time, countries in the region are facing a series of challenges related to coverage, quality and relevance within their education sectors. This report provides an independent, non-partisan, non-governmental analysis of issues and trends in education throughout LAC, with a specific focus on identifying spaces for developing partnerships between LAC countries and the US, in particular the US Agency for International Development (USAID). The information in this report comes from a variety of sources, including international and regional statistical databases, Ministry of Education documents and websites and relevant academic literature. The data on bilateral and multilateral spending comes from publically available project data on each organization's website. Synthesizing these various sources, we develop a typology of countries based upon the educational outcomes and policy environment in each country in the region. We also look at where development banks and bilateral agencies operating in the region are dedicating their resources in order to identify specific focus areas where USAID can maximize its impact and take full advantage of its role as a key US government actor. We find that USAID has chosen to focus its education funding on a small subset of countries in LAC in order to maximize its impact. Although there is logic to this strategy, we suggest that if USAID wants to avoid duplicating existing efforts and invest in an area that is currently not receiving adequate attention from other actors, the area of workforce and skills development offers a particularly interesting opportunity. This is due to the broad and pressing need in all countries in LAC to improve educational relevance and the potential to leverage USAID's existing commitments and promote US national security, foreign policy and economic interests across the region.

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INTRODUCTION

It is difficult to overstate the importance of education in fostering a country's economic and social development. In addition to being recognized as a fundamental human right, codified in the Universal Declaration of Human Rights (1948), the Declaration of the Rights of the Child (1959) and numerous constitutions and governing documents worldwide, a well-educated population ensures sustained growth and prosperity (Hanushek, Woessmann, Jamison & Jamison, 2008). This is because investment in education is an investment in human capital—in the skills and knowledge accumulated through years of schooling, training and professional development that result in higher productivity, better job opportunities and prolonged economic growth (Schultz, 1961; Acemoglu & Autor, 2011). No country can sustain long-term economic growth without making serious investments in the education of its citizens (Results Educational Fund, 2009). Nonetheless, simply enrolling students in school—while a critical first step—is not enough to maximize the potential benefits of education. Studies throughout the world have shown that quality education is strongly correlated with significant economic growth. For example, Hanushek and Woessmann (2012) found that one standard deviation in higher cognitive skills of a country's workforce is associated with an approximately two percentage point higher annual growth rate in per capita GDP. Through high-quality instruction, students gain necessary skills—basic, higher-order and socioemotional—that align with workforce demands and allow for a successful entrance into the labor market.

In the past two decades, the Latin America and Caribbean (LAC) region has reached a turning point in its education outcomes, policies and goals.[1] In most countries, coverage, particularly at the primary and secondary levels, has expanded significantly. The challenges of low education quality and relevance, however, remain considerable.[2] More children than ever before in LAC are currently enrolled in school; several countries throughout the region have achieved universal net primary enrollment and the regional average is 93.04%, just three percentage points behind North America and Western Europe (UNESCO Institute for Statistics [UIS], 2017).[3] At the secondary and higher education levels, enrollment rates have also increased dramatically in recent years—ten percentage points since 2000 at the secondary level and 20 points in higher education—but dropout and repetition rates have also risen. On international, regional and national assessments of education quality, however, students in the LAC region consistently underperform compared to their peers from countries with similar income levels and fail to meet basic benchmarks (Bos, Elías, Vegas & Zoido, 2016a).[4] Furthermore, high access and enrollment rates belie severe inefficiencies and inequalities across all levels of the educational system (Bellei, Poblete, Sepúlveda, Orellana & Abarca, 2013). In particular, children from poor, indigenous and rural backgrounds are less likely to attend school. When they do attend, they are more likely to receive a lower-quality education. In order to most effectively meet the needs of students in the region, countries in LAC must build upon current successes while developing targeted responses and solutions to a host of novel and varied challenges.

Many of the most intractable challenges that LAC countries currently face—from political instability and economic inequality to sluggish economic growth, extreme violence and mass migration—directly impact the region's classrooms. Political instability results in rotating political administrations and ministerial appointments that hinder the development and execution of a strong policy vision. High socio-economic inequality often prevents low-income students from receiving a quality education and puts significant pressure on schools to act not only as educators but also as agents of broader social policies.

Violence, a particularly critical issue in Central America, creates an unsafe environment within schools or keeps students from attending in the first place. It can also drive dropout and irregular migration. Students who drop out of school early are more likely to end up in gangs, or commit violent acts themselves, drawn by perceived opportunities for financial gain and their limited skills for the formal job market (Chioda, 2017; World Bank, 2011a; Hjalmarsson & Lochner, 2012). International evidence suggests that increasing educational attainment and improving school quality can significantly reduce crime and violence. For each additional year of schooling a child completes, there is an 11% reduction in his or her participation in both property and violent crime and a 30% reduction in murder

and assault (Hjalmarsson & Lochner, 2012).

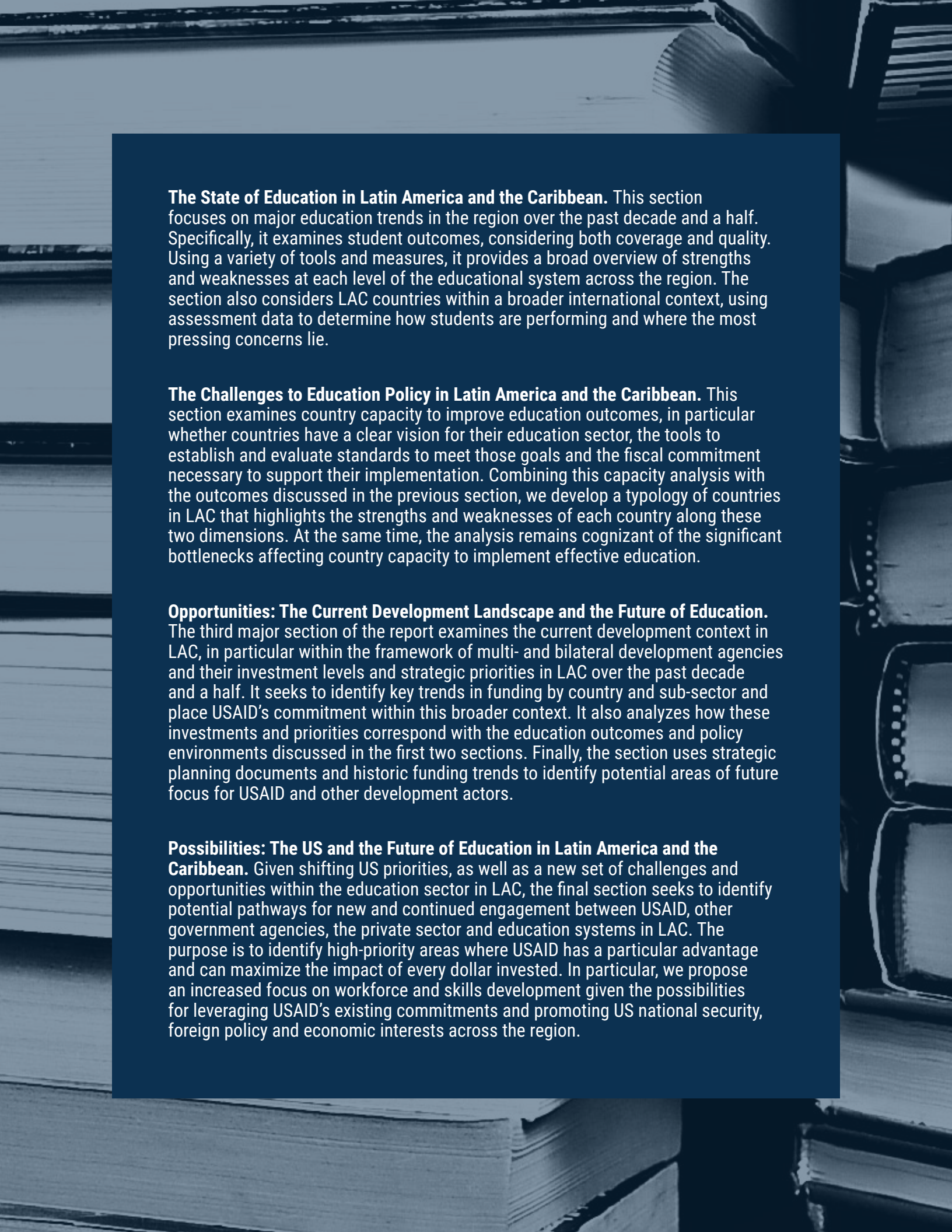
The economic and social costs of student learning deficits are felt in myriad ways and compound over time. For example, students who lack access to early childhood services enter school at a disadvantage, are more likely to drop out of school and earn lower incomes when they enter the work force (UNESCO, 2009; Vegas & Santibáñez, 2010). These complex and interrelated challenges require investments that support students when they first encounter setbacks.

LAC is rich in human capital, but the lack of adequate education and skills training means that this resource remains largely underdeveloped.[5] In the 2016 *World Economic Forum Report on Human Capital*, only one country in LAC—Cuba—ranked in the top 50 countries with the highest human capital development, while eight countries—Brazil, Dominican Republic, Guatemala, Haiti, Honduras, Nicaragua, Paraguay and Venezuela—were located in the bottom 50. Across the region, education lies at the heart of this challenge; the same report identifies "a less well-educated population across all age pillars" as the primary hindrance to improving human capital throughout LAC (World Economic Forum, 2016, p. 7). To that end, ensuring the quality and relevance of educational policy and outcomes addresses multiple social, political and economic goals by affirming the human rights of LAC's citizens, increasing opportunities for growth and closing opportunity gaps which have historically sustained inequality throughout the region.

Throughout its history, the United States (US) has long supported human capital development in LAC—both through foreign assistance via the US Agency for International Development (USAID) and other government programs, as well as through private sector and non-profit initiatives. Since 2006, USAID has committed almost $850 million towards projects and initiatives to improve education in LAC. Additionally, in its five and a half decades of operation, the Peace Corps has sent nearly 70,000 volunteers to LAC to work in sectors essential to strengthening human capital growth, including education, health and community economic development (peacecorps.gov, n.d.). Finally, the Fulbright Program, administered through the US Department of State's Bureau of Educational and Cultural Affairs, has awarded almost 40,000 grants to students, scholars and teachers in LAC since its inception in 1949 (US State Department, 2016). These initiatives are of central importance in affirming and strengthening strong ties between the US and its hemispheric neighbors. Moreover, there are significant benefits to US enterprises from improving human capital growth in the region. Existing gaps represent a bottleneck for US firms doing business in LAC, many of which consistently confront a poorly-trained workforce and struggle to recruit and hire highly-qualified candidates for professional and skilled positions. Increased human capital is also essential to economic growth and an expanding middle class that will demand US goods and services.

With a new administration in the White House, the US has begun to reexamine its relationship with the region and the world. Senior members of the administration have already made multiple visits to LAC nations to affirm historic ties, strengthen existing relationships and establish future priorities. Within this dynamic context, there exist multiple opportunities for the US to increase its strategic engagement with the region in ways that support high quality, relevant education for all students. Improving the quality and relevance of education for LAC's youth also has the potential to open and expand new markets for US economic interests and support broader US goals to increase security, reduce violence and staunch irregular migration within and from the LAC region. Investing in LAC education is a key input to achieve these objectives, ensuring that the US enjoys a productive and beneficial relationship with safe, stable and prospering neighbors across the hemisphere.

The objective of this report is to provide an independent, non-partisan, non-governmental analysis of issues and trends in education throughout LAC, with a particular focus on identifying spaces for developing partnerships between LAC countries and the US. Although this paper focuses on countries throughout the region, there is a special emphasis on the poorest countries in LAC, where assistance from USAID or other donors can have the largest impact. Finally, the paper identifies strategic opportunities where the US, including through USAID programs and projects, can engage with countries in the LAC region to promote common interests. It is organized into four sections:



The State of Education in Latin America and the Caribbean. This section focuses on major education trends in the region over the past decade and a half. Specifically, it examines student outcomes, considering both coverage and quality. Using a variety of tools and measures, it provides a broad overview of strengths and weaknesses at each level of the educational system across the region. The section also considers LAC countries within a broader international context, using assessment data to determine how students are performing and where the most pressing concerns lie.

The Challenges to Education Policy in Latin America and the Caribbean. This section examines country capacity to improve education outcomes, in particular whether countries have a clear vision for their education sector, the tools to establish and evaluate standards to meet those goals and the fiscal commitment necessary to support their implementation. Combining this capacity analysis with the outcomes discussed in the previous section, we develop a typology of countries in LAC that highlights the strengths and weaknesses of each country along these two dimensions. At the same time, the analysis remains cognizant of the significant bottlenecks affecting country capacity to implement effective education.

Opportunities: The Current Development Landscape and the Future of Education. The third major section of the report examines the current development context in LAC, in particular within the framework of multi- and bilateral development agencies and their investment levels and strategic priorities in LAC over the past decade and a half. It seeks to identify key trends in funding by country and sub-sector and place USAID's commitment within this broader context. It also analyzes how these investments and priorities correspond with the education outcomes and policy environments discussed in the first two sections. Finally, the section uses strategic planning documents and historic funding trends to identify potential areas of future focus for USAID and other development actors.

Possibilities: The US and the Future of Education in Latin America and the Caribbean. Given shifting US priorities, as well as a new set of challenges and opportunities within the education sector in LAC, the final section seeks to identify potential pathways for new and continued engagement between USAID, other government agencies, the private sector and education systems in LAC. The purpose is to identify high-priority areas where USAID has a particular advantage and can maximize the impact of every dollar invested. In particular, we propose an increased focus on workforce and skills development given the possibilities for leveraging USAID's existing commitments and promoting US national security, foreign policy and economic interests across the region.

THE STATE OF EDUCATION IN LATIN AMERICA AND THE CARIBBEAN

The past decade and a half in LAC has been dominated by an overall upward trend in many educational indicators. Perhaps the greatest success story of the education sector in LAC during this period is the expansion of access to education across all levels, countries and socioeconomic groups. These gains can be seen most dramatically in pre-primary and secondary education levels, while primary education—which already had strong enrollment rates at the turn of the millennium—has become nearly universal. Nevertheless, there remain certain countries, and pockets within countries, where participation in formal schooling is still alarmingly low. Moreover, education indicators show high levels of inefficiency, as demonstrated by high dropout and repetition rates, compounded by inadequate levels of learning. There are also growing indicators that education systems are not preparing young people to enter the labor market and become productive workers.

Sharp expansion in pre-primary education

In 2000, fewer than 50% of children in most LAC countries enrolled in pre-primary education (**Chart I**).[6] That year, only two countries in the region, Cuba and Guyana, had net enrollment rates above 80%, while at the other end of the spectrum, Honduras (21.6%), Belize (25.2%), Paraguay (27.9%) and the Dominican Republic (29.4%) all had rates below 30%. By 2015, however, Barbados, Brazil, Chile, Colombia, Jamaica, Peru and Uruguay had all joined the list of countries with more than 80% of children enrolling in pre-primary education, and no country had enrollment rates below 30%. Antigua and Barbuda, Bolivia and Colombia stand out particularly for having produced the largest increases in pre-primary net enrollment rates since 2000. Even countries with enrollment rates below 50% in 2015 have seen remarkable improvement, averaging an increase of 15 percentage points over the past decade and a half.

Inequality remains high

The benefits of pre-primary education have not extended equally to all students, however. Across LAC, children from the poorest families remain the least likely to participate in pre-primary education (**Chart II**). Region-wide, there remains a 20 percentage point gap in pre-primary attendance between the highest and lowest income quintiles. In Belize, El Salvador and Suriname, children

CHART I: PRE-PRIMARY NET ENROLLMENT RATES, 2000-2015

Source: UNESCO Institute for Statistics, 2017..

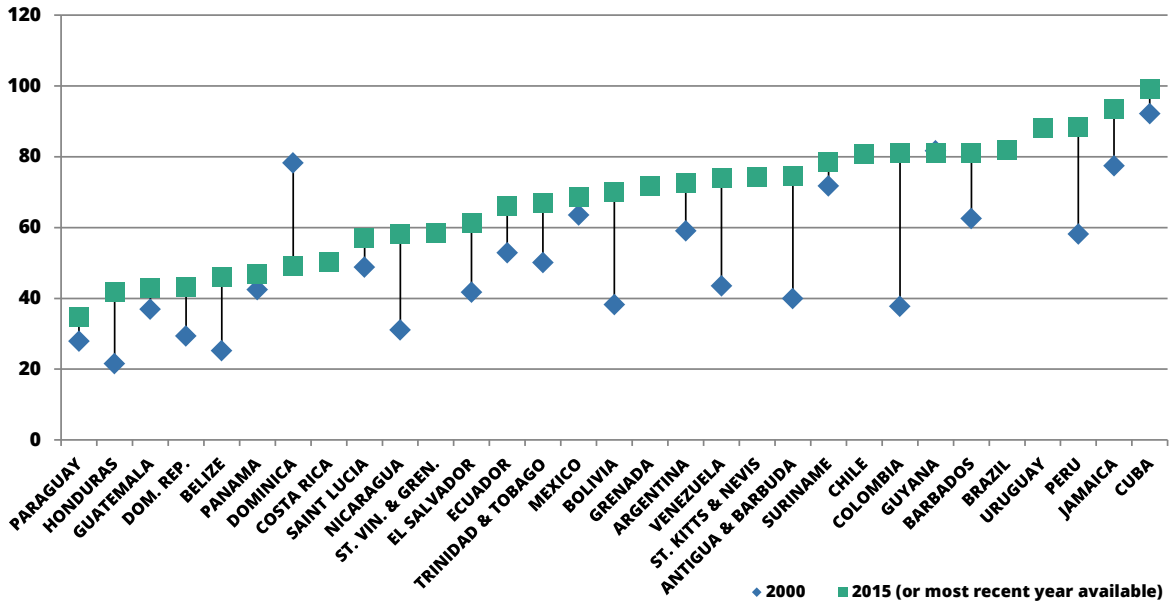
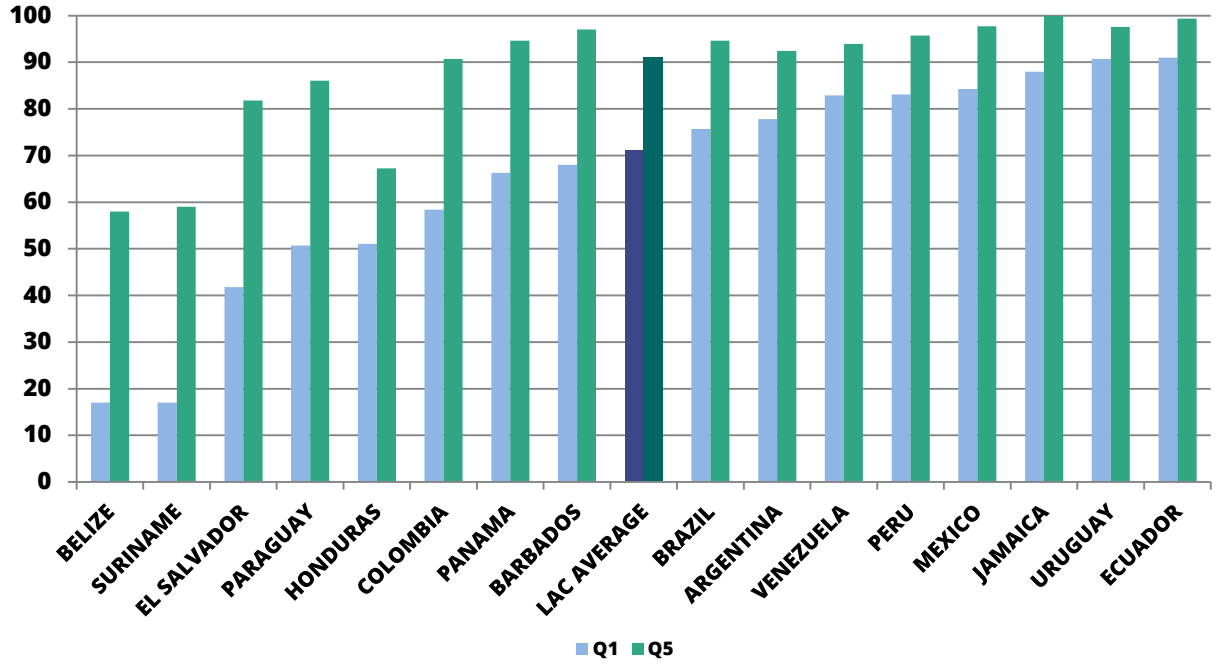


CHART II: PRE-PRIMARY ATTENDANCE, BY INCOME QUINTILE (2014 OR MOST RECENT AVAILABLE)

Source: IADB – CIMA, 2017, except for Belize, Suriname and Barbados, Global Education Monitoring Report, 2009.



from the wealthiest quintile are two or three times as likely to attend pre-primary education as their peers from the poorest quintile. In Colombia and Paraguay, the gap is also remarkably high—over thirty percentage points. Notably, as more children participate, the gap between rich and poor decreases. For example, in Belize, which has low pre-primary attendance rates, the gap between students in the first and fifth quintiles is 41 percentage points. In Ecuador, however—which has some of the highest attendance rates in the region—the gap between highest and lowest income quintiles is less than nine percentage points (Inter-American Development Bank [IADB], 2017).

Primary education is universal, but with high dropout rates in some countries

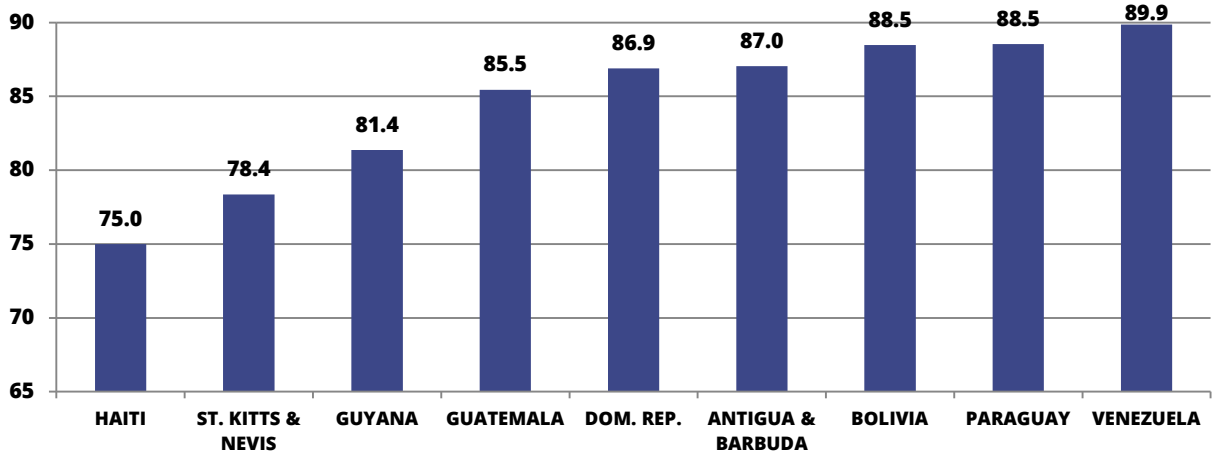
In almost every country in LAC, enrollment in primary education has become universal. The vast majority of children in all LAC countries—93%—enter primary school. Nevertheless, in a few nations, primarily in and around the Caribbean, plus Bolivia and Paraguay, primary enrollment rates remain below 90% (**Chart III**). Additionally, many countries in LAC still have high dropout rates at the primary level, showing that many children who begin primary school do not complete their studies. In particular, the three countries of Central America's Northern Triangle—El Salvador, Guatemala and Honduras—along with Dominica, the Dominican Republic and Nicaragua, have primary school dropout rates above 20% (and above 50% in the case of Nicaragua) (UIS, 2017). This dropout is driven by the need to bring in income for the family and, in the Northern Triangle countries, increased levels of violence which make school safety and safe passage to school difficult (Adelman & Székely, 2016). A study in Honduras found that primary school dropout is often determined by a confluence of factors, including low expectations of education, the need to enter the labor market and grade repetition leading to "aging out" of the system (Sekiya & Ashida, 2017).

Secondary education has expanded across the region

In 2000, an average of just 65.5% of students region-wide were enrolled in secondary school. By 2015, however, this number had jumped ten percentage points to 75.6% (**Chart IV**).[7] In 2000, six countries in the region—the Dominican Republic, Ecuador, El Salvador, Guatemala, Nicaragua and Paraguay—had secondary net enrollment rates below 50%. Fifteen years later, only three countries—Guatemala, Honduras and Nicaragua—still had enrollment rates below 50%, and Guatemala and Nicaragua had made gains of over 14 percentage points, demonstrating significant progress towards expanding access.[8] Furthermore, twelve

CHART III: COUNTRIES WITH NET PRIMARY ENROLLMENT RATES BELOW 90% (2015 OR MOST RECENT AVAILABLE)

Source: UNESCO Institute for Statistics, 2017, except for Haiti: USAID, 2016.

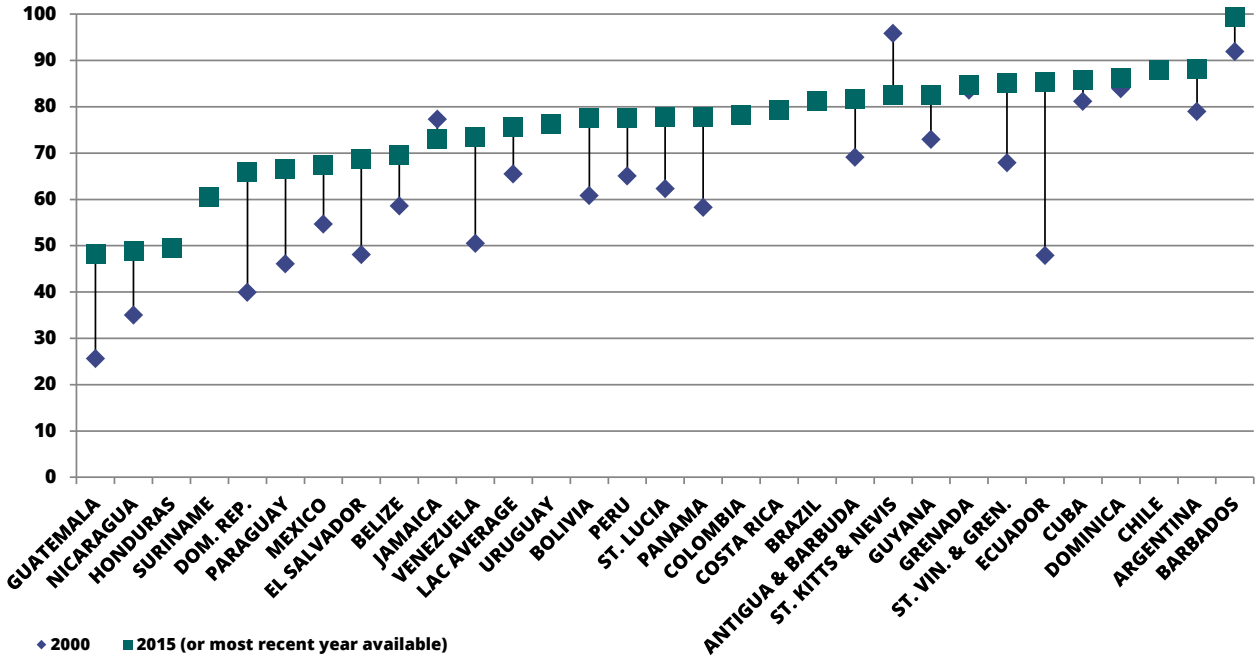


countries in the region—Antigua and Barbuda, Argentina, Barbados, Brazil, Chile, Cuba, Dominica, Ecuador, Grenada, Guyana, St. Kitts and Nevis and St. Vincent and the Grenadines—had enrollment rates above 80% in 2015, compared with only five countries in 2000 (UIS, 2017).

LAC countries' progress in increasing secondary enrollment rates is impressive not only relative to where the region was a decade ago, but also compared to other, similar countries. For example, the LAC average net enrollment rate of 75.6% in 2015 was above the world-wide average for middle-income countries (66.3%), where the vast majority of LAC countries are categorized. Nevertheless, there is still progress to be made; LAC lags behind the average for high income countries (92.2%) by over a dozen percentage points (UIS, 2017).

CHART IV: SECONDARY NET ENROLLMENT RATES, 2000-2015

Source: UNESCO Institute for Statistics, 2017.

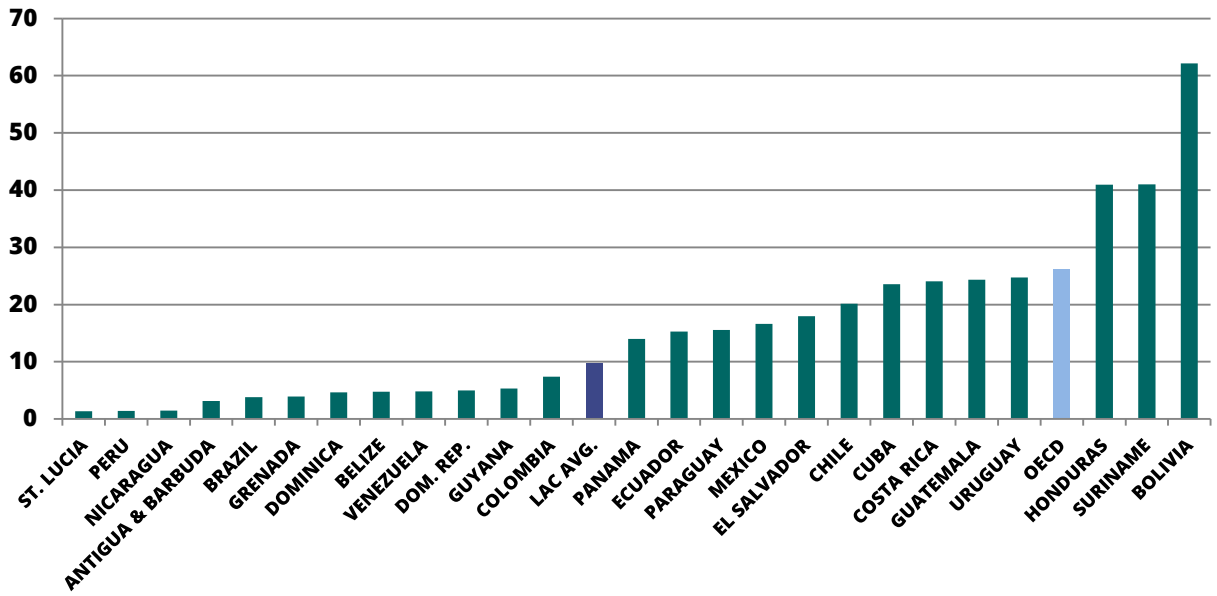


…but not in all areas…

Despite the general increase in secondary enrollment rates across LAC over the past decade and a half, enrollment in technical and vocational education and training (TVET) at the secondary level has not grown at concurrent levels (Fiszbein et al., 2016). Additionally, the number of secondary students who do choose to study a vocational track is a relatively small proportion of all secondary students, especially when compared with rates in higher-income countries (**Chart V**). Disproportionately high levels of enrollment in TVET in countries such as Honduras or Bolivia is due more to idiosyncrasies in the categorization systems than exceptionally high interest in vocational tracks. Despite its lack of popularity, TVET has the potential to offer an attractive alternative to students who plan to enter the labor market directly after secondary school; in Colombia, El Salvador, Mexico, Nicaragua, Panama, Paraguay and Peru, the relative returns to TVET are higher than those for a general secondary degree (Cumsille, 2016; IADB, 2015).

CHART V: % OF SECONDARY STUDENTS ENROLLED IN VOCATIONAL PROGRAMS (2015 OR MOST RECENT AVAILABLE)

Source: UNESCO Institute for Statistics, 2017.



…and completion remains a challenge

A persistent challenge in secondary education throughout the region is supporting students to complete their schooling; dropout rates are astonishingly high in many countries. For example, in 2014, the most recent year for which data is available, 1 in 3 Belizean students dropped out of lower secondary school before receiving a diploma (**Chart VI**). Similarly, in Brazil, Colombia, Costa Rica, Honduras, Panama, Suriname and Venezuela more than 20% of lower secondary students failed to complete their program of study. The dropout challenge continues in upper secondary education. A 2015 report by the World Bank found that a third of all youth in Latin America never even reach the upper secondary education level (roughly equivalent to high school in the US), and of those who do enter, barely half graduate (Bentaouet Kattan & Székely, 2015). This means that in most LAC countries, the current generation—while on track to complete more years of schooling than their parents and grandparents—will still, on average, have less than a complete secondary education.

Repetition rates are very high

Repetition rates throughout the region are also high, meaning that even students who do complete their education are consistently taking longer than anticipated to progress through each educational level, requiring additional resources from families and education ministries and creating challenges like over-age students and crowded classrooms. As **Chart VII** shows, in most countries throughout the region, repetition rates are higher at the secondary level than in primary school. Nevertheless, in some countries, such as Belize, Dominican Republic, El Salvador, Guatemala, Jamaica, Nicaragua,

CHART VI: CUMULATIVE DROPOUT RATE, LOWER SECONDARY (2014 OR MOST RECENT AVAILABLE)

Source: UNESCO Institute for Statistics, 2017.

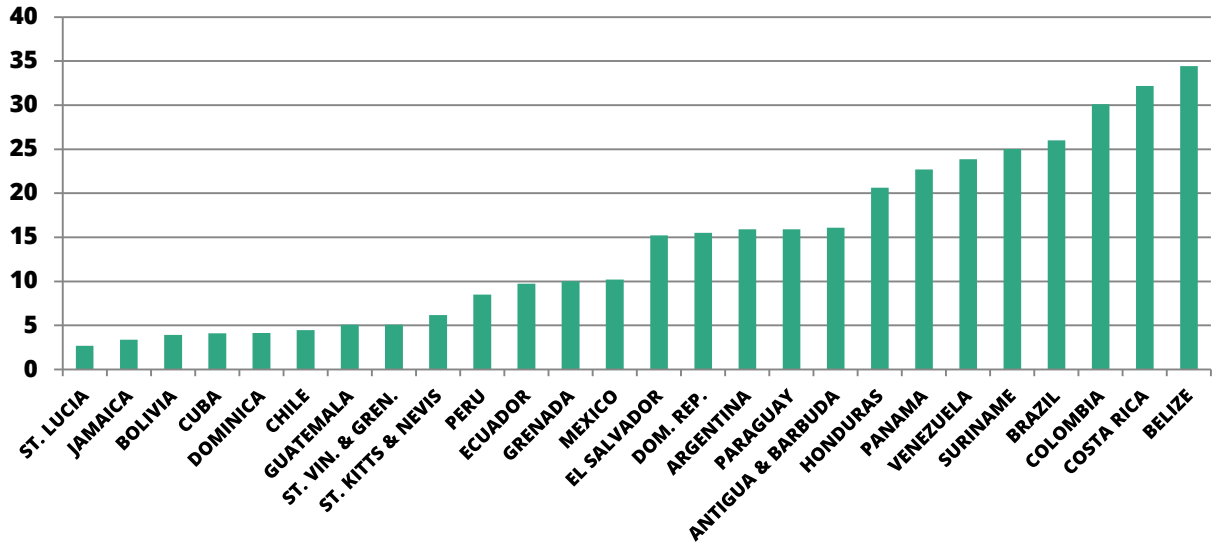
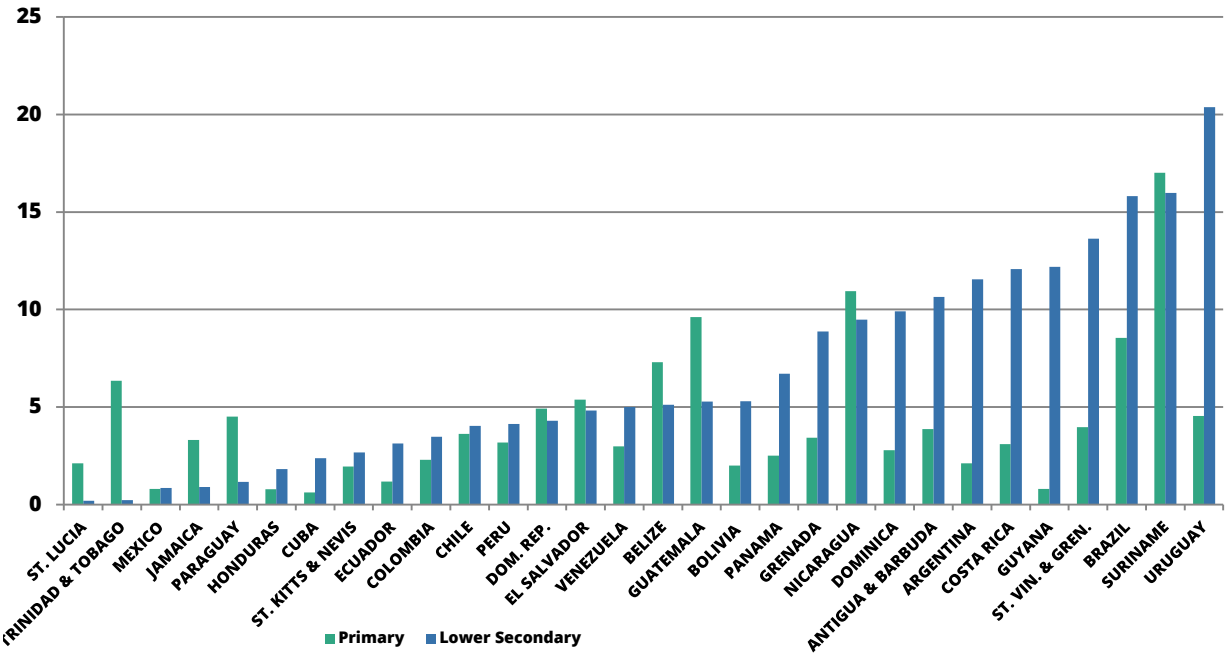


CHART VII: REPETITION RATES, PRIMARY AND LOWER SECONDARY (2014 OR MOST RECENT AVAILABLE)

Source: UNESCO Institute for Statistics, 2017.



Paraguay, St. Lucia, Suriname and Trinidad and Tobago, repetition rates in primary school supersede those in secondary. These countries, with the exception of St. Lucia, all have secondary enrollment rates below the regional average, which may indicate that since fewer students enroll in secondary education, those that do tend to be more committed and/or from families with higher incomes and greater resources. Furthermore, eight countries in the region have repetition rates above 10% in lower secondary, and Brazil, Suriname and Uruguay all have rates above 15%, meaning almost one out of every six children repeats a grade each year. Even more alarming, in Haiti, the average student can be as many as four or five years older than the proscribed age for a grade and does not complete primary school until he or she is almost sixteen years old (World Bank, 2014).

Primary education learning levels are low

The Third Regional Comparative and Explanatory Study (TERCE, by its Spanish acronym) is a regional assessment administered in 2013 by UNESCO's Latin American Laboratory for Assessment of the Quality of Education (LLECE, by its Spanish acronym) in 15 countries in Latin America. TERCE provides ample evidence that student academic performance is significantly below established standards in language, math and science at the primary education level (**Chart VIII**). Results have improved since an earlier study (SERCE) administered in 2006. However, the remaining gaps are extremely serious. For example, no more than 13.7% of students region-wide performed in the top achievement band in any subject area, and in math and science in particular almost half of all students scored in the lowest achievement band. Even in countries that performed relatively well on the assessment—such as Chile and Uruguay—there were still concerning trends showing large gaps between high- and low-achieving students and too few students performing at adequate levels. For example, on the third grade math test, no country had less than 15% of students performing at the lowest level, and in several countries, including the Dominican Republic, Guatemala, Honduras, Nicaragua, Panama and Paraguay, more than half of students scored at level one or below (UNESCO, 2016).

On the same TERCE exam, third grade students in the Dominican Republic, Ecuador, Guatemala, Honduras, Nicaragua, Panama and Paraguay all performed below the regional average in reading (**Table I**). Even more concerning, in most of these low-scoring countries, a plurality—and in some cases a majority—of students scored in the lowest achievement band, meaning that they can only identify key information when it is explicitly and repeatedly stated in a highlighted part of the text and separate from other information (UNESCO, 2016).

Two other international assessments, the Trends in International Mathematics and Science Study (TIMSS), which assesses students in grades 4 and 8, and the Progress in International Reading Literacy Study (PIRLS), which assesses students in grade 4, show similar trends in terms of student achievement in LAC, although participation rates in the region generally are much lower. For example, on the 2016 PIRLS test, only two countries from LAC—Chile and Trinidad and Tobago—participated, and students from both countries scored below the international average and barely achieved the "intermediate" benchmark. Moreover, these are two of the wealthiest countries in the region with the strongest education outcomes, indicating that many other countries in the region would most likely achieve even lower scores (IEA, 2016).

CHART VIII: LEVELS OF "LOW" PERFORMANCE ON TERCE EXAM IN LATIN AMERICA, 2013

Source: UNESCO, 2016.016

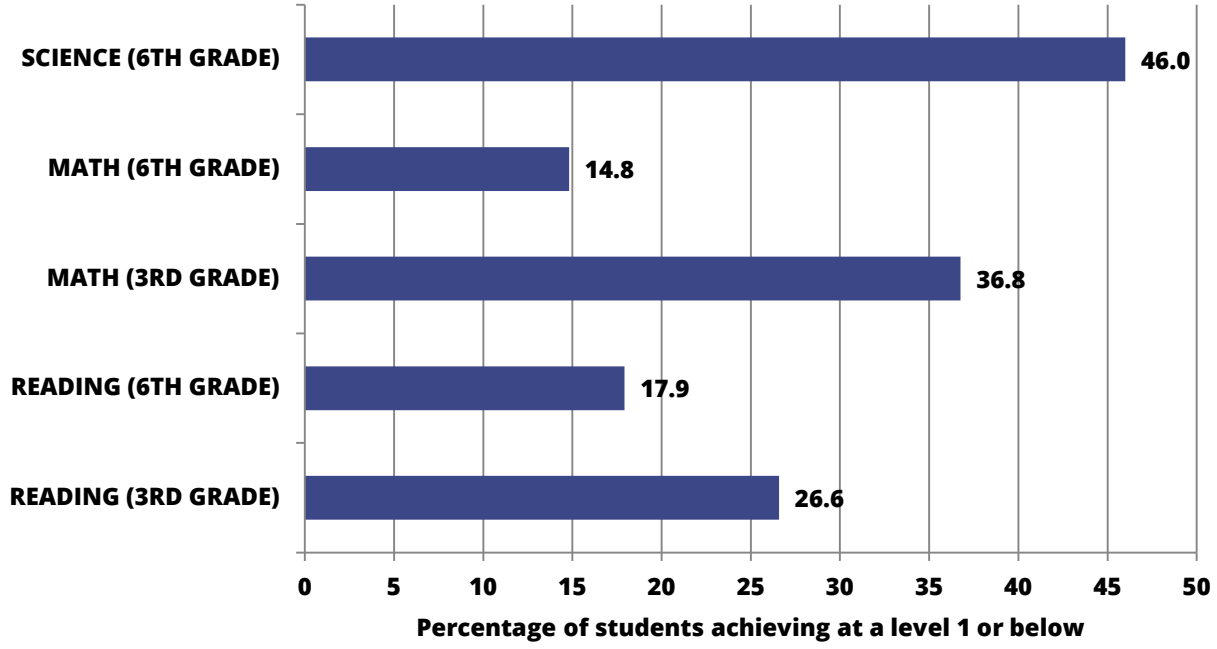


TABLE I: COUNTRY RANKINGS OF THIRD GRADE READING SCORES, TERCE
Source: UNESCO, 2016.

RANKING	COUNTRY	AVERAGE SCORE	% of students scoring in the lowest achievement band
1	Chile	802	10.0%
2	Costa Rica	754	17.6%
3	Uruguay	733	28.6%
4	Peru	719	32.4%
5	Mexico	718	33.1%
6	Colombia	714	32.2%
7	Brazil	712	33.7%
8	Argentina	703	38.5%
9	Ecuador	698	38.1%
10	Honduras	681	45.7%
11	Guatemala	678	46.1%
12	Panama	670	48.9%
13	Nicaragua	654	56.2%
14	Paraguay	653	54.7%
15	Dominican Republic	614	74.1%
Average	**-**	**700**	**39.5%**

Learning levels are also low at the secondary level

Ten countries in LAC—Argentina, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Mexico, Peru, Trinidad and Tobago and Uruguay—participated in the most recent PISA assessment, conducted in 2015.[9] The PISA exam, unlike UNESCO's regional assessments run by LLECE, allows for comparisons between countries in LAC and the rest of the world. All participating LAC countries posted results below the international average in each subject area assessed—Math, Reading and Science (**Table II**). No country in the region scored above average in any subject area. Meanwhile, the Dominican Republic and Peru consistently placed in the ten lowest-performing countries across all subject areas (OECD, 2016).

In the English-speaking Caribbean, the Caribbean Examinations Council administers the exam for the Caribbean Secondary Education Certificate (CSEC), required for secondary school completion and entrance into regional higher education programs. Scores on this exam show that Caribbean students are also not learning at adequate levels. On the 2016 math assessment, almost 60% of students did not attain the minimum score necessary for higher education, and 36% of students showed "limited" or "very limited" understanding of key concepts—below the recommended level for even entry-level post-secondary employment (CXC, 2016). Likewise, on the English exam, 38% of students failed to attain the minimum satisfactory score. Across all subject areas, an average of 34% of students in the English-speaking Caribbean failed to achieve a satisfactory score on the CSEC exams.

Inequality in learning levels is pervasive

Socioeconomic status still plays a heavy role in determining the educational opportunities and outcomes of students in LAC. This, unfortunately, means that not all children in the region have equal access to quality schooling, and poor and vulnerable students face additional challenges if they are to measurably change their social and economic prospects through schooling. For example, on the 2012 PISA examination, the economic, social and cultural status of students and schools played a larger role in explaining math performance among LAC countries than in other regions of the world, indicating not

TABLE II: COUNTRY RANKINGS ON 2015 PISA EXAM, LANGUAGE, MATH AND SCIENCE

Source: OECD, 2016.

RANKING	LANGUAGE	MATHEMATICS	SCIENCE
1	Singapore	Singapore	Singapore
2	Hong Kong (China)	Hong Kong (China)	Japan
3	Canada	Macao (China)	Estonia
4	Finland	Chinese Taipei	Chinese Taipei
5	Ireland	Japan	Finland
6	Estonia	B-S-J-G (China)	Macao (China)
7	South Korea	South Korea	Canada
8	Japan	Switzerland	Vietnam
9	Norway	Estonia	Hong Kong (China)
10	New Zealand	Canada	B-S-J-G (China)
11	Germany	Holland	South Korea
12	Macao (China)	Denmark	New Zealand
13	Poland	Finland	Slovenia
14	Slovenia	Slovenia	Australia
15	Netherlands	Belgium	United Kingdom
16	Australia	Germany	Germany
17	Sweden	Poland	Netherlands
18	Denmark	Ireland	Switzerland
19	France	Norway	Ireland
20	Belgium	Austria	Belgium
21	Portugal	New Zealand	Denmark
22	United Kingdom	Vietnam	Poland
23	Chinese Taipei	Russia	Portugal
24	United States	Sweden	Norway
25	Spain	Australia	United States
26	Russia	France	Austria
27	B-S-J-G (China)	United Kingdom	France
28	International Average (OECD)	Czech Republic	Sweden
29	Switzerland	Portugal	International Average (OECD)
30	Latvia	International Average (OECD)	Czech Republic
31	Czech Republic	Italy	Spain
32	Croatia	Iceland	Latvia
33	Vietnam	Spain	Russia
34	Austria	Luxembourg	Luxembourg
35	Italy	Latvia	Italy
36	Iceland	Malta	Hungary
37	Luxembourg	Lithuania	Lituania
38	Israel	Hungary	Croatia
39	CABA (Argentina)	Slovak Republic	CABA (Argentina)
40	Lithuania	Israel	Iceland
41	Hungary	United States	Israel
42	Greece	Croatia	Malta
43	Chile	Kazakhstan	Slovak Republic
44	Slovak Republic	CABA (Argentina)	Kazakhstan
45	Malta	Greece	Greece
46	Cyprus	Malaysia	Chile
47	Uruguay	Romania	Bulgaria
48	Romania	Bulgaria	Malaysia
49	United Arab Emirates	Cyprus	United Arab Emirates
50	Bulgaria	United Arab Emirates	Uruguay
51	Malaysia	Chile	Romania
52	Turkey	Turkey	Cyprus
53	Costa Rica	Moldova	Argentina
54	Trinidad and Tobago	Uruguay	Moldova
55	Kazakhstan	Montenegro	Albania
56	Montenegro	Trinidad and Tobago	Turkey
57	Argentina	Thailand	Trinidad and Tobago
58	Colombia	Albania	Thailand
59	Mexico	Argentina	Costa Rica
60	Moldova	Mexico	Qatar
61	Thailand	Georgia	Colombia
62	Jordan	Qatar	Mexico
63	Brazil	Costa Rica	Montenegro
64	Albania	Lebanon	Georgia
65	Qatar	Colombia	Jordan
66	Georgia	Peru	Indonesia
67	Peru	Indonesia	Brazil
68	Indonesia	Jordan	Peru
69	Tunisia	Brazil	Lebanon
70	Dominican Republic	Macedonia	Tunisia
71	Macedonia	Tunisia	Macedonia
72	Algeria	Kosovo	Kosovo
73	Kosovo	Algeria	Algeria
74	Lebanon	Dominican Republic	Dominican Republic

only that a student's socioeconomic background plays a large role in determining their educational performance, but also that this challenge is particularly pronounced in LAC countries (OECD/ECLAC/CAF, 2016). Only in Colombia and Mexico was the influence of students' socioeconomic background lower than the OECD average. In comparison, in high-performing countries, such as Finland, South Korea and the Macao and Hong Kong Special Administrative Regions in China, socioeconomic and cultural factors played a lower than average role in predicting student performance (OECD/ECLAC/CAF, 2016).

Indeed, some of the greatest inequalities in LAC are within countries rather than among them. For example, on the 2015 PISA exam, students from the lowest socioeconomic quintile in LAC achieved average scores the equivalent of 2.5 school years behind their wealthier peers in Science, Mathematics and Languages (Bos et al., 2016b). Similarly, on the TERCE evaluation in 2014, students from wealthier families were more likely to receive higher scores (**Chart IX**). In Chile, which has the smallest gap between the percentage of students in the first and fifth income quintiles scoring in the lowest achievement band on the sixth grade mathematics test, the poorest students were still more than two times as likely to score in the lowest band. In other countries, such as Ecuador, Honduras, Mexico and Peru, the percentage of poor students scoring in the lowest achievement band was seven, eight or even eleven times the percentage of students from the wealthiest quintile (UNESCO, 2016).

Fast expansion in access to higher education

In higher education, there has been a huge increase in demand since the turn of the millennium, but quality and efficiency rates have not kept pace. Since 2000, the regional average gross enrollment rate has grown 20 percentage points, from 24.4% to 44.3% in 2015—a more rapid growth rate than in almost any other region in the world (Ferreyra, Avitabile, Botero Álvarez, Haimovich Paz & Urzúa, 2017). In particular, higher education has boomed in Brazil, Chile, Colombia and Venezuela, with enrollment rates in each country growing over 30 percentage points in the past decade and a half (**Chart X**).[10] This rapid increase is not surprising, however, given the concomitant growth in completion rates for secondary education (Fiszbein, Cosentino & Cumsille, 2016). Indeed, 78% of the increase in enrollment rates in higher education in LAC can be attributed to increased graduation rates in secondary education, rather than increased entry rates among secondary graduates (Ferreyra et al., 2017). Most new higher education students are adolescents who a few decades ago likely would not have even graduated from secondary school, rather than students who would have completed secondary education but failed to enroll in higher education.

CHART IX: % OF STUDENTS IN LOWEST ACHIEVEMENT LEVEL BY SOCIOECONOMIC STATUS, 6TH GRADE READING, TERCE

Source: World Development Report, 2018.

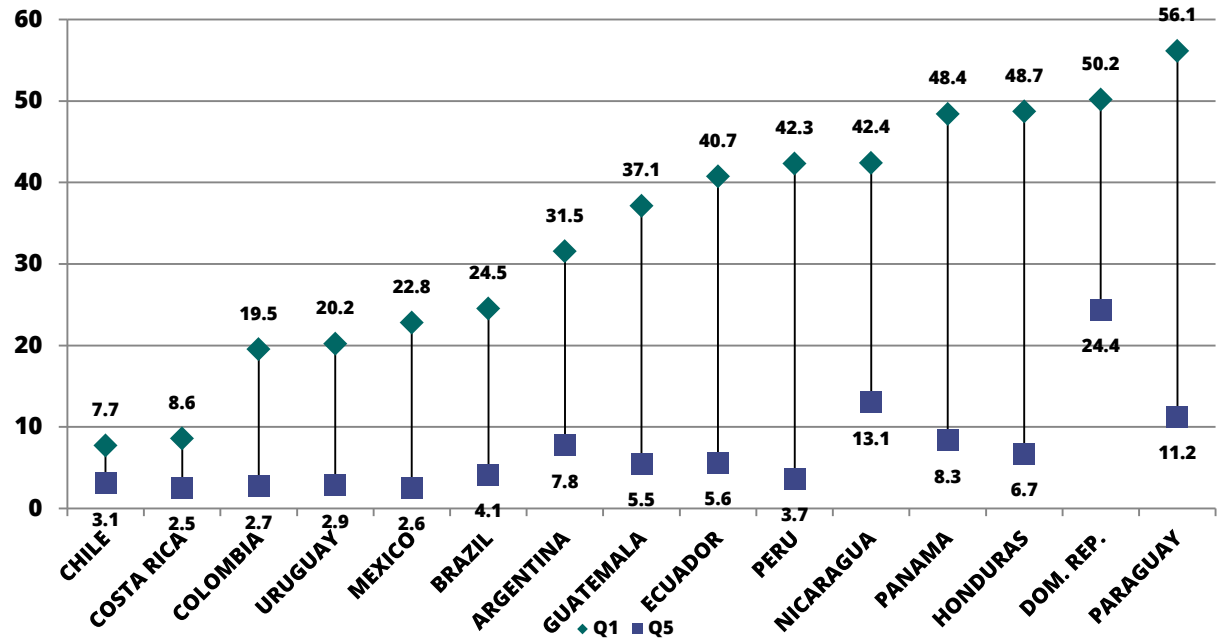
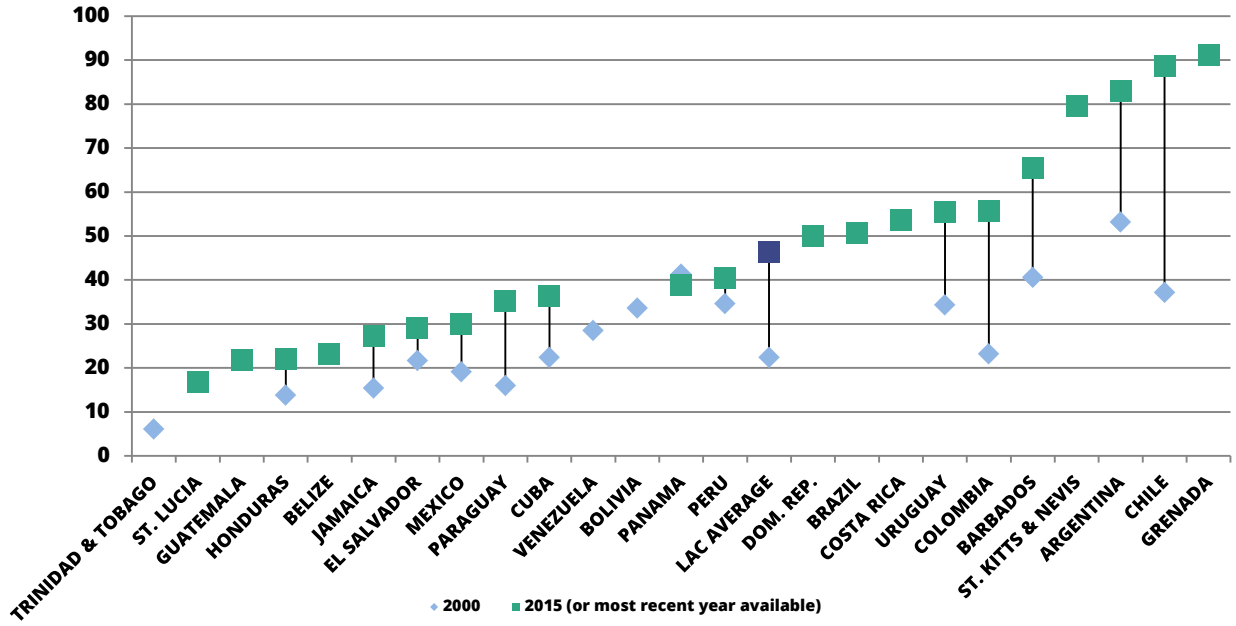


CHART X: HIGHER EDUCATION GROSS ENROLLMENT RATE, 2000-PRESENT

Source: UNESCO Institute for Statistics, 2017.



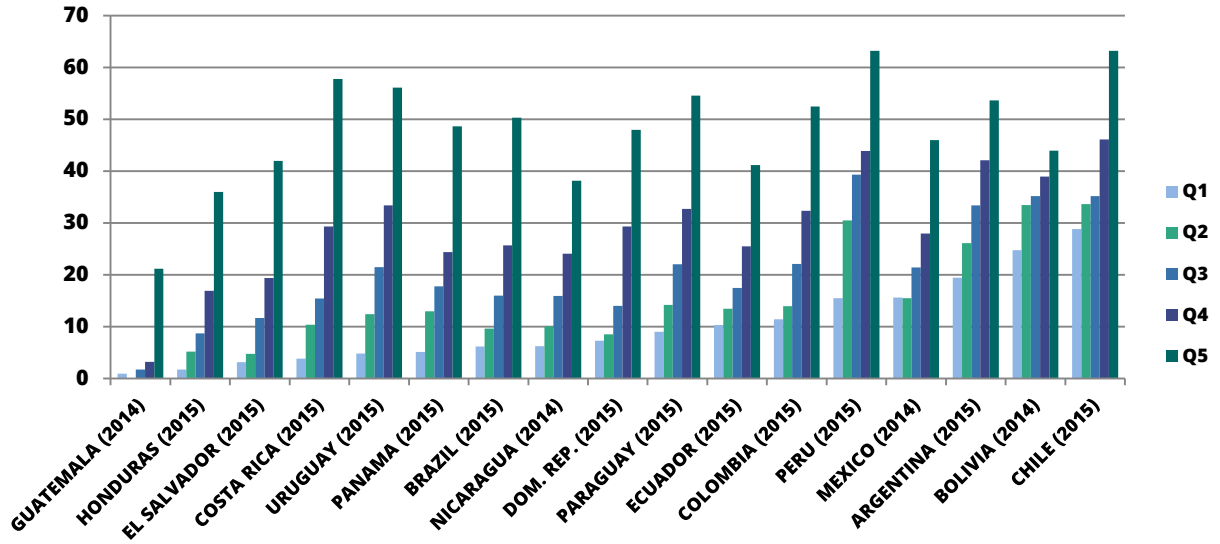
Inequality is also a key feature in higher education

Enrollment levels in higher education are highly varied across countries and in some places—especially in the Caribbean and Central America—gross enrollment rates are still below 30% (UIS, 2017). The ability of governments in several of those countries to expand access through public funding is limited. Most public universities in Latin America are currently tuition-free, leaving the financial burden of higher education to the government. As the higher education market continues to grow, if countries keep supporting the sector at current levels, the costs will quickly become unsustainable (financial commitments are further discussed in **chapter III**).

Access to higher education is also highly unequal within countries, and enrollment rates vary sharply by income level (**Chart XI**). For example, in Guatemala and Honduras, students in the top income quintile are twenty times more

CHART XI: TERTIARY NET ENROLLMENT RATES BY INCOME QUINTILE

Source: CEDLAC (CEDLAS and The World Bank), 2017.



likely to enroll in higher education than students from the poorest income quintile. Even in countries with a more equal distribution, such as Argentina, Chile and Mexico, students from the wealthiest income quintile are still more than twice as likely to enroll in higher education. The rapid increase in enrollment levels over the past decade and a half belies more complex inequalities related to socioeconomic status and access to opportunities.

Higher education is also highly inefficient

In over a dozen countries in LAC more than 40% of students who enroll in higher education do not complete a degree (Fiszbein et al., 2016). In fact, almost 65% of students who drop out do so after spending two years in the system, and almost 20% do so after spending six or more years pursuing a degree (Ferreyra et al., 2017). Compounding this inefficiency is the fact that completing a bachelor's degree takes longer (5-6 years) for most universities in LAC than in other areas of the world (4 years), and students who do enroll and successfully complete a degree often take longer than the stipulated time (Ferreyra et al., 2017).

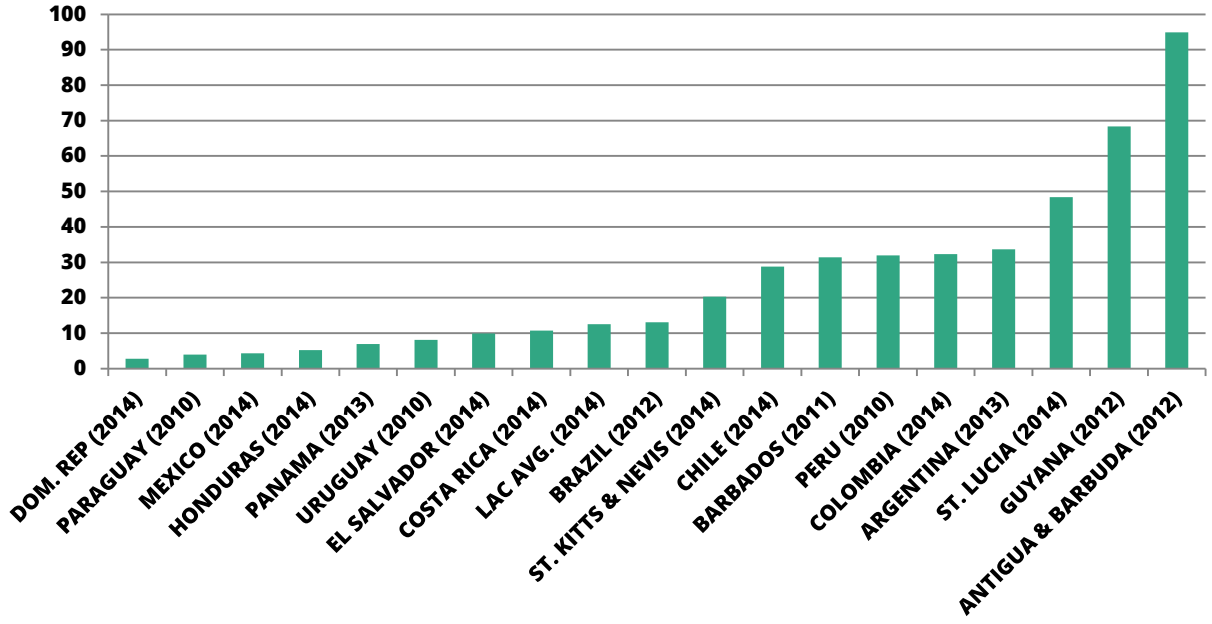
In the LAC region, there are fewer options for short-term degree programs (2-3 years), particularly in countries where students might benefit most. Although these programs have seen growing enrollment rates over the past decade in LAC, particularly from students who come from low-income backgrounds, they only account for about one-fifth of all higher education students in the region, compared with one-third in OECD countries. The exception to these low enrollment rates is several small Caribbean countries (and Antigua and Barbuda, Guyana and St. Lucia) which have limited or no university options (**Chart XII**).[11] Additional constraints include high dropout rates and limited options in terms of fields of study (Ferreyra et al., 2017). Therefore, with the exception of Argentina, Chile and Peru, enrollment rates for bachelors' degrees outpace those of short-duration tertiary programs, despite the fact that not only do short-duration programs take less time to complete, there is also evidence (from Chile and Peru) that returns to short-duration technical programs are close or equal to those of bachelor's degree programs (Ferreyra et al., 2017).

With so few students graduating from higher education relative to how many enroll, students are not benefiting from the additional earning potential of a tertiary degree despite their years in the system, nor is the workforce gaining the type of skilled workers that most firms find most difficult to recruit (Fiszbein et al., 2016).

The education system is not responding to labor market demands

The fundamental result of the educational challenges discussed above—poor quality schooling, inefficient

CHART XII: % OF TERTIARY STUDENTS ENROLLED IN SHORT-DURATION DEGREE PROGRAMS
Source: UNESCO Institute for Statistics, 2017.



progression through the system, enrollment gaps and high dropout rates at the secondary and tertiary levels—is a youth population ill-equipped to meet the demands of a 21st century labor market. In a 2017 survey by ManpowerGroup, over 35% of employers in Brazil, Costa Rica, Guatemala, Mexico and Panama reported difficulty filling positions, and in Argentina, Colombia and Peru, over 45% of employers experienced a shortage of qualified workers. In comparison with other regions, employers in LAC experience greater difficulty filling positions, in particular for skilled trades, technicians and sales representatives (ManpowerGroup, 2017). Similarly, a 2010 survey conducted by the World Bank found that countries in LAC—specifically Argentina, Brazil, Guyana, Paraguay and Suriname—made up 50% of the top ten countries where an inadequately trained workforce was a major constraint. The LAC average for the same indicator was the highest of any sub-region in the world and ten percentage points above the world average (World Bank, 2010).

STEM is an area of particular concern in many countries

The challenge of hiring qualified employees that many employers in LAC face is not surprising given the fact that, of those students who do complete secondary school and continue on to higher education, relatively few choose to study growing fields, such as science, technology, engineering or math (STEM) (**Chart XIII**). A 2016 study by the National Science Foundation, which measured the number of science and engineering university-level first degrees granted by field and country, found that there were more countries from LAC in the bottom ten—Brazil, Chile, Costa Rica, Cuba, El Salvador, Honduras and Venezuela—than in the entire top half (Colombia, Guatemala and Mexico) of countries surveyed (National Science Foundation, 2016). Perhaps more alarmingly, many of these skills gaps are found in the region's largest economies: Argentina, Brazil and Chile. Despite strong job opportunities and rapid economic growth in engineering, technology and scientific markets, LAC countries are not producing the graduates necessary to meet these demands and become truly competitive in the global marketplace (Fiszbein et al., 2016).

The case of engineering is particularly complex and challenging. While a higher percentage of students in Latin America study engineering than in the USA, Canada or the European Union, the annual per capita graduation rate of engineers in LAC is lower than in other countries around the world. For example, in Argentina (1 in 6,700 inhabitants), Brazil (1 in 6,000) and Chile (1 in 4,500), universities graduate fewer engineers per capita annually than in China (1 in 2,000) or Germany and France (1 in 2,300). Even students who do graduate with an engineering degree in Latin America often choose to pursue careers in other fields, such as business or finance. For example, in Brazil, only 38% of graduates with an engineering degree work as engineers (Fiszbein et al., 2016). Although engineering is a popular field of study in Latin America, slow progress through the schooling system and the appeal of other career opportunities have created an apparent shortage of skilled engineers.

The Ninis and the challenge of school-to-work transition

A consistent and persistent challenge found in almost all countries in LAC is the relatively high rates of youth unemployment, exacerbated by weak links between schools and employers and, as previously discussed, high dropout rates, especially at the secondary level. As a group, young people who are neither working nor studying are commonly referred to as Ninis (from the Spanish "Ni estudian ni trabajan").[12] Honduras has the highest percentage of Ninis in the region, with over 40% of youth ages 15 to 24 neither studying nor working (**Chart XIV**),[13] a phenomenon which has become more pronounced in recent years. For example, over a decade ago, in 2007, the Honduran Nini rate—although still the highest in the region—was only 26% (World Bank, 2017). Similarly, Costa Rica, Dominican Republic, El Salvador, Panama and Peru

A consistent challenge in LAC is the relatively high rates of youth unemployment, exacerbated by weak links between schools and employers and high dropout rates, especially at the secondary level.

CHART XIII: % OF DEGREES AWARDED, BY STEM FIELD AND COUNTRY/REGION (2012 OR MOST RECENT AVAILABLE)

Source: National Science Foundation, 2016, as cited in Fiszbein et al., 2016.

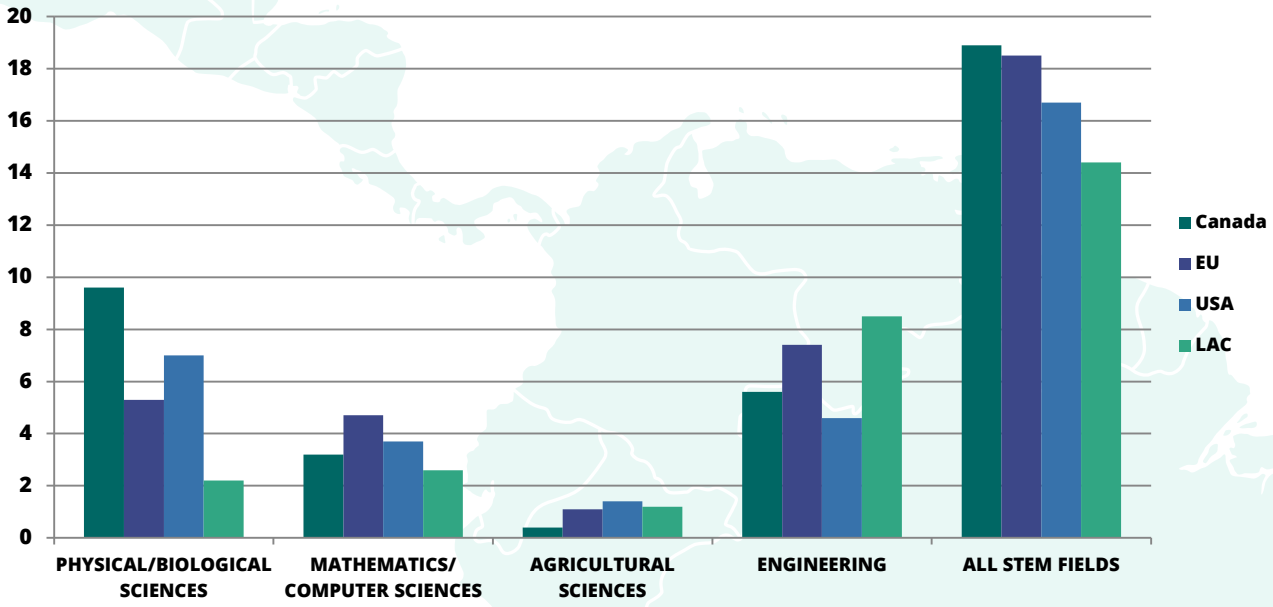
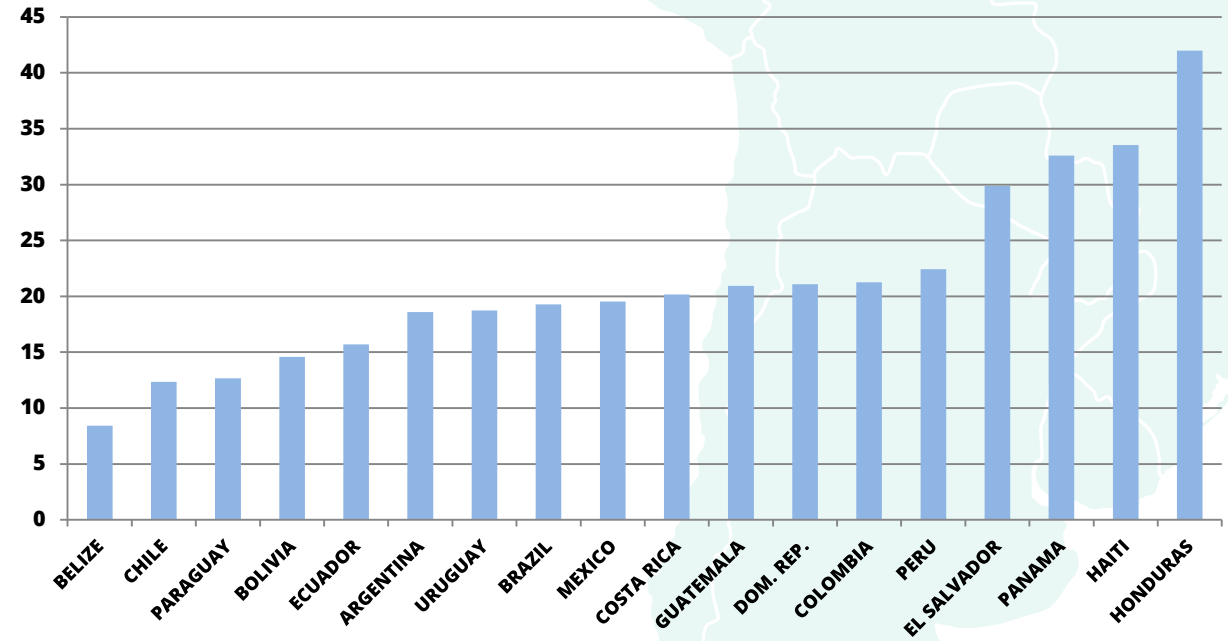


CHART XIV: % NINIS OF TOTAL YOUTH POPULATION (2015 OR MOST RECENT AVAILABLE)

Source: World Bank Databank, 2017, except Haiti, from OECD/ECLAC/CAF, 2017.



have all seen increases in the past decade of several percentage points, while the rate of Ninis in Argentina and Brazil has remained stagnant at close to 20% in each country (ILO, 2013). More concerning, the Nini rate is highest among those in the lowest income quintiles, decreasing as income rises. Across Latin America, youth in the poorest income quintile are three times more likely than those in the wealthiest quintile to be out of school and out of work (ILO, 2013). These severe gaps only deepen and perpetuate existing social tensions and inequalities.

Adding pressure to the need to address the situation of Ninis is the fact that virtually every country in the region currently enjoys a demographic dividend: the proportion of the population of productive age (able to work and contribute to the economy) is relatively high in relation to the proportion of the population either too young or too old to be productive. Within the next ten to fifteen years, however, half of the countries in LAC will lose this competitive advantage as their population ages (**Table III**) (OECD/ECLAC/CAF, 2016).

TABLE III: DURATION OF DEMOGRAPHIC DIVIDEND IN LAC COUNTRIES

Source: OECD/ECLAC/CAF, 2016.

COUNTRY	Demographic Dividend Start Year	Demographic Dividend End Year	DURATION (YEARS)
Barbados	1966	2008	42
Trinidad & Tobago	1967	2012	45
Cuba	1974	2014	40
Chile	1968	2018	50
Costa Rica	1964	2021	57
Antigua & Barbuda	1960	2021	61
Uruguay	1992	2022	30
St. Vincent & the Grenadines	1970	2022	52
Jamaica	1975	2023	48
St. Lucia	1970	2024	54
Suriname	1970	2025	55
Brazil	1966	2025	59
Colombia	1967	2026	59
LAC Average	1968	2027	59
Panama	1968	2029	61
Mexico	1972	2033	61
Argentina	1992	2038	46
Peru	1968	2038	70
Nicaragua	1971	2039	68
Grenada	1970	2042	72
Venezuela	1967	2042	75
El Salvador	1969	2043	74
Ecuador	1969	2043	74
Honduras	1972	2044	72
Haiti	1994	2046	52
Dominican Republic	1968	2046	78
Paraguay	1965	2046	81
Belize	1975	2050	75
Bolivia	1968	2052	84
Guyana	1970	2055	85
Guatemala	1987	2056	69

THE CHALLENGES TO EDUCATION POLICY IN LATIN AMERICA AND THE CARIBBEAN

Coming out of a period of significant expansion, education systems in LAC experience challenges in terms of expanding equitable access, addressing the significant inefficiency problems experienced by a majority of countries and improving the quality and relevance of what is being taught in schools and higher education institutions.

In many cases, country capacity to implement the policies and programs required to address these issues is its own challenge. Capacity is both the result of a country's overall level of development and the commitment of its government and society to achieve education goals—factors that are often hard to disentangle.

The challenges associated with implementing education policies and programs can be analyzed at three levels. First, the existence or lack of a strategic vision or plan that guides decision-making at the system level provides an indicator of whether policies and programs operate in a stable long-term environment or respond to short-term political and bureaucratic imperatives. Second, implementing a strategic vision or plan requires management and institutional capacities. One essential capacity is the presence of a well-developed and consistently implemented assessment system to measure learning outcomes, monitor the effectiveness of policies and identify areas for continued improvement. Third, achieving the objectives laid out in the strategic vision or plan depends on the availability of a substantial and responsibly administered financial commitment to the education sector on the part of the government.

This section examines these three factors, considering region-wide trends, as well as the strengths and weaknesses of particular countries. It then proceeds to classify countries in terms of the education outcomes (discussed in **chapter II**), policy environment and other challenges they face (state fragility, climate vulnerability and the prevalence of crime and violence, all of which can directly impact the education sector). These factors offer a typology of countries useful to identify investment priorities.

Many countries recognize the importance of education policy planning

Globally, there has been an increasing recognition in recent years of the importance of strategic planning within education systems, specifically through the creation of national education sector plans. In order to be truly effective, these policy planning documents require both solid grounding in a long-term vision for the education sector, as well as technical substance and political continuity across administrations. The first part of this formula, the strategic vision, requires countries to think long-term and identify key bottlenecks and strategic areas for growth. Rather than simply "improve," or try to increase all output measures across the board, a strategic vision calls for long-term investments in high priority areas, based on the hypothesis that these will lead to the greatest growth. The second aspect, technical substance, requires the technical know-how to translate the long-term, big-picture vision into specific action steps and measurable outcomes. If this element is missing, then no matter how compelling or sound the vision, it will be impossible to execute and measure progress towards its goals. The final aspect, political continuity, is required for long-term education policy and planning to achieve a sustained impact. Each administration must be willing to continue well-founded core strategies and goals set by previous administrations, regardless of their disagreement on other political issues. The de-politicization of education policy in LAC should follow the course of other sectors in LAC, like health and public finance, which tend to prioritize research and technical expertise over political expediency.

Throughout LAC, the majority of countries have now established national education strategies or plans as a tool for articulating their vision for the education sector; creating a clear set of priorities; and developing measurable, quantifiable goals to track progress towards those goals (see **Appendix A** for a list of countries with formalized education sector plans). Although the strategy documents can take a wide range of forms and cover almost every conceivable aspect of the education system, the strongest examples are generally characterized by three key factors: (i) a timeline that extends across

multiple administrations, ensuring that policies and priorities are not susceptible to the shifting promises of political regimes; (ii) a set of specific goals and indicators, along with a plan for measuring progress towards these objectives, and key benchmarks to gauge progress towards long-term goals; and (iii) legal standing, which guarantees awareness of and support for education goals across all branches of government, as well as the resources and political support necessary for implementing the policy objectives detailed in the sector strategy (UNESCO, 2015).

Only some countries have developed long-term plans with a strong vision and technical foundation

Currently six countries in LAC—Brazil, Colombia, the Dominican Republic, Ecuador, Jamaica and Paraguay—have national education plans with durations of longer than four or five years and that extend beyond the mandate of a single administration.[14] Although this does not guarantee a stronger plan, it does indicate a push towards developing more technical plans, separate from the political goals of a particular administration. Several other countries had previously established a long-term strategy for the education sector that has expired without a new one in place. For example, Barbados and Grenada had plans that expired in 2012 and 2015, respectively. Of the countries with current long-term sector plans, Brazil and Colombia are the strongest examples. Their plans provide a long-term vision with clear and specific indicators, including baseline, benchmark and goal measurements; a plan for collecting data to monitor progress; and formal endorsement from the legislature for the plan to ensure that it can be fully implemented.

In Brazil, a group of private foundations, civil society organizations and multi-lateral agencies have created the Observatory of the National Education Plan (Observatório do Plan Nacional de Educação in Portuguese), which tracks progress towards each of the ten-year plan's twenty goals as a way to hold federal, state and local governments accountable (Observatório do PNE, 2013). This level of shared accountability is unusual among countries in LAC. For example, Antigua and Barbuda does not make its five-year sector plan publicly available online. Belize's plan expired in 2016, and the web link to the plan is defunct. Without public accountability and pressure from civil society, countries have less motivation to commit to making real improvements.

In some countries, such as Costa Rica, Guatemala and Mexico, each new administration prepares its own national education plan. While this system ensures that a formalized sector strategy is always in place, it hinders the ability of ministries to develop long-term solutions to complex challenges. Additionally, it means that education policy planning remains a primarily political activity, rather than one informed by long-term strategic thinking and clear vision based on technical expertise.

Throughout the region, weak education sector strategies are marked by the lack of a clear, unifying vision, no official endorsement from the legislature and an ineffective monitoring and evaluation plan.

Chile and Uruguay present two somewhat unique cases. While neither country has a sector-wide strategic plan for education, both countries have produced some of the strongest outcomes in the region and operate within strong policy environments. Both education systems have developed multiple strategic planning documents for different sub-sectors of the educational system, such as the Strategic Plan for Educational Infrastructure 2012-2018 in Chile and the National Reading Plan in Uruguay. At a national level, both countries have established national development plans which account for the role the education sector must play in promoting growth and development across all sectors. Therefore, although they do not have education sector plans per se, there is still a strong policy environment and a well-developed capacity for implementing effective education programs through sub-sector plans and unifying government development plans. In Chile, a National Education Council with civil society and academic participation provides long-term guidance and continuity to national policies.

Throughout the region, weak education sector strategies are marked by the lack of a clear, unifying vision, no official

endorsement from the legislature and an ineffective monitoring and evaluation plan. For example, in El Salvador, although there are nine strategic axes outlined in the national education plan, the document contains no information regarding indicators, targets or how to determine progress towards these goals. Similarly, in Guatemala, although there are baseline and goal indicators, there is no clear strategy for ensuring these goals are met, gauging progress or success, or determining who is responsible for doing so throughout the lifetime of the plan. In these two countries, along with several others, the plans also lack formal endorsement from the legislature, at the cabinet level or by the president. In countries such as Bolivia or Dominica, where there is no currently valid sector plan, it is difficult to argue that there is a clear vision for how challenges should be confronted and reforms implemented.

Measuring student learning is an essential component of any successful education system, since it ensures that the system is meeting its most fundamental obligation—educating students.

The development of national assessment systems is an indicator of increasing management capacity

One way to gauge a country's management capacity in the education sector is to assess its ability to systematically measure student learning and use the information for effective and informed decision-making. Measuring student learning is an essential component of any successful education system, since it ensures that the system is meeting its most fundamental obligation—educating students. By painting a clear picture of what students do and don't know, how this is linked to factors such as socioeconomic status and indigenous identity and generating political pressure to make changes and improve results, national assessments can play a key role in strengthening country capacity to effectively design and implement policy.

In LAC, significant progress has been made towards improving national assessment systems throughout the region, often with support and direction from multi- and bilateral agencies (Ferrer & Fiszbein, 2015). Also, as discussed in the previous section, almost all countries in the region participate in some form of regional or international assessment system, a further indication of the growing emphasis countries in the region are giving to this important topic (see **Appendix B** for a complete list of country participation in international, regional and national standardized testing).

Across the region, all countries except for Bolivia,[15] Grenada, St. Kitts and Nevis, Suriname and Venezuela[16] have some form of national assessment system that calls for regularly scheduled learning assessments to be administered in certain subjects to certain grades. In the case of the English-speaking Caribbean countries, many of which have only a few thousand students in each grade level, all participate in the assessment regime of the Caribbean Examination Council (OECS, 2016).[17] The Caribbean Examination Council has developed exit exams for the primary and secondary levels (both general and technical/vocational), which in many countries are both a grade promotion requirement and can determine placement for subsequent schooling. Nevertheless, key institutional weaknesses prevent the effective implementation and comparability of learning assessment systems across the small yet heterogeneous sub-region.

Institutional protections and stability are important for ensuring a strong assessment environment. For example, many LAC countries, such as Brazil, Colombia, Mexico and Uruguay, have established independent, semi-autonomous agencies for designing, administering and analyzing large-scale assessments and their results (Ferrer & Fiszbein, 2015). In contrast, although Paraguay has conducted seven national sample-based assessments since 1996, there is no national policy document on learning evaluations, and any national assessment is subject to funding availability, leading to irregular testing schedules and poor policy planning (OECD, 2015). Similarly, Panama lacks an institutionalized system for designing, scheduling and administering learning assessments, which has led to inconsistent evaluations dependent on political priorities (OECD, 2017).

But there are clear weaknesses that show the limitations of that management capacity

Although there has undoubtedly been progress in assessing student learning outcomes at the national level across LAC, there is still much work to be done in ensuring that test results are shared widely and used effectively, both for policy-making and to direct pedagogy. Some countries, such as Guyana, Paraguay, St. Lucia and Trinidad and Tobago, do not publish or release any sort of comprehensive score report on student outcomes on national tests. Countries that do share data often do so via online platforms that are difficult to navigate, unintuitive and incomplete (Ferrer & Fiszbein, 2015).

Throughout the region, the general trend most countries have settled into is to conduct large-scale—either censual or nationally-representative—exams at least once in the primary grades and again in the secondary grades. There are still several countries in the region, however, that only test at one point in a child's schooling, often at an age when many children have already left the educational system. For example, in El Salvador, the Prueba de Aprendizaje y Aptitudes para Egresados de Educación Media (PAES) has been administered every year since 1997 to secondary graduates, and scores are shared publicly in a ministry report. However, given that only 30% of the entire Salvadoran population completes upper secondary education, the results do not provide information on the vast majority of students. Additionally, there is no regular assessment conducted at the primary level—at a time when most children *are* still attending school—to identify and remedy early gaps.

A key challenge for systems that do have regular tests is to create efficient, effective and user-friendly systems for sharing the vast amounts of data collected on student learning in the region to be able to identify pain points, build and sustain political and social pressure and ensure the creation of more effective public policies.

Government spending on education has increased to record levels

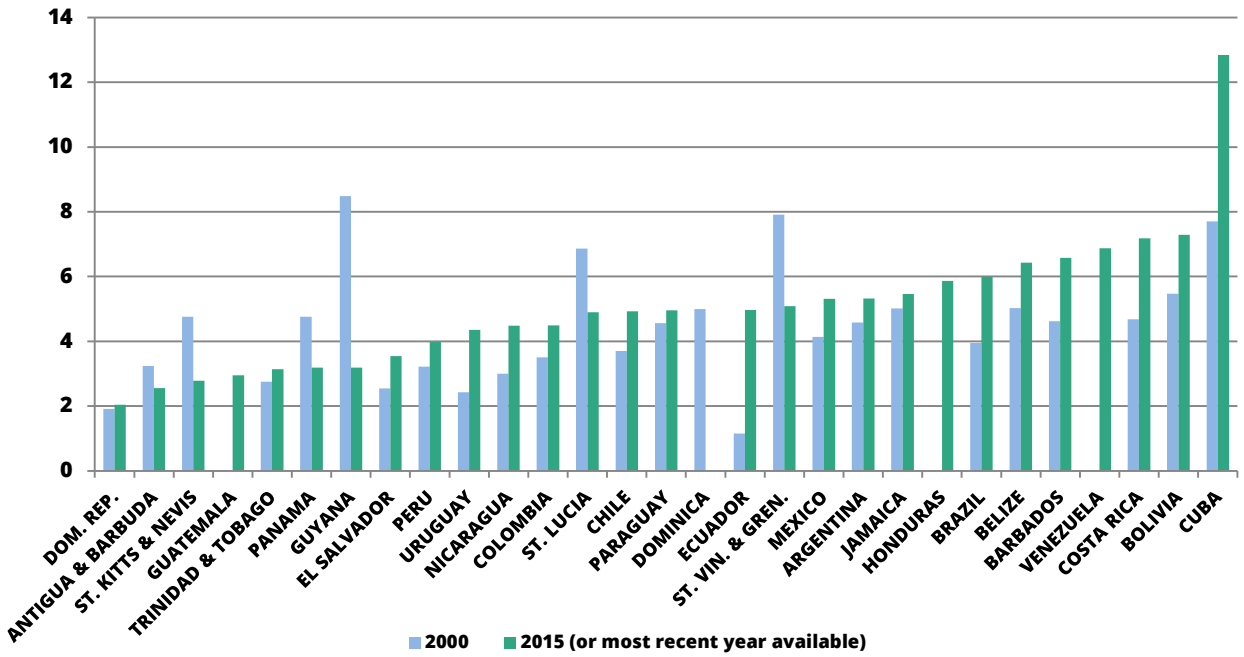
A significant measure of any government's commitment to education is the amount of money it dedicates to that sector. In this regard, there has undoubtedly been progress in LAC in recent years. Since 2000, all but five countries in the region—Antigua and Barbuda, Guyana, Panama, St. Kitts and Nevis and St. Vincent and the Grenadines—have increased the percentage of their GDP dedicated to education (see **Chart XV**). Furthermore, most countries in LAC actually dedicate a larger percentage of their GDP to education than many wealthier countries. For example, the OECD average is 4.8% of GDP spent by the government on education, a figure surpassed by seventeen of the twenty-nine countries in LAC for which data is available (OECD, 2018). Whereas in 2000, only six countries in the region spent more than 5% of GDP on public education expenditures, by 2015 there were thirteen countries in that category. Notably, Brazil, Costa Rica, Cuba and Ecuador all increased public expenditure on education by more than two percentage points of GDP in the last decade. Across the board, LAC governments have increased the resources they commit to educating students. It should also be noted that several countries in the region have established funding targets for education, publicly committing to spending a certain percentage of their GDP on education. Included in this group are Brazil (10% of GDP), Colombia (7%), Ecuador (minimum 6%), Argentina (6%), Panama (5.8%) and the Dominican Republic (4%) (Commission for Quality Education for All, 2016, p. 156).

In 2000, only six countries in the region spent more than 5% of GDP on public education expenditures, but by 2015 thirteen countries met that benchmark.

Unfortunately, despite this promising commitment to financing education, many countries are crippled by unsustainable funding practices and little fiscal space to further increase spending. For example, some countries spend as much as 90% of their entire education budget on salaries for teachers and administrators, leaving little funding for school supplies, building maintenance or to support innovation and professional development. Additionally, in many national budgets throughout the region, education accounts for a massive percentage of all public spending. For instance, in Belize, Costa Rica, Guatemala and Jamaica, more than 20% of the entire

CHART XV: GOVERNMENT EXPENDITURE ON EDUCATION AS A PERCENTAGE OF GDP

Source: UNESCO Institute for Statistics, 2017.



government budget is dedicated to education. At the other extreme, St. Kitts and Nevis is the only country in the region to dedicate less than 10% of government spending to education. In comparison, OECD countries direct an average of 11.3% of government spending to education, an amount significantly lower than the 16.7% average among countries in LAC. Across the LAC region, there is little room for flexibility or to increase commitments to education investments.

Inefficiency in the use and allocation of resources remains a major issue

High rates of spending are not leading to the expected outcomes. A 2014 analysis of educational spending and outcomes in developing and transitional economies by the IMF determined that, on average, improving efficiency among LAC countries would allow a 23% enrollment increase at the secondary education level. Furthermore, many countries in LAC, including Ecuador, El Salvador, Guatemala, Nicaragua and Paraguay, exhibit higher-than-average levels of spending inefficiency. A separate study estimated that countries in Latin America achieve only 87.6% of the coverage and learning results that would be possible if they increased educational spending efficiency to meet the level set by the most efficient countries globally. The specific causes of this inefficiency vary across countries, but are generally linked to personnel and salaries, the largest spending item on any education budget (Commission for Quality Education for All, 2016).

An additional concern is how money is allocated within the education sector, especially the amount dedicated towards higher education. Although higher education enrollment rates have historically been low in LAC, and only increased three percentage points region-wide in the decade from 1980 to 1990, since the turn of the millennium enrollment in higher education has more than doubled, but spending practices have not adjusted to sustainably meet this increased demand. The Commission for Quality Education for All report determined, for example, that if Honduras continues spending on higher education at current rates, by the time the country reaches 50% gross enrollment—only slightly higher than the current regional average—2.33% of GDP will be devoted to higher education alone, more than the Dominican Republic currently spends on all education levels combined. Projections show that Mexico (2.24% of GDP) and Paraguay (2.09%) would also be spending unsustainably large shares of the countries' financial resources on higher education should enrollment

rates reach 65%, approximately where Venezuela is today, but significantly below Argentina, Chile and Grenada's enrollment rates (Commission for Quality Education for All, 2016). While in some countries addressing the increased demand for higher education will require additional fiscal revenues (particularly to support participation from lower income households), more generally, mixed forms for financing are probably required in a majority of countries.

Education outcomes and capacity challenges together allow for the classification of groups of countries

Any investment strategy or development plan must consider both educational outcomes—the top priorities and gaps in student access and learning—as well as the government's commitment to improving education and its capacity to do so. Based on the information discussed in the preceding sections, the typology presented below (**Diagram I**) groups countries according to their strengths and weaknesses in each of these areas (see **Appendix C** for a more detailed explanation of the methodology used to categorize countries).

In terms of educational outcomes (horizontal axis), countries are categorized as weak, medium or strong based on five indicators: (i) pre-primary net enrollment rate, (ii) lower secondary completion rate, (iii) student performance on international assessments, (iv) percentage of students enrolled in science programs and (v) the percent of firms identifying an inadequately educated workforce as a major constraint. These indicators were selected to measure the most significant challenges to achieving education quality as described in section two and draw from all levels of the education system to present a well-rounded picture of the outputs that any particular country can produce.

Countries are divided into the same three categories (weak, medium and strong) based on their policy environment (vertical axis). In order to measure the commitment and capacity of the government to improve education policy, three variables are considered: (i) the existence of a national education plan/strategy that provides a clear vision for the education sector, translates that vision into measurable indicators and provides and plans for measuring those indicators; (ii) the existence of a solid information and assessment system, including both participation in regional and/or international assessments, as well as the development of a national assessment system that provides for regular, representative assessments of student learning across multiple grade levels and subject areas, the results of which are disaggregated and shared publically; and (iii) government commitment to and capacity for achieving quality education as measured by financial investment relative to GDP.

Countries in the upper left hand corner of the matrix—El Salvador, Guatemala, Haiti, Nicaragua and Suriname—are those experiencing both a weak capacity environment and weak educational outcomes. These are the countries with the most difficult path to improving education quality because they confront challenges on multiple fronts: many students are still not attending school, and those who are in school are not learning at adequate levels. At the same time, these countries' capacity to improve educational outcomes is limited by a lack of vision for the sector, low investment in education and poor understanding of what students are learning and where there are gaps in that learning. Moving diagonally across the matrix towards the lower right-hand corner, countries become increasingly stronger both in terms of their education outcomes and their policy environment. Chile and Uruguay have the strongest combination, indicating that not only are students attending school and learning at higher-than-average levels for the region, but also that the country is committed to quality education has a clear vision of what students must learn and do to be successful and the tools and resources to implement that vision.

Any investment strategy or development plan must consider both educational outcomes—the top priorities and gaps in student access and learning—as well as the government's commitment to improving education and its capacity to do so.

DIAGRAM I: TYPOLOGY OF COUNTRIES

EDUCATION OUTCOMES

POLICY ENVIRONMENT	WEAK	MEDIUM	STRONG
WEAK	EL SALVADOR ✸ GUATEMALA ☁ ✸ HAITI ⚙ ☁ NICARAGUA ☁ SURINAME	ANTIGUA AND BARBUDA BOLIVIA DOMINICA GRENADA ST. KITTS AND NEVIS	
MEDIUM	BELIZE DOMINICAN REPUBLIC HONDURAS ☁ ✸ PARAGUAY ⚙ ✸	ARGENTINA ECUADOR GUYANA PANAMA ST. LUCIA ST. VINCENT AND THE GRENADINES TRINIDAD AND TOBAGO ✸ VENEZUELA ⚙ ✸	BARBADOS JAMAICA ✸
STRONG		BRAZIL ⚙ COLOMBIA COSTA RICA MEXICO ✸ PERU	CHILE ⚙ URUGUAY

LEGEND

☁ = Climate vulnerability (Top 10 of 2016 Global Climate Risk Index, GermanWatch.org)

✸ = High violent crime rate (Rated 5/5 on Global Peace Index)

⚙ = Political instability (Bottom 5 countries for system support, Americas Barometer, LAPOP, 2017)

Policy environment and education outcomes go hand in hand

Several clear patterns emerge from this system of classification. The first is that, unsurprisingly, there is a strong correlation between capacity environment and education outcomes. In other words, a weak policy environment is generally associated with poor outcomes and vice versa. Although some countries have achieved medium outcomes within a weak environment, or strong outcomes in a medium environment, it is notable that no country has achieved strong outcomes in a weak environment, nor does any country with a strong environment have weak outcomes. This suggests a mutually reinforcing relationship between policies, institutions and outcomes, the implications of which will be discussed in **chapters IV and V**.

Central American and some Caribbean countries face the largest hurdles, while South America generally performs better

Taking a geographical view, most Central American countries are clustered around the weak end of the matrix, exhibiting weak outcomes, a weak policy environment or, most commonly, both. Of the countries that make up the "Northern Triangle" (El Salvador, Guatemala and Honduras), only Honduras has a medium policy environment, attributable to a relatively larger percentage of GDP dedicated to education, a national assessment policy that provides for annual testing at multiple grade levels and in various subject areas and a national education policy document that includes specific indicators. South American countries, on the other hand, tend towards the stronger end of the matrix, displaying both more robust outcomes across all levels of education and more developed institutions and policies to improve upon those results. Caribbean countries follow a less predictable route. Haiti, for example, joins Central America in the weakest category, but others, such as Barbados and Jamaica, have quite strong outcomes. Overall, however, Caribbean countries tend to have stronger outcomes than they do policy environments, for which there are two possible explanations: (i) the higher GDP per capita in the Eastern Caribbean than in any other region in the area and/or (ii) the role of the Organization of Eastern Caribbean States (OECS) in developing region-wide assessments and vision.

External factors also play a key role in education outcomes and policy

In addition to the outcomes and capacity environment of a country, there are several additional factors—not directly linked to the education sector—that can have a significant impact on the success or failure of education outcomes and policies. In order to indicate the presence of these factors, we have used a system of symbols to represent three additional considerations: a cloud icon to indicate a propensity for extreme weather events, a star to mark high rates of violent crime and a gear to show high political instability.[18] Extreme weather events can have a detrimental effect on the education system by destroying school infrastructure, interrupting schedules and draining state finances away from educational services. High violent crime (discussed in more detail in the following subsection) can have many negative effects, including preventing students from regularly attending school if they have to travel through unsafe areas. Furthermore, in areas with a strong gang presence, gangs often try to recruit students directly from the classroom. Finally, political instability can lead to the interruption of classes due to protests, frequent strikes from teachers and high turnover rates at the ministry level.

It is clear that factors and forces beyond those directly linked to the education sector still have a considerable effect on education outcomes and policy. Of the five countries with both a weak environment and outcomes, four are confronting external pressures beyond the education sector, and only five out of twenty-three countries with medium or strong education outcomes are facing similar challenges. This adds a layer of complexity when considering how best to develop and implement projects and solutions in the weakest, most unstable countries.

There is a strong correlation between capacity environment and education outcomes.

Violence in particular can have a detrimental effect on education systems and outcomes

A 2018 Ranking by Mexico's Citizens' Council for Public Security and Criminal Justice calculated that, of the 50 most violent cities in the world, 42 are located in Latin America—a staggering testament to the extent to which violence affects the daily lives and decisions of many Latin Americans. These effects can also be detrimental to the education system and students. For example, a recent study showed that one third of Guatemalans reported having kept children home from school because of violence (Raderstorf, Wilson, Zechmeister & Camilleri, 2017). Also, low education levels are highly correlated with being either a victim or a perpetrator of violence and gang activity. A 2016 study found that, in the Americas, "half of all homicides are concentrated in the least-educated quintile of the adult male population" (Paulson, 2016, p. 17, cited in Williams, 2016). High levels of violence also drain resources from the education sector when spending is redirected towards security, penal and policing systems (Williams, 2016).

Examining educational inequality can reveal additional nuances

Although not directly included as an indicator in the typology, educational inequality obviously plays an important role in any country's ability to improve its educational policies and outcomes. Comparing country categorization in the typology with the achievement gap between students from the first and fifth income quintiles on TERCE produces several insights. While it is clear that sometimes the learning gap (or lack thereof) reinforces existing strengths or weaknesses, in other cases it adds a level of nuance that might not be obvious at first glance. For example, in the cases of Chile and Uruguay, which already have some of the strongest educational outcomes and policy environments in the region, the gap between students from high- and low-income backgrounds is relatively small. This creates a virtuous cycle where strong educational outcomes and a robust policy environment reinforce low levels of educational inequality. At the opposite end of the spectrum, Guatemala—a country with a weak performance on both dimensions of the typology—has highly unequal learning results, compounding the existing challenges that the country faces. In some of the middle outcome countries, however, there remain high levels of inequality despite a relatively strong policy environment and outcomes. For example, in Peru, high levels of inequality on TERCE are concerning and an important factor to consider.

One third of Guatemalans have reported keeping children home from school because of violence, and low education levels are highly correlated with being either a victim or a perpetrator of violence and gang activity.

OPPORTUNITIES: THE CURRENT DEVELOPMENT LANDSCAPE AND THE FUTURE OF EDUCATION

Given the recent accomplishments and current challenges confronting national education systems across LAC, and the ways in which educational outcomes and policy environments interact to shape the particular context in which countries operate, what are the implications for foreign aid and future international funding? Virtually every country in LAC receives foreign aid or assistance in some form, whether via bilateral development projects, government loans from multilateral development agencies, or technical assistance grants (see **Table IV**). This external support exerts a significant influence in three ways: (i) by being strategic in focus, these investments can concentrate limited resources in very specific areas and thus carry greater clout; (ii) by leveraging other resources (e.g. private sector funds, either national or international) to increase support for education across the board; and (iii) by providing technical inputs that enhance the capacity to implement policies and programs and, ultimately, influence large-scale outcomes. An analytic examination of recent and current funding trends provides a clear sense of who the key players are in the education field in LAC, where their priorities lie and how their strategies have shifted over time. By overlaying and comparing these trends with the typology developed in the previous section, as well as information and data from a survey of regional experts, a series of patterns emerges based on the education context in each country, the type and amount of assistance it receives and from whom.

Large financial commitments from development banks

The country categories developed in the typology in Section II of this report align with several funding trends from multilateral and bilateral agencies. These patterns help to identify where agencies are investing (i.e. in which countries), how much they are investing and on what (i.e. what educational levels and which priority areas). Across the region, the World Bank and the Inter-American Development Bank (IADB) are by far the largest contributors to educational development funding and credit, both in terms of amount committed and number of countries receiving approvals. From 2014-2016, the IADB averaged approvals of over $1 billion annually to education in the region, although this is a slight decrease from a decade ago, when the average was almost $1.3 billion. Meanwhile, the World Bank has more than doubled its funding approvals for education projects in LAC over the same time period, from an average of $403 million per year ten years ago, to an average of $862 million per year from 2014 to 2016. Although CAF-The Development Bank of Latin America, the third multilateral organization working in LAC, dedicates significantly less to education than its counterparts, it has also substantially increased funding to education in recent years. From 2006-2008, CAF committed an average of $16 million annually to education projects. By 2014-2016, however, that amount had increased almost tenfold to $142 million. The apparent rise is primarily due to the approval of a few larger projects, however, rather than an expansion of CAF's education sector into new countries and/or focus areas.

Smaller, but regionally significant commitments from USAID

In comparison with the multilaterals, USAID has committed a relatively small, albeit consistent, amount of money to education projects in LAC, averaging just less than $70 million annually between 2014 and 2016. Over the past decade, USAID funding to basic and higher education in LAC has fluctuated slightly, from a low of $51.7 million in 2007 to a high of $86.3 million in 2010 (**Chart XVI**).

Within the countries where it has projects—the Dominican Republic, El Salvador, Guatemala, Haiti, Honduras, Nicaragua and Eastern and Southern Caribbean states—USAID is a major player, in several cases contributing at or above the level of much larger multilaterals (**Chart XVII**). For example, region-wide, the World Bank commits, on average, more than ten times as much funding to education as USAID (**Chart XVIII**). However, within the six countries and sub-region where USAID has active education projects,

TABLE IV: MULTILATERAL AND BILATERAL AID AGENCY INVESTMENT IN EDUCATION, BY COUNTRY[23]

Source: USAID EDU/LAC (personal communication); Government of Canada, 2017; Gobierno de España, 2017; GIZ, 2017; Agence Française de Développement, 2017; OpenAid, 2017; European Commission, 2017.

COUNTRY	USAID (2006 - 2017)	CIDA (CANADA) (2005 - 2017)	AECID (SPAIN) (2007 - 2015)	GIZ (GERMANY) (2005 - 2017)
Antigua and Barbuda		$4,341,593	€61,474	
Argentina		$189,841	€16,599,603	€2,333,716
Barbados		$2,004,023	€55,202	
Belize		$3,445,716	€61,419	
Bolivia	$1,782,000	$13,475,188	€67,890,255	€3,525,799
Brazil		$1,048,539	€43,556,243	€5,680,464
Chile		$3,001,197	€6,487,825	
Colombia		$64,592,129	€36,124,419	€2,930,283
Costa Rica		$1,420,498	€5,467,751	
Cuba		$6,005,315	€16,162,105	
Dominica		$6,603,444	€123,024	
Dominican Republic	$49,492,000	$1,480,653	€33,094,890	€89,925
Ecuador		$207,326	€41,544,729	€19,110
El Salvador	$88,609,000	$1,544,692	€29,929,757	€6,312,917
Grenada		$5,596,131		
Guatemala	$94,549,000	$9,903,113	€48,419,223	€20,617,203
Guyana		$4,869,884	€1,463,085	
Haiti	$161,823,000	$135,106,413	€36,310,251	€2,013,678
Honduras	$132,156,000	$41,659,089	€45,558,924	€19,170,664
Jamaica	$20,228,000	$11,142,344	€127,985	
Mexico	$26,479,000	$121,059	€19,266,753	€6,238,250
Nicaragua	$35,189,000	$11,658,923	€58,184,893	€548,144
Panama		$97,929	€3,514,703	
Paraguay		$137,762	€22,228,519	€79,045
Peru	$38,038,000	$46,180,031	€64,015,531	€7,481,799
St. Kitts and Nevis		$2,276,271	€61,827	
St. Lucia		$4,821,187	€47,744	
St. Vincent and the Grenadines		$4,841,436		
Suriname		$1,668,955		
Trinidad and Tobago		$2,432,253	€126,983	
Uruguay		$478,055	€2,613,695	€471,750
Venezuela		$7,125	€5,017,097	
Eastern Caribbean (OECS)	$16,954,000			
Regional	$166,453,000	$1,260,000	€147,797,317	€32,450,528

AFD (FRANCE) (2005 - 2017)[24]	SIDA (SWEDEN) (2004 - 2014)[25]	EU (2005 - 2017)	WORLD BANK (2016 - 2017)	INTER-AMERICAN DEVELOPMENT BANK (2006 - 2017)
			$ 464,614,000	$ 4,366,307,000
				$ 21,630,000
		€ 100,000		$ 1,750,000
	$381,265,613		$ 13,540,000	$ 42,630,000
		€ 1,285,944	$ 2,011,860,900	$ 316,740,000
		€ 2,515,331	$ 111,500,000	$ 110,900,000
€ 220,000,000			$ 1,031,667,000	$ 174,820,000
		€ 5,340,728	$ 285,000,000	
€ 24,789,030			$ 174,850,000	$ 489,810,000
			$ 306,770,000	$ 537,640,000
			$ 233,500,000	$ 85,870,000
			$ 4,600,000	$ 301,410,000
			$ 138,000,000	$ 10,000
		€ 350,000	$ 37,451,800	$ 280,246,000
€ 15,298,266			$ 144,106,000	$ 39,710,000
	$16,073,452		$ 17,356,600	$ 134,560,000
			$ 66,700,000	$ 936,200,000
			$ 2,242,576,000	$ 12,640,000
		€ 43,397,071	$ 91,150,000	$ 101,890,000
			$ 181,250,000	$ 75,710,000
				$ 69,100,000
€ 21,700,000			$ 771,050,000	
			$ 4,785,000	
			$ 1,800,000	
				$ 34,760,000
				$ 50,280,000
			$ 172,520,000	$ 313,250,000
				$ 150,000
				$ 36,414,269

CHART XVI: USAID SPENDING ON EDUCATION IN LAC (IN MILLIONS), FY 2006 - FY 2017

Source: USAID EDU/LAC (personal communication)

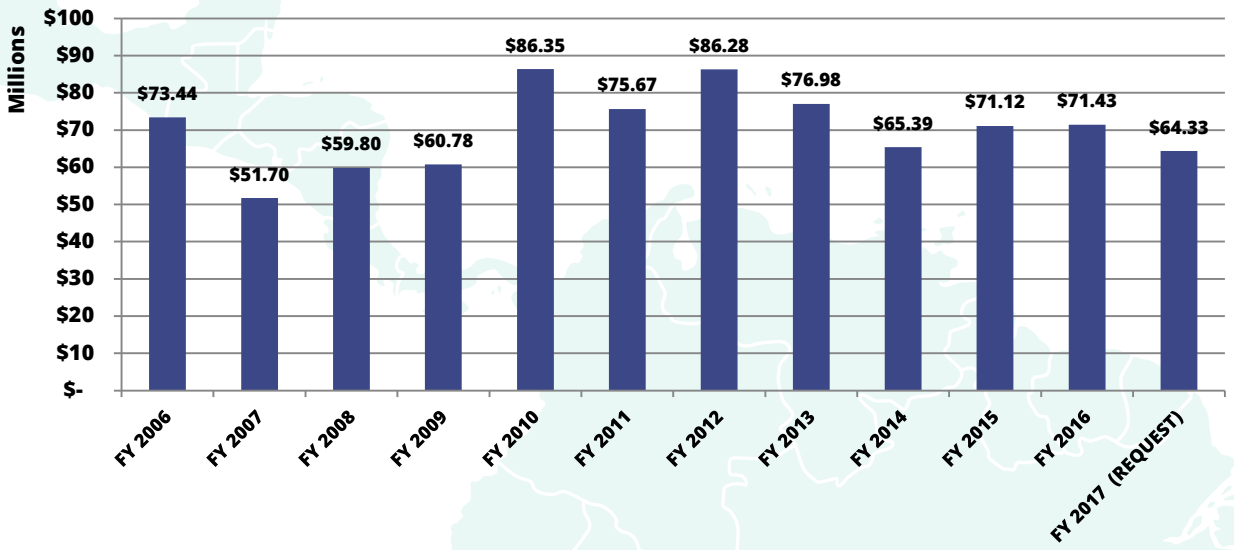


CHART XVII: AVERAGE YEARLY APPROVALS TO EDUCATION IN LAC, COUNTRIES WITH ACTIVE USAID PROJECTS

Source: Authors' calculations based on data from USAID, World Bank, CAF and IADB.

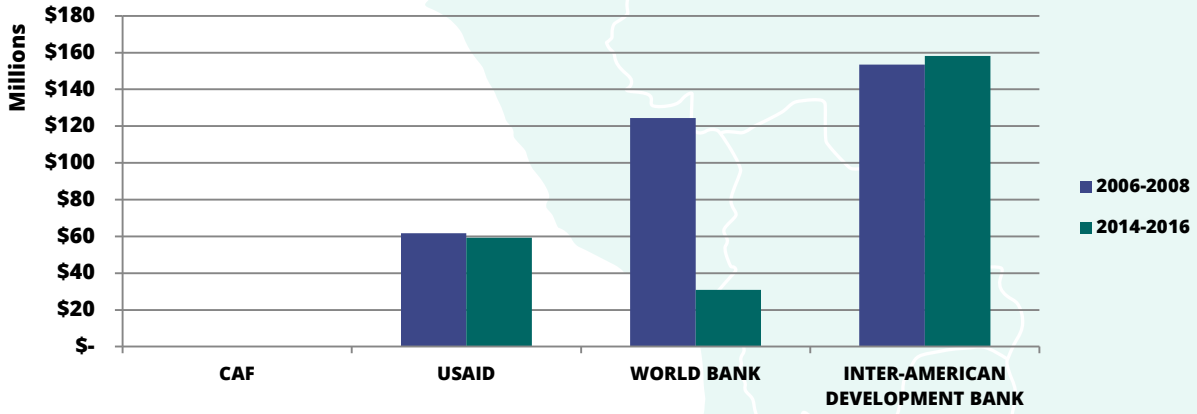
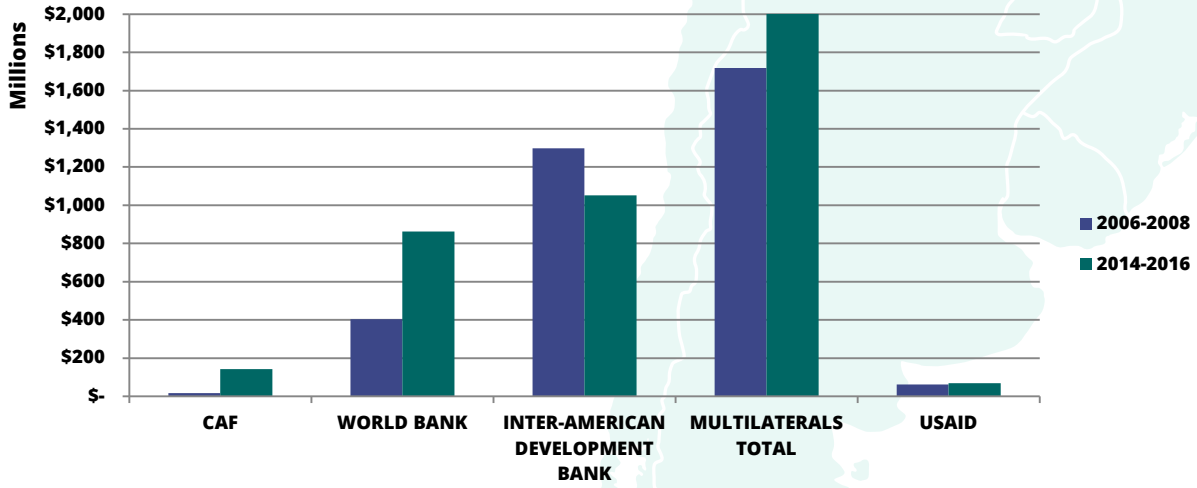


CHART XVIII: AVERAGE YEARLY APPROVALS TO EDUCATION IN LAC

Source: Authors' calculations based on data from USAID, World Bank, CAF and IADB.



USAID funding is almost twice as much as that of the World Bank. Similarly, although the IADB contributes fifteen times as much funding as USAID to education region-wide, within the countries where USAID currently works, the amount is only three times larger. While USAID has pursued a strategy that prioritizes efforts in a handful of countries throughout the region, most multilaterals choose to focus on a much larger number of countries, almost all of which receive significant financial approvals.[19]

A shift towards funding for pre-primary and secondary in recent years

When considering where funding goes within the education sector, there have been several key priority shifts in the past decade, most notably directing significant funding towards secondary and pre-primary education and away from primary and higher education. Around ten years ago, almost 40% of all education approvals from large multilaterals to LAC went to primary education projects (see **Chart XIX**). Today, that share of funding has dropped almost fifteen percentage points to 26% (see **Chart XX**). In its place, secondary education funding now accounts for 25% of all multilateral approvals, up from just 14% a decade ago. The largest jump, however, has been the amount of funding devoted to pre-primary education, which a decade ago accounted for only 3% of all funding, but which in the past few years has received 15% of all funding approvals. Funding for Technical and Vocational Education and Training (TVET) and skills development and the general education sector has stayed fairly consistent as a share of all multilateral funding, while adult education and infrastructure, which already accounted for only a small portion of total funding a decade ago, have received negligible funding in recent years.

This funding shift is not entirely surprising, however. As primary education coverage has become nearly universal, it is natural that this sub-sector would been seen as less of a priority. Meanwhile, as enrollment has increased in secondary and pre-primary education, these sectors have achieved increased visibility among policymakers and development professionals. Additionally, secondary and pre-primary education are identified as being of critical importance for the region among experts, suggesting that there is a strong consensus among governments, funders and practitioners regarding the importance of providing children with a strong academic start and ensuring they

CHART XIX: MULTILATERAL INVESTMENT, LAC, 2005-2007

Source: Authors' calculations based on data from World Bank, CAF and IADB.

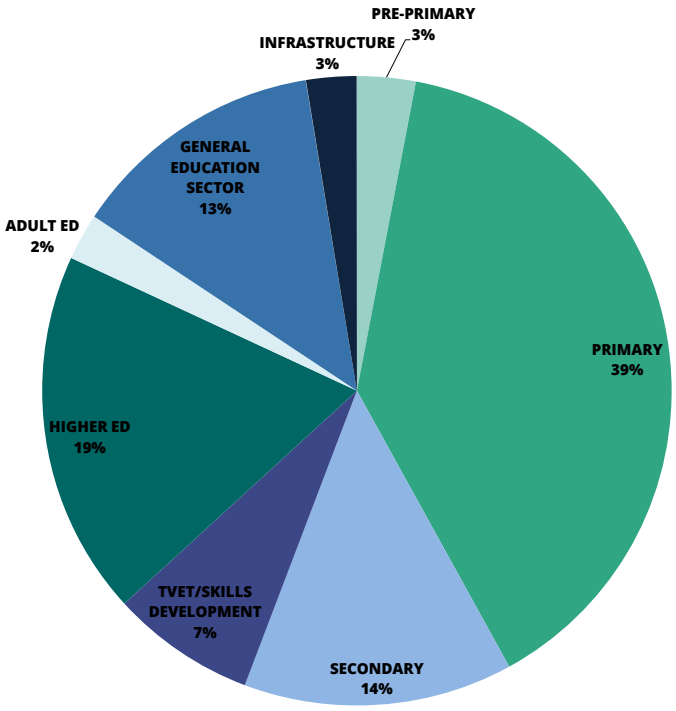
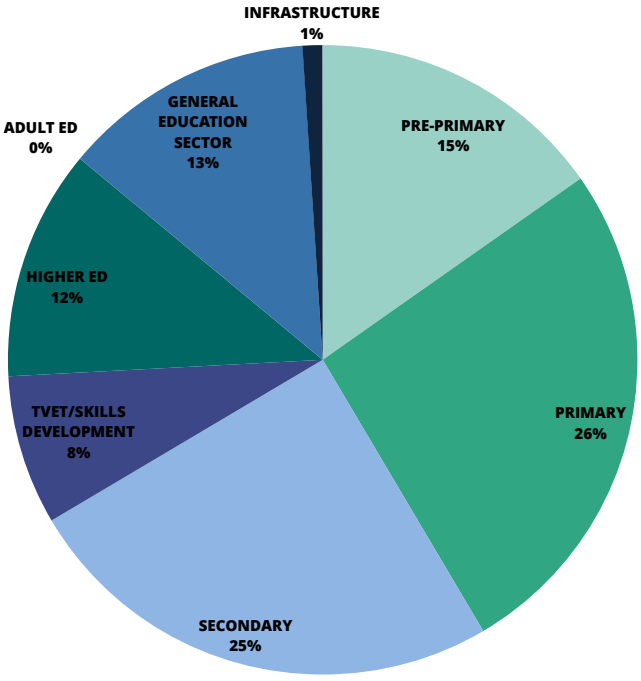


CHART XX: MULTILATERAL INVESTMENT, LAC, 2014-2016

Source: Authors' calculations based on data from World Bank, CAF and IADB.



have the necessary skills and knowledge to succeed in the workplace. Over the past decade, funding to higher education has decreased seven percentage points, likely due to the fact that it is not included as a top priority in the current strategic plans of any of the multilaterals, and the IADB explicitly regards it as a "second priority," despite the fact that the Bank started working in education specifically to provide loans for university students as a way of increasing professionalization in the region (IADB, 2016).

Sector strategy documents reveal a focus on education quality and early learners

Just as the national education plans discussed previously serve to guide and direct the actions and vision of the governments that produced them, the strategic documents of each development bank act as a map to establish priorities, guide investment and funding decisions and track progress towards long-term goals. In 2016, the IADB approved a sector framework document focusing on five dimensions of success: (i) Establish, measure and monitor high learning goals; (ii) Students enter the system ready to learn; (iii) Students have access to effective teachers; (iv) Schools have and use necessary and appropriate resources; and (v) Students acquire the necessary skills to succeed in life. Furthermore, the IADB identifies several key areas where they have a strategic advantage, notably a sustained commitment to the region over five decades, including an extensive network of on-the-ground staff; building relationships and matching country needs with technical knowledge to improve outcomes; and a commitment to consistent and accurate measurement of student learning outcomes throughout the region (IADB, 2016). Moreover, in the IADB's current education sector strategy document, early childhood education is the only level specifically referenced in the five overarching dimensions of success (Dimension 2: Students enter the system ready to learn). All other dimensions are broad enough to potentially apply to any student at any education level. The fact that early childhood is specifically called out speaks to its importance for the bank and its educational priorities (IADB, 2016). This has translated into 42% of all approved IADB education dollars for "weak outcome" countries in the past five years being directed towards pre-school and early childhood education and 57% towards primary education—accounting for 99% of all IADB funding to countries with the weakest educational outcomes.

Among bilateral organizations, USAID is the largest single contributor to education funding in the region.

The World Bank's education sector strategy is not specific to its work in LAC, but nonetheless offers important insights into its educational priorities for the region. Specifically, it identifies (i) improving the quality of learning outcomes as the overarching goal of all education projects and seeks to achieve this via investments in systems; (ii) building and funding a broader knowledge base around best practices and country contexts to provide smarter solutions; and (iii) putting this information into action via knowledge generation and exchange, technical and financial support of education quality projects and strategic partnerships (World Bank, 2011b).

At CAF, the Education Agenda 2016-2020 establishes goals and action steps for achieving them. Goals are focused around three key concepts: (i) Increasing access—especially for the most vulnerable and marginalized populations; (ii) Improving educational quality; and (iii) Strengthening the relevance of the education that students receive, especially in relation to their future participation in the labor market (CAF, 2016).

USAID is the largest bilateral donor to education in LAC

Among bilateral organizations, USAID is the largest single contributor to education funding in the region. Although both AECID, the Spanish government's development agency, and CIDA, the Canadian aid agency, used to contribute to education in the region at levels comparable to those of USAID, in the past five to ten years, both agencies have either eliminated or severely reduced funding, while funding approvals from USAID have remained fairly consistent. For example, AECID, which used to contribute up to twice as much as USAID some years, averaged only 19.5 million euros in funding annually from 2013 to 2015, the most recent years for which data is available. Within AECID's portfolio, Bolivia and Peru received the most country-level funding, with substantial

contributions also directed towards Brazil, Ecuador, Guatemala, Honduras and Nicaragua.

Meanwhile, in Canada, CIDA, which averaged contributions of $58 million from 2009 to 2011 towards education projects in LAC, cut that commitment to an average of only $21.2 million from 2014 to 2016. During the same period, it has also reduced the number of countries to which it made significant aid contributions, and since 2007, over a third of all Canadian development assistance for education has been directed towards Haiti. Of course, this is not surprising given Haiti's extreme poverty and the devastating hurricane it suffered in 2010. In recent years, however, CIDA has also approved education projects in Colombia and Peru, each worth over $10 million. In addition to Canada and Spain, the aid agencies of France, Germany, Japan, South Korea, Sweden, Switzerland and the United Kingdom have also contributed to educational development in the LAC region, but their contributions remain much smaller than those of the US and are often limited to only a small handful of countries.

USAID investment in LAC follows the priorities established in its Global Education Strategy, which mandates that all USAID programs relate to at least one of three goals: (i) improved reading skills; (ii) improved ability of tertiary and workforce development programs to generate workforce skills relevant to a country's development and (iii) increased equitable access to education in crisis and conflict environments (USAID, 2011). Given this set of priorities, it is not surprising that USAID has chosen to focus on primary education (when reading skills are developed), technical and vocational training at the secondary level, job training and capacity building for students who have already left the formal education system and education in crisis and conflict programming in Central America where gang violence is a key issue for education.

USAID has chosen a strategy that specifically focuses on countries with the poorest educational outcomes and weakest policy environments. Most of these countries are in Central America, especially the three Northern Triangle countries—El Salvador, Guatemala and Honduras. In fact, of the five countries exhibiting both a weak policy environment and weak outcomes, USAID has education projects in four.[20] Moreover, of the additional nine countries that are weak in either policy environment or educational outcomes, USAID has bilateral programs in two, and the Eastern and Southern Caribbean regional program encompasses several more.[21] With the closeout of its program in Peru, USAID now has no programs in countries that are not weak in either policy or outcomes—not entirely surprising given the agency's strategic priorities (further discussed in **Section V**). Nevertheless, most countries in the LAC region fall outside the sub-group of nations with weak outcomes and weak or medium policy environments. Although these weakest countries certainly merit the investment and attention that USAID directs their way, there are also opportunities to explore partnerships in other countries.

USAID remains a valued partner in the region

USAID has, in recent years, chosen to focus on a more concentrated portfolio of countries and projects—many of which have strong and direct links with US national security policy. In these areas, USAID's efforts are widely known and recognized as contributing to the educational development of the region. In a survey conducted by the Inter-American Dialogue of education professionals working in a broad range of roles and sub-sectors, these experts identified USAID programs focusing on educational quality, at-risk or out-of-school youth and primary education as the most productive areas of current collaboration.

In fact, criticisms of USAID often centered on feelings that there was not enough support available, or that programs had not been scaled up for maximum impact. Although bureaucratic inefficiencies—both on the part of the US and local governments—were also noted as a persistent challenge, noticeably absent was a sense that USAID programs were either unnecessary, or focused on areas of minimal need or relevance. There was a consistent message—across countries and professional

USAID has, in recent years, chosen to focus on a more concentrated portfolio of countries and projects—many of which have strong and direct links with US national security policy.

backgrounds—that USAID does important, valuable work in the education sector in LAC, and, if anything, programs and projects are hindered by limited reach and institutional inefficiencies, rather than poor choice of focus area or ineffectual implementation. Furthermore, experts identified several areas of growth for potential future collaboration, including supporting teacher education and preparation, institutional reform and strengthening, pre-primary education and early childhood development, English instruction and expansion and the use of technology as a tool for learning.[22]

In weak countries, there is a growing focus on the youngest learners

Within the subset of countries with the weakest outcomes and policies, most multilateral funding is directed towards the youngest students: those in pre-primary and primary education. These projects tend to focus on a number of key areas, including expanding early access to education, ensuring students enter the formal education system ready to learn, developing strong literacy skills and supporting institutional planning and capacity building to reach students who are currently excluded. Key factors that play a role in explaining these choices include lower-than-average participation rates in early childhood education and primary school in these countries and the long-term return on investment for early years interventions.

…but insufficient consideration for older students entering the job market

Although pre-primary and primary education are undoubtedly of critical importance, and essential to producing long-term results, in most cases they do not address the more immediate social and political pressures many countries in the region face due to youth unemployment, immigration and violence, which primarily impact older students. Of the five LAC countries with the weakest outcomes and policy environments, all but Suriname face at least one, and in several cases two, external pressures on the education sector which significantly impact the potential viability of any program. In addition to those already mentioned, corruption and a lack of continuity in public policies are particularly pronounced challenges in low-outcome countries

Within the subset of countries with the weakest outcomes and policies, most multilateral funding is directed towards the youngest students: those in pre-primary and primary education.

USAID has already made a significant commitment to address some of these challenges via workforce and skills development programs, especially in Central America's Northern Triangle and Nicaragua. This is an area where USAID makes a unique contribution: 99% of IADB funds approved in the past five years to these four countries have been directed towards primary and pre-primary education, and the World Bank has dedicated less than a quarter of approved funding in the same group of countries towards secondary and tertiary education projects. By funding workforce skills and development, USAID is addressing the needs of older students while at the same time helping to ease pressures from external factors such as youth unemployment and violence. This is a niche that other funders are not filling, but it remains to be seen whether programs can be brought to scale and implemented effectively, especially in a context of limited resources and political volatility.

Another emerging issue is the gang violence that exists in the Northern Triangle countries of El Salvador, Guatemala and Honduras, which limits safe access to schools and contributes to elevated dropout rates in these countries. In the last five years, USAID has increased its work in high violence areas in Central America, including investing in school-based violence prevention programs and adding safe school components to their more traditional reading programs.

More diverse funding patterns are observed in the rest of the region

Turning to the set of countries with medium outcomes and medium or strong policy environments—both the largest category in terms of number of countries included, as well the group in which all of the most populous LAC countries are located—several distinct funding patterns once again emerge. Notably, CAF education funding is directed towards only four countries, all of which are in this

group: Argentina, Colombia, Ecuador and Panama. These medium outcome-strong/medium policy countries have also historically received the largest funding, in approval dollars, from the World Bank and the IADB. Specifically, Argentina, Colombia, Mexico and Peru have all benefitted from hundreds of millions of dollars in project funding to strengthen the secondary and tertiary education sectors. This is not entirely surprising given the stronger implementation capacity and ability to commit national resources and pay back loans in these countries, all of which make them more attractive lending partners for multilateral banks.

In this sub-set of countries, there is a decided focus on older students, rather than the pre-primary and primary ones who receive the majority of the funding in the weakest countries. For example, only 5% of World Bank approvals to these countries in the past five years have been directed towards pre-primary education and only 13% towards primary. Meanwhile, secondary education accounts for 22% of approvals and tertiary education is 14%. The IADB also spends more on secondary education in these countries—42% of all approvals since 2012—than on pre-primary or primary education—8% and 37% of approvals, respectively. Many of these projects aim to increase secondary and tertiary education enrollment and completion rates, as well as supporting student transition into the labor market. Overall, however, this group receives funding for a diverse array of educational levels and program areas. For example, the World Bank dedicates 32% of funding approvals to these countries to the general education sector, without specifying a particular level, and no single educational level accounts for more than a quarter of total education approvals. CAF has approved loans supporting basic education, tertiary education and school infrastructure in the past five years.

Even countries with the strongest outcomes and policy environments still receive significant funding for projects from both the IADB and the World Bank. Specifically, Chile and Uruguay have received project approvals totaling almost $1 billion since 2005. In general, however, these loans are focused on the upper levels of education, in particular vocational and technical education and school-to-work transition, at the IADB. The World Bank also funds programs to improve the quality and relevance of tertiary education. Several projects also indicate the possibilities that a stronger policy environment enables. For example, the IADB has made several significant project approvals to develop Uruguay's national assessment system for secondary education and an e-learning program, Plan CEIBAL. Both of these projects require a higher degree of system development than those extant in the weakest countries. For example, developing assessment systems requires researchers and psychometric experts who know how to design reliable tests. It also requires strong infrastructure and communications systems to distribute and administer the assessments, as well as a statistical team to calculate and analyze results. In the case of e-learning, or learning with the support of Information and Communications Technology (ICT), there are also significant institutional and infrastructure requirements, from consistent power supply and internet connectivity, to educators and trainers who are comfortable using ICTs.

By funding workforce development, USAID addresses the needs of older students while at the same time helping to ease pressures from external factors such as youth unemployment and violence.

Funding for workforce development is significant in the Caribbean sub-region

Of the remaining country groups not yet discussed—those with strong outcomes and medium policy environments, or medium outcomes and a weak policy environment—the majority are smaller island nations located in the Caribbean. In general, these countries receive smaller amounts of support from development funding agencies. Projects tend to focus primarily on developing and supporting technical education programs and Ministry of Education efforts to address alarmingly high rates of out-of-school youth and low secondary education completion rates. **Diagram II** summarizes these key education funding trends based on the country groups in the typology developed in the previous section.

DIAGRAM II: FUNDING PATTERNS ACROSS COUNTRY GROUPS

EDUCATION OUTCOMES

POLICY ENVIRONMENT	WEAK	MEDIUM	STRONG
WEAK	• Increased investment from USAID and IADB in recent years. • No funding from CAF and declining investment from World Bank. • Focus on early years—primary and pre-primary. • Some funding (especially from USAID) for youth and workforce development and education in crisis and conflict situations, especially in the Northern Triangle. • Focus on expanding early access and strengthen institutional planning and capacity.	• Almost exclusive focus on secondary and technical education • Low investment levels focused on reducing dropout and youth unemployment.	
MEDIUM		• Exclusive focus of CAF and largest approvals from World Bank and IADB. • Focus on all areas of the education system, especially basic education—both primary and secondary. • Very limited USAID projects, all run through OECS partnership.	• With the exception of the USAID-OECS partnership, only IADB has active projects in Barbados. • Focus on institutional strengthening through administrative and Ministry support, some pre-primary and technical education.
STRONG			• Significant funding from World Bank and IADB, focused on secondary and higher education. • Projects often require strong institutions and infrastructure for success (e.g., development of assessment systems and e-learning).

POSSIBILITIES: THE UNITED STATES AND THE FUTURE OF EDUCATION IN LATIN AMERICA AND THE CARIBBEAN

Going forward, education will be an even more urgent development issue

Today, the LAC region faces several key development challenges, chief among them slow economic growth and significant productivity and human capital bottlenecks. Indeed, after an extended period of high rates of economic growth across the region, LAC economies have slowed significantly—and in some cases even shrunk—in recent years. Although virtually every country in the region—with the exception of Haiti—has managed to move from a low-income economy to a middle-income economy (albeit low-middle income), current growth rates predict that the region will remain within the middle-income "trap," for the foreseeable future. Moreover, labor productivity in LAC has been declining over the past decade relative to more advanced economies (OECD/ECLAC/CAF, 2016). Strengthening human capital is a key step towards improving the economic outlook for the region and addressing these challenges.

Currently, more than half of LAC's labor force works in the informal sector. This feeds a vicious cycle of unstable employment, high job turnover, limited investment in educating and training workers and, ultimately, low productivity. These handicaps make it difficult for potential employers in the formal sector that require a more skilled workforce to find job seekers who meet their qualifications. LAC is the region with the widest gap between skills supply and demand, and the industries that struggle most to find skilled workers—automotive and machinery—are those that require a high level of technical knowledge and specialized skills (OECD/ECLAC/CAF, 2016). In order to foster economic growth and development, LAC countries need to equip a larger share of the population with critical skills and knowledge.

These are the opportunities and pressures that will drive LAC forward or hold it back, depending on which policies and programs are adopted. Investment in education is an essential component of any country's economic growth and productivity; international studies suggest than an average increase of an extra year of schooling can lead to GDP growth of 0.37% and grow an individual's lifetime earnings by up to 10% (UNESCO, 2011). These trends imply that countries in LAC will be under increased pressure to improve the operation of their education systems as a pre-condition for building the necessary human capital for their labor force. As a result, education policy and investments will move to the forefront of public policy-making.

The US should review its engagement strategy to align with strategic priorities and maximize impact

As countries in LAC experience increased pressure to improve education outcomes over the coming years, the US will be faced with the challenge of finding effective ways to engage in the ensuing transformation. Depending on how the issue is addressed, education in LAC could either become an area of productive engagement in which both parties benefit, or one of shrinking engagement increasingly seen as part of US humanitarian aid efforts rather than a core part of the country's strategic international partnerships.

There are several key dimensions to consider in developing a strategy for US engagement with the education sector in LAC: What, Where and How. "What" encompasses the area of investment (for example, early childhood development, literacy, workforce development, etc.) and education level (pre-primary, primary, secondary, tertiary, non-formal). "Where" considers which countries and in particular which groups of countries: those with the greatest needs, but the weakest policy environments and educational outcomes, or countries that have stronger policy environments and outcomes and, consequently, less risk and less need. "How" examines what type of support mechanism will be most effective and how it ought to be administered. For example, should it concentrate on hardware (e.g. infrastructure, school supplies, technology) or software (e.g. knowledge, capacity building, technical cooperation)?

Should government agencies partner with each other and with non-state actors in the US or maintain independence and autonomy over project administration and results? If partnering with other organizations, what should be the balance between private firms, non-governmental organizations (NGOs), academic/technical institutions and other government agencies? How broad should the engagement be, operating at the local or national level and, by extension, involving self-contained, limited engagement, or attempting to build broader institutional and system support?

To mitigate risk, USAID's current strategy largely sidesteps direct involvement with larger systems and institutions and, for the most part, does not seek to influence policy broadly, instead working directly with communities and local organizations.

Three key factors must be evaluated when trying to answer these questions of What, Where and How. The first consideration is what LAC **needs**. Need is determined by the severity of deficiencies in educational access, quality and equity—all of which are key dimensions of the country typology presented in this paper. Second are the **risks** associated with any engagement strategy. Risk can be measured in several ways, such as the potential for failure due to institutional and systemic weaknesses, or the risk from external factors, including violence, political instability or extreme weather events, as identified in the typology. Finally, it is critical to consider the **opportunities** for mutually beneficial investments. For the US, such opportunities exist at several levels: for USAID specifically, for the United States Government (USG) more generally and for US citizens and firms at large. USAID programs can serve multiple objectives by building on existing strengths to meet Agency-level goals, advance broader US diplomatic interests and other government programs and initiatives and leverage opportunities for non-government actors.

USAID's approach to investing in education in LAC should adjust based on explicit engagement strategies

Currently, USAID education investments are linked to the three global education goals established in USAID's education strategy document: (i) Improving reading skills; (ii) Improving tertiary and workforce development programs; and (iii) Increased equitable access to education in crisis and conflict environments. USAID's work in LAC is firmly grounded in countries with the weakest outcomes and policy environments—the upper left-hand corner of the typology in **Diagram I**. USAID has opted to focus its programming on countries in the region with the highest need—the poorest, with the weakest educational outcomes and most fragile policy environments—which are also, often, the riskiest. These risks are indicated in the typology by both the level of institutional capacity and the likelihood of disruptive institutional shocks (specifically violence, political instability and natural disasters). Potential consequences of working in a high-risk environment include not achieving results, low returns on investments, or political backlash or apathy in pursuing change. To mitigate these risks, USAID's current strategy for procurement largely sidesteps direct involvement with larger systems and institutions and, for the most part, does not seek to influence policy broadly, instead working directly with communities and local organizations (**Box I**). While this approach does build capacity at a local level, for example, via partnerships with local organizations as primary implementers, investments and reach still tend to be circumscribed to the actors involved, directly and indirectly.

It should be noted that while the majority of USAID funds are awarded to US-based or local implementing firms to manage and administer program services, in some instances USAID has invested directly in government-to-government work. For example, under USAID Forward, USAID transferred management of its reading program in Jamaica to the Jamaican Ministry of Education. In Peru, USAID contracted directly with two regional governments to implement its early grade reading program. Through other programs, USAID has embedded staff in Ministries of Education or supported policies.

The current USAID education strategy in LAC is logically sound and focuses on areas that are obviously of critical importance for both the US and the region. Looking forward, it is clear that there remain opportunities to cultivate greater influence for USAID initiatives by

BOX I: LIMITED ENGAGEMENT VERSUS INSTITUTIONAL STRENGTHENING

The difficulty of operating in weak policy environments implies two potential options for project development: the first, limited engagement, aims to curtail risk exposure, while the second, institutional strengthening, requires greater commitment in terms of financial, temporal and human resources. Limited engagement projects are generally small-scale and seek to minimize the variables outside of the control of the project, for example the extent to which collaboration with potentially corrupt or inefficient government institutions is required or extensive geographical reach in areas where transportation and infrastructure may be limited. The advantage of a limited engagement strategy is that the risk of failure due to uncontrollable external forces is much lower. Instead, to the extent possible, all aspects of the project remain under the control of the granting agency. This method also allows for more intensive, targeted interventions, focused on addressing a single issue or working within particular sub-regions and communities. On the other hand, any limited engagement strategy has inevitable shortcomings as well. For example, projects—no matter how successful—often have limited reach and impact due to geographic and/or resource constraints. Moreover, such projects are unlikely to address larger systemic challenges and their short duration can mean that successes are short-lived and require continued support to achieve objectives since institutions are not able to step in after the end of the project. USAID, which primarily implements limited engagement-style projects, has also followed an implementation model that outsources technical capacity and knowledge as well as responsibility for execution, to external organizations.

The other approach to project development—institutional strengthening—comes with its own set of pros and cons. On one hand, programs that involve institutional strengthening have the potential to significantly improve both outcomes and policies for a large number of students, affecting change at systemic levels. This means that, theoretically, even once a project is formally completed, progress and benefits should continue since government institutions have the resources and capacity to step in and pick up the slack. Furthermore, by building capacity at the institutional level, governments should ultimately be able to solve their own problems. Of course, this type of project requires significantly larger commitments in terms of both financial and human resources as well as time. Development and institutional change are inevitably incremental, hard-to-measure and non-linear processes, requiring time and patience to see results. Furthermore, because institutional strengthening projects attempt to engage with and improve existing systems, they are more vulnerable to potential setbacks from external forces beyond the control of project implementers and may also require confronting challenges on multiple fronts given the broader scope of any institutional strengthening project.

further differentiating USAID's work from other funders and cooperation agencies and acting as a catalyst and facilitator for investment and support from other US actors (government and non-government) in ways that align with the country's strategic economic and geopolitical interests. The following sections will present some of the possibilities and implications for USAID should it decide to move in new directions.

Defining a niche and further differentiating from other agencies may become a critical issue going forward

As discussed in **chapter IV** and illustrated in **Diagram II**, each of the major bilateral and multilateral players in education in LAC has a specific set of countries and project areas where they work, although these are not without overlap. Given both the more limited funding of

USAID relative to the IADB and the World Bank, as well as its stronger influence in the countries where it does have programs, any USAID education strategy in LAC moving forward should consider how to avoid duplicating existing efforts while simultaneously identifying gaps and bottlenecks where USAID has a strategic advantage and can invest in areas that other agencies have not prioritized.

LAC countries, and particularly those in which USAID currently works, face significant productivity challenges.

In terms of need and risk, it is unlikely that either factor will change significantly in coming years in the countries where USAID currently operates; the Dominican Republic, El Salvador, Guatemala, Haiti, Honduras, Nicaragua and the English-speaking Eastern and Southern Caribbean will most likely continue to be high-need environments, carrying significant risks which can, to a certain extent, be mitigated by following a course of action which does not require extensive interactions with weak policy actors. The first goal of USAID's Education Strategy—to improve early grade reading and primary education—is undoubtedly critical, but it is also an area where many other development actors are already dedicating significant resources. The IADB—which has a budget three times the size of USAID's in the countries where both organizations operate—dedicates 99% of its funding in these countries to pre-primary and primary education. Likewise, the World Bank has dedicated almost 40% of its education sector approvals to pre-primary and primary education in this subset of countries over the past five years. USAID's work in this area is certainly important, and, by developing particular focus and expertise in early grade literacy, it has been able to avoid spreading its resources too thin or duplicating the efforts of other organizations. Nevertheless, while early grade reading certainly merits investment, it is an area unlikely to be forgotten or overlooked if, over time, USAID were to turn its primary focus to other areas. Additionally, while USAID has certainly been a leader on attention to learning, there has been a growing consensus among development actors and national governments on the importance of measuring not just school participation rates, but learning indicators as well. This is demonstrated by the UN's 2015 Sustainable Development Goals, which show increased attention to learning quality, not just school coverage, and the growing efforts to measure student learning via international and regional assessments, such as TERCE and PISA.

USAID's work with education in crisis and conflict areas presents a similar case. Although the agency has done unique work to better understand and prevent violence in schools—for example, via the development and implementation of the Rapid Education and Risk Analysis (RERA) reports and School-Based Violence Prevention Activities (SBVPA)—the opportunities for synergy and leverage in this area across organizations, agencies and countries are limited. School-based violence and insecurity are certainly issues in some Latin American countries, particularly in Central America's Northern Triangle, and USAID should continue to invest in school-centered solutions in these areas. Nevertheless, they do not lend themselves to building broader educational partnerships throughout the region or opening new gateways for US investment (USAID, 2011).

Skills development offers greater opportunities to differentiate from other agencies

USAID's remaining strategic goal, "improved ability of tertiary and workforce development programs to generate workforce skills," is an area of potential future growth in both the countries where the agency currently works and throughout the region (USAID, 2011, p. 1). LAC countries, and particularly those in which USAID currently works, face significant productivity challenges. Although human capital development is not the only bottleneck to resolution of these challenges, it remains a significant one. A convergence of factors, including the elevated dropout and unemployment rates in the region, combined with the current demographic dividend, create a bubble in the workforce age population, but leave many young people without the skills and capabilities to take advantage of these productive opportunities.

Workforce and skills development are two areas of particular weakness in the countries where USAID works that were highlighted in the responses of experts to the Inter-American Dialogue survey as being of particular importance and value for the region. For example, when asked which level of education was the top investment priority, respondents in countries where USAID currently funds education programs ranked technical secondary

education highest. Furthermore, in the 2017 Global Talent Competitiveness Index, almost all countries in LAC are ranked in the bottom half, and all of the countries where USAID works (with the exception of those in the Eastern Caribbean)—namely, the Dominican Republic, El Salvador, Guatemala, Honduras and Nicaragua—are the lowest in the region aside from Bolivia and Venezuela (INSEAD, 2016). From a demand-side perspective, Barbados, Guatemala and Honduras all have a higher percentage of firms than the average for LAC identifying an inadequately educated workforce as a major constraint. Those countries, plus the Dominican Republic, are also in the top 25% of countries worldwide confronting this challenge.

Furthermore, in several countries, this is an area of engagement where USAID is currently not only meeting a proven need, but is also the primary actor. As already discussed, the IADB dedicates the vast majority of its resources in the countries where USAID is active to pre-primary and primary education. The World Bank, which invests less money in these countries than USAID to begin with, has dedicated less than 20% of approvals in the past five years to secondary and tertiary education. Furthermore, World Bank projects in countries where USAID has ongoing education commitments are not necessarily dedicated to technical education and workforce development specifically—many are focused on general secondary education as well. Of the major development banks, CAF has made the most substantial commitment to workforce development, including it as one of three focus areas in its current strategic plan. CAF does not, however, have any current projects in countries where USAID funds education projects; this shared thematic, but geographically separate, commitment opens opportunities for knowledge-sharing across organizations and projects without duplicating efforts.

Skills development offers greater opportunities to engage in a broader group of countries

Workforce and skills development programs are also appealing to a wider range of countries within the LAC region, beyond those where USAID currently operates. Almost every country in LAC currently faces some form of human capital short-fall, and private firms across the region report difficulty in filling positions for engineers, technicians and skilled trade workers. This is true in both countries where USAID currently has programs (Guatemala) and other LAC countries (Argentina, Brazil, Colombia, Costa Rica, Mexico, Panama and Peru). Moreover, in many of these countries, existing programs enroll too few students to meet the demands of employers. For example, in Brazil, Dominican Republic, Nicaragua and Peru, less than 5% of secondary students are enrolled in TVET programs. For post-secondary students, or those who drop out before completing their secondary degree, skills gaps are also a pressing need, which USAID can address by continuing to invest in and develop short-duration workforce development programs. In other words, while efforts should initially focus on countries with the highest needs where USAID has already funded education programs, the potential for growth is eminently evident. Across the region, skills gaps exist that can be directly addressed by workforce development and technical education programs at the secondary and/or tertiary education level (OECD/ECLAC/CAF, 2016).

A convergence of factors, including the elevated dropout and unemployment rates in the region, combined with the current demographic dividend, create a bubble in the workforce age population, but leave many young people without the skills and capabilities to take advantage of these productive opportunities.

The US also benefits from this type of expansion, since it allows the country to pursue strategic economic and geopolitical goals in ways that a narrower thematic focus cannot. Building a skilled workforce in other countries will level the playing field for US workers and entrepreneurs. More highly-trained workers abroad will incentivize greater transparency and accountability in their own countries, thereby opening new markets for US products and services, unimpeded by closed-market policies and the prohibitively high costs of corruption and inefficiency.

Increased commitment from USAID to programs for workforce and skills development in new countries does not need to imply increased monetary commitment. There are two primary reasons to expect that the costs of this type of expansion could remain manageable: (i) a decrease in per unit costs and (ii) the opportunity to leverage participation from other actors (both within other sectors of the government and private enterprise) to absorb additional costs (the latter point is discussed in the next sub-section). The first reason, a decrease in per unit costs, is attributable to several factors. First of all, any large project can benefit from economies of scale. Additionally, since USAID currently works in countries with the weakest policy environments, the cost of doing business is high. As programs expand to other countries with stronger policy environments, continuing to pursue a limited-engagement strategy is no longer necessary since institutions are already in place and work effectively to standardize and facilitate processes and procedures.

A renewed investment in and focus on workforce development and technical education should seek to bring in additional collaborators and actors from across civil society and private enterprise.

Skills development offers greater opportunities to engage in strategic partnerships

Education programs dedicated to building a stronger, more skilled workforce have benefits beyond meeting the strategic goals of USAID's education bureau. They can also leverage and expand the efforts and interests of the USG and individuals and firms throughout the country. USAID's programs can serve as a platform from which other USG departments and initiatives can become involved. For example, Fulbright grants, which are administered through the State Department's Bureau of Educational and Cultural Affairs, are instrumental in fomenting cross-cultural exchange and knowledge sharing. Another example, 100,000 Strong in the Americas, supports partnerships and connections among higher education institutions across the hemisphere and has already worked to foster relationships between skills development programs and providers in LAC and the US. In other words, other USG agencies are already working to strengthen these areas, but not all of them benefit from the technical knowledge and broad network of USAID.

A renewed investment in and focus on workforce development and technical education should seek to bring in additional collaborators and actors from across civil society and private enterprise. Within the education sector, new markets open for higher education institutions, including universities and community colleges offering distance learning courses, whether degree or certificate programs. This is an area where the US has a clear advantage in terms of resources and expertise. Many schools have already invested in and developed curricula; expanding these efforts to LAC requires adjusting existing resources to meet the needs of a specific context and building awareness around the needs that can be met by expanding such opportunities. It is important, however, that these projects be demand-driven. USAID has already taken steps to identify these needs, for example via their *Labor Market Assessment* reports on, El Salvador, Guatemala, Honduras, Jamaica and Nicaragua, which help identify specific skills within priority sectors that will allow programs to more efficiently match curricula to job demands (USAID/FHI360, 2017a; 2017b; 2017c).

Private firms benefit from a better trained and more highly-skilled workforce in multiple ways, the most direct of which is that many US companies already have operations in LAC. In fact, they consistently cite a poorly trained workforce as a major constraint on international skills and business surveys. Additional benefits, however, include an expanded market and higher demand for products. As the location of several of the world's most populous countries and largest developing economies, LAC offers great potential for expansion for many US companies. For example, US firms in the technology industry offer products to increase productivity—a main bottleneck in many LAC countries—but in order to take advantage of these innovations, workers must be familiar with how to use and operate 21st century technologies.

Adjustments in the business model will be required

Adopting a strategy for USAID education programs in LAC that is more forward-looking and focused on opportunities for growth and expansion will inevitably lead to some changes in how business is done. Perhaps most importantly, the current approach of limited engagement—working around government institutions and policy actors—will become more difficult, since broader objectives and a more extensive and direct attempt to leverage partnerships beyond USAID inevitably imply more interactions with systems and institutions. This is not to say that USAID should shift from a programmatic focus to a more policy-oriented one, or attempt to enact systemic change through projects. Instead, recognition of the need to engage with these systems is critical in order to achieve broader results. Additionally, an opportunities-oriented approach will require a more extensive network of partners and a deeper toolbox of skills than those currently at USAID's disposal. As previously discussed, many of these potential partners and necessary skills are readily identifiable and easily developed. What is required, then, is a shift in thinking and priorities to focus on regional opportunities more broadly.

The ideas proposed here—focusing on investment in and expansion of skills development and technical education programs at the secondary and post-secondary levels as "first among equals" in USAID's strategic goals—are based upon an analysis of the needs, risks and opportunities for USAID education programs in the LAC region. Accomplishing these objectives would promote shared prosperity and security throughout the region. Working to build economies and educate a skilled workforce in LAC creates job opportunities for people in their home countries and opens new knowledge-sharing, market and investment opportunities for US industry. Although USAID is currently operating in the highest-need countries and contexts and has developed a specific approach to address elevated risks, there remain several areas where USAID has the opportunity to work in sub-sectors and countries that are currently not a priority for other development agencies or banks. An increased focus on skills development not only contributes to achieving USAID's goals for the region, but also expands opportunities for other US actors, both inside the government and out. Moving in this direction does not minimize the importance of sustained investments in primary education or schools and communities affected by violence, crisis and conflict. USAID should continue to support this agenda, particularly through advocacy. What USAID should consider is how, via adjusting emphasis and modus operandi, it can increase impact, exploit new opportunities and ensure peace, prosperity and equity throughout the Americas.

Appendices

APPENDIX A: EDUCATION SECTOR PLANS IN LATIN AMERICA AND THE CARIBBEAN

COUNTRY	EDUCATION SECTOR PLAN	STATUS	LINK
Antigua & Barbuda	Education Sector Plan 2013-2018	Still in draft form, with updated timeline for 2016-2021.	Not available publicly.
Argentina	Argentina Enseña y Aprende: Plan Estratégico Nacional de Educación 2016-2021	Approved by all provinces and CABA in September 2016 at the meeting of the Consejo Federal.	https://www.argentina.gob.ar/educacion/planestrategico2016-2021
Barbados	Education Sector Strategic Plan 2002-2012	Plan expired in 2012. A new one has not yet been adopted.	http://planipolis.iiep.unesco.org/sites/planipolis/files/ressources/barbados_strategic_plan_2002-2012.pdf
Belize	Belize Education Sector Strategy 2011-2016	Presented by Ministry of Education, Youth, Sports and Culture in 2012.	http://www.moe.gov.bz/images/spdownload/belize-education-sector-strategy.pdf
Bolivia	No national education sector plan.	n/a	n/a
Brazil	Plano Nacional de Educação (2014/2024)	Approved via Lei no 13.005/2014 on June 25, 2014. In effect until 2024.	http://pne.mec.gov.br/
Chile	No national education sector plan, but there are national plans for different sub-sectors (ex, Strategic Plan for Educational Infrastructure).	n/a	n/a
Colombia	Plan Nacional Decenal de Educación 2016-2026	Ley 115 de 1994, Art. 72 and Art. 206, as well as Decreto 5012 fr 2009, Art. 2.2 call for the development and approval of an education sector plan.	http://www.plandecenal.edu.co/cms/
Costa Rica	Plan Nacional Decenal de Educación 2016-2026	Sub-section of a national development plan tied to the current political administration, as established by the "Ley por el Ministerio de Planificación Nacional y Política Económica"	http://www.mep.go.cr/sites/default/files/banner/pnd_2015_018_alberto_canas_escalante.pdf
Cuba	Plan Nacional de Desarrollo 2015-2018	n/a	n/a
Dominica	No national education sector plan.	n/a	n/a
Dominican Republic	Plan Decenal de Educación 2008-2018	Established as a requirement of the Ministry of Education in the Ley General de Educación	http://www.minerd.gob.do/documentosminerd/Planificacion/planes/PLAN_DECENAL_final.pdf

COUNTRY	EDUCATION SECTOR PLAN	STATUS	LINK
Ecuador	Plan Decenal de Educación 2016-2025	Published February, 2016. In proposal stage, not yet approved.	https://educacion.gob.ec/wp-content/uploads/downloads/2016/03/PLAN-DECENAL-PROPUESTA.pdf
El Salvador	Plan Nacional de Educación en Función de la Nación 2014-2019	Presented 2015, linked to current political administration.	http://www.transparenciaactiva.gob.sv/mined-presento-plan-nacional-de-educacion-2014-2019
Grenada	Strategic Plan for Educational Enhancement and Development 2006-2015 (SPEED II)	Plan expired in 2015. Ministry currently operating under Corporate Plan 2016-2018, via which a new strategic plan is developed.	Not available publicly.
Guatemala	Plan Estratégico de Educación 2016-2020	Presented May 25, 2016, tied to current political administration.	http://www.mineduc.gob.gt/portal/contenido/menu_lateral/quienes_somos/politicas_educativas/pdf/PLAN-EDUCACION.pdf
Guyana	Education Sector Plan 2014-2018	Presented and published by Ministry of Education, January, 2015.	https://education.gov.gy/web/index.php/education-sector-plan-2014-2018
Haiti	Plan Opérationnel 2010-2015	Published January, 2013. No currently updated plan.	http://menfp.gouv.ht/PLAN_OPERATIONNEL_2010_2015_.pdf
Honduras	Plan Estratégico Institucional 2014-2018	Approved by the Secretary of Education September 18, 2014. Launched publically June 2015.	https://www.se.gob.hn/se-detalle-plan/14/
Jamaica	National Education Strategic Plan: 2011-2020	Approved by the Cabinet, July 30, 2013.	http://planipolis.iiep.unesco.org/sites/planipolis/files/ressources/jamaica_nesp_2011-2020.pdf
Mexico	Programa Sectorial de Educación 2013-2018	Part of the Plan Nacional de Desarrollo 2013-2018 linked to the current administration. Approved December 13, 2013 as stipulated by the Ley de Planeación, Artículo 21.	http://www.sep.gob.mx/es/sep1/programa_sectorial_de_educacion_13_18#.WRMOS_nytpg
Nicaragua	Estrategia del Sector Educativo 2017-2021	Presented May 2, 2017, not yet approved.	Not available publicly.
Panama	Plan Estratégico del Ministerio de Educación 2014-2019	Launched 2014, but no formal legal status.	http://www.meduca.gob.pa/sites/default/files/2016-11/Plan-Estrategico-MEDUCA-Oficial-2014%20-2019_3.pdf
Paraguay	Plan Nacional de Educación 2024	Approved May 1, 2009	http://planipolis.iiep.unesco.org/sites/planipolis/files/ressources/paraguay_plan_educacional_2024.pdf
Peru	Plan Estratégico Sectorial Multianual de Educación 2016-2021	Approved June 7, 2016 via Resolución Ministerial No 287-2016-MINEDU	http://www.minedu.gob.pe/normatividad/pesem/PESEM-2016-2021.pdf

COUNTRY	EDUCATION SECTOR PLAN	STATUS	LINK
St. Kitts & Nevis	Education Sector Plan 2017-2021	Currently in draft form on Ministry of Education website and open for feedback. An additional White Paper, 'Raising the Standard, Maximising Resources, Aligning with Best Practices – Promoting Success For All' has been approved by the Cabinet.	https://drive.google.com/file/d/0B_mlml6nPCmsQFT3h3VHB2MEVpSFk/view
St. Lucia	Education Sector Development Plan 2015-2020	Launched September 18, 2015.	http://www.govt.lc/media.govt.lc/www/resources/publications/education-sector-development-plan-2015-20200.pdf
St. Vincent & the Grenadines	Education Sector Development Plan 2012-2017	Unclear	Not available publicly.
Suriname	No national education sector plan.	n/a	n/a
Trinidad & Tobago	Education Sector Strategic Plan: 2011-2015	Approved by Cabinet Minute No. 30 on January 5, 2012.	Not available publicly.
Uruguay	No national education sector plan, but there are national plans for different sub-sectors (ex, National Reading Plan).	n/a	n/a
Venezuela	No national education sector plan.	n/a	n/a

APPENDIX B: PARTICIPATION IN INTERNATIONAL, REGIONAL AND NATIONAL STANDARDIZED TESTING

COUNTRY	PISA	LLECE (PERCE, SERCE, TERCE)	TIMSS	NATIONAL ASSESSMENTS
Antigua & Barbuda	n/a	n/a	n/a	Grades 2, 4 and 6 National Assessments administered annually to grades 2,4 and 6; first administered to grade 4 in 2007.
Argentina	2000, 2006, 2009, 2012, 2015[26]	PERCE (1997) SERCE (2006), TERCE (2014)	1995,[27] 2003, 2015[28]	Aprender administered annually to grades 3 and 6, and 2/3rd and 5/6th year of secondary students; first launched in 2016 replacing Operativo Nacional de Evaluacion (ONE).
Barbados	n/a	n/a	n/a	Barbados Secondary School Entrance Examination administered annually to grade 5 since 1996.
Belize	n/a	n/a	n/a	Belize Junior Achievement Test administered annually to grade 6. Primary School Examination administered annually to grade 8. Association of Tertiary Level Institutions of Belize Examination administered annually to 12th grade students wishing to attend tertiary education.
Bolivia	n/a	PERCE (1997)	n/a	From 1996 to 2000, Bolivia administered the Sistema de Medición y Evaluación de la Calidad de la Educación (SIMECAL) to grades 1, 3, 6, 8 and 12. Currently no national assessment system.
Brazil	2000, 2003, 2006, 2009, 2012, 2015	PERCE (1997), SERCE (2006), TERCE (2014)	n/a	Sistema Nacional de Avaliação da Educação Básica (SAEB) administered every two years to grades 5, 9 and 12 since 1995. PROVA Brasil administered for grades 4 and 9 since 1995.
Chile	2000, 2003, 2006, 2009, 2012, 2015	PERCE (1997), SERCE (2006), TERCE (2014)	1999, 2003, 2011, 2015, 2019	SIMCE administered annually to students in relevant grades on a rotating system selected from even numbered grades in primary school and second and third year of lower secondary since 1988.
Colombia	2006, 2009, 2012, 2015	PERCE (1997) SERCE (2006), TERCE (2014)	1995, 2007	Saber administered annually to grades 3, 5, 7, 9 and 11. Saber PRO administered annually to grade 12 since 2004; rebranded in 2012.
Costa Rica	2009, 2012, 2015	PERCE (1997), SERCE (2006), TERCE (2014)	n/a	Pruebas diagnósticas de II y III Ciclo de la Educación General Básica administered annually to all students in Cycle II and III since 1998, but no longer required to move to next grade.

COUNTRY	PISA	LLECE (PERCE, SERCE, TERCE)	TIMSS	NATIONAL ASSESSMENTS
Cuba	n/a	PERCE (1997), SERCE (2006)	n/a	Conducted a national education assessment with support from UNESCO in May 2017. National assessments conducted every second year by SECE (Sistema de Evaluación de la Calidad de la Educación) in grades 6, 9 and 12.
Dominica	n/a	n/a	n/a	Grade 6 National Assessment administered annually as primary school exit exam.
Dominican Republic	2015	PERCE (1997), SERCE (2006), TERCE (2014)	n/a	Pruebas Nacionales administered annually to grades 4 and 8 since 2004.
Ecuador	Pisa for Development (2018)	SERCE (2006), TERCE (2014)	n/a	SER Estudiante administered annually to grades 4, 7 and 10 since 2008.
El Salvador	n/a	SERCE (2006)	2007	Prueba de Aprendizaje y Aptitudes para Egresados de Educación Media (PAES) administered annually to students completing upper secondary education students since 1997.
Grenada	n/a	n/a	n/a	n/a
Guatemala	Pisa for Development (2018)	SERCE (2006), TERCE (2014)	n/a	Censual assessments administered annually grades 1, 3 and 6 and every 3-4 years for 9th grade students since 2005, and since 2006, yearly census for 12th grade students.
Guyana	n/a	n/a	n/a	National assessments administered annually to grades 2, 4,6 and 9.
Haiti	n/a	n/a	n/a	Examen de Sixième et Neuvieme Année Fondamentale administered annually for grades 6 and 9; discontinued in 2014.
Honduras	Pisa for Development (2018)	PERCE (1997), TERCE (2014)	2011	Evaluación de Rendimiento Académico administered annually to grades 1-9 since 2007.
Jamaica	n/a	n/a	n/a	National Assessment Programme administered for grades 1-6 since 1998.
Mexico	2000, 2003, 2006, 2009, 2012, 2015	PERCE (1997), SERCE (2006), TERCE (2014)	1995[29]	Evaluación Nacional de Logro Académico en Centros Escolares (ENLACE) administered annually to grades 3-9 since 2006.
Nicaragua	n/a	SERCE (2006), TERCE (2014)	n/a	Evaluación del Aprendizaje de los Estudiantes en 4to, 6to y 9no Grado administered for grades 4,6 and 9 since 1998, last assessment in 2010.
Panama	2009; Pisa for Development (2018)	SERCE (2006), TERCE (2014)	n/a	Irregular assessments over last two decades (every 1-4 years) since 1998.

COUNTRY	PISA	LLECE (PERCE, SERCE, TERCE)	TIMSS	NATIONAL ASSESSMENTS
Paraguay	Pisa for Development (2018)	PERCE (1997), SERCE (2006), TERCE (2014)	n/a	Administered seven national assessments since 1996.
Peru	2000, 2009, 2012, 2015	PERCE (1997), SERCE (2006), TERCE (2014)	n/a	Evaluación Censal de Estudiantes conducted annually to grade 2 and bilingual students in grade 4 since 2007
St. Kitts & Nevis	n/a	n/a	n/a	n/a
St. Lucia	n/a	n/a	n/a	Minimum Standard Test administered annually in grades 2 and 4. Common Entrance Exam conducted annually in grade 6.
St. Vincent & the Grenadines	n/a	n/a	n/a	National Diagnostics test administered to students in grades 2 and 4. Common Entrance Examination administered to students in grades 5 and 6 for entrance to secondary school.
Suriname	n/a	n/a	n/a	n/a
Trinidad & Tobago	2009, 2015	n/a	n/a	National tests administered annually to students in Standard One and Standard Three; suspended in 2017.
Uruguay	2003, 2006, 2009, 2012, 2015	SERCE (2006), TERCE (2014)	n/a	Aristas administered every three years to grades 3 and 6; first implementation phase in 2016.
Venezuela	n/a	PERCE (1997)	n/a	n/a

APPENDIX C: METHODOLOGY FOR CALCULATING COUNTRY PLACEMENT IN TYPOLOGY

For each indicator used in the typology, both on the outcomes and the policy dimension, countries were grouped into weak, medium or strong categories. Specifically, this was calculated as:

OUTCOMES

- **Pre-primary enrollment rate**: Countries were categorized as "strong" when they had pre-primary enrollment rates 10 percentage points or more above the regional average. Countries were categorized as "medium" when they had pre-primary enrollment rates within 10 percentage points of the average. Countries were categorized as "weak" when they had pre-primary enrollment rates more than 10 percentage points below the average.

- **Lower secondary completion rate**: Countries were categorized as "strong" when they had lower secondary completion rates ten percentage points or more above the regional average. Countries were categorized as "medium" when they had lower secondary completion rates within ten percentage points of the average. Countries were categorized as "weak" when they had lower secondary completion rates more than ten percentage points below the average.

- **TERCE, average % of students falling in level 1 or below across all grades and subject areas**: Countries were categorized as "strong" when an average of less than 20% of students scored in level one or below across all subject areas and grade levels on the TERCE exam. Countries were categorized as "medium" when an average of between 20% and 30% of students scored in level one or below across all subject areas and grade levels on the TERCE exam. Countries were categorized as "weak" when an average of more than 30% of students scored in level one or below across all subject areas and grade levels on the TERCE exam

- **Percentage of students in tertiary education enrolled in science programs, both sexes (%)**: Countries were categorized as "strong" when more than 7% of all tertiary education students are enrolled in science education programs. Countries were categorized as "medium" when between 5% and 7% of all tertiary education students are enrolled in science education programs. Countries were categorized as "weak" when less than 5% of all tertiary education students are enrolled in science education programs.

- **Percentage of firms identifying an inadequately educated workforce as a major constraint**: Countries were categorized as "strong" when less than 1/4 of firms identified an inadequately educated workforce as a major constraint. Countries were categorized as "medium" when between 1/3 and 1/4 of firms identified an inadequately educated workforce as a major constraint. Countries were categorized as "weak" when more than 1/3 of firms identified an inadequately educated workforce as a major constraint.

POLICIES

- **National Strategy**: Countries were categorized as "strong" when they have an articulated, long-term sector plan that has been publically shared and includes targets and indicators along with a legal framework for implementing the plan. Countries were categorized as "medium" when they have an articulated sector plan that has been publically shared and includes goals and targets, but may lack indicators, long-term vision, clear steps for implementation and/or a legal framework. Countries were categorized as "weak" when they either lacked a clear plan for the education sector, or when the plan was not shared publically, did not include specific goals, targets and indicators and/or did not include any sort of legal framework for implementation.

- **Information and Assessment Systems**: Countries were categorized as "strong" when there is a well-established, regularly administered national assessment system, for which the country shares the results publically, disaggregates data to identify areas of weakness and participates in regional or international standardized tests.

Countries were categorized as "medium" when there is a national assessment system in place, but tests are administered irregularly, intermittently, or only after students have completed most of their schooling, test results are poorly disseminated and there is limited participation in regional and international assessments. Countries are categorized as "weak" when they do not collect regular assessment data from a national standardized testing system, when test data is not shared or analyzed for information on student learning or when the country does not participate in any regional or international tests.

- **Government expenditure on education as a percentage of GDP (%)**: Countries were categorized as "strong" when government expenditure on education is more than 6% of GDP. Countries were categorized as "medium" when government expenditure on education is between 4% and 6% of GDP. Countries were categorized as "weak" when government expenditure on education is less than 4% of GDP.

For each policy dimension, the information from the indicators was synthesized to produce an overall, holistic ranking. In general, countries were grouped based on the category in which they most frequently appeared. In several cases, however, where a country was categorized into high, medium and low or high and low indicators, we "split the difference" and categorized them as medium, even if this was not, strictly speaking, the most common categorization. Countries with missing data points in particular indicators were not penalized for the missing information, but they also did not benefit from potential areas of strength if this was not captured in the available data. Instead, the existing data points were the only ones considered (for example, if there was only data available for four of the five indicators, then those were the only four considered in determining the ranking).

Cuba is not included in the typology due to insufficiently reliable and recent data.

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Endnotes

1. "LAC" is used throughout the paper to refer to all countries in the region. In certain places, however, the terms "Latin America(n)" and "Caribbean" are used separately to denote information, reports or studies that refer only to that specific sub-region.

2. In some countries, primary enrollment is still a challenge. See the discussion of primary education in Section II for further detail.

3. Most countries in LAC, including Argentina, Belize, Brazil, Chile, Colombia, Costa Rica, Dominica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, St. Vincent & the Grenadines, Suriname, Trinidad & Tobago and Uruguay have primary gross enrollment rates over 100%. Gross enrollment rate, which is calculated by dividing the number of students enrolled in a specific level by the total number of children in that age group, can therefore achieve ratios above 100% since it does not account for students who are either too young or too old for their proscribed grade. In other words, the high gross enrollment rates in LAC indicate the serious challenges of grade repetition and late enrollment that many countries face. Net enrollment rates, on the other hand, are calculated using the number of children enrolled in the appropriate grade for their age (UIS, 2017).

4. For example, on the 2015 PISA exam, students from Vietnam—which has a GDP per capita (in PPP) slightly above Honduras and Nicaragua, but slightly below Bolivia, Guatemala and Guyana— achieved scores above the LAC average equivalent to three additional years of schooling (https://publications.iadb.org/bitstream/handle/11319/7991/Latin-America-and-the-Caribbean-in-PISA-2015-How-Did-the-Region-Perform.PDF?sequence=4&isAllowed=y; World Bank Data, 2017).

5. Human capital is defined as the skills and knowledge that individuals acquire through education, training and experience which allow them to be more productive and efficient workers.

6. We have generally favored net enrollment rates (see endnote (3) for a discussion of net vs. gross enrollment rates) rather than attendance rates since they are more widely available across countries and education levels. However, in this section on pre-primary education, we do include some data on attendance rates (calculated from survey data rather than administrative data) which allows for disaggregation by income level.

7. At the 2004 Summit of the Americas, held in Miami, leaders from across the hemisphere set a target of reaching 75% enrollment in secondary school by 2010, a goal which, as current evidence shows, has been achieved (albeit a few years later than hoped).

8. There is no data available on secondary enrollment rates in Honduras before 2013.

9. PISA for Development, which aims to measure lower achievement levels with more granularity than the traditional PISA exam and strengthen local institutions and knowledge-sharing, will increase the number of countries in LAC participating in large-scale, internationally-recognized standardized testing initiatives, but is likely to once again highlight the central concern that children in LAC are not learning at adequate levels.

10. For higher education, gross enrollment rates are used since there is not a specific age range in which students are "supposed" to be enrolled and therefore no net enrollment rates.

11. The University of the West Indies, which has main campuses in Barbados, Jamaica and Trinidad & Tobago is the primary university in the OECS, of which St. Lucia and Antigua & Barbuda are both members.

12. In English, the term NEET (Not in Education, Employment or Training) is also frequently used, although the Spanish Nini is still widely accepted in English documents and discussions of the phenomenon.

13. Haitian data includes youth ages 15-29, while all other countries include only youth ages 15-24.

14. Honduras, with the support of the Global Partnership for Education is currently in the final stages of developing an education sector plan for 2017-2030 (https://www.globalpartnership.org/blog/honduras-paving-way-quality-education).

15. From 1996 to 2000, Bolivia administered the *Sistema de Medición y Evaluación de la Calidad de la Educación* (SIMECAL) to grades 1, 3, 6, 8 and 12. Bolivia has also recently joined UNESCO's Latin American Laboratory for Assessment of the Quality of Education (LLECE), with plans to participate in the Fourth Regional Comparative and Explanatory Study (ERCE).

16. In 2009, the Venezuelan province of Miranda participated in the PISA exam.

17. As an example, there are 808 sixth graders in St. Kitts and Nevis and less than 5000 students in the entire public primary school system (OECS Education Statistical Digest, 2016).

18. The "system support" indicator, from LAPOP America's Barometer 2017, attempts to measure to what extent there is "a summary belief in the legitimacy of political institutions in a country and overall levels of support for how the political system is organized." The five indicators used to determine the index determine to what extent respondents believe in: "(i) Respect for Institutions; (ii) Support Political System; (iii) Courts Guarantee Fair Trial; (iv) Basic Rights Protected; (v) Proud of Living Under Political System."

19. Depending on the country and the project, development banks offer either (subsidized) loans or grants, whereas USAID provides exclusively non-refundable grants.

20. Suriname is the fifth country.

21. Antigua & Barbuda, Dominica, Grenada and St. Kitts and Nevis all receive support through the Organization of Eastern Caribbean States (OECS), but do not have country contracts with USAID.

22. The authors of the report recognize that, due to budget regulations, funding for English language instruction is not allowed under the Congressional earmark for USAID, although there are other US State Department programs (such as the Office of English Language Programs in the Bureau of Cultural Affairs) which engage in this type of programming. Nevertheless, we felt it was important to include in the report due to its recurring presence in survey responses.

23. The figures in this table were calculated using publically available data from each of the bilateral and multilateral organizations. However, it is important to note that each entity reports funding differently and certain agencies may count some funding (ex, scholarships) as aid, while others do not.

24. For large projects in multiple sectors, AFD does not disaggregate by sector. Therefore, the number may be slightly larger since some projects that are categorized as "Education" have other elements (ex, infrastructure, health, clean water, etc.)

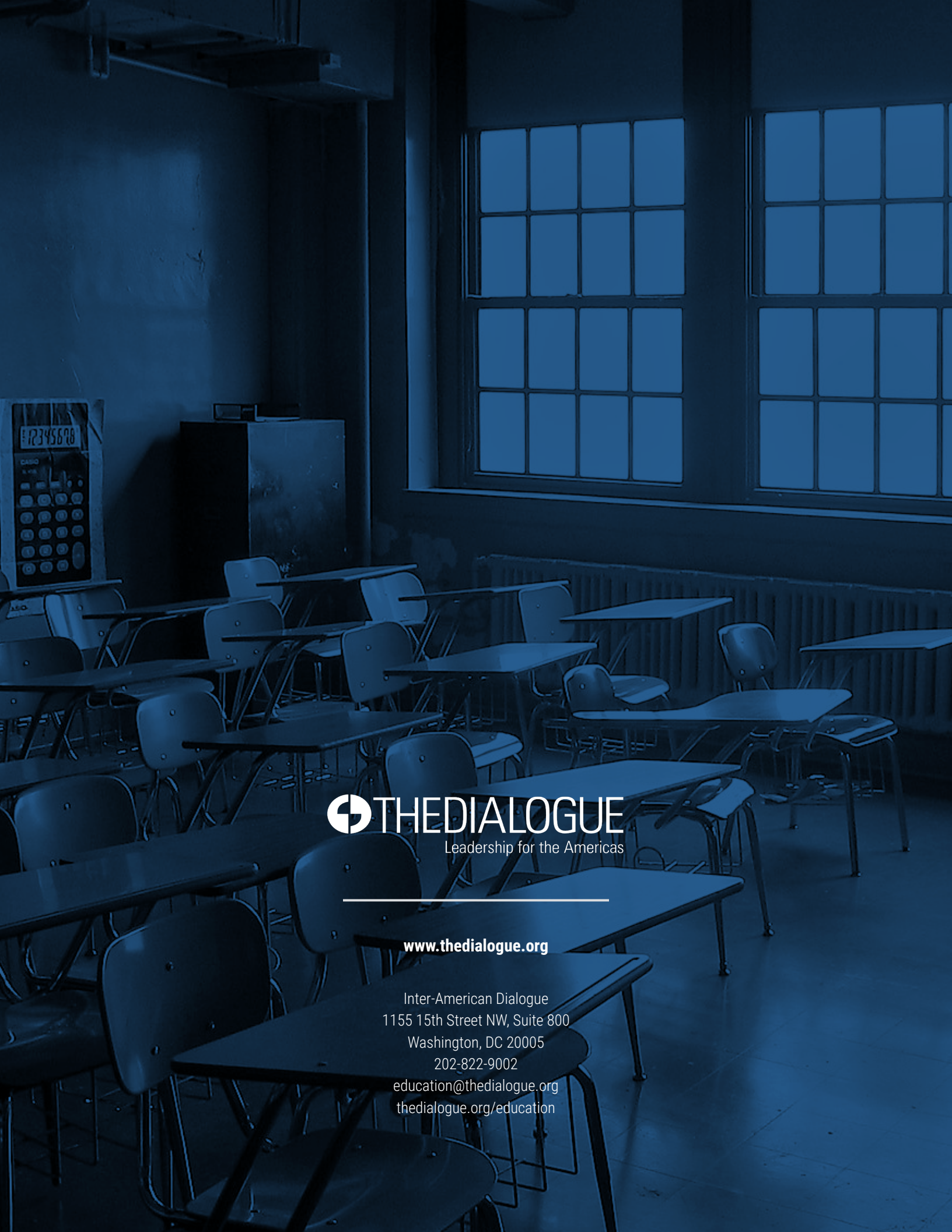
25. For a small number of SIDA projects, amounts are only provided in Swedish Kroner rather than US Dollars. Since there is no specific date provided to calculate an exchange rate, these amounts have not been included in the table.

26. Although Argentina participated in PISA 2015, technical problems with the sample prevented results from being reported.

27. Although Argentina participated in TIMSS 1995, technical problems with the sample prevented results from being reported.

28. Buenos Aires, Argentina participated in TIMSS 2015 as a benchmark participant.

29. Although Mexico participated in TIMSS 1995, technical problems with the sample prevented results from being reported.



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