

Summary of Ned Van Steenwyk's
"Honduras 2051: Education and Employment"¹
Michael Maxey - <http://www.maxey.info>

The impact of demographics, education outcomes, constraints on investment and job creation in Honduras over the next three decades will determine the future path of its youth and the potential for irregular migration to the United States. With 62% of the population under 30 years of age, a national workforce² of 4.1 million and an unemployment/underemployment rate of almost 60 percent there is a virtual tsunami of youth seeking employment. If there are no jobs in Honduras, these youth will migrate to other countries in a search for work and a more secure future.

Ned Van Steenwyk's new book, "[Honduras 2051: Education and Employment](#)" describes the problems and opportunities along with the actions required to promote economic development, increased employment, and higher wages. Progress in these three areas will ensure that Honduran youth stay and build a more resilient and prosperous country while failure could result in a continuation of high out migration. This is a serious issue not only for Honduras but also the United States with some estimates projecting up to 50,000 Hondurans leaving for the U.S. annually.³ The key to a better future in Honduras is increased employment linked to dynamic national and global markets. Education, workforce training and job skills development are needed along with increased investment and improved market access.

With only 36 percent of the population above the poverty line, the domestic market is limited but offers potential for future growth as more young people enter the workforce. This situation dictates that increased labor market efficiency must be linked to sectors in which Honduras is competitive on a global scale.⁴ The national investment promotion program, Honduras 2020, will require 600,000 trained workers in tourism, textiles, intermediate industries and agriculture. However, the creation of these jobs will depend on US\$10 billion in increased private investment which in turn will require improvements in a range of business and competitiveness rankings.

["Honduras 2051: Education and Employment"](#) provides an excellent overview of the history and current state of the national education system, describes the impact of demographics associated with an evolving workforce and provides key education sector data regarding what is needed to improve education outcomes and labor force efficiency. A central tenet of the book is the need for policy reform and public sector investment to improve the national investment climate. A failure to improve the factors that affect Honduran competitiveness will negate any gains in education and workforce development.

¹ Honduras 2051 - <https://www.amazon.com/Honduras-2051-Ned-Van-Steenwyk-ebook/dp/B07KWCGHNV>.

² Total population of Honduras in 1995 was 5.5 million and increased to 8.9 million in 2017. Over the same period the Economically Active Population (EAP) – over 10 years of age employed or seeking employment – more than doubled going from 1.9 million in 1995 to 4.1 million in 2015 with unemployment and underemployment going from 30% to 59%.

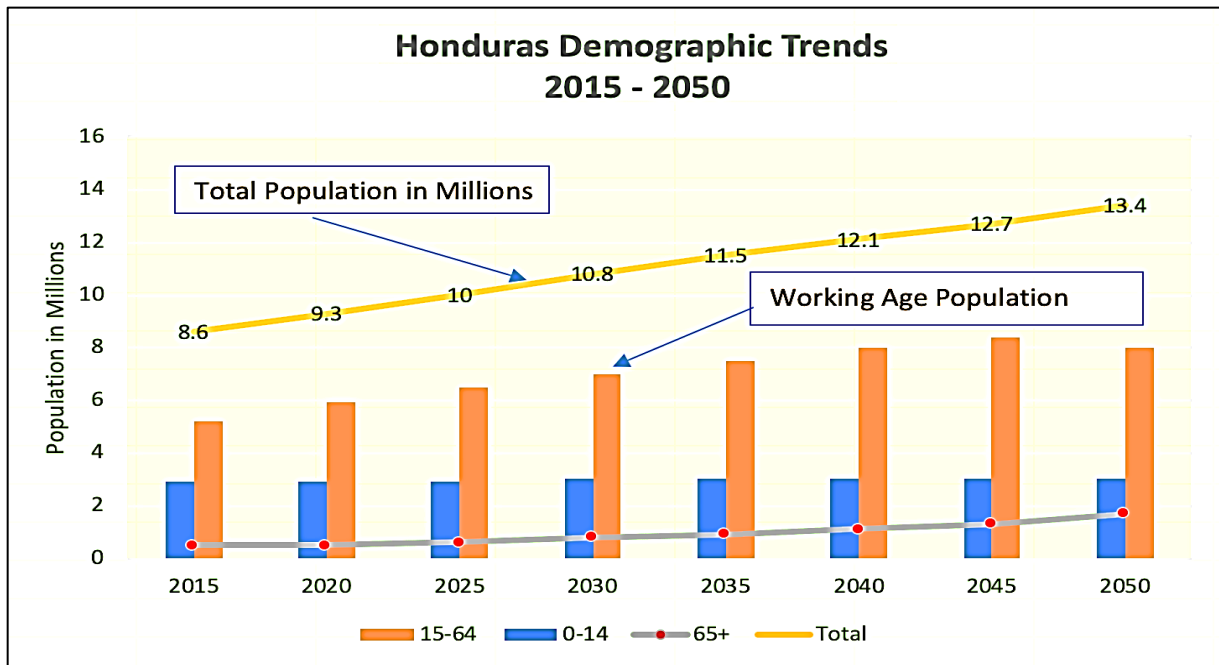
Underemployment includes visible & invisible underemployment - citizens working less than 36 hours per week, and those working 36 hours or more but with incomes less than the minimum wage.

³ Manuel Orozco, Central American Migration: Current Changes and Development Implications (Inter-American Dialogue, 2018).

⁴ See <http://reports.weforum.org/global-competitiveness-report-2015-2016/labor-market-efficiency/>.

Disruptive Change

- **Employment Trends** - Changing employment trends mean less opportunity for youth. There is an increase in youth that are neither continuing their studies nor working, Youth now have more years of education than their parents, but have much higher rates of unemployment and underemployment. Of the 700,000 youth between the ages of 19 and 24, over 70 percent are unemployed, under-employed or labor market drop outs. Hondurans of all ages are seeking employment. The pressure to find work is creating desperation among the youth and increasing pressure on the national government to find solutions to unemployment and under-employment or risk social and political instability. There is opportunity for accelerated economic growth from 2015 through 2045 with the working age population increasing by 2 percent annually. Historically, countries facing the same demographics that have been able to spur economic growth have done so by attracting private investment and preparing youth to compete in the world economy.



- **Demographic Trends** – From 2015 through 2050 there will be a projected increase in total population in Honduras of almost 58 percent with the current population of 8.6 million increasing to 13.4 million. The following graph shows the changes in key portions of the population during this time frame. The overall dependency rate⁵ is expected to decrease by 18 percent as the 15 to 64-year population increases by 66 percent going from a current 5.2 million to 8.7 million and representing 65 percent of

⁵ Dependency Rate is the relationship of the working age population with the dependent population of 0-14 and 65+ years of age and is determined by dividing the dependent population by the working age population.

the total population in 2050. Without a significant increase in meaningful employment, these working age Hondurans will be under tremendous pressure to out migrate.

Occupations & Incomes

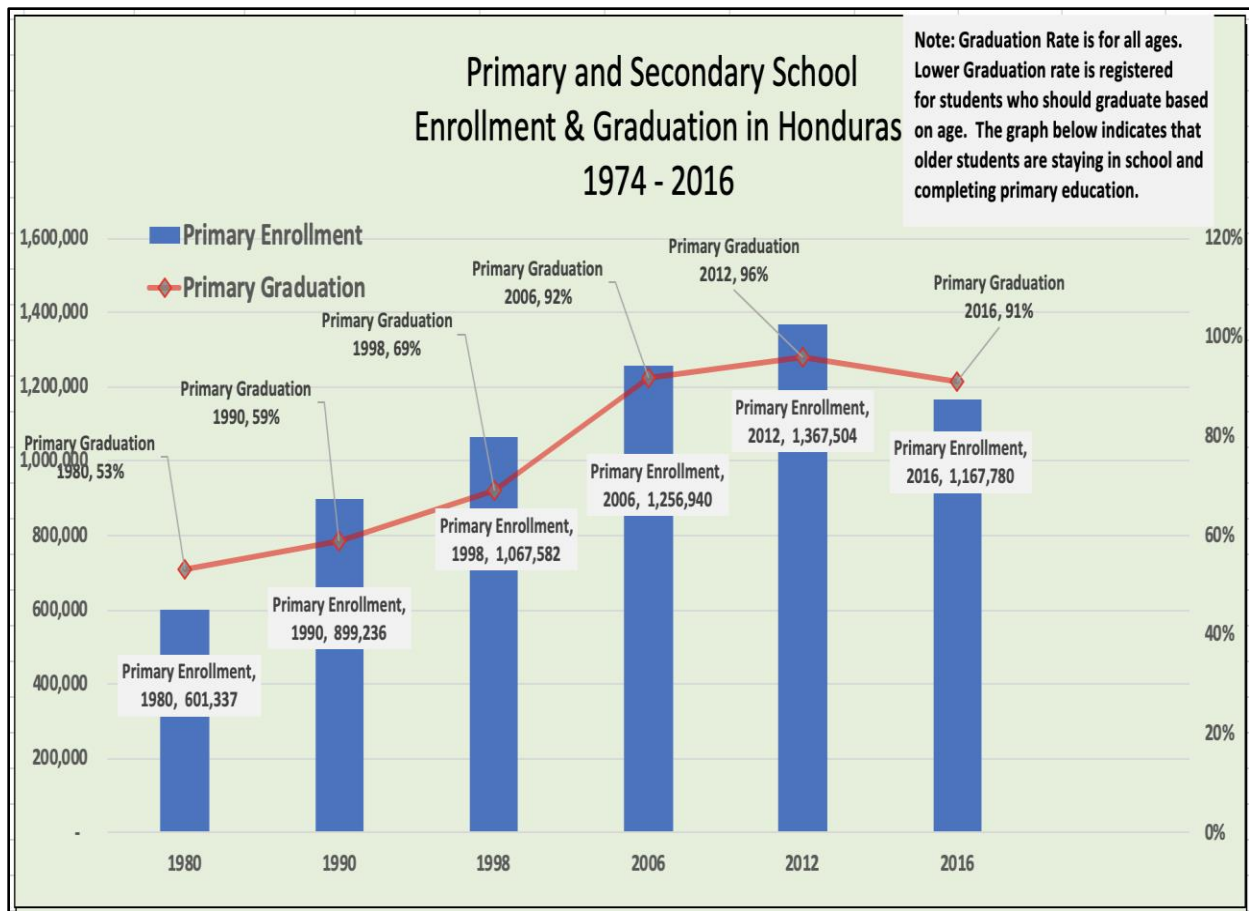
- Occupations - The largest employment sector in Honduras is agriculture providing jobs for 33 percent of total employment -- 1,262,500 jobs. Work ranges from subsistence farming to highly technical activities in plant genetics, GPS assisted farming, etc. There are probably more PhD's in agriculture and aquaculture than in manufacturing and education. This sector is expected to continue adding jobs to the economy. On the subsistence level, 20 percent of agricultural workers are unpaid family members. Service, commerce and sales employ 867,400 people – approximately 20 percent of employment – ranging from commercial centers, consulting firms, etc. to street vendors. Manufacturing employs 14 percent of the working population (518,400 jobs) while the construction sector provides 6 percent of national employment (234,600 jobs). Professional and technical positions account for 5 percent of employment (200,000 jobs). The overall working population increased from 1.8 million workers in 1995 to 3.8 million in 2017 with 80 percent of employment provided by either self-employment or the private sector. Within the self-employment sector, the number of people increased by 42 percent during 1995 through 2017 representing 42 percent of the current workforce. Self-employment and family members without salaries account for 54 percent of total employment (2 million people) versus 1.4 million workers receiving salaries from private sector businesses. During the period 2001 through 2017, public sector employment decreased from 7.7 percent to 5.4 percent of total employment (208,000 jobs). Domestic employees account for 3.3 percent or 126,000 positions. Overall during the period 1995 through 2017, unemployment increased by 249 percent while under-employment went up by 339 percent.
- Incomes - Average incomes increased from 2001 through 2015 for both urban and rural households but did so with significant disparity. While rural incomes increased by 100 percent over the 2001 levels (US\$138) this represented only 21 percent of the increase realized by public sector employees (US\$654) and 62 percent of private sector workers (US\$222). An analysis of income and number of household members indicates that only public sector employees realized an increase in purchasing power.⁶ The most significant reduction in purchasing power was for the self-employed with 1.3 fewer people able to receive food and basic necessities. Rising costs from 2001 to 2016 impacted families in both rural and urban areas. Reductions in the number of people in households from 2001 to 2017 helped families cope with rising costs but did not compensate for the loss of purchasing power. The need to make up for this loss incentivized other family members to look for options to cover the cost of food and basic necessities – this occurred simultaneously with more youth seeking employment. Overall, approximately

⁶ Purchasing Power – Determined by the number of people who could receive food and basic necessities with the average household incomes provided in Table 5 – “Changes in Monthly Household Incomes by Occupational Categories and the Size of Households.”

100,000 additional people are employed each year but unemployment and under-employment is high at 59 percent of the Economically Active Population (EAP) representing more than 2.4 million Hondurans.

Education & Income

- Education – Public school enrollments increased by more than 1.3 million students between 1974 and 2016. The average level of education of the working age population increased from 3 years of schooling in 1980 to 7.3 years in 2017. For the age group 25 to 29, the increase was to 9 years of education. By the 1990s, more than 90% of the school age population attended school and primary education became nearly universal. Primary school graduation levels increased to 91% by 2016 while high school graduation levels were low at 40%.⁷



- Clearly more children were enrolled and graduating from primary and secondary public schools. Demographic projections indicate the school age population will remain relatively stable for the next 30 years which will decrease the demand to expand primary school coverage and should result in universal access to secondary education.

⁷ The high school graduation rate in 2016 at 40% was significantly higher than the 1974 graduation of 10%.

Increased access combined with improvements in education quality and equity could result in better employment opportunities. While increasing enrollment and an increase in the number of years of education are important, a key factor impacting economic growth is the quality of education and overall education outcomes in terms of improved reading, writing and math skills.

- Income - There is a correlation between years of education and income with increasing enrollment and higher levels of education associated with higher average income. However, even the top quintile in Honduras with household income between US\$15,740 and US\$18,370 and an average 3.5 people per household would put the family in the lowest 20 percent of income in the US. Ironically, migration to the U.S. provides the potential for Honduran workers from high poverty families to reach top tier economic levels in their home country. With this kind of migration related earning potential and continued high unemployment and low relative wages in Honduras, the pressure to out migrate to more developed countries will continue to increase with a large percentage of those immigrants going to the United States.

Equity of Education

Access to education improved from 2006 to 2012 with total net enrollment⁸ in primary education increasing from 86% in 2006 to 93% in 2012. The gross enrollment rate⁹ is more than 100% due to over-age students. Access to one year of preschool education rose from 48% in 2008 to 87% in 2016. Analysis of grade failure, drop out and graduation rates indicates a correlation between higher family income and a lower probability of failing a grade. The children from the lowest 40% of family income have 8 times more probability of failing a grade than children from the top 20% of family income.

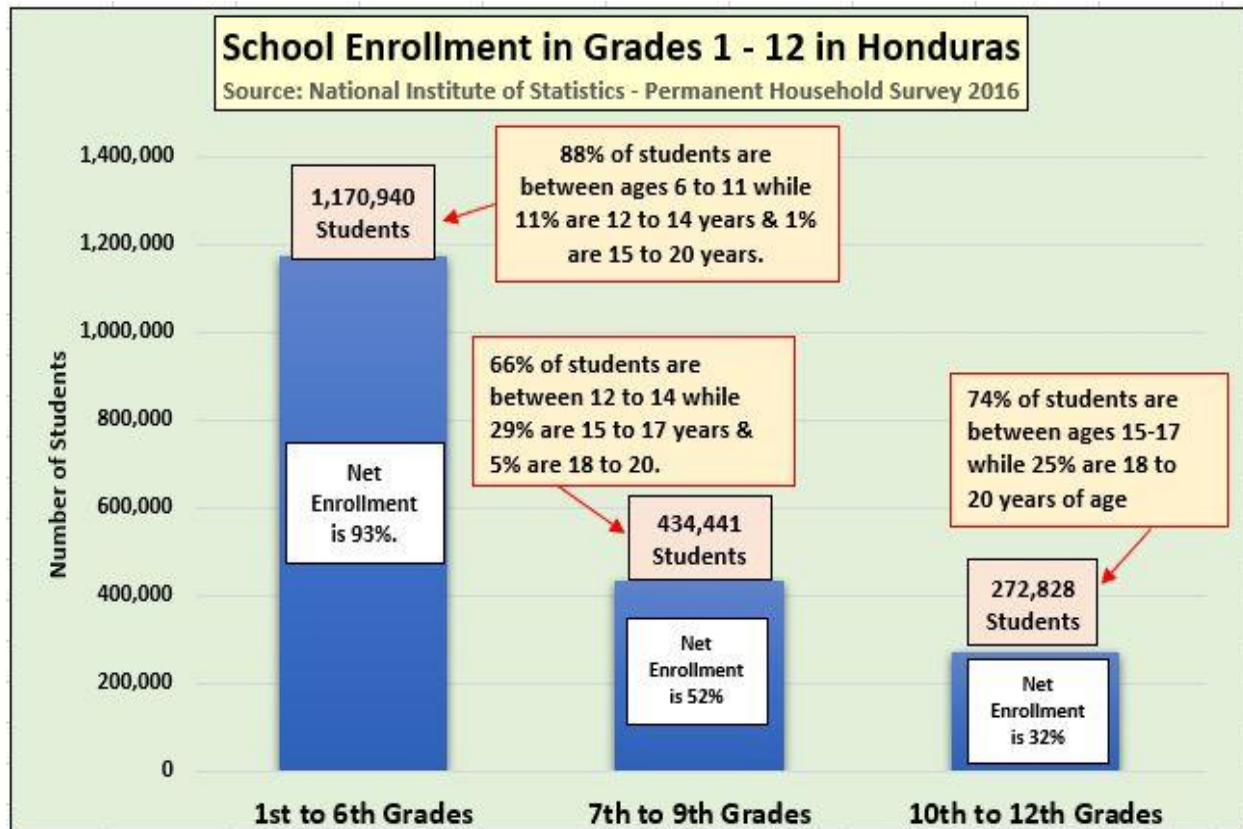
In addition to the potential impact of family income, there is also inequity based on geographic location with only 40% of rural youth enrolled in secondary school compared to 66% of urban youth. Children from lower income families also face a challenge in graduating from secondary school due to increased costs associated with more expensive school uniforms, more expensive school supplies, textbooks and other educational material. Students from poor families also have higher opportunity costs where they need to work to contribute to family income. According to the National Institute of Statistics and its Permanent Household Survey 2016, there were 1,878,209 children enrolled in grades 1 through 12 in Honduras. See the graphic below for a breakdown of student populations for 1st to 6th, 7th to 9th and 10th to 12th grades.

Social and economic issues constraint enrollment and this increases as children grow older. In insecure environments parents may choose to hold young children back. Some students are caring for younger siblings or infirm family members while others are working either in the

⁸ Net Enrollment – The enrollment of children 7 to 12 years of age divided by the population of that is 7 to 12 years of age for the year 2006.

⁹ Gross Enrollment – The enrollment of all students in primary education divided by the school age population of 7 to 12 or 6 to 11 years of age for the 1st through 6th grade.

home or at menial jobs. Areas with high levels of violence tend to have lower enrollment rates when compared with youth from the same socioeconomic background in lower violence areas. According to a statistically representative national survey of students, one in five reported being a victim of violence walking to or from school (at a national level, this incidence of violence would directly impact a quarter of a million students).



Education and Economic Growth

While past global education goals focused on access and increased years of education, the more recent emphasis has been on improving education outcomes. Attachment One -- a summary of "Learning to Realize Education's Promise" World Bank Development Report 2018 -- highlights the importance of education achievement in spurring greater economic growth.¹⁰ Measuring student achievement through a standardized testing program based on international academic standards is being done in Honduras through the Programme for International Student Assessment (PISA) from the Organization for Economic Cooperation and Development (OECD). Meeting international standards is a pathway to better employment opportunities and higher rates of economic growth provided there is sufficient private sector investment. Greater private investment occurs in markets and countries which have a higher potential for a good return on investment -- these countries are more competitive in key areas such as human capital, security, control of corruption, government efficiency and rule of law.

¹⁰ See ["Learning to Realize Education's Promise"](#)¹⁰World Development Report 2018, World Bank.

Investments for Employment

Potential returns to investors is the key metric driving where financial entities provide capital. Financial managers avoid risky investments based on evaluations that include key international indexes and indicators.

- Doing Business Index – World Bank – Measures the time to start a business, construct facilities, connect to the national electrical grid, title land, obtain credit, comply with tax law, export goods, and resolve commercial disputes.
- Global Competitiveness Index – World Economic Forum – Evaluates countries in three categories: (1) basic requirements – institutions, infrastructure, macroeconomic stability, health and primary education; (2) efficiency enhancers – higher education and training, market efficiency, technology and market size; and (3) innovation and business environment.
- Transparency, Homicides and Equity Indexes – Transparency International – Measure perception of corruption on a national level. Homicides – United Nations, World Bank and Honduras National Police (SEPOL).¹¹ Equity coefficients – World Bank, UNESCO, UNICEF and Central Intelligence Agency.

Country	Business Index 2018	Competitiveness Index 2018	Transparency Index 2017	Homicide Rate	Equity Coefficient	Secondary Education Net Enrollment
United States	6	2	16	4.8	45	89%
Canada	18	14	8	1.4	32	94%
Mexico	49	51	135	16	48	73%
Costa Rica	61	47	38	10	48	71%
El Salvador	73	109	112	64	37	63%
Panama	79	50	96	17	51	80%
Guatemala	97	84	143	31	52	46%
Honduras	115	96	135	43	49	52%
Nicaragua	131	93	151	11	46	47%

Competitiveness indicators for the Northern Triangle do not bode well for increased investment in the region. Insecurity as measured in homicide rates indicates the Northern Triangle is one of the most dangerous places in the world. Difficulty in starting and operating a business, lack of government transparency and low competitiveness highlight the constraints facing Honduras and the region. See Chapter 7 of Honduras 2051 for information on ways to improve business and competitiveness rankings.

¹¹ See <https://www.sepol.hn/> for more information on homicide statistics in Honduras.

These constraints on investment prevent the start up or expansion of businesses that can create jobs needed to employ Honduran youth over the next 30 years. This is a serious problem in terms of increased pressure for youth to out migrate to the U.S., Mexico and Europe in order to find work. The Honduran working age population is projected to increase from 5.8 million workers in 2019 to 8.7 million in 2050. The table below shows the number of new jobs needed each year. Falling short on job creation will continue increase pressure for workers to leave Honduras in search of employment. Another important factor will be the ability of the national economy to not only create new jobs but also decrease underemployment.

Year	Working Age Growth Rate	Working Age Population*	Employed**	Employment Target***	New Jobs Needed
2016		5,377,867	3,653,787 (68%)		
2016-2020	+ 2.2%	+468,864		4,092,711 (2020)	438,925
2020		5,846,731	4,092,712 (70%)		
2020-2025	+ 2.1%	+613,317		4,586.634 (2025)	493,922
2025		6,460,048	4,586,634 (71%)		
2025-2030	+ 1.7%	+541,517		5,041,127 (2030)	454,493
2030		7,001,565	5,041,127 (72%)		
2030-2035	+ 1.4%	+499,434		5,475,729 (2035)	434,602
2035		7,500,999	5,475,729 (73%)		
2035-2040	+ 1.2%	+461,512		5,892,258 (2040)	416,529
2040		7,962,511	5,892,258 (74%)		
2040-2045	+ 1.0%	+389,341		6,263,889 (2045)	371,631
2045		8,351,852	6,263,889 (75%)		
2045-2050	+ 0.74%	+309,592		6,582,697 (2050)	318,808
2050		8,661,444	6,582,697 (76%)		
Change 2016 to 2050	+ 61%	3,283,577	2,928,910	+ 80%	2,928,910

Improving Education and Training for Employment

The last eight chapters of Honduras 2051 focus on the current state of Honduran student achievement, ways to improve education and the need to train youth for jobs of the future. The clear implication of a failure of Honduras to address competitiveness issues, promote increased Foreign Direct Investment, and increase human capital through improved education and training is increased out migration of youth as 3 million workers enter the Economically Active Population over the next 30 years. The United States has a stake in this process and should take the necessary action to help Honduras improve its competitiveness, promote private investment, and increase its human capital.

Summary of [“Learning to Realize Education’s Promise”](#)¹²
World Development Report 2018, World Bank
Michael Maxey

The report focuses on (1) the potential for education’s promise, (2) the reality of a global learning crisis, and (3) the need for innovation and effective strategies to improve learning outcomes. It makes clear that education is critical to economic growth and cites the increase in access to education on a global level as a positive development.¹³ As access has increased, learning outcomes have failed to provide youth with the foundational skills needed to become part of a competitive workforce. Even with four years of schooling -- up to 125 million children in developing countries are not acquiring functional literacy and numeracy skills. The poorest students are the most affected. Unprepared learners, low teacher skills coupled with lack of motivation, unavailability of relevant inputs, and weak school management and governance – are factors that contribute to a global education crisis. To address these issues, national education systems must assess learning outcomes, act on evidence, and align actors.

Education’s Promise¹⁴ - Effective learning – defined as the incremental acquisition of skills that include (1) foundational (reading, writing and math), (2) socio-emotional or non-cognitive skills (interpersonal, control of aggression, focus, conscientiousness,) and (3) technical skills – improves individual freedom, creates the building blocks for inclusive institutions, and promotes economic growth. Increased human capital promotes employment, increases earnings and creates better health outcomes. For society in general, effective education raises pride, drives long-term economic growth, reduces poverty, spurs innovation, strengthens institutions, and fosters social cohesion. Foundational reading, writing and math skills are the start of a process that can create a competitive, innovative workforce.¹⁵ Failure to build a foundation on basic skills puts a country at a critical disadvantage and limits its potential.

“A country’s education level is critical for its economic success. For many years, the economics literature focused on the positive effects of education quantity on growth. However, a growing body of evidence suggests it is not only the *quantity* of schooling, measured by average years of schooling or enrollment rates, but also the *quality* of schooling, proxied by student achievement tests, that contributes to growth. It is not about being in school but what is learned in school that matters. Over 15 years of literature now supports this conclusion. The evidence shows that in cross-country regressions when student achievement conditional on years of schooling – rather than years of schooling alone - is correlated with growth, the association and explanatory power of growth models is significantly higher. Research demonstrates a plausibly causal link between cognitive skills and growth.”

[Policy Research Working Paper 8314, January 2018, “Global Data Set on Education Quality \(1965–2015\)” Nadir Altinok, Noam Angrist and Harry Anthony Patrinos.](#)

Learning Crisis – School enrollments have dramatically increased in developing countries with greatest expansion in primary which in turn is creating a higher demand for secondary education. While access is increasing there is evidence of problems with education outcomes. WDR 2018 Team information (pp. 72 – 73) highlights the low level of learning occurring in Africa and Latin America but indicates that these

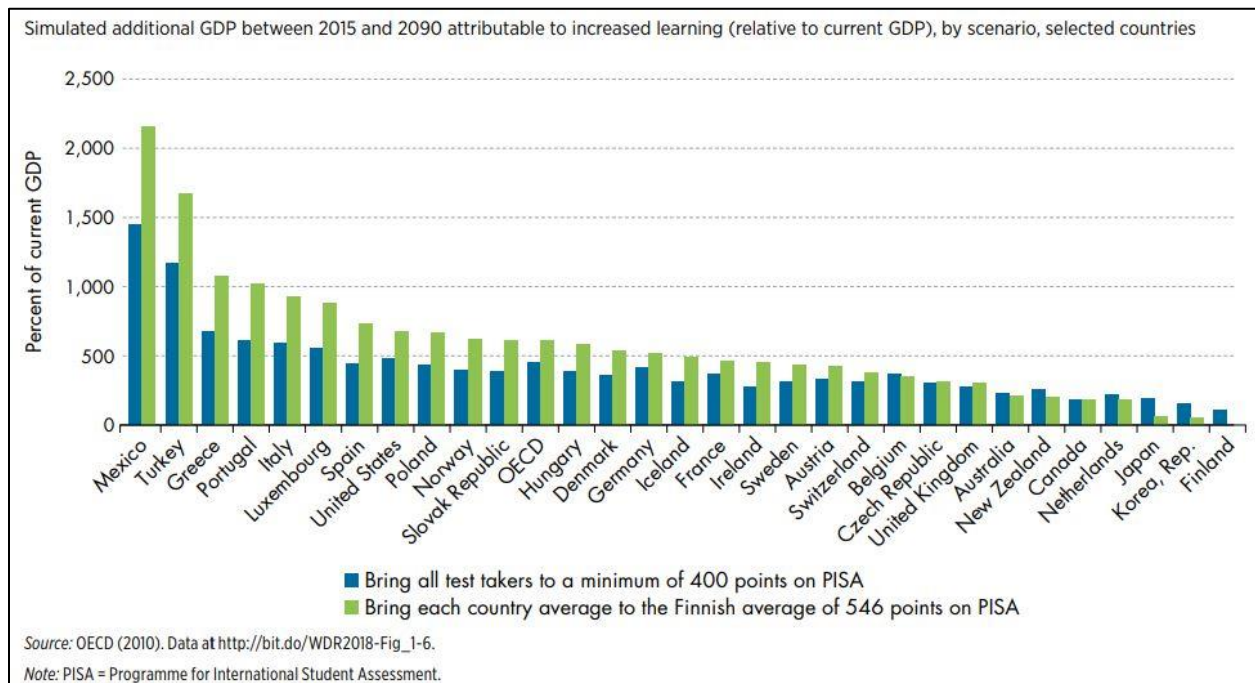
¹² Attribution: World Bank. 2018. [World Development Report 2018. Learning to Realize Education’s Promise. Washington DC: World Bank. Doi:10.1596/978-1-4648-1096-1.](#) License: Creative Commons Attribution CC by 3.0 IGO.

¹³ The report highlights the success in creating greater access to education with the years of schooling completed by the average adult in the developing world more than tripling between 1950 and 2010 (going from 2 years to 7.2 years). But this achievement is offset by tremendous shortfalls in basic literacy in reading, writing and math as reported by UNESCO where on a global level -- and acquire significantly less learning than children from higher income households – poor children learn the least which hurts them the most. At a national level, the failure to learn affects long-term social and economic development.

¹⁴ From the Report - Part One – Schooling, Learning and the Promise of Education, pp. 38 – 54.

¹⁵ From the Report - Spotlight 1 - “The Biology of Learning” – pp . 68 – 70 – “The available insights on brain development have implications for investments in learning and skill formation. Because brain malleability is much greater earlier in life and brain development is sequential and cumulative, establishing sound foundations can lead to a virtuous circle of skill acquisition.”

low learning levels are not an inevitable outcome of rapidly expanding access to education. South Korea and Vietnam are mentioned as examples of countries that have increased enrollment and improved learning outcomes. They did so in large part by addressing the needs of the poor and disadvantaged to receive relatively equitable access to quality schooling.¹⁶ Poverty and malnutrition have a significant impact on learning causing poor students to be less prepared and more susceptible to falling behind. Illiteracy at the end of grade 2 has long-term consequences and seriously affects future learning. This is compounded by the finding that there is little to no support to help failing students catch up. The WDR 2018 Team estimates that resulting low skills continue to undermine career opportunities and earnings potential with data, based on 41 countries, indicating more than 2.1 billion of 4.6 billion working age adults (ages 15 – 64) lack crucial foundational skills. The economic impact of this situation is illustrated below with a graph showing the potential economic output that could be realized from increased learning.



As this above graph of simulations indicates, the potential economic growth that could be achieved by improving cognitive skills is enormous.¹⁷

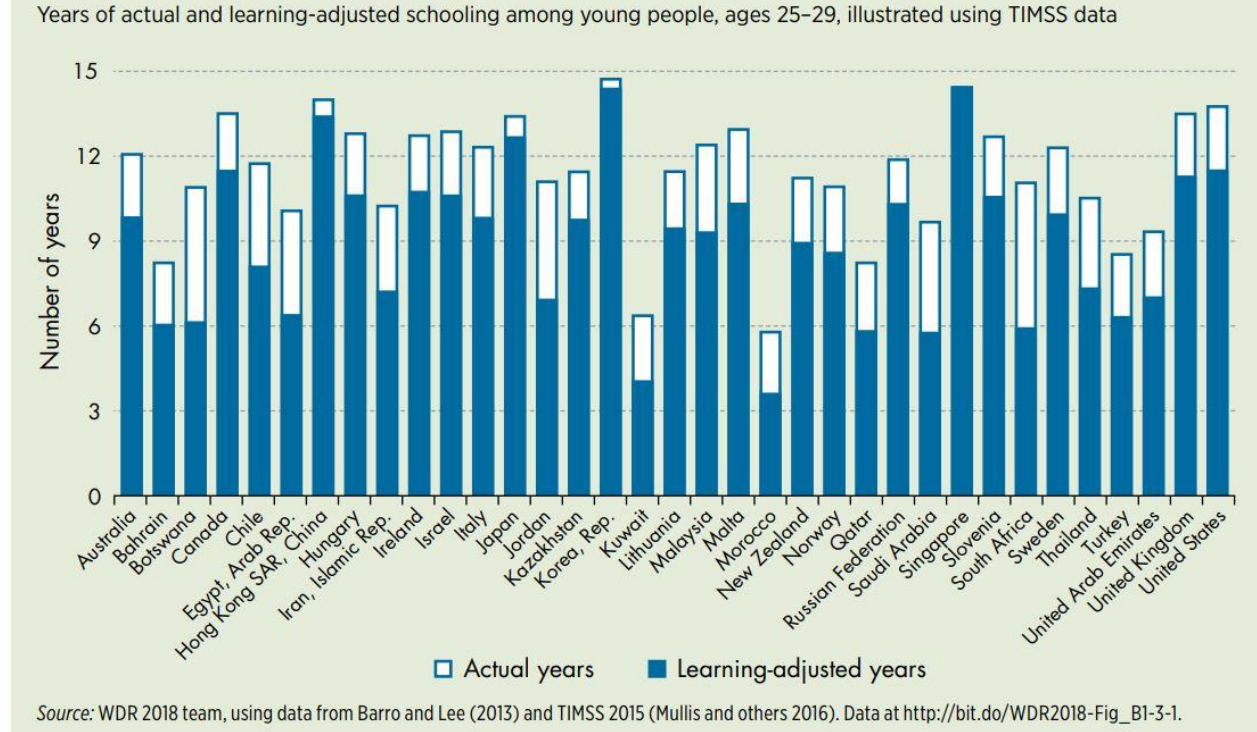
The graph on the next page illustrates the impact of national education programs on learning outcomes. It compares number of years of education with actual student learning standardized across different economies using international assessments such as the Trends in International Mathematics and Science Study (TIMSS) or the Programme for International Student Assessment (PISA) to provide a comparison of education effectiveness.

The following graph assumes "... an average learning trajectory across economies is linear—starting at no learning when learners enter school and growing at a constant rate to grade 8—then the ratio of scores across two economies would reflect the relative learning per year in one economy versus the other. Two important facts support the credibility of this analysis: first, the TIMSS score ratios across economies for

¹⁶ From the report – pp. 3-4 - “Any country can do better if it acts as though learning really matters.” – Vietnam in 2012 had its 15 year olds scoring at the same level as German youth on scores under the Program for International Student Assessment (PISA) tests.

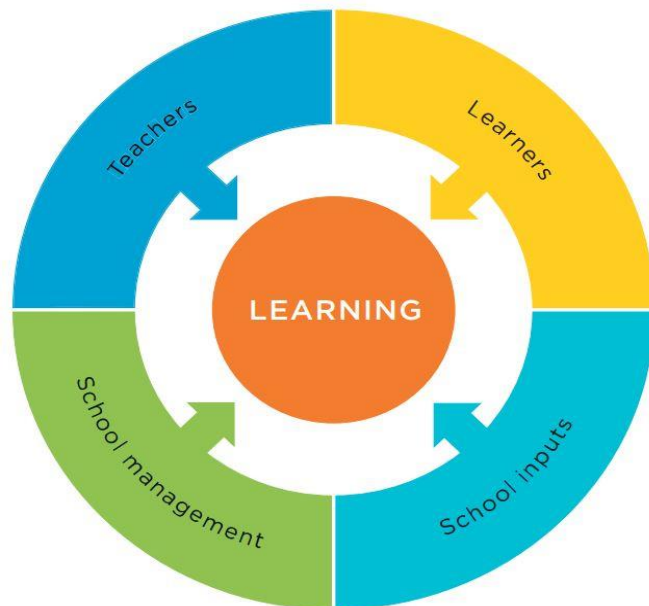
¹⁷ Hanushek, Eric A., Guido Schwerdt, Simon Wiederhold, and Ludger Woessmann. 2015. “Returns to Skills around the World: Evidence from PIAAC.” *European Economic Review* 73: 103–30.

grade 4 are similar to those for grade 8; and second, PISA scores tend to increase linearly across the grades in which that test is administered.”



The primary constraints on effective learning are unprepared students, ineffective teachers, lack of school inputs and poor school management:

Children are not arriving to the class room ready to learn. The lack of foundation skills acquired in early childhood has a significant impact on learning outcomes. With chronic malnutrition, illness, lack of parental support and unpredictable situations associated with poverty, poor children lag behind their more affluent peers with gaps widening as children age. This is alarming because cognitive and language abilities are important predictors of performance throughout school and early adulthood. In addition to decreased cognitive skills, poor children also tend to have a lack of socio-emotional development (e.g., ability to control aggressive behavior, avoid distractions and get along with peers). Learning gaps appear to be caused by gaps in cognitive and socio-emotional abilities, and as these children grow older it becomes harder to break out of lower learning trajectories.



Source: WDR 2018 team.

Teachers often lack the needed skills and motivation. According to work by Eric Hanushek,¹⁸ Barbara Bruns and Javier Luque,¹⁹ teachers are the most important determinant of student learning. Yet, high quality teachers are in short supply in the developing world. Compounding this problem is the loss of teaching time due to absenteeism and less time on task when in class. When informal school closures and student absenteeism are considered, many countries see a marked decrease in instructional time. For example, only about 1/3 of the instructional time is used in Ethiopia, Ghana and Guatemala. Middle-income countries in Latin America lose about 20 percent of instructional time or the equivalent of one lost day per week for schooling. In addition to lost time for teaching, teacher absences represent major losses of resources for the education sector given that approximately 80 percent or more of the national education budgets in the developing world is dedicated to teacher salaries. The report cites a study in India in which 1,300 villages were assessed and found that 24% of teachers were absent during unannounced visits which was the equivalent of a \$1.5 billion loss to the national education budget. Whether teachers lack skills or motivation or both, there is a heavy price paid when teachers are not properly trained, present and supported to teach children.

School management skills are low and school inputs have not kept pace. Management quality and school leadership are associated with better education outcomes, yet in many developing countries, school management is deficient as measured by management scores in education.²⁰ At the same time, the expansion of primary education is doubling or tripling class size and limiting the effectiveness of instruction. Growing enrollment has clearly contributed to a decrease in per capita spending per student. For example, in Malawi between 2008 to 2015, as the gross enrollment rate increased from 131 to 146 percent, the average number of students per class increased from 85 to 126. While the introduction of universal primary education in Uganda increased enrollment by 68% there was a significant increase in the number of students per teacher (the student teacher ratio went from 38:1 to 80:1) and students per class (student-to-class ratio went from 68:1 to 105:1). These types of increases in enrollment without major increases in funding for education can impact the overall quality of education. An effective measuring system is needed to assess learning skills, identify problem areas, and guide policy decisions and investments required to address constraints on more effective learning.

Evidence & Recommendations – We need to understand that skills are multi-dimensional and that learning involves addressing areas aimed at eventually creating a skilled, competitive workforce.²¹ In assessing what works, the report points to the large number of studies (e.g., 299 in 2016) which provide evidence on how to improve education outcomes. The problem is in trying to generalize individual studies that can have different results based on where and at what cost they are implemented. The report recommends a nuanced synthesis of studies in several areas with a focus on human behavior theory: (1) preparing students for school; (2) preparing and motivating teachers to teach; and (3) strengthening teacher-student interaction; and (4) building on foundations of learning by linking skills training to jobs. In addressing these areas, the focus should be on “gaps” – places where evidence of successful interventions is strong but where resources are not being invested by stakeholders. For example, early child investment shows great promise but is area lacking in investments by most governments and families. Certain types of teacher professional development approaches result in higher learning gains but

¹⁸ Hanushek, Erica A. 1979. “Conceptual and Empirical Issues in the Estimation of Educational Production Functions.” *Journal of Human Resources* 14 (3): 351-388. -----, 1992. “The Trade-Off between Child Quantity and Quality.” *Journal of Political Economy* 100 (1): 84-117.

¹⁹ Bruns, Barbara, and Javier Luque. 2015. “Great Teachers: How to Raise Student Learning in Latin America and the Caribbean.” *Latin American Development Forum Series*. Washington DC: World Bank

²⁰ Bloom, Nicholas, Renata Lemos, Raffaella Sadun, and John Van Reenen. 2015. “Does Management Matter in Schools?” *Economic Journal* 125 (584): 647-74.

²¹ Multidimensionality of Skills – The report cites on pp 102 to 104 that there are three broad skill categories (1) cognitive skills which include the ability to understand complex ideas, engage in various forms of reasoning, learning and professional development, (2) socioemotional skills which are needed to deal at an interpersonal and social level effectively (e.g., self-awareness, leadership, teamwork, self-control), and (3) technical skills which are the acquired knowledge, experience and interactions needed for competent performance of duties. The basic foundations of cognitive skills include basic literacy, numeracy, critical thinking and problem-solving are best learned at an early age. Higher order cognitive skills and adaptive learning are built on this foundation.

are not adopted. Intuition and common sense are not enough, evidence is needed on impact and on the cost benefit of interventions in the context of where the approach will be used.

Preparing Students – The evidence clearly shows that investing in a child’s early years has a dramatic impact on later learning trajectories. A synthesis of the evidence indicates three key principles for improved learning: (1) early childhood nutrition, stimulation and learning opportunities can set a child on high-development trajectories and foster greater cognitive and socio-emotional development; (2) lower costs increase school attendance while motivational tools can increase learning outcomes; and (3) remedial education can result in greater learning and should be available for those that need it. Skill development should be the ultimate goal of the education process with a focus on linking those skills to jobs. For more information, see pp. 112 – 130.

Preparing Teachers – Effective teachers are a critical part of the solution to the learning crisis. Although teacher salaries make up the bulk of education costs in developing countries there is a lack of emphasis on professional teacher development. To be effective, teacher training needs to be individually targeted with follow up coaching and an emphasis on teaching to the students’ level. Motivation and incentivizing teachers to increase their skills and teach effectively is important. Actions required of teachers must be within their capabilities and should focus on addressing issues that impede learning. Models of human behavior that can guide actions to improve teaching are effective and should be used. Various countries have established programs that improve learning outcomes through teacher professional development and provision of incentives. Specific recommendations are provided on pp. 131 – 144.

Strengthening Teacher-Student Interaction – Learners and teachers have a more productive learning relationship when supported by learning materials and other inputs. Technology can be important but it must complement teacher skills and must be able to be implemented in the local system. School governance is a critical input that along with community monitoring can improve learning. School management and governance are crucial and can help overcome incentive problems and information failures but only if communities have the willingness and capacity to get involved. However, a lack of capacity can cause problems -- data on one million students from 42 countries suggest that school autonomy is beneficial to student learning in high income countries but detrimental in developing countries.²² See pp. 132 – 153.

Linking Skills Training to Jobs – Many youth in the developing countries drop out of formal education prematurely and lack the foundational skills to be successful in the national labor market. The learning crisis is essentially transferred from schools to the workplace. Training can help – a cross country analysis of 38 workplace training studies found improved skills and an average wage increase of 7.2% for workers under 35 – but the literature indicates that few youth benefit from workforce training. Informal apprenticeships offer young people a way to upgrade their skills but require up-to-date master trainers and recognition of apprentice training through some type of certification in order to increase impact and provide workers with labor market mobility. Short-term job training programs offer opportunities but by and large do not meet labor market needs. Meta-analyses of these programs finds that less than a third have positive, significant impacts on employment and earnings.²³ Successful short-term job training programs focus on multiple skill development and provide career guidance, mentoring and job search assistance. For example, in Brazil the Galpao Aplauso program focus on vocational, academic and life skills training in a comprehensive approach has produced good outcomes.²⁴

²² Hanushek, Eric A., Susanne Link, and Ludger Woessmann. 2013. “Does School Autonomy Make Sense Everywhere? Panel Estimates from PISA.” *Journal of Development Economics* 104: 212–32.

²³ Kluve, Jochen, Olga Susana Puerto, David A. Robalino, Jose Manuel Romero, Friederike Rother, Jonathan Stöterau, Felix Weidenkaff, et al. 2016. “Do Youth Employment Programs Improve Labor Market Outcomes? A Systematic Review.” IZA Discussion Paper 10263, Institute for the Study of Labor, Bonn, Germany.

²⁴ Calero, Carla, Carlos Henrique Corseuil, Veronica Gonzales, Jochen Kluve, and Yuri Soares. 2014. “Can Arts-Based Interventions Enhance Labor Market Outcomes among Youth? Evidence from a Randomized Trial in Rio de Janeiro.” IZA Discussion Paper 8210, Institute for the Study of Labor, Bonn, Germany.

In terms of Technical and Vocational Education and Training (TVET), there have been positive results with workers in Brazil with upper secondary TVET workers earning wages 10% higher than workers with just a general secondary education. The potential problem with TVET is the risk of putting youth on a technical track too early. Evidence from advanced economies is that a narrow technical education conveys early advantages in the labor market but the advantages dissipate over time.

Successful job training programs should include the following aspects:

- (1) Partnerships are established before training begins. Sectoral programs focused on careers rather than one off job placement have been shown to (i) improve labor market outcomes, (ii) raise productivity, and (iii) reduce employee turnover. High quality intermediaries and network aggregators are required to partner with companies in a specific sector to facilitate skills training and job placement. Three US sectoral training programs were cited as successful models of this approach.²⁵
- (2) Capable teachers are identified and compensated. The global shift toward competency-based standards in training, assessment and certification amplifies the importance of capable, involved teachers. They need to be identified and sufficiently compensated.
- (3) Combine classroom with workplace training. Studies show positive results for both firms and individuals that complete formal apprenticeships. In the US, a study of secondary TVET, post-secondary TVET and apprenticeship programs in Virginia and Washington state found positive gains in all three types of training with apprenticeships showing the most impact.
- (4) Provide Career information and Guidance. Career guidance is an important part of training programs in helping students identify opportunities, stay on track in their training and skills acquisition, and in obtaining employment.

Successful job training programs are typically based on strong ties with employers and with instructors who have industry experience and are using up-to-date pedagogical methods. These programs tend to reinforce foundational skills, integrate classroom instruction with workplace learning, and offer training certification. A key lesson learned is that no matter the type of job training provided, trainees still need strong foundational skills – cognitive and socioemotional – before moving into specialized training.

Making the System Work at Scale – Different actors in the overall education system can have an impact on the basic elements of the system that misalign its overall focus on learning. Politic considerations, corruption and technical constraints can come together to trap a country in a low-learning, low accountability and high inequality equilibrium that is difficult to change.

The report suggests taking a systems approach²⁶ to education²⁷ with a focus on identifying issues and highlighting areas for corrective action. Incentives in the system must be aligned with learning, strategies for improving the system must be coherent, and information sharing is essential for system stakeholders to understand constraints and actions required to address them.

²⁵ Wisconsin Regional Training Partnership (Milwaukee), Jewish Vocational Service (Boston), Per Scholas (New York City)—participants saw 18 percent higher average earnings over a two-year period.⁴⁴ Similarly, the Year Up program, which targets vulnerable youth in several U.S. states, has produced high levels of completion, participation in internships, employment, and earnings

²⁶ P. 172 - A systems approach takes into account the interactions between the parts of an education system. In doing so, it seeks to understand how they work together to drive system outcomes, instead of focusing on specific elements in isolation. It can help assess whether different actors and subsystems align with education goals and shed light on the underlying drivers of system performance.”

²⁷ P. 172 – “An education system is a collection of “institutions, actions and processes that affect the ‘educational status’ of citizens in the short and long run. Education systems are made up of a large number of actors (teachers, parents, politicians, bureaucrats, civil society organizations) interacting with each other in different institutions (schools, ministry departments) for different reasons (developing curriculums, monitoring school performance, managing teachers). All these interactions are governed by rules, beliefs, and behavioral norms that affect how actors react and adapt to changes in the system.”

Three characteristics of complex education systems make reform difficult: (1) national education systems tend to be opaque – goals are hard to identify across different sectors and among different actors – interactions are not apparent or understood; (2) bureaucratic inertia makes it difficult to improve learning or launch reforms; and (3) many of the actions required to successfully reform the system are beyond the capacity of the national education bureaucracy.

Politics can drive misalignments when vested interests of stakeholders divert systems away from learning in terms of designing, implementing, evaluating, and sustaining reforms. This can result in an education system stuck in a low-learning trap. Various actors – teacher unions, politicians, bureaucrats, the judiciary and private players – have to come together in ways that mitigate negative impacts on learning. Rent seeking has been identified as a major issue in diversion of resources from education with examples of problems occurring in the US, Mexico and India. The number of teachers in a country and their mobilization as a political force have an impact of the national political environment and teacher unions play a role in protecting their members sometimes at the expense of learning outcomes. The quantitative literature identifies situations in which unions may have undermined high-quality teaching and learning.

Escaping low-learning traps requires strong efforts in three areas (1) investing in improved information and acting on that information, (2) mobilizing coalitions of public, private and civil society stakeholders to support education and provide incentives for better learning outcomes, and (3) adopting a more iterative, adaptive approach to change.

Increased information flows can increase political pressure for change, mobilize local stakeholders to take action and provide incentives to schools to have better learning outcomes. The lack of appropriate information systems is a major constraint. For example, an assessment of the capacity to monitor progress toward education outcomes in 121 countries found that a third lacked data on learning outcomes at the end of primary school and half had insufficient information on learning at the end of secondary school.

“To innovate effectively—as indeed to build coalitions and use information for reform—education systems need strong, competent leadership. Research highlights three key attributes of effective leaders. First, they can clearly articulate problems and present clear visions for how to tackle them. Second, they mobilize human and financial resources around agreed-on goals and build coalitions to advocate for change and support implementation. Finally, effective leaders focus on identifying solutions that fit the institutional context.” P. 211

Adrian Leftwich, 2009. “Bringing Agency Back In: Politics and Human Agency in Building Institutions and States, Synthesis and Overview Report.” DLP Research Paper 6, Developmental Leadership Program, Birmingham, U.K

In filling the information void, there are some interesting examples of citizen-led assessments in South Asia and Sub-Saharan Africa where civil society organizations led actions to test children in and out of school for basic reading and mathematics competencies and were able to disseminate the findings to raise awareness to the learning crisis. This helped mobilize support and build coalitions which is critical to promoting actions required to improve learning outcomes. Building partnerships between schools and communities is critical as well and has proven successful especially in fragile or conflict prone areas. Coalitions help increase political will (dependent on public awareness and response) to align system actors with learning. Examples from Chile, India, Indonesia and Tanzania demonstrate how different stakeholders were brought together to identify constraints, design actions to address them, and then mobilize a national coalition to address them.

A key part of this process is seeking local solutions that are based on adapting good policies and programs to local conditions. An example of Burundi’s ability to improve education services after a protracted civil war. Peru provided a good example of incorporating information systems into effective

change with its MineduLAB program in which innovations are introduced directly into government schools based on timely performance information. Education systems also need to be agile to exploit critical moments when trade opportunities or investment initiatives signal a need for broad-based training. Leadership is critical and is needed to promote effective innovation.

What can the donor community do?

External actors can support initiatives to improve learning by (1) helping create objective, politically salient information, (2) encouraging flexibility and support for reform coalitions, and (3) linking financing more closely to results that lead to learning

MAKING THE SYSTEM WORK AT SCALE

Principles for making the best use of information	Roles that different actors can play
<ul style="list-style-type: none"> • Provide regular, credible, politically salient, and publicly available information on learning. • Set clear targets or expectations for learning, so there is a benchmark for judging performance. • Align information with the political and administrative jurisdictions that have authority to act. • Build information systems that are responsive to the policy cycle and facilitate decision making. 	<ul style="list-style-type: none"> • <i>Government institutions:</i> Produce and disseminate national assessment results; conduct in-house evaluations; support education research and evaluation in external research institutes. • <i>Civil society and private sector:</i> Produce and disseminate citizen-led learning assessments; use assessments and research to support interventions that improve learning.

Source: WDR 2018 team.

Principles for building effective coalitions	Roles that different actors can play
<ul style="list-style-type: none"> • Mobilize support for reforms through clear articulation of the problems of low learning. • Develop a political strategy to mobilize support and build long-term coalitions for learning. • Avoid direct confrontation in favor of negotiation and compensation where possible. • Encourage strong partnerships between schools and communities. • Strengthen the capabilities of organizations responsible for education services. 	<ul style="list-style-type: none"> • <i>Government institutions:</i> Develop open, inclusive spaces to discuss reform and identify technically and politically feasible solutions; build the appropriate institutional capacity. • <i>Civil society and business organizations:</i> Advocate for better education systems; support community and parent action at all levels to improve outcomes. • <i>Teachers and unions:</i> Advocate for system improvements; use system knowledge to engage in debates on reform.

Source: WDR 2018 team.

Principles for encouraging innovation and agility in approaches to improving learning	Roles that different system actors can play
<ul style="list-style-type: none"> • Adopt a more iterative and adaptive approach to the design and implementation of policies. • Identify promising solutions from within the education system, as well as the global knowledge base. • Establish information systems that provide rapid feedback to support implementation. • Develop the capability of education agencies, an enabling environment, and autonomy to encourage innovation. 	<ul style="list-style-type: none"> • <i>Government institutions:</i> Develop an enabling environment and incentives for innovation and a more iterative approach. • <i>Civil society and private sector providers:</i> Experiment with different approaches to improving learning.

Source: WDR 2018 team.

Migration and Employment **Ned Van Steenwyk**

Incomes increased in Honduras by an average of about 45% in US\$ from 2001 to 2018, but the costs of basic necessities increased by almost 90%. More than half of the economically active population is unemployed or underemployed, and the population of 9 million in 2018 will be increasing by another 3 million people by 2040.

When incomes are low, with high rates of crime and violence, and countries cannot provide sufficient employment, people begin migrating to other countries in search of better opportunities. Migration to Europe and North America is increasing with unstable political and economic conditions in the Middle East. North America and Spain are the preferred destinations for many people from Central America.

Is Migration the Answer?

More than 25,000 8th grade students in Honduras participated in a national survey financed by USAID at the end of the 2017 school year. Students were asked if they had family members (mother, father, brother or sister, aunt, uncle, or a cousin) who migrated to another country? Four out of five students reported that they had one or more family members who had migrated. These students were asked why their family members left Honduras?

Students replied that the primary reason for migrating was to find employment, with 86% leaving Honduras in search of work, 7% because of a lack of security, 5% to continue their studies, and 2.5% for other reasons. The survey also revealed that 22% of the 8th grade students were hoping to migrate to another country.ⁱ

Migration in small groups with limited resources is dangerous, but for many people the economic benefits of living in a more developed country outweigh the dangers. In the U.S., for example, the average wage for a person with less than a high school diploma is more than L55,000 (\$2,340) a month and L115,000 (\$4,760) with a Bachelor's degree.ⁱⁱ In contrast, heads of households in Honduras with incomes in the top 20% have average monthly earnings of L31,400 (US\$1,300).

With limited employment opportunities in Honduras, migration has become an option for many young people and remittances from migrants have provided a substantial amount of foreign currency for countries. In Honduras, the Central Bank reported US\$4,625 million in remittances during 2018. About 35% of the families in Honduras (700,000 households) received an average of about \$550 a month, with 85% coming from 1.4 million Hondurans living in the United States.ⁱⁱⁱ Family remittances helped cover the costs of basic necessities of families, building or improving homes, buying land, or starting a small business.

Better employment opportunities in other countries are encouraging about 50,000 people a year to leave Honduras with most of the migrants going to the U.S.^{iv} If the current migration rate

continues or 22% of the young people decide to migrate, as 8th grade students indicated, the number of Hondurans living in the U.S. will reach 2 million during the next decade.^v

Low salaries, the rising cost of living, high rates of unemployment and underemployment, and security problems will encourage a continuing flow of migrants from Honduras to more developed countries, until employment opportunities and security improve at home, but migration will not solve the problem for 3.5 million young people reaching working age from 2015 to 2050.

Mexico has shown how things can change. Millions of people migrated from Mexico to the U.S. from 1880 to 2000, but as economic conditions improved at home the migration rate from Mexico to the U.S. dropped by 90% from 1999 to 2019 and many began returning to Mexico.^{vi} A similar trend can be anticipated as economic conditions improve in Honduras and Central America.

With a rapidly growing young work-force, Honduras has much more potential than most people realize, but reforms are needed for young people to receive the benefits. Investments for better employment opportunities, improvements in the quality of education, and security are the factors that will help stem migration, reduce crime and violence, and make Honduras more attractive for young people.

ⁱ Secretaría de Educación (SE), *Informe Nacional de Desempeño Académico – Español y Matemáticas 2017* (SE, MIDEH y USAID, 2018); SE, *Factores Asociados al Rendimiento Académico* (SE, EDC y USAID, 2018); and Mejorando el Impacto al Desempeño Estudiantil de Honduras (MIDEH), *Informe Nacional – Resultados Preliminares* (MIDEH y USAID, 2018).

ⁱⁱ Elka Torpey, “Education Pays,” *Career Outlook*, U.S. Bureau of Labor Statistics (2019).

ⁱⁱⁱ “Conozca quién recibe más remesas en Honduras,” 28 de abril de 2018, *El Herald*; and “Remesas crecerán en \$350 millones al cierre de 2018,” 17 de agosto de 2018, *La Prensa*.

^{iv} Manuel Orozco, *Central American Migration: Current Changes and Development Implications* (Inter-American Dialogue, 2018).

^v Current out-migration of about 50,000 people a year x 30 years = 1,500,000 people migrating to other countries from 2020 to 2050.

^{vi} Kevin Sieff, “Why is Mexican migration slowing while Guatemalan and Honduran migration is surging?” (*Washington Post* April 29, 2019).