



Intergenerational mobility

- Due to its great expansion of access to education over the last decades, LAC is a top performer in absolute intergenerational mobility. More children are going to school for longer than their parents before them.
- However, the region does not compare well to other regions in terms of relative mobility. That is, those born to the least educated parents are significantly more likely to become the least educated in their own generations.
- This pattern of high absolute mobility but low relative mobility is unique to LAC. The reason seems to be that, while overall investments in education have resulted in across the board gains in schooling access, inequities between groups have not been successfully addressed.
- Socioeconomic background has a larger impact on students' test scores in LAC countries than in countries in other regions.
- Progress has been made on this front as the importance of socioeconomic differences in determining test scores fell more for LAC than other countries in recent years, suggesting the region is catching up.

Intergenerational mobility is an important component of inclusive growth, sustainable poverty reduction, and more equity. It reflects not only an improvement in general welfare levels but also increased opportunities and access for individuals born into disadvantage. Latin America and the Caribbean (LAC) has long been known for its high levels of inequality. Significant reductions in income inequality have been accomplished over the past two decades¹. But new analysis suggests that these reductions in income inequality were obtained despite low levels of intergenerational mobility.

The World Bank's new Mobility Database measures intergenerational educational mobility for 146 countries since the 1940s. Educational mobility contributes to growth and social stability by encouraging innovation and human capital investments while also strengthening citizens' perceptions of fairness and optimism. Building on this database, a new report "Fair Progress? Educational Mobility Around the World" estimates two key measures of educational mobility across high income countries and each region of the world. The first

measure is absolute mobility – the share of individuals with more education than their parents. This measure captures a general increase in access to education across generations. The second measure is relative mobility, which measures the extent to which an individual's relative educational level is independent of his or her parents'. For example, do the children of those with the lowest education find themselves at the bottom of the educational distribution in their generation as well? Or, are those who are born at the

Figure 1. While LAC outperforms in terms of absolute mobility, it underperforms in relative mobility



Source: Own tabulations based on World Bank (2017) "Fair Progress? Educational Mobility Around the World."

¹ World Bank Group (2011a) and World Bank Group (2017b).

bottom then able to move up the distribution? Somewhat surprisingly, the global report finds that high income countries are outperforming developing countries, not only in relative mobility, but also in absolute mobility.

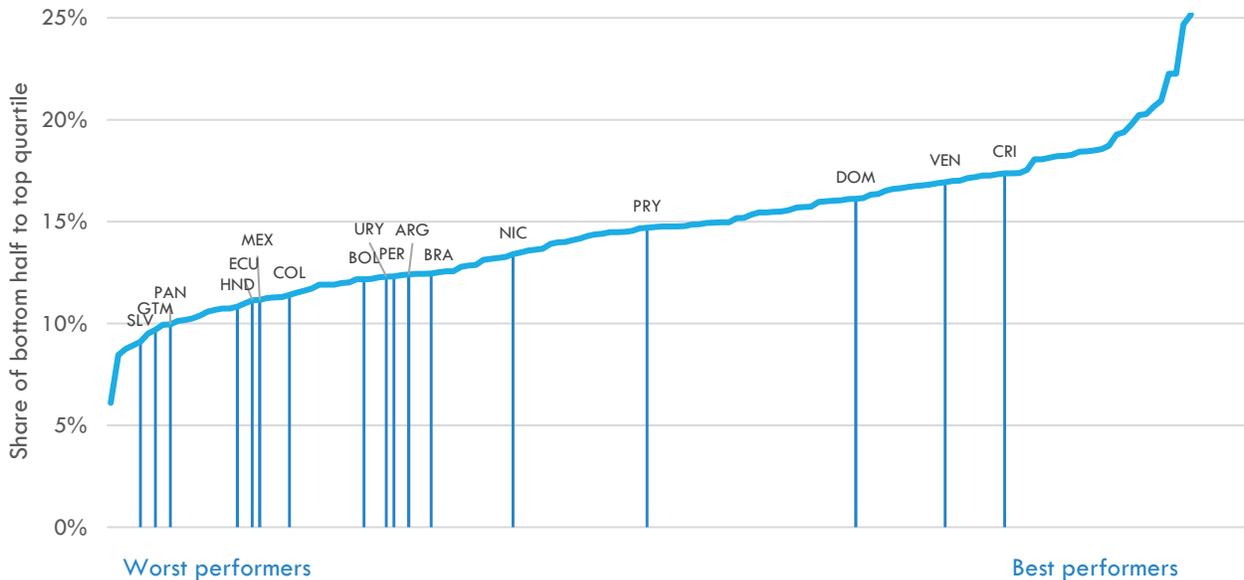
In this note we take a closer look at how the LAC region has fared in educational mobility and some of the drivers behind these results. Due to its great expansion of access to education over the last decades, LAC as a region is a top performer in absolute mobility. Today’s youth have more education than their parents before them. However, the region does not compare well to other regions in terms of relative mobility. That is, those born to the least educated are significantly more likely to become the least educated in their own generations. This pattern of high absolute mobility but low relative mobility is unique to LAC (Figure 1).

The disappointing outcomes for relative mobility in LAC can also be seen in the share of children born into households in the bottom half of the population

(in terms of educational attainment) that are able to break into the top quartile of educational attainment. In a perfectly equal world where all children have access to the same educational opportunities, every child would have 25 percent likelihood of being in the top quarter. Using the results from the global study on educational mobility, Figure 2 reports how countries in LAC fare in this indicator. It shows that these countries are disproportionately represented among the worst performers. Only one of them, Costa Rica, breaks into the group of top performers (defined as the countries in the top 20 percent of performers). On the other hand, seven countries from LAC are in the group of worst performers, with El Salvador, Guatemala, and Panama bunched towards the bottom of the distribution.

The driver behind this performance are continued inequities in school access between groups of children, despite overall increased investment in education that has resulted in across the board gains in schooling access. Two important dimensions which evidence these inequalities are income and ethnic background.

Figure 2. The countries of LAC show relatively low shares of children born into the bottom half of the population that reach the highest levels of educational attainment



Source: Own tabulations based on World Bank (2017) “Fair Progress? Educational Mobility Around the World.”
 Note: Figure 2 corresponds to the 1980s cohort.

School attendance diverges significantly when looking at different segments of the income distribution. Although primary school attendance has become almost universal across the region, salient differences remain in early education as well as secondary and tertiary schooling. Among three-year-old children, only half of those from households in the poorest quintile attend school. For children from the highest income quintile, the share is 90 percent.² There is also an important gap during secondary and tertiary school. While only 20 percent of adults age 21 are attending school, three times as many do so from the richest quintile.³

These two gaps could have immense implications for intergenerational mobility. Early childhood education has been shown to have significant positive effects on child development, especially for children from poor households.⁴ Secondary and tertiary education also play an important role in shifting outcomes across generations. Having a higher level of schooling paves the way to greater human capital formation and access to better jobs. These gaps in access can explain in part why Latin American and Caribbean countries are falling behind in relative intergenerational mobility.

Additional barriers faced by marginalized groups, including Indigenous Peoples, is another relevant dimension in understanding Latin American and Caribbean countries' lag in educational mobility. According to the report *Indigenous Latin America in the Twenty-First Century*⁵, 43 percent of indigenous people live in moderate poverty, and 24 percent live in extreme poverty. This is 2.7 times more than the proportion of non-indigenous living in extreme poverty. It finds that even after considering demographic, geographic, and occupational differences

between indigenous and non-indigenous peoples,⁶ a large portion of the poverty gap remains unexplained. These higher poverty rates translate into lower access to schooling for indigenous children.

Besides the increased likelihood of falling into poverty, indigenous peoples also have less optimistic views on mobility than other citizens. When asked to classify themselves on a scale where 1 is poor and 10 is rich, indigenous people locate themselves in the bottom half, and see themselves ranking below non-indigenous people. When asked to rank how their children will fare, non-indigenous parents see their children scaling up to the top half while indigenous parents see their children improving, but remaining in the bottom half.

But the challenges facing intergenerational educational mobility in LAC extend beyond questions of access to include issues in the quality of education. An international test of educational quality, the Programme for International Student Assessment (PISA) collected by the OECD, consistently finds that LAC students underperform across all tested subjects. The most recent round was no different. It found that Latin American and Caribbean countries have a below-average performance in the reading PISA assessment scores relative to the average scores of countries that participate in PISA. These countries also fall below the average in the PISA index of socio, cultural and economic status with respect to other countries that participate in PISA.⁷ And, as in earlier analysis, a student's socioeconomic index still has a larger impact on his/her test scores in LAC countries than in countries in other regions.⁸ In 2009, a student's socioeconomic context explained on average 13 percent of the total

² Own tabulations using microdata from SEDLAC, 2014.

³ *idem*.

⁴ For example, Gertler *et al.* (2014) show significant long-term impacts on earnings of a childhood intervention.

⁵ The World Bank Group (2015). *Indigenous Latin America in the Twenty-First Century*. Washington, DC: World Bank.

⁶ Such as the likelihood of living in rural areas and educational attainment of the head of household, the

sector of employment and number of dependents in the family.

⁷ This index is based on information about the parents' education, occupations and household assets, such as a desk to use for studying and the number of books in the home. One "unit" is equivalent to one standard deviation across all OECD students. (OECD, 2010)

⁸ Ferreira, F. *et al.* (2012). *Economic Mobility and the Rise of the Latin American Middle Class*.

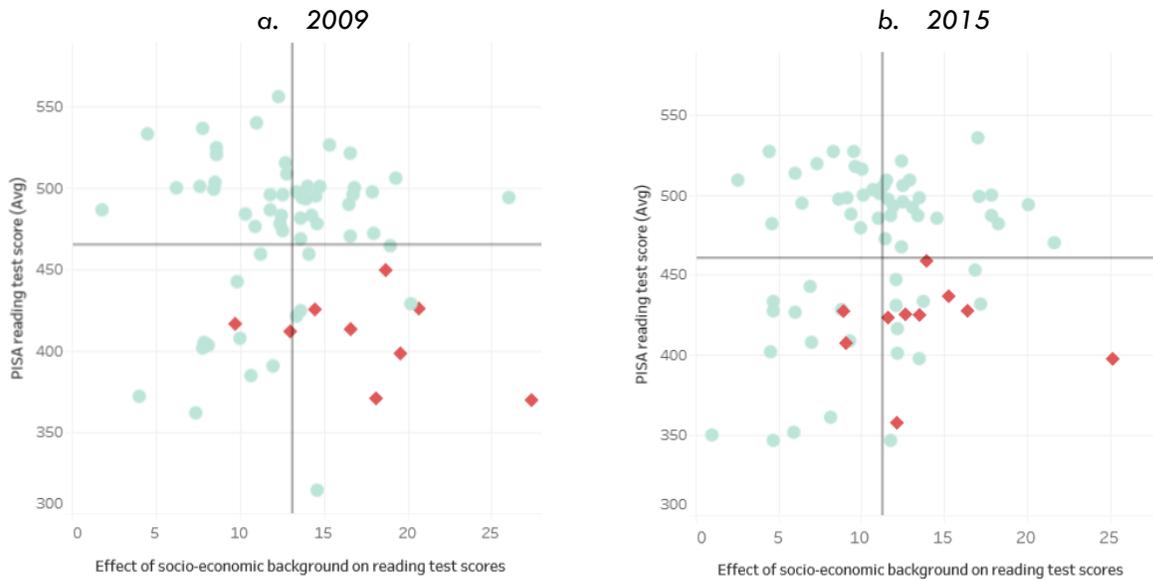
variation in test scores across all countries, but it explained nearly 18 percent for LAC countries.

There is good news in this measure as the test score difference explained by socioeconomic effects fell more for LAC than other countries by 2015, suggesting the region has been catching up. Out of the seven LAC countries that participate in PISA, five have improved their performance in reading test scores between 2009 to 2015. In fact, not only have they improved, but this improvement is higher than the average improvement of all participating countries. Six have also seen a decrease in the effect of socio-economic background on their students' performance. This suggests that there has been some progress with respect to intergenerational mobility since 2009. Even so, at 14 percent of test score difference explained by socioeconomic differences, LAC is still higher than the average 11 percent.

Conclusion

What does this analysis imply for the LAC region in terms of intergenerational mobility and future poverty gains? The analysis highlights that LAC has made important steps forward. The region's access to education has increased across the board. More kids are going to school for longer. This is a positive sign for the future of the region. Even so, more work needs to be done in terms of reaching the hardest to reach. The children of rural and indigenous households are at a particular disadvantage, with limited access to basic educational infrastructure in some countries. The key takeaway, however, is that access on its own is insufficient. Steps need to be taken to improve the quality of schooling, especially for children living in poverty and in low-income households. Without interventions to improve their quality of schooling, the cycle of intergenerational poverty will continue.

Figure 3. LAC countries stand out as low performing countries where socio-economic background has a large effect on test scores.



Source: Own tabulations based on PISA test scores and socio-economic index (OECD 2010 and 2016). Red rhombuses indicate countries in LAC.

About this Brief

This brief was prepared by the Poverty and Equity Global Practice, Latin America and the Caribbean unit. The team included Natalia Garcia-Peña Bersh and Liliana D. Sousa under the supervision of Oscar Calvo-Gonzalez and supported by the Latin America and Caribbean Team for Statistical Development.

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