

OBRA PARTNERSHIP

CARIBBEAN LEARNING & LAUNCH EVENT

Kingston, Jamaica

12 – 14 April 2010

THE PROBLEM

- RISING UNEMPLOYMENT TWICE AS HIGH AMONG THE YOUNG
- POOR QUALITY AND/OR INCOMPLETE EDUCATION FEW INFORMAL JOBS
- REZAGADOS, YOUTH AT RISK, OS MARGINAIS
- BIG PROBLEM: 50% POPULATION
- GAP BETWEEN RICH AND POOR GROWING
- ECONOMIC/SOCIAL GROWTH OR CONFLICT, UNREST, UNDERMINE

NO VACUUM

- INFORMAL SECTOR OR CRIME PROVIDE THE ONLY ALTERNATIVES TO JOBS
- GOVERNANCE: INFORMAL JUSTICE
- ECONOMICS: LOW PRODUCTIVITY & INCOMES
- SOCIAL: EXCLUSION (WRONG ADDRESS, WRONG RACE, WRONG SCHOOL, WRONG NAME)

PERU GUATEMALA JAMAICA

- MIDDLE INCOME BUT VERY DIFFERENT
- HIGH INCIDENCE & GROWING INFORMALITY
- HISTORY OF CONFLICT
- SKEWED DISTRIBUTION OF INCOME
- DUAL CULTURES
- HIGH REMITTANCES: SAFETY NET
- WEAK PUBLIC SECTOR.

BIG DIFFERENCES

	PERU	GUATE	JAM
GROWTH	0.9%	-.05%	-4.2%
INFLATION	1.2%	2.2%	8.6%
CURRENT DEF	\$0.8B	\$0.6b	\$1.4b
DEBT/GDP	26%	33%	132%
PER CAP GDP	\$8,600	\$5,200	\$8,300

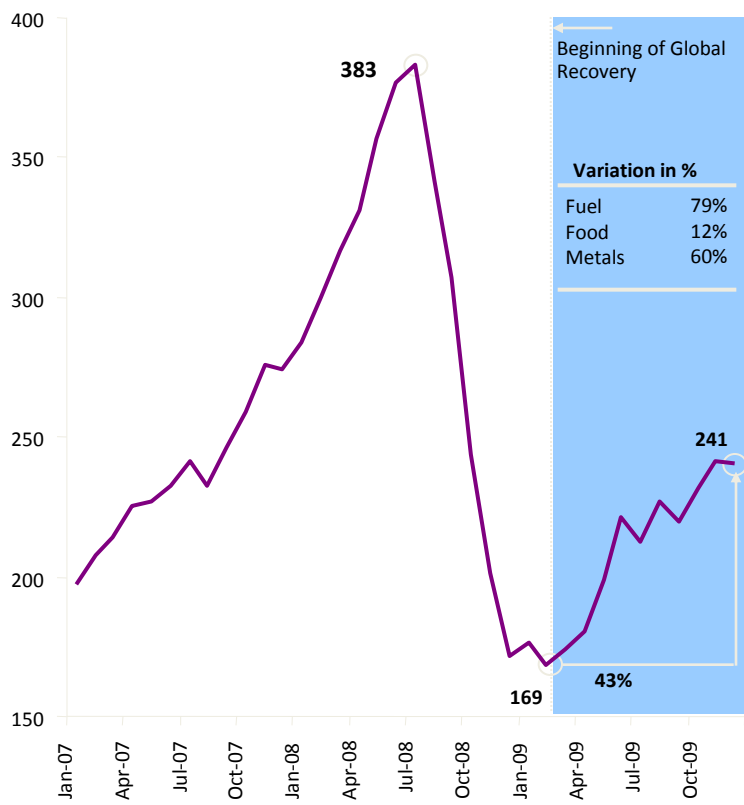
OUTLOOK

- COMMODITY PRICES ARE RISING
- CAPITAL FLOWS SLOWED
- DEVALUATION BOOSTS EXPORTS BUT ALSO EXTERNAL DEBT AND INFLATION
- FISCAL DEFICITS MUST BE REVERSED
- LOW GROWTH AND LOW EMPLOYMENT IN SMALL, OPEN, NET IMPORTING ECONOMIES

Commodity Prices and Terms of Trade: difference btw big and small countries.

Commodity Prices

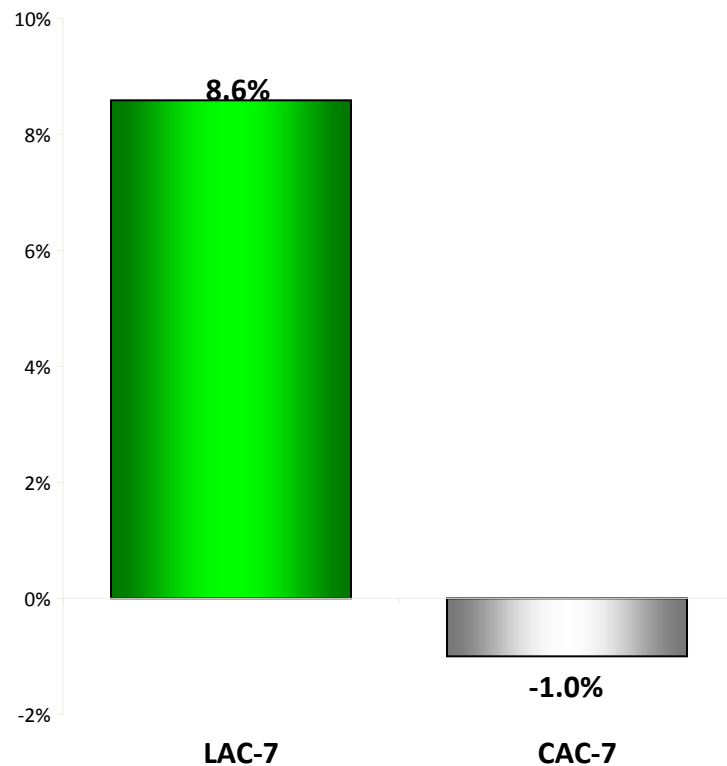
(Index of Fuel and Non Fuel Commodities, Average 91-97=100)



Source: IMF

Terms of Trade

(Mar.09 - Jun.09 Variation)



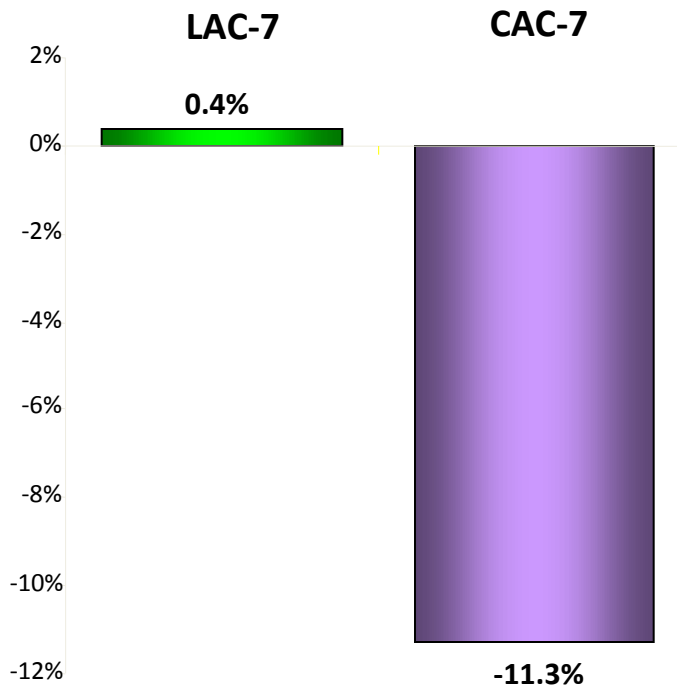
LAC-7 is the simple average of the seven major Latin American countries, namely Argentina, Brazil, Chile, Colombia, Mexico, Peru and Venezuela. These countries represent 91% of Latin America's GDP.

CAC-7 is the simple average of Costa Rica, Dominican Republic, El Salvador, Guatemala, Honduras, Nicaragua and Panama.

External Vulnerability

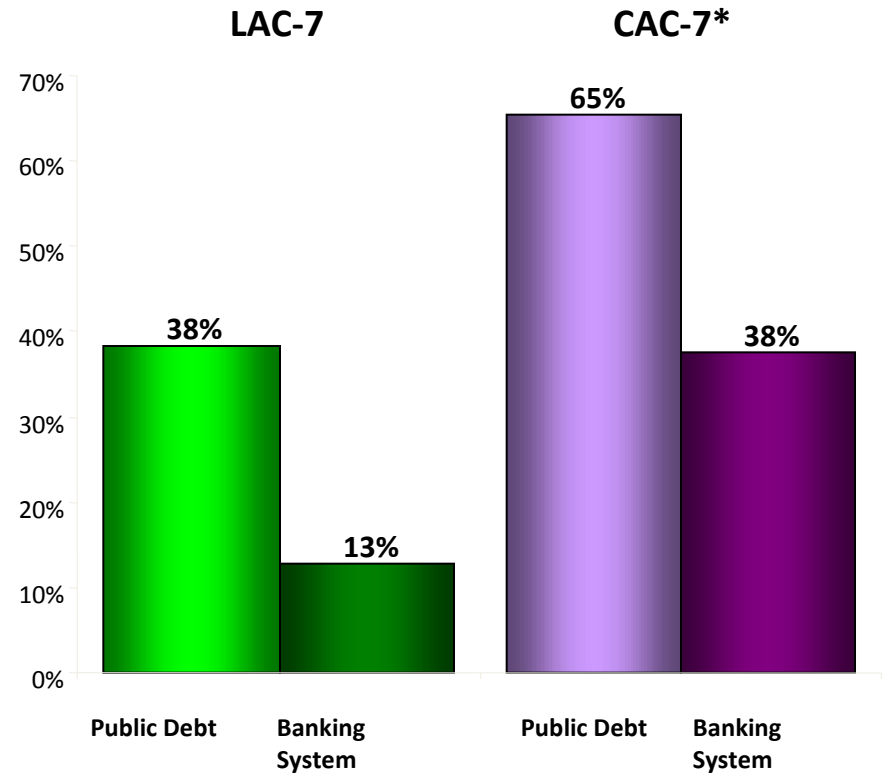
Current Account Balance

(2008, % of GDP)



Liability Dollarization

(Public Debt and Banking System Dollarization; 2008)



* Excludes El Salvador and Panama

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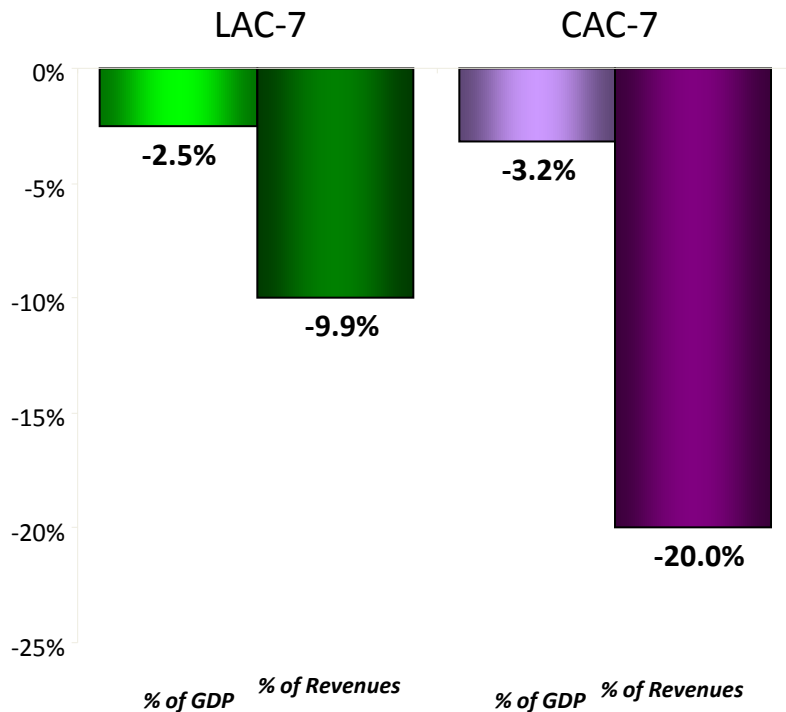
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Fiscal Vulnerability

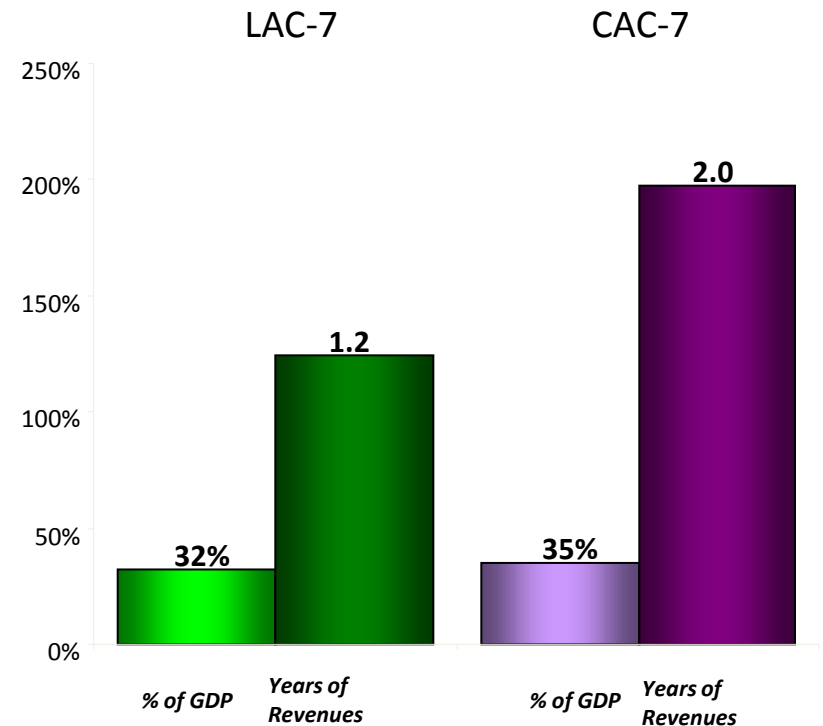
Fiscal Balance

(2009 Estimate*; % of GDP and % of Revenues)



Public Debt

(2009 Estimate*; % of GDP and Years of Revenues)



*Source: Own calculations based on ECLAC and WEO

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GOV'T SOLUTIONS

- ENGAGE INFORMAL GOVERNANCE STRUCTURE OR COMBAT IT?
- DECOPAZ: REBUILD SOCIAL/ECONOMIC CAPITAL
- SQUATTING: (JA 30%) PROPERTY OWNERSHIP
- TRAIN: (MORE WELDERS?)
- KURP: INTERNSHIPS, COLLATERAL
- BUT: NO FISCAL SPACE
- DOUBLE IDB STILL NOT ENOUGH

GOV'T CAN'T DO IT ALONE...

- PRIVATE SECTOR INTERVENTION TO FINANCE AND MANAGE INFRASTRUCTURE (ROADS, WATER, AIRPORTS, ELECTRICITY, EVEN SCHOOLS)
- CORPORATE SOCIAL OUTREACH: INTERNSHIPS
- DALLAS CASTLE: FINOR: PARTNERS NOT EMPLOYEES OR SUPPLIERS