



# Sustainable Development in Latin America and the Caribbean

Follow up to the United Nations development agenda beyond 2015 and to Río+20

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**Executive Secretary**

*Economic Commission for Latin America and the Caribbean*

Bogota, Colombia, 7 – 9 March 2013

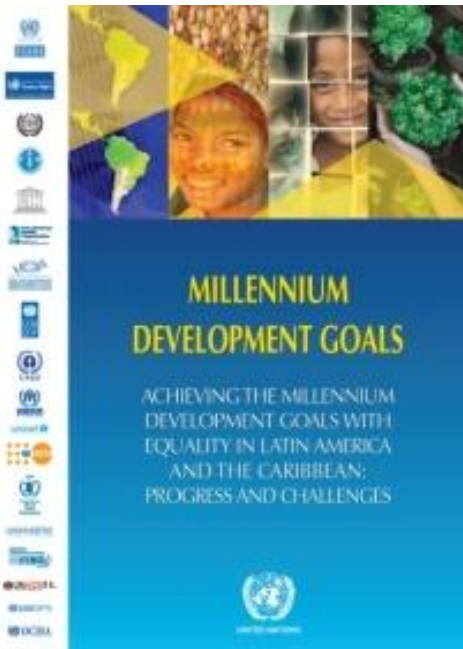


United Nations



# A decade of interagency work on sustainable development in the region

- Regional preparatory meetings for United Nations conferences
- Regional implementation forum
- Regional reports on the MDGs (2005 and 2010) and Rio+20



# Interagency regional overview

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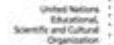
- **Report of regional progress** towards achieving the MDGs: gaps and closing costs
- **Experiences and lessons** learned from essential public policies for poverty reduction
- **Proposals** for a Sustainable Development Post-2015 Agenda: linkages between MDGs and OGMs - old challenges and emerging issues



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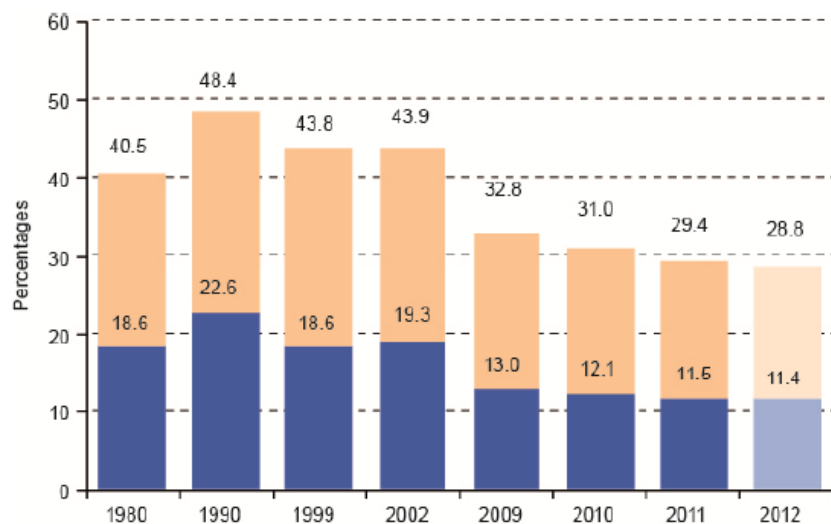
# The road so far and obstacles to the achievement of the MDGs





# Poverty and extreme poverty are at their lowest rates in 20 years. But LAC is still the most unequal region in the world, in spite of some recent progress in decreasing income inequality

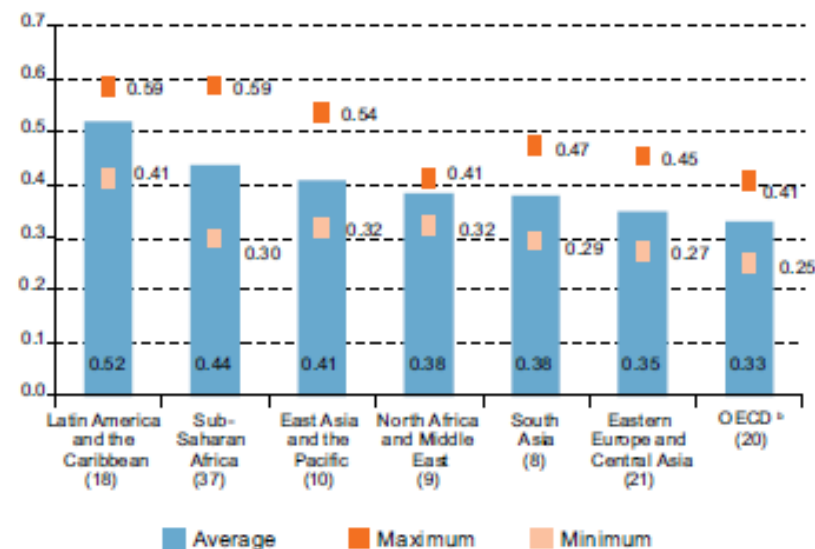
**LATIN AMERICA: POVERTY AND INDIGENCE, 1980-2012 <sup>a</sup>**  
(Percentages)



**Source:** Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of special tabulations of household surveys conducted in the respective countries.

<sup>a</sup> Estimates for 18 countries in the region plus Haiti. The figures at the top of the bars represent the percentage and total number of poor people (indigent plus non-indigent poor). The figures cited for 2011 and 2012 are projections.

**LATIN AMERICA AND OTHER REGIONS OF THE WORLD: GINI CONCENTRATION COEFFICIENT, AROUND 2009 <sup>a</sup>**



**Source:** Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of special tabulations of data from household surveys conducted in the respective countries; World Bank, World Development Indicators [online].

<sup>a</sup> The regional data are expressed as simple averages, calculated using the latest observation available in each country for the 2000-2009 period.

<sup>b</sup> Organisation for Economic Co-operation and Development.

# Progress towards MDG 2-7

- In education (MDG 2): high coverage and access (90%) but it is necessary to increase quality and to foster progression to secondary education.
- Gender gaps (MDG 3): gender equality in education but more is needed in relation to economic (income and property), physical (reproductive health) and political (access to decision making) autonomies.
- Child mortality (MDG 4): important reduction – fell from 42 per 1000 live births to 16.
- Maternal mortality (MDG 5): most countries will not reach the goal. Early warning: adolescent pregnancy in poor households.
- HIV/AIDS (MDG 6): prevalence of HIV in adult population has stabilized, but the situation of younger people is worrisome due to lack of knowledge about the disease and its prevention.
- Environmental sustainability (MDG 7): the consumption of ozone-depleting substances has diminished, protected areas have increased, coverage of potable water (98%) and sanitation services (85%) has improved. But LAC has the highest deforestation rates and carbon dioxide emissions have grown steadily.



ECLAC



UNDP



UNEP



UNESCO



UN Women



UNICEF



OCHA



UNODC



UNAIDS



WFP



UN Habitat



Pan American Health Organization

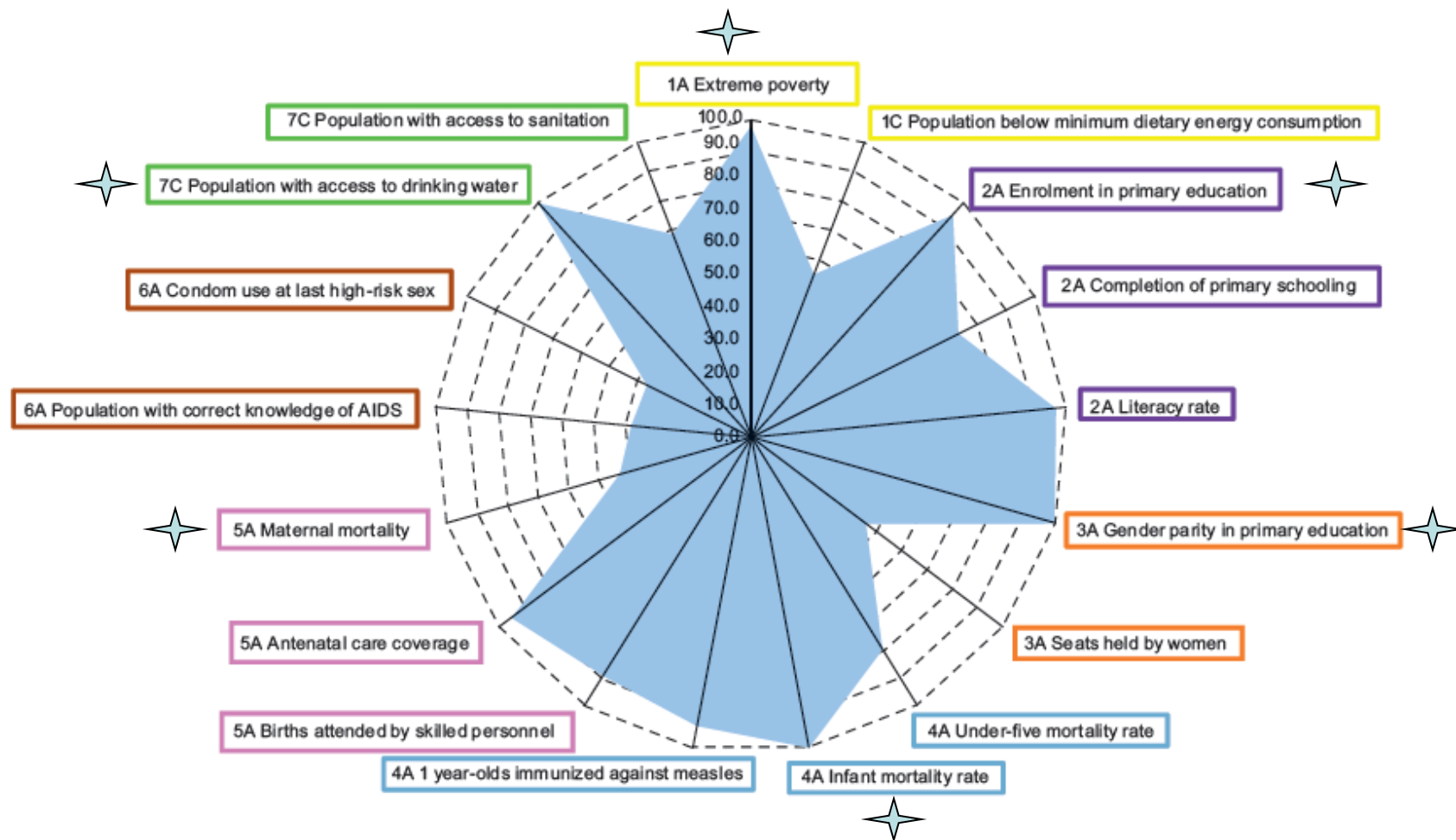


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# Latin America and the Caribbean: Progress towards the Millennium Development Goals

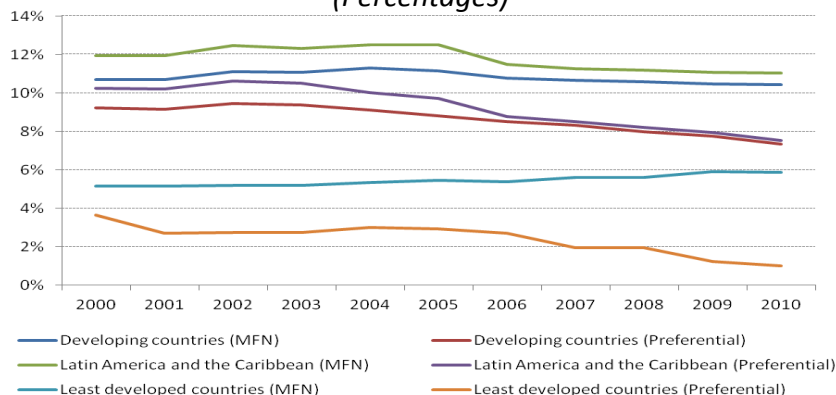


**Source:** Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of CEPALSTAT and special tabulations of data from household surveys conducted in the respective countries.

# MDG 8: Global Partnership for Development is the goal that lags behind the most

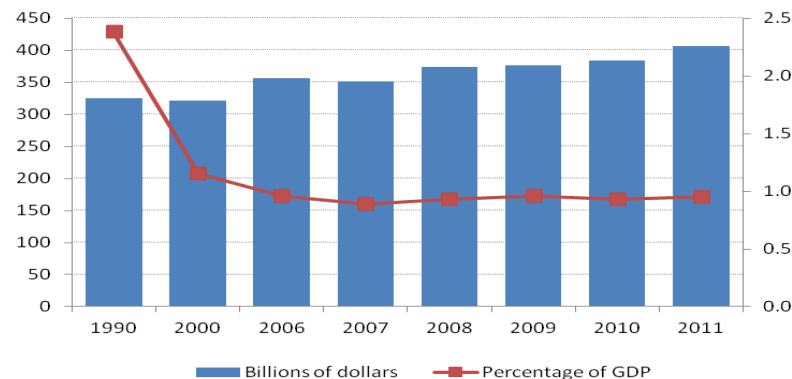
**AVERAGE TARIFFS IMPOSED BY DEVELOPED MARKET ECONOMIES ON AGRICULTURE PRODUCTS FROM DEVELOPING AND LEAST DEVELOPED COUNTRIES**

(Percentages)



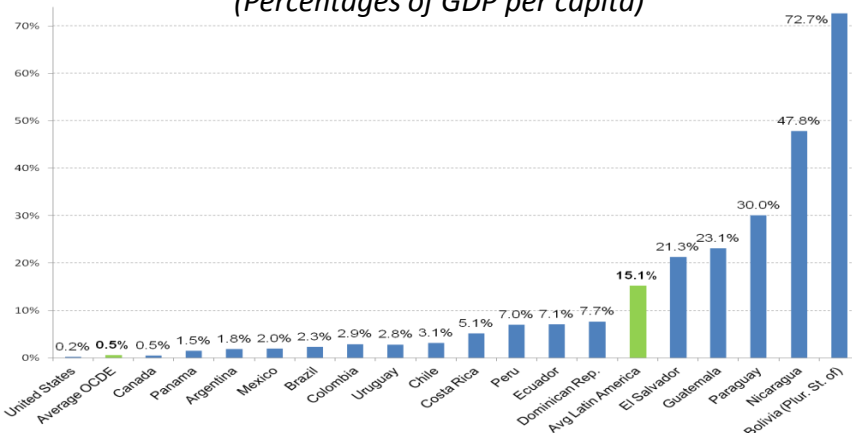
**ESTIMATES OF AGRICULTURAL SUBSIDIES IN DEVELOPED COUNTRIES**

(Billions of dollars and percentage of GDP)



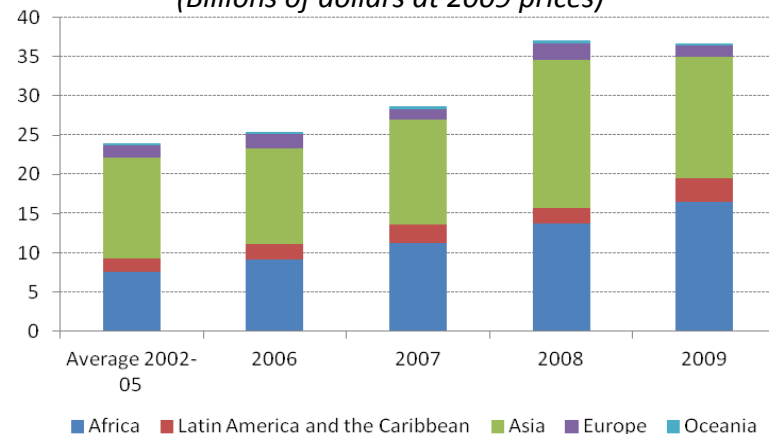
**MONTHLY AVERAGE COST OF 1 MBPS OF FIXED BROAD BAND**

(Percentages of GDP per capita)



**AID FOR TRADE BY REGION**

(Billions of dollars at 2009 prices)





# How much would it cost to reach the MDGs?



# Countries with the highest poverty rates need between 3% and 4% of GDP to close the gap

LATIN AMERICA (18 COUNTRIES): POVERTY GAPS, AROUND 2011

Country	Extreme poverty gap			Total poverty gap		
	(millions of dollars)	(percentages of GDP)	(percentages of public social spending)	(millions of dollars)	(percentages of GDP)	(percentages of public social spending)
Honduras	904.64	5.88	48.96	3 131.26	20.34	169.48
Nicaragua	265.37	3.29	25.32	1 075.89	13.35	102.66
Guatemala	875.08	2.89	37.10	3 752.47	12.41	159.08
Paraguay	696.70	2.72	27.73	2 369.24	9.24	94.30
Bolivia (Plurinational State of)	462.38	2.67	14.49	1 476.86	8.52	46.29
El Salvador	148.81	0.69	5.34	1 105.02	5.16	39.67
Dominican Republic	581.30	1.05	14.32	2 467.10	4.44	60.77
Ecuador	379.93	0.49	5.21	1 963.64	2.51	26.95
Mexico	4 038.76	0.39	3.46	23 549.43	2.28	20.19
Colombia	911.40	0.27	2.21	7 223.43	2.17	17.49
Brazil	4 798.84	0.19	0.74	31 655.93	1.28	4.87
Panama	95.85	0.31	2.81	378.63	1.21	11.09
Costa Rica	110.46	0.27	1.20	474.36	1.16	5.14
Peru	530.99	0.29	3.19	1 007.40	0.56	6.05
Chile	192.78	0.08	0.54	886.81	0.36	2.48
Venezuela (Bolivarian Republic of)	231.21	0.00	...	946 635.44	0.30	...
Uruguay	11.63	0.02	0.11	133.68	0.29	1.23
Argentina	160.65	0.04	0.13	705.08	0.16	0.57

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures from the respective countries.



# Providing universal primary education costs between 0.5% and 0.04% of GDP

## LATIN AMERICA (SELECTED COUNTRIES): ESTIMATED COST OF ACHIEVING UNIVERSAL PRIMARY EDUCATION

Country	Net enrolment rate (percentages)		Cost in addition to current spending (millions of dollars at constant 2000 prices)						Total additional cost (percentages of 2011 GDP)
	2010	Target 2015	2011	2012	2013	2014	2015	Total	
Ecuador	46.2	80.0	10	20	30	40	50	150	0.61
Dominican Republic	78.3	91.9	8	17	26	34	43	128	0.41
Peru	93.7	97.7	6	12	18	24	30	90	0.10
Argentina	98.3	99.4	12	24	36	48	61	181	0.04
<b>Total*</b>	...	...	242	484	726	966	1 206	3 634	0.13

Source: Economic Commission for Latin America and the Caribbean (ECLAC)/ Organization of Ibero-American States for Education, Science and Culture (OEI), "Metas educativas 2021: estudio de costos", *Project Documents*, No. 327 (LC/W.327), Santiago, Chile, July 2010.  
a Ibero-American countries (excluding Spain and Portugal).

# More than one-fifth of the population of the poorest countries in the region still have insufficient income to access enough food

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- Undernutrition cost an estimated US\$ 6.659 billion in the Dominican Republic and Central America and US\$ 4.311 billion in Bolivia (Plurinational State of), Ecuador, Paraguay and Peru.
- These costs are equivalent to 6.4% and 3.3%, respectively.
- More than 90% of these costs reflect productivity losses caused by lower education levels and a higher mortality rate among the undernourished.
- It is required to reactivate zero hunger campaigns that aim to reduce child malnutrition below 2.5% in 2025...
- ... And also investment food security and sustainable agricultural development.



# Poverty reduction: some positive lessons and experiences

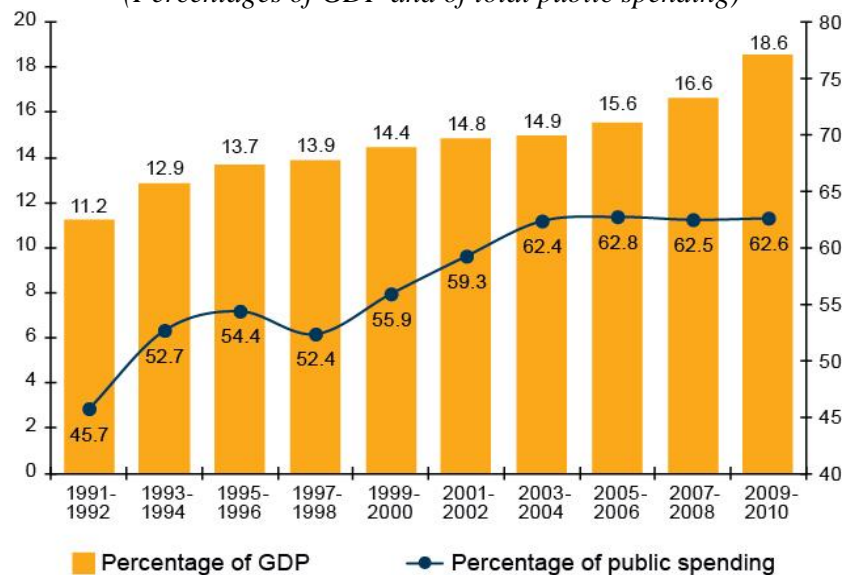




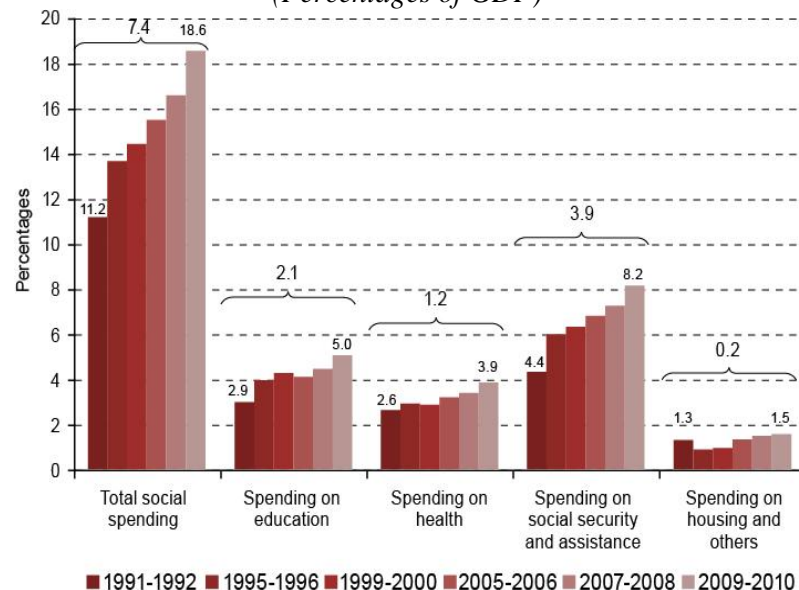
# Some public policy highlights regarding poverty reduction since 1990: public spending

- **Public spending** reached 29.7% of GDP, and became more progressive and less pro-cyclical
- **Social spending** also grew as a share of GDP (18.6%) and of overall public spending (62.6%)

**LATIN AMERICA AND THE CARIBBEAN (21 COUNTRIES):  
PUBLIC SOCIAL SPENDING AS A SHARE OF TOTAL  
SPENDING, 1991-1992 TO 2009-2010 a**  
(Percentages of GDP and of total public spending)



**LATIN AMERICA AND THE CARIBBEAN (21 COUNTRIES): PUBLIC SOCIAL SPENDING BY TYPE, 1991-1992 TO 2009-2010 a**  
(Percentages of GDP)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), social expenditure database.

<sup>a</sup> The figures above the bracket signs represent the increase in spending in percentage points between the periods 1991-1992 and 2009-2010.

# Poverty reduction policies

- **Conditional cash transfers** reach 113 million people and represent 0.4% of GDP, contributing to improve nutrition, education and health
- Several countries introduced **non-contributory pension schemes**, contributing to lessen poverty and vulnerability among the elderly
- **Active employment policies** helped protecting jobs and salaries, especially during economic downturns

	Global financial crisis (2008-2009)	European debt crisis (2011)
<b>EMPLOYMENT POLICY MEASURES</b>		
<b>Subsidies to hiring / keeping personel employed</b>	AR, CL, CO, JM, MX, NI, UY	
<b>Changes to unemployment insurance schemes</b>	AR, BH, BR, CL, EC, MX, UY	
<b>Trainaing programmes</b>	AR, BH, BZ, CL, CO, MX, PE, UY	CR, PE, TT
<b>Emergency employment programmes</b>	AR, BH, BO, CL, CR, MX, PE, PY, RD, SL, SV, UY	PE

# Social progress transcends social policies

- **Sounder macroeconomic management** limits social setbacks during economic crisis and favours growth with job creation
- **Lower inflation rates** at the national level temper vulnerability to volatile international prices of primary goods and food products
- **More balanced public finances** allow building fiscal space to sustain public spending and consolidate social policies
- **Investment and savings:** fixed capital formation, infrastructure, innovation
- **High, sustained and economic growth** supports the creation of formal jobs and the rise of labour incomes
- **Employment with right** is the master key for equality



# The current model is unsustainable

- **Economic growth is not enough** if it does not grant social benefits and is environmentally sustainable
- **It is not enough to reduce poverty amid** the persisting structural inequalities based on gender, ethnicity and territory;
- **It is not enough to achieve higher productivity** if this does not translate into innovation, value-added jobs creation with full access to core labour rights, sustainable use of natural resources and lower waste and carbon use intensity;
- **Providing education is not enough** if it is not quality education that provides entry into the labour market and boosts social inclusion;
- **It is not enough to broaden medical services** if they are not affordable for all and do not provide protection against surrounding risks;
- **Gender education parity is not enough** if there is no equitable incorporation of women into the labor market and full physical and political autonomy and empowerment is ensured;
- **It is not enough for a State to have higher social spending without** orderly public finances and macroeconomic policies that go beyond nominal stability;
- **It is not enough to have a targeted social assistance policy** if it is not accompanied by public policy for universal social protection;
- **Sporadic actions against environmental degradation are not enough** without a production and consumption paradigm shift.



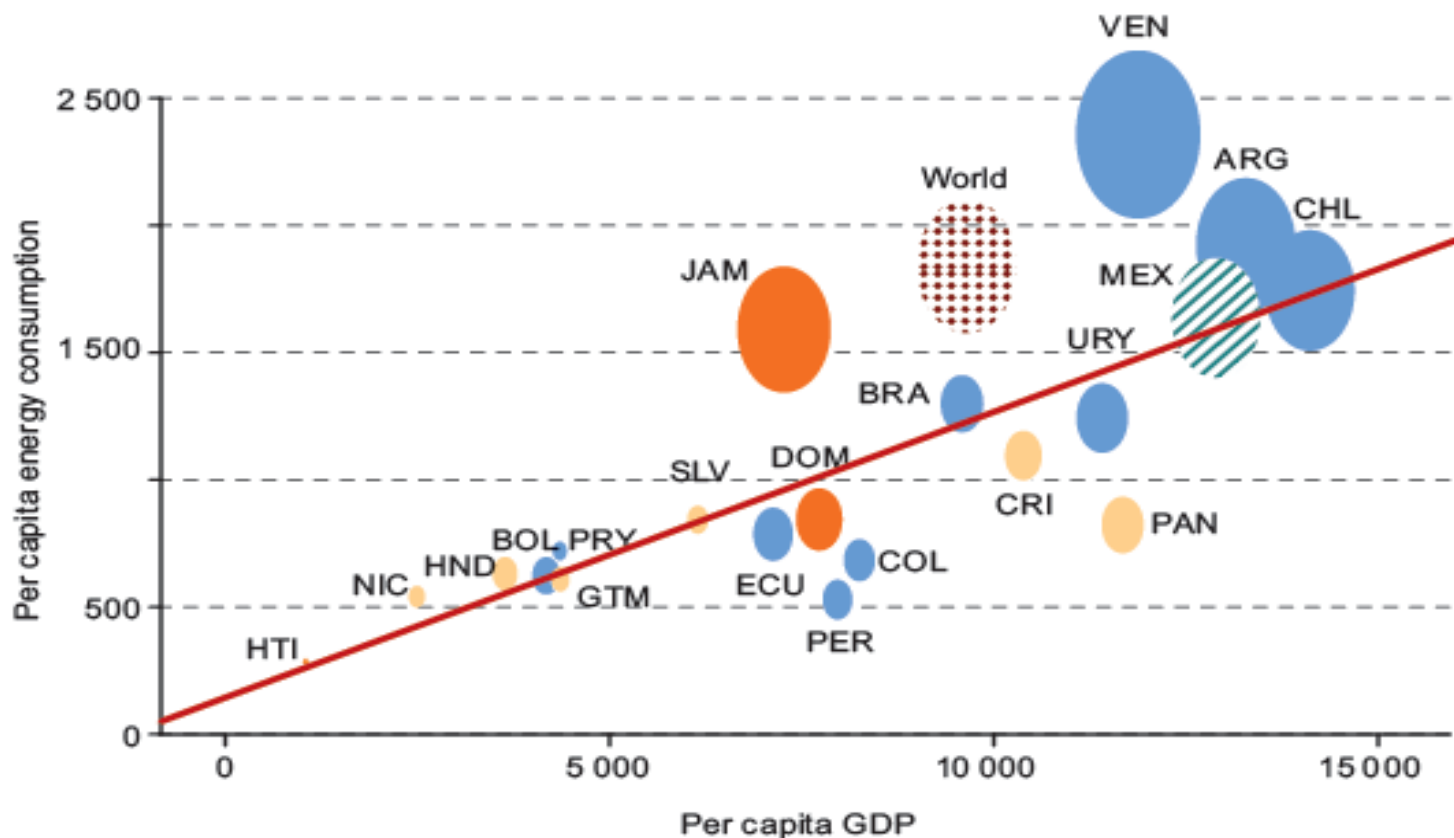
ECLAC



# The current development evidences strong correlation between GDP growth, energy consumption and pollutant emissions

LATIN AMERICA: PER CAPITA GDP AND PER CAPITA ENERGY CONSUMPTION, 2008<sup>a</sup>

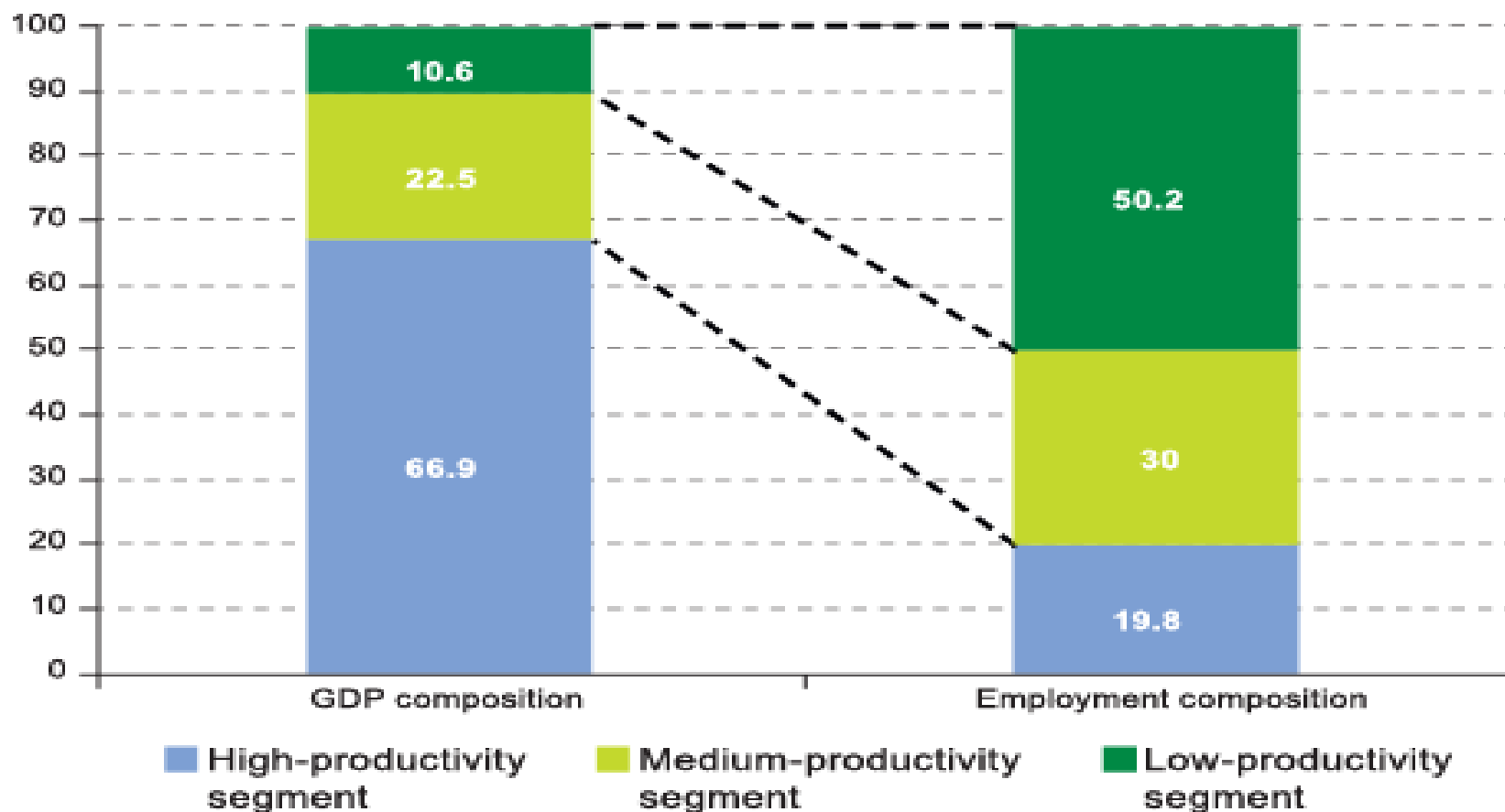
(Kilograms of oil equivalent and 2005 purchasing power parity dollars)





# The heterogeneous productive structure reproduces inequalities, concentrating employment in low-productivity sectors

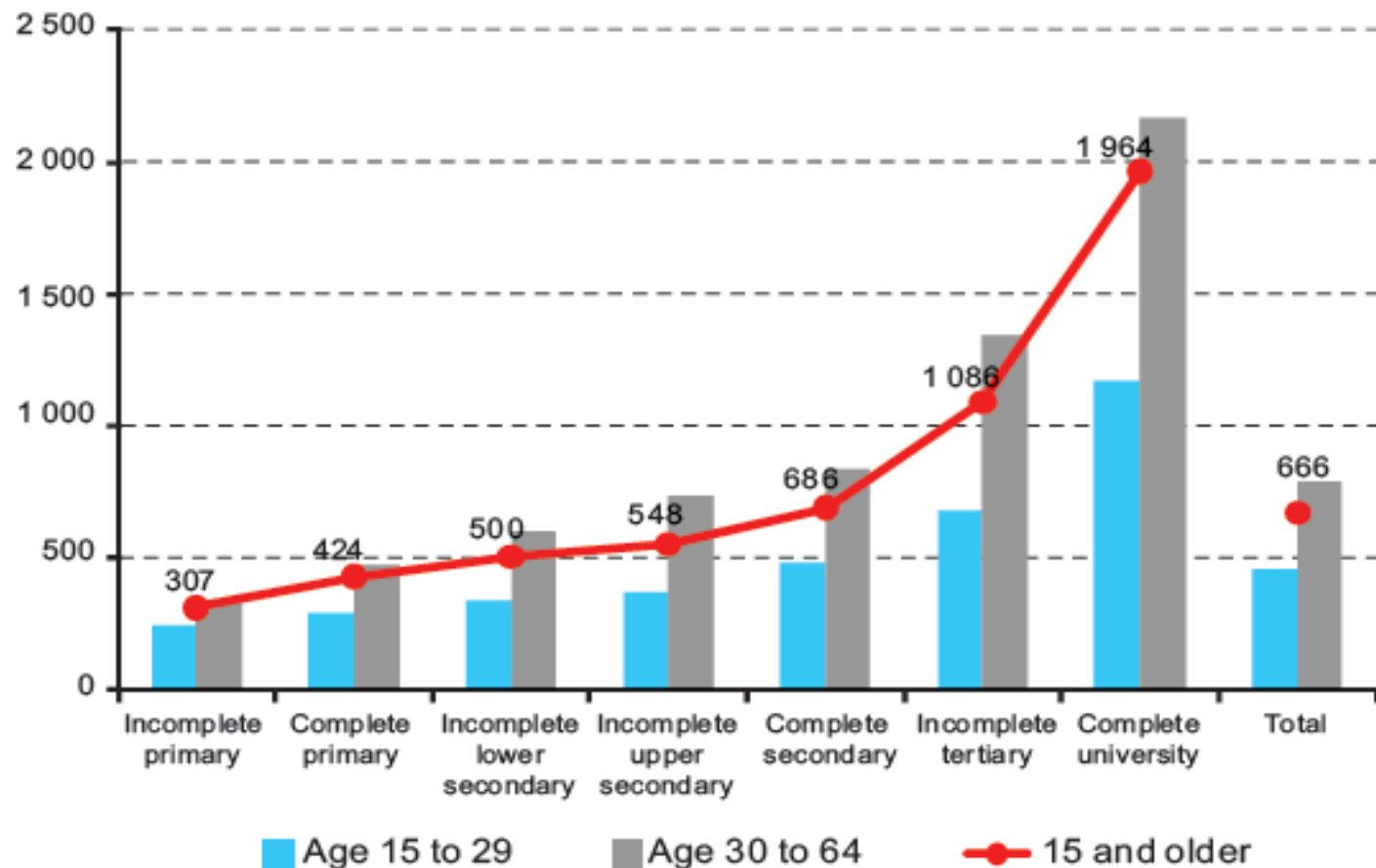
LATIN AMERICA (18 COUNTRIES): STRUCTURAL HETEROGENEITY INDICATORS, AROUND 2009  
(Percentages)



# The lack of education reproduces and perpetuates social inequalities and poverty

LATIN AMERICA (18 COUNTRIES): MONTHLY LABOUR INCOME OF THE EMPLOYED POPULATION,  
BY AGE GROUP AND LEVEL OF SCHOOLING

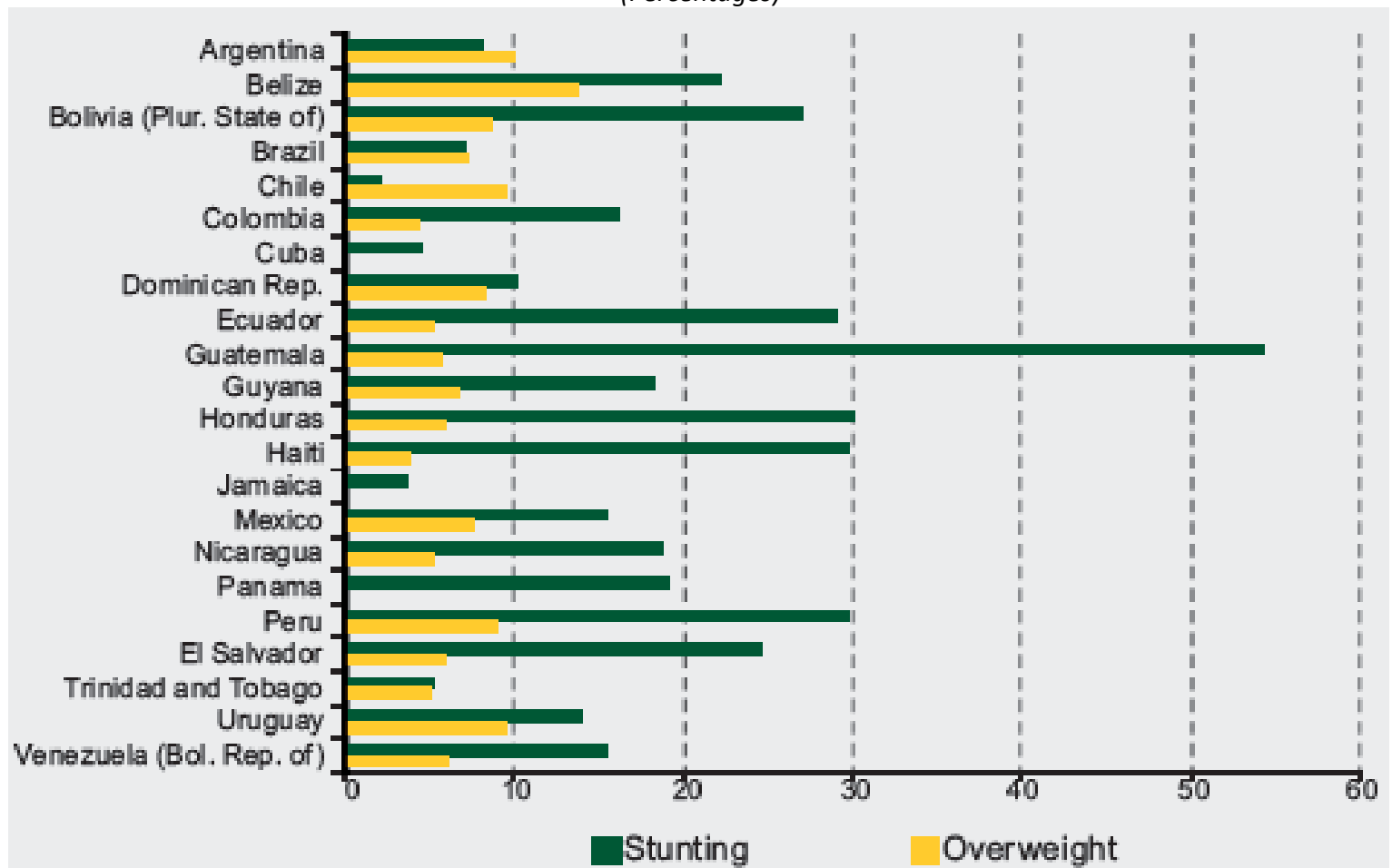
(Dollars at 2000 prices, PPP)



Source: Economic Commission for Latin America and the Caribbean (ECLAC).

# Characteristic diseases of poverty and wealth coexist: undernutrition and overweight in children

LATIN AMERICA AND THE CARIBBEAN: UNDERNUTRITION AND OVERWEIGHT  
IN CHILDREN UNDER AGE 5, 2000-2009  
(Percentages)



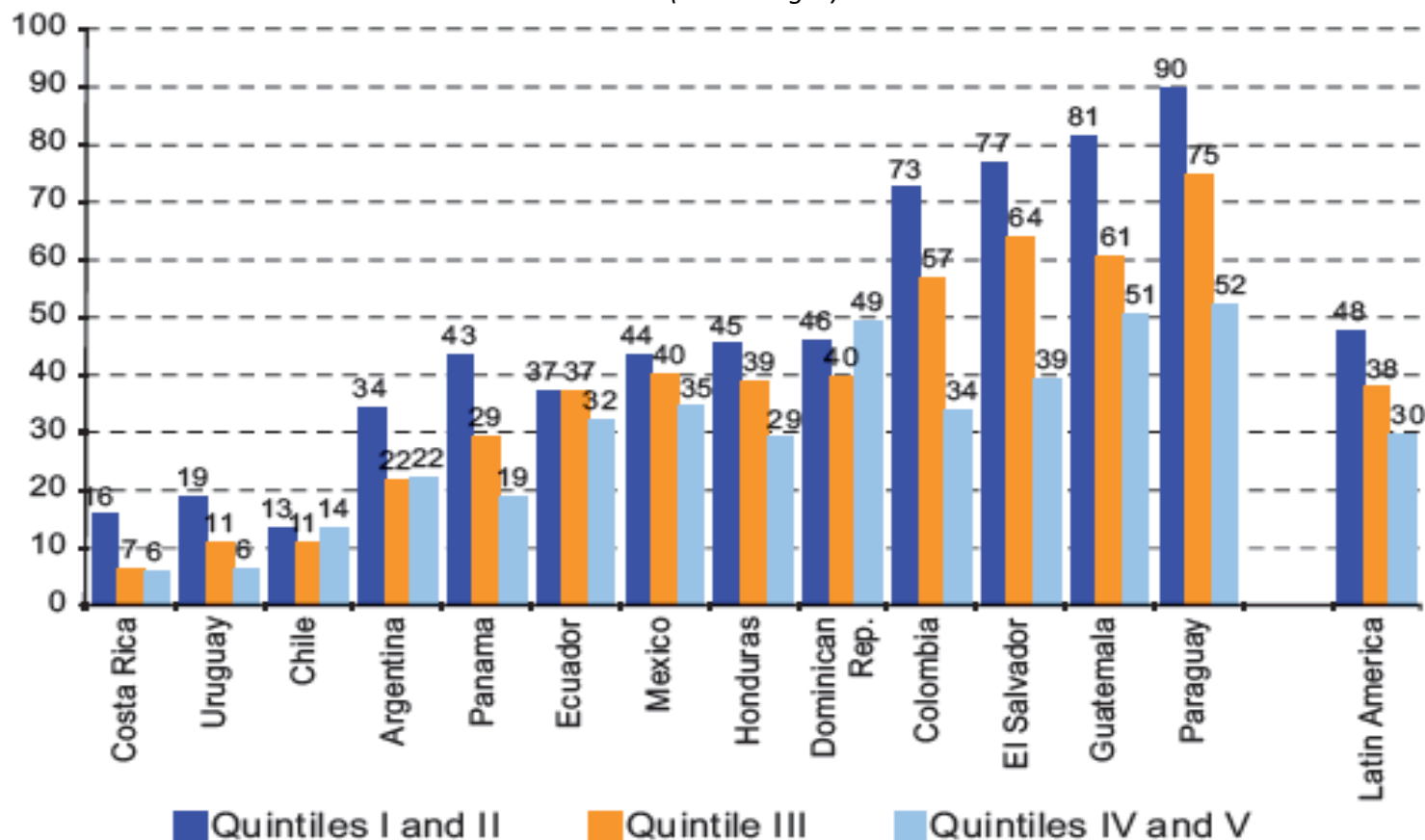
Stunting

Overweight

# The use of public investment as an adjustment variable has contributed to serious cracks and gaps in the social protection systems in the region: there are people that are completely unprotected

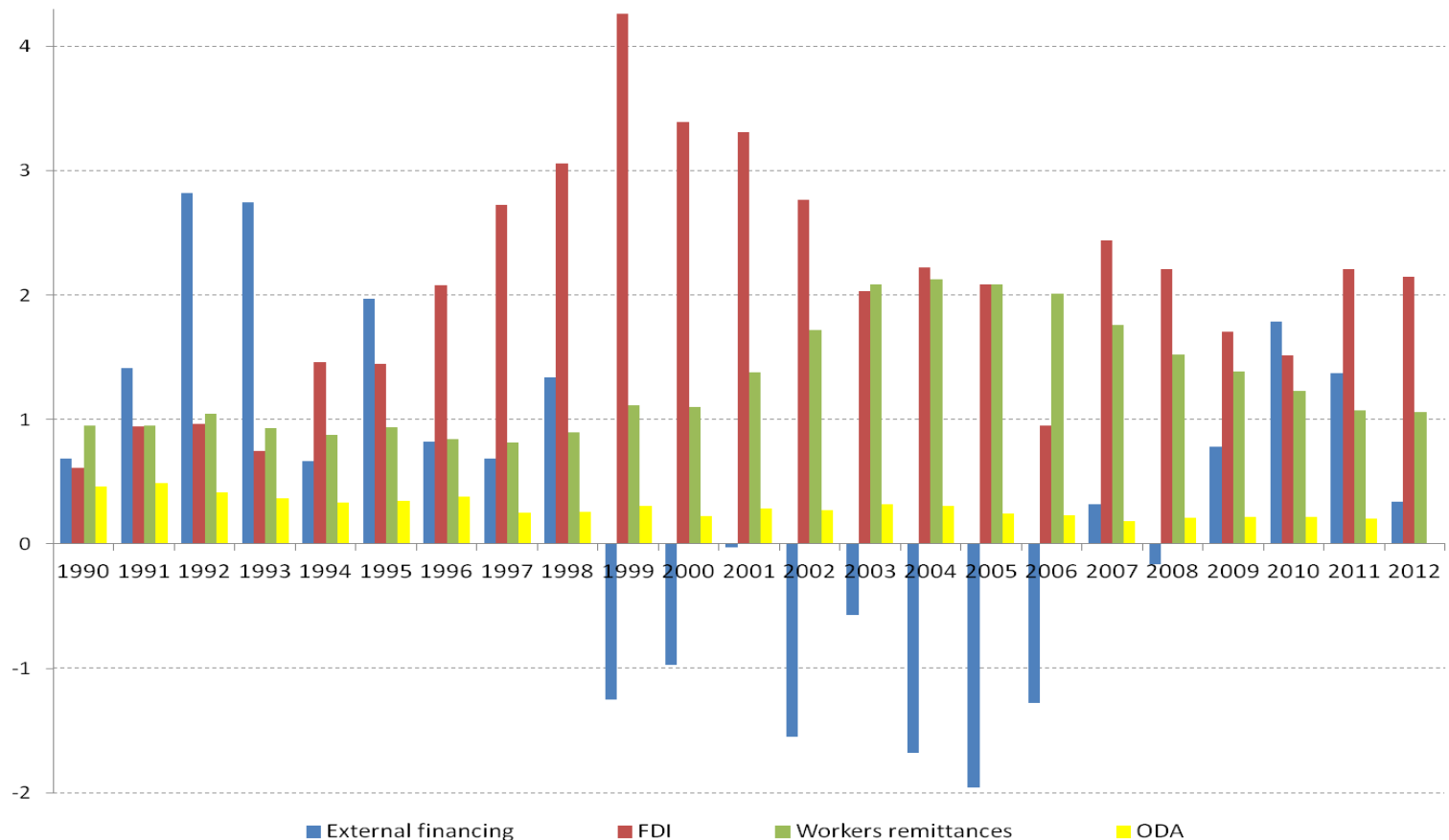
LATIN AMERICA (14 COUNTRIES): POPULATION LIVING IN HOUSEHOLDS WITHOUT SOCIAL SECURITY MEMBERSHIP AND WHICH DO NOT RECEIVE ANY PENSION OR PUBLIC WELFARE TRANSFERS, BY INCOME QUINTILE, 2009

(Percentages)



# ODA is a fraction of FDI and workers remittances inflows

LATIN AMERICA AND THE CARIBBEAN: MAIN EXTERNAL FINANCING FLOWS, 1990-2012  
(Percentages of GDP)



**Source::** Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official data of the countries, the International Monetary Fund and the Organization for Economic Cooperation and Development.



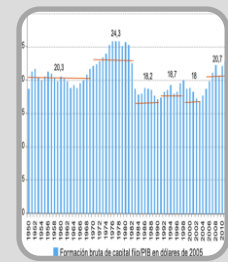
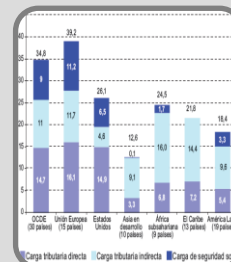
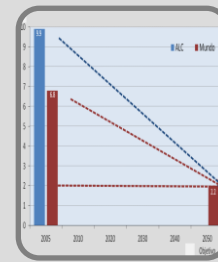
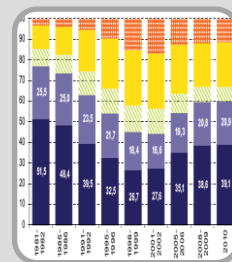
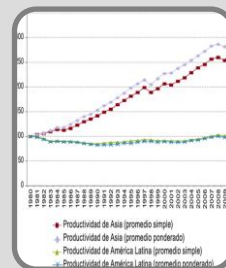
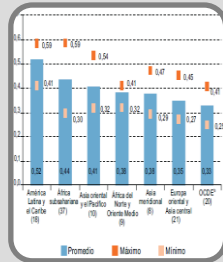
# Towards a sustainable development agenda in Latin America and the Caribbean



ECCLC



# A structural change is necessary



## Inequality

For the first time in recent history there have been advances in combating inequality

## Productivity

Closing the external gap (with the technological frontier) and the internal gap (between sectors and actors)

## International linkages

Risk of "reprimarization" of the export structure, with low value added and little investment in technology

## Environmental sustainability

Move towards sustainable production and consumption patterns

## Taxation

Regressive tax systems; weak non-contributory pillar

## Investment

Investment, at 22.9% of GDP, is insufficient for development

- To lift **low income countries** from poverty is equivalent to **2.5% of world GDP**. To lift only **Latin America and the Caribbean**, a middle income region (\$ 10,000 per capita PPP), to the income level of developed countries (\$ 38,000) is equivalent to **19% of global GDP**. To lift **all upper middle income countries** to a high income level it would be equivalent to **85% of world GDP**.
- Apart from the inequities concealed by averages, and even disregarding the future costs of violence, undernutrition, climate change, among others, **the current development model will be unable** to generate that income growth without impairing the planet's resilience and survival.

# The region has remarkable assets, but also weaknesses

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## Assets

- Better macroeconomic indicators: international reserves, low public debt, low inflation
- Poverty fell
- Abundant natural resources:
  - One third of the world's **freshwater reserves** and 12% of the **arable land**
  - A third of world production of **ethanol**, around 25% of the production of **biofuels** and 13% of **oil** production
  - **Reserves**: 65% of **lithium**, 49% of **silver**, 44% of **copper**, 33% of **tin**, 32% of **molybdenum**, 26% of **bauxite**, 23% of **nickel**, 22% of **iron** and 22% of **zinc**
  - 48% of world output of **soybean**
  - 21% of the global area of **natural forest** and **rich biodiversity**

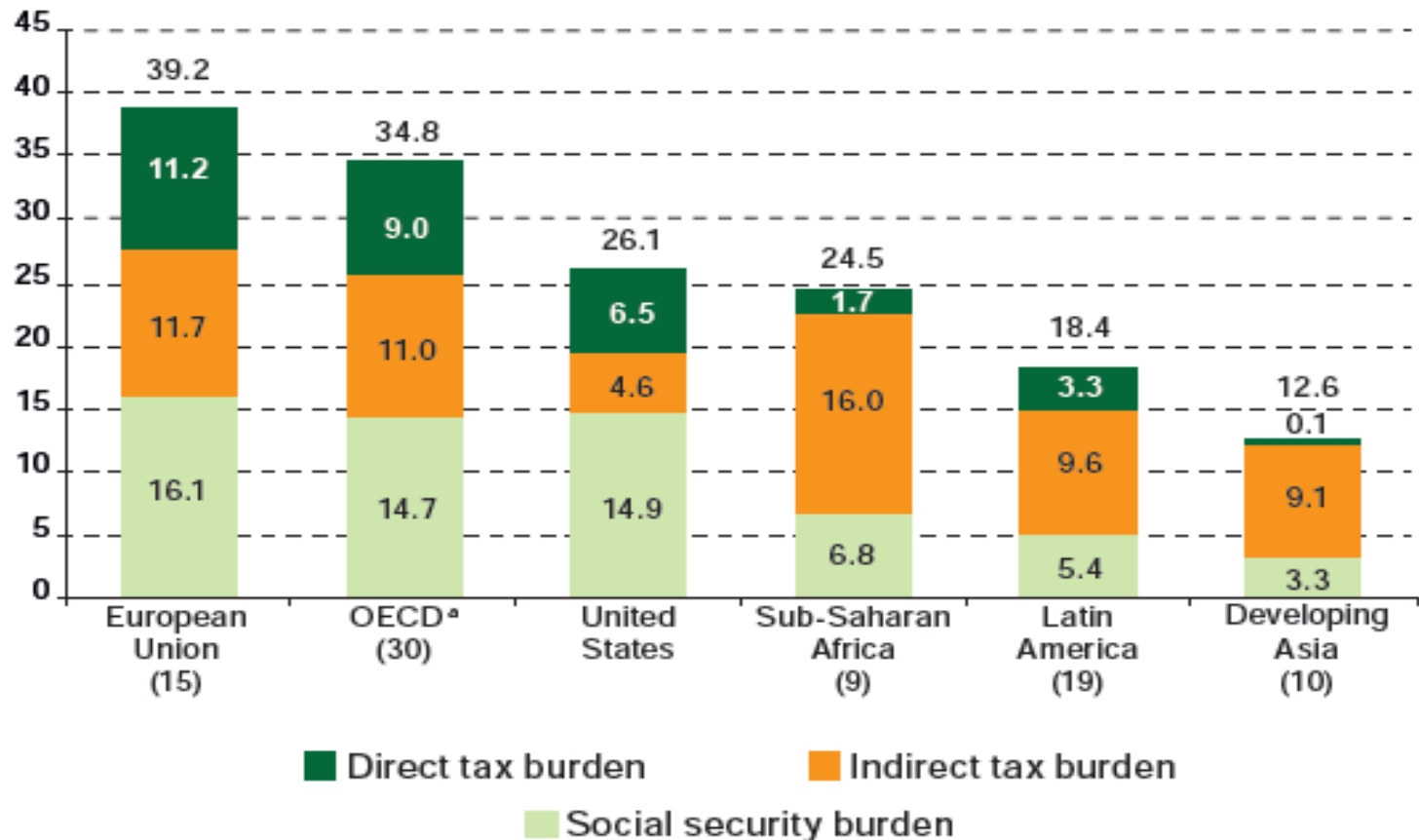
## Weaknesses

- Productive and export structure based on static comparative advantages (linked to natural resources)
- Lags in innovation, science and technology
- Low investment in infrastructure
- High labour market informality



# Closing these gaps requires a fiscal pact that raises the tax burden and makes the tax structure more progressive

INTERNATIONAL COMPARISON OF THE LEVEL AND STRUCTURE OF THE TAX BURDEN  
(Percentages of GDP)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of CEPALSTAT for Latin American countries; IMF for Sub-Saharan African countries and developing Asia; OECDStat for OECD countries.

# The region has learned from the past ...

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1. The MDG agenda was successful as a common framework for action —but it will need adapting to regional and national specificities
2. Development is not all about the one dimension of economic growth – interdependence, transversality and the integration of efforts are essential: growth needs equality and equality needs growth
3. The achievements of the past decade may be lost unless priority is given to building social, economic and environmental resilience
4. The implementation depends on the management capacity of institutions at the regional, national and subnational levels
5. Solutions are not technocratic and will not come from outside: endogenous policy generation and agenda-setting are critical



ECLEP





# ... And faces several emerging challenges

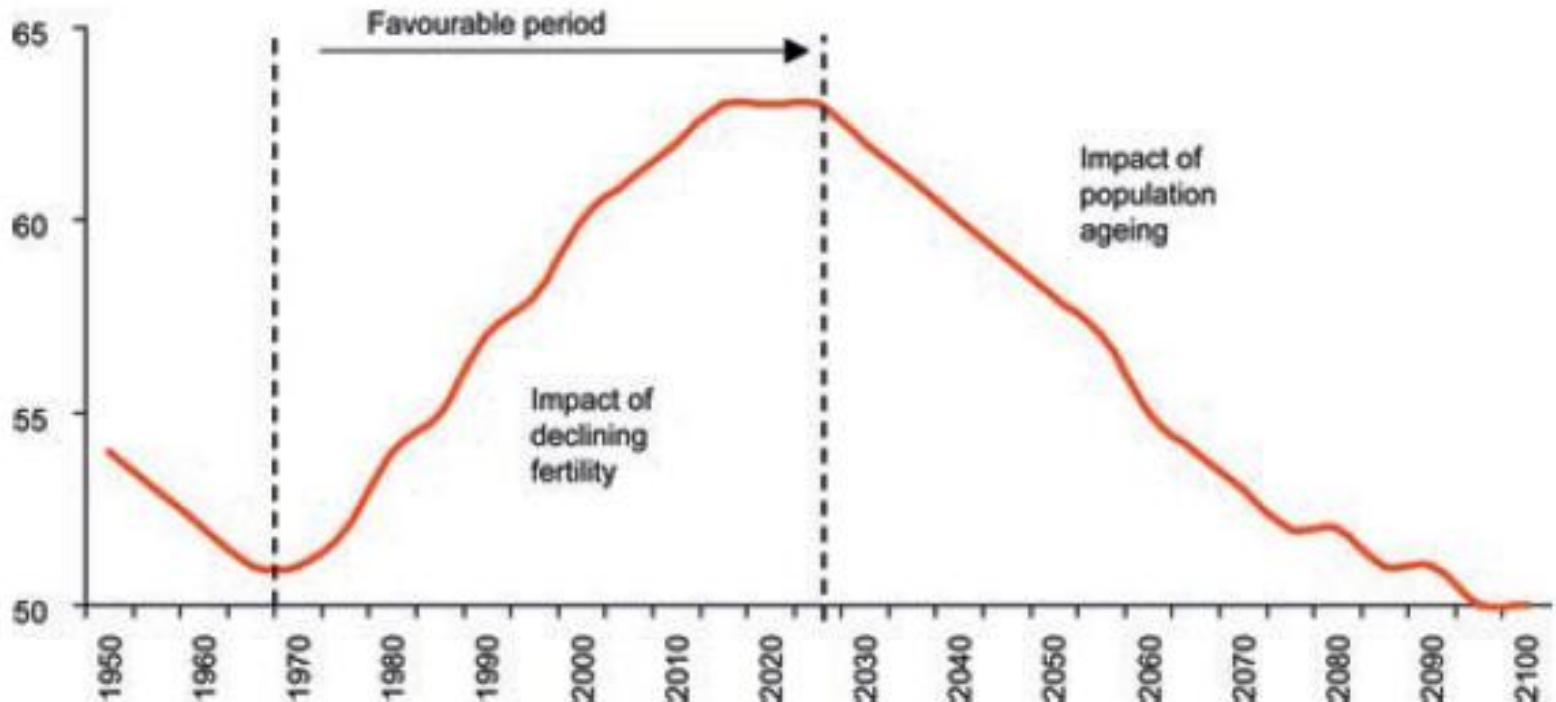
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- The **demographic transition** is changing the development profile: some societies are still enjoying a demographic dividend, while others are entering the ageing process
- **Human settlement** dynamics: megacities, medium-sized cities and new settlements contain the bulk of the continent's population, and the bulk of its poor
- **Public safety** has emerged as one of the main issues of concern in Latin America and the Caribbean
- **Climate change** and **vulnerability and risks related to disasters** are emerging as critical issues for the region
- The **official assistance to middle-income countries** is declining: it will be very important to create fiscal space and make spending and taxation more progressive in the region



# The demographic transition creates a favorable window for development which, if not explored, will become a significant liability

LATIN AMERICA: PROPORTION OF THE POPULATION AGED 15-59 YEARS, 1950-2100  
(Percentages)



Source: United Nations Population Fund (UNFPA)/Economic Commission for Latin America and the Caribbean (ECLAC), *Investing in Youth: Regional Population Report in Latin America and the Caribbean 2011*, Santiago, Chile, 2012.

# Towards the future we want in Latin America and the Caribbean

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- Fulfillment of MDGs: necessary condition, but not sufficient
- From basic needs to filling structural gaps
- Fundamental to ensure national and international enabling conditions/goals
- Move from national- and developing-countries-oriented targets to universal objectives and with revived metrics
- The post-2015 development agenda requires a global financing and technology transfer pact
- Concepts with a long-term, rights-based approach
- The goal: more resilient, self-sufficient and balanced economies



# A regional reading of the post-2015 agenda

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1. The focus must stay on the remaining gaps in achievement of the Millennium Development Goals (MDGs).
2. The region is changing and facing emerging issues.
3. Addressing new challenges as well as old ones calls for a new development model based on a structural change for equality and environmental sustainability to close structural gaps.
4. Minimum levels of well-being have risen: good-quality, rights-based universalist State policies.
5. Policy and institutions matter.
6. Better measuring is required.
7. The capacity for global governance in relation to sustainable development must be built: decision spaces, shared goals, enabling national and international goals.







# Sustainable Development in Latin America and the Caribbean

Follow up to the United Nations development agenda beyond 2015 and to Río+20

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United Nations

