COMMITTEE OF THE WHOLE
New York, 28-29 March 2012

Alicia Bárcena
Executive Secretary
Economic Commission for Latin America and the Caribbean
Twenty-sixth session of the Committee of the Whole
“ECLAC should function as a centre of excellence charged with collaborating with member States in a comprehensive analysis of development processes geared to the design, monitoring and evaluation of public policies and the resulting provision of operational services in the fields of specialized information, advisory services, training and support for regional and international cooperation and coordination.”
What do we do?

Research and advisory services on public policy tailored for Governments

Technical cooperation activities for development

Promotion of South-South cooperation

Training and capacity-building (Summer school, School of innovation managers)

Multisectoral forum for regional dialogue (Regional Conference on Women, Statistical Conference of the Americas of ECLAC and Ad Hoc Committee on Population and Development, among others)

Reliable source of economic, social and environmental statistics based on comparable indicators

Inter-agency cooperation at the regional level

Follow-up on global conferences

Technical support to countries for formulating regional positions
How do we do it?

Financing
(Millions of dollars)

- Regular budget: 116.3
- Regular programme for technical cooperation: 35.9
- Development account projects: 4.7
- Extrabudgetary sources: 5.6
Increase in financing from sources other than the regular ECLAC budget

- United Nations
- Other multilateral agencies
- Bilateral
  - Latin American and Caribbean Governments
  - Other Governments
  - NGOs

**2008-2009**
US$ 34.5 million

**2010-2011**
US$ 35.9 million
The Commission’s main cooperation partners

- European Commission - EuropeAid
- German Agency for International Cooperation
- Spanish Agency for International Development Cooperation
- International Development Research Centre
- Australian Agency for International Development (AusAID)
- Government of France
- Cooperazione Italiana
ECLAC

The context

Achievements
The challenges of the new international scenario

**New global equilibria:** the changing role of China and the rest of Asia-Pacific in world production, trade and foreign direct investment

Increased demand for **competitiveness** and **innovation** for participating in global value chains and the intensity of technological change

New patterns of production with a **low-carbon footprint** are required to tackle climate change

Need for new forms of **governance** and a redefinition of the **State–market–society** relationship

More selective conditions of access to **external financing** and possible restructuring of national and international financial architecture
The international economy is becoming increasingly fragile

- The euro zone is possibly facing a “lost decade” with a bleak economic outlook.
- The crisis in the euro zone has contributed to the stagnating of global demand and to the increase of uncertainty in financial markets (1.6% to 0.5% between 2011 and 2012).
- The United States will grow 1.5%-2% in 2012.
- China’s economic growth slows from 9.5% to 7.5% in 2012.
- Developing countries increase their weight in the global economy but they still are not the engine of global growth.
- Global coordination (monetary and fiscal), which was crucial during the 2008-2009 crisis, is now weaker.
The global economy continues to show two-tier growth, with the developed countries expanding more slowly than the emerging economies.

**WORLD ECONOMIC GROWTH, 2009-2012**

*(Percentages)*

<table>
<thead>
<tr>
<th>Year</th>
<th>World</th>
<th>Developing countries</th>
<th>China</th>
<th>Developed countries</th>
<th>United States</th>
<th>Euro zone</th>
<th>Japan</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>2.0</td>
<td>-2.3</td>
<td>-3.7</td>
<td>-4.2</td>
<td>-5.5</td>
<td>-6.0</td>
<td>-0.3</td>
</tr>
<tr>
<td>2010</td>
<td>9.2</td>
<td>7.3</td>
<td>-4.2</td>
<td>10.4</td>
<td>-5.5</td>
<td>-5.5</td>
<td>-0.3</td>
</tr>
<tr>
<td>2011e</td>
<td>6.0</td>
<td>4.1</td>
<td>4.5</td>
<td>9.5</td>
<td>-1.7</td>
<td>-0.9</td>
<td>-0.3</td>
</tr>
<tr>
<td>2012p</td>
<td>5.4</td>
<td>1.6</td>
<td>1.6</td>
<td>7.5</td>
<td>1.9</td>
<td>1.9</td>
<td>-0.3</td>
</tr>
</tbody>
</table>

**Source**: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of World Bank Data.

*e* Estimates.

*p* Projections.
The economic power is shifting from the Atlantic to Pacific and from North to South... with a realignment of political power at the global level

- In the last decade, economic ties with China and Asia-Pacific in general were strengthened and South-South links are growing
  - Growth in developing countries is increasingly dependent on China and India
  - South-South trade could surpass North-North trade in 2017
  - South-South investments also continue to deploy quickly
  - A growing number of *trans-Latin* and *trans-Asian* firms with operations at the global scale
- Two thirds of the world’s middle class will be in the BRICS
- Global economy governance requires major adjustments in its main operating mechanisms
- Four years after the onset of the subprime crisis, financial normalcy can not be restored and the reformist momentum of the G-20 is diluting
Current global governance does not reflect the growing relative importance of emerging economies in the world economy.

**RELATIVE SHARE OF ADVANCED AND EMERGING ECONOMIES IN GLOBAL GDP, 1996-2016**

(Percentages)

*Source:* Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of IMF (2011).
Since the 2008-2009 crisis, the share of South-South trade in global trade has grown and could exceed that of North-North trade by 2017.

**GLOBAL EXPORTS BY REGION, 1985-2020*  
(Percentages of world trade)**

*The figures for the period 2011-2020 are projections based on long-term linear trends.*

**Source:** Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
Where is Latin America and the Caribbean today?

- Learning from the past
- More prudent in macroeconomic terms
- Progressive in social terms
- With economic growth in 2010 but decelerating in 2011 and 2012
- Urgent to rethink a new development agenda centered in equality
- This requires closing productive and social gaps
- It involves facing the region’s historical and recent debts
Regional growth is slackening but remains above global economic growth.

**LATIN AMERICA AND THE CARIBBEAN: GDP GROWTH, 2011 AND 2012**

*Percentages*

<table>
<thead>
<tr>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Panama</strong></td>
<td>9.0</td>
</tr>
<tr>
<td><strong>Argentina</strong></td>
<td>8.0</td>
</tr>
<tr>
<td><strong>Ecuador</strong></td>
<td>7.0</td>
</tr>
<tr>
<td><strong>Peru</strong></td>
<td>6.3</td>
</tr>
<tr>
<td><strong>Chile</strong></td>
<td>5.5</td>
</tr>
<tr>
<td><strong>Uruguay</strong></td>
<td>5.5</td>
</tr>
<tr>
<td><strong>Colombia</strong></td>
<td>5.1</td>
</tr>
<tr>
<td><strong>Bolivia (Plur. State of)</strong></td>
<td>4.6</td>
</tr>
<tr>
<td><strong>South America (10 countries)</strong></td>
<td>4.5</td>
</tr>
<tr>
<td><strong>Dominican Rep.</strong></td>
<td>4.5</td>
</tr>
<tr>
<td><strong>Nicaragua</strong></td>
<td>4.2</td>
</tr>
<tr>
<td><strong>Haiti</strong></td>
<td>4.2</td>
</tr>
<tr>
<td><strong>Latin America and the Caribbean</strong></td>
<td>4.1</td>
</tr>
<tr>
<td><strong>Venezuela (Bol. Rep. of)</strong></td>
<td>4.0</td>
</tr>
<tr>
<td><strong>Central America (9 countries)</strong></td>
<td>3.8</td>
</tr>
<tr>
<td><strong>Paraguay</strong></td>
<td>3.3</td>
</tr>
<tr>
<td><strong>Mexico</strong></td>
<td>3.3</td>
</tr>
<tr>
<td><strong>Costa Rica</strong></td>
<td>3.2</td>
</tr>
<tr>
<td><strong>Guatemala</strong></td>
<td>3.2</td>
</tr>
<tr>
<td><strong>Honduras</strong></td>
<td>2.9</td>
</tr>
<tr>
<td><strong>Brazil</strong></td>
<td>2.7</td>
</tr>
<tr>
<td><strong>Cuba</strong></td>
<td>2.0</td>
</tr>
<tr>
<td><strong>El Salvador</strong></td>
<td>1.4</td>
</tr>
<tr>
<td><strong>The Caribbean</strong></td>
<td>0.7</td>
</tr>
</tbody>
</table>

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

*Several figures for 2011 are estimates and the figures for 2012 are projections.*

*Projection by the Government of Cuba.*
This performance reflects improved terms of trade for commodity exporting countries.

**LATIN AMERICA: TERMS OF TRADE, 2005-2011**

*Index: 2005=100*

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
Commodity prices have fallen slightly but remain historically high.

TRENDS IN INTERNATIONAL COMMODITY PRICES, JANUARY 2000–DECEMBER 2011

(indices)

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of World Bank data.
The price factor was important in the performance of regional exports, which grew by 23.5% in 2011, slightly above import growth.

**LATIN AMERICA: ANNUAL GROWTH RATES OF GOODS IMPORTS AND EXPORTS, BY VOLUME AND PRICE, 2011\(^a\)**

*(Percentages)*

<table>
<thead>
<tr>
<th>Region</th>
<th>Exports</th>
<th>Imports</th>
</tr>
</thead>
<tbody>
<tr>
<td>Latin America</td>
<td>4.5%</td>
<td>10.3%</td>
</tr>
<tr>
<td>MERCOSUR</td>
<td>2.1%</td>
<td>11.2%</td>
</tr>
<tr>
<td>Exporters of mineral products</td>
<td>1.4%</td>
<td>14.4%</td>
</tr>
<tr>
<td>Exporters of hydrocarbons</td>
<td>6.1%</td>
<td>14.2%</td>
</tr>
<tr>
<td>Central America</td>
<td>14.9%</td>
<td>11.3%</td>
</tr>
<tr>
<td>Mexico</td>
<td>4.7%</td>
<td>7.0%</td>
</tr>
</tbody>
</table>

*Volume* | *Price*

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

\(^a\) Estimates.
Public debt remained relatively low, except in the Caribbean

LATIN AMERICA AND THE CARIBBEAN: PUBLIC DEBT, 2000-2010
(Percentages of GDP)

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
International monetary reserves are historically high

LATIN AMERICA AND THE CARIBBEAN: INTERNATIONAL RESERVES, 2001-JANUARY 2012
(Millions of dollars)

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
Inflation edged up mainly in response to rising external prices

LATIN AMERICA: CONTRIBUTIONS TO INFLATION, JANUARY 2008 – FEBRUARY 2012
(12-month inflation rate, simple average)

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
Capital inflows have resulted in currency appreciation, although there was a moderate depreciation in the second half of 2011.

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
The region regained some of its fiscal space, mainly thanks to revenue growth.

**LATIN AMERICA (19 COUNTRIES): CENTRAL GOVERNMENT FISCAL INDICATORS, 2000-2011**

*(Simple averages as percentages of GDP)*

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
Main gaps to be closed

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

Investment
Investment, at 23% of GDP, is insufficient for development

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

Taxation
Regressive tax systems; weak non-contributory pillar

International linkages
Risk of “reprimarization” of the export structure, with low value added and little investment in technology

- In order to move towards productive convergence, policymakers must look beyond the price boom: economic policies based on a relevant, long-term vision at the macroeconomic, productive and territorial levels
- To take advantage of the opportunities provided by the international context, exports must have a higher value added and knowledge content, with the focus on diversification of production, re-evaluation of global and regional partnerships and strengthening open regionalism
- Consensus on priorities and respective financing: a fiscal covenant with a redistributive impact – with access to innovation, labour institutions and job security
- New equation: State-market-society
Recent achievements that must be preserved: poverty alleviation...

LATIN AMERICA: POVERTY AND INDIGENCE, 1980-2011
(Percentages and millions of people)

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

* 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 are projections.
... and the narrowing of the income distribution gap

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.

a The survey year differs from one country to the next. The date 1990 refers to the most recent survey available between 1989 and 1992; the date 2002 refers to the most recent survey available between 2000 and 2002 and the date 2009 refers to the most recent survey available between 2006 and 2009.

b Greater Buenos Aires.

c Urban areas.

d For the Plurinational State of Bolivia the data are those published by the Economic Policy Analysis Unit (UDAPE). The figure for 1990 relates to 1996.

e For El Salvador, the 1990 figure relates to 1995.
The regional unemployment rate continues to fall, boosting household consumption.

**LATIN AMERICA AND THE CARIBBEAN: CHANGE IN RATES OF EMPLOYMENT AND OPEN UNEMPLOYMENT**

(Percentages)

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
The cornerstone: the labour market

<table>
<thead>
<tr>
<th>LATIN AMERICA AND PORTUGAL: INDICATORS OF STRUCTURAL HETEROGENEITY, AROUND 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Percentages of GDP)</td>
</tr>
</tbody>
</table>

**PORTUGAL: INDICATORS OF STRUCTURAL HETEROGENEITY, AROUND 2009**
(Percentages)

<table>
<thead>
<tr>
<th>GDP composition</th>
<th>Employment composition</th>
</tr>
</thead>
<tbody>
<tr>
<td>43.1</td>
<td>40.5</td>
</tr>
<tr>
<td>20.8</td>
<td>32.3</td>
</tr>
<tr>
<td>16.4</td>
<td></td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>GDP composition</th>
<th>Employment composition</th>
</tr>
</thead>
<tbody>
<tr>
<td>66.9</td>
<td>50.2</td>
</tr>
<tr>
<td>22.5</td>
<td>30.0</td>
</tr>
<tr>
<td>10.6</td>
<td></td>
</tr>
</tbody>
</table>

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of Infante (2001).
But there are obvious inadequacies and omissions in the social protection systems within the region.


(Percentages)

<table>
<thead>
<tr>
<th>Country</th>
<th>Quintiles I and II</th>
<th>Quintile III</th>
<th>Quintiles IV and V</th>
</tr>
</thead>
<tbody>
<tr>
<td>Costa Rica</td>
<td>16</td>
<td>7</td>
<td>6</td>
</tr>
<tr>
<td>Uruguay</td>
<td>19</td>
<td>11</td>
<td>6</td>
</tr>
<tr>
<td>Chile</td>
<td>13</td>
<td>14</td>
<td>11</td>
</tr>
<tr>
<td>Argentina</td>
<td>22</td>
<td>22</td>
<td>29</td>
</tr>
<tr>
<td>Panama</td>
<td>29</td>
<td>37</td>
<td>32</td>
</tr>
<tr>
<td>Ecuador</td>
<td>43</td>
<td>44</td>
<td>40</td>
</tr>
<tr>
<td>Mexico</td>
<td>37</td>
<td>35</td>
<td>29</td>
</tr>
<tr>
<td>Honduras</td>
<td>45</td>
<td>46</td>
<td>49</td>
</tr>
<tr>
<td>Dominican Rep.</td>
<td>57</td>
<td>57</td>
<td>73</td>
</tr>
<tr>
<td>Colombia</td>
<td>77</td>
<td>77</td>
<td>64</td>
</tr>
<tr>
<td>El Salvador</td>
<td>81</td>
<td>51</td>
<td>61</td>
</tr>
<tr>
<td>Guatemala</td>
<td>90</td>
<td>52</td>
<td>48</td>
</tr>
<tr>
<td>Paraguay</td>
<td>75</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Latin America</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**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.
In 2011, the investment rate soared to its highest value since 1990, but is still not sufficient to sustain high rates of growth in the region.

**LATIN AMERICA: GROSS FIXED CAPITAL FORMATION, 1990-2011**

*(In dollars at constant 2005 prices, as a percentage of GDP)*

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

*a* The figures for 2011 are estimates.
Infrastructure bottlenecks hamper sustainable growth, competitiveness and equity in the region.

**LATIN AMERICA (SELECTED COUNTRIES): SECTORAL INVESTMENT IN INFRASTRUCTURE**

*(Percentages of GDP)*

Total investment (as a percentage of annual regional GDP) fell sharply in the 1990s and, since the turn of the century, up to 2006... ... Privatizations and asset purchases

Risk of “reprimarization”, especially in South America

LATIN AMERICA AND THE CARIBBEAN: CHANGES IN THE STRUCTURE OF EXPORTS TO THE WORLD SINCE THE EARLY 1980S

(Percentages of regional total)

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of data from United Nations Commodity Trade Statistics Database (COMTRADE).
The region has remarkable assets, but also weaknesses

**Assets**

- Abundant natural resources:
  - One third of the **land surface is arable** and there are extensive **fresh water reserves**
  - 31% of world production of **biofuels** and 13% of **oil** production
  - 47% of world output of **copper**, 28% in the case of **molybdenum** and 23% for **zinc**
  - 48% of world output of **soybean**, 31% in the case of **beef**, 23% for milk and 16% for **maize**
  - 20% of the land surface is covered by **natural forest** and contains a rich **biodiversity**

**Weaknesses**

- Productive and export structure based on static comparative advantages:
  - In many cases (South America): linked to natural resources
  - In others, linked to low-wage, labour-intensive manufacturing or services
  - Still very few dynamic competitive advantages
- Low investment and lags in innovation, science and technology, education and infrastructure
- Labour market informality
- High cost of violence (7.7% of GDP in Central America)
Compared carbon intensity

Fuente: Comisión Económica para América Latina y el Caribe (CEPAL), sobre la base de datos World Development Indicators, Banco Mundial.
Enhance the quality of engagement in international trade and partnerships

- Reassess international and regional partnership strategies
  - Capitalize on opportunities for South-South trade and investment
  - Forge closer ties between the region and Asia-Pacific (China)
- Avoid excessive exchange rate volatility and currency appreciation trend
- Maintain fiscal sustainability and inflation under control
- Production diversification for a successful international engagement strategy in trade and partnerships
  - Added value and knowledge in exports
  - Diversification of products and markets
  - Clusters, supported by value chains
  - Natural resource governance
  - Internationalization (Trans-Latins) as the innovation link
  - Infrastructure for trade facilitation
Unlike Asia, the region’s participation in value chains, even at the intraregional level, is very limited.

**LATIN AMERICA AND THE CARIBBEAN: INTRAREGIONAL EXPORTS OF PARTS AND COMPONENTS**

### A. Regional total, 2000-2009

*(Millions of dollars and percentages of intraregional total)*

![Graph showing intraregional exports of parts and components from 2000 to 2009.](image)

### B. Selected groupings, 2009

*(Percentages of intraregional total)*

<table>
<thead>
<tr>
<th>Grouping</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Latin America and the Caribbean</td>
<td>8.1</td>
</tr>
<tr>
<td>ASEAN+3(^b)</td>
<td>27.9</td>
</tr>
<tr>
<td>North American Free Trade Agreement (NAFTA)</td>
<td>17.4</td>
</tr>
<tr>
<td>European Union</td>
<td>14.7</td>
</tr>
</tbody>
</table>

**Source:** Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of information from the United Nations Commodity Trade Statistics Database (COMTRADE).

\(^a\) Relates to subcategories 42 and 53 of the Classification by Broad Economic Category.

\(^b\) Includes the 10 members of ASEAN plus China, Japan and the Republic of Korea.
Intrasubregional trade remains below its historical peaks, with the highest rate in the Central American Common Market.

LATIN AMERICA AND THE CARIBBEAN: EXPORTS BETWEEN MEMBERS OF REGIONAL GROUPINGS, 1986-2010
(Percentages of the total exports of each grouping)

<table>
<thead>
<tr>
<th>Grouping</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Andean Community</td>
<td>13.5</td>
</tr>
<tr>
<td>CARICOM</td>
<td>23.0</td>
</tr>
<tr>
<td>Central American Common Market</td>
<td>34.7</td>
</tr>
<tr>
<td>MERCOSUR</td>
<td>23.0</td>
</tr>
</tbody>
</table>

Source: ECLAC, on the basis of official information from the regional integration schemes.

a Does not include Bolivarian Republic of Venezuela.
b Does not include Bahamas or Haiti.

LATIN AMERICA AND THE CARIBBEAN: VOLUME OF INTRAREGIONAL MANUFACTURING EXPORTS, 2010
(Percentages of total manufactures)

<table>
<thead>
<tr>
<th>Grouping</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Andean Community</td>
<td>13.5</td>
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<td>CARICOM</td>
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<td>Central American Common Market</td>
<td>34.7</td>
</tr>
<tr>
<td>MERCOSUR</td>
<td>23.0</td>
</tr>
</tbody>
</table>

Source: ECLAC, on the basis of United Nations Commodity Trade Database (COMTRADE).
a Data for Barbados, Dominica, Grenada, Saint Kitts and Nevis, Saint Lucia, Suriname, and Trinidad and Tobago correspond to 2009.
Two factors that breed inequality: the skills gap and the productivity gap

LATIN AMERICA AND THE CARIBBEAN (9 COUNTRIES) AND OECD AVERAGE: DISTRIBUTION OF LEVELS OF PERFORMANCE IN THE PISA READING ASSESSMENT, BASED ON THE HOUSEHOLD SOCIOECONOMIC AND CULTURAL INDEX, 2009

(Percentages)

LATIN AMERICA: PRODUCTIVITY BY SEGMENT, 1990-2008
(Dollars at 2000 prices)

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of special processing of microdata from the PISA Assessments, 2009.

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
Innovation and productive convergence

- **Ties** must be forged between low-productivity sectors and those already at the technological frontier
- Co-evolution of macroeconomic and productive development policies
- Reforming the **long-term institutional architecture for development**:
  - An explicit and integrated productive development policy
  - Higher priority for science and technology
  - Strengthening educational and health infrastructure
  - Development banking for building production capacity and promoting innovation and internal convergence
  - Integrated strategy to provide financial support to SMEs and link them to more dynamic sectors (+certification, traceability, carbon footprint)
The average tax burden of the Latin American countries is almost half that of the OECD countries and the tax structure is angled towards non-progressive, indirect taxation.

**International Comparison of the Level and Structure of the Tax Burden**

*Percentages of GDP*

Source: CEPALSTAT for Latin American countries; IMF for Sub-Saharan African countries and developing Asia; OECDStat for OECD countries.
Serious public finance challenges persist

- The tax system delivers low levels of revenue and is poorly designed
  - The tax structure is regressive
  - Most countries have a low tax burden
  - High levels of evasion
  - Widespread exemptions

- Social spending with little redistributive impact
  - A weak non-contributory pillar
  - In terms of production, minimum support provided to SMEs and segmented access to financing

- Insufficient investment for development:
  - In infrastructure
  - In research, science and innovation
  - In development banking institutions: inclusive financing
  - In cleaner environmental matrices
Social equality and economic growth are not mutually exclusive

- **Growth needs equality; equality needs growth**
  - With macroeconomic conditions that mitigate volatility, stimulate productivity and favour inclusion
  - With production patterns that close internal and external gaps

- **Promoting equality** by building human skills and actively redressing disparities
  - Universalizing rights and social benefits
  - Fostering inclusion through the labour market
  - Achieving territorial convergence

- With **a smarter and stronger State** capable of redistributing, regulating and supervising
Global challenge for development: Millennium Development Goals

- Assistance to **member States** in monitoring their progress towards the Goals
- **Methodological contributions** for comparable measurement at the regional, national and subnational levels and assessing the cost of “failing to achieve these goals”
- **Disseminating and sharing** experiences among countries of the region and with other regions (Africa)
- Reflecting on the achievement of the Goals in a middle-income region
- Support **tools**
  - *Gender Equality Observatory for Latin America and the Caribbean, censuses, CEPALSTAT (time-series databases)*
The challenges still pending in Latin America and the Caribbean

- Limited capacity to implement countercyclical policies for reducing vulnerability
- Persistent gaps in innovation and productivity for **growth with equality**
- Slow progress in reducing **poverty** and **inequality**
- **Regressive tax systems**
- Changes in **demographic trends**
- **Gender equality** agenda
- **Climate change** and the need to develop **low carbon economies**
- Increase in **energy efficiency** and use of **renewable energies**
A new equation
State-market-society

• On the other hand, citizens claim their space in the process of making decisions that affect them and raise the urgent need to redefine the equation State-market-society:
  – The public sphere as a forum for collective interests and not simply for State or national matters;
  – A dynamic and innovative market answering to social interests;
  – An inclusive society functioning with solidarity;
  – A smarter, modern and agile, State to ensure welfare

• For this, it is necessary:
  – Political agreements for a new social and intergenerational covenant, with specific responsibilities and accountability systems
  – Consolidation of a culture of collective development based on tolerance of difference and diversity
  – Strategic internally defined long-term vision that promotes covenants between the stakeholders in production
  – Policies of State —not only of the current government or administration—channelled through democratic institutions
The legitimacy of global governance calls for an agenda that prioritizes development

- The agenda of multilateral agencies must be broadened to include not just global financial and economic issues but also areas of special interest to developing countries, in particular those of Latin America and the Caribbean.
  - These include protecting emerging markets against foreign capital flows and taking steps to boost the growth potential of the developing countries.
- The development agenda must be consistent with international, regional and national policy objectives.
- Regional and subregional institutions are complementary to global multilateral agencies and contribute in a substantial way to the proper functioning of global governance:
  - United Nations regional commissions;
  - Development banks and regional reserve funds;
  - Advances in regional and subregional decision-making and cooperation mechanisms: Latin American Integration Association (LAIA), Bolivarian Alliance for the Peoples of Our America (ALBA), Andean Community, Caribbean Community (CARICOM), Southern Common Market (MERCOSUR), Central American Integration System (SICA), Union of South American Nations (UNASUR), Community of Latin American and Caribbean States (CELAC).
ECLAC

The context

Achievements
### The 2010-2011 biennium in figures

#### PUBLICATIONS
- Over 280 publications were produced on social and economic development, climate change, sustainable development, and gender and population affairs.

#### FLAGSHIPS
- Six annual publications were produced, which were downloaded from the internet over 6 million times during this period.

#### MEETINGS
- More than 10 intergovernmental meetings were convened and coordinated; 86 experts' meetings were organized.

#### DATABASES
- Data and statistics were disseminated via 32 online databases.

#### TRAINING
- Over 75 training courses, workshops and seminars were organized, boosting the knowledge and capacity of over 3,000 participants (almost 1,500 of whom were women).

#### TECHNICAL COOPERATION
- 93% of those who benefited from technical cooperation said that it was useful to their work.

#### POLICIES ADOPTED
- 450 actions, policies or programmes were adopted by countries in line with ECLAC recommendations.
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<tr>
<th>Country</th>
<th>Courses (%)</th>
<th>Disaster assessment (%)</th>
<th>Knowledge dissemination (%)</th>
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During the 2010-2011 biennium, ECLAC had **354** ongoing technical cooperation projects – some specific, others very broad. All were financed using trust funds. Many furthered South-South and triangular cooperation.

**Ongoing projects**

- **Economic sphere**: 61
- **Social sphere**: 19
- **Sustainable development**: 20
### Support to high-level meetings

- **Union of South American Nations (UNASUR)** *(Georgetown 2010; Asunción 2011)*
- **Ibero-American Summit of Heads of State and Government** *(Mar del Plata 2010; Asunción 2011)*
- **Summit of the Americas** *(Port of Spain 2009)*
- **CELAC** *(Caracas 2011)*
- **APEC Economic Leaders’ Meeting and Ministerial Meeting of the Latin American Pacific Basin Initiative**
- **Preparatory meetings for world conferences** *(climate change, MDGs and Rio+20, among others)*

### Technical secretariat of subsidiary bodies

- **ECLAC Committee of the Whole**
- **Statistical Conference of the Americas**
- **Regional Conference on Women in Latin America and the Caribbean**
- **Caribbean Development and Cooperation Committee**
- **Committee on Population and Development**
- **Regional Council for Planning**
- **Regional implementation mechanism of the Commission on Sustainable Development**
- **Plan of Action for the Information Society in Latin America and the Caribbean**
Technical secretariat of subsidiary bodies

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Flagships

- Economic Survey of Latin America and the Caribbean (2010-2011)
- Preliminary Overview of the Economies of Latin America and the Caribbean (2011)
- Foreign Direct Investment in Latin America and the Caribbean (2010)
- Latin America and the Caribbean in the World Economy (2010-2011)
- Social Panorama of Latin America (2011)
- Statistical Yearbook of Latin America and the Caribbean (2011)

- Spanish
- English
Main achievements:
**economic dimension**
Both the flagships and the more specific publications produced over this period on the positioning of the Latin American and Caribbean region in the world economy and in world trade have captured the attention of the countries of the region. Their recommendations have been used to formulate policies and programmes.

Seven countries have taken steps to promote long-term growth policies that facilitate macroeconomic integration, in line with ECLAC recommendations.

The Governments of Argentina, Brazil, Chile, Colombia, Ecuador, Paraguay, Peru and Uruguay agreed to implement measures to expand broadband access in the region. These include internet exchange points (IXP) to incorporate fibre optic into future infrastructure development.

At least eight countries adopted trade and export strategy policies based on ECLAC recommendations.
Main achievements:

social dimension
Noteworthy achievements in the social sphere

Technical cooperation to ten countries to implement methodology for measuring social expenditure and analysing public policies
New institutional social policy frameworks adopted in 13 countries

Dissemination of information on Latin American social protection programmes
- Databases on non-contributory social protection programmes
- Network of Social Institutions of Latin America and the Caribbean (RISALC)

Twelve countries in the region incorporated additional gender indicators proposed by ECLAC and six countries adopted new legislation or policies to include new indicators

21 programmes or public policies were developed in the region in response to agreements reached at the tenth session of the Regional Conference on Women

Technical cooperation to nine countries and capacity-building at 28 statistical offices in the region for the development of their 2010 and 2011 censuses

Support for implementation of the Programme of Action of the International Conference on Population and Development and the Madrid International Plan of Action on Ageing – 64 new activities by the countries of the region
Main achievements: sustainability
Noteworthy achievements in sustainable development

10 countries increased their capacities and incorporated sustainable development policies and measures, in particular in relation to climate change and human settlements.

3 governments established action plans to mitigate and adapt to climate change based on studies of the economic impact of climate change.

Technical cooperation activities helped build institutional capacity to make the sustainable management of natural resources and the provision of public services and infrastructure more efficient.

ECLAC consolidated a process of coordinating and harmonizing subregional and regional policies on the sustainable management of natural resources and infrastructure, working with 24 institutions.
Main achievements:
public administration and statistics
Main achievements in public administration and statistics

Capacity-building in planning, budgeting and local development
- 21 international and 36 national courses
- 44 workshops
- 4,587 professionals trained

Ten countries in the region are implementing new policies or measures on planning and budgeting
Eight countries in the region are implementing new policies or measures on local development

Building technical capacity in national accounts estimates - 24 countries reported satisfactory progress in the implementation of the System of National Accounts (1993) in the region
Building national capacity to monitor the MDGs: 28 countries have made progress on producing indicators

The statistical information portal CEPALSTAT is continually updated
Progress has been made on developing a multidimensional method for measuring poverty and environmental statistics
Main achievements:
subregional dimension
Achievements of the ECLAC subregional headquarters in Mexico (Central America)

The subregional headquarters in Mexico offered advice and boosted capacity in four countries, thanks to which policies and measures were adopted in the areas of poverty eradication and economic development.

Relations were consolidated with the council of finance ministers of Central America, Panama and the Dominican Republic. At their request, a strategic vision document was drawn up regarding a Plan for Investment and Financing for Central America, Panama and the Dominican Republic.

85% of those who participated in ECLAC workshops rated the services as useful or very useful.

Six Central American countries adopted policies and measures in the areas of trade, integration and sustainable development, based on ECLAC recommendations.

Technical support to the Mesoamerica Project in the Inter-institutional Technical Group, regarding transport, which was recognized in the Cartagena Declaration during the summit of Heads of State and Government of the Mesoamerica Project.

Supported the preparation of the draft Tourism and Climate Change Strategy and the report for the COP16 of the UNFCCC, which was adopted by the Central American environment ministers.
Achievements of the ECLAC subregional headquarters in Port of Spain (Caribbean)

- Supported implementation of the Programme of Action for the Sustainable Development of Small Island Developing States and the **Mauritius Strategy**
  - Seven countries reported significant progress in establishing monitoring mechanisms

- Agreements reached at the First Meeting of the Caribbean Development Round Table

- 26 sectoral studies in 14 countries of the region estimating the cost of climate change to 2015

- Assessment of the socioeconomic impact of natural disasters and proposals to mitigate this
Main achievements:
national offices
Achievements of the national offices

The **Colombia office** worked on (i) poverty and living conditions; (ii) social protection and (iii) competitiveness. At the request of the Government, it also supported preparation of the Development Plan 2010-2014 and headed the exercise to value the socioeconomic and environmental effects of the rainy season.

The **Brazil office** contributed to several studies on progress in international negotiation processes and their impact on the Brazilian economy, in addition to a study on the effectiveness of Brazil’s public sector strategy to drive faster growth and trade flows between Brazil and the Southern Cone.

The **Argentina office** provided technical cooperation to the Ministries of Health, Labour, Employment and Social Security, Trade, Finance and Foreign Affairs and to the central bank, together with the subnational governments of Chaco, Buenos Aires, Jujuy and Santa Fe.
Programme structure of the ECLAC draft strategic framework, 2014-2015

**Economic development**
- International trade and integration
- Production, productivity and management
- Economic development
- Financing for development

**Social development**
- Social development
- Women and development
- Population - CELADE

**Sustainable development**
- Sustainable development and human settlements
- Natural resources and infrastructure

**Activities with a subregional focus**
- Latin American and Caribbean Institute for Economic and Social Planning (ILPES)
- Statistics and Economic Projections Division

**Training and statistics**
- ECLAC subregional headquarters in Mexico (Central America)
- ECLAC subregional headquarters in Port of Spain (Caribbean)
- National offices
Proposed strategic priorities, 2014-2015

**Economic development**
- Improve macroeconomic stability and policies aimed at reducing vulnerability and mitigating the impact of the economic and financial crises.
- Boost the region’s access to financing for development, and improve the financial architecture at the international, regional and national levels.
- Increase the region’s productive potential and narrow the gaps, placing emphasis on innovation and technology.
- Improve the region’s positioning in the world economy through trade, regional integration and cooperation.

**Social development**
- Promote a social pact that will improve social equality, reduce social risks and strengthen gender mainstreaming in public policies.

**Sustainable development**
- Improve sustainable development policies and energy efficiency and address the impact of climate change, taking into consideration the outcomes of Rio+20 to facilitate its implementation.

**Training and statistics**
- Strengthen public administration to enhance the role of the State, in particular through progressive taxation policies.
- Improve institution-building in relation to the management of cross-border matters and the provision of global public goods at the regional level.
• **Theme:** Importance of structural change for long-term growth and how this is tied to three key problems in the region’s development pattern: unstable growth, short-lived upswings, and persistent inequality.

• A return to the source and validity of structuralist thinking at ECLAC and its ability to adapt to changing times.

• Underline the issues raised in “Time for equality”.