

The 2030 Agenda for Sustainable Development in the new global and regional context: Scenarios and projections in the current crisis

14 April 2020

Voluntary National Reviews 2020 Community of Practice for the Caribbean
United Nations Economic Commission for Latin America and the Caribbean



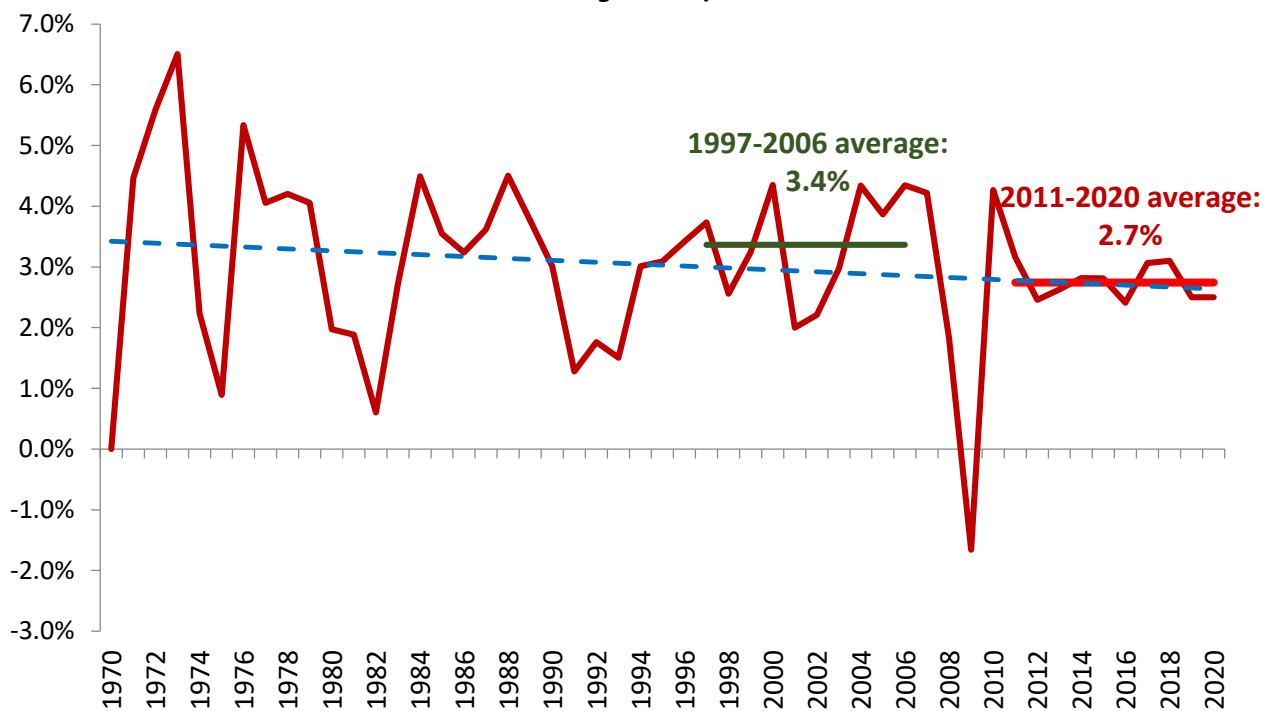
The world is facing a humanitarian and health crisis without precedent in the past century



COVID-19 arrives in an adverse context: decreasing dynamism in the world economy through 2019

Global GDP growth, 1970–2020

(Percentages, on the basis of constant dollars at 2010 prices, at market exchange rates)

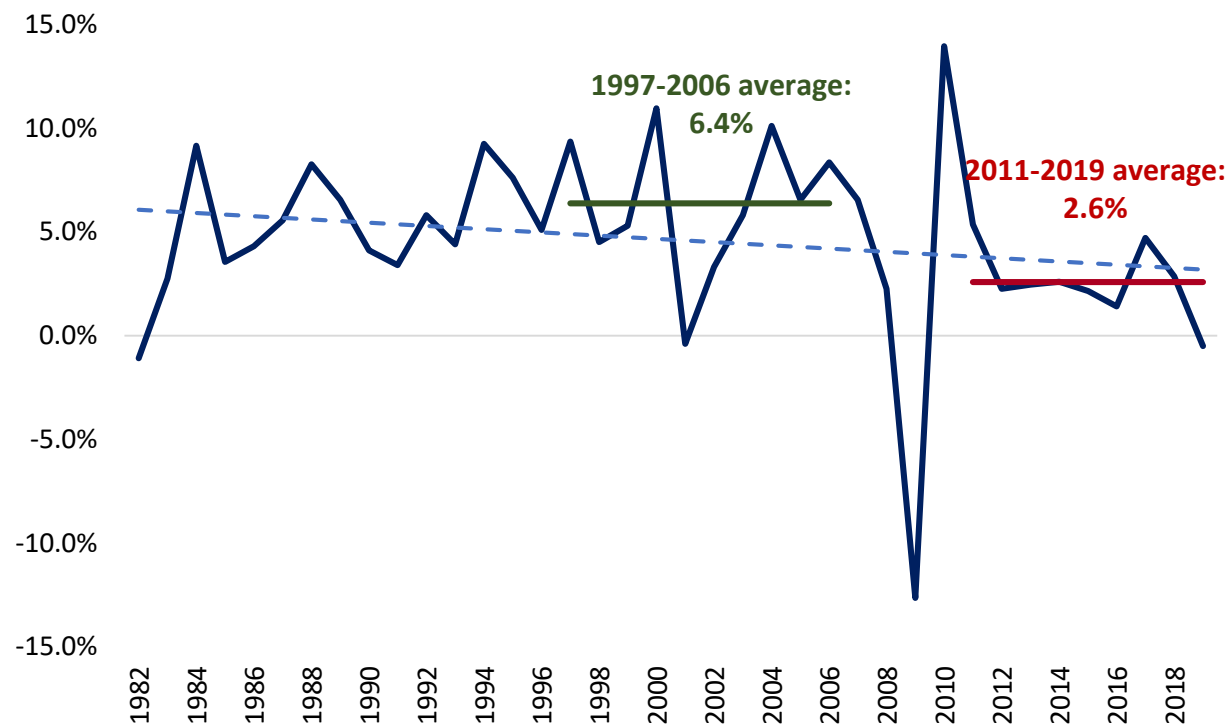


Source: ECLAC on the basis of UN DESA data.

^aThe figures for 2019 and 2020 are projections

Growth in global trade volumes, 1982–2019

(In percentages)

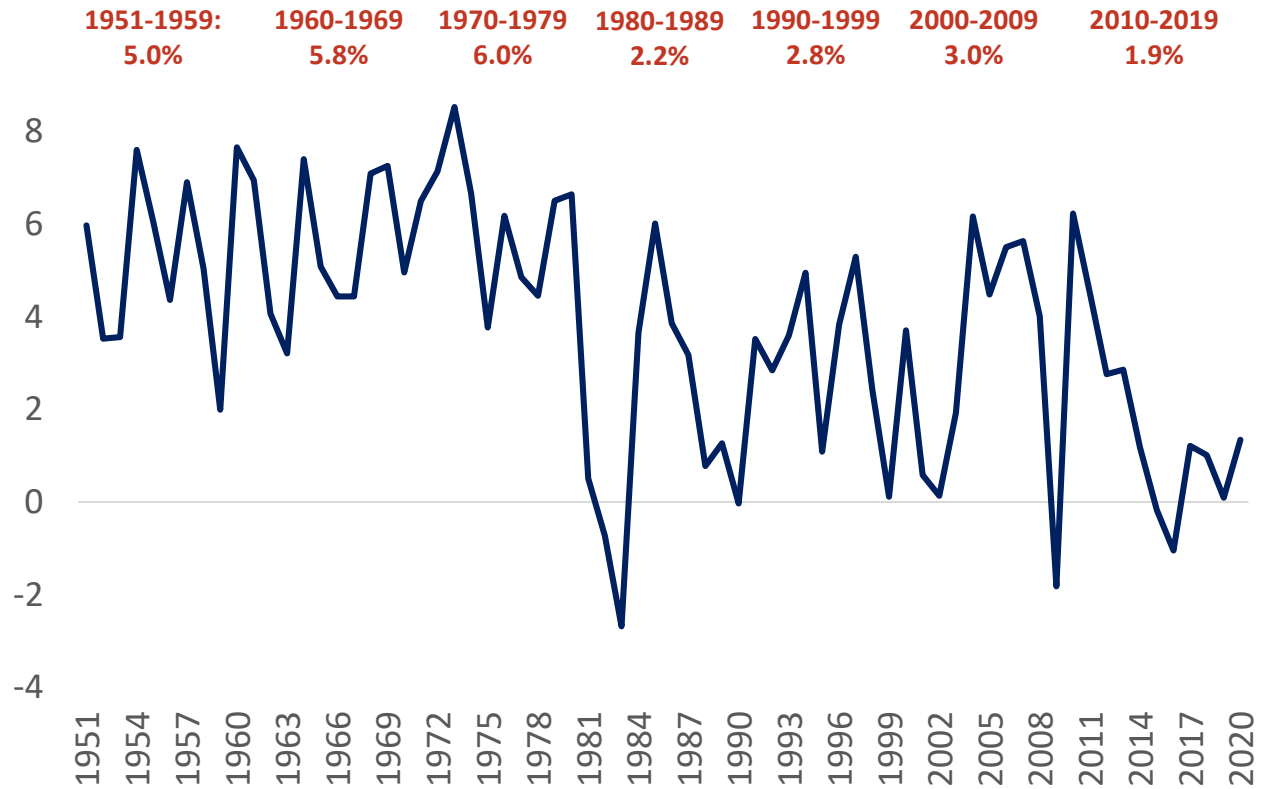


Source: ECLAC on the basis of WTO data



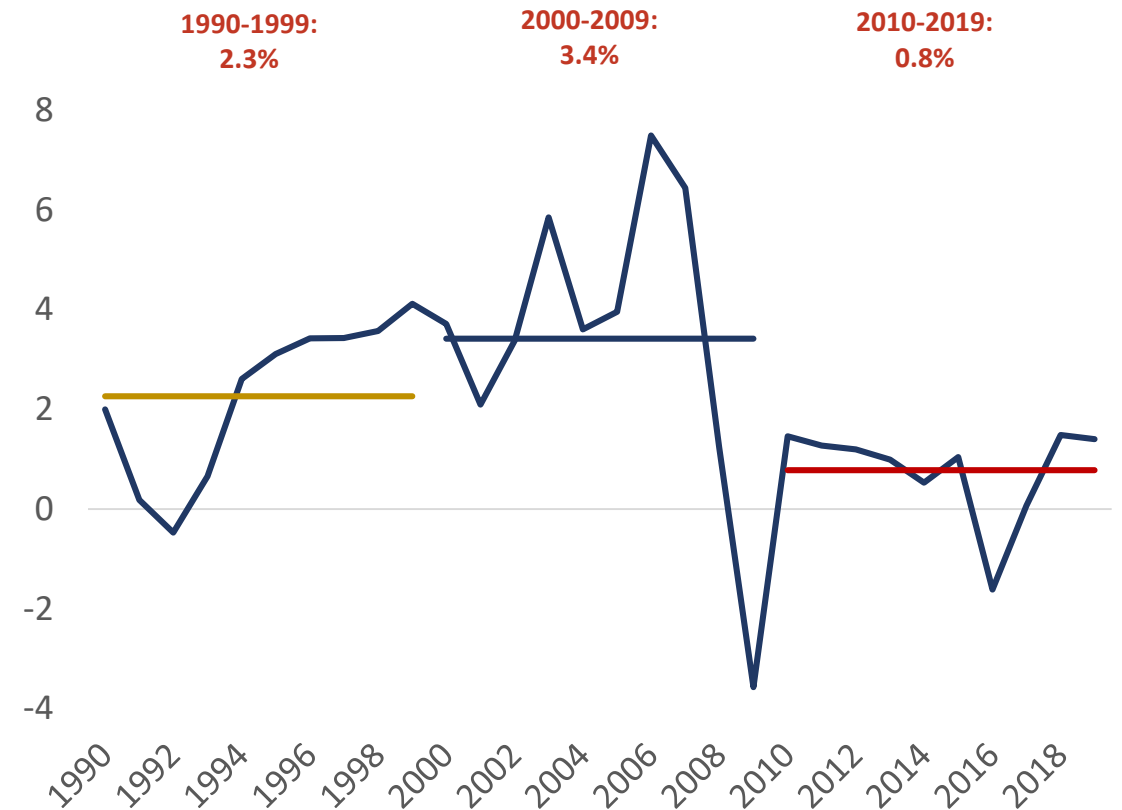
A decade of slow growth in Latin America and the Caribbean was already taking its toll

Latin America and the Caribbean: Annual GDP Growth Rates and Simple Averages, 1951-2019
(percentages)



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

Caribbean: Annual GDP Growth Rates and Simple Averages, 1990-2019
(percentages)

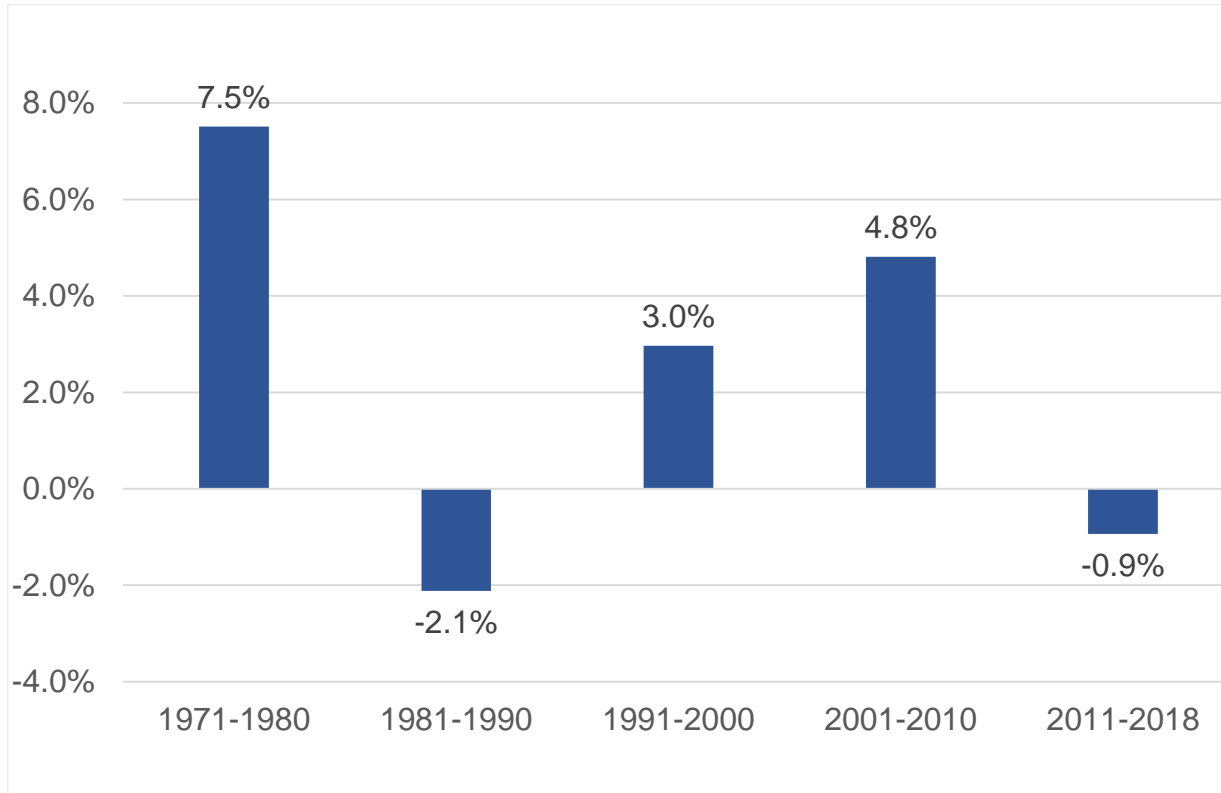


Source: Economic Commission for Latin America and the Caribbean (ECLAC), based on official figures.



The worst investment performance since the “lost decade” and productivity falls relative to the rest of the world

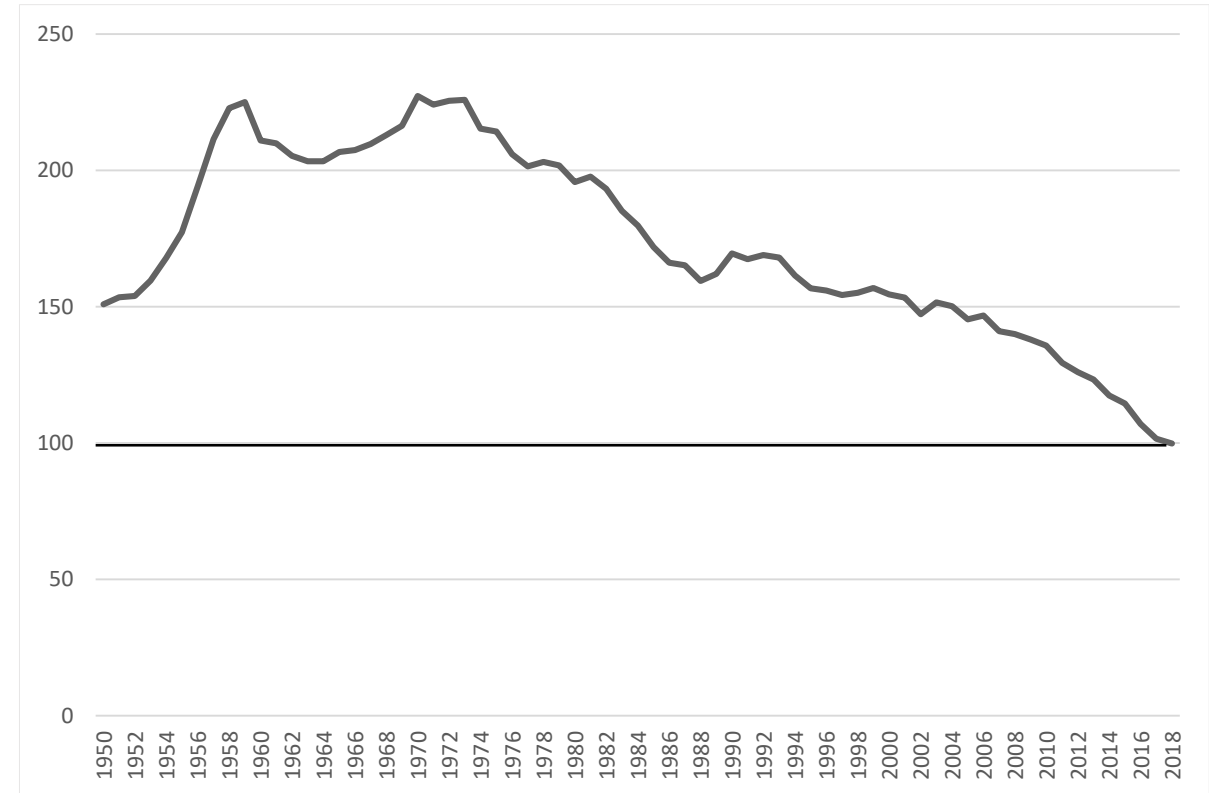
Latin America: rate of change in gross fixed capital formation, 1971-2018



Source: ECLAC

Caribbean (4 countries): Labor productivity relative to the rest of the world, 1950-2018

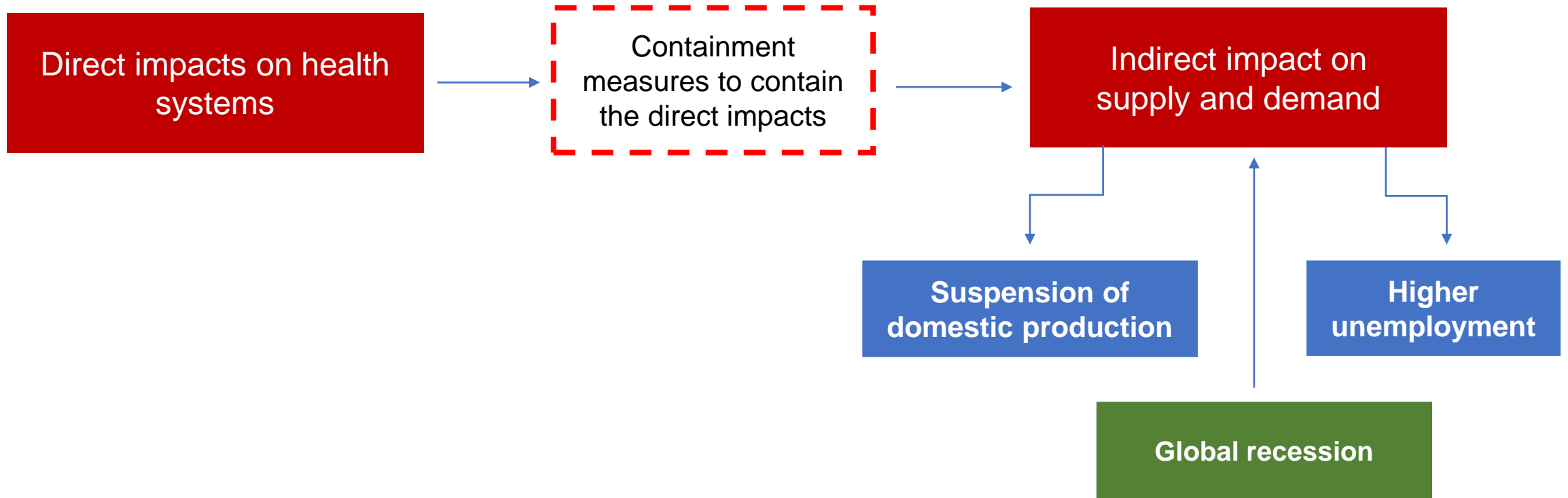
(Rest of the world=100)



Source: ECLAC based on the *Total Economy Database*, *The Conference Board*



ECONOMIC IMPACTS OF COVID-19 ON LATIN AMERICA AND THE CARIBBEAN



Medium- and long-term impacts

- Bankruptcies
- Downturn in private investment
- Weaker economic growth
- Less integration into value chains
- Erosion of productive capabilities and human capital

Short-term impacts

- Lower wages and incomes
- Increasing poverty and extreme poverty
- Health systems: fragmentation and inequalities of access



There are six primary external transmission channels impacting the regional economy

Decline in economic activity of main trade partners

Drop in commodity prices

Interruption of global value chains

Lower demand for tourism services

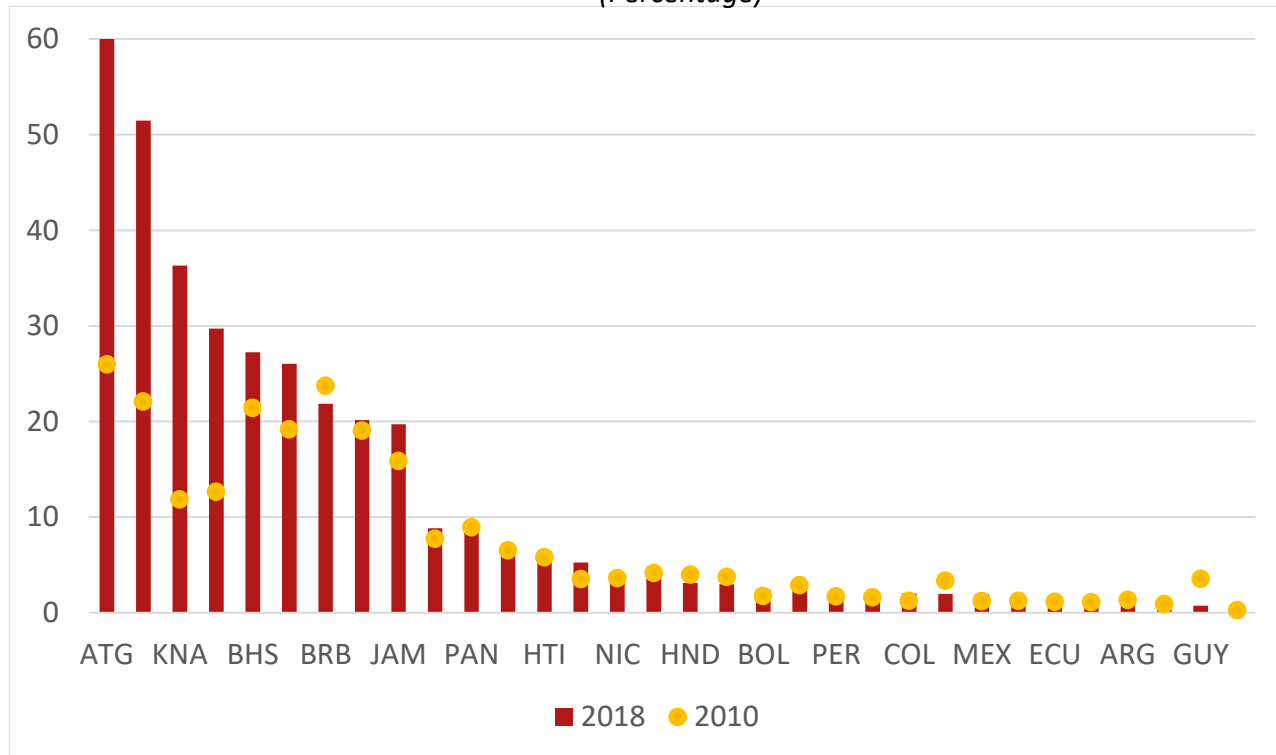
Intensification of risk aversion and the worsening of global financial conditions

Reduced remittances



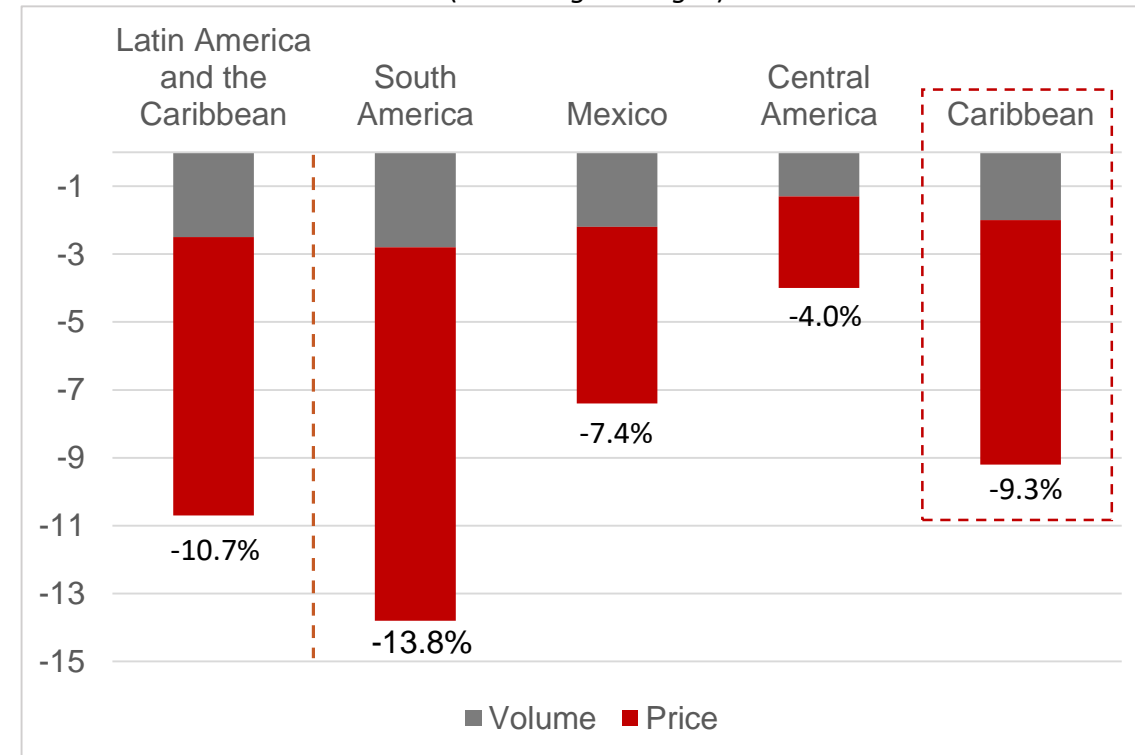
Reduced exports will combine with drastically reduced tourism receipts to accentuate the impact on growth in the Caribbean

Latin America and the Caribbean: Share of tourism receipts in GDP, 2010 and 2018
(Percentage)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of World Bank, World Development Indicators

Latin America and the Caribbean: COVID-19 effects on exports of goods by subregions and main countries, 2020 forecast
(Percentage changes)

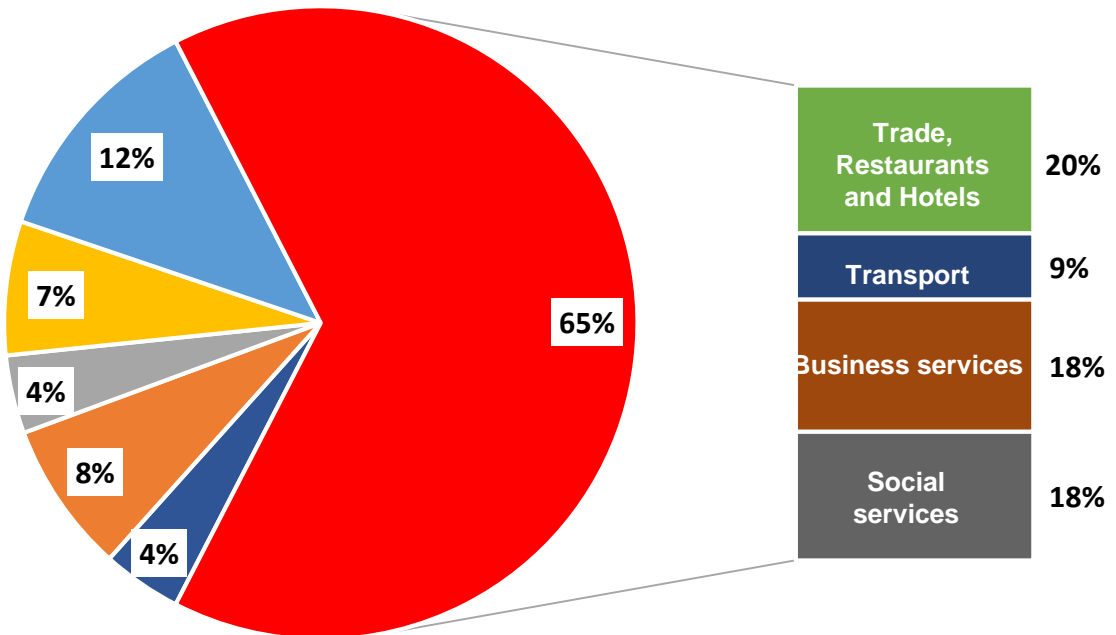


Source: ECLAC

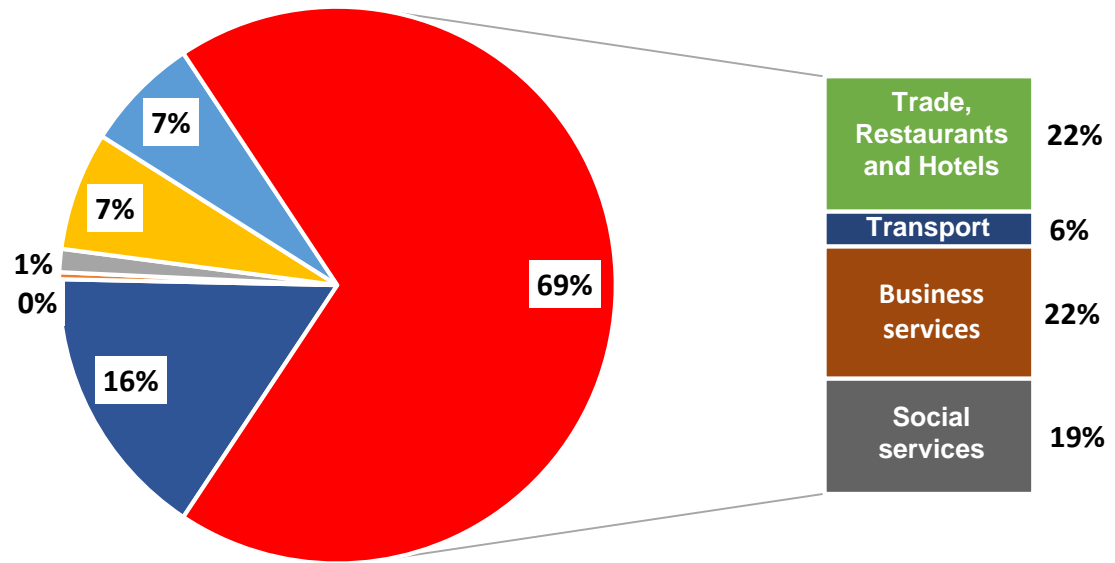


Containment measures will affect domestic production and employment, particularly in sectors that require in-person interactions

Caribbean: GDP by economic sector, 2018
(Percentages)



Caribbean: Formal employment by sector of economic activity, 2020
(Percentages)



- Agriculture
- Mining
- Utilities
- Construction
- Manufacturing
- Wholesale and Retail Trade, Restaurants and Hotels
- Transport, Storage and Communications
- Business Services
- Social Services

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Source: ECLAC, on the basis of official data

Source: ECLAC, on the basis of ILO modeled estimates.



Five characteristics that define the COVID-19 crisis

- 🌍 The world is facing a humanitarian and health crisis without precedent in the last century in an already adverse economic context. Unlike 2008, this crisis is not a **banking crisis but one of people and welfare**.
- 🌍 A war economy situation cannot be left to the Market only. **States are assuming the central role to suppress the virus and the risks that** will hit the economy and social cohesion.
- 🌍 **Flattening the contagion curve** requires measures that reduce interpersonal contacts, which are generating economic contraction, freezing productive activity and destroying aggregate/sectoral demand.
- 🌍 **How not to flatten the economy:** strict and effective compliance of quarantines and public health measures will result as the most efficient and transitory way to reduce the economic costs.
- 🌍 **International cooperation:** its resolution will depend on the economic strength of each country. Given the **asymmetries between developed and developing countries**, the role of the UN, the IMF and the World Bank will be essential to guarantee access to financing, spending and sustaining economic activity with “outside the box” measures.



The uneven progress made on the SDGs is at odds with the comprehensive spirit of the 2030 Agenda, particularly in the context of the COVID-19 pandemic



Simulation exercises for 72 statistical series of SDG indicators

The simulations continue the simulation exercise for SDG attainment in Latin America and the Caribbean presented at the High-Level Political Forum on Sustainable Development held in 2019 and expand upon it as follows:

- Series analyzed for **all SDGs**
- Number of series quadrupled: **18 to 72**
- 69** of the series belong to the set of 150 **indicators prioritized for the region.**
- 49 targets analyzed** (53% of the targets covered by the indicators prioritized for the region)

Categories used for the classification of indicators



Prior to the pandemic, extreme poverty would be eradicated only with strong income redistribution and high GDP growth

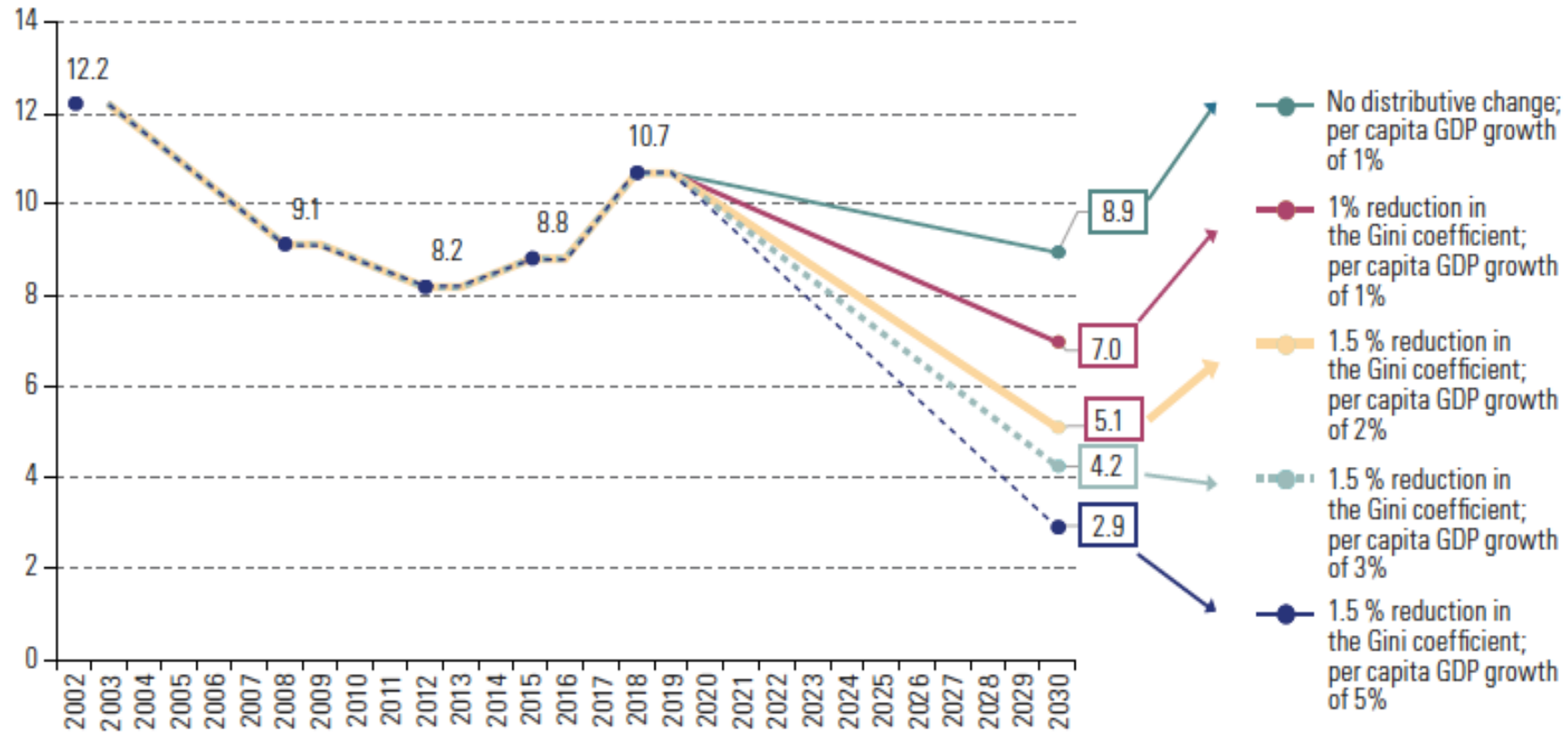
Latin America: projected regional extreme poverty rate in 2030 with different scenarios of per capita GDP growth and changes in income distribution, not including the impact of COVID-19



TARGET 1-1



ERADICATE EXTREME POVERTY

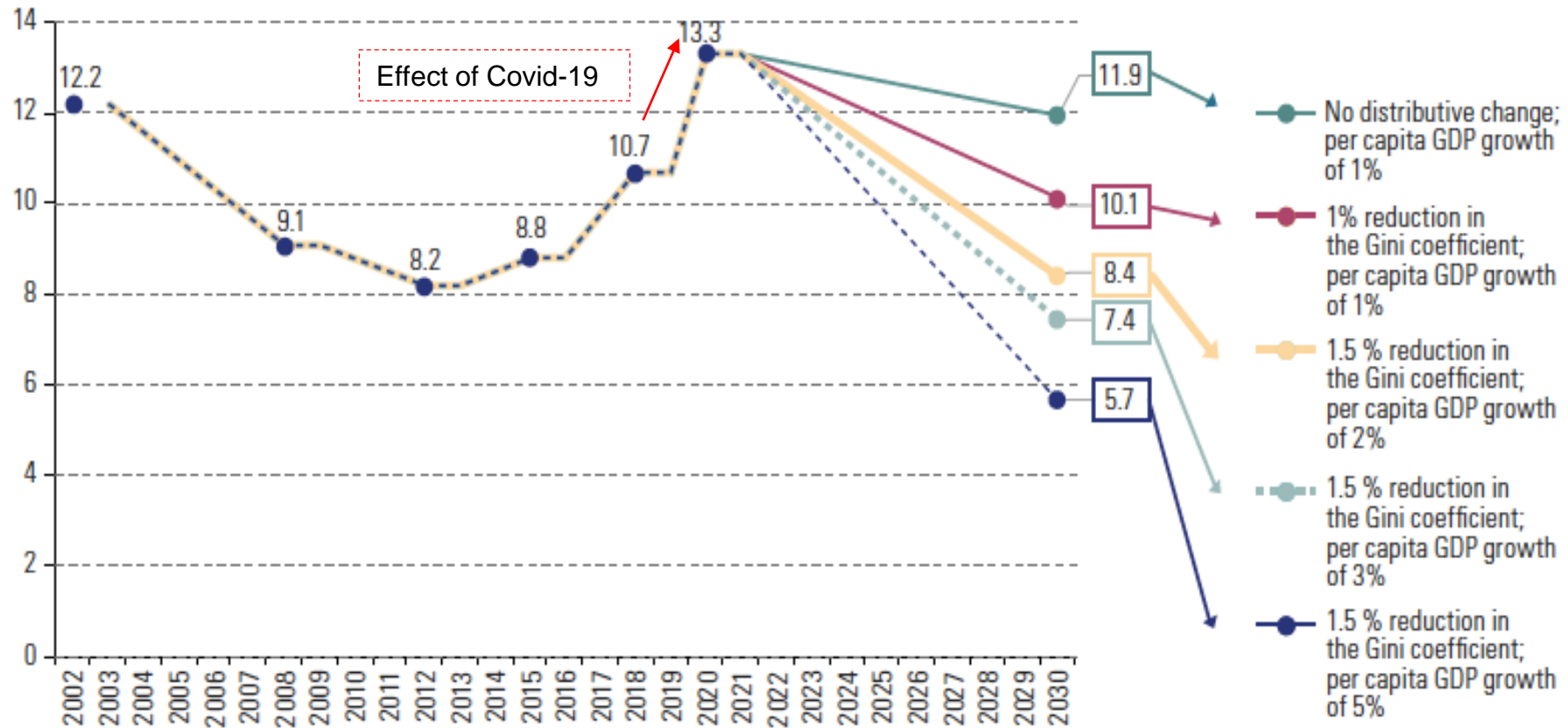


Source: Economic Commission for Latin America and the Caribbean (ECLAC), Social Panorama of Latin America, 2019.



A preliminary estimate of the effects of COVID-19 on extreme poverty in 2020 indicates that SDG 1 will not be met

Latin America: projection of the extreme poverty rate to 2030 in various scenarios of per capita GDP growth and income distribution change, and a simulation of the impact of COVID-19 on extreme poverty in 2020



Source: ECLAC, on the basis of household survey databank (BADEHOG)



With the impact of COVID-19, a 1 percentage point rise in unemployment in the first two years is expected, eroding recovery capacity towards 2030

Latin America and the Caribbean: projection of the regional average unemployment rate until 2030 under different scenarios of GDP growth
(Percentages)

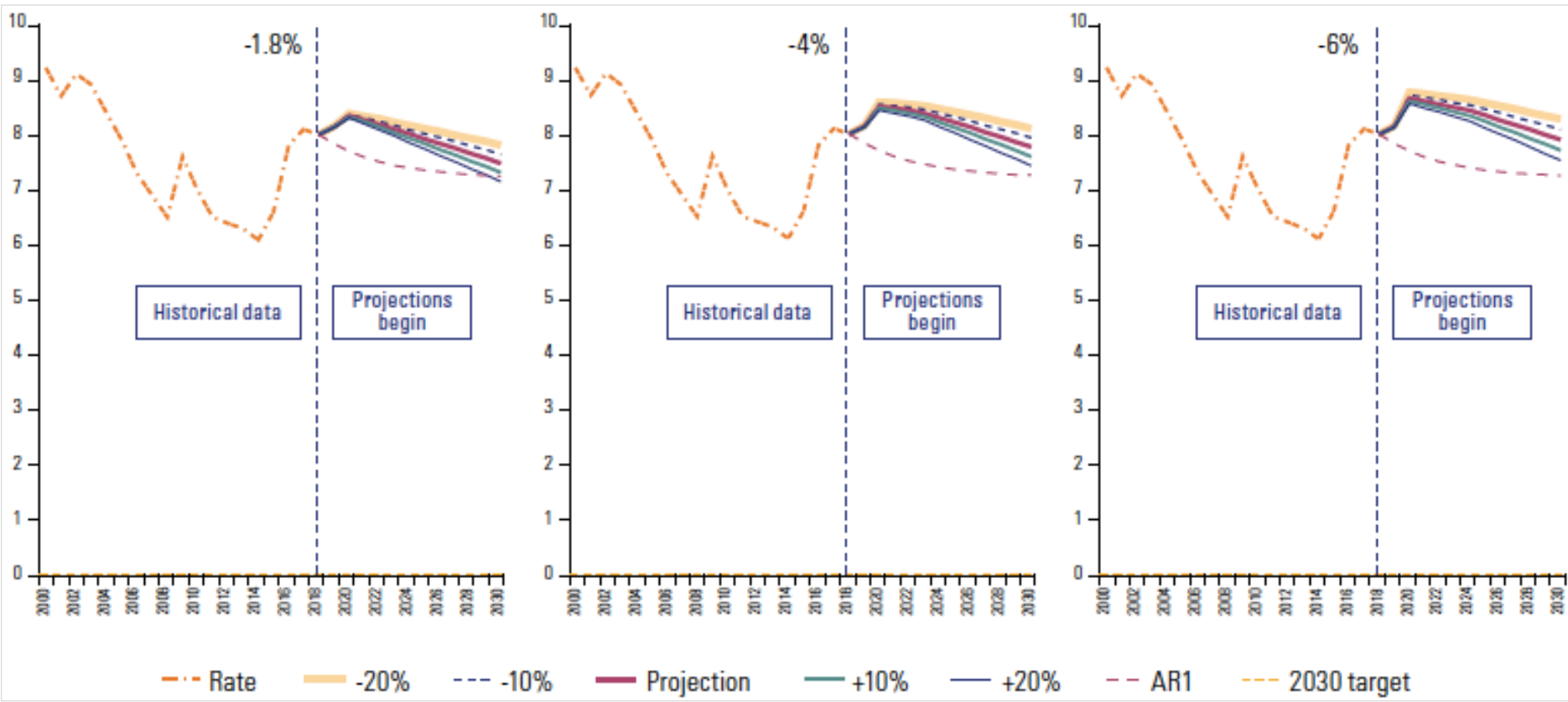
8 DECENT WORK AND ECONOMIC GROWTH



TARGET 8.5



FULL EMPLOYMENT AND DECENT WORK WITH EQUAL PAY



Source: ECLAC, on the basis of on the basis of United Nations, "SDG indicators global database"
Note: AR1: autoregressive model order 1



The effect of slowing GDP in 2020 due to the pandemic has no impact on GHG emissions over the following decade

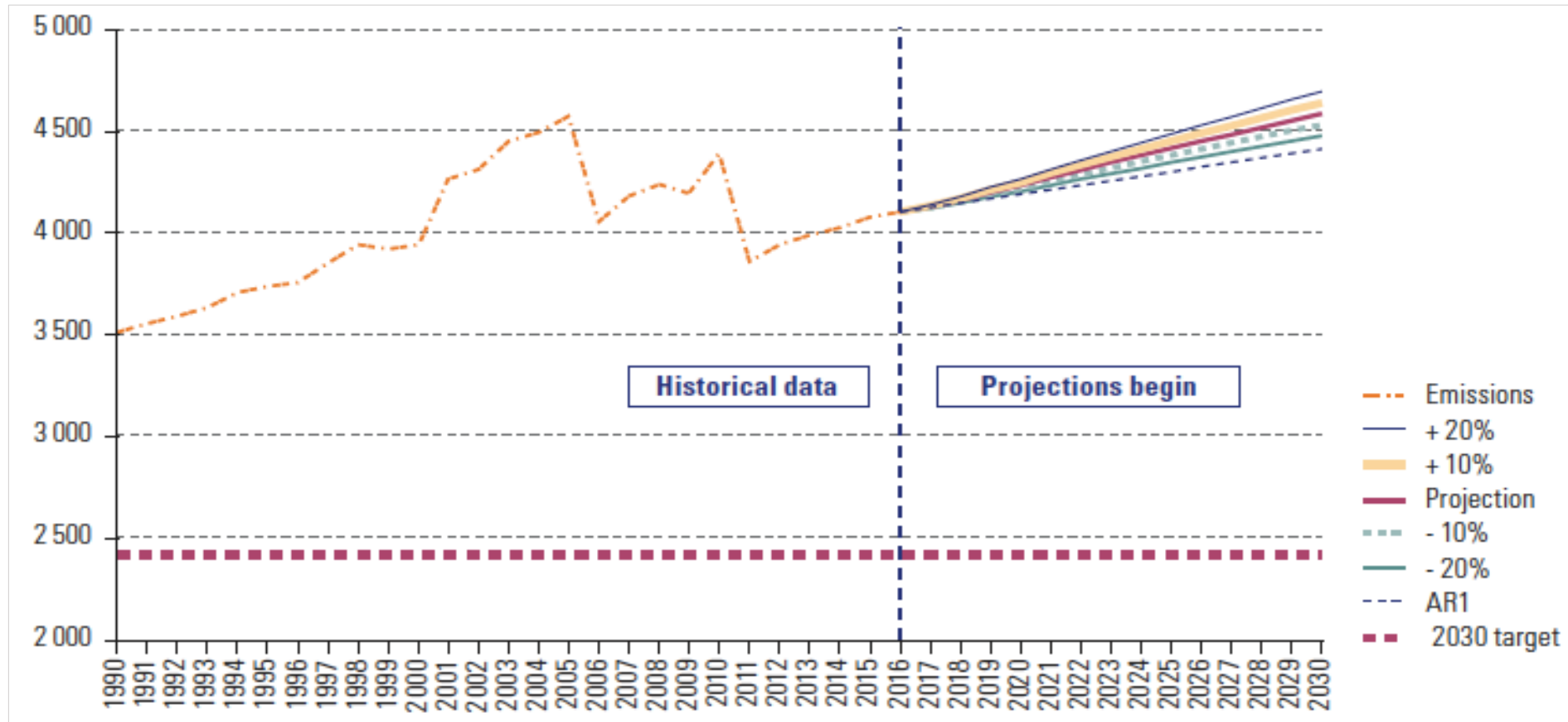
Latin America and the Caribbean: greenhouse gas emissions, 1990-2030
(MtCO₂e)



TARGET 13-3



BUILD KNOWLEDGE AND CAPACITY TO MEET CLIMATE CHANGE

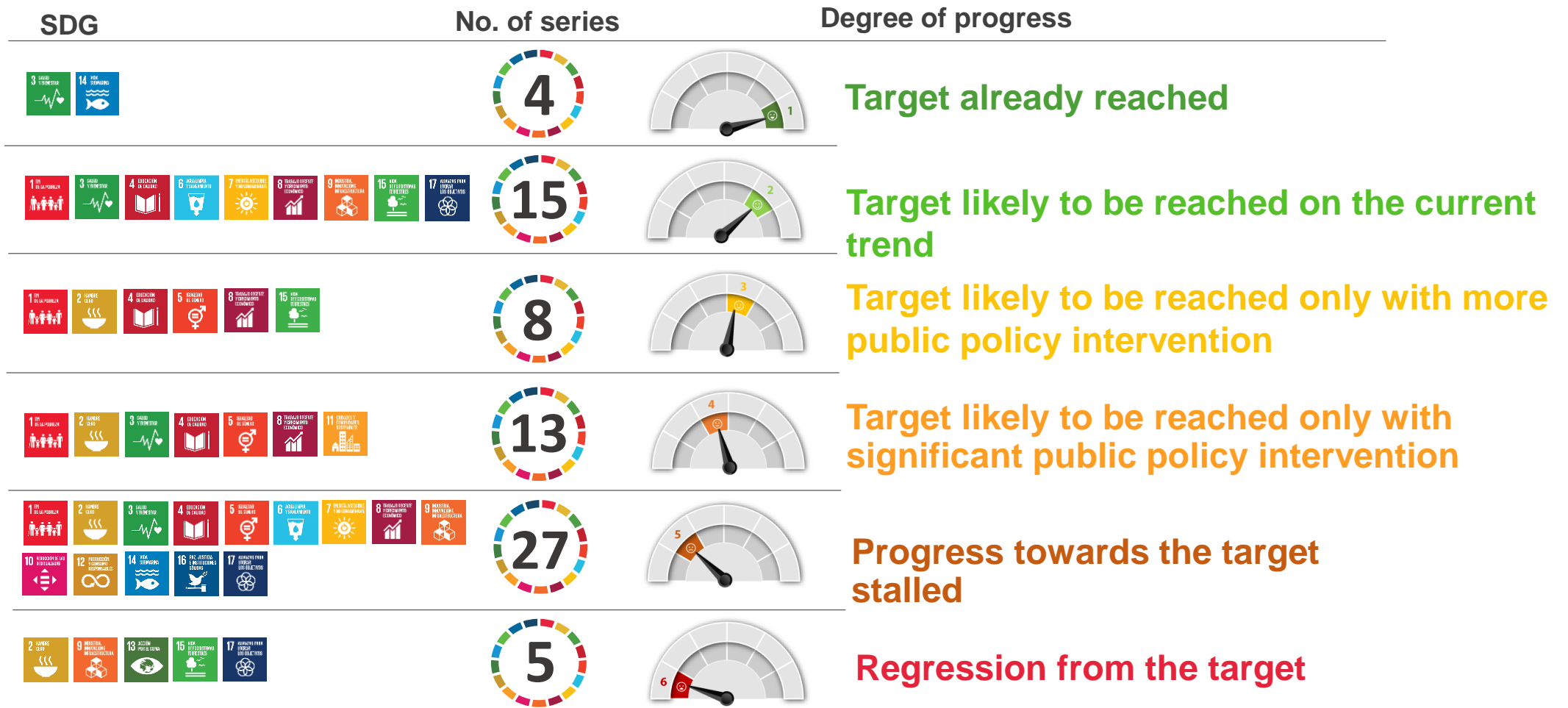


Source: ECLAC, on the basis of on the basis of United Nations, "SDG indicators global database"



Uneven progress made on the SDGs: warning signs just 10 years from 2030

Progress of 72 statistical series of the indicators of the 17 SDGs for the region



Source: ECLAC



Insufficient progress towards the SDGs

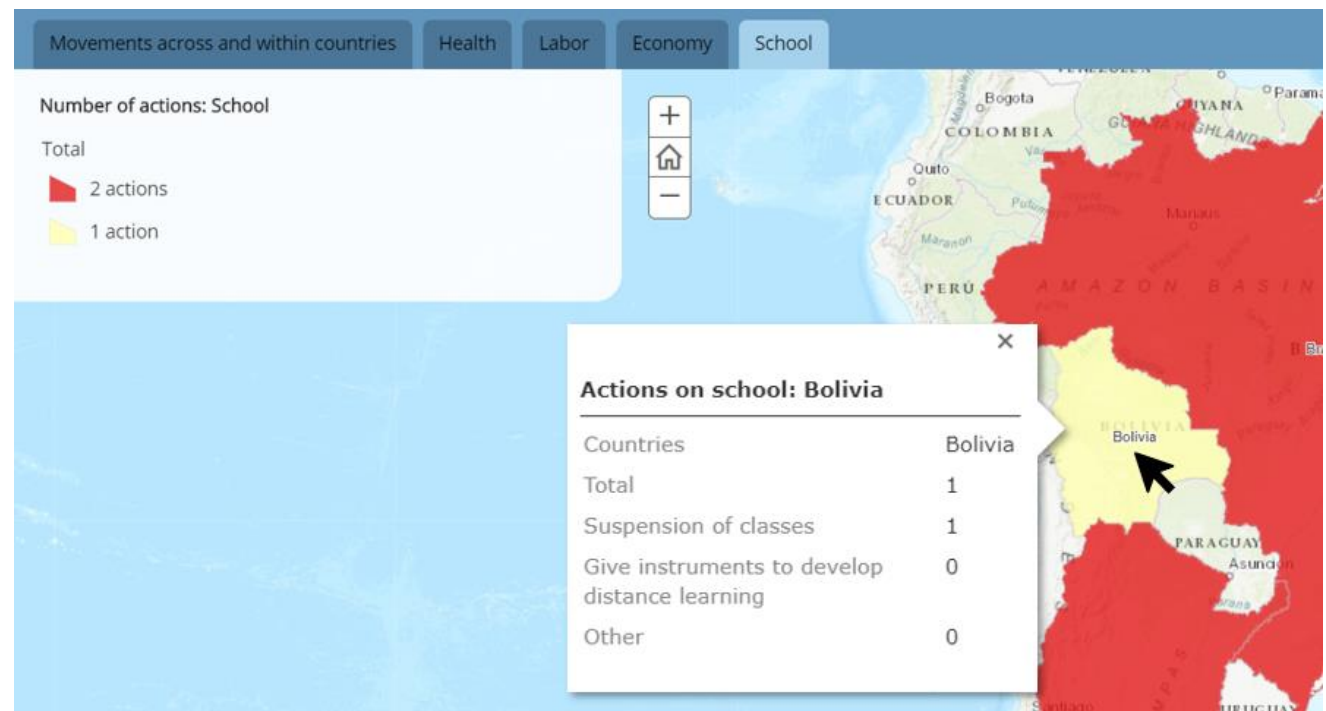
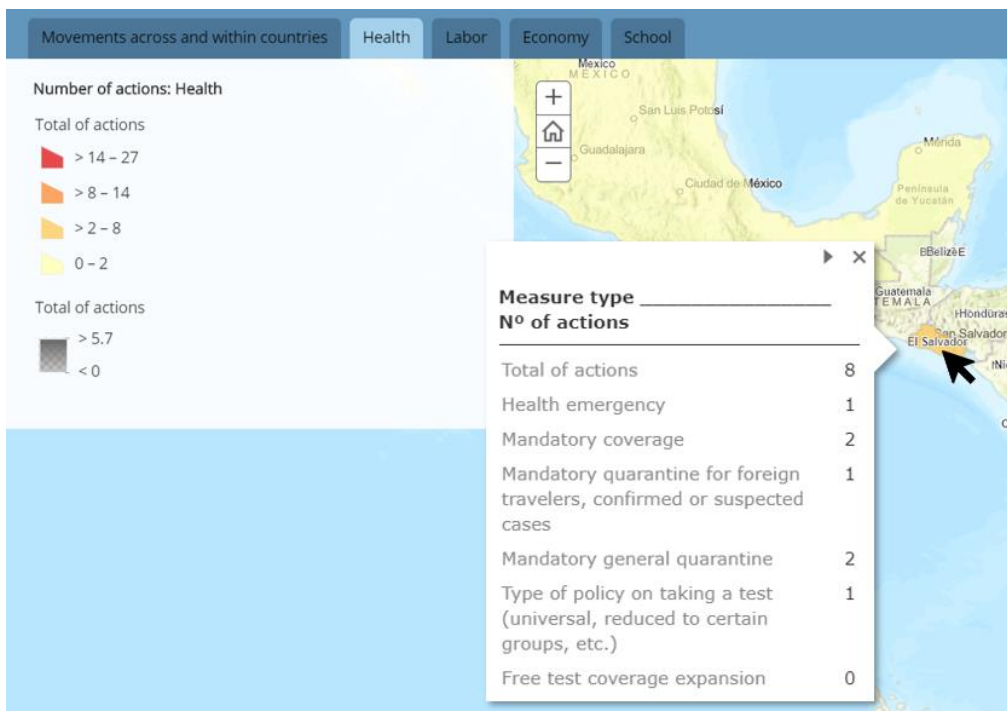
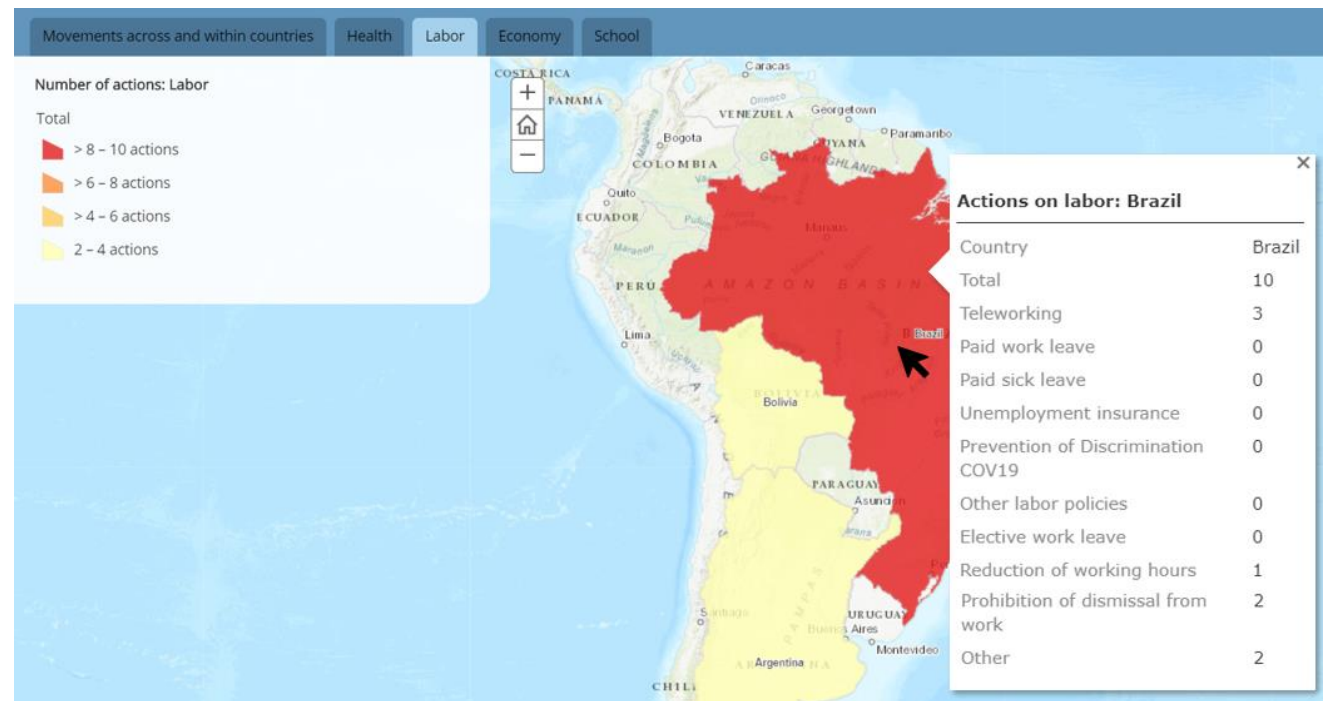
- Results for the 72 statistical series of the SDG indicators analyzed:
 - 27%: the target has been achieved or is on course to be achieved
 - 29%: additional policy actions essential to reach the targets
 - 44%: progress has stalled or gone into reverse
- In summary: 73% of the statistical series of the analyzed indicators show challenges for achieving the SDGs



Advancing towards a decade of action and delivery

- 🌍 **Policies** to implement the 2030 Agenda are more essential than ever.
- 🌍 The new global scenario in times of COVID-19 makes it all the more necessary to take **urgent action**.
- 🌍 It is crucial to **assess** the impacts of these policies. To support the follow-up and monitoring of progress in the medium and long term, **ECLAC has developed two specific instruments**:
 - 🌍 Sustainable Development Goals Gateway (to be launched soon in the framework of the Forum of the Countries of Latin America and the Caribbean on Sustainable Development)
 - 🌍 [COVID-19 Observatory in Latin America and the Caribbean](#)
 - 🌍 An effort coordinated by ECLAC with the support of the United Nations Resident Coordinators.
 - 🌍 Will present updated information on each country's policy announcements and other materials of interest.
 - 🌍 Contains information on movements within and between countries, health, work, economy and schooling.





The only strategic choice for the region is to pursue a more sustainable development model through greater integration

- 🌍 Only with a **new development model** will we avoid slipping back onto pathways that led us to a situation in which the effects of the pandemic will not only be devastating in the short term but could poison the context for recovery and development.
- 🌍 Latin America and the Caribbean requires a strategy of:
 - 🌍 Diversification of its economic structure
 - 🌍 Productive and trade integration
 - 🌍 Stepped up actions to adapt to and mitigate the environmental emergency
 - 🌍 Strengthened policies to combat poverty, inequality and the culture of privilege





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<https://www.cepal.org/en/topics/covid-19>