

Economic Survey of Latin America and the Caribbean **2025**

Resource mobilization to finance development



UNITED NATIONS

ECLAC

Structure of Economic Survey, 2025

Part I – Regional macroeconomic report and outlook for 2025 and 2026

- International context and global liquidity
- External accounts
- Domestic performance
- Fiscal out-turns and monetary context
- Economic outlook for 2025 and 2026

Part II – Resource mobilization to finance development

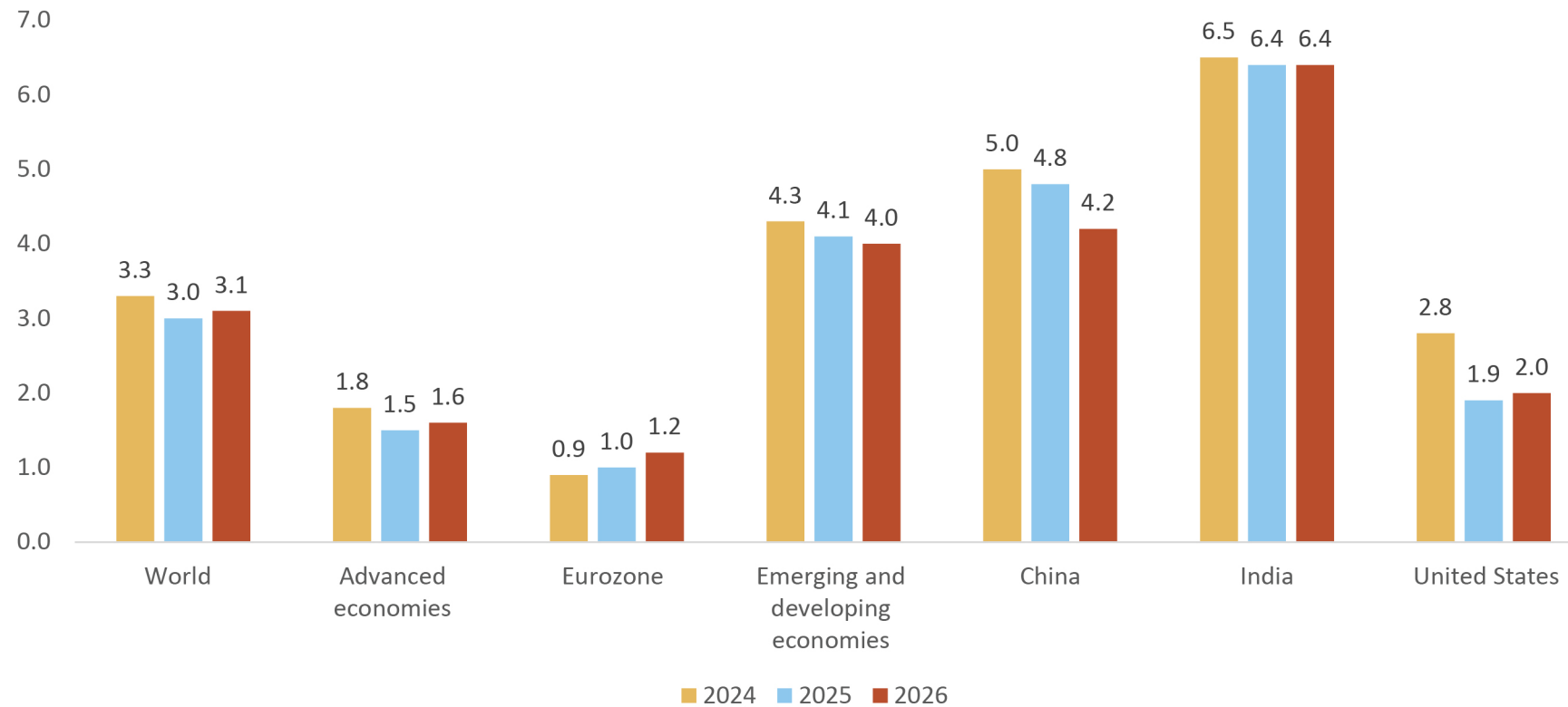
- Fiscal challenges for domestic resource mobilization
- Mobilization of external resources for productive transformation
- Role of development banks in resource mobilization

International context

- Global growth
- Global liquidity
- Trade and tariff policy

Overall slowdown in global economic growth expected for 2025

Selected regions and countries: GDP growth, 2024 and projections for 2025 and 2026
(Percentages)

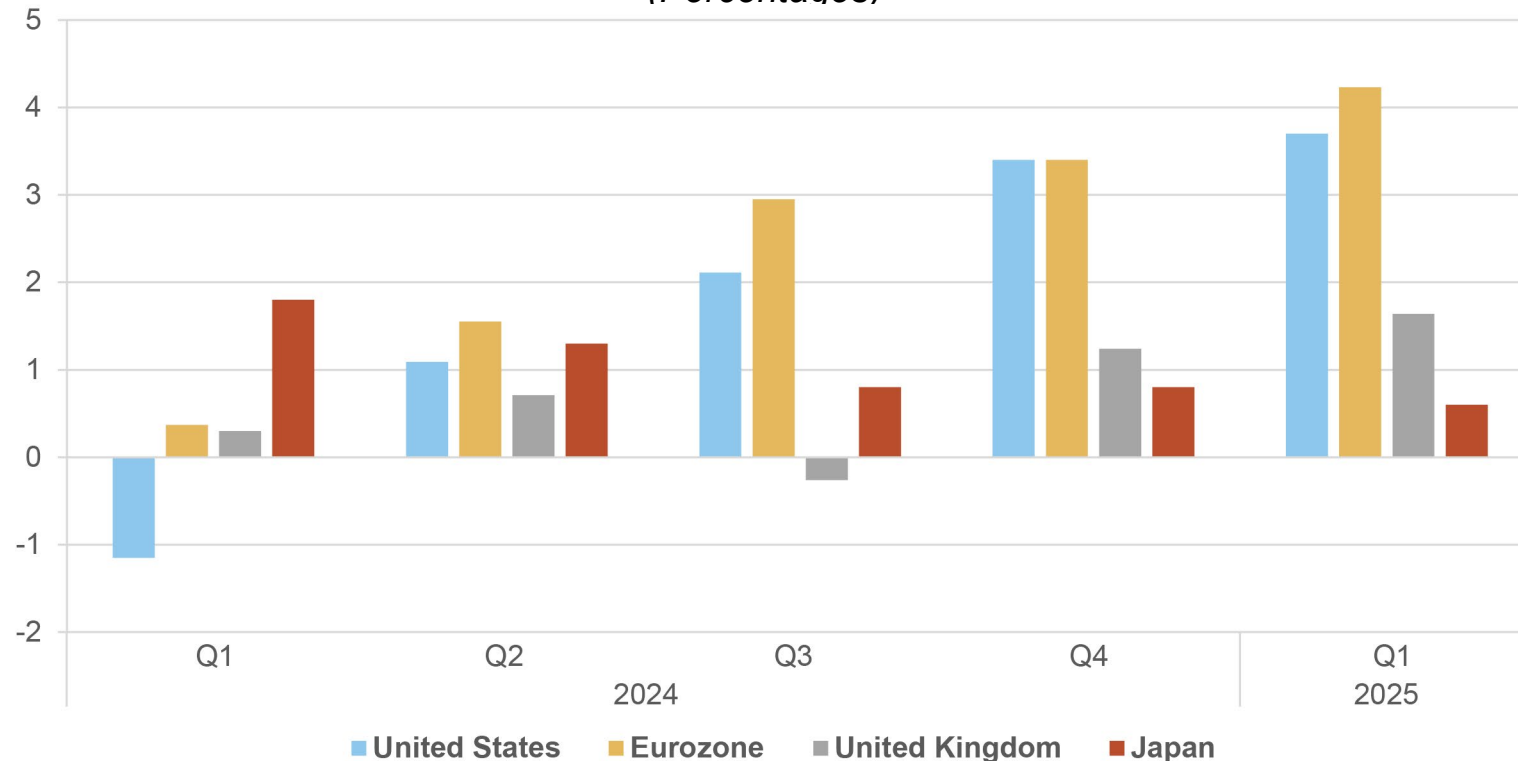


- Lowest global growth rate since the end of the pandemic

Source: Economic Commission for Latin America and the Caribbean, on the basis of International Monetary Fund. (2025), *World Economic Outlook Update. Global Economy: Tenuous Resilience amid Persistent Uncertainty*.

Expanding global liquidity since early 2024 maintained upward trajectory in first quarter of 2025

Variation in the money supply of the world's major central banks,
first quarter of 2024–first quarter of 2025
(Percentages)



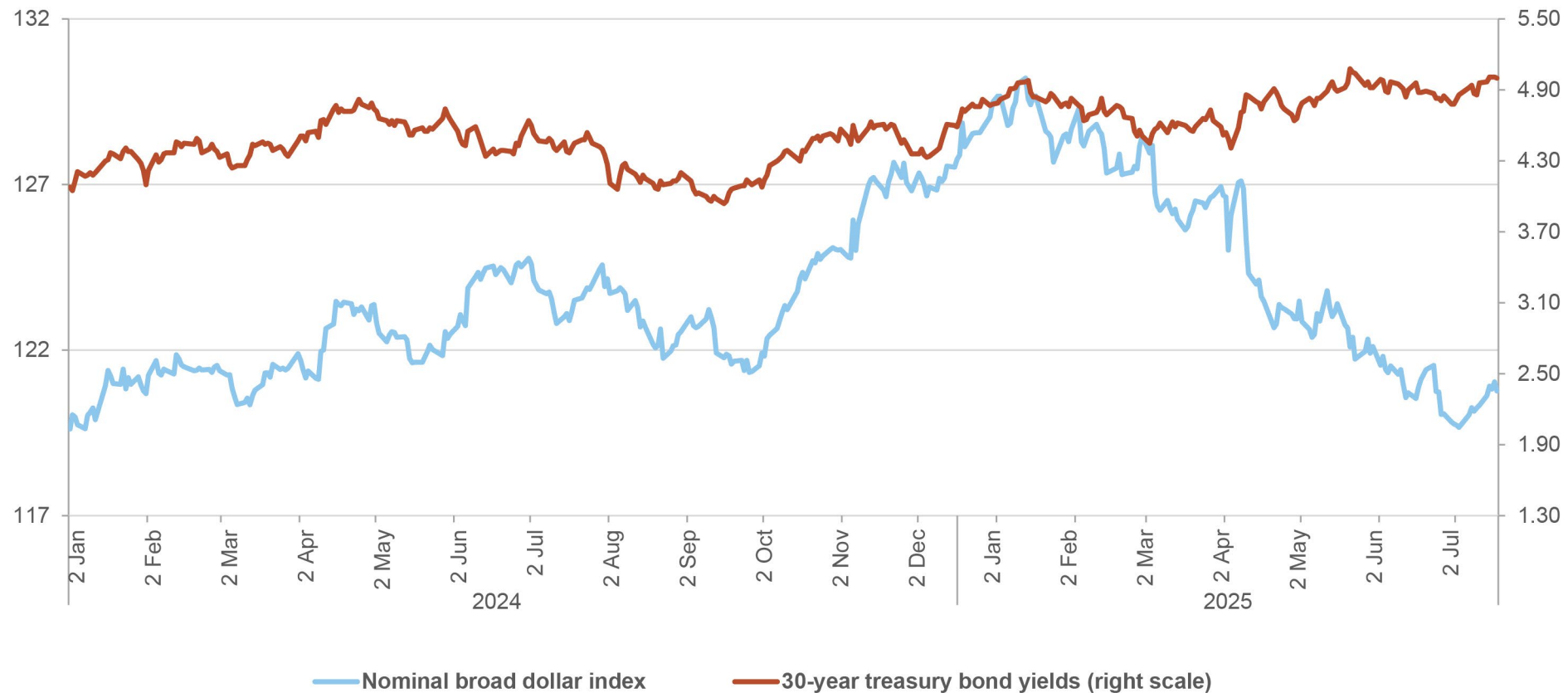
- Chinese government announced countercyclical monetary and fiscal measures to meet its 5% growth target.
- United States: expansionary fiscal policy (One Big Beautiful Bill Act).
- Several European countries increased defence spending and adopted more expansionary fiscal stances.

Source: Federal Reserve Bank of St. Louis. (2024). Federal Reserve Economic Data (FRED). <https://fred.stlouisfed.org/> and Bank of Japan (2025). *Money stock: preliminary figures for April 2025.* Research and Statistics Department.

Note: The money supply is measured as the M2 monetary aggregate in the case of the United States and as M3 in the case of the eurozone, Japan and the United Kingdom.

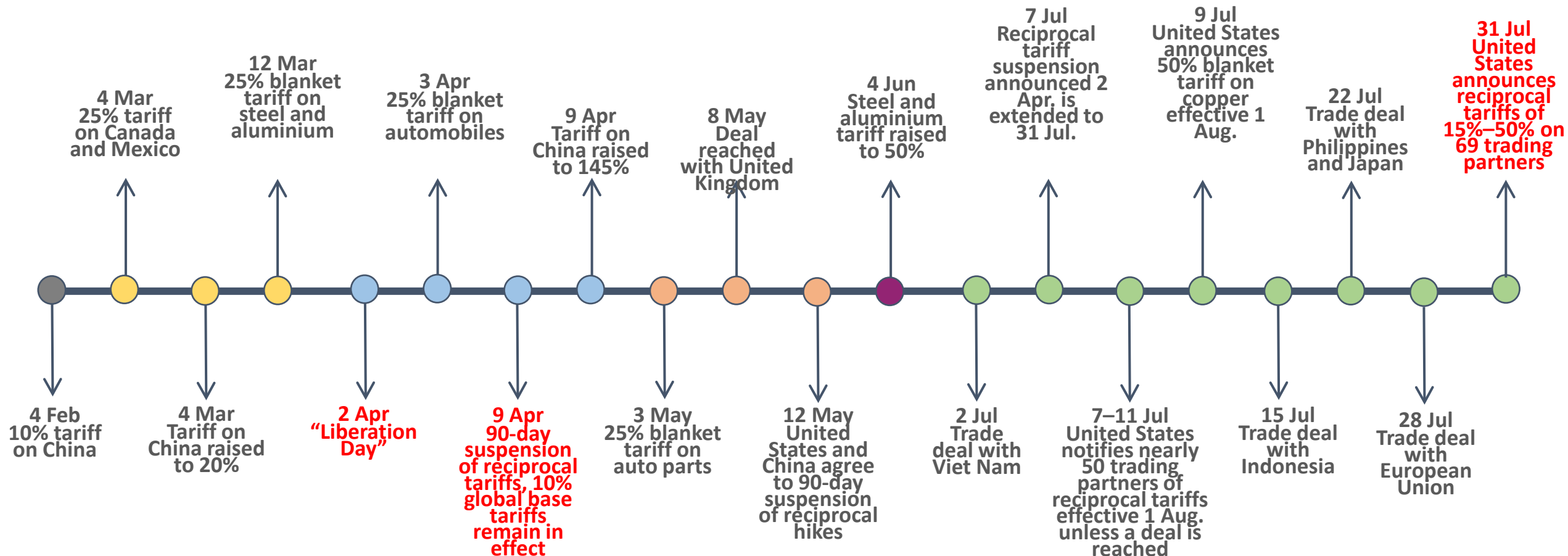
Dollar depreciated in first quarter of 2025 despite higher long-term yields on Treasury bonds

United States: trends in the nominal broad dollar index and 30-year treasury bond yields, daily values, 2 January 2024–18 July 2025
(Index: 2006=100)



Source: Federal Reserve Bank of St. Louis. (2024). Federal Reserve Economic Data (FRED). <https://fred.stlouisfed.org/>
Note: The nominal broad dollar index shows the appreciation or depreciation of the dollar against a group of world currencies.

In 2025, the United States raised its tariffs substantially, reflecting a highly volatile trade policy



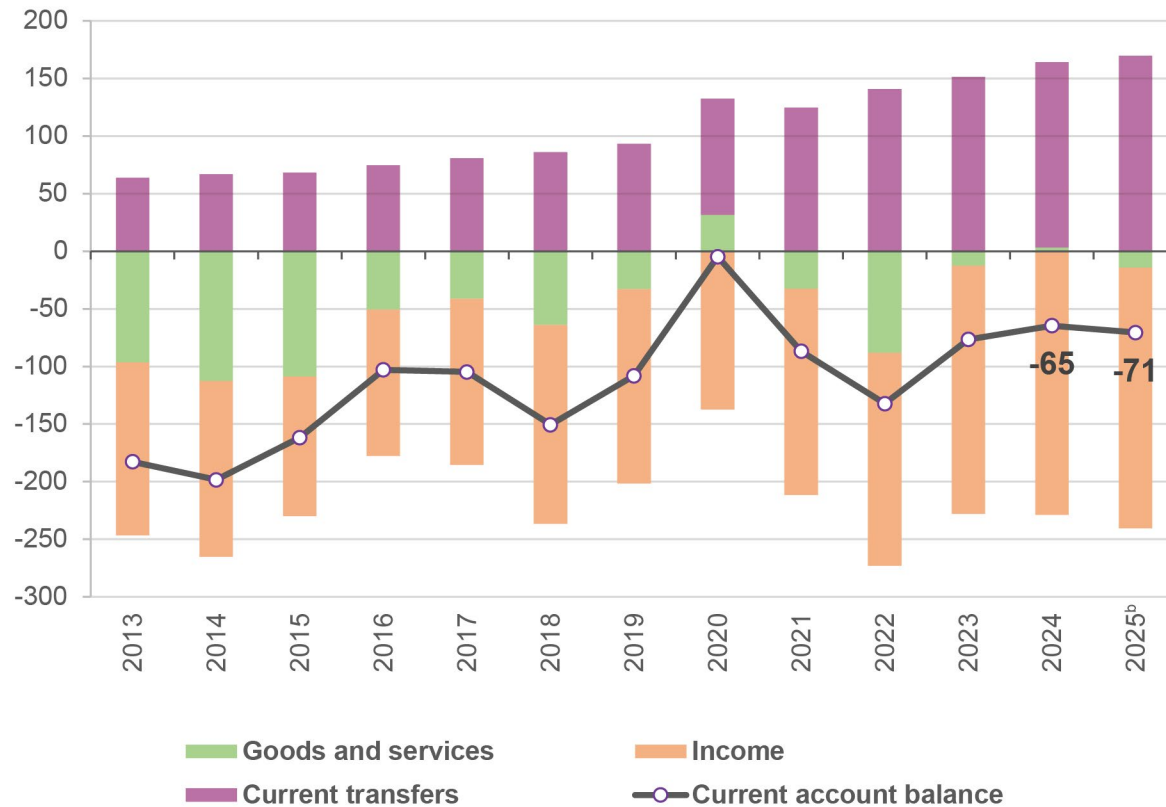
Source: Economic Commission for Latin America and the Caribbean, on the basis of official figures.

Regional context:

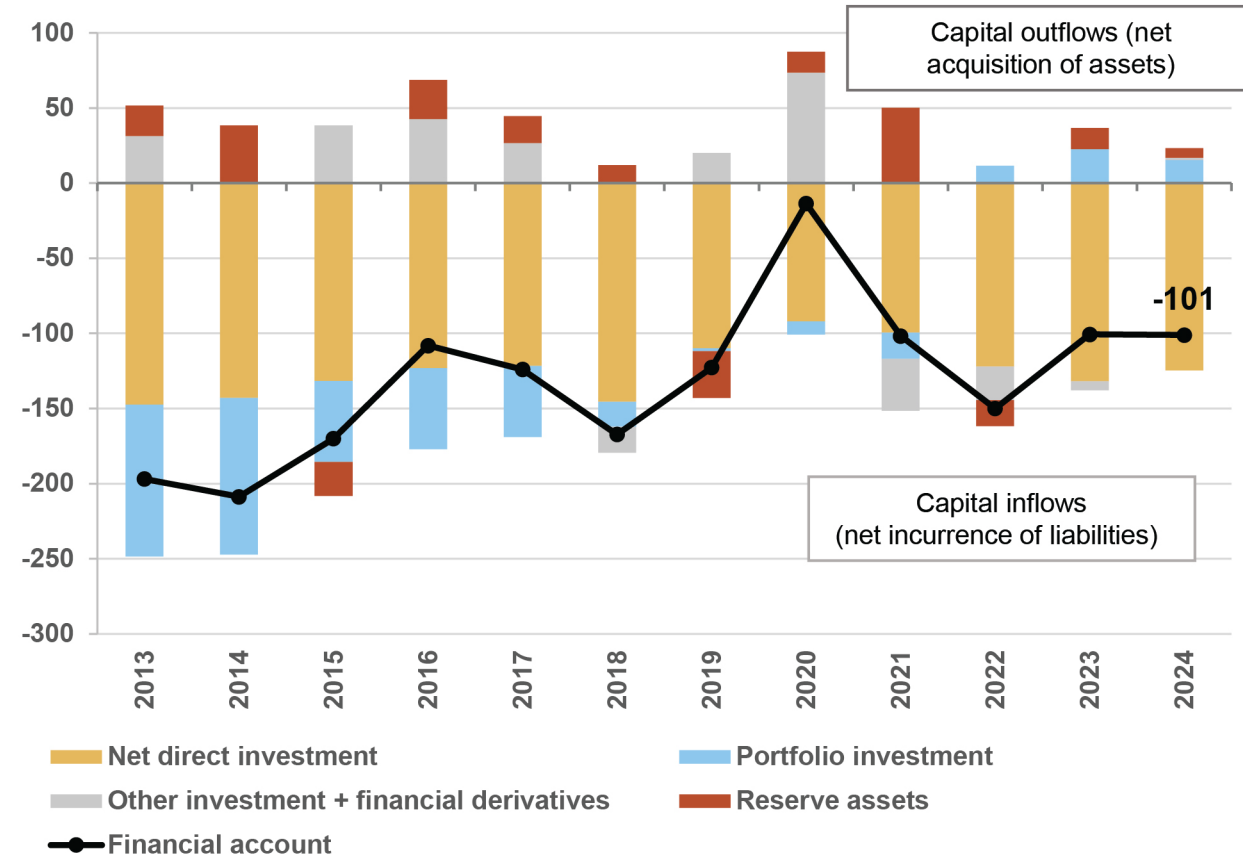
- External accounts
- Domestic performance
- Fiscal out-turn and monetary context

Current account balance expected to deteriorate in 2025 amid global uncertainty and lower net capital inflows

Latin America and the Caribbean (25 countries):^a current account balance, by component, 2013–2025
(Billions of dollars)



Latin America and the Caribbean (25 countries)^a: financial account trends, by investment category, 2013–2024
(Billions of dollars)



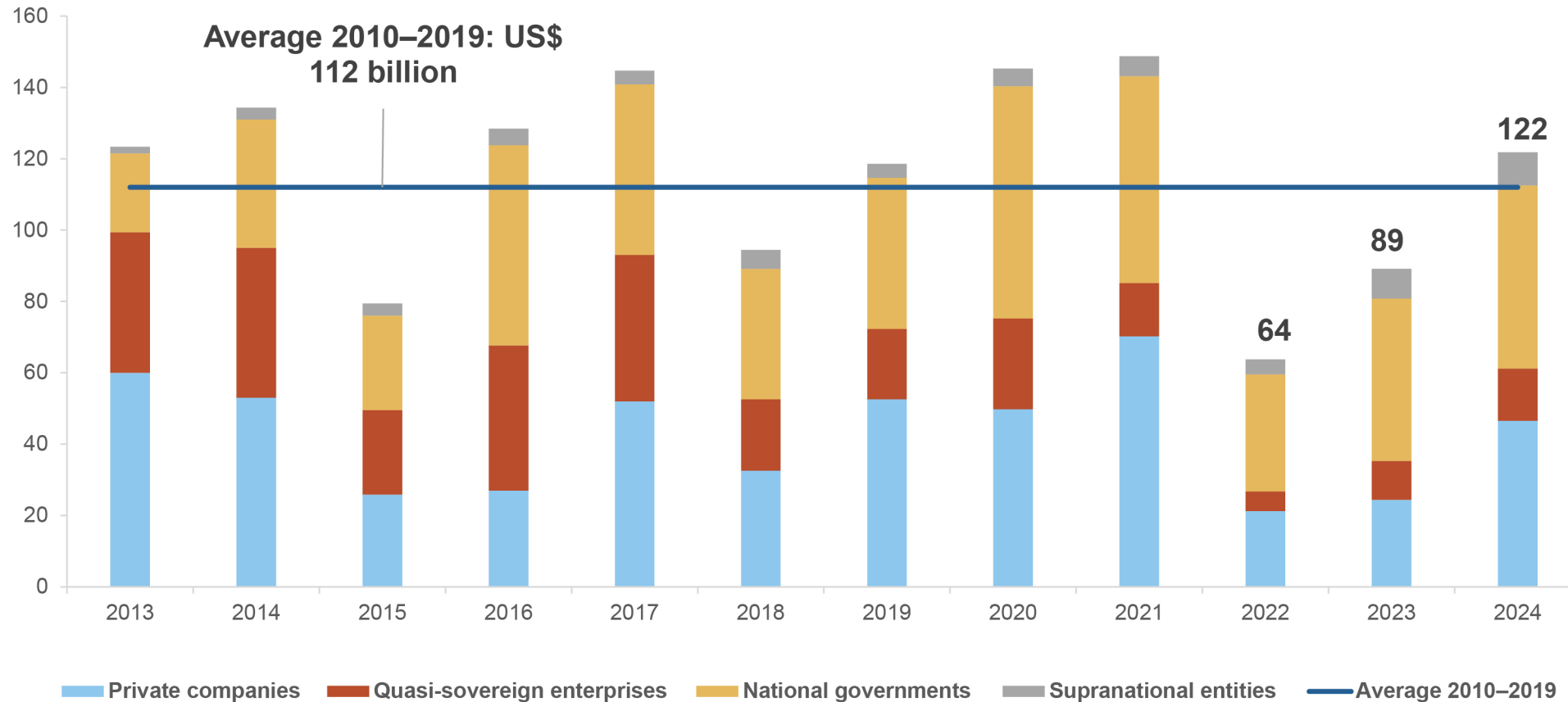
Source: Economic Commission for Latin America and the Caribbean, on the basis of official figures.

^a Antigua and Barbuda, Argentina, Brazil, Chile, Colombia, Costa Rica, Dominica, Dominican Republic, Ecuador, El Salvador, Grenada, Guatemala, Honduras, Jamaica, Mexico, Nicaragua, Panama, Paraguay, Peru, Plurinational State of Bolivia, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Trinidad and Tobago and Uruguay.

^b Figures for 2025 are projections.

Private sector drives debt issuance to meet financing needs, but at high costs

Latin America and the Caribbean:^a bond issuance on international markets, by sector, 2013–2024
(Billions of dollars)



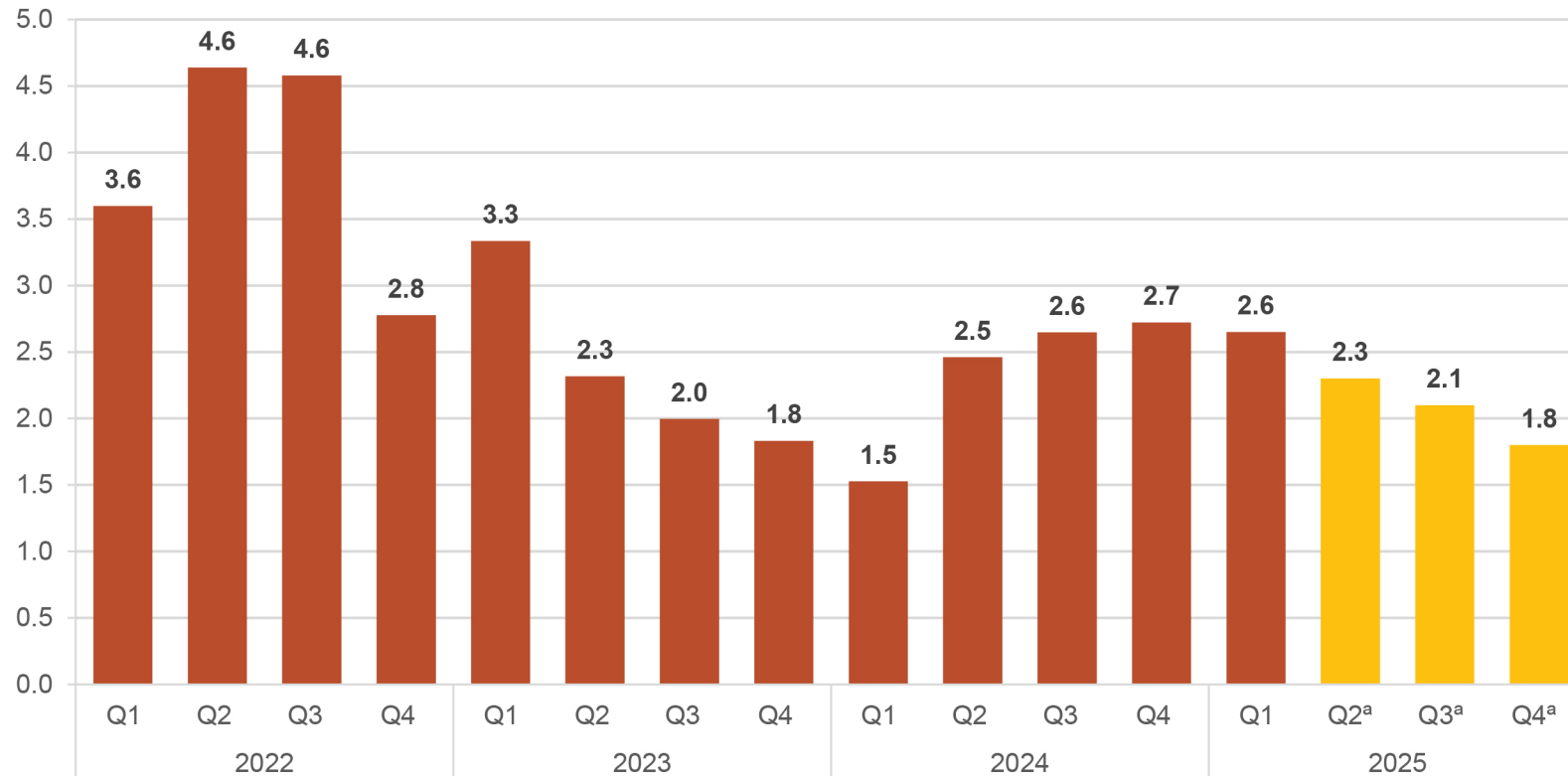
- Average coupon on dollar-denominated debt issuance remains high, having risen from 4.2% in 2021 to 7% in 2024

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

^a Includes all countries that issued debt during the period: Argentina, Bahamas, Barbados, Bolivarian Republic of Venezuela, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Jamaica, Mexico, Nicaragua, Panama, Paraguay, Peru, Plurinational State of Bolivia, Suriname, Trinidad and Tobago and Uruguay.

Growth in economic activity remained low in the first quarter of 2025, with a further slowdown expected in the coming quarters

Latin America: annual variation in GDP, first quarter of 2022–fourth quarter of 2025
(Percentages, constant dollars at 2018 prices)

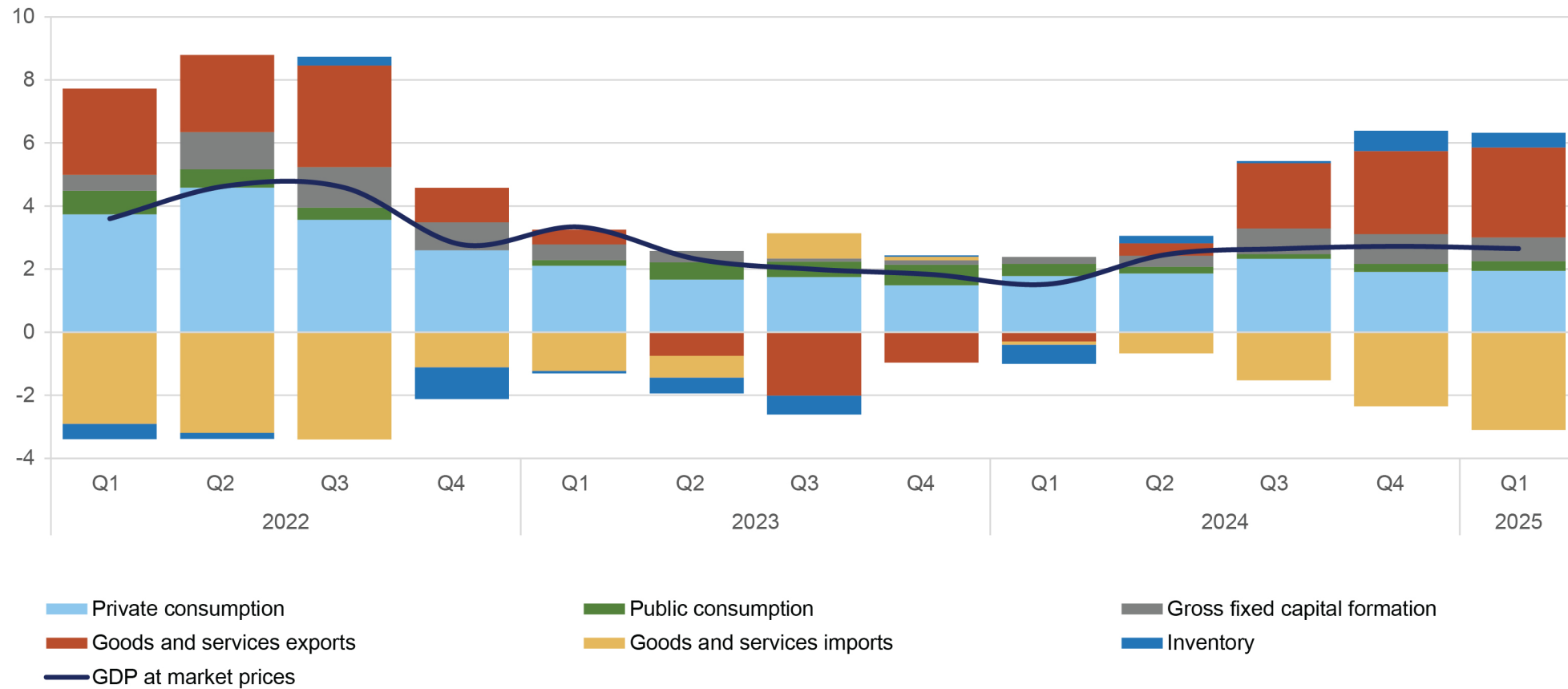


Source: Economic Commission for Latin America and the Caribbean, on the basis of official figures.

^a Projections.

Slower GDP growth reflects weakening of private consumption and, to a lesser extent, gross fixed capital formation

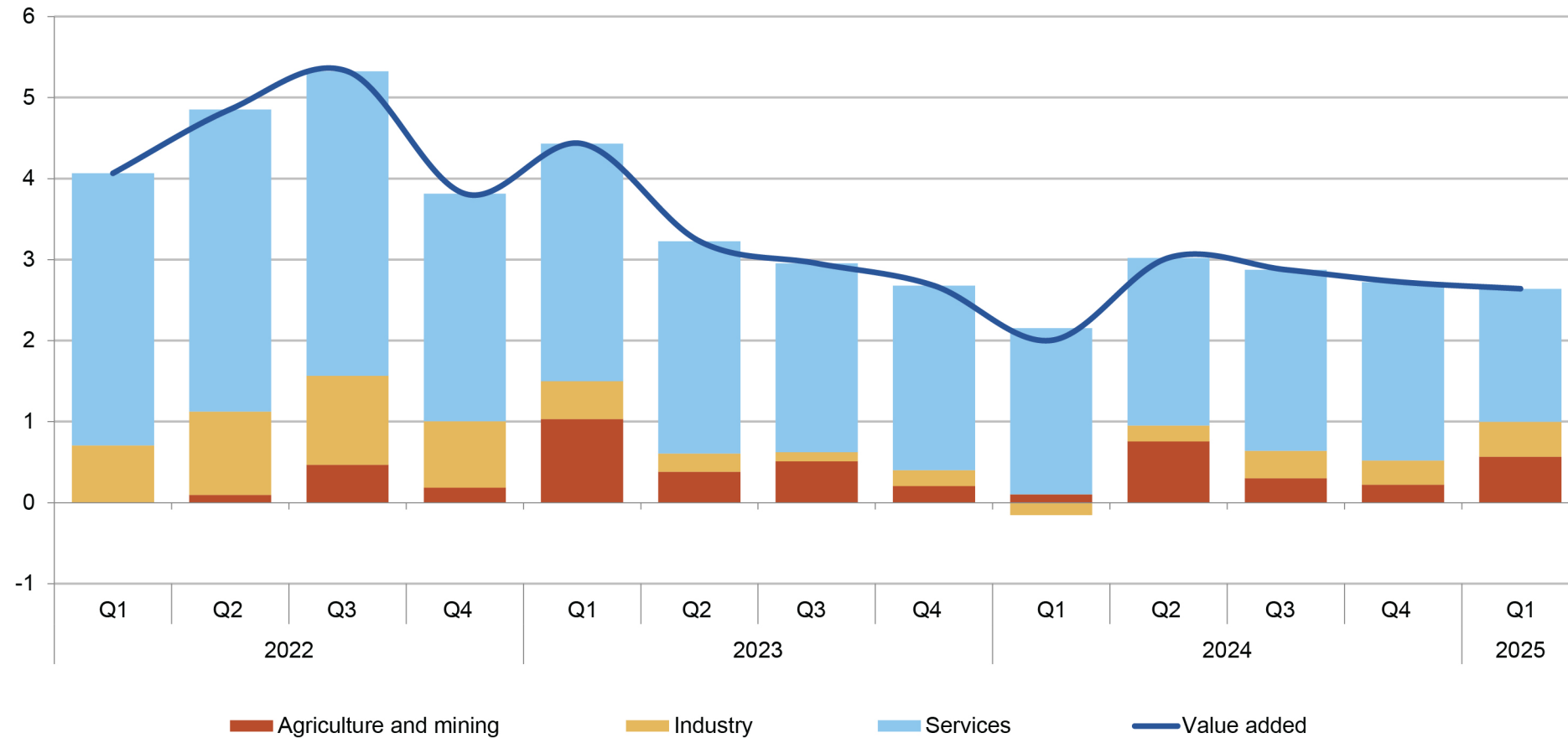
**Latin America: annual variation in GDP and contribution of expenditure components to GDP,
first quarter of 2022–first quarter of 2025**
(Percentages, constant dollars at 2018 prices)



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

Growth varies across economic sectors

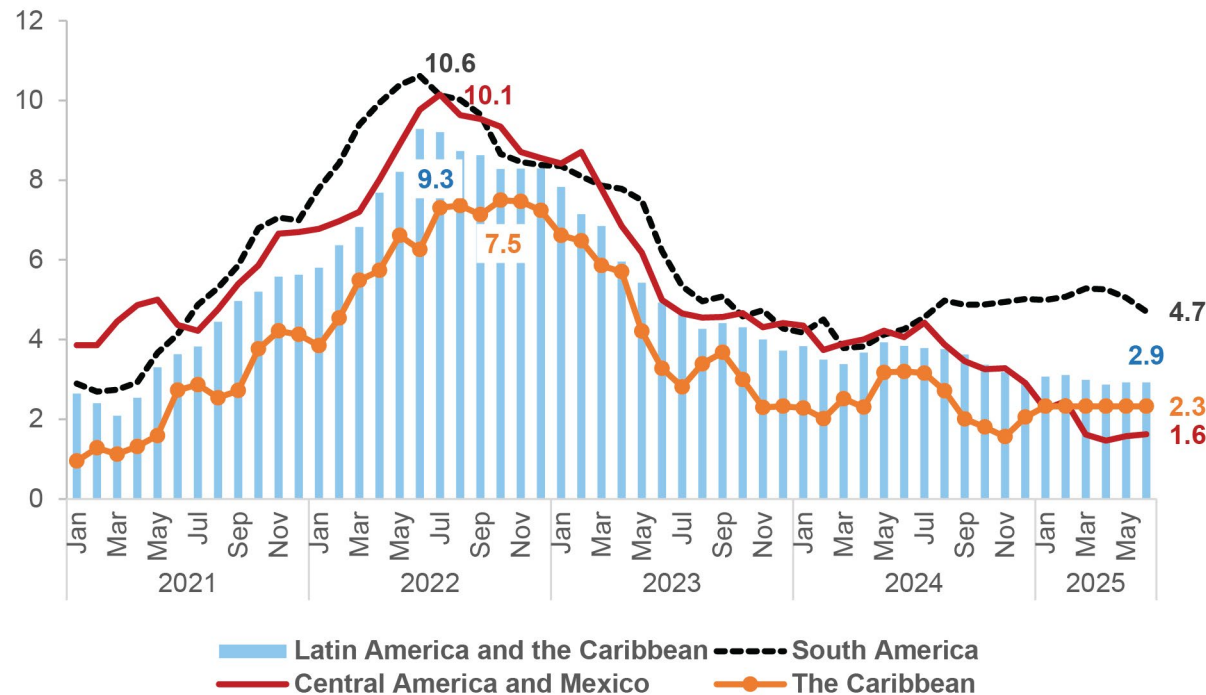
Latin America: value added and contribution by economic sector to value added,
first quarter of 2022–first quarter of 2025
(Percentages, constant dollars at 2018 prices)



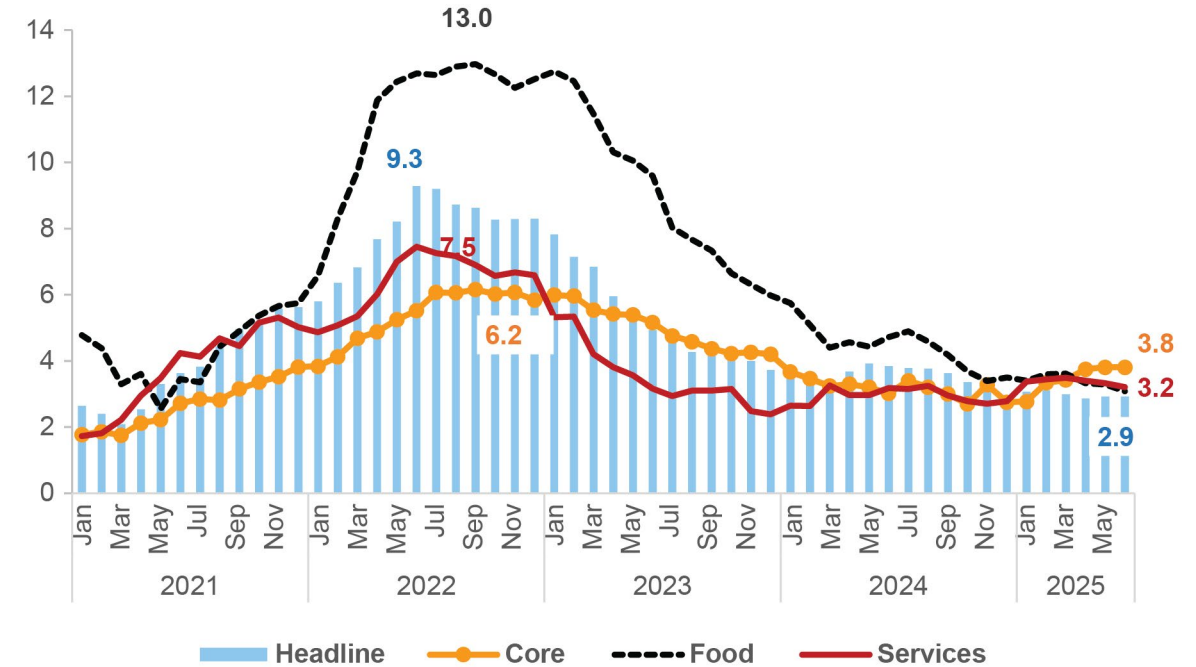
Source: Economic Commission for Latin America and the Caribbean, on the basis of official figures.

Inflation has stabilized, albeit with differences in patterns across countries and among CPI components

Latin America and the Caribbean: median annual rates of change in consumer price index, by subregion, January 2021–June 2025
(Percentages)



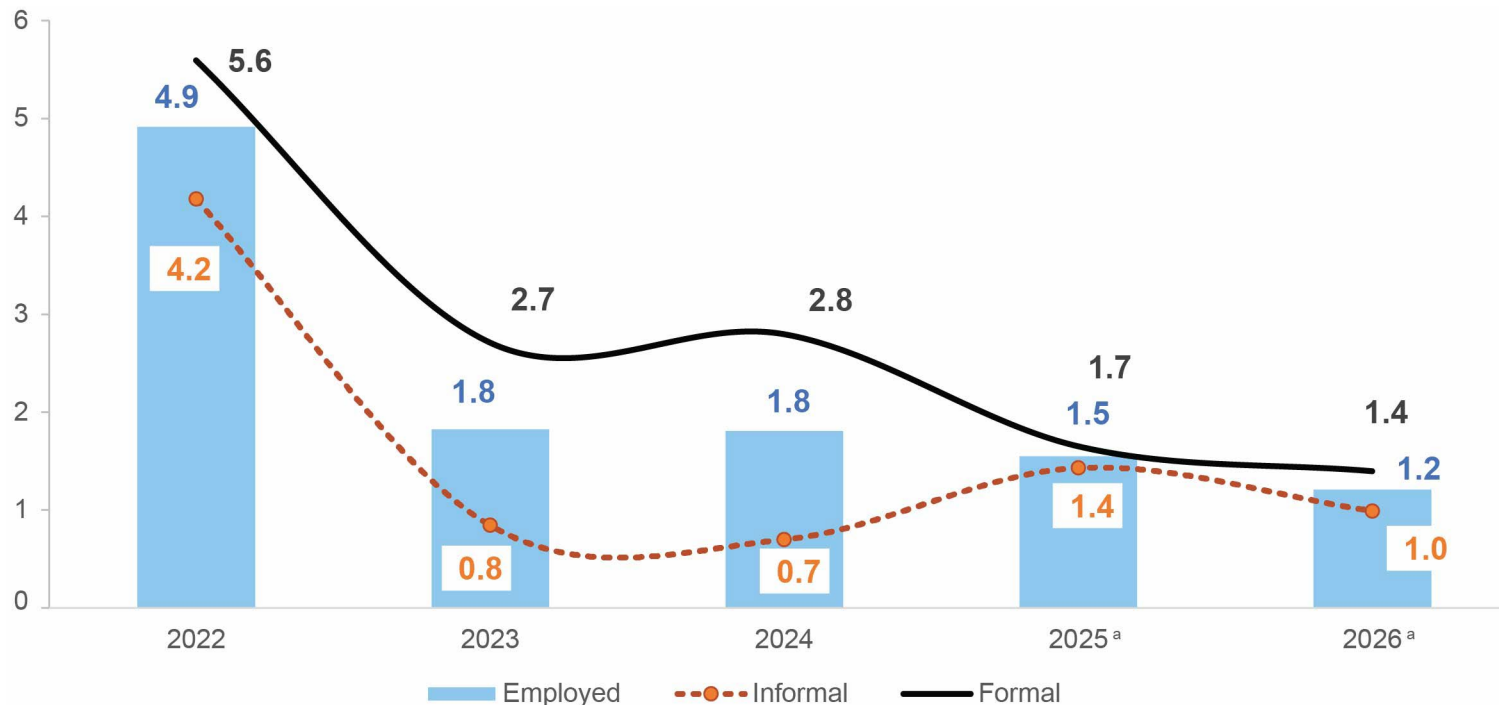
Latin America and the Caribbean: median 12-month rates of change in components of consumer price index, January 2021–June 2025
(Percentages)



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

Employment growth remains low, and is expected to slow in the coming years

Latin America and the Caribbean: year-on-year variation in total,
formal and informal employment, 2022–2026
(Percentages)



^a Projections.

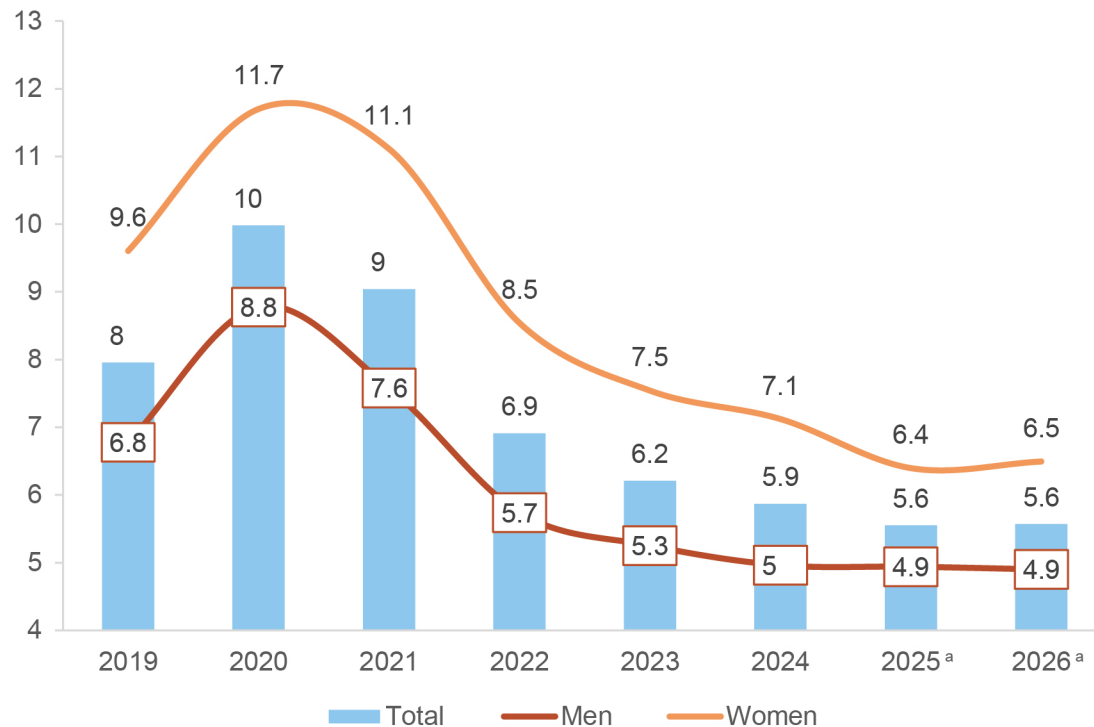
Source: Economic Commission for Latin America and the Caribbean, on the basis of official figures.

- Average employment growth for the period 2015–2024 was 1.0%.
- Employment growth will be lower in 2025 and 2026, in line with sluggish GDP growth.
- Strongest growth is in wage-earning employment.
- Slight fall in informal employment rate: 47.1% in 2023, 46.6% in 2024, 46.5% in 2025.
- Increases in real wages.

Despite falling unemployment, recovery in labour participation remains slow and incomplete and gender gaps persist

Latin America and the Caribbean (23 countries): total, male and female unemployment rates, 2023–2026

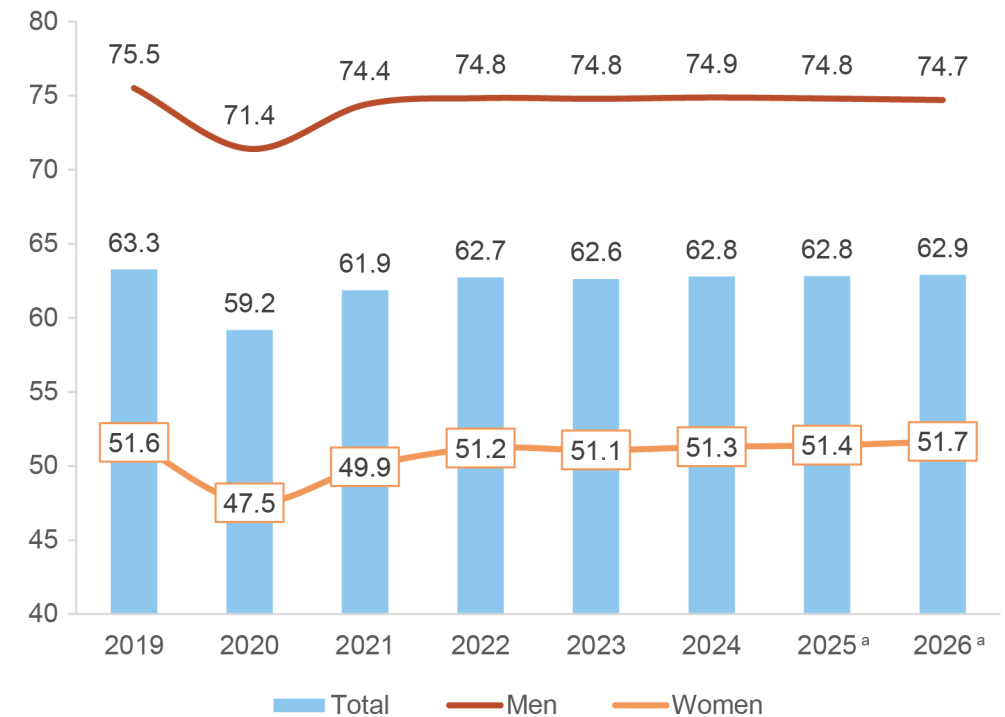
(Percentages)



^a Projections.

Latin America and the Caribbean (17 countries): total, male and female labour participation rates, 2023–2025

(Percentages)

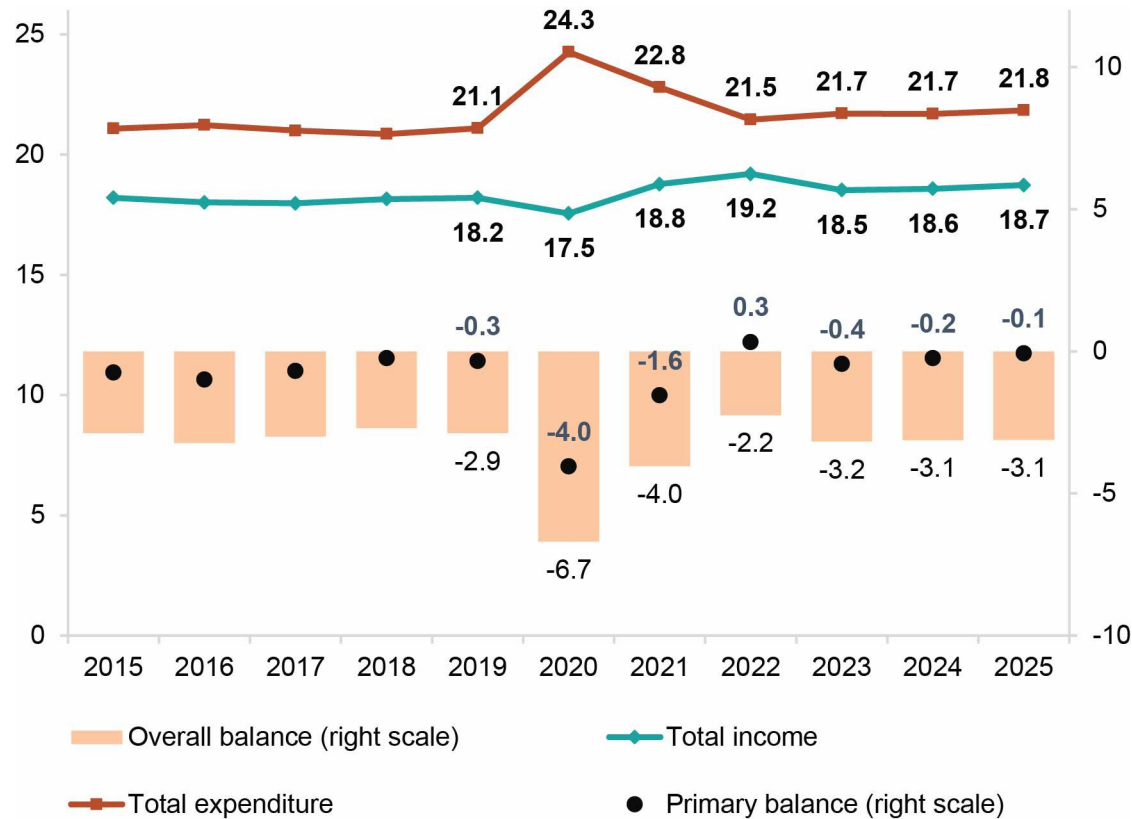


Source: Economic Commission for Latin America and the Caribbean, on the basis of official figures.

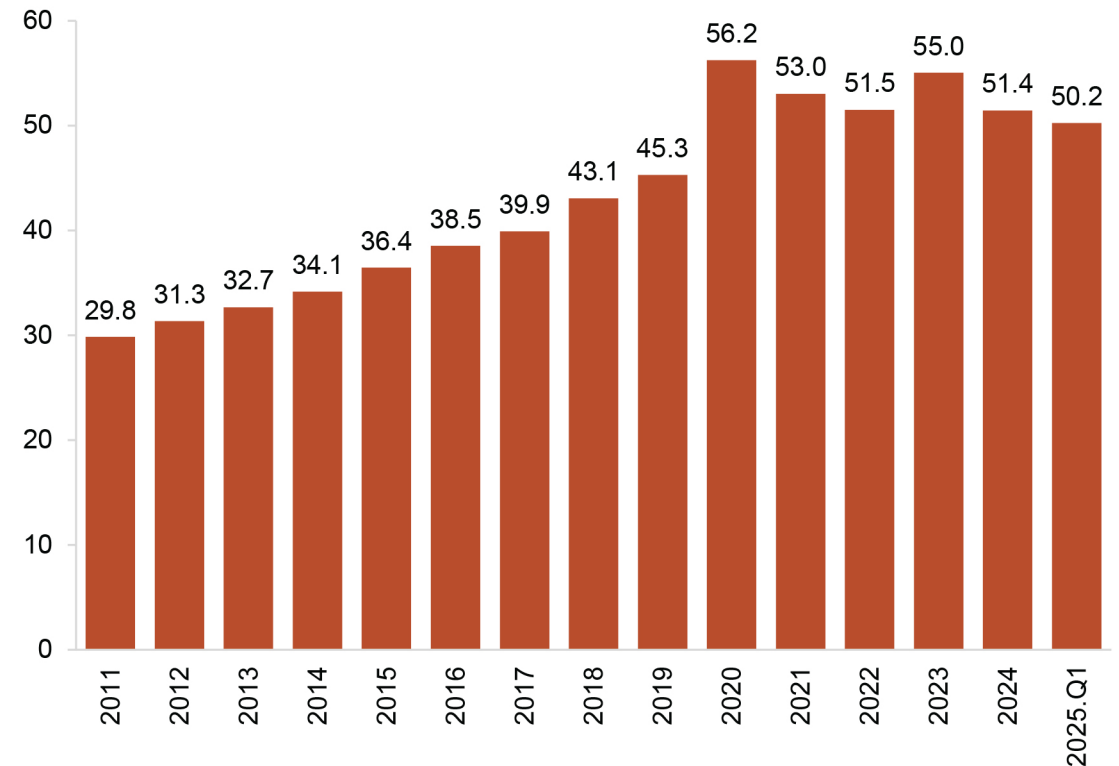
In Latin America, fiscal deficits persist, with limited fiscal space amid higher financing costs

Latin America (16 countries): fiscal indicators and central government gross public debt
(Percentages of GDP)

Fiscal indicators



Gross public debt

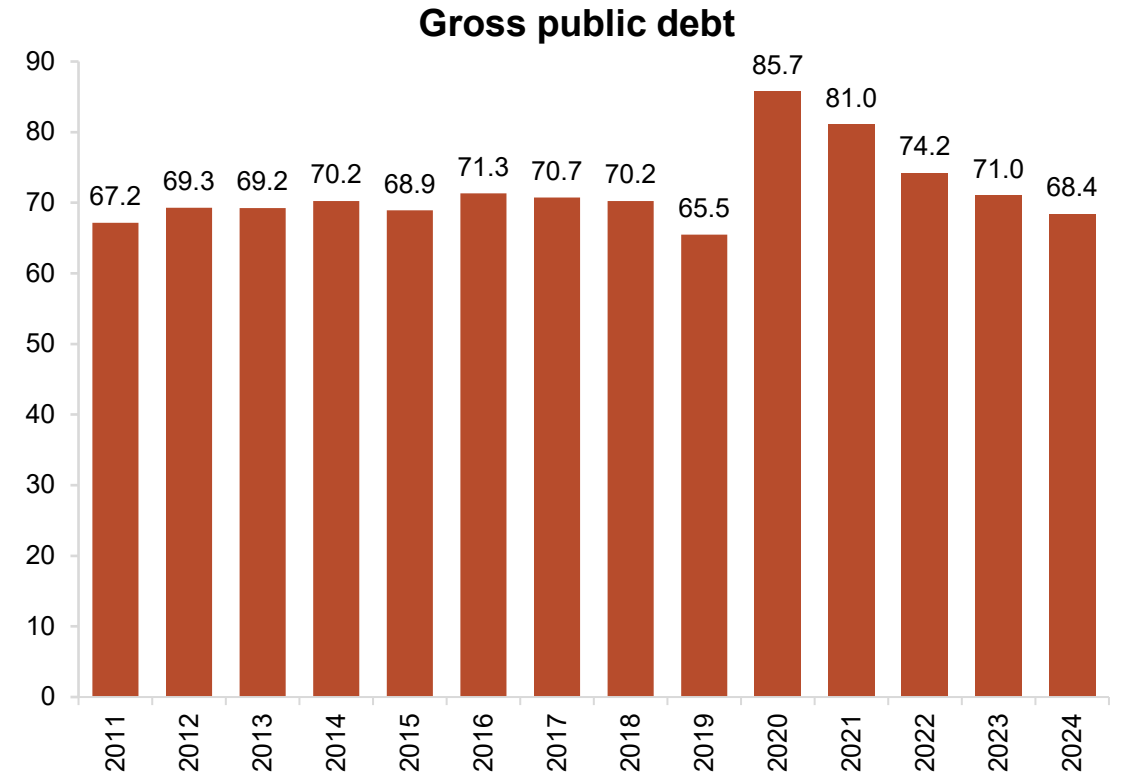
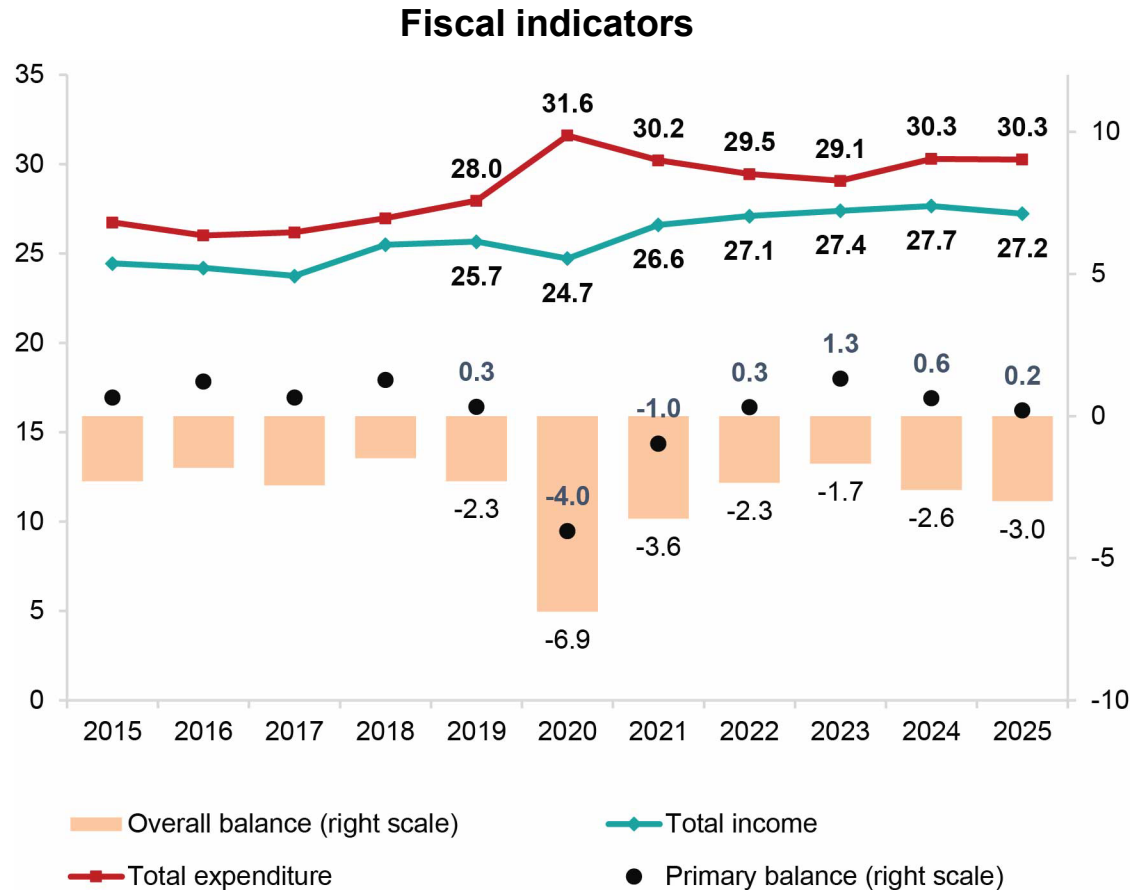


Source: Economic Commission for Latin America and the Caribbean, on the basis of official figures.

Note: Data for 2025 are projections on the basis of information from the countries.

In the Caribbean, a narrower primary surplus is expected and debt continues to trend downward

The Caribbean (12 countries): fiscal indicators and central government gross public debt
(Percentages of GDP)

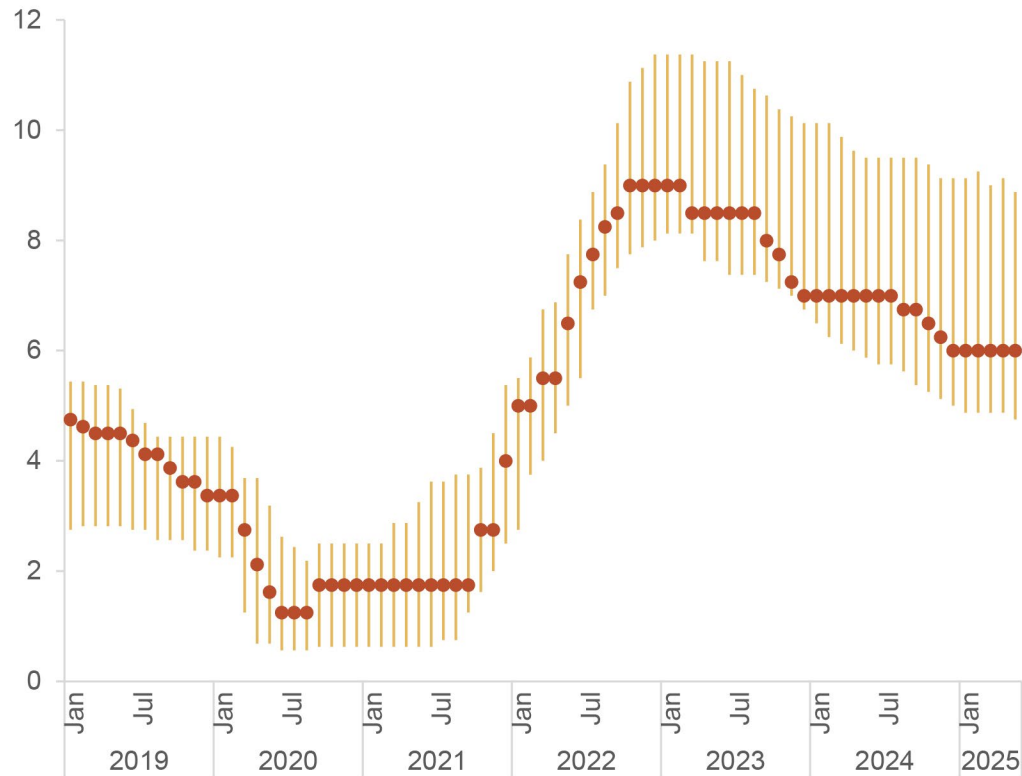


Source: Economic Commission for Latin America and the Caribbean, on the basis of official figures.

Note: Data for 2025 are projections on the basis of information from the countries.

A cautious monetary policy stance has been maintained amid heightened global uncertainty

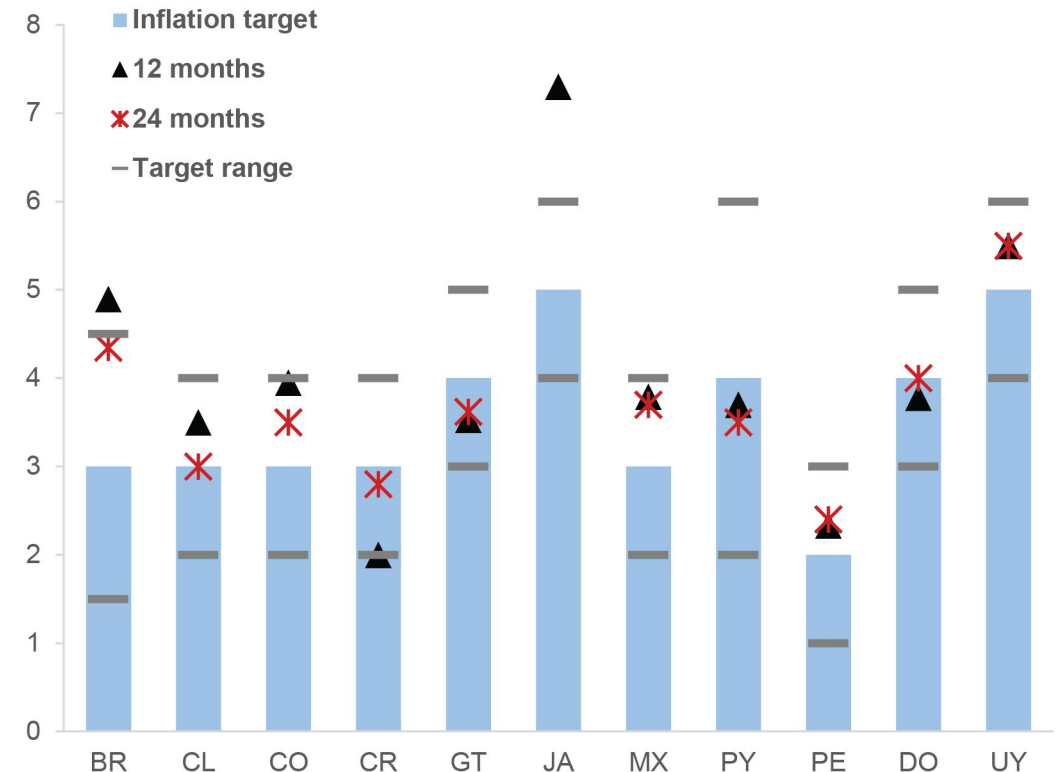
Latin America and the Caribbean:^a distribution of the nominal monetary policy rate (median and interquartile range), January 2019–May 2025
(Percentages)



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

^a Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Guatemala, Jamaica, Mexico, Paraguay, Peru and Uruguay.

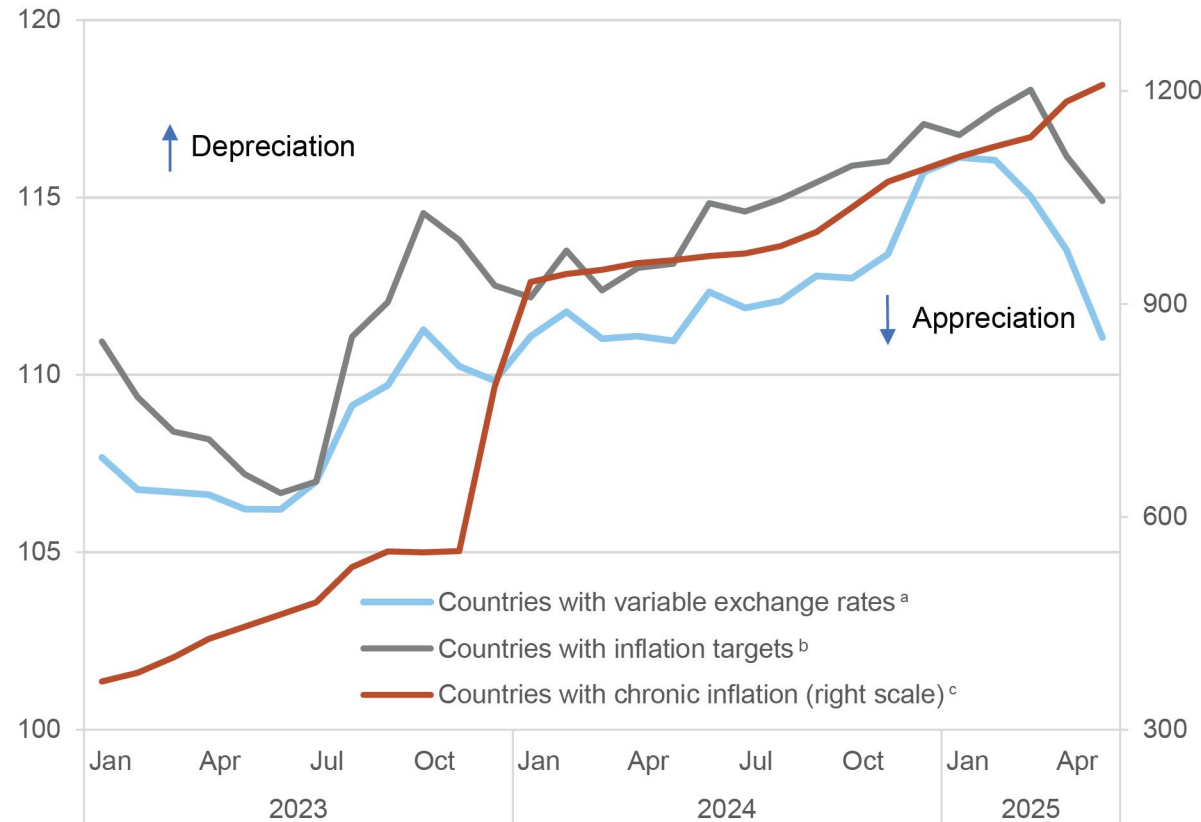
Latin America and the Caribbean: inflation targets and 12- and 24-month inflation expectations, May 2025
(Percentage points)



Source: Economic Commission for Latin America and the Caribbean, on the basis of official figures

Depreciation of region's currencies in 2024 gives way to appreciation and precautionary accumulation of reserves in 2025

Latin America and the Caribbean: nominal exchange rate against the dollar, median by country grouping, January 2023–April 2025
(Percentages)



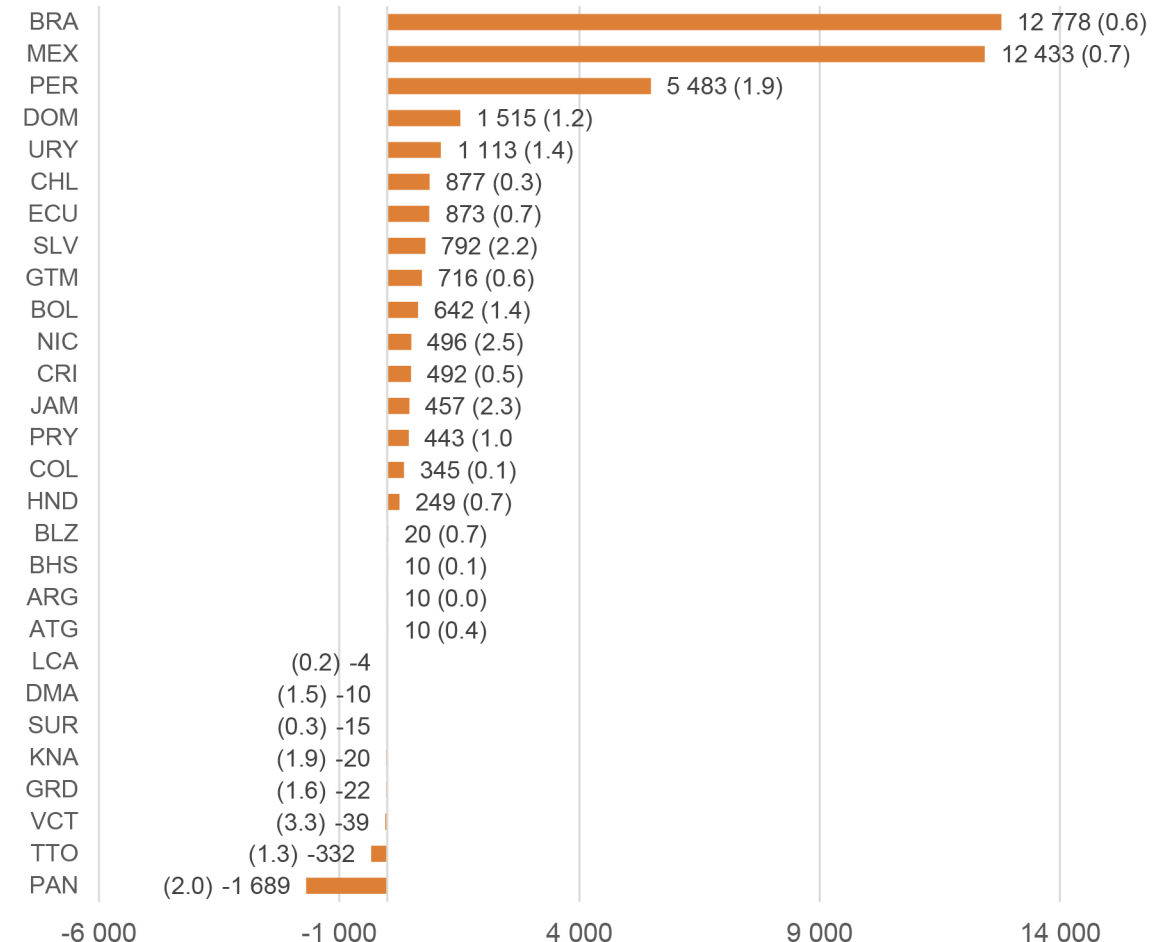
Source: Economic Commission for Latin America and the Caribbean, on the basis of official figures.

^a The Bolivarian Republic of Venezuela, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Guatemala, Guyana, Honduras, Jamaica, Mexico, Nicaragua, Paraguay, Peru, Suriname, Trinidad and Tobago and Uruguay.

^b Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Guatemala, Honduras, Jamaica, Mexico, Paraguay, Peru and Uruguay.

^c Argentina, the Bolivarian Republic of Venezuela, Haiti and Suriname.

Latin America and the Caribbean: variation in net international reserves, December 2024–first quarter of 2025
(Millions of dollars and percentages of GDP)



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

2025 and 2026 economic growth projections for region

External determinants:

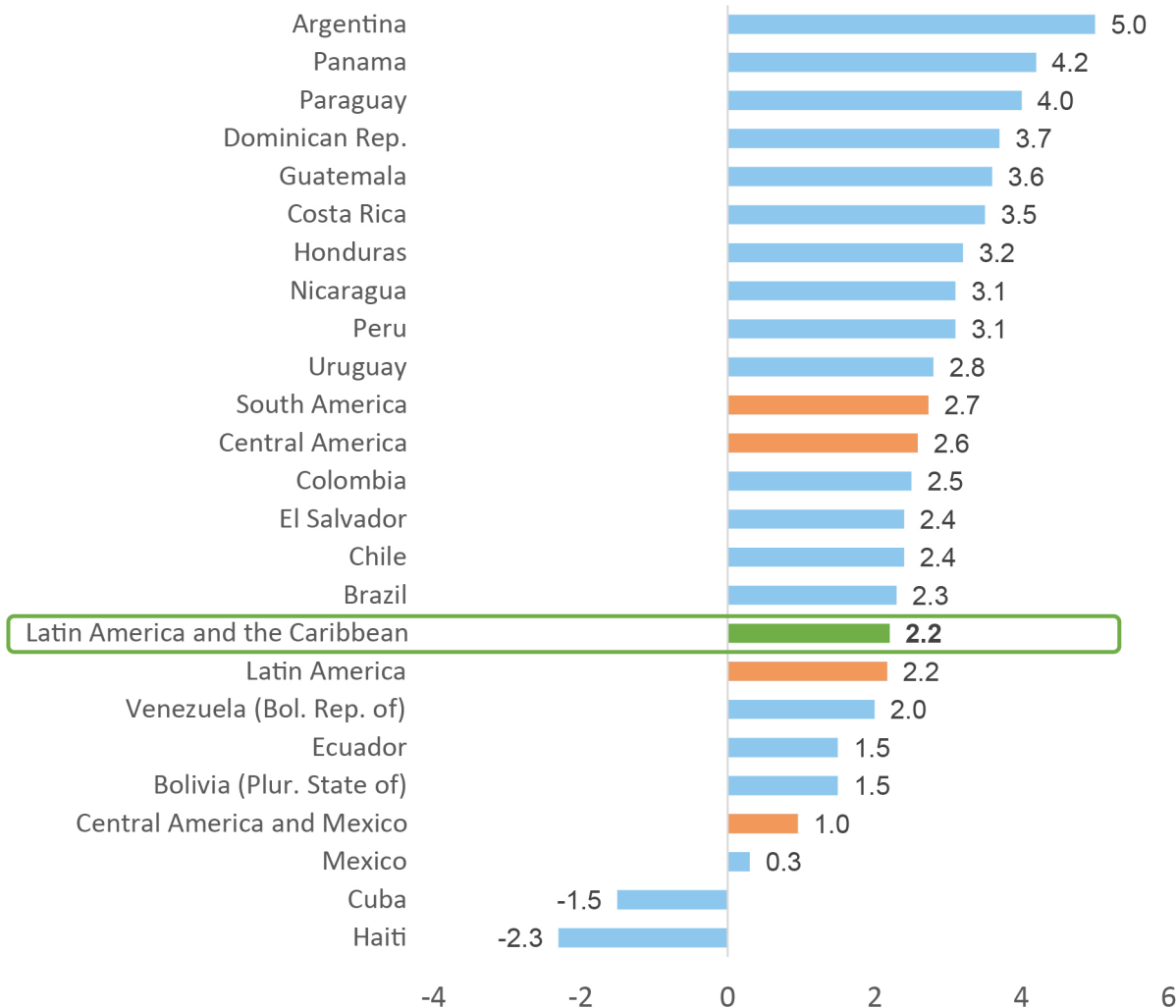
- Weak global growth
- Heightened geopolitical and trade risks
- Weak external stimulus

Domestic determinants:

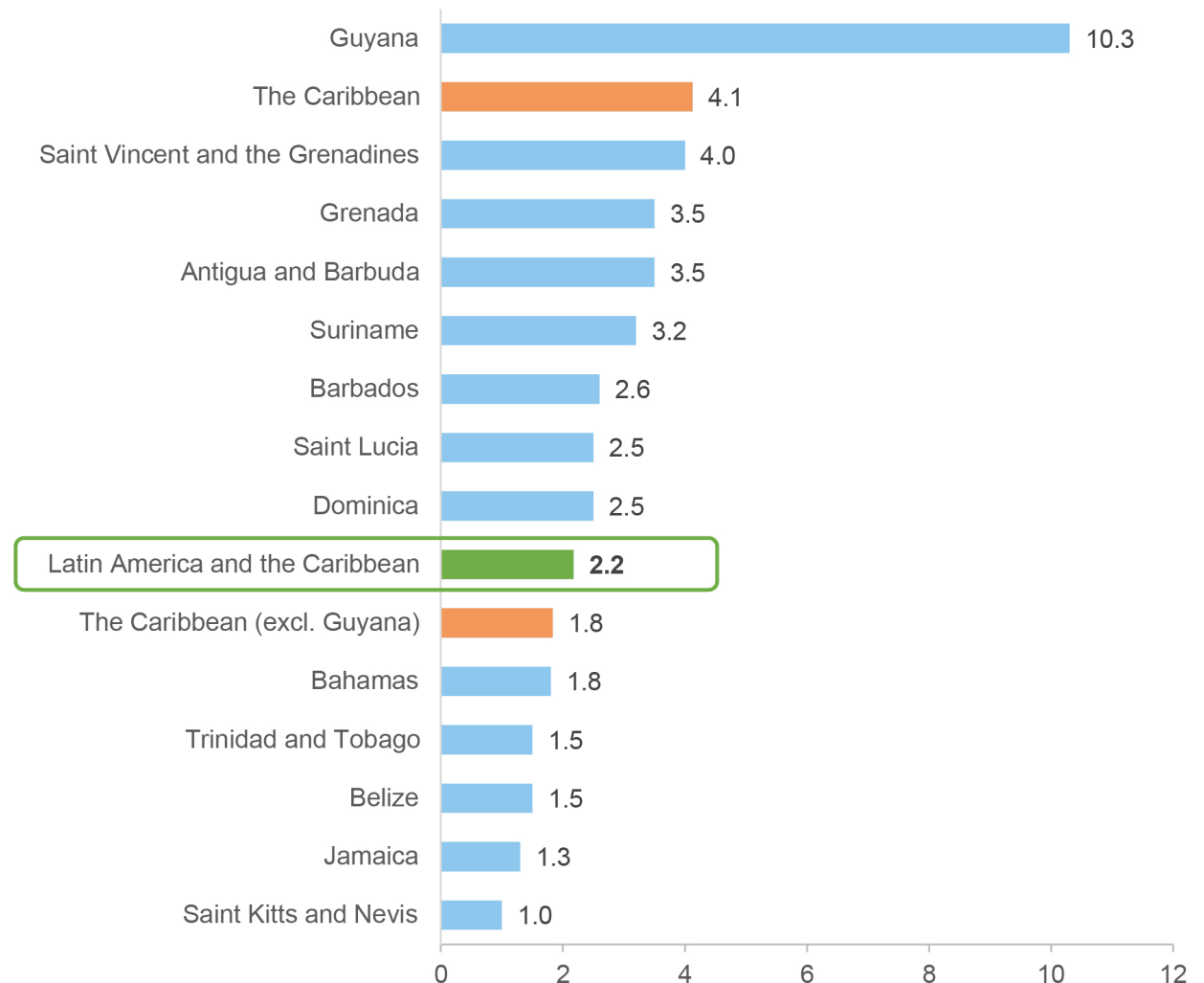
- Weak domestic demand dependent on private consumption
- Low job creation and persistent structural weaknesses in labour markets
- Limited room for manoeuvre for macroeconomic policy:
 - Tight fiscal space with higher interest payments
 - Cautious loosening of monetary policy owing to global uncertainty

2025 growth projection for Latin America and the Caribbean raised 2 percentage points, to 2.2%

Latin America:



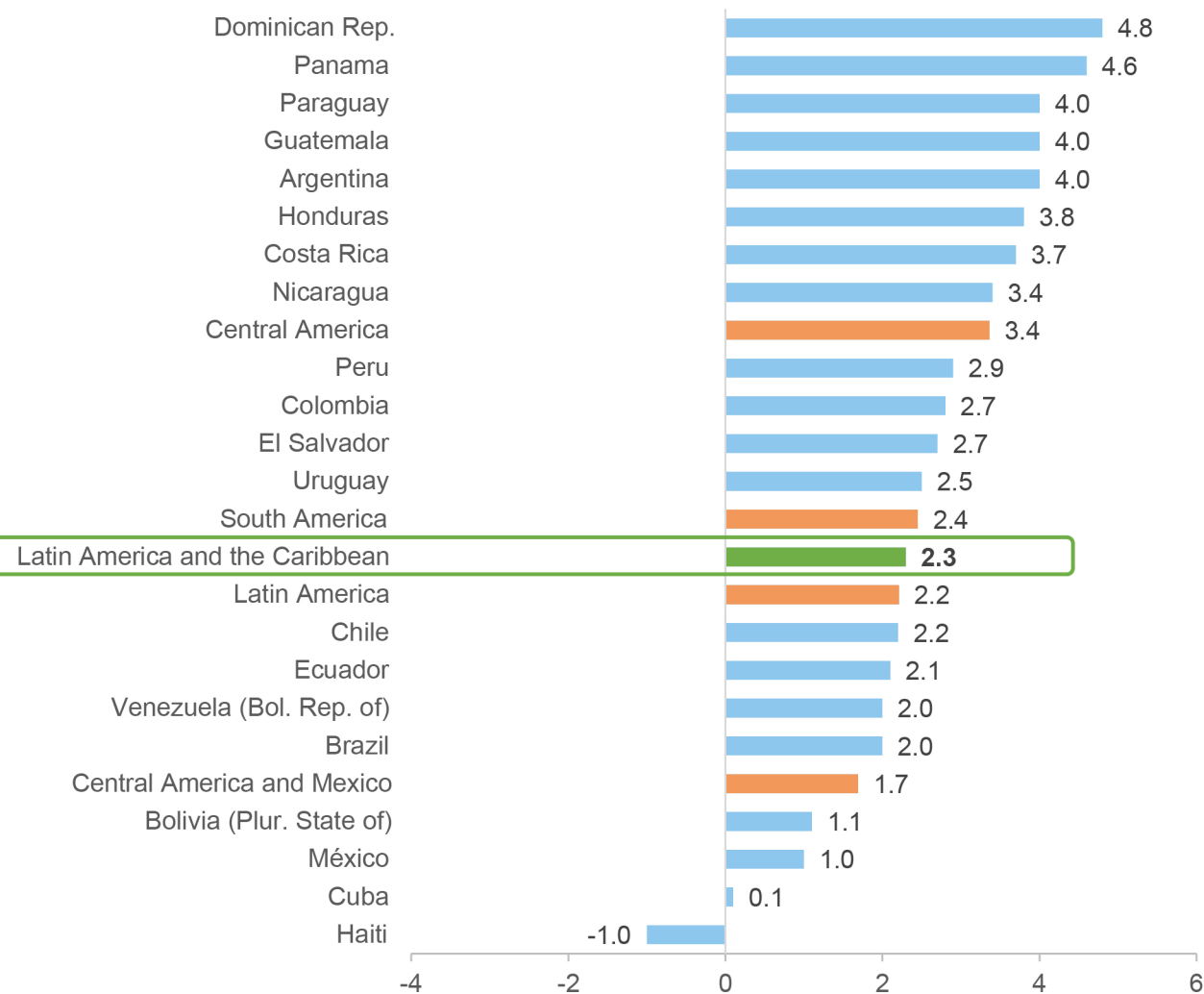
The Caribbean:



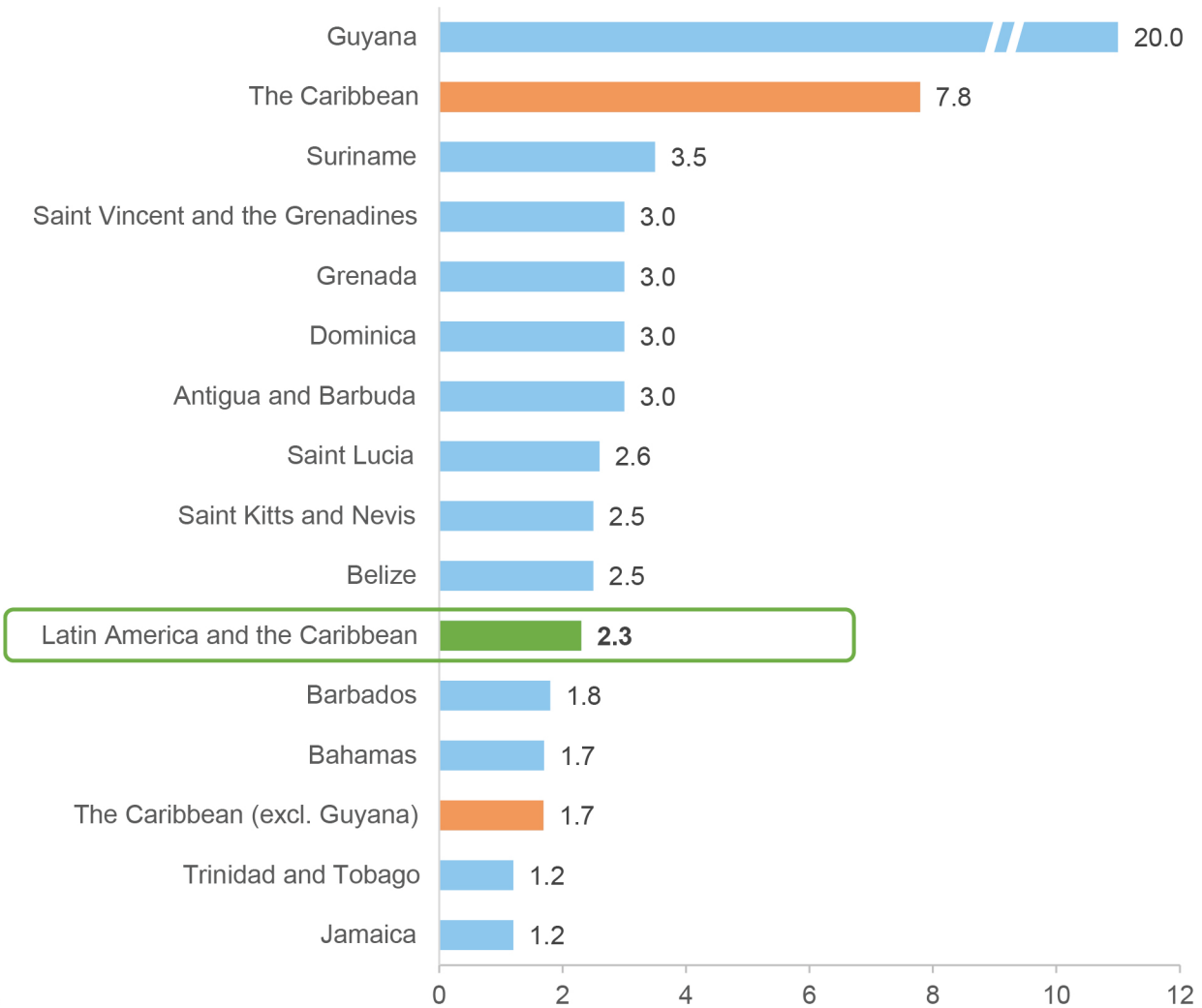
Source: Economic Commission for Latin America and the Caribbean, on the basis of official figures.

2026 growth projected at 2.3%, indicating four years of low growth for region

Latin America:



The Caribbean:



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

Resource mobilization to finance development:

- Insufficient financing to overcome development traps
- Fourth International Conference on Financing for Development
- Regional resource mobilization strategies

Region must step up resource mobilization for development to avoid third lost decade

Challenge:

Insufficient financing

- Limited resources to overcome traps of low capacity for growth, high inequality and low social mobility and to close development gaps.
- Annual financing gap of roughly US\$ 650 billion for the region.^a
- Global context of low growth, high financing costs, geopolitical rivalry, heightened uncertainty and multilateralism being called into question.

Opportunity:

Fresh political impetus for development finance

- The Fourth International Conference on Financing for Development (Seville, Spain, from 30 June to 3 July 2025) was a push for the global commitment to renew the financing for development framework.
- The region must leverage this global momentum to consolidate the strategically important role of financial resource mobilization in strengthening economic stability and fostering more productive development.

^a Bendersky, M. (2019). *The road to SDG financing: a new destination for private investment*. Inter-American Development Bank.
<https://www.iadb.org/en/news/road-sdg-financing-new-destination-private-investment>

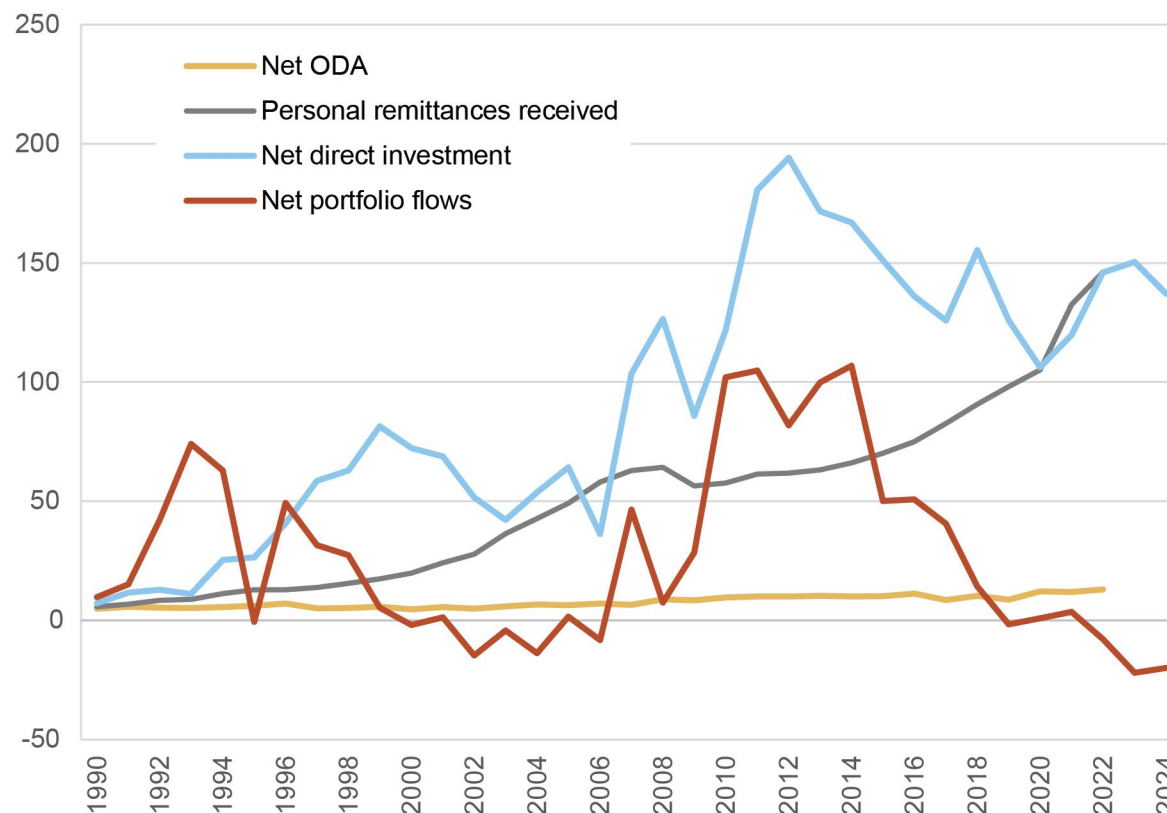
Outcomes of Fourth International Conference on Financing for Development (FfD4)

- **Key political support:**
 - Participation of more than 60 heads of State, managers of all international financing organizations and extensive participation of development stakeholders
 - The agreements of the Conference (Sevilla Commitment) were adopted by consensus
- **Renewal of global framework to close financing gaps with proposals for:**
 - Mobilizing large-scale investments for sustainable development
 - Addressing the debt and development crisis
 - Reforming the international financial architecture
- **Creation of the Sevilla Platform for Action to implement 130 initiatives, including:**
 - A hub for debt-for-development swaps (led by the World Bank and Government of Spain)
 - A forum for borrowing countries, with the United Nations serving as secretariat
 - The commitment of multilateral development banks to incorporate debt pause clauses to suspend debt service payments during crises
- **Important conclusion – countries must exercise greater leadership in resource mobilization:**
 - National development agendas must be strengthened to coordinate financing efforts.

Region has weak capacity for domestic resource mobilization and limited sources of additional financing

- Limited fiscal space and growing spending pressure:
 - Weak tax revenue: 21.3% of GDP for Latin America and the Caribbean versus 34.0% of GDP for OECD countries
 - High tax evasion: US\$ 433 billion, equivalent to 6.7% of regional GDP
 - Costly tax expenditures: 4.0% of GDP on average
 - High interest payments: representing 70% of spending on education, 86% of spending on health and 57% of spending on social protection
- Insufficient and volatile additional financing flows:
 - Limited official development assistance (ODA)
 - Procyclical foreign direct investment
 - Volatile net portfolio flows, which could mean financial destabilization
 - Fragmented use of remittances, which limits investment in productive activities

Latin America and the Caribbean: selected sources of external financing, 1990–2024
(Billions of dollars)



Source: Economic Commission for Latin America and the Caribbean, on the basis of official figures and World Bank. (2025). World Development Indicators. <https://databank.worldbank.org/source/world-development-indicators/preview/on>.

How can the region leverage post-Seville momentum?

Strategies to mobilize resources for development

Expand fiscal space

- Improve quality and effectiveness of spending and boost public investment
- Increase tax revenue by reducing evasion and streamlining tax expenditures
- Enhance progressivity, strengthening taxes on personal income, property and wealth

Strengthen mobilization of external and domestic resources

- Renew international financial architecture and sovereign debt resolution mechanisms
- Redefine ODA eligibility criteria and support transitions towards graduation
- Foster private sector investment: develop capital markets and integrate regional capital market platforms; strengthen attraction of FDI; increase use of financial instruments such as thematic bonds, debt swaps and blended finance

Strengthen development banks (national, subregional and regional)

- Complement the role of commercial banks in financing productive sectors and sectors that generate social benefits
- Strengthen institutions, technical training and development of innovative financial instruments to increase entities' impact and efficiency

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Resource mobilization to finance development



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