

**Statement by Alicia Bárcena, Executive Secretary of the Economic
Commission for Latin America and the Caribbean (ECLAC)**

**ECOSOC dialogue with the executive secretaries of the United
Nations regional commissions**

Title: Managing the transition to the sustainable development goals:
what it will take at the regional level

Venue: ECOSOC Chamber **Date:** 9 July 2015 **Time:** 3:00 – 4:30
p.m.

Your Excellency, Martin Sajdik, President of the Economic and Social
Council (ECOSOC)

Your Excellency, Maria Emma Mejía, Vice-President of ECOSOC

Distinguished representatives of Member States,

Colleagues of the United Nations,

Ladies and gentlemen, good afternoon.

A single overarching issue must be addressed in order to achieve
integration between the economic, social and environmental

dimensions of the post-2015 development agenda in Latin American and Caribbean: that issue is equality, which remains the region's main structural challenge and must be the core value and principle at the heart of its sustainable development agenda.

The region has embraced the equality agenda during the last decade and has shown promising seeds of progress, particularly during the period 2003-2008, when the region benefited from improved conditions on the three fronts: economic, social and environmental.

On the economic front, the region —albeit with some variation between the three different subregions— has benefited from sustained growth of 4.4%, overall increased resilience to external economic, trade and financial shocks (as we saw during the economic and financial crisis of 2008-2009), sounder macroeconomic policies and even the ability of some countries to implement countercyclical measures.

On the social front, the region made significant progress during the same period in reducing poverty (from 48% in 1990 to 28% in 2012 —

with 40 million lifted out of poverty), extreme poverty (from 22% to 11%) and income inequality with sustained social spending, which has been more than just an “adjustment variable”. Unfortunately, these improvements did not include women as the incidence of poverty among them has risen by 10% between 1999 and 2012. More than 30% of women still have no income of their own, and in the labor market, those with most years of education obtain only 78% of the salary as they would obtain if they were men.

On the environmental front, and particularly with respect to climate change, the region’s share in global greenhouse gas emissions remains low, accounting for 9% of the global emissions, which is a level similar to that of the European countries (10%). However, Latin America and the Caribbean is facing a worrying trend, as these emissions are rising by 0.6% per year at a time when the European Union is reducing its emissions by 0.9% per year.

At ECLAC, the integration of the three dimensions of development under the equality principle has been reflected in the Commission's "**trilogy of equality**", three position documents that have guided our programme of work with member States: *Time for Equality, Closing Gaps, Opening Trails*; *Structural Change for Equality: An Integrated Approach to Development*; *Compacts for Equality. Towards a Sustainable Future*. We emphasize that growth serves equality and equality serves growth and that social issues cannot be addressed by social policies alone, but also require a mix of macroeconomic (fiscal, monetary and financing), labour and industrial policies. The aim is to promote structural change in our economies so as to move towards more knowledge-intensive and higher productivity sectors. The strategy is to invest in human capabilities, ensuring the distribution of productivity gains between capital and workers and this should be achieved by new social compacts involving all actors within a renewed equation between the State, the market and society and stronger institutions.

Against the backdrop of a complex global situation and of paradigm shifts, the region is at a crossroads. It must urgently assess how it will sustain the progress achieved in recent years and create enabling conditions for structural change towards greater equality and the transformational post-2015 agenda if it wants to achieve the sustainable development goals by 2030.

Latin America and the Caribbean is facing an adverse external context that could jeopardize growth and social progress: tailwinds have died down, the reduction of commodity prices was deeper than expected (decrease by 40% for energy and 30% for metals since 2012) its main economic partners are posting lower growth, it is exposed to greater external vulnerability and external financing is no longer easily available, which further complicates the external debt situation in the Caribbean subregion.

There are three distinct realities in the region: South America is expected to be hit hardest by the end of the commodity supercycle and

some of its largest economies, are facing particular difficulties; Central America and Mexico will be slightly better off thanks to their strong relationship with the United States; and the Caribbean is still characterized by low and volatile growth (with an average of 1.5% in 2014 and 2015) and the worrying debt burden, with five countries over 100% of GDP, requires an urgent multilateral solution.

On the social front, there is a risk that progress on poverty and extreme poverty will plateau as the region has reached the limits of a model that links poverty reduction with cash transfers and job creation. In order to avoid a similar pattern with respect to progress on inequality, a new generation of social policies must be adopted.

The reduction in income inequality has meant higher real wages and private goods consumption, but access to good-quality public goods and services in the region has not followed. Thus, a clear division is seen between high-quality private services and low-quality public services in key areas of sustainable development such as education,

health, public transport, urban services, access to technology and capital, and citizen security. The region has yet to embrace a transformational societal agenda that will encourage a shift from a culture of privilege to an environment in which equality of rights promotes a sense of belonging, for a more integrated society.

In addition, the most disadvantaged segments of the population continue to feel the effects of inequality most keenly: indigenous people and Afro-descendants, whose poverty rates double those of non-indigenous people; and youth whose unemployment rates are three times the rate for the total active population and face poorer conditions of social protection – only 27% of the youngest workers are enrolled in the social security system- , and young women, with a 22% of them in charge of unpaid domestic and care work.

In spite of improvements in the labour market that have led to more formal jobs, most of these new jobs have been created in low-productivity sectors. Many South American economies have in fact

been “reprimarized” towards natural-resources-based sectors. In terms of economic policy, the region must still raise its levels of investment and strengthen its countercyclical architecture.

With respect to the environment, the region has to shift from a culture of extractivism to one of sustainability and intergenerational solidarity, embrace decarbonization in order to move towards greener patterns of production and consumption, fully address deforestation and loss of biodiversity, and adapt to the consequences of climate change, particularly in areas that are more vulnerable to natural disasters.

To date, the region has yet to build a sustainable foundation/framework for its future development, which is why the **means of implementation** are a crucial aspect of a truly transformative post-2015 development agenda.

A significant mobilization of domestic resources will be required to implement this new agenda. As a region of middle-income countries (30 countries out of 33), Latin America and the Caribbean has seen a

decrease in its official development assistance (ODA) flows as a source of development funding, as a share of overall ODA flows, as a percentage of regional GDP and as a share of total financial flows.

Meanwhile, the importance of private financial flows to the region has increased, including foreign direct investment (FDI), portfolio investment and workers' remittances. In 2012, FDI was the largest component of financial flows, accounting for almost 70% of total net financial flows into the region. In absolute terms, FDI totalled US\$ 188 billion, followed by remittance flows amounting to US\$ 63 billion in 2013, while the region received only US\$ 10.3 billion in ODA.

Domestic resource mobilization will be key, but it is constrained by domestic and international factors. At the national level, governments need to tackle tax evasion and avoidance. Rates of value added tax (VAT) evasion in the Latin American countries range from 17.8% to 37% of the total VAT take, compared with much lower figures of between

3% and 22% for Organization for Economic Cooperation and Development (OECD) countries. Estimates for personal and corporate income tax evasion are even higher, ranging from 46% to 49% of total receipts of these taxes from 2006 to 2010. As part of the world economy, the region's governments are facing new challenges including the need to combat illicit flows and capital flight; certain practices by multinationals, including the manipulation of transfer prices to avoid taxes by declaring profits in jurisdictions with lower tax rates; and the existence of so-called tax havens, which not only represent a significant source of tax evasion but also foment pernicious tax competition and activities that produce negative externalities. In fact, illicit flows have been estimated at US\$ 154 billion for Latin America and the Caribbean in 2012, which represents more than the FDI, almost three times the amount received in remittances and 15 times the total ODA received. Tax havens and offshore financial centres should be regulated and comply with international commercial banking standards.

Fostering domestic resource mobilization calls for a multilateral approach to international cooperation on fiscal policy, through the creation of tax agreements and fiscal rules on a global scale with the participation of developing countries. This means expanding the functions and powers of the Committee of Experts on International Cooperation in Tax Matters, a subsidiary body of the United Nations Economic and Social Council (ECOSOC). The Committee can play a vital role by providing a platform for agreements and consensuses that pave the way for the progressive coordination and harmonization of taxes and fiscal regulations around the world, including in Latin America and the Caribbean.

Fostering the mobilization of domestic resources also requires the strengthening of regional and national development banks, which are a major and successful source of development financing. In the 2000s, subregional banks significantly increased their lending volume and their relative share in total multilateral development bank lending to Latin

America and the Caribbean. In 2012, subregional banks lent almost US\$ 12 billion to the region, representing 36% of total multilateral development bank lending to the region. The Inter-American Development Bank accounted for 34% of the lending, the World Bank for 30%.

Multilateral debt restructuring mechanisms are needed urgently and must take into consideration countries' specific capacity to support their debt burdens and to service their debt. Sovereign debt crises and difficulties have been a particular problem for middle-income countries and Latin America and the Caribbean accounted for 65.8% of all cases between 1970 and 2000.

In the same vein, the international community should explore debt relief for Caribbean countries. In the case of small island developing States (SIDS), high debt levels represent an obstacle to economic and social development. In 2014, gross public debt for Caribbean countries reached an average of 79% of GDP.

There are two other crucial dimensions to the means of implementation that I will refer to only briefly. First, with respect to trade, our region requires not only market access but also improved linkages with the global economy, an urgent increase in the levels of intraregional trade and strengthened intra-industry integration and value chains. Second, there are still many obstacles to the adoption, appropriation and dissemination of technology, in particular, overly restrictive intellectual property law, which limits its dissemination. Furthermore, the type of FDI received by Latin America and the Caribbean has little impact on innovation and local knowledge capacities,; and international demand has tended to exert a lock-in effect, further ingraining the region's specialization in commodities and low-productivity sectors.

In this regard, the role of international cooperation will remain essential in leveraging public and private resources, and will also help

to promote the co-financing of investments within and between regions for the implementation of sustainable development goals.

South-South cooperation between equals is essential in building a new strategic alliance between developing and middle-income countries.

As mentioned at the High-level Political Forum on Sustainable Development, there are three key dimensions to the **follow-up and review** of the post-2015 development agenda: the national, the regional and the global.

National and regional ownership of the process are fundamental, as are country-specific frameworks for intergovernmental coordination, monitoring and evaluation. National statistics institutes will play a key role in accountability frameworks, which should be both inclusive and transparent.

Latin America and the Caribbean has created some interesting and innovative approaches to incorporating the sustainable development goals into national strategic visions and frameworks and aim at

providing a bridge between the short term policies and the long term strategic development vision. At the High-level Political Forum this week, various governments from our region, including Belize, Chile, Colombia and Costa Rica have presented proposals for national frameworks, intergovernmental bodies and commissions, development plans, the alignment of national and municipal budgets, and institutional designs for greater accountability to support the implementation, follow-up and review of the sustainable development goals at the national level. These were just some of the many examples of mechanisms and initiatives for institution strengthening that illustrate the urgent need to translate the sustainable development goals into national and subnational strategies.

The regional dimension is a core element of the process, providing a bridge between the national and the global levels. Latin America and the Caribbean already benefits from solid regional and subregional architectural frameworks to support the implementation of the post-

2015 agenda. In this setting, the regional commissions and ECLAC can play a key role, mostly through our subsidiary bodies, which provide platforms for policy dialogue, partnerships and enabling environments at the regional level. The Commission has a longstanding tradition of engagement with sectoral representatives from member States and a wealth of experience in playing a prominent intermediary role on both the national and global fronts. Indeed, the channels opened up by the Commission facilitate the dissemination of national experiences, while regional platforms are a space for exchange on the challenges of and opportunities for collaboration.

The regional level offers an ideal platform for the collective analysis of good practices and the sharing of lessons learned in terms of translating the post-2015 into a national strategy. The establishment of a regional forum on sustainable development by member States would therefore enhance the regional institutional architecture and would serve to support regional policy agendas, generate new analysis and advocacy at

this level and create innovative region-specific development policy tools. We invite ECOSOC to come to Latin America and the Caribbean to participate in this forum. To ensure coherence with other mechanisms, any new regional forum would pursue inter-agency coordination, as well as cooperation and dialogue with regional and subregional entities, integration schemes and development banks.

The role of the regional forums on sustainable development will be to act as a key bridge at the regional level between national and global platforms for sharing information on policy and institutional arrangements regarding the post-2015 development agenda.

Other forums such as the Regional Council for Planning of the Latin American and Caribbean Institute for Economic and Social Planning and the Regional Conference on Social Development in Latin America and the Caribbean will serve as platforms for peer reviewing national development plans in the region.

Lastly, Latin America and the Caribbean must continue to rely on the leadership of its national statistical institutes in the production and compilation of information, in seeking to improve analysis and glean a better understanding of the statistical discrepancies between national and international entities, and in producing complementary indicators and subnational indicators for the Millennium Development Goals. The experiences gained in this regard will prove an asset for the follow-up of the sustainable development goals.

However, the sustainable development goals will present the region with a series of new challenges, as the scope of the agenda is widened and the goals are approached in a more holistic and intersectoral manner. The interdisciplinary nature of the agenda will call for the creation of national frameworks and coordinating inter-institutional mechanisms. Capacity-building will be essential for national technical teams, who will need access to stronger mechanisms to produce, disseminate and display information.

Disaggregated data remains a challenge, as does balancing the number of indicators with the ambitions of the agenda. Hence, we must strengthen the mechanisms of production of basic statistics, reconcile data from global, regional and national sources, and explore non-conventional data sources to complement official national statistics. Coordination between international entities, such as the United Nations Statistical Commission, regional counterparts, including the Statistical Conference of the Americas of the Economic Commission for Latin America and the Caribbean, and national statistics offices will be essential to ensure the successful follow-up of the agenda.

Regional commissions can help build the capacity of national statistical offices and provide a regional platform for exchange among peers. The Statistical Conference of the Americas is a case in point. Through this entity, ECLAC has supported the sharing of lessons learned and best practices with regard to national censuses and the collection of basic statistics in the region, as well as collaboration on generating gender-

sensitive indicators and improved methodologies for the use of information and communications technology in household surveys.

We also wish to support member States in harnessing the **data revolution** to monitor and review the post-2015 development agenda.

New technologies can help close structural gaps, including socioeconomic gaps and the digital divide, they can give voice to marginalized groups and they can be used to build transparent, open and real-time accountability tools for policymaking.

By way of conclusion, I wish to call for greater exchange between the global and regional intergovernmental bodies, as the regional dimension, including the role of the regional commissions, will be a key bridge to the success of the post-2015 development agenda.

Thank you.