



2013

**Sustainable Development in
Latin America and the
Caribbean: regional
perspective towards the post-
2015 development agenda**



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**Antonio Prado, Deputy Executive
Secretary**

**Dialogue with ECOSOC
Geneva – 5 July 2013**

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



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A decade of interagency work on MDGs and sustainable development in the region

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- Regional preparatory meetings for United Nations conferences
- Regional implementation forum
- Regional reports assessing progress towards achieving the MDGs (2005 and 2010)
 - Supporting member States in monitoring their progress towards achieving the Millennium Development Goals
 - Methodological inputs for making comparable measurements at the regional, national and subnational levels

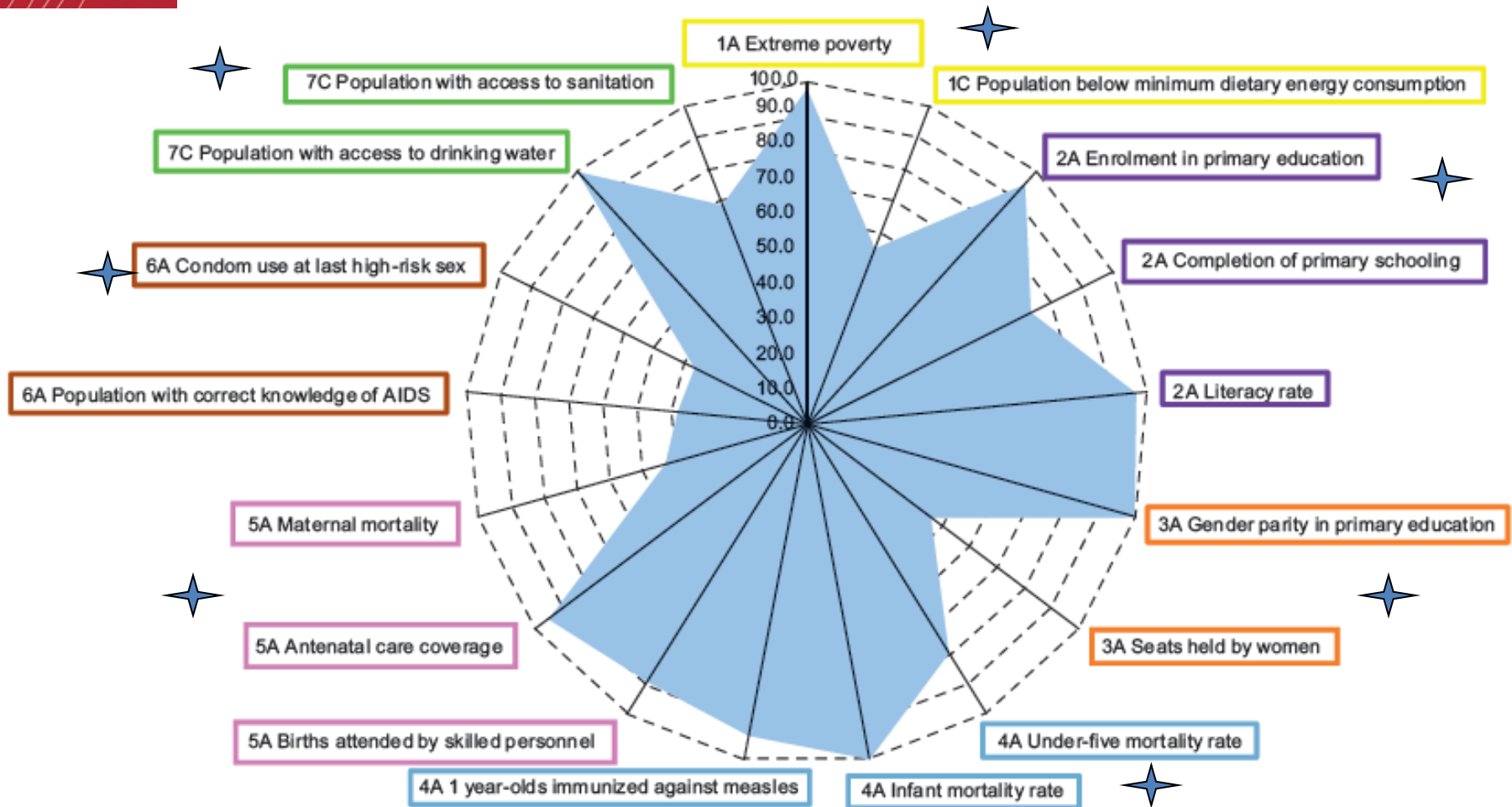


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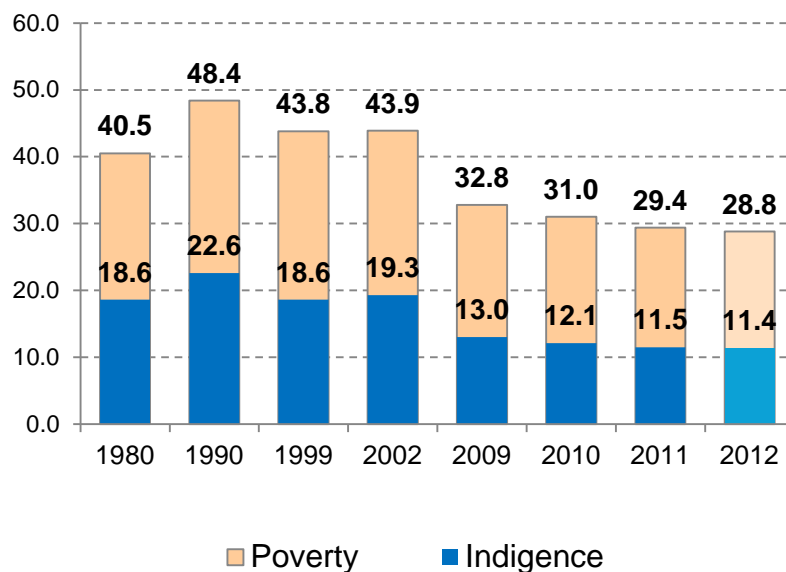
Latin America and the Caribbean: Progress towards the Millennium Development Goals



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

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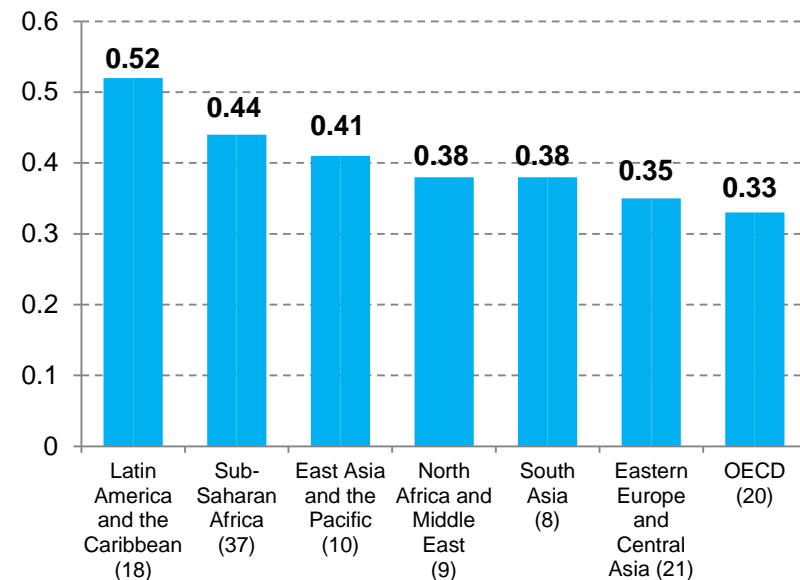
LATIN AMERICA: POVERTY AND INDIGENCE, 1980-2012^a
(Percentages)



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

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

LATIN AMERICA AND OTHER REGIONS OF THE WORLD: GINI CONCENTRATION COEFFICIENT, AROUND 2009^a



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

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

^b Organisation for Economic Co-operation and Development.



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Social progress transcends social policies

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

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Towards a sustainable development agenda in Latin America and the Caribbean

**How to move from MDGs to
development goals post-2015?**



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The current model is unsustainable

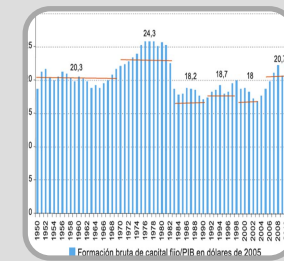
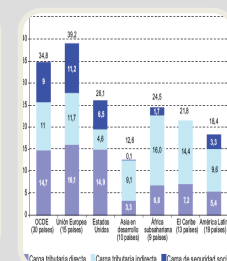
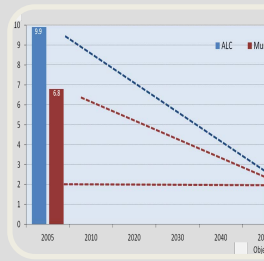
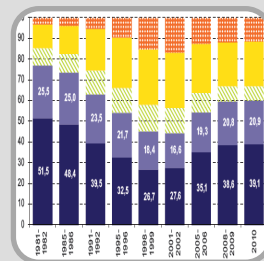
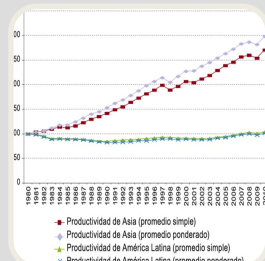
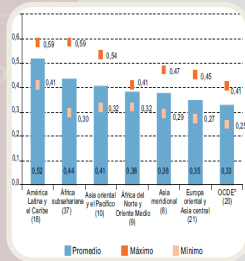
- **Economic growth is not enough:** growth is needed for equality just as equality is needed for growth
- **Poverty reduction is not enough** if structural inequalities based on gender, ethnicity and territory persist;
- **Higher productivity is not enough** unless it is associated with innovation and high value added, decent jobs, sustainable use of natural resources lower carbon intensity and reduced waste;
- **It is not enough to provide education** unless it is quality education and provides entry into the labour market;
- **It is not enough to have gender education parity** if women do not have access to the labour market on an equitable basis and full physical and political autonomy and empowerment;
- **Higher social spending by the State** is not enough unless development is underpinned by sound macroeconomic fundamentals;
- **It is not enough to have a targeted welfare policy** if it is not accompanied by public policy for universal social protection;
- It is not enough to act sporadically against **environmental degradation** without a paradigm shift in production and consumption.

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A structural change is necessary



Inequality

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

Productivity

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

International linkages

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

Environmental sustainability

Move towards sustainable production and consumption patterns

Taxation

Regressive tax systems; weak non-contributory pillar

Investment

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

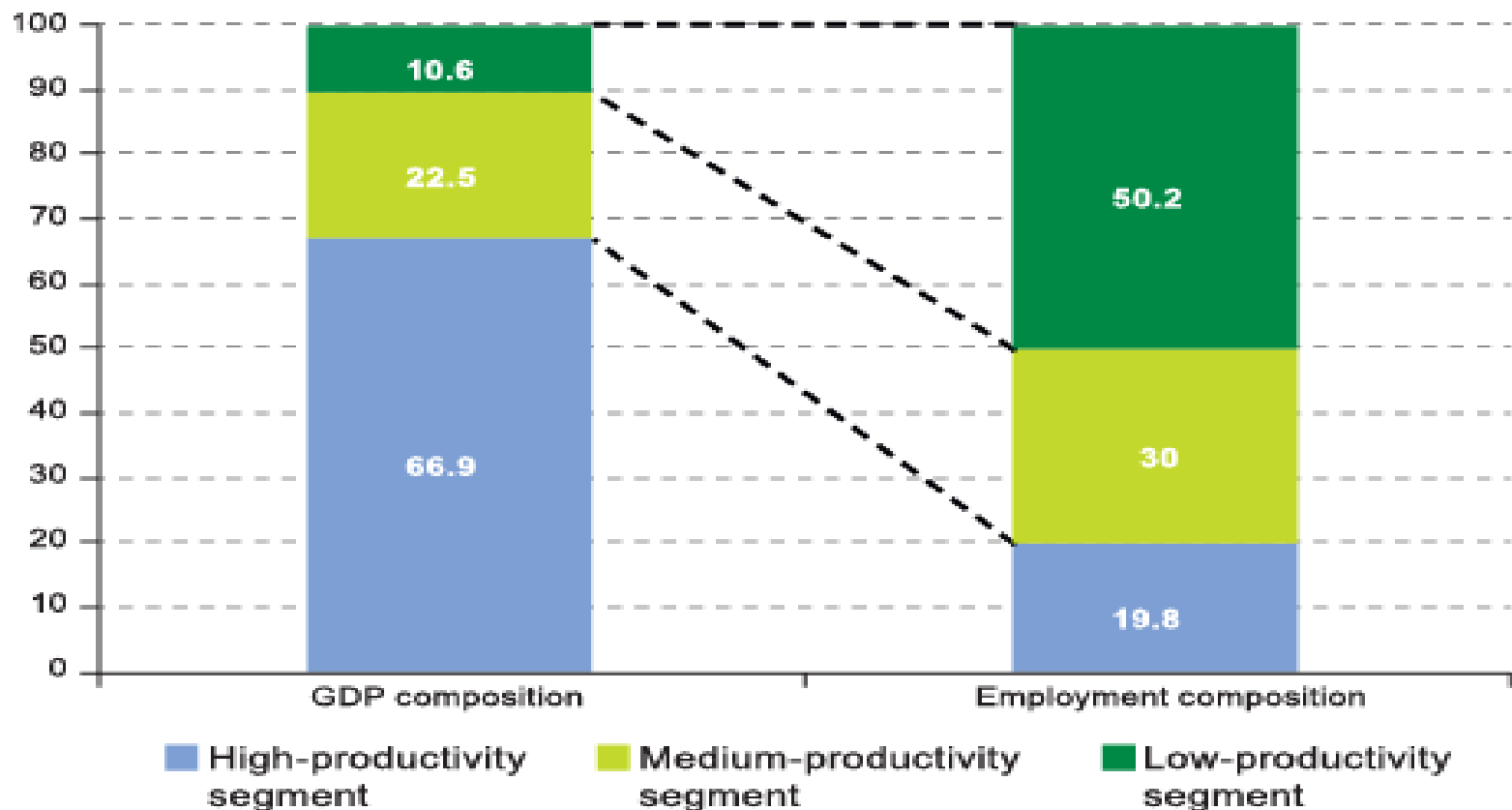
- To lift low income countries from poverty is equivalent to 2.5% of world GDP. To lift only Latin America and the Caribbean, a middle income region (\$ 10,000 per capita PPP), to the income level of developed countries (\$ 38,000) is equivalent to 19% of global GDP. To lift all upper middle income countries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



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

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



The region has remarkable assets, but also weaknesses

Assets

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

Weaknesses

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

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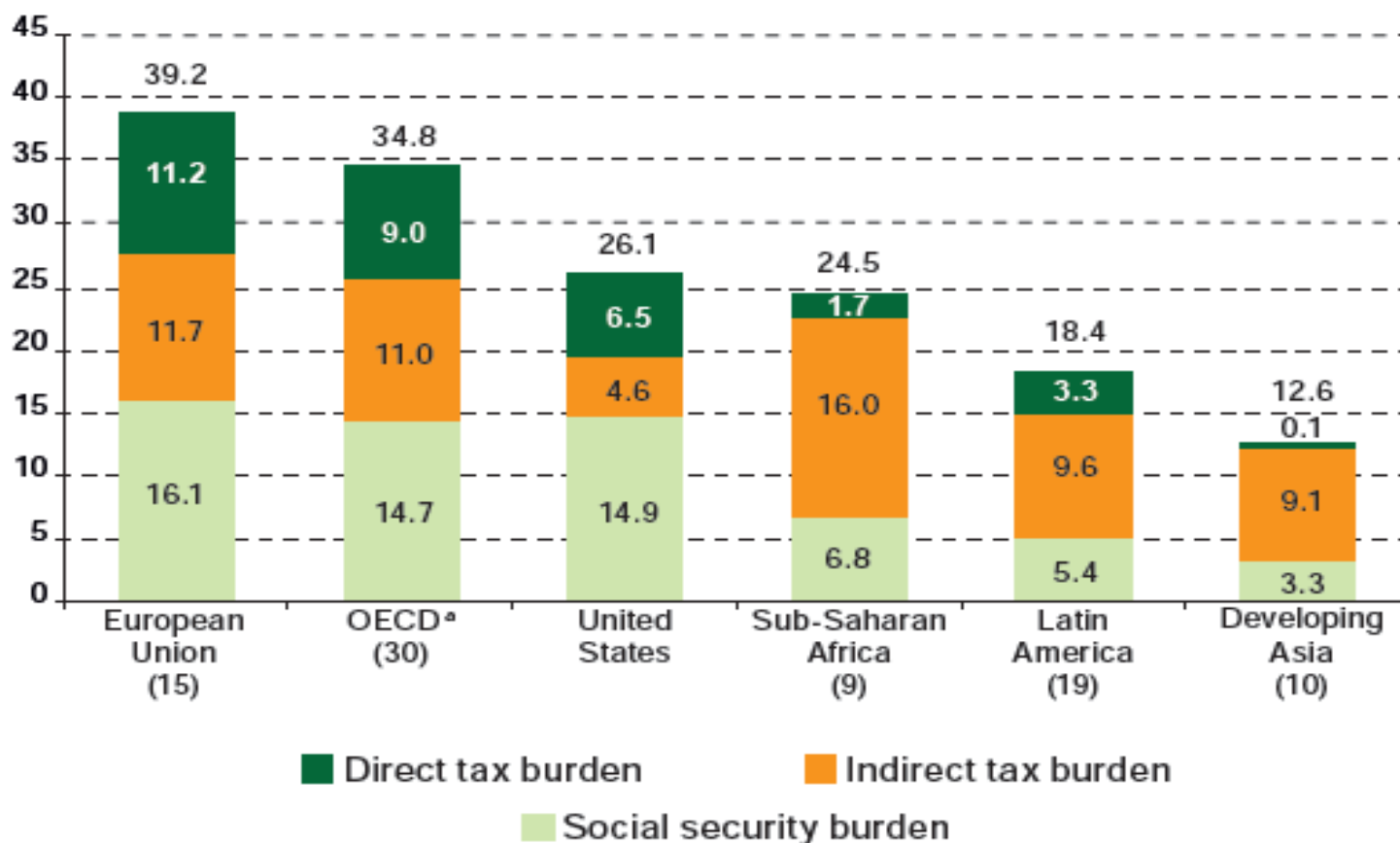
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Closing these gaps requires a fiscal pact that raises the tax burden and makes the tax structure more progressive

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



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



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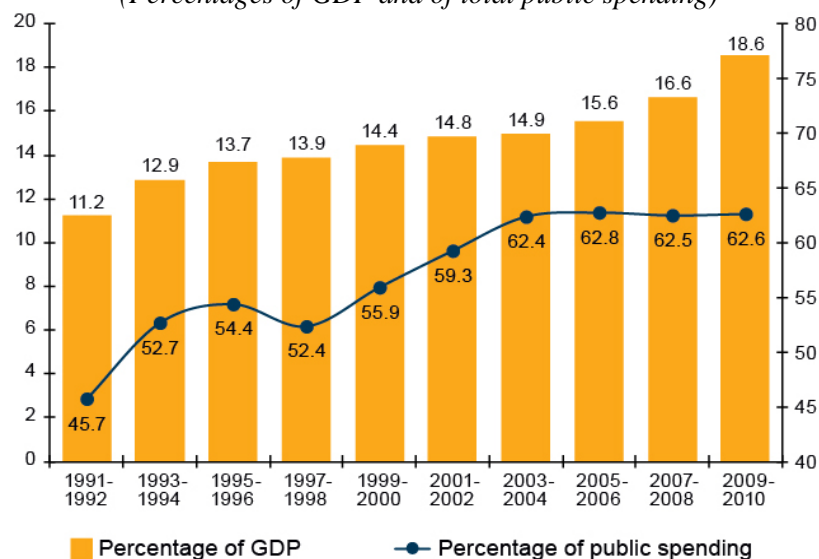
Consolidate social policies through public spending

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

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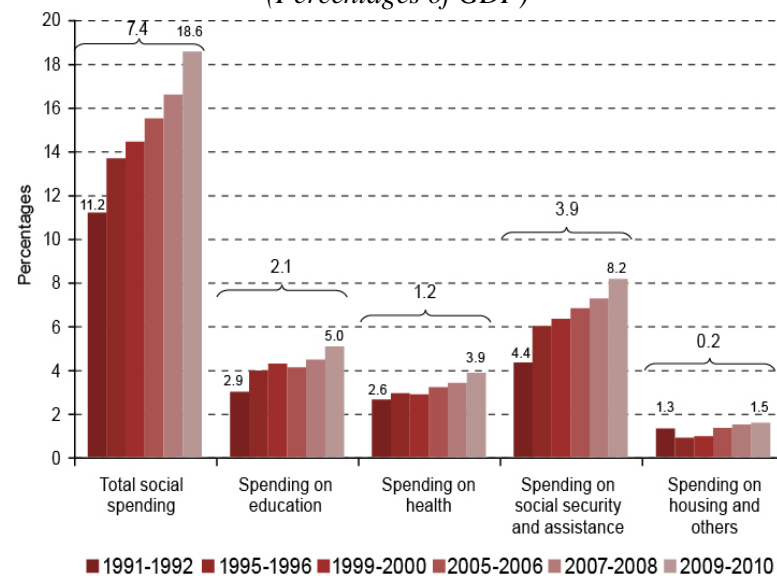
LATIN AMERICA AND THE CARIBBEAN (21 COUNTRIES): PUBLIC SOCIAL SPENDING AS A SHARE OF TOTAL SPENDING, 1991-1992 TO 2009-2010 a

(Percentages of GDP and of total public spending)



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

(Percentages of GDP)



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

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



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Two global innovative financing mechanisms are on the table

Global taxes

- **Tax on financial transactions**
 - On international transactions and operations
 - Between 0,01% and 0,1%
 - Potential charge could be 0,5%, and 2,4% of global GDP, applied to developed countries
- **Green taxes**
 - Air transportation
 - On fossil fuels
 - Total revenue could amount to between US\$ 60 and US\$ 130 billion per year

Global Funds

- **International financial services**
 - Mechanism to securitize future ODA flows, which can mobilize up to US\$ 500 billion in additional ODA
- **Special Drawing Rights**
 - Instruments to finance the provision of global public goods: environmental, health and education and humanitarian aid
 - Grants, loans and equity financing amounting to US\$ 7 billion could be transferred annually to developing countries

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A regional reading of the post-2015 agenda

1. The focus must continue to be on the remaining lags in achieving the Millennium Development Goals (MDGs).
2. The region is changing and facing emerging issues: energy, demography, urbanization, disasters and citizen security.
3. Addressing new challenges as well as old ones calls for a new development model based on a structural change for equality and environmental sustainability to close structural gaps.
 - Increased labour productivity with decent employment and full access to labour rights
 - Educational opportunities that permit entry into the labour market, build greater civic awareness and informed political participation and contribute to better integration in society.
 - Equality, in particular, physical and economic autonomy, and empowerment for women
 - Environmental Sustainability with full internalization of externalities.

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A regional reading of the post-2015 agenda

4. Minimum levels of well-being have risen: good-quality, rights-based universalist State policies: progress towards a higher level of civilization.
5. Policy and institutions matter: regulation, taxation, financing and governance of natural resources that give the right signals to the private sector , which has co-responsibility for the development we seek
6. Better measuring is required: + GDP, national accounts that reflect actual production costs
7. Global governance for sustainable development must be built: effective decision-making forums with the participation of society.
 - Fair trade, technology transfer and international financial reform
 - New financing mechanisms
8. Build regional density and promote South-South cooperation to strengthen the instruments of social participation.

***Equality is the objective, structural change the way,
and politics the instrument***

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ECLAC as catalyst of policy dialogue on advancing the UN post-2015 agenda

- Inter-agency document : [Sustainable Development in Latin America and the Caribbean Follow-up to the United Nations development agenda beyond 2015 and to Rio+20](#)
- Regional consultations
 - **Conference on Sustainable Development** in Latin America and the Caribbean: Follow-up to the development agenda beyond 2015 and Rio+20, Bogotá, March 2013
 - **Caribbean Forum**: Shaping a Sustainable Development Agenda to address the Caribbean Reality in the 21st Century , Bogotá, March 2013
- Application of the **Principle 10** of the Rio Declaration (November 2012 and April, 2013)
- Other contributions:
 - **Civil society consultation** on... , Guadalajara, organized by UNDP and Government of Mexico



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The critical role of the regional space

- Complementarities between global and regional institutions, in a heterogeneous international community
- Protection of the weaker players
- A greater sense of belonging to regional and subregional institutions
- With interdependence, autonomy shifts to the subregional and regional levels
- Provision of public goods through a network of global and regional institutions
- Deeper integration but this means overcoming the tendency of the global order to cause disintegration

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Thank you

More information:

<http://www.eclac.org/rio20/>



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