



Promoting Equality and Inclusion: A Latin American and Caribbean perspective



Alicia Bárcena
Executive Secretary, ECLAC



"Addressing inequalities and challenges to social inclusion through fiscal, wage and social protections policies"
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Global disruptions and the urgency of the implementation of Agenda 2030

- **Economic cycle is changing:** slower growth, higher interest rates and financial uncertainty
- **Fiscal consolidation, tax evasion and illicit funds**
- **Trade tensions and weakening of multilateralism** with return of protectionism
- Disruptive impacts of the **digital technological revolution**
- **Climate change**
- **Growing inequality** with erosion of the social contract and citizen trust



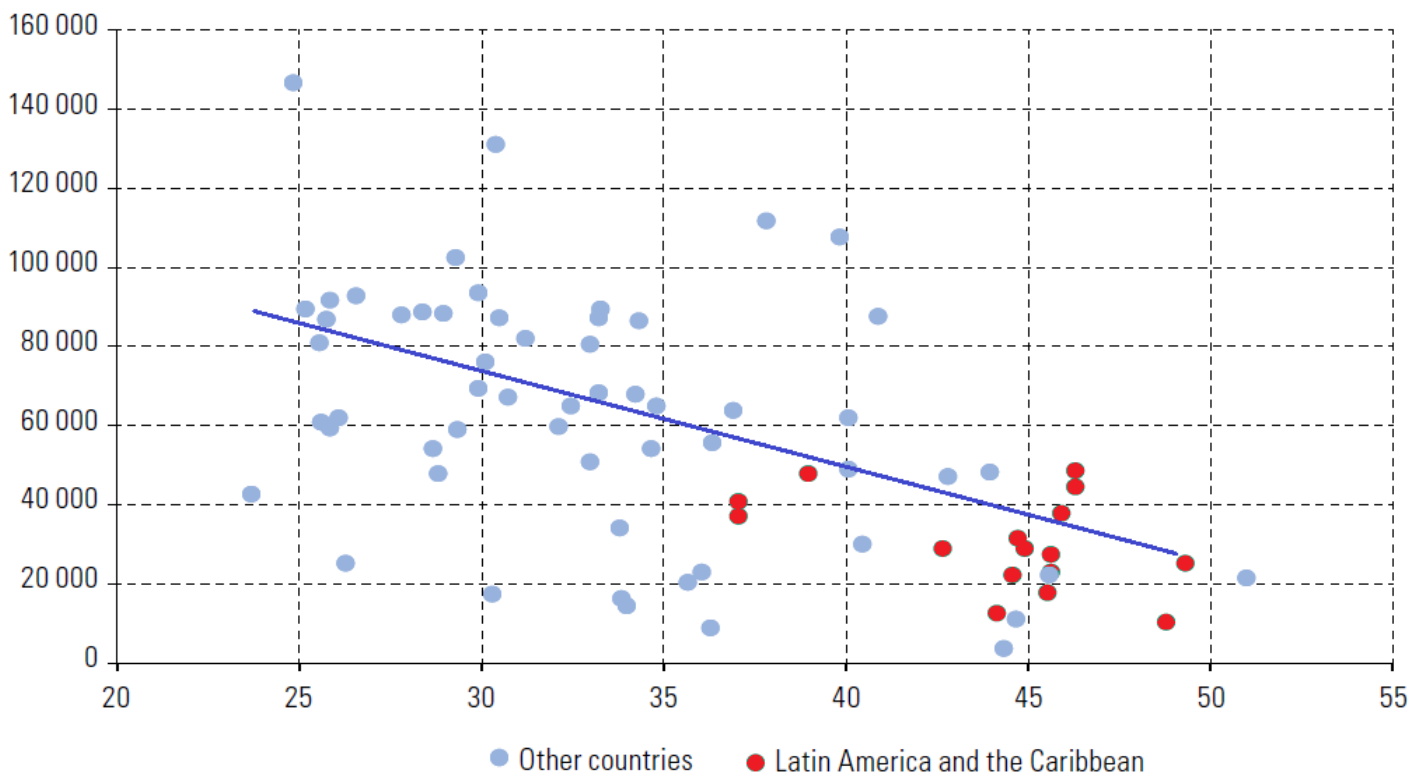
169 targets - 231 indicators

Equality is at the centre of development

- **Agenda 2030 places equality at its center**, with the call for *“leave no one behind”* and SDG 10 on reducing inequalities
- ECLAC has identified **equality as a foundational value of development and as a non-negotiable ethical principle**, centered on a rights-based approach
- **Economic and social evidence shows that inequality is inefficient**
- **Equality is a prerequisite for achieving economic and social progress, for closing** structural gaps and for achieving convergence with higher levels of productivity and decent jobs

Reduction of inequality is a requirement for the effectiveness and efficiency needed to achieve more productivity and better jobs

PRODUCTIVITY AND GINI INDEX, 2014
(Purchasing power parity (PPP) dollars and percentages)



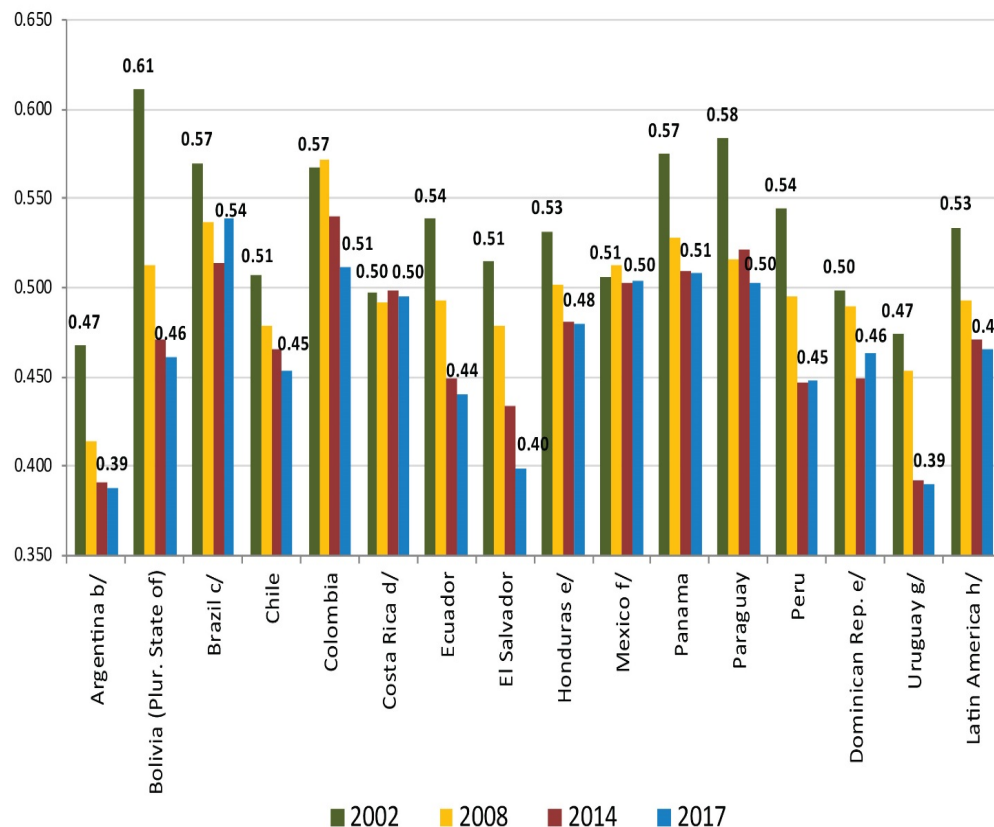
**Inverse correlation
between
productivity and
inequality
(as opposed to
the big trade-off)**

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of University of Groningen, Penn World Table [online database] <https://www.rug.nl/ggdc/productivity/pwt/>, and Harvard University, Standardized World Income Inequality Database (SWIID) [online database] <https://dataverse.harvard.edu/dataset.xhtml?persistentId=doi:10.7927/H4TJ-9Q68>.

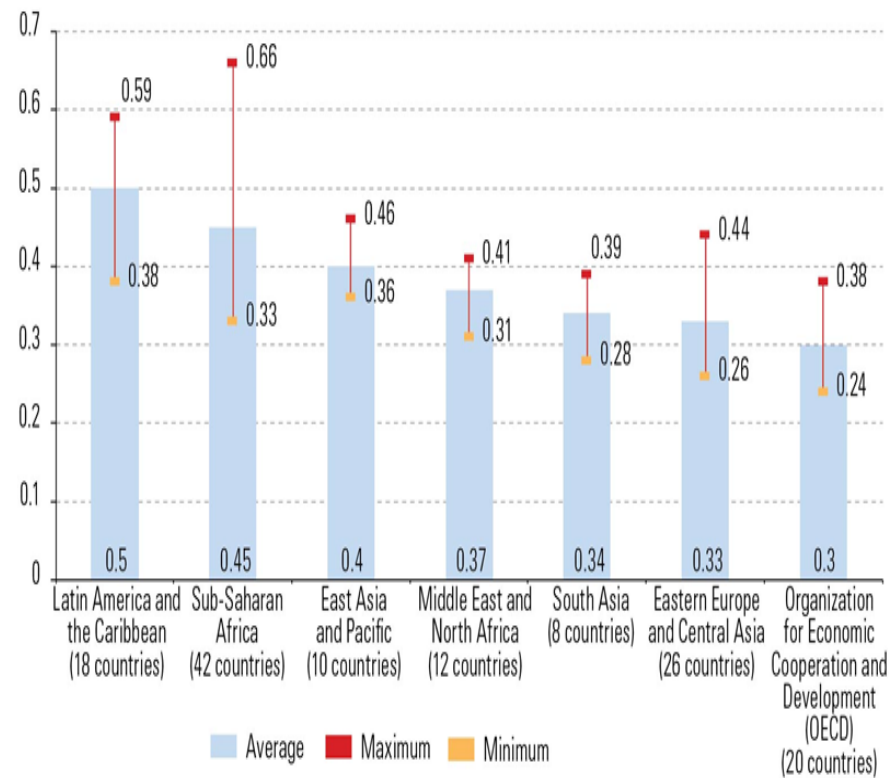
Note: The Gini index is expressed in percentage terms. Productivity is expressed in output per employee in 2011 PPP dollars.

Despite recent progress, Latin America continues to be the most unequal region in the world

LATIN AMERICA (15 COUNTRIES): GINI COEFFICIENT OF INCOME INEQUALITY, 2002–2017^a



GINI COEFFICIENT, AROUND 2012^a



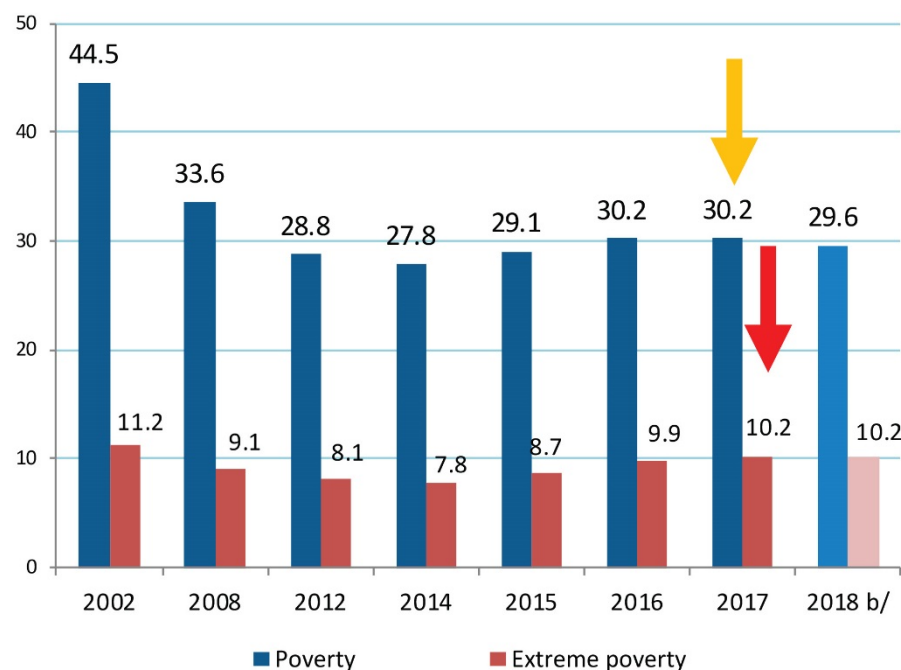
Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of CEPALSTAT [online database] <http://estadisticas.cepal.org/cepalstat/portada.html?idioma=english>; Organization of Economic Cooperation and Development (OECD), OECDSTAT Database [online] <http://stats.oecd.org/>; World Bank, World Development Indicators [online database] <http://databank.worldbank.org/data/reports.aspx?source=world-development-indicators>.

^a Regional data correspond to simple averages. Calculations include the latest available observations for each country corresponding to 2002–2012.

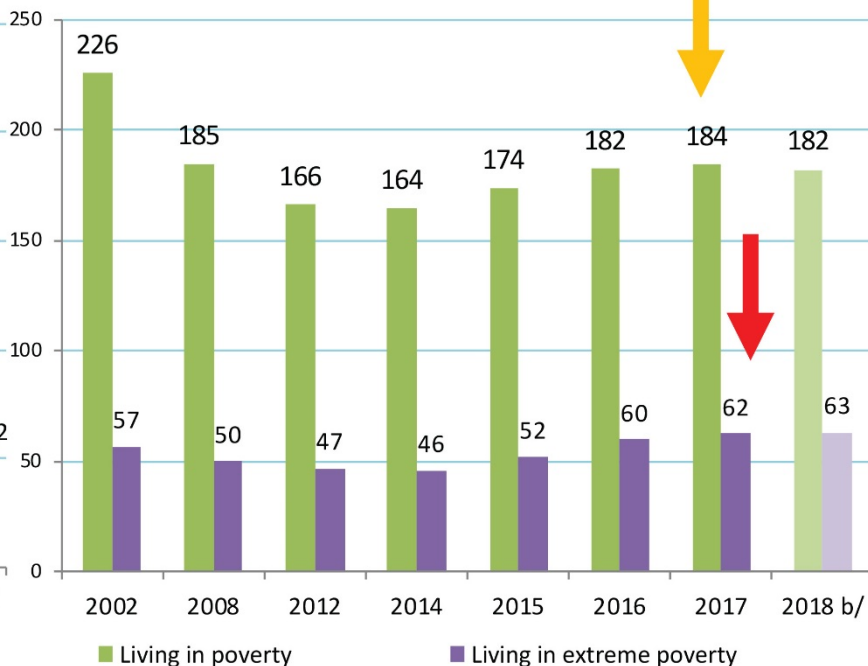
After rising in 2015 and 2016, poverty held steady in 2017 and extreme poverty continued to trend upwards

Poverty is projected to have fallen slightly in 2018, while extreme poverty has remained unchanged

LATIN AMERICA: POVERTY AND EXTREME POVERTY RATES, 2002–2018 ^a
(Percentages)



LATIN AMERICA: POPULATION LIVING IN POVERTY AND EXTREME POVERTY, 2002–2018 ^a
(Millions of persons)



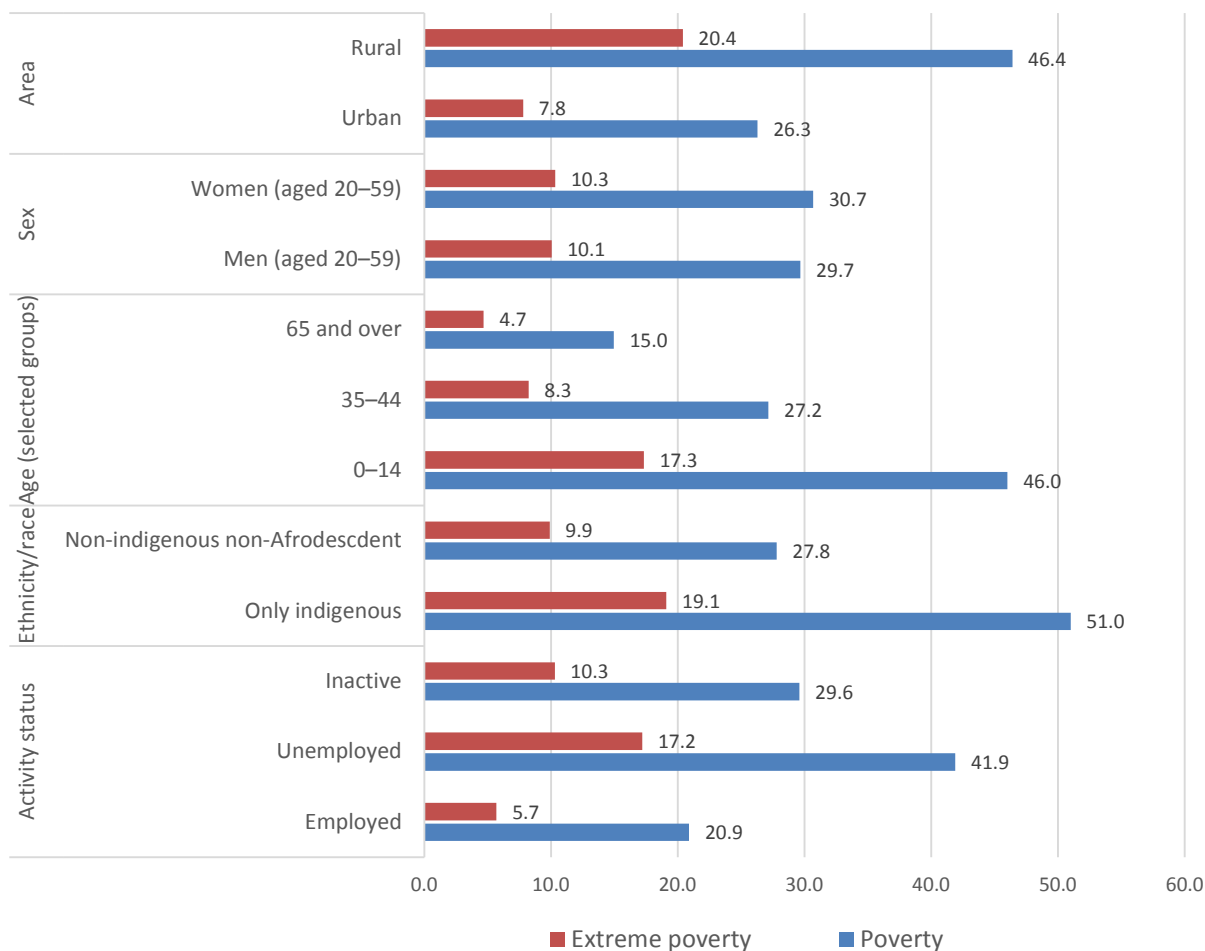
Source: ECLAC, on the basis of Household Survey Data Bank (BADEHOG).

^a Estimate for 18 countries of Latin America and the Caribbean.

^b The figure for 2018 is a projection.

Leaving no one behind means turning a spotlight on the gaps between different population groups and area of residence

LATIN AMERICA: POVERTY AND EXTREME POVERTY RATES BY AREA OF RESIDENCE AND VARIOUS SOCIODEMOGRAPHIC CHARACTERISTICS, 2017

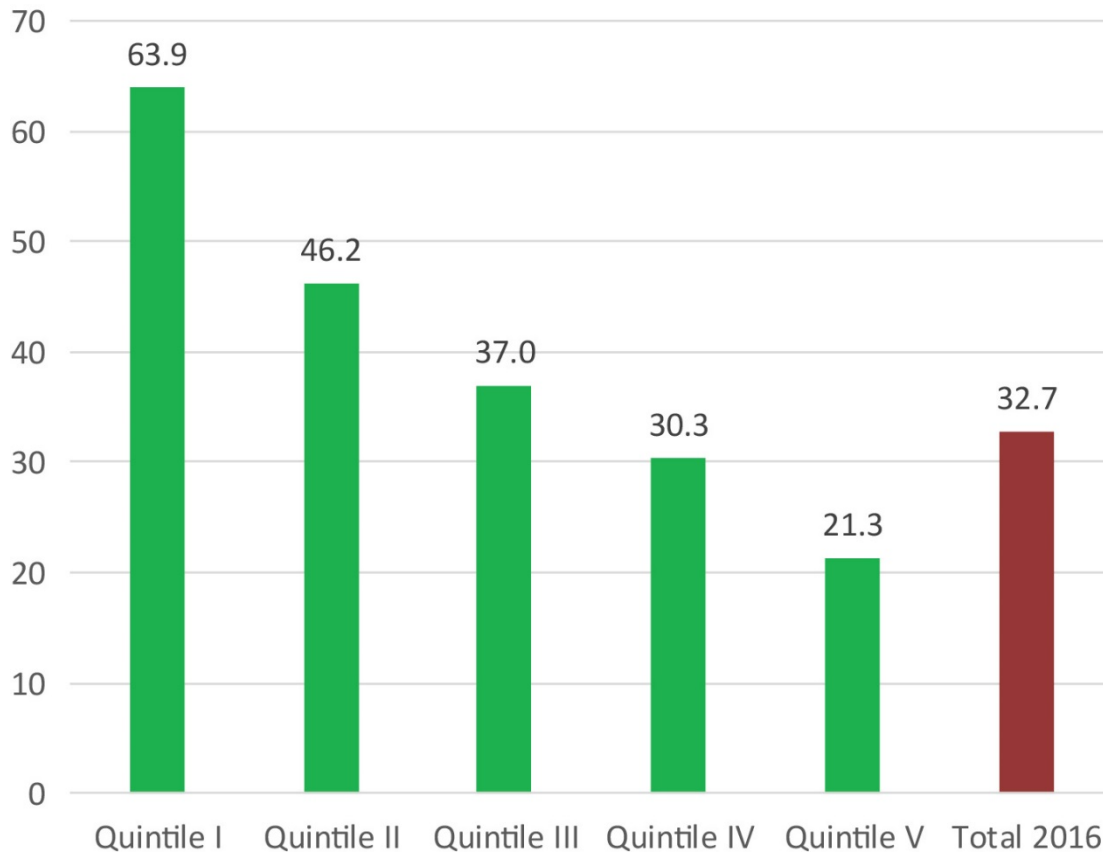


- Poverty is 20 percentage points higher in rural areas
- The poverty rate among children and adolescents up to the age of 14 years is 19 percentage points higher than for those aged between 35 and 44
- The poverty rate is 23 percentage points higher among indigenous persons

Source: ECLAC, on the basis of Household Survey Data Bank (BADEHOG).

The region's labour markets show high levels of informality and large gaps in access to social protection, especially in the lower income quintiles

LATIN AMERICA (SIMPLE AVERAGE FOR 18 COUNTRIES): UNSKILLED SELF-EMPLOYED WORKERS AGED 15 OR OVER, IN THE HIGHEST AND LOWEST INCOME QUINTILES, AROUND 2016
(Percentages)



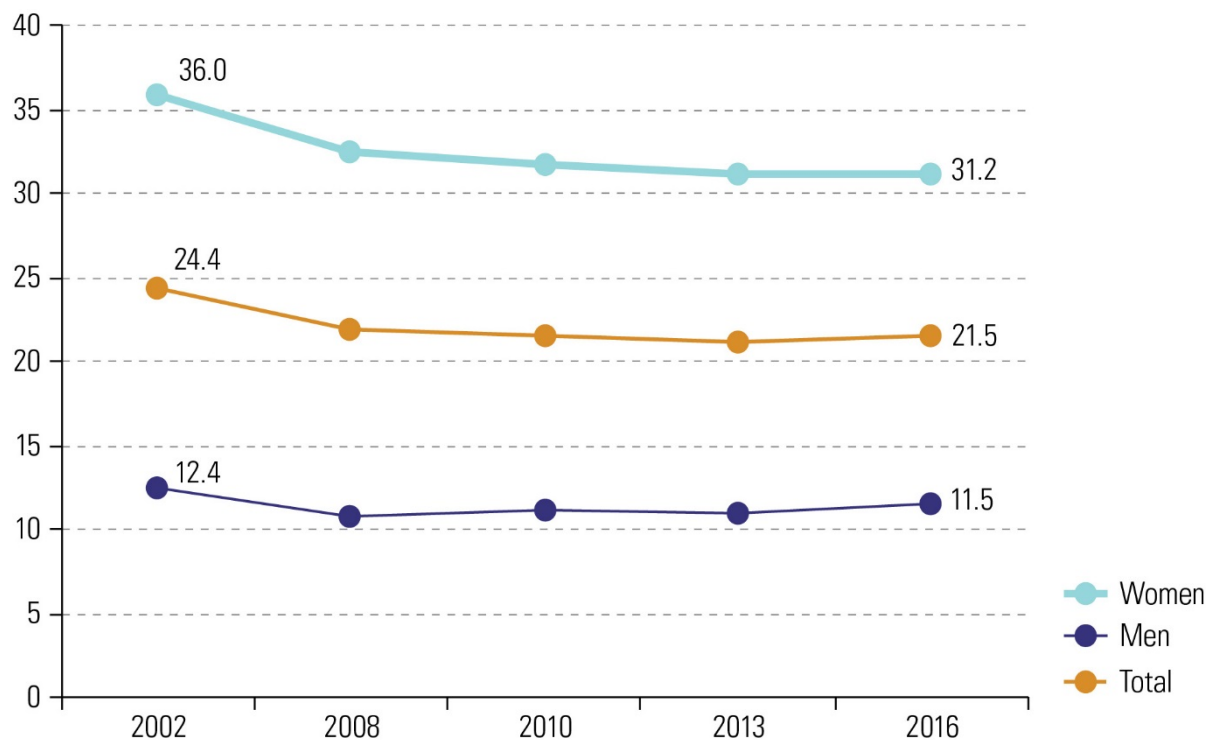
- One of the least protected forms of labour market participation is unskilled self-employment (which accounts for almost a third of all employed persons and 64% of workers in quintile I)
- In addition, in 2016, of the total number of employed persons, only 48.1% were affiliated or contributed to pension systems (more than half did not contribute)

Source: ECLAC, on the basis of Household Survey Data Bank (BADEHOG).

Young people face greater difficulties in entering the labour market.

Women face the further challenges of unpaid domestic and care work

LATIN AMERICA (18 COUNTRIES): YOUNG PEOPLE AGED 15–29 WHO ARE IN NEITHER EDUCATION OR EMPLOYMENT, BY GENDER, 2002–2016^a
(Percentages)



- The percentage of young women who are neither in education or employment is almost three times that of young men
- However, the gap narrowed slightly (4 percentage points) during the period under consideration, as more women joined the labour market

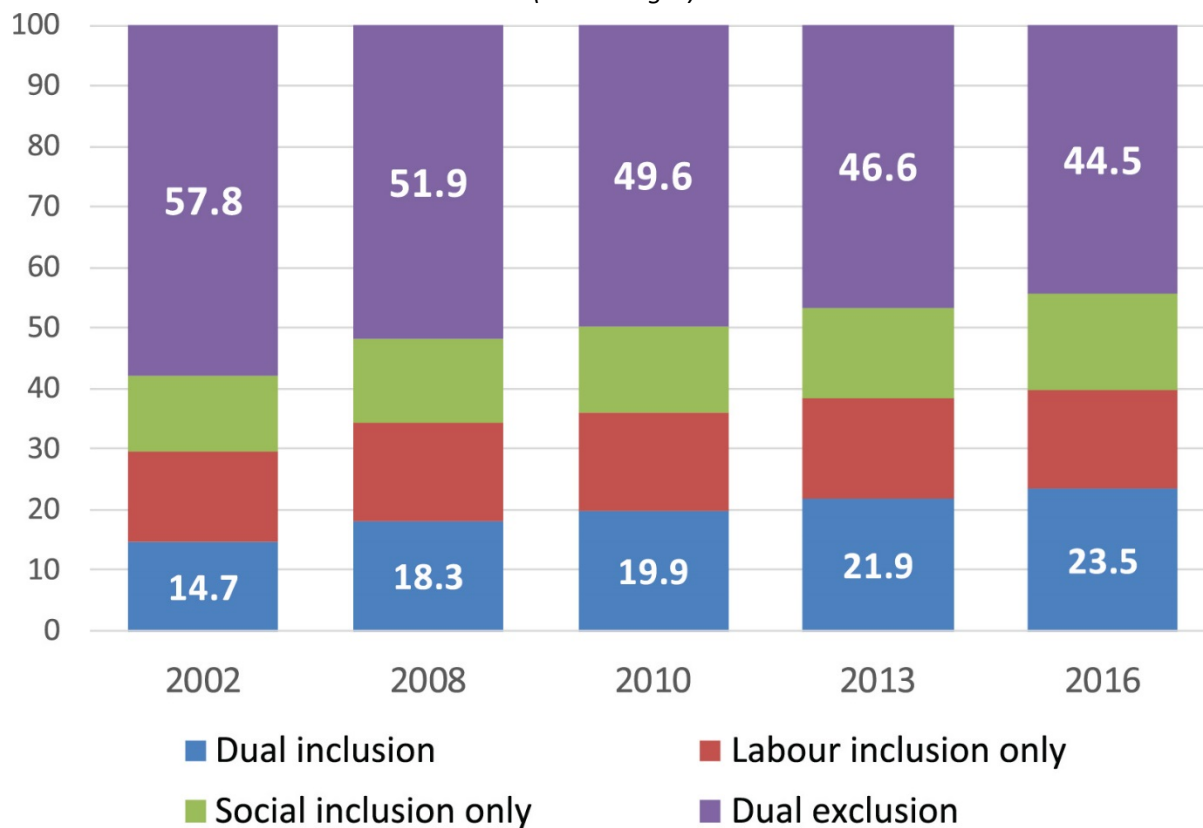
Source: ECLAC, on the basis of Household Survey Data Bank (BADEHOG).

^a Simple averages. The countries included are: Argentina (urban areas), Bolivarian Republic of Venezuela, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Plurinational State of Bolivia and Uruguay (urban areas).

Double inclusion (social and labour) improved between 2002 and 2016. Even so, in 2016 only 23.5% of households were in a situation of dual inclusion and 45% were in dual exclusion

LATIN AMERICA (16 COUNTRIES): PROPORTION OF HOUSEHOLDS IN A SITUATION OF DUAL INCLUSION AND THOSE SUBJECT TO DUAL SOCIAL AND LABOUR EXCLUSION, 2002–2016^a

(Percentages)



- The percentage of dual inclusion is 23.5%: 28.0% in urban areas and 6.9% in rural areas
- 69.8% of rural households are in a situation of double exclusion
- Double inclusion remains a remote prospect for the vast majority of the rural population, for households whose heads are women, indigenous or Afrodescendent, and for persons with disabilities

Source: ECLAC, on the basis of Household Survey Data Bank (BADEHOG).

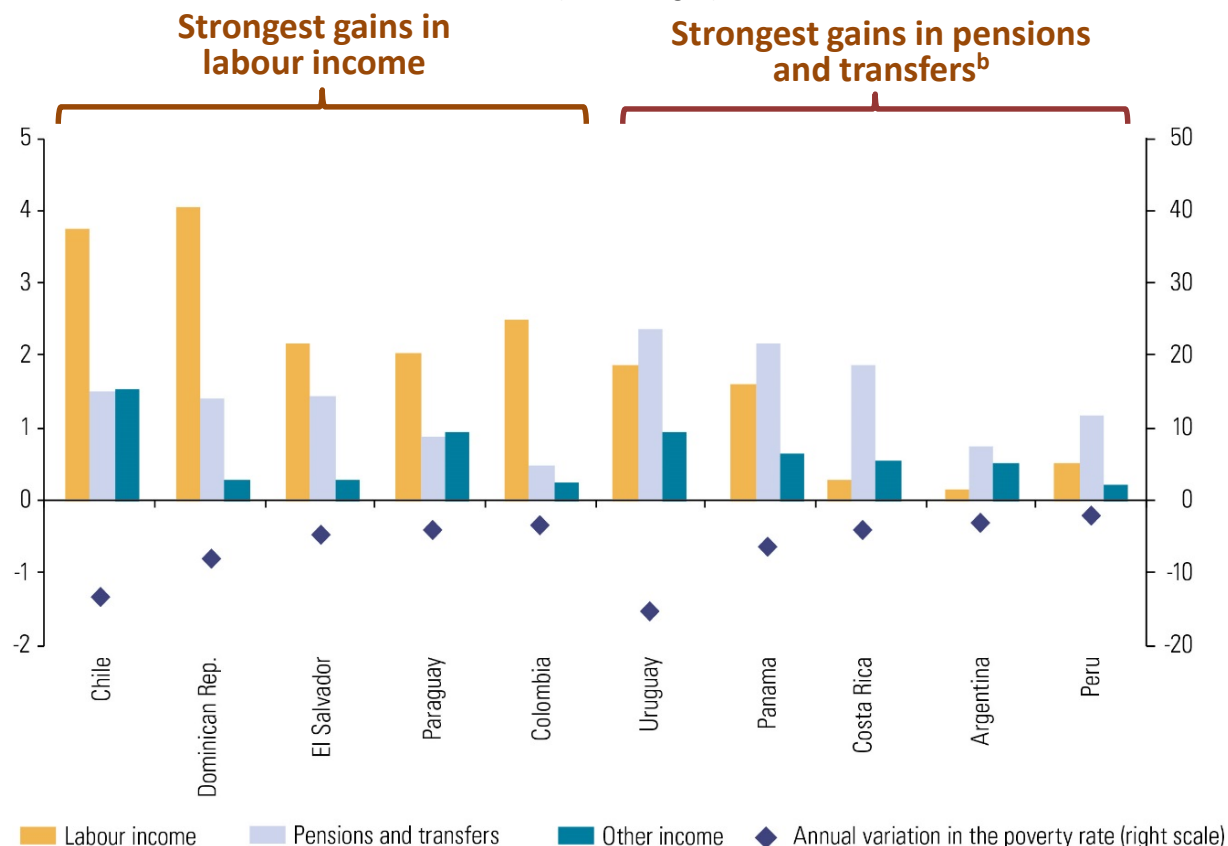
^a Simple averages. The countries included are: Argentina, Brazil, Bolivarian Republic of Venezuela, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Paraguay, Peru and Uruguay.

Fiscal, labour and social protection policies

To reduce poverty and inequality and increase household income, complementary public policies are needed: labour inclusion and social protection

LATIN AMERICA (SELECTED COUNTRIES): ANNUAL VARIATION IN TOTAL PER CAPITA INCOME AMONG POOR HOUSEHOLDS BY INCOME SOURCE, 2012-2017^a

(Percentages)



- Between 2012 and 2017, poverty reduction in countries such as Chile and the Dominican Republic came mainly from gains in labour income
- In other countries, such as Uruguay, Panama and Costa Rica, pensions and transfers were **more** important in increasing income in poor households

Source: ECLAC, on the basis of Household Survey Data Bank (BADEHOG).

^a Countries where poverty fell by at least 1% per year between 2012 and 2017. Countries ordered by annual variation in the poverty rate.

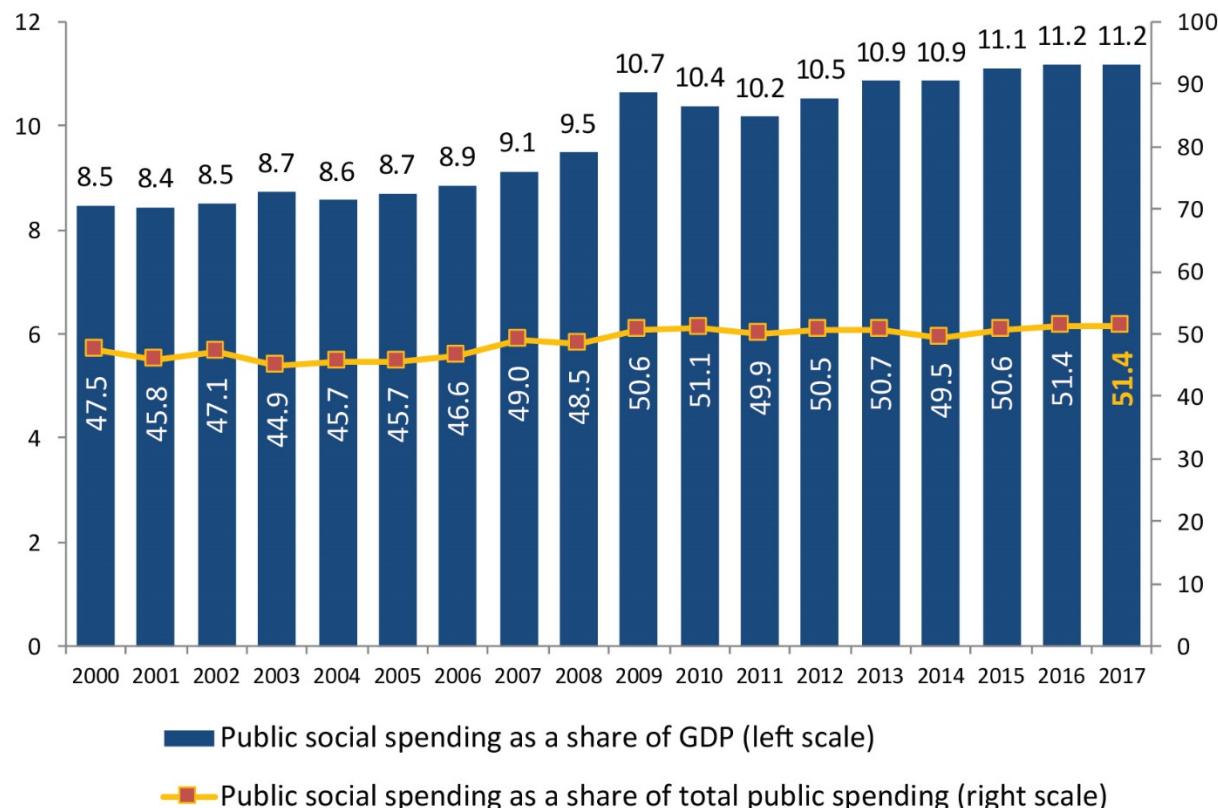
^b Refers to public and private transfers including, in the latter case, remittances from abroad and from other households within the country.

Central government social spending rose between 2011 and 2016, reflecting its increasing importance within national development strategies, but this growth has tapered off in the past few years

LATIN AMERICA (17 COUNTRIES): CENTRAL GOVERNMENT SOCIAL SPENDING, 2000–2016

AND PROJECTIONS FOR 2017^a

(Percentages of GDP and of total public spending)



- **OCDE countries spend over 30% of GDP while in 17 Latin American countries averaged 11.2% of GDP and 51.4% of total public spending.**
- **It is crucial to increase social spending to regain a path towards reducing poverty and inequality amid uncertain global economic conditions.**
- **Per capita social spending doubled between 2002-2016**

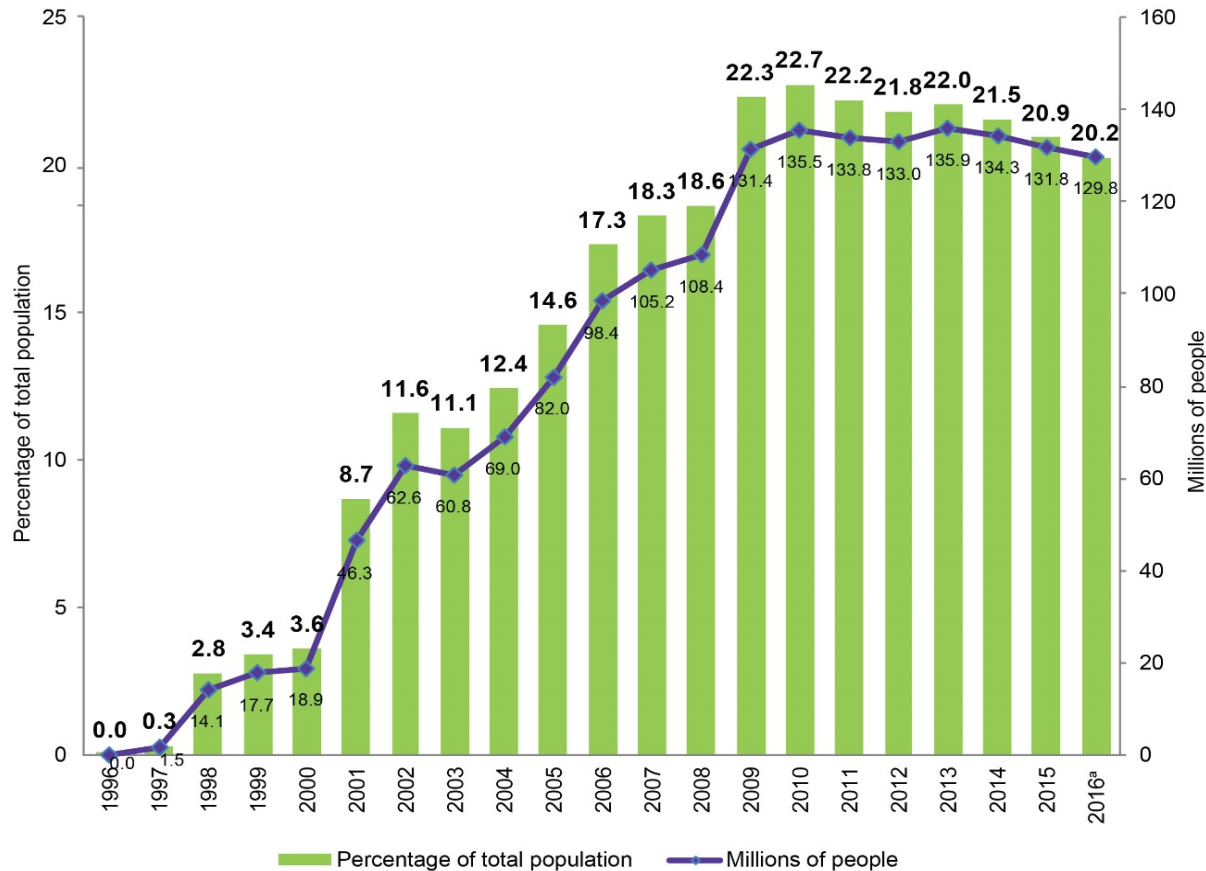
Source: ECLAC, on the basis of official information from the countries.

^a The averages are arithmetic means of the values for 17 countries of Latin America: Argentina, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, the Plurinational State of Bolivia and Uruguay. The data for Peru and the Plurinational State of Bolivia are general government figures.

Cash transfers have been a gateway into social protection for the poorest and most vulnerable

LATIN AMERICA AND THE CARIBBEAN: COVERAGE OF CONDITIONAL CASH TRANSFER (CCT) PROGRAMMES, 1996-2016

(Percentage of total population and millions of people)

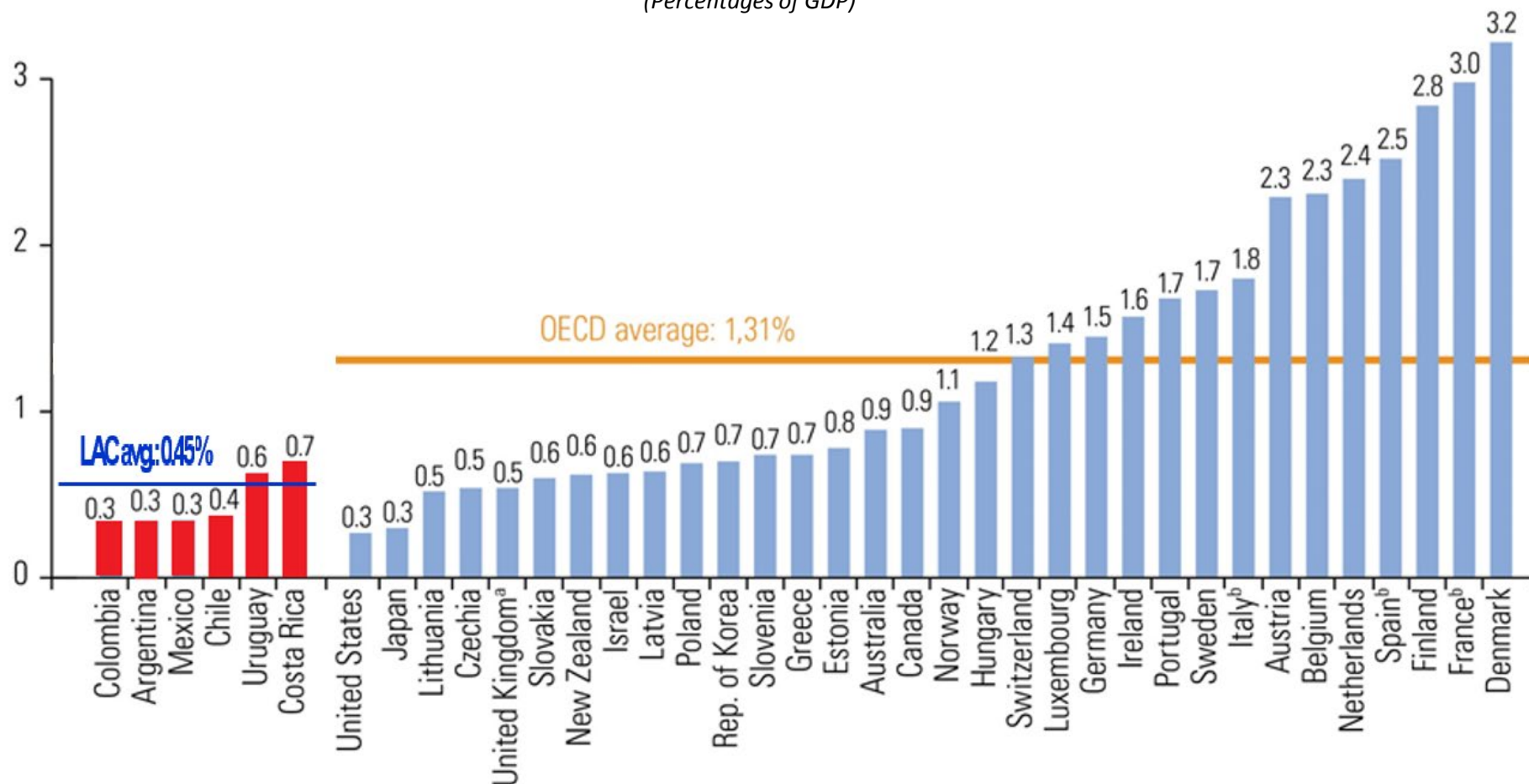


- The region is strengthening social protection systems, but there are **large gaps in coverage**
- Coverage of conditional cash transfer programmes (CCT) increased significantly up to 2010, but **diminished from 2014 onward**
- Investment in CCTs represented **0.33% of regional GDP (2015)**

Source: S. Cecchini and B. Atuesta, "Conditional cash transfer programmes in Latin America and the Caribbean: coverage and investment trends", Social Policy series, No. 224 (LC/TS.2017/40), Santiago, Economic Commission for Latin America and the Caribbean (ECLAC), 2017.
a Preliminary data. The countries included are: Argentina, Belize, Bolivia (Plurinational State of), Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Jamaica, Mexico, Panama, Paraguay, Peru, Trinidad and Tobago and Uruguay.

In six Latin American countries public spending on labour market policies stood at 0.45% of GDP in 2016, while OECD countries spend 1.31 % of GDP

LATIN AMERICA (6 COUNTRIES) AND OECD (32 COUNTRIES): PUBLIC SPENDING ON LABOUR MARKET POLICIES, 2016
(Percentages of GDP)

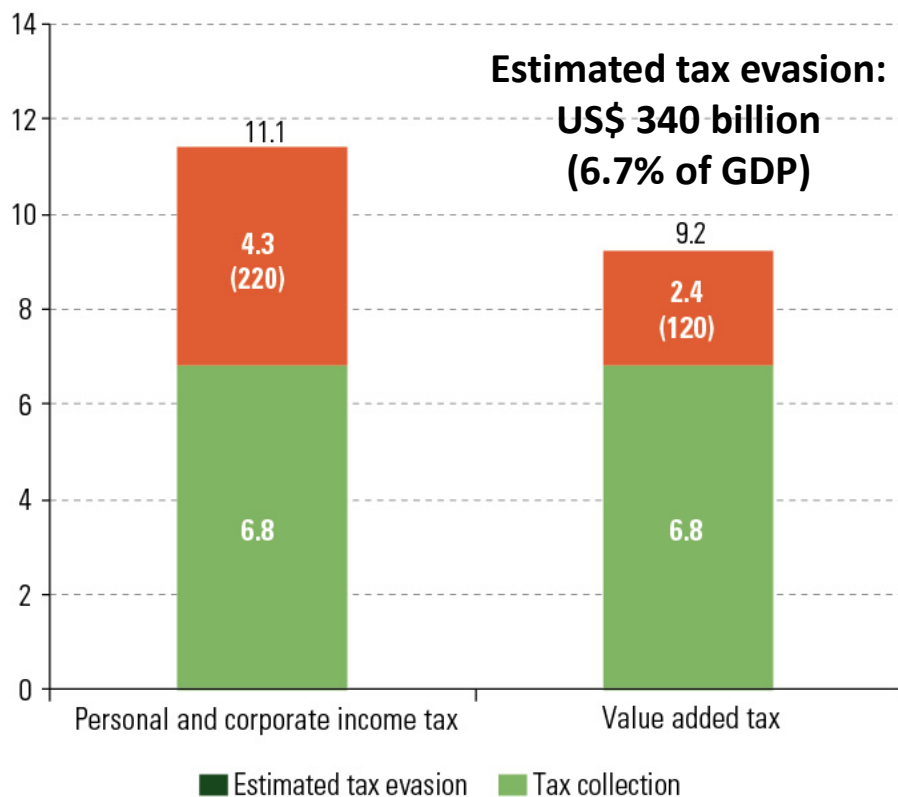


Source: ECLAC, on the basis of official information from the countries and OECD.

The challenges of the 2030 Agenda must be addressed collectively by moving towards a progressive tax regime and combating tax evasion and illicit flows

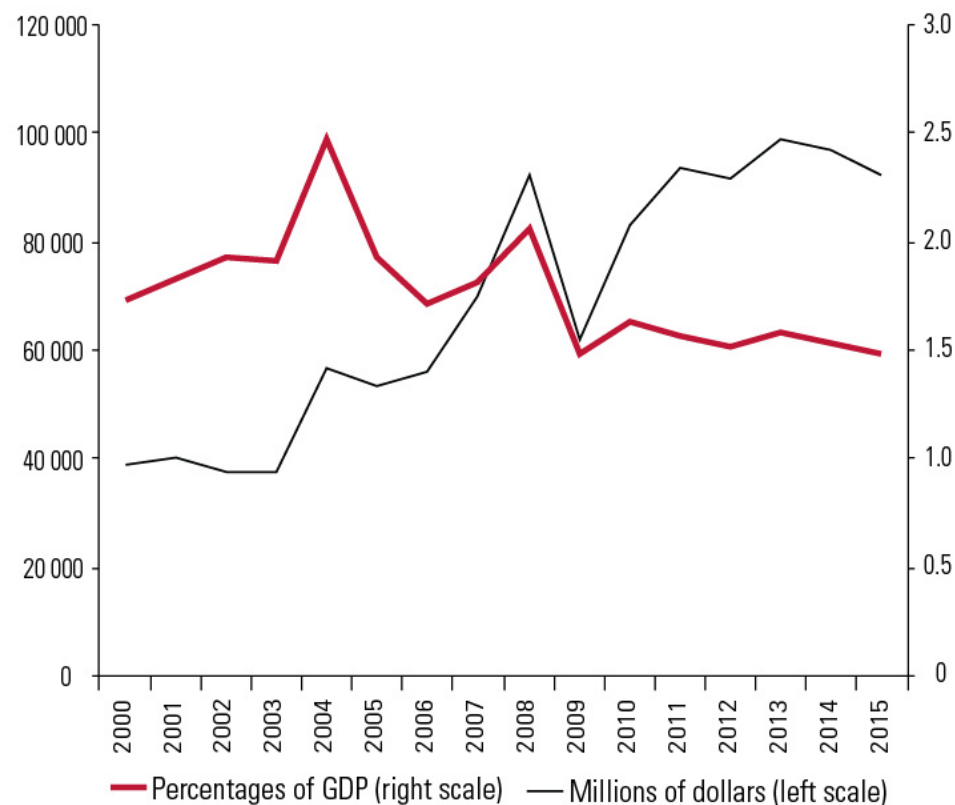
LATIN AMERICA: TAX COLLECTION AND ESTIMATED TAX EVASION, 2015

(Percentages of GDP and billions of dollars)



LATIN AMERICA AND THE CARIBBEAN: GROSS ILLICIT FINANCIAL OUTFLOWS OWING TO TRADE MISINVOICING, 2000–2015

(Millions of dollars and percentages of GDP)



Equality through double inclusion

- Social policy should be guided by the principle of **universalism** to build a **welfare State**, recognizing the **sensitivity to difference** and geared towards **equality of rights**, “leaving no one behind”
- **Universal policies in education, health and social protection** contribute not only to **social inclusion**, but also to strengthening human capacities, increasing **productivity and economic growth**
- It is imperative to strengthen the **simultaneous implementation of social and labour inclusion policies**
- Strengthen labour institutions and policies promoting **decent work**
- Expand access to **social services and good-quality basic infrastructure**
- Strengthen effective and modern **social protection systems**, to prepare for **new scenarios in the world of work and uncertainties related to technology**
- Strengthening **social protection and care systems** to contribute to reach gender parity and economic autonomy of women



