

The 2030 Agenda, the SDGs and Latin America and the Caribbean: progress and challenges

Multilateral cooperation and regional integration
as development tools



UNITED NATIONS

ECLAC



Forum of the Countries
of Latin America and
the Caribbean on

**SUSTAINABLE
DEVELOPMENT**

Mexico City
26 - 28 April **2017**

Reflections on regional progress and challenges

- The new international context: uncertain conditions
- Five tensions that make the 2030 Agenda essential
- The response to these tensions: strengthen multilateralism and regional integration and cooperation around the 2030 Agenda
- Institutional arrangements for implementation
- Vision for 2030: planning, financing and technological transformation
- Measuring the SDG indicators: diagnosis of capacities and challenges

10 months that shook the world

- The international political economy has undergone a radical transformation in the 10 months following the Brexit vote in June 2016 (globalization backlash):
 - weakening of multilateralism
 - return of protectionism
 - rise of extreme political movements
 - increased tendency towards international conflict
- How did we get here?
- The transition must be made between two contrasting narratives for governing the global economy.

Transitioning from hyperglobalization to open multilateralism for development

- From hyperglobalization, the prevailing vision according to which trade and financial liberalization and market deregulation –without safeguarding global public goods or compensating losers– would suffice...

...towards the view that economies that are highly heterogeneous –in terms of technology, resources, capacities and institutions– build up tensions and polarizations that do not correct themselves automatically...

- ...and **proposes international cooperation to regulate markets, administer tensions, reduce inequalities and keep the stakeholders committed to an open international system that safeguards public goods and shared and inclusive prosperity.**

The 2030 Agenda and the 17 SDGs

- It reflects the consensus of the 193 countries on the need to change the prevailing development pattern.
- It is universal, indivisible, integrated and civilizing call for reconciling policies to end poverty, achieve equality and ensure environmental stewardship.
- Only multilateral cooperation can correct asymmetries and lay the foundations of an open and stable international system that imposes fewer restrictions on national decisions.



169 targets - 231 indicators
“Leaving no one behind with equality front and centre”

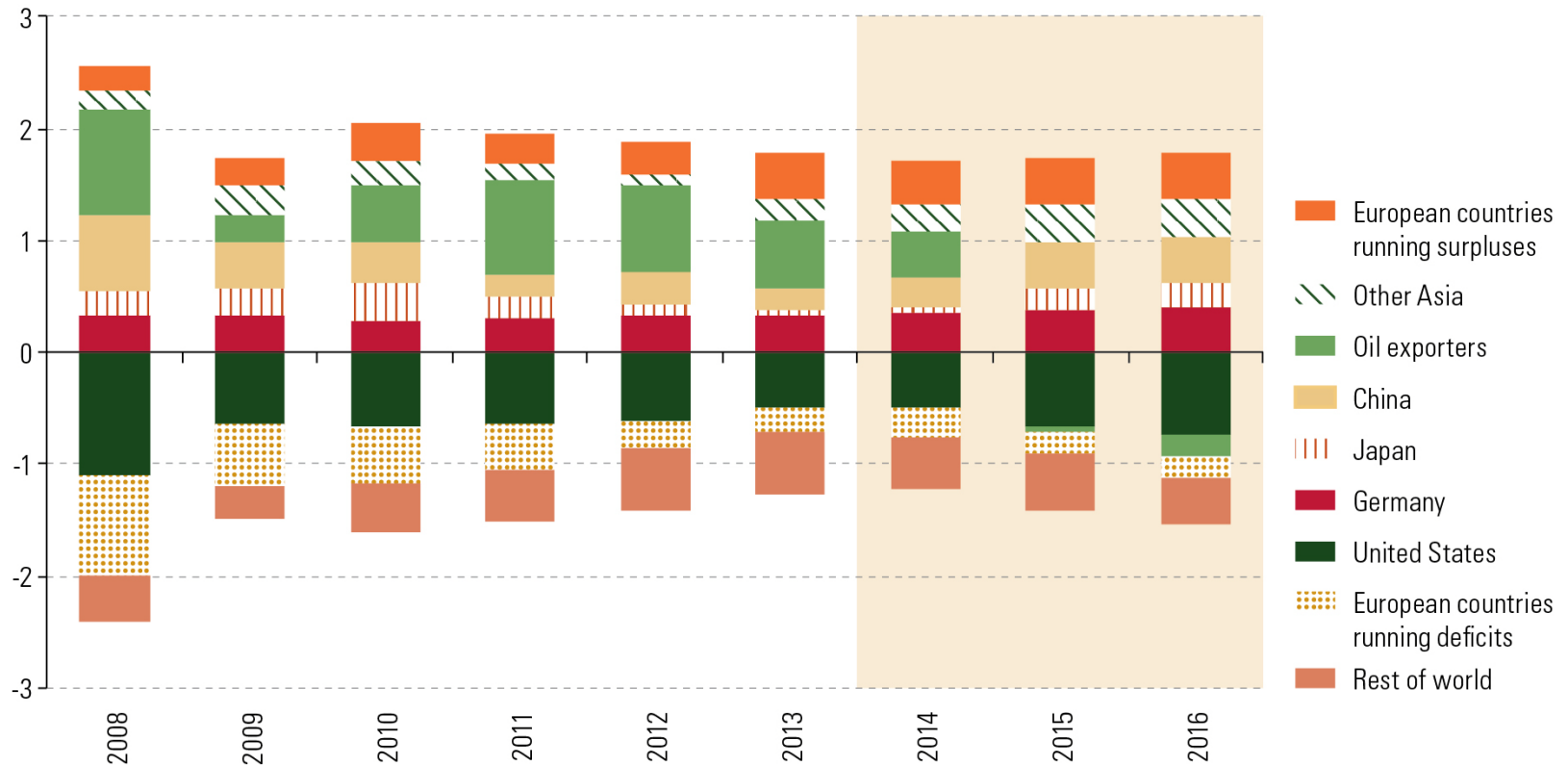
In response to growing tensions: reaffirm the 2030 Agenda and the SDGs

- The new political economy poses risks for the 2030 Agenda and the SDGs, the Paris Agreement and the Addis Ababa Action Agenda, the Sendai Framework and the SAMOA Pathway, and with them the possibility of an international economy based on multilateral cooperation.
- The challenge is to recoup the multilateral cooperation agenda, which risks being weakened by hyperglobalization and emerging unilateralism.
- Five tensions, in particular, make the Agenda 2030 essential well as achieving a less asymmetrical form of international cooperation.

1. The 2030 Agenda is necessary to correct the recessionary bias resulting from persistent trade deficits

CURRENT ACCOUNT BALANCES, 2008-2016^a

(Percentages of global GDP)



Source: ECLAC, Latin America and the Caribbean in the World Economy, 2016 (LC/G.2697-P), Santiago, 2016.

^a Figures for 2016 are projections.

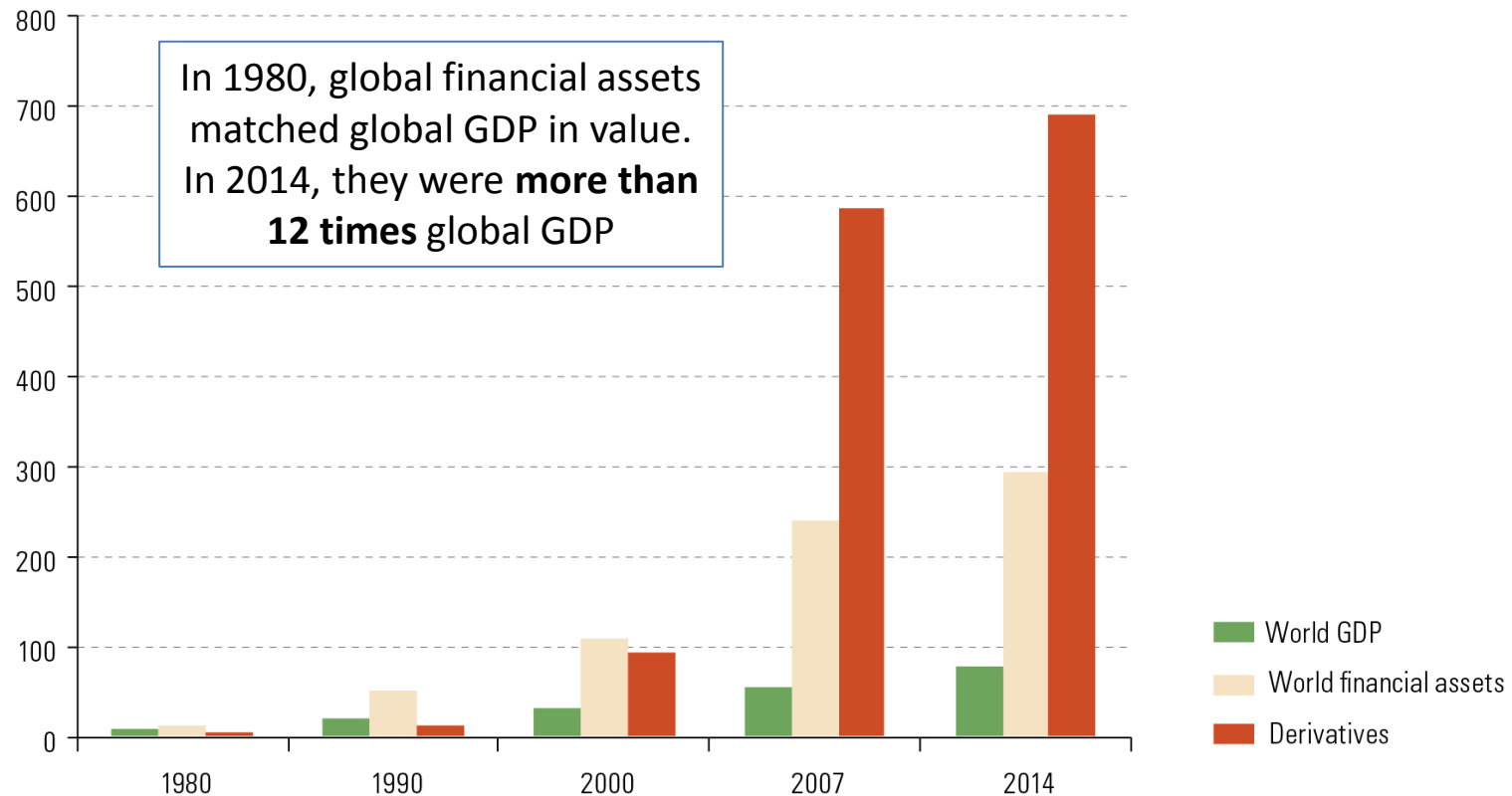
The imbalances must be corrected by means of more —not less— trade integration

- Imbalances cannot be eased by countries simultaneously stepping up mercantilist measures in order to unilaterally seek trade surpluses. It is impossible for all countries to have a trade surplus at the same time.
- The solution is greater cooperation to increase effective demand in countries running surpluses and allow a “soft landing” for countries with deficits.
- This cooperation can be achieved by coordinating fiscal policies (more expansionary in surplus countries), income policies and exchange-rate policies and especially through support for production diversification and export policies in developing countries.

2. The 2030 Agenda is needed to reduce the great instability and uncertainty generated by financial globalization

THE DISSONANCE BETWEEN INTERNATIONAL FINANCE AND THE REAL ECONOMY: GLOBAL NOMINAL GDP, FINANCIAL ASSETS AND FINANCIAL DERIVATIVES, 1980-2014

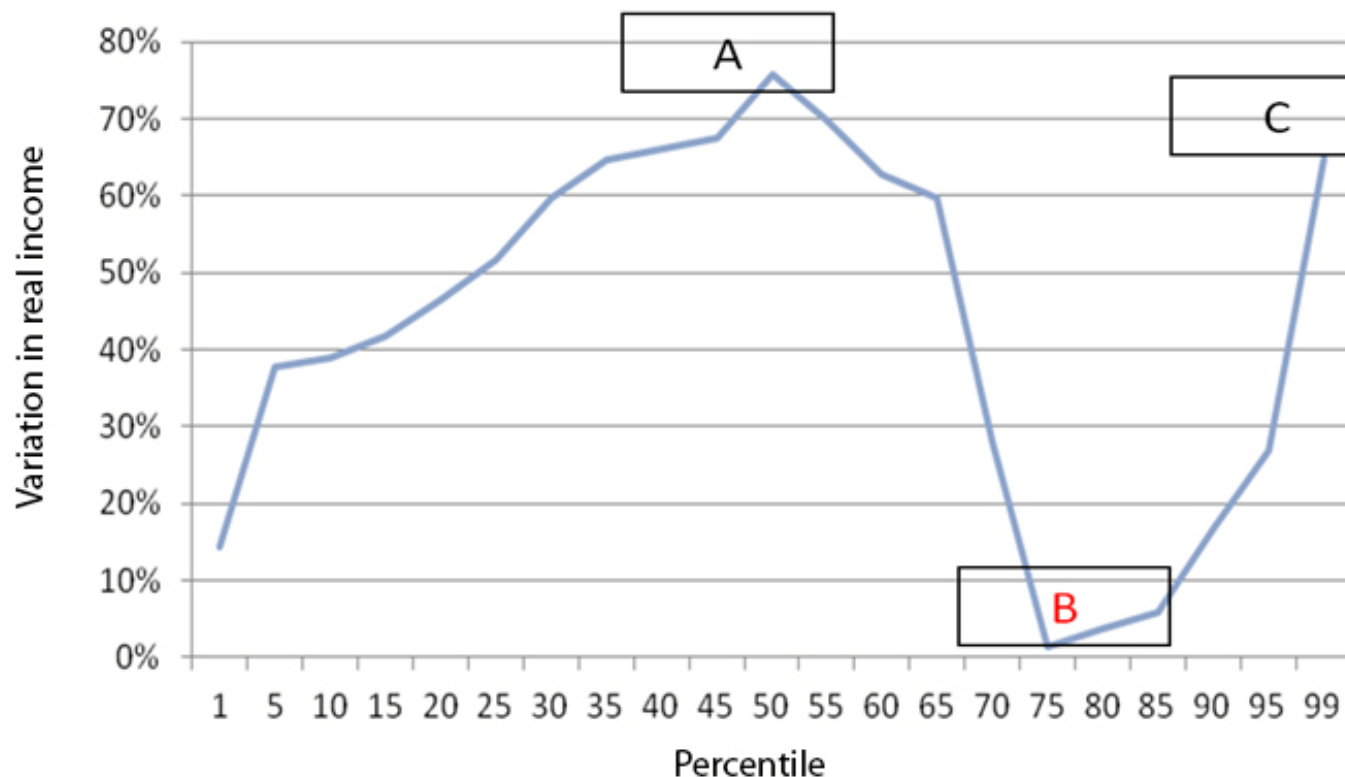
(Trillions of dollars)



Source: ECLAC, on the basis of Bank for International Settlements (BIS) and World Bank, World Development Indicators, 2015.

3. The 2030 Agenda is needed to reduce the gaps between winners and losers...

VARIATION IN REAL INCOME OF THE GLOBAL POPULATION BY PERCENTILE, BETWEEN 1988 AND 2008
(Percentages)

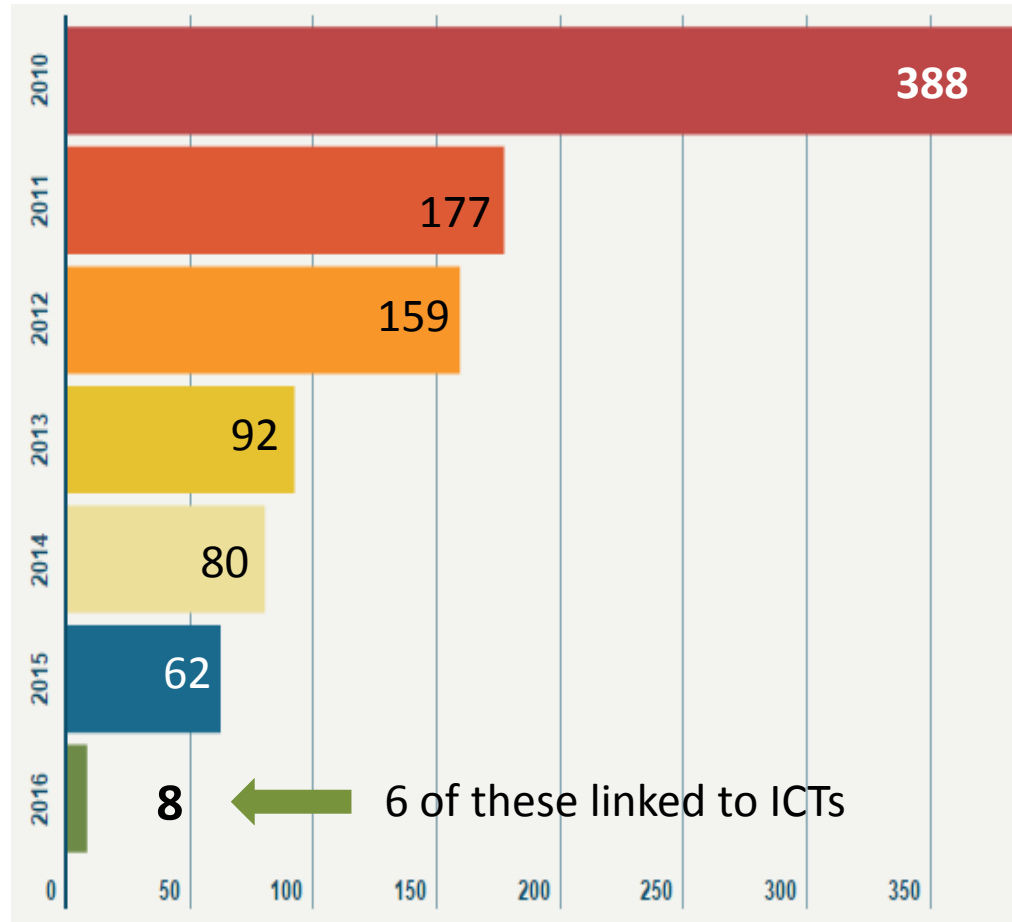


- A. Middle class in emerging countries (China)**
- B. Middle class in developed countries (USA and EU)**
- C. World's richest 1%**

Source: C. Lakner and B. Milanovic "World Panel Income Distribution (LM-WPID)" 2013 [online] <http://go.worldbank.org/NWBUK13JPO>.

... and deal with an increasingly unequal world

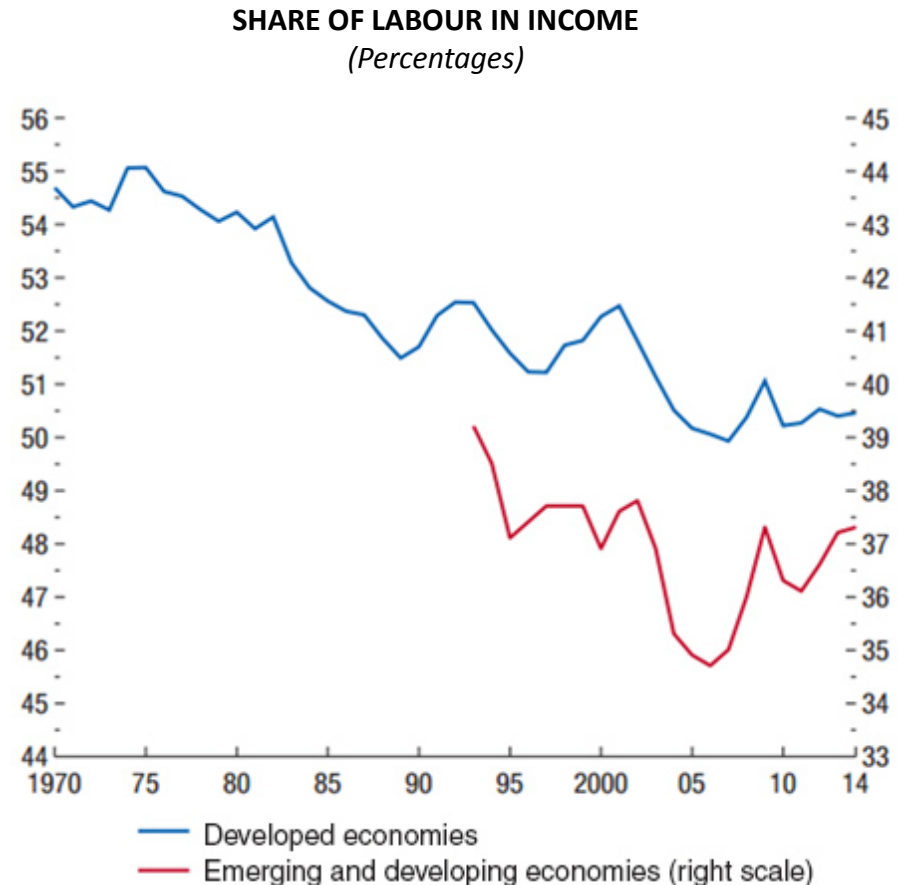
WORLD: NUMBER OF BILLIONAIRES OWNING AS MUCH WEALTH AS THE POOREST HALF OF THE WORLD, 2010-2016
(Billions of dollars)



Source: Euronews, [online] <http://www.euronews.com/2017/01/16/oxfam-eight-men-own-as-much-wealth-as-poorest-half-of-world-s-population> on the basis of Oxfam, "An Economy for the 1%", 2017 [online] https://www.oxfam.org/sites/www.oxfam.org/files/file_attachments/bp-economy-for-99-percent-160117-en.pdf.

...to recover the welfare State and protection in the world of work...

- A prisoner's dilemma is emerging in relation to the world of work and social policy, similar to the situation with fiscal policy.
- The countries are unwilling to unilaterally increase social protection or workers' bargaining power for fear of raising costs and losing share in domestic and external markets.



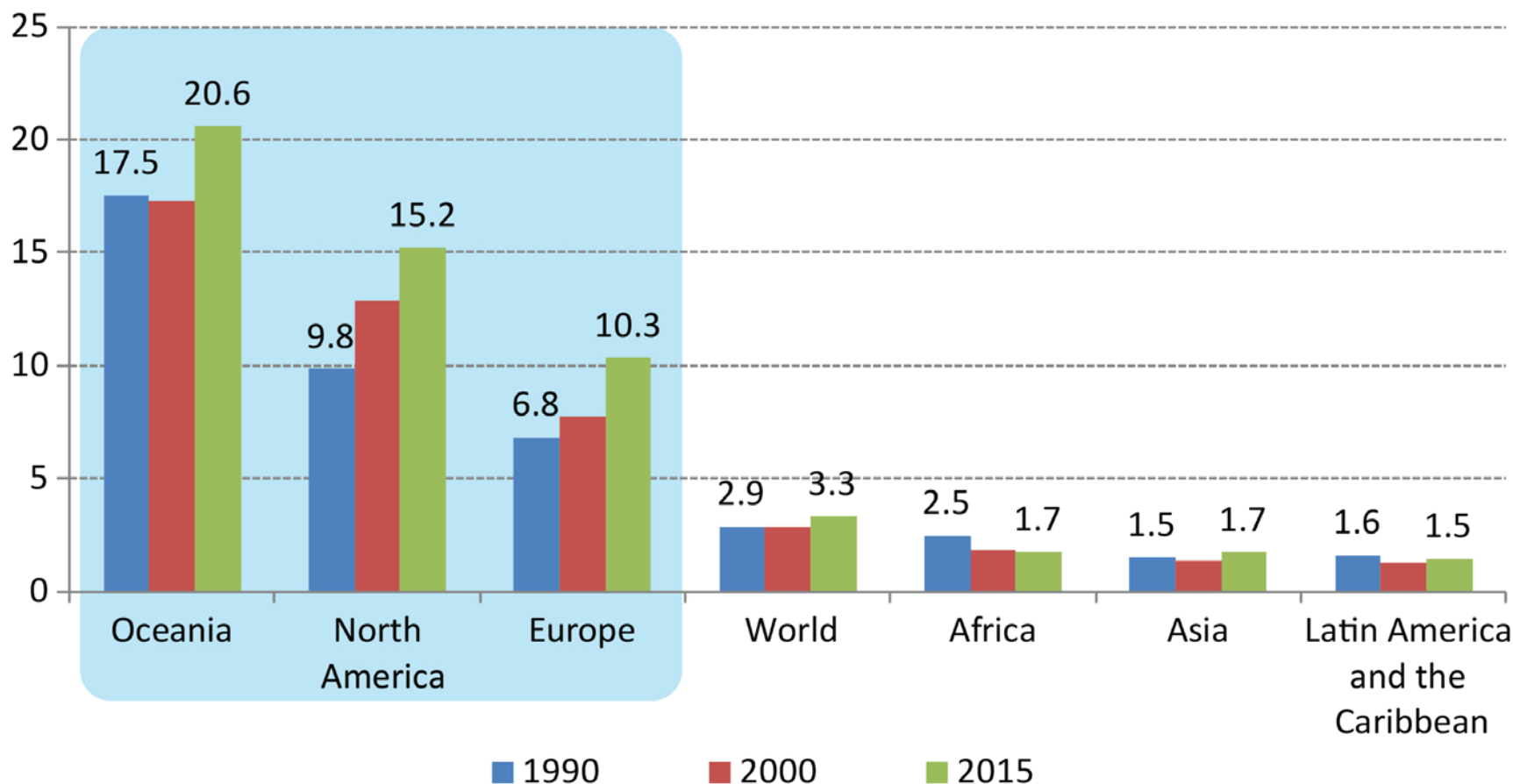
Source: IMF (2017), *World Economic Outlook*, April 2017.

More space for pro-employment and pro-equality policies

- The welfare State requires international cooperation to avoid the erosion of tax bases and the predominance of spurious competitiveness.
- One of the reasons for protectionist responses to hyperglobalization has been the sharp deterioration in equality and social protection in developed economies and in several developing countries.
- For societies to be more egalitarian, economies must be more open.

4. The 2030 Agenda is needed to prevent migration-related conflict and achieve sustainable peace

MIGRANT POPULATION AS A PROPORTION OF TOTAL POPULATION, 1990, 2000 AND 2015
(Percentages)



Source: ECLAC, on the basis of United Nations, *Trends in International Migrant Stock: The 2015 Revision* (POP/DB/MIG/Stock/Rev.2015), New York, Department of Economic and Social Affairs.

5. The 2030 Agenda is needed to protect the planet and future generations' right to development

- Fiscal stimuli should target clean technologies.
- In a coordinated Keynesian response, energy efficiency and emissions reduction must be at the heart of the expansionary thrust.

LATIN AMERICA AND THE CARIBBEAN: NUMBER OF EXTREME WEATHER EVENTS LINKED TO CLIMATE CHANGE,^a 1961-2015



Source: ECLAC, on the basis of Centre for Research on the Epidemiology of Disasters (CRED), "EM-DAT: International Disaster Database", Brussels [online] <http://www.emdat.be>.

^a Includes droughts, extreme temperatures, floods, landslides, storms and forest fires.

Horizon 2030

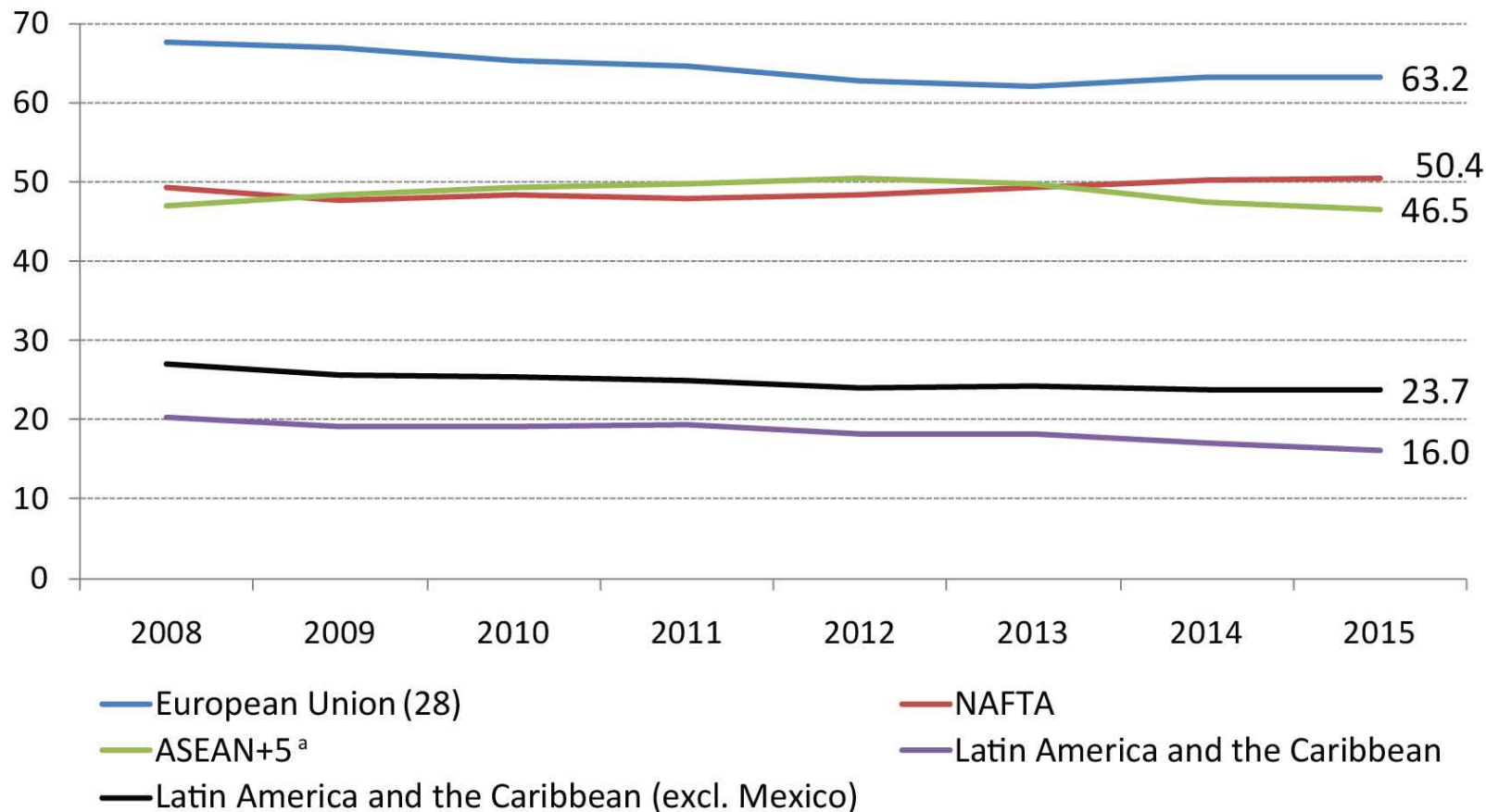
1. Re-establish international cooperation and multilateralism with a new and revitalized role for regional integration.
2. Gain a strong footing in the technology revolution and drive an environmental big push.
3. End poverty and increase equality.
4. Mobilize financial resources, paying particular attention to the realities of MICs, SIDS, LDCs and landlocked countries.
5. Build new capacities and broaden participation by all stakeholders in society.

The response to an uncertain environment

- Pioneering integration experiences took place at times when the region's economies faced adverse conditions.
 - The 1941 Agreement for Progressive Free Trade between Argentina and Brazil, made after the collapse in trade during the Second World War.
 - The Latin American Free Trade Association (LAFTA) was created in 1960, amid the crisis stemming from the dollar shortage years.
 - MERCOSUR emerged from the agreements between Argentina and Brazil in the last decade of the 1980s.
- *The region proved capable of positive responses while faced with complex challenges and great uncertainty.*

Regional integration: still unfinished business

SELECTED GROUPINGS: SHARE OF INTRAREGIONAL TRADE IN TOTAL EXPORTS, 2008-2015
(Percentages)



Source: ECLAC, on the basis of COMTRADE.

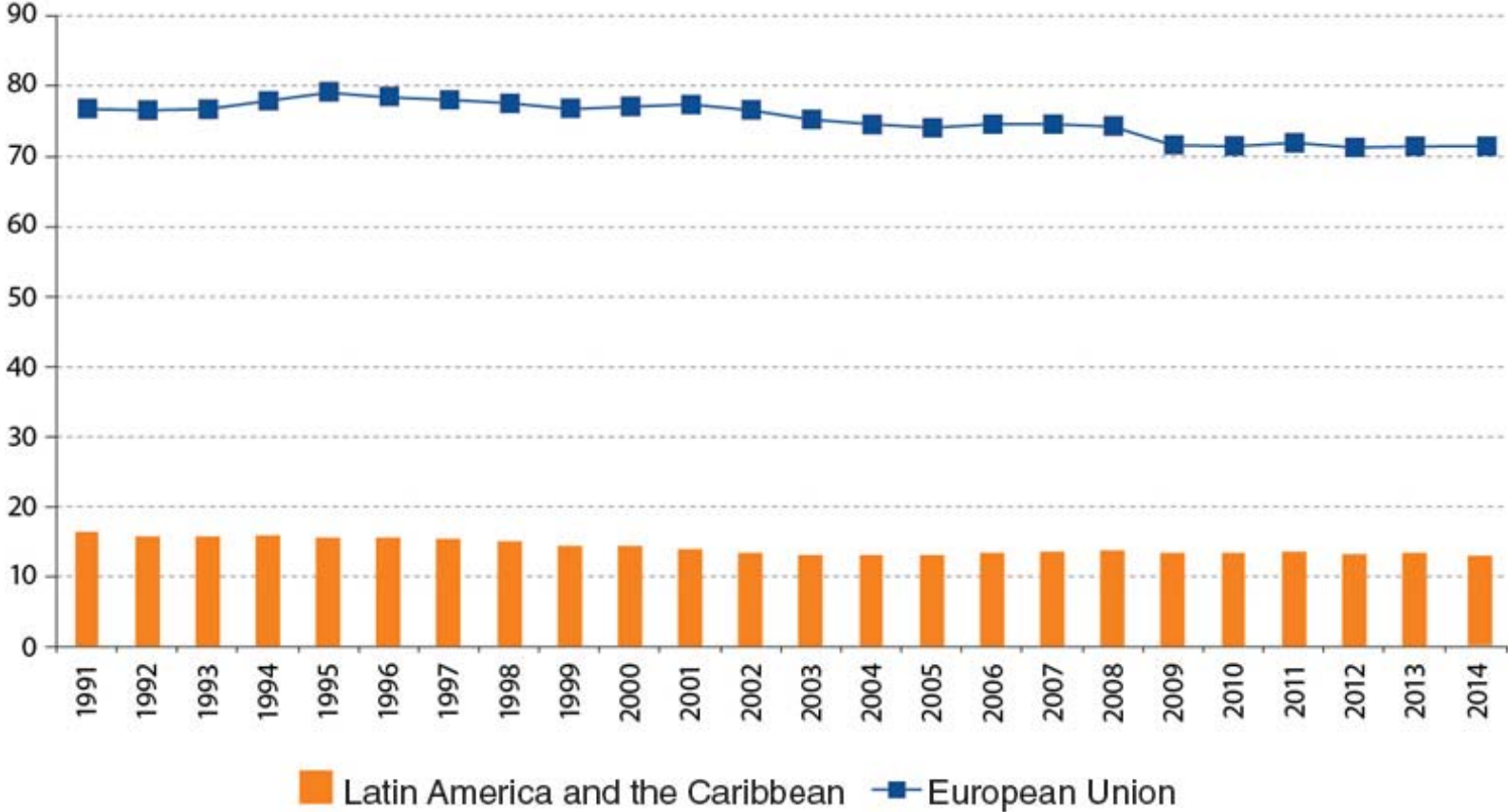
^a Includes China, Hong Kong (Special Administrative Region of China), Japan, Republic of Korea, Taiwan Province of China, and the 10 member countries of ASEAN.

The great challenge of productivity is the technology lag

- The technology gap hampers diversification and the region's capacity to create good-quality jobs.
- If the incorporation of technical progress and productivity fall behind, international competitiveness will depend increasingly on natural resources or lower wages, which directly contradicts the objectives of protecting these resources and reducing inequality.
- The commodity boom entrenched static comparative advantages; the “China effect” was very powerful in this respect.

The persistent productivity gap threatens long-term social accomplishments

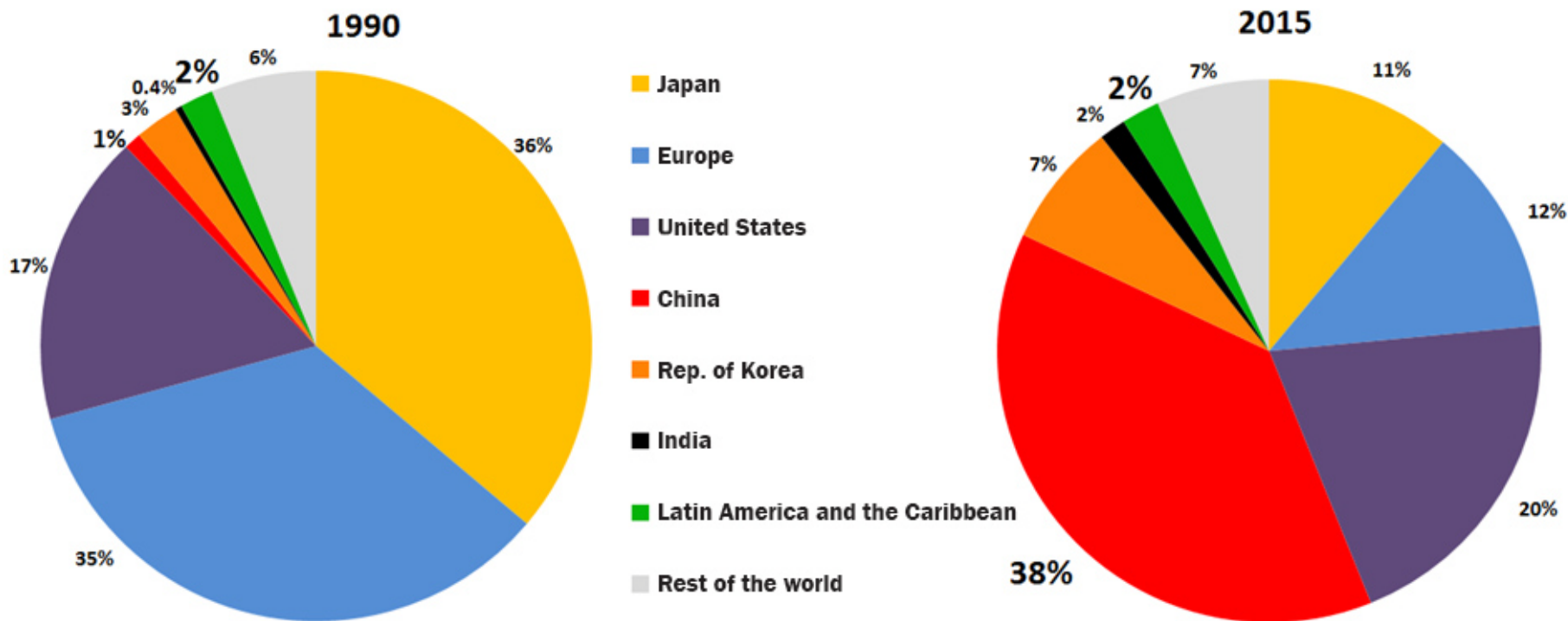
LATIN AMERICA AND THE CARIBBEAN AND THE EUROPEAN UNION :
PRODUCTIVITY RELATIVE TO THE UNITED STATES, 1991-2014
(Percentages)



Source: ECLAC, *The European Union and Latin America and the Caribbean in the new economic and social context*, 2015.

Performance gaps (patents) as a result of limited R&D effort

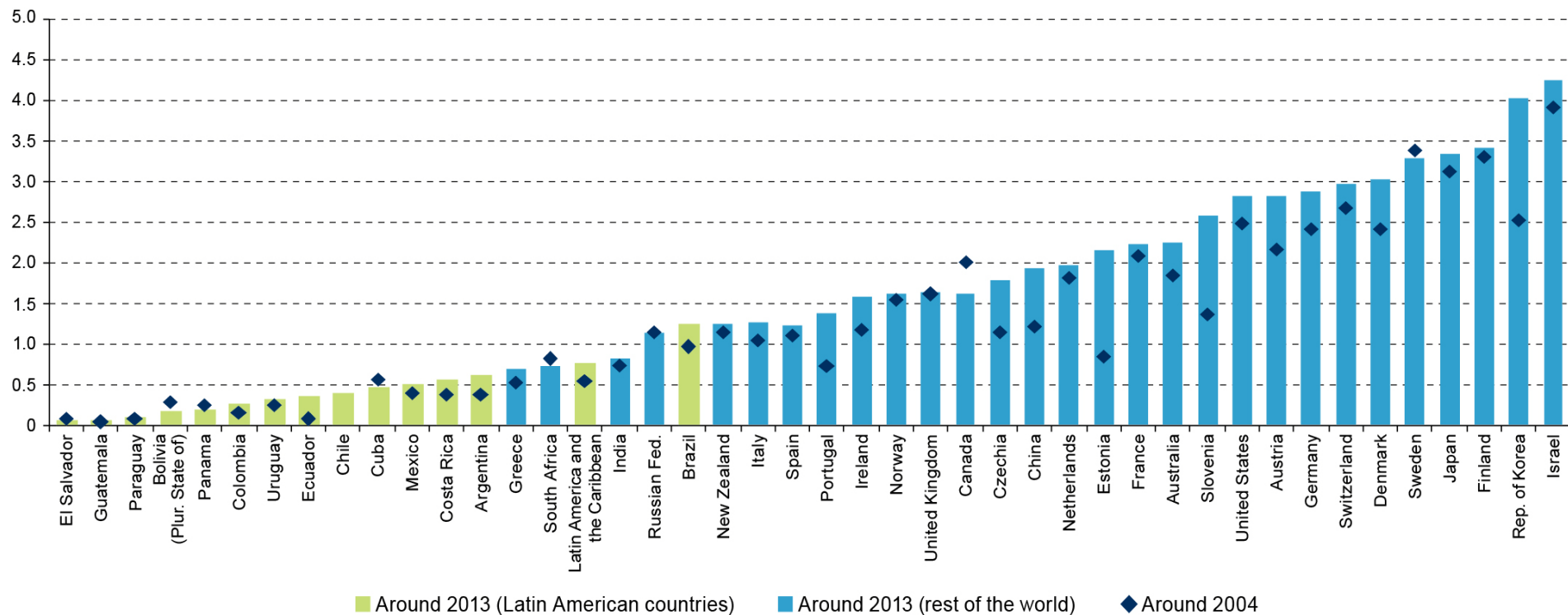
SHARES OF TOTAL WORLDWIDE PATENTS, RESIDENTS AND NON-RESIDENTS, 1990 AND 2015



Source: ECLAC, on the basis of World Intellectual Property Organization (WIPO).

Without building endogenous capacities in new technologies, vulnerabilities cannot be reduced

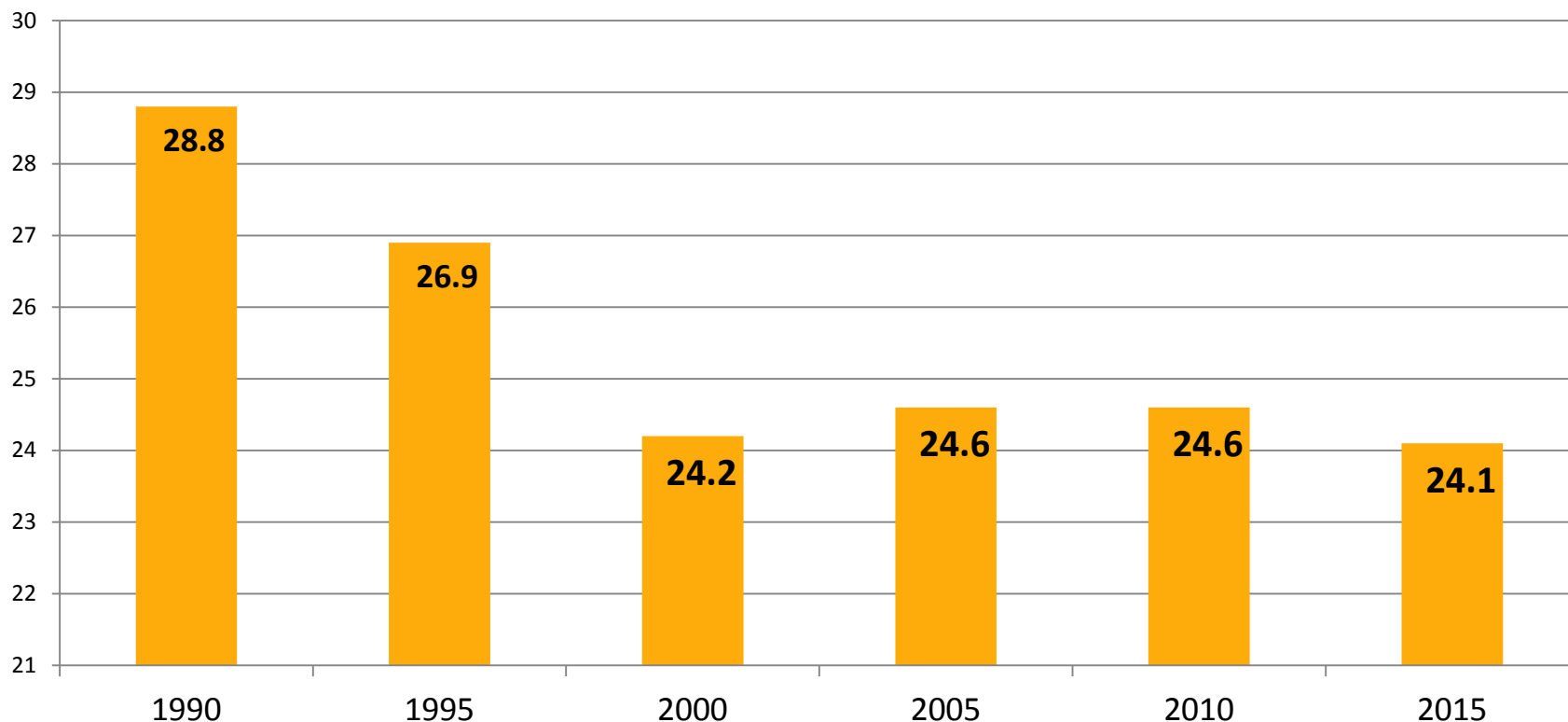
INVESTMENT IN RESEARCH AND DEVELOPMENT (R&D), AROUND 2013 AND 2004
(Percentages of GDP)



Source: ECLAC, *Ciencia, tecnología e innovación en la economía digital La situación de América Latina y el Caribe*, LC/G.2685(CCITIC.2/3)), Santiago, September 2016.

The environmental dimension: where structural change and the technological revolution converge

LATIN AMERICA AND THE CARIBBEAN: RENEWABLE PROPORTION OF THE ENERGY MIX,^a 1990-2015
(Percentages of the total energy supply)



Source: ECLAC, on the basis of Latin American Energy Organization (OLADE), Economic and Energy Information System (SIEE), 2016.

^a Includes the following energy sources: geothermal energy, hydropower, firewood whose use is deemed sustainable, sugar cane products and other renewable sources such as solar and wind energy.

The technology revolution, an opportunity to apply the environmental big push

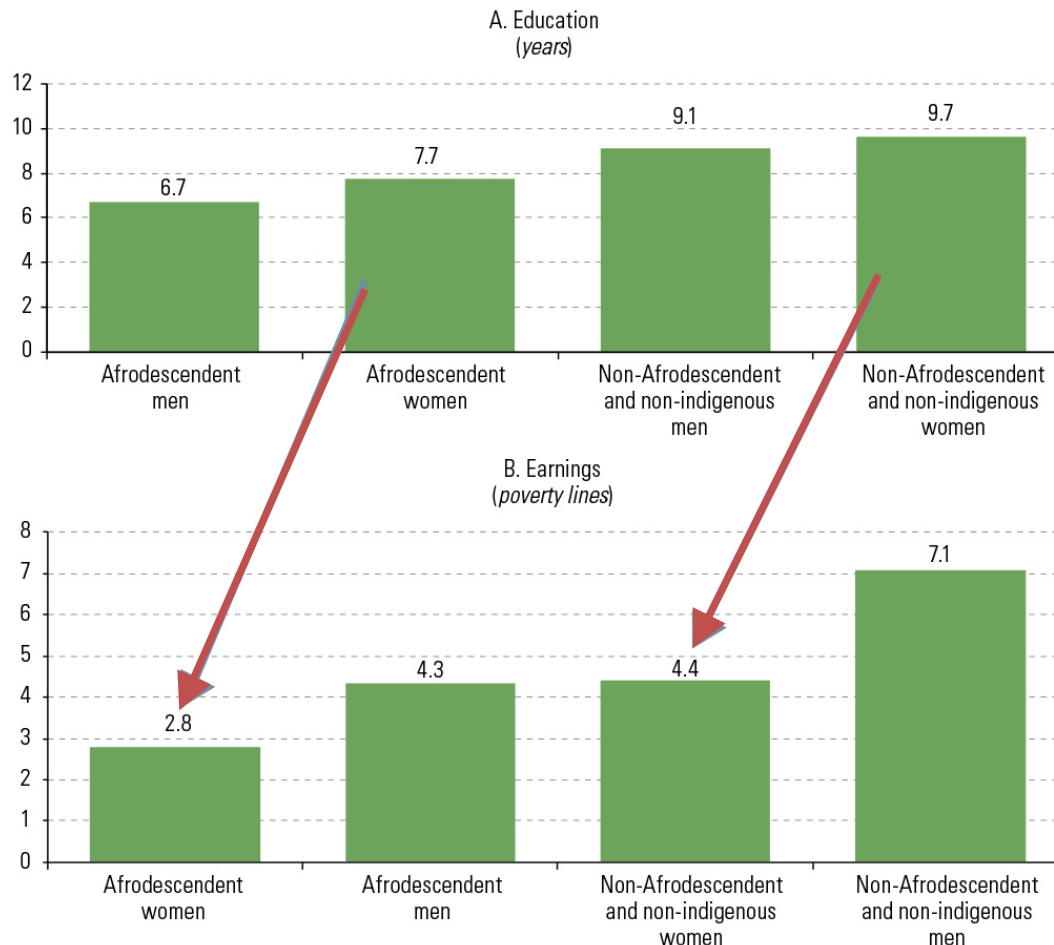
- Investing in production systems with experiences in Industries 4.0
- Leveraging the creation of a regional digital market
- Productive specialization, with investments that support:
 - lower-carbon energy patterns
 - circular economy
 - smart cities
 - less polluting consumption
 - care economy
- Building endogenous capacities, absorbing and creating technologies

Inequality as a barrier to growth

- Equality creates incentives and opportunities that translate into more education, technical progress and competitiveness.
- Workers and business owners in more egalitarian economies with extensive social protection networks feel less vulnerable and accept and adapt better to the inevitable ups and downs of an open economy.

Discrimination compromises equality and deprives society of talent and creativity

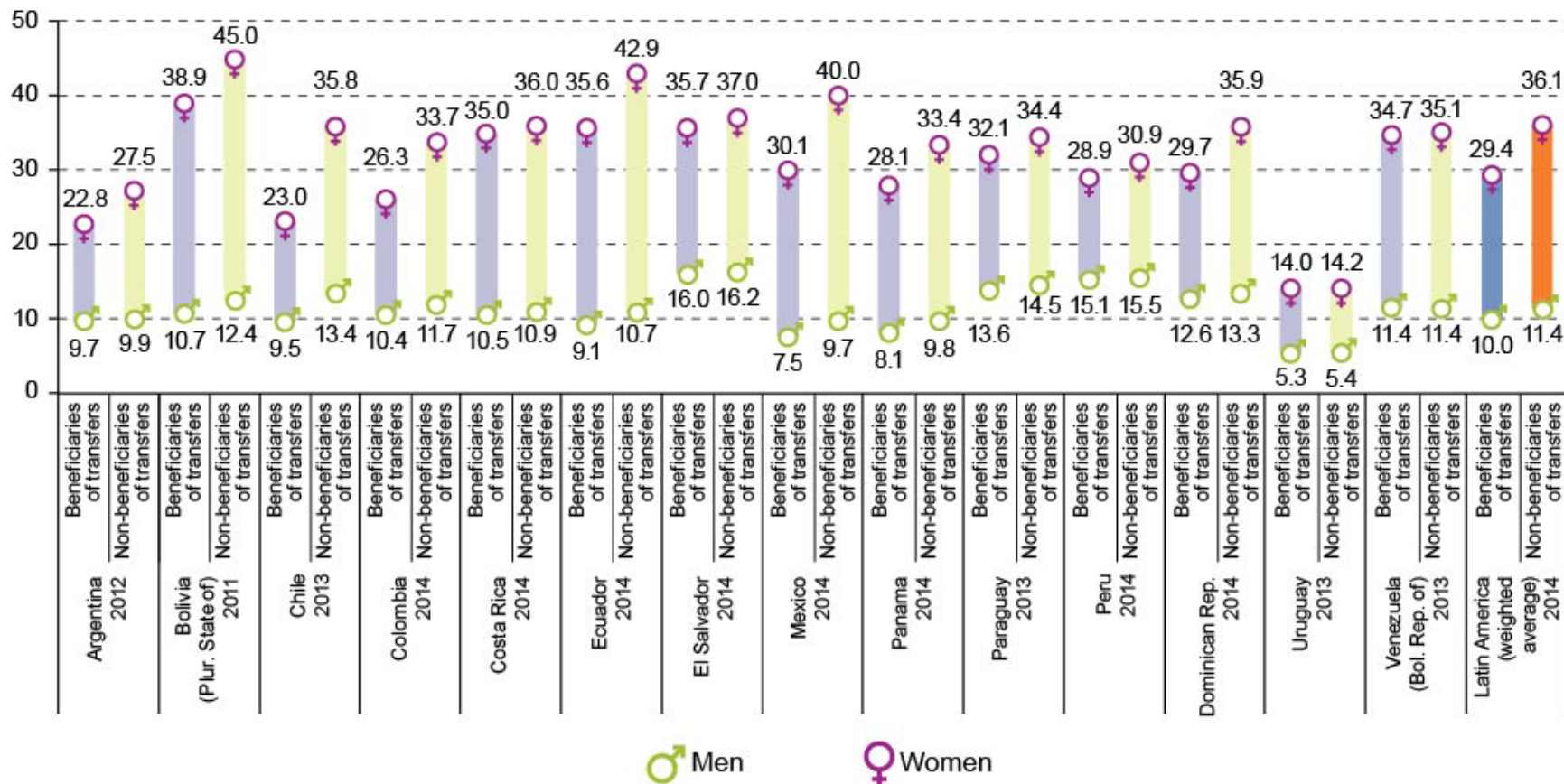
LATIN AMERICA (SIMPLE AVERAGE FOR FOUR COUNTRIES): AVERAGE MONTHLY EARNINGS AND AVERAGE YEARS' EDUCATION OF THE EMPLOYED AFRODESCENDENT AND NON-AFRODESCENDENT AND NON-INDIGENOUS POPULATION, 2014



Source: ECLAC, *The Social Inequality Matrix in Latin America* (LC/G.2690(MDS.1/2)), Santiago, 2016.

Small differences in poverty measurements between men and women, but large gaps in the labour market

LATIN AMERICA (14 COUNTRIES): POPULATION WITHOUT OWN INCOME BY NON-CONTRIBUTORY GOVERNMENT TRANSFER BENEFICIARY STATUS AND SEX, AROUND 2014
(Percentages)



Source: ECLAC, *Equality and Women's Autonomy in the Sustainable Development Agenda*, LC/G.2686/Rev.1, December 2016, [online] <http://www.cepal.org/en/node/38743>.

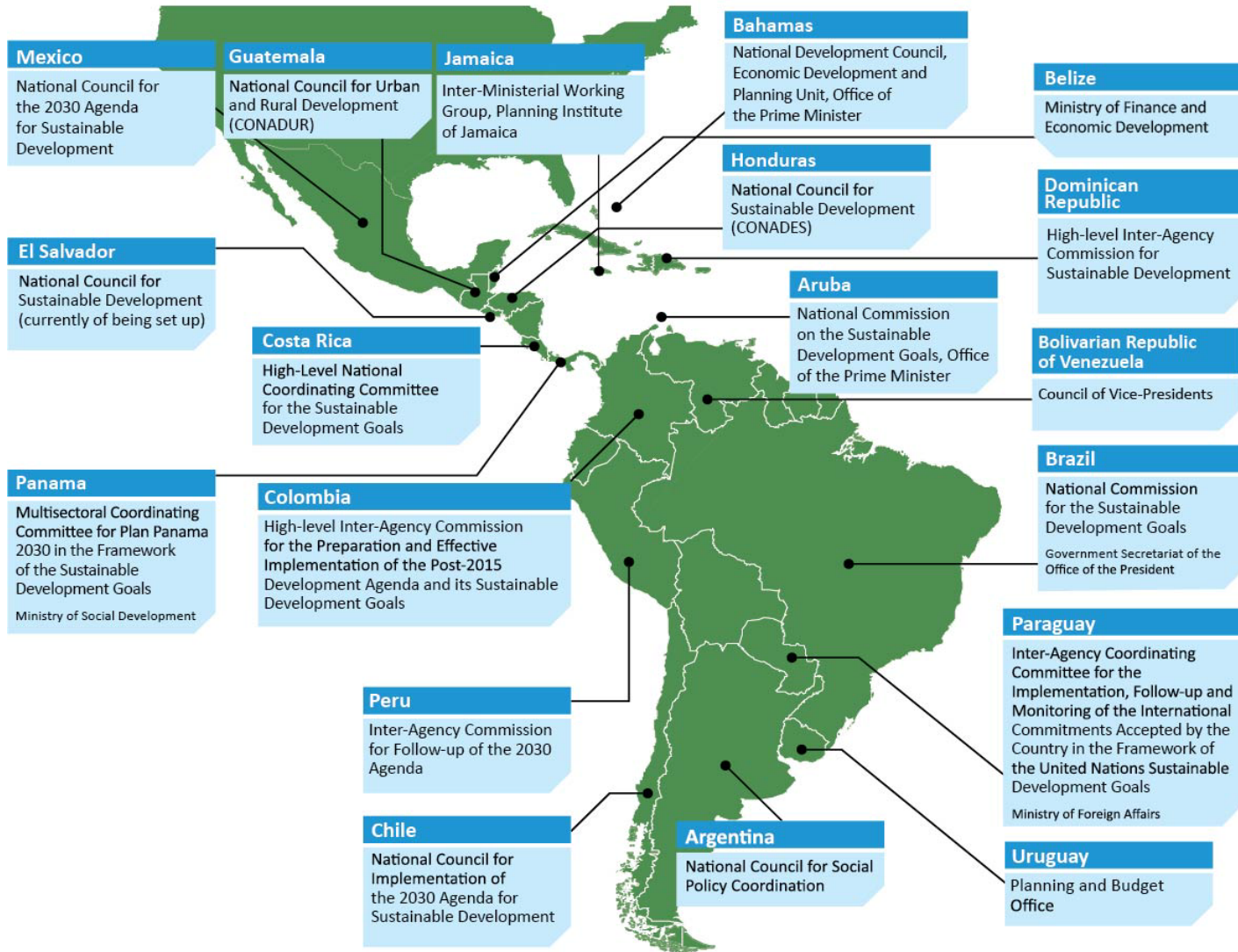
Six pillars for action and cooperation

1. Inter-institutional and intersectoral architecture at the highest level.
2. Building the SDGs into development plans and budgets, including investment.
3. Strengthening statistical capacities.
4. Means of implementation: financing, technology, trade, accountability.
5. Strengthening the regional architecture: observatories on gender equality, planning, energy.
6. Spaces for dialogue between government, business and citizens.

The opportunity to build SDGs into national development plans and new business models

- Building the SDGs into national and territorial planning schemes, including:
 - fiscal affairs
 - public budgets
 - public investment systems
 - integrated and intersectoral approaches
- Building the SDGs into business models
 - analysis of supply and value chains
 - measurement of carbon and environmental footprint and externalities
 - identifying incentives for mobilizing private investment
- Renewed public-private partnerships

National coordination mechanisms for 2030 Agenda follow-up and implementation



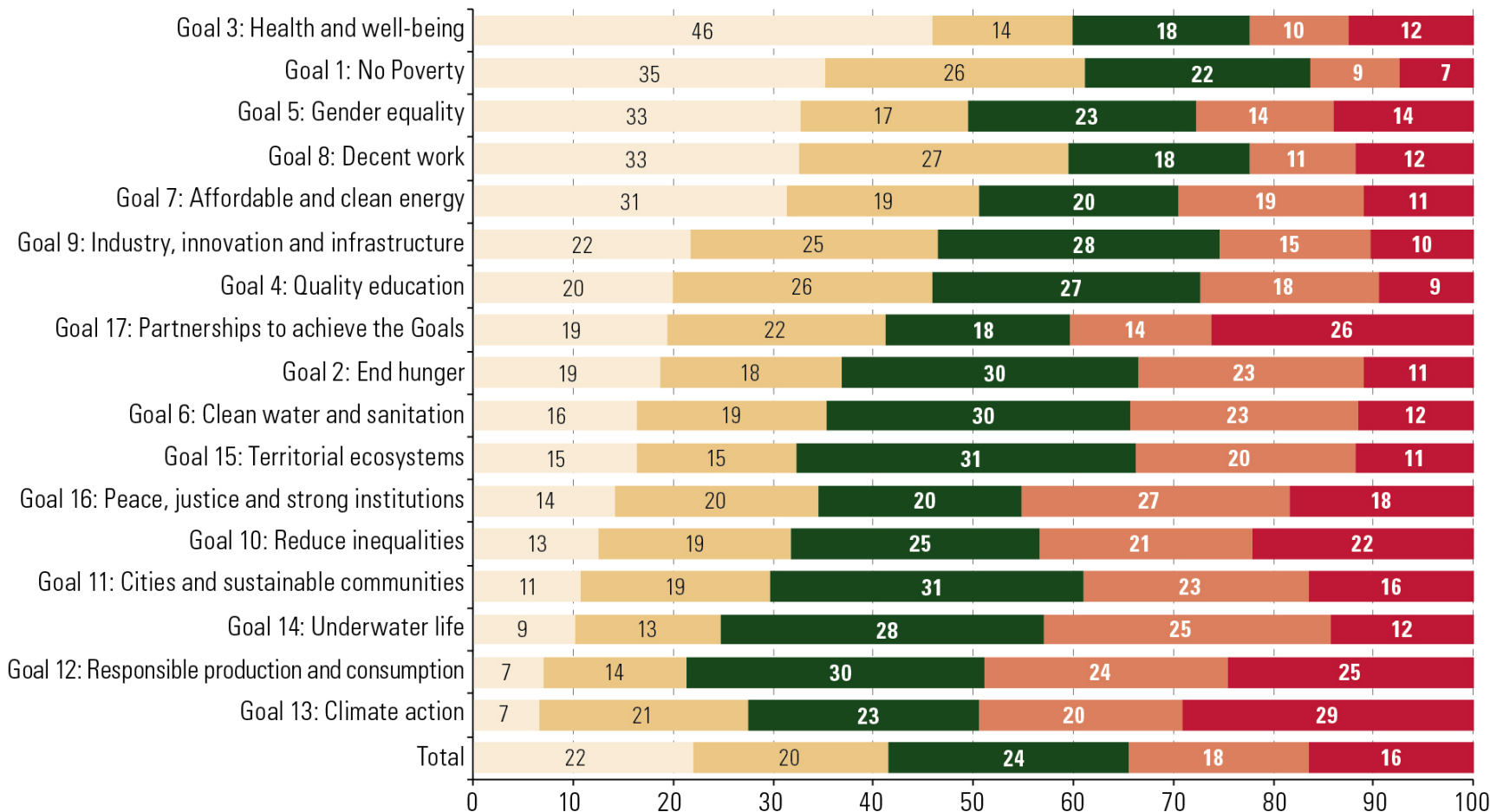
*The information for Jamaica is as presented by the Planning Institute of Jamaica at the international seminar Challenges of Planning in Latin America and the Caribbean in the Framework of the 2030 Agenda of the Sustainable Development Goals, held in Santiago in November 2016.

Strengthening national statistical systems and data ecosystems for SDG follow-up

- Centrality of autonomous **national statistical offices and systems**.
- Technical capacities and technological and financial resources for the **collection, processing and dissemination** of statistics, thus ensuring long time series.
- Linking **population censuses, surveys and administrative records** and non-traditional data and statistics.
- Identifying **gaps in data and statistics** for SDG measurement.
- **Disaggregating data** from the perspectives of gender, indigenous peoples and Afrodescendants, and youth.
- Improve **georeferencing** tools and satellite imaging
- Tapping **big data** and promoting **open data and open government**.

The challenge of SDG measurement and follow-up

INDICATORS THAT ARE PRODUCED OR COULD BE PRODUCED WITH EXISTING INFORMATION



The indicator is produced

Some data are available but further refinement or supplementary information is required to produce the indicator

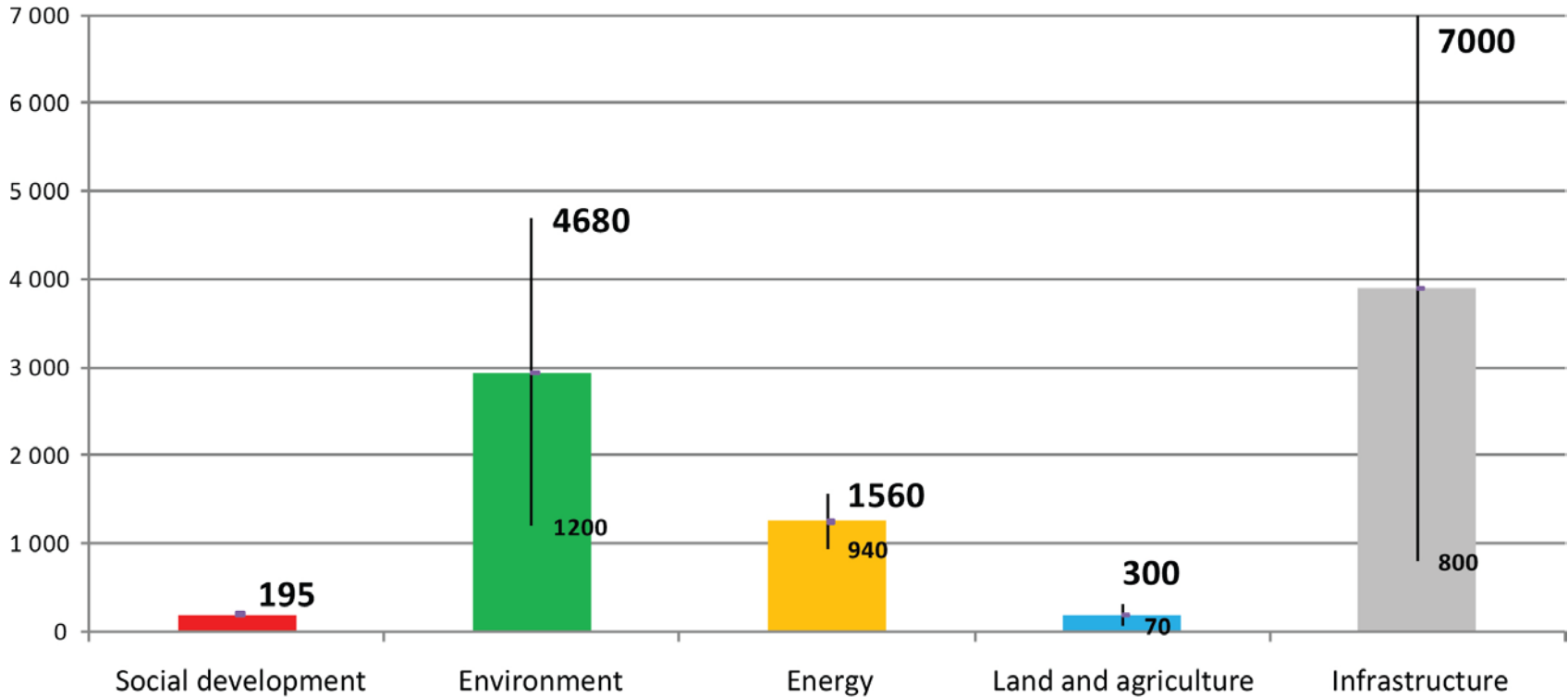
The indicator is not produced but could be produced from existing data sources

The data needed to produce the indicator are not available

No response

Achieving the Goals of the 2030 Agenda will take between US\$ 3 trillion and US\$ 14 trillion in total

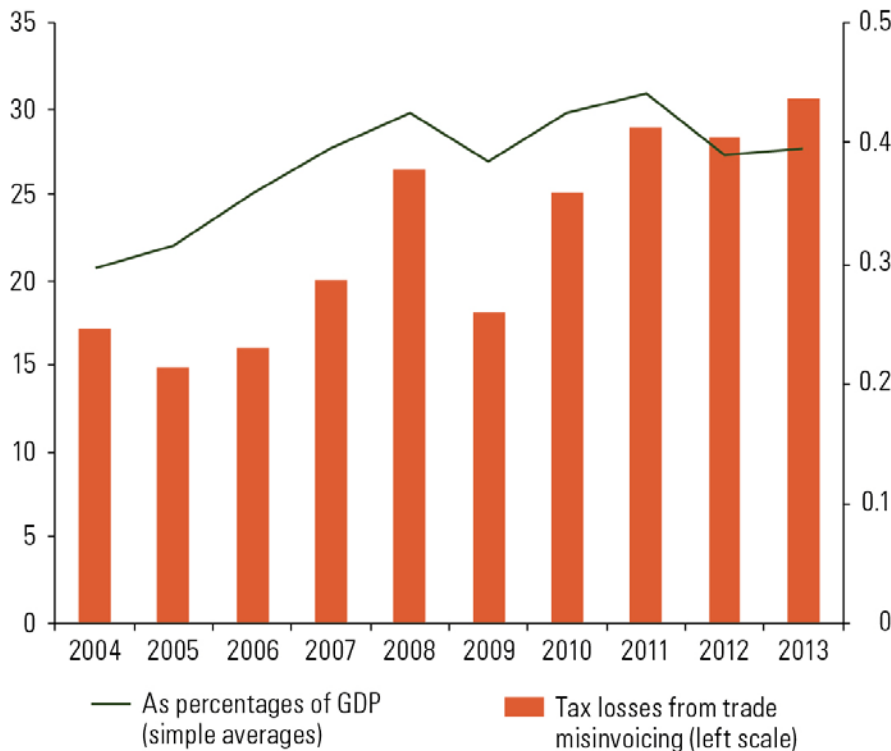
ESTIMATED ANNUAL FINANCING NEEDS FOR SELECTED SUSTAINABLE DEVELOPMENT GOALS
(Billions of dollars)



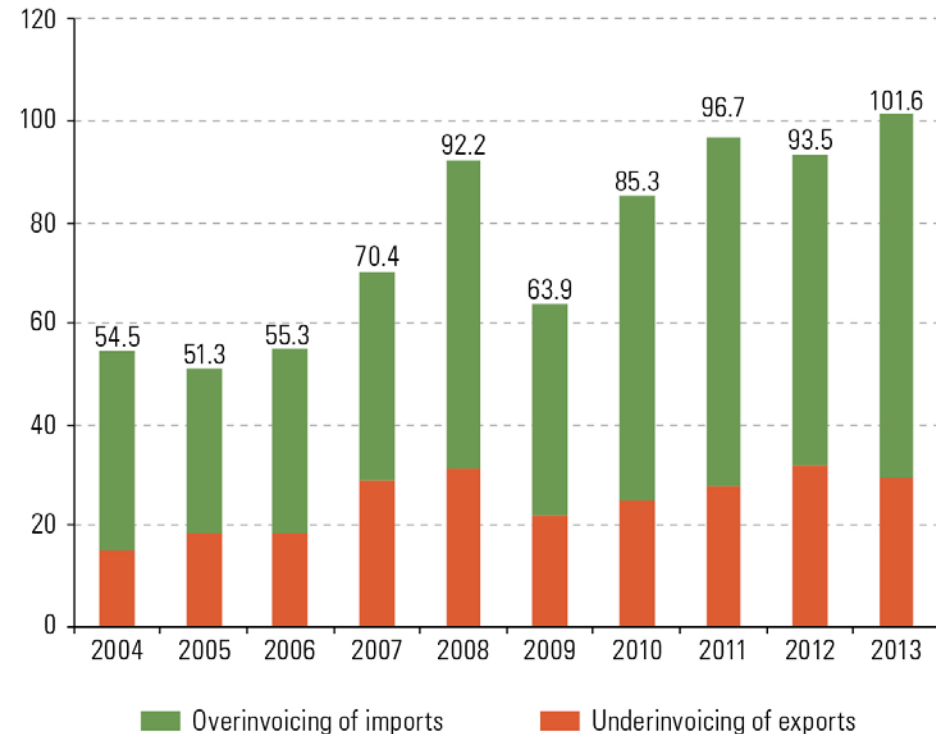
Source: United Nations, Report of the Intergovernmental Committee of Experts on Sustainable Development Financing (A/69/315), New York, 2014.

Illicit financial flows must be significantly reduced

Latin America and the Caribbean: tax losses associated with trade misinvoicing, 2004-2013
(Billions of dollars and percentages of GDP)



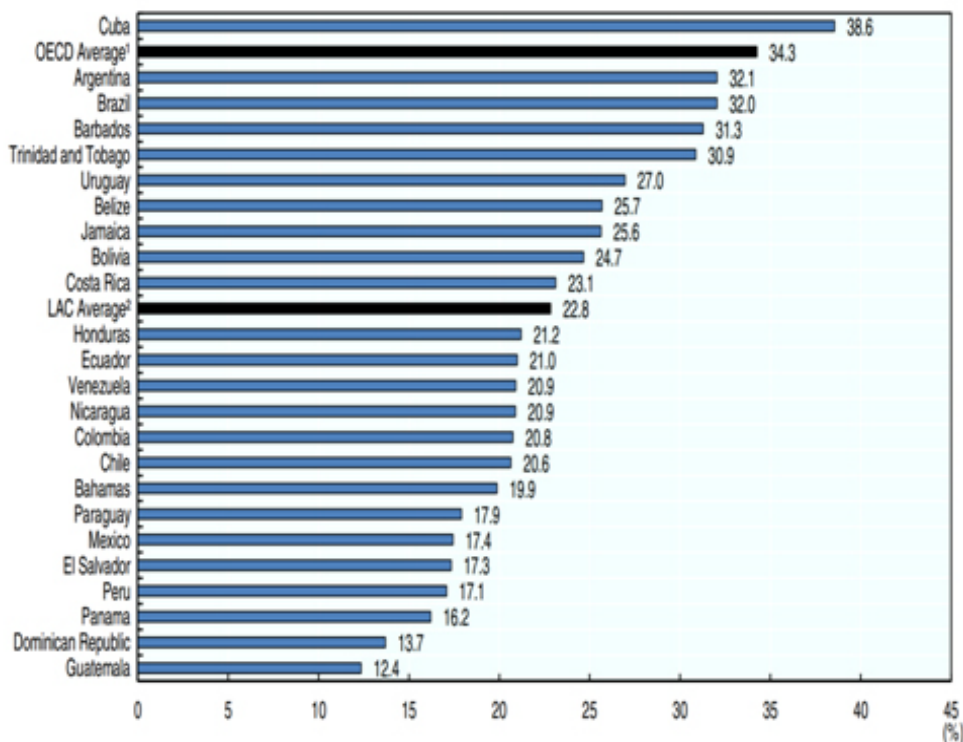
LATIN AMERICA AND THE CARIBBEAN: ESTIMATED VALUE OF TRADE MISINVOICING, 2004-2013
(Billions of dollars)



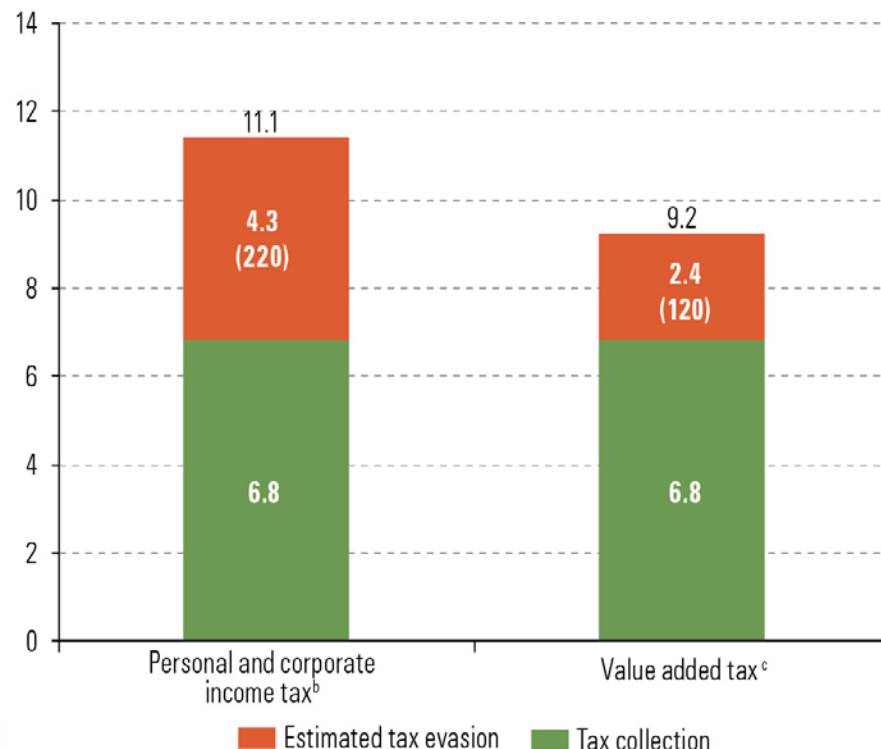
Source: ECLAC.

Mobilizing public resources for the 2030 Agenda requires raising the tax burden, changing its structure and reducing evasion

RATIO OF TAX REVENUES TO GDP, 2015
(Total tax revenues as a percentage of GDP)



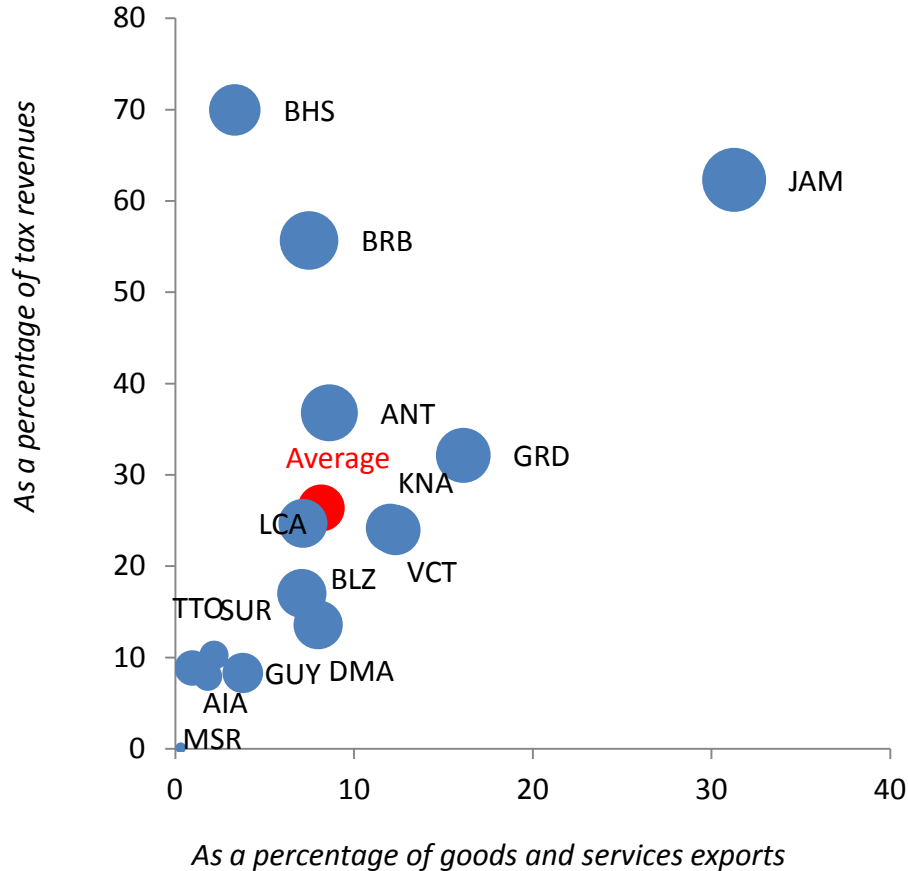
Latin America: tax collection and estimated evasion, 2015
(Percentages of GDP and billions of dollars)



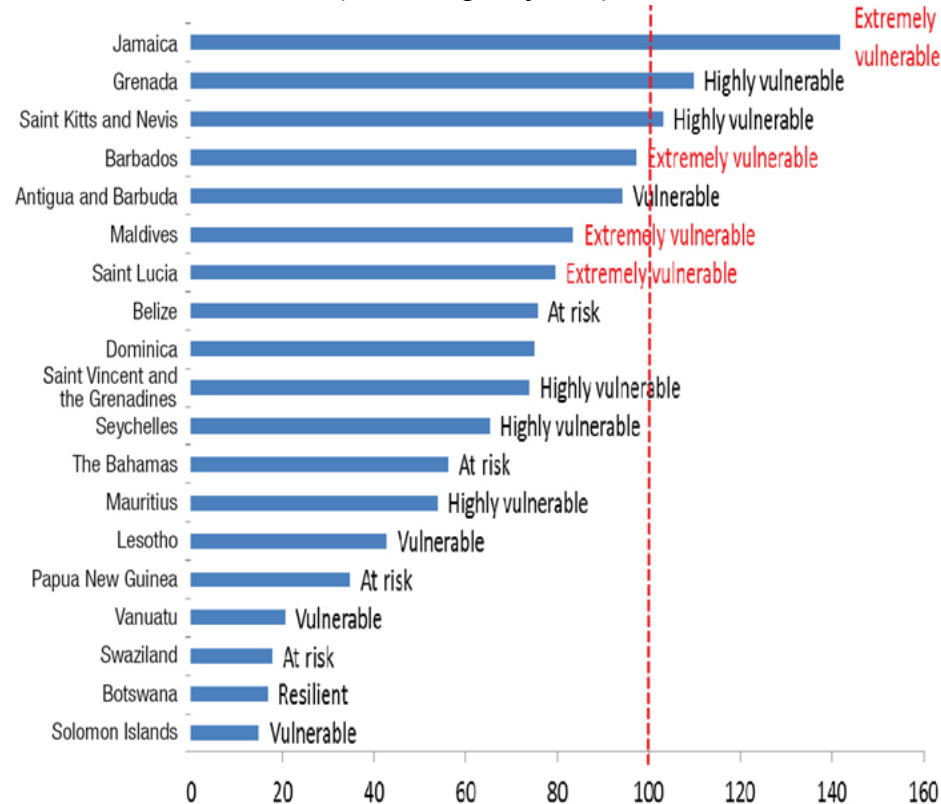
Source: OECD/ECLAC/CIAT/IDB (2017), *Revenue Statistics in Latin America and the Caribbean 2017*, OECD Publishing, Paris. [online] http://dx.doi.org/10.1787/rev_lat_car-2017-en-fr

Public debt servicing requirements severely limit Caribbean countries' fiscal space and potential to achieve the SDGs

THE CARIBBEAN: PUBLIC DEBT SERVICE BURDEN, 2014



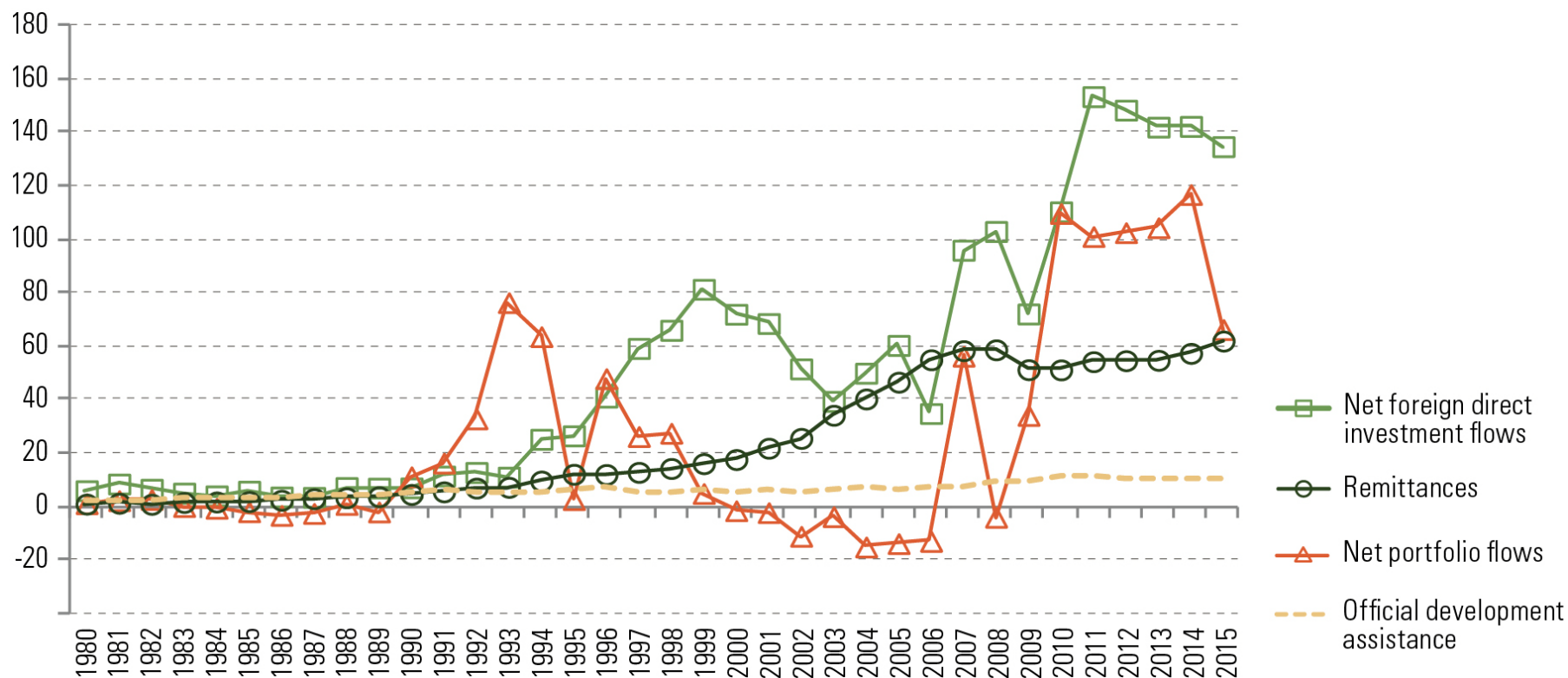
SMALL STATES: PUBLIC DEBT AND ENVIRONMENTAL VULNERABILITY, 2013
(Percentages of GDP)



Source: IMF(2016) World Economic Outlook, UNEP Environmental Vulnerability Index 2000.

FDI and migrant remittances have become the fastest-growing component of financial flows

LATIN AMERICA AND THE CARIBBEAN: MAIN EXTERNAL FINANCING FLOWS, 1980-2015
(Millions of dollars)



Source: ECLAC, on the basis of CEPALSTAT for foreign direct investment (FDI) and portfolio flows; and World Bank, World Development Indicators for remittances.

Strengthening the regional framework

- Strengthen the **regional platform** for data and statistics for sustainable development along with geographical references
- **Generate data principles and standards**
 - data quality, integrity and timeliness
 - data disaggregation and ease of use and organization
 - data resources, capacity and technology
 - data protection, privacy and rights
- Promote the **regional observatories on gender, energy efficiency, broadband and cities**
- Engage in dialogue on **regional SDG follow-up with the support of the United Nations Development Pillar**
- Promote **regional and South-South cooperation** and systems for regional and interregional data-sharing.

REGIONAL AND GLOBAL DIMENSIONS OF THE 2030 AGENDA FOR SUSTAINABLE DEVELOPMENT

Forum of the Countries of Latin America and the Caribbean on Sustainable Development



● Subsidiary body of the Economic Commission for Latin America and the Caribbean
 ● Intergovernmental regional mechanism which is invited to provide inputs and contributions to the Forum

¹ Due to space considerations some names have been abbreviated. For a full list of subsidiary bodies of ECLAC visit <http://www.cepal.org/en/organos-subsidiarios>.
² UNEP/ROLAC acts as secretariat to the Forum of Ministers of the Environment of Latin America and the Caribbean. The Forum has also an Interagency Technical Committee composed of UNEP, UNDP, ECLAC, IDB and the World Bank.
³ This is a non-exhaustive list. For a complete list of specialized agencies, funds and programmes of the United Nations visit <http://www.unsceb.org/content/unsystemchart-dpi-2015>.
 Source: Economic Commission for Latin America and the Caribbean (ECLAC), Economic Commission for Latin America and the Caribbean (ECLAC), "Establishment of the Forum of the Countries of Latin America and the Caribbean on Sustainable Development", resolution adopted at the thirty-sixth session of ECLAC, 27 May 2016.

Source: Economic Commission for Latin America and the Caribbean (ECLAC), [online] http://www.cepal.org/sites/default/files/infographic/files/infografia_foro_alc_en_20_09_2016.pdf

In short: to implement the 2030 Agenda

- Global, regional and national governance:
 - production of global public goods
 - reduction of power asymmetries in the global governance of monetary, financial, trade, technological and environmental matters
 - institutional cooperation and coordination within and between countries
 - development of low-carbon regional production chains
- Build the SDGs into national development plans, budgets and business models.
- Measure what we collectively decide: new indicators
- Means of implementation: financing, technology, fair trade and access to information.
- Intersectoral and inter-institutional coordination and participation of all stakeholders, including business and civil society.

Coalitions between State, market and citizens

Changing the conversation

- A new political dialogue is needed at a time when the economy, politics and technology are changing fast, and the region is entering a period of uncertainty.
- The 2030 Agenda and the SDGs offer a point of reference with values that are shared by the entire international community.
- This Forum, with its diverse actors, scopes and capacities is an ideal sphere in which to build a shared vision and new political partnerships to drive sustainable development.
- These efforts must revolve around the missions the SDGs demand: ending poverty, bringing production fully into the technology revolution, moving towards low-carbon paths and towards universal social protection, as necessary conditions for preventing conflicts, promoting global equality and stability and safeguarding the global commons.

THIS IS THE PROPOSAL: TO LEAVE NO ONE BEHIND



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