The 2030 Agenda, the SDGs and Latin America and the Caribbean: progress and challenges
Multilateral cooperation and regional integration as development tools
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 hypergloblization 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 fewers 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**
*(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


(Trillions of dollars)

In 1980, global financial assets matched global GDP in value. In 2014, they were more than 12 times global GDP

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%

... and deal with an increasingly unequal world

(Billions of dollars)

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<thead>
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<tbody>
<tr>
<td>Value</td>
<td>388</td>
<td>177</td>
<td>159</td>
<td>92</td>
<td>80</td>
<td>62</td>
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</table>

6 of these linked to ICTs

...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.

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


- **Oceania**: 17.5, 20.6, 15.2
- **North America**: 9.8, 15.2, 6.8
- **Europe**: 6.8, 10.3, 2.9
- **World**: 2.9, 3.3
- **Africa**: 2.5, 1.7
- **Asia**: 1.5, 1.7
- **Latin America and the Caribbean**: 1.6, 1.5

**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.


*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.
  o The 1941 Agreement for Progressive Free Trade between Argentina and Brazil, made after the collapse in trade during the Second World War.
  o The Latin American Free Trade Association (LAFTA) was created in 1960, amid the crisis stemming from the dollar shortage years.
  o MERCOSUR emerged from the agreements between Argentina and Brazil in the lost 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.

* 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)

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)*

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


(Percentages of the total energy supply)


\(^a\) 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

A. Education (years)

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<thead>
<tr>
<th>Category</th>
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<tr>
<td>Non-Afrodescendent and non-indigenous</td>
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B. Earnings (poverty lines)

<table>
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<th>Category</th>
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<tr>
<td>Non-Afrodescendent and non-indigenous</td>
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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)

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.
5. Strengthening the regional architecture: observatories on gender equality, planning, energy.
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 georreferencing 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

<table>
<thead>
<tr>
<th>Goal</th>
<th>Produced</th>
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<th>Further refinement/required</th>
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<td>20</td>
<td>24</td>
<td>18</td>
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</table>

- 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 from existing data sources
- No response

The data needed to produce the indicator are not available
Achieving the Goals of the 2030 Agenda will take between US$ 3 trillion and US$ 14 trillion in total.
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)

(Billions of dollars)

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

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

**THE CARIBBEAN: PUBLIC DEBT SERVICE BURDEN, 2014**

As a percentage of tax revenues

- Average
- BHS
- BRB
- ANT
- GRD
- LCA
- KNA
- VCT
- TT
tosur
- AIA
- GUY
- DMA
- JAM

**SMALL STATES: PUBLIC DEBT AND ENVIRONMENTAL VULNERABILITY, 2013**

(Percentages of GDP)

- Jamaica
- Grenada
- Saint Kitts and Nevis
- Barbados
- Antigua and Barbuda
- Maldives
- Saint Lucia
- Belize
- Dominica
- Saint Vincent and the Grenadines
- Seychelles
- The Bahamas
- Mauritius
- Lesotho
- Papua New Guinea
- Vanuatu
- Swaziland
- Botswana
- Solomon Islands

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