Building forward better: action to strengthen the 2030 Agenda for Sustainable Development

Alicia Bárcena
Executive Secretary
Economic Commission for Latin America and the Caribbean (ECLAC)

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Challenges for the Decade of Action

• A **world in crisis**: slow growth, inequality, environmental emergency.

• An unprecedented **health crisis** worsened by the social inequality matrix. Vaccine geopolitics.

• The region is facing the pandemic amid serious **existing structural problems**.

• There is a growing possibility that the **Goals of the 2030 Agenda will not be achieved** and its comprehensive nature is at risk.

• The strategy for a **Decade of Action** must be realistic, based on the progress made, recognize implementation problems and be in line with a transformative recovery.

• ECLAC proposes a strategy for action: **a big push for sustainability** based on the 2030 Agenda and its 17 Sustainable Development Goals (SDGs).
The pandemic has hit economies and societies with structural problems

**Crisis of multilateralism**
- Geopolitical tensions
- New economic landscape
- Worn out global governance models

**Structural gaps**
- Insufficient growth
- Inequalities
- Concentration of wealth (1%)

**Social unrest**
- Fragmentation of health, education and social protection services
- Mistrust
- Corruption

**New global challenges**
- Climate change
- Biodiversity loss
- Technological revolution
- Migration

Social unrest
- Fragmentation of health, education and social protection services
- Mistrust
- Corruption
The health crisis
The health crisis has cost 718,000 lives

- 22.7 million cases and 718,000 related deaths.
- ECLAC estimates substantial excess mortality and a 0.5-year loss in life expectancy.
- Risk factors: age, sex (61.1% men), poverty and overcrowding.
- Fragmented and unequal health systems.
- Women on the front line of care: care crisis.

The countries of the region implemented restrictions on movement (physical distancing), increased resources for the health system and bolstered income.

The central theme at present: vaccination progress. Challenges for the countries:

1. The supply in the laboratories producing the vaccines and hoarding by some countries.

2. The financial and negotiating capacity to procure vaccines.

3. Infrastructure, logistics and primary health-care services for distribution at the national level.


* Includes commitments through COVAX, but not COVAX AMC.
The economic, social and environmental impacts of the pandemic
The backdrop: a culture of privilege and inequality

- **Disillusionment** and anger that signal a break in the continuity of a model associated with four decades of low growth, wealth concentration and environmental deterioration.

- **Institutions** that reproduce the behaviour of agents with greater economic and political power.

- **Rentier** tendency based on ownership of natural resources and the financial economy.

- Colonial vestiges of a **culture of privilege** that normalizes social hierarchies, inequalities, discrimination and highly unequal access to the fruits of progress, production assets and political participation.

- The pandemic has magnified the region’s **structural problems**.
Another lost decade

**LATIN AMERICA AND THE CARIBBEAN: GDP IN REAL TERMS**
*(Index: 2008=100)*

When will the pre-pandemic level be regained?
- In 2024, if subsequent growth is 1.8% (average of last decade)
- Within 10 years, if subsequent growth is 0.3% (average of past six years)

Source: ECLAC, on the basis of official figures.
The Caribbean: area and population living in areas below 5 metres

- More than 80% of the population in the Caribbean lives in areas below 5 metres above sea level.
- Vulnerability to climate change and disasters relating to natural phenomena.
- Heavy dependence on imported food and other imported goods.
- Decline in tourism: in the first eight months of 2020, tourist arrivals plummeted by 64%.
- High debt levels.

The crisis is increasing the risk of reprimarization and hindering diversified industrialization (SDG 9)

Latin America (8 countries): share of industrial production of groups of sectors according to the intensity of the expected impact of the crisis, 2020 (Percentages)

- Sectors that have the greatest potential for technological growth and are least natural-resource-intensive are hardest hit.
- Worsening of the structural problems faced by the region’s economies.
Deterioration of the labour market: unemployment rate of 10.7% in 2020 (SDG 8)

- High levels of labour informality (54%)
- Only 47.2% of employed persons affiliated with or contributing to pension systems
- Just 60.5% were affiliated with or contributed to health systems

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**LATIN AMERICA: PARTICIPATION RATE**

- **2019**
  - Men: 73.0%
  - Women: 52.0%
  - Total: 62.5%
- **2020**
  - Men: 69.0%
  - Women: 46.0%
  - Total: 57.2%

**LATIN AMERICA: UNEMPLOYMENT RATE**

- **2019**
  - Total: 8.1%
  - Men: 7.0%
  - Women: 9.6%
- **2020**
  - Total: 10.7%
  - Men: 9.7%
  - Women: 12.0%
The rise and limitations of digital technologies

- 70% penetration rate for mobile broadband and 14% for fixed broadband
- 1/3 of the population has limited or no access because of their economic situation
- 46% of children aged 5–12 live in households that are not connected
- Over 42 million households with no Internet connection; half of these belong to the poorest quintiles
- 77% of rural households and 33% of urban households are not connected
- The number of online companies tripled. Teleworking feasible for only 21.3% of those employed (3% in quintile I and 70% in quintile V)
Policy responses

- **Fiscal policy**: strengthen health systems, support household income and protect production capacity.
- Fiscal expenditure: **4.3% of GDP** on average; State guarantees: **2.5% of GDP**.
- **Monetary policy**: support aggregate demand and maintain macrofinancial stability through conventional and non-conventional instruments.
- **Non-contributory social protection** in 2020: **1.25%** of 2019 per capita GDP.
- **84 million households** covered, **326 million people**.

Latin America and the Caribbean (28 countries): persons in households receiving emergency cash and in-kind transfers, to address the effects of the pandemic and through conditional transfer programmes, 2020 and latest available year

(Percentages of the total population, simple average by subregion)

- **Latin America and the Caribbean**: 49.4% (Measures related to COVID-19), 18.5% (Conditional transfer programmes)
- **Latin America**: 60.8% (Measures related to COVID-19), 20.5% (Conditional transfer programmes)
- **South America**: 66.1% (Measures related to COVID-19), 24.5% (Conditional transfer programmes)
- **Central America, Haiti, Mexico and the Dominican Rep.**: 54.2% (Measures related to COVID-19), 16.0% (Conditional transfer programmes)
- **The Caribbean**: 31.5% (Measures related to COVID-19), 7.3% (Conditional transfer programmes)

Emergency transfers limited the rise in poverty

- The number of people living in poverty would have been 230 million, instead of 209 million, and there would have been 98 million in extreme poverty, instead of 78 million.

- **Gini index: 2.9% higher** than in 2019.

**LATIN AMERICA: POVERTY AND EXTREME POVERTY 2019 AND 2020, WITH AND WITHOUT CASH TRANSFERS**

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<thead>
<tr>
<th></th>
<th>2019</th>
<th>2020</th>
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<tr>
<td><strong>POVERTY</strong></td>
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<tr>
<td>With transfers</td>
<td>30.5</td>
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<td>Without transfers</td>
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<td><strong>EXTREME POVERTY</strong></td>
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<td>With transfers</td>
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<td>Without transfers</td>
<td>12.5</td>
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</table>

Source: ECLAC, on the basis of Household Survey Data Bank (BADEHOG). * Weighted average of the following countries: Argentina, Bolivia (Plurinational State of), Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Uruguay and Venezuela (Bolivarian Republic of). The simulation does not take into account changes in remittances to households.
With the right policies, the impact on emissions could give the region time to fulfil NDCs

Lower emissions due to COVID-19 provide 3–4 extra years to make the investments needed to fulfil conditional nationally determined contributions (NDCs).

6–7 additional years to fulfil unconditional NDCs.
The pandemic is putting the comprehensive nature of the 2030 Agenda for Sustainable Development at heightened risk
The 2030 Agenda is at a critical point: only a third of the targets are on track to be achieved

Projections for 177 series/110 indicators/86 targets/17 SDGs for Latin America and the Caribbean

<table>
<thead>
<tr>
<th>Goals</th>
<th>No. of series</th>
<th>Examples</th>
<th>Expected outcomes</th>
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<tbody>
<tr>
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<td>• Access to electricity (7.1.1)</td>
<td>The target has been reached or likely to be reached on the current trend</td>
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<td>• Under-5 mortality rate (3.2.1)</td>
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<td>• Enrolment in higher education (C-4.3)</td>
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<td>• Prevalence of undernourishment (2.1.1)</td>
<td>The trend is moving in the right direction, but too slowly to meet the target</td>
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<td>• R&amp;D spending (9.5.1)</td>
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<td>• Population living in slums (11.1.1)</td>
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<td>• Unemployment rate (8.5.2)</td>
<td>The trend is moving in the wrong direction</td>
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<td>• Domestic material consumption (12.2.2)</td>
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<td></td>
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<td>• GHG emissions (C-13.3)</td>
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Source: ECLAC.
Almost all the countries have mechanisms for 2030 Agenda implementation and follow-up

- 31 countries of the region have a mechanism for 2030 Agenda implementation and follow-up.
- Little involvement of planning and of planning authorities in the formulation and evaluation of pandemic-response measures.
- The Regional Observatory on Planning for Development of ILPES has identified some of the modalities the countries have used to territorialize the SDGs.
- January 2021: 57 open-government action plans, comprising a total of 1,156 commitments.
The countries have taken ownership of the 2030 Agenda: national and local voluntary reviews are on the rise

Latin America and the Caribbean: voluntary national reviews, 2016–2021

Latin America and the Caribbean and the world: voluntary local reviews, 2016–2021
(Number of reviews)

Worldwide, a third of the countries that will be presenting reviews for the third time in 2021 are from this region.

Source: ECLAC.
28 of the 33 countries in the region will have presented their reports to the high-level political forum between 2016 and 2021:

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<td>Annual total</td>
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<td>Cumulative countries</td>
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<td>19</td>
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<td>Total countries</td>
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<td>3</td>
<td>5</td>
<td>11</td>
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But... what is still missing?

- Ownership of the 2030 Agenda by economic and social stakeholders.
- New engines of growth.
- Redistributive results.
- Financing:
  - Gaps and middle-income trap
  - Progressive fiscal policy
  - Public budgets
  - Public and private investment
- Technology: closing gaps, investment, data protection, cybersecurity.
- Changing the conversation with civil society and the private sector.
- The risk: from indifference to solidarity.
Transformative recovery:
from a new paradigm to new policies
There is a **virtuous interaction** between the construction of a welfare state, technical change and the transformation of production, with an expansion of formal employment and endogenous capacity-building

• Equality as an ethical principle and a necessary condition for economic efficiency

• Industrialization and productive diversification with formal employment, with innovation and regional markets to reduce the external constraint

• Investment and technical change for decarbonization and the protection of nature
Growth and redistribution: indispensable to end poverty by 2030

Objective: End poverty by 2030 (37.8%)

Necessary conditions:

1. **Transfer of an amount equivalent to one poverty line** from the richest decile to the poorest decile, starting with 1.5% of GDP in 2021 and increasing 0.5 percentage points per year to reach 3% in 2024 and remaining at that level until 2030, to reach a Gini of 0.40.

2. **GDP growth rate of 4%** to create the formal jobs necessary to reduce the number of poor.

3. Positive feedback between greater equality and improved competitiveness, formal job creation and growth.

Source: ECLAC, Building forward better: action to strengthen the 2030 Agenda for Sustainable Development (LC/FDS.4/3/Rev.1), Santiago, 2021.

Note: The series on GDP, exports and gross fixed capital formation were obtained on the basis of 10-year rolling averages.
The sectors driving the big push for sustainability

Eight engines of the new development pattern according to their strategic role in competitiveness, employment, emissions and health

- Energy transition to renewable sources
- Sustainable mobility and urban space
- The digital revolution: universalizing access
- The health-care manufacturing industry
- The bioeconomy, biological resources and natural ecosystems
- Valuing and expanding the care economy
- The circular economy
- Sustainable tourism
The recovery requires expansionary fiscal policies, with strengthened income and international financing

**Broadening the fiscal space:**
- End tax evasion and avoidance: 6.1% of GDP
- Rethink tax spending: 3.7% of GDP
- Progressive tax reform including taxes on the digital economy
- Make MSMEs and emergency income priorities for investment and public spending

**Increasing financing:**
- Redistribute existing liquidity and issue 500 billion new SDRs, which would bring US$ 56 billion to the region
- Relief of 12% of the public debt of the Caribbean to create a Resilience Fund
- Fund Against COVID-19 Economics (FACE)
- Adjust graduation criteria
- Multilateral agreements to reduce tax evaluation and illicit flows
The crux of the current situation: vaccination

- **At the current rate of vaccination, the region will not achieve herd immunity in 2021**
  - Some countries: in 2021/early 2022
  - A few more: in 2022
  - Most of the countries: in 2023

- **What can be done?**
  - Strengthen regional coordination mechanisms to procure vaccines
  - Support a fully functional COVAX initiative
  - Awareness-raising for the vaccine-hesitant population
  - Negotiation with countries that will have vaccine surpluses
  - Information-sharing about best practices in the vaccination process
  - Flexibilization of intellectual property regimes
A transformative recovery with equality at the centre

• **Sustainable development** as an alternative to two tendencies that must be avoided:
  • *Inertia*, which means returning to a development pattern with slow growth, inequality and mounting environmental and social problems
  • *Economic fragmentation*, as a result of geopolitical rivalries and growing conflicts that threaten peace

• **Requirements:**
  • Strong institutional and State management *capabilities*
  • *Compacts* that foster democracy domestically and multilateral cooperation at the global level

• **Challenges**
  • **Invest** in the long term versus responding to urgent short-term demands
  • Recoup *employment* with growth in a framework of rapid technological change
  • Place the *technology revolution* at the service of environmental stewardship and inclusion
  • Shift *consumption patterns* towards sustainability
“A neo-structuralist focus is required and a socio-centric perspective, in which the State must respond to the citizenry and guide and regulate the market strategically” (Osvaldo Sunkel)