

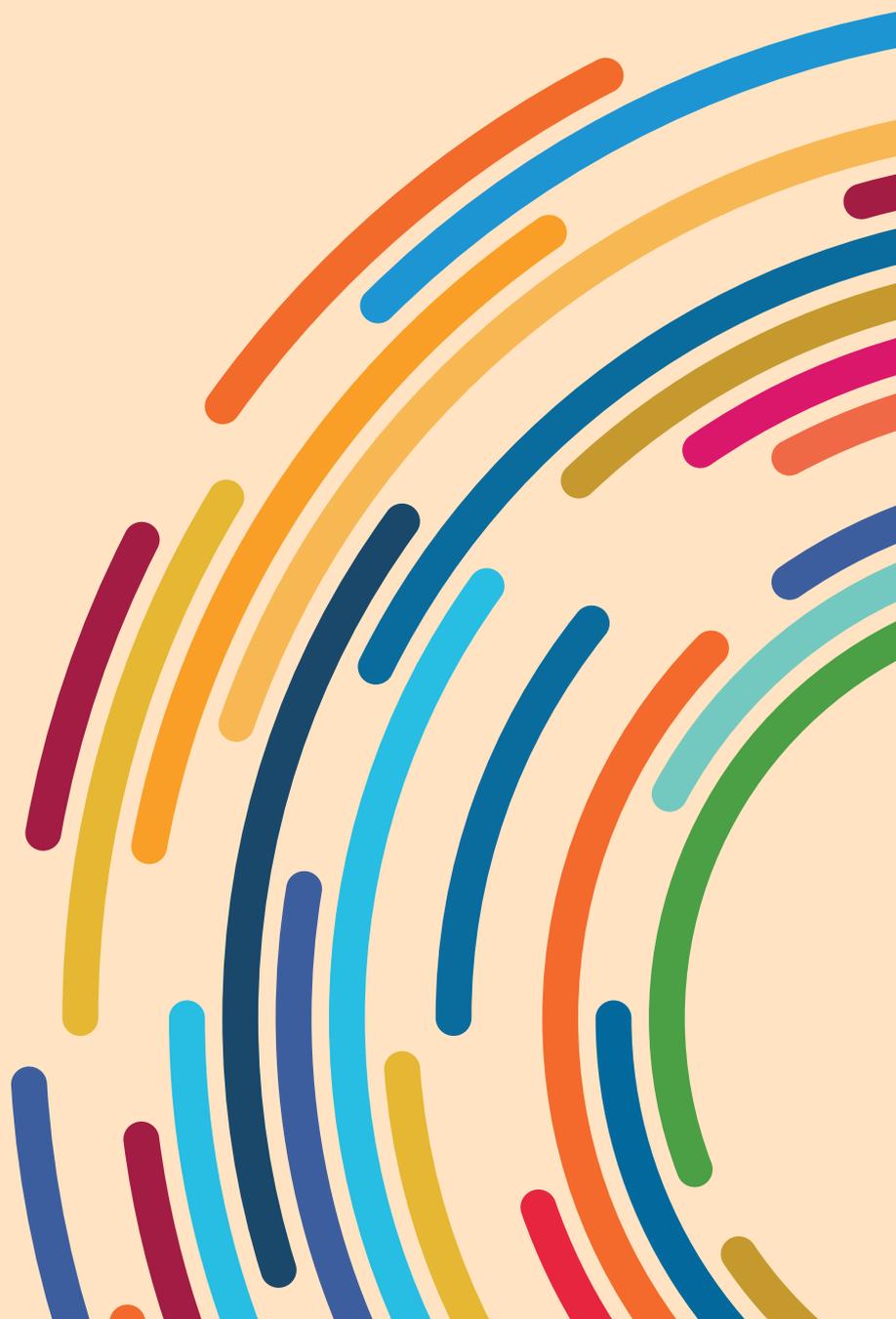
The 2030 Agenda for Sustainable Development in the new global and regional context

Scenarios and projections
in the current crisis



UNITED NATIONS

ECLAC



Thank you for your interest in this ECLAC publication



Please register if you would like to receive information on our editorial products and activities. When you register, you may specify your particular areas of interest and you will gain access to our products in other formats.



www.cepal.org/en/publications



www.cepal.org/apps

Alicia Bárcena

Executive Secretary

Mario Cimoli

Deputy Executive Secretary

Raúl García-Buchaca

Deputy Executive Secretary
for Management and Programme Analysis

Rolando Ocampo

Chief, Statistics Division

Ricardo Pérez

Chief, Publications and Web Services Division

This document was coordinated by Alicia Bárcena, Executive Secretary of the Economic Commission for Latin America and the Caribbean (ECLAC), with the assistance of Mario Cimoli, Deputy Executive Secretary, and Rolando Ocampo, Chief of the Statistics Division.

The drafting group was coordinated by Wilson Peres, Senior Economic Affairs Officer in the Division of Production, Productivity and Management of ECLAC, with support from Gabriel Porcile, Senior Economic Affairs Officer in the Division of Production, Productivity and Management; Daniel Taccari, Coordinator of the Statistical Innovation, Dissemination and SDG Area of the Statistics Division; and Zebulun Kreiter, of the Office of the Deputy Executive Secretary. Xavier Mancero, Pauline Stockins, Alynn Sánchez, Álvaro Fuentes, Carlos Pérez Verdía and Rafael Agasino, of the Statistics Division, provided support with statistical processing.

Thanks for comments and inputs are gratefully extended to Daniel Titelman, Chief of the Economic Development Division; Simone Cecchini, Officer in Charge of the Social Development Division, and Rodrigo Martínez, of the same Division; Esteban Pérez-Caldentey and Cecilia Vera, of the Economic Development Division; Giovanni Stumpo, Felipe Correa, Valentina Leiva, Jorge Miranda and Federico Nastasi, of the Division of Production, Productivity and Management; Sebastián Herreros and José Durán, of the International Trade and Integration Division; Mario Castillo, Officer in Charge of the Division for Gender Affairs, and Iliana Vaca Trigo, of the same Division; Claudia de Camino and Patricia Marchant of the Statistics Division; María Ortiz and Vianka Aliaga, of the Office of the Executive Secretary; and Nunzia Saporito and Andrés Boeninger, of the Office of the Deputy Executive Secretary.

United Nations publication

LC/PUB.2020/5

Distribution: G

Copyright © United Nations, 2020

All rights reserved

Printed at United Nations, Santiago

S.20-00207

This publication should be cited as: Economic Commission for Latin America and the Caribbean (ECLAC), *The 2030 Agenda for Sustainable Development in the new global and regional context: scenarios and projections in the current crisis* (LC/PUB.2020/5), Santiago, 2020.

Applications for authorization to reproduce this work in whole or in part should be sent to the Economic Commission for Latin America and the Caribbean (ECLAC), Publications and Web Services Division, publicaciones.cepal@un.org. Member States and their governmental institutions may reproduce this work without prior authorization, but are requested to mention the source and to inform ECLAC of such reproduction.

Contents

Foreword	9
Introduction	11
A. The global political economy: from ideal models to realpolitik	11
1. Reinterpreting the international economy.....	11
2. Struggles for technological domination and geopolitical rivalry	12
3. Globalization, the “winter of our discontent” and the periphery.....	14
B. An increasingly adverse and uncertain global economic context.....	16
1. The deterioration of the past decade	16
2. The outbreak of the pandemic.....	20
C. Another “lost decade” for Latin America and the Caribbean?.....	22
1. Seven years of slow growth	22
2. Effects of the pandemic on economic activity levels	24
3. Declining exports and imports	25
4. Effects of the pandemic on exports.....	26
5. Worst investment performance since the “lost decade”	27
6. A weaker labour market amid declining growth and investment	29
D. Stagnant productivity and production structure inertia	32
1. Premature deindustrialization.....	33
2. Structural heterogeneity persists	34
E. No narrowing of social gaps: the inefficiency of inequality	35
1. Persistent poverty	35
2. Health systems that are inadequate to cope with the pandemic	38
3. The pandemic and the care crisis.....	39
4. Will extreme poverty be eliminated by 2030?.....	40
F. Environmental emergency: towards environmental catastrophe?.....	42
G. The uneven progress made on the SDGs is at odds with the comprehensive spirit of the 2030 Agenda.....	45
H. Conclusion: towards a decade of action and delivery.....	48
Bibliography.....	49
Annexes.....	51

Tables

Table 1	Latin America (18 countries): threshold values of per capita income strata and changes in distribution of strata, 2002, 2008 and 2017	16
Table 2	Selected regions and countries: rates of global GDP growth, 2019–2020	20
Table 3	Latin America and the Caribbean (subregions and Mexico): projected variations in exports and imports of goods, 2019	25
Table 4	Latin America and the Caribbean: effects of COVID-19 on goods and services exports by region and by country, estimates for 2020	26
Table 5	Latin America and the Caribbean: effects of COVID-19 on goods and services exports to the world and to selected partners, estimates for 2020.....	27
Table 6	Latin America and the Caribbean (18 countries): share of sectors of the economy in GDP and employment, 1981–2018	34
Table 7	Number of statistical series of SDG indicators by status in relation to the 2030 thresholds defined by the targets.....	46

Figures

Figure 1	United States: goods trade balance with China, by technology level	13
Figure 2	China and the United States: global patent applications, 1990–2018	13
Figure 3	Real income growth per adult, by income percentile of the global distribution, 1980–2016	15
Figure 4	Global GDP growth, 1970–2020	17
Figure 5	Global investment growth, 1982–2017	17
Figure 6	Growth in global trade volumes, 1982–2019	18
Figure 7	Evolution of average long-term interest rates and global debt, first quarter of 2018–third quarter of 2019.....	19
Figure 8	Global financial volatility, November 2018–March 2020	22
Figure 9	Latin America and the Caribbean: annual GDP growth rate and average by decade, 1951–2019	23
Figure 10	Latin America: time taken to recover per capita GDP levels and poverty rate after the crisis of the 1980s, 1980–2019	23
Figure 11	Latin America and the Caribbean: rate of change in gross fixed capital formation, 1971–2018	28
Figure 12	Latin America: national unemployment rate by year, 2000–2019	29
Figure 13	Latin America (11 countries): year-on-year change in hourly underemployment rates, 2018 and 2019.....	30
Figure 14	Latin America and the Caribbean: projection of the regional average unemployment rate until 2030 under different scenarios of per capita GDP growth	31
Figure 15	Contribution of productivity and employment to GDP growth, by country or region, 2000–2019	32
Figure 16	Latin America and the Caribbean (17 countries): labour productivity relative to the rest of the world, 1950–2018.....	33
Figure 17	Latin America (17 countries): increase in household income in a scenario of universal completion of the first cycle of secondary education, around 2016	36
Figure 18	Latin America: poverty and extreme poverty rates, 2002–2019	36
Figure 19	Latin America (15 countries): Gini coefficient, 2002, 2014 and 2018	37

Figure 20	Latin America: variation in numbers living in poverty and extreme poverty, and variation in per capita GDP, 2002–2017	37
Figure 21	Latin America (14 countries): affiliation or contribution to health systems by employed persons aged 15 and over, by per capita income deciles, national totals, 2002–2016	39
Figure 22	Latin America: projected regional extreme poverty rate in 2030 with different scenarios of per capita GDP growth and changes in income distribution, excluding the impact of COVID-19	41
Figure 23	Latin America: projection of the extreme poverty rate to 2030 in various scenarios of per capita GDP growth and income distribution change, and a simulation of the impact of COVID-19 on extreme poverty in 2020	42
Figure 24	Regional share of global greenhouse gas emissions, 2017	43
Figure 25	Latin America and the Caribbean: greenhouse gas emissions by sector, 1990–2030	44

The uneven progress of the SDGs: at odds with the comprehensive spirit of the 2030 Agenda

Indicators by status in relation to the 2030 thresholds defined by the targets

Over 70% of the indicators analysed show that the region will require —in some cases significant— public policy intervention to achieve the threshold established by the target^a



^a For this exercise, 72 indicators were analysed from the global SDG indicator framework and the regional framework of indicators for the Sustainable Development Goals. See methodology and full analysis in section G and annexes 1 and 2.



Foreword

The world is facing a humanitarian and health crisis without precedent in the past century. The spread of coronavirus disease (COVID-19) pandemic has battered a global economy already weakened by slow growth and mounting inequality. As uncertainty grows over the likely intensity and duration of the pandemic, economies and societies are shutting down and coming to a standstill. The short- and even medium-term impacts may be devastating. However, the gravity of the present moment should not opaque the fact that many of the factors that are worsening the effects of the pandemic were already present in the global and regional context, and at the national level as well. For that reason, the response to the health crisis should be accompanied by reflection, followed by appropriate action, to avoid perpetuating unsustainable courses of action such as those pursued until now.

In this framework, the 2030 Agenda for Sustainable Development and the 17 Sustainable Development Goals (SDGs) are more important and relevant than ever, because they form the foundation established by the international community in 2015 for advancing towards a new development model capable of eradicating extreme poverty, generating quality employment, ensuring healthy lives and promoting well-being for all at all ages, and tackling the climate crisis leaving no one behind. The Latin American and Caribbean countries actively took up this Agenda and reorganized their economic, social and environmental targets to support progress towards the fulfilment of the SDGs, while building them into their national planning systems, as reflected in the region's numerous voluntary national reviews.

In particular, with the support of the Economic Commission for Latin America and the Caribbean (ECLAC), in 2017 the governments of the region established and launched the Forum of the Countries of Latin America and the Caribbean on Sustainable Development, which has since held three annual meetings. For each of these meetings, ECLAC prepared a report on regional progress and challenges in relation to the 2030 Agenda, examining changes in the international context, how these changes affected the economic, social and environmental dynamics in the region and the path towards achieving the SDGs. This new report, prepared for the fourth meeting of the Forum, in 2020, continues that effort.

The message is clear: the highly uneven progress made thus far towards the SDGs is severely at odds with the comprehensive spirit of the 2030 Agenda and places it in jeopardy. For that reason, ECLAC calls upon the member countries of the Forum to accelerate action at all levels to realize the decade of action and delivery for sustainable development. Dealing with pending tasks —an effort in which governments, civil society, the private sector and other stakeholders must all engage— will take more than just policy formulation. Above all, it will require “accelerating action to address systemic gaps in implementation, as we embark on a decisive decade for the 2030 Agenda,” as demanded in the *Political declaration of the high-level political forum on sustainable development convened under the auspices of the General Assembly* in 2019.¹

¹ A/HLPF/2019/L.1.

Only by mobilizing resources to finance the achievement of the SDGs, enhancing implementation at the national and local levels, institution-building, problem-solving via international cooperation and the uptake of science, innovation and technology can we concentrate on the poorest and most vulnerable to leave no one behind. What is more, these are the only means to avoid slipping back onto pathways that lead us to a situation in which the effects of the COVID-19 pandemic will not only be devastating in the short term, but could also poison the context for recovery and development.

Alicia Bárcena

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

Introduction

The fourth meeting of the Forum of the Countries of Latin America and the Caribbean on Sustainable Development² coincides with the most difficult global and regional context since the global financial crisis that broke out in 2008. In early 2020, most of the world's economies were slowing. GDP rates for the region were being forecast at just over 1%, representing a contraction in per capita GDP. In these conditions, a large exogenous shock, such as that generated by the COVID-19 virus, has exacerbated the perception of vulnerability and unsustainability of the development pattern. Despite some advances, the countries of the region have progressed little with efforts to diversify their productive structure, investment and technological development, even as progress on reducing poverty and extreme poverty has stalled, and economies are not decarbonizing at a rate that would fulfil the commitments assumed under the Paris Agreement. A seven-year run of slow growth is beginning to take a social, economic and environmental toll. It is in this context of unresolved problems and mounting uncertainty that action needs to be taken to achieve the SDGs, with no more than a decade until 2030.

This document gives an overview of the main economic, social and environmental trends globally and regionally that influence the achievement of the SDGs in Latin America and the Caribbean and offers a prospective analysis of progress towards the related targets on the basis of 72 statistical series of SDG indicators in the region. It simulates scenarios at 2030 in three crucial topics: unemployment, extreme poverty and greenhouse gas emissions. On this basis, the document concludes with an evaluation of the risks facing achievement of the 2030 Agenda in the region. All the analyses include elements relating to the effects of COVID-19, as far as possible with the information available in the last week of March 2020, on the understanding that the behaviour of economic and social variables must necessarily be interpreted with caution amid the current uncertainty.

A. The global political economy: from ideal models to realpolitik

The past three decades have brought qualitative transformations in the political economy and the related rules, both in the international system and within individual countries. The perception of witnessing a change of era coincides with confusion at the speed of the transformations occurring. Although these transformations began in the second half of the 1970s, they have accelerated since the crisis of 2008, and this makes the achievement of the 2030 Agenda and the SDGs more difficult. The section below summarizes these transformations and analyses some of the underlying factors.

1. Reinterpreting the international economy

Discourses on international political economy were based for many years on a paradigm that arose from the lessons of the Great Depression of the 1930s, according to which an open international system of trade and investment, based on multilateral rules, was the surest path towards global peace and prosperity. This paradigm was believed to minimize conflict between countries and generate stability and fair competition between their firms. It also underpinned the establishment of the Bretton Woods institutions and the General Agreement on Tariffs and Trade (GATT). The Bretton Woods institutions sought to support international trade and investment growth while maintaining various sorts of capital controls. This was the formula for keeping economies open to trade and the system stable, affording scope for national policies to pursue full employment. Although the formula never worked entirely as planned and the regime collapsed in the early 1970s, the paradigm of multilateralism continued to frame

² The fourth meeting of the Forum, which was to be held in March 2020, was postponed owing to the coronavirus disease (COVID-19) pandemic.

discussions on how to reform trade and investment rules to make them more effective. The success or failure of an international negotiation was measured by the system's proximity or distance from that ideal.

There was a shift following the late 1970s and early 1980s. The spirit underpinning global integration became more radical and focused on the supposed capacity of the market to automatically correct instability in the system. Rollback of the welfare State, financial liberalization and labour market flexibilization emerged as the natural avenue towards deepening (or completing) the dominant paradigm. Inequality was thought to be the cost of eventual prosperity. Not until far too late did it become apparent that, without the regulating action of the State, market inequalities and instabilities would ultimately erode the bases of an open multilateral system.

The most noticeable change over the past decade is that the neoliberal version of multilateralism has ceased to be a gauge against which national and international stakeholders interpret the global political economy and substantiate their policy actions. The discourse and the perspectives have changed. No longer is it believed that markets allocate resources and pick winners; rather, States take active roles in shaping technology leaders and changing the rules of the game to suit their firms. The shift in discourse could be summed up as follows: the neoliberal paradigm, according to which peace would follow trade in a hands-off State, lost ground to the realist paradigm of international relations, whereby power relations prevail and trade is just another tool in the struggle for position between the countries in the international system, especially those vying for hegemony.³ The idea that “trade follows the flag” returned to the fore in a world where globalization was supposed to have relegated rivalries between countries to a lesser plane.⁴

2. Struggles for technological domination and geopolitical rivalry

In a classic work on the close relationship between trade and power in the international economy, Hirschman (1945) looked at the capacity of a country to put pressure on others by leveraging its market size and ability to supply capital goods and technology. Although Hirschman's observations remain valid and the relationship between trade and power remains very strong, another key variable has gained importance in the trade-power nexus: technology. From this derive other dimensions, which are analysed later.

Technology is the great determinant of international competitiveness —and thus of growth capacity in open economies— and, at the same time, of military power. Military power has always gone hand in hand with technological leadership or, at least, with the ability to rapidly reach the technology frontier. The presence of high-technology goods in national and international markets affects countries not only in their economic but also in their military competitiveness. Substantive changes in the share commanded by a country's firms in those markets can increase potential for conflict. That potential is absent from the orthodox trade models based on the traditional paradigm; whatever the specialization of each, all gain from trade. This is not the case in the realist paradigm, however. If some countries win more than others and gain technological strength that impacts on the power balance, concerns of distribution of the benefits of trade will prevail over the interest in growing the absolute value of those benefits.

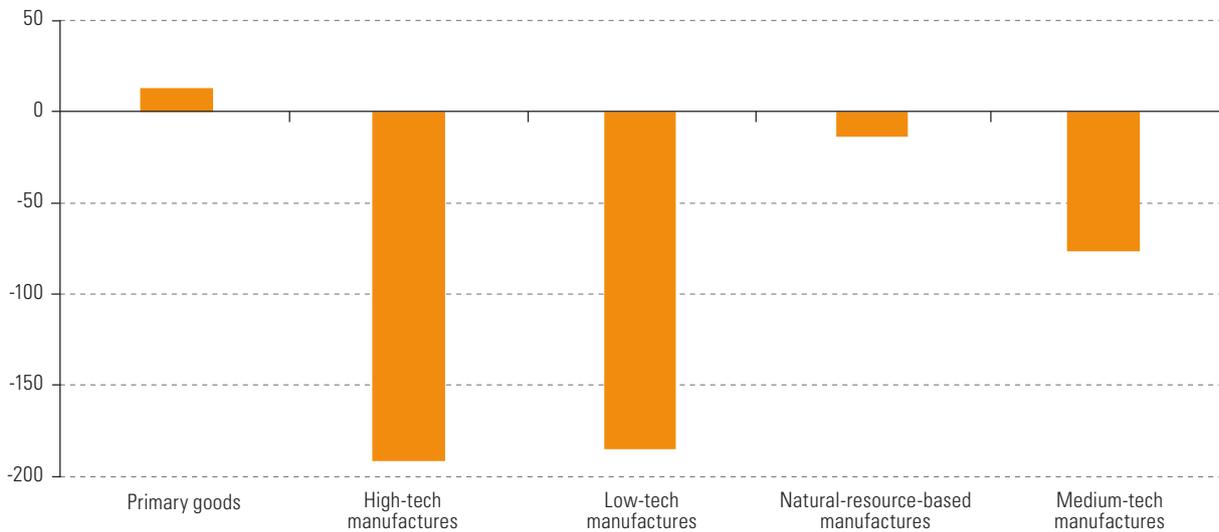
This has occurred with China's emergence as a trade power. China has gained much greater share of high-tech markets, its firms have become global players and it has quickly closed gaps with the

³ According to Bell (2017), proponents of realism “tend to focus on geopolitical relations between states, arguing that the lack of an overarching political authority in the international system —the condition of ‘anarchy’ means that the potential for reform is very limited. States remain the key agents in international politics, and they almost invariably act in self-interested ways. The result is a ‘tragic’ world in which war is an ever-present possibility, national security stands at the centre of government decision-making, and international cooperation is fragile.”

⁴ It is not proposed that international stakeholders follow either school. Rather, the schools of thought are treated as stylized (although fairly accurate) representations of their strategies on the international stage.

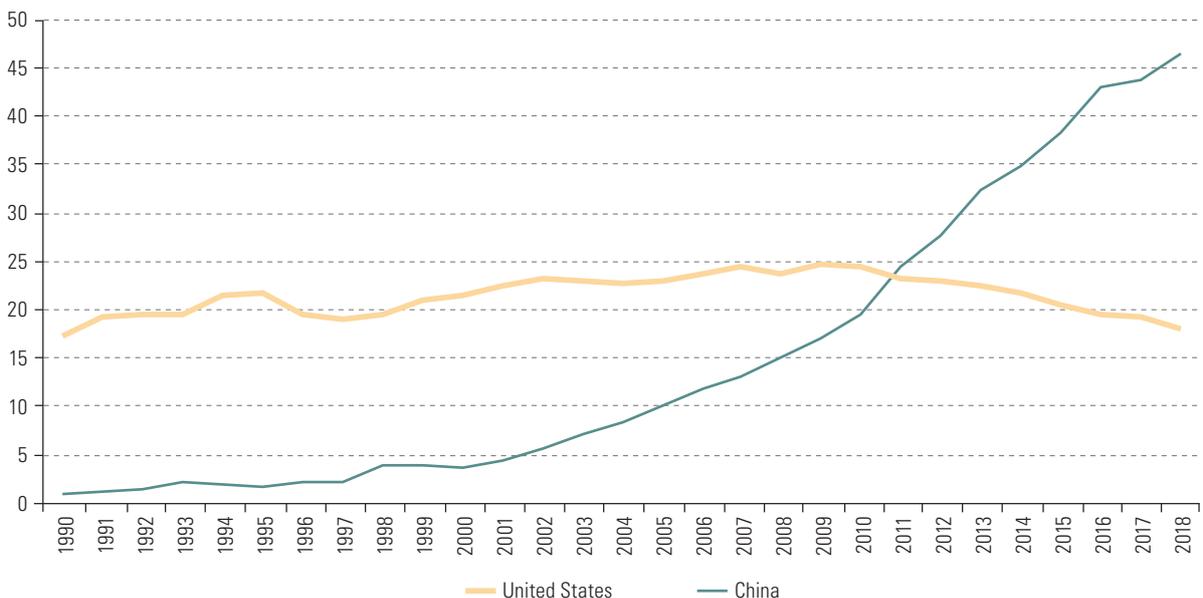
more advanced countries, all by means of industrial and technological policies that are very different from the neoliberal paradigm. The augmented presence of Chinese firms and exports in the world, especially in high-tech sectors, has been a transformation too great to be disregarded on the economic and —especially— the geopolitical stage (see figure 1). China’s growing weight in world patents has had a similar effect (see figure 2). The responses that arise in this context to protect markets and technology are an indication that other leading countries, especially the United States, are reacting to what they perceive as an undesirable outcome of the established rules.

Figure 1
United States: goods trade balance with China, by technology level
(Billions of dollars)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of UN Comtrade - International Trade Statistics Database.

Figure 2
China and the United States: global patent applications, 1990–2018
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of data from World Intellectual Property Organization (WIPO).

The trade rules never worked according to the ideal liberal model and, in practice, were often ignored (except, perhaps, by the Latin American countries, from the 1970s in some cases and from the 1990s in most). The central countries subsidized advanced technology and applied protection measures to agriculture, while in the best-performing Asian countries, States intervened strongly in their economies to reduce the technology gap and diversify exports. By doing so, they were able to escape the traps of technological lag and low productivity. As Chang (2008) explains, these economies pursued the policies that today's developed economies used in the past to achieve the level of development they enjoy today.

As a result, the global economy has undergone a process of structural change relating to the technological revolution and the capabilities of several Asian countries, especially China, to absorb and develop technology and redefine their position in the world. Although the United States continues to lead the field in technology, China has been a successful follower and is accounting for an increasing proportion of the world's industrial employment. Amid the power redistribution and heightened political tensions resulting from structural change, the institutions of the past are increasingly mismatched with the rapidly changing structures of the present. What is occurring today is a response to these changes, and specifically to the efforts of the United State to redefine institutions and the rules of play and avoid erosion of its power.

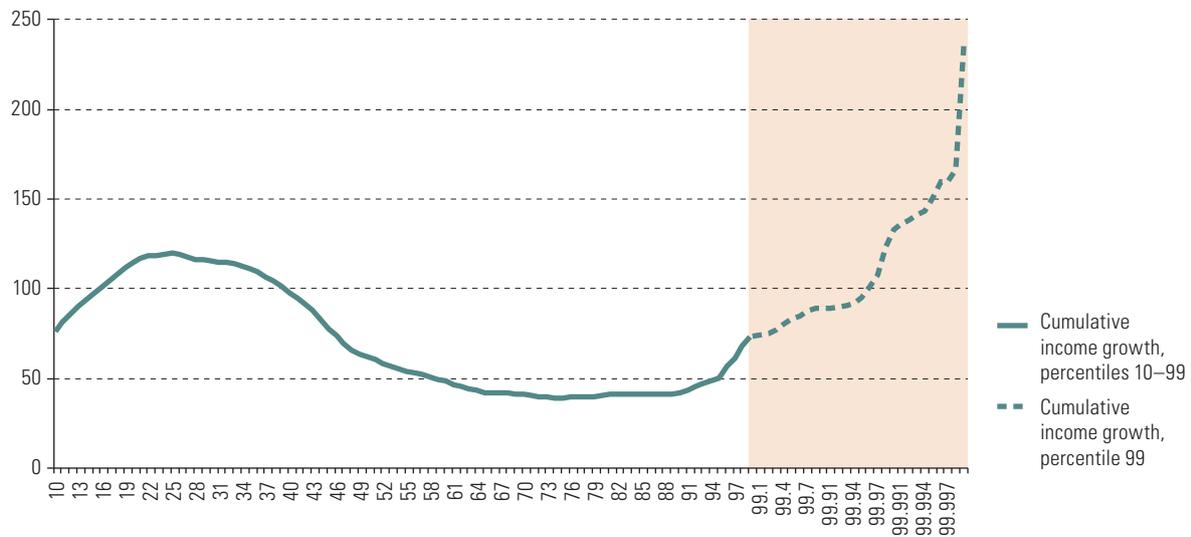
3. Globalization, the “winter of our discontent” and the periphery

The crisis of the neoliberal globalization paradigm does not mean that multilateralism should be cast aside as the best institutional framework to foster peace and cooperation between countries. Multilateralism was a means of integrating the global economy up to the 1970s. The current crisis of multilateralism pertains to a certain type that overlooked the destabilizing impacts of global markets, especially the financial market. Multilateralism needs to be redeemed and endowed with new content to enable the international system to operate on the basis of rules instead of being driven by unilateral and unpredictable actions. It is important to reestablish a system of multilateral rules to accelerate economic growth and address development problems in a new context marked by geopolitical shocks, technological progress and the worsening of environmental and migration-related problems. Small economies are far better served by clear multilateral rules than by bilateral or unilateral arrangements with much more powerful partners, who can use power asymmetries and market size to their advantage.

It is important to recognize the link between increasing globalization and increasing political instability. Globalization has wrought very significant changes in the distribution of income between and within countries. Globally, it has favoured a group of countries, especially China and India, which have managed (by means of out-of-the-box policies) to redefine their international position and lift hundreds of millions of people out of poverty. Nationally, globalization has increased inequality in most developed and developing countries. While contributing to distributive changes, globalization has also to some extent shrunk the freedom of national governments to pursue policies to compensate the losers of this process, to reduce unemployment or protect the rights of most of the population. A context of political instability has thus taken shape: asymmetrical movements between classes and strata, with shifting expectations, demands and power; a more concentrated business elite resulting from the acceleration of technical progress and globalization; vulnerable middle strata; workers with weaker trade unions and less social protection; and a State with tighter restrictions and no-go areas and greater difficulty in meeting an accumulation of diverse (and sometimes contradictory) demands. The protests with which populations have responded (which in some cases have turned violent or have enabled the rise of extreme parties previously on the political fringe) are an expression of the mounting uncertainty and fear prevailing among much of the citizenry.

The “elephant chart” developed by Lakner and Milanovic (2016) clearly represents this tension: those at the two extremes —in the lower income strata or in the richest 1% of the global distribution— have seen their income increase the most (see figure 3). The middle strata in the developed and in some developing countries benefited relatively little from globalization. Meanwhile, the weakening of the State has left many governments and political parties and cadres apparently unable to confer protection on the majority of the population, while the deterioration of social protection systems has intensified the middle strata’s perception of growing insecurity and underrepresentation. As a result, the protests have taken the form of diffuse and uncoordinated demands and lack an institutional agent of any kind to represent and drive them forward and, ultimately, to translate them into public policy.

Figure 3
Real income growth per adult, by income percentile of the global distribution, 1980–2016
 (Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of F. Alvaredo and others, *World Inequality Report 2018*, World Inequality Lab, 2018 [online] <http://wir2018.wid.world/files/download/wir2018-full-report-english.pdf>.

In the central economies, the trend towards increasing inequality has been accompanied by a weakening of the middle strata of the social structure. In the countries of the Organization for Economic Cooperation and Development (OECD), median real income (a proxy for the income of the middle strata) grew by 0.3% annually between 2008 and 2016, compared with 1.6% between the mid-1990s and the mid-2000s. The middle-income groups saw their real income rise by just a third as much as the real income of the highest income decile in the last three decades (OECD, 2019). This has been a major driver of political tension. There is a tendency to attribute the lag of the middle strata to immigration or to imports from developing economies —or, more generally, to the pressure on income distribution of the poorest 40% in the respective country or the global economy— rather than to the (less visible) process of rising markups⁵ and heavier market concentration. The decoupling of gains in productivity from gains in real wages and the rise in markups have fuelled the political polarization seen in recent years.

In Latin America, economic growth and the strengthening of social protection systems have helped to expand the middle strata. Table 1 shows the evolution of these strata in 18 countries of the region between 2002 and 2017, using a methodology proposed by ECLAC (2019d). The expansion

⁵ Some data from United States firms show markups rising from 21% above marginal cost in 1980 to 61% in 2016 (Loecker and Eeckhaut, 2017).

of the middle strata in Latin American societies over this period was not interrupted even by the crisis of 2008. However, the low-income, non-poor percentage of the population remained stable throughout the period. This group, combined with the lower-middle-income stratum, makes up almost half the population. This is a worrisome scenario, since the improvements of the past two decades coincided with benign international conditions for many of the economies of the region, especially the commodity producers. The impacts of COVID-19 on the international economy in the coming years could jeopardize the situation of new middle strata, reduce their share in the economy and intensify distributive conflicts.

Table 1
Latin America (18 countries)^a: threshold values of per capita income strata and changes in distribution of strata, 2002, 2008 and 2017
(Dollars and percentages)

Stratum	Threshold in dollars (2018)	2002	2008	2017
High-income	> 1 095.8	2.2	2.6	3.0
Total middle strata	197.2–1 095.8	26.9	36.6	41.1
Upper-middle	> 657.5–1 095.8	3.1	3.9	4.5
Intermediate-middle	> 328.7–657.5	9.5	13.4	15.7
Lower-middle	197.2–328.7	14.4	19.3	20.9
Total low-income strata	0–197.2	70.9	60.8	55.9
Low-income non-poor	109.6–197.2	25.5	27.2	25.8
Poor and extremely poor	0–109.6	45.4	33.6	30.1

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of household survey data bank (BADEHOG).

^a The countries included are: Argentina, 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.

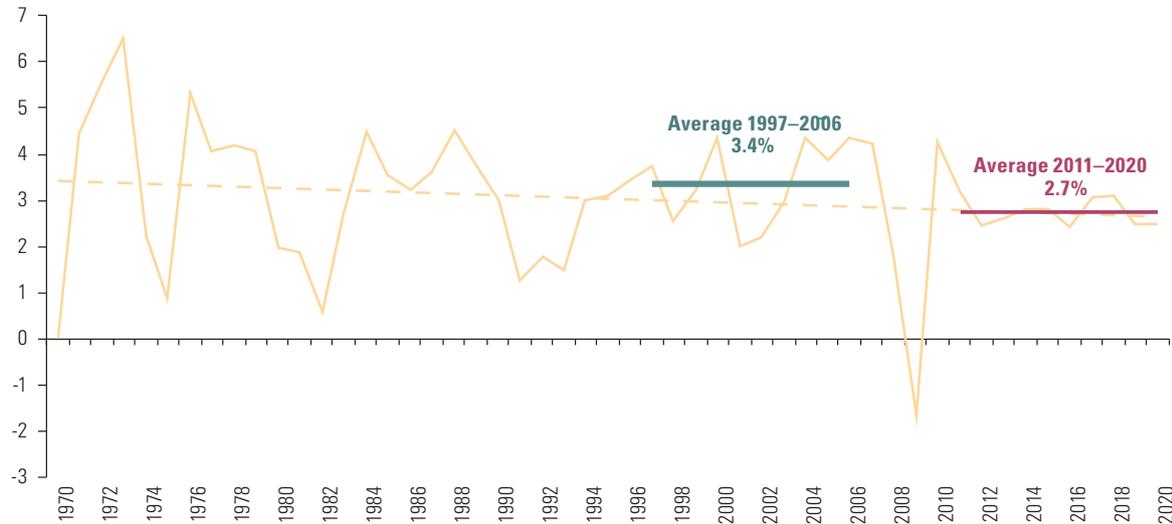
In sum, the capacity to combine trade openness with the preservation of national policy spaces for full employment accounted for the positive outcomes of the Bretton Woods system, particularly in the developed countries. Globalization upset the balance between these two pillars by constraining the State's capacity to apply compensatory and social protection policies and by making the economic cycle more extreme. The impacts of this disequilibrium are reflected in growing inequality, the environmental emergency, weak international trade growth and political and economic instability. The response of some governments in the central countries has been to weaken multilateralism and adopt unilateral policies. This path is not compatible with the need for greater international cooperation to address problems that are by definition global and cannot be solved without international cooperation and partnerships among all stakeholders, as called for in SDG 17. It is necessary to recoup and strengthen multilateralism and to do so with a fresh perspective, taking full account of the need to reduce centre-periphery asymmetries, build technological capacities on the periphery and adopt policies to reduce inequality and strengthen democracy.

B. An increasingly adverse and uncertain global economic context

1. The deterioration of the past decade

Global economic growth is slowing; world GDP growth over the past decade was far below the levels seen prior to the global economic and financial crisis (2.7% in 2011–2020, compared with 3.4% in 1997–2006). In particular, 2019 produced the worst performance since 2009, with global growth of just 2.5%. The outlook for 2020 was no better, with a similar rate projected for global growth even before the outbreak of the COVID-19 crisis (see figure 4).

Figure 4
Global GDP growth, 1970–2020^a
(Percentages, on the basis of constant dollars at 2010 prices, at market exchange rates)

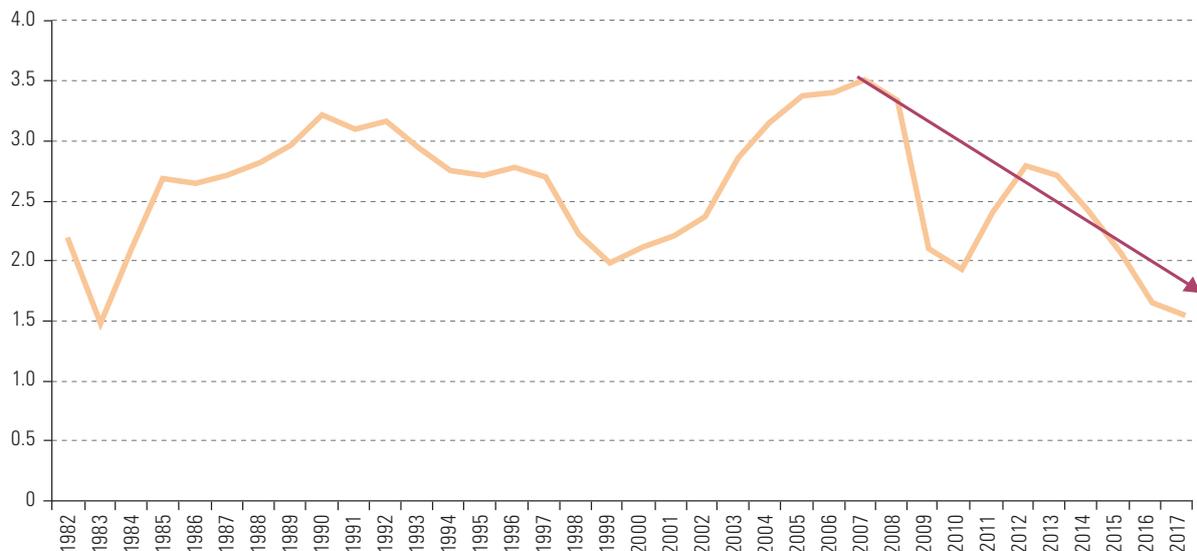


Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of data from Department of Economic and Social Affairs (DESA) of the United Nations.

^a The figures for 2019 and 2020 are projections.

The poor performance in 2019 occurred across the board, with slowdowns on 2018 in both developed economies (which posted expansion of 1.7% versus 2.3% in 2018) and in emerging economies (3.9% compared with 4.5% in 2018). The developed economies will continue to slow in 2020 (to a growth rate of 1.5%). The emerging economies will again outperform the developed economies, but will not revert the narrowing of the gap between growth rates in the two groupings that has occurred over the past decade.⁶ Investment has also followed a downward trend since the global financial crisis (see figure 5).

Figure 5
Global investment growth, 1982–2017
(Percentages on the basis of constant values, 10-year rolling averages)



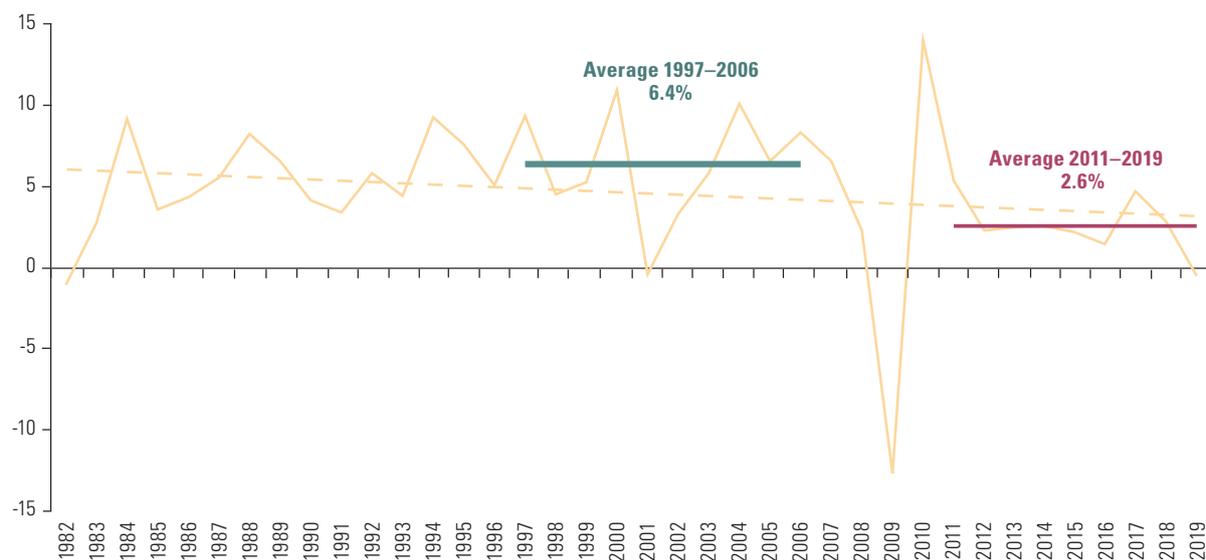
Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of World Bank, World Development Indicators, Washington, D.C. [online database] <http://data.worldbank.org/data-catalog/world-development-indicators>.

⁶ The difference in growth rates between the emerging and advanced economies reached six percentage points in 2009 and shrank thereafter; it now stands at around two percentage points.

Since 2018 these trends have been accompanied by the adverse impact of rising uncertainty and falling confidence levels as a result of trade tensions. Coupled with a poor productivity performance, this places growth in jeopardy not only in the near term, but over the medium and long terms as well.

Global trade has seen similar trends to economic activity: its growth rates over the past decade are lower than those seen before the global economic and financial crisis (see figure 6).

Figure 6
Growth in global trade volumes, 1982–2019
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of data from the World Trade Organization (WTO).

Some of the causes of the slowdown in goods trade after the crisis were structural in nature, such as the stagnation of hitherto rapid growth in global value chains, relocalization (the move towards sourcing inputs locally) on the part of transnational corporations, and the reduction of trade growth with China owing to its structural transformation from an export- and investment-driven economy to one based on consumption and services (United Nations, 2017 and IMF, 2016). To this was added the growing difficulty—in many countries—of reconciling and coordinating national goals and policies with global institutional mechanisms, which has weakened support for multilateralism and—in the trade sphere—increased protectionist tendencies. Trade has slowed more sharply since late 2018, as these factors have been compounded by the intensification of trade and technology tensions between the United States and China. These have resulted in a build-up of trade barriers between the two countries, with impacts on economies involved in international production networks, especially in Asia and Europe (see ECLAC, 2019b). In 2019 global trade growth posted negative figures for the first time since 2009.⁷

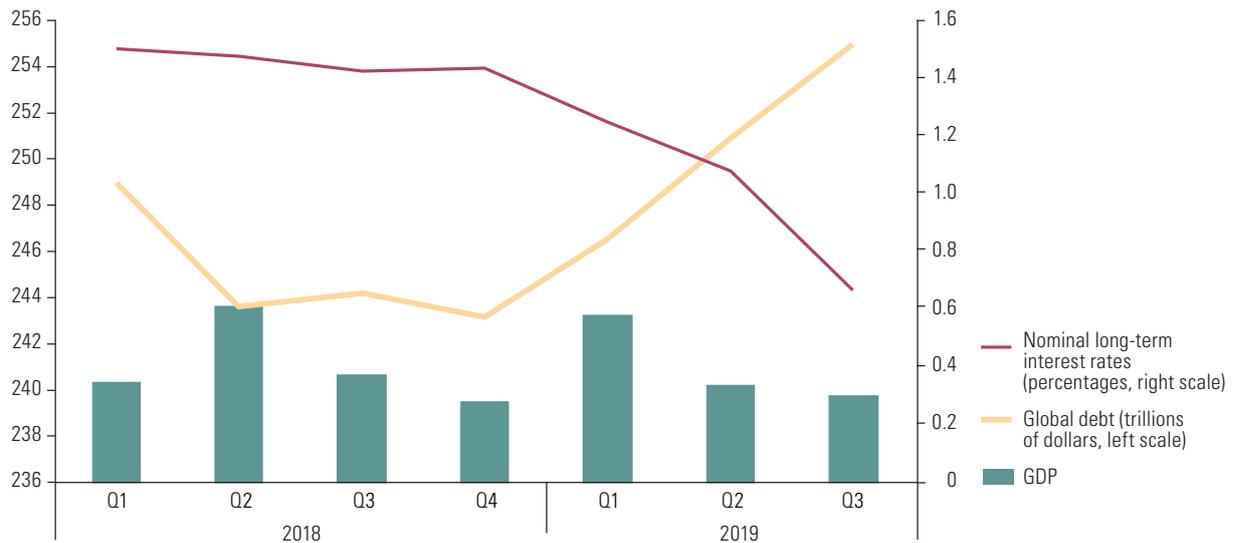
In this context, the signature of the “Phase 1” trade agreement between China and the United States in mid-January 2020 is a positive development. In the immediate term, it avoided the entry into force of planned new reciprocal tariff hikes. China has also undertaken to increase its purchases of United States products and to introduce reforms in areas such as intellectual property, which could enable a gradual withdrawal of the tariff barriers in place.

⁷ Bloomberg Economics, for example, projects GDP growth of just 0.1%. Goldman Sachs has indicated the possibility of a considerably larger downturn, however, especially in the eurozone, the United States and Japan.

For 2020, the World Trade Organization (WTO) had projected a modest 2.7% expansion in global goods trade, but this projection carried significant downside risks. Global trade growth in 2020 will depend largely on how the trade deal between China and the United States plays out in practice, as well as the evolution of the global economy and global trade after the outbreak of the COVID-19 health crisis. Beyond these conjunctural dynamics, strategic economic and technological competition between the two countries will continue over the coming years and a return to the situation prior to the start of the trade tensions in 2018 is thus highly unlikely.

To this weakness in the real sector are added vulnerabilities in international financial markets, caused partly by historically low interest rates prevailing in the developed countries. These low levels have not translated into stronger growth (see figure 7); rather, their effects have been felt chiefly in the financial sphere, which reflects the decoupling of the financial sector from the real sector in the economies.

Figure 7
Evolution of average long-term interest rates and global debt, first quarter of 2018–third quarter of 2019
(Trillions of dollars and percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of data from the Institute of International Finance (IIF) and the Organization for Economic Cooperation and Development (OECD), *Under Pressure: The Squeezed Middle Class*, Paris, OECD Publishing, 2019.

Low interest rates have fuelled substantial borrowing. Since 2009, global debt has consistently grown faster than global GDP and has reached unprecedented levels (more than US\$ 257 trillion in the first quarter of 2020, equivalent to 322% of global GDP). This calls into question the sustainability of this debt over the longer term.

Debt growth is occurring in all sectors, including general government, households, the financial sector and the non-financial corporate sector. This means that any tightening of financial conditions could lead to widespread deleveraging, with negative repercussions for global economic growth. The increase in the debt of the non-financial corporate sector has been accompanied by a deterioration in its loan portfolio, which could result in higher levels of non-performing loans, liquidity squeezes and insolvency in the production system.

In advanced economies, the most indebted sector is general government (30% of total debt), a situation which limits the use of countercyclical fiscal policy to boost growth in the world economy. In emerging economies, the majority of the debt burden is borne by the non-financial corporate sector

(43% of the total, half of which is owed by State-owned enterprises). High levels of debt in this sector may not only affect its firms' investment decisions, but also pose fiscal policy challenges relating to management of their contingent debt.

Low interest rates have also resulted in lower income for institutional investors and the non-financial banking sector, driving demand for higher risk assets and assets with longer maturities. This increased appetite for risk has lessened the differences in returns on financial assets, potentially leading to inaccurate financial risk assessments. Moreover, changes in interest rate trends have become more likely to have adverse impacts on balance sheets and credit conditions. Higher-risk, longer-maturity assets are the most sensitive to such changes in monetary conditions.

Since the global economic and financial crisis, economic policy has been dominated—with the exception of some brief periods of firm fiscal policy—by monetary policy, both conventional (interest rate cuts) and non-conventional (asset purchases by the central banks of the world's major economies). However, conventional and non-conventional monetary policy are approaching the limits of their capacity to stimulate economic activity, particularly in several developed economies. Interest rates are at historically low levels and some are even negative, as is the case of the benchmark rates of the European Central Bank (-0.5%) and the Bank of Japan (-0.1%). In this regard, it is imperative to consider the benefits and costs of further cuts, as the prolonged periods of negative rates are hitting the profits of both banking and non-banking financial institutions, and jeopardize financial stability in general.

The limits of monetary policy have fuelled further discussion of the possibility of giving fiscal policy a more active role in reactivating the global economy, especially as the current scenario of extremely low interest rates opens up an opportunity for public investment in infrastructure and other areas on more advantageous terms, to boost growth not only in the short run but also in the longer term. However, the room for implementing expansionary fiscal policies differs greatly from country to country.

2. The outbreak of the pandemic

The coronavirus disease (COVID-19) pandemic has struck the global economy at an already weak point; economic growth estimates have been revised downwards and suggest that a global recession is increasingly likely. ECLAC estimates as of 18 March 2020 indicate that global GDP growth could fall from 2.4% to 1.0% and that the recession will spread to different countries and regions with varying intensity (see table 2). This will likely push up unemployment and weaken industrial production, sales and corporate profits. The depth of the recession will depend on the duration and intensity of the pandemic.

Table 2
Selected regions and countries: rates of global GDP growth, 2019–2020
(Percentages)

	2019	2020 (revised estimate taking into account COVID-19)
World	2.4	1.0
United States	1.7	1.0
Japan	1.0	0.3
United Kingdom	1.3	0.5
European Union (28 countries)	1.4	-0.2
Emerging Asian economies	5.6	4.9
China	6.1	3.0

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official data.

Forecasts concerning the trajectory of the pandemic and its economic impact are constantly changing. Early estimates of its effect on growth were based on a scenario involving a temporary downturn in the Chinese economy, with the repercussions on the rest of the world limited to lower demand and disruptions in global supply chains. However, the exponential spread of the virus to other continents in the past month has made a global recession much more likely. The current realistic scenario sees a recession in the United States, Europe and Japan and a sharp slowdown in China.⁸

Supply shocks stemming from the public health measures implemented to contain the virus will depress economic activity, as factories, non-essential public services, and various activities and events are shut down. Supply chain disruptions can drive up costs, as evidenced by food price increases in China. The effects of reduced incomes and uncertainty over demand for consumer goods and services, such as tourism, air travel and entertainment, may lead to demand-side shocks. Global trade, already sluggish amid a trade war and supply chain disruptions, will continue to slump and will possibly shrink in volume for the second year running in 2020.

In this context, digital connectivity and content services have expanded and will continue to do so as the duration and stringency of confinement measures increase. Digital applications that support teleworking,⁹ distance learning, administrative procedures, social interaction and entertainment provide solutions for coping with the restrictions imposed by quarantines and business closures. However, across the region, digital gaps persist between wealthy and poor households and between urban and rural populations, which means that the entire population does not have easy access to these applications. Furthermore, the increased demand for bandwidth resulting from the use of teleworking and distance learning tools and entertainment services (online gaming and streaming platforms, among others) can saturate network capacity and severely degrade connection quality.¹⁰ This situation may raise questions about the extent of network neutrality as operators will have to be allowed to analyse and filter traffic in order to take measures to ensure network security and integrity.

Other significant sectoral and microeconomic effects may also be expected. Large firms are likely to continue to reduce outsourcing and confidence in global supply chains will deteriorate. This may reduce production batches and economies of scale and scope, and increase production costs. Criticism could rise of a business model that prioritizes short-run asset value and shareholders' interests, as it is ill-prepared to deal with strategic, long-term risks such as the rupture of value chains. Although companies of all sizes are experiencing heavy losses, as in the aviation and tourism sectors, it will be particularly difficult for small and medium-sized enterprises (SMEs) to stay afloat amid much reduced demand and sales, and the consequent higher risks of insolvency.

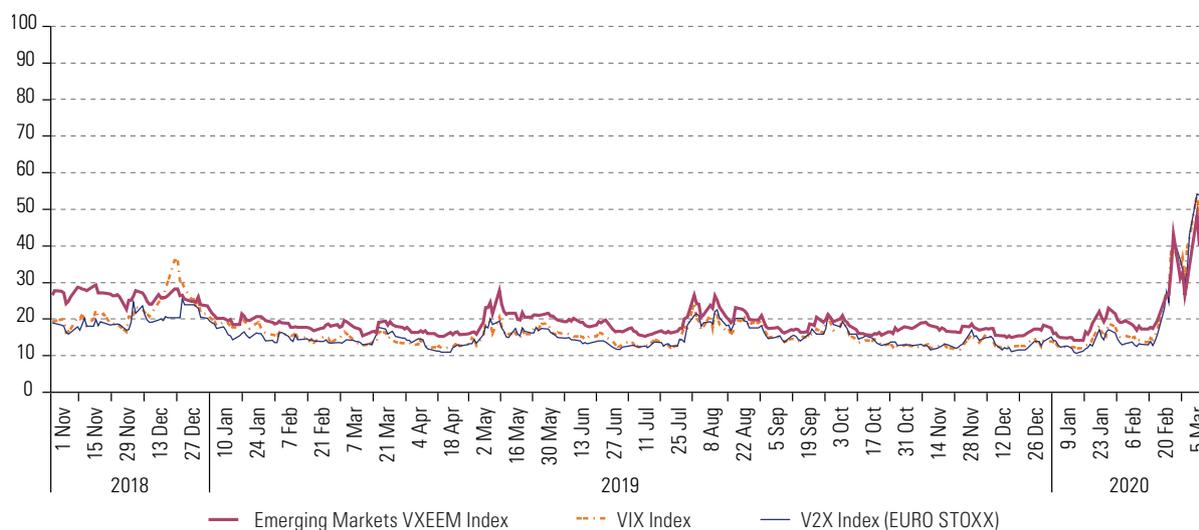
Financial markets have also suffered since the beginning of the pandemic, reflecting long-term vulnerabilities, in particular the accumulation of debt, primarily in the non-bank corporate sector. Debt accumulation was accompanied by looser lending conditions and lower risk aversion among investors seeking higher returns. Corporate debtors will thus find themselves less able to meet their debt obligations. Given the level of global non-financial corporate debt, the financial fragility stemming from this crisis affects companies more than banks. Coupled with the structural problems in the financial system, the highly turbulent stock market has increased volatility in financial markets, as shown in figure 8.

⁸ Bloomberg Economics, for example, projects GDP growth of just 0.1% in the event of a truly global shock.

⁹ Telecommuting requires more than technology. It must be underpinned by a legal framework, as well as regulations that establish guidelines such as progress and performance measures in line with targets. It also requires a hitherto undeveloped organizational culture in many organizations and companies.

¹⁰ Network saturation can affect Latin America and the Caribbean more than other regions because of its heavy dependence on international data traffic and the lag in the development of international connectivity infrastructure such as Internet exchange points (IXPs), content distribution networks (CDNs) and data centres.

Figure 8
Global financial volatility, November 2018–March 2020



Source: Bloomberg.

The pandemic has exacerbated liquidity issues and jeopardized payment chains. The United States Federal Reserve recently announced major measures to provide financing, such as approving unlimited purchase of Treasury securities, mortgage bonds and corporate debt.¹¹ It has opened credit lines to support the flow of credit to SMEs and cut the benchmark interest rate from a range of 1% to 1.25% to a range between 0% and 0.25%. These measures have been supplemented by a substantial fiscal stimulus package of around US\$ 850 billion announced by the Government of the United States. The European Central Bank approved measures to support bank lending and expanded its asset purchase programme by 120 billion euros (US\$ 135 billion). In addition, it launched a bond market stimulus programme with a 750 billion envelope (US\$ 819 billion), which will be exempt from the capital key conditions that normally govern the amount of bonds the Bank can buy from member countries.

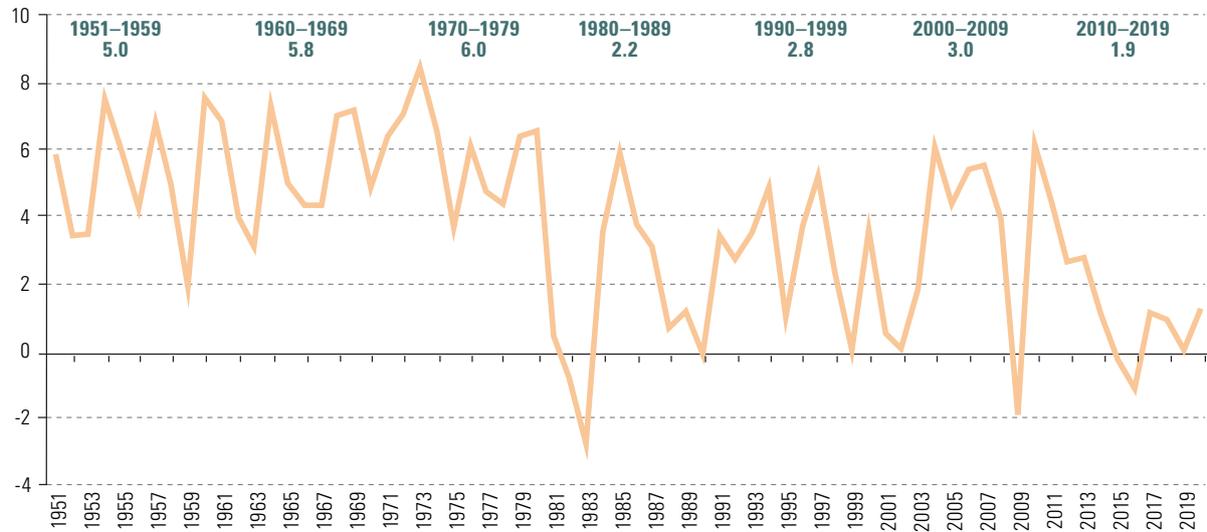
C. Another “lost decade” for Latin America and the Caribbean?

1. Seven years of slow growth

In line with the trend in the world economy, Latin America and the Caribbean has been experiencing a slowdown in economic growth in the wake of the global financial crisis of 2007–2009. However, the slowdown has been sharper than in other regions. Between 2010 and 2019, GDP growth for Latin America and the Caribbean slackened from 6% to 0.1%. This slowdown has prolonged the path of low growth that the region has followed since the late 1970s. A historical comparison of decades shows that the post-crisis period (2010–2019) posted the lowest growth in seven decades (see figure 9).

¹¹ See Board of Governors of the Federal Reserve System, “Federal Reserve announces extensive new measures to support the economy” [online] <https://www.federalreserve.gov/newsevents/pressreleases/monetary20200323b.htm>.

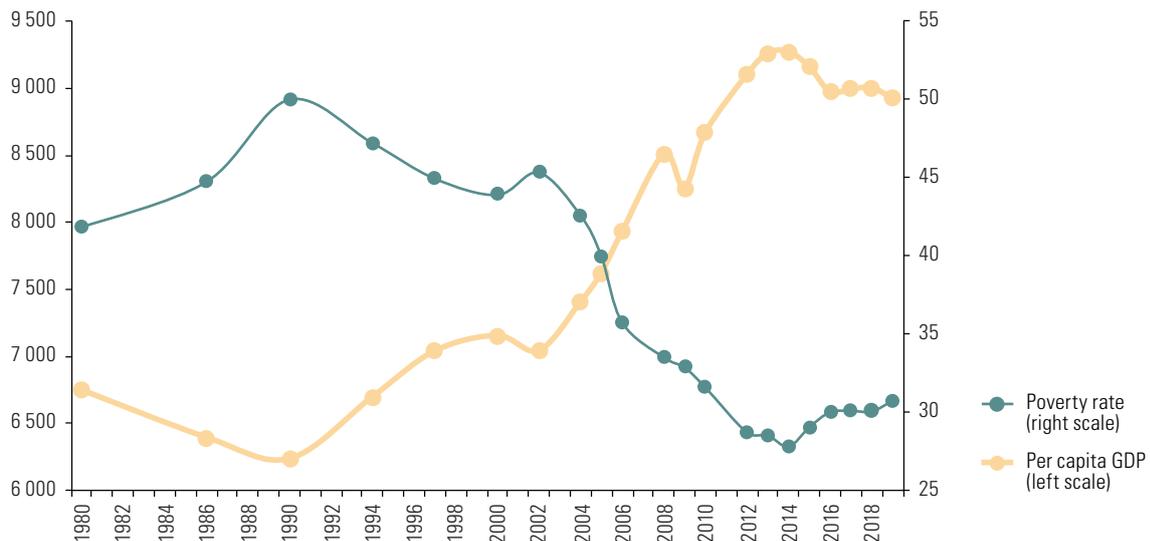
Figure 9
Latin America and the Caribbean: annual GDP growth rate and average by decade, 1951–2019
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

In recent years, the slowdown in the region’s growth has become more widespread at the sector and country levels. In 2019, 21 of the 33 countries in the Latin American and Caribbean region and 17 of the 20 countries in Latin America experienced a slowdown. The pace of activity has also slackened in an increasing number of sectors: manufacturing, construction and commerce have joined mining, which has been suffering an ongoing decline over the past few years. Little to no growth has a significant economic impact on production capacity and employment, but also has much more lasting social impacts. The experience of the crisis in the 1980s shows that, although the recovery in per capita production levels took 15 years (1980–1995), the poverty rate took 25 years (1980–2005) to return to pre-crisis levels (see figure 10).

Figure 10
Latin America: time taken to recover per capita GDP levels and poverty rate after the crisis of the 1980s, 1980–2019
(Years and percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC).

In terms of spending, domestic demand was weak in the region as a whole in 2019. Each of the components of demand—private consumption, government expenditure and investment—were down year-on-year, thus curtailing GDP growth. Only foreign trade contributed positively to GDP growth, primarily owing to a contraction in imports, as exports did not perform well.

At the subregional level, both South America and Mexico and Central America show clear declines in growth rates in the early quarters of 2019 compared with the average growth rate for the prior year, despite the differing characteristics of these two subregional economies: while the economies of South America specialize in producing commodities—particularly oil, minerals and food—those of Mexico and Central America are mainly tied to growth in demand for manufactured goods in the United States. In these circumstances, the economies of Latin America and the Caribbean grew at a rate of 0.1% in 2019. ECLAC projections for 2020, before the outbreak of COVID-19, showed only limited growth: 1.3% for the region as a whole.

2. Effects of the pandemic on economic activity levels

As noted earlier, Latin America and the Caribbean is facing the COVID-19 crisis from a weaker position than the average for the rest of the world. Before the pandemic began, the 2020 growth rate was expected to be just 1.3%, following almost zero growth in per capita GDP over the past seven years. On 18 March, ECLAC revised this rate: the new estimate shows a contraction of at least 1.8%, almost three percentage points below the expected change in world GDP (1%). In per capita terms, the region's GDP is expected to fall by more than 3%. The repercussions of the pandemic will hit the region through five channels:

- (i) A decline in the economic activity of its key trading partners. The region is heavily dependent on exports and the global economic slowdown will shrink export volumes and values. The effects at the national level will be determined by the production and export structure of each country.
- (ii) A fall in commodity prices, mainly affecting South American countries. Lower export prices may lead to a terms-of-trade loss in the commodity-exporting countries. The drop in demand from China, the largest consumer and importer of commodities, will do much to drive price trends. Added to this situation is the price war in the oil market, primarily affecting the Bolivarian Republic of Venezuela, Colombia, Ecuador and Mexico, as their production costs are higher than those of other producers, such as those in the Persian Gulf.
- (iii) The disruption of global supply chains for manufactured goods, produced mainly in China, but also in Europe and the United States, will affect the continuity of production in key industries such as the automotive and electronics industries, above all in Brazil and Mexico, the region's largest manufacturers.
- (iv) The collapse in demand for tourism services, which will affect Caribbean countries in particular. Assuming that the effects of the pandemic are concentrated in the second quarter of 2020 and result in travel bans or personal decisions not to travel for three months, tourism activity in those countries would likely shrink by 25%.
- (v) Increasing investor risk aversion and deteriorating global financial conditions are leading to higher demand for safe-haven assets (United States Treasury bond yields are at historical lows), less demand for the financial assets of countries in the region and sharp depreciations of their currencies. Moreover, although interest rates are also at historically low levels, highly indebted countries such as some Caribbean islands and Argentina may face problems in servicing or restructuring their debts, owing to problems on financial markets.

The combined effects of these transmission channels will hurt economic growth and consequently also the fiscal space in the countries of the region, jeopardizing their public expenditure on the social sector, which has been under great pressure after seven years of sluggish GDP growth. A narrower fiscal space will make it difficult to increase public spending on health, social protection and production incentives. This comes in the context of an urgent need for fiscal policy to take the lead in addressing the economic and social consequences of the pandemic. While the monetary and financial policy efforts to provide liquidity are steps in the right direction, the burden of overcoming the crisis lies with the fiscal impulse, which must ensure that the health sector has adequate resources, prevent job destruction, ensure income for formal and informal workers, and support economic recovery once infections abate and health needs have been met.

3. Declining exports and imports

In 2019, the value of regional exports and imports of goods fell by 2.0% and 3.0% respectively (see table 3). In the case of exports, a modest increase in volume was insufficient to offset the fall in prices, while imports contracted in both volume and price terms. Performance varied significantly from one subregion to another. South American exports are estimated to have fallen by 6.7%, much more than the regional average, with reductions in both volumes and prices. This reflects the economic stagnation in the subregion—hitting intraregional trade—compounded by the high proportion of commodities in its export basket, for which prices have fallen in several cases.

Table 3
Latin America and the Caribbean (subregions and Mexico): projected variations
in exports and imports of goods, 2019
(Percentages)

	Exports			Imports		
	Volume	Price	Value	Volume	Price	Value
South America	-2.5	-4.2	-6.7	-5.1	-1.7	-6.8
Central America	2.7	-0.1	2.6	-0.9	-1.2	-2.1
The Caribbean	5.8	-2.1	3.7	1.2	-2.1	-0.9
Mexico	4.4	-1.6	2.8	0.9	-0.5	0.5
Latin America and the Caribbean	0.8	-2.8	-2.0	-2.0	-1.0	-3.0

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official data from the countries' central banks, customs offices and national institutes of statistics.

Unlike South America, in 2019, Central America, the Caribbean and Mexico are estimated to have seen export values and volumes rise. This reflects their lesser reliance on commodities and their closer trade ties with the United States, whose demand for imports has proved more resilient than that of the region's other key export markets. Mexico, in particular, has seen its export volumes surge, mainly owing to the trade diversion caused by the trade tensions between China and the United States. In fact, since February 2019 Mexico has been the United States' main trading partner. In the case of Central America, the forecast expansion of export volumes should more than compensate for the fall in the prices of some of its export commodities, such as coffee, bananas and sugar. In the Caribbean, the export values of 13 of the 16 countries of the subregion are projected to grow, driven mainly by higher volumes.

South America's imports are projected to fall by more than double the regional average in 2019, driven by the collapse of foreign purchases by Argentina (19%) and the Bolivarian Republic of Venezuela (60%). Colombia is the only country in the subregion expected to record import growth. Weaker domestic demand is the main reason for this widespread decline, especially in the countries

of the Southern Common Market (MERCOSUR). The value of Central American imports is expected to have fallen by 2.1% in 2019, largely owing to a reduction in the oil bill and slacker demand in some of the countries of the subregion, particularly in Honduras and Nicaragua.

Projections for the value of trade in 2019 between Latin America and the Caribbean and its main partners outside the region envisage the steepest falls occurring in flows to and from the European Union, in the case of both exports (8%) and imports (6%). Exports to the United States and Asia are expected to record a slight expansion of 1%, while those to China are set to drop by around 1%. Imports are forecast to decline across the board. The projected sharp drop in the value of intraregional exports (10%), amid sluggish economic growth in the region, is particularly worrying. As a result, the intraregional export coefficient is expected to slip to 15.5%, one of the lowest of any region in the world.

An easing in trade tensions between the China and the United States during 2020 would help reduce uncertainty in world trade and support a recovery in the region's exports. The entry into force of the trade agreement between Mexico, the United States and Canada should also be beneficial in this regard, as should any progress towards the signing and ratification of the initial agreement reached between MERCOSUR and the European Union in June 2019.

4. Effects of the pandemic on exports

The effects of the pandemic are expected to worsen the already weak foreign trade forecasts for the region. ECLAC has created two scenarios, one moderate and the other extreme, to estimate the impact of COVID-19 on the region's exports (see table 4). Each scenario assumes different GDP growth rates for the region's main trading partners and different price falls for the corresponding exports. The outcome of the exercise indicates that the value of the region's exports in 2020 could decline by between 4.6% (moderate scenario) and 10.7% (extreme scenario). In both scenarios, the reduction in export value is likely to stem mainly from a decline in prices (3.6% in the moderate scenario and 8.2% in the extreme scenario). Export volumes are expected to record smaller declines, of 1.0% and 2.5%, respectively.

Table 4
Latin America and the Caribbean: effects of COVID-19 on goods and services exports
by region and by country, estimates for 2020
(Percentage changes)

Region/subregion/country	Moderate scenario ^a			Extreme scenario ^b		
	Volume	Price	Value	Volume	Price	Value
Latin America and the Caribbean	-1.0	-3.6	-4.6	-2.5	-8.2	-10.7
Oil exporters	-0.8	-6.0	-6.7	-1.8	-14.1	-15.9
Mineral exporters	-1.5	-4.5	-6.0	-3.0	-8.9	-12.0
Exporters of agribusiness products	-1.1	-1.7	-2.8	-2.4	-2.5	-5.0
South America	-1.1	-4.9	-6.0	-2.8	-11.0	-13.8
Brazil	-1.0	-3.1	-4.1	-3.7	-7.5	-11.2
Mexico	-1.0	-2.3	-3.3	-2.2	-5.2	-7.4
Central America	-0.5	-1.0	-1.6	-1.3	-2.7	-4.0
Caribbean countries	-0.4	-3.3	-3.8	-2.0	-7.2	-9.3

Source: Economic Commission for Latin America and the Caribbean (ECLAC).

^a Assumes the following GDP growth rates for 2020: 2.4% (world), 1.9% (United States), 0.5% (Japan), 1.0% (United Kingdom), 0% (European Union–27 countries), 4.9% (China), and -1.0% (Latin America and the Caribbean), plus an average reduction of 7% in the region's commodity export basket.

^b Assumes the following GDP growth rates for 2020: 1.0% (world), 1.0% (United States), 0.3% (Japan), 0.5% (United Kingdom), -0.2% (European Union–27 countries), 3.0% (China) and -1.8% (Latin America and the Caribbean), plus an average reduction of 16% in the region's commodity export basket.

At the subregional level, the greatest impact will be seen in South American countries that specialize in commodity exports and are the most vulnerable to price drops. The value of exports from the Caribbean, Central America and Mexico is expected to decrease less than the regional average given their lesser exposure to commodity prices. Oil-exporting countries are expected to record the largest drop in export value (between 6.7% and 15.9%, depending on the scenario).

The region's exports to China are forecast to post the biggest decline in 2020: between 8.7% and 21.7% depending on the scenario (see table 5). This will affect, in particular, products with forward linkages to value chains in China (e.g. iron ore, copper, zinc, aluminium, soybeans and soybean oil). Argentina, Brazil, Chile and Peru, which are the largest regional exporters of these goods to China, will be the most exposed.

Table 5
Latin America and the Caribbean: effects of COVID-19 on goods and services exports to the world and to selected partners, estimates for 2020
(Percentage changes)

Destination	Moderate scenario ^a	Extreme scenario ^b	Worst affected sectors and countries
World	-4.6	-10.7	
China	-8.7	-21.7	Agricultural products (Argentina, Brazil); Minerals (Chile, Peru)
United States	-3.1	-7.1	Manufactures (Costa Rica, Mexico)
European Union	-5.0	-8.9	Minerals (Chile, Colombia, Peru); Agricultural and agribusiness products (Argentina, Brazil, Chile, Peru)
Latin America and the Caribbean	-5.1	-10.7	Low- and medium-technology manufactures

Source: Economic Commission for Latin America and the Caribbean (ECLAC).

^a Assumes the following GDP growth rates for 2020: 2.4% (world), 1.9% (United States), 0.5% (Japan), 1.0% (United Kingdom), 0% (European Union–27 countries), 4.9% (China), and -1.0% (Latin American and the Caribbean), plus an average reduction of 7% in the region's commodity export basket.

^b Assumes the following GDP growth rates for 2020: 1.0% (world), 1.0% (United States), 0.3% (Japan), 0.5% (United Kingdom), -0.2% (European Union–27 countries), 3.0% (China) and -1.8% (Latin America and the Caribbean), plus an average reduction of 16% in the region's commodity export basket.

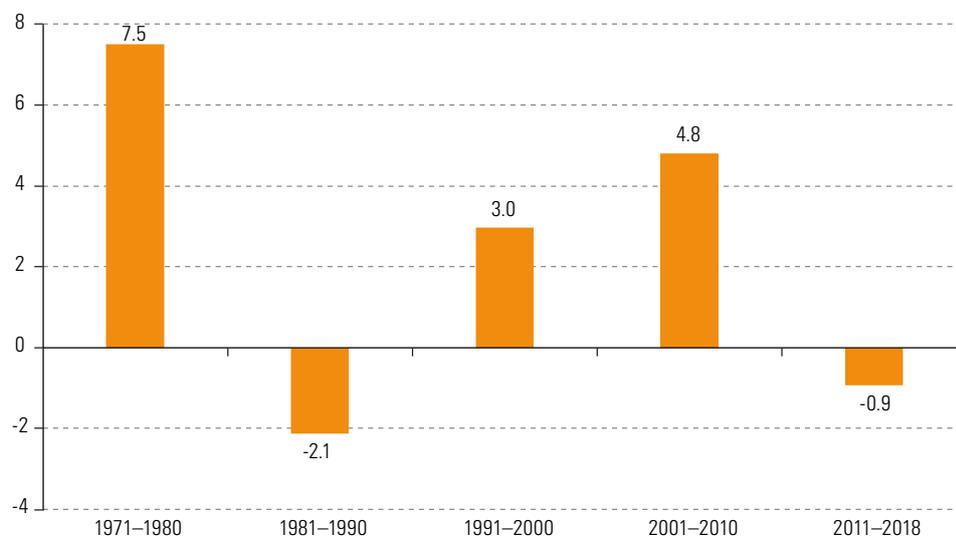
The pandemic could also affect the region's export performance through imports for export production. Chile and Mexico are the most exposed to supply squeeze from China, which provides 7% of their intermediate inputs, compared with between 4.5% and 5% for Colombia and Peru.

Mexico is the most exposed to changes in supply and demand conditions in the United States, particularly in relation to manufactures. Costa Rica is also affected by these conditions, albeit to a lesser extent. Brazil, Chile and Mexico are the most exposed to conditions in the European Union, as roughly 5% of their GDP depends on the value added of the European manufacturing and service sectors.

5. Worst investment performance since the “lost decade”

Data for the period 1971–2018, by decade, show that the growth rate of gross fixed capital formation has tended to decline (in line with the performance of regional GDP). They also reveal that in the last period studied (2011–2018) gross fixed capital formation posted its worst performance since the “lost decade” (see figure 11). This situation conspires against achievement of the SDGs on industry, innovation and infrastructure (SDG 9) and on economic growth and full employment (SDG 8), and consequently also hampers the eradication of poverty (SDG 1) and reduction in inequalities (SDG 10), as well as the transition to more sustainable consumption and production patterns (SDG 12).

Figure 11
Latin America and the Caribbean: rate of change in gross fixed capital formation, 1971–2018
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official data.

The behaviour of investment over time is driven by several determinants: the rate of variation in economic activity; commodity prices; domestic and external real interest rates; access to external credit; and the real exchange rate.

The level of economic activity has a greater impact on investment in larger and more diversified economies, such as those of Argentina, Brazil and Mexico (ECLAC, 2018c). Commodity prices are significant in medium-size economies that specialize in natural resources (Chile, Colombia and Peru). In these countries, natural resources explain much of the export and investment trends.

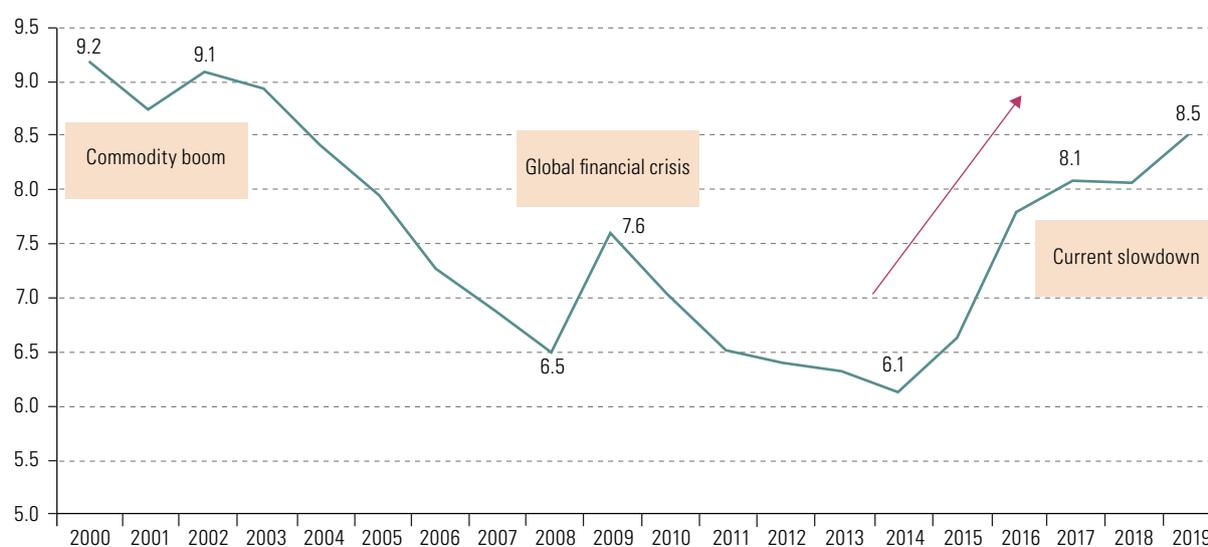
The domestic monetary policy rate and the long-term interest rate have a less significant impact on investment trends, partly because of weak pass-through of policy rates to the banking system. This is consistent with the literature on the subject, which indicates that the impact of interest rates on the real economy is more complex than is commonly thought and depends on companies' balance sheets, including the maturities of assets and liabilities.

In general, because investment in the region's larger economies is primarily driven by economic activity, they may have greater scope to pursue demand-driven policies to boost growth. The sustainability of investment-led growth will depend on the economy's ability to finance imports (investment has a significant import component) and to absorb the resulting expansion of capital and production capacity. In this respect, it is a significant economic policy challenge to articulate capacity utilization through spending, with the expansion of capacity through the investment response to economic activity levels. Medium-sized economies are more dependent on external variables, such as commodity prices, and are therefore more vulnerable to fluctuations in commodity cycles. Accordingly, countercyclical buffers are needed to cope with commodity price volatility and, in the long run, to diversify the production matrix. In most countries, the monetary policy rate does not have a significant impact, which testifies to the need to better understand how it is passed through to the financial and real sectors of the region's economies.

6. A weaker labour market amid declining growth and investment

The changing nature of work and the evolution of unemployment rate are closely related to economic performance. In the 2000s, the unemployment rate decreased and job creation increased in the region as a result of economic growth driven by the commodity boom, which was cut short by the global financial crisis.¹² Although the economic recovery after 2009 led to a decline in unemployment, a four-year run of negative investment growth, starting in 2014,¹³ contributed to an uptick in the unemployment rate.¹⁴ In line with the region's economic slowdown, the unemployment rate rose again in 2019 (8.5% in the first quarter) (see figure 12).

Figure 12
Latin America: national unemployment rate by year, 2000–2019
(Annual average and percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), *Preliminary Overview of the Economies of Latin America and the Caribbean, 2019* (LC/PUB.2019/25-P), Santiago, December 2019; International Labour Organization (ILO), *Panorama Laboral 2019: América Latina y el Caribe*, Lima, January 2020 and Macrotrends, *Latin America & Caribbean Unemployment Rate 1991–2020, 2020* [online] <https://www.macrotrends.net/countries/LCN/latin-america-caribbean/unemployment-rate>.

Note: Data for 2019 refer to the third quarter.

The current economic slowdown has produced not only a rise in the unemployment rate but also a deterioration in the labour market at regional level, reflected largely in worsening average employment quality. This is evident in the composition of employment by occupational category—which has worsened as a result of weak wage employment creation, especially in formal employment—and in a rise in hourly underemployment and informality. Moreover, the unemployment rate for women remains higher than that for men.¹⁵

There are stark gender gaps in the labour market and women are more concentrated in vulnerable, low-productivity sectors. The sexual division of labour in the region also leaves them overburdened

¹² The job creation rate was 2.2% in the period 2000–2008 and 0.9% in 2009. Between 2010 and 2014, it returned to 2.2%, before falling to 1.5% and 1.6% in 2018 and 2019, respectively (Macrotrends, 2020).

¹³ Investment shrank by 2.1% in 2014, 4.5% in 2015, 5.2% in 2016 and 0.2% in 2017.

¹⁴ Unemployment was 6.1% in 2014, 6.6% in 2015, 7.7% in 2016 and 8.1% in 2017.

¹⁵ The rates in 2018 and the third quarter of 2019 were 9.5% and 10.2% for women and 6.9% and 7.3% for men, respectively.

with unpaid domestic work, which stands in the way of their full labour market integration.¹⁶ This is all the more so in lower-income households, where patriarchal cultural patterns are compounded by the region's socioeconomic stratification and lack of good-quality public services. These households encounter greater difficulties in decisions on the organization of care, as they are unable to acquire market goods and services to alleviate the burden of domestic and care work. Gender equality, the aim of SDG 5, and women's economic empowerment remain an ongoing challenge for the region.

The median growth rate of registered wage employment (used as a proxy for good-quality jobs) stood at just over 1% in 2019, indicating that the progress made in improving job quality between the mid-2000s and the mid-2010s —as a result of new registered jobs being created and previously informal jobs being formalized— has slowed. Hourly underemployment for the region increased by one percentage point,¹⁷ and increased in 8 of the 11 countries for which information is available, remained stable in 2 (+/- 0.1 percentage points) and declined in just 1 (see figure 13). In turn, informal employment increased in 2019 compared to 2018; for the 10 countries of the region for which information is available, informal employment was up by 0.35 percentage points.

Figure 13
Latin America (11 countries): year-on-year change in hourly underemployment rates, 2018 and 2019^a
(Percentage points)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

Note: Information on hourly underemployment varies according to the definition applied in each of the countries and is not comparable.

^a Data for 2019 refer to the average for the first three quarters, with the exception of Argentina (first half). Data indicating a reduction in hourly underemployment in Peru refer to Lima metropolitan area. In the urban total for Peru, underemployment as a whole (hourly and income underemployment) increased by 1.0 percentage point between October 2017–September 2018 and October 2018–September 2019.

In view of the importance of the unemployment rate in relation to progress towards poverty eradication, a simulation of its trend in the years to 2030 is presented below. The indicator used for tracking the target of achieving full and productive employment and decent work for all women and men, including young people and persons with disabilities, and equal pay for work of equal value is the unemployment rate for people aged 15 years and over (SDG indicator 8.5.2, see annex 1). The target value for this indicator should be around the natural rate of unemployment, for which an acceptable level is generally considered to be between 3% and 5%.

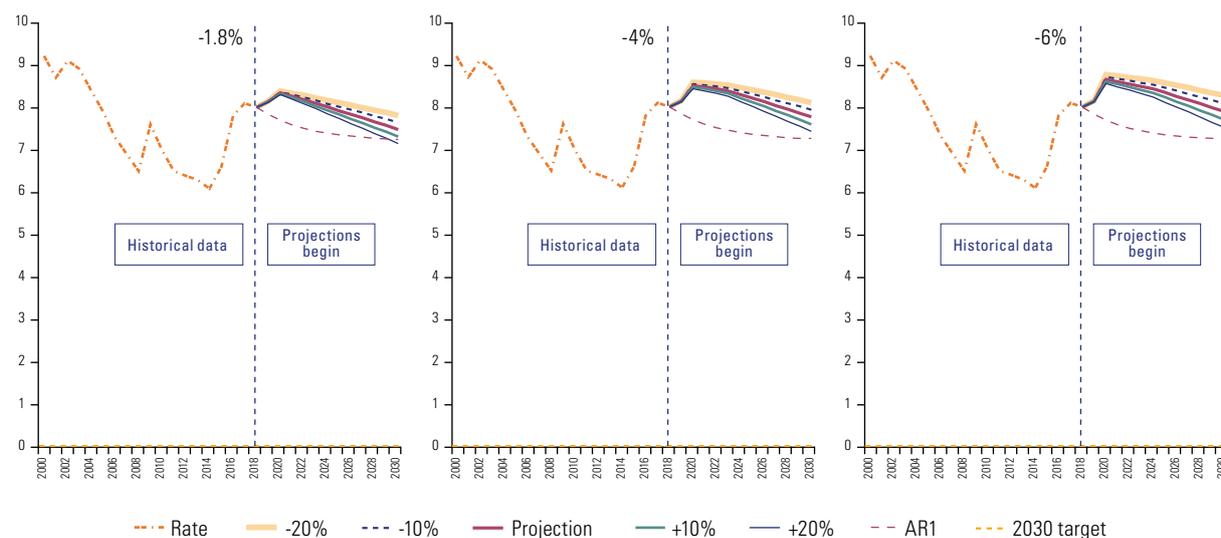
¹⁶ Over half of women not in the labour market—and as much as 80% in some countries—cite family reasons as the main cause.

¹⁷ Hourly underemployment represents the proportion of employed people who work less than a nationally established minimum number of hours, who want to work more and are able to do so.

The behaviour of the employment and unemployment rates is closely related to production and investment trends. In this regard, the projections based on this relationship produce various scenarios for the rate of variation in per capita GDP: annual growth similar to that observed in the period 2011–2015; a rate of variation 10% higher or 10% lower than that growth; and a rate of variation 20% higher or 20% lower than that growth. The following variables have been included in the model: the investment rate—which has been assumed constant at the last available value throughout the projection and therefore does not affect it—and the annual change in the rural population as a percentage of the total population.

Per capita GDP variation was very small in the 2011–2015 period, in the order of 0.5% per year, which explains to some extent why the projections diverge little. This does not mean that economic growth or investment have no impact on unemployment; on the contrary, it suggests that a continuation of the current economic stagnation would lead to only a very slight variation in unemployment over the next decade. What is more, considering the estimates for annual GDP variation under the impacts of the COVID-19 pandemic, the impacts will translate into a higher unemployment rate for the first few years of the simulation, followed by a standstill until 2030 at higher values.¹⁸ Three scenarios were used for this analysis, with contractions of regional GDP in 2020 of 1.8%, 4% and 6% respectively, which result in a decline of 1 percentage point in employment in the first two years, eroding recovery capacity towards 2030. This suggests it will not be possible to reach the 2030 target of bringing unemployment down to around 5% (see figure 14). If current conditions continue, it will even be difficult to lower it to the minimum seen in previous years (6.1% in 2014).

Figure 14
Latin America and the Caribbean: projection of the regional average unemployment rate until 2030 under different scenarios of per capita GDP growth (Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of United Nations, “SDG indicators global database” [online database] <https://unstats.un.org/sdgs/indicators/database/>.

Note: AR1: autoregressive model order 1.

In short, lowering the unemployment rate to the target will require a much better performance in terms of per capita GDP and investment growth. According to the simulations, if economic stagnation similar to that seen recently were to persist until 2030, the region would be unable to meet the target. The effects of COVID-19 on the global and regional economy, with the resulting downturn in GDP, will make it all the more difficult to achieve the target proposed by the 2030 Agenda in terms of full and productive employment and decent work for all.

¹⁸ It is important to recall that the object of this exercise is not to simulate the short-run effects of the pandemic on unemployment.

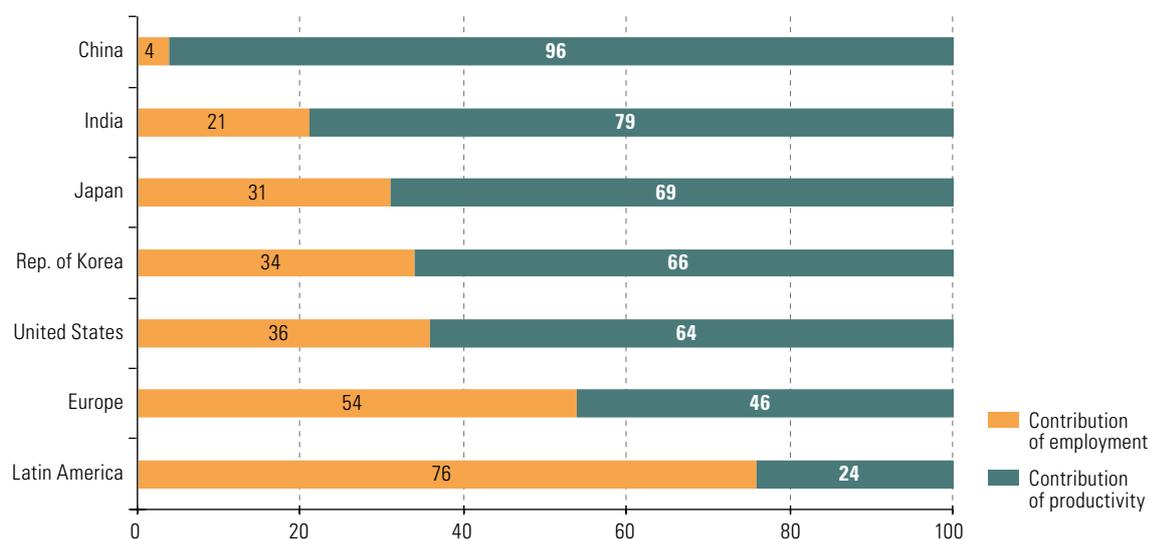
The significant gap between the growth needed to achieve the goal of eradicating extreme poverty and the region's situation in recent years should serve as a wake-up call: if current trends continue, it will not be possible for the region as a whole to attain SDG 8. Accordingly, stronger policies must be pursued to boost GDP growth and investment, as well as proactive labour market policies, such as raising the minimum wage, strengthening labour oversight and collective bargaining, and pursuing labour formalization schemes. These efforts will also support a more rapid recovery from the impacts of the pandemic. In the case of women, policies should go further than combating unemployment; they should also alleviate the excess unpaid work burden to enable them to integrate fully into the labour market.

D. Stagnant productivity and production structure inertia

The repercussions of the long-term decline in investment and trade on growth and employment are symptomatic of the fact that the region's production structure is vulnerable to fluctuations in external demand. In particular, per capita GDP lags behind that of most advanced economies mainly because of low labour productivity (ECLAC, 2018c, 2014 and 2010). Countries with rapid per capita GDP growth also show high rates of growth in real productivity. Stronger labour productivity supports more favourable linkages with the global economy as well as higher disposable income, thus boosting both domestic and external demand. This lays the groundwork for sustainable economic growth.

Unlike in other economies, the growth pattern of Latin America and the Caribbean is based on labour force growth, with little contribution from productivity growth (see figure 15). The growth pattern is thus driven by aggregate-demand-related employment absorption, with little or no technical progress and innovation.

Figure 15
Contribution of productivity and employment to GDP growth, by country or region, 2000–2019
(Percentages)

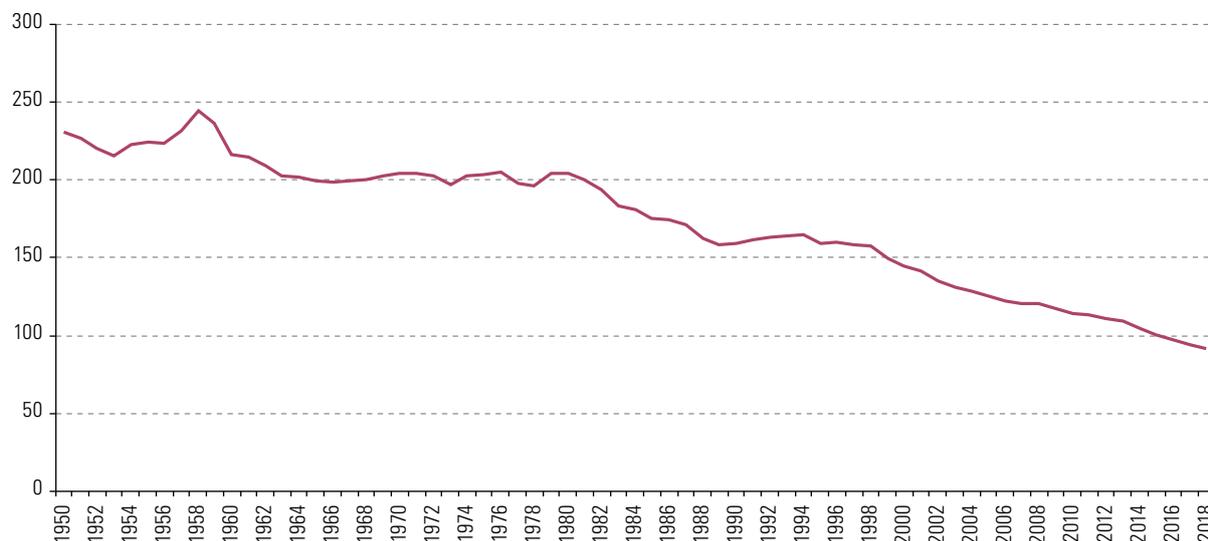


Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of information from The Conference Board, Total Economy Database [online] <https://www.conference-board.org/data/economydatabase>.

Between 2003 and 2008, real energy and metal prices more than doubled, while food prices increased by almost 75% (Erten and Ocampo, 2012). The increased availability of resources did not translate into either an increase in real productivity or an improvement in the production capacities of

the region's economies. In other words, no structural change occurred and, as the commodity price upswing came to an end, the Latin American economy's external gap began to widen again, per its long-term trend. In 2018, the region's labour productivity relative to the rest of the world was the lowest on record since 1950 (see figure 16).

Figure 16
Latin America and the Caribbean (17 countries): labour productivity relative to the rest of the world, 1950–2018
(Rest of the world=100)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of information from The Conference Board, Total Economy Database [online] <https://www.conference-board.org/data/economydatabase>.

1. Premature deindustrialization

Analysis of the structure and composition of the economy shows that sluggish productivity can be traced to the concentration of production in activities that use cheap, low-skilled labour and have very few linkages with the rest of the production structure and little impact in terms of technological spillovers and local capacity-building. Although there are some dynamic production chains, they remain the exception and their good performance is not enough to improve the region's overall economic outlook.

The sectoral structure of employment from 1980 onward shows three major changes: a decline in the share of agriculture and in manufacturing and an increase in the share of commerce. The combination of these three factors has meant that rural-to-urban migration (which continues in the poorest countries) has not yielded productivity gains.

The fall in the share of agricultural employment has averted a downturn in its productivity levels. However, a concurrent process of premature deindustrialization prevents workers moving to cities from securing quality jobs, and they have to seek employment in the commerce sector, often in informal, low-productivity and low-income jobs. In practice, the commerce sector has served as a reservoir of employment of last resort, primarily through informal employment and in micro-, small and medium-sized enterprises (MSMEs), particularly microenterprises with very low productivity jobs. This role played by the commerce sector is reflected in the increase in its share of employment, from 14.3% in 1981 to 25.3% in 2018.

Both relative productivity and economic growth have declined in the past decade. The global financial crisis precipitated the fall in commodity prices, which had been the driver of growth in the previous decade. In contrast with other periods, following the crisis there was a simultaneous shift away from agriculture and manufacturing, with the share of employment of these sectors declining by a combined 4.4%. Workers have thus sought refuge in low-productivity jobs in commerce and community services (see table 6).

Table 6
Latin America and the Caribbean (18 countries): share of sectors of the economy in GDP and employment, 1981–2018
(Percentages)

	Value added					Employment				
	1981	1990	2002	2008	2018	1981	1990	2002	2008	2018
Agriculture	5.2	5.2	5.6	5.5	5.5	23.3	18.6	20.2	17.2	14.6
Mining	6.9	7.7	8.0	7.2	5.2	1.0	0.8	0.5	0.6	0.6
Manufacturing	18.9	17.8	16.7	16.4	13.6	16.2	18.1	14.2	14.0	12.2
Electricity	1.6	2.2	2.6	2.6	2.5	0.9	0.9	0.5	0.5	0.5
Construction	10.2	7.3	6.6	7.0	7.1	7.1	6.3	6.0	7.0	7.7
Commerce	15.4	13.8	13.7	14.6	14.5	14.3	18.6	23.3	24.0	25.3
Transport and communications	4.3	4.9	6.7	7.2	9.6	4.7	5.0	5.1	5.8	6.4
Financial and business services	15.2	15.9	16.0	16.6	18.6	5.6	6.3	5.5	6.7	7.7
Community services	22.3	25.2	24.3	23.1	23.3	27.0	25.5	24.7	24.2	25.0
Total	100	100	100	100	100	100	100	100	100	100

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official information from the respective countries and the International Labour Organization (ILO).

Manufacturing has historically been a driving force of countries' economic growth processes. This is the sector in which productivity gains occur as raw materials are processed through the application of new technologies, product and process innovations and linkages between different sectors of the production structure. Thus, the premature deindustrialization of Latin America and the Caribbean is a significant drag on the outlook for productivity growth.

2. Structural heterogeneity persists

In addition to differences in production structure overall, there are also marked disparities between sectors, i.e. there is sharp structural heterogeneity in the region. These disparities are the root cause of the unequal distribution of income. Some of the economic activities that gained most share in the past two decades—construction, financial and business services, mining and hydrocarbons—are the worst performers in terms of productivity growth. Their aggregate effect on the overall economy was negative.

In absolute terms, the loss of mining productivity occurred in particular in the past decade and may be attributed to the depletion of the best deposits at the end of the commodity price supercycle (Chile) and to production and investment problems in oil production (Argentina and Mexico). These variables have affected income distribution and are at the root of the social trends discussed in the following section.

E. No narrowing of social gaps: the inefficiency of inequality

1. Persistent poverty

Income distribution has followed a positive trajectory in Latin America and the Caribbean since 2003. While inequality grew in the world's largest economies, income distribution improved in the region, although inequality remained high in absolute terms and there was no significant reduction in its reach, as it continued to affect women, indigenous peoples, Afrodescendants and the rural population. This compromises achievement of SDG 10 (reduce inequality within and among countries). Ultimately, there was no substantive change in the centuries-old culture of privilege, which, as highlighted by ECLAC (2018c), is a key determinant of the inefficiency of inequality that obstructs the circle of growth for equality and equality for growth.

An example of this inefficiency is seen in the negative effects of unequal access to health and education (SDG 3 and SDG 4, respectively) and their adverse impacts on innovation and productivity. The cost to society goes beyond the lost future income of the worker who drops out of school, because of the forgone positive externalities that arise from interactions between the highly educated; in other words, the benefits to society of investing in education add up to more than the sum of the benefits for the individual. Inequality in access to education and health has a hampering effect that, rather than remaining localized, spreads across the economic system as a whole.

Inadequate cumulative educational attainment among the active population acts as a major constraint on capabilities, with significant economic consequences. One way of estimating the loss of income from low education levels is to calculate the difference between households' actual income and what they would be earning if individuals who did not attain a particular level of education had in fact done so.¹⁹ The income simulated for a situation in which all workers aged between 25 and 55 have completed the first cycle of secondary education exceeds current household income in all the countries included in figure 17. In the countries with the largest gaps (Guatemala and Honduras), the simulation yields a rise in household income of some 25%, while at the other extreme, the change is less than 5% in only a few countries (ECLAC, 2018c).

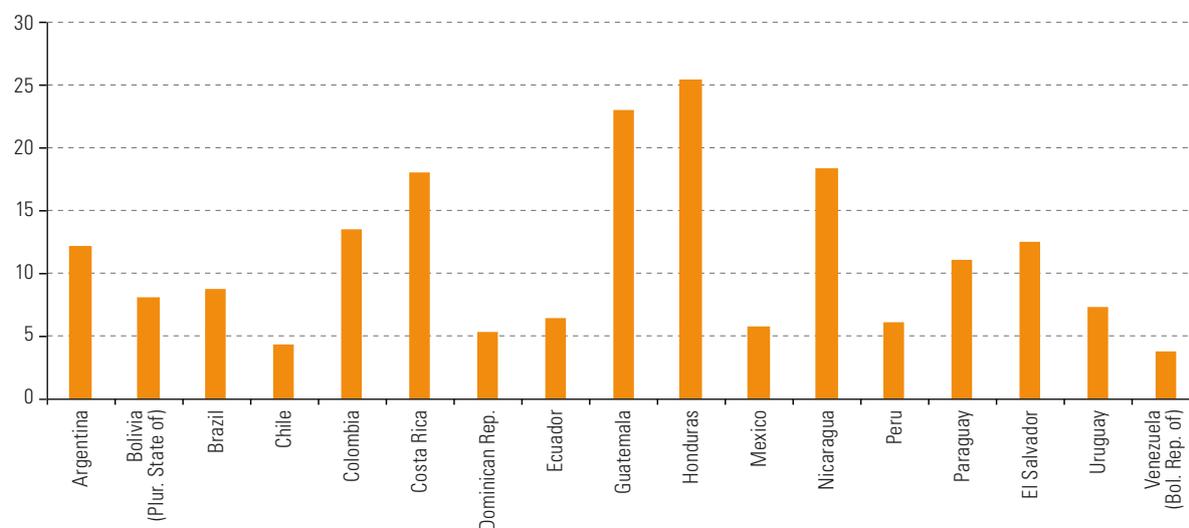
These problems are all the more acute in the current context. The COVID-19 crisis has led to the suspension of school classes at all levels of education in most of the countries of the region, with the resulting adverse impacts on the teaching of the curriculum and learning, especially for the most vulnerable students, because they have less access to digital media for remote learning. Students with fewer resources cannot continue their education over digital media, since not all households or educational establishments have the tools, capacities and technologies for distance education.²⁰ The gap between the capacities needed to use distance-learning technologies and the skills existing among education professionals, parents and students remains a problem, especially for women in the lower-income strata. Even more serious in the short term is the fact that school closures threaten food security and the care of many schoolchildren during their parents' (especially their mothers') working hours, owing to the role schools play in providing meals and care.²¹

¹⁹ This is based on the assumption that the demand (in terms of structure and magnitude) exists to ensure the employment of the population with increased skills.

²⁰ Only 49% of primary and secondary pupils and 67% of university students in the region are estimated to be Internet users.

²¹ According to the Food and Agriculture Organization of the United Nations (FAO) and the World Food Programme (WFP), almost 85 million schoolchildren in the region receive breakfast, snacks or lunch at school (FAO/WFP, 2019).

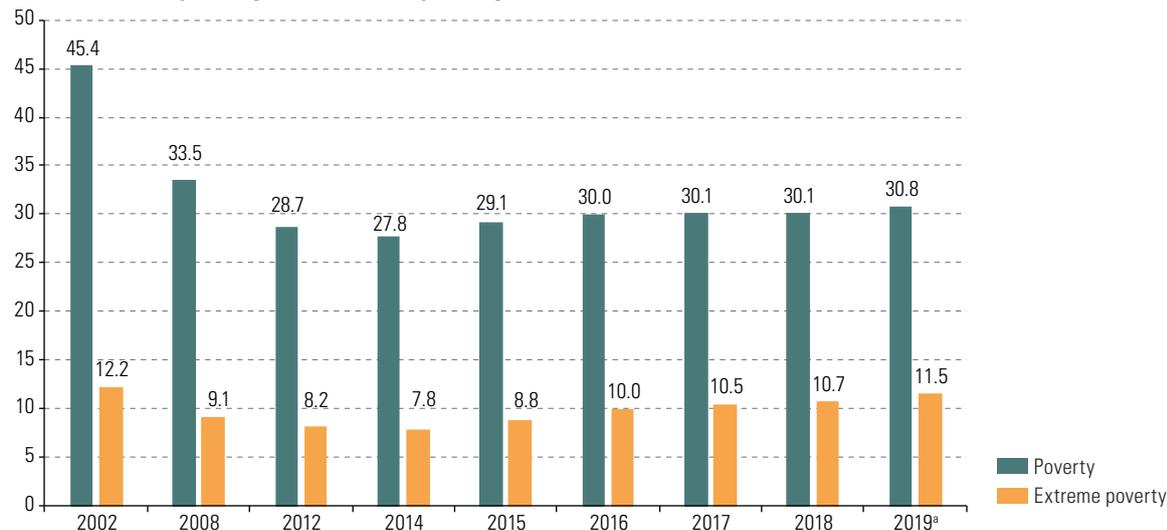
Figure 17
Latin America (17 countries): increase in household income in a scenario of universal completion of the first cycle of secondary education, around 2016
(Percentages)



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

With regard to patterns in extreme poverty in the region, the upswing of the commodity price cycle effectively increased the resources and foreign exchange available to underpin growth in social spending and household consumption. High levels of poverty and income inequality were reduced in association with a good economic performance and a political context in many of the region's countries that afforded unprecedented space on the public agenda to the aims of increasing social inclusion and expanding social protection. However, as the prices of export commodities fell and growth slowed, the downward trend in poverty rates stalled and, in some cases, even reverted from 2014 onward, as shown in figure 18. The numbers living in poverty and extreme poverty shrank up to 2014 but began to rise again thereafter. The Gini coefficient continued to fall after that year, but more slowly (see figure 19).

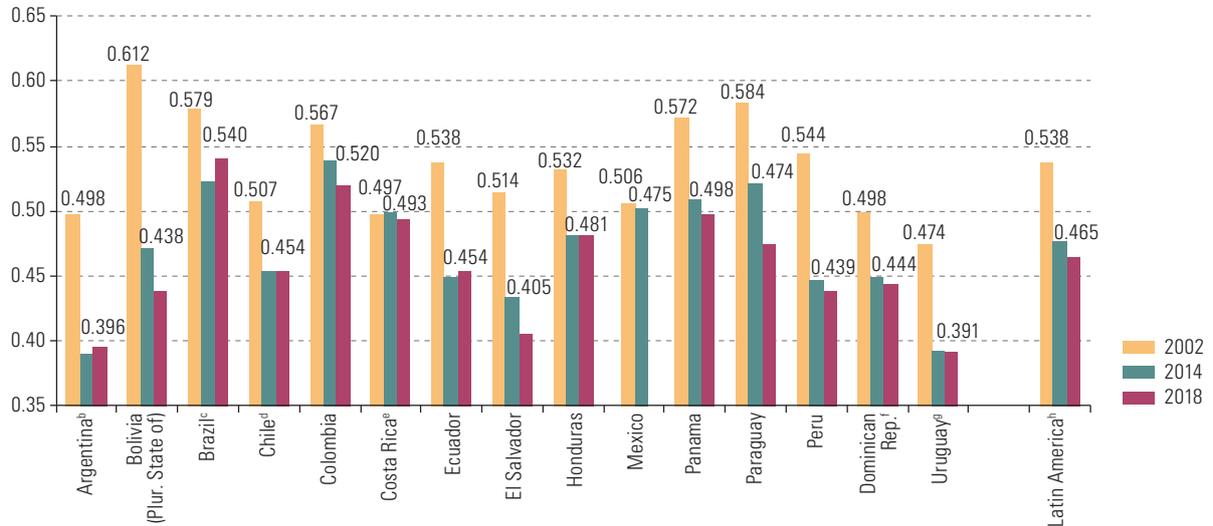
Figure 18
Latin America: poverty and extreme poverty rates, 2002–2019



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of household survey data bank (BADEHOG).

^a The figures are projections. Weighted average for the following countries: Argentina, 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.

Figure 19
Latin America (15 countries): Gini coefficient, 2002, 2014 and 2018^a



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of household survey data bank (BADEHOG).

^a The calculation of the Gini coefficient includes zero incomes.

^b Urban total.

^c The 2002 and 2014 figures are adjusted for the difference between the National Household Survey (PNAD) and the 2014 Permanent National Household Survey (PNAD Continua), to ensure they are comparable with those of 2018.

^d Figures refer to 2013, 2015 and 2017.

^e Figures from 2010 onward are not comparable with those of previous years.

^f Figures for 2018 are not strictly comparable with those of 2002 and 2014.

^g Figures for 2002 refer to urban areas.

^h Simple average based on the data available for the nearest year for each of the 15 countries.

Lastly, figure 20 shows the effect of income growth on poverty and extreme poverty trends in Latin America. However, to reduce poverty and extreme poverty it will also be crucial to improve income distribution through the aforementioned social inclusion and protection policies, in keeping with SDG 1.

Figure 20
Latin America: variation in numbers living in poverty and extreme poverty, and variation in per capita GDP, 2002–2017
(Annual equivalent percentage rates)



Source: Economic Commission for Latin America and the Caribbean (ECLAC).

2. Health systems that are inadequate to cope with the pandemic

As the COVID-19 pandemic or the Influenza A (H1N1) and dengue outbreaks have shown, health crises have serious social impacts and incur significant economic losses. Inequalities in access to high quality health services and in health outcomes are a central link in the reproduction of poverty and inequality, as they limit economic capacities and opportunities. Health also affects productivity by aiding cognitive development, learning capacity and school performance, as well as the ability to learn and acquire new skills (Abramo, Cecchini and Ullmann, 2020).

Although the region has made great strides in improving health, inequalities persist among and within countries. People living in poverty, those living in rural areas, indigenous peoples and Afrodescendants are more likely to suffer poor health and less likely to use basic health services, including preventive services to prevent and detect diseases in a timely manner. At the same time, the region's demographic and epidemiological profile places greater demands on health systems.

The region's health systems are highly fragmented, with overlapping services and coverage, which is evident in the wide disparities in the quality of services to which different population groups have access. Generally, they are organized through public sector services for people living in poverty, social security services for formal workers and private services for those who can afford them. The systems therefore remain segregated and patently unequal, offering different services, of different quality, to different population groups, thus perpetuating health inequities. Despite reforms to reduce fragmentation and expand access, health systems are still insufficient.

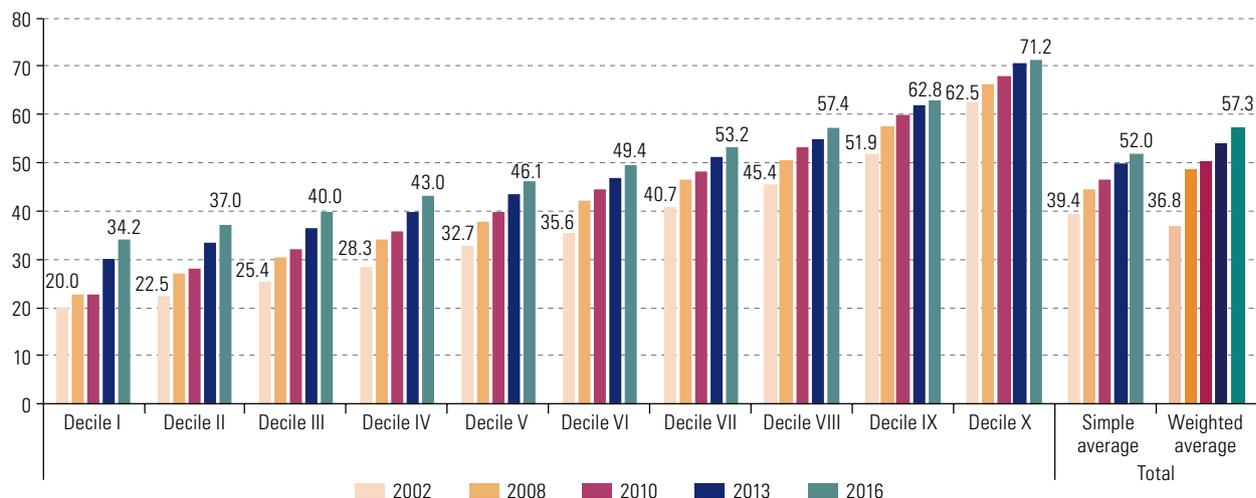
While employed people's access to health systems has increased and the socioeconomic gaps have narrowed, levels of access are still far from equitable. The percentage of the working population affiliated with or contributing to a health system increased substantially between 2002 and 2016, especially in the lower income distribution deciles. However, there is still a 37-percentage-point difference between decile 1 and decile 10 in terms of affiliation or contribution to health systems (see figure 21) (ECLAC, 2019e). In addition, being affiliated or contributing to a health system does not necessarily guarantee effective access (which may be restricted by economic barriers, such as co-payments), or the quality of services received.

The COVID-19 pandemic is straining and testing the region's fragmented and generally weak health systems, as pressures on them could exceed their capacity to respond. In addition, gaps in access to health services and in their quality could undermine efforts to stop the spread of the virus. Basic indicators of health system preparedness show that conditions in Latin America and the Caribbean are inadequate to deal with emergencies such as COVID-19.²² Moreover, health systems in the region tend to be geographically centralized, with specialized services and physicians concentrated in a few urban centres.

In order to safeguard the progress made in the area of health and address unresolved and emerging challenges, such as COVID-19, which place new demands on the region's health systems, adequate levels of public spending on health must be maintained, which stood at 2.4% of regional GDP (central government spending) in 2018 (ECLAC, 2019d). This is far from the 6.0% of GDP recommended by PAHO (2019a) in order to reduce inequities and increase financial protection within the framework of universal access to health and universal health coverage. Additional resources would help to strengthen the first level of care, with an emphasis on disease prevention (PAHO, 2019a).

²² Hospital capacity in the region is 2.2 hospital beds per 1,000 inhabitants, compared to 5.6 per 1,000 in the European Union (World Bank, 2020), and there are serious shortfalls on intensive care wards, as well as shortages of medical personnel to respond to this type of crisis. On average, there are 2.1 physicians per 1,000 inhabitants in the region, with substantial gaps among countries, ranging from a minimum of 0.2 in Haiti to a maximum of 8.4 in Cuba (PAHO, 2019b). With regard to nurses, who are often the first line of care in emergency rooms, on average the region has 4.7 nurses per 1,000 inhabitants, but this figure varies from 0.3 nurses per 1,000 inhabitants in the Dominican Republic to 9.7 in Brazil (United Nations, 2020).

Figure 21
Latin America (14 countries): affiliation or contribution to health systems by employed persons aged 15 and over, by per capita income deciles, national totals, 2002–2016^{a,b}
 (Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), *Social Panorama of Latin America, 2018* (LC/PUB.2019/3-P), Santiago.

^a In Argentina, the figures refer to wage earners aged 15 or older. The data for Mexico in 2016 are not strictly comparable to those of previous years owing to changes in the wording of some of the questions on social security access. Further details of these changes, their effects on the estimation of social security coverage (health and pensions) and procedures to adjust the estimation, are provided in CONEVAL (2017).

^b Simple average for the following countries: Argentina (urban areas), Chile, Colombia, Costa Rica, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Paraguay, Peru, Plurinational State of Bolivia and Uruguay (urban areas).

3. The pandemic and the care crisis

The health crisis once again highlights the unjust social organization of care in the region, the importance of care for the sustainability of life and its low visibility in economic systems, which continue to view it as an externality rather than as a fundamental component of development. Responses to care needs must be considered from a gender perspective because it is women who, whether paid or unpaid, bear the greatest caregiving burden.

As at 23 March 2020, some 154 million children and adolescents (more than 95% of those enrolled in education in the region) were temporarily out of school due to COVID-19 (UNICEF, 2020). These children require care that overburdens families' time, particularly that of women, who spend three times as long as men on unpaid domestic and care work each day. Moreover, gender inequalities are sharper in lower-income households, where the demands for care are greater, as they tend to have more dependants per household.

Faced with this new scenario, in which health systems are operating at maximum capacity, much of the health-care burden is being shifted to households, increasing care-related time pressures, again for women in particular. In addition, high-risk groups, such as older persons, will require support for more routine and basic tasks such as buying food and medicines and making medical visits (ECLAC, 2019f).

Women are also particularly affected by the pressure on health systems because they make up 72.8% of the total number of people employed in the sector in the region.²³ The greater demand has resulted in extreme working conditions, such as long working days without being able to rest or stop to

²³ Data collected through the processing of household surveys of 16 countries around 2017 available in the Household Survey Data Bank (BADEHOG) of ECLAC.

eat or use the toilet, which increase health personnel's risk of being infected by the virus. At the same time, women working in this sector are still responsible for dependants or people in need of care within their households. They must continue to go to work in addition to this responsibility, which increases their excess workload and stress.

The care crisis, which has worsened in the current context, has a major impact on paid domestic work, a sector that employs one in every seven women in the region (ILO, 2016). Paid domestic workers' vulnerability is a result of deregulation, the fact that they are less likely to be able to exercise their right to join a trade union or bargain collectively, and the low value afforded to their work by society. This vulnerability is exacerbated when, on the one hand, the increased demand for care falls on their shoulders in the face of school closures, greater demand for health care and the need to raise hygiene standards in the home, and when, on the other hand, domestic workers cannot do their jobs because of social distancing recommendations or restrictions on movement and are uncertain whether their wages will be paid, especially those who do not have a formal contract.

When economies are hit by an unprecedented health crisis, the economic measures adopted to alleviate the impacts of the situation must not involve spending cuts that could affect progress towards greater gender equality or curtail women's autonomy. In particular, it is important that women's time should not become, once again, an adjustment variable in governments' efforts to address the region's new economic scenarios.

4. Will extreme poverty be eliminated by 2030?

The regional framework of indicators for monitoring the Sustainable Development Goals in Latin America and the Caribbean²⁴ is important to analyse the prospects for reducing extreme poverty, given that SDG 1 proposes ending poverty in all its forms everywhere and its first target is to eliminate extreme poverty by 2030 (proxy indicator P-1.1.1).²⁵ A country's rate of extreme poverty at a given moment is determined by the combination of average household income, the structure of distribution of this income and the extreme poverty line. This schematic view facilitates the design of scenarios to evaluate the effects of different combinations of average income growth and of reductions in inequality in poverty by 2030.²⁶ We compare two types of scenarios: excluding and including the impacts of COVID-19.

(a) Simulations prior to the outbreak of COVID-19

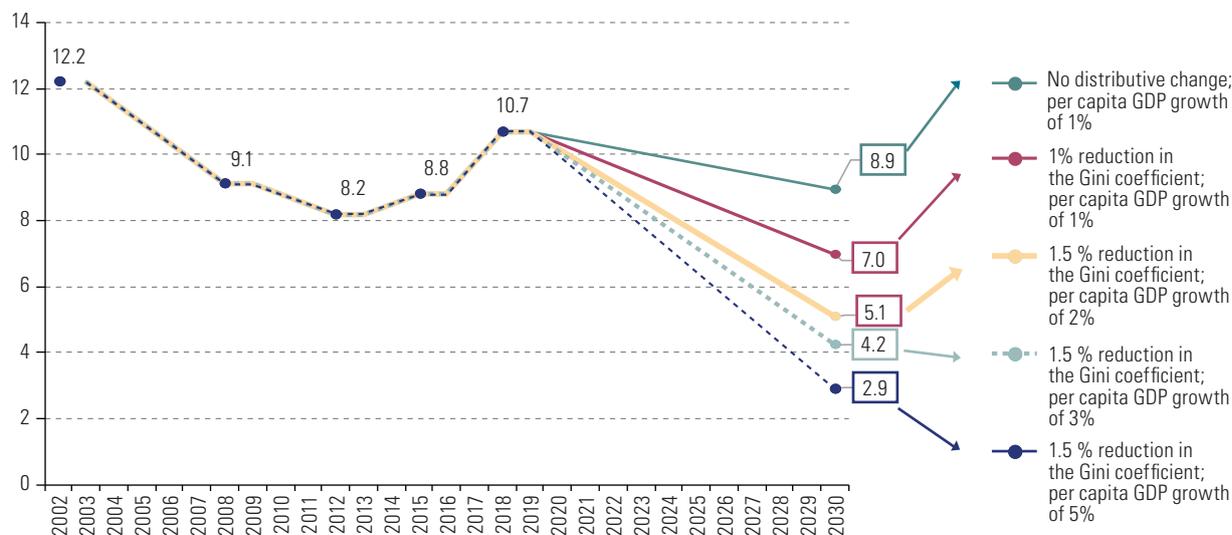
In a first scenario, with annual per capita GDP growth of 1% and no change in income concentration, the incidence of regional poverty would be 8.9% in 2030, well above the 3% target for extreme poverty (see figure 22).

²⁴ See Economic Commission for Latin America and the Caribbean (ECLAC), *Report on the activities of the Statistical Coordination Group for the 2030 Agenda in Latin America and the Caribbean* (LC/CEA.10/6), Santiago, 2019; and Statistical Coordination Group for the 2030 Agenda in Latin America and the Caribbean, *Report on the prioritization of indicators for regional statistical follow-up to the Sustainable Development Goals in Latin America and the Caribbean* (LC/CE.17/3), Santiago, 2018.

²⁵ The extreme poverty threshold for the target, measured as income per person below the international poverty line (equivalent to US\$ 1.90 per day based on 2011 purchasing power parity), is too low for the countries of the region, so it is considered more appropriate to use the extreme poverty line based on the cost of a basic food basket.

²⁶ The target of eradicating extreme poverty is difficult to simulate, owing to the sensitivity of results to the characteristics of household surveys in capturing low income. The surveys generally contain observations on households with incomes close to zero, which, in addition to households that have scarce resources, also include those who did not respond to income questions or misreported extremely low values. Given that the income reported in the survey is scaled up under the simulation, the presence of observations with income equal or very close to zero can affect the results significantly. Therefore, in practical terms, a scenario is simulated where the extreme poverty rate is 3%. This does not mean that an extreme poverty rate of 3% is synonymous with eradication, rather that, given the characteristics of the methodology used, it is not useful to simulate a lower incidence.

Figure 22
Latin America: projected regional extreme poverty rate in 2030 with different scenarios of per capita GDP growth and changes in income distribution, excluding the impact of COVID-19
 (Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), *Social Panorama of Latin America, 2019* (LC.PUB.2019/22-P), Santiago, 2019.
Note: The scenarios for simulation of regional poverty levels to 2030 refer specifically to the Latin American countries whose household surveys are available in the household survey data bank (BADEHOG).

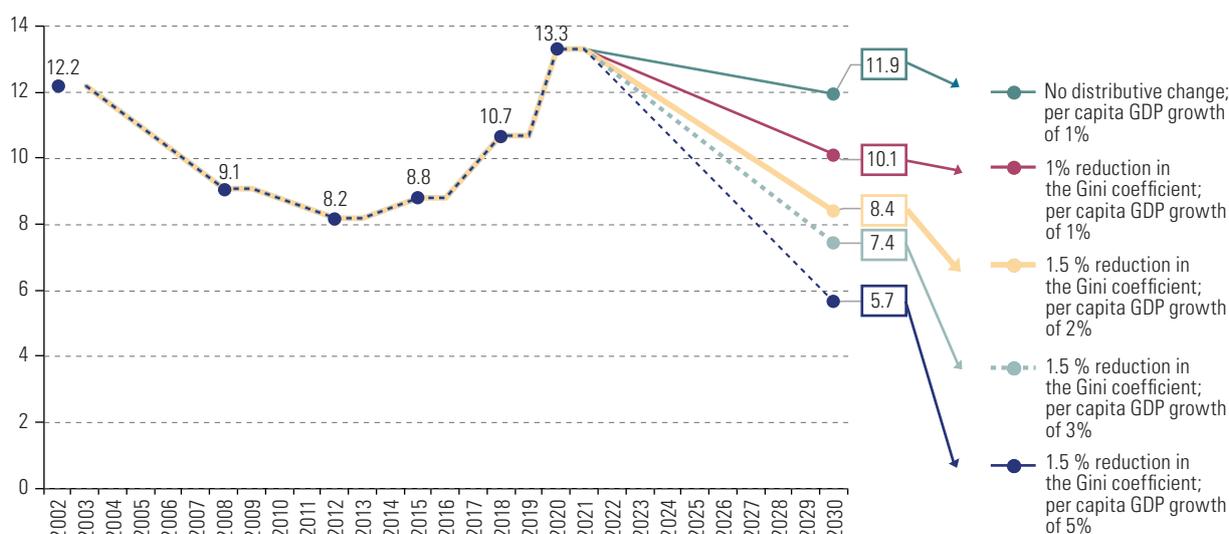
Improvements in income distribution could significantly reduce extreme poverty. Assuming the same annual per capita GDP growth rate (1%), but also projecting a decline in inequality equivalent to a reduction in the Gini coefficient of 1% per year, the incidence of extreme poverty would reach 7%, or 1.9 percentage points less than in a scenario of no distributive change.

Reducing extreme poverty to levels near eradication would require a much better performance in terms of average income growth and income redistribution. According to simulations, even annual per capita income growth of 3% and an annual decline of 1.5% in the inequality of income distribution until 2030 would not be enough for the region to meet the target. Annual per capita GDP growth of 5%, with a Gini reduction of 1.5% per year, would be needed to lower the incidence of extreme poverty to less than 3%. In other words, even with strong income redistribution policies, the required growth rates are unattainable under the region's current development model.

(b) The impact of COVID-19

The starting point used for the simulations above is the data available at 2018. However, the scenarios described will be significantly affected by the global economic impact of the COVID-19 pandemic. As a preliminary estimate, assuming a heavy downturn in the income of 5% of the economically active population, extreme poverty in the region may be expected to reach 13.3% in 2020. In this case, annual per capita GDP growth of 5% up to 2030 and a yearly reduction of 1.5% in the Gini coefficient (in this case as of 2021) would only reduce extreme poverty to 5.7%, which would miss the target established under SDG 1 (see figure 23).

Figure 23
Latin America: projection of the extreme poverty rate to 2030 in various scenarios of per capita GDP growth and income distribution change, and a simulation of the impact of COVID-19 on extreme poverty in 2020
 (Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of household survey data bank (BADEHOG).

The significant gap between the growth needed to eradicate extreme poverty and the region's situation in recent years serves as a wake-up call: if current trends continue, the region as a whole will not be able to meet the target, and the fallout from the current pandemic will make meeting the target all the harder.²⁷ Hence, as well as protecting employment, priority must be afforded to growing the income of low-income households by means of more active redistributive policies and better labour and productive integration of the poorest members of the population.

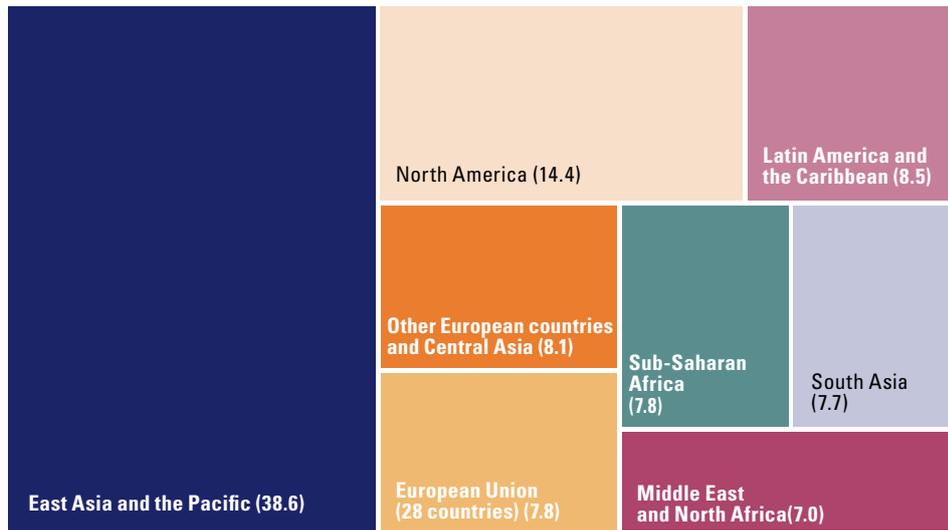
F. Environmental emergency: towards environmental catastrophe?

Inequalities are evident in the region not only in socioeconomic outcomes but also in exposure to environmental risks. The climate crisis is a global threat to human well-being and peace, and its consequences disproportionately affect people and groups in more vulnerable situations (women, children and adolescents, older persons, indigenous peoples and Afrodescendants), imposing new challenges and exacerbating existing ones. It thus requires greater international, regional and national efforts and commitments. The main problem is that the speed of global warming and its consequences exceed the capacity of social and economic systems to adapt to that change, resulting in a highly regressive distribution of its impacts. Moreover, the Latin American and Caribbean region is particularly vulnerable to the effects of climate change because of its geography, climate, socioeconomic structures and demographics, and because its natural assets, such as its forests and biodiversity, are acutely sensitive to climate variability.

²⁷ As mentioned in the case of unemployment, the object of this exercise is not to simulate short- or medium-term effects.

Climate change is a stark illustration of the inequality that prevails around the world. The richest countries and people with higher incomes have historically done much more to create climate change than poor countries and people. Poorer countries, and particularly small island developing States (SIDS), are more vulnerable and much less resilient to the related socioeconomic costs. Thus, although the region of Latin America and the Caribbean generates 8.5% of global emissions, approximately 7 tons per capita, which is also the world average (see figure 24), it suffers to a much greater extent from the negative effects of extreme weather events. Like the Central American countries, the Caribbean SIDS are affected by the fundamental asymmetry of climate change: they generate 0.36% of global greenhouse gas (GHG) emissions, but they are particularly vulnerable owing to their socioeconomic, geographical and climatic conditions. Almost all the Caribbean islands are in the hurricane corridor and large proportions of their population and economic activities tend to be located in coastal areas. Post-disaster recovery costs can run to amounts impossible to fund without international cooperation, particularly in the most heavily indebted islands (Bárcena and others, 2020).

Figure 24
Regional share of global greenhouse gas emissions, 2017
 (Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of J. Gütschow and others, *The PRIMAP-hist national historical emissions time series (1850-2017)*, FAOSTAT, 2019 and World Bank, World Development Indicators, Washington, D.C. [online database] <http://data.worldbank.org/data-catalog/world-development-indicators>.

By sector, the burning of fossil fuels for both transportation and energy generation is the main source of emissions in the region, while the proportion of emissions from land use change, deforestation and agriculture is greater than in other regions of the planet.

The climate emergency is the result of the fact that temperatures are already about 1°C higher than the average temperature before the industrial revolution. According to the Intergovernmental Panel on Climate Change (IPCC) (2018), a rise of 2°C as opposed to one of 1.5°C could double the loss of vertebrate and plant species and triple that of insects, result in a 99% decline in coral reefs, double the decrease in global annual catch for marine fisheries, increase the number of cities exposed to flooding, double the population exposed to water stress, reduce average global agricultural yields, or increase mortality and morbidity associated with mosquito-borne diseases.

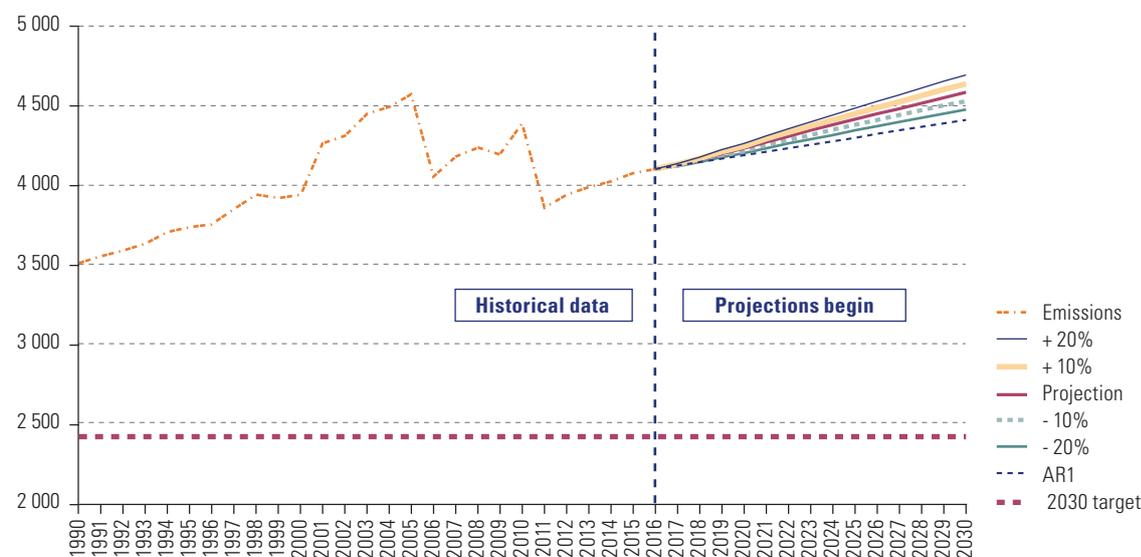
The Paris Agreement aims to control GHG emissions in order to hold the increase in global average temperature to well below 2°C above pre-industrial levels and pursue efforts to limit the temperature increase to 1.5°C above pre-industrial levels. Stabilizing the climate requires drastic reductions in GHG emissions. It is estimated that by 2030, per capita CO₂ emissions should be reduced from the current 6.8 tons to less than 5 tons to limit the temperature increase to 2°C, and to less than 3 tons per capita to limit the temperature increase to 1.5°C.

To this end, countries must define and implement their nationally determined contributions (NDCs) and progressively increase their targets, in order to contribute to international efforts to ensure a sustainable future. Although countries have committed to significant reductions through their NDCs, even if all the commitments are met, that action is still far from what is required (UNEP, 2019). Furthermore, the outcomes of the twenty-fifth session of the Conference of the Parties to the United Nations Framework Convention on Climate Change (COP 25) are not encouraging, as most of the major emitters of GHGs have not shown the required level of ambition.

In this context, it is important to estimate expected total GHG emissions up to 2030, as a key variable for climate action (SDG 13). The emissions data recorded in the region between 1990 and 2016 show a rise in total emissions, with the period 2000–2010 posting the highest levels, exceeding 4,500 MtCO₂e in 2005. Following that year, CO₂ levels in the region began to fall, and reached 3,800 MtCO₂e in 2011, similar to the levels the region had produced in 1997. However, in the period 2011–2016 emissions have tended to rise, and are in a range between 3,800 MtCO₂e and 4,100 MtCO₂e (see figure 23).

To calculate the expected level, a projection is presented below that specifies alternative scenarios up to 2030, based on historical data from 1996 to 2016 (complementary indicator C-13.3) (see figure 25). This estimate shows a rise in the total mass of GHG emissions above 4,300 MtCO₂e in the middle of the period projected, to an all-time high. This trend does not change with variation of the range of GDP growth between 20% above and below the historical rate. Moreover, the effect of slowing GDP owing to the COVID-19 pandemic in 2020 has no impact on GHG emissions over the following decade, with the trend likely continuing to rise.

Figure 25
Latin America and the Caribbean: greenhouse gas emissions by sector, 1990–2030 (MtCO₂e)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of United Nations, “SDG indicators global database” [online database] <https://unstats.un.org/sdgs/indicators/database/>.

Note: AR1: autoregressive model order 1.

Three observations are warranted with regard to these future outcomes:

- (i) Firstly, the estimated trajectory is still far from the IPCC recommendation to reduce GHG emissions by 45% in order to meet the Paris Agreement commitments. The trajectory indicates that the region's total emissions should converge by 2030 to an absolute mass of approximately 2,414 MtCO₂e.
- (ii) Secondly, while the rate of GDP growth explains total GHG emissions, the sectoral composition of that growth is key. The energy and agriculture sectors accounted for 68% of total emissions in 2016; accordingly, their sectoral growth rates will have a major impact on the trajectory of total GHG emissions.
- (iii) Lastly, it is a matter of concern that the gap between the IPCC recommendation and projected actual emissions is unlikely to close—and may even widen—in the next decade. This underscores the critical need for a change in the region's production and consumption patterns, especially in countries whose economic, social and environmental weight is significant in the regional average.

Tackling climate change requires accelerated change in development models, hitherto based on the use of fossil fuels, in which public-private actions are driven by new sectors associated with sustainable transport and electromobility, renewable energy, the high-tech bioeconomy, the circular economy, the digitization of the economy and society, and smart cities, in order to achieve the necessary momentum towards sustainability.

Essential to this change is the increasingly favourable effect of technology, together with regulatory or policy capacity. At the same time, today it is clearer than ever that change cannot be brought about by any single actor. The climate emergency requires that all stakeholders be included in decision-making processes; their participation is part of the solution. This includes not only all levels of government, but also academia, civil society and the private sector.

There is an urgent need to move forward on the unresolved issues in international negotiations and to ensure that the transition to decarbonized societies proceeds in an equitable manner between developed and developing countries, and between present and future generations. At the local level, the foundations must be laid for a social compact that specifies the responsibilities to be assumed by the various sectors of society in order to safeguard the fundamental rights of individuals, the most vulnerable groups and future generations.

G. The uneven progress made on the SDGs is at odds with the comprehensive spirit of the 2030 Agenda

The scenarios presented on the expected trends in unemployment, extreme poverty reduction and GHG emissions serve as a warning that some crucial SDG targets may not be met. In response to this warning, the results of simulation exercises for 72 statistical series of SDG indicators for the region are presented below and ranked according to the likelihood of achieving the targets by 2030, based on current trends, with or without significant public policy interventions. The analysis is performed at the level of the statistical series of the indicators rather than the Goals; therefore, under the same SDG situations may vary from one indicator and series to another, depending on the thresholds defined by the 2030 targets (see annex 1). In any case, the lack of data precludes a comprehensive analysis of all the targets of a particular Goal.

The simulations, whose results are summarized in table 7, continue the simulation exercise for SDG attainment in Latin America and the Caribbean presented by ECLAC at the high-level political forum on sustainable development in 2019, and expand on it as follows:

- The number of series analysed quadrupled from 18 to 72.
- Indicators have been included for all the SDGs, filling in gaps in the aforementioned document for two of them.

- 69 of the 72 series analysed belong to the set of 150 indicators prioritized for the region by the Statistical Coordination Group for the 2030 Agenda in Latin America and the Caribbean of the Statistical Conference of the Americas of ECLAC (see ECLAC, 2019c). This represents 43% of the indicators of the regional framework that could be projected with the information available.
- The exercise permitted analysis of the trend of 49 targets, representing 53% of the targets covered by the indicators prioritized for the region.
- More than half of the series studied (38 of 72) focus on five SDGs, namely SDG 1 (no poverty), SDG 3 (good health and well-being), SDG 4 (quality education), SDG 8 (decent work and economic growth) and SDG 9 (industry, innovation and infrastructure), according to the availability of data for the projection exercise.
- Just one indicator was analysed in the case of four SDGs: SDG 10 (reduced inequalities), SDG 11 (sustainable cities and communities), SDG 12 (responsible consumption and production), and SDG 13 (climate action).
- The projective models used are linked to the nature of the indicator, the availability of secondary information to support scenario generation, and the robustness of the available data. The projections of these indicators were made using an econometric panel data model or autoregressive models, based on a review of the literature on the phenomenon being measured, descriptive statistics and the selection of tests of statistical significance.

Table 7
Number of statistical series of SDG indicators by status in relation to the 2030 thresholds defined by the targets

SDG	Target already reached	Target likely to be reached on the current trend	Target likely to be reached with public policy intervention	Target likely to be reached only with significant public policy intervention	Progress stalled	Regression	Total
1		2	1	2	2		7
2			1	1	2	1	5
3	3	1		3	2		9
4		2	2	2	1		7
5			1	1	2		4
6		1			2		3
7		1			2		3
8		1	1	3	3		8
9		2			4	1	7
10					1		1
11				1			1
12					1		1
13						1	1
14	1				1		2
15		2	2			1	5
16					2		2
17		3			2	1	6
Total	4	15	8	13	27	5	72

Source: Economic Commission for Latin America and the Caribbean (ECLAC).

Note: Three statistical series indicators are included that are not prioritized for the region.

The results show markedly uneven trends among the 72 series analysed below. In all cases, notwithstanding major differences among countries, this exercise focuses on the regional level.

- For four series —two SDGs: SDG 3 (good health and well-being) and SDG 14 (life below water)— the region has already achieved the targets. These two SDGs and SDG 11 (sustainable cities and communities) are the only ones for which progress is not stalled or regressing in any of the series analysed.
- For 15 series (9 SDGs), the targets may be expected to be reached if current trends are maintained.
- For 21 series (8 SDGs), the trend is in the right direction, but the targets will be reached only with additional public policy interventions; for 13 of them (7 SDGs) that intervention would need to be highly intensive.
- For 32 series (16 SDGs), the trends observed are not in the direction required by the targets; it is therefore estimated that the targets will not be met, because the trend shows that progress has either stalled (in 27 cases), or gone into reverse (in 5 cases), leaving the targets further away.
- In summary, for 27% of the series the trend is positive; for 29% it is essential to implement policy actions to reach the targets; and for 44% the progress has stalled or gone into reverse, necessarily requiring corrective action to change the trend.
- The series that show a positive scenario for 2030 include those linked to poverty reduction based on the international extreme poverty line, maternal mortality, births attended by skilled health personnel, child mortality, access to tertiary education, open defecation, access to electricity, access to an account at a financial institution, number of researchers, mobile network coverage (2G), key marine biodiversity protected areas, wetland area, the Red List Index for threatened species, debt service, fixed broadband Internet subscribers, and Internet users.
- The series that need additional policy interventions relate to the population and working population living in extreme poverty by regional standards, undernutrition, stunting, new HIV infections, tuberculosis, malaria, minimum proficiency in mathematics, participation in organized pre-primary education, literacy, schools with Internet access, women in national parliaments and managerial positions, labour informality in non-agricultural employment, unemployment, fatal occupational injuries, population in slums, protected key marine and terrestrial biodiversity.
- The greatest efforts to implement policy actions must be made with regard to series that are stagnant or in decline in relation to the target; for example, population covered by social insurance programmes, public spending on education, moderately or severely overweight children, use of fertilizers and pesticides, prevalence and mortality of HIV/AIDS, organized teacher training, femicide, women in senior or middle managerial positions, access to safely managed water and sanitation, renewable energy, energy intensity, annual growth in GDP per capita and per employed person, young people not in education, employment or training or exclusively in unpaid domestic work, manufacturing value added, manufacturing employment, carbon dioxide emissions, research and development expenditure, medium and high-tech industry value added, share of employment in GDP, domestic material consumption per GDP, greenhouse gas emissions, mangrove and forest area, victims of intentional homicide and trafficking in persons, total government revenue, proportion of domestic budget funded by domestic taxes, and resources to support statistical capacity-building in developing countries.

The COVID-19 pandemic affects the projections and proposed scenarios in some areas of development. If regional GDP contracts severely in 2020, in some series the trend will be affected, showing setbacks or standstills over the next two years. Although some series seem to recover, returning to the projected values at the end of the analysed period in line with the pre-pandemic scenario (as is the case for

maternal mortality, child mortality, access to electricity, unemployment, freshwater biodiversity areas, and debt service), others suffer a longer-term impact, showing deterioration compared to the projected scenario without the impacts of COVID-19 (extreme poverty by regional standards, HIV/AIDS, sanitation services, medium and high-tech industry value added).

These indicators, evaluated in the context of the main risks in the global and regional scenarios, raise four messages regarding the implementation of the 2030 Agenda, to which ECLAC has already drawn attention in its simulation exercise for SDG attainment in Latin America and the Caribbean.

- The comprehensive spirit of the 2030 Agenda is at risk. While a few goals have already been met at the regional level, others are achievable with stronger policy interventions, but some seem unattainable.
- Policies to implement the 2030 Agenda are more essential than ever, as trends in many indicators show that the targets of several SDGs are unlikely to be met.
- It is crucial to assess the impacts of these policies to determine whether they are effectively reversing negative trends and reinforcing positive ones. Proper feedback is needed to make necessary adjustments in the event of changes in domestic and external contexts.
- The new global scenario in times of COVID-19 makes it all the more necessary to take urgent action to prevent lags in progress towards the targets from worsening, and to prevent backsliding on those targets for which the region is on track.

H. Conclusion: towards a decade of action and delivery

The data examined in this document show that the international context and the Latin American and Caribbean reality have made it more difficult to advance towards the attainment of the SDGs. The world that existed in 2015, when the 2030 Agenda was adopted, seems far away today. In the current international scenario, the slowdown in economic growth, growing inequality and the weak response to the environmental emergency have led to a strong resurgence of protectionist tendencies, extreme nationalist positions and a weakening of multilateral institutions and rules. As is very clearly reflected in the environmental debate, the gap between society's demands and the effectiveness of the institutional response is in fact widening, as was evident in the unambitious outcome of COP 25. More recently, almost all the responses to the pandemic have been only national or local in scope, even within blocs of advanced economic and social integration, such as the European Union. The lack of a vision beyond the national has precluded the adoption of multilateral action and reflects the very limited reach of international solidarity. However, the statement issued by the G20 leaders at their virtual summit on COVID-19, held on 26 March 2020, may indicate a positive movement towards stronger international cooperation.²⁸

In the face of an uncertain global scenario that is little inclined towards international cooperation, the weak and uneven progress on the SDGs and the 2030 Agenda and the response to the pandemic show that the countries of the region have yet to garner a sufficiently forceful and expedite response. The economic responses have failed to reverse the almost zero growth in per capita GDP and the concomitant weak job creation in what may be another lost decade for the region. This weak performance must not be repeated with the measures to boost economic recovery after the health emergency phase of the current crisis is over. At that point, it will be essential to expand mass consumption demand and public investment in infrastructure to use up idle production capacity and brighten the outlook for business investment.

²⁸ See [online] <https://www.gov.uk/government/news/g20-leaders-summit-statement-on-covid-19-26-march-2020>.

To respond to the current situation, ECLAC proposes implementing the following set of closely-related measures:

- Well-coordinated, powerful international fiscal stimulus to support health services and protect employees and the income of the population in general.
- Keeping international supply chains open, particularly those for medicine and medical equipment, food and energy.
- Bolstering mechanisms to guarantee companies' solvency, payment chains and the stability of the financial system.
- Deferral of external debt servicing for highly indebted countries to increase their fiscal space.
- New financial instruments to directly support countries with little to no fiscal space.

Multilateral organizations and international cooperation must play crucial roles in the design and implementation of all these instruments.

In conclusion, Latin America and the Caribbean must face the COVID-19 pandemic from a situation in which it has already been unable to produce insufficient economic growth to reduce poverty—still less extreme poverty—at the pace needed by its societies without incurring a serious external constraint on the balance of payments and pushing up greenhouse gas emissions to levels incompatible with its environmental commitments. Therefore, in a context of accelerated technological change and geopolitical struggles for global hegemony, the only strategic choice available to the region is to pursue a big push in investment for sustainability. In other words, it must pursue a strategy to diversify its economic structure and productive and trade integration, while stepping up action to adapt to and mitigate the environmental emergency—before it becomes an environmental catastrophe—and strengthening policies to combat poverty, inequality and the culture of privilege. All these efforts combined would allow the virtuous circle of growth for equality and equality for growth to be completed.

It is essential that the COVID-19 pandemic give way to new forms of globalization and geopolitics. This is an opportunity to recall the benefits of multilateralism and strengthen action to progress towards the new model of sustainable and inclusive development sought by the 2030 Agenda and the SDGs.

At its fourth meeting, the Forum of the Countries of Latin America and the Caribbean on Sustainable Development is called upon to be a fruitful occasion for enabling the region to accelerate action to achieve a decade of action and delivery for sustainable development, to leave behind once and for all the strategies that weakened capacities to respond to the current health and humanitarian crisis.

Bibliography

- Abramo, L., S. Cecchini and H. Ullmann (2020), "Enfrentar las desigualdades en salud en América Latina: el rol de la protección social", *Ciência & Saúde Coletiva*, forthcoming.
- Bárcena, A. and J. Samaniego (2020), *La emergencia del cambio climático en América Latina y el Caribe: retos y oportunidades para el desarrollo*, ECLAC Books, No. 160 (LC/PUB.2019/23-P), Santiago, Economic Commission for Latin America and the Caribbean (ECLAC), forthcoming.
- Bell, D. (2017), "Political realism and international relations", *Philosophy Compass*, vol.12, No.2.
- Chang, H. J. (2008), *Bad Samaritans: The Myth of Free Trade and the Secret History of Capitalism*, Bloomsbury Press.
- CONEVAL (National Council for the Evaluation of Social Development Policy) (2017), "Ejercicio de adecuación histórica de la carencia por acceso a la seguridad social 2016 a la serie 2010-2014", *Nota Técnica*, No. 2, Mexico City, August.
- ECLAC (Economic Commission for Latin America and the Caribbean) (2019a), *Preliminary Overview of the Economies of Latin America and the Caribbean, 2019* (LC/PUB.2019/25-P), Santiago, December.

- (2019b), *International Trade Outlook for Latin America and the Caribbean, 2019* (LC/PUB.2019/20-P), Santiago, November.
- (2019c), *Report on the activities of the Statistical Coordination Group for the 2030 Agenda in Latin America and the Caribbean* (LC/CEA.10/6), Santiago.
- (2019d), *Social Panorama of Latin America, 2019* (LC.PUB.2019/22-P), Santiago.
- (2019e), *Social Panorama of Latin America, 2018* (LC/PUB.2019/3-P), Santiago.
- (2019f), *Women's autonomy in changing economic scenarios* (LC/CRM.14/3), Santiago.
- (2018a), *La Unión Europea y América Latina y el Caribe: estrategias convergentes y sostenibles ante la coyuntura global* (LC/TS.2018/56/Rev.1), Santiago.
- (2018b), *Data, algorithms and policies: redefining the digital world* (LC/CMSI.6/4), Santiago.
- (2018b), *The Inefficiency of Inequality* (LC/SES.37/3-P), Santiago.
- (2018c), *Economic Survey of Latin America and the Caribbean* (LC/PUB.2018/17-P), Santiago.
- (2017), *Social Panorama of Latin America, 2016* (LC/PUB.2017/12-P), Santiago.
- (2014), *Structural Change for Equality: an Integrated Approach to Development* (LC/G.2604), Santiago.
- (2012), *European Union and Latin America and the Caribbean: investments for growth, social inclusion and environmental sustainability* (LC/L.3535/Rev.1), Santiago.
- (2010), *Time for equality: closing gaps, opening trails* (LC/G.2432(SES.33/3), Santiago, May.
- Erten, B. and J. A. Ocampo (2012), "Super-cycles of commodity prices since the mid-nineteenth century", *DESA Working Paper*, No.110 (ST/ESA/2012/DWP/110), New York, United Nations.
- FAO/WFP (Food and Agriculture Organization of the United Nations/World Food Programme) (2019), *Strengthening School Feeding Programmes: FAO and WFP joint work in Latin America and the Caribbean*, Panama City.
- Hirschman, A. (1945), *National Power and the Structure of Foreign Trade*, University of California Press.
- ILO (International Labour Organization) (2020), *Panorama Laboral 2019: América Latina y el Caribe*, Lima, January.
- (2016), *Policies to formalize paid domestic work in Latin America and the Caribbean*, Lima.
- IMF (International Monetary Fund) (2016), *World Economic Outlook. Subdued Demand: Symptoms and Remedies*, Washington, D.C., October.
- IPCC (Intergovernmental Panel on Climate Change) (2018), *Global Warming of 1.5°C: An IPCC Special Report on the Impacts of Global Warming of 1.5 °C above Pre-industrial Levels and related Global Greenhouse Gas Emission Pathways, in the Context of Strengthening the Global Response to the Threat of Climate Change, Sustainable Development, and Efforts to Eradicate Poverty*, Geneva.
- Lakner, C. and B. Milanovic (2016), "Global income distribution: from the fall of the Berlin Wall to the Great Recession", *The World Bank Economic Review*, vol. 30, No.2.
- Loecker, J. and J. Eeckhaut (2017), "The rise of market power and the macroeconomic implications", *NBER Working Paper*, No.2368 [online] <http://www.janeeckhaut.com/wp-content/uploads/RMP.pdf>.
- Macrotrends (2020), *Latin America & Caribbean Unemployment Rate 1991-2020* [online] <https://www.macrotrends.net/countries/LCN/latin-america-caribbean/unemployment-rate>.
- OECD (Organization for Economic Cooperation and Development) (2019), *Under Pressure: The Squeezed Middle Class*, Paris, OECD Publishing.
- PAHO (Pan American Health Organization) (2019a), *Universal Health in the 21st Century: 40 Years of Alma-Ata. Report of the High-Level Commission*, Washington, D.C.
- (2019b), *Core Indicators 2019: Health Trends in the Americas*, Washington, D.C.
- UNESCO (United Nations Educational, Scientific and Cultural Organization) (2020), "COVID-19 educational disruption and response" [online] <https://en.unesco.org/themes/education-emergencies/coronavirus-school-closures> [accessed on: 18 March 2020].
- UNICEF (United Nations Children's Fund) (2020), "COVID-19: more than 95 per cent of children are out of school in Latin America and the Caribbean" [online] <https://www.unicef.org/lac/en/press-releases/COVID-19-More-than-95-per-cent-of-children-are-out-of-school-in-LAC>.
- UNEP (United Nations Environment Programme) (2019), *Emissions Gap Report*, Nairobi.
- United Nations (2020), *SDG Indicators* [online] <https://unstats.un.org/sdgs/indicators/database/>.
- (2017), *World Economic Situation and Prospects*, New York.
- World Bank (2020), *World Development Indicators* [online] <https://databank.worldbank.org/source/world-development-indicators>.

Annexes



Annex 1

Indicators analysed to assess the achievement of the 2030 Agenda for Sustainable Development

	Threshold established by the target already reached
	Target likely to be reached on current trends
	Target likely to be reached with public policy intervention
	Target likely to be reached only with significant public policy intervention
	Progress towards target stalled
	Regression with respect to the target

SDG	Target	Indicator	Series
1	1.1 By 2030, eradicate extreme poverty for all people everywhere, currently measured as people living on less than \$1.25 a day	1.1.1 Proportion of population below the international poverty line, by sex, age, employment status and geographical location (urban/rural)	1.1.1.(a) Proportion of population below international poverty line (percentage) ¹
1	1.1 By 2030, eradicate extreme poverty for all people everywhere, currently measured as people living on less than \$1.25 a day	P-1.1.1 Proportion of population living below the regional extreme poverty line, by sex, age, employment status, geographical location (urban or rural) and ethnicity	P- 1.1.1.(a) Population living below the extreme poverty line (percentage)
1	1.1 By 2030, eradicate extreme poverty for all people everywhere, currently measured as people living on less than \$1.25 a day	1.1.1 Proportion of population below the international poverty line, by sex, age, employment status and geographical location (urban/rural)	1.1.1.(b) Employed population below international poverty line, by sex and age (percentage)
1	1.1 By 2030, eradicate extreme poverty for all people everywhere, currently measured as people living on less than \$1.25 a day	P-1.1.1 Proportion of population living below the regional extreme poverty line, by sex, age, employment status, geographical location (urban or rural) and ethnicity	P- 1.1.1.(b) Employed population living below the extreme poverty line (percentage)
1	1.1 By 2030, eradicate extreme poverty for all people everywhere, currently measured as people living on less than \$1.25 a day	1.1.1 Proportion of population below the international poverty line, by sex, age, employment status and geographical location (urban/rural)	1.1.1.(c) Proportion of population living on less than US\$ 3.2 per day (percentage)
1	1.3 Implement nationally appropriate social protection systems and measures for all, including floors, and by 2030 achieve substantial coverage of the poor and the vulnerable	1.3.1 Proportion of population covered by social protection floors/systems, by sex, distinguishing children, unemployed persons, older persons, persons with disabilities, pregnant women, newborns, work-injury victims and the poor and the vulnerable	1.3.1.(a) Proportion of population covered by social insurance programmes (percentage)
1	1.a Ensure significant mobilization of resources from a variety of sources, including through enhanced development cooperation, in order to provide adequate and predictable means for developing countries, in particular least developed countries, to implement programmes and policies to end poverty in all its dimensions	1.a.2 Proportion of total government spending on essential services (education, health and social protection)	1.a.2. Proportion of total government spending on essential services, education (percentage)
2	2.1 By 2030, end hunger and ensure access by all people, in particular the poor and people in vulnerable situations, including infants, to safe, nutritious and sufficient food all year round	2.1.1 Prevalence of undernourishment	2.1.1.(a) Prevalence of undernourishment (percentage)
2	2.2 By 2030, end all forms of malnutrition, including achieving, by 2025, the internationally agreed targets on stunting and wasting in children under 5 years of age, and address the nutritional needs of adolescent girls, pregnant and lactating women and older persons	2.2.1 Prevalence of stunting (height for age <-2 standard deviation from the median of the World Health Organization (WHO) Child Growth Standards) among children under 5 years of age	2.2.1. Proportion of children moderately or severely stunted (percentage)

¹ The World Bank set the "international poverty line" at US\$ 1.90 a day at constant 2011 international prices.

SDG	Target	Indicator	Series
2	2.2 By 2030, end all forms of malnutrition, including achieving, by 2025, the internationally agreed targets on stunting and wasting in children under 5 years of age, and address the nutritional needs of adolescent girls, pregnant and lactating women and older persons	2.2.2 Prevalence of malnutrition (weight for height >+2 or <-2 standard deviation from the median of the WHO Child Growth Standards) among children under 5 years of age, by type (wasting and overweight)	2.2.2.(a) Proportion of children moderately or severely overweight (percentage)
2	2.4 By 2030, ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, that help maintain ecosystems, that strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters and that progressively improve land and soil quality	C-2.4.a Intensity of fertilizer use (apparent consumption by cultivated area)	C-2.4.A Intensity of fertilizer use (apparent consumption by cultivated area)
2	2.4 By 2030, ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, that help maintain ecosystems, that strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters and that progressively improve land and soil quality	C-2.4.b Apparent consumption of pesticides by type (herbicides, insecticides or fungicides)	C-2.4.B Apparent consumption of pesticides by type (herbicides, insecticides or fungicides)
3	3.1 By 2030, reduce the global maternal mortality ratio to less than 70 per 100,000 live births	3.1.1 Maternal mortality ratio	3.1.1. Maternal mortality ratio
3	3.1 By 2030, reduce the global maternal mortality ratio to less than 70 per 100,000 live births	3.1.2 Proportion of births attended by skilled health personnel	3.1.2. Proportion of births attended by skilled health personnel (percentage)
3	3.2 By 2030, end preventable deaths of newborns and children under 5 years of age, with all countries aiming to reduce neonatal mortality to at least as low as 12 per 1,000 live births and under 5 mortality to at least as low as 25 per 1,000 live births	3.2.1 Under 5 mortality rate	3.2.1. Under-five mortality rate, by sex (deaths per 1,000 live births)
3	3.2 By 2030, end preventable deaths of newborns and children under 5 years of age, with all countries aiming to reduce neonatal mortality to at least as low as 12 per 1,000 live births and under 5 mortality to at least as low as 25 per 1,000 live births	3.2.2 Neonatal mortality rate	3.2.2. Neonatal mortality rate (deaths per 1,000 live births)
3	3.3 By 2030, end the epidemics of AIDS, tuberculosis, malaria and neglected tropical diseases and combat hepatitis, water-borne diseases and other communicable diseases	3.3.1 Number of new HIV infections per 1,000 uninfected population, by sex, age and key populations	3.3.1. Number of new HIV infections per 1,000 uninfected population, by sex and age (per 1,000 uninfected population)
3	3.3 By 2030, end the epidemics of AIDS, tuberculosis, malaria and neglected tropical diseases and combat hepatitis, water-borne diseases and other communicable diseases	3.3.2 Tuberculosis incidence per 100,000 population	3.3.2. Tuberculosis incidence (per 100,000 population)
3	3.3 By 2030, end the epidemics of AIDS, tuberculosis, malaria and neglected tropical diseases and combat hepatitis, water-borne diseases and other communicable diseases	3.3.3 Malaria incidence per 1,000 population	3.3.3. Malaria incidence per 1,000 population at risk (per 1,000 population)
3	3.3 By 2030, end the epidemics of AIDS, tuberculosis, malaria and neglected tropical diseases and combat hepatitis, water-borne diseases and other communicable diseases	C-3.3.a HIV Prevalence among adults (15-49)	C-3.3A HIV Prevalence among adults (15-49) (percentage)
3	3.3 By 2030, end the epidemics of AIDS, tuberculosis, malaria and neglected tropical diseases and combat hepatitis, water-borne diseases and other communicable diseases	C-3.3.b HIV/AIDS mortality, by sex	C-3.3B HIV/AIDS mortality, by sex (number of deaths)
4	4.1 By 2030, ensure that all girls and boys complete free, equitable and quality primary and secondary education leading to relevant and effective learning outcomes	4.1.1 Proportion of children and young people (a) in grades 2/3; (b) at the end of primary; and (c) at the end of lower secondary achieving at least a minimum proficiency level in (i) reading and (ii) mathematics, by sex	4.1.1.(a) Proportion of children and young people at the end of lower secondary achieving at least a minimum proficiency level in mathematics (percentage)

SDG	Target	Indicator	Series
4	4.2 By 2030, ensure that all girls and boys have access to quality early childhood development, care and pre primary education so that they are ready for primary education	4.2.2 Participation rate in organized learning (one year before the official primary entry age), by sex	4.2.2 Participation rate in organized learning (one year before the official primary entry age) (percentage)
4	4.3 By 2030, ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university	C-4.3 Gross enrollment ratio in tertiary education, by sex	C-4.3 Gross enrolment ratio in tertiary education (percentage)
4	4.5 By 2030, eliminate gender disparities in education and ensure equal access to all levels of education and vocational training for the vulnerable, including persons with disabilities, indigenous peoples and children in vulnerable situations	4.5.1 Parity indices (female/male, rural/urban, bottom/top wealth quintile and others such as disability status, indigenous peoples and conflict-affected, as data become available) for all education indicators on this list that can be disaggregated	4.5.1.(a) Gender parity index of trained teachers, secondary (ratio)
4	4.6 By 2030, ensure that all youth and a substantial proportion of adults, both men and women, achieve literacy and numeracy	C-4.6 Literacy rate in persons aged 15–24 years and 15 years and older, by sex	C-4.6 (a) Literacy rate in persons aged 15 years and older (percentage)
4	4.a Build and upgrade education facilities that are child, disability and gender sensitive and provide safe, non-violent, inclusive and effective learning environments for all	4.a.1 Proportion of schools with access to (a) electricity; (b) the Internet for pedagogical purposes; (c) computers for pedagogical purposes; (d) adapted infrastructure and materials for students with disabilities; (e) basic drinking water; (f) single-sex basic sanitation facilities; and (g) basic handwashing facilities (as per the WASH indicator definitions)	4.a.1.(a) Schools with access to the Internet for pedagogical purposes. End of lower secondary (percentage)
4	4.c By 2030, substantially increase the supply of qualified teachers, including through international cooperation for teacher training in developing countries, especially least developed countries and small island developing States	4.c.1 Proportion of teachers in: (a) pre-primary; (b) primary; (c) lower secondary; and (d) upper secondary education who have received at least the minimum organized teacher training (e.g. pedagogical training) pre-service or in-service required for teaching at the relevant level in a given country	4.c.1.(a) Proportion of teachers who have received at least the minimum organized teacher training (e.g. pedagogical training) pre-service or in-service required for teaching at the relevant level in a given country. End of lower secondary (percentage)
5	5.2 Eliminate all forms of violence against all women and girls in the public and private spheres, including trafficking and sexual and other types of exploitation	C-5.2 Rates of femicide or feminicide (gender-related killings of women aged 15 years and older per 100,000 women)	C-5.2 Rate of femicide or feminicide (gender-related killings of women aged 15 years and older per 100,000 women)
5	5.5 Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life	5.5.1 Proportion of seats held by women in (a) national parliaments and (b) local governments	5.5.1.(a) Proportion of seats held by women in national parliaments (percentage of total number of seats)
5	5.5 Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life	5.5.2 Proportion of women in managerial positions	5.5.2.(a) Proportion of women in managerial positions (percentage)
5	5.5 Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life	5.5.2 Proportion of women in managerial positions	5.5.2.(b) Proportion of women in senior and middle management positions (percentage)
6	6.1 By 2030, achieve universal and equitable access to safe and affordable drinking water for all	6.1.1 Proportion of population using safely managed drinking water services	6.1.1. Proportion of population using safely managed drinking water services, by urban/rural area (percentage)
6	6.2 By 2030, achieve access to adequate and equitable sanitation and hygiene for all and end open defecation, paying special attention to the needs of women and girls and those in vulnerable situations	6.2.1 Proportion of population using (a) safely managed sanitation services and (b) a hand-washing facility with soap and water	6.2.1.(a) Proportion of population using safely managed sanitation services, by urban/rural area (percentage)

SDG	Target	Indicator	Series
6	6.2 By 2030, achieve access to adequate and equitable sanitation and hygiene for all and end open defecation, paying special attention to the needs of women and girls and those in vulnerable situations	6.2.1 Proportion of population using (a) safely managed sanitation services and (b) a hand-washing facility with soap and water	6.2.1.(b) Proportion of population practising open defecation, by urban/rural area (percentage)
7	7.1 By 2030, ensure universal access to affordable, reliable and modern energy services	7.1.1 Proportion of population with access to electricity	7.1.1. Proportion of population with access to electricity (percentage)
7	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix	7.2.1 Renewable energy share in the total final energy consumption	7.2.1. Renewable energy share in the total final energy consumption (percentage)
7	7.3 By 2030, double the global rate of improvement in energy efficiency	7.3.1 Energy intensity measured in terms of primary energy and GDP	7.3.1. Energy intensity level of primary energy (megajoules per constant 2011 purchasing power parity GDP)
8	8.1 Sustain per capita economic growth in accordance with national circumstances and, in particular, at least 7 per cent gross domestic product growth per annum in the least developed countries	8.1.1 Annual growth rate of real GDP per capita	8.1.1. Annual growth rate of real GDP per capita (percentage)
8	8.2 Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors	8.2.1 Annual growth rate of real GDP per employed person	8.2.1. Annual growth rate of real GDP per employed person (percentage)
8	8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services	8.3.1 Proportion of informal employment in non agriculture employment, by sex	8.3.1. Proportion of informal employment in non-agriculture employment, by sex (percentage)
8	8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value	8.5.1 Average hourly earnings of female and male employees, by occupation, age and persons with disabilities	8.5.1.(a) Average hourly earnings of managers (constant dollars)
8	8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value	8.5.2 Unemployment rate, by sex, age and persons with disabilities	8.5.2.(a) Unemployment rate (15 years and older) (percentage)
8	8.6 By 2020, substantially reduce the proportion of youth not in employment, education or training	C-8.6 Proportion of youth (aged 15–24 years) not in education, employment or training, and not working exclusively in the home, by sex	C-8.6 Young people aged 15 to 24 years not in education or employment or domestic care (or not included in the working-age population), by sex (percentage)
8	8.8 Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment	8.8.1 Frequency rates of fatal and non-fatal occupational injuries, by sex and migrant status	8.8.1.(a) Fatal occupational injuries among employees, by sex and migrant status (per 100,000 employees)
8	8.10 Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all	8.10.2 Proportion of adults (15 years and older) with an account at a bank or other financial institution or with a mobile-money-service provider	8.10.2. Proportion of adults (15 years and older) with an account at a financial institution or mobile-money-service provider, by sex (percentage of adults aged 15 years and older)
9	9.2 Promote inclusive and sustainable industrialization and, by 2030, significantly raise industry's share of employment and gross domestic product, in line with national circumstances, and double its share in least developed countries	9.2.1 Manufacturing value added as a proportion of GDP and per capita	9.2.1.(a) Manufacturing value added as a proportion of GDP (percentage)

SDG	Target	Indicator	Series
9	9.2 Promote inclusive and sustainable industrialization and, by 2030, significantly raise industry's share of employment and gross domestic product, in line with national circumstances, and double its share in least developed countries	9.2.2 Manufacturing employment as a proportion of total employment	9.2.2. Manufacturing employment as a proportion of total employment (percentage)
9	9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities	9.4.1 CO ₂ emission per unit of value added	9.4.1.(a) Carbon dioxide emissions from fuel combustion (millions of tons)
9	9.5 Enhance scientific research, upgrade the technological capabilities of industrial sectors in all countries, in particular developing countries, including, by 2030, encouraging innovation and substantially increasing the number of research and development workers per 1 million people and public and private research and development spending	9.5.1 Research and development expenditure as a proportion of GDP	9.5.1. Research and development expenditure as a proportion of GDP (percentage)
9	9.5 Enhance scientific research, upgrade the technological capabilities of industrial sectors in all countries, in particular developing countries, including, by 2030, encouraging innovation and substantially increasing the number of research and development workers per 1 million people and public and private research and development spending	9.5.2 Researchers (in full-time equivalent) per million inhabitants	9.5.2. Researchers (in full-time equivalent) per million inhabitants (per 1,000,000 population)
9	9.b Support domestic technology development, research and innovation in developing countries, including by ensuring a conducive policy environment for, inter alia, industrial diversification and value addition to commodities	9.b.1 Proportion of medium and high-tech industry value added in total value added	9.b.1. Proportion of medium and high-tech industry value added in total value added (percentage)
9	9.c Significantly increase access to information and communications technology and strive to provide universal and affordable access to the Internet in least developed countries by 2020	9.c.1 Proportion of population covered by a mobile network, by technology	9.c.1.(a) Proportion of population covered by a mobile network, 2G technology (percentage)
10	10.4 Adopt policies, especially fiscal, wage and social protection policies, and progressively achieve greater equality	10.4.1 Labour share of GDP, comprising wages and social protection transfers	10.4.1. Labour share of GDP, comprising wages and social protection transfers (percentage)
11	11.1 By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums	11.1.1 Proportion of urban population living in slums, informal settlements or inadequate housing	11.1.1.(a) Proportion of urban population living in slums (percentage)
12	12.2 By 2030, achieve the sustainable management and efficient use of natural resources	12.2.2 Domestic material consumption, domestic material consumption per capita, and domestic material consumption per GDP	12.2.2.(a) Domestic material consumption per unit of GDP (kilograms per constant 2010 United States dollars)
13	13.3 Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning	C-13.1 Occurrence of extreme natural events and disasters, by type	C-13.3.(a) Total Greenhouse gas emissions by sector (MtCO ₂ e)
14	14.2 By 2020, sustainably manage and protect marine and coastal ecosystems to avoid significant adverse impacts, including by strengthening their resilience, and take action for their restoration in order to achieve healthy and productive oceans	C-14.2 Area of mangroves	C-14.2 Area of mangroves (thousands of hectares)
14	14.5 By 2020, conserve at least 10 per cent of coastal and marine areas, consistent with national and international law and based on the best available scientific information	14.5.1 Coverage of protected areas in relation to marine areas	14.5.1.(a) Average proportion of Marine Key Biodiversity Areas (KBAs) covered by protected areas (percentage)
15	15.1 By 2020, ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains and drylands, in line with obligations under international agreements	15.1.1 Forest area as a proportion of total land area	15.1.1. Forest area as a proportion of total land area (percentage)

SDG	Target	Indicator	Series
15	15.1 By 2020, ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains and drylands, in line with obligations under international agreements	C-15.1.b Area of wetland included in the Convention on Wetlands of International Importance especially as Waterfowl Habitat (Ramsar Convention)	C-15.1B Area of wetland included in the Convention on Wetlands of International Importance especially as Waterfowl Habitat (Ramsar Convention)
15	15.1 By 2020, ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains and drylands, in line with obligations under international agreements	15.1.2 Proportion of important sites for terrestrial and freshwater biodiversity that are covered by protected areas, by ecosystem type	15.1.2.(a) Average proportion of Terrestrial Key Biodiversity Areas (KBAs) covered by protected areas (percentage)
15	15.1 By 2020, ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains and drylands, in line with obligations under international agreements	15.1.2 Proportion of important sites for terrestrial and freshwater biodiversity that are covered by protected areas, by ecosystem type	15.1.2.(b) Average proportion of Freshwater Key Biodiversity Areas (KBAs) covered by protected areas (percentage)
15	15.5 Take urgent and significant action to reduce the degradation of natural habitats, halt the loss of biodiversity and, by 2020, protect and prevent the extinction of threatened species	15.5.1 Red List Index	15.5.1. Red List Index (index)
16	16.1 Significantly reduce all forms of violence and related death rates everywhere	16.1.1 Number of victims of intentional homicide per 100,000 population, by sex and age	16.1.1. Number of victims of intentional homicide per 100,000 population, both sexes (victims per 100,000 population)
16	16.2 End abuse, exploitation, trafficking and all forms of violence against and torture of children	16.2.2 Number of victims of human trafficking per 100,000 population, by sex, age and form of exploitation	16.2.2. Detected victims of human trafficking for forced labour, servitude and slavery, all ages, both sexes (number)
17	17.1 Strengthen domestic resource mobilization, including through international support to developing countries, to improve domestic capacity for tax and other revenue collection	17.1.1 Total government revenue as a proportion of GDP, by source	17.1.1.(a) Total government revenue (budgetary central government) as a proportion of GDP (percentage)
17	17.1 Strengthen domestic resource mobilization, including through international support to developing countries, to improve domestic capacity for tax and other revenue collection	17.1.2 Proportion of domestic budget funded by domestic taxes	17.1.2. Proportion of domestic budget funded by domestic taxes (percentage of GDP)
17	17.4 Assist developing countries in attaining long-term debt sustainability through coordinated policies aimed at fostering debt financing, debt relief and debt restructuring, as appropriate, and address the external debt of highly indebted poor countries to reduce debt distress	17.4.1 Debt service as a proportion of exports of goods and services	17.4.1. Debt service as a proportion of exports of goods and services (percentage)
17	17.6 Enhance North-South, South-South and triangular regional and international cooperation on and access to science, technology and innovation and enhance knowledge-sharing on mutually agreed terms, including through improved coordination among existing mechanisms, in particular at the United Nations level, and through a global technology facilitation mechanism	17.6.2 Fixed Internet broadband subscriptions per 100 inhabitants, by speed	17.6.2. Number of fixed Internet broadband subscriptions, any speed (number)
17	17.8 Fully operationalize the technology bank and science, technology and innovation capacity-building mechanism for least developed countries by 2017 and enhance the use of enabling technology, in particular information and communications technology	17.8.1 Proportion of individuals using the Internet	17.8.1. Internet users per 100 inhabitants (per 100 population)
17	17.19 By 2030, build on existing initiatives to develop measurements of progress on sustainable development that complement gross domestic product, and support statistical capacity-building in developing countries	17.19.1 Dollar value of all resources made available to strengthen statistical capacity in developing countries	17.19.1. Dollar value of all resources made available to strengthen statistical capacity in developing countries (current United States dollars)

Source: Economic Commission for Latin America and the Caribbean (ECLAC).

Annex 2

Methodology for calculating projections of selected indicators of the 17 Sustainable Development Goals in Latin America and the Caribbean

The projective models used for the selected indicators are linked to the nature of the indicator itself, the availability of secondary information to support scenario generation, and the robustness of the available data. An econometric panel data model was used for the projections for these indicators, based on a review of the literature, a set of descriptive statistics and the selection of various tests of statistical significance.

For those indicators for which sufficient information was available, which were projected using a panel data model, the most appropriate specification was defined by performing regressions by means of ordinary least squares (OLS), random effects and fixed effects. A Hausman test was then run in order to choose between the fixed and random effects models, and the Breusch-Pagan test to decide between the random effects model and OLS.

In the case of indicators for which little information was available or the explanatory variables selected did not prove to be significant, the regression of panel data was omitted and one of the following methodologies was selected: (i) average annual percentage change in the indicator, taking the period that best fitted the trajectory of the series; (ii) best logarithmic approximation of: $y = \alpha + \beta \ln(t)$, which was calculated using OLS, with y being the subindicator and t being the time; or (iii) an autoregressive model.

Once the regressions were calculated, the coefficients were used to generate the projections to assign values until 2030 for scenarios in which the explanatory variables have a high likelihood of occurrence. For these variables, projections were made on the basis of the observed trend, average change or change at increasing/decreasing rates, or by keeping the variable constant, depending on which was best suited to the respective series.

The projection of indicators using a panel data model was done using the estimated coefficients and the explanatory variables projected until 2030. Once the projection was made on the basis of the most likely scenarios, an explanatory variable was chosen according to each indicator to project four additional scenarios based on the assumption of growth of 10% and 20% above and below the projected growth of the chosen variable. In addition to the five projections (base, +/- 10% and 20%), a projection was made using an autoregressive model. The Dickey-Fuller test was also carried out on the indicator to be projected to rule out seasonality problems in the series. After that test, an autoregressive model of order one was used, if the series to be projected did not have a unit root, and an autoregressive model of order one with one difference, if the indicator had one or more unit roots.



The world is facing a humanitarian and health crisis without precedent in the last century. The coronavirus disease (COVID-19) pandemic has battered economies already weakened by slow growth and mounting inequality. As uncertainty grows over the extent of the pandemic, economies and societies are shutting down and coming to a standstill. The short- and even medium-term impacts may be devastating. The region of Latin America and the Caribbean faces this crisis from a situation of economic growth that is insufficient to reduce poverty and increase employment at the pace needed by its societies. In this context, the 2030 Agenda for Sustainable Development and the 17 Sustainable Development Goals (SDGs) are more relevant than ever.

This document examines the main economic, social and environmental trends that influence the achievement of the SDGs in the region and analyses the progress towards the related targets on the basis of 72 statistical series. All the analyses include elements relating to the effects of COVID-19.

The results suggest that the comprehensive spirit of the 2030 Agenda is at risk because, while a few targets have been achieved, many could only be reached with stronger policy interventions and others seem unattainable. The region must accelerate its efforts in a decade of action and delivery and leave behind the strategies that weakened its response capacity.