PRELIMINARY REFLECTIONS ON LATIN AMERICA AND THE CARIBBEAN IN THE POST-2015 DEVELOPMENT AGENDA BASED ON THE TRILOGY OF EQUALITY

This document has been prepared in accordance with the mandate contained in resolution 687(XXXV) The regional dimension of the post-2015 development agenda, adopted by the Economic Commission for Latin America and the Caribbean (ECLAC) at its thirty-fifth session. Peru, in its capacity as Chair of the thirty-fifth session, will disseminate the document to the member States in the region as the contribution of ECLAC to the intergovernmental negotiation process leading towards the adoption of the post-2015 development agenda.
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INTRODUCTION

A new global development agenda should be the result of transparent intergovernmental negotiation aimed at strengthening the international community’s commitment to eradicating poverty and promoting sustainable development. The aims and commitment must be universal, but based on countries’ levels of development and with support from the private sector and civil society as allies that can help bring them to fruition. Compacts are necessary for the labour market, the financial system, infrastructure, productivity, energy, climate change, trade, improved provision of public goods and services, enhanced natural resource governance and higher and more diversified investment, among others. These compacts could contribute greatly to poverty eradication.

The present document has been prepared by the secretariat of ECLAC further to resolution 687(XXXV) The regional dimension of the post-2015 development agenda, adopted at the thirty-fifth session of the Commission, whereby the member States request the secretariat to prepare, on the basis of the deliberations at the thirty-fifth session and the content of the document Compacts for Equality: Towards a Sustainable Future, a report identifying areas of convergence between the countries of the region as regards the issues to be covered under the post-2015 development agenda. As part of its analysis, the document also considers the common challenges of Latin America and the Caribbean considered as a middle-income region, vis-à-vis other regions, taking into account the specificities of the Caribbean small island developing States (SIDS) and structural gaps within middle-income countries.

A. THE TRILOGY

In today’s complex and changing world, the Latin American and Caribbean region has come to a crossroads. It must, more than ever, shift its current development paradigm to achieve equality and environmental sustainability. The region must address the challenge of closing structural gaps to achieve equality based on full exercise of rights; increase productivity to overcome its dual production structure through knowledge-intensive sectors and activities; and build resilience to confront external constraints and vulnerabilities, such as climate change and financial volatility. Equality — both inter- and intragenerational — is central to the concept of sustainable development as defined by the Brundtland Commission in 1987 and has been consolidated over time in various international instruments, from the Rio Declaration on Environment and Development (1992) to the outcome of the United Nations Conference on Sustainable Development, entitled “The future we want” (2012). The environmental dimension of sustainable development is often — and correctly — seen as crucial to ensure the well-being of future generations and therefore intergenerational equality.

The documents Time for Equality: Closing Gaps, Opening Trails (2010), Structural Change for Equality: An Integrated Approach to Development (2012) and Compacts for Equality: Towards a Sustainable Future (2014) contain valuable reflections that can help to define priorities for a Latin American and Caribbean regional post-2015 development agenda. The documents of the trilogy have underscored the importance of entering into such compacts in order to forge a new type of relationship among the State, the market and society.

In 2010, the Commission advocated the creation of social and fiscal accords that could have a greater redistributational effect and could strengthen the role of the State and public policy in the transition to an institutional structure that is more effective in upholding labour and social rights. In 2012, the
Commission again highlighted the importance of policy tools in bringing the joint efforts of the State, the market and civil society to bear in the implementation of a strategy for structural change with equality. It also emphasized the integration of macroeconomic, industrial and social policies, with a single aim: virtuous structural change, coupled with equality and environmental sustainability.

In 2014, the year of the final publication in the trilogy, a social compact is especially important because the region is at a crossroads, at which slowing growth in trade and consumption could call for bold decisions regarding social protection, investment and fiscal policy. The region must urgently revisit the way in which its institutions and structures are linked to one another so that it can tackle long-standing problems of unsustainability and inequality and build its capacity for dealing with a global situation that is placing greater constraints on growth.

Equality with a right-based approach implies tackling three major challenges: (i) to achieve high and sustained rates of growth through macroeconomic policies for development so as to close structural gaps and generate good-quality, decent jobs; (ii) to change consumption and production patterns in the context of a genuine technological revolution with environmental sustainability through industrial policies and better governance of natural resources; and (iii) to guarantee a better distribution of the gains of productivity through redistributive fiscal and social policies, better division of benefits between capital and labour, more capabilities, and universal social protection.

Such an endeavour requires the return of politics and of the State's role in boosting investment in order to create a virtuous circle between growth, productivity and environmental sustainability by incorporating knowledge and value-added into the production structure, by making the labour market more inclusive and by promoting greater redistribution and regulation and greater convergence between tax reforms and social policies. This will require a long-term focus on structural change for equality, through industrial, macroeconomic, social and labour policies. These are the kind of policies that it is hoped will form the cornerstone of a global understanding of the common goals for world development beyond 2015. The multilateral dialogue surrounding the post-2015 agenda offers a good opportunity to achieve the necessary empowerment of institutions, governments and civil society organizations that represent people at the national level.

At the centre of concerns in the Latin American and Caribbean region in relation to the post-2015 development agenda are the persisting challenges of eradicating poverty and reducing inequality. Countries in the region are striving to advance towards greater equality and poverty eradication within their borders, but the results of these efforts depend to a large extent on the international environment and on a strong international agenda. To achieve sustainable development, the international community must address equality between countries (both developed and developing) and generations, while respecting the principles of sovereignty and common but differentiated responsibilities and considering the particular vulnerabilities and challenges of small island developing States (SIDS), landlocked developing countries (LLDCs), middle income countries (MICs), least developed countries (LDCs) and other countries in special situations. The main message emerging from the consultations in the region in 2013-2014 (see annex 1) is that there is an urgent need to continue addressing social and economic inequalities, which have become so large and unsustainable that they contribute to social instability.
B. IMPORTANT SYNERGIES BETWEEN EQUALITY AND INCLUSION

Inclusion is the process by which structural gaps may be closed in productivity, capabilities (education) and employment conditions, which are the main drivers of inequality. These structural changes require a new State-market-society equilibrium to support redistributive policies capable of ensuring public access to financing, technology and innovation, as well as universal access to a basic floor of social protection covering health and pensions. This must be achieved with respect and dignity, and without discrimination on the basis of gender, age or ethnicity.

1. Economic inclusion

Realizing these priorities for the emerging post-2015 agenda will require extensive mobilization of resources to address the different dimensions of sustainable development (social, economic and environmental). It will also need a financial architecture for development at the global, regional and national levels to help overcome a series of commercial, production and social asymmetries that affect the countries in the region. These asymmetries are reflected in financial markets and in particular in the abilities of the countries of the region to mobilize internal and external resources for development financing. Evidence shows that a minority of the countries have access to foreign capital markets.

Reducing financial asymmetries requires a renewed global financial architecture that can respond appropriately to the needs of countries, especially developing countries, including in Latin America and the Caribbean, given the region’s growing importance in the world economy. This requires, on the one hand, taking into account changes and new trends regarding the actors, funding sources and instruments of the financing-for-development landscape. Moreover, given the gap between the participation of developed and developing countries, particular emphasis should be given to increasing the voice and strengthening the participation of developing countries in international forums that deal with international economic and financial problems. Governance and organization of the multilateral financial architecture must be conceived as a more extensive network of institutions and both global and regional instruments that provide different levels of resilience against external shocks and close historical global asymmetries in trade, investment and financing.

This new context thus poses the challenge of expanding the possibilities for deepening regional integration and financial cooperation. In Latin America and the Caribbean, deepening financial cooperation and regional integration must include: (i) promoting a reserve fund with regional coverage to meet the financing needs of the balance of payments and to contribute to financial stability in the region. This involves increasing the geographical coverage and the responsiveness of the Latin American Reserve Fund (FLAR) by increasing its capital and access to new sources of funding; (ii) enhancing the use of regional and subregional development banks through new instruments for financing production investment and trade; and (iii) strengthening the payments system arrangements between central banks to boost intraregional trade and improve collaboration and cooperation between central banks and financial institutions in the region.

These changes in the global and regional financial architecture must be complemented by measures in the domestic financial sectors to enable greater and more equal access for companies in the production sector, particularly small and medium-sized enterprises (SMEs). Access to financing for the production sector is currently limited and uneven. In Latin America and the Caribbean, only 40% of small businesses —compared with almost 70% of large companies— report having a bank loan or line of credit.
The lack of access to finance is further complicated by the limited development of domestic capital markets and their high degree of concentration. This lack of access is, in turn, a mechanism that reinforces inequalities, as companies without access to finance must rely solely on their own resources.

In this context, national development banks can play an essential role in complementing the private banking system by increasing the density of the financial system. In this regard, development banks can either participate concurrently with the retail banking sector or act as second tier banks channelling resources to private banks. Appropriate practices and mechanisms and innovative instruments must be established by introducing new skills, competencies and routines, with a view to improving efficiency and creating new financial products or services to meet market demand. Finally, national development banks can also take advantage of the opportunities for cooperation to strengthen their relationships with subregional and regional development banks.

Beyond reducing the asymmetries in financial access, greater financial inclusion can be seen as a policy of production integration. It is about using the financial system as a tool to expand the possibilities to create savings at both the individual and national levels, while leveraging entrepreneurial talent and investment opportunities.

2. Social inclusion

Social inclusion provides the progressive compliance and fulfilment of rights critical to attain many of the aspirations of a safe, health and a prosperous society within planetary boundaries, with food and nutritional security, health and well-being. Work is the key to social inclusion and greater equality. In the current discussions surrounding the post-2015 agenda, the promotion of inclusive and sustainable economic growth with decent work for all has emerged as a high priority.

ECLAC proposes that countries set appropriate national goals for annual per capita income growth, ensuring higher rates for those in the lowest 40% of the income distribution in order to reduce inequalities. This proposal is also geared towards achieving full, productive and decent employment, promoting the formalization of employment, halving —through education and training— the proportion of young people who are unemployed by 2020, and eradicating child labour by 2030. Complementary aims are to create an appropriate macroeconomic environment with sound monetary and fiscal policies; an enabling environment for the private sector through policies and institutions that promote investment and competition; and incentives for sustainable tourism development. Support is needed for the growth and productivity of SMEs and microenterprises and to increase the relative weight of the higher productivity sectors in the economy. Resources need to be used more efficiently, and better transport and border infrastructure developed, among others.¹ Finally, ECLAC proposes working to reduce the cost of migration and of sending remittances.

Work provides the largest share of household income in the region and is the largest source of income distribution inequalities. But it is also at the root of other, equally important inequalities that have to do with participation and access to occupations and jobs, where gender and ethnicity gaps are substantial. In recent years, employment growth in the region has increased the proportion of wage workers and employers in total employment, and lowered the percentages of own-account workers. But

the economies have a large low-productivity sector that generates about 40% of GDP but 65% of employment in informal and precarious sectors, contrasting with a high-productivity segment producing 28% of GDP but only 7% of employment.

Large gender inequalities in the labour market force certain decisions as regards economic participation: in terms of employment, unemployment and social security contributions. Time spent on unpaid work differs significantly between men and women, and implies a higher total load of work burden for women. For women, the time spent on unpaid work varies by occupational category (women who are self-employed spend twice as much time on unpaid work than those who have an employer), marital status (married or divorced women spend more time than widows or unmarried women), age group and educational level (the more educated women are, the less time they devote to unpaid work). In the case of men, however, none of these categories appear to affect the time devoted to unpaid work.

While gender income gaps among wage-earners have narrowed in most countries of Latin America in the past decade, large gender differences remain among pension-recipients aged 65 and over. Furthermore, pensions are consistently higher among men; the discontinuities that motherhood and care activities cause in women’s career paths carry a high cost in terms of pension amounts.

These gender differences in the labour market and in the care economy represent large potential losses of productivity and income for households. However, it is not just a matter of reducing household income gaps by increasing women’s pay. It is also very important to close the employment gaps so as to advance equality in other areas, such as the full exercise of autonomy, the development of individual capacities and potential, access to contributory social protection and participation in society beyond the household. The situation of indigenous peoples and Afro-descendent populations is especially worrisome, since these groups are the most severely affected by inequalities in the world of work, and women even more so, as they suffer the double discrimination of gender and ethnicity. They thus find themselves at a perverse intersection of mutually reinforcing inequalities in means, capacities and recognition.

Women’s participation in paid work is concentrated in low-productivity sectors, precarious and informal employment and domestic work, with persistent salary gaps relative to men. Their difficulties in entering the labour market and generating income are linked to the care workload which they perform almost exclusively. Not only employment, but also the link between paid and unpaid work, require the redistribution of care responsibilities between men and women, and a new agreement between society, market and State. Therefore, public care services for dependent populations (children, older persons, the sick, and persons with disabilities) are crucial to free up women's time and increase their potential to generate income and improve the quality of their participation in paid work.

With a view to the coming decades, ECLAC has highlighted the need for a compact for equality in the sphere of paid work to underpin sustainable development, increase well-being and reduce inequality by linking structural transformation with developments in the sphere of work. The strategic vision adopted should aim to reduce gaps in productivity, earnings and job quality, and achieve a balance between paid and unpaid work in terms of time spent, gender distribution and the provision of care networks. This requires strengthening of labour market institutions by moving towards greater equality in the universe of employment. The compact in the sphere of work should also facilitate the implementation of more timely and effective labour legislation, in order to achieve a fairer distribution of profits and enhance mutual recognition between the different actors involved. Thus, the reform of institutions plays a key role and has synergistic effects on equality and inclusion, to accompany the changes that occur in the production structure.
A comprehensive labour policy must be coordinated with macroeconomic and sectoral policies to ensure that productive employment and decent work is a priority goal in the design of macroeconomic policies; to minimize job losses and protect the unemployed during the economic downswings; to restructure the production matrix; and to promote a production structure that reduces internal and external productivity gaps and fosters capacities in the sphere of work.\(^2\)

Beyond promoting the formalization of work, ensuring safe and dignified working conditions and eliminating child labour, among others, the post-2015 development agenda should produce more precise commitments on labour matters in order to promote active, countercyclical employment policies to mitigate negative effects during low phases of economic cycles. This should be in addition to policies aimed at safeguarding employment through social protection. In this context, unemployment insurance acts as an automatic stabilizer and has played an important role in some countries during crisis periods. The further development and coverage of existing unemployment insurance schemes and their creation in countries which do not yet have them are key labour policy tasks that should be part of the discussion and commitments.

### 3. Environmental inclusion

Any strategy of inclusion for equality will be incomplete and fragile without a strong environmental component. A sine qua non for both intra- and intergenerational equality is an international framework that ensures the protection of global public goods, such as (but not limited to) a clean atmosphere. A global compact for climate change that leads to effective mitigation while enabling countries — particularly the most vulnerable — to adapt is absolutely necessary, as are the implementation of international agreements relating to other global environmental problems.

The Latin American and Caribbean region must meld its responses to environmental challenges with structural change that will boost productivity and close the gaps between different groups in order to move towards greater equality. The compact must therefore provide for a transition to a green economy and include policy tools for reshaping consumption patterns in ways that will result in less pollution, less waste and a better balance between private consumption and the supply of public services. The equality perspective advocated by ECLAC includes ecosystem and environmental stewardship that can sustain the development of future generations. In this approach, it is crucial to take account of the environmental dimension of sustainable development and, in so doing, to pay particular attention to how existing patterns of production and consumption could affect the quality of life in the future.

(i) In the course of international negotiations, an effort should be made to build alliances among the countries of the region and to develop shared visions of global climate security as a global public good whose provision must be supported by greater efforts on the part of industrialized countries based on the principle of common but differentiated responsibilities.\(^3\)

(ii) Public policies must be put in place that will help the countries to adapt to climate change based on a risk-management model that will help communities to become more resilient and to reduce the risks associated with natural disasters.

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\(^{3}\) See ECLAC, *Compacts for Equality*, op.cit. box VII.6.
(iii) Land management systems must regulate changes in land use and protect existing stores of biodiversity, with the top priority being to preserve those ecosystems that are essential for human life.

(iv) These compacts should establish the shape of the energy matrix. This should be done through consultations involving both experts and the citizenry with a view to generating political will on the part of a wide range of stakeholders to invest in a matrix that will be sustainable over time, will keep the use of non-renewable and dirty energy sources to a minimum, and will offer the citizenry clarity about the long-term benefits of what may, in the short term, be very costly investments.

(v) An effort should be made to provide a greater supply of higher-quality public services, especially in areas subject to major negative externalities, such as transport, in order to reconcile the desire for consumption-based well-being with the constraints imposed by the negative environmental externalities (particularly pollution) of consumption.

(vi) Water use needs to be regulated on the basis of the needs of individuals and production units, and those that make an abusive use of this resource, that co-opt water sources or watercourses and thus deny access to population groups, or that pollute bodies of water with household or industrial waste or mining tailings should be taxed or fined. Steps should be taken to preserve the region’s aquifers so that coming generations will have access to those water resources and distribution should be regulated in order to ensure fair pricing, equality of access and, where appropriate, differentiated rates based on the ability-to-pay principle.

(vii) All the relevant policies (industrial, science and technology, fiscal, environmental and training policies) need to be strategically oriented towards the creation of dynamic comparative advantages based on knowledge-intensive production activities that make less intensive use of polluting emissions and materials.

(viii) There is a need to show greater solidarity with future generations, and one of the ways of doing this is to tax or penalize polluters and those who waste energy. Serious environmental problems that affect the entire population are being generated by high levels of consumption of waste-producing, planned-obsolescence goods, the steadily growing number of vehicles and their impact in terms of pollution and congestion, and the fact that the increase in energy consumption is outdistancing per capita GDP growth and putting mounting pressure on the energy matrix. By the same token, this strong link between consumption and the environment needs to be taken into account in a social compact in which stakeholders work together in solidarity with one another to regulate consumption with a view to its long-term sustainability.

(ix) A compact for environmental sustainability should also block the negative environmental externalities of consumption with the help of taxes on fossil fuels. This will not only curb demand, but will also generate additional revenues that can be used to develop new types of urban infrastructure and to create intergenerational solidarity funds. In addition to this taxation tool, the compact should also provide for compensatory policies to assist low-income groups that may have to bear the brunt of higher fuel prices or the second-order effects of those price hikes on food and public transport costs.
A road map needs to be plotted out for expanding the use of landfills for solid waste disposal and developing alternative approaches for the use and treatment of solid wastes prior to their disposal. Economic incentives can be useful means of promoting recycling, thermal waste treatment and the use of waste to generate energy.

ECLAC is also supporting countries through the studies on climate change mentioned earlier, environmental performance assessments, capacity-building for measuring environmental expenditures and for developing integrated economic and environmental accounts, and development of economic instruments for environmental management.

ECLAC, in its capacity as technical secretariat of the group of signatory countries of the Declaration on the application of Principle 10 of the Rio Declaration on Environment and Development in Latin America and the Caribbean, is supporting countries in the development of a regional instrument for the application of Principle 10, with the aim of achieving the full application of rights of access to information, participation and justice regarding environmental issues (see box 1). The importance of the issue was acknowledged in the outcome documents of the first Summit of Heads of State and Government of the Community of Latin American and Caribbean States (CELAC) and the Summit of Heads of State and Government of the Community of Latin American and Caribbean States and the European Union, both held in January 2013. In October 2013, at their third meeting, the focal points appointed by the Governments of the signatory countries of the Declaration on the application of Principle 10 adopted the Lima vision for a regional instrument on access rights relating to the environment. In this document, the signatory countries agreed upon the values and principles that will inspire and guide the regional instrument: equality, inclusion, transparency, proactivity, collaboration, progressive realization and non-regression.

C. ADDRESSING CROSS-CUTTING ISSUES

As highlighted in the trilogy, social equality, environmental sustainability and economic growth with innovation do not have to be mutually exclusive. The great challenge is to identify synergies among them. The strategic vision that joins these three areas must be based on three premises, namely: growth for equality, equality as a driver of growth, and both of these embedded in environmental sustainability. Incorporating the contributions of the gender, ethnic and environmental perspectives calls for policies on equality in the distribution of roles (in the family, at work and in politics), in the relationship between present and future generations and in the visibility and affirmation of collective identities.

1. Total poverty eradication

Poverty is a multidimensional phenomenon with adverse effects on the welfare of people and the full enjoyment of their human rights. Given its links with other priority areas of sustainable development (including decent jobs, energy, sustainable cities, food security and sustainable agriculture, water, oceans and disaster readiness), poverty eradication requires advances in multiple economic and social dimensions. At the same time, reducing poverty has positive synergies with other priority areas of sustainable development.

Aptly, the current global discussion on the post-2015 development agenda is calling for an end to poverty in all its forms, while establishing goals and guidelines for 2030. To eradicate extreme poverty and significantly reduce the percentage of people below national income poverty lines, social protection
measures need to be implemented at the national level, including the definition of social protection floors, prioritizing the poor and vulnerable, and providing opportunities for men and women through access to land, property rights, financial services and production assets.

The new agenda is also putting forward the need to strengthen early warning systems and reduce the risk to the poor caused by economic shocks and natural disasters, including those related to climate change, as well as to integrate biodiversity conservation with national and local strategies for poverty reduction and development. Disasters have significant social repercussions, expressed in various dimensions of human development and poverty. The current discussions represent an improvement over the approaches in past decades, which tended to view poverty from a narrower perspective, focusing on the reduction of extreme income poverty and promoting economic growth as the main instrument. The countries of the region must bring risk management into national policies within the framework of a sustainable development strategy and improve social and economic resilience in the face of destructive events.

Poverty is a global challenge and will remain so in the coming decades. Since 1990, poverty and extreme poverty have fallen in Latin America and the Caribbean and the region has achieved the first target of the Millennium Development Goals. This is a direct result of improvements in employment and labour incomes in the region. Although the poverty rate in 2013 stood at 27.9% of the population, and extreme poverty at 11.5%, poverty had declined by 16 percentage points in cumulative terms, and extreme poverty by 8 percentage points, since 2002. The extremely poor in Latin America and the Caribbean now number 67 million: the target ECLAC proposes is to lift them out of poverty by 2030.

Growth rates are still positive, but they have tailed off since 2011. The downturn in the natural resources cycle, along with the expected reduction in capital flows, tighter liquidity and possible rises in interest rates, leaves the region less favourably placed for the future. The reduction in poverty and inequality shows signs of losing momentum and the drop in the indigence rate has been curtailed. In addition, a high proportion of the population remains highly vulnerable because of volatile incomes still near to the poverty line. What is more, the overrepresentation of women (feminization) and children among the poor has intensified in recent years. In terms of capacity development, although the region has made progress in terms of education coverage, access and advancement through the various educational cycles and learning and achievement within education systems remain highly stratified. Within the structure of social spending, public investment in childhood is very low. This has a negative impact on the development of capacities among new generations, which is not promising considering the greater productivity demands and the demographic shift towards societies with higher dependency rates due to population ageing.

Although income inequality has fallen in the past decade thanks to higher per capita labour earnings, the region remains the most unequal in the world. The wage gap between skilled and unskilled workers has also narrowed, although this trend could be explained by lower demand for skilled labour and increased demand for unskilled labour in the context of a re-primarization and meagre productivity gains. Moreover, the gains in income distribution were not accompanied by a rise in wages as a share of total GDP. In terms of capacity, average years of education have increased in most countries, but with large gaps between income quintiles. With regard to reproductive health, fertility rates have fallen but remain highly stratified, especially among adolescents, in which group the probability of motherhood is noticeably higher among women in the poorest quintiles. School and residential segregation have also increased. The percentage of women without incomes of their own has fallen in the past 20 years, but a considerable gender gap remains, such that in 2011 one third of women aged 15 years and over and not in

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education were without an income and therefore economically dependent, compared to only 13% of men. Ending poverty in all its forms thus requires not only the eradication of extreme poverty, but concerted efforts to minimize vulnerability to poverty and close these social gaps.5

Another priority area for further poverty eradication is education, with a view to strengthening and matching the people’s capabilities to labour market needs in the medium and long terms. Easing segmentation of learning and achievement reduces inequality from one generation to the next and allows new generations to enter the labour market, facilitates access to capital, lowers the risks of child malnutrition and adolescent pregnancy, and combats intergenerational exclusion. An agenda for equality in education should aim primarily to expand coverage of preschool and lengthen the school day in public education, increase secondary school completion among lower socioeconomic sectors and reduce achievement gaps. The discussions on the post-2015 development agenda have incorporated the provision of inclusive and equitable education throughout the life cycle, establishing commitments regarding access for all children to free, good-quality primary and secondary education, access to affordable tertiary education, a significant increase in access to early education, and emphasis on coverage and access for priority groups. Decisive commitments should also be included with regard to closing the rural-urban gaps in access and quality, and educational segregation.

In the approach to equality proposed by ECLAC, the traditional measurement of poverty is expanded on the premise that poverty is not merely the absence of resources for meeting basic needs, or of the participation in collective welfare (the latter associated with the gap between the incomes of the poor and the median income of society). Ultimately, poverty amounts to a lack of citizenship, because it entails the denial or incomplete enjoyment of economic and social rights. Thus, a society with high levels of poverty cannot achieve sustainable development.

The challenges are not only methodological, but also political and institutional. A basic standard should be transparency and communicability of selected poverty measurements, in order to facilitate their dissemination and public legitimacy. Similarly, the selected dimensions should be sensitive to the effects of public policy, and the thresholds and targets should be achievable within a short time horizon. Since all countries are not on an equal footing to eradicate poverty, a goal of progressive eradication may be more appropriate. Finally, the definition of concrete commitments to ensure universal access to health, including sexual and reproductive health, and adequate and convergent standards for all, represent another route towards the eradication of poverty in all its forms and underpin the welfare and enjoyment of rights in the long run.

From that perspective, the post-2015 development agenda should explicitly address social protection as a citizen’s right. Social protection systems play a fundamental role in eradicating poverty and reducing inequality. First, because they help to ensure income to sustain basic living standards, thereby providing socioeconomic conditions that satisfy people’s rights as regards income, food, health, education, housing and basic services, but they also guard against drops in income below certain minimum standards through access to various insurance mechanisms. Second, they can identify and resolve unmet demand for social services in the aforementioned areas in order to boost human capital and the capacity for self-governance. Third, they can promote decent work through linkages with labour policies that contribute to risk management in the workplace, as well as ensuring compliance with labour rights and helping to gradually bring the economically active population into the formal labour market.

5 Ibid.
Finally, social protection systems should help to reduce the gap between men and women throughout the life cycle.\textsuperscript{6}

The central message from Latin America and the Caribbean is that equality must be put front and centre in order to address poverty. Previous experience in the region shows that progress in poverty reduction is reversible and fragile if not accompanied by sustainable development and social protection mechanisms that mitigate vulnerability. The combination of poorly diversified structures, with few knowledge-intensive activities, and inefficient institutions that are often controlled by powerful economic and political interests leads to a primary —i.e. market-driven— distribution of resources that is highly unequal and, in turn, only marginally shaped by fiscal and social policies. The result is highly segmented low-productivity economies and societies with large inequalities of means, capacities, relational networks and recognition of rights. The structural heterogeneity of the economies of the region requires policies to close the productivity gap by increasing capabilities, pursuing production policies and industrial development and innovation, and building labour institutions to actively promote decent work. This is why the commitments currently being discussed regarding the reduction of inequality within and between countries are so badly needed.

Social protection plays a crucial role, alongside employment and economic growth, in closing these gaps. Although global discussions on the post-2015 development agenda recognize the need for social protection measures aimed at the poor, vulnerable and persons with disabilities, as well as to move towards universal health coverage, more decisive commitments are required. The world increasingly shares economic interdependence and vulnerability to various types of shocks. Social protection is therefore central in safeguarding income, reducing vulnerability to poverty, providing basic levels of well-being and enabling the full exercise of rights.

The report presented by ECLAC at its thirty-fifth session defined equality as the ultimate goal, on the understanding that equality involves not only improving the distribution of means, opportunities and capabilities, but also recognizing the intrinsic value of human dignity.\textsuperscript{7} This recognition requires States to adopt institutionalized collective ends, through social compacts that sustain advances towards the eradication of poverty in all its forms in the context of the post-2015 development agenda.

\section*{2. Gender}

Equality as the objective must include the gender dimension as a main cross-cutting issue, and it is important to consider the impact of gender equality of the different areas and objectives. One approach is to address gender inequality by generating comprehensive policies that address economic autonomy (understood as the ability to generate income and time use), physical autonomy (control over one’s own body and freedom from violence) and decision-making autonomy. These are essential and mutually supportive pillars in tackling inequality and enabling women’s participation in and contribution to development.

In the Latin American and Caribbean region, women make up the majority of the poor, a trend that has increased despite the reduction of poverty. Special attention must be given to gender inequality; it is more prevalent among the most vulnerable groups, including indigenous women, Afro-descendants, those living in rural areas and the elderly. Women suffer not only income poverty, but also time poverty,

\textsuperscript{7} ECLAC, Compacts for Equality, op. cit.
since they bear the brunt of the domestic and care work burden and have more difficulties in accessing quality jobs, which reduces their potential contribution to and participation in development.

The gender perspective should not be confined to social issues but incorporated in the debate on the sustainable development model and its implementation. Recognizing individuals as equal and interdependent means that policies must be applied to promote their autonomy and mitigate their vulnerabilities. The changes needed to bring about social compacts require broad participation to tackle power asymmetries, including in the gender dimension, to ensure that the content of such accords adequately reflects the needs of women.

### 3. Environmental sustainability

Protecting the environment and protecting people from the effects of its degradation are increasingly accepted are a key part of any strategy for overcoming poverty and intragenerational inequality. Domestically, the countries of Latin America and the Caribbean face numerous and diverse environmental policy challenges, stemming from the common challenge of overcoming structural heterogeneity and reliance on static comparative advantages in natural-resource-intensive industries. The highly unequal and economically segregated social structure that has resulted from this historical development pathway has led to consumption patterns characterized by segregated markets, with well-developed private markets for high-end goods and, more conspicuously, for services such as transportation, health care and education. This segregation sets the rich apart from the poor, accentuates disparities and stands in the way of more inclusive and environmentally-friendly, public solutions.

Efforts to eradicate poverty and reduce inequality are now being threatened by climate change, both for the countries subject to imminent acute crises (such as SIDS and others exposed to extreme meteorological events) and those facing the prospects of chronic, but no less severe, imbalances in their ecosystems and consequently their peoples’ livelihoods. This is particularly the case in Central America and the Caribbean. The work of ECLAC on the economics of climate change and on the effects of climate change on the coasts of Latin America and the Caribbean has documented these challenges for a number of countries in the region.

The threat of climate change only adds to the human and economic costs of other forms of environmental degradation, often borne particularly by the most vulnerable. For example, the poor are often more exposed to the effects air pollution, toxic waste and untreated sewage, and this is worsened by their more limited access to health care. Those who rely directly on agriculture, fishing, and other forms of natural resource-based, small-scale, activities and lack recourse to alternative sources of resources or income are more likely to suffer loss of livelihood due to ecosystem degradation. And those who cannot opt out of the public transportation system are more severely affected by congested cities and therefore pay higher costs in terms of travel time and foregone opportunities to access labour markets.

Social organizations have refocused their political agenda towards the formation of a citizenry whose members are increasingly aware of their rights and responsibilities in terms of sustainable development and who have brought the issue of equality into the debate regarding access to natural resources, the right to live in a healthy environment, and access to information, to the opportunity to participate and to environmental

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justice. The complexity of these changes requires effective channels for informed public participation, as well as both inter and intraregional cooperation and exchange of experiences.

Policy geared specifically towards environmental problems must also take the challenges of inequality into account. Mechanisms must be in place to ensure that environmental instruments and policies adopted at all levels of government do not generate additional burdens for the poor and vulnerable but instead give priority to protecting them and improving their lives. Social security mechanisms are needed to protect people from loss of livelihood. The fiscal structure must be revised so as to combine incentives for reducing pollution with investments in efficient, effective and equitable public solutions for transportation, water and sanitation, urban development and other factors.

Box 1

Declaration on the application of Principle 10 of the Rio Declaration on Environment and Development: access to information, participation and justice in environmental matters

Latin American and Caribbean countries have affirmed that civil society, along with the private sector, international organizations and other actors, have a crucial part to play in the formulation and implementation of the post-2015 development agenda. At the United Nations Conference on Sustainable Development (Rio+20), a group of Latin American countries signed the Declaration on the application of Principle 10 of the Rio Declaration on Environment and Development, which, among other benefits, will improve the context in which such participation occurs at the national level. Signatory countries committed to develop and implement, with support from ECLAC as technical secretariat, a Plan of Action to 2014, in order to advance the implementation of a regional convention (or other instrument) for the rights of access to information, participation and justice in environmental matters.

The Declaration has now been signed by Argentina, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Jamaica, Mexico, Panama, Paraguay, Peru, St. Vincent and the Grenadines, Trinidad and Tobago and Uruguay. A regional instrument of this nature would favour the implementation of Principle 10 by consolidating these efforts as State policy, transcending political cycles. It would also open opportunities for intraregional cooperation. The process has continued through regular meetings of focal points over the course of 2013 and 2014. A Road Map, a Plan of Action to 2014 and the common vision for a regional instrument on access rights relating to the environment have been adopted.

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

4. Urban development and sustainable cities

Latin America and the Caribbean is the most urbanized region in the world, with about 80% of the population living in urban areas, rising to an estimated 85% by 2030. This demands constant improvement of infrastructure and urban equipment for the production of an ever-increasing quantity of goods and services of ever greater quality. In economic terms, cities are the engines of the region. It is estimated that between 60% and 70% of the region’s GDP is generated in urban areas where industries and services are concentrated.

In the framework of these problems and challenges facing the region, the “urban question” is being reframed from a new vantage point among governments and urban social movements. From a rights perspective, city dwellers have a right to the city as a macro public good; to social equality; to the use and enjoyment of urban assets; to the expansion and enjoyment of public space; to a healthy environment; to democracy that is participatory and deliberative; and to the recognition of diversity and intercultural relations in urban contexts. This new vision is beginning to inspire urban planning, development and legislative processes.
Land use and environmental and economic planning play an increasingly important role in achieving sustainable urban development and in avoiding the superposition of economic activities in countries with large natural resources endowments, as well as in reducing socio-environmental conflicts. The design and implementation of urban policies must consider issues such as housing and slums; transport and mobility; resilience (adaptation to climate change, disasters); ecological footprint; social cohesion (security, inclusion, infrastructure and universal access to public goods and services); heritage; and urban planning.

Today, cities in Latin America and the Caribbean are at a turning point. After decades in which central governments and local authorities seemed unable to cope with the speed at which things were changing, they are now ready to work together to achieve sustainable urban development. Latin America and the Caribbean has the possibility to make the transition from a developing region that has been immersed for decades in deep inequality and environmental unsustainability, to a region in a new stage of urban transition, able to provide a fundamental improvement in the quality of life in cities.

5. Sustainable consumption and production

Sustainable consumption and production patterns, which have economic, cultural and social dimensions and implications and are a prerequisite for achieving genuine equity, inclusion and environmental sustainability, should be both an objective and a cross-cutting pillar of the new agenda. Countries in the region have stressed the primary importance of changes in consumption and production patterns in developed economies.

**Work is key to equality, and consumption is key to sustainability.** They both relate to economic sustainability, given the links between the production pattern (and production investment), the export pattern and the expansion of consumption, in particular of imported goods and services. These are also linked to equality, in terms of fairer distribution of access to the means to achieve well-being; and to environmental sustainability vis-à-vis future generations, given the negative impacts that consumption dynamics can have on pollution, energy use and the accumulation of waste.

Poverty, hunger, malnutrition and inequality are systemic problems in Latin American and Caribbean societies today, and their eradication does not seem possible through social policies alone. There is a clear link between the actions needed in those areas and the production and commercial dimensions of economies. In particular, there is a clear connection between growth with equality and promoting inclusive value chains, leading to the closure of gaps in technology, logistics, information and market access between small and large firms and between countries with different levels of development. Consumers play a crucial role as regards the goals of ethical or sustainable consumption in the development of these chains. In addition, inclusive value chains promote local consumption and agreements between producers and consumers that often foster more sustainable production and business practices, smaller environmental impacts and a positive social impact.

One area in which regional efforts have been made to promote inclusive value chains is food and nutrition security. In recent years, there has been growing consensus that the region has an adequate food supply and a network of economic and social policies that are capable of eradicating hunger and combating malnutrition in the short to medium term. This would require combining the efforts of many countries in order to provide technology support to the main producers of staple foods for the regional market, which are family farms. The region needs to work on eliminating barriers to regional trade in food, improving access to a healthy and varied diet and strengthening national school food programmes with emphasis on food quality and education nutrition, in addition to linking inclusive value chains.
ECLAC proposes creating regional spaces for shared industrial policy in production sectors with potential to generate inclusive value chains. The regional integration approach has advantages for inclusive production development because it can help to build large markets with convergent regulations and generate a critical mass in terms of finance, technology and human resources. Building integration spaces is the best way to harness the externalities associated with the production of regional public goods such as infrastructure, transportation, logistics and the joint development of technology centres in areas of common interest.

Any sustainable development process must increase the share of higher-knowledge-content activities within the production structure. Many countries specializing in the export of natural resources are making considerable efforts to expand learning and technology absorption (as indicated by the number of patents sought and their expenditure on research and development) or are moving towards a more knowledge-intensive structure. However, most environmental technology patents—which the Latin American and Caribbean region needs to progress towards sustainable development—are still awarded in the developed world. Accordingly, the region must prioritize investment in such areas as energy efficiency and renewables. At the same time, it is crucial that technologies and innovations be widely shared to enable low- and middle-income countries to capitalize on the opportunity to advance beyond the old model of development and choose more sustainable growth. The region must focus on activities that support developing and least developed countries on the path towards becoming creators, owners and successful users of innovative technologies, processes and organizations, with the ultimate goal of achieving cultural, social and economic development, and becoming empowered partners in international intellectual property collaboration, including with developed countries.

6. Issues of special concern for the Caribbean

The challenge of small size and openness conspire to subject Caribbean SIDS to negative external shocks and limit their capacity to maintain independent macroeconomic and social policies. The current economic circumstances coming on the heels of the global crisis have aggravated a number of long standing problems and have made Caribbean SIDS even more vulnerable. One of the key challenges is the declining access to international finance at a time when Caribbean SIDS are in most need.

Caribbean countries’ perspectives on the post-2015 development agenda put the eradication of poverty as a central objective and overarching goal of the global development agenda. A sustainable development agenda for the Caribbean has a focus, as well, on the subregion’s major challenges, including low economic growth, high unemployment, high debt, high cost of energy and high frequency of natural disasters and climate change impacts. Attention needs to be afforded to the need to pursue partnerships, to invest in resilience, to ensure the provision of technical assistance for risk mitigation, and to secure a low-carbon development measurement, reporting and verification framework for the Caribbean. In essence, this focus consists of advancing the SIDS agenda taking into account their unique and particular vulnerabilities and challenges and fostering their resilience.

The outcome of the Third International Conference on Small Island Developing States, to be held in Samoa in September 2014, must recognize that development is multifaceted and must embrace economic, social and environmental issues in an organic fashion. For SIDS, the fundamental issue is how to build resilience and mitigate risks and uncertainty. This must necessarily involve development planning and a national commitment by all stakeholders, including the private sector. It will also require resolve by the development partners to assist countries that are vulnerable and to help to build their resilience to economic shocks.
The SIDS perspective has four important priorities for inclusion in the post-2015 development agenda:

- Addressing poverty and inequality issues and reducing risks: these are matters addressed by the Caribbean Development Roundtable
- Addressing continuity by making sure that the Millennium Development Goals continue to be part of the development agenda
- Capacity-building to address various aspects of sustainable development
- Raising the question of the middle-income status of SIDS with the international community

7. Issues of special concern for landlocked countries

The Almaty Programme of Action addresses the special needs of landlocked developing countries within a new global framework in such issues as: transit policy issues; infrastructure development and maintenance; international trade and trade facilitation; and international support measures. Additional challenges addressed are food and fuel price volatility, financial crises, climate change and economic and social inequalities. It has been noted that progress remains insufficient in Paraguay and the Plurinational State of Bolivia, despite important advances in connectivity, customs procedures and social conditions. The populations of these countries remain highly vulnerable owing, among other factors, to the limited diversification of their exports and difficulties in participating in international trade markets. This is why regional integration and physical infrastructure and legal frameworks are paramount.

D. MEANS OF IMPLEMENTATION

Global challenges such as poverty eradication, food security and malnutrition, gender inequality and climate change, among others, in the context of the post-2015 development agenda, would be best tackled by an integrated global partnership with effective means of implementation and strong accountability mechanisms.

ECLAC is proposing *Compacts for Equality: Towards a Sustainable Future* because States and other relevant actors must act individually and collectively, adopt policies and mobilize resources to advance equitable, human rights-based, sustainable development. This may encompass a mix of interdependent financial resources, technology development and transfer, capacity-building, inclusive and equitable globalization and trade, regional integration, as well as the creation of a national enabling environment in order to implement the new sustainable development agenda, particularly in developing countries.

The proposed compacts for equality, sustainability and structural change are as follows:

- A fiscal compact for equality
- A compact for investment, industrial policy and inclusive financing
- A compact for equality in employment
- A compact for social welfare and public services
- A compact for environmental sustainability
- A compact for natural resources governance
- A compact among the international community for development and cooperation beyond 2015
The main gaps to be closed through inclusive policies occur in the following areas:

- Fiscal: low and regressive taxation
- Capabilities: levels and quality of education, access to science and technology
- Digital inclusion: Information and communication technology use is five times as great in the highest-income quintile as in the lowest-income quintile
- Segregation: gender, areas of residence, school segregation, health, transport
- Productivity: internal and external
- Insufficient investment
- Connectivity: infrastructure, public and private goods
- Financial exclusion
- Unsustainable patterns of consumption within planetary boundaries

1. Innovative financing mechanisms

The post-2015 development agenda that is emerging includes a wide array of priorities and calls for a huge mobilization of resources. In this context, a renewed and reinvigorated financing for development strategy is required, one that mobilizes larger volumes of financing towards sustainable development objectives and that combines the existing sources with new sources in the most efficient and effective way. Innovative financing mechanisms (IFDs), as they are known, must be part of such a strategy and must be conceived as ways of mobilizing resources for development that supplement—not replace—official development assistance (ODA) flows.

Since the International Conference on Financing for Development (Monterrey, 2002), where the idea of innovative financing mechanisms was introduced in the international debate, the international community has strived to come up with new and innovative ways to mobilize financing and reduce the gap between pressing needs and underfunding. The Leading Group on Innovative Financing for Development, created in 2006, is currently the major forum for discussion and promotion of innovative financing and its members include 64 countries as well as international organizations, non-governmental organizations (NGOs) and foundations.

In general terms, innovative financing mechanisms can be assigned to one of the following broad categories: (i) those that generate new public revenue streams (such as global taxes); (ii) debt-based instruments (such as debt swaps) (iii) front-loading (such as the International Finance Facility for Immunization); (iv) public-private partnerships (such as advance market commitments, AMCs), (v) guarantees, insurance and sovereign insurance pools; and (vi) voluntary contributions using public or public-private channels (such as person-to-person giving).

In the first category, one of the mechanisms that have already been implemented by some countries is the Solidarity Levy on Airline Tickets. This is a nationally implemented but internationally coordinated levy on airline ticket sales that can range from US$ 1 for economy-class tickets to approximately US$ 40 for business and first class travel. It has been applied since 2006 in Chile and France, which have since been followed by another seven countries while another five countries are considering the measure. The proceeds from the levy are directed towards funding the health sector, in particular towards the drug purchasing facility UNITAID. Another instrument which has not yet been

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implemented but which has attracted considerable attention in recent times is a type of global tax; in particular, the possibility of imposing some kind of globally coordinated financial transactions tax (FTT).

ECLAC has repeatedly urged the international community to give serious consideration to this proposal. In this case, the newly generated resources could be pooled together into a global fund, which could in turn allocate its resources according to certain pre-established criteria. The revenues that could flow to a region like Latin America and the Caribbean from such a levy would be considerable, even if the tax rates were very low. Some estimates indicate that a global five-basis-point tax on all financial transactions could contribute some US$ 46.3 billion (or 1.2% of regional GDP).\(^{11}\)

Second category mechanisms include: the Debt2Health swap initiative of the Global Fund to Fight AIDS, Tuberculosis and Malaria,\(^{12}\) a common example of debt-swap, which was launched in 2007. This initiative helps channel resources of heavily indebted, disease-burdened developing countries away from debt repayments towards investments in health. Under this initiative the creditors of some selected beneficiary countries are invited to forgive portions of debt on condition that the beneficiary governments invest an agreed portion in health programmes through the Global Fund.

A noteworthy mechanism for frontloading resources is the International Finance Facility for Immunization (IFFIm).\(^{13}\) The idea behind this mechanism is to use future streams of resources (in this case legally binding grants by several donor countries across a 20-year period) as assets underpinning the issuance of bonds in international capital markets. In this way the mechanism brings to the present (frontloads) resources that would have otherwise been available over a long period of time. The benefits of frontloading future resources to the present are notable in sectors such as health and in particular in immunization programmes, where efficacy is achieved by greater spending at once instead of smaller spending diluted over time. From 2006 to 2013 the IFFIm raised US$ 4.55 billion —— 6 times the donor funds received into the IFFIm account over the same period—— and has supported several immunization programmes by directing all its proceeds to the global health partnership, GAVI Alliance.

The fourth category includes private-public partnerships, one notable example being the Advance Market Commitments (AMCs). This mechanism seeks to address the problem of pharmaceutical companies that focus their research on “rich country” diseases, as demand from poor countries may be unpredictable and insolvent. AMCs are based on contractual partnerships between donor countries and pharmaceutical companies whereby donor countries guarantee future purchases of vaccines from these companies, enabling them to finance research for developing such vaccines. On their part, companies commit to sell vaccines at affordable prices for consumers and target countries once developed. Currently, the participant countries are Canada, Italy, Norway, Russian Federation, United Kingdom, and the Gates Foundation. The AMCs have raised US$ 1.45 billion to date, with the aim of accelerating the development and production of vaccines through investment in research by supported companies.

In summary, innovative financing mechanisms can be an important source of resources for development financing and are complementary to official development assistance (ODA). The international community has already come up with new and innovative ideas to fund development but

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12 See [online] www.theglobalfund.org.

more needs to be done in the face of the growing number of development priorities that need to be addressed. Impending global challenges such as climate change and the preservation of global commons have to be addressed by a renewed and reinvigorated financing for development mechanisms that combine traditional and new sources in the most efficient and effective ways.

Among the IFD mechanisms that have already been put in place, the majority have had their proceeds earmarked for certain specific sectors or objectives. Although this is necessary in order to guarantee predictable funding for certain purposes, a portion of the funds should be made available to countries to enable them to cover more general development needs.

ECLAC has, on several occasions, discussed the need for a global tax on financial transactions, separate and apart from the initiatives set up by individual countries, and has recommended that its proceeds be channelled into a global fund for development. The resources obtained through such a tax can be substantial and can make a real difference in the development landscape of the future.

2. Technology and industrialization

New technologies (and the structural changes associated with them) are tools and although they possess inflexibilities and restrictions in the path to innovation, they do not possess a genetic code that defines their use or their impact on society. The institutional dimension is key to defining the direction of technical progress and how it is incorporated into production systems. It is up to the institutions via policies —also through changes in behaviour norms, including demand patterns— to generate necessary incentives so that technical change prioritizes social inclusion and environmental dimensions.

Industrial policy should be defined both by its emphasis on new technologies and on the capacity to acquire knowledge. Institutions should define the incentives for innovation and competitiveness and should react as necessary to correct previous market setbacks that prevent the society from realizing its objectives. Some areas where regional arrangements may be important in the definition and implementation of industrial policy are:

(a) Regional trade agreements, which were initially conceived of as an instrument to promote diversification. This aspect of integration should be revived, with emphasis on ways of promoting production integration and making available learning facilities and intra-industrial specialization among countries in the region;

(b) Industrial and technological policies that aim to reduce the technological and productivity gaps with the developed world. This means strengthening the system of innovation and technology diffusion, which in turn requires raising standards of education and creating a network of both public and private R&D centres. This system, in turn, could benefit from regional agreements that allow specialization and complementarity in the efforts of countries in different fields of science and technology. Naturally, the coordination efforts in the field of science and technology must be linked to the aforementioned production integration;

(c) Many of the proposed compacts for boosting investment and productivity only have meaning if there is a global or regional counterpart to support them. For example, legislation that seeks greater involvement by transnational corporations in domestic innovation efforts would be impractical if not part of a regional agreement establishing similar conditions in different countries in Latin America. Similarly, value chains tend to be shorter, while more knowledge-intensive activities are reallocated to the more advanced countries;
Latin American countries can concentrate negotiations with developed countries around access to new technologies; particularly those relating to social inclusion and the environment. Technology transfer to the region should be promoted and should be supplemented with endogenous efforts to close gaps, or at least conditions relating to patents and intellectual property rights should be eased.

Dialogue and coordination serve to guide learning and investment efforts. Compacts at different levels are needed to redefine institutions; these agreements must be capable of generating institutions in the broadest sense, i.e., a set of objectives and policies towards which actors' expectations converge.

3. Sustainable development goals and post-2015 global processes

The proposed sustainable development goals will be a tool for achieving and monitoring the post-2015 development agenda and should reflect a universal development agenda, with obligations, responsibilities and opportunities for all countries, not only developing ones. While global goals should be agreed upon, due consideration must be given to the diversity of national situations and priorities and allowances must be made for different approaches, instruments and possibly targets and indicators. Countries agree that the core aspects of the Millennium Development Goals — particularly poverty eradication — must remain at the centre of the post-2015 agenda and the sustainable development goals. These goals must address the three dimensions (environmental, social, and economic) of sustainable development in an integrated manner. They must be based on the principles of sustainable development consolidated since 1992. These new goals must embody the principles of sovereignty and of common but differentiated responsibilities. Moreover, they must be compatible with the principles and frameworks set out in existing international agreements, forums and processes.

A number of ongoing processes are expected to come to fruition in a comprehensive balanced and expeditious manner by September 2014, with Member States expecting inputs from the Open Working Group on Sustainable Development Goals, the Intergovernmental Committee of Experts on Sustainable Development Financing (ICESDF) and the process aimed at developing options for a technology facilitation mechanism. There is a call for coherence with these processes as well as with the Third International Conference on Small Island Developing States, scheduled to be held in September 2014 (Apia, Samoa), the twentieth session of the Conference of the Parties to the United Nations Framework Convention on Climate Change (COP 20) to be held in December 2015 in Lima, the third International Conference on Financing for Development, to be held in July 2015 in Addis Ababa, and the deliberations of the Economic and Social Council and the United Nations Environment Assembly of the United Nations Environment Programme (UNEP). Regarding civil society participation, States would request the President of the General Assembly to organize a hearing no later than June 2015 with civil society and the private sector to provide input, to be issued as a General Assembly document prior to the summit at the level of Heads of State and Government in September 2015. The United Nations Secretary-General has requested that a trust fund be used to enhance civil society participation. All of these processes are envisioned in order to support member States in establishing the post-2015 development agenda and adopting it in September 2015.

4. More and better statistical information for public policy design

The design and implementation of public policies that advocate equality through inclusion require relevant and quality statistical information. The achievement of these goals is contingent on the existence of robust, relevant statistics relating to the challenges to development, as these are indispensable for
producing accurate diagnoses and obtaining valuable feedback. These processes must be monitored and evaluated in order to facilitate timely intervention and accountability.

The establishment of a post-2015 development agenda provides a unique opportunity to build a monitoring framework based on robust statistics and indicators of progress. Such indicators can facilitate the design and implementation of informed public policies and promote the achievement of the goals. The call for a “data revolution” and the creation of a global partnership on data promoted by the High Level Panel of Eminent Persons on the Post-2015 Development Agenda seeks to focus the attention of international community on the development of national, regional and international statistics, which is recognized as one of the cornerstones of development.

National statistical systems must be strengthened in order to consolidate basic statistics and design relevant measurements. Indeed, the sustainability of these systems depends on the viability of the various member institutions. The involvement of statistical communities in the definition of global and national targets and indicators will contribute to the development of monitoring frameworks relevant to actual measurement capabilities. It will also help to identify areas where accurate and sustainable statistics are needed to facilitate the design of public policies consistent with the development agenda.

Viable mechanisms are needed for the collection and production of statistical data; ad hoc mechanisms should be rejected because experience in Latin America and the Caribbean has shown that they do not guarantee continuity. Efforts should include actions to strengthen national statistical systems by providing stable, well-paid jobs and sufficient financial resources to ensure the continuity of the processes of information gathering, access to statistical information and open dissemination of results. The solid statistics thus obtained, coupled with accountability, will facilitate decision-making.

Plans to strengthen national statistical capacities and synergies need the commitment of the international statistical community and cooperation agencies to generate agreements that facilitate implementation and ensure the effectiveness of their actions. These should be consistent with national statistical development strategies considering the regional outlook for their design and implementation in response to common challenges. Inequalities, asymmetries and gaps in the social, economic and environmental pillars must be measured, while vulnerable groups must be identified and patterns of consumption and production determined. These are some of the challenges that Latin America and the Caribbean region must address in its effort to produce comparable statistics.

5. Accountability frameworks

A renewed and strengthened global partnership is needed for mobilizing resources in order: (i) to address the social, economic and environmental dimensions in an integrated manner; (ii) to build on existing commitments and governance structures, ensuring that new initiatives reinforce previous successes; (iii) to reinforce coherence in the implementation of a post-2015 agenda, leveraging resources across diverse funding mechanisms; and (iv) to strengthen governance and accountability frameworks, providing for multi-stakeholder engagement, including for financing, technology innovation and diffusion and capacity- and institution-building.

The Latin American and Caribbean region has made major strides in terms of regional forums for the discussion of sectoral or regional issues. Such mechanisms include, for example, the Caribbean Development and Cooperation Committee (CDCC) and the Statistical Conference of the Americas, two of the subsidiary bodies of ECLAC. These forums facilitate the follow-up of progress on specific issues, such as geographically focused development policies or the development of comparable data based on shared methodologies for the generation of statistical information.
The ECLAC subsidiary bodies also constitute valuable accountability mechanisms.

- The Regional Conference on Women in Latin America and the Caribbean
- The Statistical Conference of the Americas of the Economic Commission for Latin America and the Caribbean
- The Regional Conference on Population and Development in Latin America and the Caribbean;
- The Committee of the Whole of ECLAC
- The Caribbean Development and Cooperation Committee
- The Regional Council for Planning of the Latin American and Caribbean Institute for Economic and Social Planning (ILPES)
- The Committee on South-South Cooperation
- The Regional Conference on Social Development in Latin America and the Caribbean
- The Conference on Science, Innovation and Information and Communications Technologies of the Economic Commission for Latin America and the Caribbean

The Latin American and Caribbean region works in cooperation with the following:

- Community of Latin American and Caribbean States (CELAC): Technical documents have been prepared, at the request of the Pro Tempore Chair, on equality, illiteracy, financial cooperation, natural resources governance and recent socioeconomic developments
- Union of South American Nations (UNASUR): Technical studies for the Working Group on Financial Integration, on trade integration, natural resources and infrastructure
- Central American Integration System (SICA): Technical studies on climate change, food security and energy
- Caribbean Community (CARICOM): Support for promoting cooperation between the Caribbean and Latin America regarding trade and investment and among the Caribbean countries on food security
- Andean Community: Support for the process of re-engineering the Andean Integration System

Networks

- Latin American and Caribbean Network of Social Institutions (RISALC)
- Latin American Association of Development Financing Institutions (ALIDE)

Observatories

- Gender Equality Observatory for Latin America and the Caribbean
- Regional Broadband Observatory

E. DRIVERS OF PROGRESS TOWARDS A POST-2015 DEVELOPMENT AGENDA

1. Planning for sustainable development

In order to meet the challenge of integrating the three dimensions of sustainable development, structural change and inequality, Latin American and Caribbean countries have stressed the importance of long-term planning for the post-2015 agenda and the need to strengthen national capacity.
2. An enabling international environment

Equitable, sustainable development requires an international environment that is fair and enabling for development and conducive to a structural transformation that would induce the reduction of poverty and inequality in the region.\footnote{ECLAC, \textit{Structural Change with Equality}, op.cit.} This includes especially a much-needed reform of global financial and trade systems. The recent global economic crisis has underscored the gaps and failures in global economic governance. Among the measures that must be taken in this regard are the reform of international financial institutions, ensuring that developing countries are adequately represented; the establishment of macroeconomic coordination mechanisms to ensure global financial stability; and the application of macroeconomic discipline principles to all countries and not just developing ones. As regards trade, countries have stressed that agricultural subsidies and other trade distortions generated by developed country policies have severely harmed the agricultural sector in developing countries, limiting the ability of this key sector to contribute meaningfully to poverty eradication, rural development and sustainable, sustained, inclusive and equitable economic growth. Market access also continues to be an issue for developing countries. Countries have stressed the need to conclude the Doha Round of multilateral trade negotiations. Countries have also identified migration as a key global issue to be addressed by the post-2015 agenda.

3. Cooperation for equality

Given the challenges of development with equality, the post-2015 agenda requires a new paradigm for international cooperation. This implies a shift that will replace the traditional dichotomy between donor and recipient countries with a new partnership of equals, following the principle of common but differentiated responsibilities. Furthermore, this change, which is so important for the global and regional protection of the environment and other public goods, will also allow all countries to seize their own development agenda, to analyse and define their own priorities rather than follow an agreed programme by the international community.

Consistent with the need for a new architecture of international cooperation for purposes of allocating cooperation resources, ECLAC has suggested a new approach based on structural gaps as an alternative to the traditional classification of developing countries according to their per capita income. This new approach seeks to overcome the limited view of developing countries, which groups them by a single economic indicator, and to replace it with a more detailed analysis of the obstacles to development and long-term structural challenges that continue to affect middle-income countries. By promoting an analysis of the multiple dimensions of development—from the economic and social to the environmental—this approach also places developing countries in the driver's seat: countries undertake their own analysis and hence determine their own priority areas for development.

In its current form, international cooperation and resource allocation follow the logic of the perceived “need” of developing countries, measured by per capita GDP as a proxy indicator. This has led to a sharp downward trend in the relative volume of ODA flows to middle-income countries in general, and Latin America and the Caribbean in particular.

Given these trends, a reassessment of the criteria for the allocation of cooperation resources is warranted to better meet the needs of developing countries in the region. Specifically, the focus on per capita income has two major limitations: First, grouping countries according to certain income thresholds fails to reflect the large heterogeneity that countries within the same group exhibit within the multiple dimensions of development. For example, in the lower middle-income countries in the region, poverty...
rates vary between 15.3% and 33.4%, while the income distribution varies between GINI coefficients of 0.40 and 0.58. On the other hand, the percentage of high-tech exports—an indicator of the sophistication of exports—varies between 0.2% and 9.6%. In the upper middle-income countries, poverty rates vary between 5.2% and 19.5% and the GINI coefficient ranges from a minimum of 46.9 to a maximum of 57.2. The percentage of high-tech exports, in turn, varies between 0.2% and 41.8%.  

Second, the focus on per capita income assumes, wrongly, that GDP per capita is a good proxy for the ability of countries to mobilize their own resources for development and/or to access international capital markets. According to this logic, countries with higher GDP per capita could do without international cooperation and hence “graduate” from their recipient status. However, this argument does not reflect the reality of the vast majority of countries in the region, as inflows of private capital are concentrated in a few countries, and domestic resource mobilization in many cases is complicated by significant institutional constraints. Another challenge is how to use private flows for development purposes, as these flows do not respond to altruistic motives but rather to market incentives and private profitability.

The approach proposed by ECLAC can help overcome these limitations and better guide the mobilization and allocation of resources. As mentioned above, the analysis of a set of structural gaps allows for the determination and prioritization of priority areas for development with equality within each country, and for channelling the required resources towards these areas. As highlighted, previously structural gaps that characterize the middle-income countries typically include gaps of inequality and poverty, investment and savings, productivity and innovation, infrastructure, education, health, taxation, gender and the environment. However, the high degree of heterogeneity among the countries in the region is reflected in large differences in the relevance of each gap for each individual country. This in turn makes it impossible to define one single “correct” classification, as there exist as many possible country rankings as gaps under consideration. This once again confirms the inadequacy of GDP per capita as an indicator since it captures only a single dimension and neglects the multidimensional nature of development. Instead, it is imperative that each country perform a country level analysis to identify and prioritize its own bottlenecks in the pursuit of equality.

By allowing a more differentiated analysis of the development needs of each country, the structural gaps approach can strengthen cooperation for equality, since (i) it puts development at the centre—development that has equality as the goal, structural change as the path and politics as the instrument; (ii) places developing countries in the driver's seat for the analysis and prioritization of their own development needs; (iii) addresses the issues of environment and sustainable development in their national development context as well as in their regional and global dimensions.

4. Guidelines for a sustainable development agenda

The formulation of a post-2015 agenda must be centred on a global pact for sustainable development that is based on rights and upholds equality as its ultimate goal and guiding ethical principle with economic, social and environmental inclusion as the process by which equality can be furthered in Latin America and the Caribbean.

The Latin American and Caribbean region needs to stay focused on the pending Millennium Development Goals, but the region is changing and a development model based on structural change and designed to foster equality and environmental sustainability is needed in order to address both old and new

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15 All data in this paragraph are from the World Development Indicators (WDI) of the World Bank.
challenges. Support from the public sector is essential to provide leverage for these transformations. In addition, this structural change must also be built on technological innovation and full employment with rights. According to ECLAC, the sustainable development goals—which could take over from the Millennium Development Goals must introduce universal policies for social protection, health, education and employment, and incorporate sustainability concerns in order to factor in environmental costs because ensuring a healthy environment especially to the poor and vulnerable is one of the prerequisites for ending inequality.

The future development agenda must be built around interrelations between themes and sectors, in order to face complex challenges and seek concrete and sustainable solutions within a rights-based approach. Countries have stressed the need to take into account the multidimensional nature of poverty and to ensure that improvements are irreversible. Education and decent work are crucial for overcoming inequality. Building resilience to risk and vulnerability and securing financial stability mechanisms are vital for ensuring the irreversibility of the advances towards development.

A global compact should target an economic structure capable of attaining threshold levels of environmental sustainability and social well-being for the majority of the population. Its scope should go beyond the satisfaction of basic needs to encompass reduction of the deep-seated inequalities and asymmetries within and between societies.

(a) Ensuring sustainability: the road ahead

- Structural change for equality and environmental sustainability
- Well-being of society: universal access to education, health, nutrition and capabilities to absorb technical progress
- Ecosystemic approaches to land, water and marine management
- Natural resources governance, respecting sovereign rights
- Cities as a public good: locus for equality and inclusion
- Policy and institutions matter: regulation, taxation
- Global governance for fair trade, technology transfer and financial reform including new financing mechanisms
- Build regional density and promote South-South cooperation and social participation
- Better measurement is required: GDP+, national accounts that reflect actual production costs
- Access to information, participation and justice: independent monitoring

(b) A central role for the State and politics

- An integrated approach to long-term development that brings together the economic, social and environmental dimensions requires engaged, committed and coordinated actors
- A robust and efficient institutional framework to promote, to select, to regulate and to finance the path towards structural change
- A stronger role for the State and politics is key for building the political will to achieve structural change for equality
- Broad social agreements (compacts for equality) for building fiscal covenants

(c) Need for new indicators on inclusion

- Indicators beyond GDP and poverty (natural capital accounting, GDP+)
- Ecosystemic approaches: land, water, and ocean management
• GINI coefficient to measure different disparities (income, education, segregation)
• Share of informal employment in total employment (including minimum wages)
• Percentage of young people not in education, training, or employment
• Percentage of population with access to food + primary health service
• Out-of-pocket expenditure on food and health as a percentage of total household expenditure/income
• Connectivity: mobile broadband subscriptions per 100 inhabitants in urban and rural areas
• Urbanization: segregation, green space per capita, public transport
• Share of the population with access to reliable electricity (%)

F. FINAL REMARKS

The Latin American and Caribbean countries have been playing an active part in the global effort to forge a post-2015 development agenda. The individual countries have adopted differing stances in some areas, but they are nonetheless in agreement on at least seven points:

(i) The remaining achievement gaps in the Millennium Development Goals must be closed.
(ii) The situation in the region is changing, and there are emerging challenges to be met in such areas as energy, demographics, urbanization, natural disasters and public safety.
(iii) A new development model is needed: one that is based on structural change for equality and environmental sustainability and can close existing gaps in production and society.
(iv) The minimum threshold of social well-being has risen, which calls for an agenda with the principle of equality at its core and social policies with universal coverage.
(v) Policy and institutions matter, which means tackling key issues in terms of regulation, oversight, financing and governance.
(vi) A greater range of ways of measuring progress is needed, in addition to GDP indicators, in order to inform decision-making in respect of sustainable development paths.
(vii) Efforts have to be made to build a global system of governance for development. This process should provide genuine opportunities for socially participatory decision-making. Priority should be placed on achieving global policy coherence in the areas of sustainable development, fair trade, technology transfer, international financial reform and new financing mechanisms, advocacy of South-South cooperation and the strengthening of mechanisms for encouraging the participation of all members of society.

Any model of sustainable development must be underpinned by the principle of equality, enshrined in compacts that require dialogue and negotiation among stakeholders. Institutions are key to achieving structural change with equality: they must produce the agreements and arrangements needed to harmonize change in the production matrix, along with broader equality and environmental sustainability.
Annex 1

**LIST OF PUBLICATIONS, DOCUMENTS AND PAPERS RELEVANT TO THE POST-2015 DEVELOPMENT AGENDA AND THE SUSTAINABLE DEVELOPMENT GOALS**

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<td>European Union and Latin America and the Caribbean: Investments for growth, social inclusion and environmental sustainability (LC/L.3535)</td>
<td><a href="http://www.cepal.org/cgi-bin/getProd.asp?xml=/publicaciones/xml/2/48082/P48082.xml&amp;xsl=/publicaciones/ficha.xsl&amp;base=/publicaciones/top_publicaciones.xsl">http://www.cepal.org/cgi-bin/getProd.asp?xml=/publicaciones/xml/2/48082/P48082.xml&amp;amp;xsl=/publicaciones/ficha.xsl&amp;amp;base=/publicaciones/top_publicaciones.xsl</a></td>
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<td>Seminar ICT and Sustainable Development in Latin America and the Caribbean: experiences and policy initiatives</td>
<td>Santiago, 22-23 October 2012</td>
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<td>First meeting of the focal points appointed by the Governments of the signatory countries of the Declaration on the application of Principle 10 of the Rio Declaration on Environment and Development</td>
<td>Santiago, 6-7 November 2012</td>
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<td>Conference on Sustainable Development in Latin America and the Caribbean: follow-up to the United Nations development agenda beyond 2015 and to Rio+20</td>
<td>Bogota, 7-9 March 2013</td>
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<td>Meeting of the Regional Coordinating Mechanism (RCM) to discuss a joint report on MDGs and post-2015 development agenda</td>
<td>Santiago, March 2013</td>
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<td>Caribbean Regional Preparatory Meeting for the Third International Conference on Small Island Developing States (SIDS)</td>
<td>Kingston, 2-4 July 2013</td>
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<td>Caribbean Forum: Shaping a Sustainable Development Agenda to Address the Caribbean Reality in the 21st Century</td>
<td>Bogota, 5-6 March 2013</td>
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<td>Seventh Regional Millennium Development Goal Seminar</td>
<td>Santiago, 4-5 November 2013</td>
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<td>Seventh Meeting of the Statistical Conference of the Americas of ECLAC</td>
<td>Santiago, Chile, 5-7 November, 2013</td>
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<td>Second meeting of the focal points appointed by the Governments of the signatory countries of the Declaration on the application of Principle 10 of the Rio Declaration on Environment and Development in Latin America and the Caribbean</td>
<td>Guadalajara, Mexico, 16 and 17 April 2013</td>
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<td>Third meeting of the focal points appointed by the Governments of the signatory countries of the Declaration on the application of Principle 10 of the Rio Declaration on Environment and Development in Latin America and the Caribbean</td>
<td>Lima, 30-31 October 2013</td>
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<td>Thirteenth Conference of Ministers and Heads of Planning of Latin America and the Caribbean and fourteenth meeting of the Regional Council for Planning of the Latin American and Caribbean Institute for Economic and Social Planning (ILPES)</td>
<td>Brasilia, 21-22 November 2013</td>
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<td>Regional Meeting of the Committee of Experts on Sustainable Development Finance</td>
<td>Santiago, 14-15 January 2014</td>
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<td>First Summit of Heads of State and Government of the Community of Latin American and Caribbean States (CELAC)</td>
<td>Santiago, 26-27 January 2013</td>
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<td>Caribbean Forum on Population, Migration and Development</td>
<td>Georgetown, Guyana, 9-10 July 2013</td>
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<td>Caribbean Forum on Gender Equality and the Post- 2015 Development Agenda</td>
<td>Bridgetown, 22-23 August 2013</td>
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<td>Regional Meeting in Preparation for the Comprehensive 10-year Review on the Implementation of the Almaty Programme of Action</td>
<td>Asunción, 19 November 2013</td>
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