

THE ROLE OF PLANNING IN A TRANSFORMATIVE POST-COVID-19 RECOVERY



UNITED NATIONS

ECLAC



XXVIII

Meeting of the Presiding Officers
of the Regional Council for Planning
of the Latin American and
Caribbean Institute for Economic
and Social Planning (ILPES)

Online, 12 November 2020

Alicia Bárcena
Executive Secretary

Planning for sustainability with equality needed for a world on the cusp of epochal change



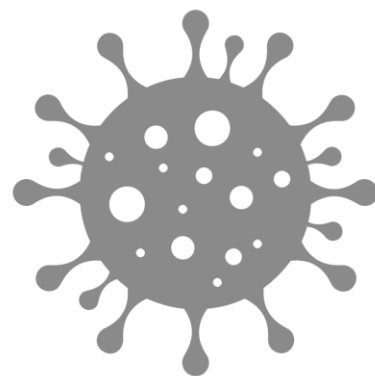
Multilateralism in crisis

- Geopolitical tensions
- New economic geography
- Weakened global governance



New global challenges

- Climate change
- Loss of biodiversity
- Technological revolution
- Migration



COVID-19 has amplified the challenges



Development agenda at risk

- 2030 Agenda
- Paris Agreement



Structural gaps in Latin America and the Caribbean

- Insufficient growth
- Periphery: external constraints
Low productivity
- Intersecting inequalities

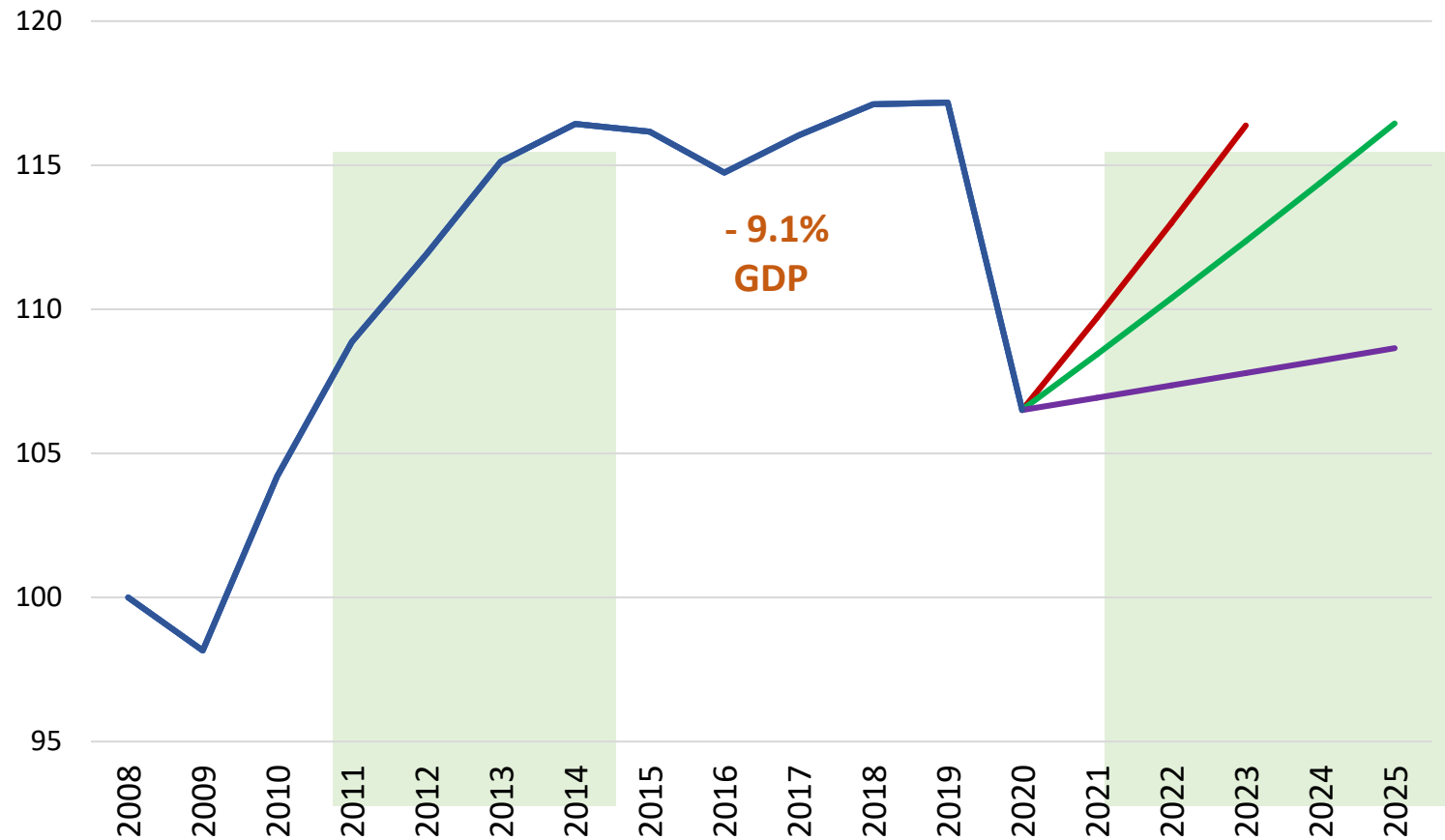


Social discontent

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

The rebound in economic activity will take several years, meaning that the recovery will be slow

Latin America and the Caribbean: GDP levels in real terms
(Index: 2008=100)



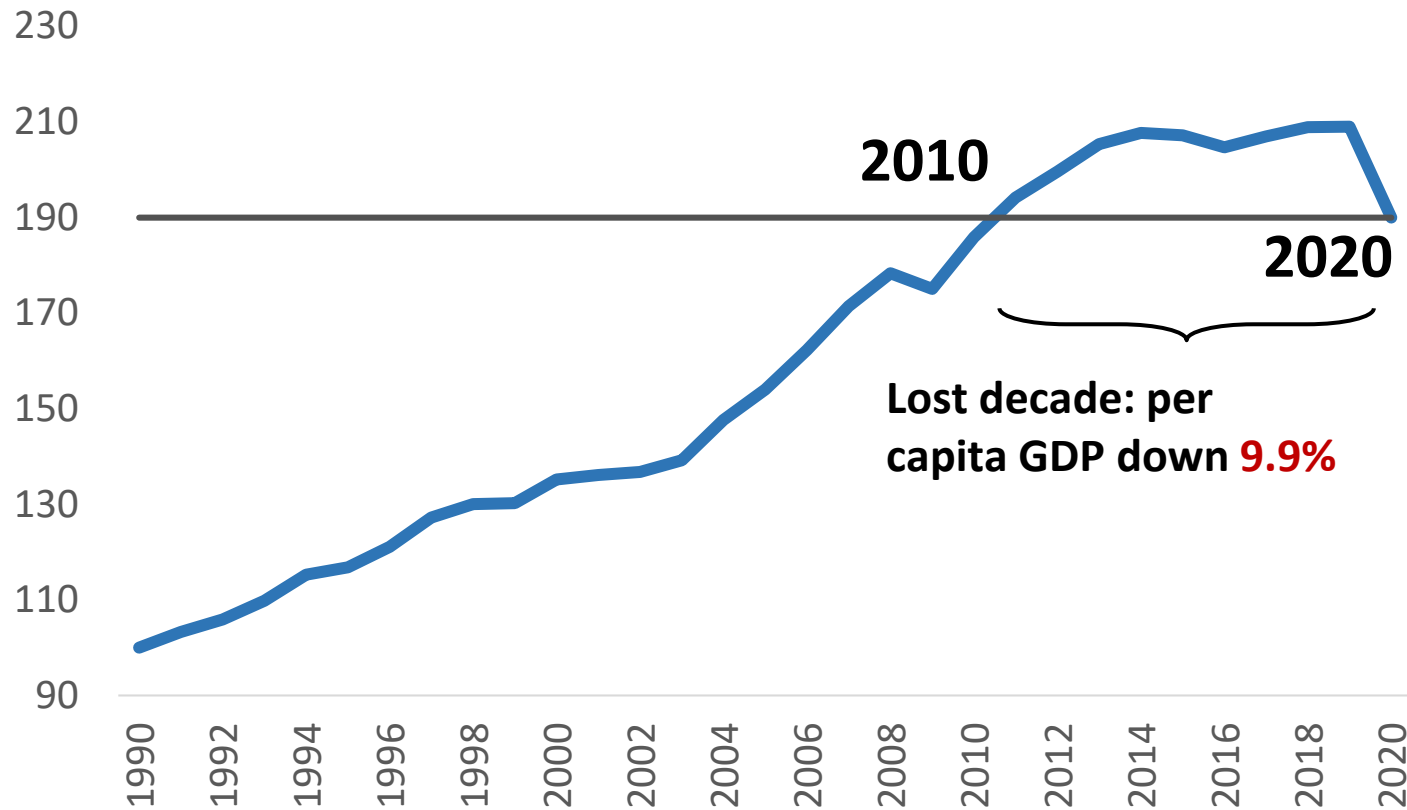
An average GDP growth rate of 3.0% would see a return to the 2019 GDP level **by 2023**

With growth at the average rate for the last 10 years (1.8%) the 2019 level would not be reached **until 2025**

With **the average rate for the last six years (0.4%)** the 2019 level would not be reached in the next decade

Economic crisis in Latin America and the Caribbean: another lost decade

Latin America and the Caribbean: per capita GDP, 1990–2020
(Index: 1990=100)

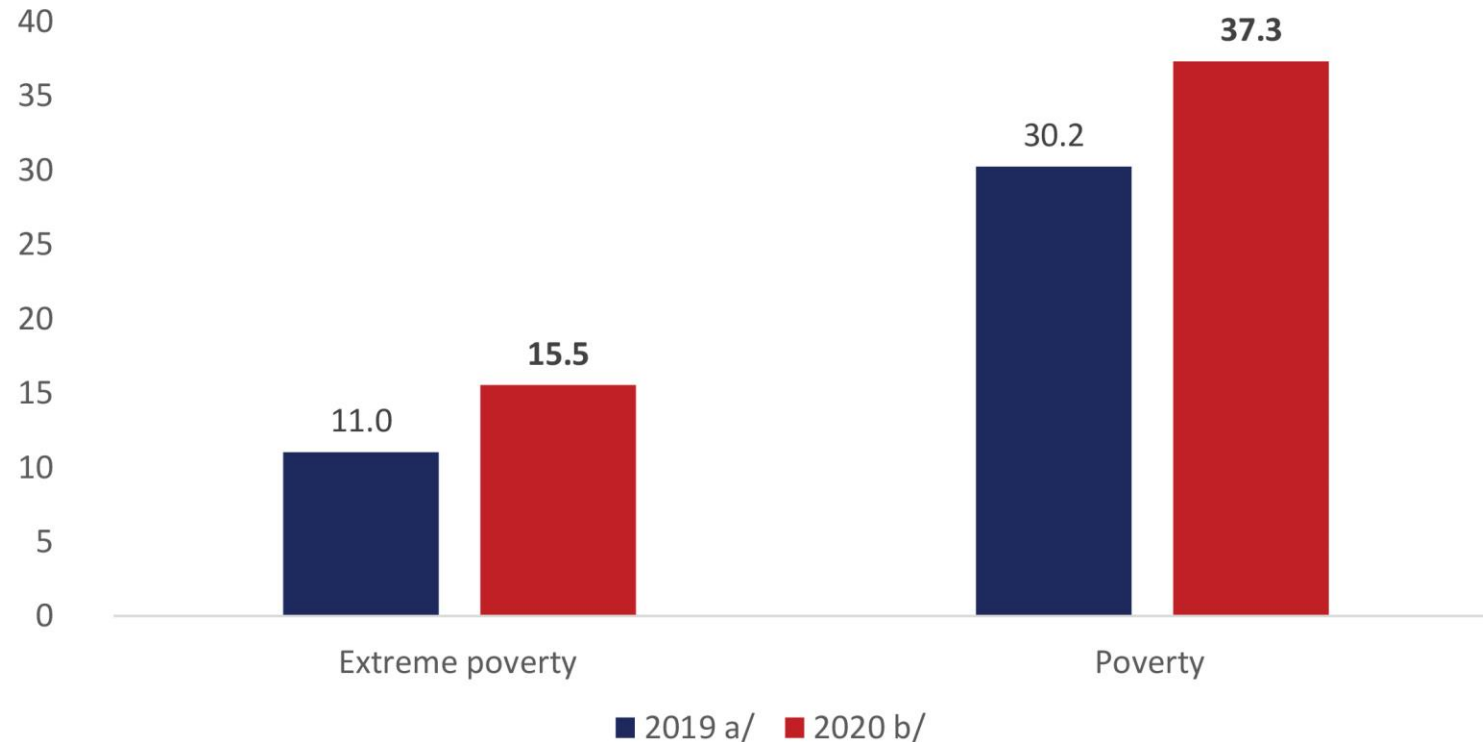


- **GDP: -9.1%**
- **Exports: -14%**
- **Unemployment: 47 million jobless**
- **Informality rate: 54%**
- **Businesses closed: 2.7 million**
- **40 million households without Internet access**

Source: Economic Commission for Latin America and the Caribbean (ECLAC), *Building a New Future: Transformative Recovery with Equality and Sustainability* (LC/SES.38/3-P), Santiago, 2020.

Poverty rate expected to rise to 37.3% and extreme poverty to 15.5%

LATIN AMERICA (18 COUNTRIES): PROJECTED POPULATION LIVING IN POVERTY, 2020
(Percentages)



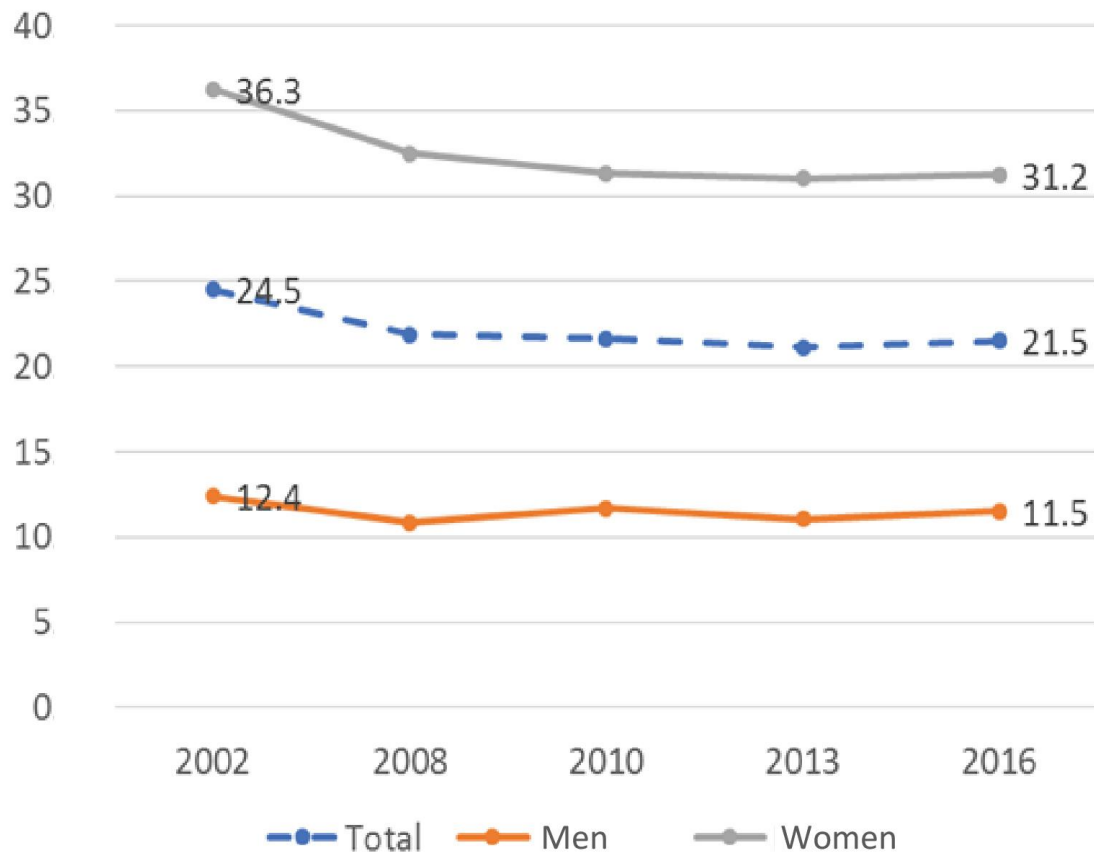
- The number of people living in poverty will increase from 186 million to 231 million.
- The number of people in extreme poverty will increase from 68 million to 96 million.

Source: ECLAC, on the basis of the Household Survey Data Bank (BADEHOG).

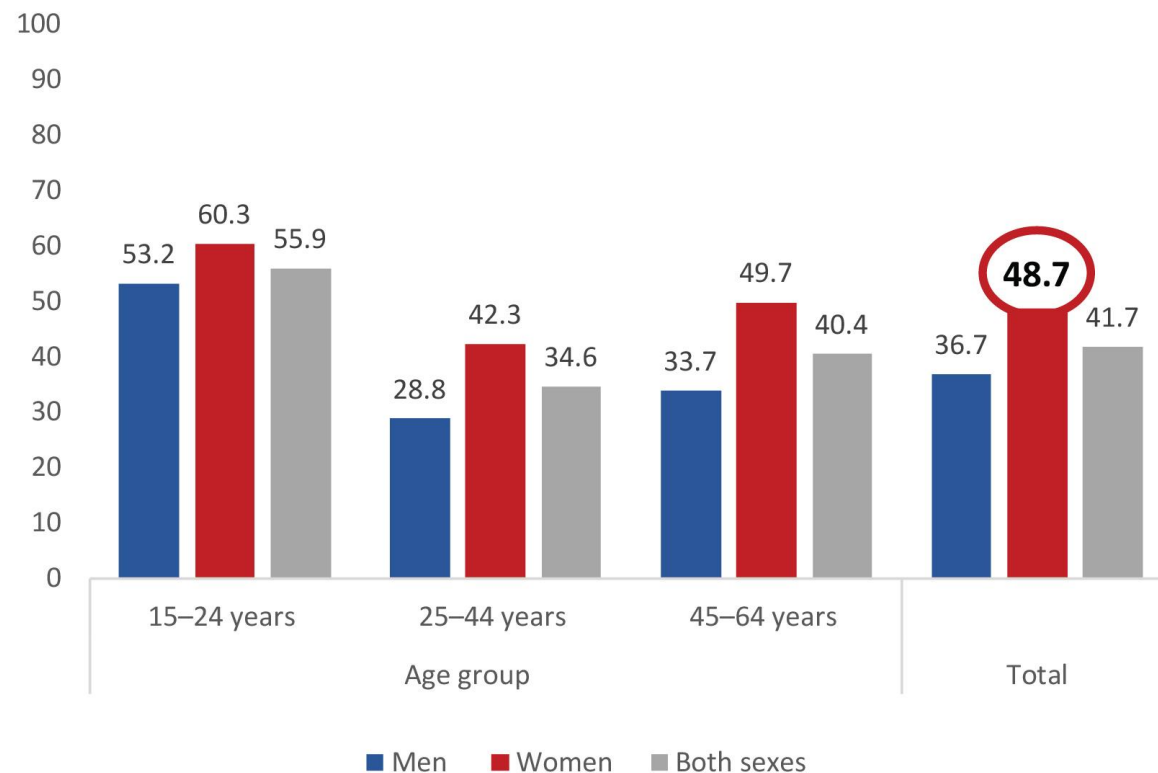
Note: a/ Projections. b/ Preliminary projections based on assumed impact on employment and labour income for the different production sectors.

Women and young people face exclusion and discrimination in the labour market

LATIN AMERICA (18 COUNTRIES):^a YOUNG PEOPLE AGED 15–29 WHO ARE IN NEITHER EDUCATION OR EMPLOYMENT, BY GENDER AND YEAR
(Percentages)



LATIN AMERICA (18 COUNTRIES):^a EMPLOYED PERSONS AGED 15 YEARS OR OVER WHOSE AVERAGE EARNINGS ARE BELOW THE NATIONAL MINIMUM WAGE, BY GENDER AND AGE GROUP, AROUND 2016
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of Household Survey Data Bank (BADEHOG).^a Simple averages.

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of Household Survey Data Bank (BADEHOG).^a Simple averages.

Only 67% of the region's inhabitants and 60% of households use the Internet



70% penetration rate for mobile broadband and 14% for fixed broadband



1/3 of the population has limited or no access because of their economic situation



33% of urban households not connected



77% of rural households not connected



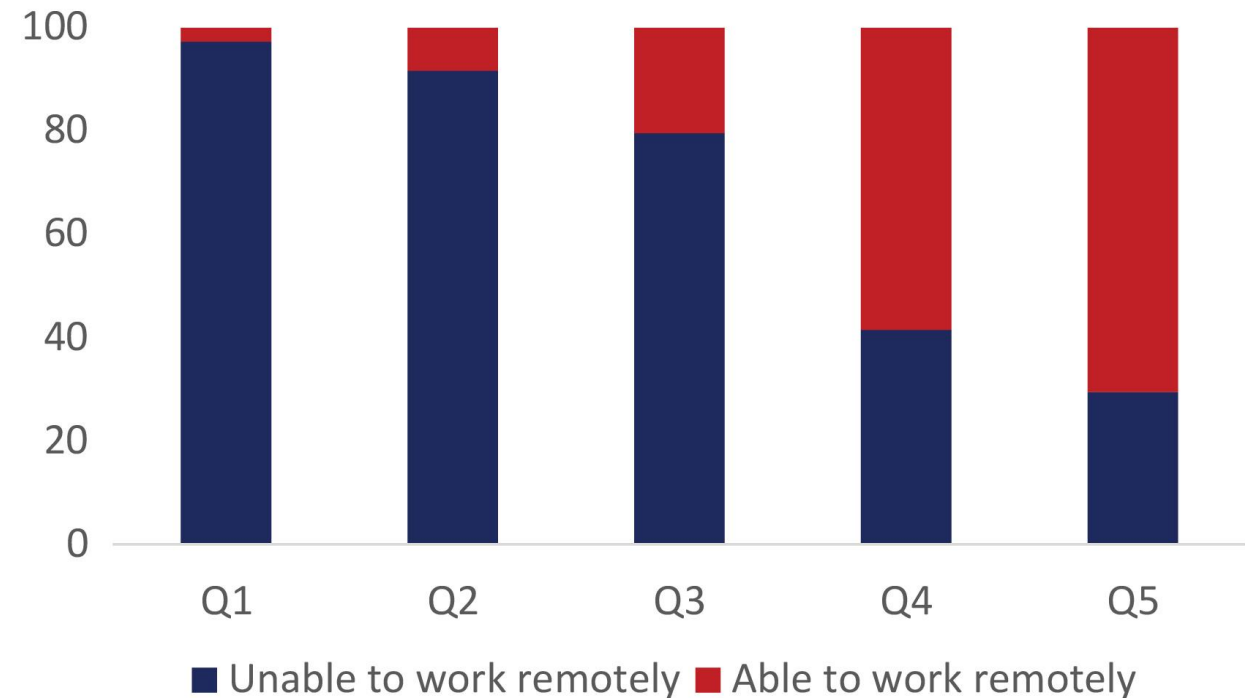
42% of those aged under 25 and 54% of those aged over 66 are not connected

Who can work from home?

The risk of exacerbating vulnerabilities and inequalities

- **Teleworking:** workers with higher levels of training and earning higher wages
- **Lockdown measures:** disproportionate consequences for those who cannot telework
- **Reopening the economy:** prioritize lower-wage occupations that cannot be performed from home

LATIN AMERICA: (5 COUNTRIES):^a EMPLOYED PERSONS WHO ARE ABLE TO WORK REMOTELY BASED ON TELEWORKING FEASIBILITY AND AVERAGE WAGE QUINTILE, 2018
(Percentages)

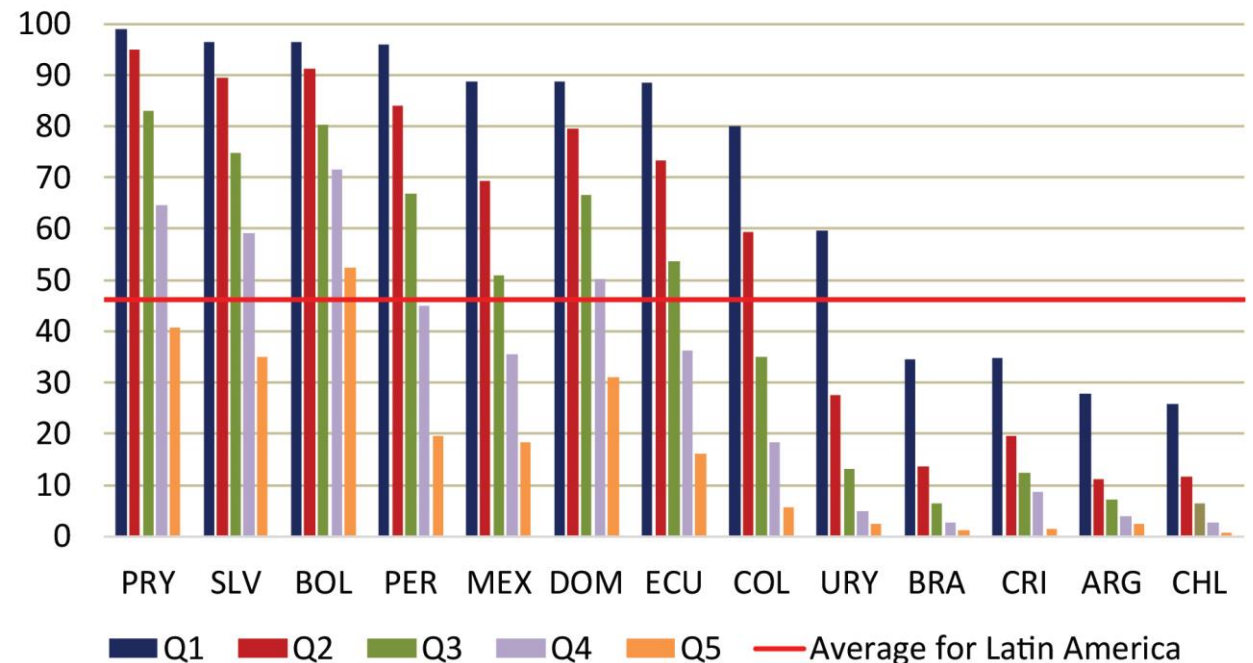


Source: ECLAC, on the basis of BADEHOG. The salary scales reflect national income distribution quintiles. ^a Weighted averages for: Chile, Dominican Republic, Ecuador, El Salvador and Mexico.

More than 32 million children have no access to online education

- 46% of children aged between 5 and 12 live in households that are not connected
- In El Salvador, Paraguay, Peru and the Plurinational State of Bolivia, more than 90% of children from the poorest households live in unconnected homes
- **Differences between economic strata affect the exercise of the right to education and exacerbate socioeconomic inequalities**

LATIN AMERICA (13 COUNTRIES): CHILDREN IN HOUSEHOLDS WITHOUT INTERNET ACCESS, BY INCOME QUINTILE, 2018
(Percentages)



Source: ECLAC, on the basis of Household Survey Data Bank (BADEHOG). Percentage of total number of children in each income quintile of each country.

Countries have responded to the effects of the pandemic and have financed fiscal efforts in different ways

Budgetary reallocations



US\$ 29.490 billion issued
in sovereign bonds



Sovereign funds used in Chile,
Colombia, Mexico, Panama
and Trinidad and Tobago



Financing from multilateral credit
institutions for a total of US\$ 22.587 billion
(March-August)



**Fiscal effort
equivalent to
4.1% of GDP
and State credit
guarantees for up
to 10% of GDP**

**The emergency and the recovery will require more financing,
cooperation and planning**

Seven ECLAC proposals to link the emergency response with recovery and the Decade of Action for the SDGs

- 1. Provide the socially vulnerable with an emergency basic income consisting of a cash transfer equivalent to the poverty line for 12 months**
- 2. Extend the terms and grace periods of loans to MSMEs**
- 3. A basic digital basket: a laptop, a tablet and a low-cost connectivity plan**
- 4. Expansionary fiscal and monetary policies, both conventional and non-conventional**
- 5. International solidarity: debt relief for the Caribbean and debt service relief for Central America /FACE initiative/extension of DSSI**
- 6. Recovery plans based on investment, employment and environmental sustainability**
- 7. Political and fiscal compacts for universal, progressive and redistributive social protection.**

Building a new future: planning for growth with equality and sustainability

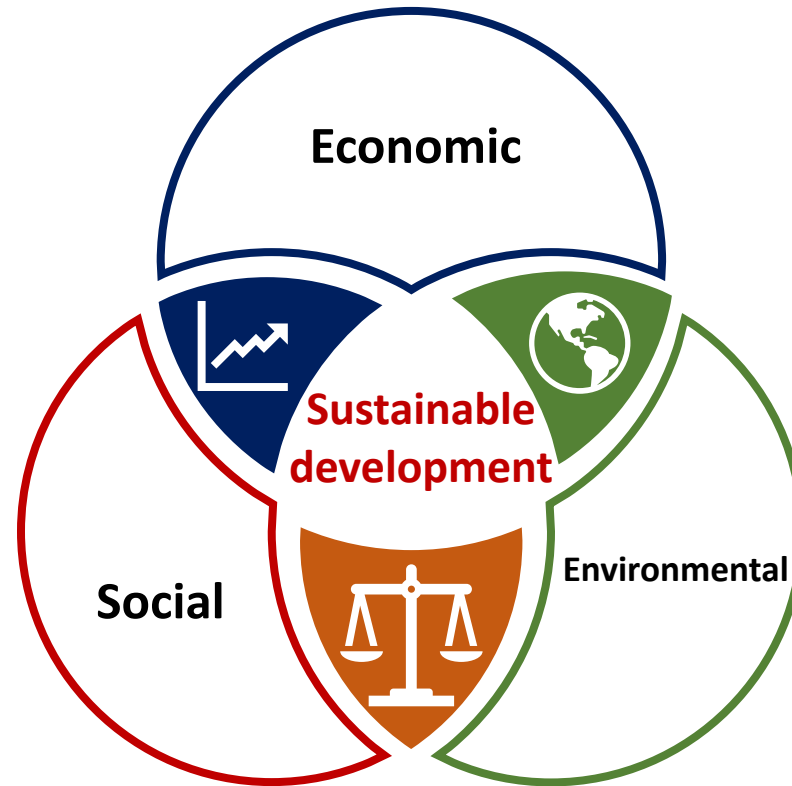
The dimensions of sustainable development require planning and coordination

Economic

The rate that is compatible with the external equilibrium

Social

The rate that is needed to achieve equality



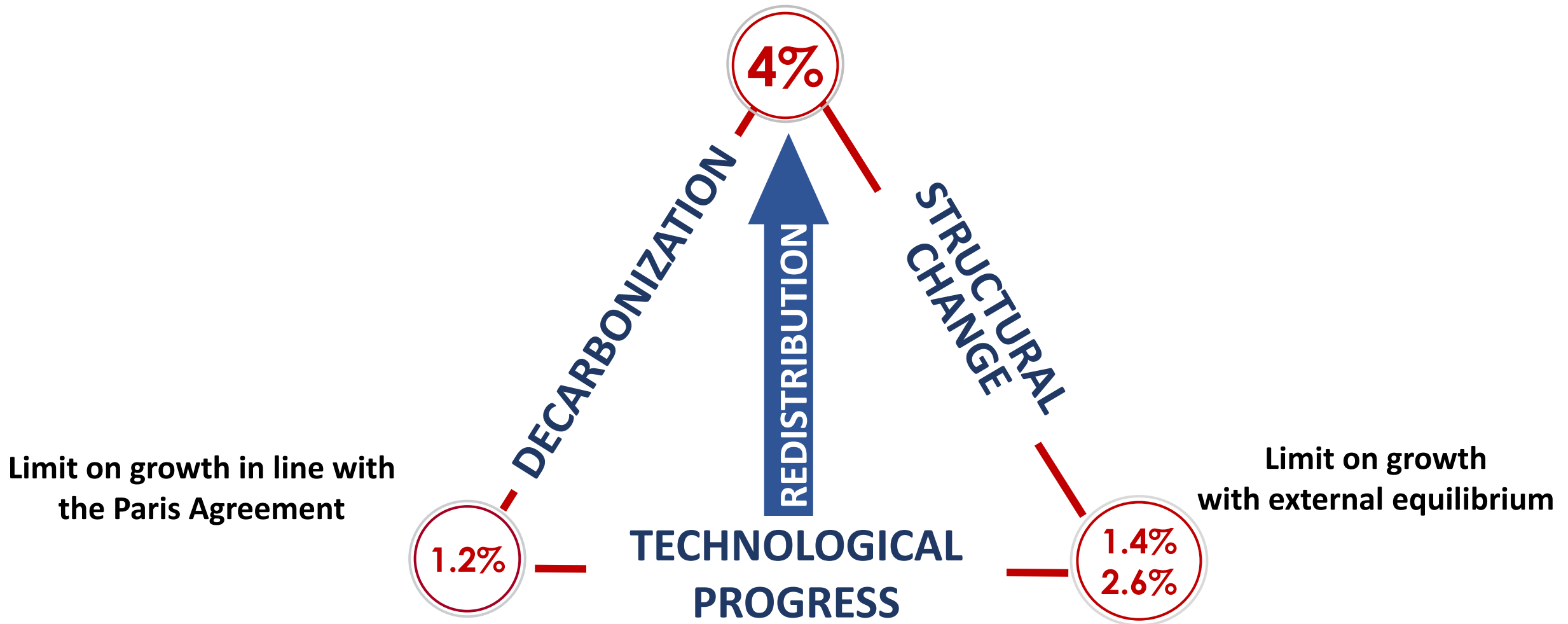
Environmental

The rate that is compatible with planetary equilibrium and the environment

Interaction between the economic, social and environmental dimensions means that the three crises must be considered jointly, as must their solutions

Planning requires industrial, environmental and social policies that act in unison

Minimum target for growth with equality



The big push for sustainability entails investment in seven sectors that drive economies

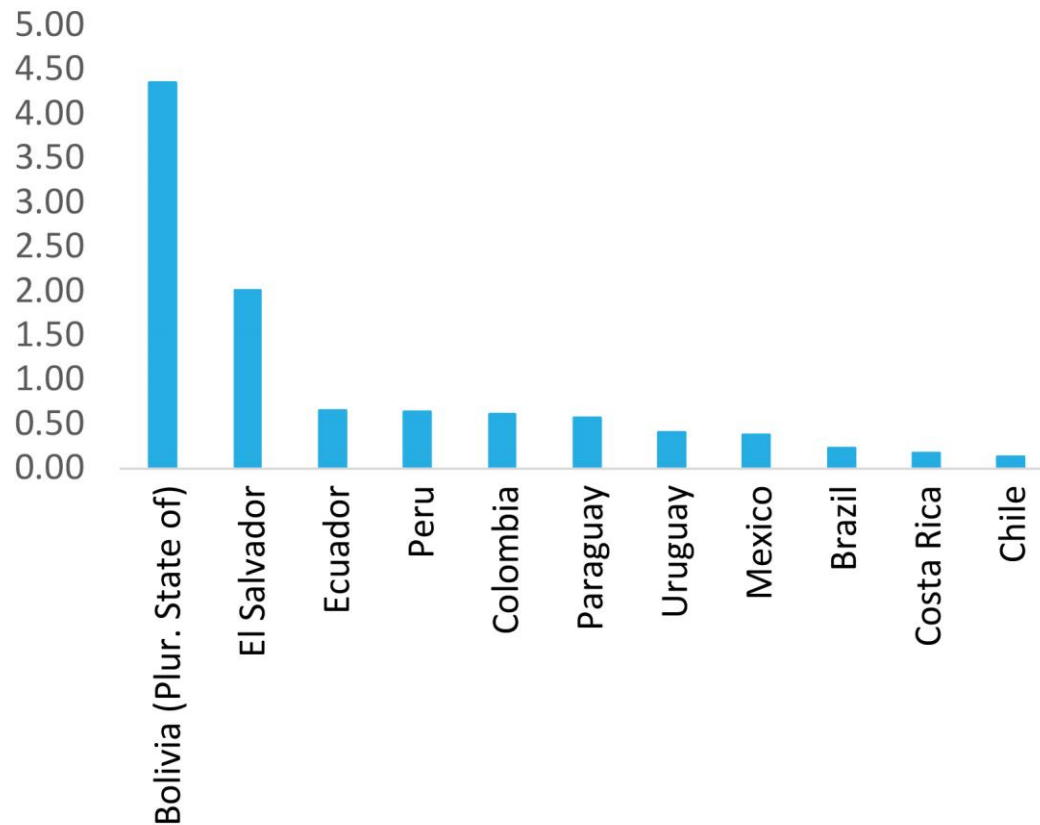
They play a strategic role in closing structural gaps, because they promote technological change, create jobs and reduce the external constraint and the environmental footprint

- Transformation of the energy matrix, based on renewable energy
- Sustainable mobility and urban spaces
- The digital revolution for sustainability
- The health-care manufacturing industry
- The bioeconomy: sustainable development based on biological resources and natural ecosystems
- The circular economy
- Sustainable tourism

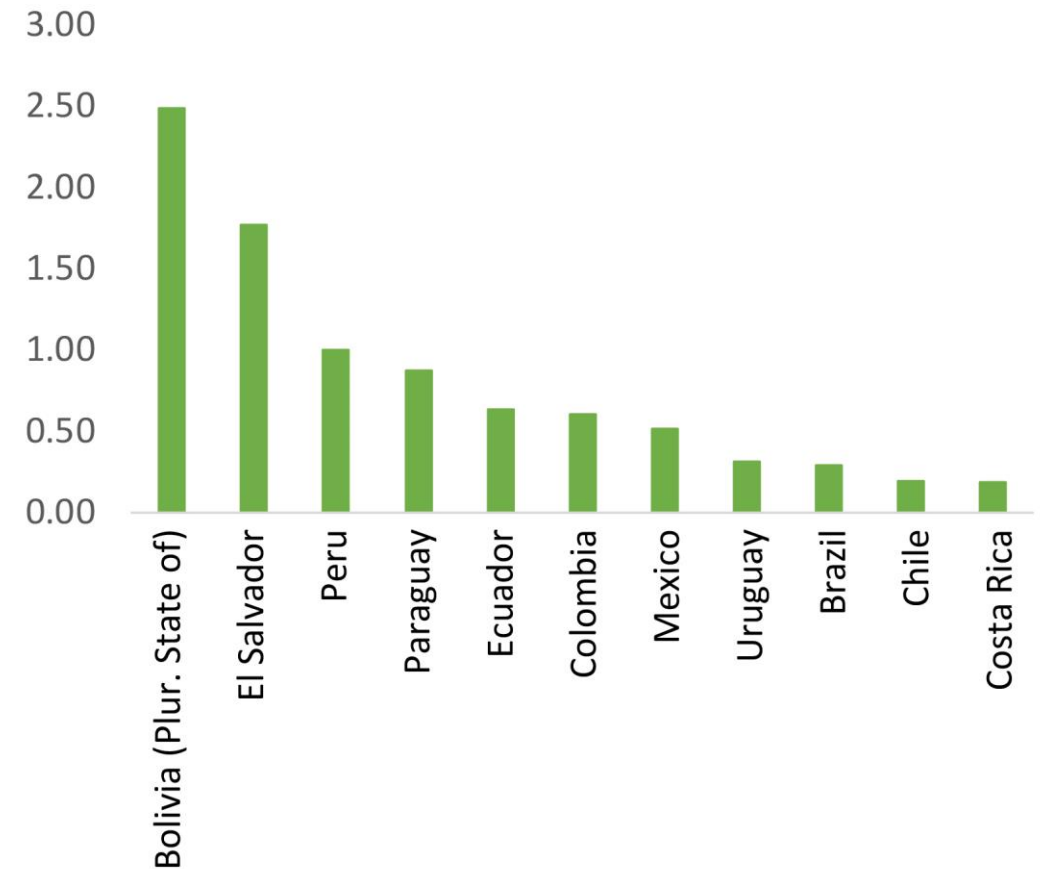


Guaranteeing affordable digital access would cost around 1% of GDP for most countries

Latin America: monthly cost of connecting offline households
(Percentages of monthly GDP)



Latin America: annual cost of ICT devices for offline households, 2019
(Percentages of annual GDP)



Source: Regional Broadband Observatory (ORBA) of the Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of information from the Household Survey Data Bank (BADEHOG), the World Bank and Internet providers' websites

Source: Regional Broadband Observatory (ORBA) of the Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of information from the Household Survey Data Bank (BADEHOG) and the World Bank

Two examples of investment with sustainability and employment: renewable energy and the circular economy

Electricity

- Decarbonize the electricity matrix from 12% to 40%, at an annual cost of 1.35% of GDP, reducing accumulated CO2 emissions by 30%
- Could create **7 million jobs** between 2020 and 2032
- Synergies between solar, wind and geothermal energy

The circular economy

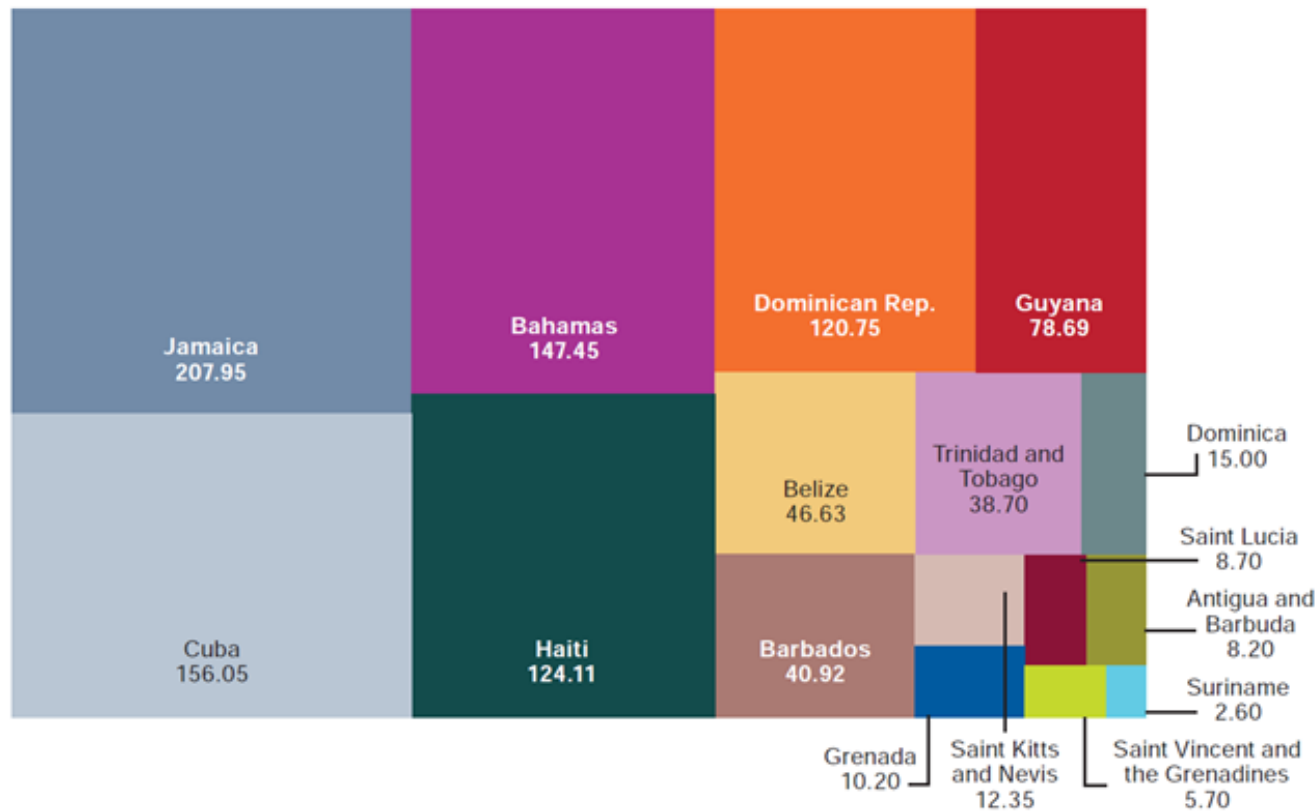
- Increase recycling rates and the number of materials that are recycled
- Develop activities that are related to the circular economy, based on local production chains and waste management and recycling
- Could **create up to 450,000 stable jobs** and **increase regional GDP by 0.35%**

Resilience planning: a priority for the Caribbean

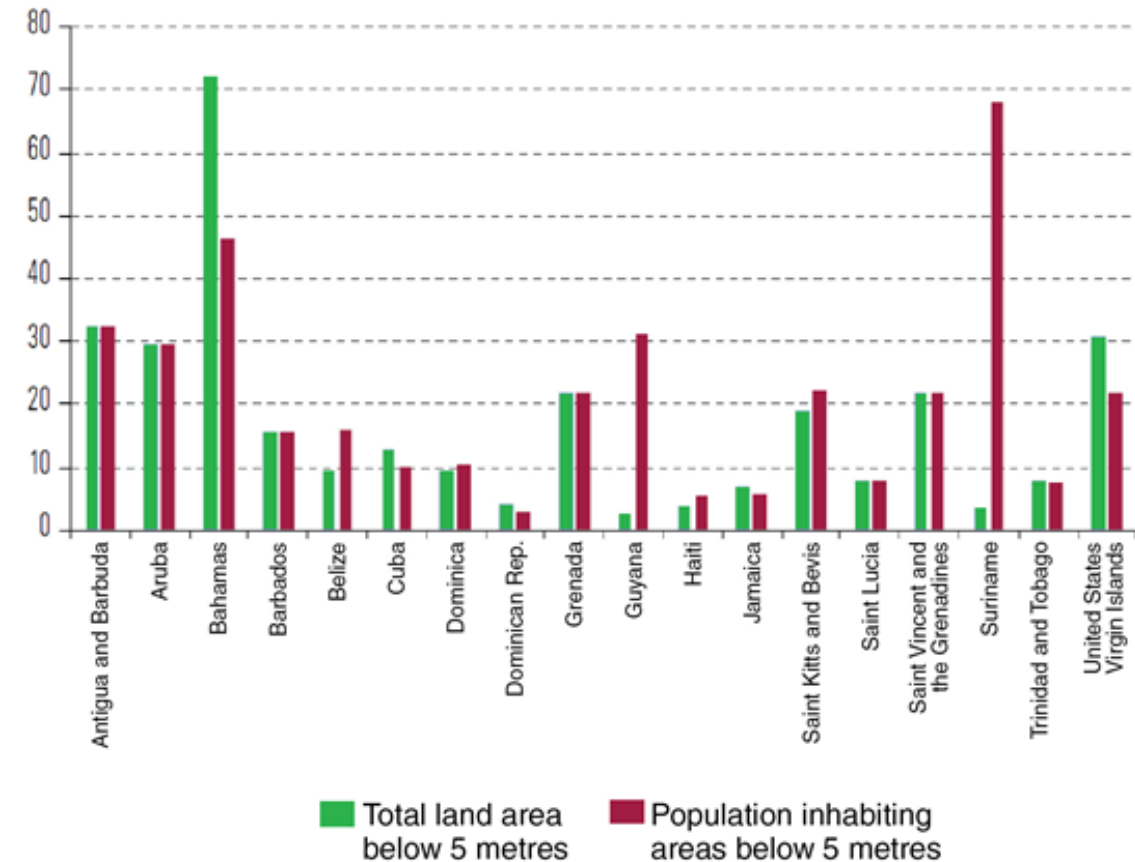
- 1. Risk evaluation and disaster management**
- 2. Climate change adaptation projects, including infrastructure, coastal settlements, settlements that are tourist destinations, mangrove restoration, fisheries and aquaculture**
- 3. Economic diversification beyond tourism and production of goods, strengthen food security through regional and local value chains**
- 4. Expand access to broadband connections and use of digital platforms for education and communication**
- 5. Economic resilience: access to concessional funds, relief and debt management with fiscal sustainability**

Caribbean cities: close to the sea in most cases and large proportion of the population lives within 5 metres from sea level

The Caribbean: urban coastline
(Kilometres)



The Caribbean: land area below 5 metres, and percentage of population inhabiting areas below 5 metres
(Percentages)



Source: M. Mycoo and M. Donovan, A Blue Urban Agenda: Adapting to Climate Change in the Coastal Cities of Caribbean and Pacific Small Island Developing States, Washington. D.C., Inter-American Development Bank (IDB), 2017.

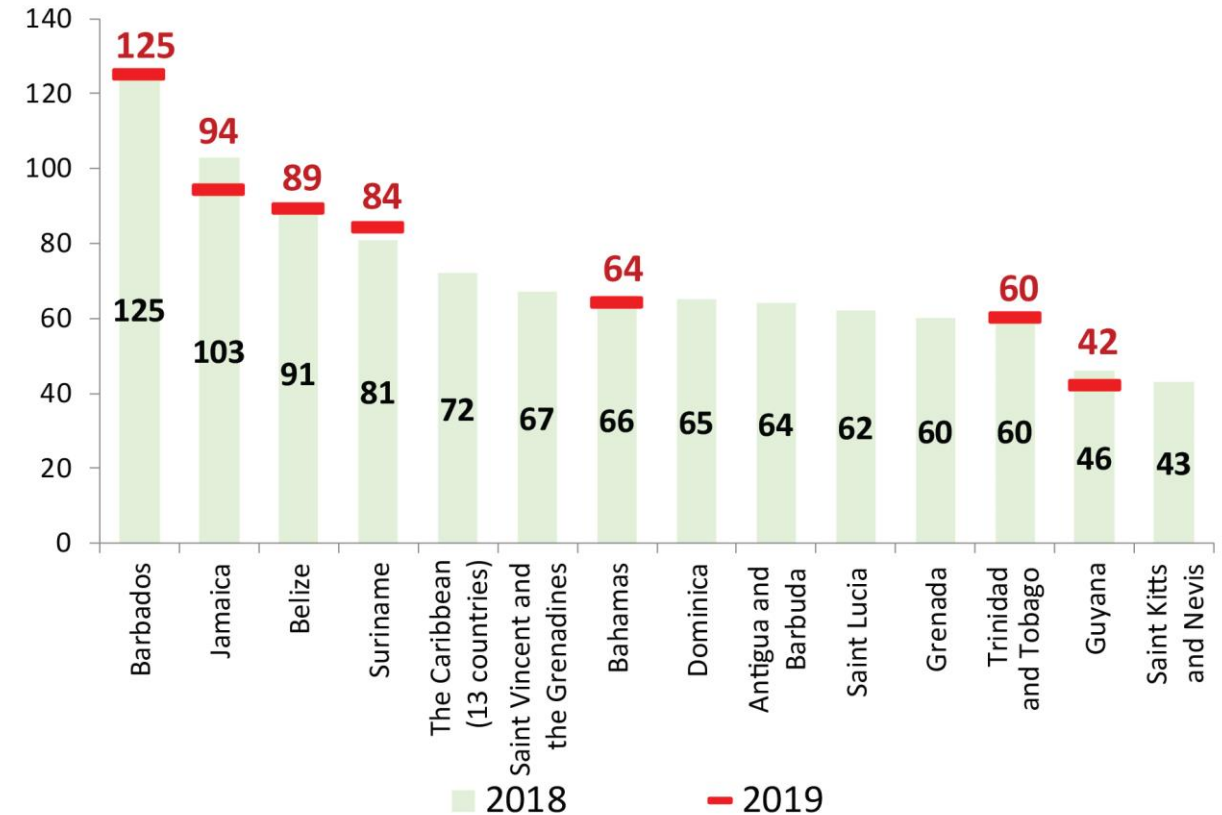
Source: United Nations Human Settlements Programme (UN-Habitat), Urbanization and Climate Change in Small Island Developing States, Nairobi, 2015.

In the Caribbean, the situation is exacerbated by the external debt problem and vulnerability to extreme hydrometeorological events

The proposal is debt relief for resilience:

1. Prevail upon creditors to acquire multilateral and bilateral debt at negotiated discount rates.
2. In the case of private creditors, a repurchase and debt swap mechanism would be applied.
3. The savings would be put into an investment for resilience fund.
4. The debt is rooted in external shocks exacerbated by extreme vulnerability to natural disasters.

The Caribbean (13 countries): gross central government public debt, 2018–2019
(Percentages of GDP)



Source: Figure III.25 in A. Bárcena and others, *The climate emergency in Latin America and the Caribbean: the path ahead – resignation or action?*, ECLAC Books, No. 160 (LC/PUB.2019/23-P), Santiago, Economic Commission for Latin America and the Caribbean (ECLAC), 2020.

Planning and coordinating medium- and long-term policies

FISCAL

**Progressive
taxation and
financing**

SOCIAL

**A new
well-being
and social
protection
system**

ENVIRONMENTAL

**Internalization of
environmental
externalities**

INDUSTRIAL

**Industrial and
technological
development**

INTEGRATION

**Regional
integration
and renewed
multilateralism**

A transformative recovery requires broader leadership and a new form of public management



- Leadership that places citizens at the centre.



- Helps to build transformative compacts.

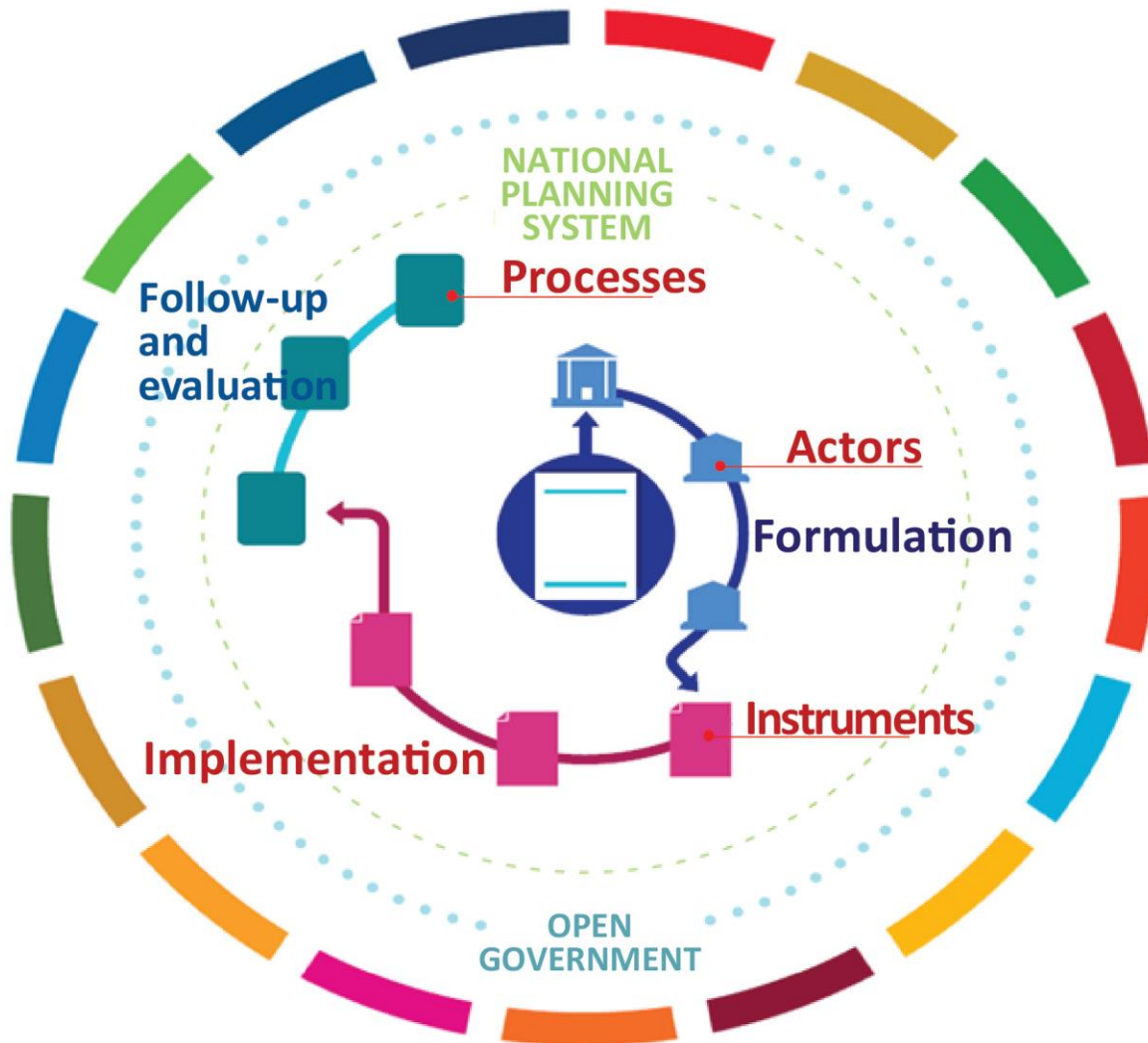


- Fosters collaborative public management.

Planning that generates synergies between businesses, policies and capacities

- The foundation of success: **combination of business strategies with public policies** which established **regulatory and incentive systems** that made **investment and development of human and business capacities** viable.
- The capacities developed in **national innovation systems** (businesses, universities and sectoral government bodies) played a crucial role in **knowledge transfer and innovation**, as shown in low-carbon agriculture and other activities linked to the bioeconomy.
- Take into account the **interlinkages and synergies between the sectors analysed**, for example, between digitization, progress towards non-conventional renewable energy sources and the development of electromobility, and urban management.

The Regional Observatory on Planning for Development in Latin America and the Caribbean: instrument and platform for planning and learning among countries



30 countries have a national instrument to guide development policies.

15 countries have a long-term planning instrument.

26 countries have created a coordination mechanism for the implementation of the 2030 Agenda.

30 of 37 planning instruments analysed include a consultation process in the formulation stage.



Regional Observatory on Planning for Development: Trends in national public investment systems in Latin America and the Caribbean

11 of the 16 countries analysed have short- and/or medium-term national public investment plans

4 of these plans are linked to the SDGs

The 16 countries analysed have a bank of projects, 7 of which are open to the public

15 of the 16 countries analysed have ex ante project formulation and evaluation methodologies while 4 follow ex post evaluation methodologies

In 7 of the 16 countries analysed, the planning authority guides the Network of National Public Investment Systems (SNIP)



Regional Observatory on Planning for Development: The commitments of **Open Government** action plans focus on themes that include all powers of the State



Challenges for the fifth generation of Open Government plans: more commitments on gender equality, data and privacy, Internet access and oversight, artificial intelligence, ethics and open algorithms, control of disinformation and fake news



Regional Observatory on Planning for Development: Territorialization modalities of the 2030 Agenda in the countries of the region



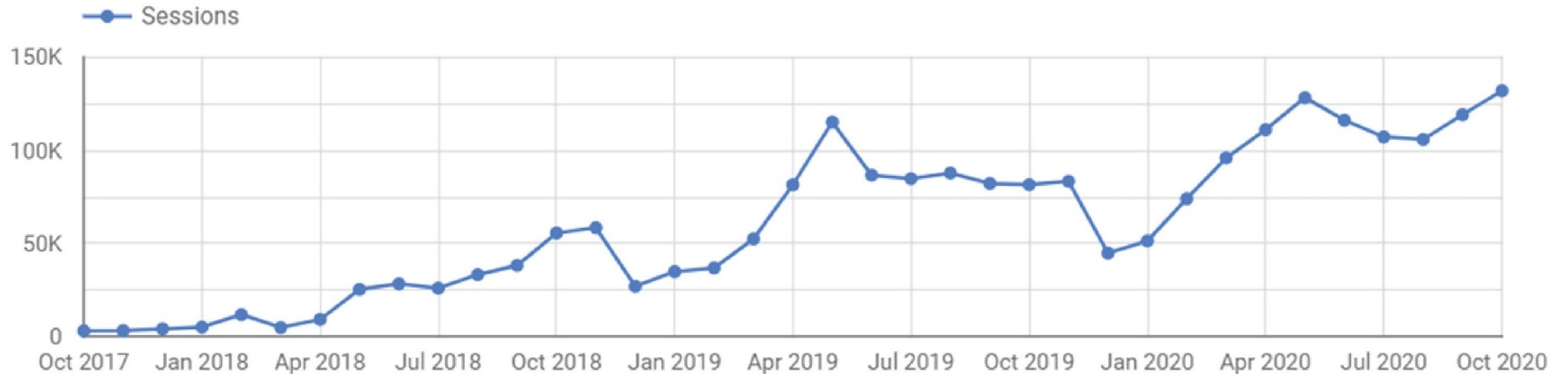


Importance of the Observatory in the region

Basic website data

Sessions	Users	Pageviews	Pages / Session	Avg. Session Duration	Bounce Rate
2,247,272	1,705,063	3,811,428	1.7	00:02:14	63.0%
↑ 108.6%	↑ 107.3%	↑ 100.5%	↓ -3.9%	↓ -4.3%	↑ 1.4%

Website session trends



ILPES — 58 years contributing to capacity-strengthening in the region

- In planning and public management to close structural gaps: foresight, strategic planning, public leadership, open government, results-based management, public investment and evaluation of public investment policies and projects, among other things.
- Three modalities that create feedback loops: technical cooperation, applied research and training, with the aim of learning in-person and remotely.
- Bringing together agents (academia, governments, civil society, think tanks, businesses).
- Comparative approach for each economic, social and environmental process carried out by the countries.
- Incorporating ICTs and distance-learning platforms and resources such as expert networks and ECLAC observatories.

THANK YOU