

Challenges for fiscal policy in the region



XXXIII REGIONAL SEMINAR ON FISCAL POLICY

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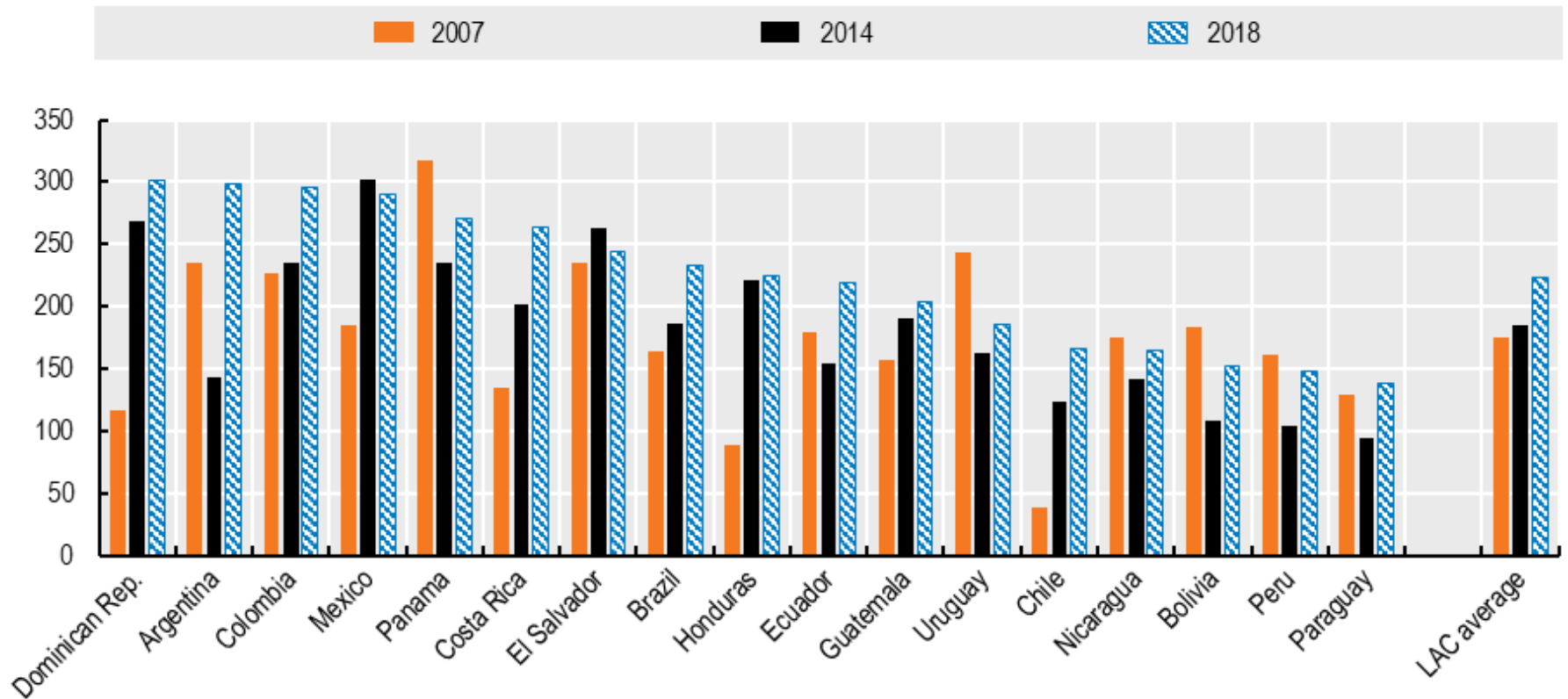
Head of the Latin America and the Caribbean Unit
OECD Development Centre

ECLAC, 22 April 2021



LAC countries faced the Covid-19 crisis in a weaker position than the 2008 financial crisis

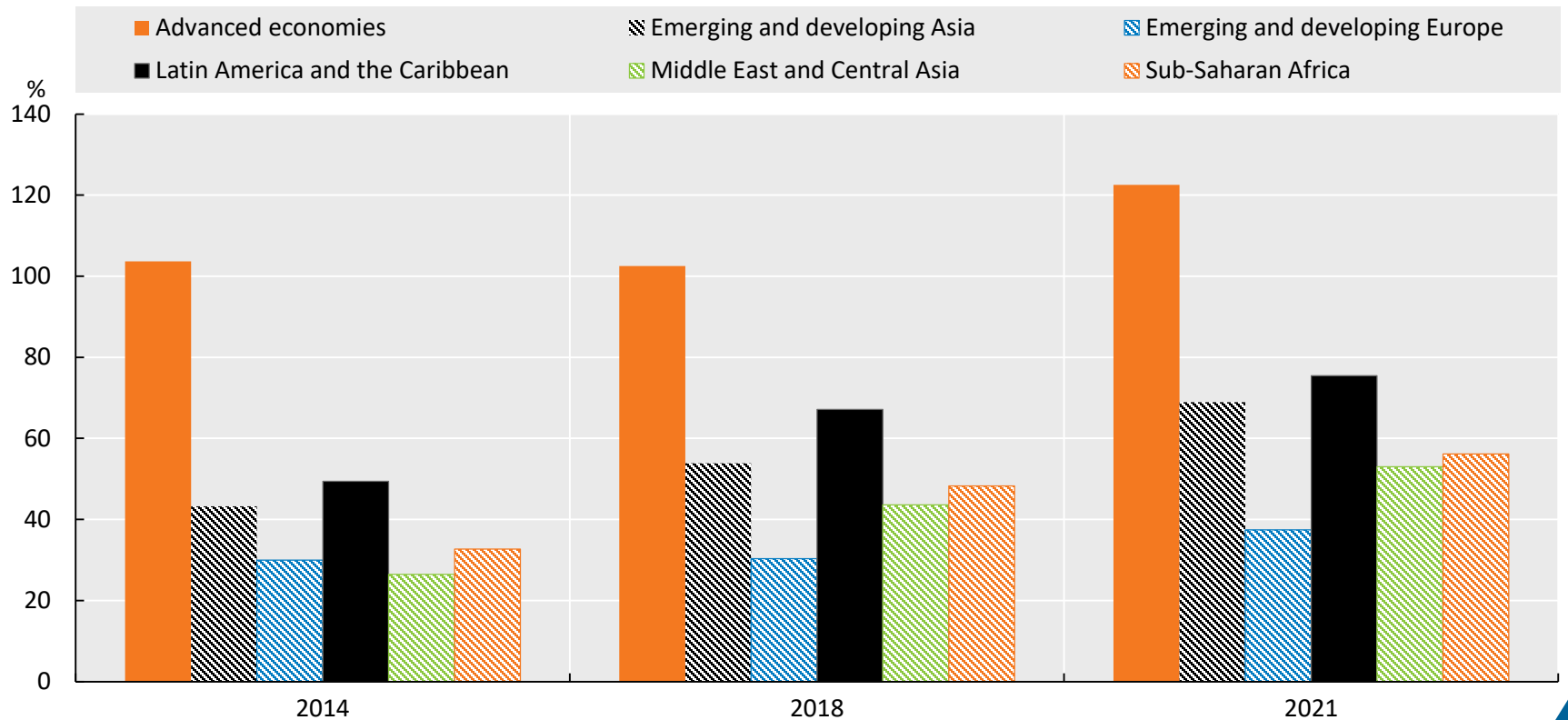
Debt-to-tax ratio (gross public debt) in selected Latin American countries





Public debt has been on the rise since 2014, accentuated due to the Covid-19 crisis

General government gross debt by regions (% GDP)

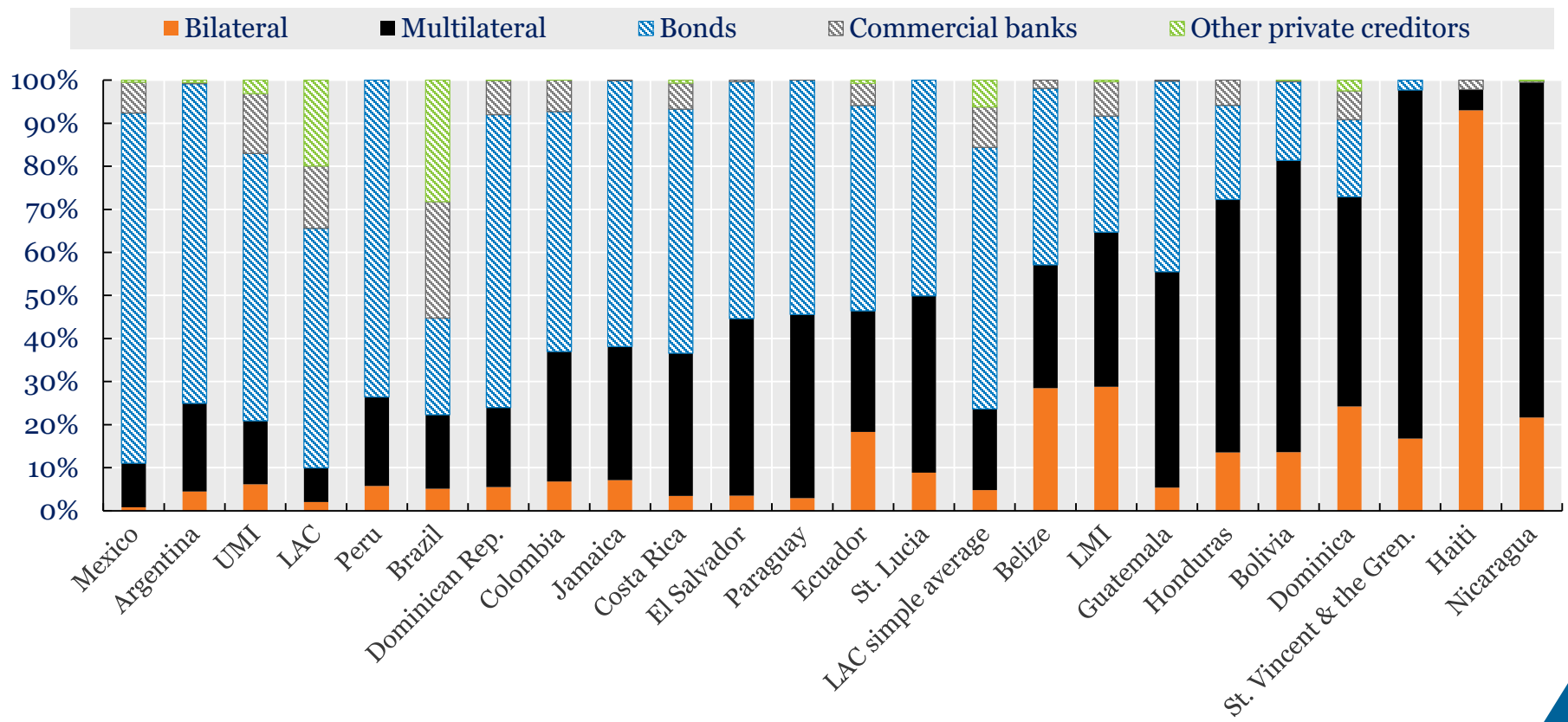


Source: Based on IMF (2021), World Economic Outlook, FMI, database, April 2021



Covid-19 related fiscal needs call for a global co-ordination on public debt management

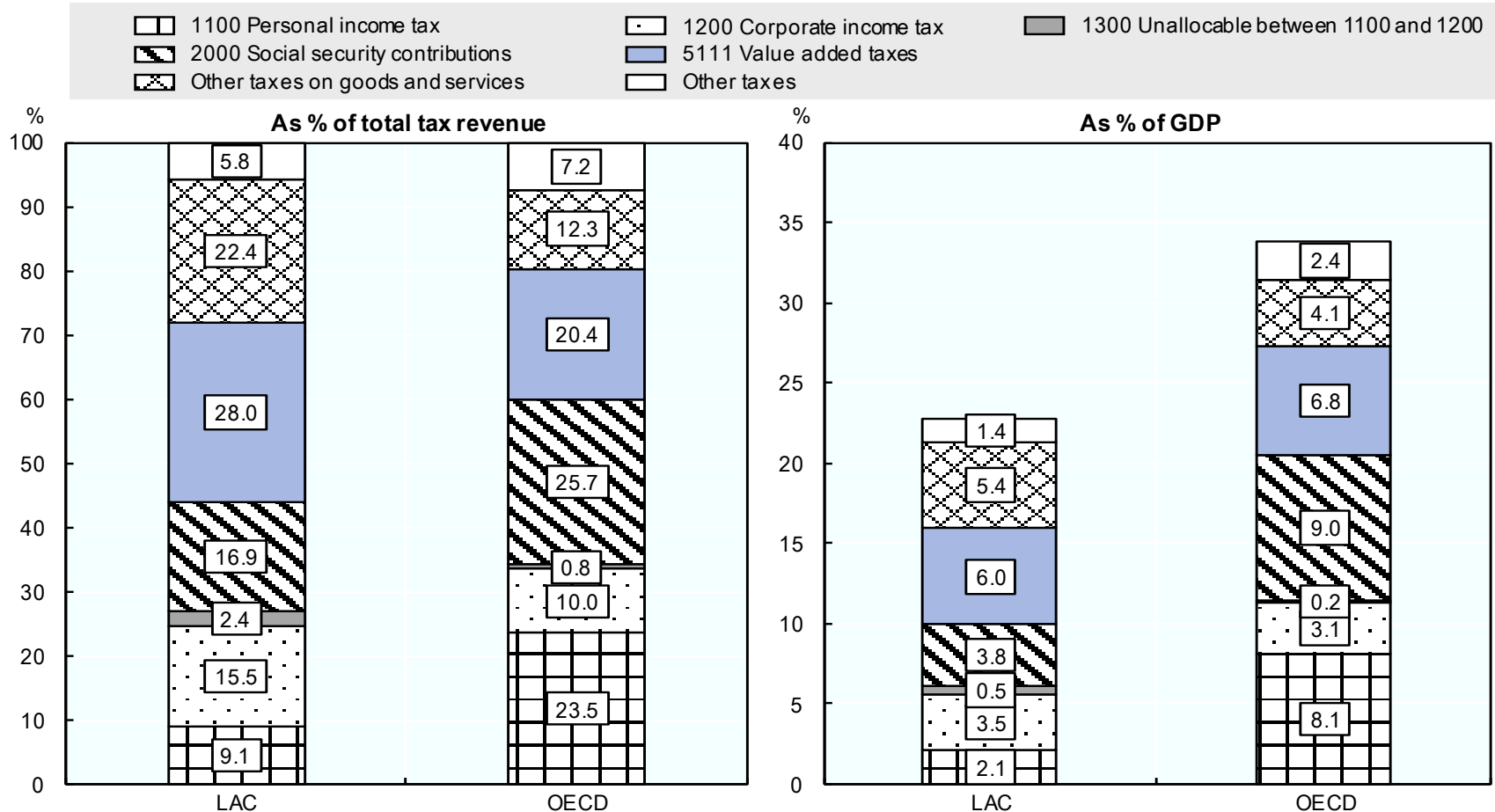
External public debt stock by creditor (public and private) in selected Latin American and Caribbean countries, 2019





At the national level, fiscal actions must be done under a well-defined sequence of policies

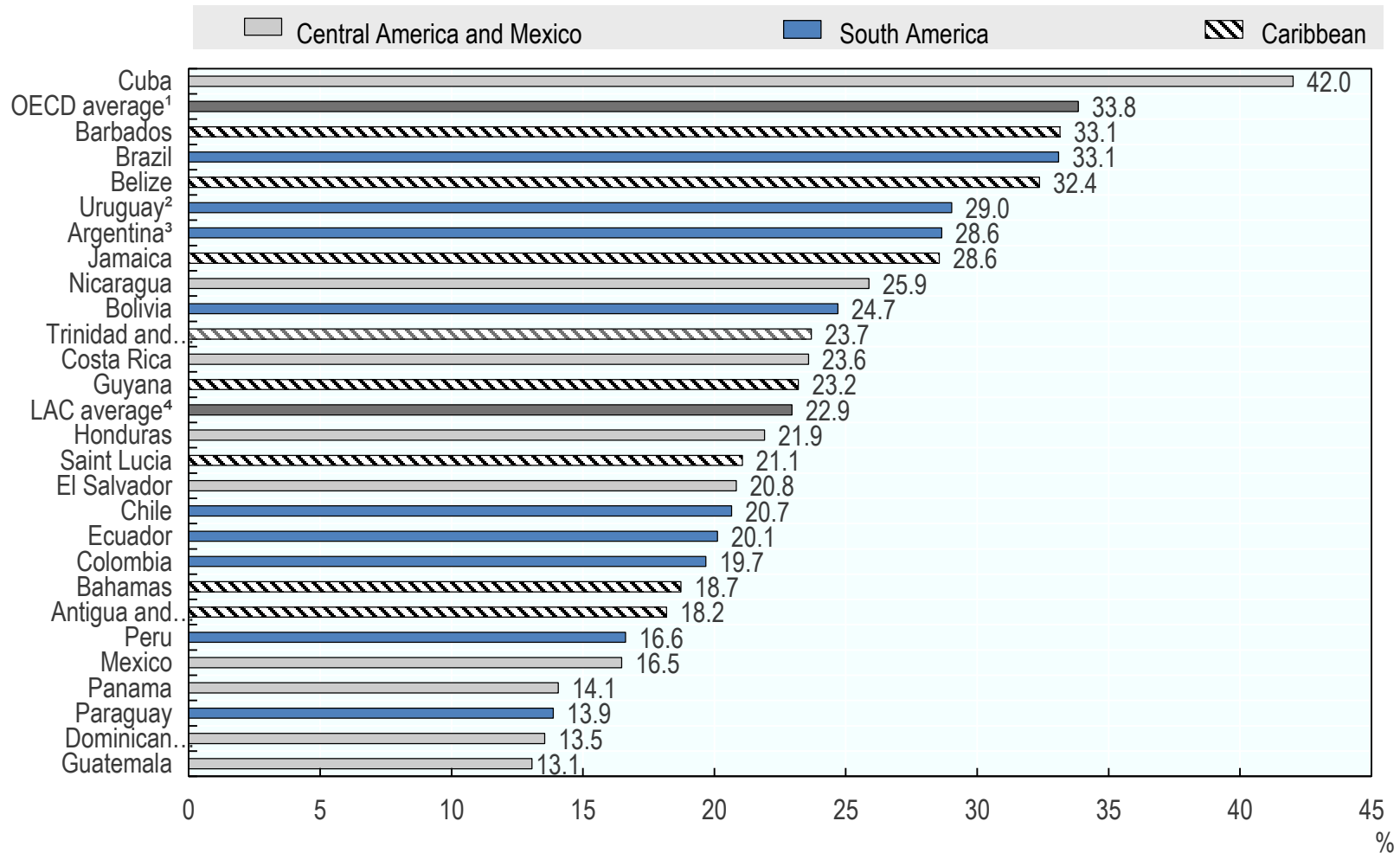
Average tax structure in the LAC region and sub-regions, 2019





Keeping in mind the heterogeneity of the region, both in levels

Tax-to-GDP ratios in the LAC region, 2019

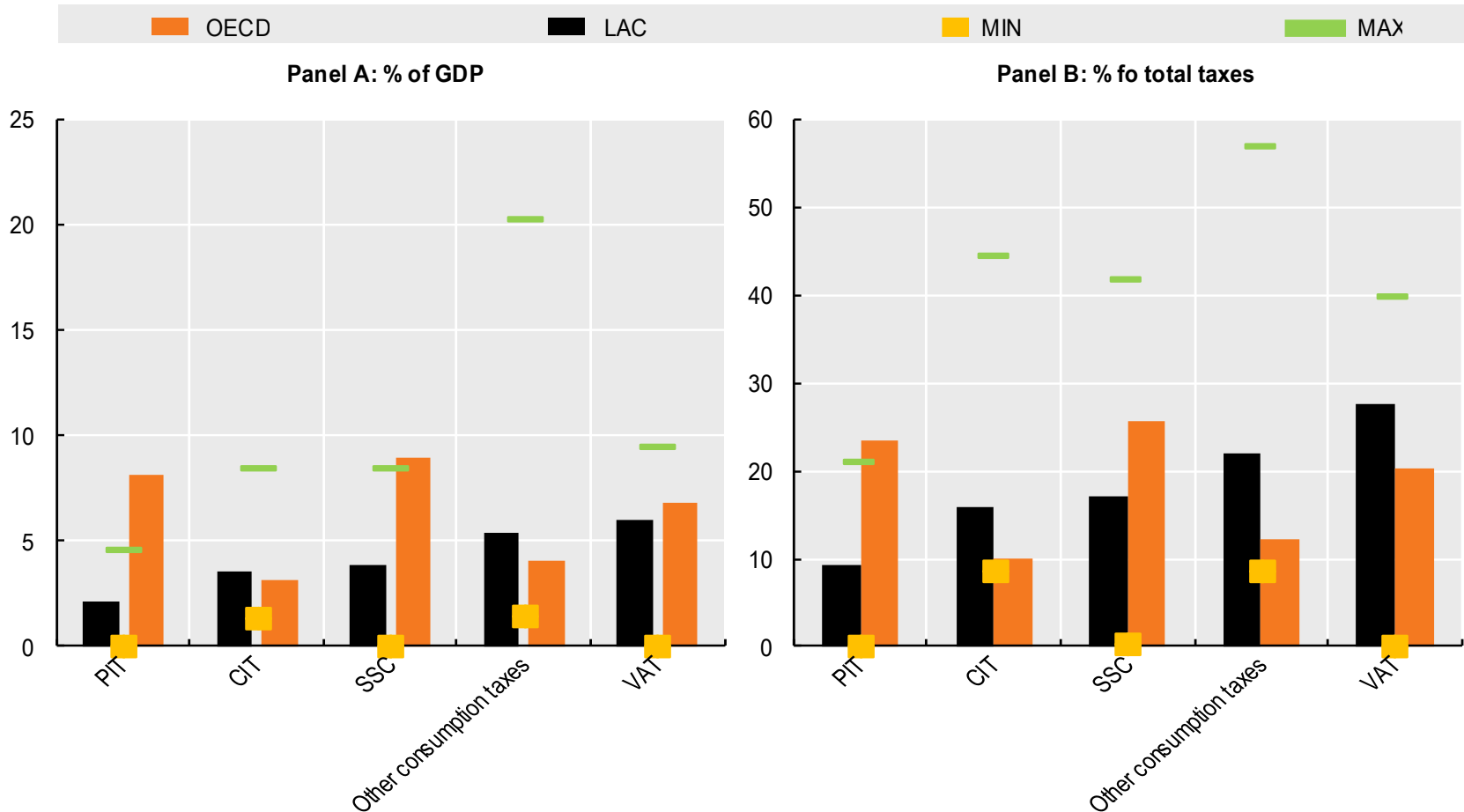


Source: OECD/ECLAC/CIAT/IDB (2021), Revenue Statistics in Latin America and the Caribbean 2021, <https://doi.org/10.1787/96ce5287-en-es>



And in structure. But in all countries actions could be done in the Personal Income Tax (PIT)

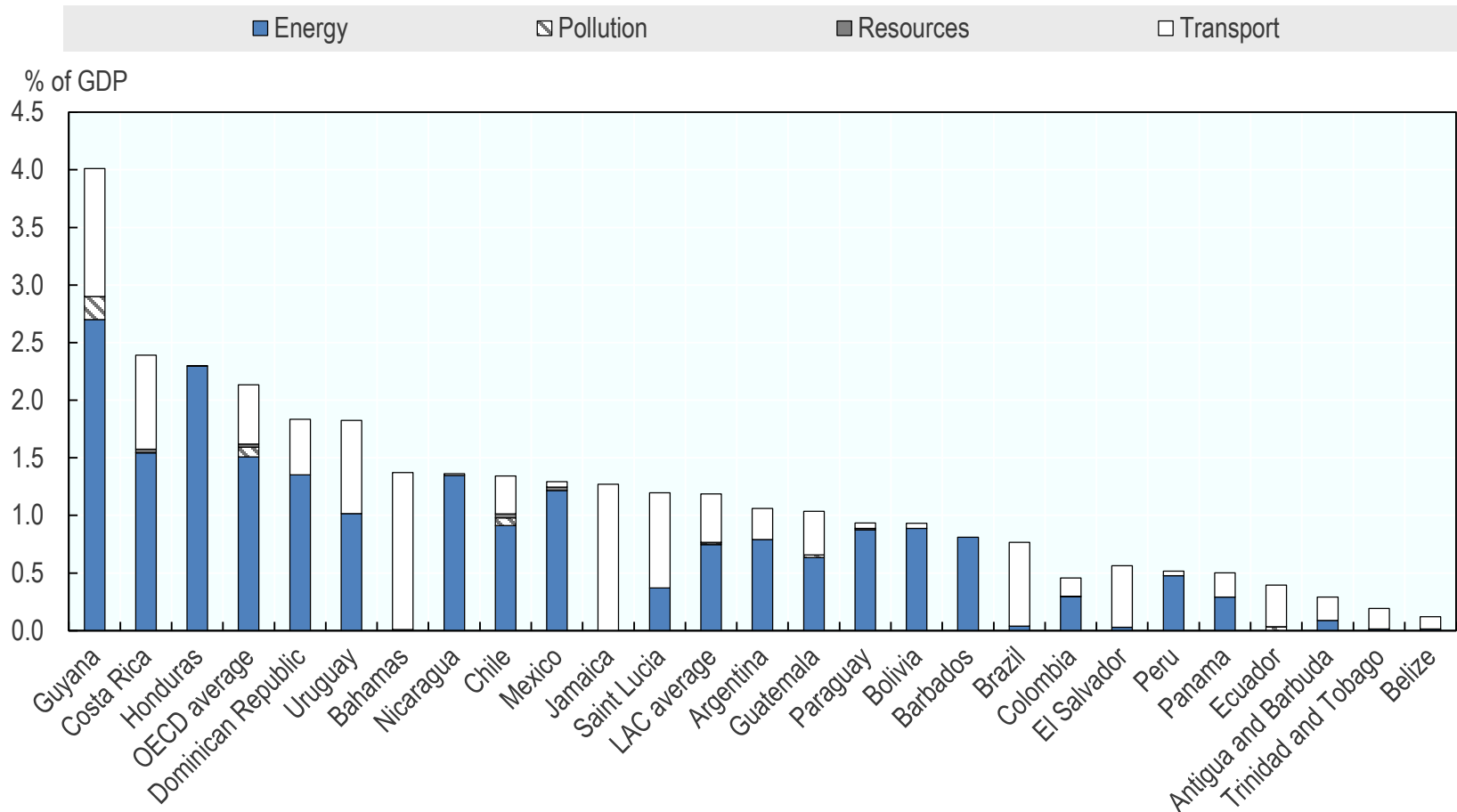
Maximum and minimum for key taxes





And benefiting from new sources of revenues as environmental-related taxes

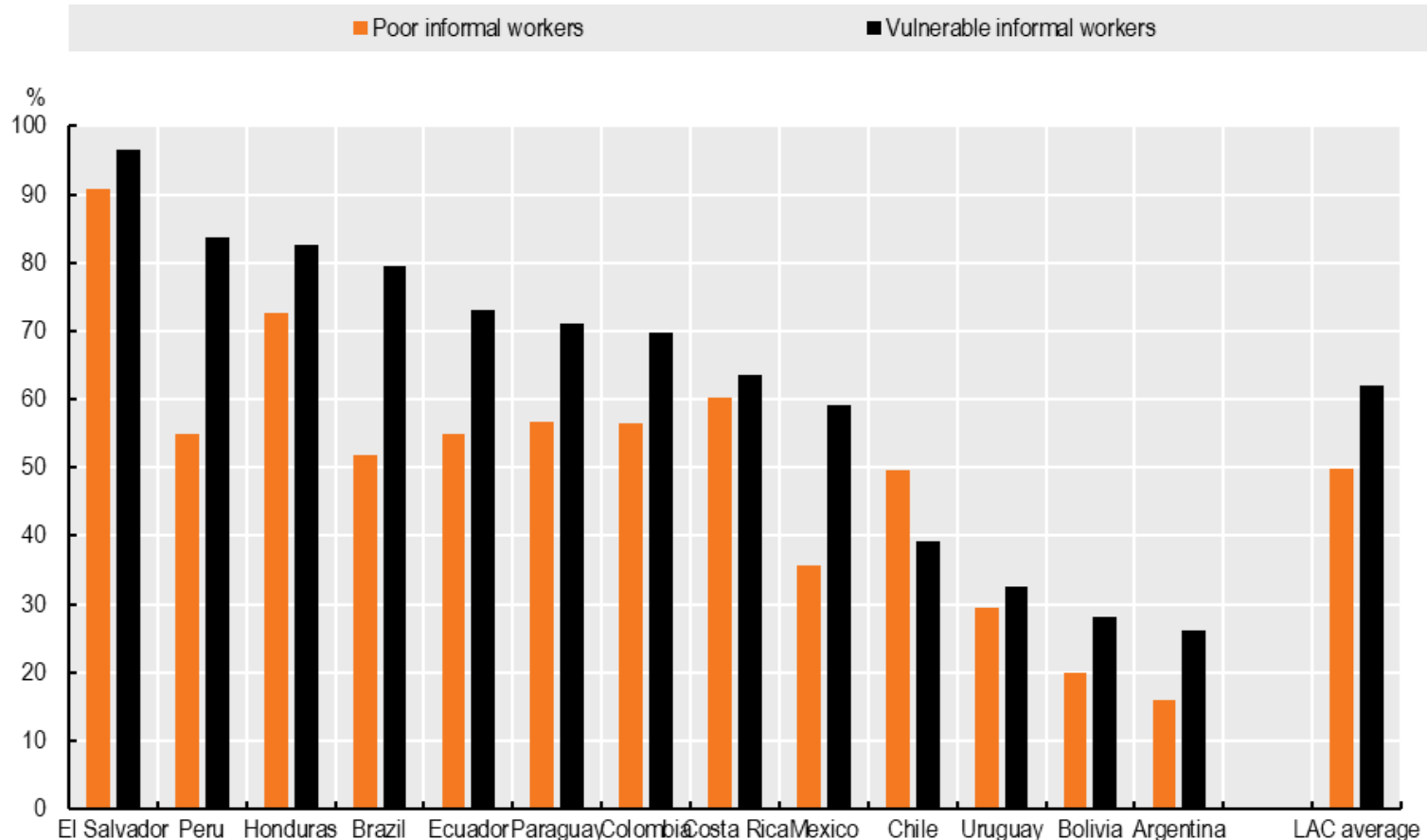
Environmentally related tax revenue in LAC countries by main tax base, 2019





The region needs to continue targeting expenditures to vulnerable households and to create incentives to formalize workers

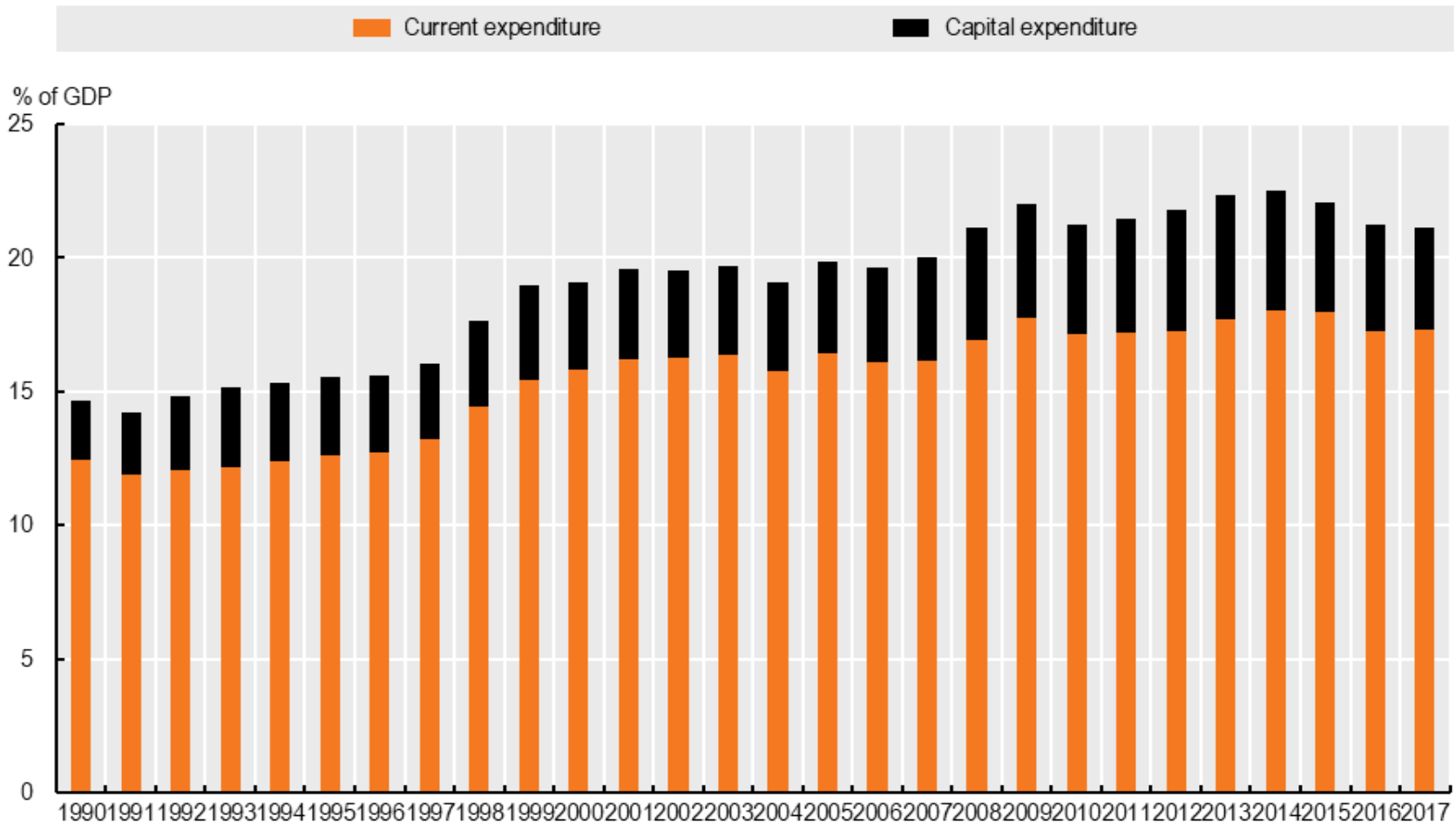
Percentage of informal workers not covered by social assistance programs, selected LAC countries, data from 2018 or latest available year





Important to improve the balance between current and capital spending. Investment is key for the recovery

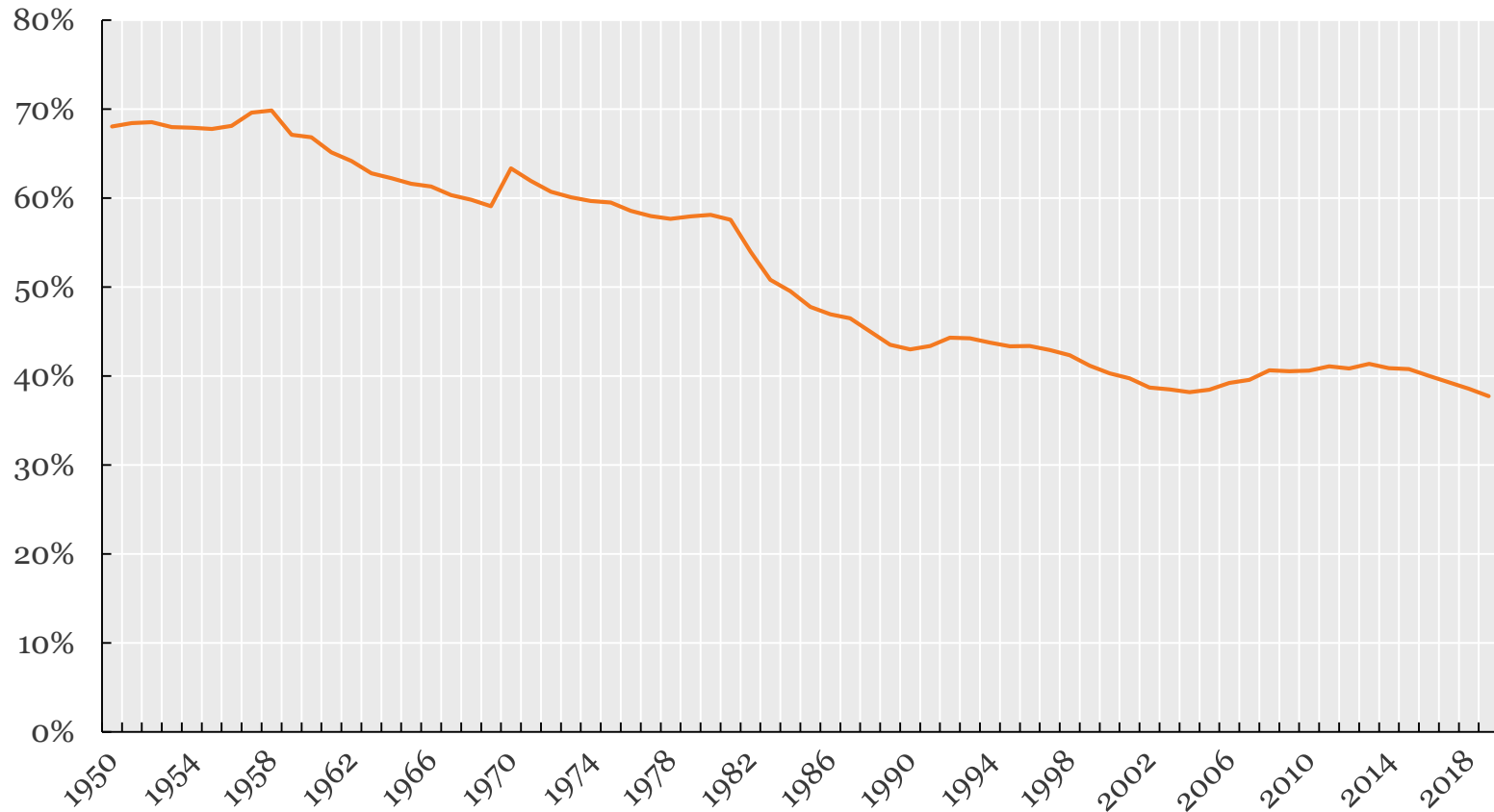
Central government current and capital expenditure





Fiscal reforms at the center of a productive transformation strategy to create formal jobs

LAC Labour productivity as a % of the OECD



Thank you!



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