
RETHINKING THE FUTURE OF LATIN AMERICA AND THE CARIBBEAN

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Vicepresident

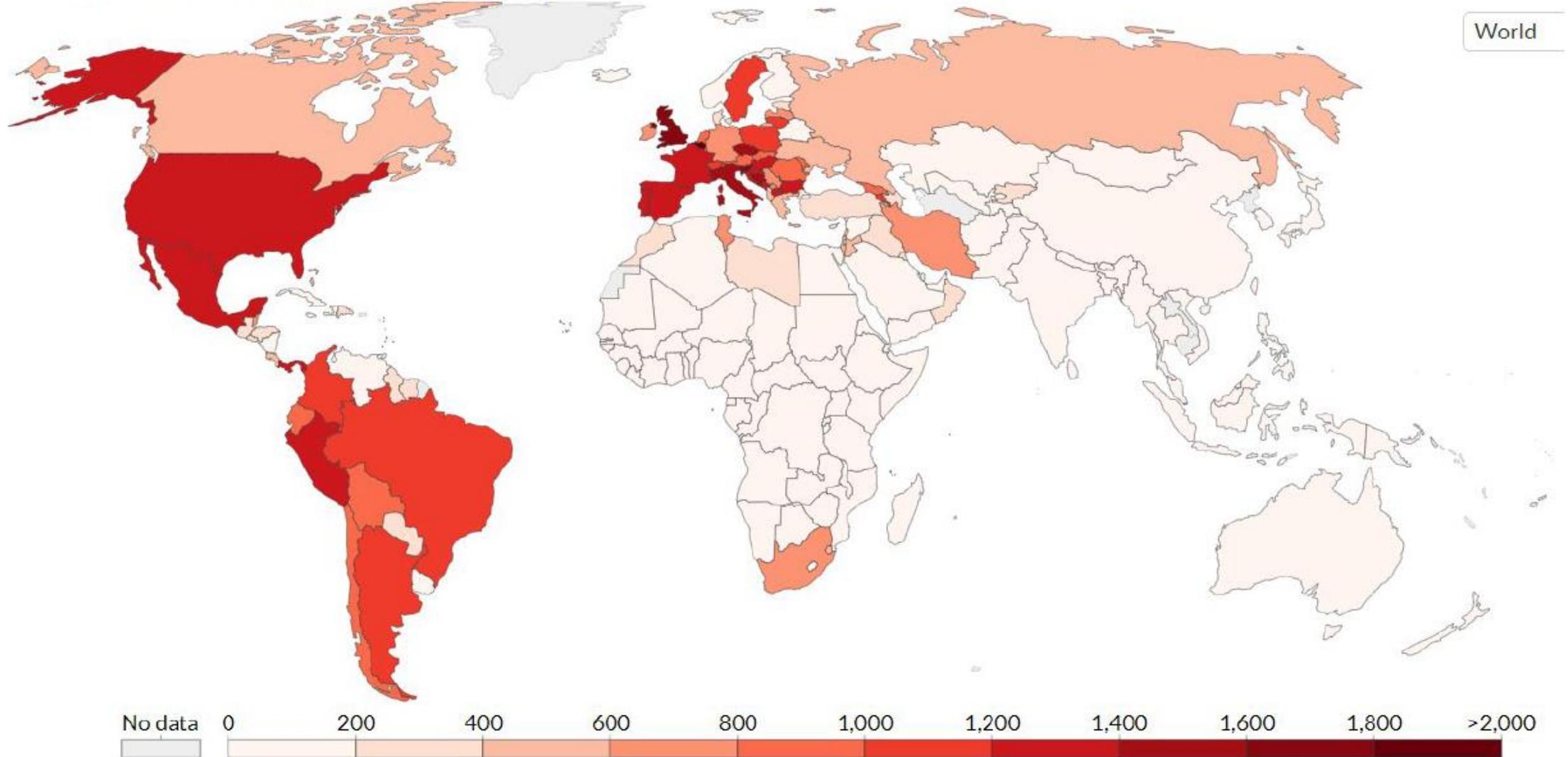
Latin America and the Caribbean

The World Bank

February 2021

Among the most affected regions in the world

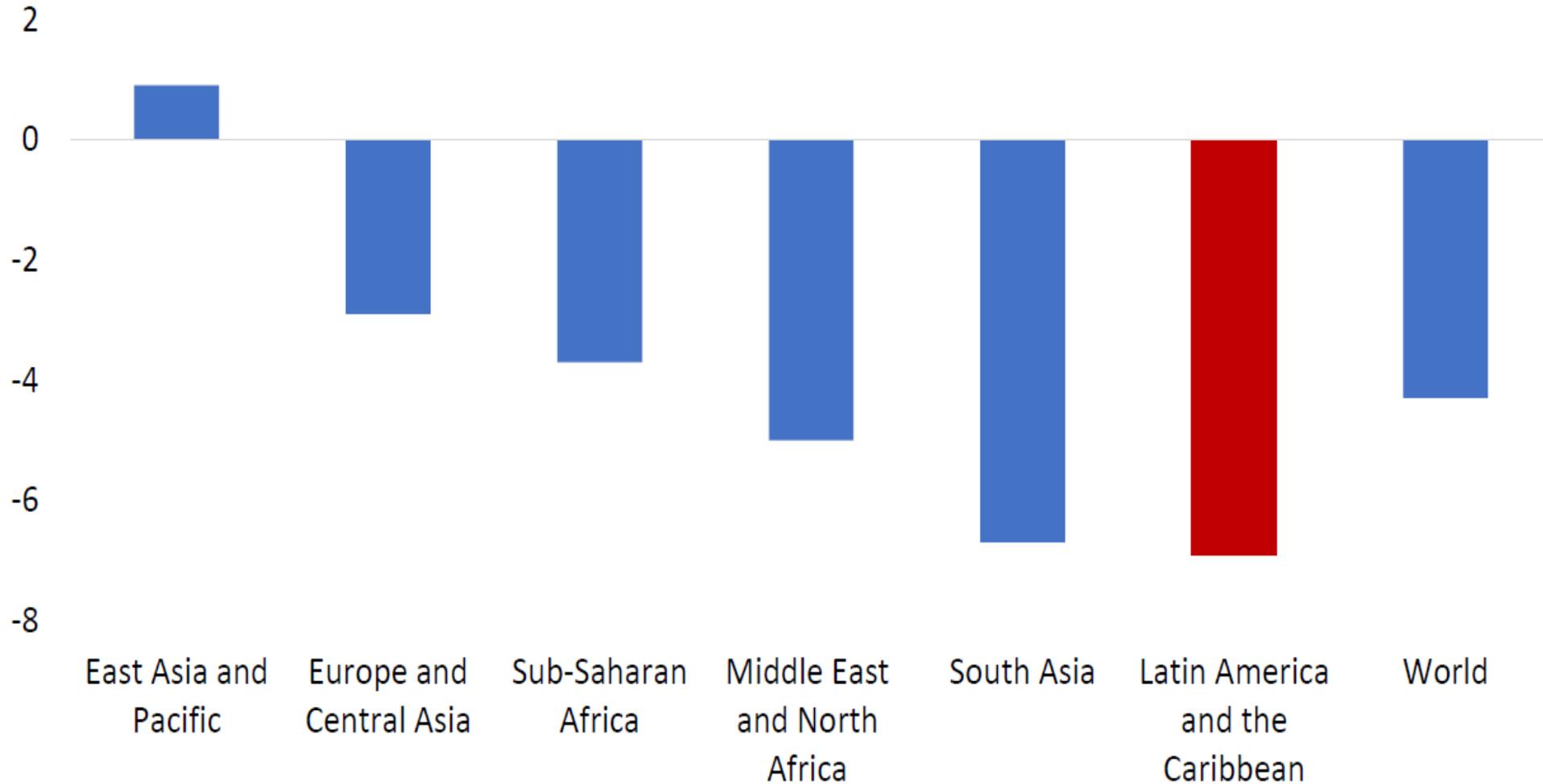
Covid-19 deaths (per million people)



Source: Our World in Data.

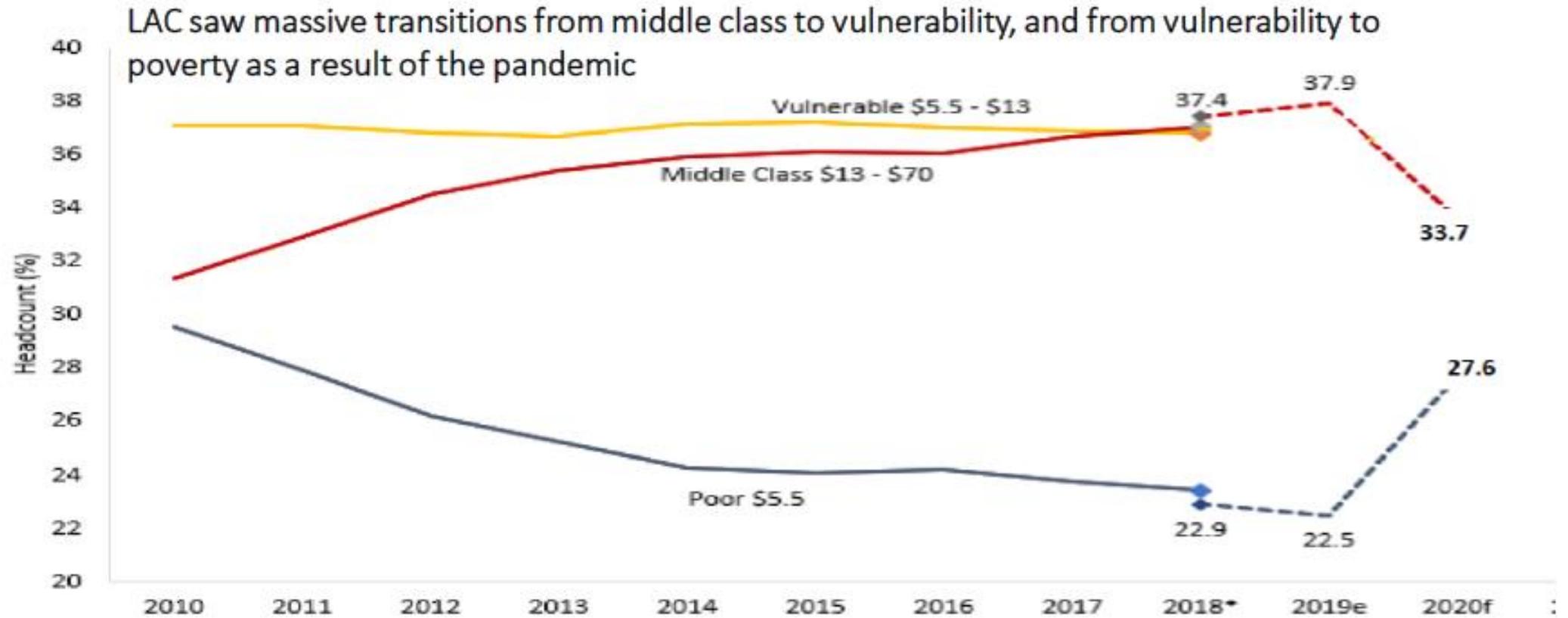
The worst economic performance in the developing world

GDP growth rate in 2020e (percent)



Source: World Bank.

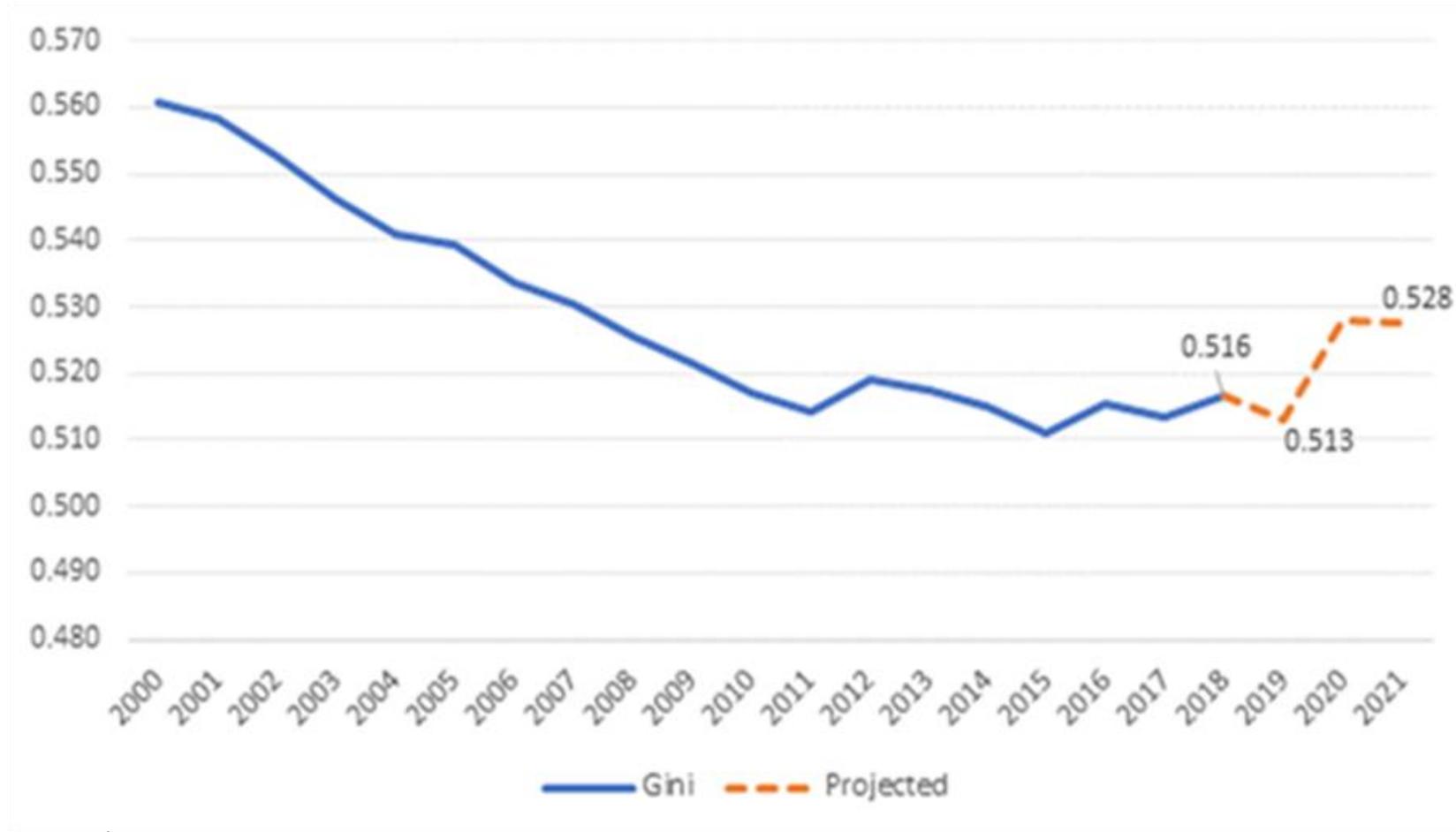
Over 30 million new poor



Note: Preliminary numbers.

Source: World Bank SEDLAC (CEDLAS and World Bank LAC Equity Lab).

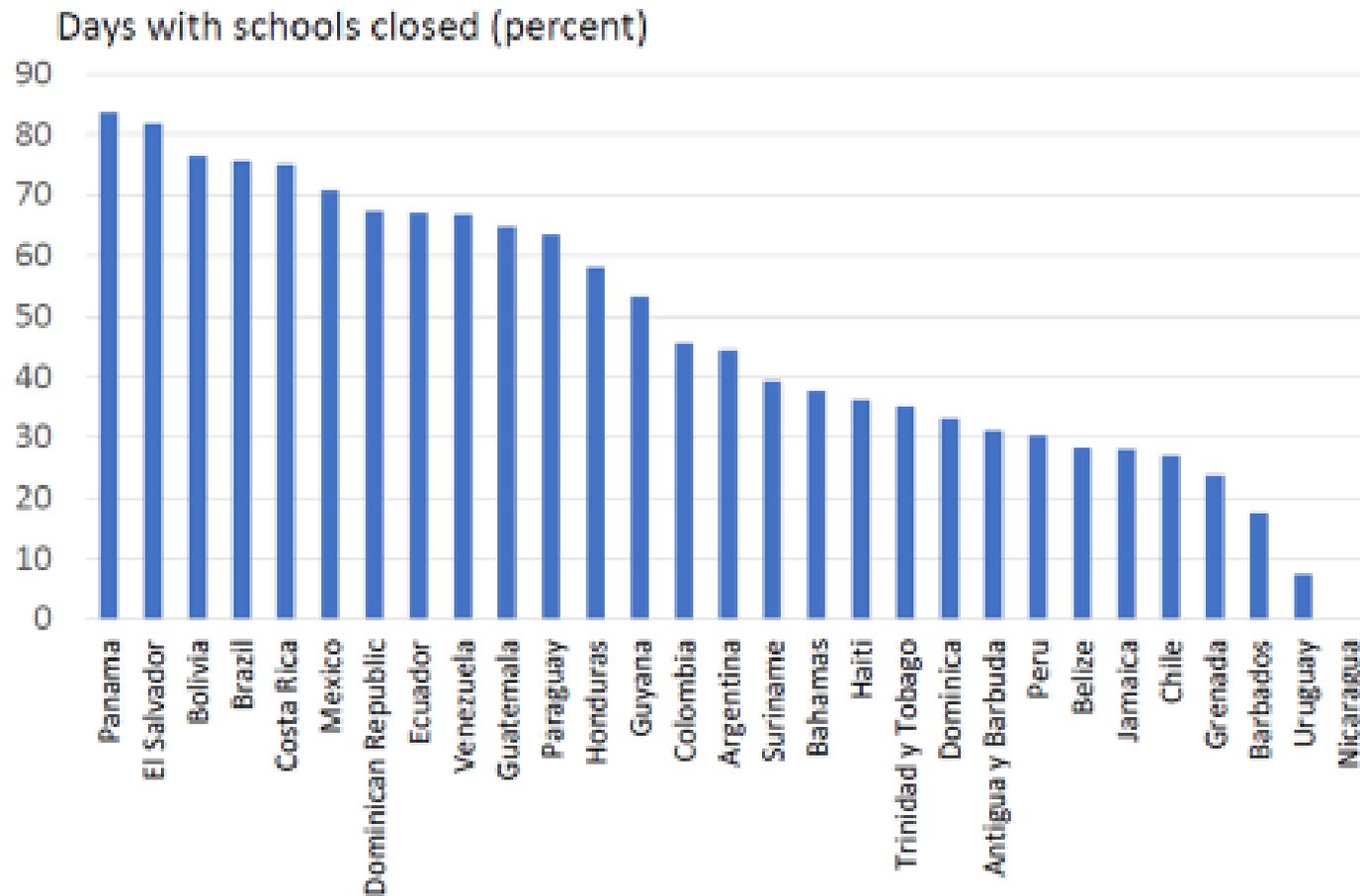
Rising inequality in the most unequal region in the world



Note: Preliminary numbers.

Source: World Bank SEDLAC (CEDLAS and World Bank LAC Equity Lab).

Pervasive school closures undermine learning

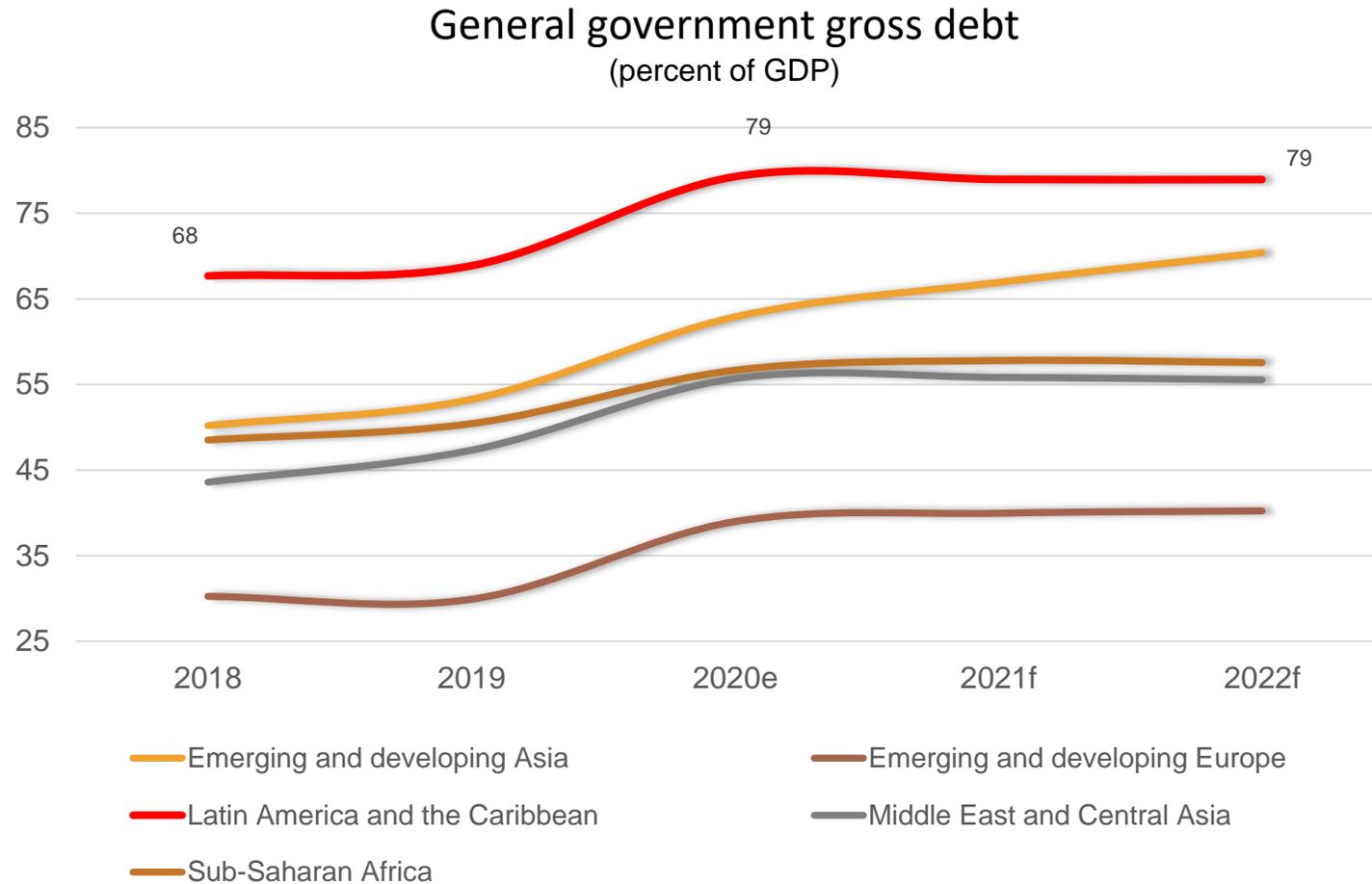


Source: UNESCO.

- Distance learning may partially offset the loss, but it is not universally available.
- The learning impact is more severe for children from poorer households.
- Many children may become detached from the education system and not return.

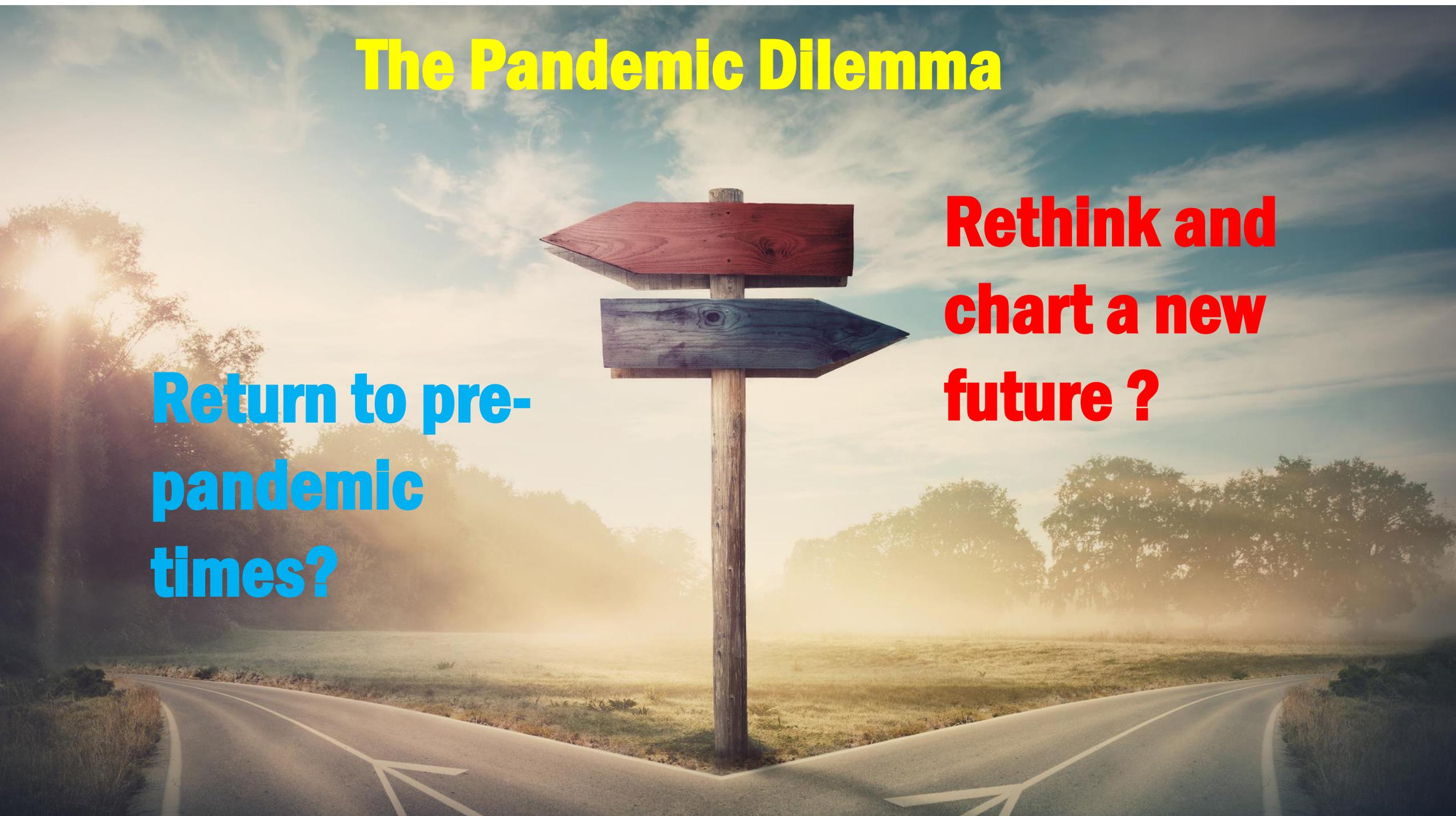
Foregone and untapped human capital

The debt-to-GDP ratio is expected to increase by about 10% of GDP and to remain above the levels of other regions



Source: IMF World Economic Outlook, Oct. 2020.

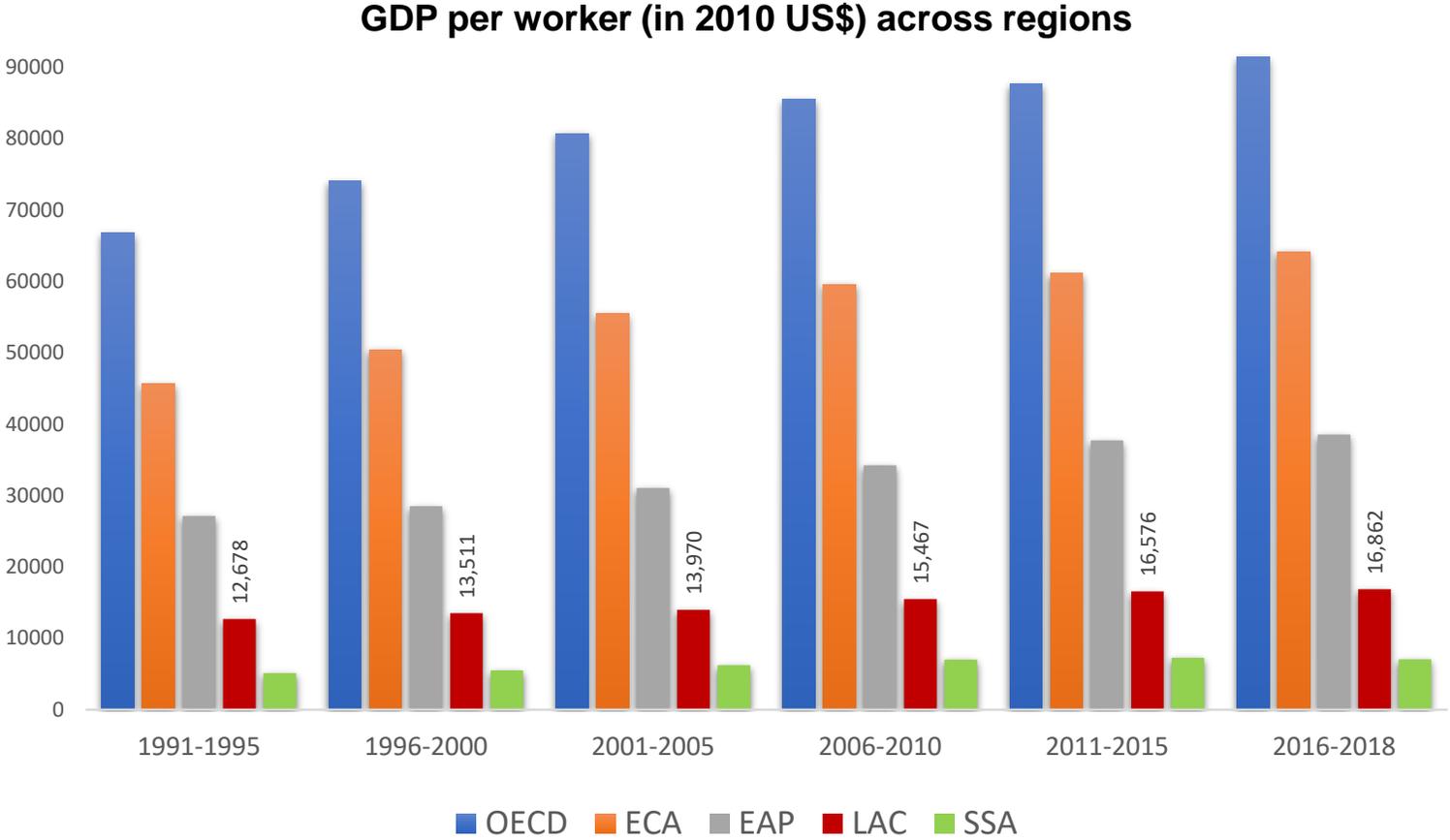
The Pandemic Dilemma



Return to pre-pandemic times?

Rethink and chart a new future ?

Productivity of LAC's economies has been lagging all developing regions - with the exception of SSA



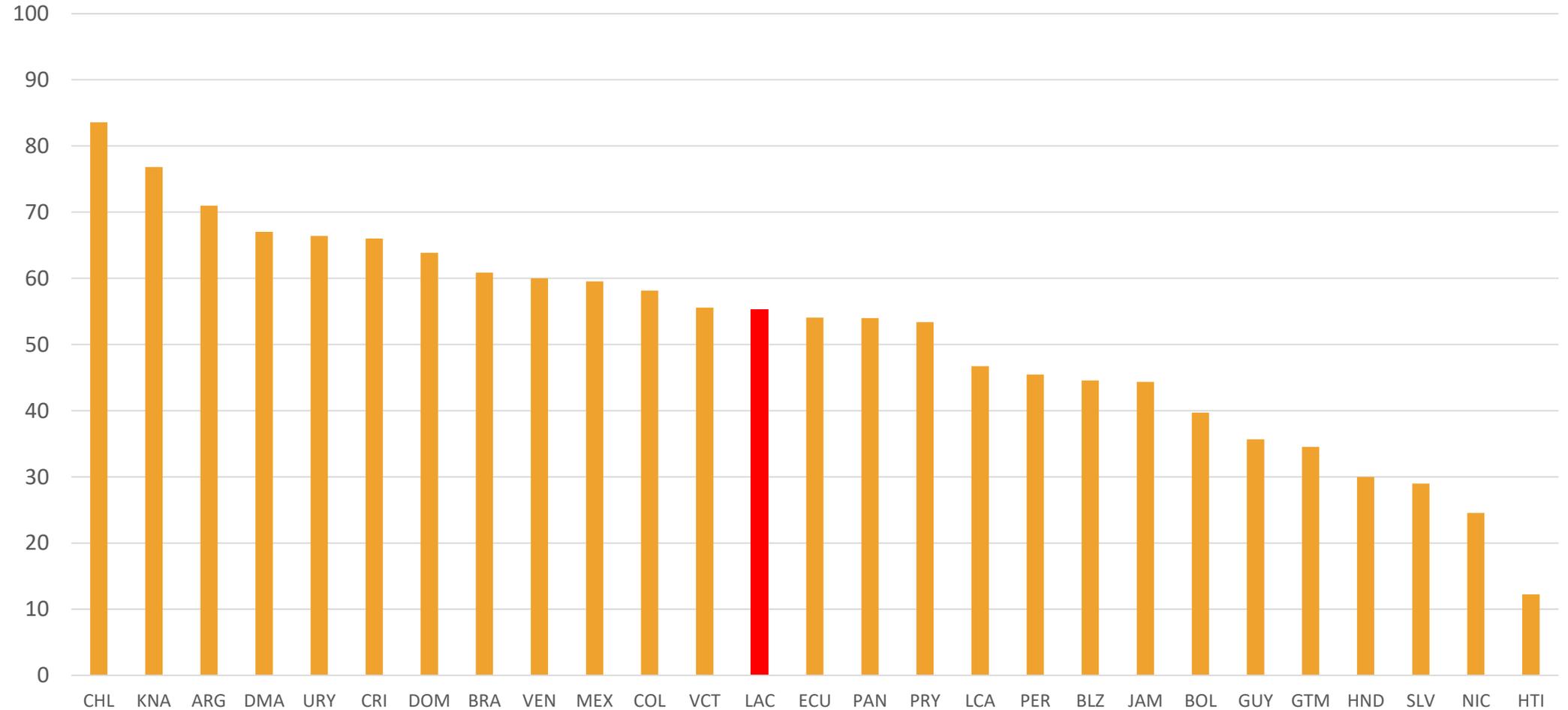
Source: WDI.
Note: Each region is defined as the simple average of real GDP per worker (in 2010 US\$) across countries with data in all years from 1991 to 2018. Each period is defined by the simple average of regions over time.

Improve productivity



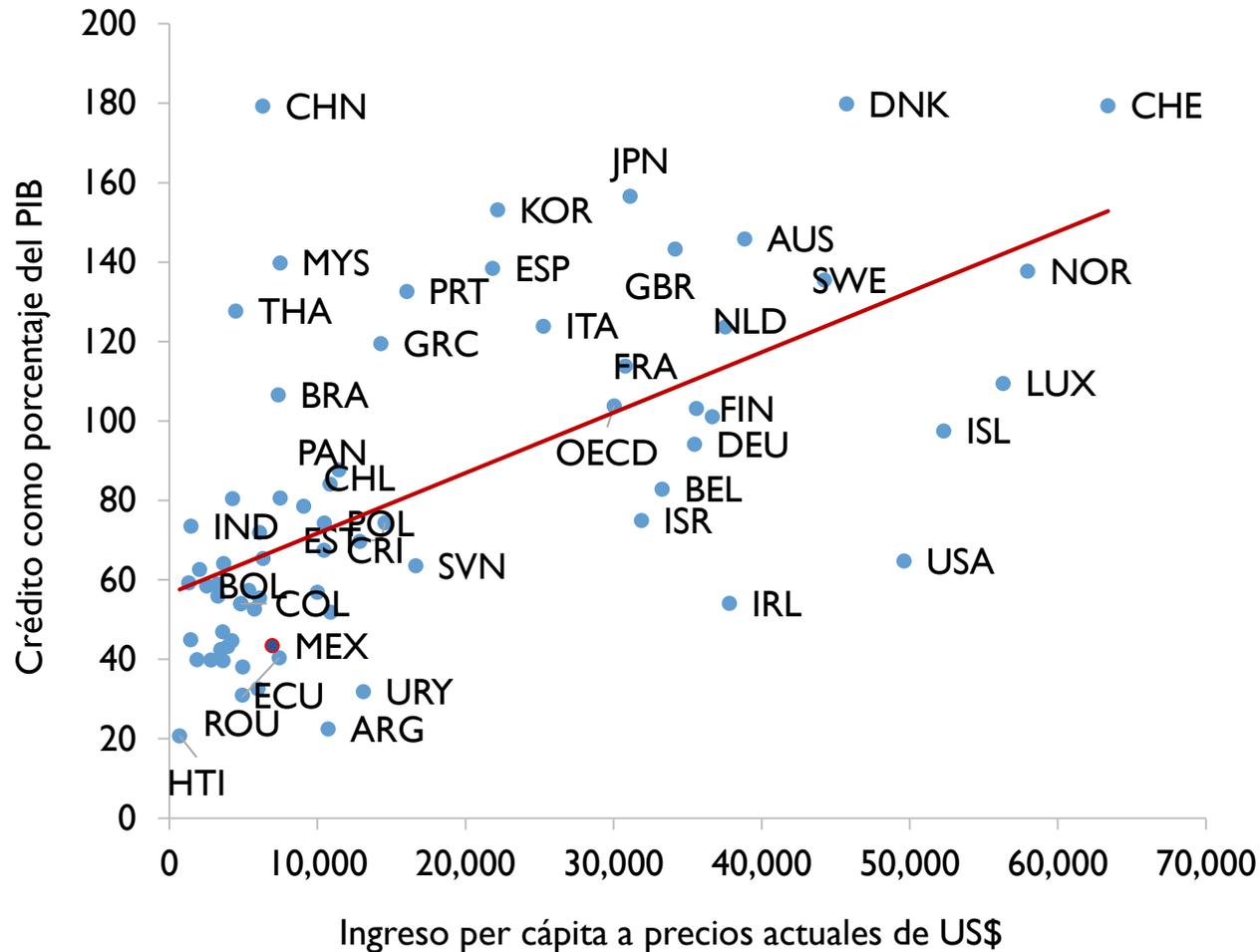
- 1. Digital is the future**
- 2. Deepen financial Access**
- 3. Regulation and other barriers for private sector dynamism**

Only about half of Latin Americans have access to broadband



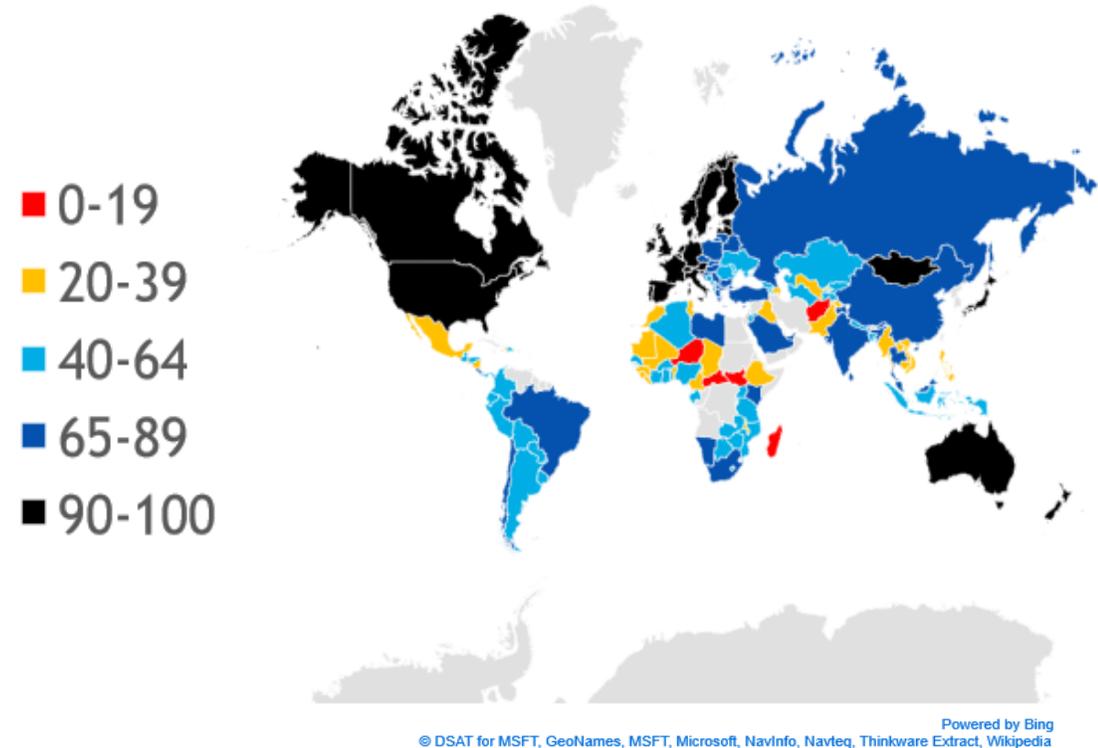
Access to financing– still limited for many

Credit/GDP per capita



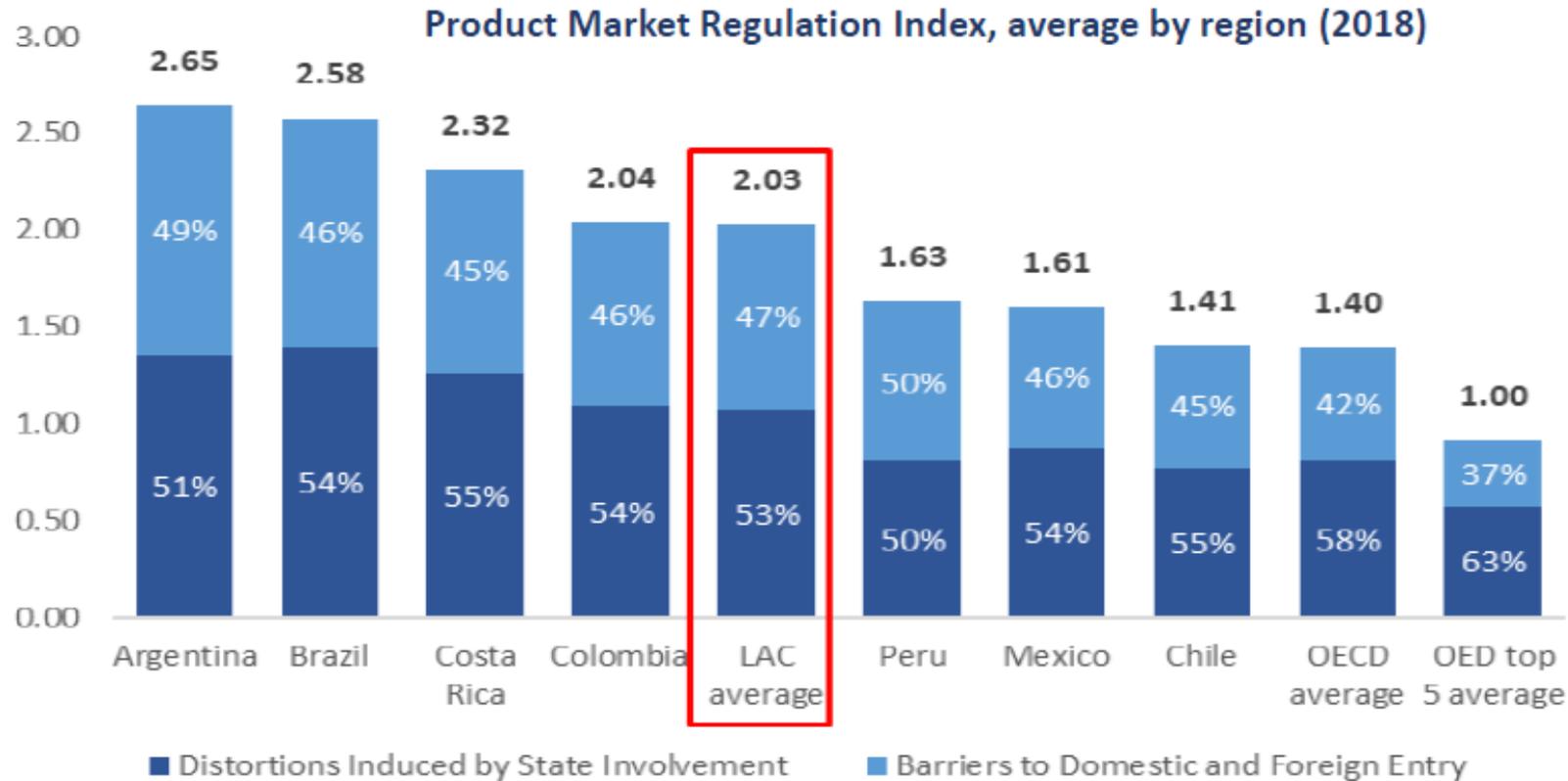
Fuente: FinStats, Banco Mundial

Adult population with banking account (%)



Fuente: Base de datos Findex.

Regulatory burden can be heavy – especially for SMEs – and some markets lack contestability



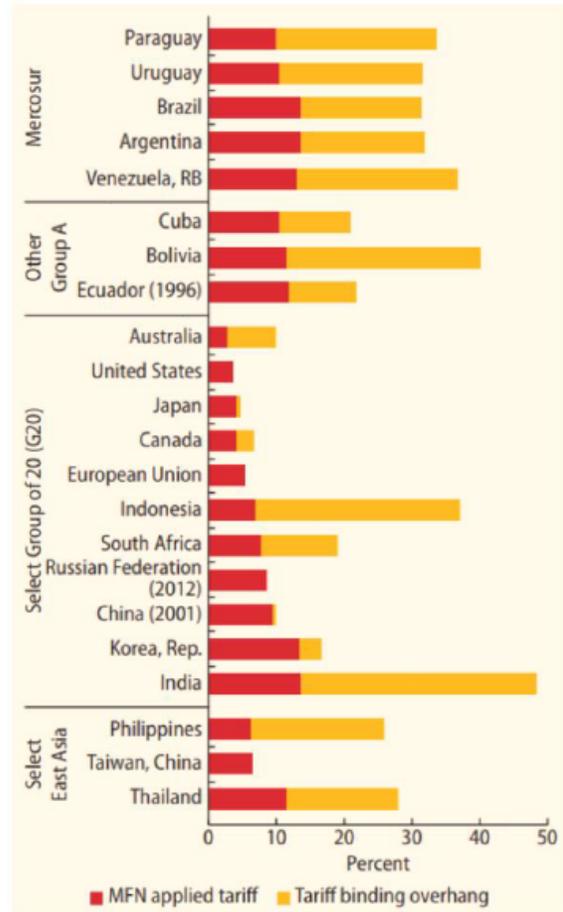
Note: The countries with the top five performance are the United Kingdom, Denmark, Spain, Germany and the Netherlands

Source: OECD-WBG PMR database (2018)

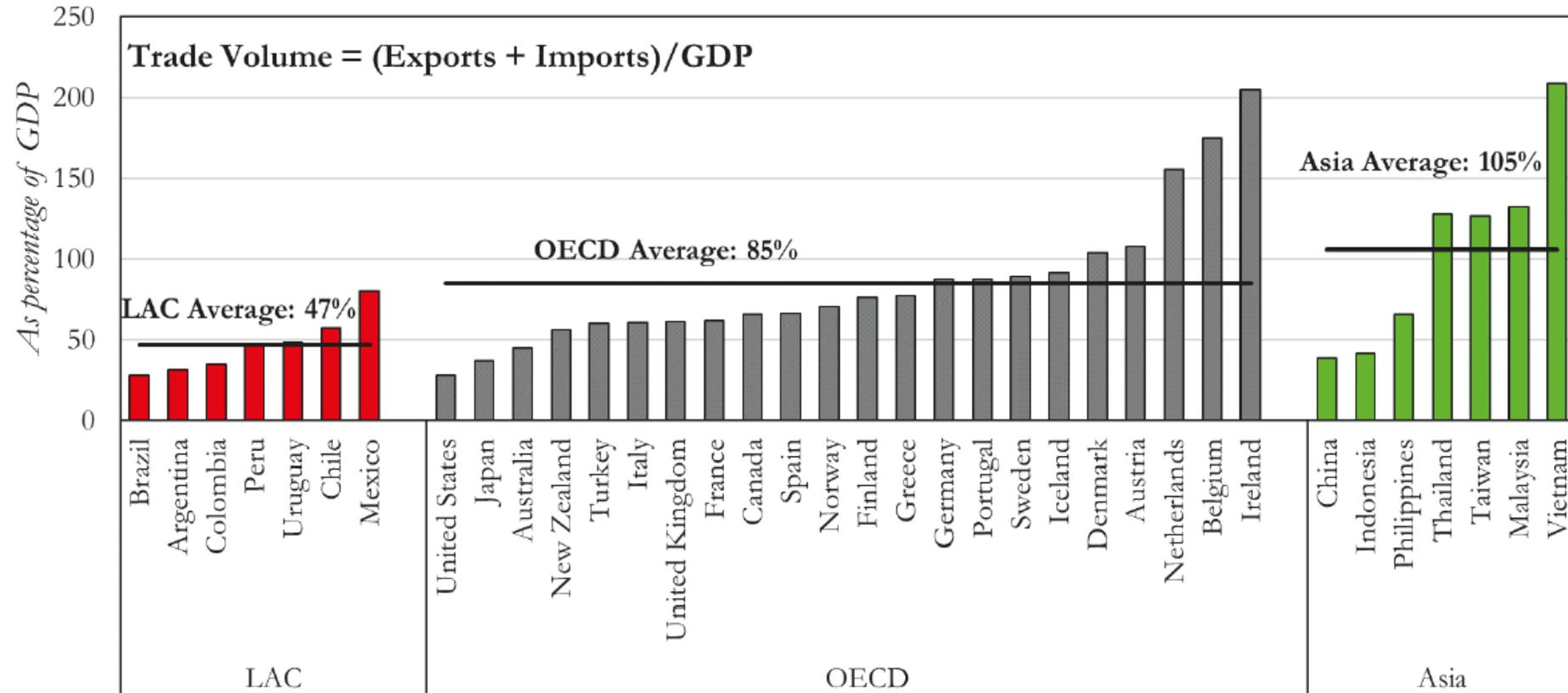
Trade integration is still an opportunity

Lower openness than in advanced countries or in emerging Asia.

MFN Applied Tariffs and Tariffs Binding Overhang (%)



Trade Volume (as % of GDP)



Source: Bown, C et al. "Better Neighbors: Toward a Renewal of Economic Integration in Latin America". The World Bank, 2017.

Source : World Development Indicators



Protect and improve human capital

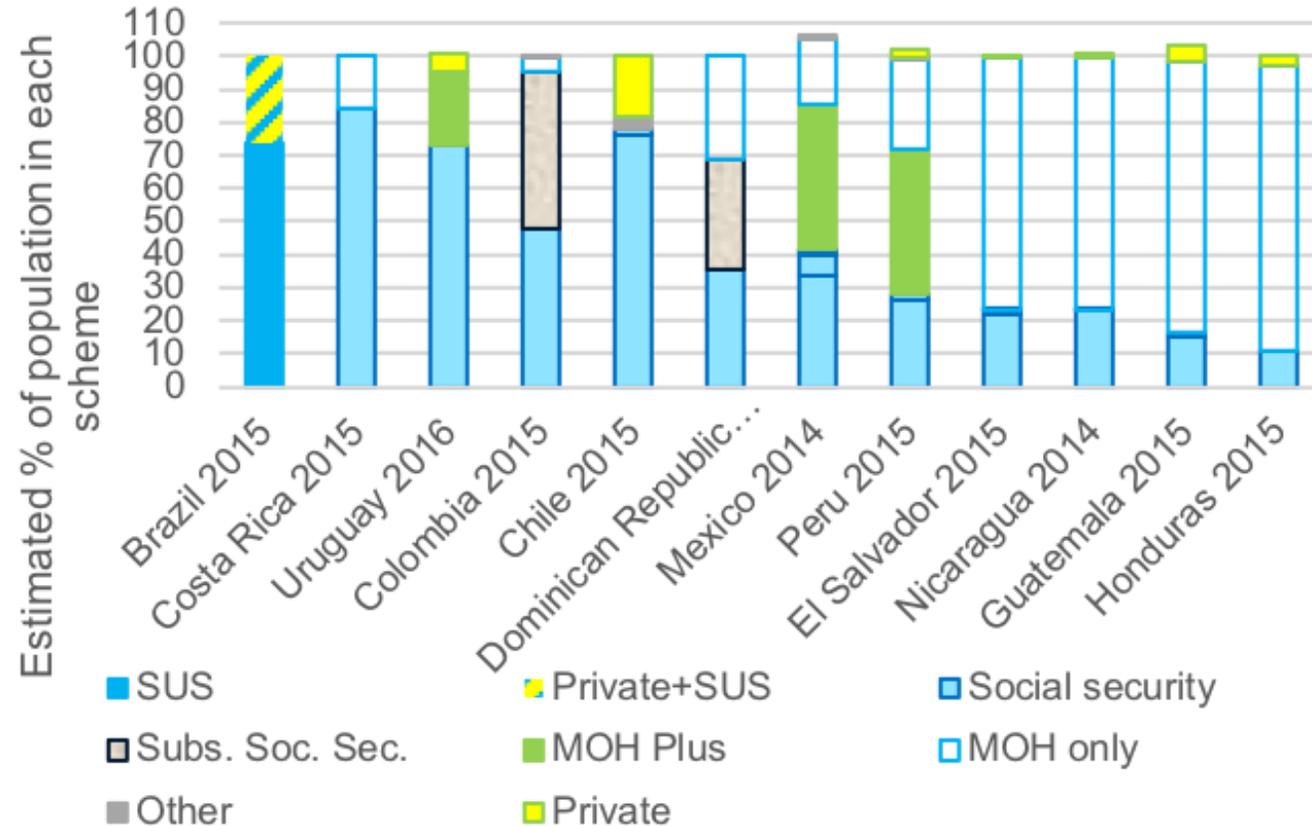
- 1. Health**
- 2. Education**

The pandemic has laid bare weaknesses in health systems – still access problems and much to work in quality

Health systems have not adjusted to the ground reality over the last decades:

- **The lack of social health insurance to the informally employed** continues to perpetuate inequality in access and quality of care
- **Non-communicable diseases have taken over** as the largest share of the disease burden
- **Lack of preventive and curative care at lower levels** translates in unnecessary & costly excess hospitalizations

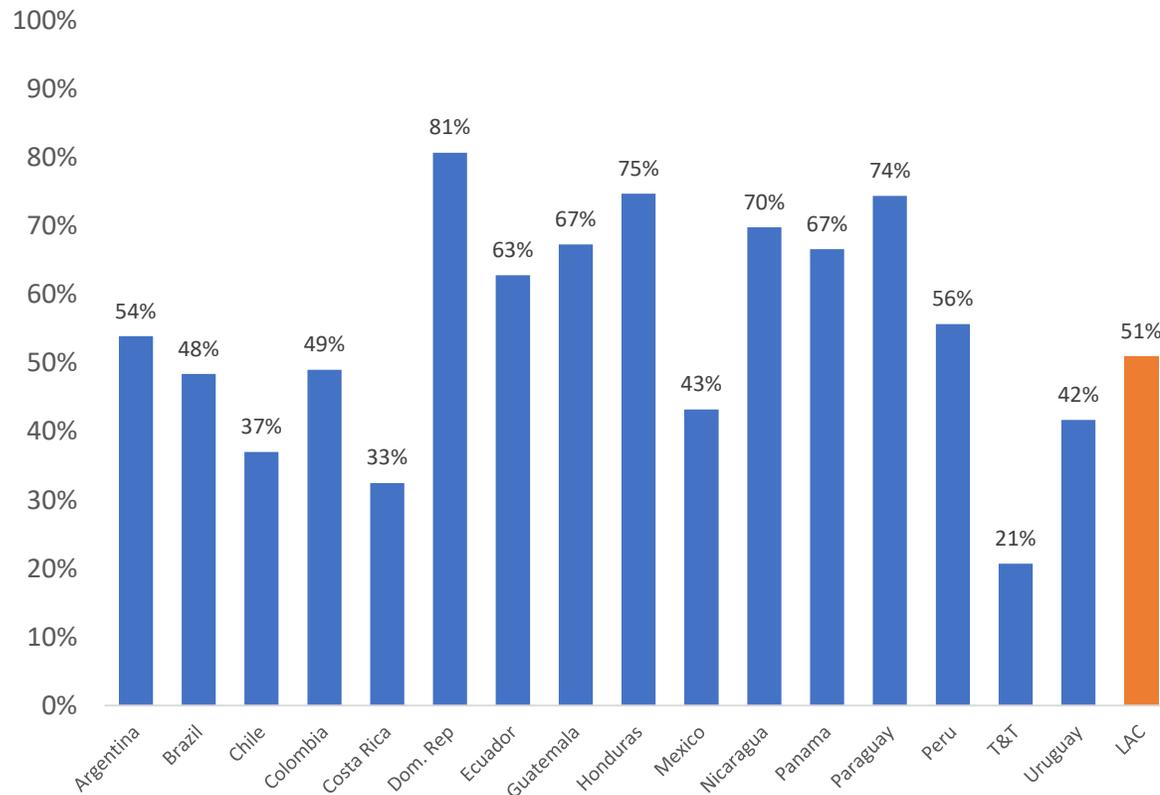
Health System Coverage in LAC by Country



Note: SUS = Sistema Unico de Saude (only in Brazil); Private+SUS = SUS and also private health insurance; Social Security = Health Services by Social Security Institutes; Subs. Soc. Sec = Subsidized Regime of Social Security; MOH Plus = Noncontributory health insurance for the poor; MOH only = Ministry of Health only; Private = Private Health Insurance.

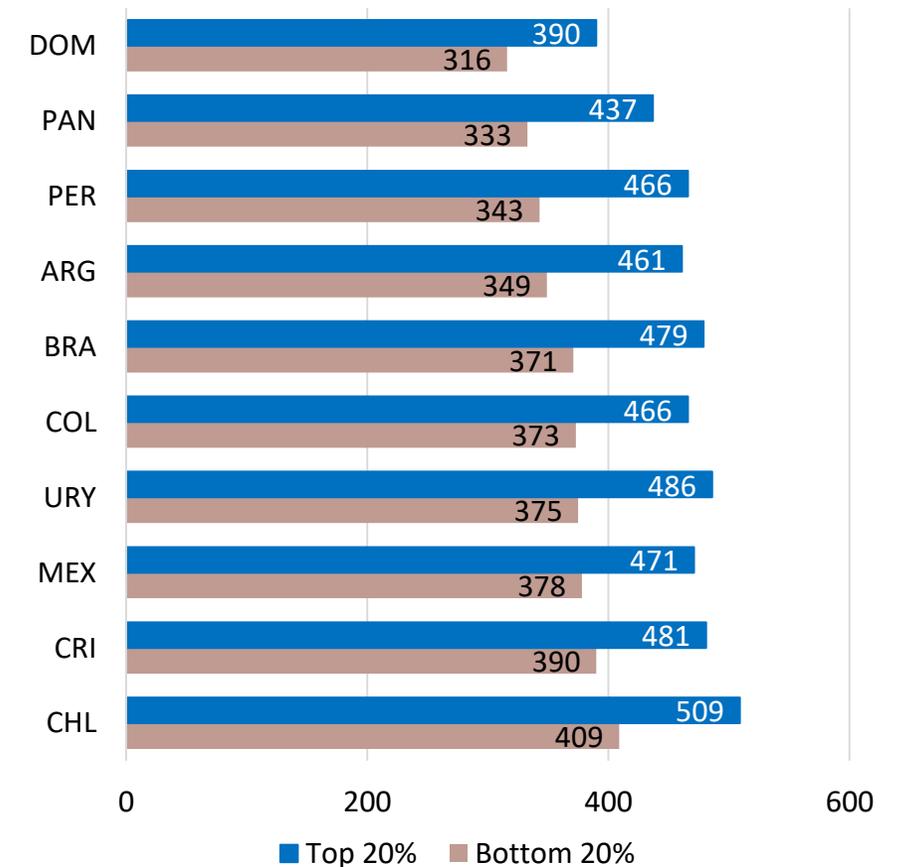
Education quality – still a long road ahead

Learning Poverty: 51% of the region's children do not meet the minimum reading levels required to finish primary



Source: World Bank

Gaps in test results indicate large differences in quality of education within country (gap in PISA scores)



Source: World Bank

Sustainability



6. Moving towards greener growth

- The pandemic has fostered an economic crisis of historical proportions
- Poverty, unemployment and inequality have increased sharply
- The crisis offers an opportunity to rethink – and break with historical patterns



THANK YOU!