



RETHINKING THE FUTURE OF LATIN AMERICA AND THE CARIBBEAN

Carlos Felipe Jaramillo

Vicepresident

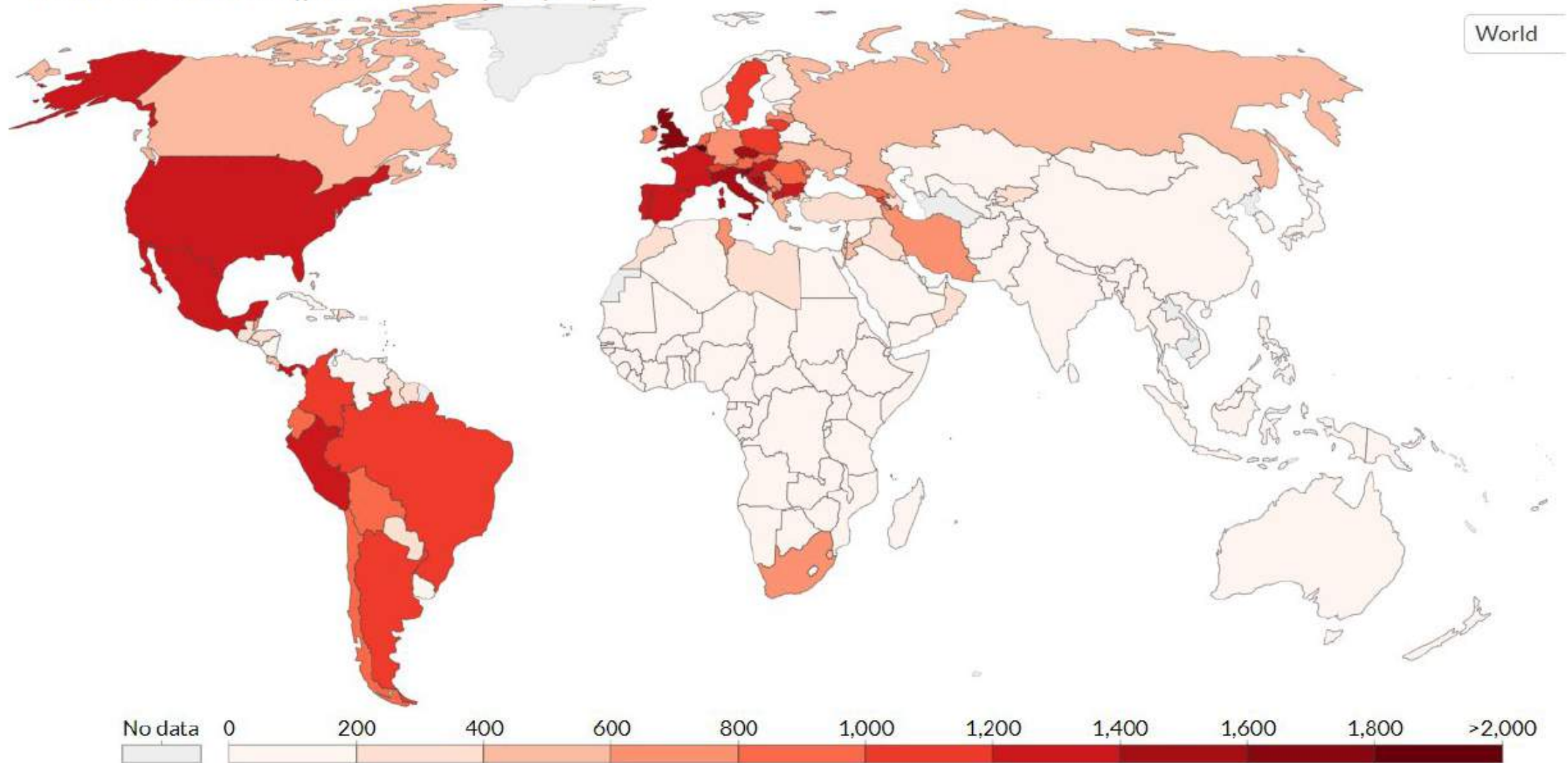
Latin America and the Caribbean

The World Bank

February 2021

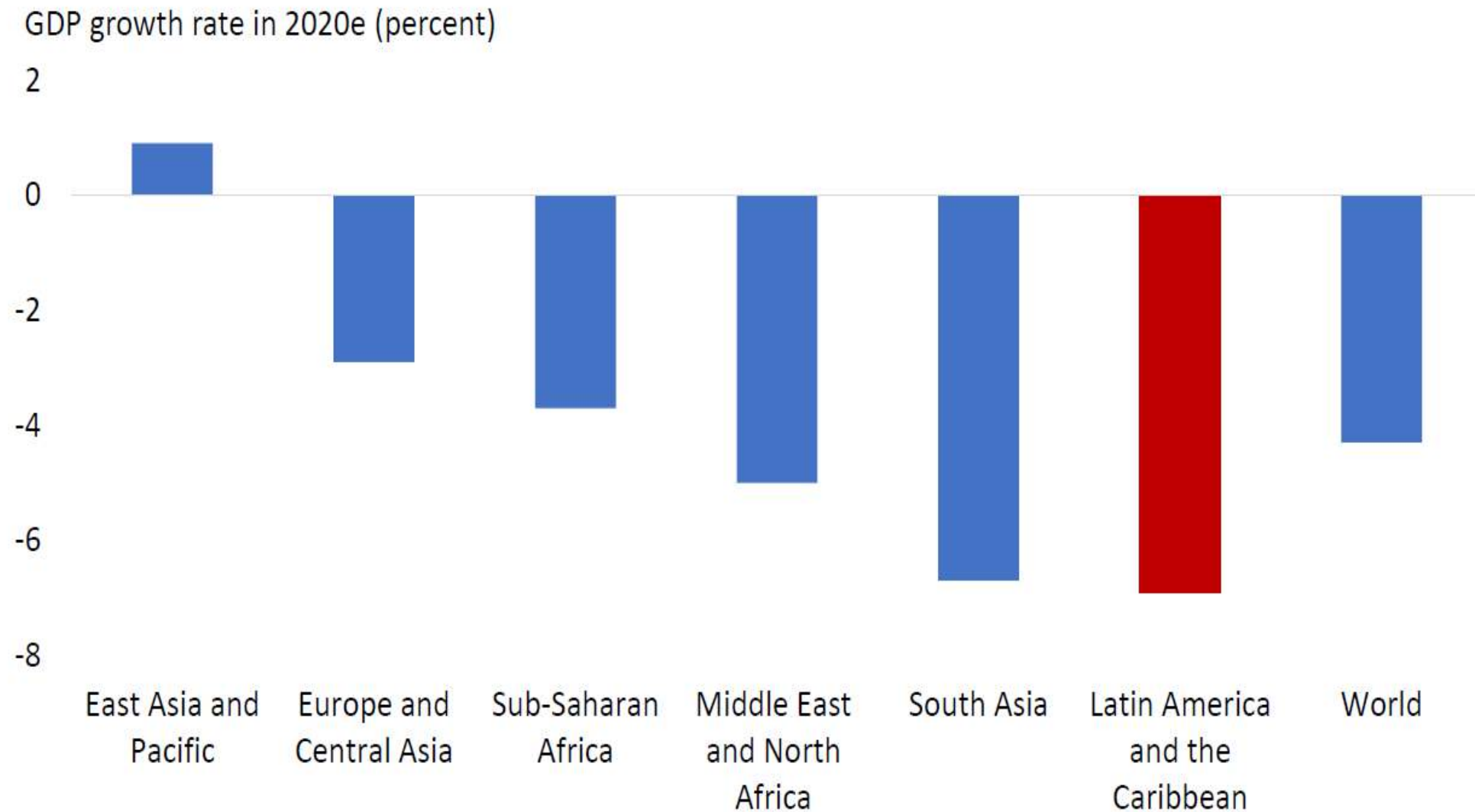
Among the most affected regions in the world

Covid-19 deaths (per million people)



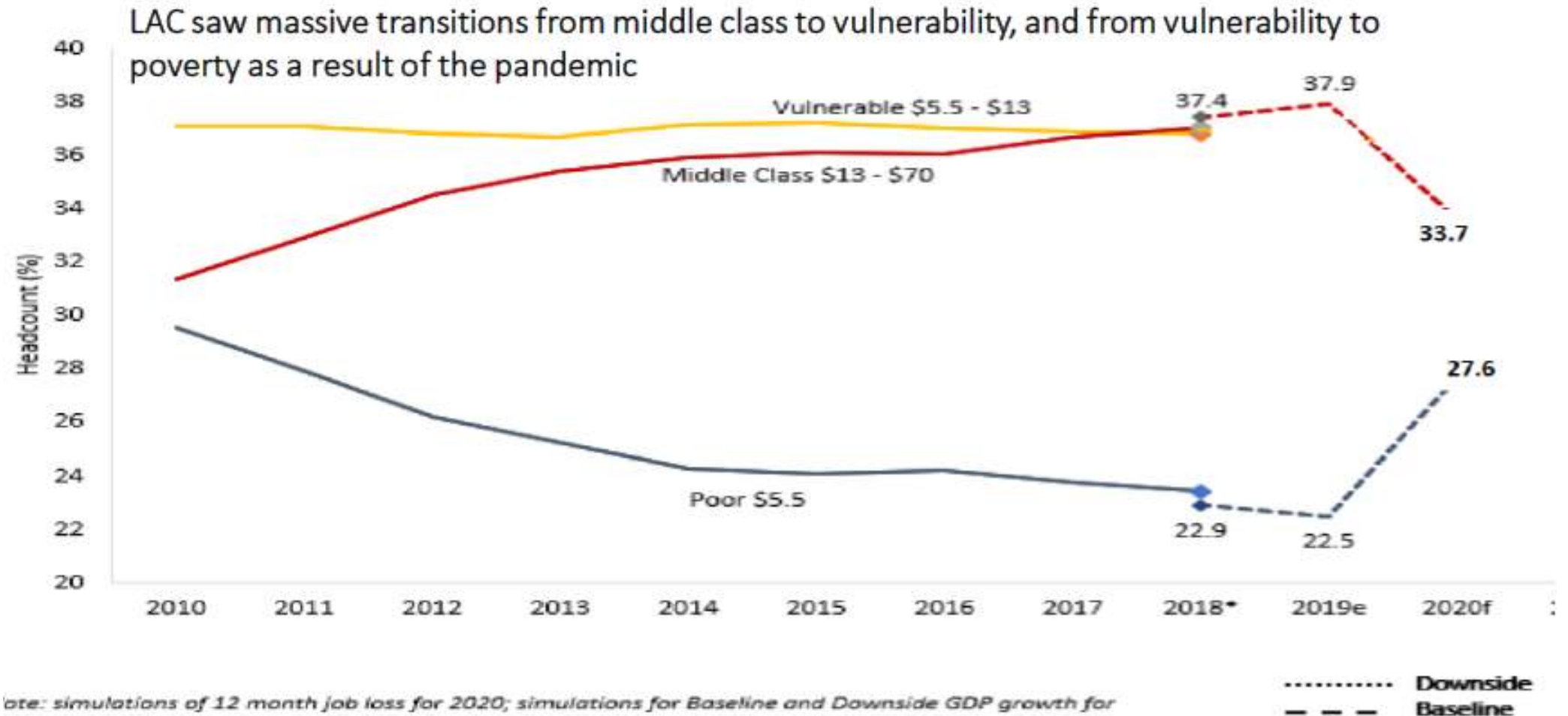
Source: Our World in Data.

The worst economic performance in the developing world

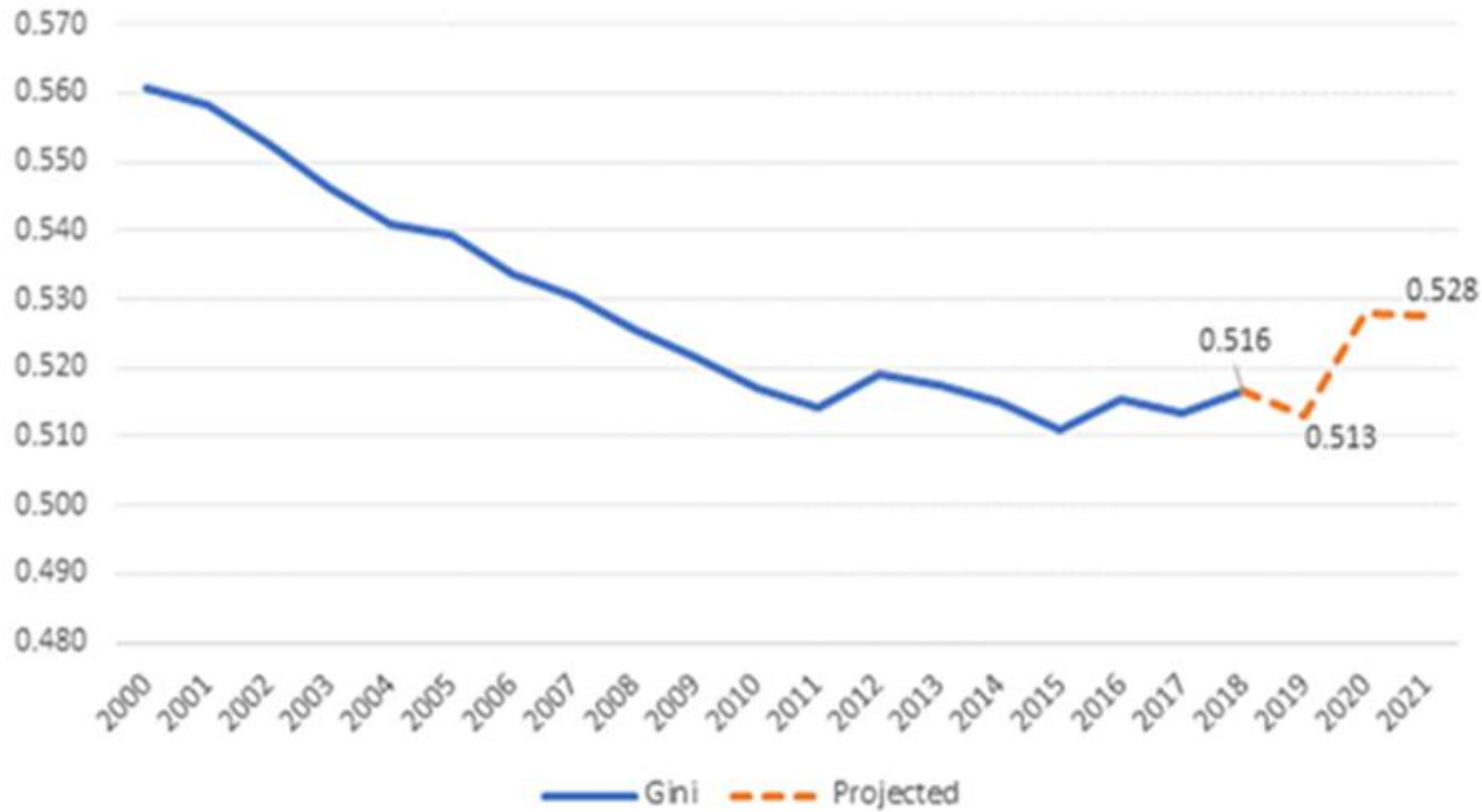


Source: World Bank.

Over 30 million new poor

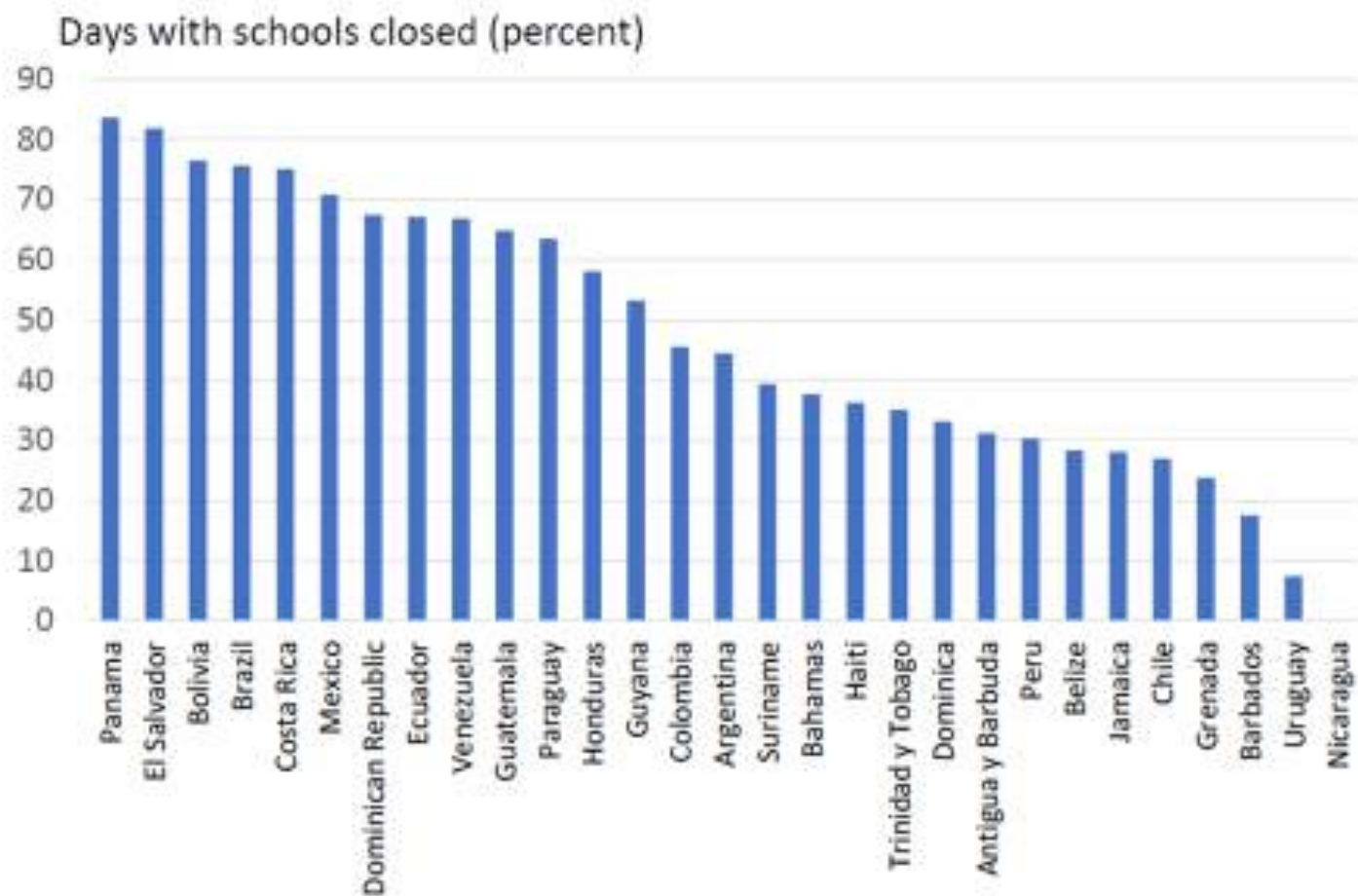


Rising inequality in the most unequal region in the world



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.

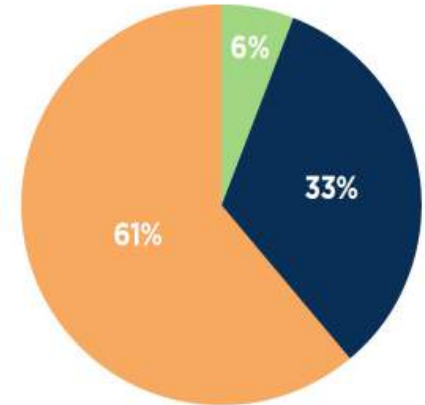
Foregone and untapped human capital

Higher job losses and worse jobs among women

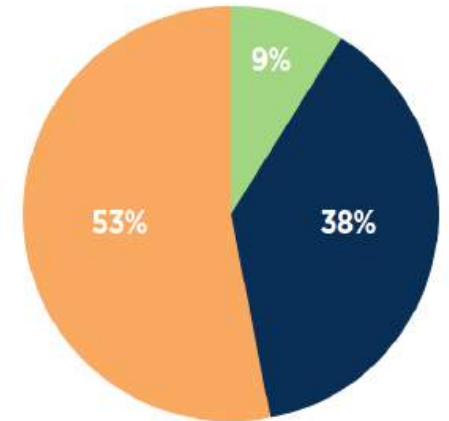


Source: World Bank.

Before Covid-19



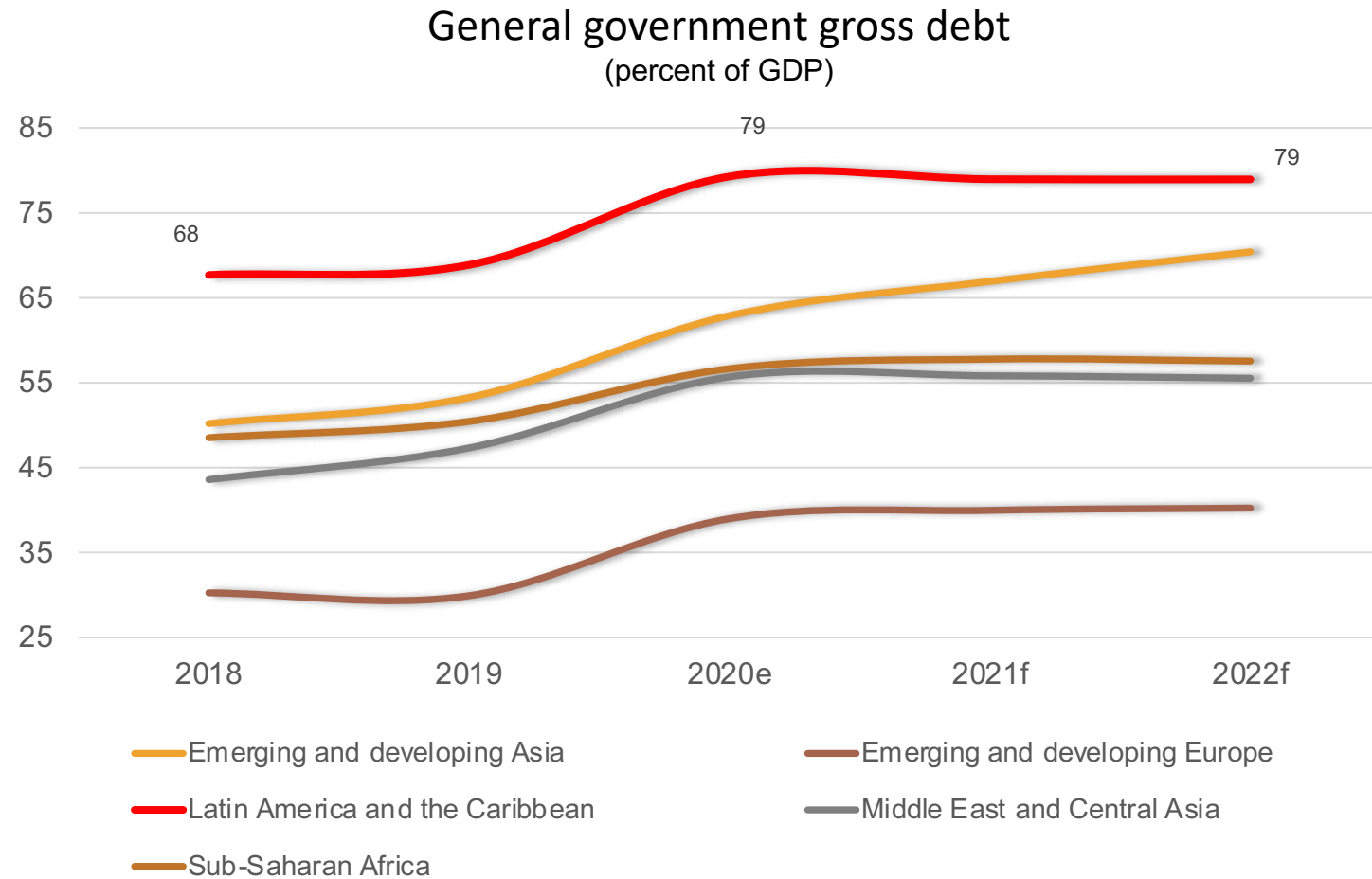
After Covid-19



■ Self-employed ■ Employee ■ Other

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.

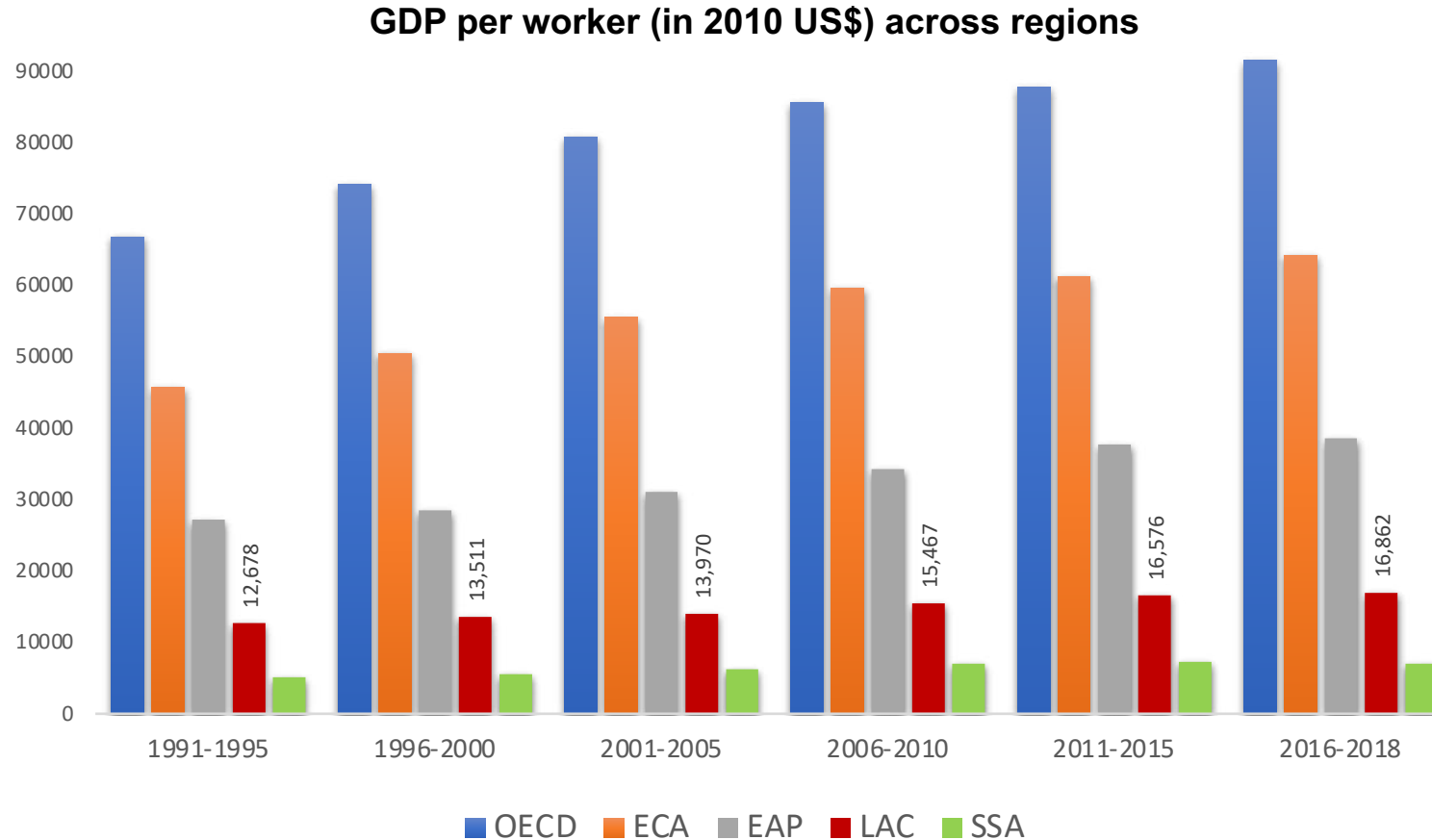
The Pandemic Dilemma

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

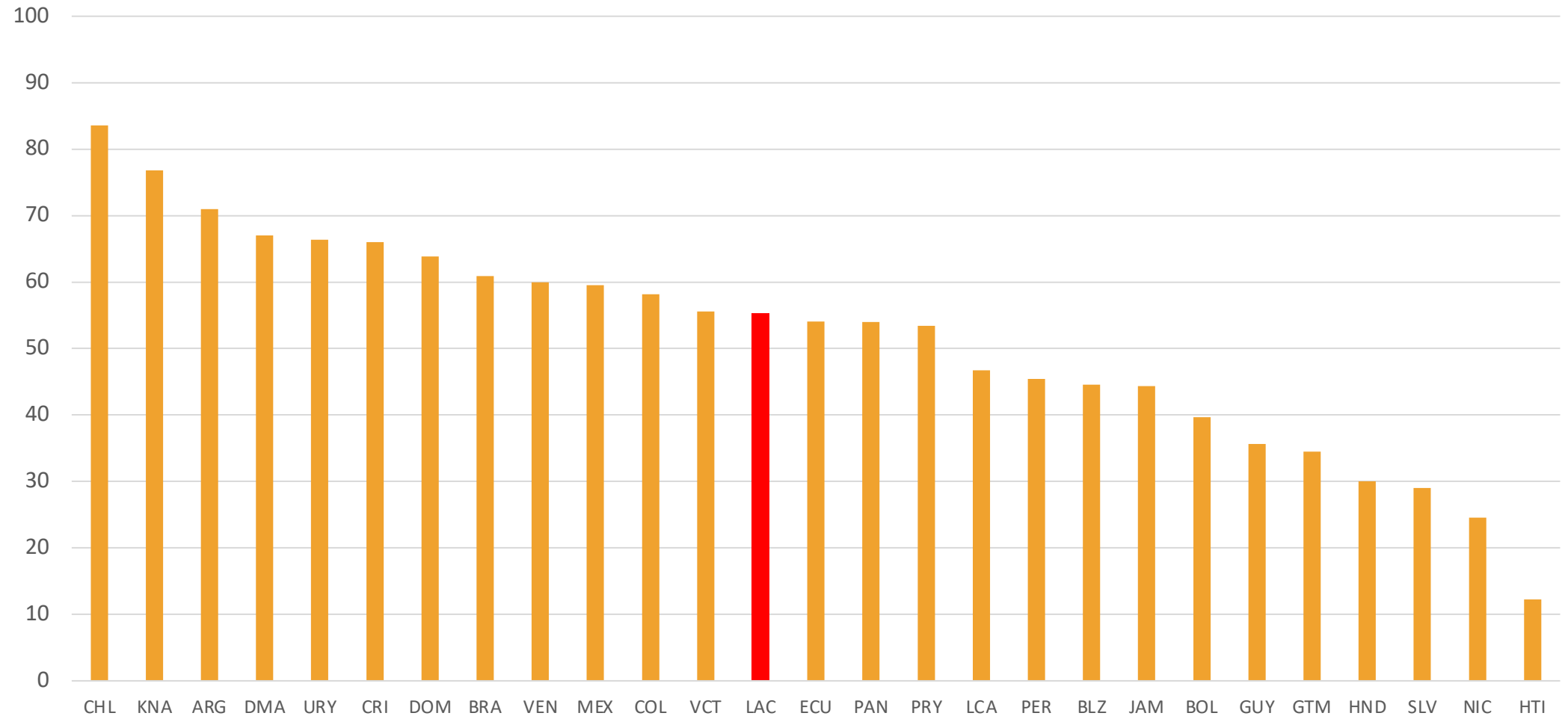


1. Digital is the future

**2. Deepen financial
Access**

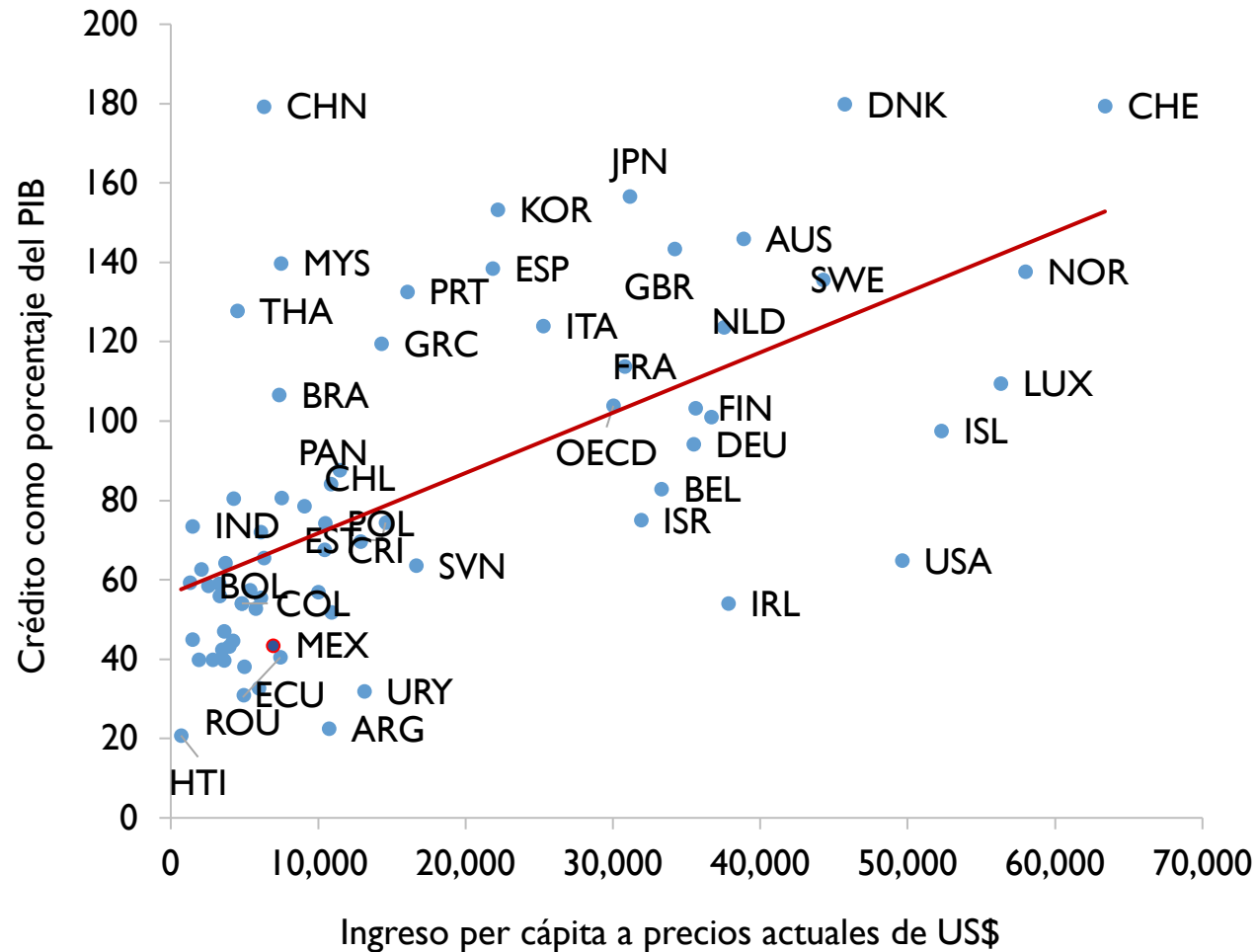
**3. Regulation and other
barriers for private
sector dynamism**

Only about half of Latin Americans have access to broadband

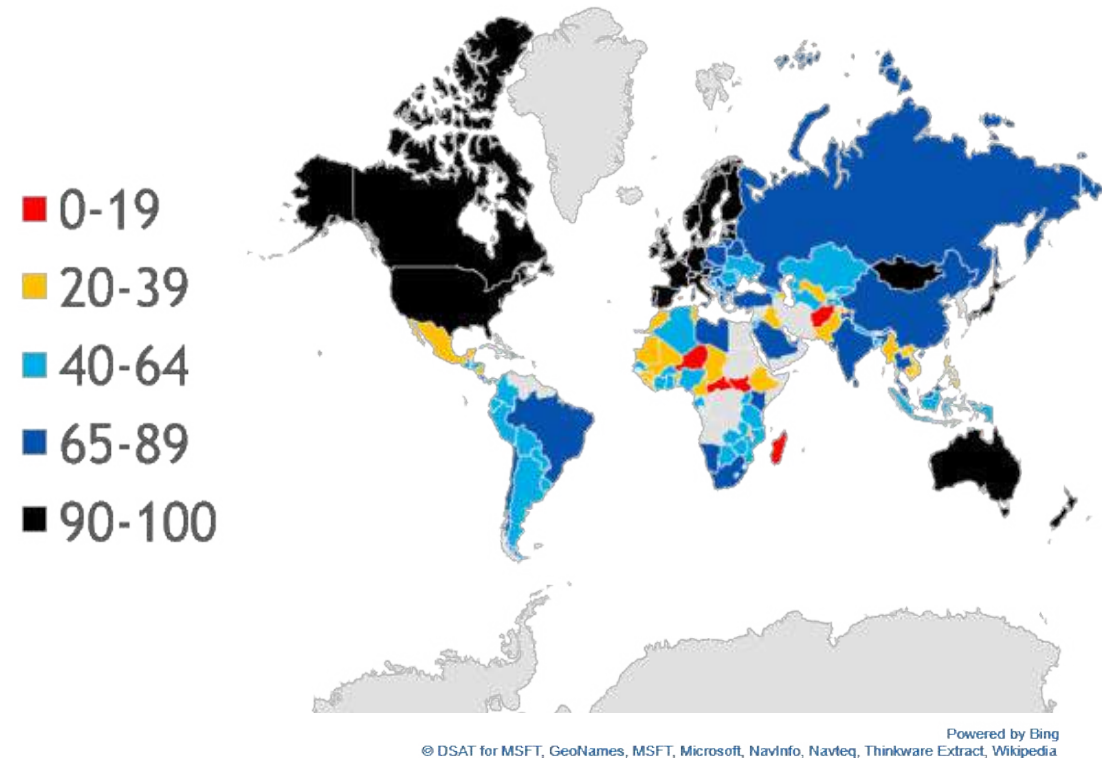


Access to financing – still limited for many

Credit/GDP per capita

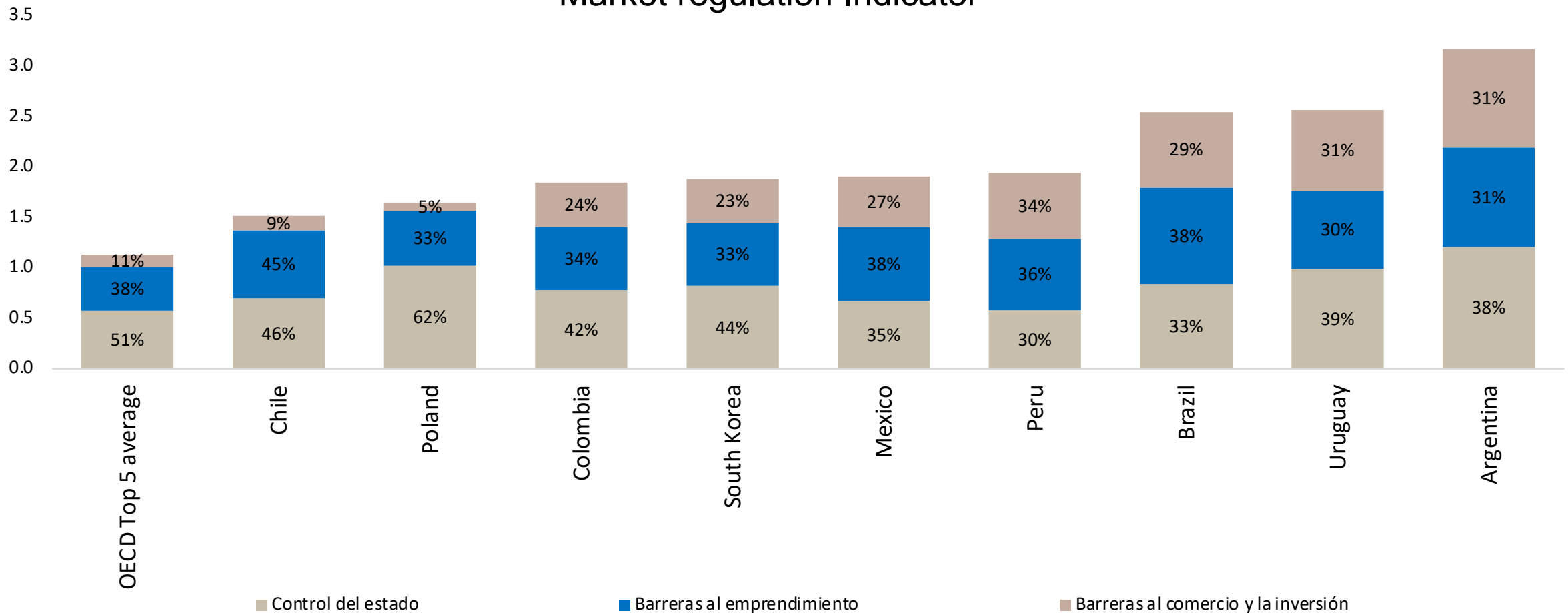


Adult population with banking account (%)



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

Market regulation Indicator

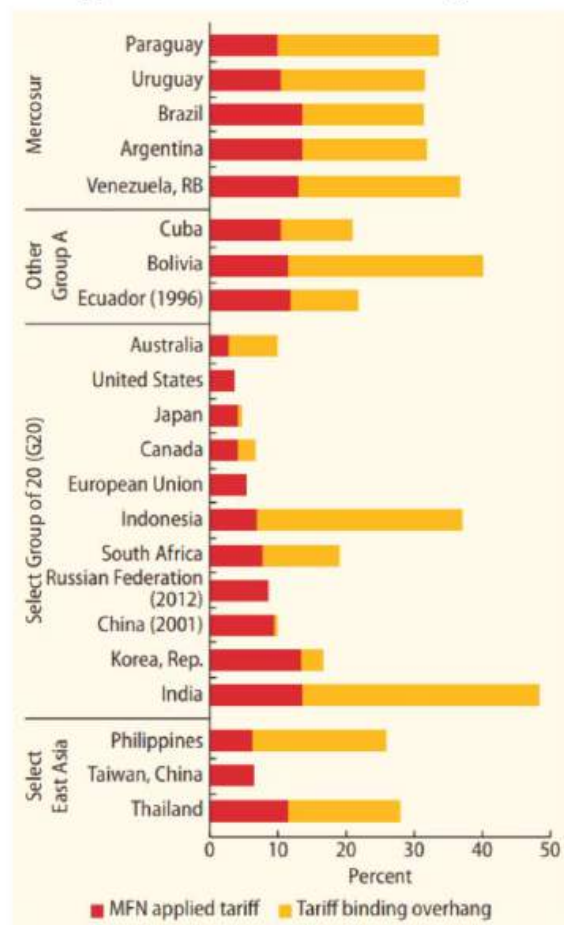


Fuente: Cálculos del personal del Banco Mundial basados en datos de la OCDE

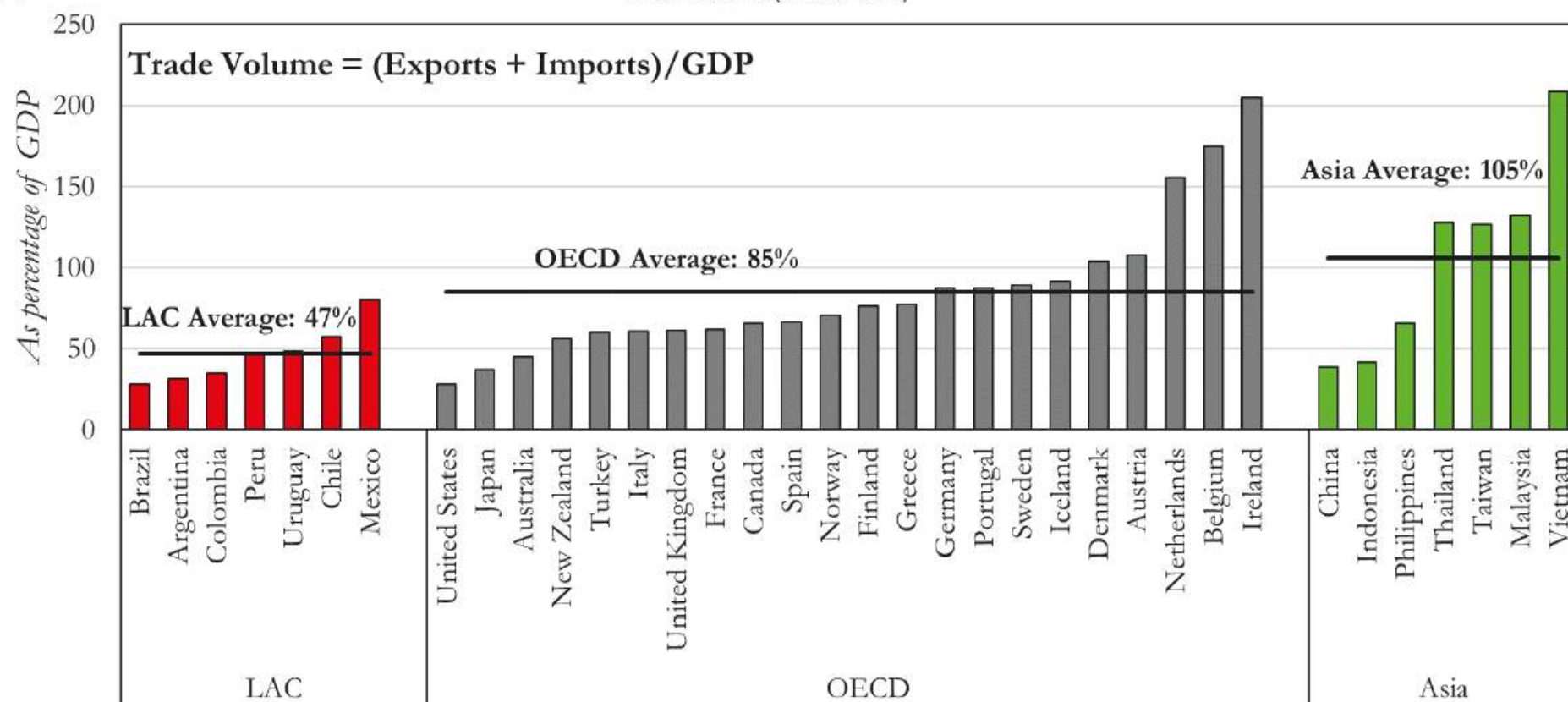
Trade integration is still an opportunity

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

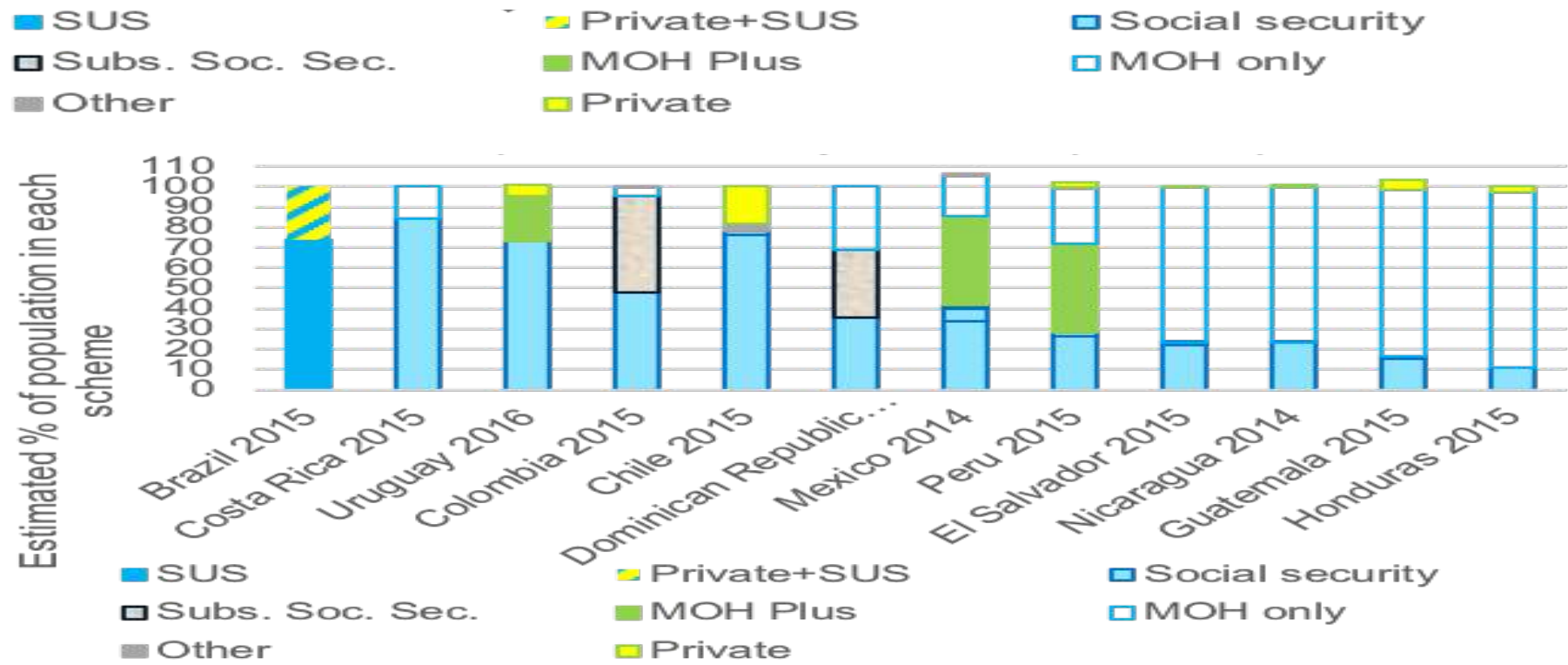


Protect and improve human capital

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

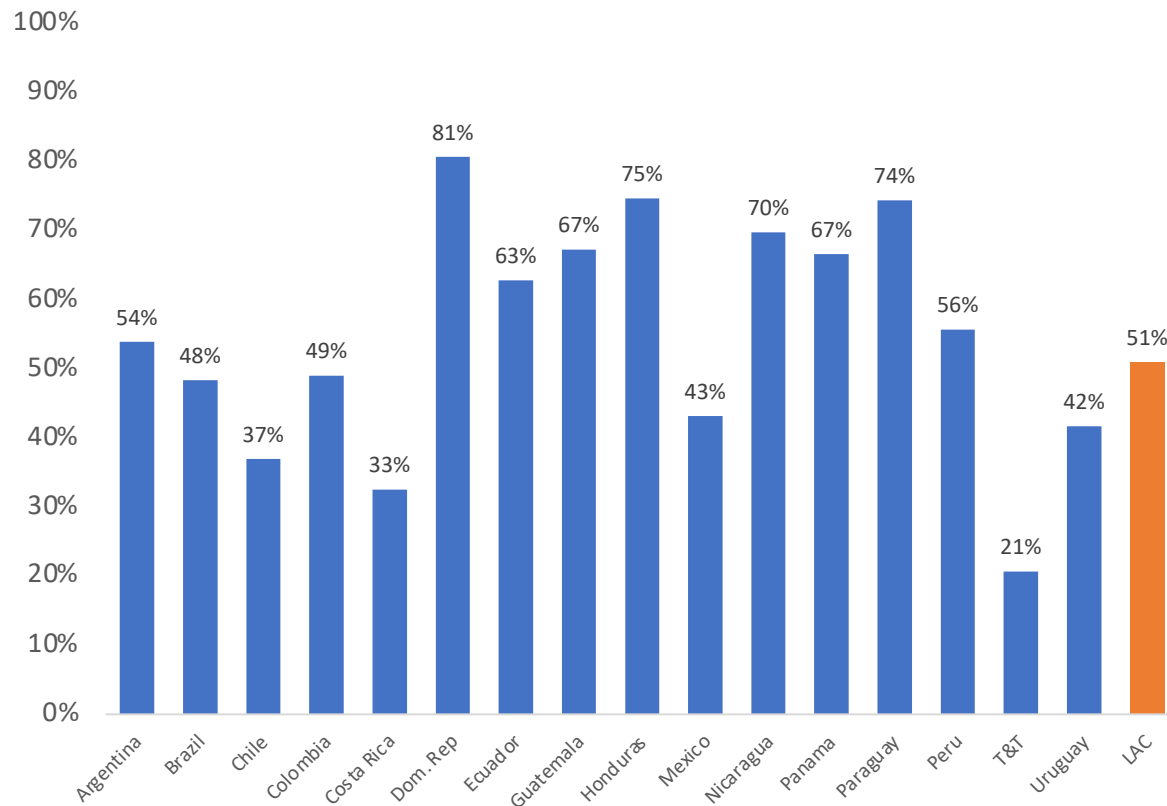
The pandemic has laid bare weaknesses in health systems – still access problems and much to work in quality

Health coverage in LAC countries



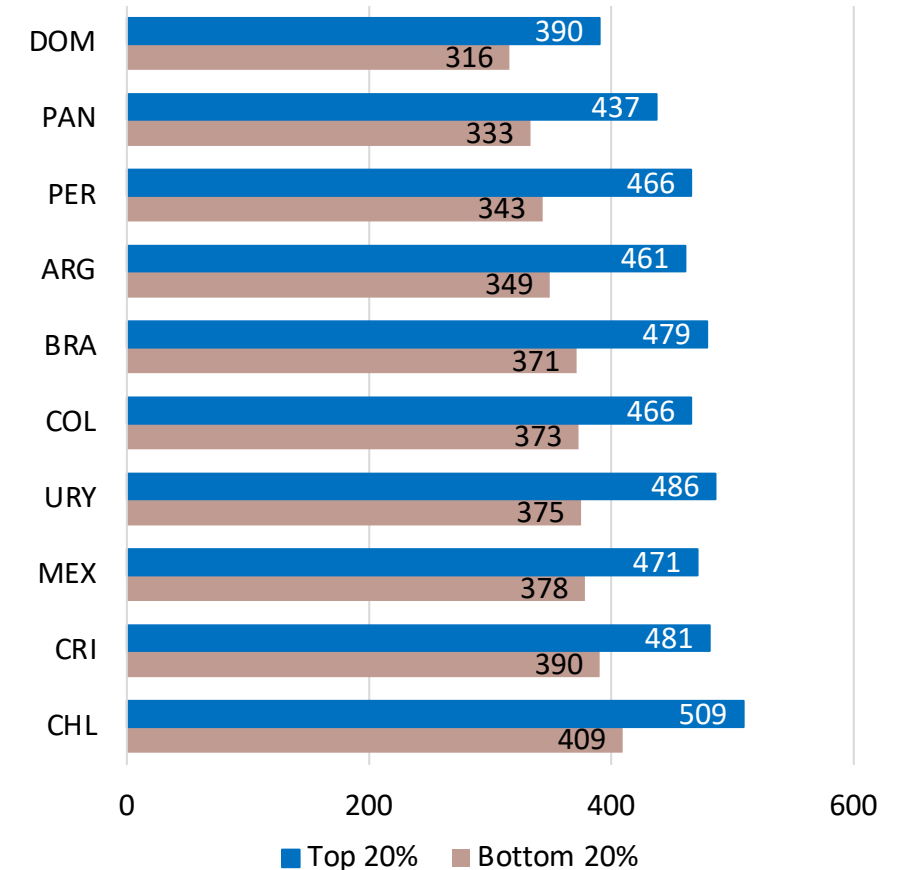
Education quality – still a long road ahead

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



Fuente: Banco Mundial.

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



Fuente: Banco Mundial.

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!

Diciembre, 2020