



Economic and Social Council

Distr.: General
16 May 2022

Original: English

2022 session

23 July 2021–22 July 2022

Agenda item 15

Regional cooperation

Summary of the work of the Economic Commission for Latin America and the Caribbean, 2021–2022

Note by the Secretary-General

The Secretary-General has the honour to transmit herewith a summary of the work of the Economic Commission for Latin America and the Caribbean for the period 2021–2022.



Summary of the work of the Economic Commission for Latin America and the Caribbean, 2021–2022

Summary

The present report contains highlights of the work of the Economic Commission for Latin America and the Caribbean (ECLAC) between January 2021 and April 2022, focusing in particular on its response to the impacts of the coronavirus disease (COVID-19) pandemic in the region and on the emerging policy agenda for a sustainable recovery. During the reporting period, the region's structural challenges were further magnified by the ongoing effects of the pandemic, which included: high levels of poverty, inequality and social exclusion; limited capacity to create quality jobs, combined with high levels of informality; low productivity and low technological intensity of production; and production and consumption patterns that still fail to internalize environmental externalities. These deepening challenges are being further aggravated in the context of rising geopolitical tension and its economic impacts. Against this backdrop, the Commission continued to provide analysis and policy advice to the countries of Latin America and the Caribbean and nurture its convening role by fostering intergovernmental platforms that provide a space for policy dialogue, consensus-building, peer learning and normative discussions, as well as deliver operational support, technical cooperation, capacity-building and advisory services to member States. ECLAC also continued to implement the regional dimensions of the reform of the United Nations development system. Moreover, recognizing that the multiple crises faced by the region require enhanced international cooperation, the Commission promoted increased regional cooperation and regional positions on strategic issues, including jointly with regional and subregional organizations in Latin America and the Caribbean. It strengthened collaboration with member States and other partners to promote renewed dialogue on international and multilateral cooperation, including on financing for development, which has emerged as an increasingly crucial factor in responding to current crises and building resilience to future ones.

I. Introduction

1. Faced with the ongoing impact of the coronavirus disease (COVID-19) pandemic and the emerging effects of the conflict in Ukraine, the Economic Commission for Latin America and the Caribbean (ECLAC) continued to provide a rapid response and adapt its work programme priorities to respond to the requests of member States for: (a) a comprehensive assessment of the midterm to long-term socioeconomic impact of the pandemic and, more recently, the external shocks associated with the conflict in Ukraine; (b) constantly updated analysis, data and recommendations in terms of policy responses to the ongoing crises, in a readily available and user-friendly online format; and (c) policy dialogues to strengthen the regional space for cooperation and the exchange of practices among high-level and technical officials. While doing so, it continued to maintain the 2030 Agenda for Sustainable Development and the Sustainable Development Goals as a blueprint for development.

2. The Commission's work complements its continued and strengthened advocacy regarding the structural challenges faced by the region. ECLAC has raised issues at the highest political level, including the specific situations and needs of middle-income countries and small island developing States in the Caribbean, which have become evident and even more relevant during the current crises. This translates into concrete results through the Commission's work on financing for development, including by putting forward policy options to address liquidity problems, debt restructuring and relief and devising innovative mechanisms and medium-term options for financing and policy advice on building back better to achieve equality and sustainability. ECLAC has also strengthened its cooperation with regional organizations to promote regional cooperation in strategic areas, including regional self-sufficiency in health matters, disaster risk resilience, energy and food systems.

II. Advancing implementation of the 2030 Agenda for Sustainable Development in the region

A. Responding to the COVID-19 crisis and emerging risks associated with the conflict in Ukraine and their impacts on the implementation of the 2030 Agenda for Sustainable Development in Latin America and the Caribbean

3. Latin America and the Caribbean has been the developing region most hard-hit by the COVID-19 pandemic. The human toll has been dramatic considering that the region has 8 per cent of the world's population but more than 30 per cent of global fatalities. In 2020, the region faced its worst economic recession in 120 years, and more than one third of its population lives in poverty. The 6.2 per cent recovery of regional gross domestic product (GDP) in 2021 was not sufficient to mitigate the socioeconomic impact of the pandemic, which also deepened the region's structural challenges, namely inequality, informality, low productivity and limited fiscal space, and it could set the region back more than a decade in development progress, in particular for women. Poverty and hunger are at their highest levels since the turn of the century, with extreme poverty reaching 13.8 per cent – a setback of 27 years. Three out of five children lost a year of school during the pandemic. Small island developing States in the Caribbean remain highly vulnerable to external shocks, including the intensifying impacts of climate change.

4. The conflict between the Russian Federation and Ukraine is having a negative impact on the region's macroeconomic situation. The impact is transmitted to Latin

America and the Caribbean mainly through the effects on trade, the terms of trade, inflation (as of March 2022, regional consumer price inflation was 7.5 per cent, at levels not seen since 2005), financing conditions and reduced macroeconomic policy space. The pressure to introduce tighter monetary measures also puts at risk economic reactivation. In this context, ECLAC recently reduced its regional GDP growth estimate for 2022 to 1.8 per cent. The economies of South America are expected to grow by 1.5 per cent and those of Central America and Mexico by 2.3 per cent, while the Caribbean (excluding Guyana) will see growth of 4.7 per cent.

5. Latin American and Caribbean countries are faced with particularly large increases in food prices, in line with rising prices of key agricultural commodities and the input commodities used in their production, such as fertilizers and energy. For example, Argentina, Brazil, Chile, Colombia, Mexico, Paraguay and Uruguay reported double-digit food inflation in March. On average, the region registered a food inflation rate of 10.2 per cent, the highest since the end of 2008. Higher prices of imported food strongly affect vulnerable households and especially the food import-dependent small island developing States of the Caribbean. In addition, agricultural exports are highly dependent on imported fertilizers, which account for 78 per cent of the fertilizers used in agricultural production in the region.

6. ECLAC continued to step up efforts to assess progress towards the achievement of the Sustainable Development Goals. Whereas in 2019 only 19 statistical series of Goal indicators were available for the region to analyse progress towards the Goals, in 2022 ECLAC published results for 359 series, corresponding to 111 targets, 73 of which were covered by the prioritized indicators for the region.¹ The results of the assessment confirmed the concerns that ECLAC had been voicing with regard to setbacks in recent years. Despite the improvement in some indicators, progress towards 68 per cent of the 111 targets evaluated was insufficient to achieve the Goals by 2030; furthermore, progress went into reverse for almost one third of the targets (or 22 per cent of the evaluated targets). For 46 per cent of the targets, targeted action needs to be accelerated, since the current rate of change will not ensure that they are met by 2030. More than two thirds of targets therefore require special attention, either to reverse current trends or to hasten progress towards the stipulated objectives.

7. In addition to monitoring regional implementation of the Goals, the fifth ECLAC report on regional progress and challenges, which was prepared for the Forum of the Countries of Latin America and the Caribbean on Sustainable Development, focused on growing global asymmetries between developed and developing countries, including gaps in economic, health, social and climate change responses. In the report, ECLAC highlighted the fact that the region faces three silent crises: (a) the loss of more than a year of classroom schooling for an entire generation of students; (b) an increase in gender-based violence and in the unequal gender distribution of care burdens; and (c) exacerbation of the destruction of marine and terrestrial biodiversity as a result of illegal activities, often combined with the killing of environmental defenders.

B. Strengthening regional capacity and self-sufficiency in health matters

8. The disruption to supply chains due to the impact of the COVID-19 pandemic further revealed the weaknesses of the health industry in Latin American and Caribbean countries and the region's high dependence on imports. Participation in

¹ Economic Commission for Latin America and the Caribbean (ECLAC), *A Decade of Action for a Change of Era: Fifth Report on Regional Progress and Challenges in Relation to the 2030 Agenda for Sustainable Development in Latin America and the Caribbean* (Santiago, 2022).

global exports of pharmaceutical products in 2020 was 0.7 per cent, well below the region's share of global exports of all goods that year (5.4 per cent), while 87 per cent of medicine imports were from outside the region. To increase resilience and self-sufficiency in health matters, the region needs to strengthen scientific, technological and productive capacity in the health industry – or create new such capacity – at the national level, as well as determine efforts and integration at the regional level.

9. To face these challenges, the Community of Latin American and Caribbean States (CELAC) requested ECLAC to prepare a plan for self-sufficiency in health matters for the region, not only to assess and analyse the situation of the pharmaceutical and health industry, but also to set out areas of action to strengthen the capacity to produce and distribute vaccines and medicines in CELAC member countries. The plan was approved unanimously at the sixth Summit of Heads of State and Government of CELAC in September 2021, convened by the regional group's pro tempore chair, Mexico, with the ultimate goal of strengthening research, development and production capacity for vaccines and medicines regionwide.

10. Three specific objectives were defined: (a) to provide a stable, large-scale market that gives clear signals and certainty to firms for investment; (b) to encourage and facilitate research into and the development of innovative projects; and (c) to support local production and integration into regional production chains. ECLAC made progress in implementing the plan, including through regular coordination meetings with CELAC and key stakeholders such as the Coalition for Epidemic Preparedness Innovations and the Pan American Health Organization, defining the short-term objective of setting in motion three pillars: regulatory convergence and recognition mechanisms; a regional clinical trials platform; and mechanisms for the pooled international procurement of vaccines and essential medicines and their utilization to develop regional markets.

11. ECLAC convened regional workshops on vaccine manufacturing and provided technical support for thematic dialogues between the public and private sectors on the health and pharmaceutical industry and for actions to promote regional integration, including within the framework of seventh Southern Common Market (MERCOSUR) Business Forum convened by Brazil, which holds the pro tempore presidency of MERCOSUR.

C. Social protection and resilience-building

12. The fourth session of the Regional Conference on Social Development in Latin America and the Caribbean was co-organized virtually by ECLAC, the United Nations Development Programme (UNDP) and the Government of Antigua and Barbuda in October 2021. Antigua and Barbuda is the first Caribbean State to chair a subsidiary organ of ECLAC, in line with the Caribbean First strategy, which advocates visibility and policy responses to the special and intensifying vulnerabilities of small island developing States in the Caribbean. The Commission prepared a position paper entitled “Disasters and inequality in a protracted crisis: towards universal, comprehensive, resilient and sustainable social protection systems in Latin America and the Caribbean”. The Conference addressed issues such as disasters and social protection in the Caribbean; proposals for transformative rebuilding, with resilience and inclusion; and institutional opportunities and challenges for moving towards universal, comprehensive, sustainable and resilient social protection systems.

D. Progress in implementing the comprehensive development plan for El Salvador, Guatemala, Honduras and south-south-east Mexico

13. ECLAC followed up on the implementation of the United Nations Executive Committee decision of 15 April 2021 regarding the comprehensive development plan for El Salvador, Guatemala, Honduras and south-south-east Mexico, which is an innovative United Nations system-wide strategy and cooperation platform aimed at addressing the structural causes of migration and forced displacement with a short- and medium-term vision. To ensure United Nations inter-agency coordination and cooperation, the plan was coordinated by ECLAC with input from 20 agencies, funds and programmes of the United Nations development system in Latin America and the Caribbean, as well as from the four resident coordinators and the regional office of the Development Coordination Office. The plan, which responds to a request from the four countries, has four major pillars: economic development; social well-being; environmental sustainability, climate change adaptation and disaster risk reduction; and comprehensive management of the migration cycle.

14. The final version of the plan was presented to the four member States and formally approved within the framework of a meeting held in the margins of the Summit of Heads of State and Government of CELAC in September 2021. Since then, based on the priorities expressed by participating countries, ECLAC developed, in coordination with the four resident coordinators and the Development Coordination Office, an implementation and financing strategy for the plan at both the subregional and national levels, as well as a georeferencing tool to monitor activities to be implemented on the ground. All these elements were presented to and approved by the Executive Committee on 24 March 2022.

E. Progress within the framework of the Regional Collaborative Platform for Latin America and the Caribbean and support provided to the resident coordinator system on regional priorities

15. In the context of the reform of the United Nations development system, ECLAC developed its regional strategy to further support the roll-out of the reform, with an emphasis on: the development of a knowledge management hub; enhancement of the data strategy; strengthening the role of the Regional Collaborative Platform for Latin America and the Caribbean; strengthening the regional-national nexus and the humanitarian-development-peace nexus, including the comprehensive development plan for El Salvador, Guatemala, Honduras and south-south-east Mexico; and strengthening collaboration with the Development Coordination Office and resident coordinators.

16. The Regional Knowledge Management Platform for the Sustainable Development Goals in Latin America and the Caribbean was developed under the leadership of ECLAC and UNDP in coordination with all United Nations agencies, funds and programmes with a presence in the region and the regional offices of the Development Coordination Office. Managed technically by ECLAC, the platform consolidates and displays the regional work of the United Nations development system related to the 2030 Agenda and the Goals. It is a one-stop-shop for access to all information related to the Goals in response to the needs and demands of member States. It benefited from the enhancement of the ECLAC statistical portal, CEPALSTAT, which now provides access to interactive tables, maps and charts and regional and national profiles based on a set of key indicators. All statistical information can be georeferenced.

17. The ongoing implementation of the comprehensive development plan is an opportunity to strengthen the role of the Platform with regard to the regional-national nexus and the humanitarian-development-peace nexus. The Platform, with ECLAC and UNDP as joint vice-chairs, will provide strategic guidance and support for the implementation of plan activities through agencies, funds and programmes, with a special emphasis on the plan's transboundary and subregional initiatives.

18. The Platform, through its issue-based coalition mechanism, will provide a coordination platform for promoting the implementation of the Platform in support of the resident coordinators of participating countries.

19. ECLAC made progress in implementing the reform of the United Nations development system and supported the resident coordinator system in other areas. For example, the issue-based coalition on financing for development, co-chaired by ECLAC and UNDP, was established in February 2022 and was presented to the region's 21 resident coordinators. It seeks to foster collaboration on the most pressing financing for development challenges for the region, as well as issues that are transboundary or for which various United Nations country teams seek regional support and guidance. The coalition also convened a side event entitled "Financing for gender equality in the framework of sustainable development" within the framework of the Forum of the Countries of Latin America and the Caribbean on Sustainable Development to promote policy dialogues on emerging financing for development topics.

20. Within the framework of the issue-based coalition on equitable growth, ECLAC co-organized policy-oriented webinars on employment (with the International Labour Organization (ILO) and UNDP), decent work and productivity (with ILO and UNDP) and fiscal policy challenges for sustainable development (with UNDP) and prepared two joint publications with ILO: "Employment situation of Latin America and the Caribbean: policies to protect labour relations and hiring subsidies amid the COVID-19 pandemic", in which statistics and analysis of the main labour market indicators and trends in the region were presented; and "Employment situation in Latin America and the Caribbean: decent work for platform workers in Latin America", in which the need for the inclusive use of new technologies to generate jobs was stressed and considerations for the design of appropriate regulatory frameworks for digital platform workers in the region were shared.

21. Moreover, within the framework of the issue-based coalition on human mobility, ECLAC led the regional review of the implementation of the Global Compact for Safe, Orderly and Regular Migration in Latin America and the Caribbean with the International Organization for Migration, and key findings and recommendations were formulated to inform the 2022 International Migration Review Forum. The coalition also prepared periodic analyses to share with United Nations resident coordinators and country teams on human mobility trends in Central America and provided a coordinated response to the request for support from the Government of Colombia for the ministerial conference on migration held in Bogota in October 2021.

F. First meeting of the Conference of the Parties to the Regional Agreement on Access to Information, Public Participation and Justice in Environmental Matters in Latin America and the Caribbean

22. The Regional Agreement on Access to Information, Public Participation and Justice in Environmental Matters in Latin America and the Caribbean (Escazú Agreement) is a crucial regional instrument that ECLAC can leverage to enhance the implementation of the 2030 Agenda and promote an environmentally sustainable

growth model. Following the entry into force of the Agreement in April 2021, ECLAC convened the first meeting of the Conference of the Parties to the Agreement in Santiago from 20 to 22 April 2022. At the meeting, States parties and other nations that are in the process of ratification or accession called for the fostering of joint action and multilateralism to give fresh impetus to the region's first environmental treaty and move forward with an environmentally sustainable growth model that, in addition to deepening democracy and the protection of environmental defenders, holds the potential for greater investment and new technologies in the region. Discussions were held on, inter alia, actions taken by 12 States parties (Antigua and Barbuda, Argentina, Bolivia (Plurinational State of), Ecuador, Guyana, Mexico, Nicaragua, Panama, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines and Uruguay) to implement the Agreement, and there was a panel discussion on promoting greater cooperation with international and intergovernmental organizations. Participants also discussed the Conference's rules of procedure, including the modalities for significant participation by the public, financial provisions for the implementation of the treaty and rules relating to the structure and functions of the committee to support implementation and compliance.

G. Community of practice for voluntary national reviews: a regional peer-to-peer platform to support the voluntary national review processes of Latin American and Caribbean countries

23. ECLAC provides direct support to member States to enhance national implementation of the Sustainable Development Goals in the region through its community of practice for voluntary national reviews. Established by ECLAC in 2019, it has become an important regional platform for peer-to-peer learning, collaboration and the exchange of experiences, knowledge and best practices on the implementation of the 2030 Agenda. Throughout the reporting period, the community of practice strengthened its role as an informal mechanism for the exchange of best practices between the technical teams of countries tasked with monitoring and coordinating the implementation of the 2030 Agenda in general, and the process of developing the voluntary national reviews in particular. It includes government officials, researchers and technical experts, as well as representatives of ECLAC and the rest of the United Nations system, including representatives of resident coordinator offices, and occasionally involves the participation of representatives of civil society, the private sector and academic institutions.

24. The community of practice fosters interactive discussions in Spanish for Latin American countries and in English for Caribbean countries, focusing on their subregional characteristics. Between December 2019 and early 2021, around 40 virtual meetings were held to support countries that were in the process of preparing voluntary national reviews and monitoring implementation of the 2030 Agenda. Discussion topics included local implementation of the 2030 Agenda, multi-stakeholder participation, planning and budgeting aligned with the 2030 Agenda and means of implementing the 2030 Agenda, with an emphasis on financing for development, data and statistics.

25. Despite the challenges posed by the COVID-19 pandemic in the region, the commitment and effort of countries in monitoring the 17 Sustainable Development Goals was sustained without interruption: 20 of the region's countries submitted their voluntary national reviews to the high-level political forum on sustainable development after the initial outbreak of the virus, in either 2020 (Argentina, Barbados, Costa Rica, Ecuador, Honduras, Panama, Peru, Saint Vincent and the Grenadines and Trinidad and Tobago) or 2021 (Antigua and Barbuda, Bahamas,

Bolivia (Plurinational State of), Colombia, Cuba, Dominican Republic, Guatemala, Mexico, Nicaragua, Paraguay and Uruguay).

26. The 2030 Agenda remains the road map for recovery from the pandemic and for building a better future for all. Of the 45 countries that will present their reviews in 2022, 8 are in Latin America and the Caribbean: Dominica, Grenada, Saint Kitts and Nevis and Suriname will present their reviews for the first time, El Salvador and Jamaica for the second time, Argentina for the third time and Uruguay for the fourth time. For the first time since the adoption of the 2030 Agenda, most of the countries in the region that will submit their reviews in 2022 belong to the Caribbean subregion.

27. Each year, ECLAC organizes technical workshops for Latin American and Caribbean countries presenting their voluntary national reviews that year. The goal is to strengthen the knowledge and capacity of countries to formulate their reviews as part of their national strategies to implement and monitor the 2030 Agenda. Regional workshops are held in the margins of meetings of the Forum of the Countries of Latin America and the Caribbean on Sustainable Development.

H. Fifth meeting of the Forum of the Countries of Latin America and the Caribbean on Sustainable Development

28. The fifth meeting of the Forum of the Countries of Latin America and the Caribbean on Sustainable Development was held in San José from 7 to 9 March 2022. It was chaired by the Government of Costa Rica and convened under the auspices of ECLAC. It was open to member States of the Forum and observers, the agencies, funds and programmes of the United Nations system, regional and subregional bodies, international financial institutions, the private sector and civil society.

29. The intergovernmentally agreed conclusions and recommendations of the meeting highlighted the need to: (a) build resilience to the pandemic and prepare for the future with stronger health systems, investment in primary care and vaccine production; (b) increase and accelerate investments in protecting people and ecosystems on the front lines of the climate crisis, especially in the Caribbean; (c) reform the global debt architecture and support innovative financing instruments; (d) enhance just transitions in digital connectivity and food systems; (d) recover from the impacts of the pandemic on education; and (e) accelerate economic transformation and gender equality.

30. In its recommendations, the Forum called for a special dispensation for vulnerable countries in the region with regard to credit rating agencies and debt sustainability. It affirmed that unidimensional classification criteria that are based solely on per capita income leave out many countries, and their most vulnerable populations, in terms of cooperation opportunities with developed country partners. The main outcome of the meeting was a set of conclusions and recommendations adopted by the participating delegations that will feed into the 2022 session of the high-level political forum on sustainable development.

31. Member States invited ECLAC to continue to gather information on the impact of losing access to official development assistance (ODA) and concessional finance on development gains as countries attain different income levels, and on how the international system and national Governments can ensure that the development gains associated with higher income are sustained in countries undergoing development in transition processes.

III. Strengthening means of implementation of the 2030 Agenda for Sustainable Development

A. Financing for development: a priority agenda for Latin America and the Caribbean

32. ECLAC has been actively involved in supporting the financing for development agenda, following up on the Initiative on Financing for Development in the Era of COVID-19 and Beyond that was set up by the Secretary-General and the Governments of Canada and Jamaica. The Commission mobilized its expertise and analytical and advocacy capacity in 2021 and 2022 to identify key financing for development challenges, requirements, opportunities and policy recommendations for middle-income countries in Latin America and the Caribbean (see section IV).

B. Data and statistics: innovative platforms and evolving measures of sustainable development

33. The Regional Knowledge Management Platform for the Sustainable Development Goals in Latin America and the Caribbean was updated to enhance the visibility and accessibility of regional assets of the United Nations development system by including additional features such as an intelligent search engine providing access to all public United Nations materials, a fully integrated geographical information system-based mapping application and a Goal tracker and a section to provide access to the regional public goods produced by the six issue-based coalitions and the two cross-cutting thematic groups.

34. In October 2021, ECLAC presented the new interface of the CEPALSTAT platform, the main gateway to statistical information on the region's countries that is collected, systematized and published by ECLAC, which will enable the accessibility of regionally comparable statistics for Latin America and the Caribbean to be improved. The new interface is results from considerable updating of the platform and the addition of innovative features, based on the most comprehensive and complete integration of comparable regional sociodemographic, economic and environmental statistics, along with geospatial information. CEPALSTAT now provides access to interactive tables, maps and charts and regional and national profiles based on a set of key indicators in the economic, social and environmental spheres. All statistical information can be georeferenced, and the portal has complementary information resources as well as links to other follow-up and review mechanisms on the implementation of the 2030 Agenda and the Sustainable Development Goals. The ECLAC data ecosystem employs open data formats to facilitate the use and reuse of data assets in regional platforms. It is also initiating the application of machine learning algorithms to reinforce new data assets.

35. With regard to innovative data production to address gender equality, the region has, with the Commission's support, made progress in the economic valuation of unpaid work to obtain more precise calculations of what society produces. The need to link unpaid and paid work led to the definition, within the framework of the Working Group on Gender Statistics of the ECLAC Statistical Conference of the Americas, of the total work time indicator, which is continuously updated and disseminated by the Gender Equality Observatory for Latin America and the Caribbean. Time use information has enabled the generation of non-market indicators that demonstrate the inequalities derived from the sexual division of labour and its consequences for women's autonomy.

36. The Ministry of Women, Genders and Diversity of Argentina launched a federal map of care services, an innovative tool supported by ECLAC through the Joint Sustainable Development Goals Fund that allows citizens to locate care services for young children, older persons and those with disabilities, as well as training facilities for care providers, including public, private and social sector institutions. It supports the construction of a comprehensive care services system and is a step towards constructing what ECLAC has termed the care society. Specifically, it helps with the design, implementation and monitoring of policies that tackle structural gender inequalities and promote women's autonomy.

37. Through its intergovernmental architecture, ECLAC also supported capacity-building related to environmental-economic accounting and ecosystem accounting. Building on relevant technical expertise, its intergovernmental architecture and experience with regional statistical systems, capacities and training gaps, ECLAC also actively contributes to the Beyond GDP initiative, coordinated within the framework of the High-level Committee on Programmes.

C. Contribution of trade to a sustainable recovery

38. With respect to trade, the Commission examined the foreign trade performance of the region's economies in the 2021 edition of its annual flagship report,² using the most recent figures available on the impact of COVID-19 and the post-pandemic recovery in Latin American and Caribbean countries. It analysed the evolution of global and regional trade prospects for the post-pandemic recovery, examined the challenge of achieving productive autonomy in the region's health industry and offered proposals for defining the contribution of international trade to the new circular economy.

D. Renewed focus on science and technology to promote sectors for a transformative recovery

39. With regard to science, technology and innovation, ECLAC and the Government of Argentina organized the third meeting of the Conference on Science, Innovation and Information and Communications Technologies in a hybrid format from 13 to 15 December 2021. The event highlighted the fact that science, technology and innovation are crucial not only for addressing the COVID-19 pandemic, but also for moving towards a transformative recovery with equality and sustainability in the region. ECLAC published a position document entitled "Innovation for development: the key to a transformative recovery in Latin America and the Caribbean", in which it indicated that the science, technology and innovation systems of Latin American and Caribbean countries were underfunded and concentrated in basic and applied research activities, with major gaps in matters of experimental development, and that post-pandemic recovery plans represented an opportunity to reorient such strategies to be at the service of sustainable development and to redesign international cooperation in this area. It also stressed the importance of the health-care manufacturing industry, of digital technologies for industry and of environmental efficiency for promoting structural change on the basis of knowledge creation in the region.

40. As part of its efforts to promote green growth models in the region, and following up on the extractive industries round tables led by the Executive Office of

² ECLAC, *International Trade Outlook for Latin America and the Caribbean: Pursuing a Resilient and Sustainable Recovery* (Santiago, 2021).

the Secretary-General, ECLAC worked with the Governments of the countries of the so-called “lithium triangle”, including Argentina, the Plurinational State of Bolivia and Chile, which possess large lithium reserves. Thematic dialogues were held on opportunities in value addition, innovation and technological development, given the rising importance of lithium for the global energy transition and the expansion of the electrification of mobility. The Conference on Science, Innovation and Information and Communications Technologies is one of the main mechanisms at the disposal of countries to advance relevant regional initiatives.

41. The COVID-19 crisis has reaffirmed the importance of harnessing technological progress and exposing territorial inequalities to promote decent jobs in the region. This was underlined at an international seminar organized by ECLAC on 6 and 7 October 2021. A presentation was made of the key findings of the project “Transforming technology in Latin America: promoting productive jobs and confronting the challenge of new forms of informal employment”, which is financed by the United Nations Development Account and has been carried out since 2018 by the Economic Development Division and the Social Development Division of ECLAC and its Buenos Aires office.

IV. Spotlight on financing for development and international cooperation with middle-income countries in Latin America and the Caribbean

42. Recognizing the need for enhanced international cooperation, including on financing for development, to pursue a sustainable recovery, ECLAC continued to develop and promote innovative proposals for policy action on financing for development and international cooperation with middle-income countries on the basis of the development in transition paradigm.

43. Latin American and Caribbean countries, like other middle-income countries, face limitations on mobilizing national and external resources. The high level of indebtedness resulting from a lower tax intake coupled with increased current transfers to support households and businesses has heightened countries’ liquidity needs, despite the considerable heterogeneity of their fiscal situation and debt vulnerability. This situation has reduced the policy space in which to implement countercyclical policies, undermining the capacity to build forward better. Despite these circumstances, international cooperation for middle-income countries has been limited, focusing mainly on lower-income countries. Faced with the effects of the systemic crisis caused by COVID-19, Latin American and Caribbean countries have had access to fewer multilateral resources than during other crises such as the global financial crisis of 2008–2009, even though the region faces challenges and vulnerabilities similar to those affecting low-income countries.

44. International cooperation plays a key role in supporting the development of national resource mobilization capacities, designing new mechanisms that combine traditional development assistance with other sources of development financing and consolidating international instruments that serve to facilitate the mobilization of private resources for development.

45. ECLAC put forward innovative proposals in thematic policy briefs, including “Financing for development in the era of COVID-19 and beyond” and “An innovative financing for development agenda for the recovery in Latin America and the Caribbean”, as well as in the 2021 edition of its annual flagship report entitled *Preliminary Overview of the Economies of Latin America and the Caribbean*.

46. The Commission also convened regional intergovernmental discussions, including a meeting of the ECLAC Committee of the Whole in December 2021 and high-level dialogues in cooperation with the Government of Costa Rica, such as those held within the framework of fifth meeting of the Forum of the Countries of Latin America and the Caribbean on Sustainable Development. These included sessions entitled “High-level dialogue on an innovative financing agenda for recovery”, “Contributions to the innovative financing agenda for recovery: the perspective of regional and international development banks” and “Interactive dialogue with ministers of foreign affairs and high-level authorities of Latin America and the Caribbean on the contributions of development banks to the innovative financing agenda for recovery and the achievement of the 2030 Agenda”.

47. The Commission’s innovative policy proposals are focused on five policy actions:

(a) Expanding and redistributing liquidity from developed to developing countries, including exploring the possibility of recycling special drawing rights through a middle-income country trust fund and regional development banks or financial institutions and leveraging them by capitalizing on the growing interest of private financial markets in social and sustainable bonds issued by emerging market economies;

(b) Strengthening regional cooperation by enhancing the lending and response capacity of regional, subregional and national financial institutions and strengthening their linkages with multilateral development banks;

(c) Carrying out institutional reforms of the multilateral debt architecture, including recognizing the limitations of credit rating agencies in assessing sovereign risk and a proposal for a multilateral credit rating agency;

(d) Providing countries with a set of innovative instruments aimed at increasing debt repayment capacity and avoiding excessive indebtedness, including making hurricane clauses a permanent feature of debt relief initiatives for countries such as those in the Caribbean that are repeatedly exposed to natural disasters, as well as GDP- and income-linked bonds;

(e) Integrating liquidity and debt reduction measures into a development financing strategy such as the Caribbean Resilience Fund, a trust fund established as a public-private partnership geared towards financing strategic interventions throughout the Caribbean to alleviate the difficulties affecting the subregion.

48. International cooperation plays an important role in addressing structural gaps in Latin American and Caribbean countries. One way of adapting cooperation to new realities is the development in transition approach. This concept treats the development process as an evolutionary continuum in which some problems are solved, such as the fight against hunger, while others emerge, such as growing technology divides, distrust of institutions, environmental degradation and difficulties in moving towards welfare states and social protection systems.

49. Within the development in transition framework, “graduation” should be replaced by “gradation”. Gradation requires rethinking international cooperation for development and redefining relations between countries around the world at all levels of development to better respond to today’s local, regional and global challenges in innovative and creative ways. It is about building a new multilateralism based on a new international cooperation approach – including metrics, frameworks, tools and partnerships – adapted to countries that are left behind by traditional cooperation once they move up the income ladder.

50. The graduation process and its consequences could expose countries to setbacks in some of the fundamental dimensions of development. Graduation not only implies leaving the ODA framework, but also changes dialogue mechanisms and relational channels with more developed countries and restricts access to other financing sources and cooperation modalities.

51. The ultimate goal of this evolutionary process is to surmount the middle-income trap in which many developing countries, and in particular most of the countries of Latin America and the Caribbean, currently find themselves. This lock-in manifests itself in a wide array of structural gaps in economic, social, gender, environmental and other dimensions.

52. The structural gaps approach holds that no single standard classification based on any one gap adequately captures development levels. Countries are ranked differently depending on which gap is considered. In particular, the level of per capita income cannot be equated with the level of development, since an increase in per capita income, and thus a narrowing of that gap, does not signify an improvement in the other pillars of development. Linking the insights of the development in transition, middle-income trap and structural gaps approaches provides a useful tool for reorienting international cooperation to make it more effective.

53. The impact of COVID-19 in the region has shown that the development achievements of many countries are not sustainable or resilient and that they face persistent challenges that cannot be addressed with private financial flows. This is exemplified by the post-pandemic economic performance of Latin American and Caribbean countries, which will fall short of the action required to overcome inequality, poverty and low technological development and achieve the Sustainable Development Goals.

54. In the new graduation context, the cooperation agencies of traditional donor countries are starting to adapt their cooperation strategies to reach graduated countries through regional development cooperation and triangular cooperation programmes. These enable graduated countries to support the development of neighbouring countries and deepen integration while maintaining relations between traditional donors and graduated countries. Some bilateral donors, however, maintain their development programmes, even if the country is no longer eligible for ODA, if they consider that strategic partnerships exist in relation to specific themes or sectors. Cooperation and strategic partnerships for a transformative recovery are needed and must involve: putting graduation on hold and retaining ODA; multidimensional approaches and new tools to classify levels of development in line with the 2030 Agenda; ensuring access to concessional development financing for middle-income countries, especially for the smallest economies; extending the scope of special and differential treatment provisions available through the multilateral trading system to middle-income countries; supporting such countries in their industrialization processes and the diversification of their economies through concessional access to technologies; and creating new multilateral debt mechanisms for debt restructuring and relief and an intergovernmental platform for tax issues.

55. Over the past year, the Commission, in close cooperation with the Government of Costa Rica, has strengthened regional discussion spaces to promote new forms of international cooperation with middle-income countries and address concessional financing eligibility beyond per capita GDP. At the request of Costa Rica, ECLAC prepared a position document entitled “Development in transition: concept and measurement proposal for renewed cooperation in Latin America and the Caribbean” to support relevant regional discussions.

56. On 3 December 2021, the Committee of the Whole, at its thirty-sixth session, adopted a resolution on the establishment of the Regional Conference on South-South

Cooperation in Latin America and the Caribbean (resolution 752(PLEN.36)) to elevate intergovernmental discussions on this matter. ECLAC also developed an environmental-economic vulnerability index proposal to advance towards the evaluation of multidimensional vulnerability.

V. Leveraging partnerships for sustainable development

57. ECLAC promoted stronger regional cooperation through its collaboration with CELAC. At the request of Mexico, which holds the pro tempore presidency of CELAC for 2020–2021, ECLAC set up the COVID-19 Observatory in Latin America and the Caribbean, a platform that compiles and analyses public policies that the 33 countries of the region have adopted to address the impacts of the pandemic. ECLAC also published thematic policy briefs on the platform on economic and social impacts at the regional, national and sectoral levels. In addition, at the request of CELAC, ECLAC developed a plan for self-sufficiency in health matters (see para. 9), which was unanimously approved by the Heads of State and Government of CELAC in September 2021.

58. CELAC established a fund for climate adaptation and a comprehensive response to natural disasters, which will be administered by ECLAC.

59. Within the framework of the pro tempore presidency of CELAC assumed by Argentina in 2022, ECLAC agreed to provide technical assistance on nine public policy themes: food security; education; a Latin American and Caribbean health strategy; a comprehensive disaster risk management plan; environmental cooperation; digital transformation; science, technology and innovation; data and statistics; and dialogue with extraregional partners, in particular the European Union, the African Union, India and China.

60. ECLAC continued to collaborate with the Caribbean Community, including by participating in high-level events, providing an overview of the challenges faced by the Caribbean and addressing the recovery paradox in which small island developing States are being left behind, with rising inequality, poverty and informality, limited fiscal space and high indebtedness.

61. ECLAC undertook numerous cooperation activities with specialized entities of the Central American Integration System. The Commission's subregional headquarters in Mexico and the Permanent Secretariat of the General Treaty on Central American Economic Integration prepared a detailed road map to deepen the customs union in three countries in northern Central America. ECLAC worked with the Secretariat of Central American Tourism Integration on a workplan to foster the "digital maturity and content" of tourism-related small and medium-sized enterprises. ECLAC is also implementing a joint project with the Executive Secretariat of the Council of Ministers of Finance of the Central American Integration System to integrate disaster risk reduction and inclusive adaptation to climate change into national public investment systems. In addition to the ministries of finance of seven countries, this initiative works with the Council of Ministers of Transport, the Coordination Centre for Disaster Prevention in Central America and the Dominican Republic and the Permanent Secretariat of the General Treaty on Central American Economic Integration. The Commission is also implementing an annual programme of work with the Executive Secretariat of the Council of Ministers of Agriculture of the Central American Integration System on climate change, focused on agricultural insurance, adaptation and mitigation measures and agroclimatic training and analysis for small agricultural producers.

62. Furthermore, ECLAC developed a post-COVID-19 sustainable energy strategy for 2030 for Central American Integration System countries, in which it proposed

regional actions and recommendations aligned with the Sustainable Development Goals to ensure energy supply and energy security and to advance energy efficiency and the increased use of renewable resources in the energy mix of those countries. At the request of the Government of Honduras, ECLAC supported the preparation of its energy compacts, which are voluntary commitments made as part of the high-level dialogue on energy and the decade of action and delivery for sustainable development. At the request of the Government of Honduras, the Commission provided support for the elaboration of a regional climate change goal framework for Central American Integration System countries. The framework was included in the regional energy compact proposed by the Government of Guatemala with assistance from ECLAC. In addition, ECLAC worked with the Council of Ministers of Energy of the Central American Integration System to update information and enhance the geospatial platform for assessing the energy potential of biomass resources in those countries.

63. ECLAC continued to collaborate with the Development Centre of the Organisation for Economic Co-operation and Development (OECD) and the European Union on joint high-level dialogues on development in transition and the exchange of lessons and good practices for renewed cooperation within Latin America and the Caribbean and between the region and the European Union that could be applied in rethinking the multilateralism and cooperation modalities of the future.

64. In 2021, partner organizations arranged an event to launch *Latin American Economic Outlook 2021: Working Together for a Better Recovery*. The report explores policy actions to improve social protection mechanisms and increase social inclusion, including by fostering regional integration and strengthening industrial strategies. It also highlights the need to rethink the social contract in order to restore trust and empower citizens at all stages of the policymaking process. The event included a high-level presidential segment with the participation of the Presidents of Costa Rica, Colombia and Ecuador, moderated by the Executive Secretary of ECLAC, and a panel discussion involving the Executive President of the Andean Development Corporation, the Commissioner for International Partnerships of the European Commission, the Secretary-General of OECD and the Director of the OECD Development Centre.

65. The joint publication by ECLAC and the Economic Commission for Africa entitled “Special drawing rights (SDRs) and the COVID-19 crisis”, released in April 2022, is a positive example of interregional and inter-agency collaboration. The Commissions analysed the financing needs of developing countries and the utilization rate of special drawing rights and proposed innovative mechanisms for rechanneling those rights to countries in need, including establishing a trust fund for middle-income countries to finance Sustainable Development Goal-related investment projects and allocating special drawing rights to fund the liquidity and sustainability facility proposed by the Economic Commission for Africa.

VI. Conclusions

66. As documented throughout the present report, Latin American and Caribbean countries face considerable risks along the path of implementing the Sustainable Development Goals. In the context of ongoing macroeconomic pressures and limitations on policy space and response capacity, rethinking international cooperation emerges as a crucial priority to set countries on track to achieve the 2030 Agenda. This includes enhanced intraregional and interregional cooperation to foster joint positions and the provision of regional and global public goods to enable progress in crucial areas, such as financing for development, climate change action and policy space for productive change and social inclusion.