How's Life in Latin America?

MEASURING WELL-BEING FOR POLICY MAKING



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Foreword

Measuring well-being means looking at multidimensional development outcomes at the national and regional level from the perspective of people (individuals and households) rather than indicators of economic growth alone. This requires taking into account a broader range of metrics than have traditionally been used to monitor national progress, describing people's current material conditions and quality of life, the distribution of outcomes across population groups and locations, and the systemic resources that are needed to underpin the sustainability of people's well-being into the future.

This report, *How's Life in Latin America? Measuring well-being for policy making*, is the result of a three-year project led by the OECD Centre on Well-being, Inclusion, Sustainability and Equal Opportunity and the OECD Development Centre. This project has aimed to identify comparable metrics for monitoring multidimensional well-being across Latin America and the Caribbean (LAC), to highlight areas for improvement in data collection and coverage, and to explore the policy use of well-being frameworks in LAC countries. The report is based on an adapted version of the OECD Well-being Framework, reflecting the priorities of the LAC region, particularly in the context of the UN 2030 Agenda for Sustainable Development and its Sustainable Development Goals (SDGs). It has been produced in the framework of the European Union's Regional Facility for Development in Transition for Latin America and the Caribbean, which results from joint work led by the EU, the OECD, and the UN Economic Commission for Latin America and the Caribbean (ECLAC).

Taking a more comprehensive and people-focused approach to measuring development is particularly relevant in the LAC region, where inequalities and other structural challenges persist despite many countries achieving high- or upper middle-income status in recent decades, highlighting the importance of the Development in Transition approach. The upheaval that the region has experienced since the project began in 2018 – with the wave of social protests that emerged in late 2019, and swiftly followed by the onset of the COVID-19 pandemic in early 2020 – further underlines the need for a broader view of progress that puts people's well-being at the centre of policy making and international cooperation in order to "build forward better".

Acknowledgements

The report was prepared jointly by the OECD's Centre for Well-being, Inclusion, Sustainability and Equal Opportunity (WISE) and the OECD Development Centre (DEV). Overall project management and the production of the report was led by Katherine Scrivens (Policy Analyst, WISE), under the supervision of Carrie Exton (Head of Unit, WISE), Marco Mira d'Ercole (Counsellor, WISE), Sebastian Nieto-Parra (Head of Unit, DEV), and Federico Bonaglia (Deputy Director, DEV).

This report is published under the direction of Romina Boarini (Director, WISE), Ragnheiður Elín Árnadóttir (Director, DEV) and Mario Pezzini (Former Director, DEV). The project itself began in 2018, before the creation of WISE, and was initially under the co-responsibility of the Statistics and Data Directorate (SDD). Support from SDD and particularly guidance from Martine Durand (Former OECD Chief Statistician and SDD Director) has been invaluable for the preparatory activities and research for the report.

Chapter 1 was authored by Carrie Exton and Katherine Scrivens; Chapters 2 to 5 were co-authored by Joshua Monje-Jelfs (WISE), Katherine Scrivens and Elena Tosetto (WISE); and Chapter 6 was authored by Nathalia Montoya González (DEV), with contributions from Margreet Frieling (WISE), João Castello Branco (DEV), Rita Da Costa (DEV) and Adriana Caicedo (DEV). Monica Quinza (WISE) provided statistical assistance throughout the report. The WISE Communications team, Anne-Lise Faron, Martine Zaïda and Julia Carro, also provided essential support through the entire process. Sonia Primot designed the front cover, Patrick Hamm provided editorial guidance, and Meral Gedik prepared and formatted the manuscript for publication. The Spanish language translation of the report was prepared by the OECD Translation team, and proofread by Liliana Tafur. All are very gratefully acknowledged for their work and support.

A large network of experts and colleagues have been active and supportive throughout the entire process, steering the project, providing views, inputs, comments and advice. The support of the European Union has been fundamental and input from colleagues from the Directorate-General for International Partnerships (DG INTPA, Jolita Butkeviciene, Pelayo Roces-Fernández, and Sergio Martin Moreno) and Eurostat (Maria-Joao Santos and Maria-Isabel Lazaro) has shaped the strategic orientation of the report. ECLAC has been a crucial knowledge partner throughout the entire project. Xavier Mancero and Pablo Villatoro of ECLAC's Statistics Division have collaborated closely with the project team from its inception to the final drafting process and their contributions have been invaluable. The participation of ECLAC Executive Secretary Alicia Bárcena, Deputy Executive Secretary Mario Cimoli, and Director of the Statistics Division Rolando Ocampo in high-level events and strategic discussions, as well as early inputs and advice from Nunzia Saporito, Sebastian Rovira, Romain Zivy, and colleagues from the Latin American and Caribbean Institute for Economic and Social Planning (ILPES, led by Cielo Morales) have been essential for setting the direction of the project overall and ensuring the relevance of its outputs. Fabiana del Popolo of ECLAC's Population and Development Division and Iliana Vaca Trigo of ECLAC's Division for Gender Affairs also provided helpful comments.

The input of experts from National Statistical Offices (NSOs) of the focal countries (Argentina, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, Mexico, Paraguay, Peru and Uruguay) has been central for shaping the direction and content of the report. Interviews with policy experts from various Ministries and government departments in the focal countries provided the foundation of the examples included in Chapter 6. Advice and inputs from other regional experts in academia and civil society have also been extremely beneficial. While these measurement and policy experts in the focal countries are too numerous to mention individually, their contributions and advice are gratefully acknowledged and we hope the resulting product will be useful for their work.

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Finally, the measurement framework, statistical development priorities, and policy insights presented in this report were developed and refined through interactions with hundreds of participants in the various online and physical events organised as part of the project. We wish to thank all who participated in these events, as well as our co-organisers and institutional partners: the European Union (and particularly DG INTPA and Eurostat), ECLAC, the Colombian National Department of Planning (DNP), the Colombian National Administrative Department of Statistics (DANE), the Mexican National Institute of Statistics and Geography (INEGI), and the Universidad del Rosario, Bogotá, Colombia.

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Reader's guide

On 15 May 2020, the OECD Council invited Costa Rica to become a member. At the time of preparing this publication, the deposit of Costa Rica's instrument of accession to the OECD Convention was still pending; therefore Costa Rica does not appear in the list of OECD members and is not included in the OECD averages reported.

Conventions

- This report focuses on eleven Latin American and Caribbean countries (LAC 11): Argentina, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, Mexico, Paraguay, Peru and Uruguay. These countries were selected due to their status as high-income and upper-middle-income countries in the context of the EU Facility for Development in Transition (please refer to Box 1.1). The term "focal countries" is used throughout the report as shorthand to refer to this group of 11 LAC countries.
- In each figure, data labelled "LAC 11" are simple average of the 11 focal countries mentioned above and displayed in the figure, unless otherwise indicated. Whenever data are available for fewer than all 11 focal countries, the number of countries included in the calculation is specified in the figure (e.g. "LAC 8" when 8 of the focal countries are covered).
- In each figure, data labelled "OECD" refer to the average for OECD member countries (excluding Costa Rica). When available from the source, the OECD average is taken directly from that source to ensure consistency. When the OECD average is not calculated by the source, it is computed as the simple average of the OECD countries displayed, unless otherwise indicated. Whenever data are available for fewer than all 37 OECD countries (excluding Costa Rica), the number of countries included in the calculation is specified in the figure (e.g. OECD 33).
- In each figure, data labelled "LAC" (with no number given) refer to the regional average for Latin America and the Caribbean as a whole, including the LAC 11. When available from the source, the LAC regional average is taken directly from that source to ensure consistency. When the LAC regional average is not calculated by the source, the simple average of the countries with available data from the list in Table 1 is considered. This follows the convention generally used by the OECD Development Centre and UN ECLAC.

Table 1. Countries included in the LAC regional average when not calculated by the source

Antigua and Barbuda	Dominica	Nicaragua
Argentina	**Dominican Republic**	Panama
Bahamas	**Ecuador**	**Paraguay**
Barbados	El Salvador	**Peru**
Belize	Grenada	Saint Kitts and Nevis
Bolivia	Guatemala	San Vicente and the Grenadines
Brazil	Guyana	Santa Lucia
Chile	Haiti	Suriname
Colombia	Honduras	Trinidad and Tobago
Costa Rica	Jamaica	**Uruguay**
Cuba	**Mexico**	Venezuela

Note: Focal countries are in bold.

- When available from the source, the LAC regional average and the OECD average are generally calculated as weighted averages. The only exception is in the case of data sourced from ECLAC, where the LAC simple regional average is available for all indicators. For calculation details, the reader can refer to the link reported in the "Source" field under each chart.
- Weighted OECD and LAC averages (or OECD and LAC Totals) are shown in instances where the OECD convention is to provide this type of average. Where used, this is specified in the figure notes along with details of the weighting methodology. For example, when data are population-weighted, this is done according to the size of the population in different countries, as a proportion of the total OECD/LAC population. The OECD/LAC Total considers all the OECD/LAC countries as a single entity, to which each country contributes proportionally to the sum.
- In analysis of change over time and trendlines, the LAC 11, LAC and OECD averages refer to only those countries with data available for every year shown, i.e. the sample of countries is held constant across all years. This means that only countries with a complete time series are included. This can sometimes lead to different LAC 11, LAC and OECD averages for trendlines versus those for the latest and earliest available time points.
- In each figure, the time period covered is specified, with notes providing details when data refer to different years for different countries. Countries are referred to by their ISO codes (Table 2).
- When comparing latest and earliest time points, data for indicators sourced from the Gallup World Poll have been pooled over a four-year period (2006-09) and a three-year period (2017-19) to improve the accuracy of the estimates. As country coverage has improved over time, a three-year average, instead of a four-year average, is considered for the latest available period. For trendlines shown in Chapter 1, data have been consistently pooled over a three-year period until 2014.
- For reporting inequalities, where the source data are derived from surveys with smaller sample sizes (namely Gallup World Poll and Latinobarómetro), data have been pooled over a longer time period to ensure a sufficient number of observations. As a general rule, data have been pooled over the period 2014-19 for Gallup World Poll and over 2016-18 for inequality by age and ethnicity for Latinobarómetro, to improve the accuracy of the estimates. For full details, see the Statlink files accompanying the charts in Chapter 5.

Table 2. ISO codes for focal countries and world regions

ARG	Argentina	**DOM**	Dominican Republic	**OECD**	OECD average
BRA	Brazil	**ECU**	Ecuador	**PRY**	Paraguay
CHL	Chile	**LAC**	Average for Latin America and the Caribbean	**PER**	Peru
COL	Colombia	**LAC 11**	Average for the focal countries	**URY**	Uruguay
CRI	Costa Rica	**MEX**	Mexico		

Executive summary

Have improvements in national income in Latin America and the Caribbean been mirrored across the different areas of people's lives? The report addresses this question through a range of indicators, based on the OECD Well-Being Framework. It focuses on a selection of 11 countries (Argentina, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, Mexico, Paraguay, Peru and Uruguay), referred to henceforth as the "focal countries".

The two decades prior to the pandemic witnessed considerable gains in average well-being in the region….

The number of people in absolute poverty across the focal countries dropped from 1 in 3 in 2006, to 1 in 5 by 2019, while income inequality declined substantially over the same period. People's access to both drinking water and the Internet improved, while the share of the urban population living in slums or informal settlements decreased significantly. Average life expectancy at birth increased from 73 years in 2000 to close to 77 in 2018 in the focal countries, with mortality rates almost halving for children under 5 and falling by 30% among mothers during pregnancy or childbirth. The share of the population with an upper secondary education among the focal countries rose from 34% to 46%, while the share of those with tertiary education increased from 12% to 19%. Overall, the number of people reporting very low levels of life satisfaction fell in these countries from 24% to 19%.

… but the pace of progress has slowed since the mid-2010s, and structural problems such as informality and inequalities persisted to 2019

Following the end of the commodity price boom in the mid-2010s, improvements in material conditions faltered and even reversed in most countries in the region. After 2014, labour force outcomes and people's own perceptions of their living standards among the focal countries weakened, while the pace of reduction in income inequality and poverty also slowed. People's trust in government, and their support for democracy fell from 2010 onwards. While homicide rates fell between 2000 and 2019 by almost one-quarter across the focal countries, trends diverged strongly between countries, with homicide rates increasing again since 2015. The long-term increase in life satisfaction experienced over the two decades to 2019 also peaked in 2013, with slight declines thereafter. The share of workers in informal employment remained stubbornly high (at 57%), with only a small reduction between 2010 and 2019. While there was some progress in closing well-being gaps by gender, age, place of living, ethnic or racial status and educational level, disparities remain very large.

Many of the resources that underpin the sustainability of well-being – natural, human, social and economic capital - are under threat or in decline

Weak social capital in the region (exemplified by low and declining trust in others, weak tax morale, and higher perceptions of corruption) underscore the need to strengthen the relationship between people and the public institutions that serve them. Human capital has increased due to higher educational attainment of new cohorts, but it is challenged by persistently high shares of youth in informal employment and "not in employment, education or training" (NEET), as well as growing rates of obesity. Levels of economic capital in the region started from a low base, relative to OECD countries, and despite some gains since

2000 in terms of gross fixed capital formation and government tax revenues, other aspects remained stagnant (such as investment in R&D) or the pace of progress slowed since 2013. While Latin America and the Caribbean is a region rich in natural resources, it is especially vulnerable in the face of climate change and biodiversity loss. Intact forest landscape cover decreased on average by 8% across the focal countries since 2000, and biodiversity is declining twice as fast as the OECD average rate.

Looking beyond averages reveals wide variations between and within countries

On almost all indicators, the focal-country average masks substantial differences in levels and trends between countries. Beyond these cross-country variations are some equally marked differences in how well-being is distributed within countries, and women, children, elderly and youth, those living in rural areas, Indigenous and Afro-descendant people, and those with less education tend to experience worse outcomes and fewer opportunities, particularly in material conditions. For example, women in the focal countries are more likely to live in poverty than men and the gap has widened rather than narrowed in the last two decades. They also perform more than twice the amount of unpaid work and domestic care than men do, are less likely to feel safe, and are almost twice as likely to be not in employment, education or training (NEET). Nevertheless, some areas of strength exist alongside these disadvantages – such as higher rates of educational attainment among women; strong social connectedness among youth; and higher levels of social capital in rural areas.

COVID-19 risks reversing many of the well-being gains achieved in recent decades, as well as deepening pre-existing challenges

As highlighted above, the pandemic struck at a time when important well-being vulnerabilities were already emerging. In 2020, both absolute poverty and unemployment sharply increased throughout the region, while incomes, employment and labour force participation fell. Poor housing conditions have made it harder to combat the virus, while the digital divide hampered opportunities for remote learning, working and access to services. Sharp falls in life satisfaction and social connections highlight the human cost of the crisis, underscoring the need to use recovery plans and macro-economic policies (in countries where room for doing so exists) as tools for addressing both the pre-existing and new vulnerabilities that have emerged during the crisis.

A well-being approach to policy would support LAC countries in addressing the highly interconnected societal challenges they face

Countries in the LAC region are well advanced in incorporating a people-focused, multidimensional approach to measurement and policy (particularly in the context of the UN 2030 Agenda and the Sustainable Development Goals). However, as in other world regions, stronger links are required between, on the one hand, the multidimensional objectives set out in legal frameworks and national development plans and, on the other hand, their actual implementation through budget allocation, policy development and targeting. Building a shared vision of policy priorities, and using a common framework to identify countries' strengths and weaknesses, can improve both domestic policies and regional co-operation, through more effective international partnerships and peer learning. Mainstreaming a well-being approach in Latin America will require broad public and political support, as well as institutional mechanisms that anchor well-being priorities into long-term government operations. Improvements in the availability of harmonised, disaggregated data on all policy-relevant aspects of well-being are also needed. This report aims to support future work and continued discussions between policy actors, statistical agencies and a wide variety of societal stakeholders to put people's well-being at the heart of government action in LAC.

1 How's Life in Latin America? Introduction and key findings

The gains in well-being in countries in the LAC region between 2000 and 2019 were considerable. However, the pace of progress has slowed considerably since the mid-2010s. Further, many of the natural, human, social and economic capital resources that underpin the sustainability of well-being were already under threat or in decline before the pandemic, and structural problems such as high levels of informality and inequalities persisted to 2019. The COVID-19 pandemic risks reversing many of the well-being gains achieved in recent decades, as well as deepening pre-existing challenges. A well-being approach to policy would support LAC countries in addressing the highly interconnected societal challenges they face, but mainstreaming a well-being approach in Latin America will require broad public and political support, as well as institutional mechanisms that anchor well-being priorities into long-term government operations. Improvements in data on all policy-relevant aspects of well-being are also needed.

How's Life in Latin America? Measuring well-being for policy making is a joint report produced by the OECD Centre on Well-being, Inclusion, Sustainability and Equal Opportunity (WISE) and the OECD Development Centre (DEV). It represents the culmination of a three-year collaborative project between the OECD, the UN Economic Commission for Latin America and the Caribbean (ECLAC) and the European Commission to identify comparable well-being indicators for the Latin American and Caribbean (LAC) region (see Box 1.1). Since the project began in 2018, the region has experienced extraordinary upheaval: first the wave of social protests beginning in late 2019, swiftly followed by the onset of the COVID-19 pandemic in early 2020 with its subsequent unprecedented socio-economic impacts, affecting the well-being of the most vulnerable populations in particular. Describing well-being developments in the region during this period has been akin to chasing a moving target, with impacts unfolding in real time. However, if anything, these developments that were unforeseen at the start of the project have further underlined the need for a broader view of progress that puts people's well-being at the centre in order to "build forward better".

Overview

The purpose of this report is threefold. First, it aims to promote a better understanding of well-being outcomes in Latin America by presenting results across a range of dimensions that matter for people's lives today and into the future. Over four chapters, the report explores indicators of material conditions, quality of life, resources for future well-being and experiences for different population groups. While the LAC average is included for most indicators, the report focuses in particular on eleven Latin American countries – Argentina, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, Mexico, Paraguay, Peru and Uruguay – which were selected due to their status as high-income and upper-middle-income countries in the context of the EU Facility for Development in Transition as well as, in many cases, their expression of interest and commitment to this project (see Box 1.1). Second, it contributes to the objective of enhancing well-being measurement in the region, by identifying key areas for improvement in data collection and coverage: for each well-being dimension or population group covered, a special section highlights the key issues for statistical development in order to obtain a better pulse of the state of the region. Third, it makes the case that, for well-being measures to be used in policy decision-making, just producing more and better statistics is not enough: institutional, analytical and operational innovation in the way governments approach policy making is also needed. The final chapter of the report addresses this topic in detail, building on previous work looking at the policy use of well-being frameworks in OECD countries, to explore the challenges and achievements in implementing a well-being approach to policy in the LAC region.

Box 1.1. Metrics for Policies for Well-being and Sustainable Development in Latin America and the Caribbean

This report is the final output of the project *Metrics for Policies for Well-being and Sustainable Development in Latin America and the Caribbean*, led by the OECD Centre for Well-being, Inclusion, Sustainability and Equal Opportunity (WISE) and the OECD Development Centre, in collaboration with the UN Economic Commission for Latin America and the Caribbean (ECLAC) and the European Commission. The project is part of the European Union Facility for Development in Transition, a regional instrument to support the design and implementation of policies to achieve the Sustainable Development Goals (SDGs) in the LAC region.

The concept of "development in transition" refers to countries that are achieving higher income levels but continue to deal with structural challenges (or "development traps") related to issues such as inequalities, mobilisation of domestic resources, weak social frameworks, sub-national disparities, limited capacities for innovation and low economic diversification (OECD et al., 2019[1]). See Chapter 6 for a more detailed description of the specific development traps that exist in the LAC region. At the

international level, one of the consequences for countries transitioning to higher levels of Gross National Income (GNI) per capita is that they are no longer eligible for Official Development Assistance (ODA), entailing the loss of an important source of external financial support, even as they continue to face complex development challenges. In this context, the *Metrics for Policies for Sustainable Development in Latin America and the Caribbean* project focuses on the need for broader measures of development, looking beyond income, to inform domestic policies and international co-operation. While the hope is that the measures used in the report could be relevant across the whole region, the data in the descriptive chapters of the report (Chapters 1 to 5) focus on the aforementioned 11 high- and upper-middle-income countries: Argentina, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, Mexico, Paraguay, Peru and Uruguay.

The overarching aim of the project has been to support the development and use of relevant well-being metrics in policy making for achieving sustainable development in the LAC region. This is both a statistical and a policy task. Over three years, the project has provided multiple platforms for international dialogue between policy agencies and between statisticians and policy makers. Numerous physical and virtual events have fostered the exchange of knowledge and experiences across a regional network of experts during the project, including:

- **"Metrics that Make a Difference: The Policy Uses of Well-being and Sustainable Development Indicators in Latin America and the Caribbean"**, an international conference held in Bogotá in October 2019 (OECD, 2019[2]). More than 50 speakers and 200 participants participated in the conference over two days, showcasing different perspectives and experiences on the policy use of well-being indicators through a technical workshop (Day 1) and a high-level event (Day 2), opened by President Duque of Colombia. The event was co-organised in association with Colombia's National Statistical Department (DANE), the National Planning Ministry (DNP) and the Universidad del Rosario.
- **"Towards a Comprehensive Measurement of Well-being",** a series of expert lectures in June-July 2020. Over the course of six online events, this series attracted an international audience for discussion on key topics including experiences in multidimensional survey design, the use of administrative records, and improving the measurement of income inequality. The series, which was co-organised with the Mexican national statistical office, INEGI, also helped to inform the deliberations of the Mexican expert group designing a new national well-being survey.
- **"Measuring people's perceptions, evaluations and experiences: Key issues and best practice from Latin America and the world",** a webinar series in September-October 2020. Co-organised with ECLAC's Statistics Division, these four webinars responded to an emerging interest in the region in the measurement of a range of subjective aspects of people's life (their perceptions of country-wide developments, their evaluations of key aspects of their life, and their personal experiences in a wide range of fields), and covered methodology for collecting data on subjective well-being, trust and discrimination, as well as exploring country experiences. As a follow-up to these webinars, steps have been taken by the ECLAC Statistical Division to establish a dedicated Working Group (in the context of the Statistical Conference of the Americas) to explore ways to improve the comparative measurement of these aspects across the LAC region.
- **"Putting well-being at the heart of policymaking in LAC"**, which was part of the Development in Transition webinar series held on 7 July 2021. This webinar was a space to present and discuss country experiences in the policy uses of multidimensional tools and well-being frameworks in LAC countries. Its objective was to share the main lessons and current challenges in policy making to achieve an impact on the well-being of citizens in the context of the COVID-19 pandemic. The Development in Transition Days on Latin America & the Caribbean, organised in the framework of the EU Facility on Development in Transition with key stakeholders in the region, was an opportunity to take stock of valuable experiences and ideas for a sustainable and inclusive post-crisis recovery in the LAC.

Measuring well-being: Purpose and scope

Measuring well-being means taking a multidimensional and people-focused approach to assessing national developments, rather than focusing uniquely on indicators of economic growth. For many decades, metrics such as Gross National Income (GNI) and Gross Domestic Product (GDP) have acted as proxies for countries' development levels. This focus on macro-economic indicators has been based, to a large extent, on the assumption that increases in national income (or productivity) lead automatically to improvements in broader social outcomes. However, it is increasingly being recognised that the relationship between economic growth, on one side, and inclusive and sustainable development, on the other, is more complex and that a broader information set is needed to provide a fuller picture.

Efforts to go "beyond GDP" are not generally targeted at replacing GDP with a different single measure, but rather at complementing it with various additional metrics in order to make up for what GDP misses, and what it over-emphasises.[1] As argued by Joseph Stiglitz, Jean-Paul Fitoussi and Martine Durand, "what we measure affects what we do. If we measure the wrong thing, we will do the wrong thing. If we don't measure something, it becomes neglected, as if the problem didn't exist" (Stiglitz, Fitoussi and Durand, 2018[3]). Since improving people's well-being in an equitable and sustainable manner is widely recognised as a core objective for policy (one that lies at the heart of the SDGs, to which all UN Member States are signatories), then this implies that a broader set of indicators is needed to assess whether policies are contributing to that end.

The notion that broader perspectives on national progress and development need to look beyond GDP, beyond averages, and beyond individuals and firms is far from being a new idea. Over the last decade and a half in particular, a number of initiatives have helped to give greater visibility to this need to measure well-being and the stocks of resources that underpin it, including in particular greater attention to natural, social and human capital and their roles in sustaining well-being over time and for future generations. The recommendations of the Commission on the Measurement of Economic Performance and Social Progress (set up in 2008, and commonly known as the "Stiglitz-Sen-Fitoussi" report after its chairs, Joseph Stiglitz, Amartya Sen and Jean-Paul Fitoussi) were particularly influential in this regard, setting out a roadmap for necessary statistical development to gain a better picture of people's lives and the drivers of sustainability (Stiglitz, Sen and Fitoussi, 2009[4]). The OECD has also long stressed the need to broaden the scope of indicators used to assess societal progress beyond traditional macro-economic indicators, and in 2011 it launched its Better Life Initiative to promote the measurement of well-being and to put the notion at the core of policy making. This Initiative encompasses a range of outputs, from the regular publication of *How's Life?* (OECD, 2020[5]) to the Better Life Index interactive online tool (http://www.oecdbetterlifeindex.org/), and numerous other reports, methodological guidelines, working papers and articles. At the European level, in September 2009 the European Commission issued a communication on "GDP and beyond", identifying key actions to improve metrics of progress (European Commission, 2009[6]), and since then European institutions have continued to innovate and reflect on the best way to incorporate a more people-focused perspective into measurement and policy at the regional level (Council of the European Union, 2021[7]; Council of the European Union, 2019[8]).

Many countries around the world have already made efforts to establish multidimensional well-being measurement frameworks with this view in mind. Over half of OECD countries have developed some form of national well-being indicator dashboard, including France, New Zealand, Italy, Israel, the Netherlands, the United Kingdom, Slovenia and Norway (OECD, 2019[9]). LAC countries (including both OECD and non-OECD member countries) have also been pioneering work on well-being measurement for some years now. Concepts such as "Vivir Bien" in Bolivia and "Buen Vivir" in Ecuador embody the principle of sustainable and equitable well-being for all people, and these have been used to inform data collection and policy action. Chile, Colombia, Mexico and many other countries in the region are pushing the boundaries in the development of multidimensional measurement tools encompassing issues such as subjective well-being, crime and safety, quality of life, and other aspects of people's well-being (see Chapter 6 for details).

The UN 2030 Agenda for Sustainable Development also embodies this paradigm shift, recognising the well-being of people and the planet as the ultimate objectives of development. The 2030 Agenda spans 17 inter-related Sustainable Development Goals (SDGs) and 169 targets, with 231 unique indicators agreed by the international statistical community to monitor progress. The sheer number of indicators exemplifies a key tension when moving "beyond GDP", i.e. how to balance ease of communication (necessitating a smaller number of indicators, or even a single composite index) with completeness of information (requiring a larger set of indicators). Both aspects are important and, ultimately, the appropriate scope and range of a well-being indicator set will depend on its intended purpose. A review of well-being dashboards developed in 28 OECD countries made a broad distinction between frameworks focused on the measurement, monitoring and reporting of well-being (often, but not always, led by national statistical offices – NSOs) and those developed to support policy applications (often led by treasuries or other departments in the centre of government) (OECD, 2019[9]). Generally speaking, monitoring dashboards tend to be larger (ranging up to 147 indicators in the case of *Measures of Australia's Progress*), while policy-oriented dashboards tend to be smaller, with the majority of cases numbering 5-15 indicators (OECD, 2019[9]).

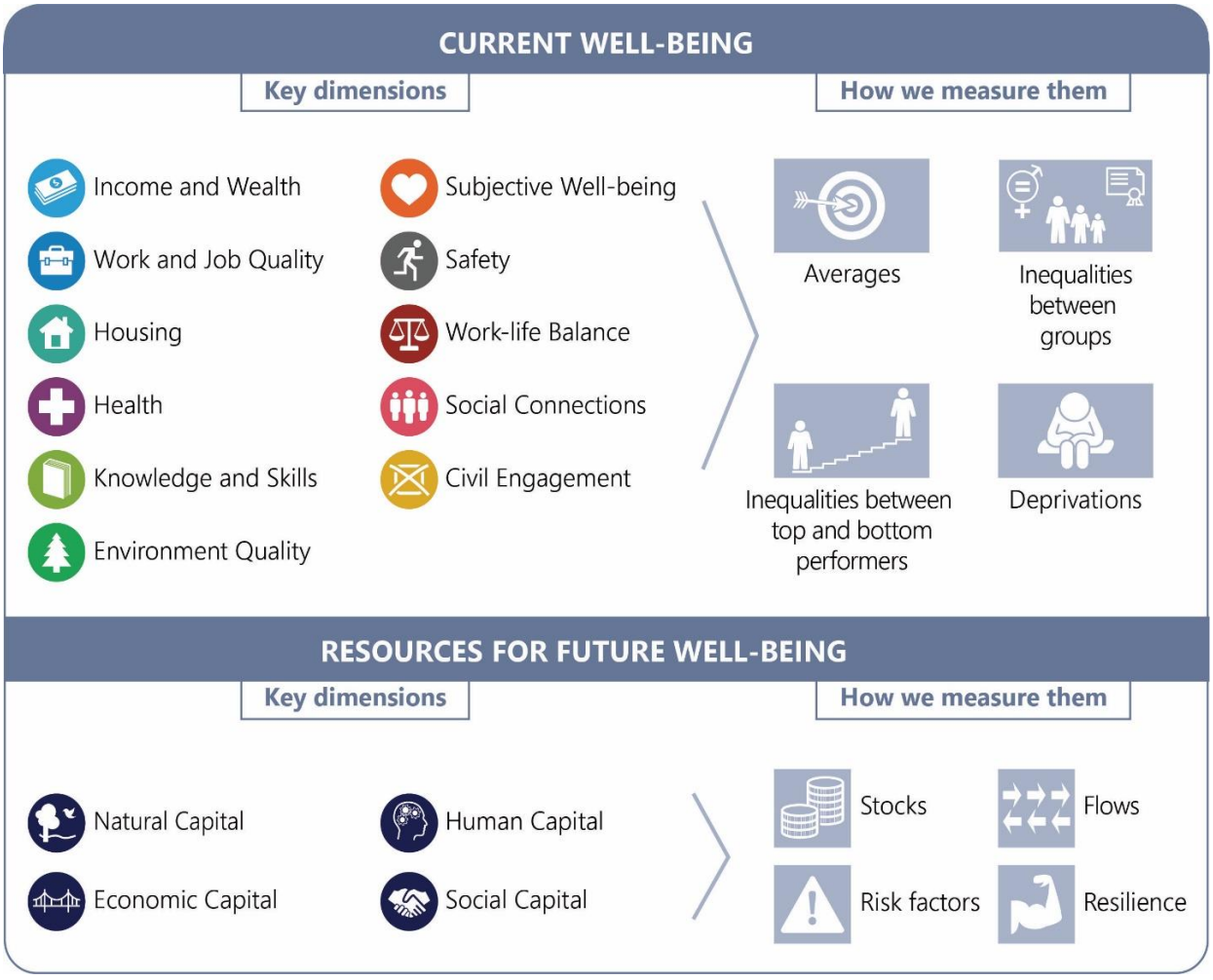
The dashboard presented in this report favours completeness over brevity, presenting 107 indicators to support the measurement and reporting of well-being in the LAC region. However, the policy relevance of the indicators has been an important criterion for selecting indicators (see the later section on the indicator selection process). The hope is that the findings presented in the report will lay the groundwork for the more political process of selecting a more limited indicator set to support policy dialogue among countries in the region and development partners. A preliminary list of 30 candidate headline concepts and accompanying indicators is included in Annex 1.A of this chapter, and these indicators have provided the focus of the online country notes accompanying the report.

The OECD well-being measurement framework and its adaptation to the LAC context

The description and analysis in this report are underpinned by the OECD framework, which has been guiding measurement and research on well-being both inside and outside the Organisation for the past decade. This framework conceives of well-being in terms of eleven dimensions of current well-being and four types of resources for future well-being (human, natural, economic and social capital) (Figure 1.1). Reflecting earlier work on the meaning of development and deliberations on the nature of human well-being,[2] the OECD framework has four distinctive characteristics:

- First, it focuses on **people** (i.e. individuals and households), their situation and how they relate to others in the community where they live and work. Focusing on people, rather than on the economic system, is important since there are often differences between the economy-wide assessment of a country and the well-being experiences of its inhabitants.
- Second, it concentrates on both current well-being **outcomes** and the **resources** underpinning well-being in the future. Focusing on outcomes in current well-being (e.g. students' performance), as opposed to inputs (e.g. educational expenditures) or outputs (e.g. students graduating), is important because outcomes provide direct information on people's lives.
- Third, it considers the distribution of well-being in the population alongside average achievements; this allows the exploration of **inequalities** across different well-being dimensions, as well as by age, gender, socio-economic status and other characteristics.
- Lastly, it looks at both **objective and subjective** aspects of well-being, because personal experiences and people's assessments of their life circumstances provide important information alongside objective measures of these circumstances.

Figure 1.1. OECD well-being framework



Source: OECD (2020[5]), *How's Life? 2020: Measuring Well-being*, OECD Publishing, Paris, https://doi.org/10.1787/9870c393-en.

The OECD framework does not embody a definitive expression of the "good life", as what matters the most to people will vary across individuals and national settings, depending on circumstance, culture and many other factors. However, it provides a comprehensive list of "ingredients" for inclusive and sustainable well-being.[3] The framework aims to provide a structure for operationalising the notion of well-being in different contexts.[4] In this perspective, the framework provided a starting point for identifying a set of comparable indicators for measuring well-being in the LAC region.

Both conceptual and pragmatic considerations played a part when adapting the framework to reflect priorities in the region. In the first instance, it was important to examine whether the OECD framework ignored issues of special importance to Latin Americans or, conversely, over-emphasised topics of less relevance in the region. A number of methods and sources were employed to evaluate the necessary components of a well-being framework for the LAC region, including:

- The results of a 2016 consultation with national statistical offices (NSOs) in the LAC region,[5] as well as further exchanges with regional NSOs and the Statistics Division of ECLAC.
- The content of national development plans and other strategic policy documents, as well as multidimensional measurement frameworks, produced by countries in the region.
- Two key documents of an exercise conducted by the Statistical Coordination Group of the Statistical Conference of the Americas of ECLAC.
    - First, an aspirational proposal for a regional SDG indicator framework comprising 307 indicators, of which 143 were from the UN global indicator framework, 135 were proposed complementary indicators and 29 were new proposed proxy indicators (ECLAC, 2017[10]).
    - Second, the final report of the prioritisation exercise, which presented the indicators retained from the proposal after extensive discussion amongst members of the Statistical Coordination Group. This report included 154 indicators, of which 120 are from the UN global indicator framework, 30 are complementary indicators and 4 are proxy indicators (ECLAC, 2019[11]).
- These documents were important resources, as together they gave a broad overview of the issues needing to be considered for the monitoring of sustainable development, from the perspective of regional measurement experts.
- Finally, a number of face-to-face and virtual events through the course of the project (see Box 1.1) provided the opportunity for knowledge sharing and discussion with a wide range of experts on what matters most for measuring well-being for policies in Latin America and the Caribbean.

This research and consultation established that, at the dimension level, the OECD framework adequately encompassed the range of issues seen as important for well-being in the region. However, it also showed that the expression of the dimensions, in terms of the key concepts to emphasise and the resulting selection of indicators, needed to diverge from the OECD approach in some areas. Specifically, while all concepts covered in *How's Life?* (OECD, 2020[5]) (the point of reference for the operationalisation of the well-being framework for OECD countries) were also relevant for well-being in LAC countries, a number of issues of great significance for the LAC region were excluded or given less emphasis than necessary. Table 1.1 summarises the key concepts covered in the *OECD How's Life?* framework, as well as the additional issues of relevance identified for the LAC region. Not all of these concepts were included in the final dashboard underpinning this report due to data constraints (as discussed in the following section), but the inventory provided an aspirational guide for what would ideally be included in a detailed list of well-being metrics for the region.

Table 1.1 does not include every LAC-specific notion that was identified by the research, but rather focuses on the ones that were highlighted by multiple sources as being relevant in the region. One group of issues omitted in the current version, but that could be considered for inclusion in future versions of the framework, relates to cultural beliefs and practices, which are especially important for Indigenous communities and where data availability also remains a challenge.

Table 1.1. Concepts covered in the OECD How's Life? framework and additional issues of relevance in the LAC region

Dimension	OECD How's Life?	Additional issues of relevance in LAC
Material conditions		
Income and wealth/ consumption	Household income; household wealth; income inequality; relative income poverty; difficulty making ends meet; financial insecurity	Absolute poverty and extreme poverty; food security
Work and job quality	Employment rate; gender wage gap; long-term unemployment; NEET; labour market insecurity; job strain; long hours in paid work; earnings	Informality; unemployment; in-work poverty; wage inequality; work-related injuries; social protection; child labour
Housing and infrastructure	Overcrowding; housing affordability; housing cost overburden; poor households without access to basic sanitary facilities; Internet access	Slum prevalence; access to drinking water
Quality of life		
Health	Life expectancy; perceived health; deaths from suicide, alcohol or drugs	Maternal mortality; infant and child (under 5 years) mortality; burden of disease; access to quality and affordable health care
Knowledge and skills	Students' cognitive skills in reading, maths and science; adult literacy and numeracy skills	Educational attainment; access to quality education
Safety	Homicides; feeling safe; road deaths	Crime victimisation; impact of crime on behaviour; gender-based violence
Environmental quality	Access to green space; exposure to outdoor air pollution	Impact of natural disasters
Civic engagement	Having a say in what government does; voter turnout	Inclusive governance
Social connections	Social support; time spent on social interactions; satisfaction with personal relationships	
Work-life balance	Time for leisure; unpaid work; gender gap in hours worked; satisfaction with time use	Time spent commuting
Subjective well-being	Life satisfaction; balance of negative and positive emotions	
Resources for future well-being (capital stocks)		
Human Capital	Educational attainment among young adults; labour underutilisation; premature mortality; smoking prevalence; obesity prevalence	Child malnutrition; alcohol consumption; youth informal employment
Social Capital	Trust in others; trust in government; government stakeholder engagement; gender parity in politics; corruption; volunteering through organisations	Support for democracy; discrimination; perceptions of inequality; tax morale
Natural Capital	Natural and semi-natural land cover (stock and rates of loss or gain); intact forests; protected terrestrial and marine areas; biodiversity loss; greenhouse gas emissions; carbon footprint; renewable energy; soil nutrient balance; water stress; material footprint; recycling rate	
Economic Capital	Produced fixed assets; intellectual property assets; gross fixed capital formation; investment in R&D; financial net wealth of total economy; household debt; financial net wealth of government; banking sector leverage	Investment in infrastructure; government debt; government tax revenue

Selecting indicators to measure well-being in the LAC region

After the establishment of the conceptual framework, the next step was to review available data sources to select the most appropriate indicators to populate the dashboard. Guiding the indicator selection was a set of standardised criteria, based on the quality assessment criteria used in the first edition of *How's Life?* in 2011 (OECD, 2011[12]), and further refined through a 2019 quality review of the OECD *How's Life?* indicator set (Exton and Fleischer, forthcoming[13]). Table 1.2 presents the different criteria (relevance, availability of population breakdowns to compute inequality measures, accuracy, credibility and comparability, timeliness and frequency, interpretability, and working constraints) and explains the key aspects considered for each category.

Table 1.2. Quality assessment criteria

Relevance *Value for measuring and monitoring well-being*	**Population breakdowns** *Inequalities can be computed*	**Accuracy** *Indicator correctly reflects the underlying concept that it is intended to capture*	**Credibility and Comparability** *Statistics are produced under high-quality standards and comparable across countries*	**Timeliness and Frequency** *Speed and frequency of data availability*	**Interpretability** *Ease with which users can understand and properly use and analyse the data*	**Working constraints** *Practical requirements to produce comparable and affordable well-being statistics*
Policy amenable outcome	Inequalities (horizontal, vertical, deprivations) can be computed	Validity	Source and sample quality	Recurrent data production going forward	Unambiguous interpretation	Country coverage and diversity
For current well-being: Unit of analysis: individual/ household level For capitals: Stock/flow/risk/ resilience factor		Reliability	Comparable definition across countries	Consistent time series going back	Broad summary outcome of concept	Additional burden of collection to data producer
			Well-established instrument collected	Length of time between collection and publication	Transparency of construction/ simplicity	

Source: Exton and Fleischer (forthcoming[13]), "The future of the OECD Well-being Dashboard", *Statistics working papers*, OECD, Paris.

Together, the quality criteria in Table 1.1 describe the ideal characteristics of a well-being metric, but even in the OECD *How's Life?* dashboard, not every indicator fully meets every one of these criteria. For this report, a more pragmatic approach was considered. While all quality aspects were considered important, the following issues were prioritised:

- **Relevance**: the value of the indicator for measuring and monitoring well-being had to be clear, with a high degree of policy relevance, and pertain to either households or individuals (for current well-being) or to the different types of resources relevant for future well-being.
- **Interpretability:** the meaning of the indicator had to be obvious, and a change in the indicator must be unambiguously good or bad.
- **Timeliness:** wherever possible, data should be based on recurrent data collections, with annual time series going back to at least 2000. Wherever possible, data with no more than a two-year lag in data publication were prioritised.
- **Credibility and comparability:** as far as possible, data were sourced only from official statistics based on comparable definitions, or, when these were not available, from well-established instruments. Indicators that allowed for a direct comparison with the OECD average were favoured, in general.
- **Working constraints:** indicators with data coverage for the eleven focal countries (Argentina, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, Mexico, Paraguay, Peru and Uruguay) were prioritised; as a general rule, an indicator needed to have time-series data for at least seven of the eleven countries to be included.

However, as the purpose of this project was also to give greater visibility to issues that are not generally considered in benchmarking exercises, a number of exceptions to these rules were allowed. In these instances, "next-best" indicators were used as placeholders where the importance of the concept was seen to override the need to fulfil all the quality criteria. For example, in the case of income and consumption, where comparable household-level data are lacking in the region, two indicators derived from national accounts (Gross National Income per capita, and Household Final Consumption Expenditure) have been used as proxies of the measure of Household Disposable Income per capita included in *How's Life?* In other cases, data with less-than-ideal timeliness, comparability and country coverage have been used to give an indication of the situation and also to highlight the need for better data in these areas. However, even with this more flexible approach, some important areas for well-being in the LAC region (such as household wealth and wealth inequality, or time use activities beyond paid and unpaid work) lack comparable data. Each section of Chapters 2 to 4 of this report (for each dimension of the framework) and Chapter 5 (for each type of group inequality considered) ends with a discussion of the "Issues for statistical development" in order to improve well-being measurement in the different areas.

A particular mention should be made about the use of Gallup World Poll and Latinobarómetro data for a range of subjective measures in the report. Wherever possible, data have been sourced from international organisations that themselves collect data from NSOs and then harmonise the measures *ex post* to provide more comparable results. However, although an increasing number of NSOs in the region are collecting subjective indicators across a range of topics, the availability of comparable data is still not sufficient to allow for compiling indicators based on official sources. In these cases, as was done in the past in the OECD *How's Life?* series, alternative (yet still high-quality) sources have been used. Both Gallup and Latinobarómetro are well-established polling bodies, with national results based on comparable questions and national sample sizes of at least 1 000 observations.

Finally, an over-arching consideration through the indicator selection process was to use indicators from the SDG indicator framework as much as possible. The following section compares the SDG framework and the OECD well-being framework, explaining the degree of relevance of the indicators used in this report to the SDG framework.

Comparing the SDG framework and the OECD well-being framework

The OECD well-being framework and the UN Sustainable Development Goals have much in common in terms of content and intent, with a shared aim of improving people's lives across key social, environmental and economic domains. Indeed, all SDGs apart from the process-oriented Goal 17 are represented in the well-being framework (see Figure 1.2). However, there are also important differences. The OECD well-being approach is intended to be a diagnostic, analytic and policy actionable tool, built on a clear conceptual framework. The SDG Agenda, on the other hand, is a series of political and aspirational commitments. The 2030 Agenda emphasises that all targets matter, and that, to be successful, countries should meet all goals and targets. But countries do need to be able to understand how best to sequence policies, which requires a conceptual approach that can help prioritise actions and identify trade-offs and synergies. In this sense, the two approaches are complementary: viewing the SDGs through the lens of well-being can help countries in identifying the most relevant indicators for monitoring progress towards sustainable development.

Figure 1.2. Mapping of the SDGs to the dimensions of the OECD well-being framework

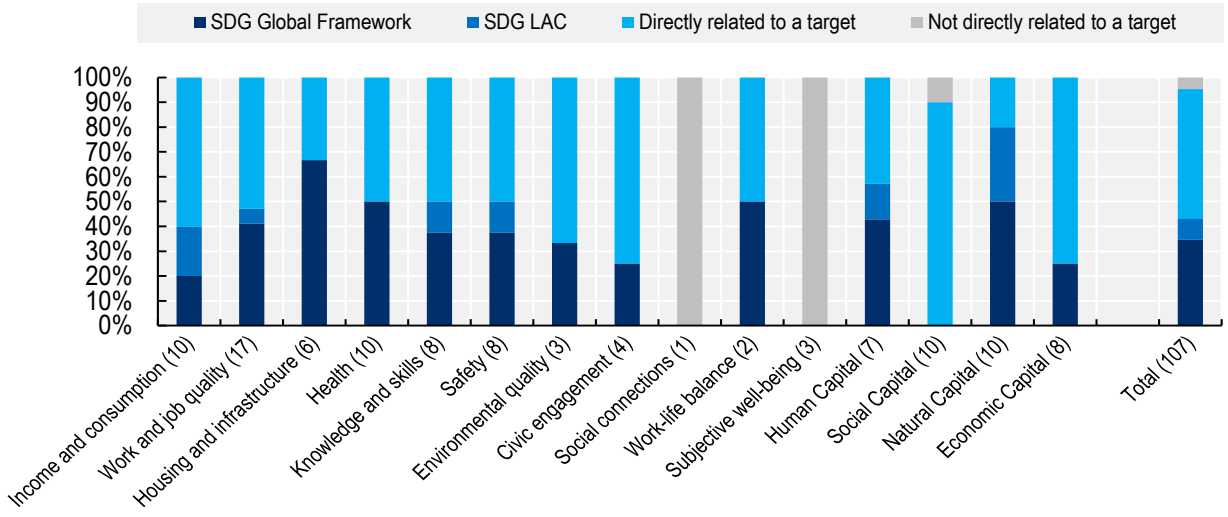
OECD well-being framework			Sustainable Development Goals
Current well-being		Income & wealth	SDG 1 (poverty); SDG 2 (food)
		Jobs and earnings	SDG 8 (decent work & economy)
		Housing	SDG 11 (cities)
		Health status	SDG 3 (health)
		Work-life balance	SDG 8 (decent work & economy)
		Education & skills	SDG 4 (education)
		Civic engagement & governance	SDG 16 (institutions)
		Environmental quality	SDG 6 (water); SDG 11 (cities)
		Personal security	SDG 16 (institutions)
Inequalities		[captured throughout all dimensions]	SDG 1 (poverty); SDG 5 (women); SDG 10 (inequality)
Resources for future well-being		Natural capital	SDG 13 (climate); SDG 14 (oceans); SDG 15 (biodiversity); SDG 12 (sustainable production)
		Economic capital	SDG 7 (energy); SDG 8 (work & economy); SDG 9 (infrastructure); SDG 12 (sustainable production)
		Human capital	SDG 3 (health); SDG 4 (education)
		Social capital	SDG 16 (institutions)

As far as possible, the indicators used to populate the well-being framework for the LAC region were selected with reference to the SDG indicator framework, taking into account both the official SDG Global Framework (as developed by the United Nations Inter-Agency and Expert Group on SDG Indicators, IAEG-SDGs) (UN Statistics, 2021[14]) and the complementary and proxy SDG indicators for the LAC region identified by the Statistical Coordination Group of the Statistical Conference of the Americas of ECLAC (ECLAC, 2019[11]).

Figure 1.3 sets out the degree of relevance to the SDG indicator framework for the different indicators included in this report. Overall, 37 out of the 107 indicators (just over one-third) have been taken directly from the SDG Global Framework list, and an additional 9 from the prioritised list of SDG indicators for the LAC region. An additional 56 indicators (over half of the set), while being in neither the Global Framework nor the prioritised LAC list, are considered as being directly relevant to an SDG target. For example, the S80/S20 inter-quintile ratio (Chapter 1) and the Gini coefficient of labour income (Chapter 2) have both been included as giving summary information on income and wage inequality respectively, which informs SDG target 10.4 to "Adopt policies, especially fiscal, wage and social protection policies, and progressively achieve greater equality". Similarly, in the Social Capital dimension, a range of mainly subjective indicators have been used to capture concepts that are relevant to targets 16.5 ("Substantially reduce corruption and bribery in all their forms"), 16.6 ("Develop effective, accountable and transparent institutions at all levels") and 16.7 ("Ensure responsive, inclusive, participatory and representative decision-making at all levels"). In

some cases, the indicators used were the closest available proxies for Global Framework indicators. For example, in the absence of adequate country coverage for data on indicator 10.3.1, the Latinobarómetro data on the share of the population who report belonging to a group that experienced discrimination were used.[6]

Figure 1.3. Degree of relevance of How's Life in Latin America? indicators to SDG agenda targets



Note: The numbers in parentheses in the labels denote the number of indicators in each dimension. SDG Global Framework refers to the official list of indicators as developed by the United Nations Inter-Agency and Expert Group on SDG Indicators (IAEG-SDGs) (UN Statistics, 2021[14]). SDG LAC refers to the complementary and proxy SDG indicators for the LAC region identified by the Statistical Coordination Group of the Statistical Conference of the Americas of ECLAC (2019[11]). 'Directly/ not directly related to a target' refer to the official list of SDG targets (UN Statistics, 2021[14]).

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In most cases, the reason for the use of an alternative or complementary indicator rather than one taken from the Global Framework or prioritised LAC list stemmed from one of three considerations. First, the need to focus on summary outcome measures with an unambiguous interpretation. As mentioned already, many SDG indicators are oriented at policies or processes rather than at outcomes. They also often focus on narrow policy issues, rather than emphasising high-level outcomes. Key metrics for monitoring overall societal well-being, such as life expectancy or electoral participation, are not included in the SDG indicator lists, while they are included here. Second, the OECD well-being measurement approach (along with many others) emphasises the value of subjective measures alongside objective measures, while very few subjective measures are included in the SDG indicator lists. Third, despite ongoing progress since 2015, data of sufficient quality, coverage and comparability do not yet exist for all SDG indicators; in these cases, it was necessary to look for the closest alternative indicators available.

Finally, five out of the 107 indicators featuring in this report cannot be linked directly to an SDG target. This applies specifically to all indicators of Social Connections (the share of people reporting they have someone to count on in a time of need) and Subjective Well-being (self-reported life satisfaction, negative affect balance, the share of people with low life satisfaction) and to one indicator of Social Capital (the share of people volunteering). This is a reflection of the conceptual differences between the two frameworks: despite the great degree of overlap, the dimensions considered of importance to inclusive and sustainable well-being are not exactly the same in both. Nonetheless, while not specifically mentioned

in any targets, strong social relationships, high levels of subjective well-being, and active civic participation are all aspects of the people-focused sustainable development targets set out in the SDGs.

The policy use of well-being frameworks

High-quality, comprehensive and multidimensional indicator frameworks are essential for gaining a more nuanced understanding of the development challenges faced by different countries. . However, producing more and better data on well-being and sustainability is not enough to ensure that these metrics are then used in decision-making, which is the ultimate purpose of this endeavour. For governments to move towards a well-being policy approach, institutional, analytical, and operational innovations are needed alongside statistical improvements. Beyond the statistical review presented in this report, an equally important aspect of the research was to explore how well-being frameworks could be used throughout the policy cycle in the LAC region, building on the experience accumulated in other OECD countries, which is the subject of Chapter 6.

A well-being approach to policy uses well-being evidence in an integrated way throughout the policy cycle – from the agenda-setting stage (through development planning) to policy formulation and budgeting, implementation, monitoring and evaluation – to work towards a more comprehensive, long-term and holistic vision of development. It would firmly focus government action on what matters the most to people and society, rather than on a single (or very narrow range of) objective(s), such as GDP growth. An increasing number of governments around the world are incorporating elements of such an approach (whether or not they use a specific “well-being” label), in recognition of the fact that dealing with today’s major challenges requires moving beyond traditional, short-term and silo-oriented ways of thinking and acting.

Chapter 6 presents knowledge and experience on the policy use of well-being frameworks in LAC countries and other OECD countries. It identifies a range of key lessons for informing national policy and international co-operation:

- **Taking a multidimensional perspective can support LAC countries in addressing the highly interconnected societal challenges they face, which have been further aggravated by the COVID-19 crisis**. By supporting whole-of-government efforts, and focusing governments’ attention on areas of greatest need, multidimensional well-being frameworks can strengthen the effectiveness and efficiency of policy-making processes. During post-COVID recovery, more than ever, LAC governments are called upon to devise policy responses to the crisis that assess and address the multidimensionality of people's well-being.
- **A well-being approach to policy can guide the process of building forward better in the wake of the COVID pandemic by helping governments reprioritise, redesign, realign, and reconnect in a number of ways**. The crisis has highlighted the importance of key challenges for the region such as the universalisation of social protection, citizens’ demands for rethinking a new social contract, and the strengthening of regional integration and international co-operation (OECD et al., forthcoming[15]). A well-being approach can give clarity on goals, priorities and measures of success: articulating what building forward better means in practice. It helps to identify both pre-existing and new or accumulated vulnerabilities to target support more effectively. It addresses topics that are sometimes less visible in policy, but which matter a lot for people’s quality of life and which have been hit hard by the pandemic, such as social connections, mental health and subjective well-being. It builds resilience in systems, including not just in economic and natural systems, but also in social systems (such as institutions and trust). It also contributes to establishing collaborative networks across government departments and agencies so as to more sharply focus on shared outcomes; these are needed to deliver on multidimensional integrated agendas such as will be required to implement inclusive and sustainable COVID recovery plans.

- **Governments in LAC countries have already taken important steps in adopting a "beyond GDP" approach to policy**. While the word "well-being" (or "bienestar") is not always used, countries in the LAC region are well advanced in incorporating a people-focused and multidimensional approach to measurement and policy (Montoya and Nieto-Parra, forthcoming[16]). For example, many LAC countries have a long history of using the Multidimensional Poverty Index (including for targeting social policies during the COVID-19 crisis), while the region's statistical offices have fully embraced the SDG agenda and are making great efforts to monitor its achievement. National development plans and other development strategies in the region are also increasingly including a holistic approach to development that takes into account social and environmental goals alongside economic goals.
- **Participative approaches to developing multidimensional frameworks and establishing societal priorities can help strengthen the social contract between governments and citizens**. Wide public engagement in the development and periodic review of multidimensional well-being frameworks is essential to ensure the legitimacy and public support for such frameworks and to mobilise collective action towards the identified societal goals. This is especially important at a time when efforts to strengthen the social contract between governments and citizens are profoundly needed in the region to implement key reforms and achieve a strong, sustainable and inclusive recovery (OECD et al., forthcoming[15]).
- **While national development plans are increasingly taking a multidimensional view, economic goals remain largely dominant, partly because of information gaps on non-economic goals**. Analysis of LAC national development plans (NDPs), which is included in the chapter, has shown that although NDPs increasingly include social and environmental objectives, economic goals still dominate, with less focus on wider well-being dimensions or other forms of capital that are needed to sustain well-being over time, going beyond economic capital.
- **Stronger links are required between, on the one hand, the multidimensional objectives set out in legal frameworks and national development plans, and, on the other hand, their implementation through budget allocation, policy design and targeting, and other policy mechanisms**. Building on existing good practice and strengthening the links between "objectives" and "implementation" – including the budgetary dimension – can make the difference between a national development plan that remains a high-level vision versus one that is grounded in broadly shared societal objectives and that can be operationalised and mobilise collective action to improve lives.
- Finally, the report argues that **multidimensional frameworks have the potential to guide decision-making at the regional and international level,** as well as at the national (and sub-national) level. This is especially important in the context of the COVID-19 crisis and of other global challenges such as climate change and migration. Building forward better will also depend on stronger and more innovative forms of international co-operation and partnership. Agreeing on a shared set of priorities to monitor, with common indicators across the region (a political as much as a technical process), would help LAC countries to identify common priorities and challenges and areas of strength or weakness and to broaden the scope for peer-learning and co-ordinated action. This, in turn, would support the emergence of a wider and more flexible range of international partnership modalities (beyond financial aid alone), more adapted to the needs of countries in an era of Development in Transition (OECD et al., 2019[1]).

The structure of the report

The remainder of this chapter presents **Key Findings** from Chapters 2 to 5 of the report. These key findings provide a high-level overview of trends over time by presenting average time series for the 11 focal countries (Argentina, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, Mexico, Paraguay, Peru and Uruguay), as well as for the LAC regional average and the OECD average, where

possible. The key findings section summarises overall gains and losses in the different well-being areas across the focal countries (while acknowledging that in many cases the average hides diverging patterns across and within the focal countries, as Chapters 2-5 show in more detail). It also summarises key inequalities in well-being for different population groups covered in Chapter 5 and concludes with a synthesis of the evidence on the impact of COVID-19, as well as issues for statistical development, which are highlighted throughout the report.

Chapters 2 to 5 discuss developments in all areas covered by the OECD well-being framework in more detail:

- Chapter 2, on **Material conditions**, covers Income and Consumption, Work and Job Quality, and Housing, looking at both average (country-level) patterns as well as vertical inequalities (i.e. the overall societal distribution of selected well-being outcomes) and deprivations (i.e. the share of people below a certain well-being threshold);
- Chapter 3, on **Quality of life**, takes the same approach to cover Health, Knowledge and Skills, Safety, Environmental Quality, Civic Engagement, Social Connections, Work-Life Balance and Subjective Well-being;
- Chapter 4, on **Resources for future well-being,** presents indicators on the four capital stocks that are considered in the OECD well-being framework, i.e. Economic, Natural, Human and Social Capital;
- Chapter 5, on **Well-being inequalities across social groups and territories,** looks at horizontal inequalities by gender, age (children, youth and elderly), territory (focusing on urban-rural differences), ethnicity and race (by Indigenous or Afro-descendant status), as well as education.

In each of these chapters, country-level results based on the latest available data are shown for every indicator,[7] in comparison with 2000 or the closest year available where adequate time series exist. In most cases, the latest data refer to 2019, and most results describe changes in well-being from the start of the 21st century up to the onset of the COVID pandemic. The results are organised in sections, by well-being dimension in the case of Chapters 2 and 3, by the types of capital stocks for resources for future well-being in Chapter 4, and by the different population groups in Chapter 5. Every section concludes with two special sub-sections on:

- **The impact of COVID-19** on the dimension, resource or population group under consideration. While, in general, the main bodies of each section do not discuss COVID per se, they do provide evidence on resilience and vulnerability factors that have shaped the impacts of the pandemic in different countries. In addition, this sub-section draws on available research and projections to discuss the likely impact of the pandemic on each issue. Wherever possible, data showing differences between 2019 and 2020 levels are also presented.
- **Issues for statistical development**. These sub-sections review the statistical gaps that need to be addressed and the methodological issues to be considered in order to improve the measurement of different aspects of current and future well-being.

Finally, Chapter 6 explores **Policy through a well-being lens: Experiences from LAC and wider OECD countries**. As described above, it presents experiences on the policy use of multidimensional well-being frameworks from countries in the LAC region and other OECD countries, as well as lessons for well-being policy at the national and international level.

Key findings: Developments in well-being across the focal group of countries

By 2019, several aspects of life had improved throughout the LAC region relative to 2000. That said, the path of well-being development was not smooth, and significant challenges existed even before the pandemic hit the region in 2020. Among the 11 focal countries, significant gains in material conditions, including falls in absolute poverty and income inequality and improvements in housing conditions, were not always matched by similar improvements in quality of life –- for example, in aspects of safety, social connectedness and civic engagement. The slowdown in economic progress in the mid-2010s had a direct effect on living standards, for example by reducing the availability of formal jobs and increasing unemployment, but it was also associated with falls in people's satisfaction with their conditions and in their confidence in government.

The sustainability of well-being over time faces global threats to which the region is particularly vulnerable (e.g. biodiversity loss and climate change that affect natural capital) and that will require combined national action and international co-operation to address. Meanwhile, the weak social capital in the region underscores the fragility of the relationship between people and the public institutions that serve them. Human capital is being challenged by persistently high levels of youth in informal employment or "not in employment, education or training" (NEET), and growing levels of obesity. Low but rising economic capital began stalling even before the pandemic struck. A whole-of-government approach to investing in resources for future well-being is essential to ensure that action in one area does not undermine progress in others.

Looking beyond the national average reveals wide variations in people's experiences. A more granular and localised picture of well-being data is necessary for effective decision-making. Well-being is not equally distributed: overall, women, children and youth, those living in rural areas, Indigenous and Afro-descendant people, and those with less education tend to experience worse outcomes and fewer opportunities, particularly in relation to material conditions. Nevertheless, there are still some areas of strength that exist alongside these disadvantages – for example, higher rates of educational attainment among women on average; strong social connectedness among youth; higher levels of social capital in rural areas; and higher employment rates for Indigenous and Afro-descendant people.

COVID-19 is having a profound impact on well-being in the region and could reverse many of the gains achieved over the past two decades, as well as deepening existing challenges. The pandemic struck at a time when important well-being vulnerabilities were already emerging: income growth and poverty reduction were already tapering; employment was falling and unemployment rising; and people's satisfaction with their living conditions and their trust in public institutions were declining. In 2020, absolute poverty and unemployment sharply increased, while incomes, employment and labour force participation fell. Poor housing conditions in the region have made it harder to combat the virus, while the digital divide hampers opportunities for remote learning, working and access to services. Sharp falls in life satisfaction and social connections underscore the human cost of the crisis. At the same time, the pandemic has accentuated vulnerabilities across human, social, economic and natural capital and compounded disadvantages facing youth and young adults. This implies a need to redouble efforts to improve well-being, using recovery plans and fiscal stimulus as tools for addressing both pre-existing and new vulnerabilities that have emerged. The pandemic has touched every aspect of people's lives, emphasising the deep interlinkages between economic, social and environmental outcomes. It has served as a stark reminder that policy success cannot be defined in narrow economic terms alone, and it has highlighted the value of more joined-up, multidimensional *Development in Transition* approaches.

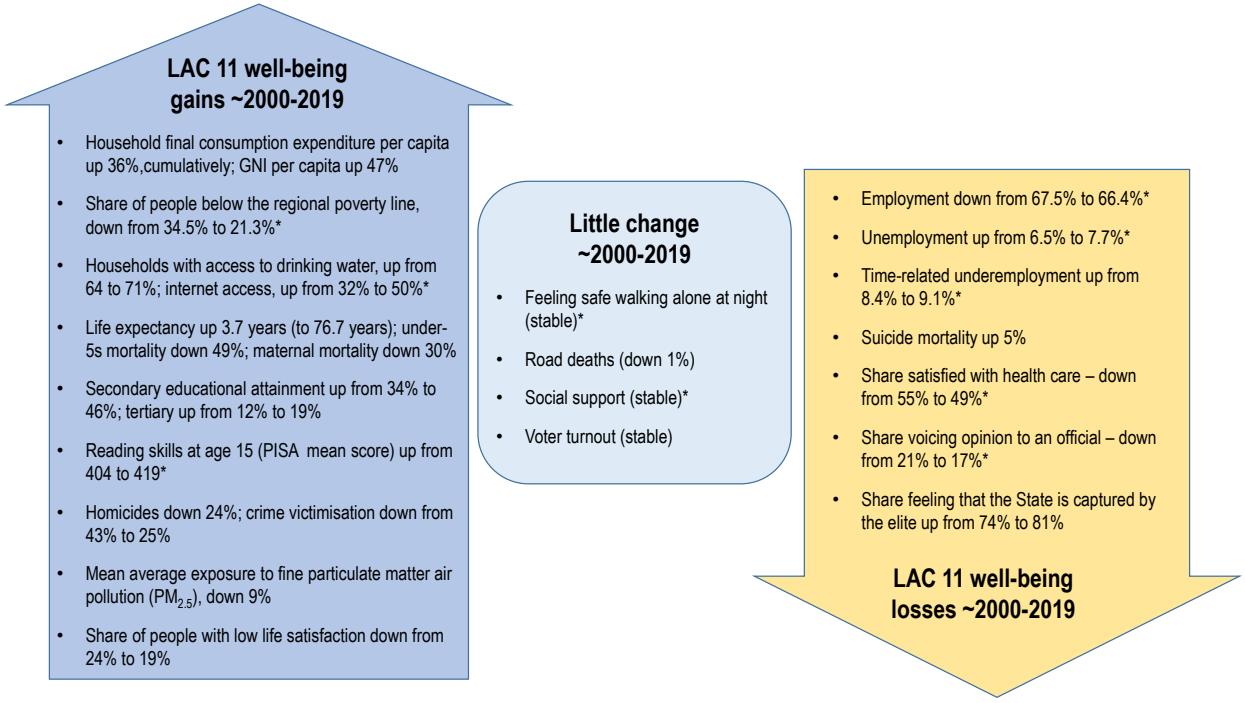
Developments in well-being, 2000-19

The two decades prior to the pandemic witnessed considerable gains in average well-being, but also losses in some areas

The two decades prior to the pandemic witnessed several important gains in material well-being in the LAC 11 focal countries (Figure 1.4). From the early 2000s to around 2019, average household final consumption expenditure grew by more than one-third cumulatively, more than the one-quarter gain experienced in OECD countries on average. In around 2006, 1 in 3 people lived in poverty (based on the ECLAC regional absolute poverty line); by 2019 this had fallen to 1 in 5. Analyses across various absolute poverty lines (USD 1.90 per day; USD 3.20 per day; and USD 5.50 per day) indicate that the greatest gains were made in lifting the very poorest out of poverty. Income inequality, while still high in comparison to the OECD average, has fallen: the Gini Index decreased from 0.51 in 2008-09 to 0.44 in 2018-19, and the income share received by the top 20% of the population fell from 15 times that received by the bottom 20% in 2008-09 to 10 times by 2018-19. Several housing and infrastructure indicators also improved. For example, the share of the urban population living in slums, informal settlements or inadequate housing fell from 23% to 17%. While still low, the share of households with access to drinking water services and the Internet also improved (Figure 1.4).

Figure 1.4. Summary of LAC 11 average well-being gains and losses over the past two decades

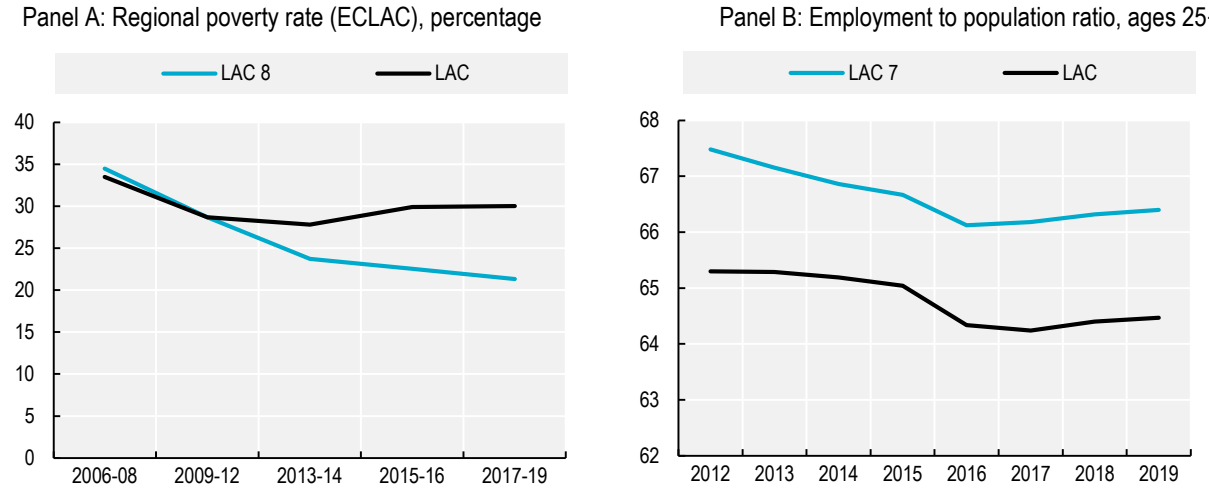
From 2000 (or the earliest available year) to 2019 (or the latest available year prior to 2019)



Note: Selected indicators from Chapters 2 and 3. *Full 2000-2019 time-series are not available for several indicators: most notably, the time series for labour market outcomes typically begin in 2011 or 2012. Details of indicator definitions, sources and periods covered are provided in Chapters 2 and 3 of this report.
Source: Chapters 2 and 3, and Figures 1.5 to 1.11 below.

Despite these positive developments, progress on material conditions often slowed, or even reversed, following the end of the commodity price boom. In particular, labour force outcomes and people's own perceptions of their living standards weakened after 2014, while the pace of reductions in income inequality also tapered (Chapter 2). Growth in GNI per capita and poverty reduction among the LAC focal countries both stalled post-2015, while employment levels among those aged 25 or over declined, and unemployment was rising, even prior to the pandemic (Figure 1.5; Figure 1.6).[8] Average levels of informal employment in the LAC 11 fell by 1 percentage point between 2010 and 2019, but remain high. Informality affects more than half of all workers (57%), with a similar share among non-agricultural workers (Chapter 2). Growth in household final consumption expenditure per capita also tapered off after 2014, combined with a fall in people's satisfaction with their living standards (Figure 1.7).

Figure 1.5. From 2015, the pace of poverty reduction tapered off, while employment fell in the focal group of countries

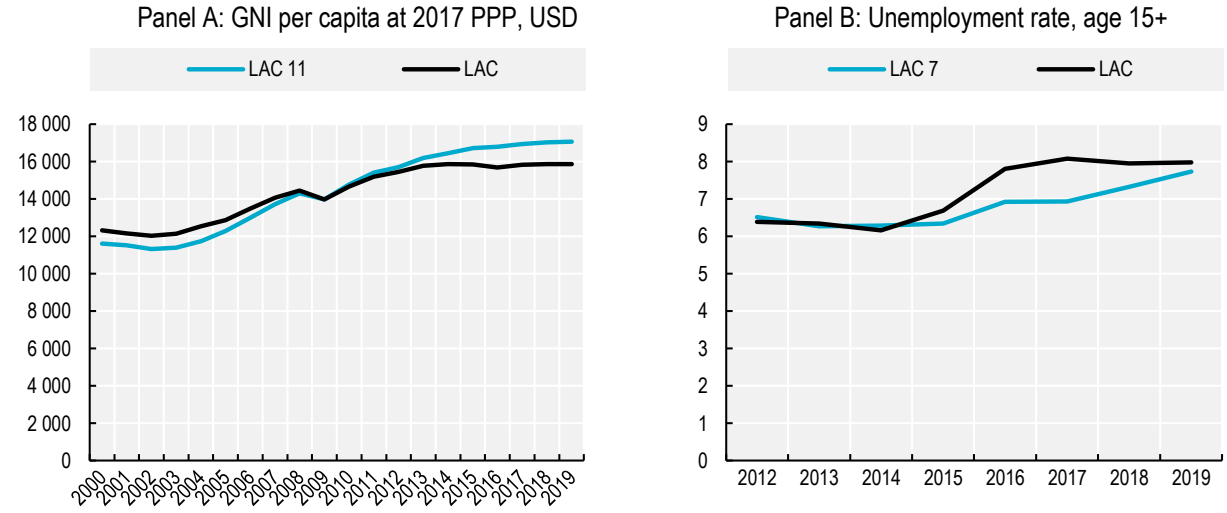


Note: In Panel A, LAC 8 excludes Brazil, Costa Rica and the Dominican Republic, due to breaks in the time series. Data for Argentina refer to urban populations only. LAC is the regional average for Latin America and the Caribbean as calculated by ECLAC. In Panel B, time series data prior to 2012 are not available. LAC 7 excludes Argentina, the Dominican Republic, Ecuador and Uruguay. LAC is the regional average for Latin America and the Caribbean as calculated by the ILO.

Source: ECLAC Statistics, CEPALSTAT database https://cepalstat-prod.cepal.org/cepalstat/tabulador/ConsultaIntegrada.asp?idIndicador=3328&idioma=i (Panel A) and ILO, https://www.ilo.org/shinyapps/bulkexplorer34/?lang=en&segment=indicator&id=EMP_DWAP_SEX_AGE_RT_A for country data and https://www.ilo.org/shinyapps/bulkexplorer13/?lang=en&segment=indicator&id=EMP_2WAP_SEX_AGE_RT_A for the Latin American and Caribbean regional average (Panel B): For LAC 7 country-level data: ILO non-modelled series, https://www.ilo.org/shinyapps/bulkexplorer22/?lang=en&segment=indicator&id=UNE_DEAP_SEX_AGE_RT_A; for the overall LAC average, ILO modelled series, https://www.ilo.org/shinyapps/bulkexplorer22/?lang=en&segment=indicator&id=UNE_DEAP_SEX_AGE_RT_A

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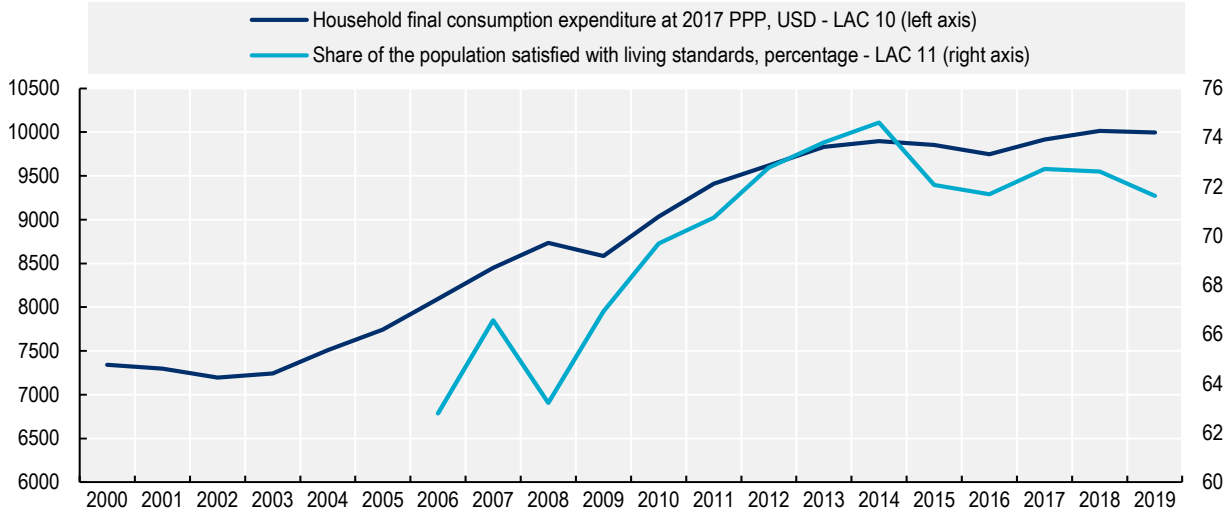
Figure 1.6. Gains in GNI per capita in the focal group of countries weakened after 2015, while unemployment was rising even prior to the pandemic



Note: In Panel A, LAC is the regional average for Latin America and the Caribbean as calculated by the World Bank. In Panel B, LAC 7 excludes Argentina, the Dominican Republic, Ecuador and Uruguay, due to breaks in the series. LAC average is the regional average for Latin America and the Caribbean as calculated by the ILO.
Source: World Bank Database https://data.worldbank.org/indicator/NY.GNP.PCAP.PP.KD (Panel A) and ILO, https://www.ilo.org/shinyapps/bulkexplorer22/?lang=en&segment=indicator&id=UNE_DEAP_SEX_AGE_RT_A for country data and https://www.ilo.org/shinyapps/bulkexplorer59/?lang=en&segment=indicator&id=UNE_2EAP_SEX_AGE_RT_A for the Latin American and Caribbean regional average (Panel B)

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Figure 1.7. Growth in household consumption expenditure per capita eased after 2014-15, while satisfaction with living standards fell



Note: LAC 10 excludes Uruguay, as data are not available.
Source: World Bank Database, https://data.worldbank.org/indicator/NE.CON.PRVT.PP.KD and OECD calculations based on Gallup World Poll, https://www.gallup.com/analytics/232838/world-poll.aspx

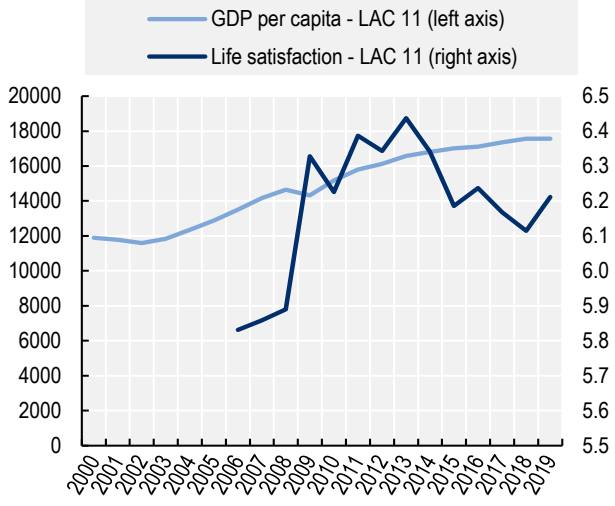
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Gains were also made between 2000 and 2019 across several quality-of-life domains in the LAC 11 – notably physical health, educational attainment, homicides and crime victimisation. Average life expectancy at birth increased from 73 years in 2000 to 76.7 in 2018; and mortality rates for the under-5s fell by nearly 50%, while maternal mortality fell by 30%. Despite these gains in physical health, however, suicide rates increased by 5% since 2000. On knowledge and skills, the share of the population with an upper secondary education rose from 34% to 46%, while the share of those with tertiary education increased from 12% to 19%. The homicide rate, while still nearly five times higher than the OECD average, fell by almost one-quarter in the past two decades – though trends within the LAC 11 countries (and across the region more broadly) strongly diverge.[9] The average share of the population who report having been victim to a crime in the last 12 months also dropped from 43% in 2001 to 25% in 2018.

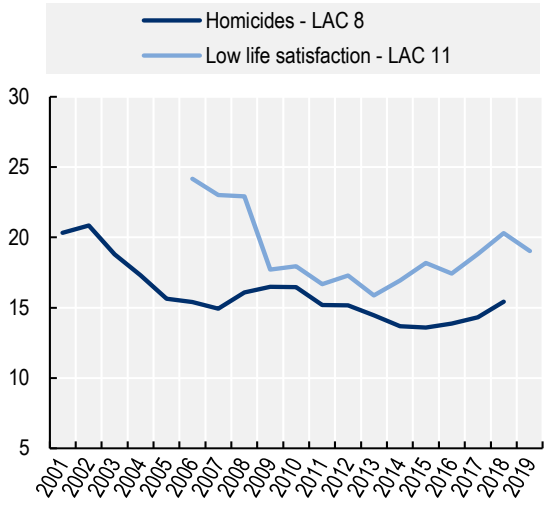
Mirroring the downturn in labour market outcomes after 2013, some quality-of-life outcomes – while remaining above the levels attained in the 2000s – started worsening even prior to the pandemic. This is despite continued, albeit weakened, GDP per capita growth during the same period (Figure 1.8, Panel A). For example, although there was a net gain in life satisfaction over the full-time period considered, it peaked at 6.4 in 2013, and fell slightly thereafter (Figure 1.8, Panel A). Similarly, the share of the population reporting low levels of life satisfaction reached its lowest point in 2013, before rising thereafter (Figure 1.8, Panel B). The LAC 11 homicide rate has also increased since 2015.

Figure 1.8. While GDP per capita continued to climb after 2014, average life satisfaction fell, the share of people with low life satisfaction grew and homicides increased

Panel A: GDP per capita, 2017 PPP, USD and average life satisfaction on a 0-10 scale



Panel B: Homicides per 100 000 population, and the share of the population reporting very low life satisfaction (4 and below on a 0-10 scale), percentage



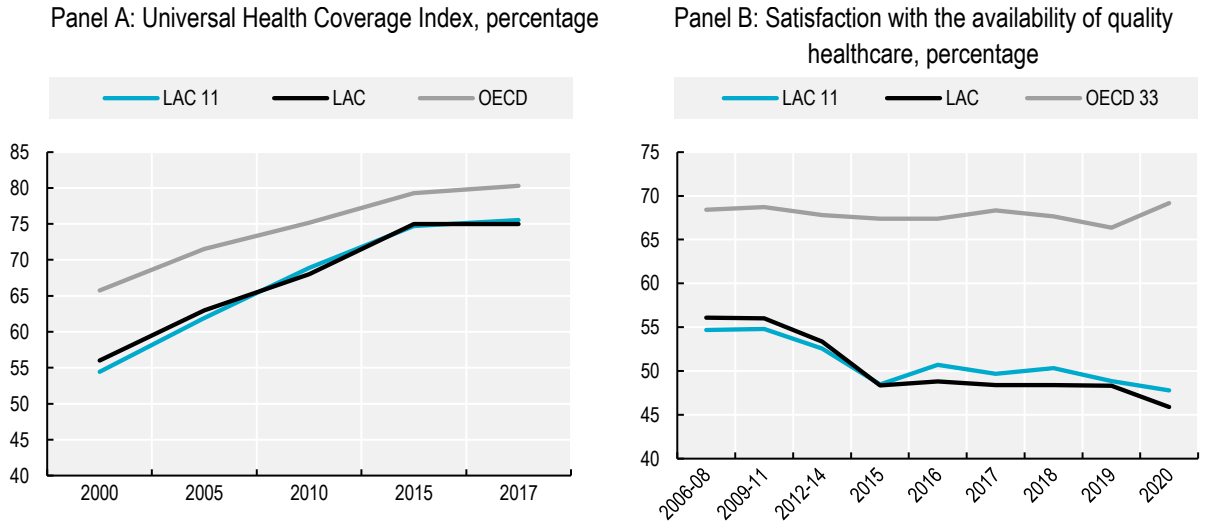
Note: In Panel B, LAC 8 excludes Chile, the Dominican Republic and Peru.
Source: World Bank Database https://data.worldbank.org/indicator/NY.GDP.PCAP.PP.KD and Gallup World Poll https://www.gallup.com/analytics/232838/world-poll.aspx (Panel A) and UNODC Database, https://dataunodc.un.org/GSH_app and OECD calculations based on Gallup World Poll, https://www.gallup.com/analytics/232838/world-poll.aspx (Panel B)

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Some aspects of personal safety and social connectedness have also stagnated over the last two decades. Road deaths and people's feelings of safety when walking alone at night have remained stable for the LAC 11 on average, in sharp contrast to strong improvements in both indicators for the OECD average. Similarly, there have been some improvements in air quality, but these are small compared to the large gains recorded for the OECD average over the same period: the share of the population in the focal countries who are exposed to dangerous levels of air pollution remains very high, at 91% in 2019. Finally, the share of people with friends and family to count on in times of need hovered between 86% and 87% across the two decades prior to the pandemic.

Sentiment towards the government and some public services worsened for the LAC 11 countries. Health care access (measured by the Universal Health Coverage Index)[10] recorded substantial gains between 2000 and 2015, but people's satisfaction with health care fell –- a trend that predates the pandemic (Figure 1.9). Voter turnout has remained relatively stable since 2000, but fewer people have voiced an opinion to an official (Figure 1.10, Panel A), and an increasing number of people feel that the State is captured by the interests of powerful elites (Figure 1.10, Panel B).

Figure 1.9. Satisfaction with the availability and quality of health care has fallen, even as coverage has risen among LAC 11 countries

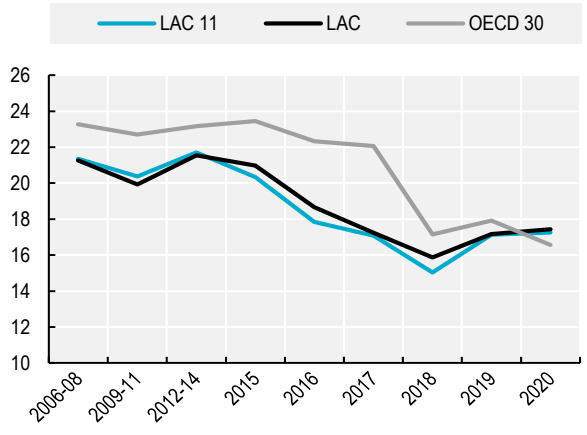


Note: In Panel A, the Universal Health Coverage Index is a composite of coverage rates across 14 essential interventions; the OECD average excludes Costa Rica. In Panel B, data refer to the share of respondents answering "yes" to the question: "Are you satisfied with availability of quality health care in the city or area where you live?"; the LAC regional average comprises 15 Latin American and Caribbean countries, including the focal countries. OECD 33 excludes the Czech Republic, Iceland, Luxembourg and Norway, due to incomplete time series.
Source: UN DESA Global SDG Indicator Database, indicator 3.8.1, https://unstats.un.org/sdgs/indicators/database/ (Panel A) and Gallup World Poll, https://www.gallup.com/analytics/232838/world-poll.aspx (Panel B)

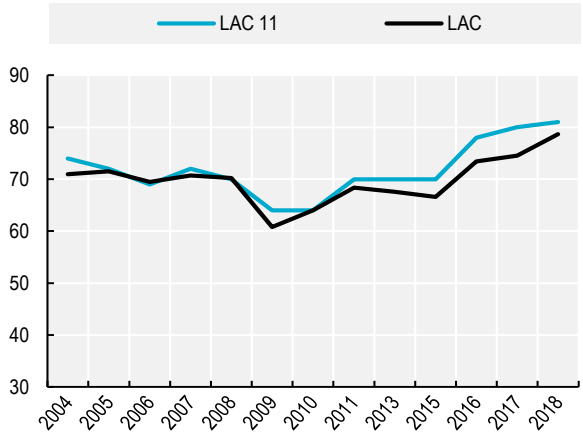
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Figure 1.10. Relative to the mid-2000s, fewer people have voiced an opinion to an official, and more people feel that their country is governed by powerful groups for their own benefit

Panel A: Share of people having voiced opinion to an official, percentage



Panel B: Share of population aged 18+ years who believes that the country is governed by powerful groups for their own benefits, percentage



Note: In Panel A, the LAC regional average includes Bolivia, El Salvador, Nicaragua and Venezuela, in addition to the focal group of countries. OECD 30 excludes the Czech Republic, Estonia, Iceland, Latvia, Luxembourg, Norway and Switzerland, due to incomplete time series. In Panel B, data refer to the percentage of the population aged over 18 who believe that the country is governed by powerful groups for their own benefit. 2012 and 2014 are missing since no data are available. The LAC regional average, in addition to the focal group of countries, includes Bolivia, El Salvador, Guatemala, Honduras, Nicaragua, Panama and Venezuela.
Source: Gallup World Poll, https://www.gallup.com/analytics/232838/world-poll.aspx (Panel A) and Latinobarómetro, https://www.latinobarometro.org/latOnline.jsp (Panel B)

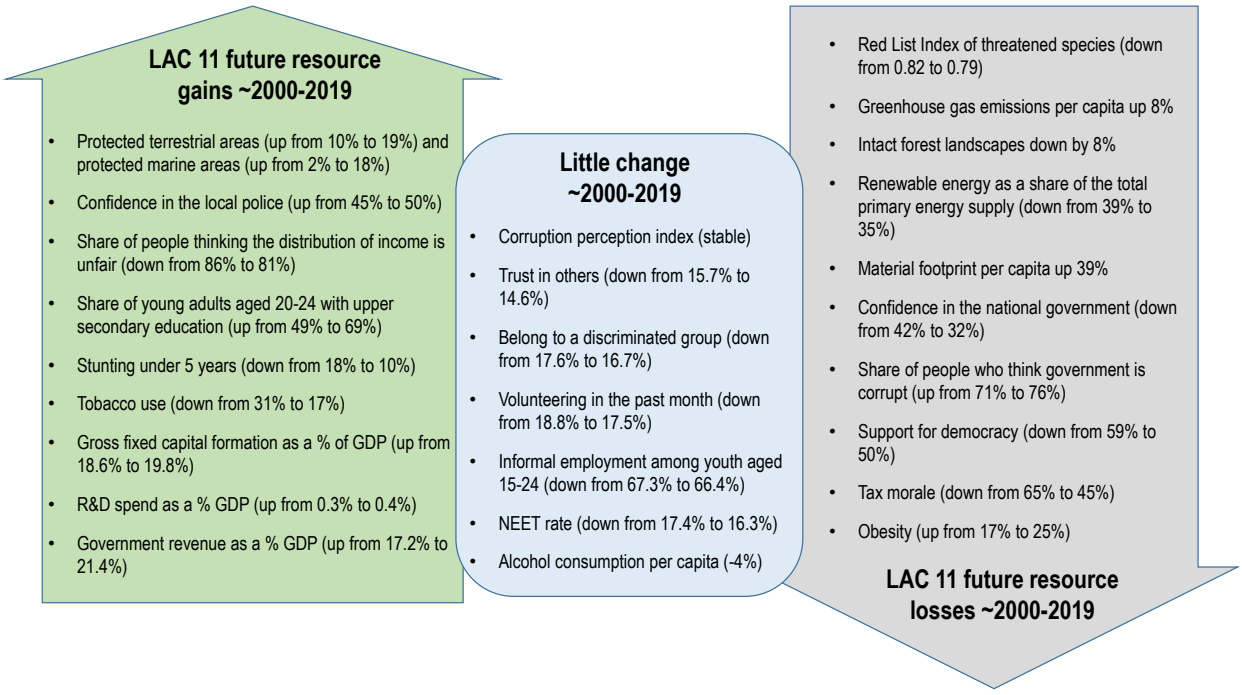
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Developments in resources and risks for future well-being, 2000-2019

The importance of taking a multidimensional perspective is again underscored when considering medium-term developments in the resources that underpin future well-being. While several of these resources increased over the 2000-2019 period, there were also significant losses (Figure 1.11). Performance both within and across the four different types of capitals remains uneven. Some elements of natural and social capital have declined since 2000, but not across the board. Most indicators of economic capital have improved, but they started from a position well below that of OECD countries as a whole. Meanwhile human capital experienced some positive developments in terms of knowledge and skills, but persistent challenges remain when considering youth labour market outcomes, alongside some growing risks to future health (Figure 1.11).

Figure 1.11. Summary of LAC 11 average gains and losses in resources for future well-being over the past two decades

From 2000 (or the earliest available year in the LAC 11 time series) to 2019 (or the latest available prior to 2019)



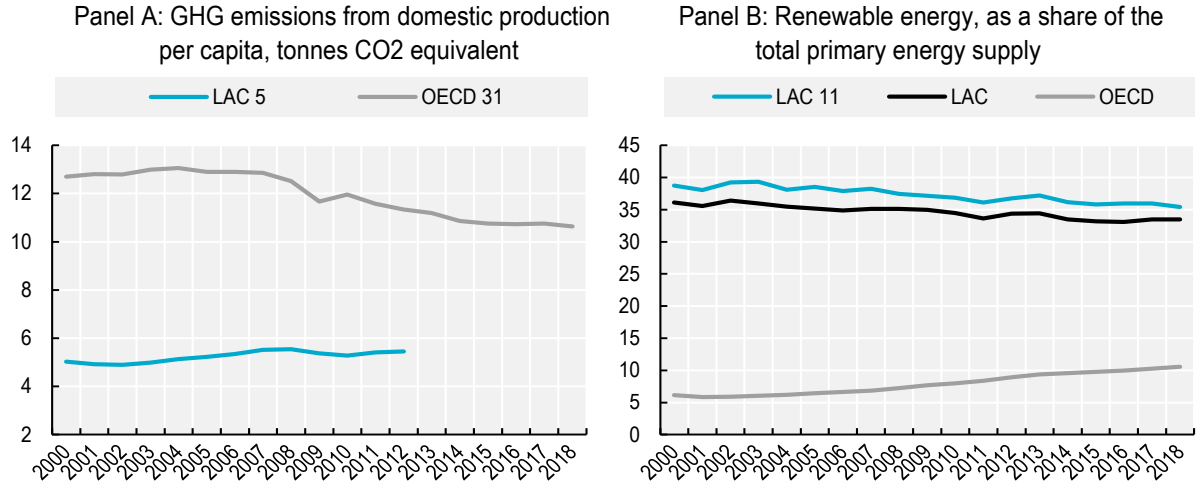
Note: Includes selected indicators from Chapter 4. Full 2000-2019 time-series are not available for several indicators; details of the time periods considered, together with indicator definitions and sources, can be found in Chapter 4.
Source: Chapter 4, and Figures 1.13 to 1.18, below

Latin America and the Caribbean is a region rich in natural resources, but particularly vulnerable in the face of climate change and biodiversity loss. LAC 11 countries started from a position of strength relative to the OECD average on several natural capital indicators, but long-run trends have seen these assets weakening. For example, the region is home to much of the world's biodiversity, yet among the LAC 11 countries biodiversity is declining twice as fast as the OECD average rate, according to the Red List Index of threatened species. The regional stability of natural and semi-natural land cover for the LAC 11 average between 2004 and 2019 masks diverging patterns across countries (see Chapter 4), and gains in natural land cover (e.g. through reforestation) cannot always replace the biodiversity lost when human intervention causes land cover changes elsewhere. Ten of the focal countries still have intact forest landscapes, accounting for 30% of the world's total stock (with the wider LAC region accounting for 36%). However, among the 10 focal group countries with available data, their area has declined by 8% since 2000.

When considering emissions, renewables and material footprints, LAC focal countries are better placed than OECD countries on average, but trends are on an unsustainable path. Recent data on greenhouse gas emissions[11] per capita are sparse, but among the 5 focal group countries with time-series data, the 2012 average (5.5 tonnes CO_2 equivalent per person) was half the level of the OECD countries. However, while OECD per capita emissions fell 16% between 2000 and 2018, among these 5 focal group countries, emissions increased 8% between 2000 and 2012 (Figure 1.12, Panel A). Similarly, the per capita material footprint of the LAC 11, again half that of the OECD in 2000, grew by 39% between 2000 and 2017. The share of renewable energy among the focal group of countries (35%) is three times that of the

OECD average (11%), but while renewables are playing an increasing role in the OECD energy supply mix, their role has been shrinking since 2000 in the LAC 11 (down from 39% in 2000) (Figure 1.12, Panel B). By contrast, there has been a substantial increase in the share of terrestrial and marine areas that are protected between 2000 and 2019 (Figure 1.11), a development that mirrors that experienced by OECD countries.

Figure 1.12. GHG emissions increased across the focal group of countries, while the share of renewables in the energy mix fell



Note: In Panel A, LAC 5 includes Argentina, Brazil, Colombia, Chile and Mexico. OECD 31 excludes Chile, Colombia, Israel, Italy, Korea and Mexico, due to incomplete time series. In Panel B, LAC regional average comprises 23 Latin American and Caribbean countries, including the focal countries.

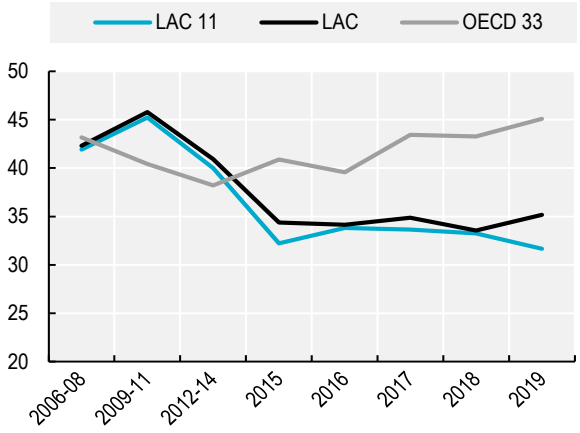
Source: OECD Greenhouse gas emissions (database), https://stats.oecd.org/Index.aspx?DataSetCode=AIR_GHG (Panel A) and OECD Green Growth Indicators: Environmental and resource productivity (database), https://stats.oecd.org/index.aspx?queryid=77867 (Panel B)

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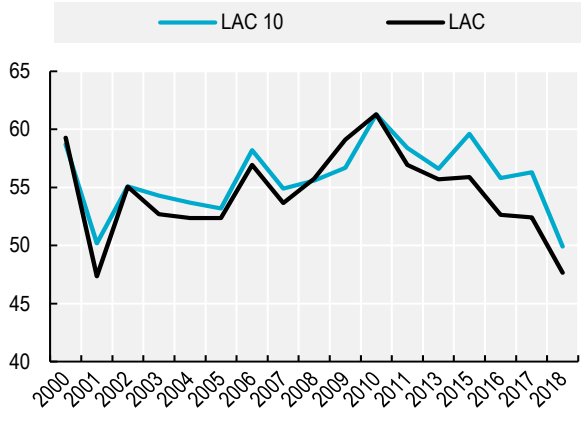
Social capital has weakened over the last decade. Recent uprisings signal the fragility of the social contract in the region, with dwindling support for electoral democracy, low trust in government, and high levels of perceived corruption, discrimination and the feeling that the distribution of income is unfair (OECD/CAF/ECLAC, 2018[17]; OECD, 2021[18]). Both trust in the national government and support for democracy reached a peak around 2010, but began to deteriorate thereafter, with the downward trend steepening in the last years (Figure 1.13). The Transparency International corruption perception index has remained relatively stable over the period, but the share of people who think government is corrupt increased from 71% to 76%. In addition, tax morale is low: only half of the population agree with the statement that tax evasion is never justified, and this share has decreased since the early 2000s. Trust in others, a key indicator of social capital, showed some gains between 2000 and 2011, but these have been lost in the decade that followed. Levels of trust in others are around four times lower than for OECD countries on average (see Chapter 4).[12]

Figure 1.13. Confidence in government and support for democracy have fallen sharply since 2010 among the LAC focal countries

Panel A: Share of the population with confidence in the government, percentage



Panel B: Share of the population saying that democracy is preferable to any other kind of government, percentage

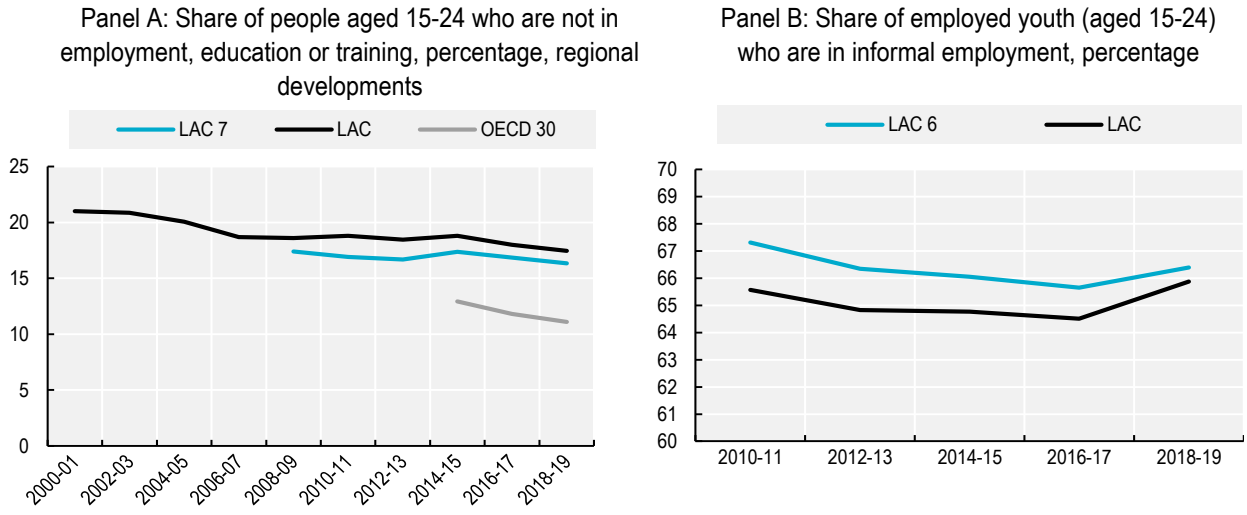


Note: In Panel A, the LAC regional average includes Bolivia, El Salvador, Nicaragua and Guatemala, in addition to the focal countries. OECD 33 excludes Costa Rica, the Czech Republic, Iceland, Luxembourg and Norway, due to incomplete time series. In Panel B, LAC 10 excludes the Dominican Republic, due to incomplete time series. The LAC regional average includes Bolivia, El Salvador, Guatemala, Honduras, Nicaragua, Panama and Venezuela, in addition to the 10 focal group countries with available data.
Source: Gallup World Poll, https://www.gallup.com/analytics/232838/world-poll.aspx (Panel A) and Latinobarómetro (database), http://www.latinobarometro.org/latOnline.jsp (Panel B)

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Youth informal employment and high NEET rates remain persistent challenges, while rising obesity threatens future health. Investing in child and youth skills is particularly important for human capital and future well-being (OECD/CAF/ECLAC, 2016[19]). On average among the focal countries, the share of young adults (aged 20-24) having completed upper secondary education increased from 49% in around 2000 to 69% in 2019. However, the share of youth not in employment, education or training (NEET) fell by only 1 percentage point and remains 5 percentage points above the OECD average (Figure 1.14, Panel A). Youth informal employment is still high, and while there was a slight improvement between 2010 and 2016-17, the situation worsened again in 2018-19, even prior to the impact of the pandemic (Figure 1.14, Panel B). In terms of current and future health determinants, between around 2000 and around 2018, child malnutrition rates fell by over one-third, tobacco consumption almost halved, and alcohol consumption fell by 4%. However, obesity increased substantially – affecting 1 in every 4 adults in 2016, up from around 1 in 6 in 2000 (Figure 1.15).

Figure 1.14. Levels of youth not in employment, education or training and informal employment remain persistently high



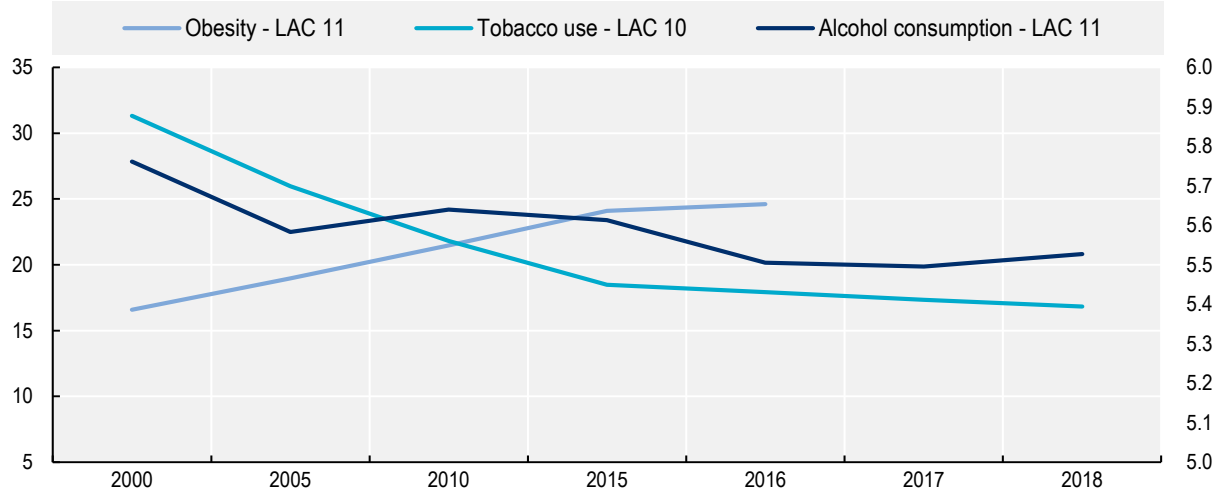
Note: In Panel A, LAC 7 excludes Brazil, Chile, Costa Rica and the Dominican Republic, due to incomplete data or breaks in the series. LAC is the regional average as calculated by ECLAC. OECD 30 excludes Chile, Costa Rica, Iceland, Ireland, Japan, Korea, Luxembourg and Switzerland, due to incomplete time series. In Panel B, LAC 6 refers to Argentina, Brazil, Colombia, Paraguay, Peru and Uruguay; other focal countries are excluded due to incomplete data or breaks in the series. The LAC regional average includes Panama, in addition to the 6 focal countries with available data.
Source: ECLAC Statistics, CEPALSTAT database, https://cepalstat-prod.cepal.org/cepalstat/tabulador/ConsultaIntegrada.asp?idIndicador=3469&idioma=I and OECD Transition from school to work (database), https://stats.oecd.org/Index.aspx?DataSetCode=EAG_TRANS (Panel A) and ILOSTAT, https://ilostat.ilo.org/data/# (Panel B)

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By 2019, economic capital indicators were generally faring better than in 2000, but some elements weakened significantly after 2014. Levels of economic capital in the region started from a low base, relative to OECD countries, but some gains were made particularly in the decade prior to 2013. Annual growth in gross fixed capital formation (as a share of GDP) peaked in 2008 and 2012, and while the 2019 value remains higher than it was in 2000, the years since 2014 have seen significant weakening (Figure 1.16, Panel A). The total value of produced fixed assets in the focal group of countries has increased by more than 50% since 2000, but with OECD growth at nearly 40%, the gap between the two groups has widened in absolute terms. Average investment in R&D in the focal countries (at 0.4% of GDP in 2018) remains very low, at one-sixth of the OECD average level (2.6%), and this has grown by only 0.1 percentage points since 2000. Investment in transport infrastructure in the focal countries (0.9% of GDP in 2014-19) has increased slightly (up from 0.8% in 2008), though it remains below the LAC regional average of 1.1%. In the government sector, debt service has fallen by more than one-third overall since 2000 but has risen sharply since 2013 (Figure 1.16, Panel B). Meanwhile, government tax revenues as a share of GDP have increased from 17.2% to 21.4%, though they remain well below the OECD average (33.8% in 2019).

Figure 1.15. Obesity is a rising concern for future health outcomes, while fewer people are smoking and slightly less alcohol is being consumed

Share of the population with a BMI above 30, or smoking tobacco every day, percentage (left axis); annual per capita alcohol consumption, in litres (right axis)

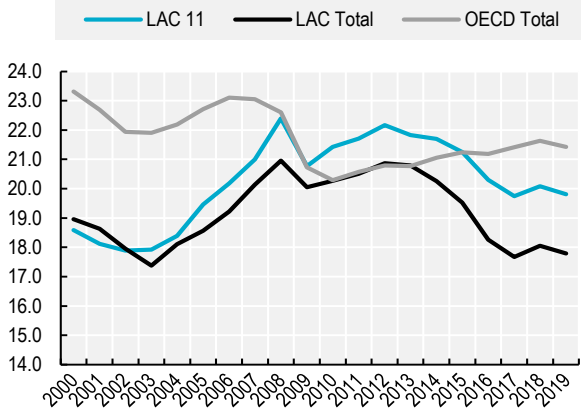


Note: LAC 10 excludes Ecuador, as data are not available.
Source: UN DESA Global SDG Indicator Database, indicator 3.a.1, https://unstats.un.org/sdgs/indicators/database/ (for tobacco use); WHO Global Health Observatory (database), https://www.who.int/data/gho/data/indicators/indicator-details/GHO/alcohol-recorded-per-capita-(15-)-consumption-(in-litres-of-pure-alcohol) and WHO GHO (database) https://apps.who.int/gho/data/view.main.CTRY2430A

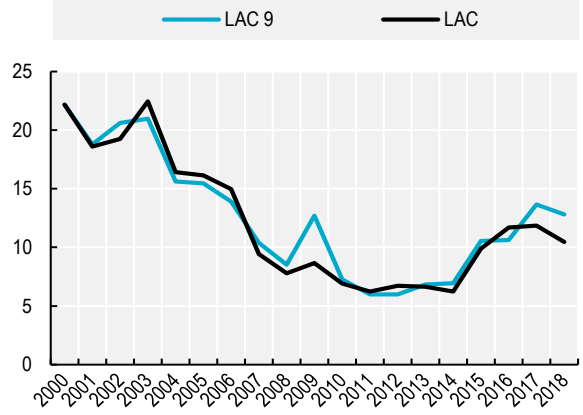
StatLink https://stat.link/kdebmz

Figure 1.16. Annual growth of investment in gross fixed capital weakened after 2012, while government external debt service increased after 2014

Panel A: Gross fixed capital formation, as a share of GDP



Panel B: Government external debt service, as a share of exports of goods and services, percentage



Note: In Panel A, LAC is the regional average for Latin America and the Caribbean as calculated by the World Bank, and OECD is the average for the OECD area as calculated by the World Bank. Regions are considered as a single entity, to which each country contributes proportionally to the sum. In Panel B, LAC 9 excludes Chile and Uruguay, as data are not available. LAC is the Latin America and Caribbean regional average as calculated by the UN DESA.
Source: Panel A: World Bank Database, https://data.worldbank.org/indicator/NE.GDI.FTOT.ZS?locations=ZJ; Panel B: UN DESA Global SDG Indicator Database, indicator 17.4.1, https://unstats.un.org/sdgs/indicators/database/, https://w3.unece.org/SDG/Indicator?id=74

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Wide disparities in well-being exist within the LAC 11 focal countries

A focus on average performance masks important diversity of experience both between and within countries. Chapters 2, 3 and 4 provide country-level data for each country in the LAC 11 focal group. Analysis at the country level shows that there are aspects of well-being on which almost all countries have significantly improved their performance (i.e. by at least half a standard deviation) between 2000 and 2019. For example, performance in Internet access, household final consumption expenditure, absolute poverty, income inequality (measured by the Gini Index), crime victimisation, health care coverage, mortality for children under age five, tobacco use and protected terrestrial areas improved across almost every LAC 11 country with available data. Yet for the majority of indicators, even when the LAC 11 average performance improved, the country-level picture is more uneven, with some countries improving, some experiencing little change and some even worsening. When it comes to areas of declining average performance across the focal countries, the picture is similarly mixed. In fact, there are almost no indicators on which every one of the countries in the focal group worsened significantly (i.e. by at least half a standard deviation) between 2000 and 2019: the only exception is overweight and obesity. Tax morale also weakened in 9 out of 11 of the focal group countries, while perceptions of elite State capture increased in 8 out of the 11 countries.

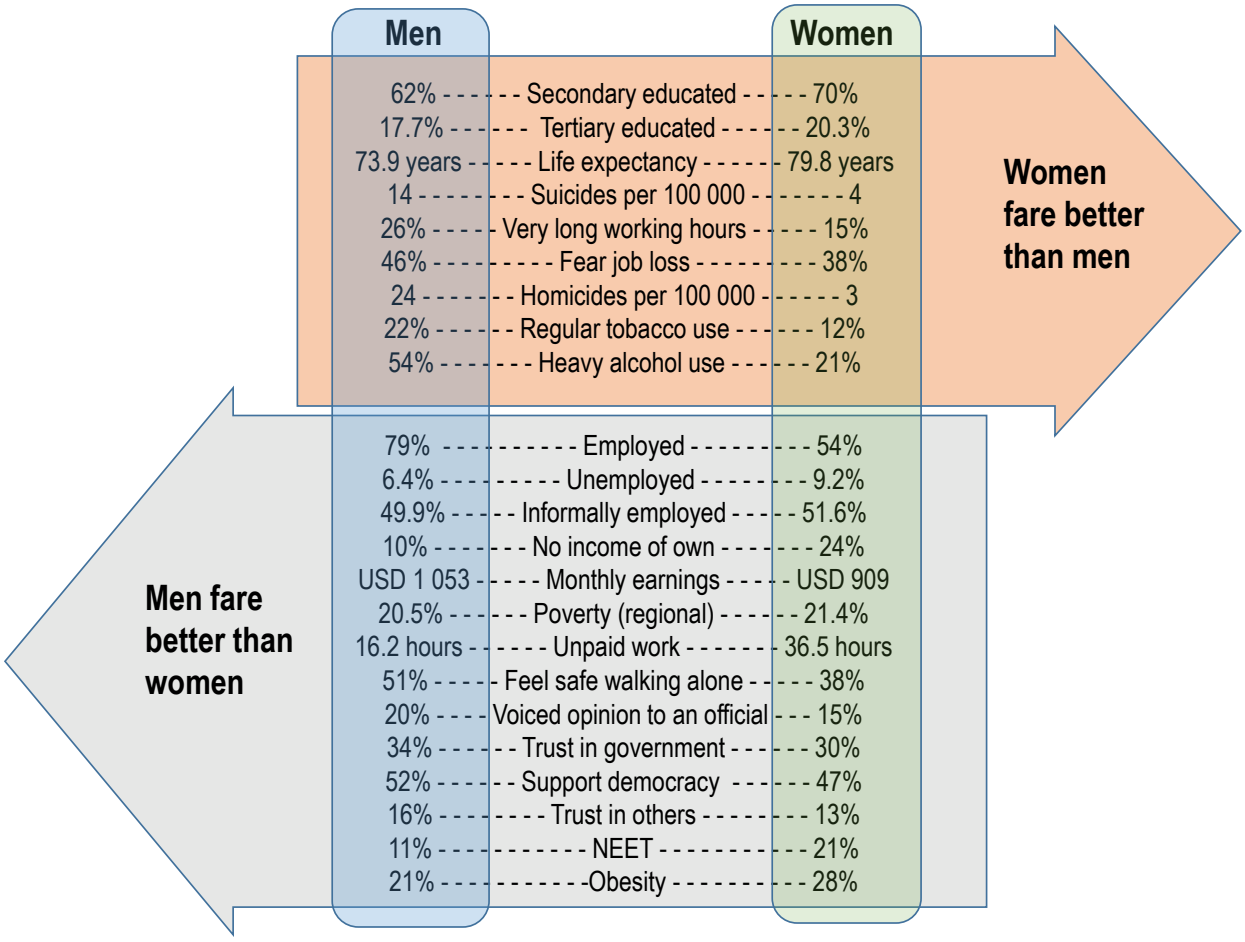
Inequalities are multidimensional – and different population groups face different sets of challenges to their well-being. Chapter 5 considers the distribution of well-being across a wide variety of different population groups within the focal group of countries – including outcomes at different stages of the life course, outcomes by education, and regional (subnational) variations in well-being (or spatial inequalities). What follows is a summary of selected findings concerning differences in well-being based on gender, race and ethnicity, youth (as compared to middle age) and urban versus rural differences. Overall, the data indicate fewer opportunities, particularly in material conditions, for women, youth, Indigenous people, Afro-descendant people and people living in rural areas. Nevertheless, these population groups also have areas of relative strength – such as education for women, social network support for youth, employment rates for Indigenous people and social capital for people living in rural areas. A key challenge for future development will be to level up opportunities by harnessing these strengths (e.g. women's education), rather than levelling down (e.g. so that women face the same burden of very long working hours and high rates of job insecurity that men do).

Gender differences in well-being

While significant progress has been made in recent years in improving well-being outcomes for women in the focal group of countries, persistent gender inequalities remain, holding back wider social and economic development. Overcoming gender gaps implies removing several structural barriers, including socio-economic inequality and poverty; discriminatory, violent and patriarchal cultural patterns; the unequal division of labour and care; and the concentration of power and hierarchical relations in the public sphere (ECLAC, 2017[20]).

Women fare worse than men across many aspects of material conditions in the focal countries. On average, women are much less likely to be employed and nearly one-third more likely to be unemployed, and their monthly earnings are 13.7% lower than those of men.[13] In addition, more than twice as many women have no income of their own compared to men (Figure 1.17). Women are more likely than men to live in poverty, a gap that has widened over the past two decades, and they are slightly more likely to work in informal jobs. By contrast, more men than women work very long hours in paid work, and more men fear losing their jobs in the next 12 months.

Figure 1.17. Women in the focal group of countries are better educated and live longer than men, but are disadvantaged in many aspects of material conditions, civic voice and social capital



Note: Values refer to the LAC 11 average, but data may not be available in all 11 focal group countries; data refer to the latest available year. For full details, see Chapter 5, Figure 5.1.
Source: Chapter 5, Figure 5.1

Women fare better than men in several education and health outcomes, but they do more unpaid work. Despite experiencing far worse labour market outcomes, women have higher educational attainment rates than men in the focal group of countries. For example, 70% of women have reached at least an upper secondary level of education (compared to 62% of men), and 20% of women have a tertiary education (compared to 18% for men). Women live six years longer than men do, with a life expectancy at birth of 79.8 years. Men are meanwhile three times more likely than women to die from suicide, and eight times more likely to die from homicide. Nevertheless, women face pervasive threats in terms of sexual assault and domestic or intimate-partner violence that are less well measured through comparable statistics. For example, it is estimated that 1 in 4 women aged 15-49 in the focal countries have experienced intimate partner violence in their lifetime. Fewer women feel safe walking alone in their neighbourhood (38% compared to 51% of men). Women perform more than twice the amount of unpaid care and domestic work[14] that men do: they spend on average 36.5 hours per week on such work, compared to the 16.2 hours spent by men. This results in a "double day" burden for women in paid employment: working women spend almost 10 hours longer on total work time (including both paid and unpaid work) than men, with an average total work week of nearly 72 hours, compared to 62 hours for men.

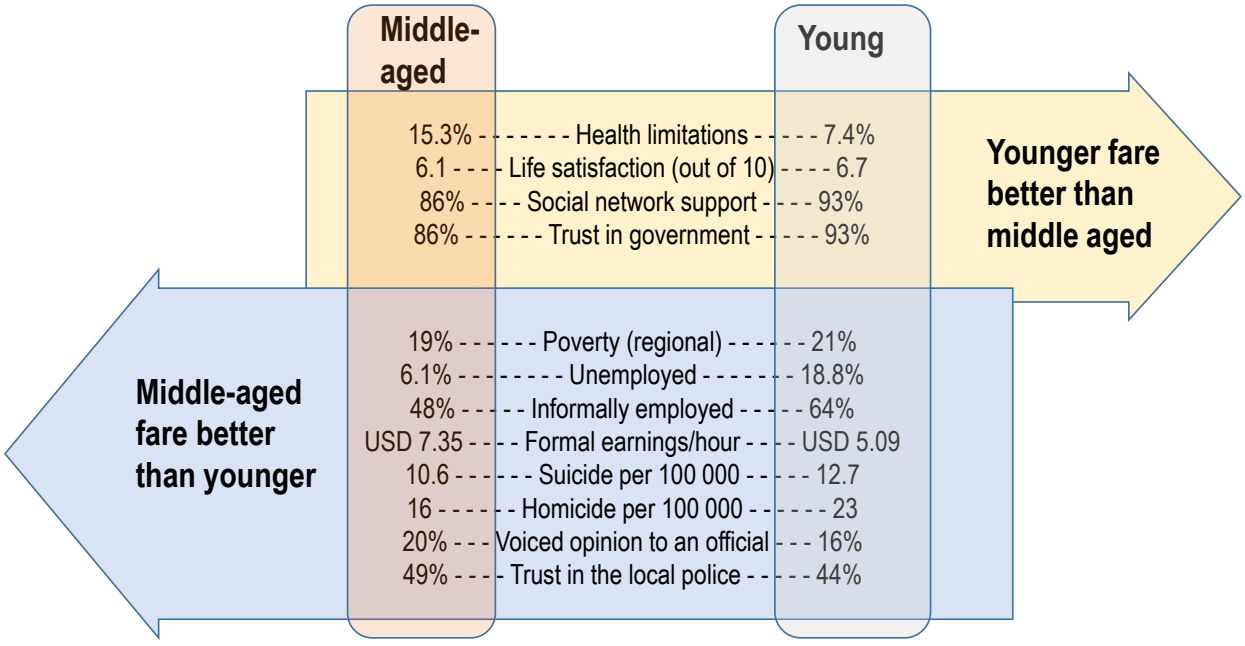
Women have less civic and political voice and lower levels of trust than men, while men and women have different risk profiles for human capital. On average among the focal group of countries, the share of seats held by women in national parliaments has doubled in the last two decades to 30% (slightly above OECD average levels). Nevertheless, a lack of gender parity also extends to civic engagement and trust among the general population. For example, fewer women report voicing their opinion to an official in the last 12 months; women express slightly less support for democracy; and fewer women have confidence in their national government. More broadly, women also report lower levels of interpersonal trust, with 13% of women feeling that most people can be trusted, compared to 16% of men. When it comes to risks to human capital, a much higher share of young women (aged 15-24) are not in employment, education or training (21%) relative to young men (11%), meaning they have fewer opportunities to develop knowledge and skills at a critical transition in their lives. Future health risks also differ for men and women: while men are almost twice as likely to use tobacco regularly and drink alcohol heavily, 28% of women are obese, compared to 21% of men.

Age differences in well-being

Youth and young adults face very high levels of unemployment and informality, but also fare worse than the middle-aged in several quality-of-life domains. In a pattern that is common to OECD and LAC countries alike, many youth and young adults (i.e. those aged between 15 and 29) struggle to get a foothold in the labour market (Figure 1.18). As of 2020, youth unemployment in the focal group of countries is three times higher than among the middle-aged, on average, and the share of youth in informal employment is also very high (64% versus 48% for the middle-aged). Younger people report better physical health, with half the prevalence of limitations in daily activities due to health problems, but what little data exist suggests they fare worse than middle-aged adults in mental health, with higher suicide rates. Homicide rates among young people in the LAC 11 countries are nearly 1.5 times higher than for the middle-aged. Patterns of social capital vary little between these two age groups, with the exception of trust in government (where youth have higher rates) and trust in the local police (where youth rates are lower than for the middle-aged). Despite the various challenges faced by youth in the region, social network support and life satisfaction are higher among youth than among the middle-aged, a pattern that tends to hold globally – though falls in life satisfaction in 2020 have been greater for youth than for other age groups (below).

While children in the region face a high prevalence of absolute poverty, child labour and malnutrition, people aged 50 or over face different well-being challenges. Children in the focal group of countries experience poverty rates that are twice as high as adults, on average: in 2019, 31% of children aged 0-14 were living in absolute income poverty, and 9% in extreme poverty, while for 25-54 year-olds the rates were 17% and 4%, respectively. There is still some way to go before child labour is eliminated: 5% of children aged 10-14 were employed across the LAC 11 in 2018, with higher rates among boys and in rural, poorer and Indigenous communities. Stunting rates among children in the focal group of countries have halved since 2000, but the condition continues to affect 1 in 10 children below the age of 5. At ages 5-19, the prevalence of obesity has grown from 22% in 2000 to 31% in 2016, mirroring the trend for adults. At the other end of the age spectrum, those aged 50 or over experience higher hourly earnings from formal employment, lower poverty, lower homicides and higher social capital than adults of other ages on average – but as might be expected, health limitations worsen considerably with age (six times higher than among youth and young adults; nearly three times higher than among the middle-aged). Suicides and informal employment are also slightly more common among people aged 50 or over relative to the middle-aged. For retirees, low pension coverage remains a significant challenge throughout the region: on average across the focal group of countries, only two-thirds of the population of pensionable age receives a social pension compared with near-universal coverage (95%) on average in OECD countries.

Figure 1.18. Youth and young adults experience higher poverty and unemployment and more homicides and suicides and have lower trust in the police



Note: Values refer to the LAC 11 average, but data may not be available in all 11 focal group countries; data refer to the latest available year. For full details, see Chapter 5, Figure 5.13. For most of the indicators shown here, "young" refers to youth and young adults aged 15-29; the exceptions are unemployment and informal employment (where the age range considered is 15-24) as well as suicides (where the age range is 20-29). The middle-aged group typically refers to adults aged 30-49, with exceptions in the cases of unemployment and informal employment (25-54); formal hourly earnings (30-54); and homicide (30-59).
Source: Chapter 5, Figure 5.13

Ethnic and racial differences in well-being

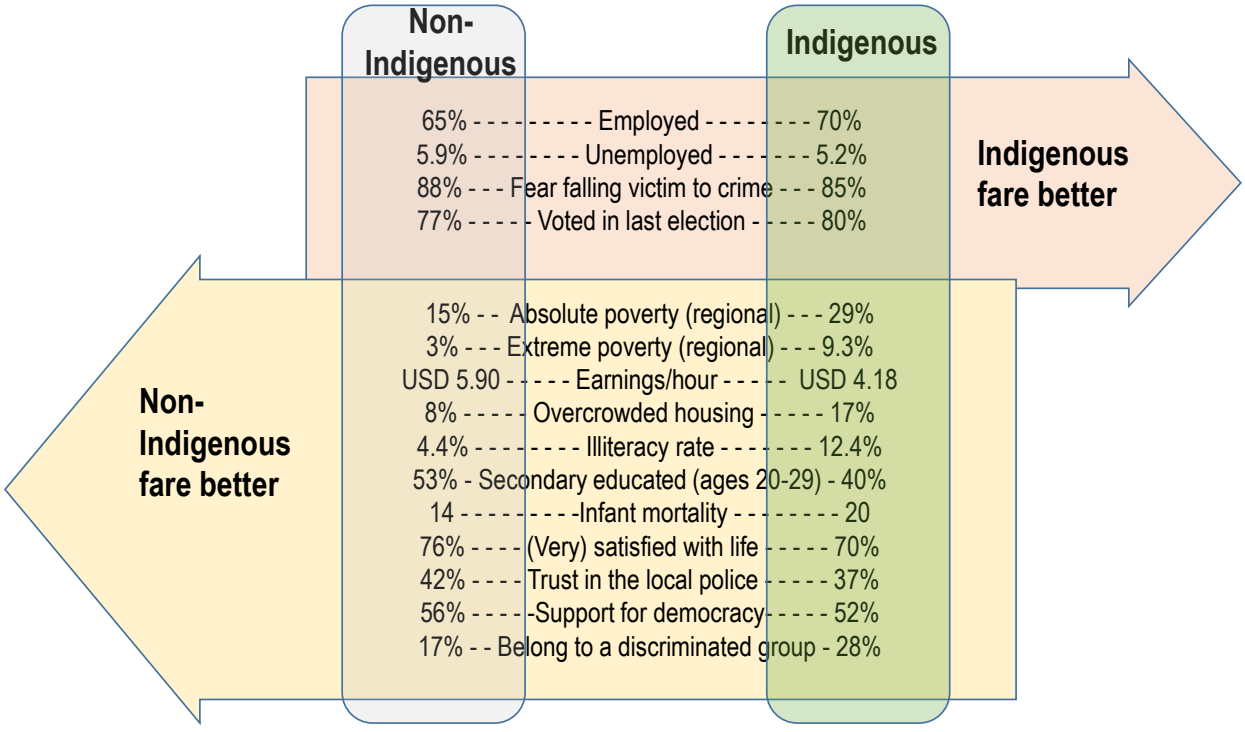
Indigenous and Afro-descendant populations face some shared challenges in terms of exclusion, deprivation and discrimination. In Latin America, the concept of ethnicity is most commonly used with reference to Indigenous peoples and the concept of race primarily for Afro-descendants (ECLAC, 2016[21]). On average across the focal countries, 8% of the population identify as Indigenous and 8% as Afro-descendant. The availability and timeliness of well-being data is particularly limited for breakdowns by race and ethnicity, both across well-being indicators and across the focal group countries. Nevertheless, for almost all the available indicators for material conditions, quality of life and social and human capital, Indigenous people tend to have lower well-being outcomes than non-Indigenous people on average, and Afro-descendant people tend to have lower well-being outcomes than non-Afro-descendant people.

Indigenous people in the focal group of countries fare better than non-Indigenous people on employment and unemployment, but generally experience worse outcomes across material conditions, health and education-related indicators. For example, absolute poverty rates (using the ECLAC regional definition) are nearly twice as high among Indigenous people, and extreme poverty is three times higher, compared to non-Indigenous people. This is despite their higher employment and slightly lower unemployment (Figure 1.19). Higher poverty goes hand-in-hand with lower earnings, more overcrowded housing, lower levels of secondary education among young adults and higher levels of illiteracy. While the fear of falling victim to a crime is slightly lower among Indigenous people, the percentage of people reporting having fallen victim to a crime in the previous 12 months is very similar for Indigenous and non-Indigenous people (around 30%). Social capital indicators such as trust in others and

trust in government are also similar across Indigenous and non-Indigenous communities. Nevertheless, trust in the local police and support for democracy as the best form of government are slightly lower for Indigenous people. In addition, more than 1 in 4 Indigenous people feel that they belong to a discriminated group, compared to around 1 in 6 non-Indigenous people.

Afro-descendant people experience higher employment rates than non-Afro-descendants, but face multiple challenges across the dimensions of material conditions, quality of life, human and social capital. Across the focal group of countries, 22% of Afro-descendant people live in absolute poverty (using the ECLAC regional definition) and 5.3% in extreme poverty – much higher rates than non-Afro-descendants. Employment rates reach 67.6% (compared to 66.5% for non-Afro-descendants), but unemployment, perceived job insecurity and the share of youth not in employment, education or training are all higher among Afro-descendants. Barriers to opportunity faced by Afro-descendants include lower educational attainment rates at both secondary and tertiary levels and higher rates of infant mortality (around one-third higher) and maternal mortality (three times higher, on average). One-quarter of Afro-descendants also feel they belong to a discriminated group. Trust in others and trust in the national government are very similar for Afro-descendant and non-Afro-descendant people, but voter turnout, trust in the police, support for democracy and tax morale are between 3 and 8 percentage points lower among Afro-descendants.

Figure 1.19. Across most indicators, Indigenous people in the focal countries experience worse average well-being than the non-Indigenous population

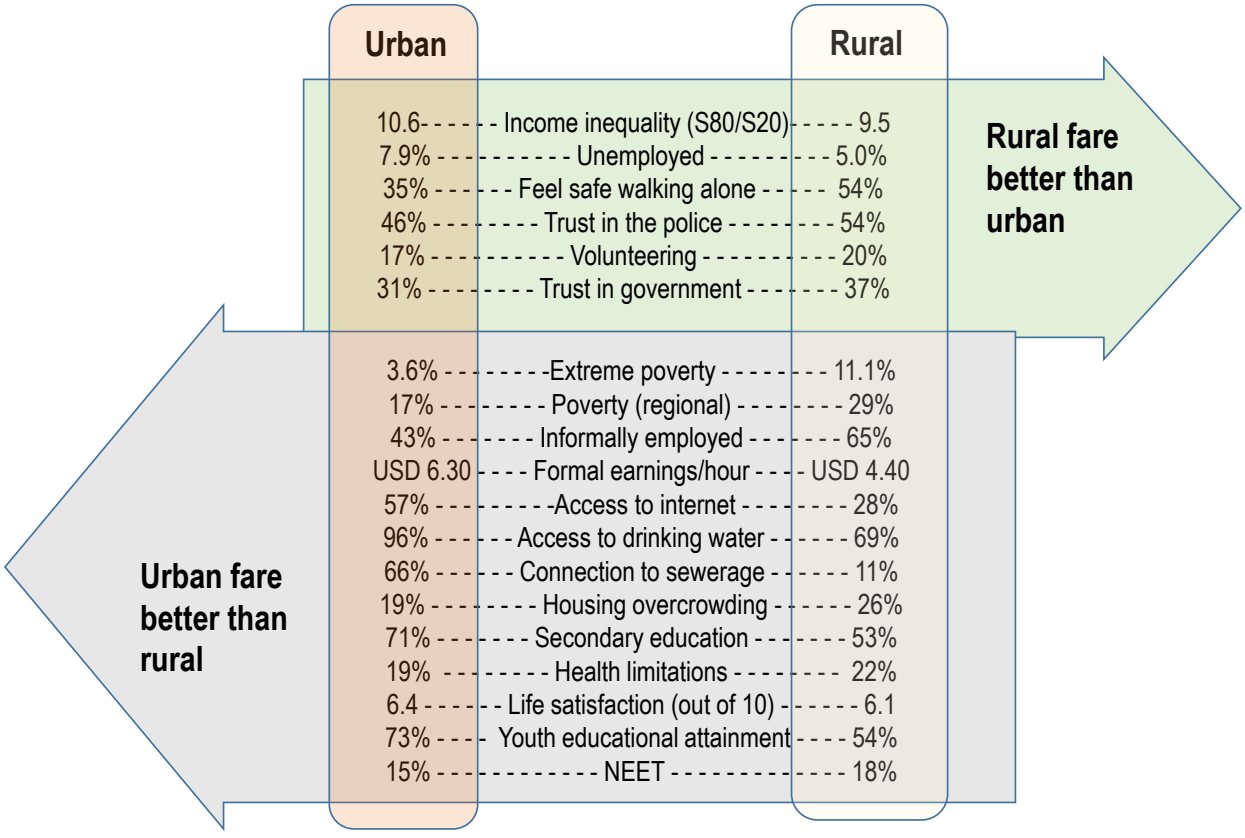


Note: Values refer to the LAC 11 average, but data may not be available in all 11 focal group countries; data refer to the latest available year. For full details, see Chapter 5, Figure 5.26.
Source: Chapter 5, Figure 5.26

Urban-rural differences in well-being

Opportunities for better lives are not equally distributed between urban and rural areas within the focal group countries. Rural areas feature much poorer housing conditions, higher rates of poverty and lower formal earnings. The share of people living in households without sufficient income to buy a basic food basket (the ECLAC regional definition of extreme poverty) is three times higher in rural areas compared to urban zones, while absolute poverty (according to the ECLAC regional definition) is around 1.5 times higher (Figure 1.20). The employment-to-population ratios are broadly similar, but informal employment is considerably higher in rural areas (65%) compared to urban ones (43%), and average rural earnings (whether in the formal or informal sectors) are only two-thirds the level of urban earnings. Some of the most striking urban-rural differences relate to housing infrastructure and conditions, which limit rural residents' opportunities to live healthy and digitally connected lives. For example, only around two-thirds of the rural population have access to drinking water services or hygienic toilet facilities (96% and 93% in urban areas, respectively); and just over 1 in 4 rural households have access to the Internet, while more than 1 in 2 urban households do.

Figure 1.20. Opportunities for better lives are not equally distributed between urban and rural areas in the focal group countries



Note: Values refer to the LAC 11 average, but data may not be available in all 11 focal group countries; data refer to the latest available year. For full details, see Chapter 5, Figure 5.19.
Source: Chapter 5, Figure 5.19

Knowledge, skills and prospects for youth are also lower in rural areas, but social capital and feelings of safety are higher. In rural areas, only 53% of people have reached at least an upper secondary level of education, while the share of youth not in employment, education or training is also higher (18%) compared to urban ones (15%). By contrast, social capital includes some areas of comparative strength for rural areas: volunteering rates are higher, there is greater trust in both the local police and the national government, and perceived government corruption is slightly lower. People in rural areas also feel safer: while 54% feel safe walking alone in their neighbourhood, only 35% of urban dwellers feel the same way.

The COVID-19 crisis risks erasing the gains in well-being achieved over the past two decades in the region

The pandemic has touched every aspect of people's well-being, dealing severe blows to material conditions and quality of life

COVID-19 has struck Latin America and the Caribbean particularly hard. As of 28 June 2021, the region had experienced 1.26 million deaths due to COVID-19, nearly one-third of the world total, despite being home to just 8.4% of the world's population (ECLAC, 2021[22]). As the health crisis rapidly became an economic and social crisis, there have been far-reaching consequences for people's well-being. In particular, the impact of the crisis was asymmetric across citizens, affecting particularly the most vulnerable groups. Lockdowns and containment measures to mitigate the pandemic have hit low-paid and informal workers particularly hard. As many as 38% of total workers (and 61% of vulnerable informal workers) do not have access to any kind of social protection. This absence of safety nets puts them at greater risk (OECD, 2020[23]). During the first wave of the pandemic in 2020, Latin American people endured some of the longest lockdowns worldwide (Parkin, Phillips and Agren, 2020[24]) and were subject to some of the strictest mobility and contact restrictions (Alicea-Planas, Trudeau and Vásquez Mazariegos, 2021[25]; Hale et al., 2021[26]; OECD et al., forthcoming[15]), with significant implications for education as schools were closed more often than in other regions (OECD et al., forthcoming[15]). As the pandemic continues, and the sanitary situation has disrupted data collection worldwide, it will take some time before the full extent of its impacts on well-being will be known for many of the statistics gathered in this report.

In 2020, absolute poverty and unemployment sharply increased, while incomes, employment and participation fell. GNI per capita for the focal group of countries fell by 7.4%, and household final consumption expenditure by 8.8%, between 2019 and 2020. Estimates for the whole of the LAC region indicate that the number of people falling below the ECLAC absolute poverty line was 209 million by the end of 2020, 22 million more than in 2019 (ECLAC, 2021[27]). Of these, an estimated 78 million were living in conditions of extreme poverty – an increase of 8 million compared to 2019 (ECLAC, 2021[27]). These changes bring absolute poverty to its highest level since 2008, and extreme poverty to its highest level since 2000. The impacts of the crisis on jobs have also been pronounced: the seven focal countries with available data experienced a 9 percentage-point drop in their average employment rate, and a 3.6 percentage-point increase in unemployment, between 2019 and 2020. Many people of working age also dropped out of the labour force altogether (ECLAC/ILO, 2020[28]), and informal work is projected to rise (Altamirano et al., 2020[29]).

Poor housing conditions in the region have made it harder to combat the virus, and the digital divide hampered opportunities for remote learning, working, telemedicine and more. As community transmission of COVID-19 took hold in Latin America, the greatest risk of exposure has been among individuals living in overcrowded housing, often with little or no access to sanitation and water (Lustig and Tommasi, 2020[30]) – making both physical distancing and additional hygiene practices challenging. Reliable, high-speed Internet access at home is essential for several measures being taken globally to

mitigate the effects of confinement on the economy and on people's well-being, from large-scale teleworking, to home schooling to telemedicine.

The pandemic has had a marked impact on education in the region. By mid-May 2020, more than 160 million students at all levels of education had stopped having face-to-face classes in Latin America and the Caribbean, and the total duration of school closures in the focal group of countries was generally over 41 weeks (UNESCO, 2021[31]). Data from the Gallup World Poll show a clear drop in the share of people satisfied with the educational system in 2020, compared to 2019: the year-on-year drop of 11 percentage points left the average level among countries in the focal group at 52% in 2020, against 67% in the OECD. Remote learning solutions were put in place across the region during school closures, but online delivery is challenging when 46% of children aged 5-12 live in households with no connectivity (ECLAC, 2020[32]), and fewer than 14% of poor students (those living with less than USD 5.5 per day, PPP 2011) in primary education have a computer connected to the Internet at home, in contrast to over 80% among affluent students (i.e. those living with more than USD 70 per day) (Basto-Aguirre, Cerutti and Nieto-Parra, 2020[33]). Furthermore, challenges related to digital skills also affect inclusiveness in the region. Providing disadvantaged schools and students with more computers and ICT is not enough to improve performance – the development of digital skills is key to harnessing the opportunities of broader digital transformation (OECD et al., 2020[34]).

The pandemic has underscored the importance of access to health care, for both physical and mental health conditions. Approximately 25% of the population in Latin America as a whole did not have access to essential health-care services prior to the pandemic: these individuals will have seen their access even more restricted over the course of 2020. Health problems can also have a significant impact on household finances: among the six focal countries for which data are available, approximately 9% of households incurred out-of-pocket health-care expenditures exceeding 10% of their income over the 2010-18 period. While the effects of the COVID-19 pandemic on physical medical conditions have received great attention, there are also concerns about its impact on mental health. For example, one in two Mexicans reported that the pandemic had a negative impact on their mental health (51%), and almost one in four reported suffering from at least one mental health condition (22%) (YouGov, 2020[35]). More widely, 27% of young Latin Americans (aged 13-29) reported feeling anxiety and 15% depression in the previous 7 days during the first months of the pandemic (UNICEF, 2020[36]). Lockdown measures are likely to have increased people's loneliness, substance use and self-harm (WHO, 2020[37]).

Extended lockdowns in Latin America and the Caribbean kept people off the streets, with mixed consequences for crime. Little comparative data currently exist to assess the impact of the pandemic on personal safety. Worldwide, there have been significant concerns about the likely impact of "stay at home" orders for adults and children living in households at risk of domestic violence. Reports of increased domestic violence in four of the focal group countries (Argentina, Chile, Colombia and Mexico) during the first weeks of confinement bear this out (Statista, 2020[38]). Confinement conditions have likely shifted crime patterns: in the first semester of 2020, 22% of households in Mexico fell victim to robbery, burglary or theft, compared to 35% a year earlier (2019) (INEGI, 2020[39]), while crimes committed outside of private dwellings fell from 17% to 9%. Nevertheless, homicides in Mexico showed little change (Gobierno de Mexico, 2020[40]; UNODC, 2020[41]). COVID-19 may have also opened a window of opportunity for organised crime groups to solidify their local power, by engaging in charitable activities (Felbab-Brown, 2020[42]) and imposing their own restrictions on communities (Asmann, 2020[43]) – while the material hardships caused by the pandemic may provide fertile grounds for criminal recruitment (Nugent, 2020[44]).

The COVID-19 pandemic has disturbed electoral processes in a number of Latin American countries, with elections postponed in Chile, the Dominican Republic, Paraguay and Uruguay. Evidence across 14 parliamentary and presidential elections suggests that the pandemic may have affected voting behaviour in the region (López-Calva, 2021[45]). When comparing the elections that took place during the pandemic to historical averages, voter turnout slightly increased in half of the countries and decreased in

the other half. However, when compared with the most recent elections, a majority of these countries (11 of the 14) registered a decrease in voter turnout (López-Calva, 2021[45]).

The pandemic has taken a toll on people's subjective well-being and their social relationships. Between 2019 and 2020, life satisfaction in the focal group of countries fell by 7% – a drop that has wiped out all life satisfaction gains made in the focal group since 2006-08. Similarly, the share of people reporting very low levels of life satisfaction increased, affecting 1 in 4 people in 2020 compared to around 1 in 5 just one year earlier. Emotional well-being has also suffered: on average, 17% of respondents in focal group countries experienced more negative than positive feelings in a typical day in 2020, roughly 6 percentage points more than in 2019. Both voluntary social distancing and mandatory lockdown policies have had implications for people's ability to maintain social relationships beyond immediate household members. Across the focal group of countries, the share of people who have friends or family that they can count on in times of need fell from 87% in 2019 to 83% in 2020. This contrasts with the pattern in OECD countries, where a level just above 90% was sustained both before and during 2020.

COVID-19 has accentuated vulnerabilities across human, social, economic and natural capital

The impact of COVID-19 on human capital, via its effect on young people, education and health, is considerable, and likely to result in long-term scars. The World Bank has estimated that losses in learning, human capital and productivity could translate into a USD 1.7 trillion decline in aggregate earnings for the Latin American and Caribbean region, representing 10% of baseline levels (World Bank, 2021[46]). The crisis has also been particularly hard on working youth, who are over-represented in the sectors hardest hit by the pandemic, such as retail, hospitality and tourism –- and who already faced difficulties in accessing the formal labour market before the crisis. Poor health heightens vulnerability to the effects of COVID-19, and an estimated 21% of the population in Latin America have at least one pre-existing health condition that put them at higher risk of severe COVID-19 consequences (LSHTM CMMID COVID-19 working group, 2020[47]).[15] High rates of obesity and high levels of exposure to air pollution (above) present further risks (Pozzer et al., 2020[48]; Wu et al., 2020[49]). The role of indoor air pollution, a major issue in low- and middle-income countries, also takes on new significance when more time is being spent at home (Du and Wang, 2020[50]).

Social capital in the LAC region was already weak prior to the pandemic, and this represents a risk factor for the recovery. Even prior to the pandemic, there was considerable dissatisfaction with persistent inequalities and the functioning of the political system, as well as growing distrust of institutions and low and declining support for democracy. In the longer run, these perceptions may be further exacerbated by the pandemic's role in widening inequalities, by restrictions on personal freedoms, and by the rapid mobilisation of government funds with sometimes limited oversight (UN, 2020[51]). However, in the short run, the focal group countries saw the share of people who have confidence in their national government rise from 32% in 2019 to 37% on average in 2020, while the share of those perceiving government to be corrupt fell from 77% to 72%. This "rallying round the flag" effect has also been witnessed in OECD countries, and appears to reflect a phenomenon of greater national unity in the face of a common threat – though OECD evidence also indicates that this effect may not be long-lasting in relation to COVID-19 (OECD, forthcoming[52]).

Economic capital, already weakening since 2015, will be further undermined by falls in investment. Key elements of fiscal stimulus programmes have included direct payments to households, tax relief and deferrals, business lending programmes and additional health spending. Increased public spending has been largely financed by public debt but also by official lending. The monetary policy response has also been multipronged, including the provision of liquidity; temporary loosening of reserve requirements for banks; policy interest rate cuts; foreign exchange market interventions; and, in Chile and Colombia, quantitative easing programmes. Despite these measures, the pandemic has resulted in a 6.8%

contraction in GDP for 2020 across Latin America and the Caribbean (ECLAC, 2021[22]). At the same time, stimulus programmes have largely depleted the limited fiscal space available to countries in the region. Government debt in the median LAC economy has risen from 53% of GDP in 2019 to 69% in 2020 (World Bank, 2021[53]), making Latin America and the Caribbean the most indebted region in the developing world (ECLAC, 2021[54]). High uncertainty and tighter financing conditions during the pandemic have led to delays in infrastructure spending and cuts to research and development – the latter of which is already well below OECD average rates and is key for securing future productivity.

Natural resources have been exposed to greater risk due to difficulties in enforcing protections of certain natural assets during the pandemic. The collapse in economic activity during the pandemic produced a temporary fall in carbon emissions, but this will have little bearing on climate change unless followed up with strong policy action in the recovery – since its impact on the overall stock of greenhouse gas emissions in the atmosphere is very small, and evidence from past crises suggests a strong rebound in emissions when the economy picks up (OECD, 2020[55]). Meanwhile, pandemic restrictions have not stopped deforestation in Latin America (León and Cárdenas, 2020[56]). Over the past decade, external threats to these forests from mining, oil, agricultural and forestry companies, cattle ranchers, farmers, illegal groups and land speculators have increased markedly (Walker et al., 2020[57]; Ellis et al., 2017[58]). Meanwhile, government efforts to control illegal incursions into Indigenous territories have declined in several countries in the region. With the pandemic, this situation has become even worse, as governments had to limit their monitoring efforts, for both health and budgetary reasons, exacerbating the vulnerability of forests, water and other natural resources in Indigenous territories (ECLAC, 2020[59]).

The pandemic has deepened existing gaps in opportunities and created new vulnerabilities

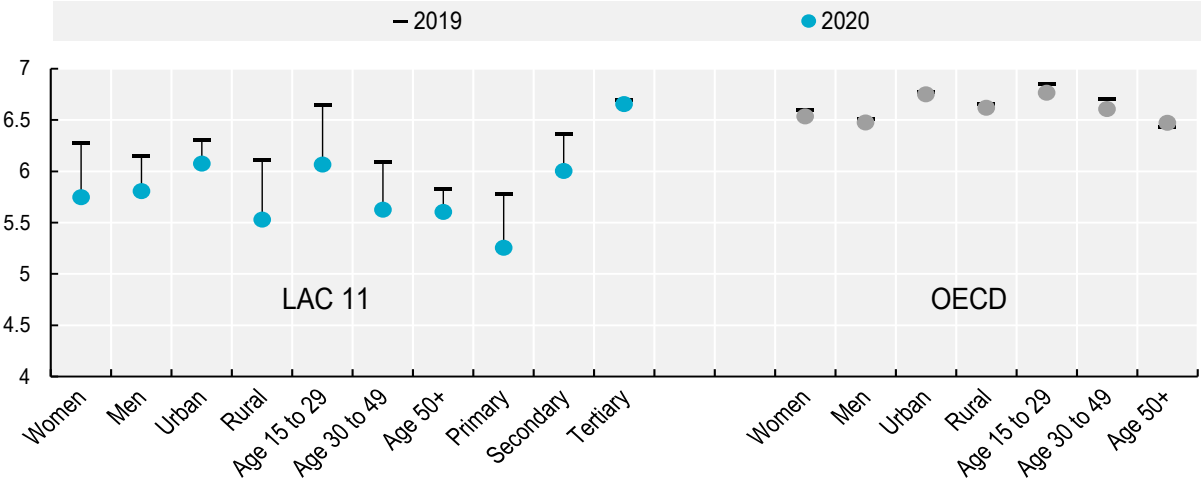
Men and women have faced different economic, social and health impacts during the pandemic. Men have experienced higher mortality rates so far, but women's jobs have often put them on the frontline. Latin America has the highest share of female health care workers in the world (half of doctors and more than 80% of nurses) (Inter-American Development Bank, 2018[60]). At the same time, women are also over-represented in sectors that underwent greater disruption and job losses, such as restaurants and hotels, retail and domestic services (ECLAC and ILO, 2020[61]). In the region as a whole, female unemployment is expected to reach 22.2% for 2020, a 12.6 percentage point increase year-on-year (UN ECLAC, 2021[62]). Latin American women also experienced a greater proportional fall in employment (by 18.1%, compared with 15.1% for men), as well as greater exits from the labour market (15.4%, compared with 11.8% for men) (ECLAC and ILO, 2020[61]). In total, the negative impact of the pandemic on women's labour market participation in Latin America is expected to wipe out a decade's worth of progress (UN ECLAC, 2021[62]). Higher rates of poverty amongst women even before the pandemic imply fewer opportunities to build savings that could mitigate future income losses. It is estimated that 118 million women in the region will be living in absolute poverty following the crisis (compared with a total poor population of 187 million in 2019) (UN ECLAC, 2021[62]; UN ECLAC, 2021[63]). Finally, lockdowns coupled with economic hardships may have made people living with a violent or abusive household member especially vulnerable.

Prior to the pandemic, youth already experienced considerable disadvantages in the labour market – and these are now being compounded by the crisis. For example, the youth unemployment rate among the focal group of countries was 18% in 2020, three times more than that for prime-aged workers. COVID-19 exposes vulnerable youth in the region to higher risks of disengagement and dropout from education and training and may increase the overall number of NEET youth. Although the reasons for disengagement and dropout are complex and change over time (Aarkrog et al., 2018[64]), COVID-19 may act as a potent multiplier through loss of motivation due to several factors, including breaks in education or training; loss of connections with supportive adults and positive peer interactions; increases in household poverty; and higher household stress (OECD, 2020[65]).

Survey data provide a first glimpse into how people's psychological states and social supports have held up in 2020. Average life satisfaction in the focal group of countries fell for almost all the population groups shown in Figure 1.21, with the exception of the tertiary educated, who have been more protected from the worst of the pandemic's effects on living conditions. Greater falls in life satisfaction were experienced by women, rural residents, youth and young adults aged 15-29, and people with lower levels of educational attainment. In the case of social network support, women and rural-dwellers again experienced slightly greater falls than men and urban-dwellers (respectively) between 2019 and 2020. However, the age and education gradients were less clearly delineated for social support: people in middle-age and those with secondary education experienced the greatest falls relative to their younger and older (and primary or tertiary educated) counterparts, though marked falls also occurred for young adults (as shown in Chapter 5).

Figure 1.21. Women, residents in rural areas, younger age cohorts and less educated people experienced greater falls in life satisfaction between 2019 and 2020 in the focal group of countries

Mean values for life satisfaction, 11-point scale from "worst" (0) to "best" (10) possible life, 2019 vs. 2020



Note: Data refer to answers (0-10 scale) to the following questions: "Please imagine a ladder with steps numbered from 0 at the bottom to 10 at the top. Suppose we say that the top of the ladder represents the best possible life for you, and the bottom of the ladder represents the worst possible life for you. On which step of the ladder would you say you personally feel you stand at this time, assuming that the higher the step the better you feel about your life, and the lower the step the worse you feel about it? Which step comes closest to the way you feel?" LAC 11 excludes Argentina, Colombia, the Dominican Republic, Mexico and Peru, for primary, secondary and tertiary. OECD is OECD 35 for women and men and excludes the Czech Republic and Luxembourg; it is OECD 36 for urban and rural and excludes Luxembourg; it is OECD 28 for age 15 to 29, age 30 to 49 and age 50+ and excludes Australia, the Czech Republic, Finland, Iceland, Italy, Japan, Luxembourg, the Netherlands and Slovenia, as data are not available for both years.
Source: Gallup World Poll (database), https://www.gallup.com/analytics/232838/world-poll.aspx

StatLink https://stat.link/ilojnk

The poor housing conditions and lack of services that exacerbate pandemic-related challenges are particularly prevalent in rural areas, but the density of urban populations also puts them at high risk. The marked spatial concentration and density of the population in the main Latin American urban areas accelerated the spread of COVID-19, particularly in population segments that experienced significant vulnerabilities and shortages (ECLAC, 2020[66]). Those at higher epidemiological risk, as well as those most vulnerable to the pandemic's socio-economic impacts, are people living in overcrowded dwellings, without water or sanitation, and in particular those living in slums or informal settlements in urban areas. These are largely informal workers, with limited or no assets, nor social security and often no Internet

access. Access to water, handwashing facilities and sanitation are essential to contain the spread of COVID-19, while access to the internet and digital technologies (where available) have been key to accessing remote learning and working, public information and the maintenance of social contacts.

The relative deprivation of both Indigenous and Afro-descendant populations exposes them to a disproportionate level of vulnerability to the consequences of the pandemic. The common challenges faced by the two groups – in terms of poverty, informality, lack of social protection and inadequate housing conditions – increase the risks they experience during the pandemic, both in terms of direct health impacts as well as the broader socio-economic outcomes (ECLAC et al., 2020[67]; ECLAC, 2021[68]). However, there are also differences between the two groups that shape the way these risks can play out, including the large share of Indigenous people who live in rural areas and the primarily urban-dwelling patterns among the Afro-descendant population.

Issues for statistical development

The availability of well-being data remains a significant challenge for the focal group countries, and in Latin America and the Caribbean region more widely. Chapters 2 through 5 of this report highlight a variety of important data gaps for understanding the levels, trends and distributions of well-being outcomes in the region. Overall, the main data challenges can be summarised as follows. There is a need to:

- **Better understand inequalities across well-being dimensions.** This includes building the capacity to disaggregate key well-being measures by gender, age, race and ethnicity, as well as gaining further insights into the geographic distribution of well-being outcomes within countries.
- **Gain deeper insights into well-being areas of high concern**, such as levels and patterns of informal work, time use, the impact of violence and experiences of safety on people's well-being, and a more nuanced understanding of household financial situations (through better data on household income, wealth and expenditure).
- **Collect well-being data in a more harmonised way** that enables comparisons with other regions and countries and enhances the timeliness of data – since for most of the indicators covered in this report, there is usually a time lag of at least 2-3 years. More timely data are vital for well-being indicators to be integrated more comprehensively into policy decision-making, as the COVID-19 crisis has underlined.
- **Strengthen the measurement of subjective well-being experiences in LAC countries.** The recent wave of protests and social unrest in countries in the LAC region have underlined the need to better understand citizens' lived experiences when making policy decisions. In the absence of harmonised official statistics for subjective aspects of quality of life and social capital in particular, this report has used non-official data sources, such as the Gallup World Poll and Latinobarómetro, which despite their smaller sample sizes have the advantage of comparable methods used across countries and frequent, recurrent data collections.

Finally, statistical offices within the region could collaborate on developing a priority list of headline indicators for assessing development in transition, beyond GDP. All countries in the region are committed to SDG monitoring activities, and a number of statistical offices and government ministries in the focal group of countries have already embarked on work to measure well-being, including in Mexico, Colombia, Chile and Ecuador (see Chapter 6 for details). In a context of limited resources, not every indicator can be prioritised for frequent, recurrent data collection by national statistical offices. Nevertheless, a small selection of "headline" measures (disaggregated by key population groups of interest) could be agreed by statistical offices and their stakeholders in the region as priorities for capturing development challenges in countries transitioning from low- to high-income status. Based on the analysis and insights in this report, as well as past OECD work, a candidate list is proposed in Annex 1.A. as a starting point for further elaboration and discussion.

Conclusions

The need to look "beyond GDP" is widely recognised by the international community, and this paradigm shift has been embodied by the SDG agenda, as well as in many other national and international efforts on well-being. Using a broader range of policy-relevant metrics to benchmark progress is especially important in the LAC region, and particularly for the group of countries who are experiencing a transition to upper-middle-income and higher-income status, but who continue to face structural challenges. The COVID-19 pandemic and its deep socio-economic impacts have further underlined the need for countries in the region (and elsewhere) to implement recovery strategies based on a multidimensional, people-focused and forward-looking vision of development. Having a shared idea of policy priorities and using a common framework to identify relative strengths and weaknesses can also help to strengthen regional co-operation and to support more effective international partnerships.

The framework of indicators presented in this report has been adapted from the original OECD well-being framework to better reflect issues of special relevance in the region, encompassing material conditions, quality of life, resources for future well-being, and inequalities across groups and territories. Yet the report also emphasises that for metrics to make a difference to policy, institutional, analytical and operational innovations are required, in addition to statistical development. Countries in the LAC region are well advanced in incorporating a people-focused, multidimensional approach to measurement and policy, but (as in other regions) stronger links are required between, on the one hand, the multidimensional objectives set out in legal frameworks and national development plans, and, on the other hand, their actual implementation through budget allocation, policy development and targeting.

In order to move forward to mainstream a well-being approach in measurement and policy at the national and regional level in Latin America, continued discussions between policy actors, statistical agencies and a wide variety of stakeholders across civil society are needed. The findings of this report are intended to contribute to these discussions and to strengthen the foundation for future work and deliberations.

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Annex 1.A. Candidate headline indicators for measuring well-being in the LAC region

Annex Table 1.A.1. Candidate headline concepts and indicators used to illustrate them

Dimension	Target concept	Indicator used	Current source
Current well-being: Material conditions			
Income and consumption	Absolute poverty	Proportion of the population living below the regional (ECLAC) absolute poverty line	ECLAC Statistics, CEPALSTAT database, https://cepalstat-prod.cepal.org/cepalstat/tabulador/ConsultaIntegrada.asp?idIndicador=3328&idioma=i
	Income inequality	S80/S20 inter-quintile ratio	ECLAC Statistics, CEPALSTAT database, https://cepalstat-prod.cepal.org/cepalstat/tabulador/ConsultaIntegrada.asp?idIndicador=3328&idioma=i
Work and job quality	Employment	Employment-to-population ratio	ILO, https://www.ilo.org/shinyapps/bulkexplorer13/?lang=en&segment=indicator&id=EMP_2WAP_SEX_AGE_RT_A
	Informality	Informal employment as a share of total employment	ILO, https://www.ilo.org/shinyapps/bulkexplorer23/?lang=en&segment=indicator&id=EMP_NIFL_SEX_ECO_RT_A
Housing and infrastructure	Access to drinking water	Proportion of the population living in households with access to drinking water services	UN DESA Global SDG Indicator Database, indicator 6.1.1, https://unstats.un.org/sdgs/indicators/database/
	Access to Internet	Households with access to Internet	ECLAC Statistics, ECLAC Household Survey Data Bank (Banco de Datos de Encuestas de Hogares (BADEHOG)) and ITU World Telecomunication, ICT Indicators Database 2020, https://www.itu.int/en/ITU-D/Statistics/Pages/publications/wtid.aspx
Current well-being: Quality of life			
Health	Life expectancy at birth	Life expectancy at birth	World Bank Database, https://data.worldbank.org/indicator/SH.DYN.MORT
	Child mortality	Under-5s mortality ratio	World Bank Database, https://data.worldbank.org/indicator/SH.DYN.MORT
Knowledge and skills	Upper secondary attainment	Share of the population having completed upper secondary education	UNESCO, UIS database, http://data.uis.unesco.org/?lang=en&SubSessionId=c135923f-6971-48b9-8d43-e7f5cdfe39ce&themetreeid=-200
	Cognitive skills at 15 years	Mean PISA scores in reading, maths and science	OECD (2019), PISA 2018 Results (Volume I): What students know and can do, PISA, OECD Publishing, Paris, https://doi.org/10.1787/5f07c754-en
Subjective well-being	Life satisfaction	Self-reported life satisfaction 0-10 scale	Gallup World Poll (database), https://gallup.com/analytics/232838/world-poll.aspx
Safety	Intentional homicide rate	Intentional homicides, victims per 100 000 inhabitants	UNODC, https://dataunodc.un.org/GSH_app
Environmental quality	Air quality	Population exposure to fine particulate matter ($PM_{2.5}$) over 10 micrograms/m^3	OECD Exposure to PM2.5 in countries and regions (database), https://stats.oecd.org/Index.aspx?DataSetCode=EXP_PM2_5
Civic engagement	Inclusive government	Perception of elite State capture: percentage of the population above 18 who believes that the country is governed by powerful groups for their own benefit	Latinobarometro (database), http://www.latinobarometro.org/latOnline.jsp
	Political voice	Share of people having voiced an opinion to an official	Gallup World Poll (database), https://gallup.com/analytics/232838/world-poll.aspx
Social connections	Social network support	Share of people who have someone to count on in times of need	Gallup World Poll (database), https://gallup.com/analytics/232838/world-poll.aspx

Resources for future well-being			
Human capital	NEET rate	Proportion of youth not in employment, education or training, and not working exclusively in the home	ECLAC Statistics, CEPALSTAT database, https://cepalstat-prod.cepal.org/cepalstat/tabulador/ConsultaIntegrada.asp?idIndicador=3469&idioma=I
	Overweight and obesity	Share of population who are overweight or obese	WHO GHO (database), https://apps.who.int/gho/data/view.main.CTRY2430A
Social capital	Interpersonal trust	Trust in others	Latinobarometro (database), http://www.latinobarometro.org/latOnline.jsp
	Institutional trust	Confidence in the national government	Gallup World Poll (database), https://gallup.com/analytics/232838/world-poll.aspx
Natural capital	Biological resources and biodiversity – threatened species	Red List Index	UN DESA Global SDG Indicator Database, indicator 15.5.1, https://unstats.un.org/sdgs/indicators/database/
	Biological resources and biodiversity – land cover change	Loss of natural and semi-natural vegetated land	OECD Land cover change in countries and regions (database), https://stats.oecd.org/Index.aspx?DataSetCode=LAND_COVER_CHANGE
	Climate change	Greenhouse gas emissions from production per capita	OECD Greenhouse gas emissions (database), https://stats.oecd.org/Index.aspx?DataSetCode=AIR_GHG
Economic capital	Gross fixed capital formation	Gross fixed capital formation as a share of GDP	World Bank Database, https://data.worldbank.org/indicator/NE.GDI.FTOT.ZS?locations=ZJ
	Government tax revenue	Government tax revenue as a share of GDP	OECD Revenue Statistics - Latin America and the Caribbean: Comparative tables (database), https://stats.oecd.org/index.aspx?DataSetCode=RSLACT
Horizontal inequalities			
Gender	Paid and unpaid work	Average hours per week spent on unpaid and paid work by workers, combined (total hours worked)	ECLAC Statistics, CEPALSTAT database, https://estadisticas.cepal.org/cepalstat/WEB_CEPALSTAT/estadisticasIndicadores.asp
	Representation in government	Proportion of seats held by women in national parliament	ECLAC Statistics, CEPALSTAT database, https://estadisticas.cepal.org/cepalstat/WEB_CEPALSTAT/estadisticasIndicadores.asp?idioma=I
Life cycle – children	Child poverty	Proportion of children aged 0-14 living below the regional (ECLAC) absolute poverty line	ECLAC Statistics, CEPALSTAT database, https://estadisticas.cepal.org/cepalstat/WEB_CEPALSTAT/estadisticasIndicadores.asp
Life cycle – elderly	Pension coverage	Proportion of the population above statutory pensionable age receiving a pension	UN DESA Global SDG Indicator Database, indicator 1.3.1, https://unstats.un.org/sdgs/indicators/database/
Ethnic and racial	Poverty	Poverty ratio for Indigenous to non-Indigenous population	ECLAC Statistics, CEPALSTAT database, https://estadisticas.cepal.org/cepalstat/WEB_CEPALSTAT/estadisticasIndicadores.asp
Urban and rural	Access to water services	Ratio of share of rural households with access to water compared to urban households	Socio-Economic Database for Latin America and the Caribbean (CEDLAS and The World Bank), https://www.cedlas.econo.unlp.edu.ar/wp/en/estadisticas/sedlac/estadisticas/
Education	Poverty	Ratio of poverty rate for primary educated population compared with tertiary	ECLAC Statistics, CEPALSTAT database, https://estadisticas.cepal.org/cepalstat/WEB_CEPALSTAT/estadisticasIndicadores.asp

Notes

[1] GDP, in particular, often dominates discourse on progress. While capturing people's welfare in a broad sense was never the intended purpose of the GDP indicator, its ease of communication, the frequency and timeliness with which it is reported, the well-established national accounts framework on which it is based, and the high level of standardisation in its compilation – coupled with the fact that it summarises information across the whole economy – makes it an exceptionally useful tool for monitoring macro-economic performance. Nevertheless, as a purely economic, system-level measure, GDP conveys no information about social and environmental outcomes that are not traded in markets, yet have great value to people; GDP cannot provide information on the distribution of welfare across a society (thus ignoring inequality aspects); and, crucially, it lacks a forward-looking perspective that can encompass issues of sustainability and inter-generational impact. GDP excludes the value of many unpaid activities that contribute to the economy indirectly (and that are socially indispensable), but that cannot currently be traced through the System of National Accounts, such as unpaid household work, domestic care and volunteering. It also includes the value of other activities that cannot be considered aspects of "progress" or that are even detrimental to well-being and sustainability, such as the cost of increasing policing and prison budgets to tackle rising crime, or clean-up costs after environmental disasters.

[2] Key influences on the framework include the capabilities approach, as set out in Sen (1999[69]) and Nussbaum (2001[71]) as well as the recommendations of the Commission on the Measurement of Economic Performance and Social Progress, led by Joseph Stiglitz (Stiglitz, Sen and Fitoussi, 2009[4]). In addition to the academic and expert literature, the framework also builds on national and regional experiences, including public consultations, focused on the aim of going "Beyond GDP", as well as interactions with hundreds of practitioners from all sectors of society in the OECD World Forums on Statistics, Knowledge and Policy held every two or three years since 2004. See the first and second editions of *How's Life?* (OECD, 2011[12]) (OECD, 2013[70]) for more on the background and conceptual underpinnings of the framework.

[3] A comparison of 20 national well-being measurement dashboards with the OECD framework indicators shows that there is a high degree of overlap in most cases (Exton and Fleischer, forthcoming[13]).

[4] For example, the OECD and the OECD Development Centre produced an adapted framework that reframes some of the dimensions to better take into account developing-country perspectives (Boarini, Kolev and McGregor, 2014[72]). The framework has also been adapted to focus on the specific needs or priorities of regions (https://www.oecdregionalwellbeing.org/), children (OECD, 2015[73]) and migrants (OECD, 2017[74]), as well as being applied in national contexts such as Israel (OECD, 2016[75]).

[5] Seven national statistical offices from the LAC region (Chile, Colombia, Costa Rica, Ecuador, Mexico, Panama and Uruguay) responded to a questionnaire sent in May 2016 on what would need to be changed about the OECD framework to reflect LAC priorities.

[6] SDG Global Framework Indicator 10.3.1: Proportion of population reporting having personally felt discriminated against or harassed in the previous 12 months on the basis of a ground of discrimination prohibited under international human rights law.

[7] With the partial exception of Chapter 5, where due to data limitations, as well as to the need to keep the chapters to a reasonable length, only a small selection of indicators are presented with country-level results and the remainder are summarised with averages for the 11 focal countries (or for the maximum number of focal countries with available data).

[8] Comparable LAC 11 average data prior to 2012 are not available for the labour force data included here: time series begin in 2012 for employment and unemployment; in 2011-13 for time-related underemployment; and in 2012-13 for informal employment as a share of total employment.

[9] The average trend is mostly driven by a drastic decrease in Colombia (-42 points), coupled with considerable falls in Paraguay (-12 points) and Ecuador (-9 points). However, there have been substantial rises in Mexico (+18 points), Peru (+8 points) and Uruguay (+6 points).

[10] This index was developed by the WHO to measure progress towards SDG target 3.8 and is defined as the average coverage of essential services based on tracer interventions that include reproductive, maternal, newborn and child health, infectious diseases, non-communicable diseases and service capacity and access, among the general and the most disadvantaged population. The index uses a unitless scale of 0 to 100, which is computed as the geometric mean of 14 tracer indicators of health service coverage. The tracer indicators are as follows, organised by four components of service coverage: 1. Reproductive, maternal, newborn and child health; 2. Infectious diseases; 3. Noncommunicable diseases; and 4. Service capacity and access. See the 2019 monitoring report for the tracer indicator within each component. For further details, see: https://www.who.int/data/gho/data/indicators/indicator-details/GHO/uhc-index-of-service-coverage

[11] From domestic production, excluding emissions from land use, land use change and forestry (LULUCF).

[12] Comparable OECD data are not available for Figure 1.12; this finding is drawn from the World Values Survey (see Chapter 4 for further details).

[13] The gender pay gap is defined as the difference between the mean monthly earnings of men and women, relative to the mean monthly earnings for men.

[14] According to the definition provided by ECLAC, unpaid work includes unpaid goods and services produced by household members for their own consumption, as well as domestic, home care, household and community work.

[15] Prevalence estimates were extracted for the following disease categories by age, sex and country: (1) cardiovascular diseases (CVD), including CVD caused by hypertension; (2) chronic kidney disease (CKD), including CKD caused by hypertension; (3) chronic respiratory disease; (4) chronic liver disease; (5) diabetes; (6) cancers with direct immunosuppression; (7) cancers without direct immunosuppression, but with possible immunosuppression caused by treatment; (8) HIV/AIDS; (9) tuberculosis; (10) chronic neurological disorders; and (11) sickle cell disorders.

2 Material conditions in Latin America

Poverty, extreme poverty and income inequality have declined considerably in the 11 focal countries since 2000, but have remained high. Since around 2014, household income and consumption have stagnated, while satisfaction with living standards began to fall in the region. While until 2019, employment levels were comparatively high in the region, recent data show that the COVID-19 crisis had a negative impact on employment and unemployment. Across Latin America as a whole, more than half of all workers are in informal employment and typically lack access to social programmes and protection against unfair dismissal. Regarding housing quality, on average for the focal countries with available data, only around half of households had access to sanitation services, and only 70% had access to clean drinking water.

Introduction

The OECD Well-being Framework encompasses three dimensions of current well-being related to material conditions: Income and Wealth (here amended to Income and Consumption), Work and Job Quality, and Housing (OECD, 2020[1]). Together, these dimensions describe people's economic well-being or consumption possibilities (such as their ability to access essential goods and services, and their opportunities to participate in the labour market). Material conditions determine people's ability to meet their needs (such as food, water, clothing and shelter) and wants (such as transport, entertainment and communication) as well as shaping (and in turn, being shaped by) other aspects of people's lives, such as access to quality education and health care.

The 11 focal countries that are covered in this report were selected because of their current status as "high-income" or "upper middle-income" countries, according to the World Bank classification based on Gross National Income (GNI) per capita.[1] All 11 countries have experienced substantial improvements in GDP and average household consumption expenditure over the last two decades. Despite heterogeneity across countries, poverty, extreme poverty and income inequality have all declined considerably in these countries since 2000, while people's satisfaction with their own living standards has increased. However, the positive picture painted by these medium-term developments blurs when focusing on changes in more recent years, and particularly since the mid-2010s when the collapse of commodity prices translated into weaker GDP growth. Since around 2014, household income and consumption levels have stagnated, while satisfaction with living standards began to fall in the region. There are also indications that, in the focal countries with available data, poverty and extreme poverty began to increase again from around 2017. Income inequality has also remained high in the region, despite the significant reductions of the last two decades, and the pace of reducing inequality has slowed since the mid-2010s. The devastating impact of the COVID-19 pandemic on economic conditions is worsening material living standards across the region, potentially wiping out years (or decades) of progress in combatting poverty and inequality and further slowing convergence with higher-income countries.

Work and housing also remain key challenges for the region, especially in the context of the pandemic, where poor working and housing conditions have been key factors driving the spread of the virus. While up to 2019 employment levels were comparatively high in the region, including in the focal countries, recent data show that the COVID-19 crisis has had a clear negative impact on employment and unemployment levels. Moreover, beyond the quantity of employment, the low quality of employment, and in particular the prevalence of informality, has meant that jobs are particularly precarious. Across Latin America as a whole, more than half of all workers are in informal employment and typically lack access to social programmes and protection against unfair dismissal. As a result, during the pandemic, many workers had to choose between obeying stay-at-home orders and earning an income. Regarding housing quality, on average for the focal countries with available data, only around half of households had access to sanitation services in 2017, and only 70% had access to clean drinking water. With only one in two households having access to the Internet, most people in the focal countries struggled to access remote work or education options or to follow adequate sanitation procedures during the pandemic.

Income and consumption

People's access to adequate economic resources is an essential component of their current well-being. The flow of income and the stock of wealth that individuals and households can draw upon determines their ability to meet their needs and wants, as well as their freedom to choose the lives that they want to live, including the goods and services they want to consume and access. To have a full picture of these material conditions at the individual or household level requires a consideration of income, consumption *and* wealth.[2] However, the lack of comparable data on wealth stocks in Latin American countries means that it is currently not possible to evaluate this latter aspect of economic resources in this chapter.

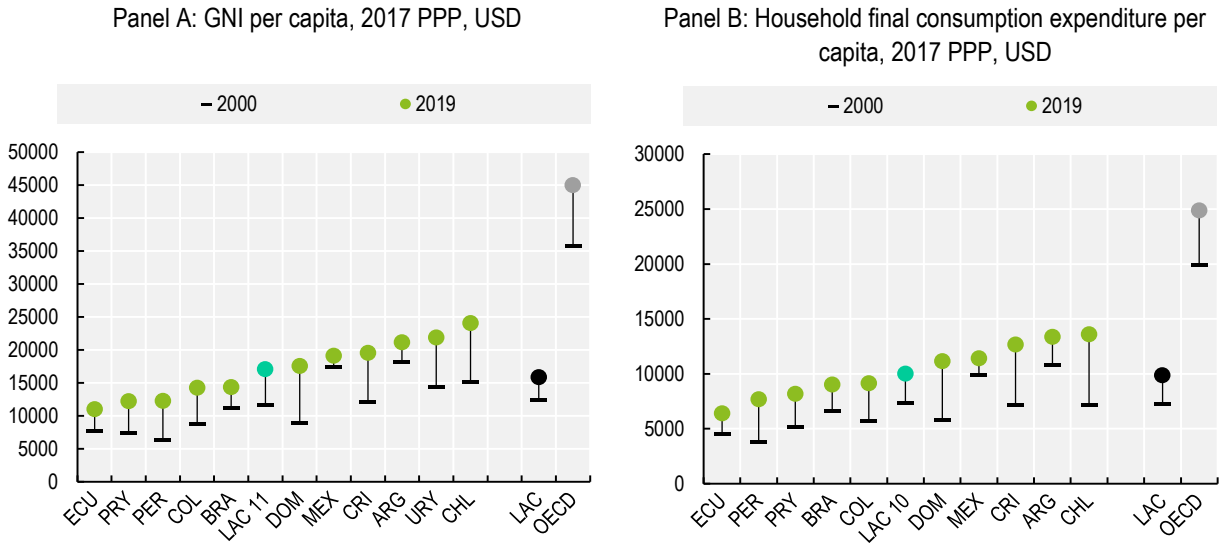
Across Latin America, the high levels of economic growth from the early 2000s to the mid-2010s are reflected in increased levels of national income per capita. However, this growth was tied to a commodity price boom,[3] and when commodity prices started to falter from around 2014 onwards, gains in average income and expenditure, as well as reductions in poverty and inequality, began to stagnate or even reverse. Latin America is the world's most unequal region, with income inequality being a clear and persistent feature of its countries (ECLAC, 2018[2]). The average Gini index for income inequality in the Latin American and Caribbean (LAC) region has consistently been higher than every other global region for decades, despite the recent extended period of reduction (World Bank, 2016[3]).

Average income and consumption

As mentioned above, the 11 countries that are the focus of this report are all high-income and upper-middle income countries (defined according to thresholds of national income per capita). The average GNI per capita of the LAC 11 focal group (USD 16 711 at 2017 PPP) was around USD 1 000 higher than the regional LAC average (USD 15 754) in 2019 (Figure 2.1, Panel A). The average increase in GNI per capita for the LAC 11 was also larger than the increase in the regional average since 2000. This reflects the substantial improvements over the last two decades in a small number of the focal countries, particularly in Chile, Costa Rica, the Dominican Republic and Uruguay. As is often the case, the average masks a wide variation between the countries, with GNI per capita in Ecuador (USD 11 044) being less than half that in Chile (USD 23 261) in 2019. This in turn is substantially lower than the OECD average (USD 44 573). Further, the gap in national income per capita between the OECD and the LAC region overall, as well as with the focal group specifically, widened over the period since 2000.

Household consumption expenditure is an important indicator of households' material living standards, as it informs on household spending on consumption goods and services (which is in turn an important component of GDP totals).[4] While there are caveats to using this indicator as an exact measure of household spending, it is still important to look at because, in the absence of direct measures of household disposable income, information on household consumption shows how gains in national income may be translating into tangible change in the economic situation of individuals and families (see the following section on Issues for statistical development for more detail). The average value of household final consumption expenditure in the focal countries for which data are available increased from USD 7 340 in 2000 to USD 9 996 in 2019 (Figure 2.1). These levels were only marginally lower for the LAC regional average in both years (USD 7 269 in 2000 and USD 9 930 in 2019). National income and household final consumption expenditure per capita in the focal countries remain well below OECD levels, despite considerable increases over the last two decades. The cross-country variation and rates of increase are broadly similar across the two indicators, with Chile, Costa Rica, the Dominican Republic and Uruguay showing the largest improvements over the period since 2000 in both household consumption expenditure and GNI per capita (Figure 2.1, Panel B).

Figure 2.1. National income and household final consumption per capita in the focal countries remain well below OECD levels, despite considerable increases over the last two decades

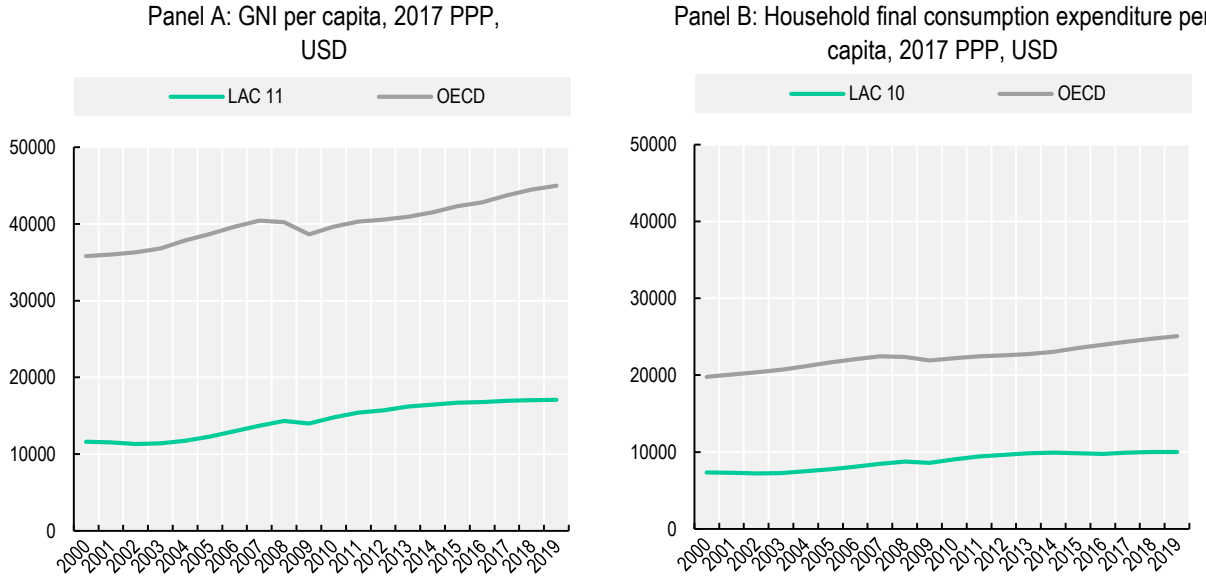


Note: The regional averages for Latin America and the Caribbean and the OECD are World Bank's calculations (Panel A) or are based on World Bank calculations (Panel B). In panel B, LAC 10 excludes Uruguay as data in 2017 PPP USD are not available. Household final consumption expenditure is the market value of all goods and services, including durables (such as cars, washing machines, and home computers), purchased by households. It excludes purchases of dwellings but includes imputed rent for owner-occupied dwellings. It also includes payments and fees to governments to obtain permits and licenses. Household consumption expenditure includes the expenditures of non-profit institutions serving households, even when reported separately by the country. Data are converted to constant 2017 international dollars using purchasing power parity rates for GDP for GNI and for private consumption for household final consumption expenditure.
Source: World Bank Database, https://data.worldbank.org/indicator/NY.GNP.PCAP.PP.KD (Panel A) and OECD calculations based on World Bank Database, https://data.worldbank.org/indicator/SP.POP.TOTL and https://data.worldbank.org/indicator/NE.CON.PRVT.PP.KD (Panel B).

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Comparing long-term trends in national income and household consumption expenditure per capita in the region shows that, while the 2008-2009 economic crisis had a lesser impact in the focal group than in the OECD on average, the end of the commodity price boom in 2013-2014 has led to stagnation in both income and consumption in the region as a whole, whereas these continued to rise in the OECD.

Figure 2.2. On average across the focal countries, levels of both national income and consumption expenditures per capita have stagnated since the mid-2010s



Note: OECD averages are World Bank calculations (Panel A) or are based on World Bank calculations (Panel B). In panel B, LAC 10 excludes Uruguay as data in 2017 PPP USD are not available.
Source: World Bank Database, https://data.worldbank.org/indicator/NY.GNP.PCAP.PP.KD (Panel A) and OECD calculations based on World Bank Database, https://data.worldbank.org/indicator/SP.POP.TOTL and https://data.worldbank.org/indicator/NE.CON.PRVT.PP.KD (Panel B).

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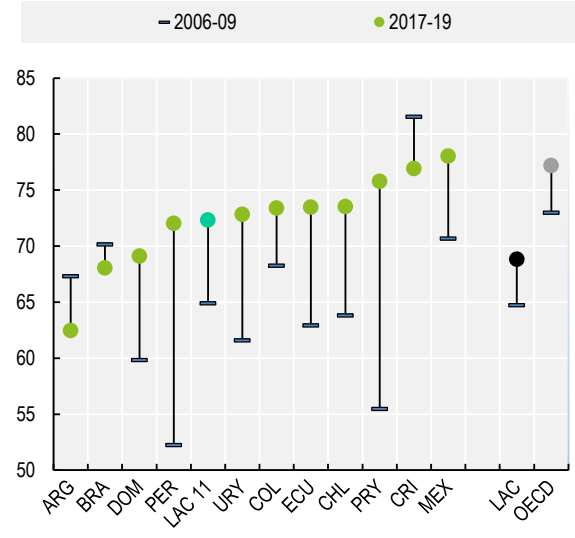
Satisfaction with living standards

LAC households' own perceptions of their material living conditions can provide insights into how people in the region have experienced changes over the last 10 years. Figure 2.3 shows levels and trends in the share of people who say they are satisfied with their own standard of living. Panel A compares levels of satisfaction in the earliest three-year period for which data are available (2006-2009) with the latest three-year period (2017-2019), i.e. prior to the COVID-19 pandemic. The majority of focal countries (8 out of 11) experienced an increase in satisfaction with living standards, with the average level in the focal group increasing by 7 percentage points from 65% to 72%. Countries that recorded the largest rises in national income and consumption expenditures per capita between 2006-9 and 2017-19 also experienced the largest increases in satisfaction levels. When looking at long-term trends (Figure 2.3, Panel B), the focal group average shows a fairly steady increase between 2006 and 2014 (interrupted only by a dip around 2008, the year of the global financial crisis), to a level (75%) that is close to the OECD average. However, the improvements in satisfaction with living standard faltered since 2014, with a slight decrease followed by stagnation in more recent years. This closely follows developments in macro-economic measures of GNI and household final consumption expenditure per capita described above. These patterns differ significantly from those prevailing in the OECD area, where satisfaction levels increase after 2016, following a decade of broad stability.

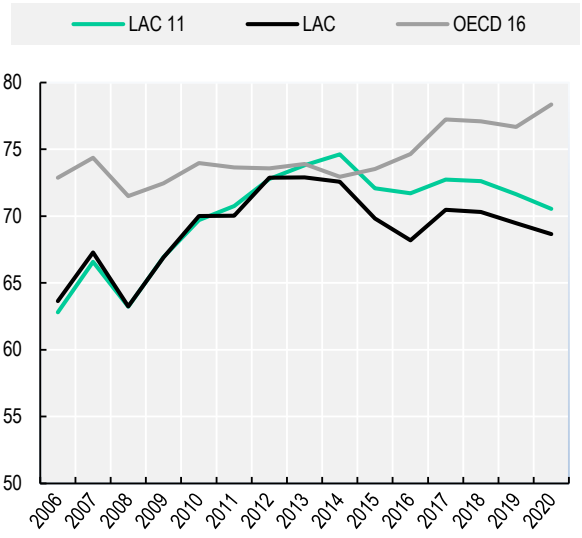
When measuring the correlation between the three indicators, the coefficient of determination (R^2) between the percentage change in satisfaction with living standards and the percentage change in GNI per capita between 2006-9 and 2017-19 was 0.57 (Figure 2.3, Panel C), while it was 0.33 between satisfaction and household final consumption expenditure (Figure 2.3, Panel D). While this shows that a substantial proportion of the cross-country variance in satisfaction with living standards is explained by differences in GNI and household final consumption expenditure per capita, it also shows that a large share of the variance is not explained by macro-economic variables.

Figure 2.3. While satisfaction with living standards has increased across most focal countries, it dropped after 2014 and levelled off in recent years

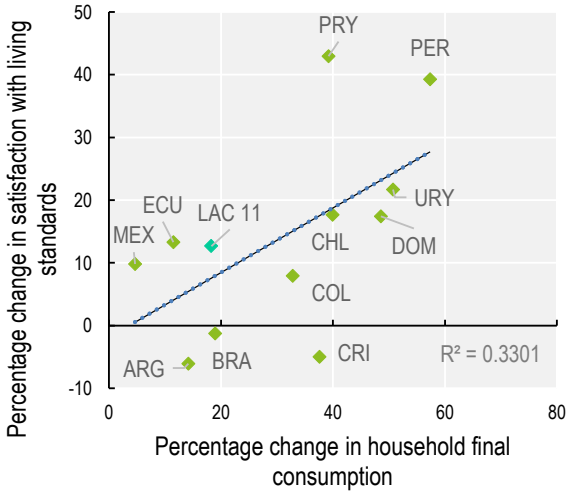
Panel A: Share of people satisfied with their standard of living, percentage



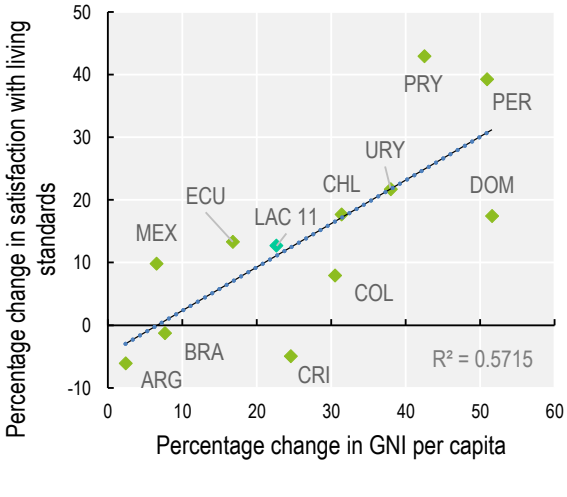
Panel B: Share of people satisfied with their standard of living, percentage, regional developments



Panel C: Correlation of change in satisfaction with living standards and consumption, 2006/8 - 2017/19



Panel D: Correlation of change in satisfaction with living standards and GNI per capita, 2006/8 - 2017/19



Note: The charts show the share of people who reply "Satisfied" to the question, "Are you satisfied or dissatisfied with your standard of living, all the things you can buy and do?". In Panel A, LAC regional average comprises 19 Latin American and Caribbean countries, including the focal countries. In Panel B, LAC regional average comprises 15 Latin American and Caribbean countries, including the focal countries. OECD 16 average includes Canada, Chile, Colombia, Denmark, France, Germany, Israel, Italy, Lithuania, Mexico, Poland, Spain, Sweden, Turkey, the United Kingdom and the United States. Panels C and D show the percentage change in the respective variables, comparing pooled values for the three-year period over 2006-8 with pooled values for 2017-19. For Uruguay, the latest time period for GNI per capita refers to 2017-18 rather than 2017-19.

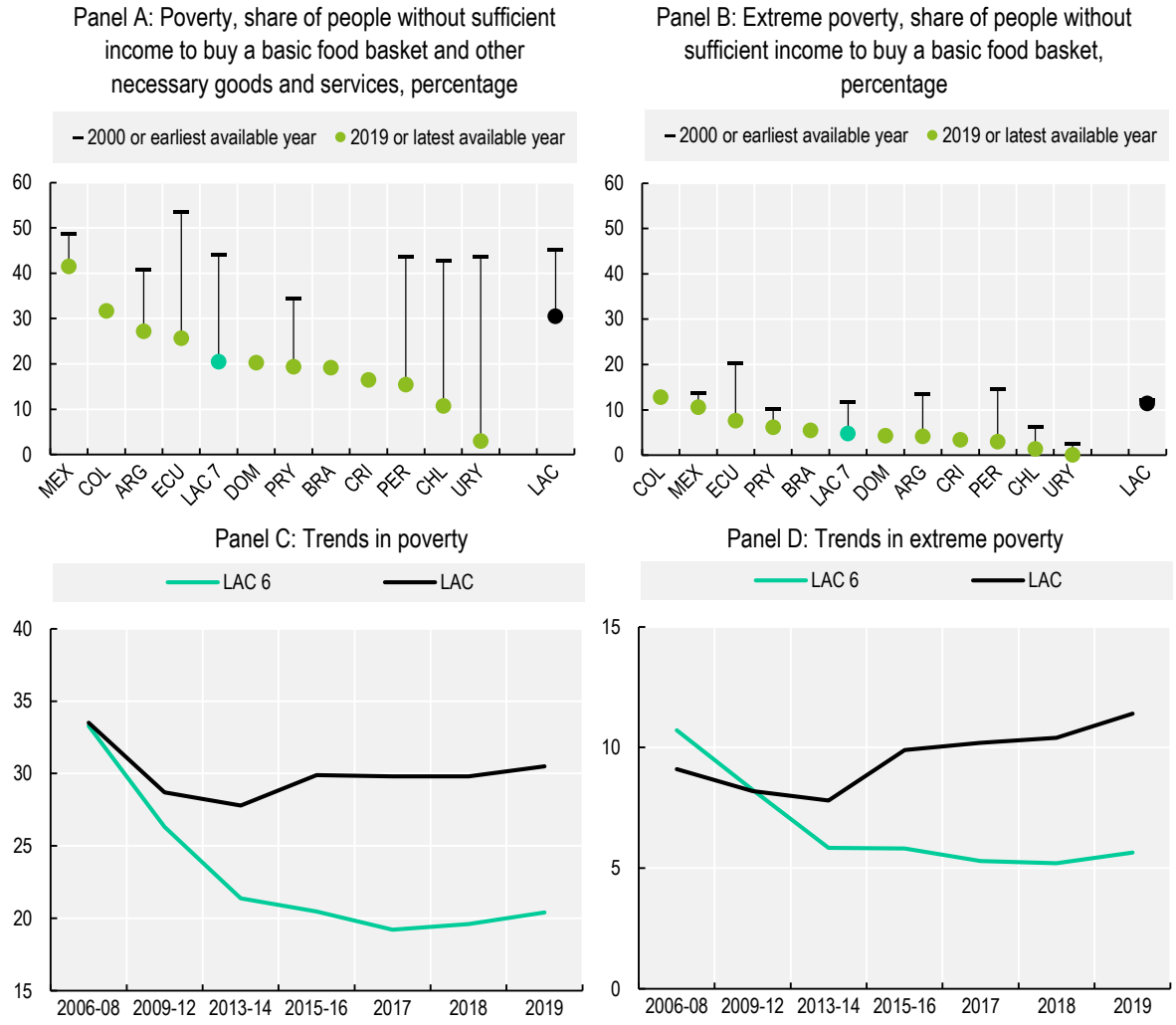
Source: Gallup World Poll (database), https://www.gallup.com/analytics/232838/world-poll.aspx (for satisfaction with living standards), OECD calculations based on World Bank Database, https://data.worldbank.org/indicator/SP.POP.TOTL and https://data.worldbank.org/indicator/NE.CON.PRVT.PP.KD (Panel C) and World Bank Database, https://data.worldbank.org/indicator/NY.GNP.PCAP.PP.KD (Panel D).

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Income poverty

Reducing poverty remains a primary policy objective for all countries in the region. While poverty is a multidimensional issue that goes beyond material conditions (see Chapter 6 for a discussion on the use of multidimensional poverty measures in the region), low income remains a major determinant of deprivation for millions of people across Latin America. Figure 2.4 shows income-based measures of absolute and extreme poverty based on the measures calculated by the Economic Commission for Latin America and the Caribbean (ECLAC) (see Box 2.1 for an explanation of the different poverty thresholds). Since 2000, there has been huge progress in reducing both absolute poverty and extreme poverty in the region, particularly in the focal countries. On average, across 7 of the 11 focal countries for which the earliest and latest data are available, the share of people living in absolute poverty more than halved between 2000 and 2019, from 44% to 20.4%, while the share living in extreme poverty dropped from 11.6% to 4.7% (Figure 2.4, Panels A and B). This is a much steeper decrease than for the region overall, where absolute poverty rates fell from 45.2% to 30.5% and extreme poverty rates from 12.2% to 11.4%. Particularly large reductions in absolute poverty were achieved in Uruguay (from 43.7% to 3%), Chile (from 42.8% to 10.7%) and Peru (from 43.7% to 15.4%).

Figure 2.4. Absolute poverty and extreme poverty more than halved in the focal group since 2000, but both began to rise again since 2017 across countries with available data



Note: Absolute poverty and extreme poverty rates are calculated by ECLAC and represent the share of people living in households that do not have an income sufficient to buy a basic food basket as well as other necessary goods and services (in the case of absolute poverty) and those who do not have sufficient income to buy even the basic food basket (in the case of extreme poverty) (ECLAC, 2019[4]).The latest available year is 2018 for Mexico and 2017 for Chile. The earliest available year is 2001 for Argentina and Ecuador, 2004 for Peru, 2005 for Paraguay and 2007 for Uruguay. In Panels A and B, LAC 7 average excludes Brazil, Colombia, Costa Rica and the Dominican Republic, due to incomplete time series. In Panels C and D, LAC 6 average includes Argentina, Colombia, Ecuador, Paraguay, Peru and Uruguay. LAC is the regional average for Latin America and the Caribbean calculated by ECLAC.
Source: ECLAC Statistics, CEPALSTAT database,
https://cepalstat-prod.cepal.org/cepalstat/tabulador/ConsultaIntegrada.asp?idIndicador=3328&idioma=i.

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However, even before the pandemic hit, there were signs of stagnating or reversing trends in poverty reduction in countries with available data. Figure 2.4, Panels C and D show trends in absolute poverty and extreme poverty for the LAC regional average, as well as for the average of the focal countries with data available from 2017 to 2019 (Argentina, Colombia, Ecuador, Paraguay, Peru and Uruguay). After 2013-2014, in six focal group countries, the fall in both absolute and extreme poverty began to slow, and average rates show a slight increase since 2017. The tendency towards greater poverty since 2014 is even clearer when looking at the LAC regional average.

Box 2.1. Different approaches to measuring income poverty in Latin America

There is no single statistical measure of poverty. In general terms the concept of poverty refers to "a situation in which people are unable to reach a given standard, social norm or desirable status" (ECLAC, 2019[4]). This can reflect the inability to meet basic needs for survival, such as access to adequate food and decent shelter, or it can be interpreted more broadly as being unable to fully participate in society in other ways. Poverty is increasingly recognised as being a multifaceted phenomenon, having many different causes, implications and manifestations that can impact every dimension of people's lives. Multidimensional approaches to measuring poverty have been particularly important for informing and guiding policy in Latin American countries in recent years (see Chapter 6 for further discussion).[1]

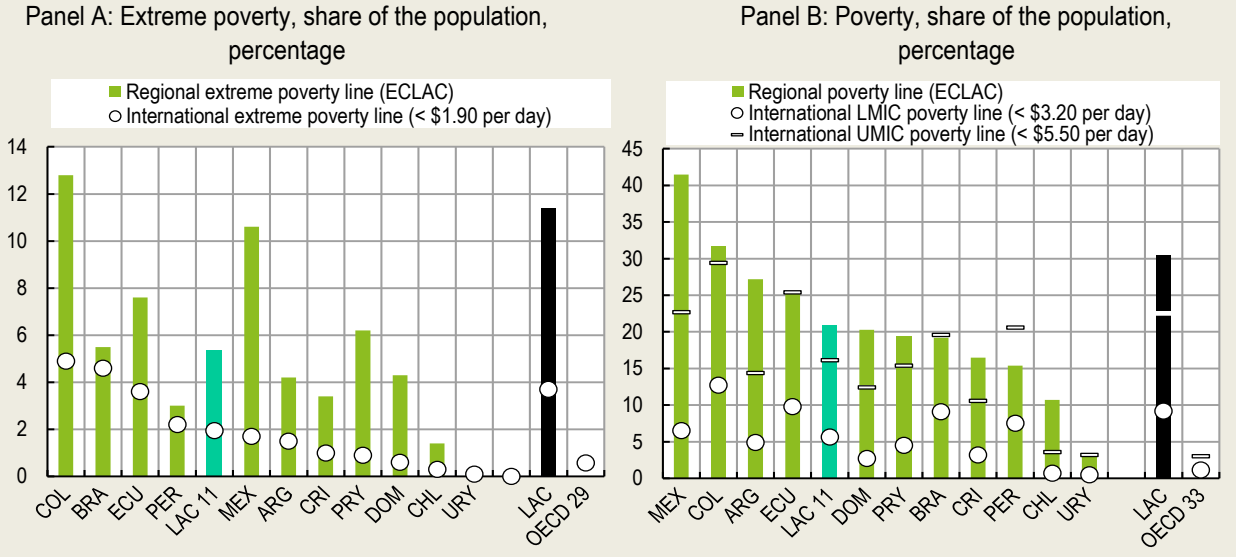
However, measures of poverty that focus on income alone remain meaningful sources of information on material deprivation within a society, and many countries produce measures of income poverty based on the thresholds deemed most relevant for their own national circumstances. The problem with national measures of poverty is that they are not comparable across countries, implying that alternative measures are needed for international comparisons, even if these do not necessarily correspond to official figures produced by national statistical offices. The most prominent international measures of income-poverty are based on monetary thresholds that are common (in absolute value) across countries (or groups of countries). This is the case of the extreme poverty lines associated with SDG indicator 1.1, which looks at the share of people living on less than USD 1.90 per day (revised up from the original threshold of USD 1.25 per day). The World Bank relies on three international poverty lines: USD 1.90 per day for the international measure of extreme poverty; USD 3.20 per day for measuring poverty in lower middle-income countries; and USD 5.50 per day for poverty in upper middle-income countries.

However, monetary thresholds that are common across countries have their drawbacks, as higher poverty lines can fail to capture the true extent of income deprivation. For this reason, the regional absolute poverty rates calculated by the Economic Commission for Latin America and the Caribbean (ECLAC) are used as the primary indicator of income poverty in this chapter. These measures were selected by regional experts as the most appropriate indicators to track progress towards achieving SDG target 1.1 in Latin America (ECLAC, 2019[5]). ECLAC's approach calculates the poverty line as a monetary value that considers two components: first, the cost of acquiring a basic food basket and, second, the cost of other goods and

services, expressed as a ratio between total expenditure and food expenditure.[2] The basic food basket is constructed to satisfy the average energy requirements of the population in each country, using a structure of goods and prices given by consumption patterns observed in a reference group and adjusted for basic dietary balances. The extreme poverty line is calculated as the value necessary to purchase the basic food basket without additional goods and services, while the absolute poverty line adds to the costs of the food basket those of the non-food components.

Figure 2.5 below compares income poverty levels (as measured by the regional poverty lines calculated by ECLAC) with the international poverty lines set at USD 1.90 (the official SDG indicator), USD 3.20 and USD 5.50 (the World Bank monetary poverty measures for lower and upper middle-income countries, respectively). As is clear from the chart, different poverty measures give very different results. In most of the focal countries, the international extreme poverty line (<USD 1.90 per day) captures only a portion of the share of extreme poverty as calculated with ECLAC's methodology. On average across the focal countries, the extreme poverty rate was only 1.9% in 2019 by the World Bank measure, compared with 5.4% using the ECLAC measure (Figure 2.5, Panel A).

Figure 2.5. Different poverty measures can give very different results



Note: Data refer to 2019, except for Mexico (2018) and Chile (2017). LMIC stands for Lower Middle-Income Class and UMIC stands for Upper Middle-Income Class. LAC is the regional average for Latin America and the Caribbean as calculated by ECLAC for regional poverty and extreme poverty and as calculated by the World Bank for the international poverty lines. In Panel A, OECD 27 excludes Australia, the Czech Republic, Germany, Hungary, Iceland, Japan, New Zealand, Slovenia and Switzerland, due to incomplete data. In Panel B, OECD 33 excludes Australia, Japan, New Zealand and Slovenia, due to incomplete data.
Source: ECLAC Statistics, CEPALSTAT database, https://cepalstat-prod.cepal.org/cepalstat/tabulador/ConsultaIntegrada.asp?idIndicador=3328&idioma=I and World Bank, World Development Indicators, https://data.worldbank.org/indicator/SI.POV.DDAY (Panel A), https://data.worldbank.org/indicator/SI.POV.LMIC and https://data.worldbank.org/indicator/SI.POV.UMIC (Panel B).

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The indicators discussed above measure absolute poverty in that they consider deprivation in reference to a fixed threshold. Relative poverty measures, such as the share of the population living on income at a given threshold below the median income level, are widely used in higher-income countries. For example, the 50% threshold is used to measure poverty in the OECD, and the 60% threshold in the European Union. The rationale behind this is that, beyond meeting their basic needs for survival, human beings need to be

able to participate in the society in which they live to a reasonable extent, which would be precluded by living on an income substantially below the median (Townsend, 1979[6]). This report does not include a measure of relative poverty, as in the LAC region median incomes (as measured in surveys) are so low that relative measures provide lower poverty counts than absolute measures. For example, whereas in 2019, 30.5% of the LAC population were living in absolute poverty, according to ECLAC's regional poverty measure only 19.1% were living in relative poverty (based on the 50% of median income threshold).[3]

Throughout this report, unless otherwise stated, measures of poverty and extreme poverty refer to the regional absolute measures calculated by ECLAC.

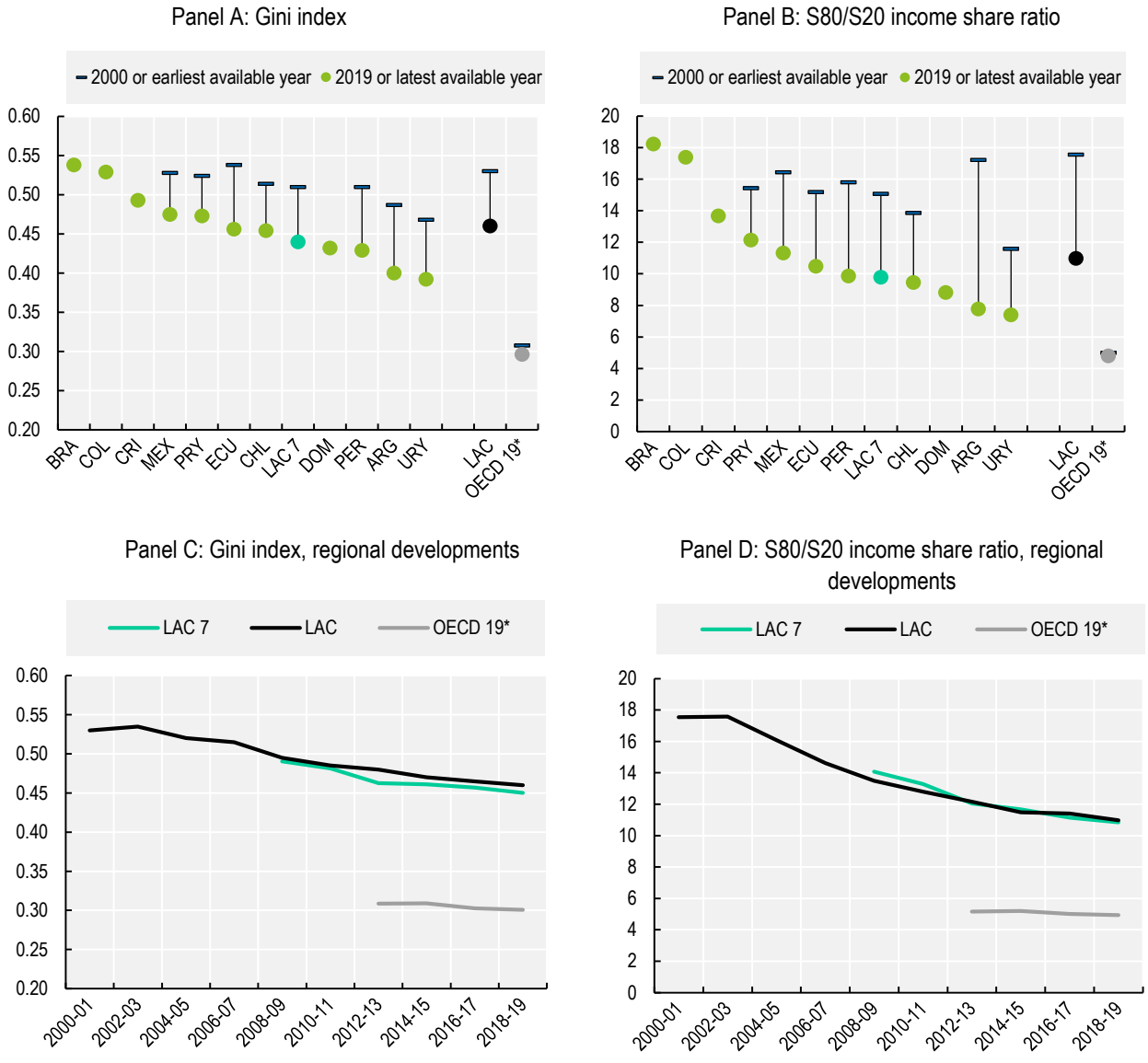
Notes

1. Multidimensional poverty indices (MPIs) are widely used in the region, and in some cases (such as Mexico) are used as the official poverty measure. This report does not include the MPI as one of the well-being indicators for two reasons. First, definitions of multidimensional poverty, and the methodology for calculating MPIs, differ between countries, and there is not yet a comparable global or regional approach. And second, including a composite index (combining multiple indicators) within a broader dashboard may lead to duplication of issues (e.g. housing quality or educational attainment, which are often included within MPIs). However, the importance of taking a multidimensional approach to measuring poverty, and the role of the MPI in particular, are recognised and explored in more detail in Chapter 6.
2. The selection of non-food goods and services focuses on household items that are acquired regularly, such as housing, health care, clothing and footwear, transportation, furnishings and appliances, education and other items of expenditure. For a more detailed explanation of ECLAC methodology, see (ECLAC, 2019[4]).
3. ECLAC Statistics, CEPALSTAT database: https://cepalstat-prod.cepal.org/cepalstat/tabulador/ConsultaIntegrada.asp?idIndicador=3307&idioma=e.

Income Inequality

Latin America is recognised as being the most unequal region in the world, with income inequality being one of the clearest and most persistent aspects of that inequality (ECLAC, 2018[2]). Figure 2.6 shows levels and trends in the Gini coefficient and the S80/S20 income share from 2000 to 2019. The Gini coefficient is one of the most frequently used indicators to depict inequality, expressing how far the income distribution of a country deviates from a perfectly equal distribution on a 0 to 1 scale, with 0 representing a completely equal distribution and 1 a completely unequal distribution. The S80/20 ratio shows the income share of the richest 20% as a proportion of the share accruing to the poorest 20%.

Figure 2.6. Income inequality has declined substantially over the past two decades, but the pace of reduction has slowed since 2013-2014



Note: The Gini coefficient depict income inequalities expressing how far the income distribution of a country deviates from a perfectly equal distribution on a 0 to 1 scale, with 0 representing a completely equal distribution and 1 a completely unequal distribution. The S80/20 ratio shows the income share of the richest 20% as a proportion of the share accruing to the poorest 20%. Income data for Latin American countries are not standardised in whether they refer to pre-or post-tax income and generally refer to individual workers. The data for the OECD average (marked with an *), on the other hand, is taken from the harmonised OECD Income Distribution database and refers uniquely to post-tax and equivalised income (i.e adjusted to account for economies of scale in the household). The latest available is 2018 for Costa Rica and Mexico, and 2017 for Chile. The earliest available year is 2001 for Ecuador; 2004 for Peru; 2005 for Paraguay; and 2007 for Uruguay. In Panel A and B, LAC 7 excludes Brazil, Colombia, Costa Rica and the Dominican Republic, due to incomplete time series, and OECD 19 includes Austria, Canada, the Czech Republic, Finland, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Lithuania, Norway, Poland, Portugal, the Slovak Republic, Slovenia, Spain, Switzerland and the United Kingdom. In Panel C and D, LAC 7 average excludes Brazil, Chile, Costa Rica and the Dominican Republic, due to incomplete time series, and OECD 19 includes Australia, Austria, Canada, the Czech Republic, Estonia, Finland, France, Greece, Israel, Latvia, Lithuania, Norway, Poland, Portugal, the Slovak Republic, Slovenia, Spain, Sweden and the United Kingdom. LAC is the regional average for Latin America and Caribbean as calculated by ECLAC.

Source: ECLAC Statistics, CEPALSTAT database, https://estadisticas.cepal.org/cepalstat/WEB_CEPALSTAT/estadisticasIndicadores.asp (Panel A and C), ECLAC Statistics, CEPALSTAT database, https://estadisticas.cepal.org/cepalstat/WEB_CEPALSTAT/estadisticasIndicadores.asp (Panel B and D) and OECD Income Distribution database, https://stats.oecd.org/Index.aspx?DataSetCode=IDD for OECD countries.

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Over the past two decades, countries in the focal group and the region as a whole have achieved impressive reductions in income inequality, by both measures. On average, across the 7 LAC focal group countries for which data are available throughout the period, the Gini dropped from 0.51 in 2000 to 0.44 in 2019, and the S80/20 income share ratio from 15.1 in 2000 to 9.8 in 2019 (i.e. in 2019 the income share of the richest 20% of the population was almost ten times higher than that of the poorest 20%) (Figure 2.6, Panels A and B). Over the same period, the OECD average levels of the same measures barely changed, meaning that while income inequality in the LAC countries remains very high, there has been some convergence between the LAC region and the OECD since 2000.

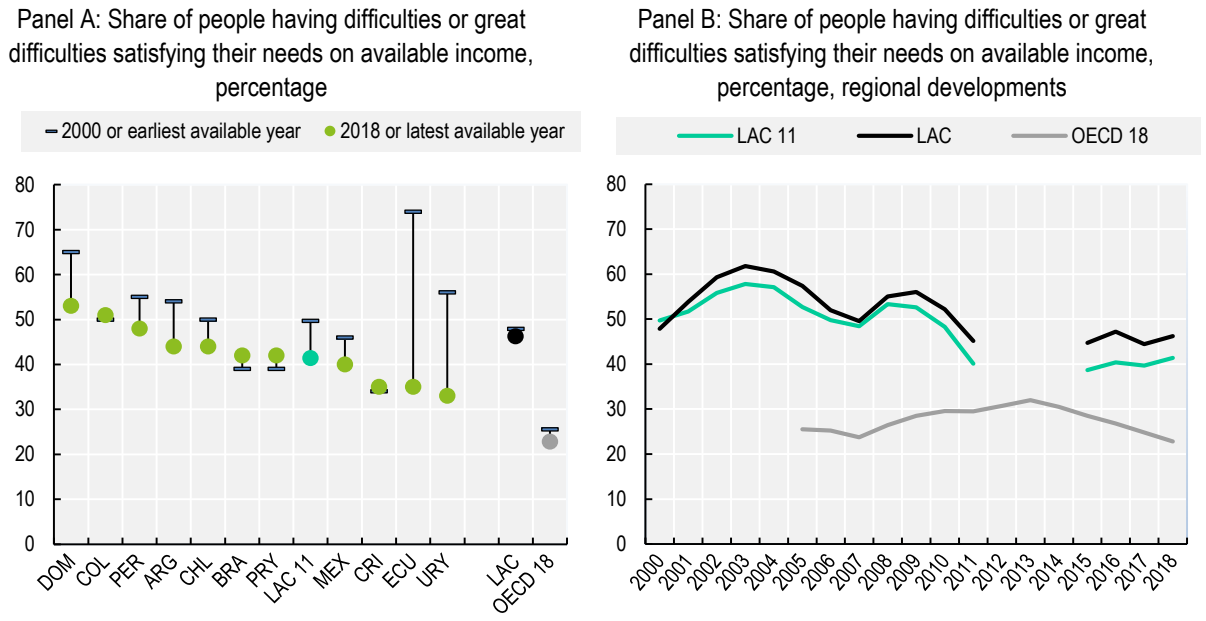
However, these inequality gains cannot be taken for granted, especially in the context of the COVID-19 pandemic (see the Section on COVID impact below). Since around 2014, the pace of inequality reduction has slowed, at least for the seven focal countries for which annual data are available through the period (Figure 2.6, Panels C and D). The average reduction in the Gini coefficient for these countries was 0.03 points over the 5-year period between 2008-9 and 2012-2013 (from 0.49 to 0.46) and only a quarter of that in the subsequent 5-year period between 2014-15 and 2018-2019 (from 0.46 to 0.45).

It is worth noting here that the comparisons between countries, and between the LAC focal group or region and the OECD averages, should be treated with some caution, as the calculation of income is not standardised across LAC countries. In most LAC countries, post-tax income is recorded for dependent workers, but income from self-employment and other sources is pre-tax. In other countries (e.g. Brazil) all income is before pre-tax. Generally, income refers to individuals. The data for the OECD average, on the other hand, is taken from the harmonised OECD Income Distribution database and refers uniquely to post-tax and equivalised income. This does not negate the value of the available data for making general comparisons between countries and over time, but further underlines the need for harmonised data on household income in the region, which is addressed further in the following section on Issues for statistical development.

Income adequacy

Even people living above the poverty line may still feel economically strained based on what their income can provide. On average in the 10 countries of the focal group (LAC 10) for which data are available, 2 out of every 5 people (41%) said they had difficulties satisfying their needs based on their family income in 2018, compared with just under 1 in 4 people (23%) in the OECD countries (Figure 2.7, Panel A). This share had decreased by 9 percentage points since 2000 (when it was 50%) on average in the 10 focal countries, driven by large falls in Ecuador and Uruguay and smaller declines in Argentina, Chile, Mexico and Peru, as compared to stability or even slight increases in the other focal countries. Conversely, the LAC regional average share barely changed over the same period. Annual data show that the average share of people having difficulties satisfying their needs out of their current income edged up in both these 10 focal countries and in the LAC regional average since 2014 (Figure 2.7, Panel B).

Figure 2.7. Two in five people report difficulties in satisfying their needs with their family income in the focal group of countries, with this share starting to edge up since 2014



Note: The chart is based on the question, "Does the salary you receive and your total family income allow you to cover your needs in a satisfactory manner? Which of the following statements describes better your situation?" with response categories, "It's enough, we can save", "It's just enough, we don't have major problems", "It's not enough, we have problems", and "It's not enough, we have major problems". The data shown reflect the percentage of respondents answering, "It's not enough, we have problems" or "It's not enough, we have major problems". For the OECD average, this refers to the share of people who report having difficulty or great difficulty in making ends meet. The question is asked to the household reference person, and the information is available at household level only. LAC regional average comprises 18 Latin American and Caribbean countries, including the focal countries. OECD 18 average includes Austria, Belgium, the Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Norway, Portugal, the Slovak Republic, Slovenia and Spain.
Source: ECLAC Statistics, CEPALSTAT database, https://cepalstat-prod.cepal.org/cepalstat/tabulador/ConsultaIntegrada.asp?idIndicador=3256&idioma=i (until 2016), Latinobarometro, https://www.latinobarometro.org/latOnline.jsp (2017 and 2018) and OECD calculations based on Eurostat's database European Union Statistics on Income and Living Conditions (EU-SILC), https://ec.europa.eu/eurostat/web/income-and-living-conditions/data/database (OECD average).

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One of the most serious forms of deprivation in material conditions is food insecurity, or uncertainty in people's ability to obtain adequate food for themselves and their families. Food insecurity was on the rise even before the pandemic, and in 2019 just under one in three people (32%) lived with moderate or severe food insecurity (see Box 2.2).

Box 2.2. Food insecurity

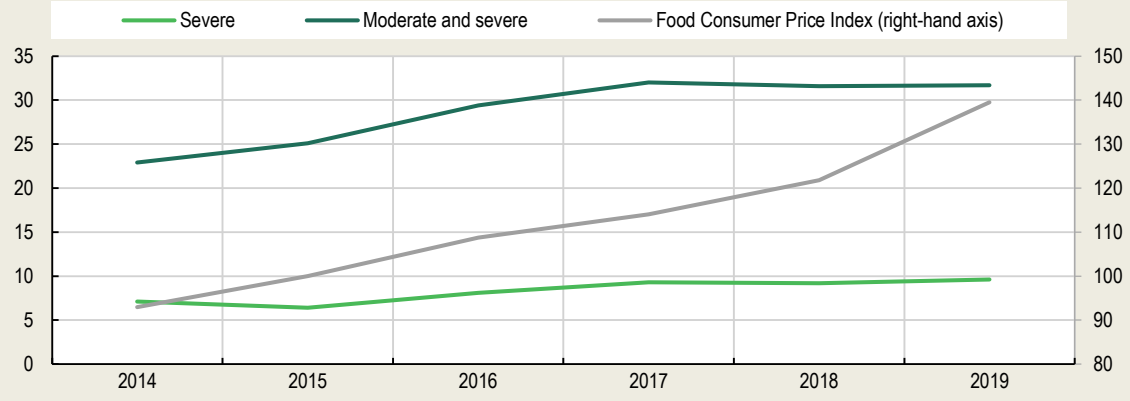
Food insecurity is closely related to income adequacy and is a direct measure of people's consumption possibilities in the most basic sense: whether they are able to consistently afford or access adequate nutrition. Latin America has seen a rise in undernourishment in recent years – or in other words, the share of the population whose habitual food consumption is insufficient to provide the dietary energy levels that are required to maintain a normal active and healthy life. The region counted 9 million more undernourished people in 2019 than in 2015 (FAO, 2020[7]).

Until recently, the complexity of the concept of food insecurity as well as differences in how it was operationalised complicated the study of the "food insecure" (Smith, Kassa and Winters, 2017[8]). However, the inclusion of a food insecurity measure in the UN 2030 Agenda (under SDG indicator 2.1.2, related to the prevalence of moderate and severe food insecurity) gave a greater impetus to developing a more harmonised methodology, leading the Food and Agriculture Organisation (FAO) to design the Food Insecurity Experience Scale (FIES). While this method has not yet been widely incorporated into official national surveys, a global survey conducted jointly by the FAO and Gallup has provided some initial results.

Figure 2.8 shows the prevalence of moderate or severe food insecurity in the population based on the Food Insecurity Experience Scale (FIES). According to this scale, people experiencing moderate food insecurity face uncertainties about their ability to obtain food and have been forced to compromise on the quality or quantity of the food they consume, while people experiencing severe food insecurity have typically run out of food and, at worst, gone at least a day without eating. Overall, across Latin America, just under one in three people (32%) lived in either moderate or severe food insecurity in 2019, up from just under one in four (23%) in 2014. In a global perspective, while the prevalence of food insecurity is higher in Africa on average, Latin America saw the largest regional increase in the prevalence of food security over the 2014-2019 period (when compared with Africa, Asia and North America and Europe). This rise in overall (moderate and severe) food insecurity broadly matches the rise in food prices (as measured by the FAO Food Consumer Price Index, Figure 2.8, right-hand axis).

Figure 2.8. Food insecurity increased in the LAC region from 2014 to 2017, with further rises in food prices thereafter

Share of the LAC population reporting moderate or severe food insecurity



Note: Data on food insecurity are derived from the Food Insecurity Experience Index. People experiencing moderate food insecurity are those reporting that they face uncertainties about their ability to obtain food or that they have been forced to reduce the quality and/or quantity of the food they consume. People experiencing severe food insecurity have typically run out of food and, at worst, gone a day (or

several days) without eating. The shares of people experiencing the two types of food insecurity are plotted on the left axis. The Food Consumer Price Index measures the change over time in the general level of prices of food and non-alcoholic beverage items that households acquire, use or pay for consumption. This is done by measuring the cost of purchasing a fixed basket of consumer food and beverages of constant quality and similar characteristics, with the products in the basket selected as being representative of households' expenditure during a specified period. The base year of the Food Consumer Price Index is 2015 (2015=100). All values refer to averages for the Latin America and Caribbean region as calculated by the Food and Agriculture Organization (FAO).
Source: (FAO, 2020[7]), "Food Security and Nutrition in the world", http://www.fao.org/3/ca9692en/ca9692en.pdf, and FAO Statistics, http://www.fao.org/faostat/en/#data/CP

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Impact of COVID-19

The devastating impact of the COVID-19 pandemic is set to negatively affect living standards across the region, potentially wiping out years (or decades) of progress in combatting poverty and inequality and further slowing convergence with higher-income countries. ECLAC estimates suggest that in 2020, more than one in three Latin Americans were living in poverty (33.7%) and one in eight in extreme poverty (12.5%).[5] Based on these estimates, the total number of people falling below the ECLAC line for absolute poverty was 209 million by the end of the year, 22 million more than in 2019 (ECLAC, 2021[9]). Of this total, 78 million people would be living in conditions of extreme poverty, with an increase of 8 million compared to 2019 (ECLAC, 2021[9]). These changes are likely to have brought the absolute poverty rate to its highest level since 2008 and extreme poverty to its highest level since 2000 (FAO, 2020[7]).

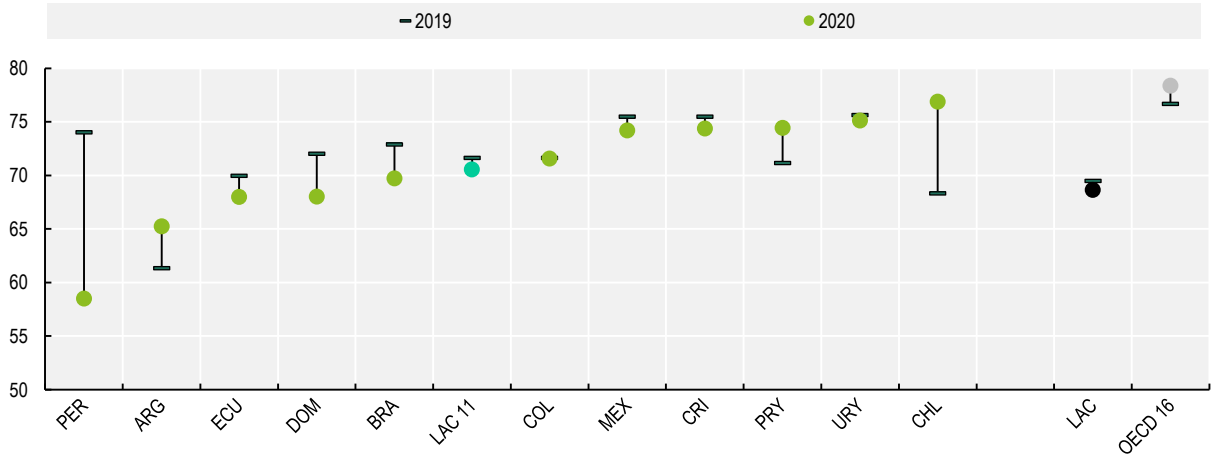
The pandemic has undoubtedly deepened the deprivation level not only of millions of people living on the edge of poverty, but also of the vulnerable middle class. In 2019, 77% of the region's population (470 million people) belonged, according to ECLAC, to the low or lower-middle income strata, with per capita income up to three times the regional poverty line, and with insufficient savings to weather a crisis (ECLAC, 2020[10]). ECLAC estimates that 15% of those belonging to the low-income non-poor strata (with a per capita income between 1 and 1.8 times the absolute poverty line) are expected to have fallen into absolute poverty (20.8 million people) or extreme poverty (3 million people) as a consequence of the crisis (ECLAC, 2020[10]). The prevalence of food insecurity in the Latin American region is also likely to have risen, due to disruptions in food supply and income loss (FAO, 2020[7]).

ECLAC projections also suggest that inequality in household income per person (as measured by the Gini coefficient) increased by 5.6% on average between 2019 and 2020, and by 2.9% when taking into account government transfers (ECLAC, 2021[9]). As with poverty levels, income inequality is projected to have increased the most in the largest economies of the region, with the Gini coefficient estimated to have risen by 3% or more in Argentina, Brazil, Ecuador, Mexico and Uruguay, and by between 0.5% and 1.4% in the Dominican Republic, Paraguay, Guatemala, Honduras and Panama (ECLAC, 2020[10]).

Although on average people's satisfaction with their standard of living changed little change over the past two years in the focal group, trends diverged across countries. For instance, people's satisfaction with their standard of living declined slightly in 2020 in the Dominican Republic (from 72% to 68%) and Brazil (from 73% to 70%) (Figure 2.9) but much more in Peru (from 74% to 59%). Conversely, their satisfaction increased by three percentage points or more in Paraguay (from 71% to 74%), Argentina (from 61% to 65%) and Chile (from 68% to 77%).

Figure 2.9. Between 2019 and 2020, people's satisfaction with their standard of living moved in different directions across the focal group countries

Share of people satisfied with their standard of living, percentage



Note: Data refer to the share of people who reply "Satisfied" to the question, "Are you satisfied or dissatisfied with your standard of living, all the things you can buy and do?". LAC regional average comprises 15 Latin American and Caribbean countries, including all the focal countries. The OECD 16 average includes Canada, Chile, Colombia, Denmark, France, Germany, Israel, Italy, Lithuania, Mexico, Poland, Spain, Sweden, Turkey, the United Kingdom and the United States.
Source: Gallup World Poll (database), https://www.gallup.com/analytics/232838/world-poll.aspx.

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Issues for statistical development

Ideally, measures of current well-being should refer to households or individuals. However, information on income, consumption and wealth at the household level are not widely available for Latin American countries.[6] In their absence, data compiled from countries' Systems of National Accounts (SNA) can provide useful proxy information on income and consumption, although as these data conflate information from different sectors of the economy, such as firms, financial intermediaries and the public sector, they are imperfect measures of actual household conditions. Two different measures of average material conditions are used in this chapter. The first is Gross National Income (GNI) per capita, the indicator used by the World Bank to classify countries' income levels, which reflects income streams accruing to all sectors of the economy, rather than being limited to households per se. The second is an SNA-based measure of household consumption expenditures, an indicator that, while pertaining to households, omits the share of current income that is saved by them, and which could support their living standards in later periods. This indicator also includes the expenditures of non-profit institutions serving households, such as hospitals and educational institutions. While both of these proxies have limits – not least the fact that they can provide only aggregate information with no consideration of patterns of distribution within countries –- the joint consideration of the two allows for a more rounded assessment of the material living standards in Latin America at the national level.

The measurement of wealth in the region is currently very limited: only Costa Rica, Chile, Mexico and Uruguay have conducted household wealth surveys, and not on a regular basis.[7] Improving information on wealth matters not only for obtaining a clearer picture of households' financial and material assets, but also for better understanding households' economic insecurity. Measuring economic insecurity was identified as a priority by the High-Level Expert Group on the Measurement of Economic Performance and Social Progress (Stiglitz, Fitoussi and Durand, 2018[11]). Financial insecurity is a particularly relevant indicator for

identifying people who are not income-poor but are at risk of falling into poverty due to insufficient financial resources. For example, *How's Life? 2020* (OECD, 2020[1]) includes a measure of the share of people who have insufficient resources to prevent them from falling into poverty given a three-month loss of income.[8] This measure provides valuable information on the (in)sufficiency of assets that could be used as buffers against shocks, highlights the distribution of economic resources, and presents joint information on income and wealth (though not on consumption).

In order to better understand the economic situation of Latin Americans from a well-being perspective, an important objective is to improve the availability and comparability of direct measures of household income as well as of household wealth. This is not a negligible task, as the definition of income across different national surveys in the region tends to differ substantially depending on, for instance, whether and how in-kind income, imputed rents and home production are treated, and whether specific income sources such as remittances, private transfers or property income are properly captured. Further, incomes may be reported on either a net or gross-of-tax basis: in the latter case (as for the official data for Brazil and Colombia), inequality measures based on pre-tax income would naturally be higher than when reporting inequalities in disposable, i.e. post- tax, income, as they do not reflect the redistributive impact of taxes. In some countries (e.g. Mexico), even when measures refer to disposable income, data on taxes are not separately reported, and it is therefore not possible to capture the full extent of redistribution (only that of public transfers) (Balestra et al., 2018[12]). Estimates of income inequality for Latin American countries also tend to differ from the OECD approach, which refers to an income metric adjusted for economies of scale in household needs (so-called equivalised household incomes[9]). Latin American sources tend to use income per capita as a standard, which assumes no economies of scale within households (Balestra et al., 2018[12]). Standardising the way that income data are collected and reported in the LAC region would be an important step towards having comparable direct measures of household income and income distribution.

Measurement of household economic conditions and their distribution could also be improved in other ways, such as improved frequency and coverage. Ideally, income distribution surveys should be conducted at least annually and data collected on income with reference to the previous year (rather than the previous month, as is the case for some countries in the region). Efforts should also be made to ensure that the data cover the whole of the income distribution, and especially those at the very top and the very bottom, both of which tend to be under-reported. In Latin America, inequality tends to be driven by an excessive concentration of income by a small elite in the very top 1% or even 0.1% of the distribution, even more so than in other world regions (Sánchez-Ancochea, 2021[13]). Supplementing survey data with additional information from other sources, such as tax records where possible, can help to provide more accurate figures on the "missing rich" (Stiglitz, Fitoussi and Durand, 2018[11]). Administrative data can also improve the quality of income measurement at the bottom of the income distribution. For example, many countries in the region have introduced conditional cash transfers (CCT) in recent decades, but these transfers are not always properly reported on household income surveys.[10] Supplementing household surveys with administrative data from CCTs could provide more precise information of the situation of eligible households.

Finally, given the importance of the issue of food insecurity for the region, more widespread use of the Food Insecurity Experience Index in national surveys would provide valuable comparable evidence for monitoring its prevalence and intensity.

Work and job quality

For most households of working age, the regular income provided by paid work is necessary to increase and maintain their material living standards. In addition, both paid and unpaid work can provide people with a chance to fulfil their own ambitions, to develop skills and abilities, to feel useful in society and to build self-esteem. Work shapes personal identity, provides structure and can create opportunities for social relationships. Being unemployed has a large and persistent negative effect on both physical and mental health and on subjective well-being, with effects that go well beyond the income loss that unemployment brings (OECD, 2011[14]). Since most people spend a substantial share of their waking hours at work, and work for a significant part of their lives, the need for a high-quality job has been increasingly recognised by international organisations and policy makers, who have referred to jobs that provide adequate wages and benefits, are reasonably secure, and take place in a safe and supportive working environment.[11]

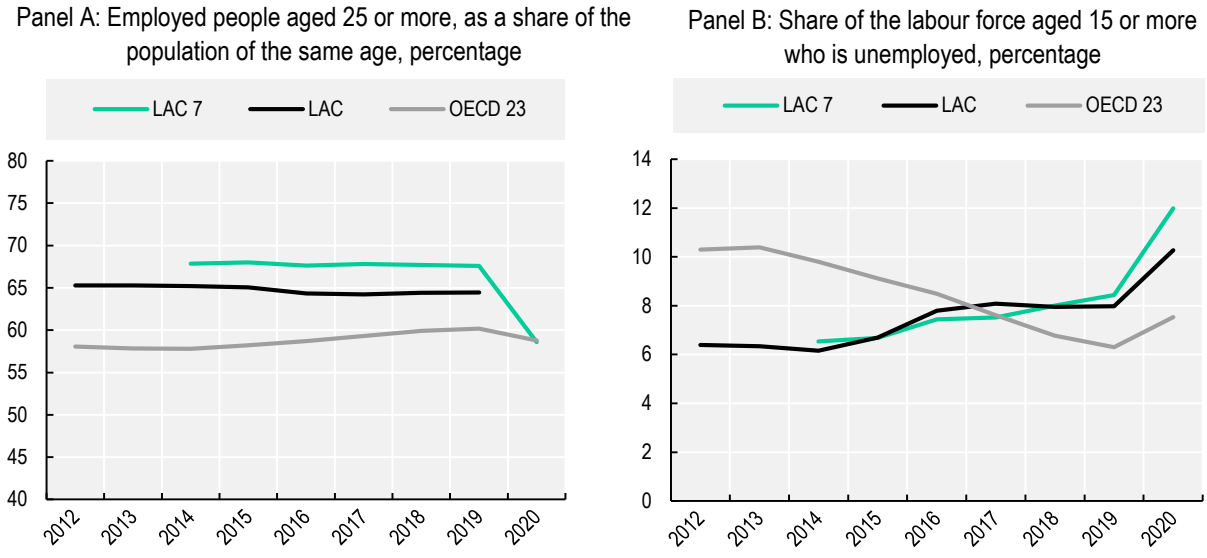
In Latin America, employment rates are high compared with the OECD average, which has been the case for at least the past two decades. However, employment rates have faltered since 2016, and unemployment has also been rising. In addition, Latin American employment is characterised by a high rate of informality, with over half of workers estimated to be in informal jobs. While it can be argued that informal employment is better than no employment, the high prevalence of informality is nonetheless a concern from the perspective of job quality, as informal jobs are not protected, regulated or well-recognised and valued. As social protection and access to health care are often tied to employment status in Latin America, informal workers are particularly vulnerable in this respect. In this context, the impact of the COVID-19 pandemic can be devastating, leading to a significant rise in unemployment, a further increase in informality as a share of total employment, and widespread poverty.

Employment and unemployment

Paid work provides essential income to individuals and families but also, particularly in Latin America, the access to health care and other forms of social protection that are tied to employment status. When looking at the average for the seven focal countries with comparable time series (Brazil, Chile, Colombia, Costa Rica, Ecuador, Paraguay and Peru), while employment rates remained stable between 2014 to 2019 (at 68%), unemployment rates rose from 6.5% to 8.4% (Figure 2.10). Over the same period, OECD average employment rates rose slightly, from 58 to 60%, and unemployment declined from 9.8% to 7.5%.

The pandemic has impacted key labour market outcomes significantly, as evidenced by the sharp changes in employment and unemployment levels between 2019 and 2020. This is addressed more in the later section on COVID-19 impacts, but Figure 2.10 already shows that employment has decreased and unemployment increased for both the LAC focal group and regional averages. While this is also true for the OECD, the magnitude of the impact has apparently been less than for the LAC region. Overall, across the seven LAC focal countries with available data, employment decreased nine percentage points between 2019 and 2020 to 58% (compared with only a one percentage-point decrease in the OECD), and unemployment increased 3.6 percentage points to 12% (compared with a 1.2 percentage-point increase in the OECD).[12]

Figure 2.10. In the years leading to the pandemic, employment rates were stable across the focal countries, but unemployment was on the rise



Note: OECD 23 excludes Belgium, Denmark, France, Germany, Iceland, Ireland, Israel, Japan, Korea, Luxembourg, Mexico, Sweden, Turkey and the United States, due to breaks in the time series or incomplete data. LAC is the regional average for Latin America and the Caribbean as calculated by the ILO. In Panel A, LAC 7 excludes Argentina, the Dominican Republic, Mexico and Uruguay. In Panel B, LAC 6 excludes Argentina, the Dominican Republic, Ecuador, Mexico and Uruguay.
Source: ILO, https://www.ilo.org/shinyapps/bulkexplorer13/?lang=en&segment=indicator&id=EMP_2WAP_SEX_AGE_RT_A for country data and https://www.ilo.org/shinyapps/bulkexplorer34/?lang=en&segment=indicator&id=EMP_DWAP_SEX_AGE_RT_A for the Latin American and Caribbean regional average (Panel A) and
https://www.ilo.org/shinyapps/bulkexplorer22/?lang=en&segment=indicator&id=UNE_DEAP_SEX_AGE_RT_A (Panel B).

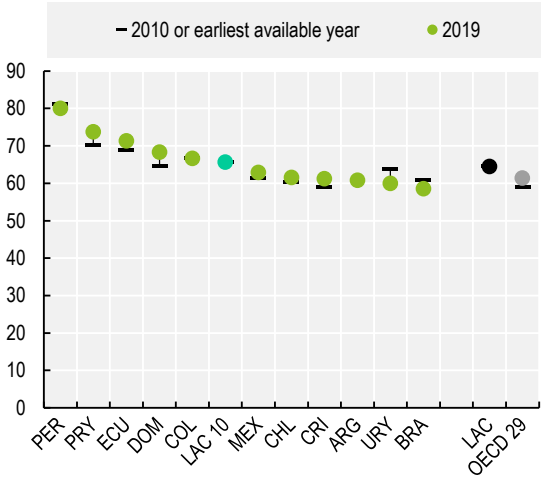
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At the time of writing, 2020 labour market indicators were not available for all focal countries, so the following analysis continues by focusing on the situation before the pandemic in 2019. On average across the 10 focal countries with comparable data, the employment rate was 66% for the population aged 25 or above. This is relatively high and was four percentage points higher than the OECD average in 2019 at 61%. Across the focal countries, national employment rates differed by over twenty percentage points, ranging from 58.6% in Brazil to 80.1% in Peru in 2019 (Figure 2.11, Panel A). While most countries experienced little net change in employment between 2010 and 2019, this was not the case for every country: Uruguay experienced a decrease in the employment rate of almost 4 percentage points over this period, while Paraguay recorded an increase of the same amount.

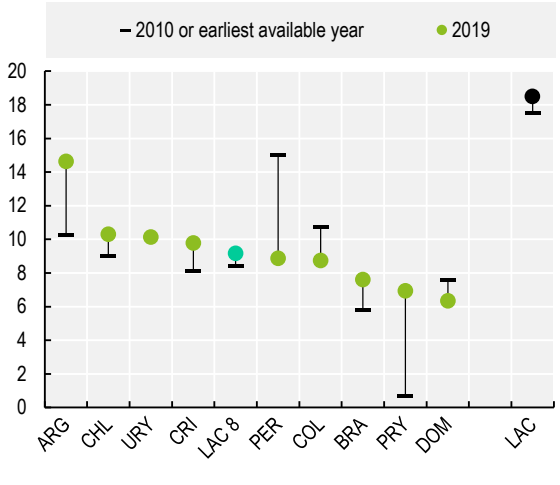
Relatively high employment rates among the focal countries mask deeper issues with the quality and availability of labour market opportunities in the region. For example, across the eight focal countries with comparable time series, on average 9.2% of workers in 2019 had jobs that did not provide them enough working hours (Figure 2.11, Panel B). In Argentina, one in seven workers (14.6%) were involuntarily working part-time hours and were willing and able to work more hours. However, time-related underemployment is much lower in the focal countries than in the LAC region as a whole, where almost one in five workers (18.5%) would be willing and able to work more hours given the opportunity.

Figure 2.11. Employment rates vary from around 60% to 80% across the focal countries, but around 1 in 12 workers on average do not work as many hours as they would like

Panel A: Employed people aged 25 or more, as a share of the population of the same age, percentage



Panel B: Share of the employed population aged 15 or more who is time-related underemployed, percentage



Note: The earliest available year is 2011 for Costa Rica, 2012 for Brazil, 2014 for Ecuador and 2015 for the Dominican Republic. LAC is the regional average as calculated by the ILO. In Panel A, LAC 10 excludes Argentina and OECD 29 excludes Belgium, Denmark, France, Ireland, Korea, Luxembourg, Sweden and Turkey, due to incomplete data. In Panel B, LAC 8 excludes Ecuador, Mexico and Uruguay, due to breaks in the time series or incomplete time series. Time-related underemployed are employed who satisfy the following three criteria during the reference period: a) are willing to work additional hours; b) are available to work additional hours, i.e. are ready, within a specified subsequent period, to work additional hours, given opportunities for additional work; and c) worked less than a threshold relating to working time, i.e. persons whose hours actually worked in all jobs during the reference period were below a threshold, to be chosen according to national circumstances.
Source: ILO, https://www.ilo.org/shinyapps/bulkexplorer13/?lang=en&segment=indicator&id=EMP_2WAP_SEX_AGE_RT_A for country data and https://www.ilo.org/shinyapps/bulkexplorer34/?lang=en&segment=indicator&id=EMP_DWAP_SEX_AGE_RT_A for the Latin American and Caribbean regional average (Panel A);
https://www.ilo.org/shinyapps/bulkexplorer43/?lang=en&segment=indicator&id=TRU_DEMP_SEX_AGE_RT_A for country data,
https://www.ilo.org/shinyapps/bulkexplorer27/?lang=en&segment=indicator&id=EMP_2TRU_SEX_AGE_RT_A for the Latin American and Caribbean regional average (Panel B).

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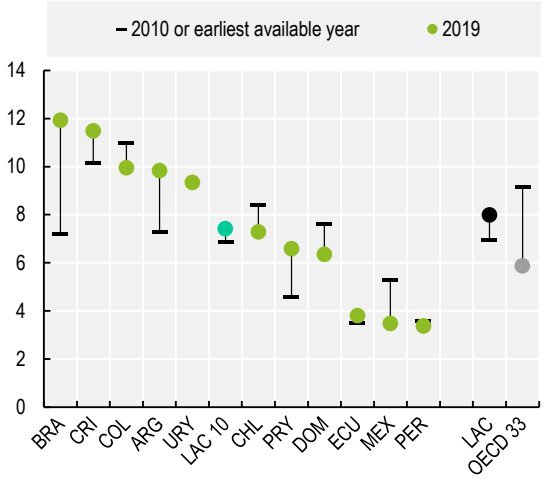
Levels of unemployment varied widely across the focal group in 2019 (Figure 2.12, Panel A). The highest unemployment rate, in Brazil (11.9%), was over three times higher than the lowest rate amongst the focal group, in Peru (3.4%). Peru, along with Ecuador and Mexico, all had unemployment rates that were lower than the OECD average in 2019 (5.9%). The average rate of unemployment for the focal group rose slightly from 6.9% in 2010 to 7.4% in 2019, and the highest country-level increases in this period were seen in Argentina (+ 2.5 percentage points) and Brazil (+4.7 percentage points).

Unemployment can have a considerable impact on workers' well-being, not only in terms of income loss, bringing long-term scarring effects that last well beyond the period of unemployment itself (Mousteri, Daly and Delaney, 2018[15]). The negative impact of unemployment increases with its duration: long-term unemployment, lasting more than 12 months, can put a considerable burden on those affected and their families. On average across the eight focal countries with available data, long-term unemployment represented 15% of total unemployment, just more than half the OECD average rate of 27%, in 2019 (Figure 2.12, Panel B). Indeed, almost all countries, with the exception of Argentina, had long-term unemployment rates that were below the OECD average. However, this relatively positive labour market outcome in the LAC region needs to be seen in the context of the inadequacy of the regional social safety nets. Due to the limited coverage of unemployment benefits, workers cannot generally afford to stay

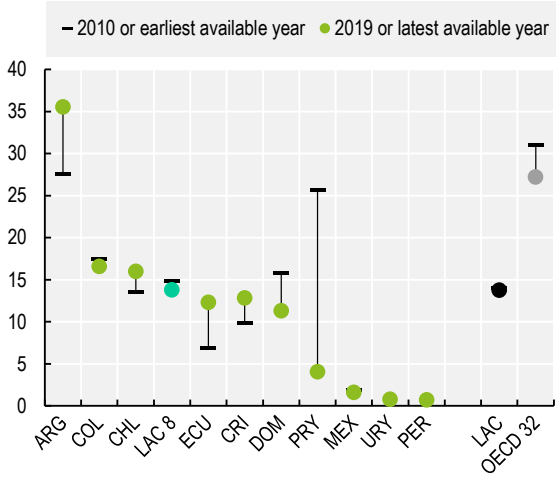
unemployed for long, and are forced by necessity to find work again quickly, even if the only jobs available are in the informal sector.

Figure 2.12. Unemployment varies widely across the focal group of countries, but in most of them the share of long-term unemployment is below the OECD average

Panel A: Share of the labour force aged 15 or more who are unemployed, percentage



Panel B: Share of the unemployed aged 15 or more who have been unemployed for one year or more, percentage



Note: In Panel A, the earliest available year is 2011 for Costa Rica; 2012 for Brazil; 2014 for Argentina; and 2015 for the Dominican Republic. LAC 10 excludes Uruguay, due to a break in the time series. LAC is the regional average as calculated by the ILO. OECD 33 excludes Belgium, Denmark, Ireland and Sweden, due to breaks in the time series. In Panel B, the latest available year is 2018 for Peru. The earliest available year is 2012 for Costa Rica; 2013 for Ecuador; and 2015 for the Dominican Republic. LAC 8 excludes Brazil, Peru and Uruguay, due to breaks in the time series. LAC regional average comprises 12 Latin American and Caribbean countries, including the 8 focal countries with available data. OECD 32 excludes Belgium, Denmark, Ireland, Sweden and Turkey, due to breaks in the time series.
Source: ILO, https://www.ilo.org/shinyapps/bulkexplorer22/?lang=en&segment=indicator&id=UNE_DEAP_SEX_AGE_RT_A (Panel A), National Continuous Employment Survey of Costa Rica and https://www.ilo.org/shinyapps/bulkexplorer23/?lang=en&segment=indicator&id=UNE_TUNE_SEX_AGE_DUR_DT_A for all countries except Costa Rica (Panel B).

StatLink https://stat.link/mapbyj

Informality

Informal work[13] provides income where jobs in the formal sector may not be available, but it implies a lack of social protection coverage and a greater degree of vulnerability to job insecurity, poor working conditions and lower earnings (ILO, 2018[16]). Close to 40% of all Latin American workers are not protected by any safety net, but this reaches a level of 65% for informal workers (OECD et al., 2020[17]).

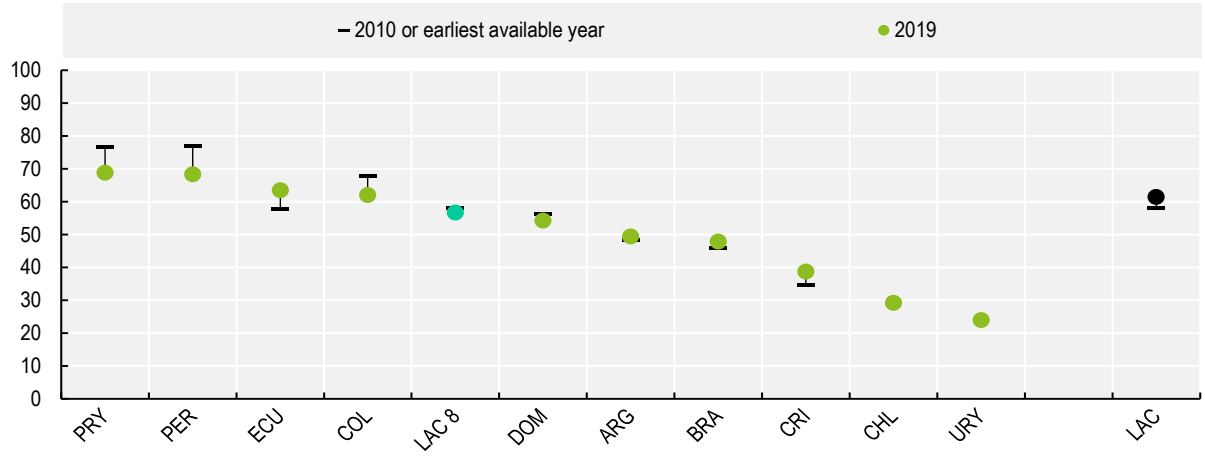
Overall, well over half of workers (57%) were in informal employment across the focal countries in 2019, close to the levels registered in 2010 (58%) (Figure 2.13, Panel A). The prevalence of informality fell over the past decade in half of the focal countries for which data are available, with Peru, Paraguay and Colombia experiencing particularly large reductions (9, 8 and 6 percentage points, respectively). As with other employment indicators so far in this section, there are wide differences in the prevalence of informality across the focal countries, ranging from 24% in Uruguay to 69% in Ecuador.

Informal employment as a share of non-agricultural employment is sometimes preferred to measure informality, as informal work tends to be prevalent in agricultural employment, which can skew the results for countries with large agricultural sectors. This measure is included in the UN Global Framework to monitor SDG target 8.3.1, related to the creation of decent and productive jobs. However, the prevalence

of informality among the focal countries drops only slightly when excluding the agricultural sector, to an average rate of 52% on average, with cross-country differences remaining broadly similar to those highlighted in Figure 2.13.

Figure 2.13. Well over half of all workers (57%) in the focal countries are in informal jobs

Informal employment as a share of total employment, percentage



Note: The indicator presents the share of employment that is classified as informal employment in the total economy. For the full description of job categories comprising informal employment, see: https://ilostat.ilo.org/resources/concepts-and-definitions/description-informality/
The earliest available year is 2011 for Brazil and Costa Rica; 2014 for Ecuador; and 2015 for the Dominican Republic. LAC 8 excludes Chile, Mexico and Uruguay, due to breaks in the time series or incomplete time series. LAC regional average comprises 12 Latin American and Caribbean countries, including the 8 focal countries with available data.
Source: ILO, https://www.ilo.org/shinyapps/bulkexplorer23/?lang=en&segment=indicator&id=EMP_NIFL_SEX_ECO_RT_A.

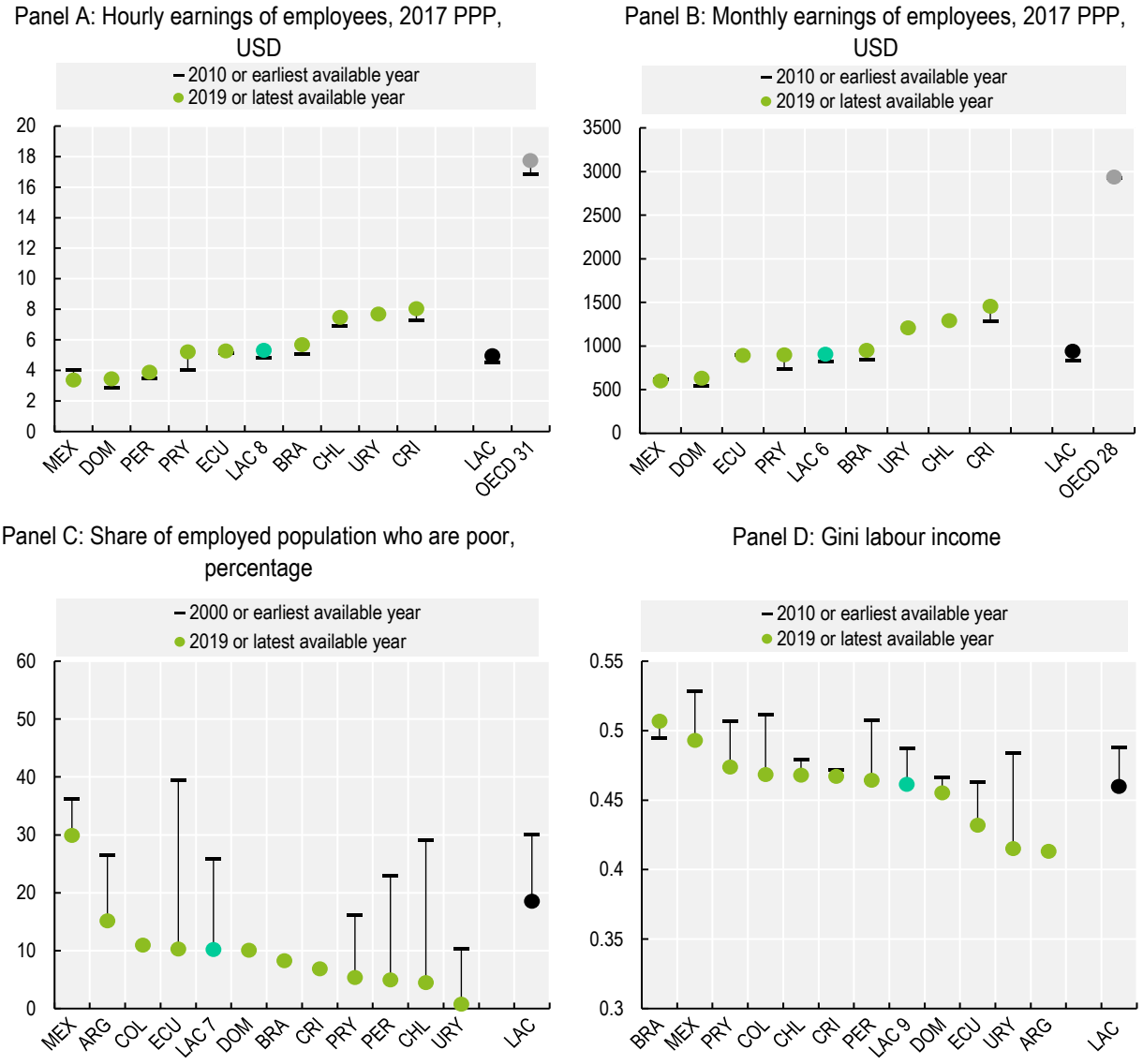
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Earnings

Earnings are a core component of job quality and a major determinant of people's income and living standards. On average, real wages rose only slightly in the focal group from 2010 to 2019, with hourly wages increasing from 4.9 to USD 5.3 and monthly wages from 821 to USD 906 (as measured in 2017 PPP) (Figure 2.14, Panels A and B).

These average trends mask the fact that wages have tended to increase at a much faster rate for workers at the lower end of the distribution over the last two decades in Latin America (Messina and Silva, 2017[18]). This has led to significant reductions in both wage inequality and in-work poverty (Figure 2.14, Panels C and D). Overall, in the seven focal countries for which data are available, the share of employees living below the poverty line (as calculated by ECLAC) fell from 26% in 2000 to 10% in 2019. On average, for the nine focal countries with data available, the Gini coefficient of labour income fell from 0.49 in 2010 to 0.46 in 2019.

Figure 2.14. Real wages rose only slightly between 2010 and 2019 in the focal countries, but increased more at the lower end of the distribution, reducing wage inequality and in-work poverty



Note: In Panel A, the latest available year is 2017 for Chile and 2016 for Peru. The earliest available year is 2012 for Brazil; 2014 for Ecuador; and 2015 for Chile and the Dominican Republic. LAC 8 excludes Argentina, Colombia and Uruguay, due to breaks in the time series or incomplete time series. The LAC regional average comprises 11 Latin American and Caribbean countries, including the 8 focal countries with available data. OECD 31 excludes Australia, Canada, Colombia, Iceland, Japan and New Zealand, due to breaks in the time series or incomplete time series. In Panel B, the latest available year is 2017 for Chile. The earliest available year is 2011 for Costa Rica and Uruguay; 2012 for Brazil; 2013 for Mexico; and 2014 for Ecuador. LAC 6 excludes Argentina, Chile, Colombia, Peru and Uruguay, due to breaks in the time series or incomplete time series. The LAC regional average comprises 9 Latin American and Caribbean countries, including the focal countries. OECD 28 excludes Australia, Canada, Chile, Colombia, Hungary, Iceland, Japan, Lithuania and New Zealand, due to breaks in the time series or incomplete time series. Panel C shows the share of the employed population whose income is below the absolute poverty line as calculated by ECLAC. In this panel, the latest available year is 2018 for Mexico and 2017 for Chile. The earliest available year is 2001 for Ecuador, 2004 for Peru, 2005 for Paraguay and 2007 for Uruguay. LAC 7 excludes Brazil, Colombia, Costa Rica and the Dominican Republic, due to breaks in the time series. LAC is the regional average for Latin America and the Caribbean calculated by ECLAC. Panel D shows the Gini coefficient of labour income. Labour income includes all sources of income that workers report receiving related to their job, which includes monetary labour income in terms of cash payments and earnings, as well as non-monetary in-kind benefits (transportation, dwelling, food) that are received as job payments and are expressed in terms of money (even if they were received in-kind). For Argentina, the Gini coefficient for urban monetary income is considered instead of total labour income, due to incomplete data. In this panel, the latest available year is 2018 for all countries except for Argentina (2019) and Chile (2017). The earliest available year is 2011 for Chile, 2012 for Brazil and 2014 for Mexico. LAC 9 excludes Argentina and Mexico due to incomplete time series. LAC regional average comprises 13 countries, including the 9 focal countries with available data. Values for Chile include adjustments to national accounts.
Source: OECD calculations based on ILOSTAT, https://ilostat.ilo.org/data and World Development Indicators, https://data.worldbank.org/ (Panel A and B), CEPALSTAT, https://cepalstat-prod.cepal.org/cepalstat/tabulador/ConsultaIntegrada.asp?idIndicador=3336&idioma=e (Panel C) and SEDLAC, see https://www.cedlas.econo.unlp.edu.ar/wp/en/estadisticas/sedlac/estadisticas/#1496165509975-36a05fb8-428b (Panel D).

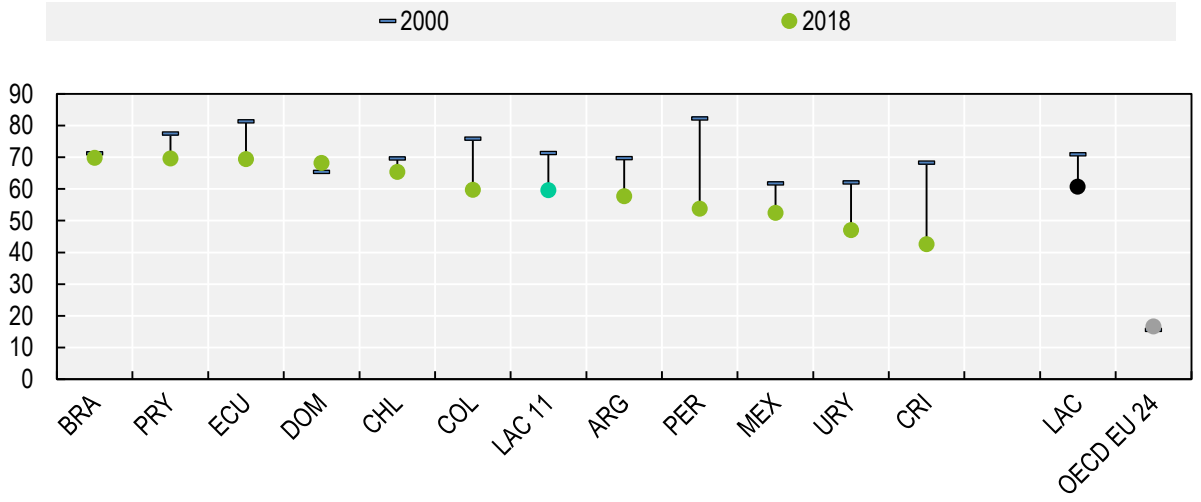
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Job security

Labour market security – which captures the major risks that workers may face in the labour market and their economic consequences –- is one of the three key aspects of job quality in the OECD Job Quality Framework, alongside with earnings and the work environment (Cazes, Hijzen and Saint-Martin, 2015[19]). The degree of job insecurity perceived by workers, or the level of concern that people feel about the possibility of losing their jobs, is one important indicator in this respect.[14] Figure 2.15 shows that while perceived job insecurity has fallen across most of the focal countries since 2000, it remained widespread even before the pandemic. On average across the focal countries, three in five people (60%) in 2018 were concerned about losing their job in the following 12 months. While fully comparable data are not available for OECD countries, Eurofound data from 2015 suggest that only one in five Europeans (16.6%) thought it was likely that they would lose their job in the following 6 months. Perceived job insecurity is highest in Brazil, with 70% of respondents reporting that they were concerned about losing their job in 2018, a share almost unchanged from the 2000 level of 71%.

Figure 2.15. Three out of five people in the focal countries worry about losing their jobs, compared with fewer than one in five in Europe

Share of employed people reporting that they are concerned or very concerned about losing their job in the next 12 months, percentage



Note: The indicator reflects the share of people responding "worried" or "very worried" to the question: "How worried would you say you are about becoming unemployed or unemployable in the next twelve months?". OECD EU 24 average is included to provide a broad indication of the situation in the OECD. The question phrasing and the time period are different from the question included in the Latinobarometro (i.e the OECD EU 24 is the percentage of people that think they might lose their job in the next 6 months and includes Austria, Belgium, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, the Netherlands, Norway, Poland, Portugal, the Slovak Republic, Slovenia, Spain, Switzerland and Turkey).
Source: Latinobarometro (database), http://www.latinobarometro.org/latOnline.jsp; OECD calculations based on the European Working Condition Surveys 2005, 2010 and 2015.

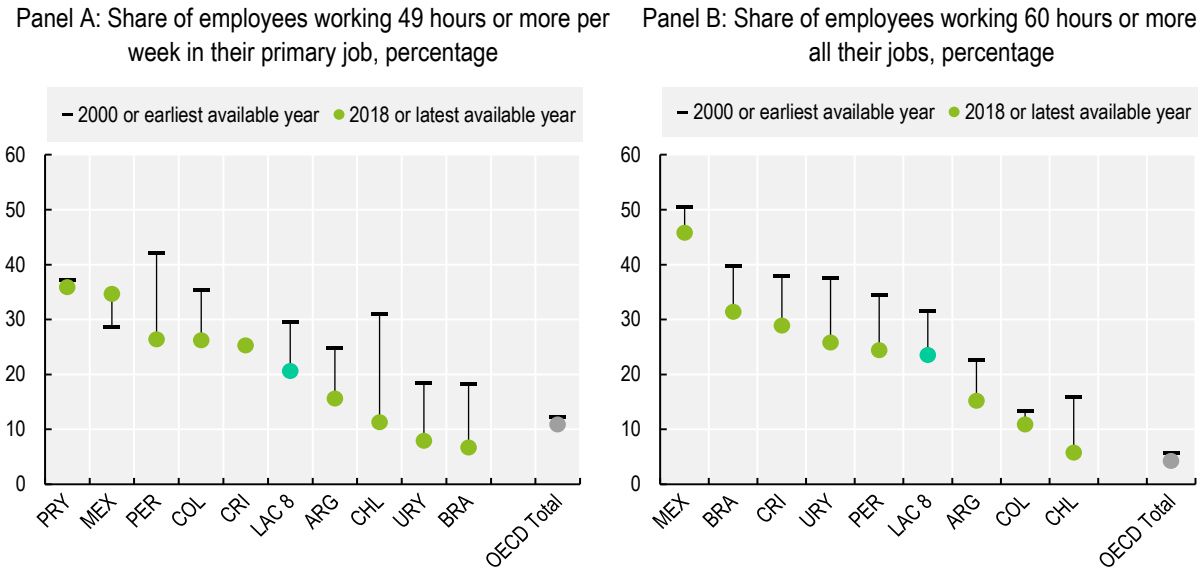
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Work environment

Job quality also encompasses a wide range of non-economic aspects of people's working environments, ranging from the nature of the work tasks assigned to each worker to the physical and social conditions under which these tasks are carried out, the characteristics of the firm or organisation where work takes place, the scheduling of working time, the prospects that the job provides to workers and the intrinsic rewards associated with the job ((OECD, 2017[20]); (ECLAC, 2019[5])). Two indicators of the work environment of particular relevance in Latin America are long working hours and occupational injuries.

Very long working hours can negatively impact people's physical and mental health as well as their work-life balance by leaving little time for family, socialising or unpaid work in the home (OECD, 2017[20]). Close to one in five employees (20.6%) in the focal countries worked 50 hours or more in their primary job in 2018, a share that is almost twice as high as the OECD average rate (10.9%) (Figure 2.16, Panel A). Since 2000, almost all countries in the group experienced a marked decrease in the share of people working very long hours, with the exception of Mexico, where rates have increased by 6 percentage points. In addition, many people in Latin America have more than one job, which further increases the burden of working time. In 2018, 24% of employees in the focal group worked 60 hours or more across all their jobs (ranging from 45.8% in Mexico to 5.8% in Chile, Figure 2.16, Panel B) – roughly six times higher than the OECD average of 4.2%.

Figure 2.16. Around one in five workers work very long hours in the focal group

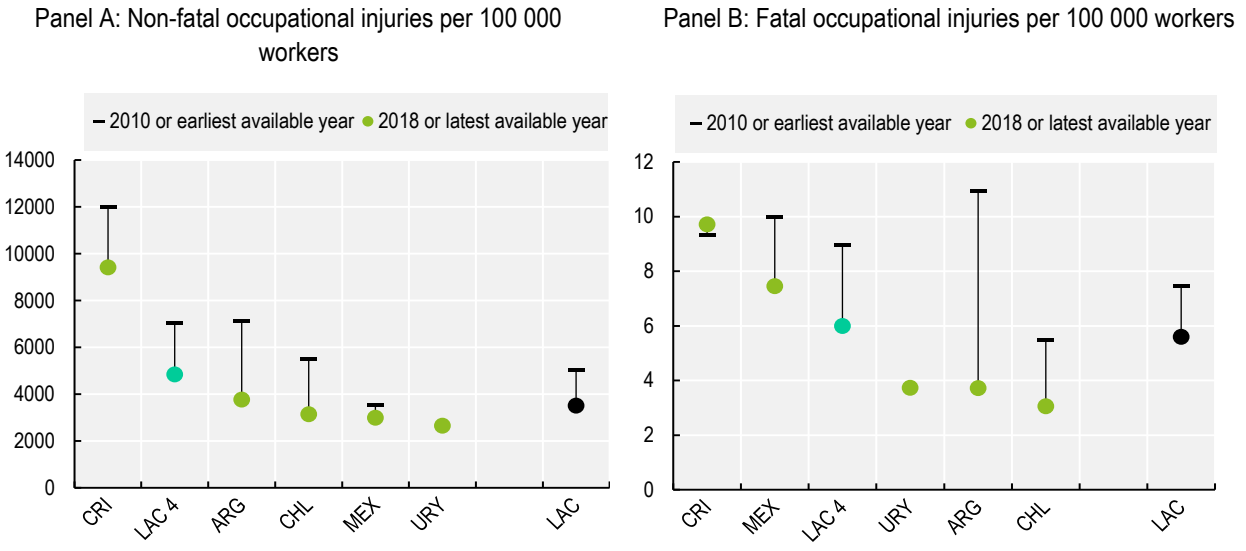


Note: Data for Latin American countries refer to actual hours worked, while data for the OECD refer to usual hours worked. The latest available year is 2019 for Costa Rica and 2017 for Chile. The earliest available year is 2001 for Brazil; 2002 for Paraguay; and 2004 for Argentina, Colombia and Peru. In Panel A, LAC 8 excludes Costa Rica, the Dominican Republic and Ecuador, due to incomplete data. OECD Total refers to the percentage of employees working 50 hours or more per week. In Panel B, LAC 8 excludes the Dominican Republic, Ecuador and Paraguay, due to incomplete data.
Source: The Key Indicators of Informality based on Individuals and their Household (KIIbIH) database, oe.cd/kiibih-database and OECD Incidence of employment by usual weekly hours worked (database), https://stats.oecd.org/Index.aspx?DataSetCode=USLHRS_I.

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Workers' safety is a fundamental aspect of job quality. According to available data, safety levels and the underlying trends differ significantly across the focal countries (Figure 2.17). For example, while Argentina and Chile experienced substantial improvements in the rates of both fatal and non-fatal injuries between 2010 and 2018, in Costa Rica fatal injuries, which were already high, increased further over the same period. Despite an improvement in the rate of non-fatal injuries in Costa Rica, just under one in ten workers experienced a non-fatal injury in the workplace in 2018.

Figure 2.17. Work-related injuries vary across the focal countries



Note: An occupational injury is defined as any personal injury, disease or death resulting from an occupational accident. A fatal occupational injury is one that led to death within one year of the day of the occupational accident. The latest available year is 2017 for Mexico and 2016 for Costa Rica. The earliest available year is 2011 for Chile and Costa Rica. In Panel A, the LAC regional average comprises 6 Latin American and Caribbean countries, including the 4 focal countries where data are available. In Panel B, LAC regional average comprises 5 Latin American and Caribbean countries, including the focal countries.
Source: ILOSTAT, https://ilostat.ilo.org/topics/safety-and-health-at-work/.

StatLink https://stat.link/x8c2lg

These data are included in the report to emphasise the importance of worker safety for job quality specifically and for well-being overall (as also evidenced by the use of the indicator in target 8.8.1 of the UN 2030 Agenda). However, it should be noted that, as these data rely on administrative records, differences between countries may also be a reflection of the quality of the underlying reporting processes. Under-reporting and double-counting of cases of occupational injury (where data from several registries are combined) may be present, and so cross-country comparisons need to take this into account.

Social protection

Social protection encompasses a broad range of policies and programmes that are designed to reduce the vulnerability of workers or people across the life cycle or in specific contingencies at a given points in time. As such, social protection programmes underpin countries' social development and, by extension, the well-being of their populations. Social protection is a cross-cutting issue and includes benefits for children and families, maternity, unemployment, employment injuries, sickness, old age, disability and health care. Social protection is closely linked to work and job quality, in that systems of social protection are largely financed by workforce contributions, and access to many social benefits are often linked to formal employment status.

Between 2002 and 2015, social security coverage improved steadily across the LAC region, thanks to favourable economic conditions (leading to an increase in employment overall, and in formal employment specifically) and to government efforts to prioritise the reduction of poverty and vulnerability, but large gaps remain (ECLAC, 2018[2]).

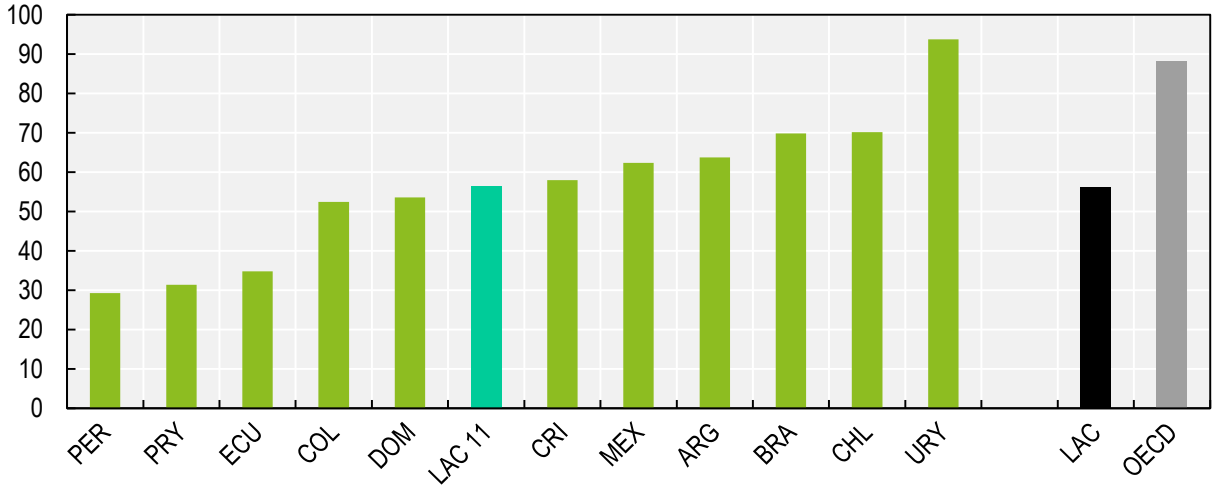
Given the amplitude and heterogeneity of social protection systems, a number of indicators are necessary to evaluate coverage in detail. For example, the SDG database includes 12 separate indicators to measure

progress towards SDG target 1.3 on implementing nationally appropriate social protection systems for all. Recent data are not available for all these indicators, but the measure of the share of the population covered by at least one social protection scheme does have recent and comparable data for most of the focal countries (although long time series allowing comparison over time are not generally available).

On average, across the focal group countries, only 56% of the population are covered by at least one social protection benefit[15] (compared with 88% in the OECD), implying that just over two-fifths of people in the focal countries have no social protection coverage at all (Figure 2.18). There are wide differences across countries, with coverage rates in Uruguay exceeding OECD levels (93.8%), while in Peru, Paraguay and Ecuador barely one-third of the population is covered by at least one benefit.

Figure 2.18. On average, just over half of the population in the focal countries are covered by at least one social protection scheme

Share of the population covered by at least one social protection benefit, percentage, 2020



Note: The indicator reflects the proportion of persons effectively covered by a social protection system, including social protection floors. It also reflects the main components of social protection: child and maternity benefits, support for persons without a job, persons with disabilities, victims of work injuries and older persons. Effective coverage of social protection is measured by the number of people who are either actively contributing to a social insurance scheme or receiving benefits (contributory or non-contributory). Data is collected by the ILO using the Social Security Inquiry questionnaire, which are filled in direct collaboration with government agencies – Ministries of labour, ministries of finance, social protection institutions and others.

Source: ILO, UN DESA Global SDG Indicator Database, indicator 1.3.1, https://unstats.un.org/sdgs/indicators/database/.

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Impact of COVID-19

As has already been shown in this section, the pandemic has had a pronounced impact on employment and unemployment in the region, with a 9 percentage-point drop in the average employment rate of the seven focal countries with available data, and a 3.6 percentage-point increase in unemployment between 2019 and 2020. For both indicators, the magnitude of the change has been much higher for the LAC countries than for the OECD average. Overall, the rise in unemployment across the region is lower than would be expected given the magnitude of GDP contraction, since many people of working age dropped out of the labour force (ECLAC/ILO, 2020[21]). The decline in the labour force therefore reduced pressure on the labour market (ECLAC, 2021[9]).

The lack of social protection for informal workers means that during the pandemic they have been compelled to choose between obeying stay-at-home orders or earning an income. They are at greater risk

of infection because of the nature of their work (e.g. domestic workers in private homes, or workers in the hospitality and retail sectors), and less capable of coping with its effects due to low health insurance coverage and lack of access to quality health services. In addition, because of their low incomes, they have limited capacity to withstand prolonged periods of inactivity (ECLAC, 2020[22]; OECD et al., 2020[17]). The pandemic will hence not only exacerbate the vulnerability and deprivation of informal workers, but also risks increasing the share of informal employment in total employment due to dismissals and layoffs in the formal sector. Projections from the Inter-American Development Bank show that the informality rate may reach 62% across Latin America as a whole as a result of the pandemic, up from 54% in 2016 (ILO, 2018[16]; Altamirano et al., 2020[23]). As formal employment becomes more difficult to find in the context of the COVID-19 pandemic, and more people turn to informal work (often as self-employed workers), it is likely that in-work poverty will rise in the immediate future.

Issues for statistical development

Labour force surveys are widespread across the LAC region, and high-quality and comparable data on employment, unemployment, length of unemployment, underemployment, working hours and earnings are available relatively easily.

The share of informality is generally captured through questions included in household surveys, although by its very nature informal work is less easy to measure given its fluidity and lack of visibility. The ILO defines the informal economy as "all economic activities by workers or economic units that are – in law or practice – not covered or sufficiently covered by formal arrangements", and defines informal employment as "the total number of informal jobs, whether carried out in formal sector enterprises, informal sector enterprises, or households, during a given reference period" (ILO, 2012[24]). This broad definition has been used to generate cross-country estimates of the size of informality, but the flexibility of the methodology means that national approaches are not always comparable. For example, Colombia defines informal workers based on the size of the business and the occupational category, Peru based on whether workers have access to health care, and Argentina, Costa Rica and Paraguay based on access to overall social protection more generally (INE, 2019[25]). Given the importance of informal work in the region, more comparable statistics would help support more effective and better-targeted policy making for supporting workers' transition to formality.

Other measures of job quality are also important to develop in the Latin American context. For example, the OECD Job Quality Framework (Cazes, Hijzen and Saint-Martin, 2015[19]) highlights labour market security and the quality of the working environment, in addition to earnings, as the major drivers of job quality. It emphasises the fact that where social insurance schemes are absent or weak, and where there is a risk of very low pay (as is the case in Latin America), overall labour market insecurity is underestimated when only the risk of unemployment is considered. In order to get a more relevant and complete measure of labour market security, the Framework proposes measuring both the expected earnings loss associated with unemployment (including the degree of mitigation, if any, provided by government safety nets) as well as the prevalence of pay below a given threshold. The OECD Jobs Strategy also considers job quality as a central policy priority, while highlighting the importance of adaptability and resilience for good labour market and economic performance. The strategy provides key policy recommendations, organised around three broad principles that are relevant in the Latin American context: 1) promote an environment in which high-quality jobs can flourish; 2) prevent labour market exclusion and protect individuals against labour market risks; and 3) prepare for future opportunities and challenges in a rapidly changing labour market (OECD, 2018[26]).

Unsafe job conditions, as represented by the prevalence of occupational injuries in this section, are an extreme manifestation of a low-quality working environment. The *OECD Guidelines on Measuring the Quality of the Working Environment* list other factors too, such as the social environment, organisational culture, and intrinsic motivation as important features of the working environment (OECD, 2017[20]), while

the OECD Well-being Framework includes a measure of job strain, which is defined as a situation where the job demands that are experienced by workers (i.e. physical demands, work intensity, inflexible working hours) exceed the resources available to them (i.e. task discretion, training, career advancement) (OECD, 2020[1]). All these measures rely on comparable surveys that probe workers about different aspects of their working environment. Data from the OECD Job Quality database show that around one in three workers experienced job strain in Mexico and Chile in 2015 (29% and 28% respectively), which is similar to the OECD average rate (OECD, 2020[1]). These kinds of measures would be useful to produce on a comparable basis for countries in the region.

Finally, subjective measures can provide useful information about the quality of people's jobs. This section uses a subjective measure to show the levels of perceived job insecurity in the region. Comparable measures of subjective job satisfaction could also provide valuable insights on job quality.

Housing

Housing is a major element of people's current well-being that has been identified as such in international law (e.g. the Universal Declaration of Human Rights and the International Covenant on Economic, Social and Cultural Rights). Housing is essential for shelter and for offering a sense of safety, privacy and personal space (OECD, 2011[14]). Good housing conditions are also essential for people's health and affect childhood development (WHO, 2018[27]).

Housing is among Latin America's major obstacles in its path to sustainable development, after decades of rapid urbanisation and the expansion of slums. The region is one of the most urbanised on the planet, with 4 out of 5 people (81%) living in an urban area in 2018 (UNDESA, 2018[28]).[16] It is also the region with the largest share of the population concentrated in megacities (of 10 million inhabitants or more), with six of them (Buenos Aires, Mexico City, Sao Paulo, Rio de Janeiro, Bogota and Lima) accounting for 14% of the region's population (UNDESA, 2018[28]). Over the period between 1950 and 1990, the share of the population living in urban areas increased from 40 to 70%; since then, the pace of urbanisation has slowed to an annual growth rate of less than 2%, which corresponds to the rate of population growth (IADB, 2016[29]). Population forecasts estimate that this trend will continue in the coming decades, with urbanisation approaching 85% by 2030 and then stabilising thereafter (UN-Habitat, 2012[30]; IADB, 2016[29]).

As a consequence of the inability of both the formal housing market and of government policies to cope with this process, a rising share of urban residents are living in slums. The demand for serviced land to accommodate urban residents has surpassed the capacity to supply it (Gilbert, 2000[31]), and governments have struggled to develop mechanisms to finance serviced land or affordable housing for lower-income groups. Lack of land planning and policy has also considerably limited the supply of low-cost housing. As a result, housing prices have risen to levels that make housing unaffordable to large parts of the population, in particular to those facing difficulty making ends meet (IADB, 2016[29]).

Despite this challenging context, indicators of housing conditions show signs of improvement, as both the share of the population living in slums and housing density have decreased in the past two decades. Access to services such as safely managed drinking water, sanitation and the internet have improved overall, but wide gaps between countries in the focal group persist. Housing deprivation in Latin America has added to the burdens and psychosocial strains imposed by social distancing and confinement during the COVID-19 pandemic, whilst also complicating the isolation of symptomatic individuals from other households and community members. It has also put a spotlight on the enduring issue of housing affordability: the crisis may increase the number of homeless people, particularly in the region's large cities. Finally, high-speed internet access at home was essential to minimise some of the disruptions created by the sanitary crisis, yet the digital divide among focal group countries shows that some people are being left behind.

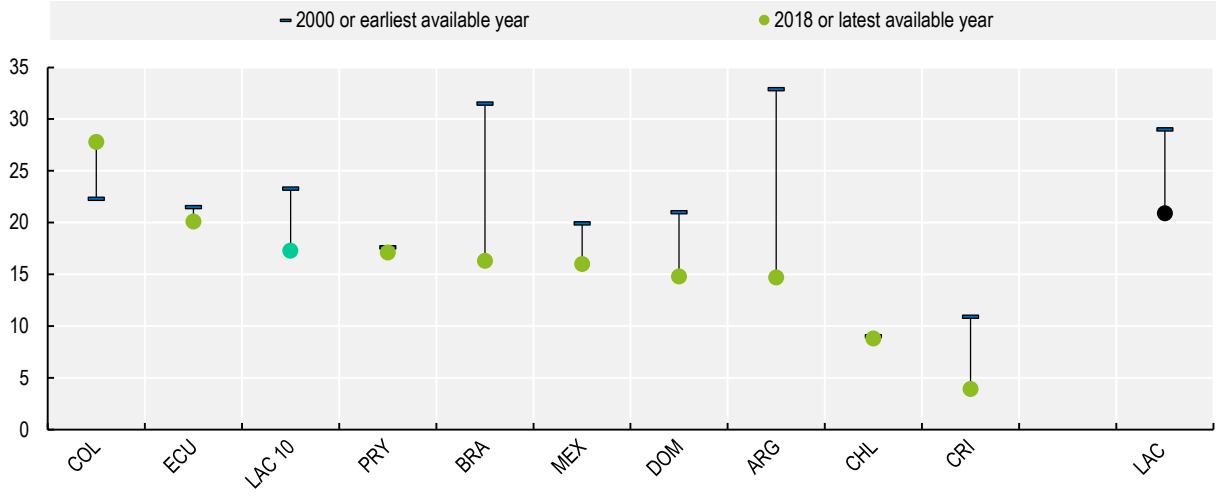
Housing conditions and overcrowding

Despite some clear progress since 2000, poor quality housing is symptomatic of widespread inequality in Latin America and the Caribbean, and the region's cities are strongly segregated along socio-economic lines. While urban segregation is not unique to Latin America, the relatively small size of the middle class in the region, and the fact that income inequality is characterised by a high concentration of income at the very top of the distribution and a large share of the population living in poverty, means that differences in housing conditions can be stark even within neighbourhoods, with exclusive gated communities abutting informal settlements (Sánchez-Ancochea, 2021[13]). Housing quality is not only an issue for urban areas, of course, and housing disparities between urban and rural areas are explored more in Chapter 5.

From Mexico City to Buenos Aires, slums and informal settlements are generally self-built in the only available urban spaces, i.e. the ones at greatest risk to natural hazards, where crime, vulnerability and poverty are most common, creating barriers to housing improvement (McTarnaghan et al., 2018[32]). Slum dwellings also tend to be built from low-quality or unsafe construction materials and are often excluded from the provision of sanitation and essential services. Figure 2.19 shows that over the past two decades, Latin American countries have made substantial progress in reducing the share of people living in slums. In 2018, just under one in five people (17%) lived in slums in the eight Latin American countries for which data are available, compared to roughly one in four (23%) in 2000. Argentina and Brazil have experienced sharp reductions in the share of people living in slums, which halved from over 30% in 2000 to around 15% in 2018. Despite the reduction in the share of slumdwellers, the absolute number of such people is higher today than it was 20 years ago (IADB, 2016[29]).[17] There are also significant differences between countries: in Peru, one in three people (33%) lived in a slum or informal settlement in 2018, compared with fewer than one in twenty (4%) in Costa Rica. There are also differences in trends: whereas the share of the population living in slums declined overall in the last two decades (both across the Latin American region as a whole and in most focal countries), in Chile, Paraguay and Ecuador there was relatively little change, while in Colombia the share living in slums actually rose (from 22% to 28%) (Figure 2.19).

Figure 2.19. Despite substantial reductions in the share of the urban population living in slums since 2000, almost 1 in 6 urban residents lived in a slum in 2018

Share of urban population living in slums and informal settlements, percentage



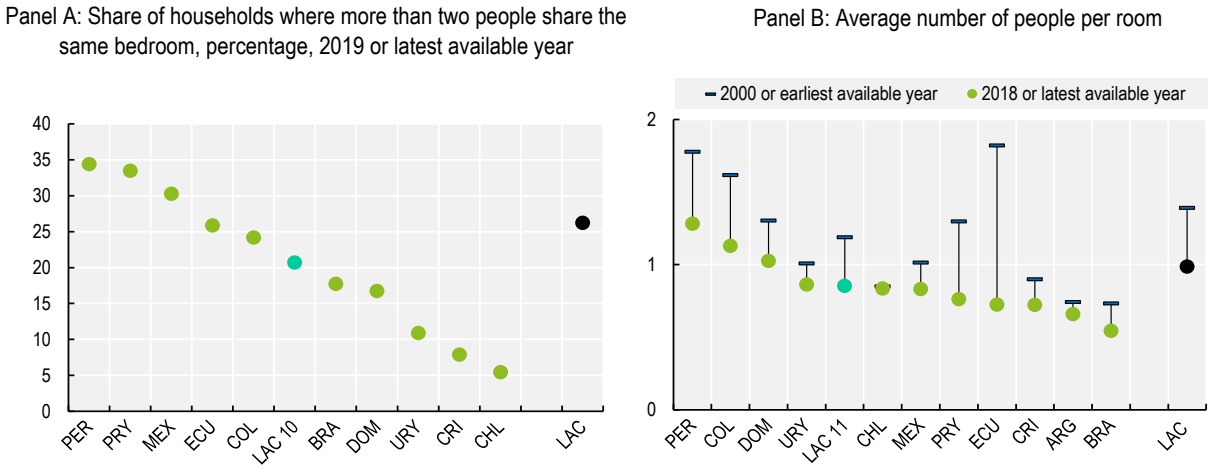
Note: The earliest available year is 2005 for Chile, Costa Rica, Ecuador and Paraguay. LAC 10 average excludes Uruguay, as data are not available. LAC is regional average as calculated by the United Nations DESA. Slums/informal settlements are defined as "households whose members suffer one or more of the following 'household deprivations': 1) Lack of access to improved water source, 2) Lack of access to improved sanitation facilities, 3) Lack of sufficient living area, 4) Lack of housing durability and 5) Lack of security of tenure". (UN-Habitat, 2020[33]).
Source: UN DESA Global SDG Indicator Database, indicator 11.1.1, https://unstats.un.org/sdgs/indicators/database/.

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Overcrowding is another fundamental aspect of housing deprivation, which can have negative impacts on health (contributing to the spread of respiratory disease, tuberculosis and allergies), mental health and child development. For example, overcrowding can contribute to children's lack of concentration when doing homework or even playing, thus affecting their academic performance and contributing to failure in school (Santos, 2019[34]). Comparable time series are not widely available in the region (as with many other indicators of housing quality and affordability), but measures of housing density can give an idea of relative levels of overcrowding and its overall trends (Figure 2.20). Excluding slums and informal settlements, the share of households where more than two people share the same bedroom is 21% on average across countries in the focal group. Levels are particularly high in Paraguay (33%) and Peru (34%) (Figure 2.20, Panel A). Conversely, in Uruguay, Costa Rica and Chile, they are at least three times lower, at around 10% or below.

In the nine focal group countries for which data are available, there is an average of 0.9 people per room, close to the wider regional average (1.0) (Figure 2.20, Panel B). Barring Chile, where housing density has remained stable (0.8), it has decreased over the past two decades and sometimes quite significantly: the number of people per room has dropped by 60% in two decades in Ecuador, by 41% in Paraguay and by 30% in Colombia. In OECD data sources, housing density is calculated differently, in order to consider the differing needs of household with different compositions: in 2017, 12% of OECD households were living in overcrowded conditions, on average, compared to 34% in Mexico and 9% in Chile (OECD, 2020[1]). Further evidence suggests that household size is falling in Latin America, and that the phenomenon is driven by the desire for independence among younger adults, the presence of fewer children per household linked to the rising cost of living, and a growing number of seniors living by themselves (Euromonitor international, 2018[35]). Moreover, the region's rapid urbanisation has also swayed preferences towards apartments rather than single-family houses – traditionally the dominant type of dwelling in the region – especially among the younger generation (Euromonitor international, 2018[35]).

Figure 2.20. Housing density has decreased since 2000, and overcrowding rates vary widely across the focal countries, affecting 1 in 5 households on average



Note: In Panel A, the latest year available is 2017 for Chile and 2018 for Mexico. LAC 10 excludes Argentina, as data are not available at the national level. The LAC regional average compromises 14 countries, including the 10 focal countries where data are available. Urban slums and informal settlements are not included in the indicator. One or two people living in a one-room/studio apartment are not considered deprived for the purpose of calculating the indicator. Children aged 2 or less are not added to the number of persons per household, as it is common for them to share a bedroom with their parents. In Panel B, the earliest available year is 2001 for Brazil, Colombia, Costa Rica and Paraguay; 2003 for Ecuador and Peru; 2004 for Argentina; and 2006 for Uruguay. The LAC regional average comprises 14 countries, including the 11 focal countries.
Source: ECLAC Statistics (not available online, Panel A). Socio-Economic Database for Latin America and the Caribbean (CEDLAS and The World Bank), https://datacatalog.worldbank.org/dataset/socio-economic-database-latin-america-and-caribbean (Panel B).

StatLink https://stat.link/s5wuro

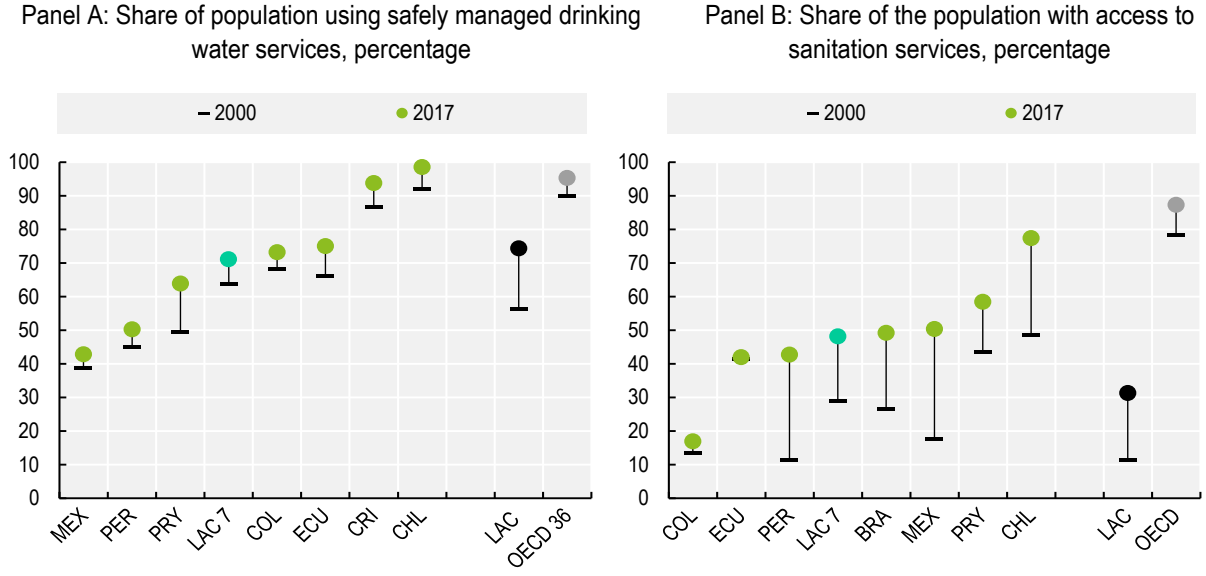
Access to services

A lack of basic services, such as adequately managed drinking water or having handwashing facilities, is a clear sign of poor quality of housing as well as posing a high risk to health. While substantial progress has been made in increasing access to clean drinking water and sanitation, millions of Latin Americans still lack these services, particularly in rural areas (World Bank, 2019[36]).

Despite large disparities among the focal countries in access to safely managed drinking water services, the top-performing countries are approaching 100%, and the bottom-performing countries are slowly but steadily improving too. On average, this indicator improved by around 7 percentage points in the seven focal group countries where data are available, to reach 70% of the population, on average, across the countries. Nevertheless, this level is still 25 percentage points below the OECD average of 95%. A large gap exists between Chile and Costa Rica, where over 90% of people have access to safely managed drinking water services, and Peru and Mexico, where this share is 50% or less, with relatively little improvement since 2000 (Figure 2.21, Panel A). Colombia and Ecuador are both slightly above average, yet lag behind Costa Rica and Chile by 20 percentage points or more. When looking at trends across the focal group, the share of the population with access to safe drinking water has increased twice as much in Paraguay (up 15 percentage points) as for the LAC 7 average (7 percentage points), while Paraguay still falls below the focal and regional averages.

In most of these seven focal group countries, barely half of the population has access to improved sanitation services. The indicator shown in Figure 2.21, Panel B, tracks the share of the population that is using an improved sanitation facility – i.e. one that is not shared with other households, and where the excreta produced are either treated and disposed *in situ*, stored temporarily and then emptied and transported to treatment off-site, or transported through a sewer with wastewater and then treated off-site. Standing almost 40 percentage points below the OECD average (87%), the focal group average (48%) hides heterogeneous performances across countries: the share of the population with access to improved sanitation services is currently 60 percentage points higher in Chile (77%) than in Colombia (17%). Mexico, Peru and Chile are the three countries to have made most progress over the past two decades, although the level in Peru still remains below half of the population (43%). Levels have not declined in any of the focal group countries over this period, though they have remained relatively stable in Ecuador, at around 42%; improvements in Colombia have been small relative to those among other countries in the region.

Figure 2.21. Only 70% of the population across the focal countries with data had access to safe drinking water services, and only half of the population had access to sanitation services in 2017



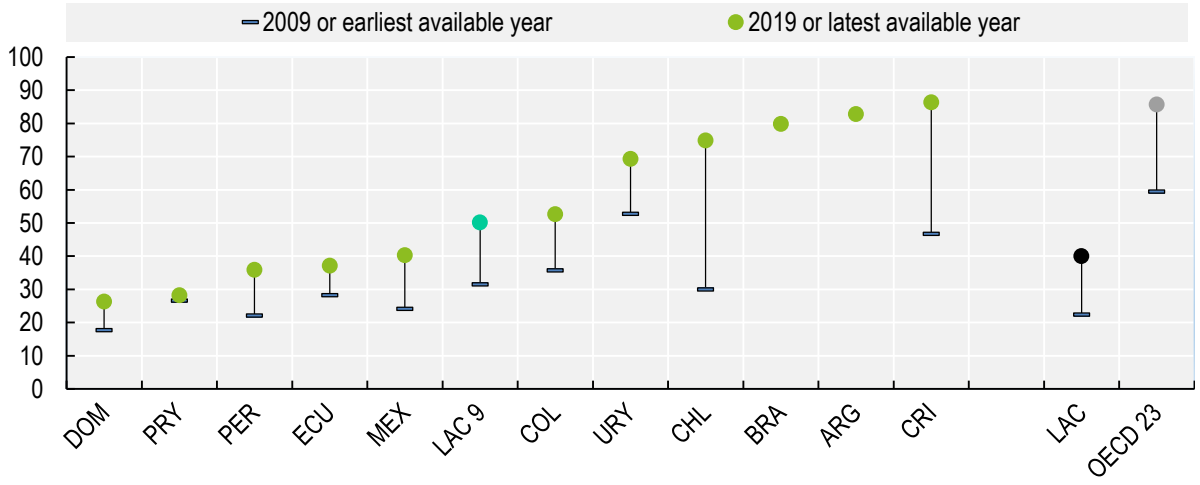
Note: In Panel A, LAC 7 average excludes Argentina, Brazil, the Dominican Republic and Uruguay, as data are not available. In Panel B, LAC 7 average excludes Argentina, Costa Rica, the Dominican Republic and Uruguay, as data are not available. LAC is the Latin America and Caribbean regional average calculated by the UN DESA.
Source: WHO/UNICEF Joint Monitoring Programme for Water Supply, Sanitation and Hygiene (2019), as reported by the UN DESA Global SDG Indicator Database, indicator 6.1.1, https://unstats.un.org/sdgs/indicators/database/ (Panel A) and UN DESA Global SDG Indicator Database, indicator 6.2.1, https://unstats.un.org/sdgs/indicators/database/ (Panel B).

StatLink https://stat.link/h8rusv

Large gains have also been made in access to the Internet in households since 2009, though this remains highly unequal among the focal group countries. Internet access in the home can support social connections and provide access to both job and learning opportunities as well as to both public and private goods and services (OECD, 2020[1]). In 2019, 50% of households in the focal group of countries, on average, had Internet access at home, with levels over three times higher in Costa Rica than in the Dominican Republic (Figure 2.22). The overall trend in the focal group indicates gradual progress in households' Internet access, with a considerable leap (16 percentage points) in 10 years. However, these improvements have also been unevenly distributed. For example, the level has remained relatively stable in Paraguay over the past decade. Meanwhile, Chile experienced the greatest increase in Internet access, by almost 45 percentage points.

Figure 2.22. The share of households with Internet access at home has increased across all focal group countries since 2005, but on average only around half of all houses have access

Share of households with Internet access at home, percentage



Note: Data for Argentina refers to urban areas only. The latest available year is 2017 for Chile and Ecuador, and 2018 for Colombia and Mexico. The earliest year available is 2012 for Mexico, and 2013 for Colombia, Costa Rica, the Dominican Republic, Ecuador, Paraguay, Peru and Uruguay. LAC 9 excludes Argentina and Brazil, due to incomplete time series. LAC regional average comprises 15 Latin American and Caribbean countries, including the 9 focal countries with available data. For countries for which the source is the ECLAC Household Survey Data Bank (Banco de Datos de Encuestas de Hogares (BADEHOG): The age from which the ICT indicators are measured varies from country to country. In Paraguay, the population from 10 years of age is included; in Chile, Colombia, Costa Rica and Ecuador from the age of 5; in Peru and Uruguay from 6 years of age. The period over which the measurement of Internet use is made, from the date of the survey, varies from country to country. In Costa Rica, Paraguay and Uruguay, questions were asked about the use of the Internet in the last 3 months; in Chile and Ecuador in the last 12 months.
Source: ECLAC Statistics, ECLAC Household Survey Data Bank (Banco de Datos de Encuestas de Hogares (BADEHOG)) for Argentina, Brazil, Chile, Colombia, Costa Rica, Ecuador, Paraguay, Peru, and Uruguay; ITU World Telecomunication / ICT Indicators Database 2020, https://www.itu.int/en/ITU-D/Statistics/Pages/publications/wtid.aspx, for all the other countries.

StatLink https://stat.link/0t1f4y

Impact of COVID-19

Housing deprivation is an important factor shaping the spread of COVID-19 and affecting the ability of people to protect themselves against it. In Latin America, initial cases of the pandemic were mainly associated with high socio-economic status and travel abroad. However, after this initial phase, the greatest risk of exposure to COVID-19 was among individuals living in overcrowded housing, often with little or no access to sanitation and water (Lustig and Tommasi, 2020[37]). Access to basic sanitation is still a challenge in some countries of the focal group (Colombia, Ecuador and Peru in particular, see Figure 2.21, Panel B), and it is important for containing the spread of the virus between households living in close proximity. Quarantining due to fear of passing the virus to family members poses serious difficulties in conditions of overcrowding: exposure to the virus despite people's intentions is indeed a reality in Latin America (UN, 2020[38]), particularly when considering people's reduced capacities to abide by social distancing measures. Evidence from June 2020 suggests that in Rio de Janeiro, the area with the highest incidence of COVID-19 cases was in *Cidade de Deus*, one of Brazil's largest slums, where over one in four people tested were found to be infected (28%). Similar rates (24%) were found in *Rocinha*, another large slum in Rio that is home to at least 100 000 people (Rio Prefeitura, 2020[39]).

Beyond housing quality, the COVID-19 pandemic has also put a spotlight on limited housing affordability (OECD, 2020[40]; OECD, 2020[41]). As mentioned above, while people living in poor quality housing or in unsafe living conditions have faced elevated health and safety risks, workers experiencing sudden economic losses have struggled to cover their monthly rents, mortgages and utility payments without assistance (OECD, 2020[41]). This may lead to repossessions, displacements, or even homelessness, cutting people off and making them more vulnerable (Vera et al., 2020[42]). Without a roof, they have no means of self-isolating, and where they do have shelter available it is typically in hostels with limited means of isolation or protection.

In the metropolitan areas of Latin America, evidence suggests a pattern of "over-concentration" of COVID-19 infections and deaths, albeit with certain exceptions. This is especially the case in countries where 30% or more of the population live in "Major Administrative Divisions", i.e. territories where the most populous cities are located (*divisiones administrativas mayores*, in Spanish) – as in Argentina, Chile, Costa Rica, Paraguay and Peru. Uruguay is a major exception to this pattern (ECLAC, 2021[9]).

Closing the digital divide between households and countries is a major challenge in Latin America and the Caribbean (Figure 2.22). Reliable, high-speed Internet access at home is essential for large-scale teleworking and home schooling. Between the first and second quarters of 2020, the use of teleworking solutions in Latin America tripled, and distance education grew by over 60% (ECLAC, 2020[43]). High-speed Internet access also provides an important source of public information, and acts as a critical lifeline to connect people who are socially isolated or vulnerable, and who may need remote medical assistance or community support (e.g. delivery of groceries and medicines). Although 67% of the region's population had an Internet connection, the remaining third had limited or no access to digital technologies due to their social and economic status – in particular, their location and age (ECLAC, 2020[43]). For instance, 46% of children aged 5-12 live in households with no connectivity (ECLAC, 2020[43]). The COVID-19 pandemic and the ensuing crises therefore risk amplifying existing inequalities while, provided services can be better delivered, digital connectivity can minimise some of the disruptions created (Basto-Aguirre, Cerutti and Nieto-Parra, 2020[44]).

Governments can provide immediate support for lost employment and income, extend sick pay to excluded workers, and provide immediate shelter for homeless populations (OECD, 2020[40]). However, it is much harder to address overcrowded housing conditions and provide access to basic sanitation and digital services on a short-term basis. In this sense, poor housing conditions represent a systemic risk for the impacts of health crises, requiring a longer-term government response to build resilience. In the shorter term, people living in overcrowded and/or unsanitary conditions need to be prioritised for hospitalisation or other forms of out-of-home care in order to protect other vulnerable household members. Similarly, those living alone in very isolated circumstances are likely to need additional forms of community support and care during periods when staying at home is advised (OECD, 2020[45]).

Issues for statistical development

While information on the quality of housing material is generally included in censuses and household surveys in the region (especially as it is often included as a component of multidimensional poverty indices), definitions and methods are not widely comparable across countries (Santos, 2019[34]). Further harmonisation is also needed for calculating housing overcrowding rates worldwide. In this report, the indicator for Latin American countries focuses on people per room, whereas housing density data in the OECD is calculated with a measure that reflects the differing needs of households with different compositions. According to the preferred OECD measure, a house is considered overcrowded if less than one room is available: for each couple in the household; for each single person aged 18 or older; for each pair of people of the same gender between 12 and 17; for each single person between 12 and 17 not included in the previous categories; and for each pair of children under the age of 12 (Eurostat, 2019[46]; OECD, 2020[1]). Moreover, cross-country differences exist in how rooms are defined, kitchens in particular,

and in how minimum space restrictions are applied. Kitchens are counted as rooms in Chile and Mexico, but in most OECD countries rooms exclude kitchens used exclusively for cooking. In addition, European countries exclude spaces of less than four square metres. This implies that overcrowding rates may be biased upwards in European sources, relative to those from Chile and Mexico (since fewer household spaces are counted as rooms) (OECD, 2020[1]).

Harmonised data on access to services and amenities (such as transport, medical centres, schools, etc.) are being developed on an OECD-wide basis but are not yet available. As mentioned above, internationally comparable data on homelessness (a measure of extreme housing deprivation) and people's perceptions of their housing conditions are also lacking (OECD, 2020[1]).

Housing affordability is a crucial determinant of access to good housing. In Latin America, a relatively high house price-to-income ratio combined with inaccessible housing finance are the major determinants driving households to resort to informal solutions without the benefit of planning and safety regulations (UN-Habitat, 2016[47]). Conceptually, the lack of housing affordability is a measure of inadequate housing – since the cost of housing should not prevent the occupants from meeting their daily needs and enjoying their human rights (UN-Habitat, 2020[33]). More generally, this remains a challenge that may affect people across income levels, with strong a negative impact on territorial inequality. SDG 11.1.1 sets out a measure of inadequate housing, which is defined as the "proportion of households with net monthly expenditure on housing exceeding 30% of the total monthly income of the household" (UN-Habitat, 2020[33]). However, housing affordability may also be measured using the house rent-to-monthly household income ratio (HRIR) and the house price-to-annual household income ratio (HPIR). Housing is considered affordable when the HRIR is 25% or less and the HPIR is 3.0 or less (UN-Habitat, 2020[33]). Comparable data on housing affordability, housing prices and housing cost overburden (e.g. the share of households with housing costs such as rent, mortgages or other charges exceeding a certain share of income) would greatly enrich the understanding of housing quality in the region.

Developing comparable indicators for housing and land tenure would also contribute to a better understanding of housing security. A secure tenure guarantees that people can access and enjoy their home without fear of forced evictions, and enables them to improve their housing and living. It also gives parents the right to pass their land or housing to their children and is considered to contribute to poverty reduction and to enhance economic development and the sustainable use of resources as well as social stability (Santos, 2019[34]).

Capturing housing inequalities among different population groups (such as by sex, age or education) is challenging, because these data are typically reported at the household level. One possibility would be to consider differences between groups according to the status of the head of the household. Regional inequalities are also particularly important in the housing domain, not least given the important role that location plays in determining access to services (OECD, 2020[1]). Thus, efforts should be made to collect population-representative data on housing quality at the sub-national level.

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Notes

[1] Throughout this report, the eleven focal countries refer to Argentina, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, Mexico, Paraguay, Peru and Uruguay. Gross national income (GNI) is defined as gross domestic product, plus net receipts from abroad of compensation of employees, property income and net taxes less subsidies on production. For more details see: https://data.oecd.org/natincome/gross-national-income.htm

[2] For example, the *Report of the Commission on the Measurement of Economic Performance and Social Progress* (known also as the Stiglitz-Sen-Fitoussi report, (Stiglitz, Sen and Fitoussi, 2009[48])) made the joint measurement of income, consumption and wealth one of its top recommendations for better understanding individual and household well-being. The 2018 follow-up report, *For Good Measure*, repeated this recommendation (Stiglitz, Fitoussi and Durand, 2018[11]). In the *How's Life?* series, where the OECD well-being framework is applied to OECD member countries, the corresponding dimension is named Income and Wealth rather than Income and Consumption.

[3] The region is an important supplier of a large number of products for the agricultural, mining and energy industries that make up the basket of international commodities, whose nominal value increased substantially from the early 2000s to the mid-2010s. Oil prices in current US dollars almost quadrupled between 2003 and 2013, and metal prices tripled, while food prices doubled and prices of agricultural products rose by about 50% (Gruss, 2014[49]).

[4] The (national account) measure of household consumption includes the expenditure of non-profit institutions serving households (NPISHs), such as hospitals, universities, etc.

[5] The estimates are derived from models based on time-series regressions using GDP per capita growth as a predictor for poverty. For a full explanation of the method, see Annex I. A1 in (ECLAC, 2021[9]).

[6] For example, the preferred headline measure of average income used in the *How's Life?* series (OECD, 2020[1]), net household adjusted disposable income, is not possible to calculate in a comparable manner. Household net adjusted disposable income is household income per capita, net of taxes and adjusted for the value of the in-kind services, such as education and health care, that are provided by governments free of charge or at subsidised prices.

[7] The Central Bank of Costa Rica has carried out a regular Household Financial Survey since 2007; Mexico implemented the National Survey on Household Living Standards (ENNViH) in 2002, 2005–2006 and 2009–2012; Chile carried out the Household Financial Survey (EFH) in 2007, 2011–2012, 2014 and 2017; and Uruguay ran the Financial Survey of Uruguayan Households (EFHU), covering 2012–2014 and 2017 (ECLAC, 2018[2]).

[8] This is based on a measure of households' liquid financial assets and classifies households as economically insecure if they have liquid financial assets equivalent to less than 25% of the national relative income poverty line (which is in turn defined as 50% of the national median income).

[9] Equivalised income refers to household income that is measured by pooling the income streams of each household member and then attributing this to each member, based on an "adjustment" to reflect differences in needs across households of different sizes and structures.

[10] For example, a study about emergency benefits paid during the pandemic showed that household surveys captured overall spending of between BRL 23.6 billion and BRL 28.6 billion per month, whereas the Ministry of Citizenship reported spending of BRL 46 billion (Ferreira de Souza, 2021[50]).

[11] This has been recognised by the ILO's notion of "decent work", as well as by the OECD definition of job quality, which focuses on earnings, labour market security (i.e. risks of job loss and the economic cost for workers) and the quality of the working environment (i.e. non-economic aspects of jobs such as the nature and content of the work performed, working-time arrangements and workplace relationships) (Cazes, Hijzen and Saint-Martin, 2015[19]). The 2018 OECD Job Strategy framework considers job quantity, job quality and labour market inclusiveness as central policy priorities (OECD, 2018[26]). In this perspective, very long working hours (whether paid or unpaid) can be detrimental to people's well-being.

[12] Values for the OECD average in this section are those calculated by the ILO rather than the OECD in order to ensure comparability. In general, OECD employment figures refer to the population aged 25-64, whereas the ILO data are for the population aged 25 years and above.

[13] In 2015, ILO Recommendation no. 204 concerning the transition from the informal to the formal economy describes the "informal economy" as referring to all economic activities by workers and economic units that are – in law or in practice – not covered or insufficiently covered by formal arrangements. The informal economy does not cover illicit activities (OECD/ILO, 2019[51]).

[14] The OECD measures labour market insecurity as the expected monetary loss that an employed person would incur upon becoming and staying unemployed, expressed as a share of previous earnings. This loss depends on the risk of becoming unemployed, the expected duration of unemployment, and the mitigation against these losses provided by unemployment benefits (effective insurance) (OECD, 2020[1]).

[15] The definition of social protection systems in SDG indicator 1.3.1 is broad and includes contributory and non-contributory schemes for children, pregnant women with newborns, people in active age, older persons, victims of work injuries and persons with disabilities.

[16] The urban and city estimates presented in (UNDESA, 2018[28]) are based on definitions used by countries for statistical purposes, and therefore the criteria to define an "urban area" may vary (ranging from administrative designations to demographic characteristics such as population size or population density and more "functional" characteristics such as the existence of sewage systems) (UNDESA, 2018[28]).

[17] UN-Habitat defines the term "slum" as an area that has one or more of the following five characteristics; poor structural quality of housing; overcrowding; inadequate access to safe water; inadequate access to sanitation and other infrastructure; or insecure residential status (UN-Habitat, 2014[52]). Moreover, the Cities Alliance and the United Nations Statistics Division agreed on a more operational definition for "slums", in view of measuring the indicator for MDG 7 Target 7.D (UN-Habitat, 2020[33]). The agreed definition, used again for SDG indicator 11.1.1., classifies a "slum household" as "one in which the inhabitants suffer one or more of the following 'household deprivations': lack of access to improved water source; lack of access to improved sanitation facilities; lack of sufficient living area; lack of housing durability; and lack of security of tenure."

3 Quality of life in Latin America

Over the past two decades, quality of life has improved across a number of dimensions in the focal countries, especially in terms of health, knowledge and skills. Continued progress is needed, however, to ensure that the majority of the population enjoys improved health and education outcomes, and the impact of the pandemic is setting back achievements in both these areas. Safety is a high concern in the region, as average levels and trends mask large differences between countries. Voting rates saw little change, but perceptions of government have worsened since 2004, on average. While air quality has improved over the past decade, many people remain exposed to harmful particle levels. Finally, overall, life satisfaction and social network support decreased, while the share of people experiencing mostly negative emotions increased between 2019 and 2020, underlining the negative toll of the first year of the pandemic.

Introduction

In the OECD well-being framework, Quality of Life comprises health, knowledge and skills, safety, environmental quality, civic engagement, social connections, work-life balance and subjective well-being. For each of these dimensions, this chapter provides an overview of the levels and trends across each indicator where data are available for the focal group, before discussing the potential impacts of the COVID-19 pandemic and the issues for statistical development. Overall trends in quality of life in the focal group of countries prior to the COVID-19 are encouraging and point to significant improvements in people's well-being over the past two decades. Nonetheless, across a number of outcomes explored in this chapter, average levels for the focal group[1] are being held back by certain countries, where the potential impacts of the pandemic are of particular concern.

In terms of health, indicators of health status highlight considerable progress among the focal group, but satisfaction with health care has decreased over time, and out-of-pocket expenditures remain high in four out of six countries where data are available. Despite improvements over the past two decades, indicators of knowledge and skills underscore the disparities both between and within certain countries of the focal group. This area is also highly relevant in the context of the digital transformation, as the increasing importance of digital skills means that inequalities in Internet access and ICT skills have the potential to worsen existing well-being inequalities throughout the region. Although homicides are still relatively high in certain focal group countries and have increased in others, on average fewer people reported that they had been assaulted, attacked or a victim of crime in the previous 12 months in 2018 than in 2001. However, indicators of perceived safety and of road deaths are yet to improve. Regarding environmental quality in the focal group, mean average population exposure to $PM_{2.5}$ air pollution has remained reasonably stable since 2000, though in 2019, 91% of people in the countries analysed were still exposed to dangerous levels (i.e. more than 10 micrograms/m^3). In some focal group countries, dissatisfaction with the public sphere has been a source of social unrest in recent years, and the indicators used to assess civic engagement in this report show a marked fall in the share of people declaring to have voiced their opinion to an official, and an increase in those who believe their country is governed by a few powerful groups for their own benefit. Between 2006-09 and 2017-19, indicators of social connections and of subjective well-being remained relatively high, close to levels recorded in the OECD.

The COVID-19 pandemic has affected people's quality of life dramatically in the focal group of countries, as individuals have coped in every way they could with several waves of increased deaths and disease, extended lockdowns and economic hardship. Early evidence reported in this chapter suggests that in Latin America the pandemic exacerbated pre-existing deprivations in terms of access to health care, whilst increasing people's loneliness, depressive states and substance use. School closures are likely to have affected children and adolescents unequally, as students from poorer socio-economic backgrounds risk bearing long-lasting consequences in terms of lower learning outcomes and fewer job opportunities. While extended lockdowns across most countries of Latin America and the Caribbean kept people off the streets, they had mixed consequences on crime and environmental quality. However, the social unrest and political polarisation in the lead-up to the pandemic underline the urgency for countries to create opportunities for citizens and stakeholders, and to allow them to engage in efforts to rebuild trust, improve services and enhance social cohesion.

For selected indicators where data are available from Gallup World Poll, this chapter takes a closer look at change between 2019 and 2020. On average in the focal group, the satisfaction with health care services remained relatively stable, hiding diverging trends across countries. On the other hand, satisfaction with the education system dropped across a majority of countries, amplifying disparities across the focal group in 2020. Finally, in certain countries, average levels of social network support and of life satisfaction decreased considerably between 2019 and 2020 compared to previous years, whilst higher negative affect balance reflects the burden of the crisis on people's mental states.

Health

Health is fundamental to people's well-being, and it is consistently ranked as one of the most valued aspects of people's lives.[2] The ability to lead a long and healthy life not only has clear intrinsic value, but it is also instrumentally important in enhancing people's opportunities to participate in education, the labour market and community life. Health in its broadest sense refers to "a state of complete physical, mental and social well-being and not merely the absence of disease or infirmity" (WHO, 1948[1]). While health can be understood as a multidimensional and positive concept, data limitations mean that it is most frequently measured with a focus on disease, disability and mortality, rather than the presence of more positive health states. To understand health at the broader population level, well-being frameworks often rely on indicators of longevity, years lived in good health, self-reported health, mental health symptoms and sometimes health-related behaviours.

Since 2000, life expectancy in the focal group of 11 countries has increased by 3.5 years on average, and child and maternal mortality have both decreased. However, progress across countries remains unequal, and differences in levels persist: for example, there is a 6-year gap in life expectancy at birth between the top- and bottom-performing LAC (Latin America and the Caribbean) 11 countries, while infant mortality is four times higher in the worst-performing country, relative to the top-performing country. Prior to the COVID-19 pandemic, people's satisfaction with the availability of quality health care was already on the decline across most countries of the focal group, despite an overall improvement in health-care coverage. Around one in five people in the focal group countries report that they experience limitations in their daily activities due to poor health, which is close to OECD average levels, while the prevalence of recorded suicides remains well below the OECD average in a majority of these countries. Smoking, drinking alcohol, and especially the prevalence of overweight and obesity are critical risk factors for poor health in Latin America, but these indicators are covered in the "Human Capital" section of Chapter 4 on Resources for Future Well-being.

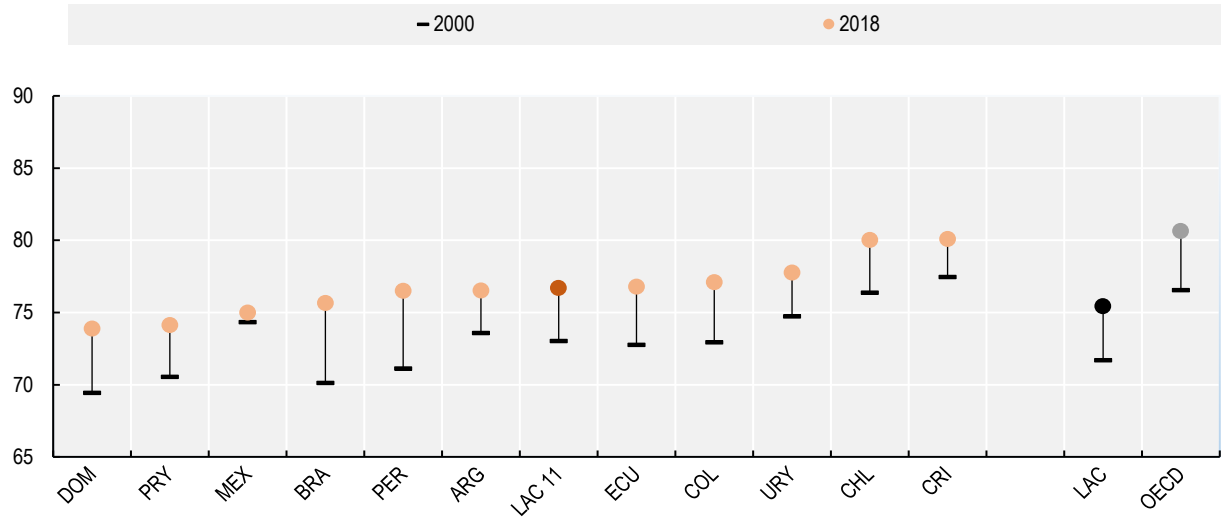
Latin America has been severely affected by the COVID-19 pandemic, and it has been one of the hardest-hit regions in terms of deaths worldwide (Dong, Du and Gardner, 2020[2]). Moreover, estimates suggest that 21% of the population in Latin America have at least one factor (such as obesity) that puts them at higher risk of severe COVID-19 disease (LSHTM CMMID COVID-19 working group, 2020[3]). These data are of particular concern in a context where Latin American countries face challenges for delivering accessible, affordable and safe health care due to high levels of informality and inequalities.

Life expectancy

Life expectancy at birth is the widest-used summary measure of population health status and is often used to gauge a country's overall health. It measures how long, on average, a new-born infant can expect to live if current death rates do not change. Life expectancy at birth has increased by 3.7 years across all countries in the focal group since 2000, from 73 years to 76.7 years on average in 2018 (Figure 3.1). Generally, this increase has been driven by the steady reduction of mortality at all ages, particularly infant and child mortality (OECD/The World Bank, 2020[4]). Convergence to the levels achieved in countries where life expectancy is highest has been relatively slow, and the gap between the focal group and the OECD has slightly widened, by 0.4 years on average since 2000. Wide differences exist among the focal group: in Costa Rica, a new-born child can expect to live over 6.2 years more than in the Dominican Republic. This is despite an improvement of 4.5 years in the Dominican Republic, which is among the countries that gained the most since 2000, along with Colombia (4.2 years), Peru (5.4 years) and Brazil (5.6 years). Over the same period, life expectancy at birth has remained relatively stable in Mexico (Figure 3.1).

Figure 3.1. Life expectancy has increased by an average of 3.5 years in the focal group of countries since 2000

Life expectancy, total, years



Note: The LAC regional average is calculated by the World Bank, and comprises 35 Latin American and Caribbean countries, including the 11 focal countries.
Source: World Bank Database, https://data.worldbank.org/indicator/SP.DYN.LE00.IN

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Child and maternal mortality

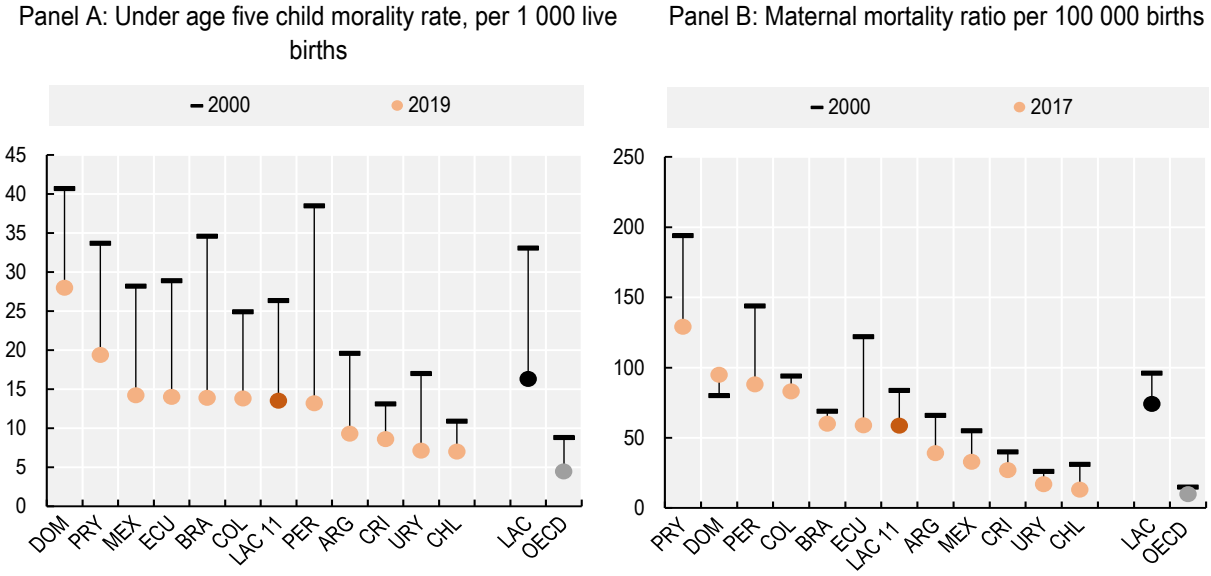
In many Latin American countries, child mortality rates have historically been very high, and improvements in health outcomes for children in the first five years of life have been particularly significant in driving increased life expectancy in the region across the last two decades. Child and maternal mortality rates are especially important health indicators, since they reflect the impact of economic, social and environmental conditions on children and mothers, and they also indicate the overall effectiveness of health systems within a country.

On average in 2019, the child mortality rate (deaths per 1 000 live births) was 13.5, around half the 2000 rate (26.4) and around three times the 2019 OECD average rate (4.4). While all countries have experienced improvements, the same inter-country differences are evident among the focal group countries, with the rate in the Dominican Republic (28) being four times higher than in Chile (7). This exceeds the target set by the SDGs for 2030 (at least as low as 25 per 1 000 live births by 2030) by three points (Figure 3.2, Panel A).

Maternal mortality – the death of a woman during pregnancy or childbirth or within 42 days of the termination of pregnancy – is an important indicator of women's health status, but also in assessing the performance of a country's health system. This has declined from 84 deaths per 100 000 live births in 2000 to 58 in 2017, on average in the focal group of countries. Seven out of the 11 focal group countries have now achieved the SDG target of fewer than 70 maternal deaths per 100 000 live births. Nevertheless, levels in 2017 remained high when compared to those of OECD countries (on average). The largest gains have been achieved by countries that had the highest levels in 2000, and that remain above the focal group average even today: Paraguay, Peru and Ecuador. Conversely, maternal mortality increased by almost 20% in the Dominican Republic, reversing the gains achieved in the early 2000s (Figure 3.2, Panel B).

Country performance among focal group countries is very similar across the two indicators shown in Figure 3.2, with the same countries at the top and bottom of the group for both (Chile, Uruguay and Costa Rica at the top end; Dominican Republic and Paraguay at the bottom). This reflects the existence of common drivers: births unattended by health professionals, for example, are a cause of both child and maternal mortality.

Figure 3.2. Child mortality has almost halved since 2000 on average across the focal countries, while maternal mortality has decreased by just under a third



Note: The child mortality rate refers to the probability per 1 000 that a new-born baby will die before reaching age five, if subject to age-specific mortality rates of the specified year. Estimates developed by the UN Inter-agency Group for Child Mortality Estimation (UNICEF, WHO, World Bank, UN DESA Population Division) are at www.childmortality.org. The maternal mortality ratio is the number of women who die from pregnancy-related causes while pregnant or within 42 days of pregnancy termination per 100 000 live births. The data are estimated with a regression model using information on the proportion of maternal deaths among non-AIDS deaths in women ages 15-49, with fertility, birth attendants, and GDP measured using purchasing power parities (PPPs) (WDI, 2021[5]). In both panels, the LAC regional average is calculated by the World Bank.

Source: World Bank Database, https://data.worldbank.org/indicator/SH.DYN.MORT (Panel A) and https://data.worldbank.org/indicator/SH.STA.MMRT (Panel B)

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Premature deaths

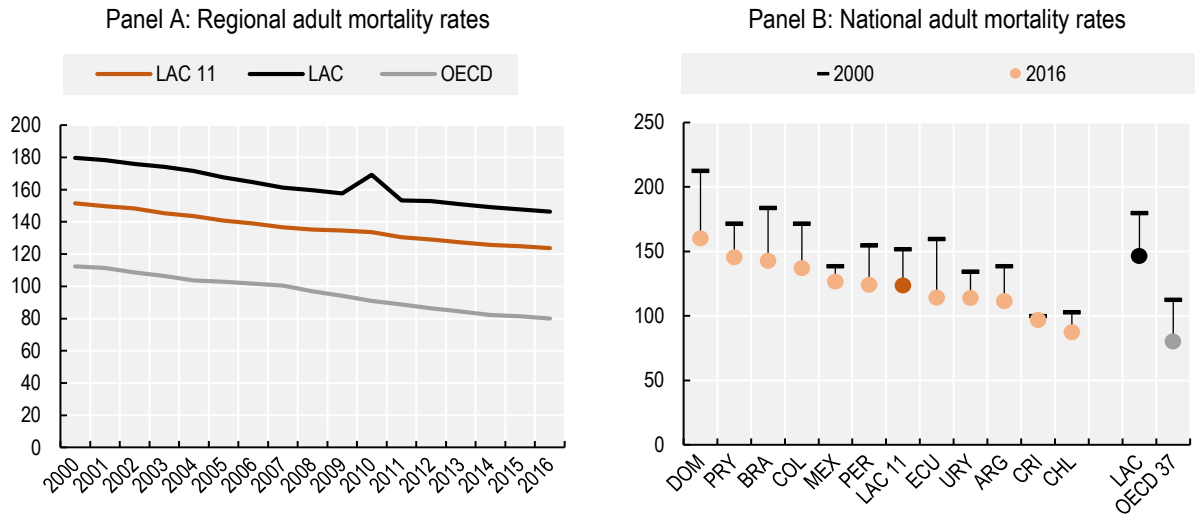
Premature mortality rates offer some insights into public health and the success of government policies in tackling preventable and treatable causes of death among non-elderly populations – whether due to accidents or suicides, violence, infectious and parasitic (communicable) diseases, or non-communicable diseases (NCDs) such as cardiovascular diseases, cancers, chronic respiratory disease and diabetes. For example, effective health care systems and public policies can play an important role in mitigating some common risk factors for premature deaths due to NCDs, including tobacco use, harmful use of alcohol, unhealthy diets, physical inactivity and air pollution (Khaltaev and Axelrod, 2019[6]), while advances in medical technology and care can sometimes prevent such chronic diseases from resulting in premature death.

On average across the focal countries, adult mortality (defined as the probability of dying between ages 15 and 60, derived from life tables) was 124 per 1 000 in 2016, down from an average rate of 152 per

1 000 in 2000 (Figure 3.3). While adult mortality in the focal group was consistently below the LAC regional average between 2000 and 2016, the gap narrowed slightly towards the end of the period due to a slower rate of improvement in the focal group. Over the same period, the gap between the OECD average and the focal group average widened slightly.

Figure 3.3. Premature mortality remains relatively high in the focal group countries, although with wide disparities

Adult mortality rate (probability of dying between 15 and 60 years per 1 000 population)



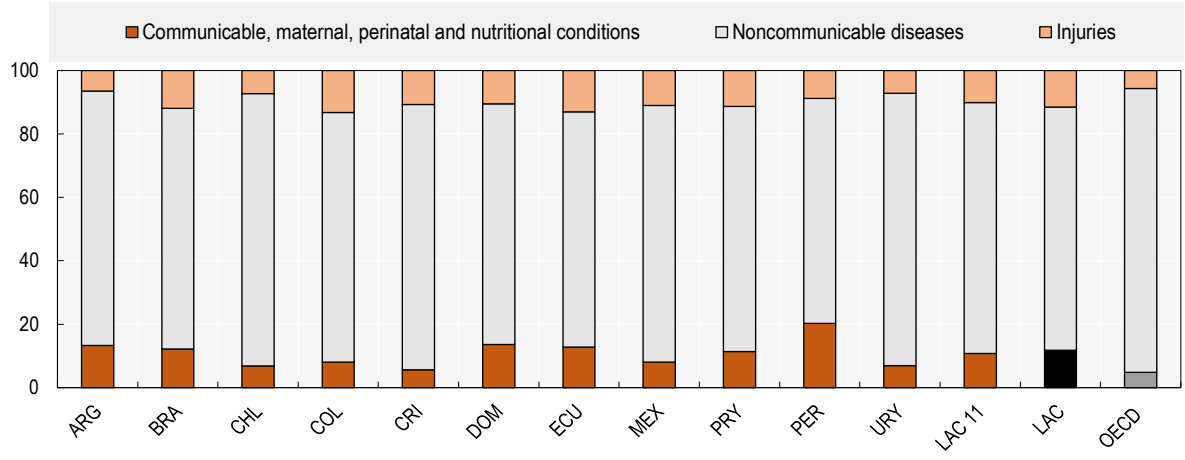
Note: The LAC regional average comprises 31 Latin American and Caribbean countries, including the 11 focal countries. Adult mortality rates are derived from life tables that draw on UN World Population Prospects revision, recent and unpublished analyses of all-cause and HIV mortality for countries with high HIV prevalence, vital registration data, and estimates of child mortality from the UN Inter-agency Group for Child Mortality Estimation (WHO, 2021[7]).
Source: WHO GHO database, https://apps.who.int/gho/data/node.imr.WHOSIS_000004?lang=en

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Beyond levels of mortality, understanding the causes of death is key for assessing the effectiveness of a country's health-care system, but also for identifying national priorities in terms of public health and other policy areas, such as security (OECD/The World Bank, 2020[4]). Figure 3.4 provides an overall picture of the burden of disease, injury and other risk factors for people's health in Latin America. Non-communicable diseases (such as cardiovascular disease and cancer) are the most common cause of death globally, and the focal group is no exception, where NCDs are responsible for 79% of all deaths on average. The share is highest in Chile and Uruguay (86%) but remains below average OECD levels (89%). However, communicable diseases (CDs), such as respiratory infections, diarrhoeal diseases and tuberculosis, along with maternal and perinatal conditions, remain significant causes of death among many countries in the focal group, accounting for 11% of all deaths, on average. In Costa Rica, the share is only 6%, but it is over three times higher in Peru (20%). The remaining 10% of deaths in the focal group of countries are attributed to injuries and violence, with levels ranging from 6% in Argentina to 13% in Colombia and Ecuador.[3] In the LAC region on average, the share of deaths attributed to injuries and violence (12%) is twice as high as in the OECD on average (6%).

Figure 3.4. Non-communicable diseases are the most common cause of death in the focal group countries

Share of deaths from all causes, percentage, 2019



Note: The LAC regional average is calculated by by the Institute for Health Metrics and Evaluation.
Source: Institute for Health Metrics and Evaluation (2020), *Global Burden of Disease Study 2019*, Global Burden of Disease Collaborative Network, Seattle, United States (http://ghdx.healthdata.org/gbd-results-tool)

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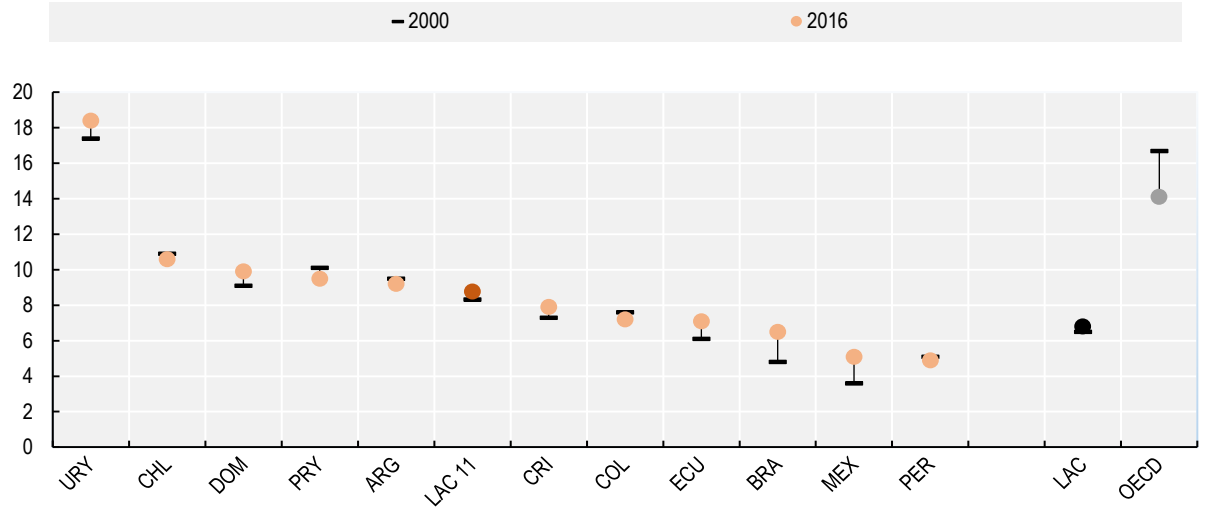
Mental health

Mental and neurological disorders (ranging from depression and anxiety to bipolar disorder) account for almost a quarter of the disease burden in Latin America and the Caribbean (WHO, 2013[8]).[4] These disorders are often undertreated: in 2016, the treatment gap (i.e. the percentage of people with disorders that do not receive any treatment) for severe mental disorders in Latin America was almost 70% (Kohn et al., 2018[9]). Beyond the direct health toll, mental health can interact with and affect many other aspects of well-being, including work and job quality (e.g. through sickness absences, disengagement at work, disability and unemployment) (OECD/The World Bank, 2020[4]) as well as income, education and social connectedness. There is a two-way relationship between mental disorders and socio-economic status: mental disorders tend to lead to reduced employment and income, thereby entrenching poverty, while poverty, in turn, increases the risk of mental disorder (WHO and Calouste Gulbekian Foundation, 2014[10]).

Comparable data on the prevalence and intensity of mental health problems in the Latin American region are not available. Evidence is however available on suicides, which may be considered as the extreme manifestation of mental health problems, particularly depression. Suicides accounted for an estimated 800 000 deaths in 2018 worldwide, with 79% of them occurring in low and middle-income countries (WHO, 2019[11]). In the absence of comparable measures of mental health, suicide rates can provide some insight into levels of severe mental health problems across countries, despite issues regarding the interpretability and comparability of these data (Figure 3.5).[5]

Figure 3.5. The prevalence of suicide remains well below the OECD average in a majority of LAC focal countries

Suicide mortality rate per 100 000 population



Note: The LAC regional average is calculated by the UN DESA.
Source: UN DESA Global SDG Indicator Database, https://unstats.un.org/sdgs/indicators/database/

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Most focal group countries experience lower suicide rates than the OECD average. Unlike the OECD average, where suicides have decreased over time, focal group and regional trends since 2000 have remained relatively stable, with Brazil experiencing a notable increase (up 1.7 deaths per 100 000 to 6.5 deaths in 2016) and increases of at least 1 death per 100 000 in Mexico, Ecuador and Uruguay. However, there are marked disparities between countries in terms of level: in 2016, with fewer than five suicides per 100 000 population in Peru, but over 18 in Uruguay (Figure 3.5) – twice as high as the LAC regional average, and well above the OECD average, as a result of a steady rise in recent decades (Fachola et al., 2015[12]).

Access to health care

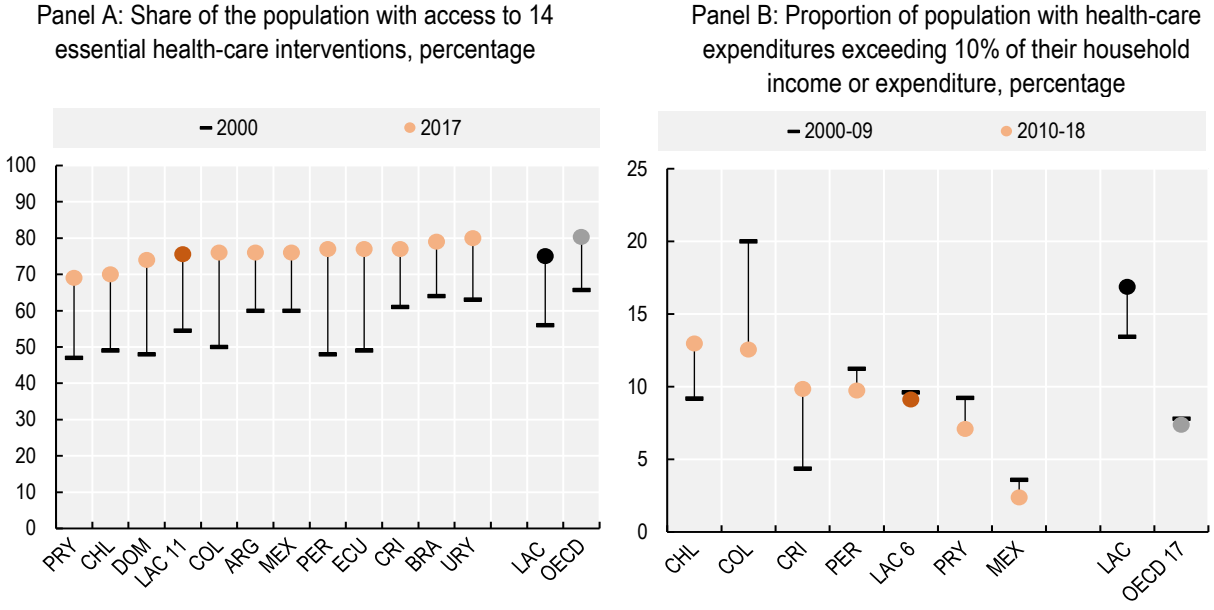
Universal health coverage (UHC) is achieved when all people, communities and social groups have access to the health services they need, when these services have a high degree of quality and when users can access these services without incurring financial hardship (OECD/WHO/World Bank Group, 2018[13]). Based on this definition, health systems in Latin American countries have significant weaknesses and are often underfinanced, segmented and fragmented, resulting in significant barriers to access (ECLAC-PAHO, 2020[14]).

One measure of people's access to health care service is the UHC index,[6] which measures people's access to 14 essential health-care services, as used by the UN DESA to measure progress towards SDG target 3.8 ("Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all"). Based on this metric, the focal group of countries has made progress towards this target, with 76% of the population in 2017 having access to these "essential services" (Panel A). In 2000, eight out of the 11 focal countries had achieved health coverage for only 60% of the population or less, while all

countries except Paraguay had reached 70% coverage in 2017. This progress is in line with that achieved in the broader LAC region, where health coverage has grown from 56% to 75% of the population. However, the pace of progress has slowed since 2010. As a result, although health-care coverage in the focal group average grew by over 20 percentage points in the last two decades, the pace of improvement will need to double (at the very least) in order to reach the SDG target by 2030 (Figure 3.6, Panel A).

Access to health care also depends on whether households can afford care services. The proportion of the population spending more than 10% of their income (or expenditure) on health care can give an idea of the financial hardship linked to direct health payments in the focal group countries (UN DESA, 2019[15]). Figure 3.6, Panel B shows that, on average among the six focal countries for which data are available, approximately 9% of households incurred out-of-pocket health-care expenditures exceeding 10% of their income over the 2010-18 period, a share that has remained broadly stable relative to the previous decade. That share has been falling in Colombia but rose by around 3 percentage points or more in Chile and Costa Rica. Just below 2% of the population has been incurring much higher out-of-pocket health-care expenditures (25% or more of their total income or expenditures on average in focal group countries), a share that has been broadly stable over time.

Figure 3.6. Access to health care has improved since 2000, but with large out-of-pocket expenditures for some



Note: In Panel A, data refer to the service coverage index as measured by the UHC (composite of 14 essential interventions). In Panel B, OECD 17 comprises Canada, Chile, Colombia, Hungary, Ireland, Israel, Italy, Japan, Korea, Lithuania, Mexico, Poland, the Slovak Republic, Slovenia, Turkey, the United Kingdom and the United States. In both panels, the LAC regional average is calculated by the UN DESA.
Source: UN DESA Global SDG Indicator Database, https://unstats.un.org/sdgs/indicators/database/

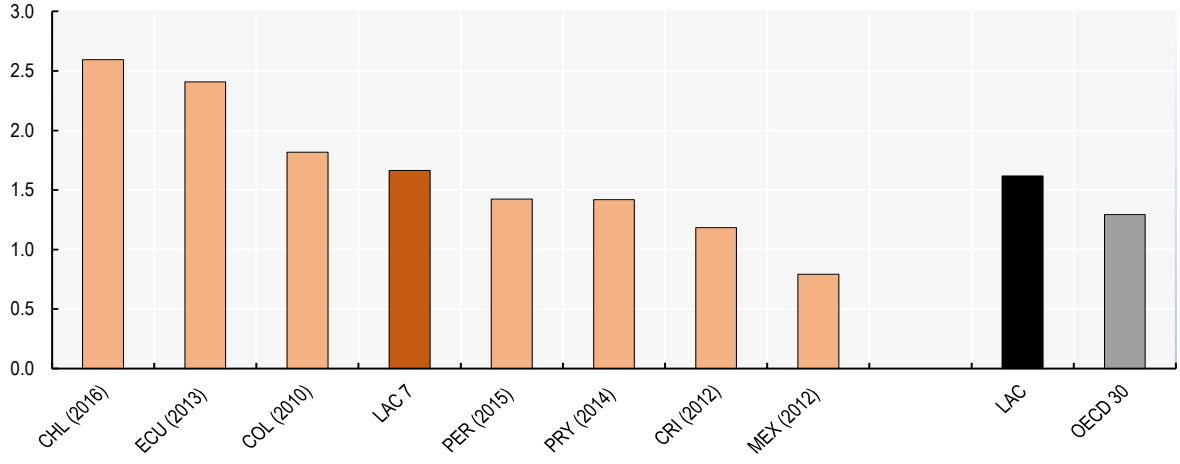
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For certain households, the consequence of excessive out-of-pocket expenditure on health care is to be driven into poverty. In the focal group of countries where data are available, 1.7% of the population have been pushed below the “societal” poverty line by out-of-pocket health care expenditure, compared to 1.3% in OECD countries (Figure 3.7). Figure 3.6, Panel B illustrates that a relatively high proportion of the population are driven into poverty in countries where a high share of households make out-of-pocket payments exceeding 10% of their income or expenditure (for instance in Chile and Colombia). Similarly, in

Mexico, where out-of-pocket health care expenditures are relatively low, less than 1% of the population have fallen below the societal poverty line as a result of them.

Figure 3.7. In two out of six focal group countries, over 2% of the population has been pushed below the societal poverty line by large out-of-pocket health care expenditures

Share of the population pushed by out-of-pocket health care expenditure below the societal poverty line, percentage



Note: In this figure, the societal poverty line is defined as the higher of either the $1.90 ($ 2011 PPP) a day poverty line or a 50% of median consumption poverty line. Data for Argentina, Brazil, the Dominican Republic and Uruguay are not included, as the latest available years are prior to 2010. The LAC regional average comprises 16 countries, including the 7 focal countries with available data.
Source: World Bank Health Equity and Financial Protection 2019, https://datatopics.worldbank.org/health-equity-and-financial-protection/

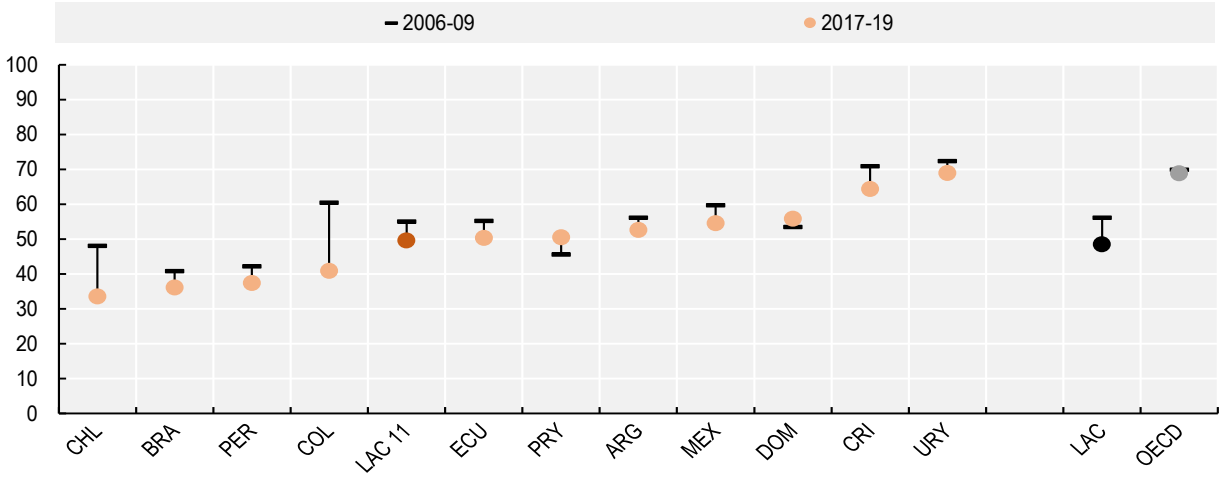
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Satisfaction with health care

Worldwide, public sector organisations, departments and agencies regularly monitor users' satisfaction with public health services to evaluate the impact of reforms and identify areas calling for further action. Data regularly collected through the Gallup World Poll allows some comparative analysis of citizens' satisfaction with a range of public services, including health care (OECD, 2017[16]). Among the focal countries, half of the population (50%) were satisfied with the availability of quality health care in the city or area where they lived in 2017-19, which is close to the wider regional average (48%) and 20 percentage points below the OECD average of 69%. Over two out of three respondents declared to be satisfied in Uruguay (69%) and Costa Rica (64%). However, in another four countries, the majority of respondents were not satisfied (Colombia, Peru, Brazil and Chile). Across the focal group, trends are mixed: on average, satisfaction with health care fell by 5 percentage points over this period, with declines that are three to four times greater in Chile and Colombia. On the other hand, satisfaction with health care increased slightly in Paraguay (from 46% to 51%), whilst remaining relatively stable in the Dominican Republic (56%) (Figure 3.8).

Figure 3.8. Satisfaction with the availability of quality health care has decreased on average across the focal group countries between 2006-09 and 2017-2019

Share of people who declare to be satisfied with the availability of quality healthcare in the city or area where they live, percentage



Note: Data refer to the percentage of respondents who answered "satisfied" to the question: "In the city or area where you live, are you satisfied or dissatisfied with the availability of quality health care?". The LAC regional average comprises 21 Latin American and Caribbean countries, including the 11 focal countries.
Source: Gallup World Poll (database), https://www.gallup.com/analytics/232838/world-poll.aspx

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Impact of COVID-19

Over the course of 2020, Latin America and the Caribbean was one of the regions hit hardest by the coronavirus pandemic (COVID-19), both in terms of reported cases and deaths. As of April 2021, the region accounted for 19% of confirmed cases worldwide, and for 28% of confirmed deaths, despite representing only 9% of the world population (Dong, Du and Gardner, 2020[2]; Worldometer, 2021[17]).[7] In Peru, confirmed deaths per 100 000 population were higher than in any other country in the world by mid-2021 (586.41), followed by Brazil (239.15), Colombia (201.24) and Argentina (200.90). Brazil (18.1 mln), Argentina (4.3 mln) and Colombia (4 mln) were also among the top ten countries in terms of confirmed cases worldwide (Dong, Du and Gardner, 2020[2]). The pandemic has severely affected adults of all ages – including the young (PAHO, 2021[18]). However, the number of confirmed COVID-19 deaths may differ from the pandemic's true death toll due to the way they are reported and to the way COVID-19 impacted the number of deaths occurring due to other causes (Lopez-Calva, 2020[19]).

The long-lasting consequences of the pandemic are likely to be worse for informal workers and economically vulnerable households in the region. Close to 60% of workers in the LAC are informal (OECD et al., 2020[20]). Many are self-employed in a subsistence, daily-living economy and at risk of slipping back into poverty (OECD et al., 2020[20]). Individuals lacking access to social protection must continue to work to make a living regardless of the social distancing measures put in place, limiting their capability to protect themselves and their households. As seen in Figure 3.6, Panel A, approximately a quarter of the population in Latin America as a whole did not have access to essential health-care services prior to the pandemic: these individuals will have seen their access even more restricted over the course of 2020. Moreover, in the LAC region almost 8% of people are aged 65 or more, over 80% are urban, and 21% of the urban population live in slums, informal settlements or housing where basic services are not available (OECD/The World Bank, 2020[4]). Lack of access to quality health care and information is also acute in

remote rural areas, where large shares of indigenous peoples live. Another barrier affecting indigenous peoples' access to health care is the lack of an intercultural approach encompassing native customs and languages in the management and provision of health services (UN, 2020[21]). However, as seen in Figure 3.6, Panel B, among the six focal countries for which data are available, approximately 9% of households incurred out-of-pocket health-care expenditures exceeding 10% of their income over the 2010-18 period. What is more, Figure 3.8 highlights that a majority of Latin Americans are dissatisfied with the availability of quality health care, as opposed to the OECD, where 69% of the population are satisfied on average. Combined, these factors are exacerbating the pandemic's risks. Resolving the fragmentation, commodification and hierarchisation of health systems will hence be a crucial challenge for the region moving forward (ECLAC, 2020[22]).

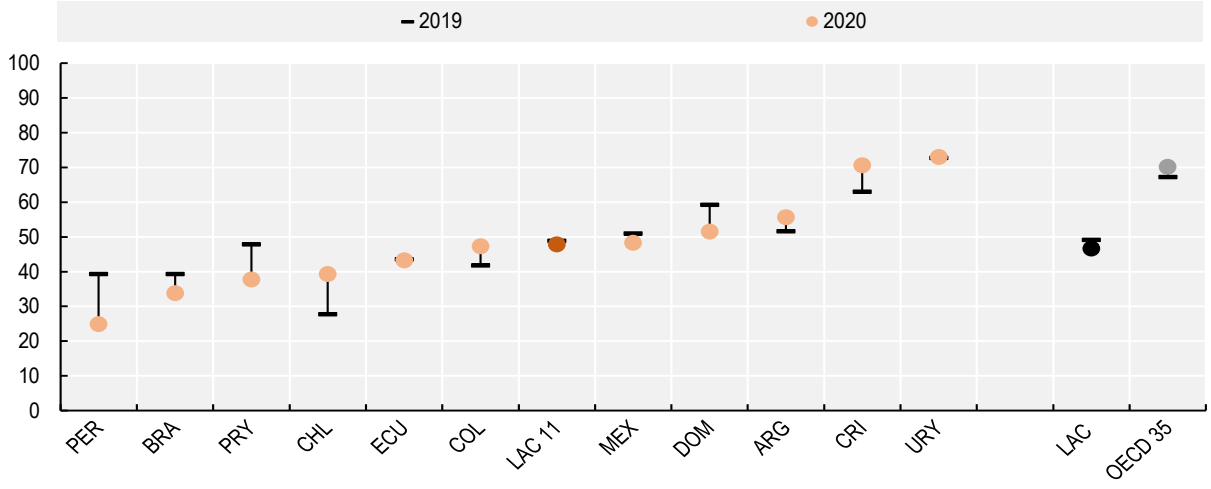
Both prevention and treatment for chronic and non-communicable diseases have been heavily disrupted since the beginning of the COVID-19 pandemic, meaning that those living with them are at much higher risk of severe COVID-19-related illness and death (ECLAC-PAHO, 2020[14]; WHO, 2020[23]). Estimates suggest that 21% percent of the population in Latin America have at least one factor that puts them at higher risk of severe COVID-19 disease (LSHTM CMMID COVID-19 working group, 2020[3]).[8] Obesity is one of these risk factors (Sattar, McInnes and McMurray, 2020[24]): in Latin America, 60% of the population are overweight and 25% are obese (see "Human Capital" section in the following chapter). In addition, the mortality rate for respiratory disease is far higher in Latin America than in the OECD average, particularly in focal countries such as Argentina, Brazil and Peru (WHO, 2018[25]). There has also been a reduction in access to sexual and reproductive health services during the pandemic, which are key to women's health and may hinder country efforts in fighting maternal mortality (World Bank, 2006[26]). This could result in a lack of care for sexually transmitted infections, and a resulting increase in these infections (UNFPA, 2020[27]). Unwanted pregnancies could also become an issue of even greater importance, in a region with the second-highest adolescent pregnancy rate in the world (estimated at 66.5 births per 1 000 girls aged 15-19), after sub-Saharan Africa (PAHO/UNFPA/UNICEF, 2017[28]). Finally, the high share of older adults living with younger generations in the region (52% live with one or more of their children (UNDESA, 2017[29])) is a factor that increases the risk of infection.

While the effects of the COVID-19 pandemic on physical medical conditions have received great attention, there are also concerns about its impact on mental health, which can take the form of fear, worry or concern induced by the contagion among the population at large and specific groups. For example, in a global YouGov study, one in two Mexicans reported that the pandemic had a negative impact on their mental health (51%), and almost one in four reported suffering from at least one mental health condition in 2020 (22%) (YouGov, 2020[30]). More widely, 27% of young Latin Americans (aged 13-29) reported feeling anxiety and 15% depression in the previous seven days, during the first months of the pandemic (UNICEF, 2020[31]). Lockdown measures are likely to have increased people's loneliness, substance abuse and self-harm (WHO, 2020[32]). It is therefore vital to include mental health and psychosocial support in national response plans to the pandemic. In a survey carried out across 29 countries of the Americas (27 of which belong to Latin America and the Caribbean) with designated respondents, 93% of countries reported that such support systems were indeed included in their response plans, yet only 7% (2 countries) ensured full funding for them in their government budget, while another 31% (9 countries) reported having no funding for mental health activities (PAHO, 2020[33]). One country that has taken action in the region is Chile: in 2018, it allocated the lowest share of health spending to mental health amongst all OECD countries, at 2.1% of government health spending, and it announced in February 2021 that the budget for mental health would increase by 310% compared to the previous budget (Ministerio de Salud, 2021[34]; OECD, 2021[35]). Moving forward, it will be crucial to understand how well countries are delivering the services and policies that matter for achieving good mental health outcomes, as measured in the OECD Mental Health System Performance Benchmark, for instance (OECD, 2021[35]).

Finally, Gallup World Poll data from 2020 show that during the first year of the COVID-19 pandemic, satisfaction with health care was impacted in different ways across the focal group, compared to 2019. On average, the level of satisfaction remained relatively stable at 48% (Figure 3.9). Nonetheless, a handful of countries recorded clear decreases in the share of people satisfied with the availability of quality health care in the city or area where they live: some of the largest declines were recorded in Brazil (-6 percentage points), the Dominican Republic (-8), Paraguay (-10) and Peru (-14). Conversely, the share increased in Argentina (by 4 percentage points), Colombia (+5 points), Costa Rica (+8 points) and Chile (+12 points). Overall, these trends have widened the disparities among focal group countries, as levels of satisfaction with health care are now almost three times higher in Costa Rica (71%) than in Peru (25%). Further analysis of satisfaction with health care in the region following the pandemic will be provided in (OECD, forthcoming[36]).

Figure 3.9. Between 2019 and 2020, changes in people's satisfaction with the availability of quality health care varied considerably among focal group countries

Share of people who were satisfied with the availability of quality health care in the city or area where they live, percentage, 2019 and 2020



Note: Among countries in the focal group, the mode of data collection changed between 2019 and 2020 (moving from face-to-face to phone-based interviews). As a result, certain countries may have modified the respondent pool in ways that cannot all be adjusted for via weighting techniques (Srinivasan and Clifton, 2020[37]; Helliwell et al., 2021[38]). More than 500 observations are available for all countries. Data collection dates for 2020 are as follows: Sep 7 – Nov 20, 2020 in Argentina; Sep 10 – Nov 11, 2020 in Brazil; Sep 11 – Nov 16, 2020 in Chile; Aug 21 – Oct 27, 2020 in Colombia; Sept 15, 2020 – Jan 4, 2021 in Costa Rica; Sep 24 – Oct 23, 2020 in the Dominican Republic; Aug 26 – Oct 23, 2020 in Ecuador; Sep 08 – Nov 18, 2020 in Mexico; Nov 28 - Dec 28, 2020 in Paraguay; Oct 29, 2020 – Jan 6, 2021 in Peru; and Sep 24 – Nov 30, 2020 in Uruguay. Countries are ranked by 2020 levels, in ascending order (left to right). The LAC regional average comprises 16 countries, including the 11 focal countries. OECD 35 excludes the Czech Republic and Luxembourg, as data are not available for both years.
Source: Gallup World Poll (database), https://www.gallup.com/178667/gallup-world-poll-work.aspx

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Issues for statistical development

The frequent and timely publication of data on life expectancy, mortality and co-morbidity is key to gain insight on health trends in a country, but practices vary across Latin America. Both life expectancy and mortality data rely on vital registration systems that are incomplete in many developing countries, with about one-third of countries in Latin America not having recent data. Unregistered deaths are common in Peru and are also high in Colombia and Ecuador (OECD/The World Bank, 2020[4]). Furthermore, although

administrative data on specific conditions such as cancer and diabetes are available, they do not address co-morbidity (different conditions affecting the same individual). This, however, is vital for understanding the prevailing incidence of different diseases across the population and to provide insight on people's health-related quality of life (OECD, 2020[39]).

The measure of life expectancy used in this chapter refers to length of life, regardless of health conditions during those years. Measures of "healthy" life expectancy (also referred to as "disability-free life expectancy" exist but are not yet internationally comparable (except for Europe). Furthermore, although measures of people's functioning (i.e. their capacity to perform daily activities) have been recommended by the Washington Group on Disability Statistics, and international guidance exists, harmonised measures are not available for the region (United Nations, 2005[40]; Washington Group on Disability Statistics, 2016[41]). This area of statistical development is highly relevant for Latin American countries, since previous estimates suggested that approximately 66 million people in the region live with at least one disability (ECLAC, 2013[42]).

Comparable measures of mental health outcomes are globally scarce, including in Latin America. Identifying comparable measures at the population level (as opposed to people diagnosed or treated by medical professionals) remains a challenge. Moreover, the stigma associated with mental health may lead to further difficulties such as under-reporting, which could potentially impact cross-country comparability or the interpretation of changes in prevalence rates over time (OECD, 2020[39]). Data on suicides, such as those reported in Figure 3.5, under-represent the scale of the phenomenon, whilst also failing to account for suicide attempts – which are often much higher. Estimates suggest that for each adult who died by committing suicide globally, there may have been over 20 other attempts (WHO, 2021[43]). Furthermore, self-reports of suicide attempts could also be exposed to considerable under-reporting and comparability issues, arguably even more so than other symptoms of psychological distress.

Finally, in the context of the COVID-19 pandemic, international statistics have been developed at an unprecedented speed. Nonetheless, divergences in reporting mortality statistics (mentioned above) are particularly problematic for assessing the pandemic's health impacts in Latin America. While most countries have published mortality statistics related to COVID-19, death certificates are filled out differently from one country to another, and testing practices for the virus also vary. As a result, certain fatalities may be categorised as being related to the pandemic in some jurisdictions and not in others. What is more, certain patients may have died from the disruption that the pandemic caused to health-care systems, rather than from the virus itself. The international comparability of mortality statistics related to COVID-19 is hindered by the differences in coding and reporting practices, which underscores the importance of other measures, such as high-frequency data on the number of deaths from all causes – from which excess mortality statistics may be derived (Morgan et al., 2020[44]). By comparing overall numbers with the level of expected deaths in a given country based on the same period in previous years, excess mortality statistics can provide an indication of the overall impact of COVID-19. This can be achieved by accounting not only for deaths directly attributed to COVID-19, but also those that may be uncounted or indirectly linked, such as deaths caused by delayed or foregone treatment due to an overloaded health system (Morgan et al., 2020[44]).

Moving forward, leveraging digital solutions and data to better detect, prevent, respond to and recover from the sanitary and economic crises will be a major challenge for the region. It will also be vital to adequately manage the risks of diverting resources to ineffective digital tools, the exacerbation of inequalities and the violation of privacy, both during and after the outbreak (OECD/The World Bank, 2020[4]).

Knowledge and skills

Education and skills bring a wide range of benefits to society, including higher economic growth, stronger social cohesion and less crime (OECD, 2011[45]). At an individual level, receiving a good education is of intrinsic value and responds to the basic need to learn and to adapt to a changing environment. Knowledge and skills have a positive impact on material living conditions, since higher levels of education lead to higher earnings and greater employability, better health status as well as an increased chance of working in an environment with fewer health hazards. People with a higher level of education are also more likely to report higher levels of support from friends and relatives and are more satisfied with their lives overall (OECD, 2017[46]). Finally, education provides individuals both with the knowledge to enjoy some leisure activities such as reading and participating in cultural events, and more importantly with the skills to integrate fully into society, by fostering civic awareness and political participation (OECD, 2011[45]; OECD, 2016[47]).

In Latin America, educational attainment has improved over the past two decades, but several indicators show that the region is lagging in other areas, and that disparities persist both within and between countries. Results from the OECD Programme for International Student Assessment (PISA) are a sign of the progress achieved across all participating focal countries, yet on average, student competencies in the region remain well below those attained in OECD countries. This is also highlighted by a greater share of low achievers in the region (below Level 2), particularly among socio-economically disadvantaged students. Evidence also shows that adults' skills have also improved, as witnessed by the current literacy rate of 95%. Finally, satisfaction with education varies greatly across the Latin American countries included in the focal group, showing improvements in some cases but deteriorations in others.

COVID-19 has disrupted the learning cycle for approximately 154 million students in the region, as most schools remained closed in an effort to contain the pandemic (Basto-Aguirre, Cerutti and Nieto-Parra, 2020[48]; OECD, forthcoming[36]). This risks interrupting the progress in students' skills made in the focal group, whilst widening disparities between countries and exacerbating inequalities within them.

Educational attainment

Increasing educational attainment has been an important goal in OECD and focal countries alike. Upper secondary education is considered today as the minimum qualification level for successful integration in society and labour markets (OECD, 2017[49]). On average, the share of the population aged 25 and above having completed at least upper secondary education is 26 percentage points lower in the focal group of countries (46%) than in the OECD (72%). Across these countries, disparities are wide: in Uruguay, only 30% of the population has attained an upper secondary education, which is roughly half the share attained in Chile (59%) (Figure 3.10, Panel A).

Trends in upper secondary educational attainment have been positive. As a result of strong gains in six countries (where educational attainment since 2000 has increased by 15 percentage points or more), the focal group average has increased by 13 percentage points. Over this period, attainment rates have improved in all focal countries, although some countries are lagging. For instance, both Argentina and Uruguay had approximately the same share of the population aged 25 or above having completed at least an upper secondary education in the first years of the century. However, since then, upper secondary attainment has increased by 23 percentage points in Argentina and fallen by four in Uruguay (Figure 3.10, Panel A).

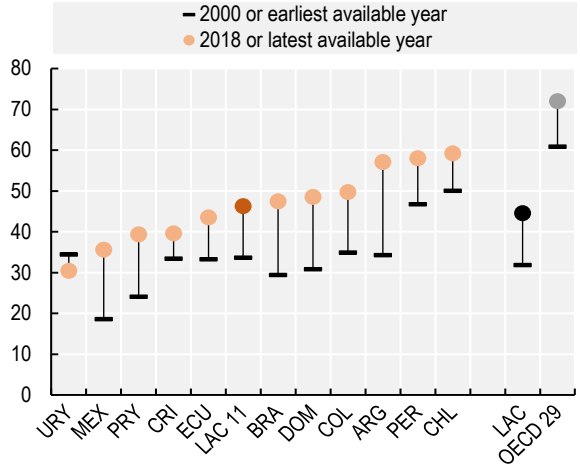
Tertiary education opens up further opportunities to people. For example, in OECD countries, adults with a tertiary degree are 10 percentage points more likely to be employed, and their life expectancy is longer than that of people with a low level of education (8 years longer for men, and 5 years longer for women (Murtin et al., 2017[50]).[9] People with a tertiary degree are also less likely to suffer from depression than their less-educated peers (OECD, 2019[51]). Students who complete university also earn higher salaries

later on in life: in Brazil, Chile, Colombia and Costa Rica, relative earnings for full-time, full-year 25-64 year-old workers with a tertiary education are over twice as high as for those with upper secondary education (against 54% on average in OECD and partner countries) (OECD, 2020[52]).[10]

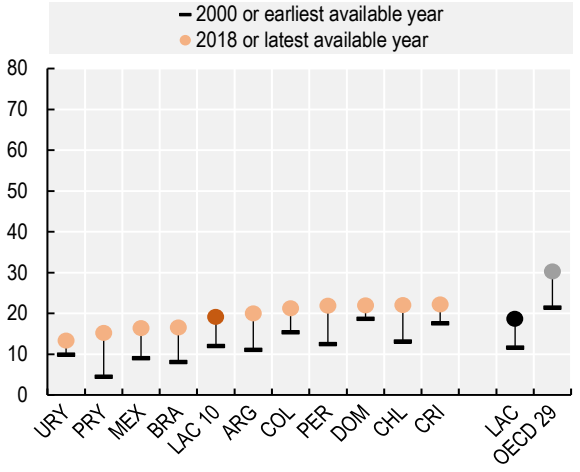
In six focal group countries, approximately 20% of adults aged 25 or above have attained tertiary education, compared to 30% in OECD countries where data are available (Figure 3.10, Panel B). Cross-country disparities are somewhat lower than for upper secondary education, although overall levels are much lower: 9 percentage points separate Uruguay (13%) and Costa Rica (22%). As with trends in upper secondary educational attainment, both the focal group average and the Latin America regional average have experienced large gains in the share of the population having completed tertiary education since 2000, reaching 19% on average (with gains of 7 percentage points for both). Considerable gains were achieved in Paraguay, where the share has risen by 11 percentage points between 2005 and 2018, but the level remains at just 15%.

Figure 3.10. Despite improvements in educational attainment, less than half of adults aged 25 years or above have completed upper secondary education in the focal group of countries

Panel A: Share of population aged 25 or over who completed at least upper secondary education, percentage



Panel B: Share of population aged 25 or over who completed at least the short-cycle of tertiary education, percentage



Note: Labour force surveys are the most common source of data on educational attainment. International sample surveys, such as Demographic and Health Surveys (DHS, http://dhsprogram.com) or Multiple Indicator Cluster Surveys (MICS, http://mics.unicef.org), are another source. These surveys are designed to meet commonly agreed international data needs while also providing data for national policy purposes. Population censuses are another important source of attainment data, but they are carried out less frequently than labour force surveys or other sample surveys, often only once per decade. Data on attainment collected with surveys or censuses are usually mapped to ISCED levels post-enumeration (UIS, 2021[53]). In Panel A, upper secondary education (ISCED 3), is characterised by stronger specialisation than at lower secondary level. Programmes offered are differentiated by orientation, general or vocational, and the typical duration is 3 years (OECD, 2020[54]). The latest available year is 2017 for Chile and Ecuador and 2016 for the Dominican Republic. The earliest available year is 2001 for Argentina; 2003 for Paraguay and Uruguay; 2004 for Brazil, Chile, Colombia and Peru; and 2007 for Costa Rica, the Dominican Republic and Ecuador. The LAC regional average comprises 14 Latin American and Caribbean countries, including the 11 focal countries. In Panel B, short-cycle tertiary education (ISCED 5) is often designed to provide participants with professional knowledge, skills and competencies. Typically, they are practically based, occupation-specific and prepare students to enter the labour market directly. They may also provide a pathway to other tertiary education programmes (ISCED levels 6 or 7). The minimum duration is 2 years (OECD, 2020[54]). In this panel, Ecuador is not included due to a lack of available data. The latest available year is 2017 for Chile and 2016 for the Dominican Republic. The earliest year available is 2001 for Argentina; 2003 for Uruguay; 2004 for Brazil, Chile, Colombia and Peru; 2005 for Paraguay; and 2007 for Costa Rica and the Dominican Republic. The LAC regional average comprises 13 Latin American and Caribbean countries, including the 10 focal countries with available data. OECD 29 excludes Iceland, Israel, Italy, Japan, Korea, Luxembourg, Switzerland and the United Kingdom, due to incomplete time series.
Source: UNESCO, UIS database, http://data.uis.unesco.org/?lang=en&SubSessionId=c135923f-6971-48b9-8d43-e7f5cdfe39ce&themetreeid=-200

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Cognitive skills

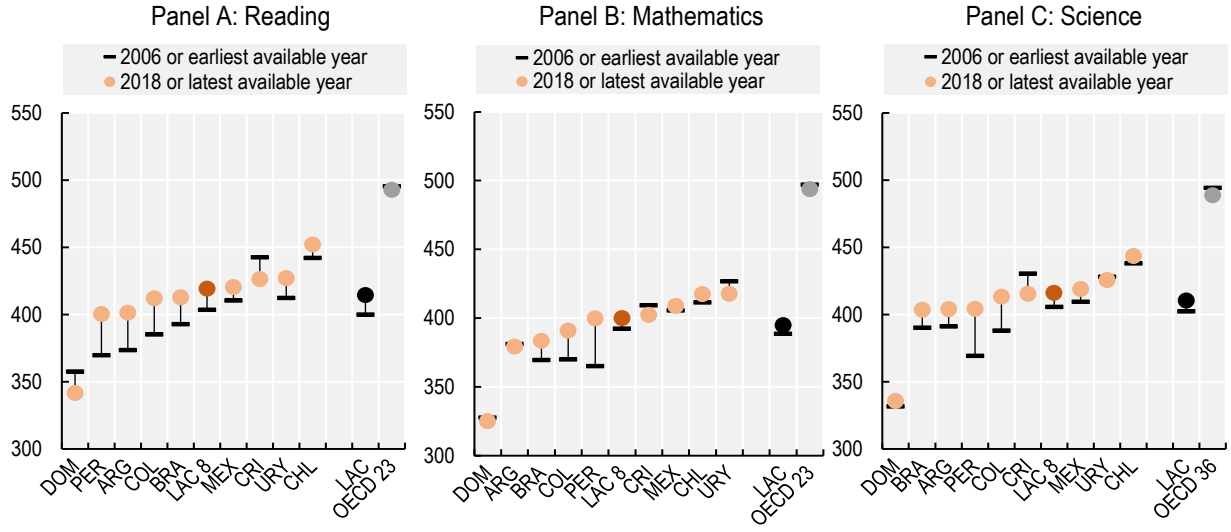
While educational attainment is a measure of the quantity of education received, the quality of the skills acquired during schooling years also has a major impact on people's life chances. The OECD Programme for International Student Assessment (PISA) assesses what students know and can do in reading, mathematics and science towards the end of their compulsory schooling (at age 15). Results have been used to assess the quality of learning outcomes attained by students around the world, as well as how these learning outcomes differ across students with different characteristics. As such, they allow educators as well as policy makers to learn from the policies and practices applied in other countries (OECD, 2019[55]).

Among the eight focal group countries that participated in PISA 2018, 15-year-old students in Chile, Uruguay, Mexico and Costa Rica tended to have the highest cognitive skills scores across the three subjects, while the Dominican Republic, Peru, Argentina, Brazil and Colombia fell below the focal group average (Figure 3.11). Despite overall improvement, 15-year-old students in Latin America are yet to achieve the cognitive skills of OECD countries. Performance gaps are wide, with the Dominican Republic lagging other focal group countries by a significant margin (e.g. PISA scores in Science are almost 25% lower than in Chile, the highest-performing country).

Trends in PISA scores are generally positive across all three subjects among the focal countries (Figure 3.11). On average, the improvement in scores was highest in reading (a 16-point gain) and lowest in mathematics (+8 points). Progress since around 2006 has been greatest in Peru where, on average, 15-year-old students have improved their grades by 31 points in reading, and 35 points in mathematics and in science – but where, nevertheless, grades remain below the LAC 8 average. Students in Brazil and Colombia improved considerably across all three subjects. In Costa Rica, learning outcomes declined over the past two decades, particularly in reading and science – a similar trend was recorded in the Dominican Republic for reading and to a lesser extent in Uruguay for mathematics.[11]

Figure 3.11. In most focal countries, the performance of 15-year-olds in standardised reading, mathematics and science tests has improved

Mean PISA scores



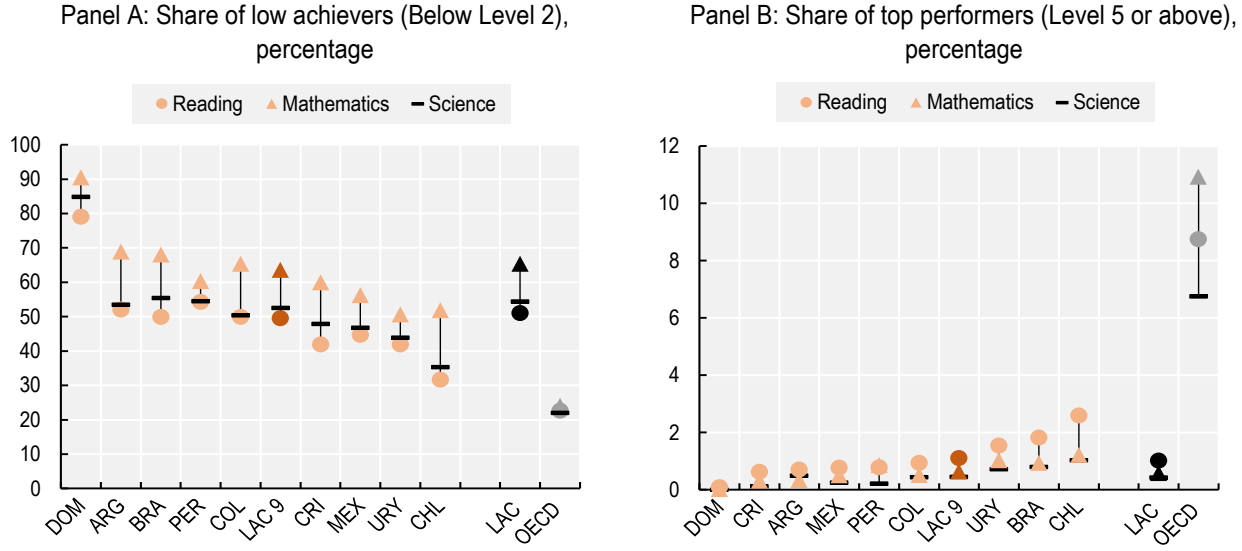
Note: PISA is the OECD's Programme for International Student Assessment. It measures 15-year-olds' ability to use their reading, mathematics and science knowledge and skills to meet real-life challenges. The LAC 8 average excludes Ecuador and Paraguay due to a lack of available data, along with the Dominican Republic, where the latest available data refer to 2015. The LAC regional average comprises 9 countries, including the 8 focal countries with available data. OECD 23 excludes Austria, Chile, Colombia, Estonia, Israel, Lithuania, Luxembourg, the Netherlands, the Slovak Republic, Slovenia, Spain, Turkey, the United Kingdom and the United States and OECD 36 excludes Spain.
Source: OECD (2019), PISA 2018 Results (Volume I): What students know and can do, PISA, OECD Publishing, Paris, https://doi.org/10.1787/5f07c754-en

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Figure 3.12 shows the share of top-performing and low-achieving 15-year-old students in the LAC region.[12] One striking finding is that, in 7 out of the 10 Latin American countries participating in PISA, fewer than 1% of students perform at the highest levels of proficiency (Level 5 or above) in mathematics, reading and science.[13] In Chile, where the share of students attaining Level 5 or above in all three subjects is the highest, this figure was only 3% in reading, 1% in mathematics and 1% in science (compared to 9%, 11% and 7% in the OECD average, respectively) (Figure 3.12, Panel B). In PISA, Level 2 is considered the baseline level of skills required for productive participation in society.[14] Yet within the focal group of countries, on average, 50% of students failed to reach Level 2 in reading, 64% in mathematics and 53% in science (Figure 3.12, Panel A). In the Dominican Republic, at least 8 out of 10 students achieved results below Level 2 across all three subjects. This presents a major challenge for Latin American countries that are transitioning into knowledge-based economies, where people need to innovate, adapt and leverage advanced human capital (OECD/CAF/UN ECLAC, 2016[56]).

Figure 3.12. A large share of Latin American students fail to reach the minimal level of skills required for productive participation in society

Share of low achievers and top performers, PISA 2018, percentage



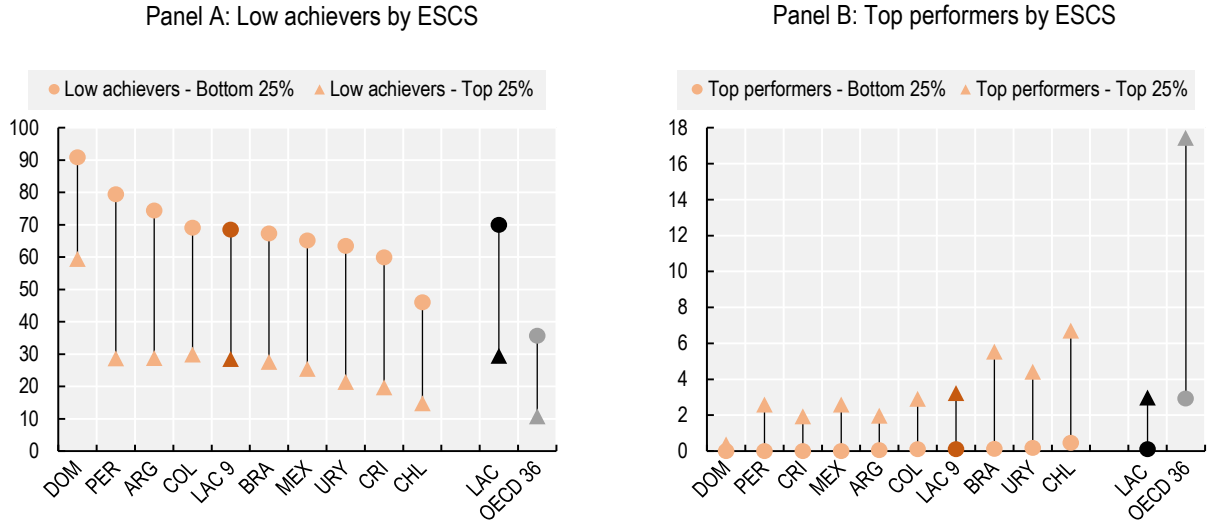
Note: The LAC 9 average excludes Ecuador and Paraguay, which did not participate in the PISA study. Spain is excluded from the OECD average for Reading, due to a lack of comparable data. The LAC regional average comprises 10 countries, including the 9 focal countries with available data.
Source: OECD (2019), PISA 2018 Results (Volume I): What students know and can do, PISA, OECD Publishing, Paris, https://doi.org/10.1787/5f07c754-en

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Deep socio-economic inequalities stand out when comparing students' proficiency by socio-economic status. PISA data can be disaggregated based on the Index of Economic, Social and Cultural Status (ESCS) – with the top quarter of ESCS scores representing the most advantaged students, and the bottom quarter the least advantaged. This index is a composite score built by the indicators parental education, highest parental occupation, and home possessions including books in the home (OECD, 2017[57]). Differences in students' achievement are particularly pronounced when considering the highest levels of proficiency (Figure 3.13). In 8 out of 9 countries of the focal group with available data, fewer than 0.5% of disadvantaged students were top performers in reading, with the exception of only Chile, which nevertheless remained six times lower than the OECD average (Figure 3.13, Panel B). On average for the focal group of countries, the share of students reaching Level 5 in reading was over 30 times higher for the most advantaged students compared to the least affluent ones, whereas in the OECD the share was six times higher. Similarly, the share of low achievers amongst disadvantaged students was more than twice as high as among advantaged students, on average in focal countries (68% against 28% respectively), whereas in the OECD it was more than three times higher (36% against 11%) (Figure 3.13, Panel A).

Figure 3.13. On average in the focal group, disadvantaged students are over twice as likely to be low achievers in reading as their advantaged peers, and 30 times less likely to be top performers

Low and top performance in reading, by students' socio-economic status, PISA 2018, percentage



Note: ESCS refers to the PISA index of economic, social and cultural status. It is derived from several variables related to students' family background: parents' education, parents' occupations, a number of home possessions that can be taken as proxies for material wealth, and the number of books and other educational resources available in the home (OECD, 2016[58]). "Top performers" have attained level 5 or above, whereas "low achievers" have attained a reading score below Level 2. The LAC 9 average excludes Ecuador and Paraguay, which did not participate in the PISA study. The LAC regional average comprises 10 countries, including the 9 focal countries with available data. Spain is excluded from the OECD average in both panels due to a lack of comparable data.

Source: OECD (2019), *PISA 2018 Results (Volume II): Where All Students Can Succeed*, PISA, OECD Publishing, Paris, https://doi.org/10.1787/b5fd1b8f-en

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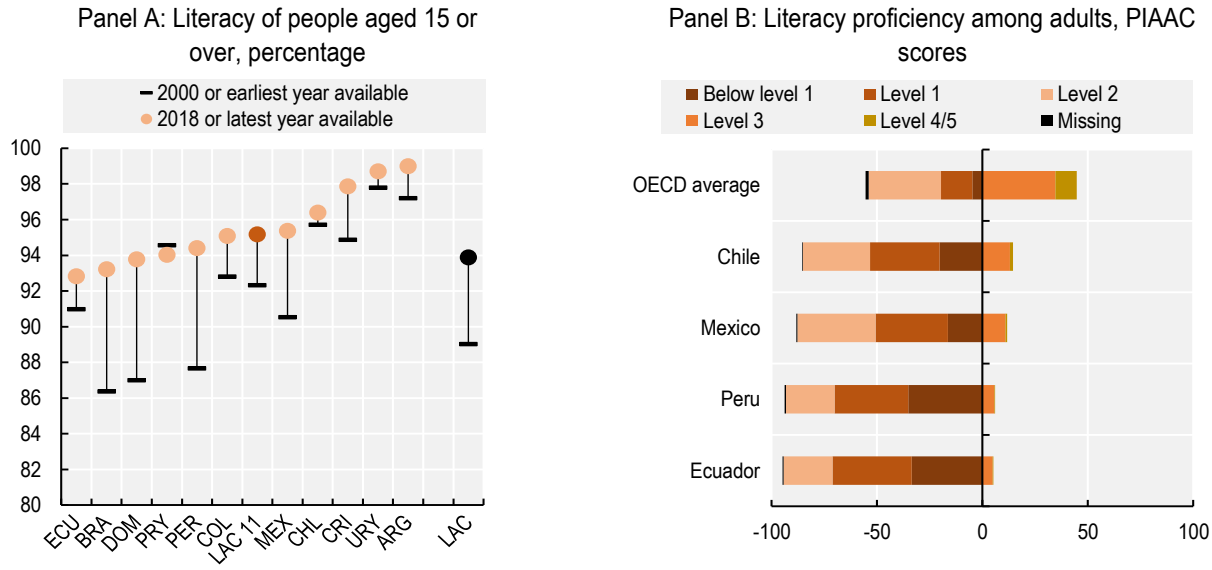
Schooling is just one element in individuals' development of cognitive skills (Hanushek, 2015[59]). Across and within countries, individuals having attained similar levels of education have different levels of skills once they reach adult age. What's more, acquiring skills does not depend only on having obtained a certain certificate or diploma but also on other factors, such as the quality of educational systems, socio-economic contexts, networks, families and various life experiences (OECD/CAF/UN ECLAC, 2016[56]). The availability of cognitive skill measures allows to draw a clearer picture of what adults have learned to do throughout their schooling years in Latin America.

There are two different ways of assessing cognitive skills among adults. The first is through the literacy rate, defined as the percentage of people aged 15 or above who can both read and write a short simple statement about their everyday life.[15] It is measured by national census and household surveys and is generally considered as an outcome indicator to evaluate educational attainment. It is also used as a proxy to evaluate the effectiveness of education systems: a high literacy rate suggests that the education system has provided a large share of the population with basic literacy skills (World Bank, 2020[60]).

Based on this measure, close to 95% of the adult population in focus group countries was literate, a slightly higher share than in the Latin American region as a whole, on average (Figure 3.14, Panel A). The literacy rate reached 99% in Argentina in 2018, and 93% in Ecuador (in 2017). Across all countries, the trend since 2000 has been mostly positive. In Brazil, Costa Rica, the Dominican Republic, Mexico and Peru, the literacy rate increased by 3 percentage points or more, enabling them to catch up with other focal group countries.

The OECD Programme for the International Assessment of Adult Competencies (PIAAC) offers a more fine-grained assessment of adults' knowledge and skills, covering people aged 16 to 65. A central part of this programme is the Survey of Adult Skills, which offers a graded assessment of literacy, numeracy and problem-solving. The PIAAC *literacy* proficiency scale is divided into six levels and addresses people's ability to understand, evaluate, use and engage with written texts (i.e. it does not consider the comprehension or production of spoken language or writing skills). Tasks below Level 1 (corresponding to a score below 176 points) require being able to read a short text on familiar topics and locate single pieces of concrete information within those texts (OECD, 2016[61]). Level 5 (reflecting a score equal to or higher than 376 points out of 500) (OECD, 2019[62]) requires being able to integrate information across multiple, dense texts, construct syntheses of similar and contrasting ideas, or assess evidence-based arguments (OECD, 2013[63]). Among the four focal group countries that participated in Rounds 2 and 3 of PIAAC (conducted in 2014-15 and in 2017), fewer than one in eight adults performed at Level 3 or higher in Ecuador (5%), Mexico (12%) and Peru (6%). In these three last countries, more than half of the population scored at levels 1 or below: 71% in Ecuador, 51% in Mexico and 70% in Peru. Chile also registered a relatively high proportion of low-performing adults (53%). By contrast, almost half of all adults (45%) scored at the three highest levels (Level 3, 4 or 5) in the OECD on average (Figure 3.14, Panel B).

Figure 3.14. The adult literacy rate has improved across most countries since 2000

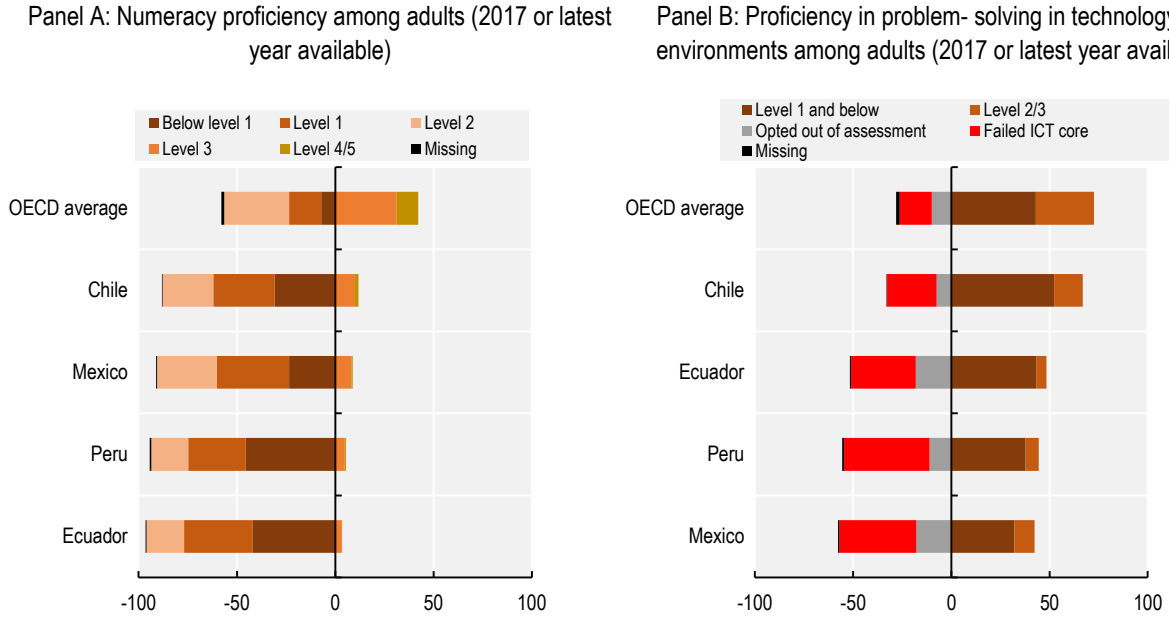


Note: In Panel A, the LAC regional average is calculated by ECLAC. In Panel B, data refer to 2014-15 for Chile, and 2017 for Ecuador, Mexico and Chile. Adults in the missing category were not able to provide enough background information to impute proficiency scores because of language difficulties or learning or mental disabilities (referred to as literacy-related non-response). Countries and economies are ranked in descending order of the combined percentages of adults scoring at Level 3 and at Level 4/5.

Source: CEPALSTAT, https://cepalstat-prod.cepal.org/cepalstat/tabulador/ConsultaIntegrada.asp?idIndicador=2236&idioma=i (Panel A) and Survey of Adult Skills (PIAAC) (2012, 2015, 2018), https://www.oecd.org/skills/piaac/ (Panel B)

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Figure 3.15. In Latin American countries where data exist, adults' proficiency levels in numeracy and problem-solving in technology-rich environments remain low



Note: In both panels, data refer to 2014-15 for Chile, and 2017 for Ecuador, Mexico and Chile. Adults in the missing category were not able to provide enough background information to impute proficiency scores because of language difficulties or learning or mental disabilities (referred to as literacy-related non-response). In Panel B, the missing category also includes adults who could not complete the assessment of problem-solving in technology-rich environments because of technical problems with the computer used for the survey. The "Failed ICT core" category includes those who had no computer experience (OECD, 2019[62]).
Source: The Survey of Adult Skills (PIAAC) (2012, 2015, 2018), https://www.oecd.org/skills/piaac/

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The Survey of Adult Skills defines *numeracy* as the ability to access, use, interpret and communicate mathematical information and ideas in order to engage in and manage the mathematical demands of a range of situations in adult life (OECD, 2019[62]).[16] Figure 3.15, Panel A shows the percentage of adults who scored at each of the six proficiency levels on the numeracy scale in the four focal group countries with available data. In Mexico, the share of adults scoring below Level 1 (23%) is over 3 times higher than in the OECD average (7%), while in Ecuador and Peru this share is at least 6 times higher (at 42% and 46%, respectively). In Chile, although the share of the population scoring below Level 1 is also high (31%), the share of adults reaching levels 3 (10%) and 4/5 (2%) is above that of the three other Latin American countries participating in PIAAC. Nonetheless, when compared to the OECD average (31% for Level 3, and 11% for Level 4/5) these levels remain relatively low.

Today, the capacity to solve problems in technology-rich environments – i.e. to access, evaluate, analyse and communicate information – is crucial. Information and communication technology (ICT) applications have become a common feature in most workplaces, but also in education and everyday life (OECD, 2013[63]). In the Survey of Adult Skills, the scale of problem-solving in technology-rich environments is divided into four levels of proficiency (Levels 1 to 3, as well as below Level 1). Across participating OECD countries, roughly one-third of adults (30%) are proficient at the two highest levels (Level 2 or Level 3), demonstrating the capacity to use both generic and more specific technology applications. However, only one in ten adults or less managed to achieve these levels in Ecuador (5%), Peru (7%) and Mexico (10%), compared to 15% in Chile (Figure 3.15, Panel B).

Although relatively few adults in the focal countries perform at Level 1 or below for problem-solving in technology-rich environments, many are unable to display any proficiency at all. In all the countries participating in the PIAAC assessment, a considerable proportion of adults were unable to display their abilities in problem-solving in technology-rich environments, since they took the assessment in the paper-based format (OECD, 2016[47]). Among the countries of the focal group with available data, particularly large shares of adults opted out of the computer-based assessment in Ecuador and Mexico (approximately 18%), compared to Peru (11%). Furthermore, Ecuador (33%), Mexico (39%) and Peru (44%) stand out as countries where a very large proportion of the adult population have no prior computer experience or very poor ICT skills, particularly compared to the OECD average (16%) (Figure 3.15, Panel B). This means that they failed the "ICT core" test and thus did not have the basic computer skills needed for the computer-based assessment. As a result, smaller shares of adults may be scoring at Level 1 and below in countries such as Peru and Mexico, because these countries registered larger proportions of adults who were unable to display sufficient proficiency in problem-solving to have scored at even the lowest levels (OECD, 2019[62]; OECD, forthcoming[36]).

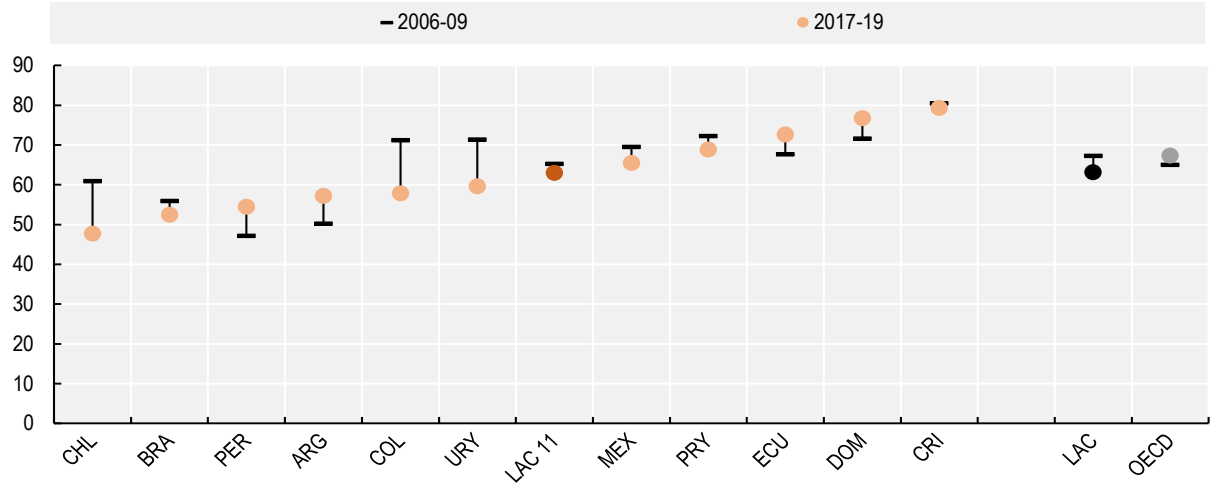
Satisfaction with the education system

While people learn in a variety of settings, the educational system is the main vehicle through which communities attend to the learning needs of their students. Both the public and private sectors have invested significant amounts of resources in the educational system, with various features of this system (ranging from costs to location, accessibility and quality of teaching) shaping people's satisfaction with the services delivered.

The Gallup World Poll collects data on the share of people who are satisfied with the education system in the city or area where they live. This measure remained relatively stable between 2006-09 and 2017-19 in the focal group countries, at around 63% on average (Figure 3.16). However, this average hides significant cross-country differences, as well as diverging trends. For example, in 2017-19, satisfaction with educational services had increased by 5 percentage points or more in Ecuador, the Dominican Republic (by 5 percentage points), Argentina and Peru (7 points) since 2006-09, while dropping by more than 10 points in Uruguay (-11 points), Colombia and Chile (-13 points). The decrease in Chile meant that less than half of the population were satisfied with the educational system in 2017-19, widening the gap with countries such as Costa Rica, where approximately eight out of 10 people were satisfied in 2006-09 and 2017-2019 alike.

Figure 3.16. The share of people satisfied with the educational system varies across focal group countries, with diverging trends

Share of people satisfied with the educational system or the schools in the city or area where they live, percentage



Note: Data refer to the share of people who responded favourably to the question: "In the city or area where you live, are you satisfied or dissatisfied with the educational system or the schools?". The LAC regional average comprises 21 Latin American and Caribbean countries, including the 11 focal countries.
Source: Gallup World Poll (database), https://www.gallup.com/analytics/232838/world-poll.aspx

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Impact of COVID-19

The COVID crisis will have a profoundly negative impact on education. According to data from the United Nations Educational, Scientific and Cultural Organization (UNESCO), by mid-May 2020, more than 160 million students at all levels of education had stopped having face-to-face classes in Latin America and the Caribbean. The total duration of school closures in the focal group of countries was generally over 41 weeks, with the exception of Uruguay where it was 31-40 weeks (UNESCO, 2021[64]). Early estimates suggest that, worldwide, COVID-19 could result in a loss of 0.6 years of schooling, adjusted for quality, which would bring down the effective years of basic schooling achieved by students from 7.9 to 7.3 years. For today's cohort in primary and secondary education, this could also mean facing a reduction in yearly earnings of $872 at present value (World Bank, 2020[65]). Latin American universities face a challenging environment as well, with 84% of them expecting reduced enrolment, of which half expect declines by 10%-25% (Hershberg, Flinn-Palcic and Kambhu, 2020[66]). Being out of school and losing family livelihoods

due to the pandemic may leave girls particularly vulnerable (due to an increased burden of care work and/or increased likelihood of teenage pregnancies linked to abuse), whilst exacerbating exclusion and deprivation, especially for persons with disabilities or members of other marginalised groups (World Bank, 2020[65]).

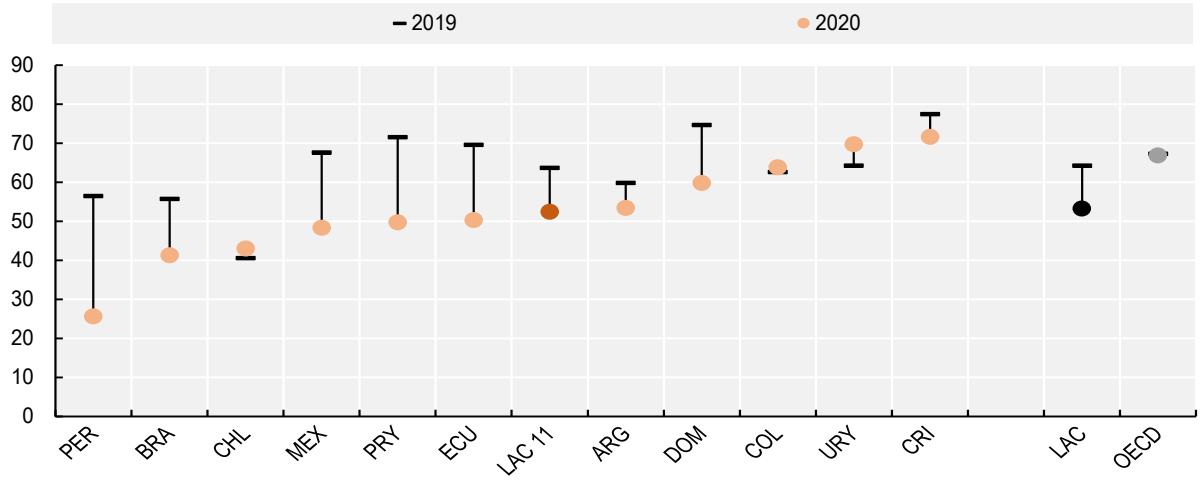
Most countries in the focal group moved to use education technology in order to deliver remote-learning solutions, but many students and schools were not sufficiently prepared for the transition, thereby amplifying socio-economic gaps in education (Gropello, 2020[67]; OECD et al., 2020[20]). While online education can help alleviate the immediate impacts of school closures, only 34% of students in primary, 41% in secondary and 68% in tertiary education in Latin America have access to an Internet-connected computer at home. The transition to online study has excluded many students from poorer households: fewer than 14% of poor students (those living with less than USD 5.5 per day, PPP 2011) in primary education have a computer connected to the Internet at home, in contrast to over 80% of affluent students (i.e. those living with more than USD 70 per day) (Basto-Aguirre, Cerutti and Nieto-Parra, 2020[48]). Furthermore, technological tools are only as effective as their use: on average, 58% of 15-year-olds in the region attended schools whose principals considered that teachers had the necessary technical and pedagogical skills to integrate digital devices into the curricula (OECD et al., 2020[20]). Students from poorer socio-economic backgrounds therefore risk bearing particularly long-lasting consequences in terms of learning outcomes and job opportunities, because they lack the resources and support to transition to distance learning (both in school and at home) (Basto-Aguirre, Cerutti and Nieto-Parra, 2020[48]; OECD et al., 2020[20]).

The experience of Chile further underlines how face-to-face learning is difficult to replace, despite efforts to facilitate distance learning during the pandemic: when considering effectiveness and coverage indicators, distance education in the country offset only between 30% and 12% of learning losses linked to school closings, and effectiveness decreased to 6% in public schools, affecting mostly disadvantaged students (Ministerio de Educación, Centro de Estudios, 2020[68]). Furthermore, beyond the impact on learning outcomes, students' social relationships can be harmed due to isolation (Loades et al., 2020[69]), and many may also miss out on school meals, which in some cases are a lifeline (WFP, 2020[70]).

Data from the Gallup World Poll show a clear drop in the share of people satisfied with the educational system in 2020, compared to 2019. The year-on-year drop of 11 percentage points left the average level among countries in the focal group at 52% in 2020 (Figure 3.17). Falls were limited in Uruguay, Costa Rica and Argentina (-6 percentage points.), while exceeding 10 points in six other countries: Brazil (-14 percentage points), the Dominican Republic (-15), Ecuador (-19), Mexico (-19), Paraguay (-22) and Peru (-31). As a result, in Ecuador, Paraguay, Mexico and Brazil, barely one in two people declare themselves satisfied with the educational system or the schools in the city or area where they live, and only one in four people in Peru (26%). On the other hand, this share increased by 6 percentage points in Uruguay, reaching 70% in 2020.

Figure 3.17. Overall, satisfaction with education dropped across the focal group in 2020 compared to 2019 levels

Share of people who are satisfied with the educational system or the schools in the city or area where they live, percentage



Note: In all the countries of the focal group, the mode of data collection changed between 2019 and 2020 (moving from face-to-face interviews to phone-based interviews). As a result, certain countries may have modified the respondent pool in ways that cannot all be adjusted for via weighting techniques (Srinivasan and Clifton, 2020[37]; Helliwell et al., 2021[38]). More than 500 observations are available for all countries. Data collection dates for 2020 are as follows: Sep 7 – Nov 20, 2020 in Argentina; Sep 10 – Nov 11, 2020 in Brazil; Sep 11 – Nov 16, 2020 in Chile; Aug 21 – Oct 27, 2020 in Colombia; Sept 15, 2020 – Jan 4, 2021 in Costa Rica; Sep 24 – Oct 23, 2020 in the Dominican Republic; Aug 26 – Oct 23, 2020 in Ecuador; Sep 08 – Nov 18, 2020 in Mexico; Nov 28 - Dec 28, 2020 in Paraguay; Oct 29, 2020 – Jan 6, 2021 in Peru; and Sep 24 – Nov 30, 2020 in Uruguay. Countries are ranked by 2020 levels, in ascending order (left to right). The LAC regional average comprises 16 countries, including the 11 focal countries.
Source: Gallup World Poll (database), https://www.gallup.com/178667/gallup-world-poll-work.aspx

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Issues for statistical development

Overall, in Latin America and the Caribbean, there is a lack of country-level comparable data on individual skills, with relatively little comparative evidence on literacy, numeracy, problem-solving and technical skills. Information is also lacking on what types of higher-level technical and professional skills businesses in the region require both now and in future (OECD/CAF/UN ECLAC, 2016[56]). Much like the rest of the world, in the context of the digital transformation most Latin Americans will need to be equipped with access to the Internet and ICT problem-solving skills – on top of solid reading, numeracy and general problem-solving skills – in order to be able to benefit from digital technologies in their daily life and in the workplace. Moreover, the increasing importance of digital skills means that inequalities in Internet access and ICT skills have the potential to worsen existing inequalities in well-being (OECD, 2019[71]). While access to the Internet is addressed in the previous chapter, metrics on ICT skills (drawn from international studies such as PIAAC) are currently available only for a small subset of countries in the region.

An important priority for future statistical work is therefore to assess additional aspects of people's knowledge and skills, once the measurement of the core "building blocks" (reading, mathematics, sciences and digital skills) has been consolidated. For instance, non-cognitive abilities, such as social and emotional skills – including resourcefulness, perseverance, adaptability and team-working – can also be considered as essential competencies. The OECD Study on Social and Emotional Skills (SSES), which aims to capture non-cognitive abilities in childhood and adolescence, shows that valid, reliable, comparable information on

social and emotional skills can be produced across diverse populations and settings. Bogota and Manizales (Colombia) are among the ten cities for which data should soon be available (2023) (OECD, 2020[72]). A new module on socio-emotional skills has also been included in the latest round of PIAAC (2018), aiming to provide insights on individual attributes, behaviours and beliefs such as conscientiousness, open-mindedness and relationships with others (OECD, 2021[73]).

An ideal set of indicators for knowledge and skills would also address the challenge that drop-out rates represent in terms of school performance, both at primary and secondary levels, in Latin America. Generally, the "road to disengagement" from school begins during childhood, either at home or at school (Lessard et al., 2008[74]). For those who complete their primary education, students often have the illusion of faring relatively well. However, once they enter lower secondary school, they may experience learning difficulties, and the rigour expected of them can lead to disengagement, impeding the learning process (Bautier, 2003[75]; Blaya, Catherine; Hayden, Carol, 2003[76]). Young adults who have left secondary school without attaining a formal qualification are at high risk of poor employment, suffer worse health conditions and are over-represented among those committing crimes (Belfield and Levin, 2007[77]; Lochner, 2011[78]; Machin, Marie and Vujić, 2011[79]). The cumulative drop-out rates to the last grade of primary and to the last grade of lower secondary were available on the UNESCO Institute for Statistics (UIS) database for a majority of focal group countries up until September 2020, when the indicators were discontinued, in order to produce a smaller number of core indicators based on the SDGs.[17] Other indicators produced by the UIS may help in capturing certain elements such as the completion rates (primary education, lower secondary education, upper secondary education) or the survival rate to the last grade of primary education, from which the cumulative drop-out rate to last grade of primary education can be derived.[18]

Safety

Personal security or freedom from harm is a key component of people's well-being. The range of threats to people's lives is vast, from political and ethnic conflicts to environmental hazards, industrial accidents and terrorism. However, one of the more common threats to personal security in emerging and developed countries alike is crime. This includes a large number of criminal offences, such as crimes against property (e.g. car theft, burglary in one's own home), contact crimes (e.g. assault, mugging), non-conventional crimes (e.g. consumer fraud, corruption) and murders. However, according to the International Classification of Crime for Statistical Purposes (ICCS): "the vast disparity in approaches and sources used in the establishment of criminal laws by different countries makes it impossible to create a consistent and comprehensive definition of crime" (UNODC, 2016[80]). Therefore, the concept must be delimited for the sake of cross-country comparison and analysis.

Addressing high levels of criminal violence is a top priority for many countries in Latin America and the Caribbean. According to the most recent Latinobarometro survey (2018), crime and public security were the top concern for 21% of citizens in the focal group of countries – more so than unemployment, the economy or corruption (Latinobarometro, 2020[81]). The homicide rate for the focal countries (13 per 100 000 population) is six times higher than the OECD average (3 per 100 000), and the share of people who feel safe when walking alone at night (44%) is very low compared with the OECD average (72%). Among the countries with the highest homicides rates worldwide, 17 of the top 20, and 40 of the top 50, are in Latin America (Muggah, 2018[82]). Although the data show some progress over the past decade, much remains to be done to meet people's expectations and international commitments. Overall, both objective and subjective measures of safety in this report point to very high levels of insecurity that have not always improved for all countries. High urbanisation in the region also contributes to some of these trends, as crime rates tend to be higher in urban and peri-urban areas (Muggah and Szabó, 2016[83]).

Cartel and gang-related violence is a significant contributor to high violence rates in Latin America, although the manifestations and drivers of gang activity differ from country to country, and comparable evidence on the subject is scarce (Dammert, 2017[84]). One clear, yet indirect, measure of the extent of gang violence is the greater incidence of homicides among young men, as the vast majority of participants in and victims of gang violence tend to be adolescent and young adult males (Chioda, 2017[85]). The impact of this violence is felt across society, however, not only through the loss of life experienced by affected families and communities, but also through a heightened awareness and fear of violent crime. For example, one in three people in Mexico and Argentina, and one in ten in Chile, report being frequently aware of shootings in their area of residence (UNODC, 2020[86]).

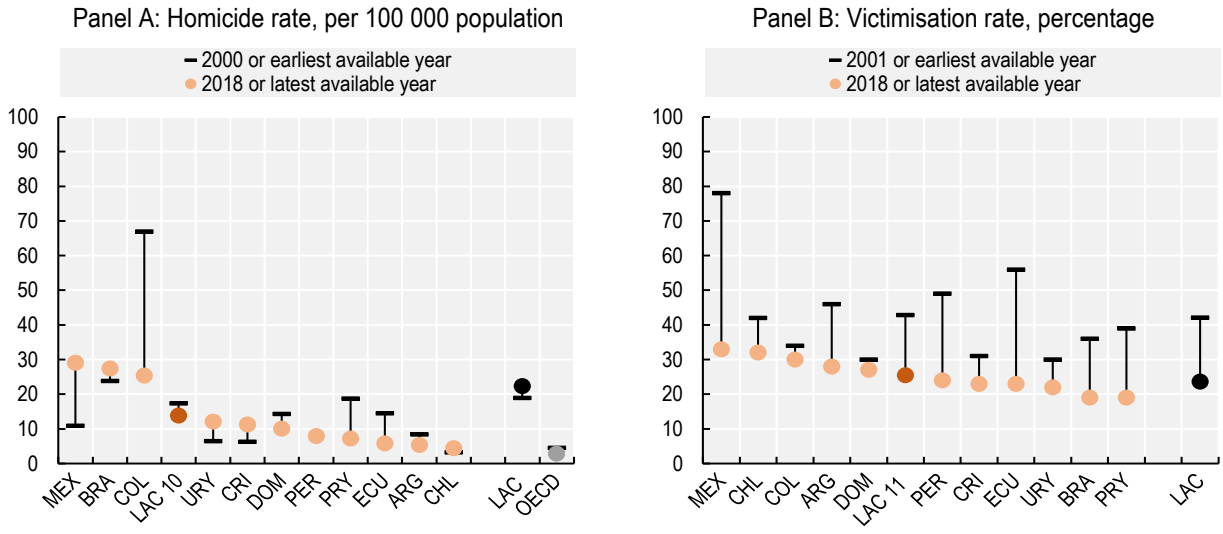
Threats to safety can also come from within the home or family, particularly for women and children. In almost every Latin American and Caribbean country with nationally representative survey data, more than 40% of children experienced violence in the past month, and this is usually higher for boys (Lenzer, 2017[87]). In contrast, women and girls are much more likely to experience physical, sexual or psychological abuse (OECD, forthcoming[36]). The World Health Organization (WHO) estimates that 30% of women in the Americas have experienced physical and/or sexual violence by a partner, while 11% have experienced sexual violence by a non-partner (WHO, 2013[88]). Further data on this issue are presented in Chapter 5 of this report.

The COVID-19 pandemic changed the nature of crime risks that people face on a daily basis, whilst further increasing the economic hardship that contributes to high crime rates in the region (Crisis Group Latin America, 2020[89]; UN, 2020[21]; UNODC, 2020[90]). Although the extended lockdowns made some types of crime less likely (e.g. property crime), early evidence from focal group countries shows that in certain regions violence continued as usual or even increased. Restrictive measures taken by governments to contain the coronavirus also provided criminal organisations with a window of opportunity to solidify their power, competing with governments to gain the support of local populations by providing essential services to hard-to-reach groups (Asmann, 2020[91]; Felbab-Brown, 2020[92]; Rivard Piché, 2020[93]). In the context of lockdowns due to the pandemic, criminality online has soared (Austin, 2020[94]), along with the risk of domestic violence and abuse (Statista, 2020[95]).

Homicides and victimisation

The homicide rate in the focal group of countries (14 per 100 000 population) is almost five times higher than in the OECD on average (3 per 100 000 population), yet lower than the wider regional average (22 per 100 000 population) (Figure 3.18, Panel A). In a majority of the focal group, the homicide rate is 10 per 100 000 population or below, yet it is more than twice as high in Mexico (29), Brazil (27) and Colombia (25), while it is much lower, and not far from the OECD average, in Chile (4 per 100 000 population). Although the homicide rate has fallen by four points on average in the focal group of countries since 2000, trends widely differ across countries, with a drastic decrease in Colombia (-42 points), considerable falls in Paraguay (-12 points) and Ecuador (-9 points), and substantial rises in Mexico (+18 points), Peru (+8 points) and Uruguay (+6 points).

Figure 3.18. Trends in homicide rates vary across the focal group of countries, but the rate of self-reported victimisation fell in every country



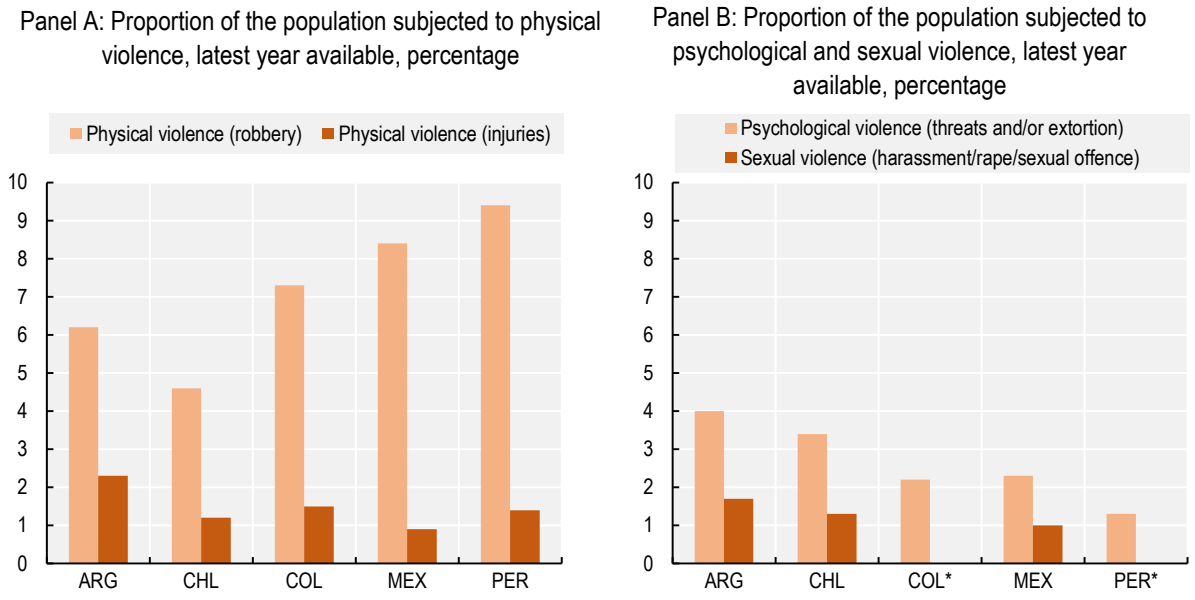
Note: In Panel A, the earliest available year is 2001 for Argentina and 2003 for Chile. For Peru, no data were available before 2011 and so the earliest year for Peru has not been included in the chart. The latest available year is 2017 for Peru. Due to incomplete data, Peru is excluded from the focal group and LAC regional averages. The LAC regional average comprises 19 Latin American and Caribbean countries, including the 10 focal countries with available data. In Panel B, the data show the share of individuals who answered "yes" to the question: "Have you (or a member of your family) been assaulted, attacked or a victim of crime in the previous 12 months?" The LAC regional average comprises 18 Latin American and Caribbean countries, including the 11 focal countries.
Source: UNODC, https://dataunodc.un.org/GSH_app (Panel A) and ECLAC data based on special tabulations of the Latinobarometro Corporation Survey (Panel B)

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Homicides represent only a fraction of the security risks faced by people, and self-reported victimisation rates indicate the prevalence of other criminal threats to safety. One measure of victimisation, drawn from the Latinobarometro survey, considers the share of individuals who answered "yes" to the question: "Have you (or a member of your family) been assaulted, attacked or a victim of crime in the previous 12 months?". Based on this measure (Figure 3.18, Panel B), Mexico, Chile and Colombia are among the countries with higher victimisation rates in the region, ranging from 33% in Mexico to 19% in Paraguay. The victimisation rate in the focal countries has fallen from 43% in 2001 to 25% in 2018 on average, with high volatility in most countries. Self-reported victimisation was already low in the Dominican Republic in 2004, and since then it has decreased by 3 percentage points. Conversely, it is highest in Mexico (closely followed by Chile), where it has however more than halved in the space of seventeen years.

Detailed and comparable data on specific types of crime are not systematically available in the region, although some national victimisation surveys provide insightful information. The most common form of violence in focal group countries where data are available is robbery, affecting almost one in ten people in Peru (9.4%) and Mexico (8.4%). Physical violence linked to injuries is most common in Argentina (2.3%), which also features the highest levels of psychological (4%) and sexual violence (1.7%) (Figure 3.19).

Figure 3.19. In focal countries where data are available, robberies are the most common form of violence



Note: Data refer to respondents' answers regarding the previous 12 months. In Colombia and Peru (*), no data are available on the share of the population who were subject to sexual violence.
Source: Data collected by UNODC from the following crime victimisation surveys: Argentina (2017), INDEC Encuesta Nacional de Victimización 2017 (ENV); Colombia (2018), DANE Encuesta de Convivencia y Seguridad Ciudadana 2019 (ECSC); Chile (2017), INE Encuesta Nacional Urbana de Seguridad Ciudadana 2018 (ENUSC); Mexico (2018), INEGI Encuesta Nacional de Victimización y Percepción sobre Seguridad Pública 2019 (ENVIPE); Peru (2017), INEI Encuesta Nacional Especializada sobre Victimización 2018 (ENEVIC).

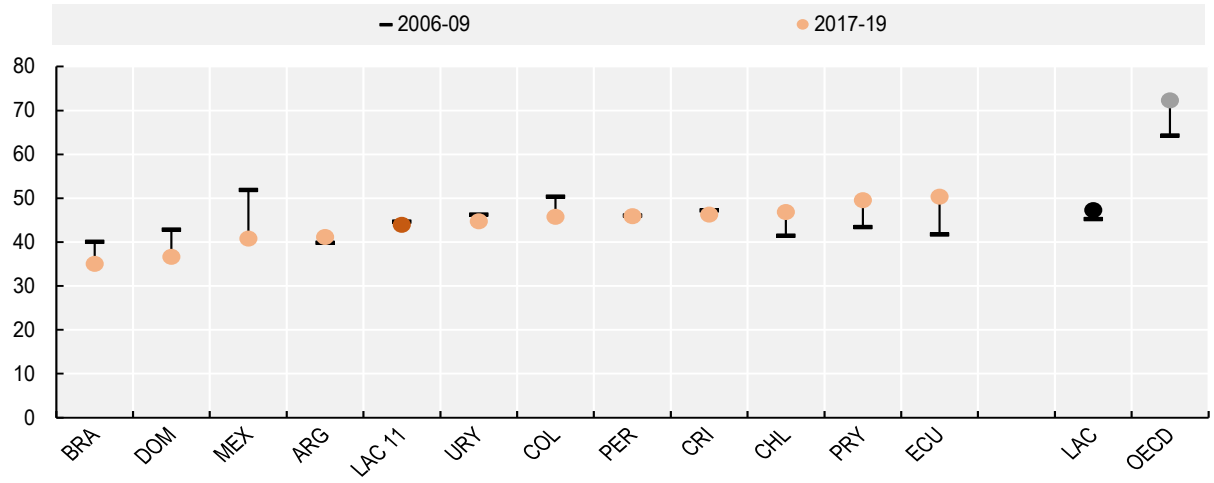
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Perceived safety

In addition to the risk of crime and violence, people's perceptions about their own safety may have large impacts on people's well-being through increased concern and anxiety (OECD, 2015[96]). In 2017-19, the share of people who said they felt safe when walking alone at night among the focal group of countries (44% on average) was relatively low when compared to the OECD (72%) (Figure 3.20). Prior to the COVID-19 pandemic, the latest data available showed that Ecuador and Paraguay were the only countries of the focal group where half of the population declared to feel safe walking alone at night (50%), 15 percentage points higher than in the lowest-performing country, Brazil (35%). The share of people feeling safe when walking alone at night remained roughly stable between 2006-09 and 2017-19, but declined in focal group countries where the situation was already ominous. Trends over time vary across countries: considerable declines were registered in Mexico (-11 percentage points), the Dominican Republic (-6 points), Brazil and Colombia (-5 points), while a clear improvement was recorded in Ecuador (+9 points), Paraguay (+6 points) and Chile (+5 points). Levels remained relatively stable in Argentina, Uruguay, Peru and Costa Rica.

Figure 3.20. On average, the share of people feeling safe has remained relatively stable but with diverging trends across countries

Share of people declaring that they feel safe when walking alone at night in the city or area where they live, percentage



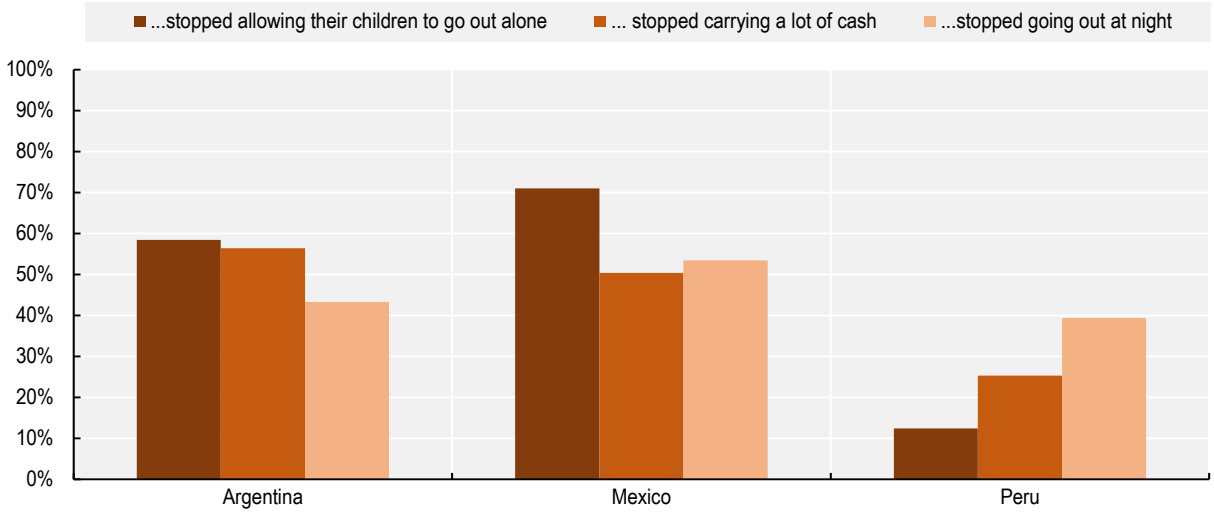
Note: Data refer to the share of people who respond "yes" to the question: "Do you feel safe walking alone at night in the city or area where you live?" The LAC regional average comprises 26 Latin American and Caribbean countries, including the 11 focal countries.
Source: Gallup World Poll (database), at https://www.gallup.com/analytics/232838/world-poll.aspx

StatLink https://stat.link/1u5v0m

Fear of crime can negatively impact people's well-being by affecting their behaviour and their perceived freedom to do the things that they value doing. At 55%, the share of people in the focal group who reported that crime was the greatest threat to their personal safety was twice that of the OECD average (22%) in 2019 (Gallup World Poll, 2021[97]). Rates range from 39% of respondents in Chile to 68% in Brazil.[19] Figure 3.21 shows some of the behaviours that have been constrained by fear of crime in Argentina, Mexico and Peru (the only three focal countries for which data are available). In Argentina and Mexico, a majority of people have stopped allowing their children to go out alone and stopped carrying cash. In all three countries, a large share of people have stopped going out at night completely, with this share ranging from 39% in Peru to 53% in Mexico.

Figure 3.21. In Argentina, Mexico and Peru, fear of crime has a considerable impact on people's daily activities

Share of the population who, for fear of crime, have stopped allowing their children to go out alone, stopped carrying a lot of cash and stopped going out at night, percentage, 2019 or latest year available



Note: Data collected by UNODC from the following crime victimisation surveys: Argentina (2017), INDEC, *Encuesta Nacional de Victimización 2017* (ENV), which refers to people who "have stopped carrying a lot of cash or credit/debit cards"; Mexico (2018), INEGI *Encuesta Nacional de Victimización y Percepción sobre Seguridad Pública 2019* (ENVIPE), which refers to people who "have stopped carrying cash"; Peru (2017), INEI *Encuesta Nacional Especializada sobre Victimización 2018* (ENEVIC), which refers to people who "have stopped carrying a lot of cash".
Source: UNODC, http://www.cdeunodc.inegi.org.mx/index.php/viclab11/

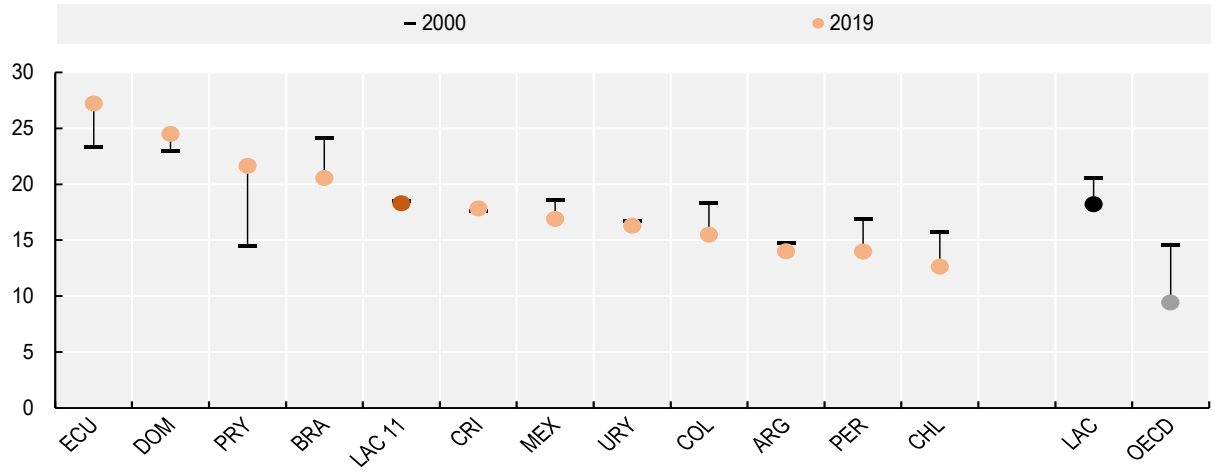
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Road deaths

Every year, roughly 1.35 million people die from road traffic crashes around the world, with over half of them affecting pedestrians, cyclists and motorcyclists, according to the World Health Organization. Mortality rates tend to be higher in low and middle-income countries than in higher-income countries (WHO, 2020[98]). In 2019, the focal group average (18 deaths per 100 000 population) was twice as high as the OECD average (9 deaths) (Figure 3.22). Ecuador was the worst-performing country, with 27 deaths per 100 000 population due to road traffic injuries. The Dominican Republic, Paraguay and Brazil also registered over 20 deaths per 100 000 population. At the other end of the spectrum, Argentina (14), Peru (14) and Chile (13) had the lowest road death rates among the focal group, approximately half the rate recorded in Ecuador. Trends between 2000 and 2019 have diverged across countries, with most best-performing countries (e.g. Chile and Peru) suffering fewer road deaths than two decades ago, whereas a number of low-performing countries (e.g. Paraguay) suffered more. In Brazil, despite decreasing more than anywhere else in the focal group, deaths from road traffic crashes (at 21 per 100 000 population) remain above average.

Figure 3.22. Road deaths are twice as high in the focal group relative to the OECD average, and the gap among top and bottom performers is widening

Death rate due to road traffic injuries (road deaths, rate per 100 000 population)



Note: The LAC regional average for Latin America and the Caribbean and the OECD average are calculated by the Institute for Health Metrics and Evaluation (IHME).
Source: Global Burden of Disease Collaborative Network, Global Burden of Disease Study 2019 (GBD 2019) Results, Seattle, United States: Institute for Health Metrics and Evaluation (IHME), 2020, http://ghdx.healthdata.org/gbd-results-tool

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Impact of COVID-19

Extended lockdowns in Latin America and the Caribbean kept people off the streets, with mixed consequences on crime. On the one hand, they made some types of crime less likely (e.g. property crime). Mandatory confinement and strict social control across the region led to fewer opportunities for petty crimes such as mugging, whilst many criminals were dissuaded by the risks of infection (Semple and Ahmed, 2020[99]). In the first semester of 2020, 22% of households in Mexico fell victim to robbery, burglary or theft, compared to 35% a year earlier (2019) (INEGI, 2020[100]), with crimes committed outside of private dwellings falling from 17% to 9%. Furthermore, in January 2021, the adult population expressed a higher level of satisfaction with security than a year earlier, despite the level remaining relatively low (5.5 out of 10 in 2021, against 5.2 in 2020) (INEGI, 2021[101]). In Central America, the homicide rate per 100 000 population decreased by almost a third on average, from 31 to 21 – representing 2 607 fewer homicides (Infosegura, 2021[102]).[20] However, early evidence shows that for other countries in the focal group violence continued as usual. For instance, rural communities in Colombia fell victim to armed conflict even during national lockdowns (El Espectador, 2020[103]), while the number of homicides remained stable in Mexico following the introduction of lockdown measures, with similar levels during the first semesters of 2019 and 2020 ((Gobierno de Mexico, 2020[104]; UNODC, 2020[90]).

COVID-19 also opened a window of opportunity for groups that partake in organised crime to solidify their power. In Brazil, Mexico and Colombia, cartels and armed groups engaged in charitable activities (e.g. by handing out basic food packages (Felbab-Brown, 2020[92])) during lockdowns in an attempt to expand their social base, and imposed their own restrictions on communities – separate from those instituted by national governments (Asmann, 2020[91]). By capitalising on their ability to enforce key measures at a local level, these groups can entrench themselves more deeply within communities, making it harder for governments to regain authority. Further consequences of the pandemic such as rising levels of poverty and of

unemployment among youth may also provide these groups with an environment in which they can thrive, raising the appeal of illegal activities to vulnerable groups (Nugent, 2020[105]).

Data from the Gallup World Poll on the share of people declaring that they felt safe when walking alone at night show little year-on-year change in 2020 compared to 2019 on average in the focal group (from 45% in 2019 to 46% in 2020) (Gallup World Poll, 2021[97]). Nonetheless, this hides diverging trends across countries, for instance a 7 percentage point drop in Chile (from 48% to 41%) and a 6 percentage point increase in the Dominican Republic (from 39% to 45%) and Uruguay (from 46% to 52%).

Finally, with many services, shops and offices shut, as well as a significant share of the population in self-isolation, a higher number of people have relied on purchasing goods and services online. As a result, criminal organisations have turned to ransomware attacks, online scams and phishing e-mail schemes, which proliferated throughout Latin-American countries during the pandemic, posing dangers to people, but also to banks and governments (Austin, 2020[94]). Reports of domestic violence during the first weeks of quarantine showed an increase in four focal group countries (Argentina, Chile, Colombia and Mexico) (Statista, 2020[95]). Due to the isolation measures and income shortages entailed by the sanitary and economic crises, the situation is likely to heighten the risk of violence and abuse in Latin American homes. Early evidence suggests that call volumes to helplines in the region increased post-quarantine (López-Calva, 2020[106]): examples include an increase of 32% in helpline calls in Buenos Aires (Perez-Vincent et al., 2020[107]), following the introduction of restrictions on mobility, and an increase of 48% between April and July 2020 to helpline calls in Peru (Agüero, 2020[108]). Data from *Línea Mujeres* in Mexico City suggest there was little effect of the lockdown on calls regarding interpersonal violence, but an increase in calls for psychological services along with a fall in calls for legal services (Silverio-Murillo and Balmori de la Miyar, 2020[109]).

Issues for statistical development

The homicide rate is a key indicator of violent crime, but it represents only the “tip of the iceberg”. In this report, this has been complemented by the self-reported victimisation rate to provide a wider view of how crime affects individuals. More data are needed from both police registers and crime victimisation surveys to cover a wider range of experiences, as cross-country comparability of existing data is limited and no central repository of international data currently exists. Furthermore, crime victimisation surveys from the region show that few people report crimes to the competent authorities and that, when they do, most of them report a negative experience. In Peru, for example, the share of crimes reported to the police makes up only 13% of all crimes experienced, and dissatisfaction when reporting crime reaches 83% – the main reason being a lack of action by the authorities (UNODC, 2020[86]).

Feelings of safety affect people’s well-being and behaviours. Nevertheless, available indicators sourced from the Gallup World Poll have a narrow scope (feelings of safety “when walking alone at night”). Moreover, there is no indication of the types of threats that people may fear, nor on the contextual predictors (such as social cohesion, incivilities or neighbourhood disruption, for instance), which limits the identification of potential policy levers. Given the extent to which the region is marked by violence, the generation of comparable insecurity statistics that include people’s perceptions is a priority for Latin America’s statistical agenda. The indicator used in this report is hence only a placeholder until better quality data become available.

The scope of the road safety indicator used in this report could be improved by extending it to (non-fatal) road injuries. In some Latin American countries, however, the institutional capacity to monitor road injuries and crash data is still limited. Deaths from conflict are also missing from the data set used in this report.

The evidence on the impacts of the COVID-19 pandemic highlights certain key areas where measures of people’s safety may be improved. Domestic violence is an important aspect of safety highlighted in the Sustainable Development Goals (Target 5.2.1 refers to women and girls subject to intimate partner

violence). However, existing data often come from specialised surveys that are conducted infrequently and focus mainly on women (rather than on the entire population). These specialised surveys must also follow the required safety and ethical measures for this type of research: trained interviewers must collect data in a private space in a non-judgmental way, interviewing one person per household in the absence of their partner (WHO, 2013[88]). In Latin America, only five countries (which are also in the focal group for this report) have implemented surveys that come close to this standard: Chile, Costa Rica, Ecuador, Mexico and Uruguay (UNDP, 2017[110]). One alternative countries have used to collect information from representative population samples is via the inclusion of a module on domestic violence in an existing survey. A total of 12 countries in Latin America have relied on this approach – and Ecuador is the only one to also have a specialised survey, the "*Encuesta Nacional Sobre Relaciones Familiares y Violencia de Género contra la Mujeres - ENVIGMU*" (UNDP, 2017[110]; INEC, 2019[111]).

Finally, the ongoing digital transformation also implies new risks to people's safety. As mentioned above, in the absence of effective regulatory, legal and ethical frameworks, both Internet users and organisations can be exposed to substantial economic, social, emotional and even physical risks. Measuring cybersecurity risks is challenging, however, as online criminal activity may go unnoticed by Internet users, and no centralised reporting mechanism for small-scale online security incidents currently exists in the region. While self-reports of cybercrimes are common, they have methodological limits (OECD, 2019[71]), implying that greater efforts are needed to develop a more general and objective measure of cybersecurity risks.

Environmental quality

The quality of the environment affects human health directly through the quality of air, water and soil, and through the presence, density and toxicity of hazardous substances. Environmental quality also matters intrinsically to people who attach importance to its beauty and value amenities that affect their life choices (e.g. a place to live) (Balestra and Dottori, 2011[112]). Furthermore, people benefit from environmental services and assets. In particular, access to green spaces has been associated with numerous benefits, including psychological relaxation, stress reduction, enhanced physical activity, mitigation of exposure to air pollution, excessive heat and noise, improved social capital and pro-environmental behaviours (WHO Regional Office for Europe, 2016[113]; Engemann et al., 2019[114]).

Environmental quality depends on how natural resources and land are used, as human activities have the potential to pollute through by-products that end up on land or in rivers or lakes, the ocean and the atmosphere (ECLAC, 2010[115]). The countries of Latin America and the Caribbean are endowed with a rich base of natural resources (see Chapter 4), particularly minerals, oil deposits, forest area and arable land (Solbrig, 1998[116]). In addition, the Pacific and South Atlantic coasts are rich in seafood. However, the region also faces some of the most threatening environmental problems. Most cities confront huge air quality challenges as a result of urban growth, transport emissions and energy consumption. These factors, in addition to relatively inefficient vehicles, weak fuel standards and biomass burning for heating and cooking, further contribute to alarming $PM_{2.5}$ levels (NRDC, 2014[117]; CAF, 2015[118]; IQ Air, 2019[119]). Other challenges include contaminated water due to industrial waste and soil erosion (ECLAC, 2010[115]; UNEP, 2018[120]), as well as deforestation (discussed in Chapter 4). Finally, although Latin America bears relatively little historical responsibility for greenhouse gas emissions, it is heavily exposed to some of the consequences, such as extreme weather events. Rising sea levels, for example, could have dramatic impacts on Caribbean islands over the next century, while high-intensity tropical cyclones are of great concern to Central American countries, and increasing temperatures are expected to exacerbate droughts in areas such as the northeast of Brazil (FIDA, 2020[121]). This section covers the key environmental aspects that impact people's well-being based on available data for the region. Wider threats to the environment linked to natural capital, such as endangered species, water stress and greenhouse gas emissions, are covered in Chapter 4 on resources for future well-being.

Early evidence suggests that the COVID-19 pandemic has improved outdoor air quality in many respects, which could prove to be beneficial for many individuals considered among the most vulnerable. However, these benefits are likely to be short-lived. As countries recover from the pandemic, resumptions in air travel, people's movement within and between cities, and production levels in factories will see an increase in outdoor air pollution. Furthermore, inefficient waste treatment systems in the region are a cause for concern due to the additional hazardous waste generated during the outbreak.

Air quality

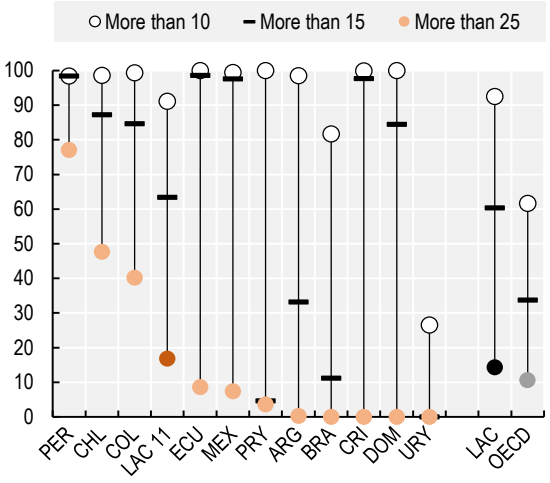
Air pollution is one of the main immediate environmental risks for people's health in the Americas (WHO, 2016[122]). In Latin America and the Caribbean in particular, phenomena such as wildfires, the widespread use of wood for heating and/or cooking and the increasing number of vehicles (CAF, 2019[123]) are leading to people's high exposure to both indoor and outdoor air pollution. The sources of air pollutants vary both within and across countries, as does the severity of people's exposure.[21] The potential costs include shorter life expectancy, increased health-care costs and reduced labour productivity. Further consequences include reduced agricultural output and damage to ecosystems (OECD, 2017[124]).

Fine particulate matter ($PM_{2.5}$) is a common air pollutant that is inhaled and may cause serious health disorders, including both cardiovascular and respiratory diseases (OECD, 2020[39]). In the focal group of countries, just over 90% of the population are exposed to levels of $PM_{2.5}$ above the first WHO threshold level of risk to human health (10 micrograms per cubic metre) (WHO, 2006[125]) (Figure 3.23, Panel A). However, different thresholds of exposure can be used in order to assess air pollution at different levels of severity, revealing a nuanced picture of the situation in each country. For instance, in Ecuador, Mexico and Costa Rica, the average share of the population exposed to levels of fine particulate matter air pollution above 15 micrograms/m^3 exceeds 97%, yet less than 9% are exposed to levels above 25 micrograms/m^3 (i.e. less than the averages in the focal group and OECD of 14% and 11%, respectively). By contrast, in Peru, Chile and Colombia, over 40% of the population are exposed to the highest threshold level – which affects less than 1% of the population in five of the other seven focal group countries.

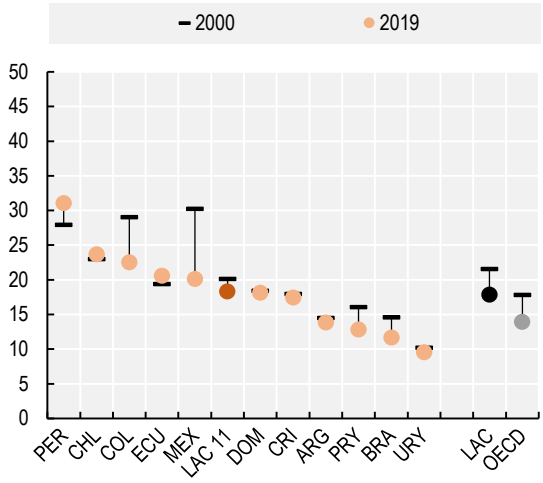
Although the average mean exposure to $PM_{2.5}$ is less straightforward to interpret, it is a useful measure for assessing changes in air pollution over time as opposed to the share of the population exposed to certain thresholds, since the share of the population moving from one side of a threshold to another may distort the trend in overall exposure. Between 2000 and 2019, the average mean exposure to $PM_{2.5}$ fell by 9% on average in the focal group of countries. The largest improvements occurred in Brazil, Paraguay, Mexico and Colombia, where levels fell by 20% or more. Conversely, the average mean exposure to $PM_{2.5}$ increased slightly in Peru (11%) and Ecuador (6%) (Figure 3.23, Panel B).

Figure 3.23. Exposure to fine particles in the air has improved on average since 2010, but the populations of most LAC countries remain exposed to harmful levels

Panel A: Share of the population exposed to $PM_{2.5}$ above certain thresholds (micrograms/m3), percentage, 2019 or latest available year



Panel B: Mean exposure to $PM_{2.5}$ (micrograms/m3), since 2000



Note: In Panel A, countries are ranked by the share of the population exposed to $PM_{2.5}$ above 25 micrograms/m^3, above 15 micrograms/m^3 and above 10 micrograms/m^3 – i.e. the population living in areas with annual concentrations of fine particles in the air exceeding the WHO Air Quality Guideline values (WHO, 2006[125]). In Panel B, change over time is assessed using the mean exposure to $PM_{2.5}$ in micrograms/m^3, a measure derived from the Global Burden of Disease study (Wang et al., 2020[126]), and then weighted with gridded population datasets from the Joint Research Centre Global Human Settlement project (European Commission, Joint Research Centre (JRC, 2015[127]). In both panels, the LAC regional average and the OECD average are calculated by the OECD.
Source: OECD Exposure to $PM_{2.5}$ in countries and regions (database), https://stats.oecd.org/Index.aspx?DataSetCode=EXP_PM2_5

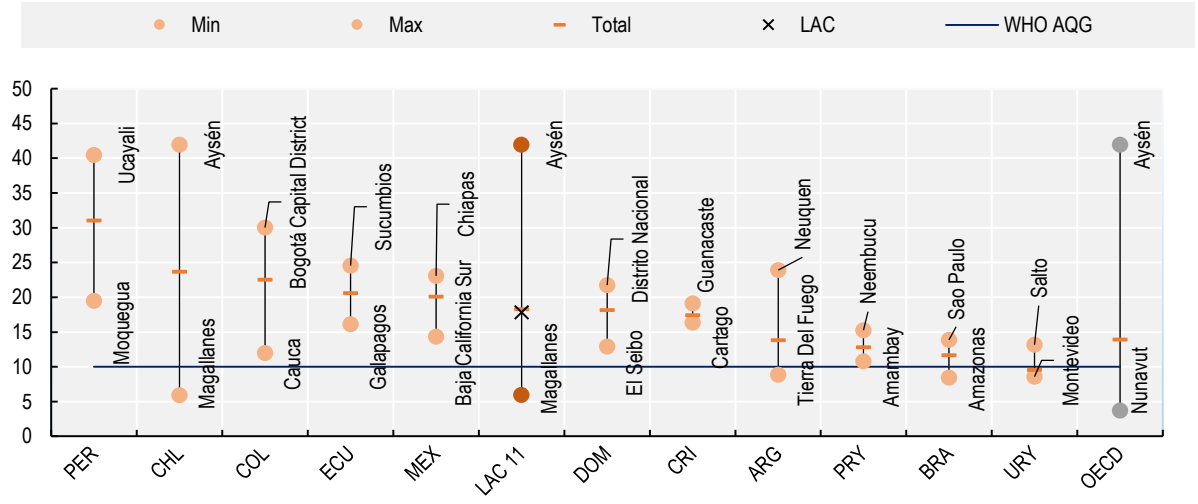
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Air pollution is generally associated with urbanisation, industry and transport. However, the contribution of biomass burning from household cooking and/or agriculture to local air pollution is considerable (Brezzi and Sanchez-Serra, 2014[128]). Thus, exposure to air pollution, and its causes, vary greatly according to whether people live in cities or in rural areas, or in developed or developing countries. The following set of estimates are based on political and administrative boundaries established by territorial grid units and Global Administrative Unit Layers, respectively developed by the OECD and the FAO (OECD, 2020[129]; FAO, 2021[130]).

According to 2019 estimates, in 90% of the regions in the selected countries, average annual exposure to air pollution was higher than the World Health Organization's recommended maximum of 10 µg/m^3 (Figure 3.24). Of the remaining 10% of regions, over half were in Uruguay – the only country of the focal group where total exposure is below the WHO threshold.[22] Very high values of exposure to fine particulate matter are found in some regions of Peru, where 20 regions have an annual average exposure over 25 µg/m^3, but also in Colombia (8) and Chile (6). In Figure 3.24, relatively large regional disparities can be observed in Chile, Peru, Colombia and Argentina (above 15 µg/m^3), as opposed to countries such as Uruguay, Paraguay and Costa Rica (below 5 µg/m^3). Aisén del General Carlos Ibañez del Campo, Chile's most polluted region, is also the most polluted region in the focal group countries and the OECD, according to this measure. Chile's southernmost region of Magallanes is the focal group's least polluted region, with a mean population exposure to $PM_{2.5}$ of 6 µg/m^3, i.e. one-third of the focal group average (18 µg/m^3).[23]

Figure 3.24. Levels of air pollution exceed WHO guidelines in 90% of focal group regions

Regional disparities in mean annual exposure of the population to outdoor PM2.5 in 2019, µg/m3



Note: The mean population exposure to outdoor PM2.5 is calculated as the mean annual outdoor PM2.5 concentration weighted by population living in the relevant area, i.e. the concentration level, expressed in µg/m3, to which a typical resident is exposed throughout a year. The country "total" considers the country as a single entity, to which each region contributes proportionally. The LAC regional average is calculated by the OECD.

Source: OECD Exposure to PM2.5 in countries and regions (database), https://stats.oecd.org/Index.aspx?DataSetCode=EXP_PM2_5.

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Natural hazards

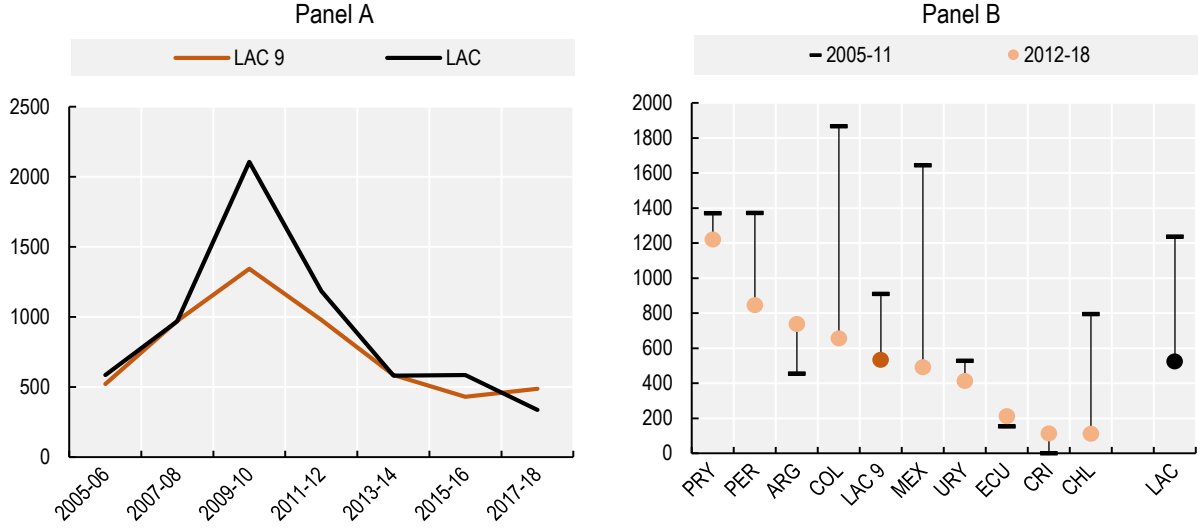
Latin America and the Caribbean is a region that is prone to natural hazards. Between 2000 and 2019, it was the second most impacted region in the world, with a total of 152 million people affected by 1 205 natural disasters, with floods being the most common (OCHA, 2019[131]). The region is exposed to a large variety of disasters: between 1990 and 2020, 1 412 disasters with natural hazards as a source were registered, 87% of which were climate-related (i.e. wet mass movements, storms, floods, fires and extreme temperature events) and 13% geophysical (dry mass movements, volcanic eruptions and earthquakes).[24] Floods were recorded most frequently, affecting roughly 49 million people. Despite being less frequent, droughts affected approximately 70 million people (ECLAC, 2021[132]).[25]

Climate change has been shown to be worsening a number of climate-related disasters in the region (OECD, 2019[133]). As seen in the Housing section of the previous Chapter, Latin America is one of the most urbanised regions on the planet, and its metropolitan areas are expected to face a higher level of risk in the years to come (Fisher and Gamper, 2017[134]). The region's cities are also among the most unequal worldwide, home to an increased concentration of poor and hence vulnerable people, who are potentially exposed to natural hazards (Hardoy and Pandiella, 2009[135]; Fisher and Gamper, 2017[134]). A large share of the urban expansion that has taken place in Latin America in recent decades has been up mountain slopes, flood-plains and other areas prone to sea surges or seasonal storms (Warn and Adamo, 2014[136]). Examples includes cities such as Quito, in Ecuador (built on steep slopes at the foot of the Pichincha volcano) and Santa Fe, Argentina (expansion onto the Río Salado floodplain) (Hardoy and Pandiella, 2009[135]). Within agglomerations, many of the most affected neighbourhoods are inhabited by low-income groups in informal settlements that lack access to services and infrastructure (OECD, 2019[133]).

In 2017-18, the number of deaths, missing persons and directly affected persons attributed to disasters was slightly lower than in 2005-06, though there was a sharp peak during 2009-10 (Figure 3.25, Panel A). The peak may be explained by repeated "El Nino-Southern Oscillation" (ENSO) phenomena in 2006-07 and 2009-2010 (Cai et al., 2020[137]), coupled with strong earthquakes in Haiti and Chile in 2010. In a context where the data are so volatile and have frequent spikes, looking at point changes for individual years may be misleading, which is why data have been pooled across years in Figure 3.25, Panel B. Over the 2012-2018 period, the count of people who died, went missing or who were directly affected by disasters stood at 534 persons per 100 000 population in focal countries, close to the regional average (524) (Figure 3.25, Panel B). However, the count is over 10 times higher in Paraguay (1222) than Chile (112). That being said, Chile is among the three countries of the focal group to have registered the largest fall (along with Colombia and Mexico) when comparing 2012-2018 data to 2005-11 data. This may be attributed to spikes due to certain events over the period, such as the 2010 earthquake in Chile, or floods in Colombia and Mexico (CERF, 2007[138]; IFRC, 2010[139]; IFRC, 2011[140]). Argentina is subject to intense thunderstorms, which bring severe weather including damaging winds and hail, torrential rains and lightning that can start wildfires. It is one of the countries in the focal group where the number of people who died, went missing or were directly affected by disasters increased between 2005-11 and 2012-2018, with particularly deadly storms registered in 2013 and 2015 (IFRC, 2013[141]; IFRC, 2013[141]; Penn State, 2020[142]). Nonetheless, evidence from this indicator must be interpreted with caution due to methodological differences among reporting systems: countries where change is more visible over time may simply report the data more accurately, rather than being more or less prepared for disasters of natural origin.

Figure 3.25. Overall, the number of people who have died, gone missing or been directly affected by disasters in the focal group of countries has decreased

Deaths, missing persons and directly affected persons attributed to disasters per 100 000 population



Note: For this indicator, the term "disaster" applies to "to small-scale and large-scale, frequent and infrequent, sudden and slow-onset disasters caused by natural or man-made hazards, as well as related environmental, technological and biological hazards and risk" (UNGA, 2016[143]). "Deaths" correspond to "the number of people who died during the disaster, or directly after, as a direct result of the hazardous event". "Missing" corresponds to "the number of people whose whereabouts is unknown since the hazardous event. It includes people who are presumed dead, for whom there is no physical evidence such as a body, and for which an official/legal report has been filed with competent authorities". "Directly affected" corresponds to "the number of people who have suffered injury, illness or other health effects; who were evacuated, displaced, relocated or have suffered direct damage to their livelihoods, economic, physical, social, cultural and environmental assets" (UN, 2018[144]). The OECD average is not included in this graph due to a lack of available data across member countries for this indicator in the UN DESA Global SDG Indicator Database. The LAC 9 average excludes Brazil and the Dominican Republic due to a lack of available data. The LAC regional average comprises 14 Latin American and Caribbean countries, including the 9 focal countries with available data. Differences in national reporting systems may impact the findings displayed for each country.
Source: UN DESA Global SDG Indicator Database, https://unstats.un.org/sdgs/indicators/database/

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Impact of COVID-19

Nearly 9 out of 10 Latin Americans in the focal group countries are exposed to a level of small particulate matter air pollution that puts their health at risk (Figure 3.24), and high levels of air pollution can be a risk factor for worse outcomes if infected with COVID-19 (Pozzer et al., 2020[145]; Wu et al., 2020[146]). Worldwide, pre-COVID outdoor air pollution caused more than 3 million premature deaths in 2010, with elderly people and children the most affected. OECD projections imply a doubling, or even tripling, of premature deaths from dirty air by 2060 (OECD, 2016[147]). Data show that ambient nitrogen dioxide and sulfur dioxide concentrations in Latin American cities decreased during the quarantines — mainly at the beginning — while $PM_{2.5}$ levels show no clear overall trend before and during the period of restrictions (ECLAC, 2020[148]). Reductions in air pollution will provide temporary respite to people with respiratory problems or asthma, who are considered more susceptible to COVID-19, as well as reducing negative side-effects of pollution such as increased inflammation and lowered immunity (Glencross et al., 2020[149]). However, as countries begin to recover from the pandemic, resumptions in air travel, movements of people within and between cities, and production levels in factories will likely see an increase in outdoor air pollution (OECD, 2020[150]).

Although ambient air pollution during COVID-19 lockdowns were fairly well documented (Amoatey et al., 2020[151]), studies on indoor air pollution were relatively scarce – particularly in Latin America and the Caribbean. However, this is a major issue in low and middle-income countries, and if people spend more time inside their homes the role of indoor air pollution takes on new significance as people suffer from a higher risk of exposure (Du and Wang, 2020[152]). According to evidence drawn from international research, important factors that can impact indoor air pollution include heating and/or cooking fuel and household fuel consumption (Shen et al., 2017[153]; Du et al., 2018[154]), cooking with oil (Zhao et al., 2019[155]), smoking (Kanchongkittiphon et al., 2015[156]), and the use of home ventilation or air conditioning (Zhang et al., 2011[157]; Liu et al., 2018[158]).

Effective and environmentally sound waste management, an essential service, is particularly important in response to emergencies such as the COVID-19 pandemic. During the outbreak, various types of additional hazardous waste (such as medical waste) were generated, including gloves, masks and protective equipment. There are significant weaknesses in waste treatment facilities in the region, and unsound management of this type of waste could potentially lead to unforeseen "knock-on" effects on the environment, as well as on human health. Several measures have been identified as regional priorities for environmental policy during the recovery phase post-COVID-19, including the progressive closure of dumpsites, increasing the capacity of health-care waste treatment, strengthening the resilience of the waste sector, prioritising circular approaches and promoting institutional frameworks for sustainable waste management (UNEP, 2020[159]).

The protection of the region's biodiversity will be vital in the recovery process from COVID-19. As discussed in detail in Chapter 4 on resources for future well-being, Latin America is one of the most important regions of the world in terms of biodiversity and ecosystems. Biodiversity underpins current and future well-being as well as economic prosperity, and it is essential that it be a key part of the regional COVID-19 response and recovery plans (OECD, 2018[160]). Its protection is also vital in order to avoid the next pandemic: close to three-quarters of emerging infectious diseases in humans come from other animals. Wildlife exploitation and land-use change increase the risk of infectious disease, by bringing domestic animals and people into close proximity to wildlife that carry pathogens and by disrupting ecological processes that help keep diseases in check (OECD, 2020[161]).

Issues for statistical development

An ideal set of indicators of Environmental Quality in Latin America and the Caribbean would inform on people's access to environmental services and amenities (OECD, 2020[39]), particularly with regards to water quality and recreational green space. The latter is even more relevant in the context of COVID-19: under confinement conditions, movement is restricted, and public spaces and parks may be closed. As mentioned in the section on Housing in Chapter 2 of this report, Latin America is one of the most urbanised regions in the word, and its cities are often afflicted by social and spatial segregation (Loret de Mola et al., 2017[162]). In the context of a pandemic, many Latin American urban families are confined to small, often inadequately built apartments. Access to basic services in these conditions is clearly a primary concern, but so is access to green space, as it provides numerous health and well-being benefits, including psychological relaxation; stress reduction; enhanced physical activity; mitigation of exposure to air pollution, excessive heat and noise; improved social capital; and pro-environmental behaviours (WHO Regional Office for Europe, 2016[113]; Engemann et al., 2019[114]). Although there is currently no universally accepted definition of green space,[26] recent studies have helped to assess access to green areas in European cities using satellite data (Poelman, 2018[163]). The underlying method determines an area of easy walking distance – approximately 10 minutes' walking time (at an average speed of 5 km per hour) – near an inhabited Urban Atlas polygon (Copernicus Land Monitoring Service, 2021[164]). Urban areas are defined as cities with an urban centre of at least 50 000 inhabitants (Dijkstra and Poelman, 2012[165]).

The accuracy of estimates of air pollution exposure shown in this chapter varies considerably by location. Worldwide, accuracy is particularly poor in areas with few monitoring stations, and generally good in regions with dense networks of monitoring stations (such as most advanced economies) (Shaddick et al., 2018[166]). In addition, for some regions, particularly snow-covered areas, small islands and coastal areas, there are no $PM_{2.5}$ concentration estimates for part of the region, because satellite-based measurements of aerosol optical depth are not reliable in areas where the dominant land cover is very reflective (Mackie, Haščič and Cárdenas Rodríguez, 2016[167]).

Inequalities in exposure to air pollution, particularly by gender, age and education, are challenging to produce due to the nature of the data – which are collected at increasingly fine spatial levels, but not attributable to specific households or individuals (and therefore cannot be disaggregated by household and individual characteristics). In 2018, the OECD launched "The Geography of Well-Being", a project aimed at building a comprehensive database of exposure to environmental risks disaggregated by socio-economic status, using metrics that are harmonised across countries and which can be considered a first step in this direction (OECD, 2020[39]).

Civic engagement

Civic engagement allows people to express their voice and to contribute to the political life of their society. Political voice is one of the basic freedoms and rights that people have reason to value (Sen, 1999[168]). People who have the opportunity to participate in a decision are more likely to endorse the decision and to

consider it fair (Stutzer and Frey, 2006[169]). Civic engagement may also increase people's sense of personal efficacy and control over their lives, (Barber, 1984[170]) and allows individuals to develop a sense of belonging to their community, trust in others and a feeling of social inclusion.

With some exceptions, Latin America has made considerable progress in providing citizens with political voice, moving away from military dictatorships, human rights violations and internal conflicts over the past two decades. In fact, most Latin American people live in democracies today, and according to the recent assessment of the *Economist Intelligence Unit*, the democracies of Costa Rica and Uruguay are among the most robust in the world (EIU, 2020[171])).

Nonetheless, dissatisfaction with the public sphere has been a source of social unrest in recent years, often linked to the State's limited capacity to ensure its monopoly of violence and to run its institutions in accordance with the rule of law (ECLAC, 2021[172]) This dissatisfaction has the potential to hinder governance and the way democracies work: for instance, the share of the population having voiced their opinion to a public official has dropped from approximately one in five to one in six among countries in the focal group over the past decade. As described in the section on Income and Consumption in Chapter 2, limited progress in reducing inequality over the past decade has affected the way people perceive fairness in their societies as well as their trust in public institutions (ECLAC, 2013[42]; Busso and Messina, 2020[173]). This perceived lack of fairness and legitimacy in Latin American democracies contributes to the belief that economic and political elites enjoy privileges denied to most citizens, and that government institutions are the preserve of a few powerful groups that use them for their own benefit.

Since 2019, several countries in the region experienced a wave of citizen protests and mobilisations, often led by youth demanding change, particularly with regards to long-standing structural inequalities and perceptions that governments are not responsive to the needs of all citizens. Meeting citizen expectations is as vital as ever, since the most vulnerable sections of society have been hit hardest by the crisis. Governments must prioritise effective, inclusive and non-discriminatory public participation in decision-making in order to guarantee institutional legitimacy, political voice and long-term stability.

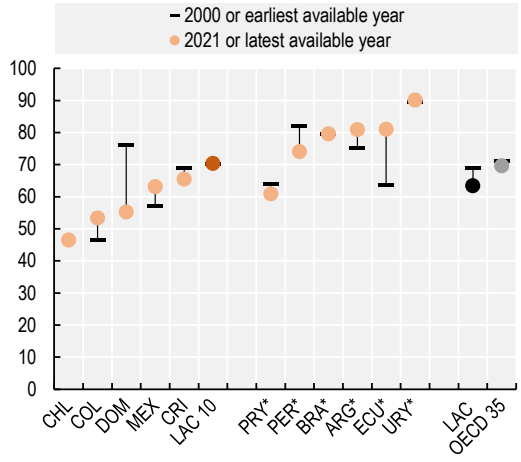
Political participation

The most fundamental form of democratic engagement is participation in national elections. Voter turnout differs widely across focal group countries, partially reflecting differences in electoral systems, including the existence of compulsory voting.[27] In recent years, voter turnout ranged from 47% in Chile (where voting is no longer compulsory since 2012) to 90% in Uruguay (where it is compulsory and enforced with sanctions) (Figure 3.26, Panel. A). On average, 7 out of 10 people who were registered to vote in the focal group of countries cast a ballot in the last election (70%), a share that has remained relatively stable over the past two decades. This stability masks gains of 6 to 7 percentage points in Argentina, Mexico and Colombia, and a 17-point increase in Ecuador. Although voter turnout in Ecuador was considerably higher at the height of the COVID-19 pandemic than it was 20 years ago, it was much lower in Peru (-8 percentage points) and the Dominican Republic (-21) (IDEA, 2021[174]).[28]

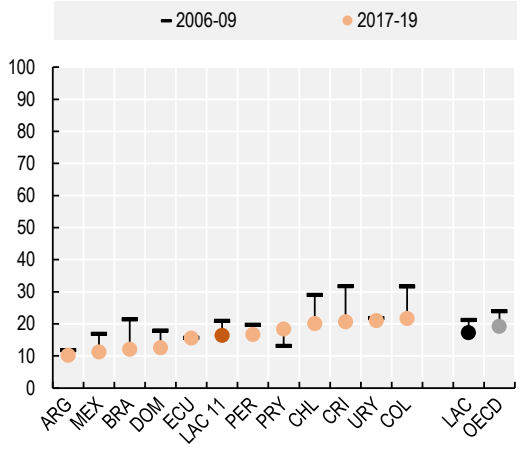
Voting is, however, only one aspect of political voice, and contacting public officials is also an important form of civic engagement (OECD, 2020[39]). In focal group countries, the share of people declaring to have voiced their opinion to a public official was three percentage points below that of OECD countries in 2017-19, at 16% on average (Figure 3.26, Panel. B). Over this period, shares ranged from 10% in Argentina to 22% in Colombia. Since 2006-09, the only country that recorded an increase was Paraguay (by 5 percentage points), lifting its share just above the focal group average. The share of people declaring to have voiced their opinion to a public official remained relatively stable in Ecuador and Uruguay, as well as in Argentina, where it was lowest among the focal group countries. Elsewhere in the focal group, the share of people who voiced their opinion to an official dropped considerably between 2006-09 and 2017-19, particularly in Colombia and Costa Rica, where it fell by 10 percentage points or more, yet remained relatively high.

Figure 3.26. Voter turnout has remained broadly stable in most focal group countries, whereas the share of the population having voiced their opinion to a public official has declined significantly in recent years

Panel A: Votes cast among the population registered to vote, percentage



Panel B: Share of the population declaring to have voiced their opinion to an official, percentage



Note: In Panel A, Chile is excluded from the LAC average due to a change in national legislation in 2012 (Ley N° 20.568), making prior results non-comparable. The latest available year is 2020 for the Dominican Republic and Peru, 2019 for Argentina and Uruguay, 2018 for Brazil, Colombia, Costa Rica, Mexico and Paraguay and 2017 in Chile. The earliest available year is 2001 for Argentina; 2002 for Brazil, Colombia, Costa Rica and Ecuador; 2003 for Paraguay; 2004 for Uruguay; and 2013 for Chile. National elections refer to presidential elections in Brazil, Colombia and the Dominican Republic, and to parliamentary elections in all other countries considered. Countries where compulsory voting is enforced are marked with an "*". The LAC regional average comprises 32 Latin American and Caribbean countries, including the 10 focal countries with available data. OECD 35 excludes Chile and Japan, due to breaks in the series. In Panel B, data refer to the share of people who answered "yes" to the question: "Have you done any of the following in the past month? How about voiced your opinion to a public official?" The LAC regional average comprises 21 Latin American and Caribbean countries, including the 11 focal countries.
Source: International Institute for Democracy and Electoral Assistance (IDEA) database, 2020, https://www.idea.int/ (Panel A), and Gallup World Poll (database), https://gallup.com/analytics/232838/world-poll.aspx (Panel B)

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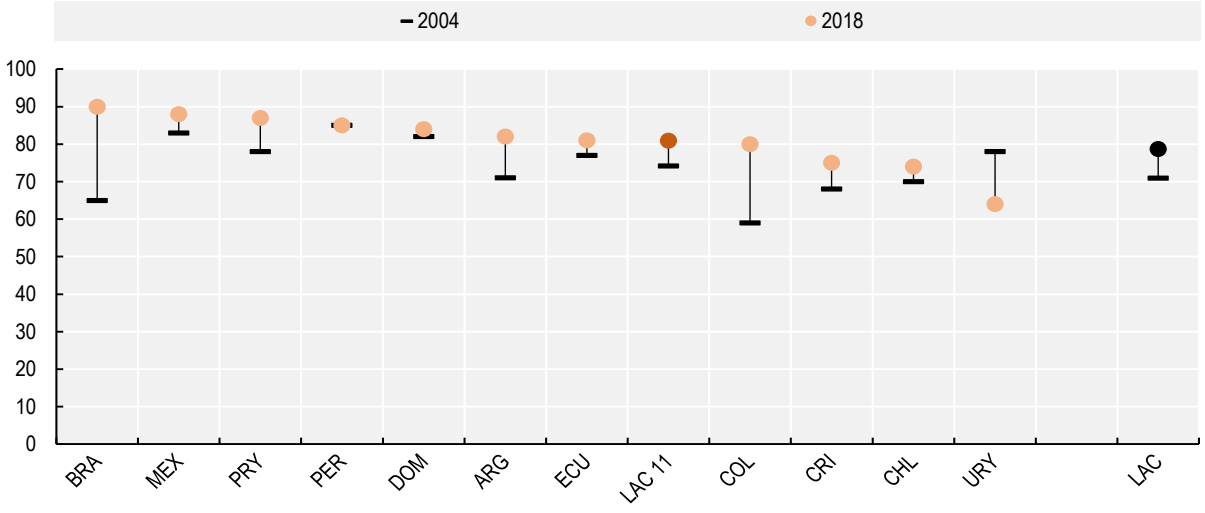
Inclusive government

While all the 11 countries of the focal group are electoral democracies, their democratic experience is often relatively recent, and the political process is still perceived as being the preserve of powerful groups, with limited accountability for their decisions. When asked the question, "In general terms, would you say that your country is governed by a few powerful groups for their own benefit, or that it is governed for the good of all the people?", four in five people (81%) in focal group countries answer the former, on average, with this share being close to 90% in Brazil. Chile, Costa Rica and Uruguay are the only countries where this proportion is 75% or lower (Figure 3.27).

The share of the population who believe that their country is governed by a few powerful groups for their benefit increased in 8 focal group countries between 2004 and 2018, remaining relatively stable (at high levels) in the Dominican Republic and in Peru, while falling in Uruguay from 78% to 64%. Notable increases between these two years include Argentina (11 percentage points), Colombia (21 points) and Brazil (25 points) (Figure 3.27).

Figure 3.27. In the focal group countries, most individuals believe that their country is governed by a few powerful groups for their own benefit

Share of people who believe the country is governed for the benefit of the powerful, percentage



Note: The LAC regional average comprises 18 Latin American and Caribbean countries, including the 11 focal countries.
Source: Latinobarometro (database), http://www.latinobarometro.org/latOnline.jsp

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Impact of COVID-19

The COVID-19 pandemic has disturbed electoral processes in a number of Latin American countries, with elections postponed in Chile, the Dominican Republic, Paraguay and Uruguay. Even when elections were maintained, there were considerable disruptions, ranging from changes in voter turnout to campaigning difficulties for candidates (Querido, 2020[175]). Moreover, each country adopted its own approach to the introduction of precautionary safety measures, which generally included social distancing, mask wearing, sanitising, temperature checks, and the single use of voting pencils (IDEA, 2020[176]). Certain countries also extended voting hours, increased the number of polling stations, offered mobile polling stations, or even made accommodations for advance voting, particularly for certain groups at risk (Asplund et al., 2021[177]; López-Calva, 2021[178]).

While these special voting arrangements proved to be useful to mitigate the effects of the sanitary crisis on electoral calendars, they were not implemented systematically across Latin American countries. Instances in which this was particularly problematic include mandatory quarantine periods for voters who had recently returned from abroad or tested positive, and who were consequently disenfranchised from their voting right (Asplund et al., 2020[179]).

Early evidence across 14 parliamentary and presidential elections suggests that the pandemic may have affected voting behaviour in the region (López-Calva, 2021[178]). When comparing the elections that took place during the pandemic to historical averages, voter turnout slightly increased in half of the countries, and decreased in the other half. However, when compared with previous elections, a majority of countries (11) registered a decrease in voter turnout and, whether compared to historical averages or to previous elections, these decreases were larger than the increases (López-Calva, 2021[178]). In due course, it will be important to take a closer a look at disaggregated data as well, to assess changes in voting behaviour across different groups of the population.

Although there may be several, cross-cutting drivers behind these findings, a starting point for reflection is that trust in elections was already fragile prior to the pandemic (LAPOP, 2021[180]), in a context of increased social unrest. Although the 2009-13 period showed signs of greater optimism and confidence, there has been growing disenchantment and political polarisation in more recent years (ECLAC, 2021[172]). Countries that have reduced opportunities for public participation in decision-making should reverse this trend, noting the benefits of more inclusive governance, civic empowerment, and greater government legitimacy as a result.

Civic space is considered a core component of any democratic, open society, and is guaranteed by the fundamental freedoms of association, assembly and expression (OECD, 2020[181]; CIVICUS, 2021[182]). Across the region, certain emergency responses to contain the pandemic sometimes led to restricted freedoms and liberties (OECD, 2020[181]; ICNL, 2021[183]). It is key for these measures to have sunset clauses (i.e. they must be time-bound) and to be strictly proportionate, in order to protect civic space and allow public engagement to resume in due course. Evidence suggests that there is a positive correlation between the protection of civic space and a country's levels of economic and human development (BTEAM, 2021[184]). Examples of potential threats to civic space during the pandemic in Latin America include citizen's reduced capacity to collectively voice their opinion on government responses - highlighted by reports of the overuse of force - as well as restrictive COVID-19-related disinformation laws on the freedom of expression (OECD, 2020[181]; CIVICUS, 2021[185]; ICNL, 2021[183]).

Finally, 2020 data from the Gallup World Poll on the share of people having voiced their opinion to an official show relatively little year-on-year change compared to 2019 in the focal group, on average (17% in both years). It increased by 5 percentage points to reach 21% in Brazil, but declined by the same amount in Colombia and Costa Rica to 19% and 16%, respectively (Gallup World Poll, 2021[97]).

Issues for statistical development

An ideal set of civic engagement indicators would measure whether citizens are involved in a range of important civic and political activities that enable them to shape the society where they live. In well-functioning democracies, civic engagement shapes the institutions that govern people's lives. The quality of these institutions *per se* is considered in the section on Social Capital of Chapter 4.

Voting is the most traditional form of political voice. Much like voicing one's opinion to a public official, further methods of civic expression are important, such as signing a petition, attending a political meeting or a demonstration, and participating in campaigns and protest via social media (Boarini and Díaz, 2015[186]). Guidance to statistical offices on how to measure political participation, as well as other aspects of governance, is provided by the 2020 Praia Group Handbook on Governance Statistics (UN, 2020[187]), but comparable official data in this field are still in their infancy. Comparable measures of these forms of participation are available for European countries (via the European Quality of Life Survey), and similar measures for Latin America and the Caribbean moving forward would be highly relevant – particularly in light of the social unrest in 2019. Analysis based on 30 European countries shows that people's attitudes towards their ability to influence and engage in political life – or their "political efficacy" – affect their political behaviour, including different forms of participation (Prats and Meunier, 2021[188]).

Additional data used in OECD countries for this area of study include survey data on "having a say in what the government does". The indicator used in the flagship publication *How's Life?* (OECD, 2020[39]) is sourced from PIAAC, which is run only every 10 years and whose main waves were last conducted by the OECD in 2012. The European Social Survey (ESS), conducted every two years, includes a similar question ("How much would you say the political system in *[country]* allows people like you to have a say in what the government does?"), but covers only European countries. In future rounds, PIAAC will also use a similar question wording to increase comparability. As of now, the measure of having a say in government included in *How's Life?* refers only to a belief in the (external) responsiveness of public institutions and government officials to citizens' demands, while excluding (internal) feelings of having the personal

competence to participate in politics (Hoskins, Janmaat and Melis, 2017[189]), while the OECD *Government at a Glance* report includes also a measure of internal political efficacy for European countries (OECD, 2019[190]). In the 2019 revision of the Inter-Agency and Expert Group list of Sustainable Development indicators, both internal and external aspects were added under Goal 16 (Peace, Justice and Strong Institutions) (OECD, 2020[39]; UN, 2020[191]), and analysis of the accuracy and validity of the available measures of political efficacy showed that these indicators could be expanded to other regions outside Europe (González, 2020[192]).

Social connections

Social connections are essential for people's well-being. Beyond the intrinsic pleasure that people derive from spending time with others, those with extensive and supportive networks have better health, tend to live longer and are more likely to be employed. At the same time, the lack of social connections worsens individuals' mental and physical health (Cacioppo, Hawkley and Thisted, 2010[193]).

Research in the field of social connections in Latin America stresses the relevance of friendship for people in their efforts to overcome poverty (Garcia et al., 2016[194]). More specifically, social connections play an important part in the survival strategies of vulnerable households for poverty alleviation. The sense of community and "togetherness" in Latin American societies is illustrated by the high value given to family and close friends, and their influence on individuals' decisions in life (Husted, 2002[195]). Likewise, informal networks are often a vector for the transfer of resources amongst friends and family members (Uthoff and Beccaria, 2007[196]). In terms of economic behaviour, authors also mention the preference of Latin Americans for establishing friendship before engaging in business transactions (Ogliastri, 1997[197]). In other areas of life such as health, social support from friends has a positive influence on the experience of caring for chronic illness, by way of informational, material, emotional and affective support (Vega Angarita and González Escobar, 2009[198]).

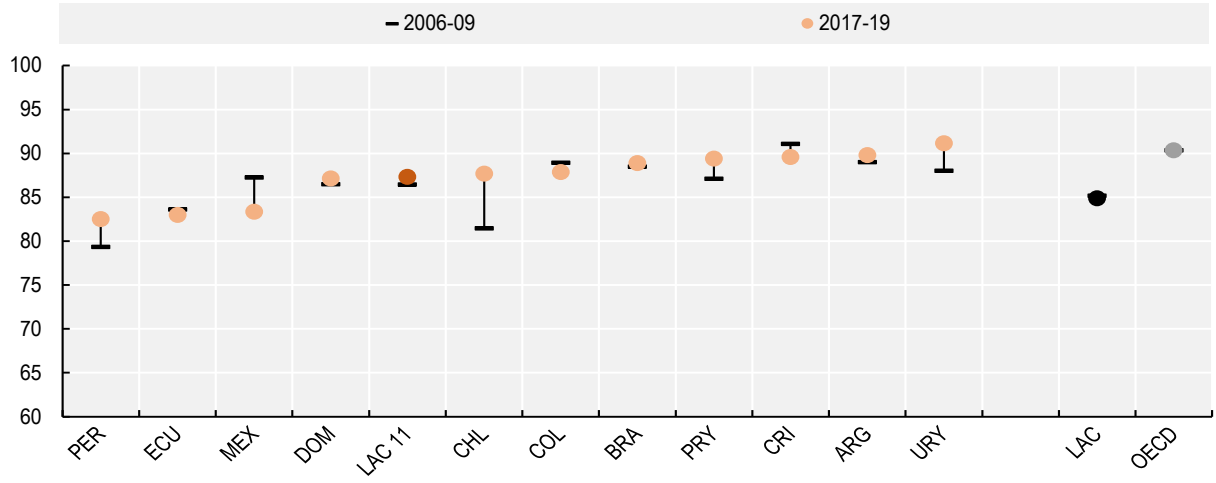
Findings in this section suggest that social network support in the focal group of countries is relatively high and close to the OECD on average, with little change over time. During the COVID-19 pandemic, many Latin Americans endured extended lockdowns and confinement restrictions, impacting their ability to maintain social relationships beyond immediate household members. Although online technologies can be harnessed to provide social support and a sense of belonging in the context of a pandemic, disparities in access to or literacy in digital resources remain a major concern in the region.

Social network support

The share of people reporting that they have relatives or friends whom they can count on to help them in times of need saw little change in the focal group of countries between 2006-09 and 2017-19, much like for the OECD average. At 87% in 2017-19, this remained below the OECD average by 3 percentage points and was similar to the regional average of 85% (Figure 3.28). Social network support was highest in Uruguay (at 91%) but significantly lower in Peru, Ecuador and Mexico (at 83%). Broad stability in this measure of social support across countries in the focal group over this period hides diverging patterns at a national level. In Chile, social network support increased by 6 percentage points, more than in any other country of the focal group. On the other hand, in Mexico it declined by 4 percentage points (Figure 3.28).

Figure 3.28. Social network support has seen little change in the focal group of countries since 2006-09, and remains slightly below the OECD average

Share of people reporting that they have relatives or friends they can count on to help in times of need, percentage



Note: Data refer to the share of respondents who answered "yes" to the question: "If you were in trouble, do you have relatives or friends you can count on to help you whenever you need them, or not?". The LAC regional average comprises 21 Latin American and Caribbean countries, including the 11 focal countries.
Source: Gallup World Poll (database), https://www.gallup.com/analytics/232838/world-poll.aspx

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Despite these findings, other evidence suggests that, beyond support networks, other aspects of social connections are important for people's well-being and are particularly strong in certain Latin American countries. According to Rojas (2019[199]), people find a sense of identity and purpose through "close and warm person-based interpersonal relationships" (quality), and they report positive emotions to others thanks to the number and frequency of their relations (quantity). Representative surveys fielded in 2018 in Colombia, Costa Rica, Mexico and to the white/Caucasian population of the United States also suggest that the quality of interpersonal relations is higher in Latin American countries than in the United States (Rojas, 2019[199]). 65% of respondents in the Latin American participating countries agreed with the statement, "In this society interpersonal relations are warm and close", against only 38% among white/Caucasians in the United States. When focusing on specific types of personal relations such as extended family, 62% of Latin Americans report visiting their grandparents frequently or very frequently during their childhood, compared to only 42% among white/Caucasians in the United States (Rojas, 2019[199]).

Moreover, the quality of people's social relations is linked to their perceptions of loneliness, a pattern that holds regardless of people's age (OECD, 2019[200]). Loneliness and isolation are related to a number of factors, including lower levels of daily activity and mobility, higher depression and risk of death (OECD, 2019[200]). Although comparable official data on these issues are lacking in Latin America, ad-hoc studies have allowed to assess perceived loneliness among certain age groups in the region. The Global School-based Student Health Survey (GSHS), for instance, found that approximately one in six students in Latin America and the Caribbean reported being lonely most or all of the time and/or having no close friends (Sauter, Kim and Jacobsen, 2019[201]) – despite the fact that a relatively large share of Latin Americans tend to live with their parents compared to Western European and Anglo-Saxon countries (Helliwell, Layard and & Sachs, 2018[202]). The prevalence of loneliness among older adults (aged 65 or above) varies between 25% and 32% in Latin America, and is significantly higher for women, widows, less educated

people and those with fewer household assets (Gao et al., 2020[203]). According to (Gerst-Emerson and Jayawardhana, 2015[204]), social isolation among older adults is a "serious public health concern" due to their heightened risk of cardiovascular, autoimmune, neurocognitive and mental health problems.

Digitalisation is already having an impact on the way in which people interact with one another. The frequency of interactions via social media has risen and is likely to continue to do so as access to social interaction technologies increases. These technologies foster a wider network with weaker ties, rather than smaller networks with stronger ties (OECD, 2019[71]). Only few time-use surveys ask respondents to report on the use of information technology (OECD, 2020[39]). However, there is evidence that social media usage in Latin America is higher than in any other world region (in Q2 of 2019, 100% of people aged 16-64 had used or visited a social media network in the past month (Global Web Index, 2019[205]), with 54% reporting "staying in touch with what friends are doing" as the main reason for using social media, and 66% declared they follow people they know in real life – more than they do brands (51%), singers, musicians and bands (49%) (Global Web Index, 2019[205]).

All told, these findings imply that much greater efforts are needed to develop high-quality, nationally representative and comparable data on social connections and the various facets of social support available to people today. Official measures on these issues are lacking not just in the Latin America and Caribbean region, but also across OECD countries (see discussion below).

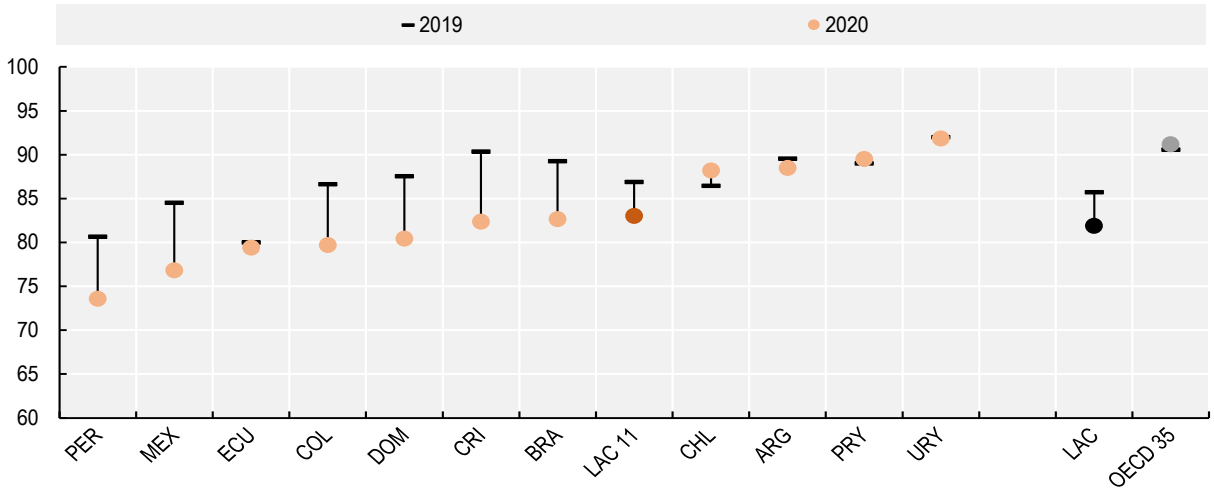
Impact of COVID-19

During the first wave of the COVID-19 pandemic, Latin Americans endured some of the longest lockdowns in the world (Parkin, Phillips and Agren, 2020[206]). They were also subject to some of the strictest mobility and contact restrictions in the spring of 2020, when approximately 85% of individuals in the region were distancing themselves from friends and relatives (Hale et al., 2021[207]; Alicea-Planas, Trudeau and Vásquez Mazariegos, 2021[208]). Both voluntary social distancing and mandatory lockdown policies have implications for people's ability to maintain social relationships beyond immediate household members – whether for instrumental or emotional support, or simply for companionship (OECD, 2020[209]).

Figure 3.29 shows that a majority of people in 2020 felt they have people to count on in time of need, with the focal group average standing at 83%, ranging from 74% in Peru to 92% in Uruguay. Nevertheless, this share decreases considerably (by 4 percentage points) relative to 2019, with strong declines in Mexico and Costa Rica (-8 percentage points), as well as in Brazil, Colombia, the Dominican Republic and Peru (-7 points), (Figure 3.29).[29]

Figure 3.29. In the focal group of countries, a majority of people feel they can count on others in times of need, yet this share decreased after the pandemic

Share of people reporting that they have relatives or friends they can count on to help in times of need, percentage



Note: In all the countries of the focal group, the mode of data collection changed between 2019 and 2020 (moving from face-to-face to phone-based interviews). As a result, certain countries may have modified the respondent pool in ways that cannot all be adjusted for via weighting techniques (Srinivasan and Clifton, 2020[37]; Helliwell et al., 2021[38]). More than 500 observations are available for all countries. Data collection dates for 2020 are as follows: Sep 7 – Nov 20, 2020 in Argentina; Sep 10 – Nov 11, 2020 in Brazil; Sep 11 – Nov 16, 2020 in Chile; Aug 21 – Oct 27, 2020 in Colombia; Sept 15, 2020 – Jan 4, 2021 in Costa Rica; Sep 24 – Oct 23, 2020 in the Dominican Republic; Aug 26 – Oct 23, 2020 in Ecuador; Sep 08 – Nov 18, 2020 in Mexico; Nov 28 - Dec 28, 2020 in Paraguay; Oct 29, 2020 – Jan 6, 2021 in Peru; Sep 24 – Nov 30, 2020 in Uruguay. Countries are ranked by 2020 levels, in ascending order (left to right). The LAC regional average comprises 16 countries, including the 11 focal countries.
Source: Gallup World Poll (database), https://www.gallup.com/178667/gallup-world-poll-work.aspx

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Overall, fewer individuals were at risk of being confined alone in Latin America than in Europe or North America (Esteve et al., 2020[210]). In Colombia, data on people's perceptions and expectations throughout the pandemic collected through the "Social Pulse Survey" conducted by the National Statistics Office (NSO) shows that over two-thirds (68%) of people in the country's 23 main cities had spoken to family or friends to feel better over the previous 7 days during September 2020 and February 2021, ranging from 38% in Cúcuta to 97% in Quibdó (DANE, 2021[211]). Findings from the latest wave of this survey in February 2021 also show that feelings of loneliness were higher among women (12%) than men (9%).

As noted above, while online technologies could be harnessed in order to provide social support and a sense of belonging (Newman and Zainal, 2020[212]), disparities in access to or literacy in digital resources remain a major concern in Latin America. The Internet usage gap between the richest and poorest across Latin America is almost 40 percentage points, and that between urban and rural households is above 25 percentage points (OECD et al., 2020[20]). Overcoming such digital divides will be critical to reduce the isolation and loneliness that many people in vulnerable groups experience. Social isolation and loneliness imply high risks for both physical and mental health and need to be addressed through interventions rooted in communities, civil society, social services and volunteering (House, Landis and Umberson, 1988[213]; Holt-Lunstad, Smith and Layton, 2010[214]; Pantell et al., 2013[215]; Klinenberg, 2016[216]; Sauter, Kim and Jacobsen, 2019[201]).

Anecdotal reporting suggests that the pandemic may have prompted more solidarity worldwide (World Economic Forum, 2020[217]) and that confinements in Latin America generated a high social mobilisation in the digital space (Duque Franco et al., 2020[218]).[30] A large psychological literature has documented the important direct and buffering roles that social support may play during times of stress (Cohen and Wills, 1985[219]; Cohen, 2005[220]; Cohen et al., 2014[221]; Bowen et al., 2014[222]). In the face of extended social distancing measures, it is key to sustain social connectedness and solidarity, particularly whilst enduring prolonged lockdown measures as well (OECD, 2020[209]).

Issues for statistical development

The measure of social support included in this report is limited: as a simple "yes/no" question, it provides no information about the frequency, intensity, quality or type (e.g. financial or emotional) of the support received. Moreover, it is not possible to assess gaps in support between the top and the bottom of the distribution from a simple "yes/no" question. Finally, the small sample sizes of the Gallup World Poll raise issues regarding measurement errors, especially when exploring change over time.

An extensive psychological literature dating back several decades exists on social support measurement, and National Statistical Offices are taking increasing interest in such measures. However, beyond Europe, there is currently little consistency across NSO practices in collecting these measures (Fleischer, Smith and Viac, 2016[223]). As a dimension of the well-being framework used in this report, social support is currently undermeasured, and as a result it is rarely present in policy discussions, meaning that further research is needed. Advances in Latin America on this front have been made by the Colombian NSO, which developed a Social Capital module as part of its Political Culture Survey (*Encuesta de cultura política*, ECP). This module allows evaluating various areas of social capital, such as the importance of family ties or being able to count on a close network of social support (DANE, 2020[224]).

An ideal indicator set for social connections would also provide information about the quantity of social interactions, both face to face (e.g. frequency and amount of time individuals spend with household members, their family, friends, colleagues and other acquaintances) and via social networks.[31] Time-use surveys are fairly widely employed in the LAC region, with 19 countries having implemented some form of time-use survey by 2019 (ECLAC, 2019[225]). However, despite the existence of a harmonised Classification of Time-Use Activities for Latin America and the Caribbean (CAUTAL) (ECLAC/ INEGI/I NMUJERES/ UN-Women, 2016[226]), this system is not yet universally applied across countries. More regular and harmonised data collection on time use would increase the potential for better statistics on social activities.

The quality of social connections (e.g. satisfaction with social interactions, perceived loneliness) is also relevant, as discussed above. However, survey questions on satisfaction with personal relationships are rare and infrequent. An example of the type of indicator that could be developed is the "Satisfaction with personal relationships" included in the OECD publication *How's Life? 2020*, which shows mean values on an 11-point scale, with responses ranging from 0 (not at all satisfied) to 10 (fully satisfied). Data are sourced from the EU-SILC ad hoc modules (well-being) from 2013 and 2018, as well as from the Canadian General Social Survey and the Well-being survey for Mexico (OECD, 2020[39]). Information on whether social interactions take place face-to-face or via social networks is also sparse. As mentioned above, the frequency of the latter has risen and is likely to continue to do so with digitalisation.

Work-life balance

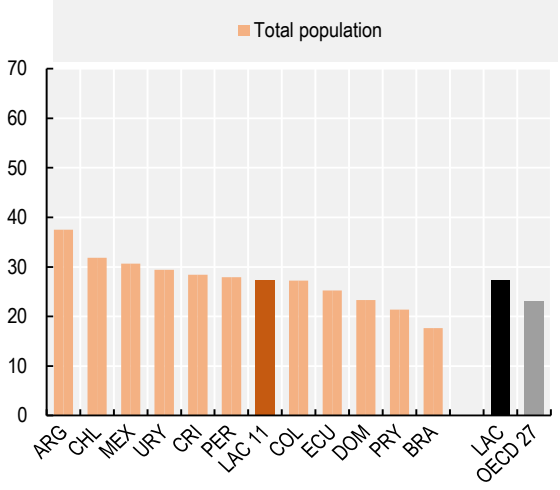
The way in which people spend the daily time available to them is a key determinant of their well-being. In the OECD framework for measuring well-being, the Work-life balance dimension refers to a "satisfactory state of equilibrium between an individual's work and private life", and is therefore about assessing people's capacity to combine family commitments, leisure and work – including both paid and unpaid work (OECD, 2011[45]; OECD, 2020[39]). On the one hand, not working enough can potentially prevent individuals from earning sufficient income or developing as a professional and may even reduce their sense of purpose in life. On the other, working too much reduces the time individuals can devote to themselves, their family and their friends, and contributes to worsening their health, particularly when combined with inadequate working conditions (Wong, Chan and Ngan, 2019[227]).

Establishing what counts as "too little" or "too much" is a key to assessing work-life balance, and this may depend on individual characteristics such as age, income, job quality, family size and personal preferences. To a certain extent, the section on Work and Job Quality in Chapter 2 informs on these issues in Latin America, as it covers unemployment and people working very long hours. However, long working hours matter for well-being in terms of both paid work (e.g. in salaried employment, as covered in Chapter 2) and unpaid work (e.g. caring responsibilities, cooking, and cleaning in the home). Figure 3.30, Panel A shows that the average weekly hours of unpaid work of the total population in the focal group of countries stands at 27 hours, well above the OECD average of 23 hours. Unpaid work is 37 hours per week in Argentina, over twice as high as in Brazil (18 hours). As a result, the employed population in these two countries face very different working days each week: for Brazilians with a paid job, weekly hours of unpaid work (15 hours) represent just over a third of weekly hours of paid work (40 hours), whereas those in Argentina face almost a "double day" burden of both paid work (39 hours) and unpaid work (33 hours) (Figure 3.30, Panel B).

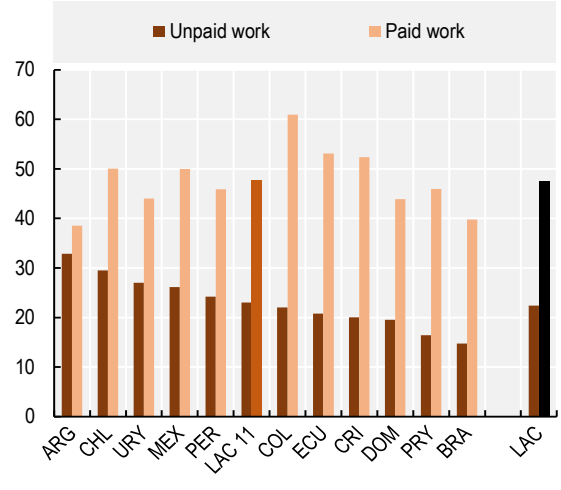
The issue of unpaid work is particularly important from a gender perspective, as women and girls tend to face a disproportionate burden. This is explored further in Chapter 5.

Figure 3.30. On average, the burden of unpaid work is relatively high in the focal group of countries, with the employed population in certain countries doing "double days" of both paid and unpaid work

Panel A: Average weekly hours of unpaid work of the total population aged 15 years and over, latest year available



Panel B: Average weekly hours of unpaid and paid work of the employed population aged 15 years and older, latest year available



Note: Data refer to 2019 for Mexico, 2017 for Brazil, Colombia and Costa Rica, 2016 for Dominican Republic and Paraguay, 2015 for Chile, 2013 for Argentina and Uruguay, and 2012 for Ecuador. The LAC regional average comprises 15 Latin American and Caribbean countries, including the 11 focal countries. OECD 27 excludes Australia, Chile, Colombia, the Czech Republic, Iceland, Israel, Lithuania, Mexico the Slovak Republic and Switzerland, as data are not available or due to methodological differences in data collection. Data for OECD countries are collected in the format of minutes/day dedicated to each activity and refer to the age group 15-64. Data are harmonised ex-post by the OECD. The OECD average for weekly hours of unpaid work was calculated by taking the available time-use data on daily minutes and multiplying by 7.
Source: CEPALSTAT, https://estadisticas.cepal.org/cepalstat/WEB_CEPALSTAT/estadisticasIndicadores.asp and the OECD Family Database, http://www.oecd.org/social/family/database.htm

StatLink https://stat.link/t175w4

Subjective well-being

The OECD's *Guidelines on Measuring Subjective Well-Being* define the concept as "good mental states, including all of the various evaluations, positive and negative, that people make of their lives and the affective reactions of people to their experiences" (OECD, 2013[228]). This definition encompasses three key elements: life evaluation (a reflective assessment on a person's life or some specific aspect of it); affect (a person's feelings, emotions and states, typically measured with reference to a particular point in time); and eudaimonia (a sense of meaning and purpose in life, or good psychological functioning).

Generally speaking, both the affect scores and the evaluations of life reported in Latin America tend to be relatively high – particularly considering not only what average income levels would predict (Rojas, 2018[229]), but also what might be expected based on objective measures of health or political voice. In this respect, research has drawn attention to the existence of a "Latin American paradox" (Box 3.1). To a certain extent, these favourable results encapsulate the inadequacy of traditional welfare measures for assessing progress, as well as the need to bring into greater focus measures that capture the quality of people's lives. By taking people's values into account and by recognising human universality in the experience of well-being, measures of subjective well-being are of upmost relevance in a range of policy debates and strategies to achieve sustainable development.

Life satisfaction

Life satisfaction reflects the way people evaluate their lives as a whole and is measured through survey questions. In OECD countries, information about current levels of life satisfaction can be derived from estimates provided by National Statistics Offices, based on national surveys that rely on broadly comparable questions (OECD, 2017[46]). However, in order to assess changes over time in the focal group of countries and in Latin America overall, the Gallup World Poll is a better source of information, as it provides longer time series and enables the assessment of most countries on a comparable basis.[32] The average life satisfaction score across the focal group for the 2017-19 period was slightly above 6, as compared to values close to 7 across OECD countries. Average scores ranged from below 5.7 in the Dominican Republic to 7.1 in Costa Rica. Average satisfaction among the focal group of countries in 2017-19 was very similar to that recorded in 2006-09. This has also been the case for the OECD average, although several OECD member countries experienced marked falls in life satisfaction during the 2008 global financial crisis (OECD, 2013[230]; OECD, 2017[46]). Five countries (the Dominican Republic, Ecuador, Paraguay, Peru and Uruguay) experienced life satisfaction gains of 8% or more between 2006-09 and 2017-19, while respondents in Argentina and Mexico (-4% each) and Brazil (-5%) reported slightly lower life satisfaction in 2017-19 (Figure 3.31, Panel A).

At the low end of the scale, 19% of respondents in the focal countries reported life satisfaction of 4 or lower in 2017-19, as compared to 11% in the OECD average (Figure 3.31, Panel B). The share was, however, almost four times higher in the Dominican Republic (33%) than in Costa Rica (9%). It has nonetheless decreased in most countries, namely in Ecuador (-10 percentage points), Peru (-9 points), the Dominican Republic (-6 points.) and Chile (-5 points), whilst increasing in Argentina (5 points).

Affect

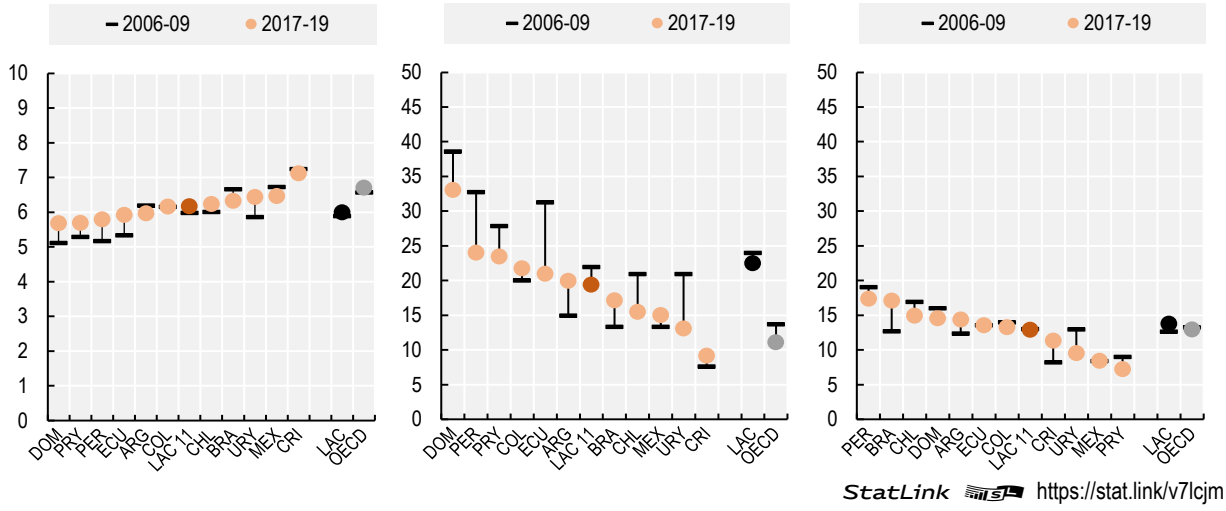
Affect is a term often used in psychology to describe a person's feelings. Therefore, the different measures of affect reflect particular emotional states, typically referring to a specific point in time (OECD, 2013[228]). The negative affect balance measure shown below is a summary calculated from a battery of items, to which respondents indicate "yes" or "no" to having felt a lot of each emotion or state on the previous day. The negative items considered here relate to anger, sadness and worry, and the positive items to enjoyment, feeling well-rested and laughing or smiling. A negative affect balance refers to respondents who report more negative than positive feelings or states on the previous day (OECD, 2020[39]). The balance of emotional states in the focal group of countries was, on average, slightly more positive than among OECD countries in 2017-19: only 13% of people in the focal group report a negative affect balance, a rate similar to that recorded in OECD countries, on average. Across the focal group, the rate ranges from 17% in Brazil and Peru to 8% or less in Mexico and Paraguay. Between 2006-09 and 2017-19, negative affect balance remained relatively stable both in the focal group and in the OECD average. Negative affect balance increased (implying a deterioration of the situation) by three percentage points or more in Costa Rica and Brazil, and it decreased in Uruguay by just over three percentage points (Figure 3.31, Panel C).

Figure 3.31. Levels of life satisfaction and negative affect have remained relatively stable on average in the focal group of countries between 2006-09 and 2017-19

Panel A: Mean values for life satisfaction, 11 point scale from "worst" (0) to "best" (10) possible life

Panel B: Share of people that report a score of 4 or below on an 11 point scale from "worst" (0) to "best" (10) possible life, percentage

Panel C: Share of the population experiencing a negative affect balance yesterday, percentage



Note: In Panels A and B, data points refer to answers to the following questions: "Please imagine a ladder with steps numbered from 0 at the bottom to 10 at the top. Suppose we say that the top of the ladder represents the best possible life for you, and the bottom of the ladder represents the worst possible life for you. On which step of the ladder would you say you personally feel you stand at this time, assuming that the higher the step the better you feel about your life, and the lower the step the worse you feel about it? Which step comes closest to the way you feel?" In Panel C, negative states refer to experiencing anger, sadness or worry; positive states refer to feeling well-rested, enjoyment or laughing or smiling a lot yesterday. A negative affect balance is recorded when a respondent reports more negative than positive feelings or states in the previous day. In all three panels, LAC regional averages comprise 23 Latin American and Caribbean countries, including the 11 focal countries.

Source: OECD calculations based on the Gallup World Poll (database), https://www.gallup.com/analytics/232838/world-poll.aspx

Box 3.1. Subjective well-being: The Latin American paradox

One of the most important reasons for comparing subjective well-being across countries is to gain insight into the societal conditions that shape how people feel about their lives (Exton, Smith and Vandendriessche, 2015[231]). A variety of life circumstances have been found to be meaningfully related to patterns of subjective well-being, both within and between countries, ranging from income and employment through to health, social connections, trust and freedom (OECD, 2013[228]). Indeed, just three variables – log GDP per capita, life expectancy and unemployment – explain just over 60% of the variance in national average patterns of life satisfaction globally (Exton, Smith and Vandendriessche, 2015[231]).The six variables[1] routinely explored in the World Happiness Report meanwhile explain nearly 75% of the 2005 to 2017 variation in national average life satisfaction,[2] worldwide (Helliwell et al., 2018[232]). Typically, wealthier, more equitable and more politically stable countries (e.g. Scandinavian and northern European countries) tend to top country rankings, and less wealthy countries, often with recent experiences of unrest or conflict (e.g. Afghanistan, Yemen) tend to rank towards the bottom (Helliwell et al., 2021[233]). Nevertheless, global rankings of such indicators can produce some counter-intuitive results. In particular, countries with similar levels of GDP per capita can sometimes have quite different subjective well-being rankings: for example, the GDPs per capita of Mexico and Belarus are very close, but in the 2021 edition of the *World Happiness Report*, Mexico ranks 36th out of 149 countries on life satisfaction,[2] and Belarus ranks 75th (Helliwell et al., 2021[233]).

In general terms, Latin Americans report relatively high levels of subjective well-being compared to the global average. Rojas (2020[234]) for instance, finds that life satisfaction as measured by the World Values Survey (WVS) is higher in Latin America than in any other world region.[3] Across all 2006-2016 editions of the Gallup World Poll, average life satisfaction in the Latin American region as a whole was 6.07 on a scale of 0 to 10. This is significantly lower than Western Europe (6.95 on average) and for Anglophone countries (7.38) but still remains above the simple country average (5.42) for the 150+ nations included (Rojas, 2018[229]). Rojas (2020[234]) also reports that positive affect was on average the highest in the world over the 2006-16 period, although the number of negative emotions expressed in the region is also very high.[4]

Latin America's performance on subjective well-being contrasts with the picture for material conditions in the region: for example, while life satisfaction and positive affect are above the world average levels, the GNI per capita in 2019 for the LAC region was around 15 800 (international dollars, at 2017 PPPs), compared to 16 900 globally (World Bank, 2021[235]). As shown in this report, Latin America as a whole is also affected by high levels of income inequality, poverty and insecurity. The Latin American "paradox" has been coined to describe the apparent disconnect between average levels of material wealth in the region and global rankings of life satisfaction – which persist despite the fact that within the region higher material living standards are associated with higher levels of life satisfaction (e.g. Graham and Lora (2009[236])).

What might account for this apparent paradox? One possibility is that some non-material aspect of living conditions in Latin America could help to explain the gap between observed values of subjective well-being and those that might be expected based on levels of economic development alone. Regional experts such as Rojas (2018[229]; 2020[234]) have posited in particular that close interpersonal relationships and strong family and community bonds could play a role. While these facets of life tend to be very poorly measured in international surveys, evidence shown in the preceding Social Connections section of this chapter indicates that social network support in the region is relatively high (close to OECD average levels). As well as being an important direct driver of subjective well-being (see below), strong social connections may also help to mobilise both material and psychosocial resources that can help to buffer against the hardships of material deprivation. Religiosity and religious

practices that build strong community relationships have also been associated with more resilient subjective well-being in the face of adversity (Helliwell and Putnam, 2004[237]; Deaton and Stone, 2013[238]).

Globally, social relationships are a key determinant of subjective well-being outcomes (Diener and Biswas-Diener, 2018[239]; Helliwell et al., 2018[232]). Some evidence also suggests that social connectedness is both higher in the Latin American region, and it might matter more as a determinant of Latin Americans' happiness. For example, while factors such as per capita income and corruption do play a significant role in explaining variation in positive affect in Latin American countries, the share of the variance explained by these factors is smaller than in Western Europe (Rojas, 2018[229]). Commenting on the large impact of COVID-19 on life evaluations in Latin America, Helliwell notes that happiness in the region is sustained by close social connections, and the pandemic has limited this aspect of people's well-being particularly severely (The Economist, 2021[240]). This can be seen in the steep fall in social network support in Latin America between 2019 and 2020 (see the Social Connections section of this chapter) – a fall that has not been observed among most OECD countries, where life satisfaction has also been more resilient during the first 6-9 months of the pandemic (OECD, forthcoming[241]). Indeed, research in the United Kingdom has found that those who spent more time socialising before the pandemic (particularly women and younger people) have been among those hit hardest in terms of their mental well-being (Etheridge and Spantig, 2020[242]).

Notes:
1. These six variables are: GDP per capita, social support, healthy life expectancy, freedom to make life choices, generosity and freedom from corruption.
2. The life satisfaction measure used in the World Happiness report refers to the Cantril Ladder question (0-10 worst possible to best possible life).
3. Latin America remains in the top position among other regions of the world in terms of Life Satisfaction according to the most recent wave (7) of the World Values Survey (WVS Database, 2020[243]).
4. Indeed, both individual and regional differences in how many emotions tend to be expressed overall are a key reason why OECD work considers a measure of negative affect balance (i.e. the share of people reporting more negative than positive experiences), rather than considering the quantity of positive and negative emotions expressed. Affect balance measures help to net out differences in expressiveness whilst preserving information about the overall balance (tone) of positive and negative experience (OECD, 2013[228]; Exton, Smith and Vandendriessche, 2015[231]; OECD, 2020[39]).

Impact of COVID-19

While early evidence from the region suggests that the pandemic had certain effects on people's anxiety and stress, trends in life satisfaction in Latin America are currently less clear-cut. In Colombia, for instance, official data suggest that between September 2020 and February 2021 just under half of the population (43%) felt worried or nervous in the 23 main cities, and that between December 2020 and February 2021, approximately 16% felt sad. However, this data come from a survey launched by the National Statistics Office in 2020 to monitor people's perceptions and expectations during the crisis, and no reference point is available from previous years (DANE, 2021[211]). In Uruguay, on the other hand, a web survey suggested that 32% of the population felt sad and 67% felt nervous at the end of March 2020 (i.e. at the very beginning of the pandemic once the first restrictions were in place) – figures that were respectively 20 and 37 percentage points higher than the previous year (Bericat and Acosta, 2020[244]). In Argentina, a telephone survey carried out during lockdown in Buenos Aires in May 2020 found that one in five people (21%) reported symptoms of anxiety or depression, expressed as "psychological discomfort" (Rodríguez Espínola, Filgueira and Paternó Manavella, 2020[245]).

In contrast, in Mexico, where the National Statistics Office has been measuring life satisfaction in a comparable way over time, life satisfaction for the urban population in January 2021 was similar to that in January 2015 and January 2018 (8.2 on the Cantril Ladder). This represents a very slight fall, however,

compared to January 2019 (8.4) and January 2020 (8.3) (INEGI, 2021[101]). In this regard, it is important to note that averages in life satisfaction may mask disparities within the national population. In Mexico for example, women reported slightly lower life satisfaction (8) than men (8.3).

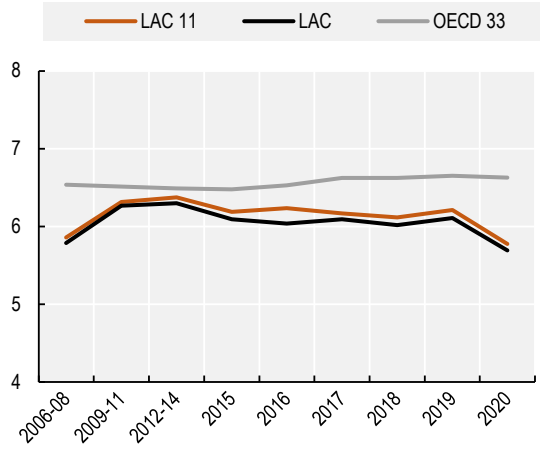
Data from the Gallup World Poll show clear impacts of the COVID-19 pandemic across indicators of subjective well-being. In the wake of the pandemic, life satisfaction declined by 0.4 points in the focal group of countries, on average, representing a 7% decrease (Figure 3.32, Panel A). This drop, the largest recorded since 2015, has brought average life satisfaction below the levels recorded in 2006-08. The fall affected all countries in the focal group, with the exceptions of Argentina, Chile and Paraguay, where life satisfaction remained relatively stable. In Mexico, Ecuador, Colombia, Costa Rica and the Dominican Republic, life satisfaction has fallen by 0.5 to 0.8 points, representing changes from -7% to -14% (Figure 3.32, Panel B). The largest drop was recorded in Peru, where life satisfaction fell from 6 to 5 (-17%), leaving it lower than anywhere else in the focal group.[33]

Between 2019 and 2020, the share of the population reporting a low life satisfaction score increased on average in the focal group, echoing the detrimental effects of the pandemic mentioned above. In 2020, one in four individuals reported a score of 4 or below on a scale of 0-10, compared to approximately one in five just a year earlier. In 9 out of the 11 focal group countries the share increased by 3 percentage points or more, notably in Mexico and Ecuador (by 9 percentage points) and Peru (13 points). On the other hand, this share slightly fell in Paraguay, whilst remaining stable in Chile (Figure 3.32, Panel C).

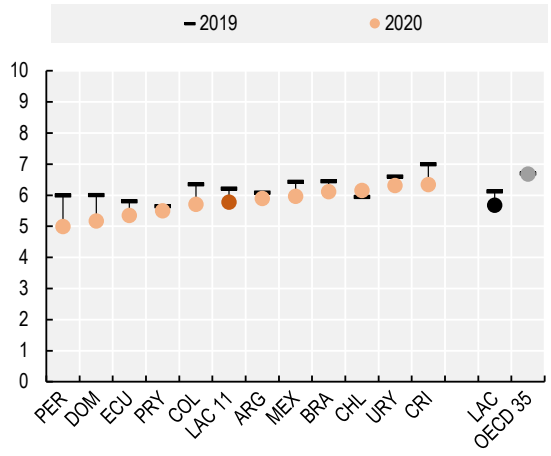
The pandemic has also increased the share of the population experiencing a negative affect balance. On average, 17% of respondents in focal group countries experienced more negative than positive feelings in a typical day in 2020, roughly 4 percentage points more than a year earlier. In 6 out of the 11 focal group countries, the share increased by 3 percentage points or more, particularly in Costa Rica and Mexico (6 points) and Peru (11 points) (Figure 3.32, Panel D). In the remaining countries of the focal group, levels remained broadly stable over the past two years.

Figure 3.32. Indicators of subjective well-being show meaningful change in certain countries between 2019 and 2020

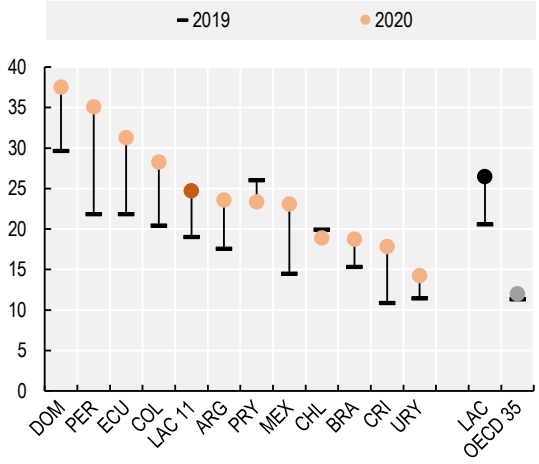
Panel A: Mean values for life satisfaction, 11 point scale from "worst" (0) to "best" (10) possible life, regional developments



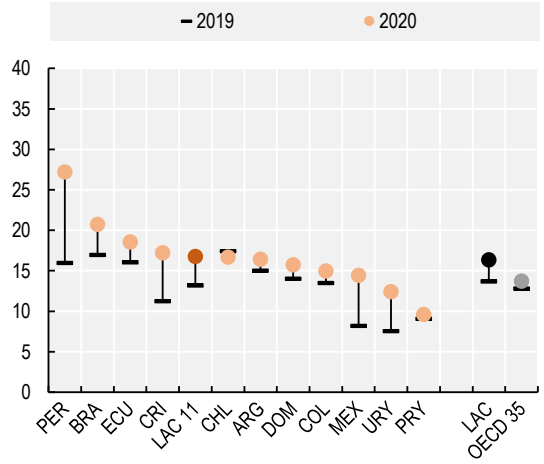
Panel B: Mean values for life satisfaction, 11 point scale from "worst" (0) to "best" (10) possible life



Panel C: Share of people that report a score of 4 or below on an 11 point scale from "worst" (0) to "best" (10) possible life, percentage



Panel D: Share of the population experiencing a negative affect balance yesterday, percentage



Note: In Panel A, the LAC regional average comprises 15 countries, including the 11 focal countries. OECD 33 excludes the Czech Republic, Iceland, Luxembourg and Norway, due to incomplete time series. In Panels B, C and D, LAC regional average comprises 16 countries, including the 11 focal countries. OECD 35 excludes the Czech Republic and Luxembourg, as data are not available for both years. Countries are ranked by fieldwork start date (earliest to latest) in 2020.

In all the countries of the focal group, the mode of data collection changed between 2019 and 2020 (moving from face-to-face to phone-based interviews). As a result, certain countries may have modified the respondent pool in ways that cannot all be adjusted for via weighting techniques (Srinivasan and Clifton, 2020[37]; Helliwell et al., 2021[38]). More than 500 observations are available for each country. Data collection dates for 2020 are as follows: Sep 7 – Nov 20, 2020 in Argentina; Sep 10 – Nov 11, 2020 in Brazil; Sep 11 – Nov 16, 2020 in Chile; Aug 21 – Oct 27, 2020 in Colombia; Sept 15, 2020 – Jan 4, 2021 in Costa Rica; Sep 24 – Oct 23, 2020 in the Dominican Republic; Aug 26 – Oct 23, 2020 in Ecuador; Sep 08 – Nov 18, 2020 in Mexico; Nov 28 - Dec 28, 2020 in Paraguay; Oct 29, 2020 – Jan 6, 2021 in Peru; and Sep 24 – Nov 30, 2020 in Uruguay.

Source: OECD calculations based on the Gallup World Poll (database), https://www.gallup.com/analytics/232838/world-poll.aspx.

StatLink https://stat.link/nybgai

Issues for statistical development

An ideal set of subjective well-being indicators would encompass different measures of life evaluations, affect, and eudaimonia.[34] For example, the *OECD Guidelines* proposed a core module of five questions, considered to be the minimum necessary to capture these three elements (OECD, 2013[228]). Within that core module, the question on life evaluation (in this case, a question about life satisfaction, rated on a 0 to 10 scale) was selected as the primary measure – i.e. in a scenario where only one question could be included in a survey, it would be the single recommended question. This is largely due to the fact that it is the question for which there is the greatest degree of international consensus on both its construction and use, as well as the strongest evidence base regarding the validity, relevance and reliability of the measure.

A majority of OECD national statistical offices are now collecting measures of life satisfaction in an internationally harmonised way, although some methodological variations persist (OECD, 2020[39]). In Chile, for example, life satisfaction data have been collected by the Instituto Nacional de Estadísticas (INE), using a response-scale format that is not comparable with that used in other OECD countries. Mexico also reports life satisfaction for the population on a biannual basis, as part of a module called "BIARE" ("Bienestar Autoreportado", or self-reported well-being) included in the National Survey of Consumer Confidence (ENCO) by the INEGI; while in Colombia, the statistical office has made steps in this direction in recent years as well. However, despite progress towards harmonisation, life satisfaction data collections in official statistics are still scarce in Latin America, and where they do exist long time series are still lacking.

Both the life satisfaction and the negative affect balance data reported in this section are sourced from the Gallup World Poll, due to the lack of harmonised data across statistical offices in the region. The World Poll offers a standardised measurement approach that covers all the focal group countries and provides a consistent time series, collected annually in most cases since 2005/6. As mentioned previously, the Gallup World Poll measure for negative affect is based on people's feelings and affective states "yesterday", rather than over a longer time period, to reduce the risk of retrospective recall bias. This is also the case in the BIARE module used by the INEGI (INEGI, 2021[246]). When adopted in conjunction with large sample sizes, this question framing should suffice to extract information on a typical day's experiences, but estimates may be more volatile over disaggregations across population groups or smaller samples more generally. An alternative framing for survey questions is to ask respondents about states and feelings over a period of several weeks, hence reducing the impact of uncommon events, yet increasing the role of dispositional tendencies influencing the data and the risk of retrospective recall bias. Data on affective experiences collected through time-use surveys are likely to yield the most accurate and useful results (OECD, 2013[228]), but are yet to be included in those undertaken in the focal group of countries, such as Chile or Costa Rica (INE, 2015[247]; INEC, 2017[248]).

Eudaimonia measures are absent from this section, due to a lack of internationally harmonised data collected at regular time intervals. Nonetheless, the BIARE module developed by the INEGI is an example of how this measure could be included in national surveys throughout the region moving forward. It includes several positive statements and a negative statement, to which respondents are asked to rate the level of agreement on a scale of 0 to 10 (INEGI, 2021[101]).

Recent statistical developments in the field of subjective well-being in Latin America are contributing to advancing this agenda in the region. The Colombian NSO has made considerable progress on developing new tools to measure people's perceptions, particularly on subjective well-being, in the Social Capital module of its Political Culture Survey (*Encuesta de cultura política*, ECP). During the COVID-19 pandemic, it has also carried out its "Social Pulse" survey on a more regular basis, in which it has included measures of affect (DANE, 2021[211]). Furthermore, the Mexican statistical office is working towards a new national survey on income and well-being, in close co-ordination with external experts. The survey will include three major dimensions of well-being, including subjective well-being. Finally, Chile's Ministry of Social Development has been seeking to measure well-being through the Complementary Social Welfare Survey, to complement the existent national socio-economic survey (*Encuesta de Caracterización Económica Nacional*, CASEN), which is based on the OECD framework.

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Notes

[1] Throughout this report, the eleven focal countries refer to Argentina, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, Mexico, Paraguay, Peru and Uruguay.

[2] Health status is consistently ranked as one of the most valued aspects in people's lives in public consultations that have informed the construction of national well-being frameworks in OECD countries (e.g. in Italy, Germany, Israel and Scotland) and by the users of the OECD Better Life Index (Balestra, Boarini and Tosetto, 2018[261]).

[3] The "epidemiological transition" (from communicable to non-communicable diseases) observed in many OECD countries is also affecting Latin America and the Caribbean, where the burden of non-communicable diseases among adults is increasing over time (OECD/The World Bank, 2020[4]).

[4] According to the WHO Global Health Estimates, mental disorders and neurological conditions include: depressive disorders, bipolar disorders, schizophrenia, anxiety disorders, eating disorders, autism and Asperger's syndrome, idiopathic intellectual disability, Alzheimer's disease and other dementias, Parkinson's disease, epilepsy, multiple sclerosis, migraine and non-migraine headache (WHO, 2018[25]).

[5] Cross-country comparisons of suicide data need to be handled with care: estimates largely depend on the quality of the vital registration system, which can vary from one country to another, affecting both current levels as well as trends. Moreover, suicides often go under-reported, meaning that in countries with a low coverage of deaths in general (i.e. where a high share of deaths do not end up in the vital registration system), a large share may be accounted for by suicides (Mascayano et al., 2015[251]). The social stigma around suicide and mental disorders may also impair reporting levels, thereby affecting the comparability of data among countries. In practice, this situation is also a risk factor, since it may prevent effective and timely access to health-care services when these are most needed (Feigelman, Gorman and Jordan, 2009[257]; Ferré-Grau et al., 2011[256]; Jaen-Varas et al., 2014[253]).

[6] It is important to note that the UHC is a composite index, which combines access indicators with outcome indicators (for instance, prevalence of blood pressure above certain levels). The UHC index also includes certain indicators of available resources (availability of hospital beds and health workers). Outcome indicators are influenced not only by health policy, but also by individual preferences and behaviours. They are not direct measures of access to health-care services. Similarly, indicators of available resources are not direct measures of access to health-care services. Moreover, not all indicators included in the UHC index are equally well-suited for different contexts (for instance, malaria prevention in non-tropical countries). Finally, data from the UHC index must be interpreted with caution in this report, since the main data source for certain tracer areas are health administrative records, and not all focal countries have the same levels of coverage and quality of administrative records. An example of these caveats is the fact that in 2017, access to essential services in Chile according to the UHC (second-lowest among the focal group of countries) is somewhat counter-intuitive when considering levels of life expectancy or maternal and infant mortality.

[7] These shares represent almost 26.7 million confirmed cases and over 846 000 deaths as of 14 April 2021 (Dong, Du and Gardner, 2020[2]).

[8] Prevalence estimates were extracted for the following disease categories by age, sex and country: (1) cardiovascular diseases (CVD), including CVD caused by hypertension; (2) chronic kidney disease (CKD), including CKD caused by hypertension; (3) chronic respiratory disease; (4) chronic liver disease; (5) diabetes; (6) cancers with direct immunosuppression; (7) cancers without direct immunosuppression, but with possible immunosuppression caused by treatment; (8) HIV/AIDS; (9) tuberculosis; (10) chronic neurological disorders; and (11) sickle cell disorders.

[9] For the purpose of computing summary statistics on longevity inequality, the category “No schooling” was merged with “Primary and lower secondary” to form the category “Low level of education” (Murtin et al., 2017[50]).

[10] In all of these countries, the share of adults with tertiary education is among the lowest in OECD and partner countries (less than 25%), which may partially explain the large earnings advantage of tertiary-educated workers.

[11] PISA measures the performance of only those 15-year-olds who are still in school. In the case of Costa Rica, lack of progress in average scores since 2009 masks the fact that a higher share of the youth cohort has been attending school (including more students from disadvantaged backgrounds) and is hence participating in PISA. However, other countries in the region, such as Peru, have succeeded in simultaneously enrolling more children and improving PISA average learning outcomes (OECD, 2017[49]).

[12] In 2018, 600 000 students representing approximately 32 million 15-year-olds in the schools of the 79 participating countries sat the 2-hour PISA test. “Top performers” are those who achieved Level 5 or 6 in a given subject, whereas “low-achievers” are those who scored below Level 2 (OECD, 2019[55]).

[13] At Levels 5 or above, students can comprehend lengthy texts, deal with concepts that are abstract or counterintuitive, and establish distinctions between fact and opinion, based on implicit cues pertaining to the content or source of the information (OECD, 2019[263]).

[14] In terms of reading proficiency, at Level 2, students begin to show the capacity to use their reading skills to acquire knowledge and solve practical problems. Students who fail to attain Level 2 proficiency in reading often encounter difficulties when confronted with material that is unfamiliar to them or that is of moderate complexity and length. They often need to be prompted with instructions or cues before being able to engage with a text. In the context of the UN 2030 Agenda, Level 2 proficiency has been identified as the "minimum level of proficiency" that all children should acquire by the end of secondary education (OECD, 2019[55]). In terms of proficiency in mathematics, at Level 2 students begin to show the initiative and ability to use mathematics in simple real-life situations. Although students who score below this minimum level can be considered particularly at risk, Level 2 proficiency is not necessarily a "sufficient" level of mathematics proficiency for making well-founded decisions and judgements in personal or professional situations for which mathematical literacy is required (OECD, 2019[55]). Nonetheless, it is also the level of proficiency considered for the UN SDGs. Level 2 in science is also an important benchmark for student performance. On the PISA scale, it represents the level of achievement at which students begin to show the science competences that enable them to engage in reasoned discourse about science and technology (OECD, 2018[262]). At Level 2, the competences and attitudes required to effectively engage with science-related issues are only just emerging. Students demonstrate everyday scientific knowledge, as well as a basic comprehension of scientific enquiry, which they can mainly apply in familiar contexts (OECD, 2019[55]).

[15] The questions asked in surveys vary between countries, and not all of them rely on the "able to read and write a simple statement" definition of literacy (UIS, 2021[268]).

[16] A numerate adult will respond appropriately to mathematical content, ideas and information represented in different ways to solve problems and manage situations in a real-life context. Although performance on numeracy tasks is, in part, dependent on the ability to read and understand text, numeracy involves more than applying arithmetical skills to information embedded in text (OECD, 2019[62]). Akin to the literacy scale, the scale for numeracy proficiency is divided into six levels: Levels 1 to 5 and below Level 1. Tasks below Level 1 require the respondents to carry out simple processes (counting, sorting, performing basic arithmetic operations with whole numbers or money) or to recognise common spatial representations in familiar, concrete contexts where the mathematics content is explicit, i.e. with little/no distractors or text. Tasks at Level 5, on the other hand, require respondents to understand complex representations and abstract and formal mathematical and statistical ideas, possibly embedded in complex texts (OECD, 2019[62]).

[17] See: http://uis.unesco.org/en/news/uis-sdg-core-indicators-refocusing-efforts-attain-sdg-4.

[18] Calculation: Cumulative drop-out rate to last grade of primary education = 100% - Survival rate to last grade of primary education.

The cumulative drop-out rate to the last grade of secondary education cannot be derived from any other data in the UIS database.

[19] This indicator was included in the Gallup World Poll survey as of 2019, and therefore no time series is available.

[20] Countries considered: Belize, Costa Rica, El Salvador, Guatemala and Honduras.

[21] Fine particulate matter ($PM_{2.5}$) is the air pollutant that poses the greatest risk to health globally, affecting more people than any other pollutant (WHO, 2021[264]).

[22] Currently, no environmental outcomes other than air pollution can be computed at sub-national level with a harmonised international method (OECD, 2015[96]). Broadening the available environmental indicators is a priority for both Latin American and OECD countries.

[23] Data on average annual exposure to fine particulate matter per region shown in Figure 3.24 are not limited to urban areas, but instead cover all parts of the country (though they are weighted by population, such that rural areas account for a much smaller share of the average estimate in most LAC countries, due to the highly urbanised population). What this means is that average annual exposure can be considerably higher in cities, and in certain locations within cities, but if a large share of the population live in rural areas this will offset the regional average.

[24] A disaster is a calamitous and sudden event that seriously disrupts the functioning of a community or society and causes human, material, economic and environmental loss that exceeds the capacity of the affected community or society to cope with the situation with their own resources (ECLAC, 2021[266]).

[25] In this specific sentence, the term “affected” refers to the population that “requires immediate basic assistance, including food, water, shelter, sanitation and medical assistance in a period of emergency caused by a natural disaster. It corresponds to the sum of all injured, homeless and affected people” (ECLAC, 2021[266]).

[26] In well-being measurement frameworks worldwide, concepts range from proximity to natural areas (Japan, Scotland), perception of accessibility (New Zealand, Australia, Scotland), density (Korea), and number of visits to the outdoors (Australia, Canada, Israel, Scotland, the United Kingdom) (Exton and Fleischer, forthcoming[265]).

[27] For further information on compulsory voting information from this section, please refer to: https://www.idea.int/data-tools/data/voter-turnout/compulsory-voting.

[28] The Dominican Republic formally abandoned compulsory voting in 2010, but it was not enforced by sanctions (IDEA, 2021[174]). In the 2020 presidential election, abstention reached 45%, according to the *Junta Central Electoral* (JCE, 2020[267]).

[29] Based on the +/- 3.0 p.p. threshold for assessing change over time for this indicator, established in Annex 5.A of *How’s Life? 2017* (OECD, 2017[46]).

[30] Increases in social support were also documented in a random sample of the general Hong Kong population following the 2003 SARS outbreak (Lau et al., 2006[252]).

[31] Since computer technology may foster a wider network with weak ties, rather than a narrower network with strong ties, its impact on social interactions is likely substantial (OECD, 2019[71]).

[32] There remains some controversy in the literature about whether self-reported survey measures can be analysed as if they were interval-level data (e.g. (Frey and Stutzer, 2000[254]; Ferrer-i-Carbonell and Frijters, 2004[255]; Diener and Tov, 2012[258]; Bond and Lang, 2019[260]; Chen et al., 2019[259])). Much of this controversy centres on the analysis of questionnaire items that use short categorical response scales (e.g. "not too happy/ pretty happy/ very happy") yielding discrete ordinal level data. This report relies on 0-10 numerical response scales that are intended to convey equal intervals to respondents from the outset, and are anchored such that zero refers to the absolute minimum value (i.e. "worst possible"). Responses to these 0-10 numerical response scales are often analysed as if they were interval data (e.g. summarised through mean averages; analysed using OLS regression). While an imperfect representation of the data, the mean is reported here for several practical reasons. First, the mean offers a simple summary of central tendency that can provide an "at a glance" picture of results across a large number of countries and over time (essential for a comparative report). Compared to the median value, the mean is both more sensitive to changes in the distribution of values on a bounded 0-10 scale, and less biased than a median value when it falls at the threshold between two response categories (OECD, 2013[228]). A series of histograms to show the full distribution of responses across 11 response categories for each country, at every time point, would be an ideal representation of the data, but is not a practical option due to space constraints. Imposing binary thresholds on the data (i.e. reporting the share of the population responding above or below a certain threshold value) can be useful for communication purposes and to assess deprivations, but these too involve making strong assumptions about how to carve the distribution into meaningful segments – and, crucially, they can overstate the importance of a difference or change when these occur close to the threshold, whilst overlooking differences or changes that occur in other parts of the distribution (see (OECD, 2013[228])). Finally, reporting the mean average has become common across much of the literature that uses 0-10 life evaluation measures, thereby facilitating comparisons between the results reported here and other studies in this field.

[33] To put this into perspective, evidence suggests that unemployment has a detrimental effect on life satisfaction by approximately 1 scale point (controlling for individual characteristics) (Wulfgramm, 2014[249]; Voßemer et al., 2017[250]).

[34] Self-reported measures of objective concepts, such as self-rated health, or self-reported financial difficulty, are not considered within the scope of subjective well-being. While the measurement tool for questions of this sort are self-reports, the subject matter being investigated is not inherently subjective, i.e. it can be observed by a third party. People's satisfaction with specific domains of life, such as their satisfaction with their financial status or their social relationships, could be considered as subsets of life evaluations – although within the context of the *How's Life?* indicator dashboard, they would most logically appear as subjective measures within their respective domains (income and wealth; social connections). What is specific about the concept of subjective well-being is that only the person under investigation can provide information on their evaluations, emotions and psychological functioning – it is people's own views of their feelings that are the subject of interest (rather than their self-reports of objective phenomena) (OECD, 2020[39]).

4 Resources for future well-being in Latin America

Latin America is home to much of the world's biodiversity. However, its biodiversity is declining twice as fast as the OECD average, eroding the natural capital upon which the region's current and future well-being depend. The risks to human capital include the rapidly rising prevalence of overweight and obesity and the large number of youth who are not in education or employment. Slow investment growth implies a weak foundation for future well-being, while the high burden of repaying foreign debt is a persistent risk. Multiple social uprisings in 2019 clearly indicated the fragility of the social contract in the region, which is confirmed when looking at dwindling support for electoral democracy, low trust in government and in others, and high levels of perception of corruption, discrimination, and an unfair distribution of income. The COVID-19 pandemic is compounding pressures on all types of capital that underpin future well-being.

Introduction

This chapter provides an overview of four different types of resources that help to support well-being over time. Following the OECD Well-Being Framework (OECD, 2020[1]), these resources are expressed in terms of four types of capital (i.e. stocks that last over time but are also affected by decision-making today. *Natural Capital* encompasses natural assets that are renewable (e.g. forests, fishes) or non-renewable (e.g. minerals) as well as ecosystems (e.g. ocean coral reefs, wetlands, forests, soil and the atmosphere) and the services they provide. *Economic Capital* includes both man-made and financial assets. *Human Capital* refers to the skills and future health of individuals. And *Social Capital* refers to the social norms, shared values and institutional arrangements that foster co-operation (OECD, 2020[1]). In addition to considering capital stocks and flows, some key risk and resilience factors that might affect the well-being value of those stocks and flows in the future are also discussed. Each section below also highlights the key statistical gaps to be addressed in order to improve the measurement of resources for future well-being.[1]

As noted in previous chapters, the COVID-19 pandemic has radically changed people's lives. It has unveiled new vulnerabilities while exacerbating others, and it has created a new focus on the need to "build forward better", through more resilient and sustainable forms of development. At the time of writing, the available data do not yet show the full impact of the crisis and its long-term consequences. When available, the chapter also presents relevant evidence on how the COVID-19 crisis is affecting these resources.

Natural Capital

Natural Capital consists of naturally occurring assets and ecosystems (OECD, 2020[1]). "Environmental assets" are individual components of the environment, while "ecosystems" refer to the joint functioning of, or interactions among, different environmental assets within a specific spatial area. According to the United Nations Statistical Commission's System of Environmental and Economic Accounting (SEEA), whose central framework is an international standard (UNSC, 2014[2]), there are seven sets of natural and environmental assets: mineral and energy resources; land; soil resources; timber resources; aquatic resources; other biological resources (excluding timber and aquatic resources); and water resources.

Some of the well-being benefits of natural assets can be felt "here and now" (e.g. breathing clean air or drinking safe water), and some of them are included in the "Environmental quality" dimension covered in Chapter 3 (on quality of life). However, many of the benefits provided by natural assets come from their role in generating services for future generations as well as for other capitals (e.g. providing the physical space, energy and raw materials for economic activities, or water and food to sustain human capital) (OECD, 2015[3]).

Latin America contains 60% of the world's biodiversity (UNEP-WCMC, 2016[4]), as well as a wide variety of climatic regions, topographies and land-use patterns. The Amazon Basin alone is home to some 40% of the world's remaining tropical forest and contains one of the Earth's richest assortments of biodiversity (UNFCCC, 2007[5]). Biodiversity underpins ecosystem services upon which people depend and helps ensure resilience (i.e. increased diversity helps ecosystems to continue to provide services and be more resilient to pressures). Due to its abundant natural resources, Latin America stands out as a major player in the development of renewable energy, in particular hydropower, though since 2000 hydropower has declined as a share of the region's total energy mix. Despite this, per capita greenhouse gas (GHG) emissions, when including land use change, are close to world average levels: with 8.5% of the world's population, the region accounts for 8.3% of global GHG emissions. The region is also highly vulnerable to the effects of climate change, in particular in the water, agriculture and health sectors, the Andean glaciers, the Amazon and other regions vulnerable to extreme climatic events and climate variability (changes in temperatures, timing of rain, etc., upset interactions within ecological communities). The critical challenge is to preserve this unique natural wealth from the effects of climate change, harmful forms of commercial

exploitation, urban sprawl, subsistence agriculture, land-use change, overuse of natural resources, pollution and invasive alien species.

The indicators presented here include four stock measures (natural and semi-natural vegetated land cover; intact forest landscapes; and both terrestrial and marine protected areas); one flow measure (material footprint per capita); one resilience factor (renewable energy consumption); and three risk factors that put pressure on natural stocks (threatened species; greenhouse gas emissions per capita; and water stress).

Biological resources and biodiversity

"Biological diversity" or "biodiversity" stands for "the variability among living organisms from all sources including, inter alia, terrestrial, marine and other aquatic ecosystems and the ecological complexes of which they are part; this includes diversity within species, between species and of ecosystems" (UNEP, 2006[6]). The current use of terrestrial ecosystems is not sustainable (United Nations, 2020[7]; OECD, 2021[8]). Loss of biodiversity and pressures on ecosystem services are among the most pressing global environmental challenges, with changes in land cover and land use being leading contributors of terrestrial biodiversity loss (Haščič and Mackie, 2018[9]). The unprecedented rate of the worldwide destruction of natural capital is posing significant but often overlooked risks to the well-being of current and future generations, the economy and the financial sector. The emergence of infectious diseases such as COVID-19, of which land-use change and wildlife exploitation are key drivers, is just one example of the various risks associated with the mismanagement of natural capital (OECD, 2021[8]). The Convention on Biological Diversity, signed by 150 government leaders at the 1992 Rio Earth Summit, has been conceived as a practical tool for translating the principles of Agenda 21 into reality. It , recognised that not only is biological diversity about preserving plants, animals and microorganisms and their ecosystems, but it is also about people and their need for food security, medicines, fresh air and water, shelter, and a clean and healthy environment in which to live. Additionally, Sustainable Development Goal 15 addresses the need to "Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss", while Goal 14 emphasises the need to "Conserve and sustainably use the oceans, seas and marine resources for sustainable development".

Natural land cover

Land cover is the observed physical and biological cover of the Earth's surface, including natural vegetation, abiotic (non-living) surfaces and inland waters (UNSC, 2014[2]). In 2018, 76% of land in Latin America was covered by natural or semi-natural vegetation, only slightly above the OECD average of 75% (Figure 4.1, Panel A). In Colombia, Ecuador and Peru, however, natural or semi-natural vegetation covers more than 80% of the total land, while in Chile and the Dominican Republic that share is below 70%. Between 2004 and 2018, the total land covered by natural and semi-natural vegetation in Latin America remained broadly stable. The highest net gain occurred in Costa Rica, where it increased by more than 3 percentage points, while it dropped by 2 percentage points in Paraguay.

Land use change

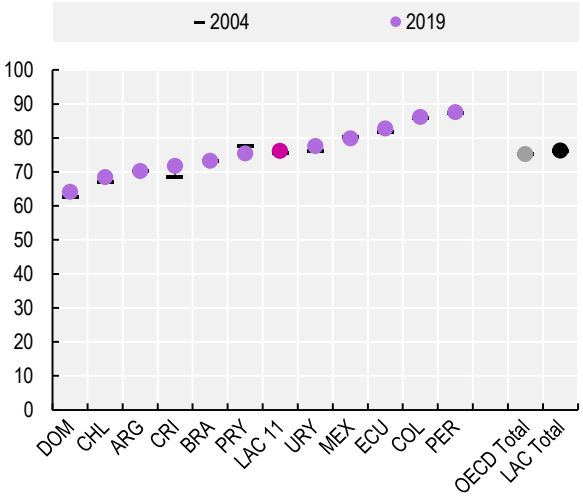
Change in land use is a key driver of land degradation. Beyond changes in the net stock of natural land cover, losses and gains in natural and semi-natural vegetation have to be considered separately, as gains in semi-natural areas (that are poor in biodiversity) may not compensate losses in natural areas rich in biodiversity (e.g. loss of primary or old-growth forest) (OECD, 2020[1]). Losses of natural and semi-natural vegetated land can be measured by the percentage of tree cover, grassland, wetland, shrubland and sparse vegetation converted to any other land-cover type. Gains of natural and semi-natural vegetated land are conversions in the opposite direction. The denominator used is the "stock" of natural and semi-

natural land at the start of the period. Loss of natural and semi-natural vegetated land is a proxy for pressures on biodiversity and ecosystems.

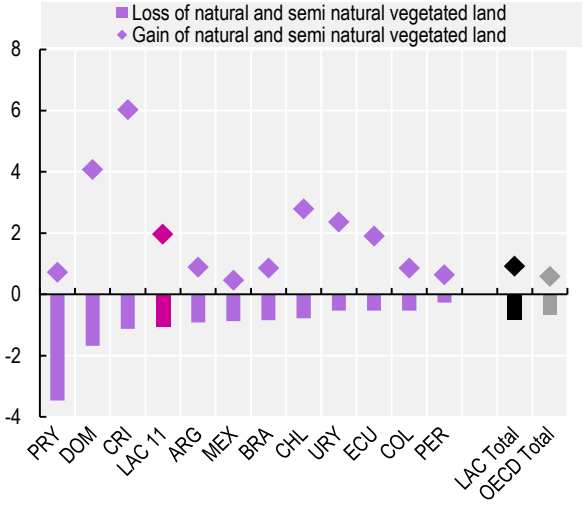
This regional stability of land cover masks diverging patterns across Latin American countries. Brazil, Argentina, Mexico and Paraguay are among the countries where changes in land cover have been most dramatic:[2] since 2004, the loss in natural and semi-natural vegetation has exceeded 10 000 square kilometres in each. Losses are also relatively high in Costa Rica and the Dominican Republic, but were paired with the highest gains in natural and semi-natural vegetation (by more than 4%) among the focal countries,[3] which was achieved through afforestation or reforestation[4] (Figure 4.1, Panel B).

Figure 4.1. Regional stability of land cover masks diverging patterns across Latin American countries

Panel A: Share of total land area which is natural and semi-natural vegetated land cover, percentage



Panel B: Conversion to and from natural and semi-natural vegetated land, percentage, 2004-2019



Note: OECD Total excludes Costa Rica, as it was published prior to Costa Rica joining the OECD.
Source: OECD Land cover in countries and regions (database), https://stats.oecd.org/Index.aspx?DataSetCode=LAND_COVER (Panel A) and OECD Land cover change in countries and regions (database), https://stats.oecd.org/Index.aspx?DataSetCode=LAND_COVER_CHANGE (Panel B).

StatLink https://stat.link/3v4zul

Intact forest landscapes

High-level indicators of land cover do not provide information about the biodiversity value of areas lost and gained. Intact forest landscapes are very high-value ecosystems: they are characterised by "unbroken expanses of natural ecosystems within the current forest extent with no remotely detected signs of human activity, and large enough that all native biodiversity, including viable populations of wide-ranging species, could be maintained" (Potapov et al., 2017[10]). Latin America and the Caribbean are home to 36% of the world's intact forest landscapes. Ten of the focal countries have intact forest landscapes remaining. Brazil has the world's third-largest intact forest landscape (after Canada and the Russian Federation); together these three countries accounted for two-thirds of the world's intact forest landscape area in 2016. Compared to 2000, intact forest area fell by around 9% (around 400 000 square kilometres) in Latin America and the Caribbean: half of that loss occurred in Brazil. Losses were high also in Peru (more than

44 000 square kilometres) and Paraguay (a decline of 80%, i.e. around 36 000 square kilometres), while they were lowest in Colombia (0.2 square kilometres).

Other terrestrial and marine ecosystems, such as grasslands and wetlands, are also important for biodiversity and ecosystem services, and they are suffering from considerable pressure in Latin America (e.g. las Pampas). Unfortunately, comparable data is scattered.

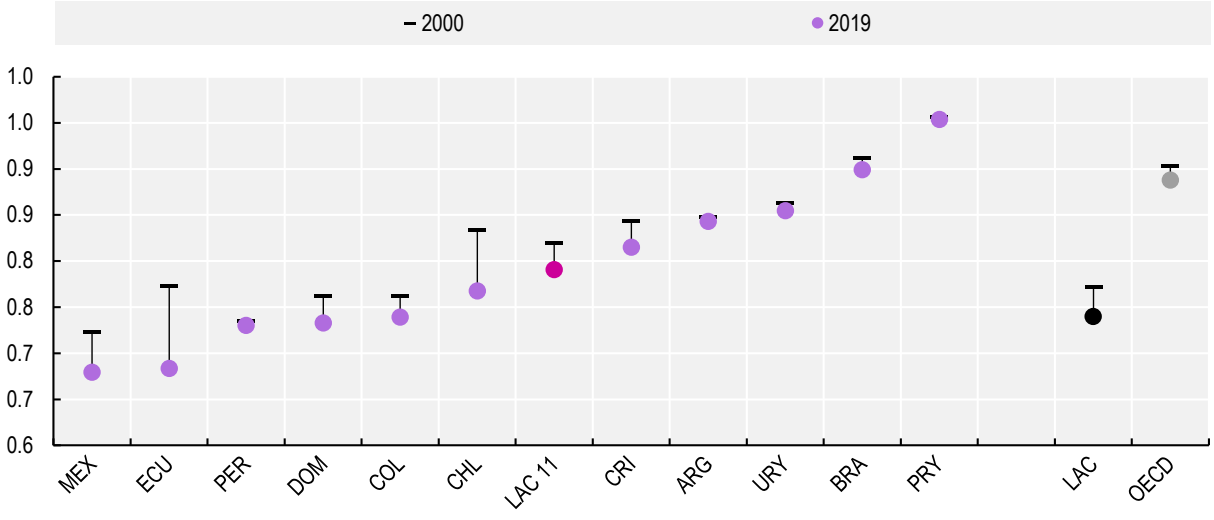
Threatened species

Species extinction upsets the balance of nature and makes ecosystems more fragile and less resistant to disruptions (United Nations, 2020[7]). The importance of monitoring threatened species has been internationally recognised in the Convention on Biological Diversity (UNEP, 2006[6]) and Sustainable Development Goal 15, and it is monitored through the Red List Index (indicator 15.5.1), which considers the combined extinction risk for birds, mammals, amphibians, cycads and corals.

The Red List Index for the focal countries has fallen by 3% since 2000, twice as quickly as the OECD average decline (Figure 4.2). The largest falls have occurred in Chile, Ecuador and Mexico, all countries with already high "at-risk" rates.

Figure 4.2. Biodiversity is declining in Latin America and the Caribbean at a pace twice as high as the OECD average

Red List Index (lower values imply a higher extinction risk)



Note: The Red List Index is a combined indicator of extinction risk for birds, mammals, amphibians, cycads and corals. An RLI value of 1.0 implies that all species qualify as "Least Concern", i.e. they are not expected to become extinct in the near future. An RLI value of 0 equates to all species having gone extinct. LAC is the regional average for Latin America and the Caribbean as calculated by the UN DESA.
Source: UN DESA Global SDG Indicator Database, indicator 15.5.1, https://unstats.un.org/sdgs/indicators/database/.

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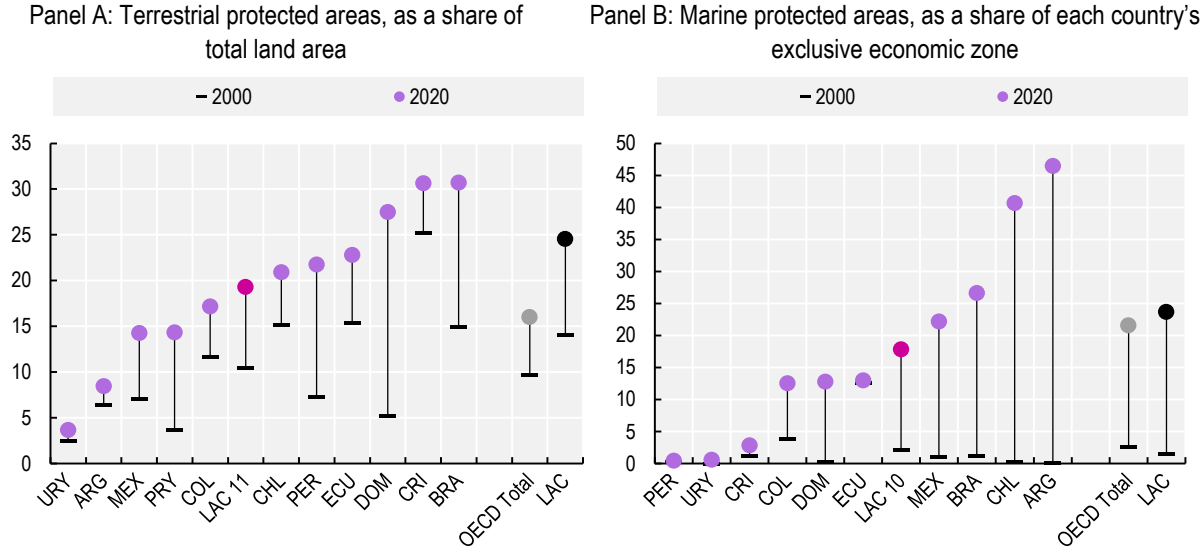
Terrestrial and marine protected areas

The expansion of agricultural production and human incursions into natural areas for logging, mining and other purposes have led to habitat loss and fragmentation as well as to increased contact between humans, livestock and wildlife. This increasing contact also enables the spread of diseases from animal populations to humans who have little or no resistance to them, such as COVID-19 (IUCN, 2020[11]). One policy

instrument to conserve species and ecosystems (such as taxes, fees, charges, biodiversity offsets and payments for ecosystem services) is the creation of protected areas, whose importance for sustainability is also internationally recognised by Sustainable Development Goals 14 and 15.[5]

Latin American and Caribbean countries are stepping up their protection of terrestrial and marine environments but at different speeds across the region. In Latin America and the Caribbean as a whole, 25% of land and 24% of marine areas are protected[6] (Figure 4.3). This is above the OECD average of 16% and 22% respectively, and above the international Aichi Biodiversity Target[7] 11 for 2020 of at least 17% of protected terrestrial areas and 10% of coastal and marine areas, in terms of coverage (UNEP-WCMC, 2016[4]). In 2000, the share of protected terrestrial areas in the focal countries and in the OECD area were very close (10.4% and 9.7%, respectively). Yet between 2000 and 2020, coverage of terrestrial protected areas increased by almost 9 percentage points in the focal countries on average, above the rate of increase for the OECD average (6.3 percentage points). The largest increases (above 14 percentage points) occurred in Brazil, the Dominican Republic and Peru. Over the same period, the share of protected marine areas more than doubled in 10 of the focal countries, with the exception of Ecuador, where the share was the highest among the focal countries in 2000 and remained almost stable over time. Most of the focal countries have achieved the 2020 Aichi Biodiversity Target 11 in terms of coverage,[8] except Uruguay (for terrestrial and marine areas), Argentina, Mexico and Paraguay (for terrestrial areas), and Costa Rica and Peru (for marine areas).

Figure 4.3. Protection of terrestrial and marine environments is growing in Latin America and the Caribbean but at different speeds across the region



Note: OECD Total includes Costa Rica and excludes Turkey, as no protected area data for Turkey is submitted to the UNEP-WCMC and IUCN World Database on Protected Areas (WDPA). In Panel B, LAC 10 and LAC Total exclude Paraguay, as there is no marine area. Additionally to Turkey, OECD Total excludes Austria, the Czech Republic, Hungary, Luxembourg, the Slovak Republic and Switzerland, as there is no marine area.
Source: OECD Protected areas (database), https://stats.oecd.org/Index.aspx?DataSetCode=PROTECTED_AREAS.

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Climate change

Climate change threatens future well-being, and its urgency has been internationally recognised in Sustainable Development Goal 13: "Climate action: Take urgent action to combat climate change and its

impact". Due to their geography, climate, socio-economic structures, demographics and natural assets (such as its forests and biodiversity), all Latin American and Caribbean countries, particularly in Central America and the Caribbean, are heavily affected by climate variations, higher temperatures, rising seas, ocean acidification, and the greater intensity and frequency of climate-related natural disasters (ECLAC/OHCHR, 2019[12]). The year 2019 was the second warmest on record and the end of the warmest decade (2010–2019), a decade characterised by massive wildfires, hurricanes, droughts, floods and other climate disasters across continents. To meet the target of a rise of 1.5°C – or even 2°C – called for in the Paris Agreement, global greenhouse gas emissions must begin falling by 7.6 per cent each year starting in 2020 (United Nations, 2020[7]).

Greenhouse gas emissions

In the six focal countries for which data are available, greenhouse gas (GHG) emissions per capita from domestic production (excluding emissions from land use, land-use change and forestry, LULUCF) are around 5 tonnes of CO_2 equivalent, half the level of the OECD average (Figure 4.4, Panel A). GHG emissions in the worst-performing countries (Argentina and Chile) are more than twice as high as those in the best performers (Costa Rica and Colombia). Since 2000, the moderate increase in the focal country average (0.5 tonne) has been driven by Chile (1.1 tonnes) and Brazil (0.8 tonne), while GHG emissions from domestic production have remained broadly stable in the other focal countries for which data are available.

The region's total emissions including emissions from land use, land-use change and forestry (LULUCF) increased considerably from the mid-nineteenth century to 1992, the year the United Nations Framework Convention on Climate Change (UNFCCC) was adopted. The emissions growth rate has eased since then, and the post-Kyoto protocol[9] period (since 2012) has had the lowest emissions growth rate so far. According to Intergovernmental Panel on Climate Change (IPCC) data, the Latin America and the Caribbean region accounted for 8.3% of global emissions, roughly in line with the region's share of the world population (8.5%). Yet many countries within the region are in an asymmetrical position in relation to climate change: less responsible for its historical causes, but highly vulnerable to its effects (Bárcena et al., 2020[13]).

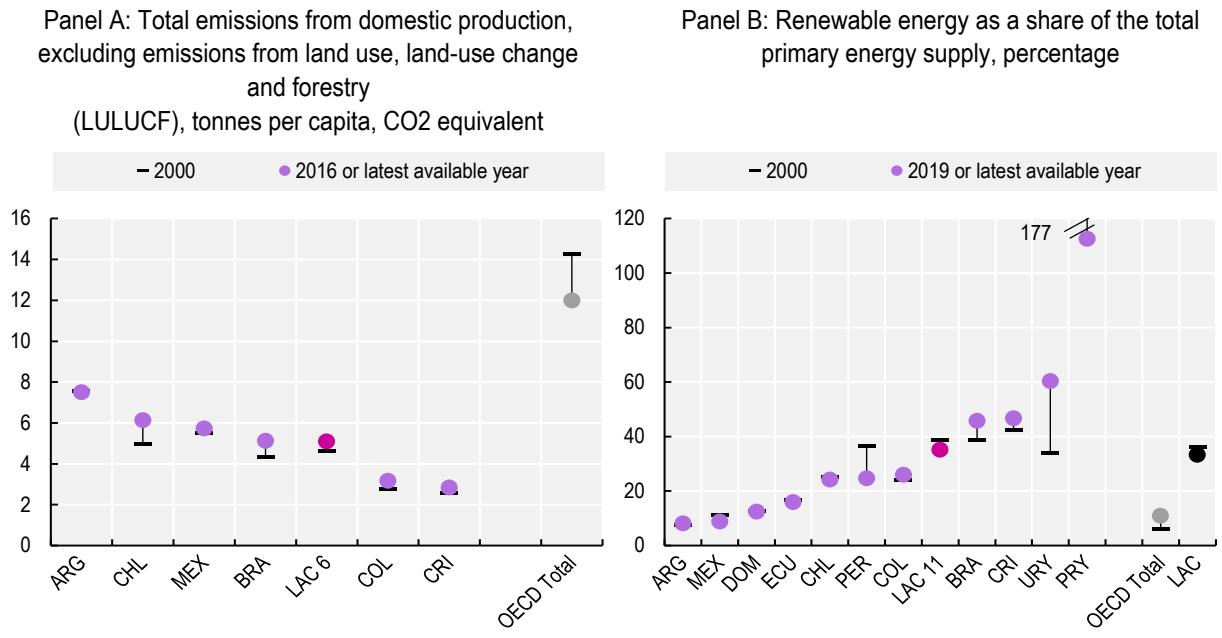
The structure of the region's emissions is also different from that of global emissions. Whereas 70% of the world's emissions come from the energy sector, in the region the share is only 45%, followed by agriculture and livestock (23%), and changes in land use and forestry (19%). Changes in emissions due to land use significantly add to the total, and results in a per capita average are equal to the global average, despite the region's clean domestic energy mix, with limited use of coal and extensive use of hydropower (Bárcena et al., 2020[13]).

Renewable energy supply

Electricity generation, notably through the combustion of fossil fuels, is the single largest contributor to global GHG emissions (OECD, 2019[14]). Catalysing change through a sustainable energy sector is therefore a necessary step to achieve GHG emission targets. Thanks to its rich water resources, 35% of the total primary energy supply in the focal countries is from renewable sources, well above the OECD average (11%) (Figure 4.4, Panel B). In Paraguay and Uruguay more than 50% of the total primary energy supply comes from renewable sources. In particular, 100% of the primary energy produced in Paraguay is renewable (and 100% of the energy exports originate from renewable sources of energy: hydropower and charcoal produced in coal bunkers, which is why the value for Paraguay exceeds 100%) (UNCTAD, 2018[15]). On the other side of the spectrum, in Argentina and Mexico the share of renewables is only around 8%. Between 2000 and 2019 the share of renewables in the focal countries' total primary energy supply fell by almost 4 percentage points, in contrast to the rise of almost 5 percentage points in the OECD average. Gains of more than 4 percentage points were observed in Costa Rica (4.4 percentage points),

Brazil (7 percentage points) and Uruguay (with an increase of almost 27 percentage points). Conversely, in most of the focal countries there has been a mix of stability and declines in the share of renewables in the total primary energy supply. The strongest falls occurred in Peru (by almost 12 percentage points) and Paraguay (by almost 65 percentage points). Across the region, the share of hydropower is declining, despite the large investment made in it. This is due in part to the reduction in rainfall, but also to investment in fossil fuels (in shale gas in particular), with some countries in the region carbonising instead of decarbonising. Sunk costs,[10] a lack of renewable energy transmission and storage infrastructure, delays in internalising externalities and the importance of hydrocarbons in some countries' exports are major obstacles in moving away from fossil fuel dependency (Bárcena et al., 2020[13]).

Figure 4.4. Greenhouse gas emissions have moderately increased in the region, while the share of renewables in the energy supply decreased by almost 4 percentage points since 2000



Note: OECD Total excludes Costa Rica, as it was published prior to Costa Rica joining the OECD. In Panel A, the latest available year is 2015 for Mexico; 2014 for Argentina and Colombia; and 2012 for Brazil and Costa Rica. LAC 6 excludes the Dominican Republic, Ecuador, Peru, Paraguay and Uruguay. In Panel B, LAC comprises 23 Latin American and Caribbean countries, including the focal countries
Source: OECD Greenhouse gas emissions (database), https://stats.oecd.org/Index.aspx?DataSetCode=AIR_GHG (Panel A) and OECD Green Growth Indicators: Environmental and resource productivity (database), https://stats.oecd.org/index.aspx?queryid=77867 (Panel B).

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Freshwater resources: Water stress

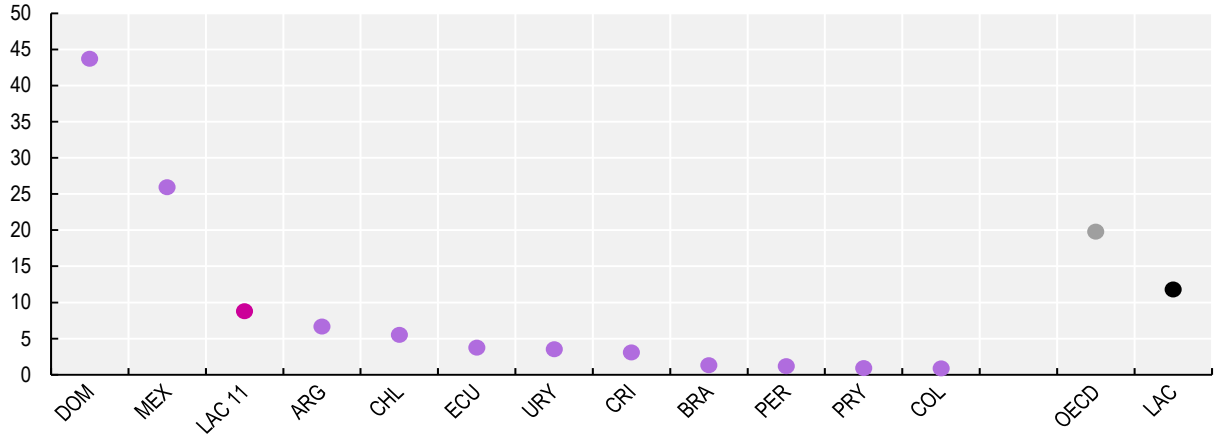
Water is essential not only to health, but also to poverty reduction, food security, peace and human rights, ecosystems and education, as is internationally recognised in Sustainable Development Goal 6: "Clean water and sanitations: Ensure availability and sustainable management of water and sanitation for all" (United Nations, 2020[7]). Water stress – which occurs when the ratio of fresh water withdrawn to total renewable freshwater resources is above a 25% threshold – can have devastating consequences for the environment and constrain or reverse sustainable development (United Nations, 2020[7]). The global average water stress is 17%, which is considered a "safe" level according to the 2020 SDG report. In the Latin American region, water is available in abundant quantities, but it is distributed unevenly among and within countries. In the focal countries, water stress is only 9% on average, below the OECD average of

20% (Figure 4.5). However, the average regional ratio masks high levels of water stress in the Dominican Republic and Mexico (respectively 44% and 26%), which can lead to water scarcity. In addition, water resources are at risk of severe pathogenic contamination, mainly from domestic sewage, and of saline or nutrient pollution related to unsuitable agricultural practices. In the Andean region, the surface area of glaciers is shrinking, and several have already disappeared, affecting large urban and rural areas. Climate change and ineffective management are leading to the loss of strategic freshwater reserves (ECLAC, 2021[16]).

When considering water resources, access to drinkable water is the main challenge in Latin America and the Caribbean, where only 71% of the population has access to safe drinking water, well below the 95% observed among OECD countries (Chapter 2). Differences within the region are wide: Mexico has the lowest level of access to safe drinking water, covering just 43% of its population, while almost everyone has access to it in Chile. According to the United Nations, the implementation of integrated water resources management (i.e. a global framework covering policies, institutions, management instruments and financing for the comprehensive and collaborative management of water resources) is particularly slow (very low to medium-low) in around 90% of countries across Latin America and the Caribbean (United Nations, 2020[7]).

Figure 4.5. Water stress in the focal countries is below the OECD average, but much higher in some countries

Freshwater withdrawal as a share of available freshwater resources, percentage, 2015 or latest available year



Note: Data refer to 2014, except for Mexico (2015). LAC comprises 32 Latin American and Caribbean countries, including the focal countries.
Source: World Bank World Development Indicators (database), https://data.worldbank.org/indicator/ER.H2O.FWST.ZS.

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Material footprint per capita

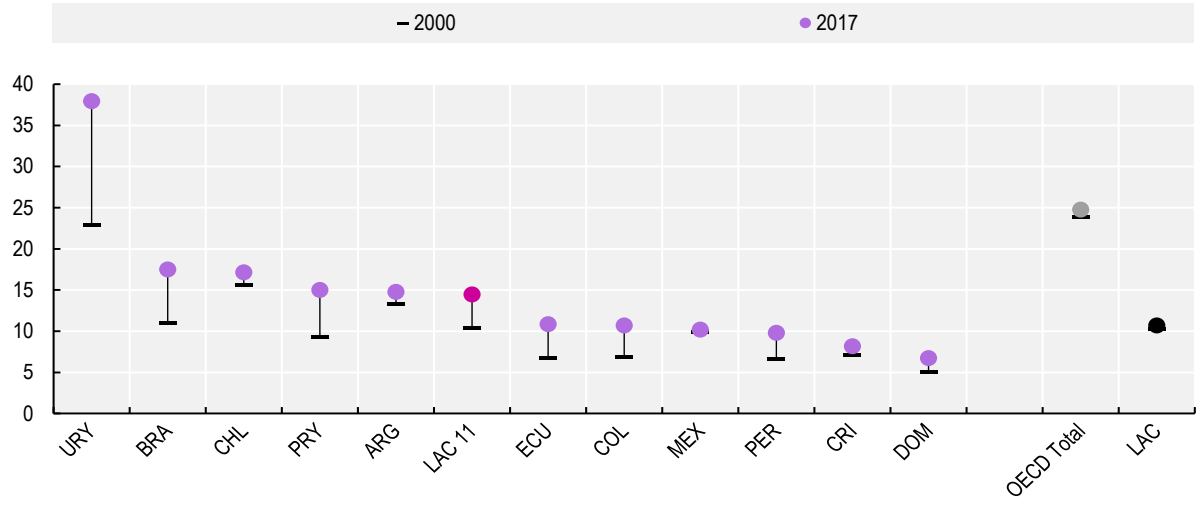
Material footprint refers to the global allocation of raw material extracted to meet the final demand of an economy, including materials used in the production of imported products. These data refer to material resources, i.e. materials originating from natural resources that form the material basis of the economy: metals (ferrous, non-ferrous), non-metallic minerals (construction minerals, industrial minerals), biomass (wood, food) and fossil energy carriers. On a per capita basis, the material footprint in the focal countries is around half of that in the OECD countries (14.4 and 24.8 tonnes, respectively) (Figure 4.6). However, the material footprint increased in all focal countries between 2000 and 2018. The largest increases (exceeding 15 tonnes) were recorded in Uruguay (the country with the highest material footprint per capita

in the focal group), Brazil and Paraguay. By contrast, the smallest increase (0.3 tonne) was registered in Mexico.

The use of materials in production and consumption processes has many economic, social and environmental consequences (e.g. pollution, waste, habitat disruption, biodiversity loss). These consequences differ among the various materials and among the various stages of the resource life cycle (i.e. extraction, processing, use, transport, end-of-life management) and often extend beyond the borders of countries or regions, notably when materials are traded internationally.

Figure 4.6. The material footprint per capita has increased in almost two-thirds of the focal countries between 2000 and 2017

Material footprint per capita, tonnes



Note: OECD Total includes Costa Rica.
Source: OECD Material resources (database), https://stats.oecd.org/Index.aspx?DataSetCode=MATERIAL_RESOURCES.

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The impact of COVID-19 on natural capital

Pandemic prevention and containment measures, in particular confinement and social distancing, have drastically changed the behaviour of the world's population, especially in cities. With more than 80% of the Latin American and Caribbean population living in urban areas, the changes in economic and social activities in cities have had significant impacts on the use of private and public transport, air pollution, greenhouse gas emissions, emissions to water bodies, energy consumption and waste production.

The halt to normal daily activities has limited energy consumption. Global energy demand in the first quarter of 2020 declined by 3.8% (150 million tonnes of oil equivalent (Mtoe)) relative to the first quarter of 2019, reversing all the energy demand growth of 2019 (IEA, 2020[17]). Although energy consumption by household activities has increased, this has been more than offset by the decline in energy consumption in other sectors, such as transport and industry. During the pandemic, two of the largest biofuel markets, Argentina and Brazil, have faced a drop in demand and in prices in their domestic and foreign markets, affecting a sector whose technology is relatively expensive. At the same time, fossil fuel prices have fallen, making biofuels less competitive and challenging the region's model of a clean energy mix (UNDP Latin America and the Caribbean, 2020[18]).

The sudden drop in transport and industrial activities has led to making significant reductions in emissions into water bodies and the atmosphere, especially in cities, in just a short period of time. Global CO_2 emissions were over 5% lower in the first quarter of 2020, compared to the same period in 2019. This has been mainly driven by an 8% decline in emissions from coal, 4.5% from oil and 2.3% from natural gas. CO_2 emissions fell more than energy demand, as the most carbon-intensive fuels experienced the largest declines in demand during the first quarter of 2020 (IEA, 2020[17]).Full-year projections of GHG emissions in 2020 point to a drop by around 7% globally (Friedlingstein et al., 2020[19])and, according to ECLAC, by more in the Latin American region, owing to the sharp decline in its output relative to the rest of the world (ECLAC, 2021[16]).

At the same time, preventive isolation and social distancing policies in the region have not stopped deforestation in Latin America (UNDP Latin America and the Caribbean, 2020[18]). Over the past decade, external threats to the region's forests from mining, oil, agricultural and forestry companies, cattle ranchers, farmers, illegal groups and land speculators have increased markedly (Walker et al., 2020[20]; Ellis et al., 2017[21]). Meanwhile, government efforts to control illegal incursions into indigenous territories have waned in several countries. With the pandemic, this situation has become even worse, as governments had to limit their monitoring efforts, for both health and budgetary reasons, exacerbating the vulnerability of forests and water and other natural resources in indigenous territories (ECLAC, 2020[22]). An analysis by Open Democracy (2020) indicates that forest fires in Colombia have grown by more than 200% in 2020 compared to the same period in 2019, as trafficking mafias and *garimperios* (illegal miners) have taken advantage of the health emergency to burn the forest without any impediment or restriction; these increases in forest fires follow the significant declines in deforestation that had been achieved in 2018 and 2019 (López-Feldman et al., 2020[23]). Open Democracy also report, based on data from the National Institute for Space Research (INPE), that deforestation in the Brazilian Amazon increased by 64% in April 2020, the rainy season of the year when river flooding makes it difficult for fires to spread and for humans to act (Open Democracy, 2020[24]). Deforestation in the Brazilian Amazon continued also in the following months (Escobar, 2020[25]). According to Rajão and others (Rajão et al., 2020[26]), just 2% of agricultural estates in El Cerrado and Amazonía are responsible for 62% of all illegal deforestation.

Between 2019 and 2021, no major change has been registered in the share of terrestrial and marine protected areas in Latin America and the OECD.

Despite the great effort to meet the coverage component of Aichi Biodiversity Target 11[11] of the Convention on Biological Diversity, the protection of specific areas is not ecologically representative.[12] Only half of the biomes (large naturally occurring communities of flora and fauna occupying a major habitat) present in Latin America and the Caribbean reach or exceed 17% protection (Aichi Biodiversity Target 11). Some biomes, such as the Mediterranean forest and scrub or temperate grasslands and savannahs, are particularly under-represented in the region. Evaluating the representativeness of the protected regions, in terms of the protection status of regional species and endemism, is essential to preserve biodiversity. The Red List Index, a broad measure of biodiversity loss, was broadly stable on average across Latin American countries and OECD countries but declined by 1% in Ecuador, Mexico and Chile. In terms of connectivity, the vast majority of Latin American countries are still in the process of meeting the connectivity criteria of Aichi Biodiversity Target 11. Out of the 51 countries and territories in the region, only nine have more than 17% of their land area protected and connected (Aichi Biodiversity Target 11). On average, 33% of the extension of these protected areas are not well connected (i.e. one-third of the protected area in Latin America and the Caribbean) (RedParques et al., 2021[27]).

The loss of biodiversity and of the associated ecosystem services greatly increases the threat of infectious pathogens carried by various organisms and then affecting humans, such as COVID-19 (United Nations, 2020[7]; Gottdenker et al., 2014[28]). Land-use change and wildlife exploitation increase the risk of infectious disease by bringing people and domestic animals into close proximity to pathogen-carrying wildlife, and by disrupting the ecological processes that keep diseases in check (OECD, 2020[29]). A high level of species diversity, a characteristic of healthy ecosystems, regulates the population of those species that act as

primary reservoirs of viruses, thereby restraining the transmission of pathogens. Evidence (IPBES, 2020[30]; OECD, 2020[29]) indicates that conserving biodiversity and its ecosystem services is necessary to protect human health both directly and indirectly (ECLAC, 2020[22]) and avoid the next pandemic (close to three-quarters of emerging infectious diseases in humans come from other animals) (OECD, 2020[29]). As such, the COVID-19 pandemic is a wake-up call to recognise the importance of natural capital and the necessity to preserve it. Efforts to build forward better are aligned with climate change objectives. In this context, Latin American and Caribbean governments have increasingly recognised the urgent need to integrate climate action and biodiversity into their pandemic recovery efforts.[13]

Issues for statistical development

The indicators included in this section have been selected as satisfying some minimum requirements in terms of country coverage, length of time series and timeliness (see Chapter 1). However, progress could be achieved in each of these areas. Some key indicators have not been included as they do not satisfy the minimum requirements (e.g. soil resources) or because data are not available (e.g. municipal waste material recovery rates). The indicator set could be further refined or complemented with data on the quality of the natural resources (e.g. soil, water), in terms of pollution (e.g. total fertiliser inputs, pollution of lakes and rivers, ocean acidification) and sustainable management (e.g. fish stocks, total recycling and composting), species diversity, effective management and enforcement of protected areas, and the benefits of ecosystem services for human well-being. Since patterns of water stress can vary substantially at the subnational level, a valuable additional indicator to be developed is the share of the population exposed to water scarcity, as a supplement to national average rates. Ideally, the breakdown of different greenhouse gases (GHG) would be shown separately, rather than summing them together in weighted carbon equivalent terms, as each gas has different atmospheric effects. Better data on natural disasters should also be developed.

Economic Capital

Economic capital – a country's stock of produced economic and financial assets – plays a crucial role in supporting material well-being (e.g. housing, jobs, wealth and incomes) and in producing goods and services that people consume. In addition, economic capital serves as store of value that provides a buffer for unexpected income shocks, allowing households, firms and governments to plan for the future, and to ensure that material living standards are sustained over time (OECD, 2015[3]).

Produced capital refers to man-made tangible assets such as roads, railways, buildings and machinery; intellectual property assets resulting from R&D expenditure, investment in computer software and art works; and inventories of final and intermediate goods. Financial capital includes financial assets such as currency and deposits, equity, securities and derivatives, net of liabilities in the form of loans and debt securities (OECD, 2020[1]). The net foreign assets position of a country, as it results from the accumulation of current accounts surpluses or deficits, may translate into pressures on the exchange rate in the event of a sudden reversal of financial flows; these have played an important role historically in the Latin American region.

Information on stocks (of produced fixed assets, including intellectual property assets), flows (investments in gross fixed capital formation, transport infrastructure and R&D), and risk factors that pertain to specific sectors of the economy (such as government and private debt, or the capital adequacy of the banking sector) have implications for the sustainability of the whole economic system. Comparable and detailed indicators pertaining to economic capital stocks, flows and risks are less widely available in Latin America compared with OECD countries. In particular, indicators of the distribution of assets between and within institutional sectors (households, governments, non-financial and financial corporations), which are

important for the sustainability of well-being (UNECE, 2013[31]), are not generally available in the LAC region.

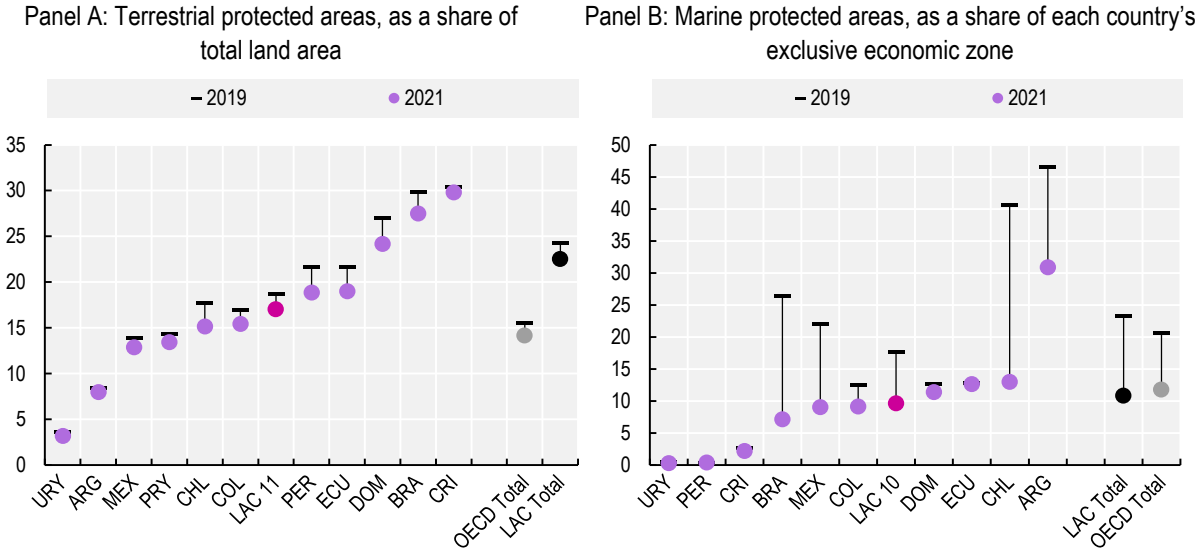
The overall picture of economic capital in Latin America is mixed. After the remarkable progress experienced at the turn of the 21st century, economic growth has weakened since 2011 (OECD et al., 2019[32]). Since 2014, the region has experienced the weakest period of growth since 1950, even below the OECD average, with almost no expansion of the economy in 2019 (OECD et al., 2020[33]). The already low potential growth has been explained mainly by employment growth, with little contribution from productivity.[14] The competitiveness of most countries in the region reflects ample natural resources and low-skilled labour. This has resulted in a "productivity trap", a poorly diversified production structure, low value added, and export specialisation in low-technology goods (OECD et al., 2019[32]). While the total value of Produced Fixed Assets in the focal group has increased, the gap with the OECD average value has widened since 2000. Growth in Gross Fixed Capital Formation (GFCF) more than halved in the decade 2009-2019, compared with the 2000-2008 period. In addition, investment in types of economic capital that could contribute to raising productivity and reducing the aforementioned dependence on natural resources and low-skilled labour, such as in Research and Development (R&D) and Transport Infrastructure, remain low. Regarding financial assets, information on the financial net worth of government or on the value of total wealth or total debt at the household level are not available. However, available indicators show that while the ratio of government debt service to GDP has decreased substantially since 2000, government tax revenue still remains low compared with OECD countries, underlining the limited financial resources that governments in the region can mobilise.

Produced fixed assets

Produced fixed assets, such as buildings, machinery, infrastructure and intellectual property assets, shape a country's capacity to produce goods and services. The average value of the stock of produced fixed assets in the focal countries for which information is available was USD 36 350 per capita in 2018 (Figure 4.7), about one-third of the average level in the OECD (around USD 134 200) – a gap that is broadly in line with that for GNI per capita (see Chapter 2). The stock of produced fixed assets per capita ranges from below USD 20 000 in Colombia to above USD 70 000 in Mexico. Since 2000, this stock increased by 55%, on average, with the strongest gains in the Dominican Republic and Chile (where it has more than doubled) and a drop in Colombia (by 8%). While GDP growth in Latin America and the Caribbean was mainly investment-led between 2000 and 2011, since 2012 it has been led by consumption (private and public in 2012-13, public in 2014-16, and private between 2017 and 2019) (World Bank, 2020[34]; World Bank, 2018[35]; World Bank, 2015[36]).

Figure 4.7. Disparities in the value of produced fixed assets per capita across Latin American countries are wide, but decreasing over time

USD per capita at 2015 PPPs



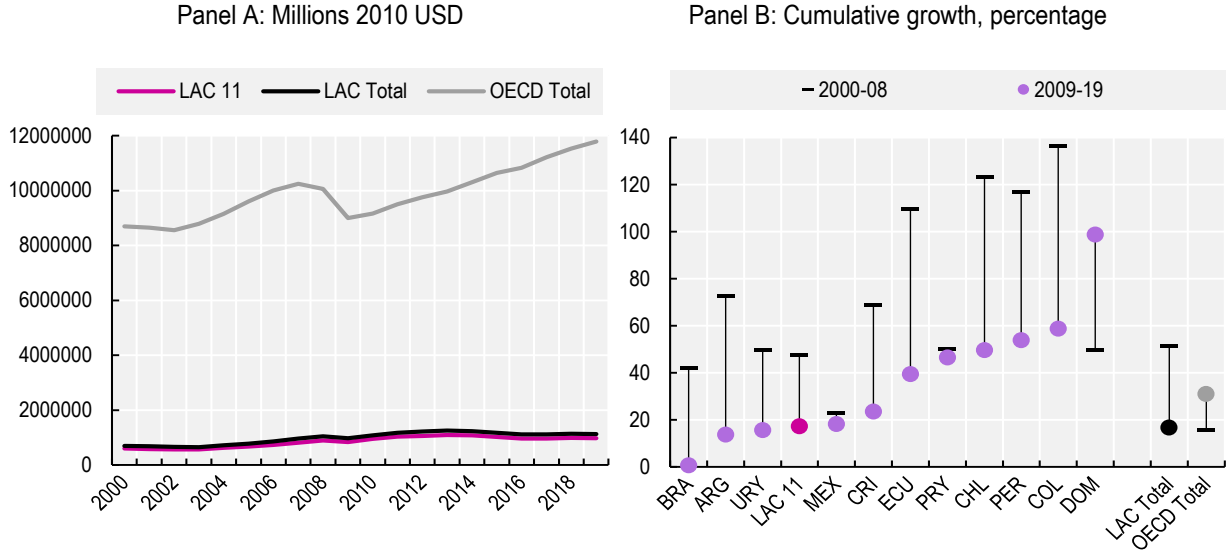
Note: The latest available year is 2017 for Chile, Colombia and Peru; and 2016 for Costa Rica and the Dominican Republic. LAC 6 excludes Argentina, Brazil, Ecuador, Paraguay and Uruguay. LAC regional average comprises 8 Latin American and Caribbean countries, including the 6 focal countries with available data. OECD 30 excludes Colombia, Iceland, Israel, Mexico, New Zealand, Switzerland and Turkey, due to missing data.
Source: LAKLEMS Crecimiento Económico y Productividad en América Latina 2019 (database), http://www.laklems.net/stats/result.

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Gross fixed capital formation

Gross fixed capital formation refers to the investment in both tangible assets (such as dwellings, buildings and other structures, transport equipment, machinery and equipment, cultivated biological assets, which includes livestock for breeding, dairy, draught, etc., and vineyards, orchards and other trees yielding repeat products whose natural growth and/or regeneration is under the direct control, responsibility and management of institutional units (UNECE et al., 2005[37])) and intangible assets (such as intellectual property, computer software and art works) within a country (OECD, 2020[1]). In 2019, total gross fixed capital formation (GFCF) in Latin America and the Caribbean was around USD 1.1 billion (in 2010 prices), one-tenth of the OECD level (around USD 11 billion), but of similar magnitude when considered as a share of GDP (18% and 21%, respectively). Between 2009 and 2019, GFCF has grown by 17% in Latin America and the Caribbean, below the 31% in OECD countries over the same period. Investment growth between 2009 and 2019 was only one-third of its cumulative growth between 2000 and 2008 (but this was three times more than the OECD over the same 2000 to 2008 period) (Figure 4.8). GFCF is highest in Brazil and Mexico (between USD 0.2 and 0.4 billion), but lowest in Costa Rica, Paraguay, Uruguay (less than USD 0.01 billion). Despite a general slowdown in investment growth between 2009 and 2019 compared to the period 2000-08, GFCF has doubled in the Dominican Republic, where GFCF as a share of GDP has always been among the highest among the focal countries (about 27% in 2019). GFCF growth was more limited among the countries with already high levels of GFCF (i.e. Brazil and Mexico) over the two periods.

Figure 4.8. Gross fixed capital formation continued to grow in Latin America, but at a lower pace since 2009



Note: : LAC is the regional average for Latin America and the Caribbean as calculated by the World Bank. OECD is the average for the OECD area as calculated by the World Bank. Regions are considered as a single entity, to which each country contributes proportionally to the sum.
Source: World Bank Database, https://data.worldbank.org/indicator/NE.GDI.FTOT.KD?locations=ZJ.

StatLink https://stat.link/w2fmgr

Investment in transport infrastructure

Transport infrastructure is a produced fixed asset that enables people's mobility and is crucial to the production and distribution of goods. While there is no internationally agreed definition, the European Commission has taken steps to define transport infrastructure as all routes and fixed installations of transport by rail, road and inland waterways that are necessary for the circulation and safety of traffic (EC Regulation No. 851/2006). Similar regulations or definitions of scope for airport and seaport infrastructure do not exist at international level (ITF, 2013[38]). Comparable data on the stock of transport infrastructure, as well as on its quality, are not widely available for countries in the region, but there is a consensus that transport infrastructure is relatively underdeveloped in Latin America compared to other world regions (Fay et al., 2017[39]; World Economic Forum, 2020[40]). For example, an index of Transport and Tourism Competitiveness developed by the World Economic Forum shows the region scoring about 9% below the global mean on its Infrastructure sub-index (World Economic Forum, 2020[40]). More importantly, the region's transport infrastructure capacity is judged to be well below its needs, given the importance of tourism to many economies in the region and the need for greater mobility of goods and people to drive economic growth and social development and meet the aspirations of its growing middle class (Fay et al., 2017[39]; World Economic Forum, 2020[40]). It has been estimated that the region faces a transport infrastructure investment gap of more than USD 2.0 trillion in the coming 20 years.[15]

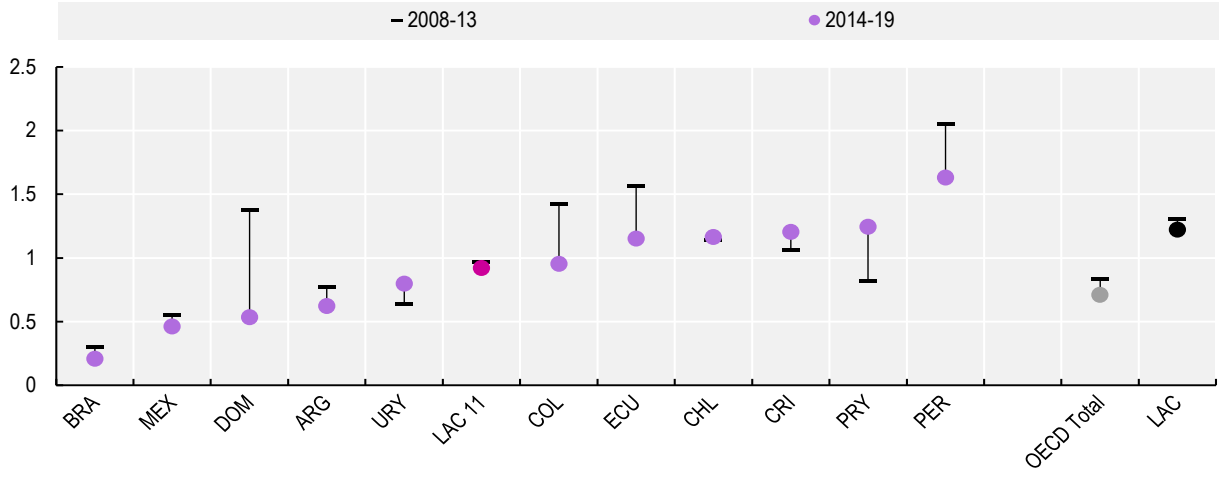
Building transport infrastructure in Latin America is not straightforward due to a relatively dispersed population and large areas of hard-to-traverse terrain (including mountain ranges and rainforests). The region also has low levels of investment in infrastructure compared to most other developing regions. When taking into account all types of infrastructure (including water and services as well as transport) and both public and private investment, it is estimated that Latin America invests around 3% of GDP on average, well below levels prevailing in developing countries (from 4 to 8%) with the only exception being sub-Saharan Africa.[16] Increasing investment alone is not enough; equally important is that spending

(particularly of scarce public resources) is well targeted to a country's needs and that it is efficient (World Economic Forum, 2020[40]).

In the absence of stock measures of transport infrastructure in the region, data on investment levels can provide a sense of the relative priority given to the issue in the different countries. Investment in transport infrastructure comprises capital expenditure on new infrastructure and on the extension of existing infrastructure, including reconstruction, renewal (major substitution work on the existing infrastructure, which does not change its overall performance) and upgrades (major modification work that improves the original performance or capacity of the infrastructure). In the focal countries, investments in transport infrastructure, expressed as a percentage of GDP, fell to 0.92% on average in the period 2014-19, above the OECD average of 0.71% but below the average of 0.97% in the period 2008-13 (Figure 4.9). Peru, Paraguay and Costa Rica are the LAC countries that invested the most in transport infrastructure (more than 1.2% of GDP), more than twice the amounts invested by Brazil (less than 0.2%) and Mexico (0.46%). Compared to 2008-13, investment has more than halved in the Dominican Republic and fell by around one-third in Brazil and Colombia. By contrast, investment increased by a half in Paraguay and by a quarter in Uruguay, compared to 2008-13.

Figure 4.9. Investment in transport infrastructure as a share of GDP in Latin America is higher than in OECD countries, although transport infrastructure is still underdeveloped

Percentage



Note: LAC regional average comprises 20 Latin American and Caribbean countries, including the focal countries. OECD Total excludes Chile, Colombia, Ireland, Israel, Korea, the Netherlands and Portugal, as data are not available. Public (at national, regional and local government level, including from State-owned enterprises) investment in transport infrastructure considers capital expenditures (in particular gross fixed capital formation expenditures), measured on an accrual basis whenever possible, on improvement, expansion and replenishment as well as new projects, including pre-investment expenses (such as pre-feasibility and feasibility studies). Data for the OECD refer to total inland infrastructure investment (i.e. investment expenditure on rail, road and inland waterways infrastructure). Data for Latin American countries also include information on investment in air transport and railway transportation rolling stock.

Source: INFRALATAM Database, http://infralatam.info/en/home/ and ITF Transport Infrastructure Performance indicators (database) https://stats.oecd.org/Index.aspx?DataSetCode=ITF_INDICATORS.

StatLink https://stat.link/g8h7oa

Intellectual property assets: Computer software and databases

Intellectual property assets (a country's knowledge capital) can improve material living standards in the future through, for example, a more efficient use of resources (productivity gains) or by allowing a country to engage in activities with higher value added. Across the focal countries as a whole, the only comparable data on the stock of intellectual property assets refer to cumulative spending on computer software and databases (thus excluding research and development, mineral exploration and evaluation, entertainment, artistic and literary originals and other intellectual property assets not otherwise specified). In 2018, the per capita value of these assets was USD 170 (Figure 4.10, Panel A), only about 9% of the average level in the OECD average (almost USD 1 900). Spending on these assets was highest in Chile (above USD 600) but much lower in the Dominican Republic, Peru, Colombia and Mexico (below USD 50). Between 2000 and 2018, the average stock of computer software and database assets per capita across the focal countries almost tripled, more than quadrupling in Chile, while falling by about a third in Colombia and by a tenth in the Dominican Republic.

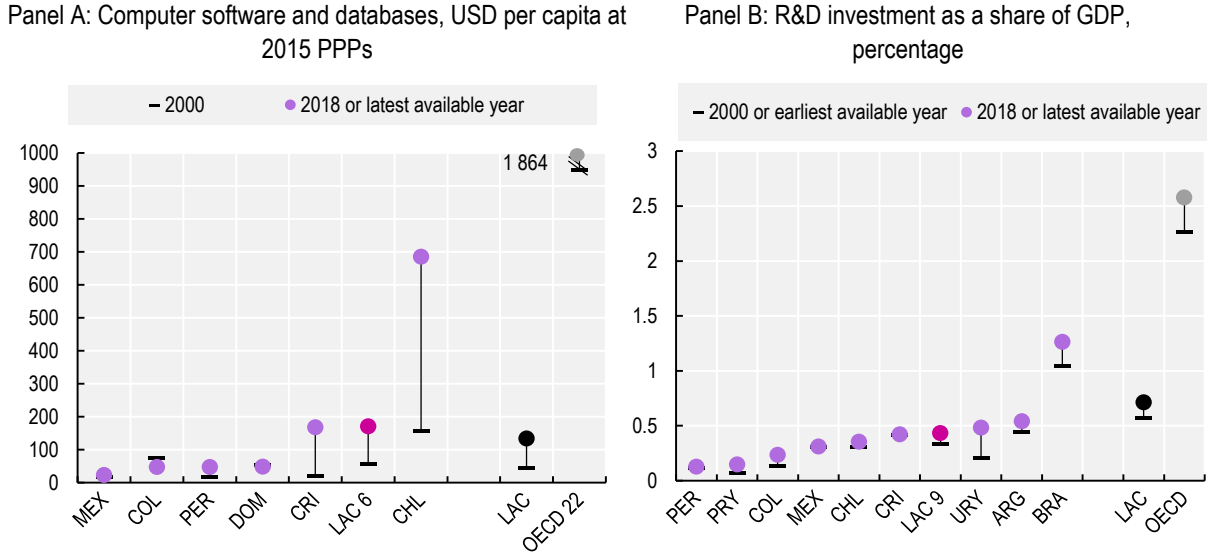
For Costa Rica and Peru only, a fuller picture of intellectual property assets is available, one that includes the value of R&D and other intellectual property assets beyond computer software and databases, as well as spending on mineral exploration and evaluation, entertainment, and artistic and literary originals. When including these additional components, the per capita stock intellectual property assets of Costa Rica and Peru rise to USD 388 and USD 456, respectively, two and nine times higher than when accounting for computer software and databases alone.

Investment in intellectual property assets: Investment in R&D

Investment in research and development (R&D) drives changes in the stock of intellectual property assets.[17] Average investment in R&D in the focal countries was 0.43% of GDP in 2018, only one-sixth of the OECD average level (2.56%). Growth in the R&D share since 2000 has been minimal among these countries (0.1 percentage points, Figure 4.10, Panel B), well below gains in the OECD average (0.3 percentage points). With the exception of Brazil, where the growth of investment in R&D reached 1% in 2018, annual investments in the other focal countries ranged from 0.1% to 0.6%.[18] Between 2000 and 2018, the share of R&D investment in GDP increased the most in Uruguay (up by 0.3 percentage points, from 0.2% in 2000), while the increase was negligible in Chile, Costa Rica, Mexico and Peru.

When measured by patent applications, in Latin America each percentage point of GDP invested in R&D produces, on average, six new patent applications via the Patent Co-operation Treaty, well below the OECD average of 43 patent applications per each point of GDP invested in R&D (OECD et al., 2019[32]).

Figure 4.10. The LAC per capita stock of computer software and databases was only 9% of the OECD average, while annual investment in R&D is still limited



Note: In Panel A, LAC 6 excludes Argentina, Brazil, Ecuador, Paraguay and Uruguay, as data are not available. OECD 22 excludes Canada, Chile, Colombia, Finland, Iceland, Ireland, Korea, Luxembourg, Mexico, Poland, the Slovak Republic, Spain, Switzerland, Turkey and the United Kingdom, as data are either not available or incomplete. LAC regional average comprises 8 Latin American and Caribbean countries, including the 6 focal countries with available data. In Panel B, LAC 9 excludes the Dominican Republic and Ecuador, as data are not available. LAC is the Latin America and Caribbean regional average as calculated by the World Bank. Differences in the "propensity to capitalise" expenditures on computer software and databases as well as challenges on the measurement of investment in R&D may play a role in cross-country differences in investment in these intellectual property assets. See discussions in (Ahmad, 2004[41]), (OECD, 2010[42]) and (Eurostat-OECD, 2020[43]).
Source: LAKLEMS Crecimiento Económico y Productividad en América Latina 2019 (database), http://www.laklems.net/stats/result (Panel A) and World Bank Database, https://data.worldbank.org/indicator/GB.XPD.RSDV.GD.ZS (Panel B).

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Debt service as a proportion of exports of goods and services

Debt service (principal and interest payments on public and publicly guaranteed debt), when expressed as a share of exports of goods and services, is a useful measure of the sustainability of public debt particularly in developing countries such as in Latin America[19] An increasing debt-to-exports ratio over time, for a given interest rate, implies that debt is growing faster than the economy's basic source of external income, indicating that the country may have problems meeting its debt obligations in the future (IMF, 2003[44]). In 2018, debt service as a proportion of exports of goods and services was 13% on average in the focal countries and around 11% in the Latin American region (Figure 4.11, Panel A). Debt service was highest in Argentina (33%) and lowest in Paraguay and Peru (below 4%). Compared to 2000, debt service fell by more than 9 percentage points in the focal countries, with the highest drops in Brazil and Peru (by more than 20 percentage points), and small increases in Costa Rica and the Dominican Republic. Debt service as a proportion of exports of goods and services generally decreased from 2000 until 2016, increasing thereafter.

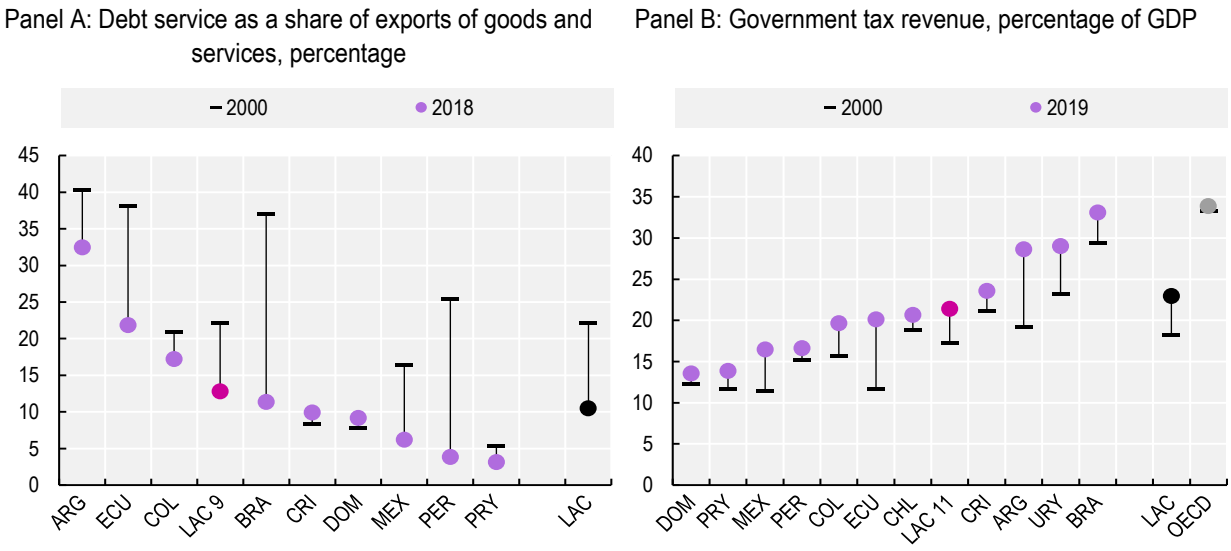
Government tax revenue

Government tax revenues are not "capital" per se, but they are a critical tool to allow governments to deliver a range a public goods and services (with some of these public goods and services contributing to human and social capital). In the focal countries, government tax revenue expressed as a percentage of GDP was

21.4% in 2019, up by 4.1 percentage points relative to 2000 (Figure 4.11, Panel B), but this was still only 60% of the OECD average (33.8%). Tax revenues as a share of GDP range from about 13.5% in the Dominican Republic to 33% in Brazil, very close to the OECD on average. Since 2000, the largest increases occurred in Argentina (9.4 percentage points), Ecuador (8.5 percentage points) and Uruguay (5.8 percentage points), while the lowest rises were in the Dominican Republic and Peru (below 1.5 percentage points). The GDP share among the focal countries is 1.6 percentage points below the regional average for Latin America and the Caribbean, which includes countries with shares of government tax revenue above 23% (Bolivia, Guyana, Jamaica, Nicaragua, Trinidad and Tobago) or even above 30% (Barbados, Belize) and 40% (Cuba).

The tax structure (the composition of tax revenues by different tax types) also informs on the economic and social impact of tax systems in the LAC region. Taxes on goods and services provided the largest share of total tax revenues in the LAC region in 2019, representing half of total taxation on average, compared with around one-third in OECD economies on average. By contrast, the combined share of taxes on income and profits and social security contributions (increasingly private-provided) was much lower in the LAC region than in the OECD. The LAC region is more reliant on revenues from corporate income tax than OECD countries and significantly less reliant on personal income tax (9.1% of the total tax revenues in the LAC region, compared to 23.5% on average in the OECD in 2018). Environmentally related tax revenues amounted to 1.2% of GDP on average in 2019 in the 25 LAC countries for which data is available, below the OECD average of 2.1% (5.7% of total tax revenues in the LAC region compared to 6.4% in the OECD in 2019) (OECD et al., 2021[45]).

Figure 4.11. Government payments on public debt fell by 40% compared to 2000, while tax revenues are only 60% of the OECD average



Note: In Panel A, LAC is the Latin America and Caribbean regional average as calculated by the UN DESA. In Panel B, LAC is the Latin America and Caribbean regional average as calculated by the OECD, which includes, additionally to the focal countries, Antigua and Barbuda, Bahamas, Barbados, Belize, Bolivia, Cuba, El Salvador, Guatemala, Guyana, Honduras, Jamaica, Nicaragua, Panama, Saint Lucia, Trinidad and Tobago.
Source: UN DESA Global SDG Indicator Database, indicator 17.4.1, https://unstats.un.org/sdgs/indicators/database/ (Panel A) and OECD Revenue Statistics - Latin America and the Caribbean: Comparative tables (database), https://stats.oecd.org/index.aspx?DataSetCode=RSLACT (Panel B).

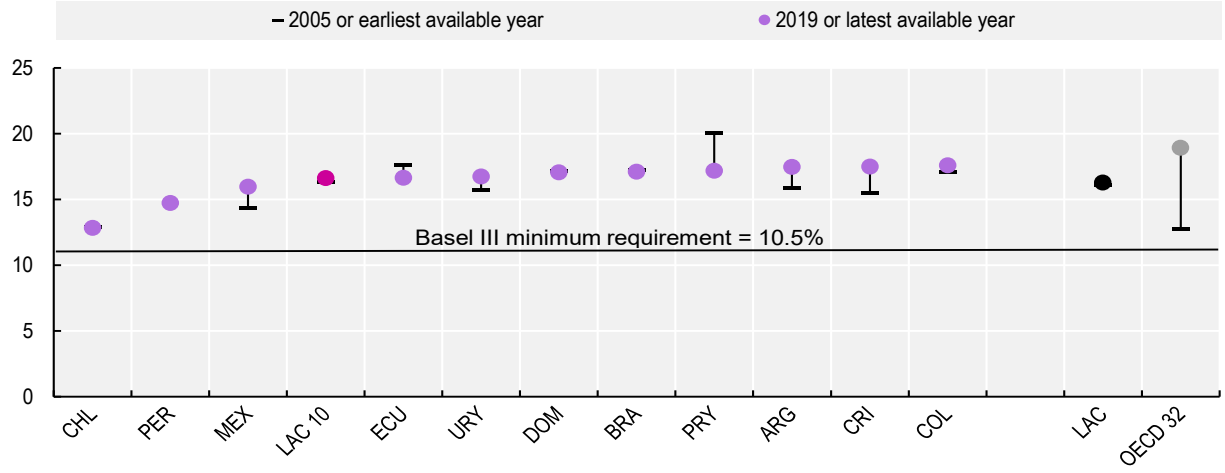
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Capital adequacy ratio of the banking sector

The capital adequacy ratio helps determine whether the banking sector has enough own capital to cover any losses before becoming insolvent. Monitoring this ratio, and adhering to regulatory requirements to avoid going insolvent, is important to avoid risks that the financial sector may pose to the economic sustainability of a country (International Monetary Fund, 2020[46]). Following the financial crisis of 2008-2009, new international banking regulations were introduced under the Basel III accord setting the minimum requirement of the capital-to-risk weighted assets ratio at 10.5%, which combines with a total capital requirement of 8% and a 2.5% capital conservation buffer (an additional layer of usable capital that can be drawn down when losses are incurred) (Bank for International Settlements, 2019[47]).

In the 10 focal countries for which data are available, the capital adequacy ratio has been fairly stable since the mid-2000s at around 16.6%, which is well above the minimum Basel III requirement. This stability contrasts with the 50% increase in the OECD average over roughly the same period (from 12.7% in 2008 to 19% in 2019, (Figure 4.12). The capital adequacy ratio is highest in Colombia (17.6%), Argentina and Costa Rica (17.5%), although still below the OECD average, and lowest in Chile (12.8%). Regional stability in this ratio since 2005 hides diverging patterns across focal countries, with declines in Paraguay (by almost 3 percentage points) and increases in Costa Rica (by 2 percentage points).

Figure 4.12. The banking sector's capital adequacy ratio in the focal countries is above the Basel III minimum requirement but below the OECD average



Note: The earliest available year is 2008 for Costa Rica, the Dominican Republic and Uruguay. The latest available year is 2018 for the Dominican Republic and Peru. LAC regional average comprises 13 Latin American and Caribbean countries, including the focal countries. OECD 32 average excludes Denmark, Iceland, Japan, New Zealand and the United States, as data are not available or due to incomplete data. The capital adequacy ratio (or capital-to-risk weighted assets ratio) is a measurement of a bank's available capital expressed as a percentage of a bank's risk-weighted credit exposures. Two types of capital are measured with this indicator: Tier-1 capital can absorb a reasonable amount of loss without forcing the bank to stop its trading, while tier-2 capital can sustain a loss if there's a liquidation. Following the financial crisis of 2008-2009, the international banking regulations introduced under the Basel III accord set the minimum requirement of the capital-to-risk weighted assets ratio at 10.5%, which combines with a total capital requirement of 8% and a 2.5% capital conservation buffer (an additional layer of usable capital that can be drawn down when losses are incurred).
Source: Financial Soundness Indicators (FSI), https://data.imf.org/regular.aspx?key=61404590.

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Beyond avoiding bank insolvency, access to credit and higher liquidity in financial markets are fundamental for the LAC region to escape the "middle-income trap" (i.e. the long-lasting slowdown in the growth of economies that reach middle-income levels). Further financial development in Latin America is necessary to increase investment in certain productive sectors (in particular more knowledge-intensive and technology-intensive) and to promote inclusive growth. It is critical to provide greater access to the banking system for small and medium enterprise (SMEs) and households along with more efficiently regulated financial markets in order to promote inclusive development in the region (Arellano et al., 2018[48]).

The impact of COVID-19 on economic capital

As the COVID-19 pandemic began to impact Latin America and the Caribbean, stringent, multipronged mitigation policies were implemented. Key elements of fiscal stimulus programmes have included direct payments to households, tax relief and deferrals, business lending programmes, and additional health spending. Tax revenues fell precipitously in the first half of 2020 but showed some signs of recovery by year's end (OECD et al., 2021[45]). Increased public spending has been largely financed by public debt and official lending. The monetary policy response has also been multipronged, including provision of liquidity; temporary loosening of reserve requirements for banks; policy interest rate cuts; foreign exchange market interventions; and, in Chile and Colombia, quantitative easing programmes. Despite these measures, the pandemic has resulted in a 6.9% contraction in GDP in 2020 in Argentina, Brazil and Mexico, the most severe among the six emerging market and developing economy (EMDE) regions identified by the World Bank[20] (World Bank, 2021[49]). Fiscal stimulus programmes needed to cushion the economic blow of the pandemic have largely depleted the already limited fiscal space available to the region's countries. Government debt in the median LAC economy rose from 53% of GDP in 2019 to 69% in 2020 (World Bank, 2021[49]), making Latin America and the Caribbean the most indebted region in the developing world (ECLAC, 2021[50]). High uncertainty and tighter financing conditions during the pandemic have led to delays in infrastructure spending and cuts to research and development, hindering future productivity (World Bank, 2021[49]). To address the region's development gaps, active fiscal policies, including bolstering progressive taxation, under a well-defined sequence of policies that can be adapted to the different stages of the recovery, supported by a fiscal sustainability framework to finance sustainable development, need to play a key role (particularly in relation to social vulnerability and the productive structure) (OECD et al., 2021[45]; Nieto-Parra, Orozco and Mora, 2021[51]). Failure to pursue policies to boost low productivity, such as investments in new technologies and infrastructure, could dampen and prolong the economic recovery from the pandemic (Beylis et al., 2020[52]).

Issues for statistical development

There is limited availability of indicators of economic capital for Latin America and the Caribbean. Critical information, such as the financial net wealth of the total economy or of general government or the level of household debt, is often missing or incomplete. While some measures of stocks, flows of investments and risk factors have been presented above, country coverage, time series and timeliness are limited. Additionally, the majority of these indicators provide only a high-level perspective on the state of a country's economic capital. Information on the financial position of different economic sectors (households, general government, financial corporations), as well as information the distribution of assets across different groups, is typically not available. For a more complete picture of the economic resilience and financial stability in the region, a more detailed dashboard of indicators would be needed (Financial Stability Board; International Monetary Fund, 2019[53]).

Human Capital

Human Capital refers to individuals' health, competencies (including both formal education and tacit knowledge) and skills (OECD, 2015[3]). Health, knowledge and skills have intrinsic value for people's well-being. Beyond contributing to the creation of other well-being outcomes at a given point in time (OECD, 2020[1]), they also forge people's future well-being (Exton and Fleischer, forthcoming[54]). While some indicators on the health and skills of the population are described in Chapter 3, the focus of this section is on youths' skills and health risk/ resilience factors as drivers of future development. Investing in today's children and youth is the most immediate avenue for assuring the well-being of future generations. Youth's share of the population in Latin America and the Caribbean (around 160 million young people) will continue to be very substantial in most countries in the coming decades, and these youth face distinctive challenges (ECLAC, 2020[55]).[21]

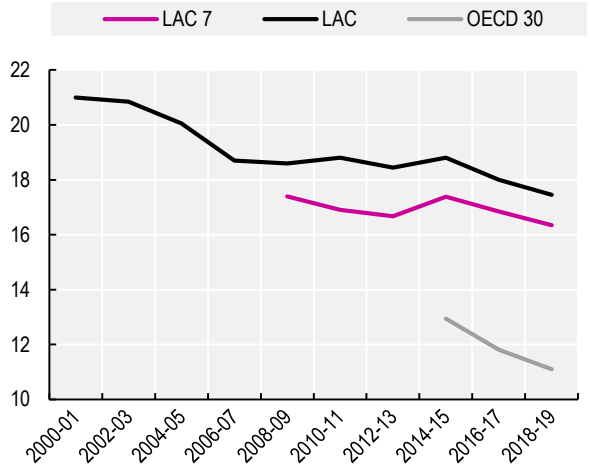
Young people's knowledge and skills

Monitoring the participation of young people in education or employment and their transition from school to work gives a sense of the knowledge and skills that will be available in the future. Young people who are not in employment, education or training are not developing the skills and knowledge needed to ensure their active participation in future society, which would imply a loss of opportunities and resources for future well-being.

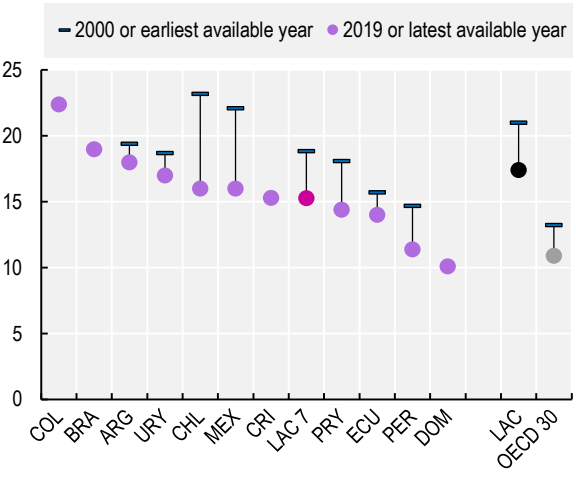
The share of youth (people aged 15 to 24) who are not in employment, education or training (NEET) has decreased marginally among the focal countries (to 16% in 2018-19, from 17% in 2008-09) (Figure 4.13, Panel A), i.e. 5 percentage points higher than the OECD average. The decline has not been uniform over time. When looking at the Latin American average, after a drop in 2006-07, which coincided with high GDP growth during the period, the share increased during the 2009 global crisis and, more strongly, around 2014-15, concurrently with a dip in productivity as the boom in commodity prices came to an end. The share of NEET varies widely across the focal 11 countries, from more than 20% in Colombia to 10% in Dominican Republic (below the OECD average of 11%, Figure 4.13, Panel B). Chile experienced the largest drop in the NEET rate (around -7 percentage points in 2019 relatively to 2000), followed by Mexico (around -6 percentage points), while the NEET rate declined only marginally in Argentina, Ecuador and Uruguay (by less than 2 percentage points).

Figure 4.13. One in six youth is not in employment, education or training in the LAC countries

Panel A: Share of people aged 15-24 who are not in employment, education or training, percentage, regional developments



Panel B: Share of people aged 15-24 who are not in employment, education or training, percentage



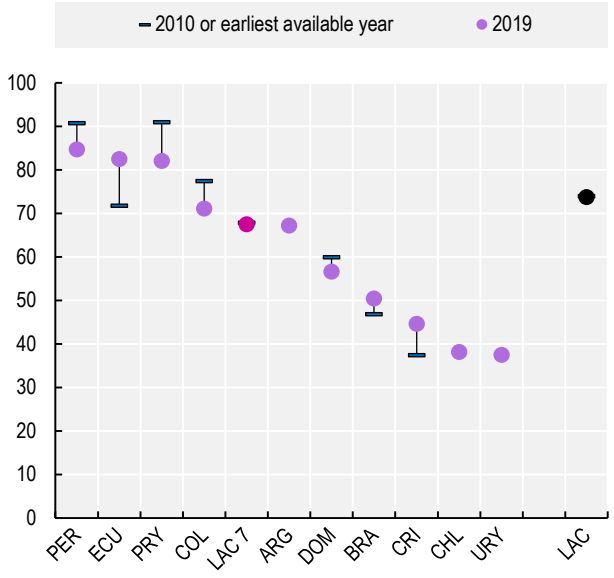
Note: The latest available year is 2018 for Mexico; and 2017 for Chile. The earliest available year is 2001 for Ecuador; 2004 for Peru; 2005 for Paraguay; 2007 for Uruguay and 2014 for the OECD average. Data for Argentina refer to urban areas only. LAC 7 average excludes Brazil, Chile, Costa Rica and the Dominican Republic. LAC is the regional average as calculated by ECLAC. The OECD average excludes Chile, Iceland, Ireland, Japan, Korea, Luxembourg and Switzerland due to incomplete time series. NEET data refer to the percentage of young people aged 15 to 24 not in education or employment or domestic care (or not included in the working-age population). Sourced from household surveys, data have been harmonised by ECLAC to ensure cross-country comparability and then may differ from national estimates. For more information, please refer to https://cepalstat-prod.cepal.org/cepalstat/tabulador/SisGen_MuestraFicha_puntual.asp?id_aplicacion=1&id_estudio=1&indicador=3469&idioma=i.
Source: ECLAC Statistics, CEPALSTAT database, https://cepalstat-prod.cepal.org/cepalstat/tabulador/ConsultaIntegrada.asp?idIndicador=3469&idioma=I and OECD calculations based on OECD Transition from school to work (database), https://stats.oecd.org/Index.aspx?DataSetCode=EAG_TRANS..

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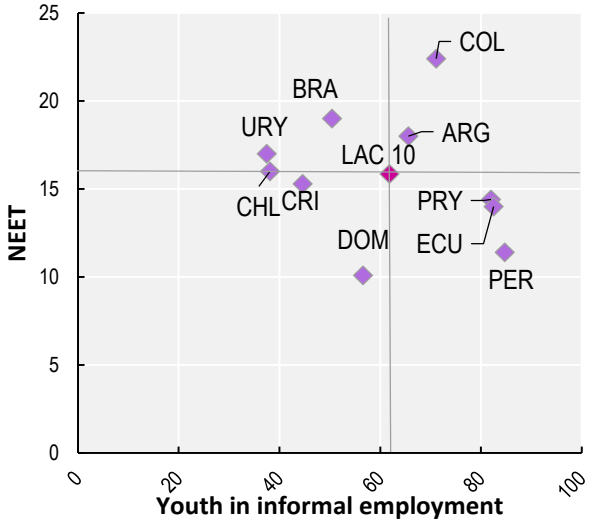
The transition of younger people from education to working life is a function of educational opportunities and social and economic contexts. To better grasp the status of young people on the labour market, it is also important to look at the share of youth in vulnerable and informal jobs (ILO, 2015[56]; OECD, 2014[57]; OECD, 2019[58]). As with the NEET rate, the share of youth in informal employment has decreased on average among the focal countries (to 67% in 2019, down by 1 percentage point relative to 2010). This share remains very high in Peru, Ecuador and Paraguay, where more than 80% of employed youth are in informal jobs, compared with a figure of under 40% for Uruguay and Chile. The share of youth in informal employment has increased the most in Ecuador (by almost 11 percentage points), while the largest drops have been registered in Paraguay (by almost 9 percentage points, respectively), Colombia and Peru (by 6 percentage points) (Figure 4.14, Panel A). There is no correlation between the NEET rate and the share of youth in informal employment. Low shares of NEET are associated with relatively high shares of youth in informal employment in Peru, Ecuador and Paraguay, suggesting that informality may act as a stepping stone in the transition from school to work in some countries. On the other hand, in Chile and Uruguay, NEET rates stand close to the regional average and are associated with relatively low shares of youth in informal employment (below 40%). The shares of both NEET and youth in informal employment are above the regional average in Argentina and Colombia (Figure 4.14, Panel B).

Figure 4.14. Although informal employment for youth has decreased over time, it still applies to more than 50%

Panel A: Share of employed youth (aged 15-24) who are in informal employment, percentage



Panel B: Relation between the share of youth (aged 15-24) in informal employment and the share of those not in employment, education or training (NEET), percentages

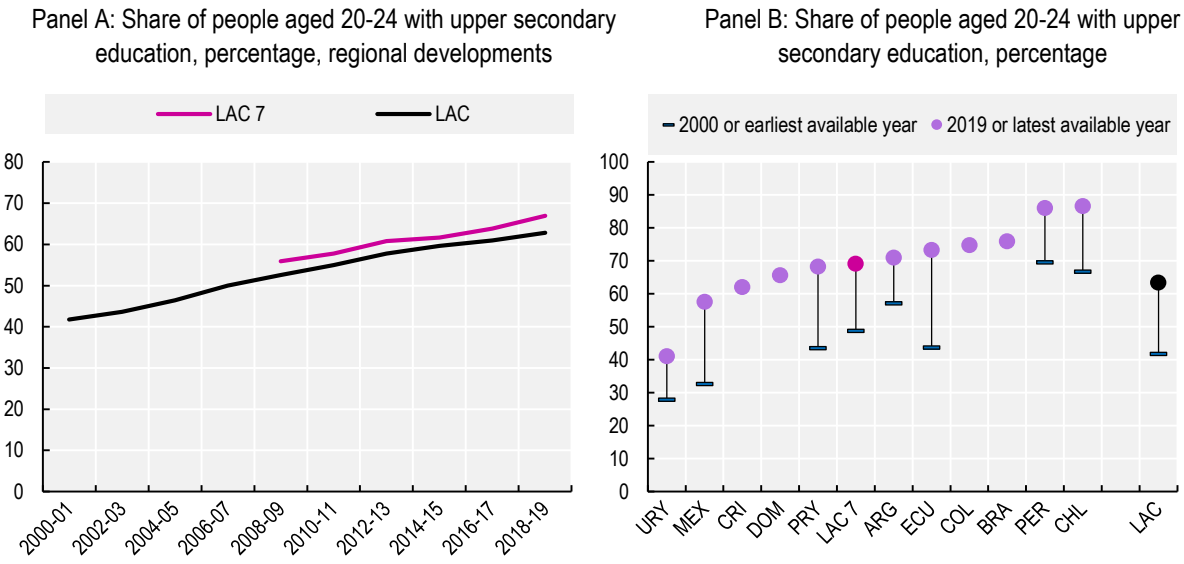


Note: In Panel A, the earliest available year is 2011 for Brazil and Colombia; and 2015 for Ecuador. LAC regional average comprises 12 Latin American and Caribbean countries, including the focal countries. In Panel B, NEET data refer to 2019, except for Mexico (2018) and Chile (2017). NEET data refer to the percentage of young people aged 15 to 24 not in education or employment or domestic care (or not included in the working-age population). Sourced from household surveys, data have been harmonised by ECLAC to ensure cross-country comparability and then may differ from national estimates. For more information, please refer to https://cepalstat-prod.cepal.org/cepalstat/tabulador/SisGen_MuestraFicha_puntual.asp?id_aplicacion=1&id_estudio=1&indicador=3469&idioma=i.
Source: ILOSTAT, https://ilostat.ilo.org/data/ and ECLAC Statistics, CEPALSTAT database, https://cepalstat-prod.cepal.org/cepalstat/tabulador/ConsultaIntegrada.asp?idIndicador=3469&idioma=I.

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When considering educational attainment, 70% of young adults (aged 20-24) in the focal countries had completed upper secondary education in 2019, a level almost twice as high as in 2000 (Figure 4.15). The share of young adults with an upper secondary education ranged from just below 60% in Mexico to more than 80% in Chile and Peru. In Uruguay, however, only 4 in 10 young adults have completed upper secondary education. In general, all focal countries for which information is available experienced a strong improvement in youth educational attainment. The improvement was close to 30 percentage points in Ecuador, but only half as large in Argentina and Uruguay (around 13-14 percentage points).

Figure 4.15. On average, 70% of youth have completed secondary education in the LAC 11 countries, almost twice as many as in 2000



Note: The latest available year is 2017 for Chile; and 2018 for Mexico. The earliest available year is 2001 for Ecuador; 2004 for Peru; 2005 for Paraguay; and 2007 for Uruguay. LAC 7 average excludes Brazil, Colombia, Costa Rica and the Dominican Republic, due to incomplete time series. LAC is the regional average for Latin America and the Caribbean calculated by ECLAC.
Source: ECLAC Statistics, CEPALSTAT database, https://cepalstat-prod.cepal.org/cepalstat/tabulador/ConsultaIntegrada.asp?idIndicador=2119&idioma=i.

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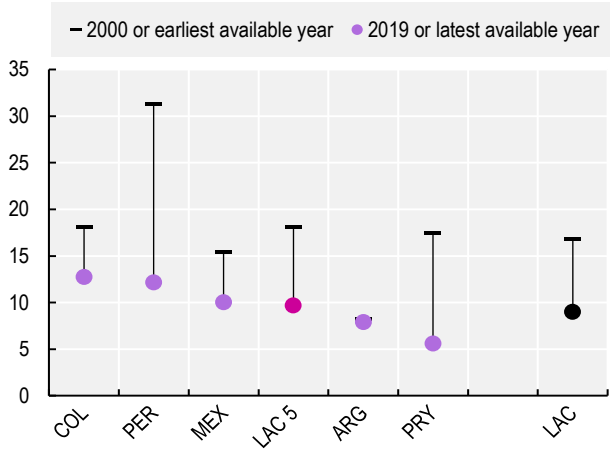
Health risks: Overweight, stunting, smoking and alcohol consumption

Overweight, smoking and alcohol consumption are critical risk factors for future health in Latin America (OECD/The World Bank, 2020[59]). In particular, safe, sufficient nutrition and a balanced diet are necessary for a healthy life (OECD/The World Bank, 2020[59]). Malnutrition can affect health, causing stunting (low height for age) or wasting (recent and severe weight loss) when nutrition is insufficient and unbalanced, or overweight and obesity when it is excessive and unbalanced.

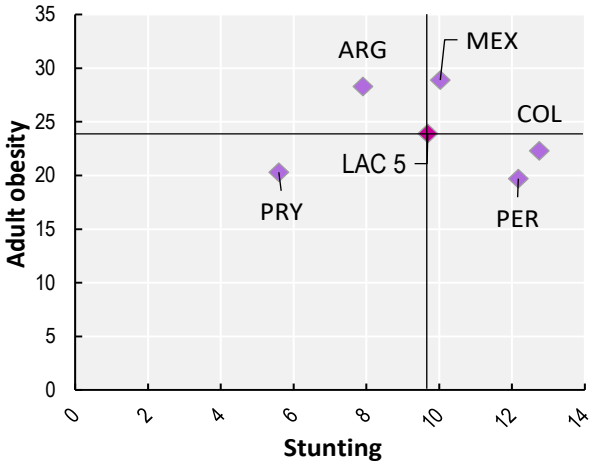
Stunting rates in Latin America are generally lower than in East and Southeast Asia, Central Asia, North Africa-Middle East and sub-Saharan Africa and have decreased over time. One in ten children below age five are stunted in the focal countries (Figure 4.16, Panel A), ranging from below 2% in Chile to almost 13% in Colombia. On average, stunting rates have almost halved since 2000, with the highest drops registered in Paraguay and Peru (by more than 10 percentage points) and the lowest in Argentina and Chile (by 1 percentage point or less), where stunting rates were already below the regional average.

Figure 4.16. One in ten children below age five are stunted in the focal countries, a share that has almost halved since 2000

Panel A: Share of children below 5 years old who are moderately or severely stunted, percentage



Panel B: Stunting and adult obesity rates, percentage

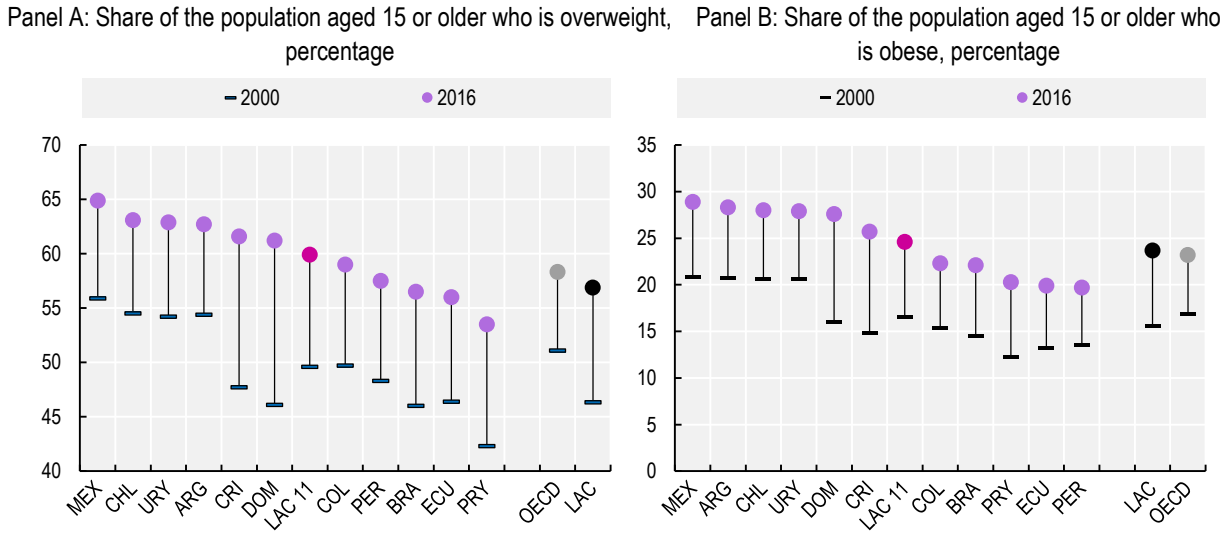


Note: The latest available year is 2018 for Peru, and 2016 for Colombia, Mexico, Paraguay. The earliest available year is 2005 for Argentina and Paraguay, and 2006 for Mexico. The LAC 9 average excludes Brazil, Chile, Costa Rica, the Dominican Republic, Ecuador and Uruguay. LAC is the Latin America and Caribbean regional average calculated by the UN DESA. In Panel B, obesity data refer to 2016.
Source: UN DESA Global SDG Indicator Database, indicator 2.2.1, https://unstats.un.org/sdgs/indicators/database/ and WHO GHO (database), https://www.who.int/data/gho/data/indicators/indicator-details/GHO/prevalence-of-obesity-among-adults-bmi-=-30-(age-standardized-estimate)-(-)

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Overweight is one of the most relevant risk factors for health in Latin America (OECD/The World Bank, 2020[59]). 60% of the population are overweight and 25% are obese in these countries, slightly above the OECD average of 58% and 23%, respectively (Figure 4.17). The problem is especially severe in Mexico, where almost 65% of the population are overweight and 30% are obese (the highest rates in the region), but less so in Paraguay (where 54% of the population are overweight), and in Ecuador and Peru (where about 20% of the population are obese). While increasing overweight and obesity are global phenomena, they have become more common in countries that have recently experienced rapid urbanisation and a shift from protein-rich diets to diets rich in fat and sugar. The prevalence of overweight and obesity has increased in Latin American countries since 2000 (by 10 and 8 percentage points) at a faster pace than in the OECD area (7 and 6 percentage point respectively), especially obesity.[22]

Figure 4.17. Almost 60% of the population is overweight and 25% is obese in LAC countries, steadily increasing since 2000



Note: Data come from health examinations. LAC regional average comprises 33 Latin American and Caribbean countries, including the focal countries.
Source: WHO GHO (database), https://www.who.int/data/gho/data/indicators/indicator-details/GHO/prevalence-of-overweight-among-adults-bmi-=-25-(age-standardized-estimate)-(-) and https://www.who.int/data/gho/data/indicators/indicator-details/GHO/prevalence-of-obesity-among-adults-bmi-=-30-(age-standardized-estimate)-(-).

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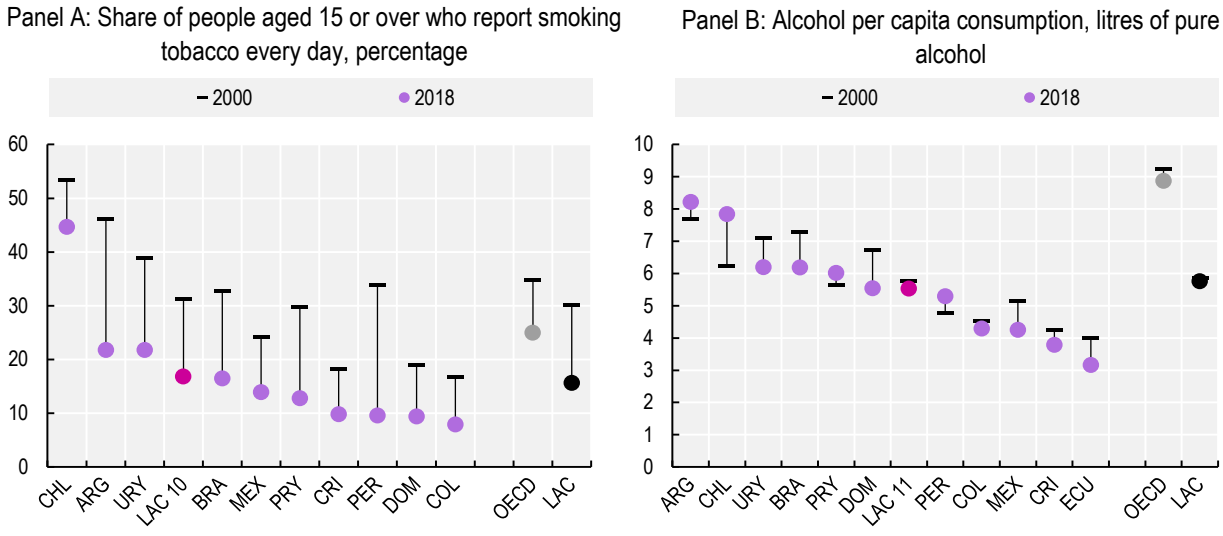
The two phenomena (stunting among the very young and overweight among adults) are not unrelated. In the focal countries for which data are available, high stunting rates are associated with low adult obesity rates in Colombia and Peru. Argentina and Mexico feature close to average stunting rates and relatively high adult obesity rates, while Paraguay combines low stunting among children and low obesity rates among adults (Figure 4.16, Panel B). The relationship between undernutrition and overweight is not a coexistence of unrelated phenomena, as undernutrition early in life – and even in utero – may predispose to overweight and non-communicable diseases such as diabetes and heart disease later in life. Overweight in mothers is also associated with overweight and obesity of their offspring (WHO, 2017[60]). Additionally, declining stunting rates among children and rising adult overweight in Latin America and the Caribbean also reflect the shift to more calorie-rich diets and a general rise in the availability of food.

Tobacco use is the second-leading risk factor for early death and disability worldwide, after poor diet[23] (OECD/The World Bank, 2020[59]). Close to one in six people aged 15 or above in the focal group of countries smoked daily in 2018. This share almost halved since 2000, reaching a level that is now well below the OECD average (one in four people). The proportion of daily tobacco smokers varies considerably across countries, ranging from 45% of people who smoke daily in Chile to below 10% in Colombia and the Dominican Republic (Figure 4.18, Panel A). The greatest falls in smoking since 2000 were experienced in Argentina and Peru, where the share of tobacco smokers dropped by more than 24 percentage points.

Compared to the OECD average, Latin America also features lower average rates of alcohol consumption (at 5.5 litres per capita in 2018, almost half the 9 litres per capita among OECD countries), partly reflecting Latin Americans' lower per capita income (WHO, 2018[61]). Alcohol consumption is lowest in Ecuador (just above 3 litres per capita) and highest in Argentina (more than 8 litres per capita) (Figure 4.18, Panel B). The average of the focal countries has fluctuated between 5.4 and 5.8 litres per capita in the period 2000-18, stabilising at 5.5 in the last three years. Alcohol consumption has decreased by around 1 litre per capita

in Brazil, the Dominican Republic, Ecuador, Mexico and Uruguay in this period, while it increased by 1.6 litre per capita (26%) in Chile.

Figure 4.18. The prevalence of both smoking and alcohol consumption in the LAC region are both below the OECD average



Note: LAC 10 excludes Ecuador, due to missing data. In Panel A, LAC is the Latin America and Caribbean regional average calculated by the UN DESA. In Panel B, LAC regional average comprises 33 Latin American and Caribbean countries, including the focal countries.
Source: UN DESA Global SDG Indicator Database, indicator 3.a.1, https://unstats.un.org/sdgs/indicators/database/ and WHO GHO (database), https://www.who.int/data/gho/data/indicators/indicator-details/GHO/alcohol-recorded-per-capita-(15-)-consumption-(in-litres-of-pure-alcohol)

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The impact of COVID-19 on human capital

The impact of COVID-19 on human capital, via its effect on educational and health outcomes, is considerable. The relevant sections in Chapter 3 (Knowledge and Skills, and Health) address these in more detail. These effects also have long-term impacts. It has been estimated that the losses in learning, human capital and productivity may translate into a decline in aggregate earnings for the Latin American and Caribbean region of USD 1.7 trillion, 10% of baseline levels (World Bank, 2021[62]).

The impact of the COVID-19 crisis has been particularly hard on youth employed, who are over-represented in the sectors worst hit by the pandemic, such as retail, hospitality and tourism, and who are already facing difficulties in accessing the formal labour market. LAC countries need to prioritise support for job searching and job counselling, as well as training and apprenticeship programmes that enable capacity-building for the young and help match them with evolving employment opportunities (OECD, 2020[63]).

With lockdowns and school closures, activities have been performed remotely whenever possible. However, despite considerable improvements in recent years, insufficient skills and disparities in Internet access and use across socio-economic groups persist, with COVID-19 widening these disparities. For instance, fewer than half of Latin Americans had enough experience using computers and digital tools to carry out basic professional tasks, effectively excluding more than half of the region's population from performing remote activities (OECD et al., 2020[33]).

Available evidence indicates that a significant share of adults gained weight during lockdown periods, although this was not the case for everyone, with one study showing that older adults (aged over 60) were at a higher risk of weight loss and potential malnutrition.[24] Because of higher body weight, the lockdowns implemented during the COVID-19 pandemic may lead to higher incidence of overweight, obesity and related health-risks as well as other non-communicable diseases. Further studies are needed to assess group-specific impacts, with particular regard to weight gain in younger people and the risk of weight loss, malnutrition and sarcopenia in older adults.

Health risks among the population today may be heightening the human cost of the pandemic: for example, overweight and obese populations could have a higher susceptibility to develop severe complications, especially linked to respiratory illness, such as pneumonia. Obesity has a negative effect on both the respiratory function and the immune function, which are under threat with COVID-19. Adipose tissue dysfunction in overweight and obesity can act as a diseased organ (through chronic inflammation) (Rancourt, Schellong and Plagemann, 2020[64]). In one study of French patients admitted to intensive care units (ICU) for COVID-19 and requiring invasive mechanical ventilation (IMV), the proportion of obese patients was higher than among the population at large,[25] with higher rates of patients needing IMV among men with a high body mass index (BMI) (Simonnet et al., 2020[65]). A meta-analysis of obesity and COVID-19 outcomes on PubMed (including MEDLINE) and Google Scholar in May 2020 suggests that obesity is associated with a more severe COVID-19 disease but not with higher mortality (Zhang et al., 2021[66]).

In addition to obesity, underweight is also a risk factor for COVID-19 (Gaiha, Cheng and Halpern-Felsher, 2020[67]), as people who are underweight have poor dynamic lung functions (Azad and Zamani, 2014[68]).According to clinical evidence, tobacco smokers have a greater predisposition (1.4-fold) to developing severe symptoms of COVID-19, and are approximately 2.4 times more likely to be admitted to an intensive care unit (ICU), to need mechanical ventilation or to die compared to non-smokers (Vardavas and Nikitara, 2020[69]). Findings from a US national sample of adolescents and young adults show that e-cigarette use and dual use of e-cigarettes and regular cigarettes are significant underlying risk factors for COVID-19 (Gaiha, Cheng and Halpern-Felsher, 2020[67]). Much is still unknown on how the severity of respiratory viral infections is compounded when risk factors are combined.

Issues for statistical development

Data on education and stunting are scattered, in terms of country and time coverage. Regarding alcohol consumption, the methodology to convert alcoholic drinks to pure alcohol may differ across countries. Moreover, data refer to annual estimates of alcoholic beverage production and trade supplied by national Ministries of Agriculture and Trade to the Food and Agriculture Organization of the United Nations (FAO) (i.e. recorded alcohol), and exclude homemade sources, cross-border shopping and other unrecorded sources (OECD/The World Bank, 2020[59]). The share of youth (aged 15-24) not in employment, education or training (NEET) is not a perfect measure of the underutilisation of skills, as some young people are informally employed or unpaid workers (e.g. volunteering their time in the community or as family caregivers).

Social Capital

Social Capital broadly refers to the networks, norms, trust and shared values that foster co-operation within and between different population groups in a society (OECD, 2020[1]). The literature on Social Capital is wide-ranging, encompassing people's personal relationships (people's networks and the social behaviours that contribute to establishing and maintaining those), social support (the emotional, material, practical, financial, intellectual and professional resources that are available to individuals through their personal networks), civic engagement (the activities through which people contribute to civic and community life) as well as trust and co-operative norms (shared values and expectations that underpin societal functioning

and enable mutually beneficial co-operation) (Scrivens and Smith, 2013[70]). The two types of trust that are most important for social capital are generalised interpersonal trust (i.e. trust in "others", including strangers) and institutional trust (i.e. trust in public institutions).

The OECD well-being framework, and this report, distinguishes between social assets that are fostered and "owned" at the individual level (such as personal relationships and social network support) and relational public goods that are available to and shared by society as a whole and can be transmitted across generations (trust and co-operative norms). The former are included in Chapter 3 under the Social Connections dimension, while the latter are the focus of this section.

Trust and co-operative norms have strong and wide-ranging instrumental value and contribute to the functioning of societal systems – market, state infrastructure, social stability – that are essential for many aspects of well-being (OECD, 2017[71]). Norms, values and expectations that encourage co-operation such as solidarity, honesty, generosity, kindness, politeness, equity, social justice or tolerance can generate a range of benefits to the society, from higher productivity to better well-being outcomes. Other norms and expectations, such as corruption or discrimination, will have the opposite effect (Scrivens and Smith, 2013[70]). This section presents information on volunteering, interpersonal trust, institutional trust, perception of corruption in national government, support for democracy, tax morale (willingness to pay taxes), perceptions of discrimination and income inequality.

Overall, on a number of indicators, the focal countries (and Latin America as a whole) show signs of weakening social capital, from an already low starting point. Volunteering rates, trust in government, support for democracy and tax morale are all down from the 2000s, while people's perceptions of corruption in government have increased. In other indicators, such as interpersonal trust, confidence in police, and the share of people saying they belong to a discriminated group, stability in the focal group or the regional average masks widening differences between countries. The only indicator that shows a clear (but moderate) improvement is the share of people saying that income inequality is unfair. The indicators pertaining to confidence in political systems and institutions are particularly worrying. The social uprisings in Bolivia, Chile, Colombia and Ecuador in 2019 were a stark manifestation of reduced trust in government, which risks being compounded by the COVID-19 crisis.

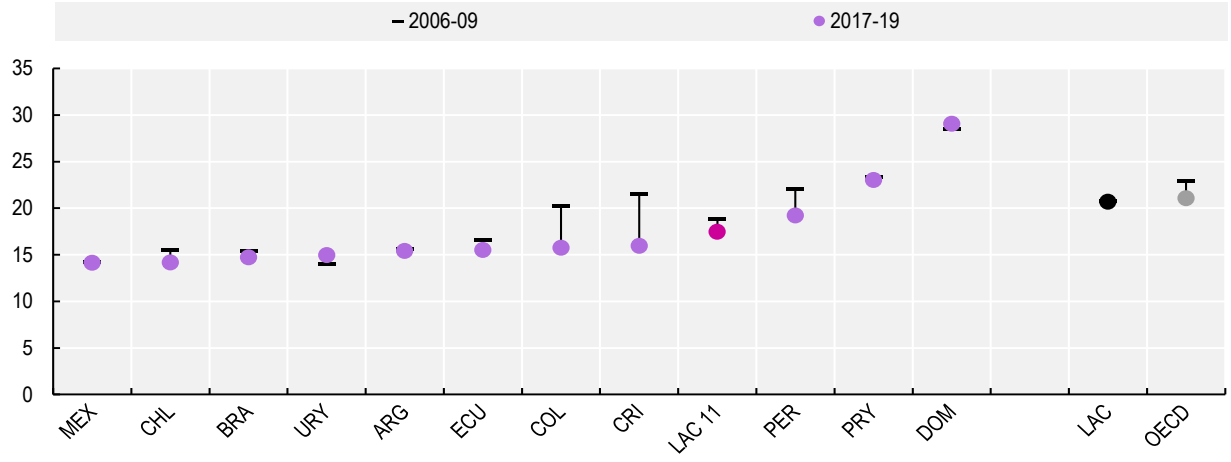
Volunteering

Volunteering refers to the provision of time and unpaid labour to people outside the immediate household. It can be formal (when undertaken within an established organisation or group) or informal (when provided in an unstructured way, outside the context of formal organisations or groups) (Scrivens and Smith, 2013[70]). Harmonised data on volunteering for Latin American countries are available only for formal volunteering provided through organisations.

In 2017-19, around one in six people in the focal countries volunteered time to an organisation in the past month, close to the OECD average (Figure 4.19). This share ranges from around 14% in Chile and Mexico to around 20% in Paraguay and Peru, and up to 30% in the Dominican Republic. Formal volunteering across the region has slightly decreased (by 1.4 percentage points in the focal countries) since 2006-09, mirroring developments in OECD countries, with the highest drops in Colombia and Costa Rica (by more than 4 percentage points) and modest increases in some other countries (i.e. 1 percentage point in Uruguay and 0.6 percentage point in the Dominican Republic).

Figure 4.19. Around one in six people in the focal countries have volunteered time to an organisation in the past month, slightly down from 2006-09

Share of people who have volunteered time to an organisation in the past month, percentage



Note: This is based on the question, "Have you done any of the following in the past month? How about volunteered your time to an organisation?" The data shown reflect the percentage of respondents answering "yes" (the other response categories being "no" and "don't know") and are averaged over a four (2006-09) and three (2017-19) year period. LAC regional average comprises 23 Latin American and Caribbean countries, including the focal countries.
Source: OECD calculations based on the Gallup World Poll (database), https://gallup.com/analytics/232838/world-poll.aspx.

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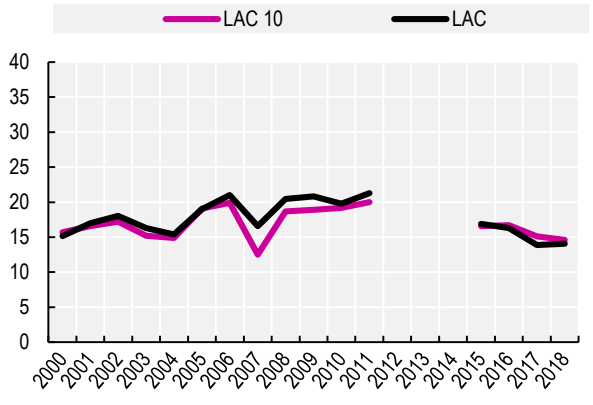
Trust in others

Trust in others is the foundation of co-operation (Scrivens and Smith, 2013[70]). It refers to people's perceptions and expectations that others will behave in a trustworthy manner. While most of the available measures on trust are based on people's self-reports, evidence shows that these measures are significantly correlated to the trustworthiness of people's behaviour in semi-experimental settings.[26]

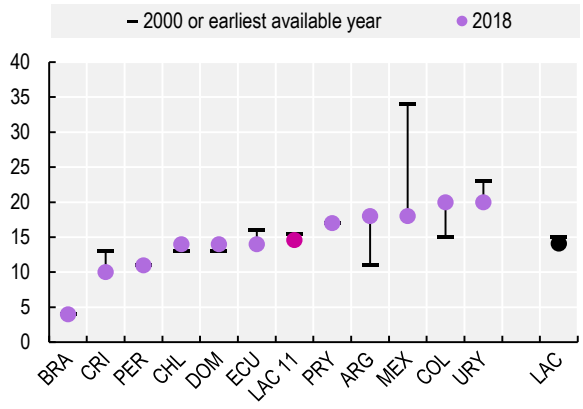
In the focal countries, only 14% of people report that most people can be trusted (Figure 4.20). Trust in others is particularly low in Brazil, where only 4% of people report that most people can be trusted, while in Colombia and Uruguay the percentage is five times higher. Compared to 2000, Mexico experienced the largest cumulative drop (-16 percentage points), although remaining relatively high, followed by Costa Rica and Uruguay (-3 percentage points). On the other side of the spectrum, the largest cumulative increase occurred in Argentina (7 percentage points), followed by Colombia (5 percentage points). Additional data from the World Values Survey (not shown) available for seven of the focal countries and for 30 OECD countries indicate that OECD average trust in others is around four times higher in OECD countries than among the focal group (around 38% and 9%, respectively) (World Values Survey, 2021[72]).

Figure 4.20. In the focal countries, only 1 in 7 people report that most people can be trusted

Panel A: Share of people reporting that most people can be trusted, percentage, regional developments



Panel B: Share of people reporting that most people can be trusted, percentage



Note: This is based on the question, "Generally speaking, would you say that you can trust most people, or that you can never be too careful in dealing with others?" with response categories "most people can be trusted", "one can never be too careful when dealing with others" and "don't know". LAC 10 excludes the Dominican Republic, due to incomplete time series. In Panel A, LAC regional average comprises 17 Latin American and Caribbean countries, including the 10 focal countries for which time series are available. In Panel B, LAC regional average comprises 18 Latin American and Caribbean countries, including the focal countries. The earliest available year is 2004 for the Dominican Republic.
Source: Latinobarometro (database), http://www.latinobarometro.org/latOnline.jsp.

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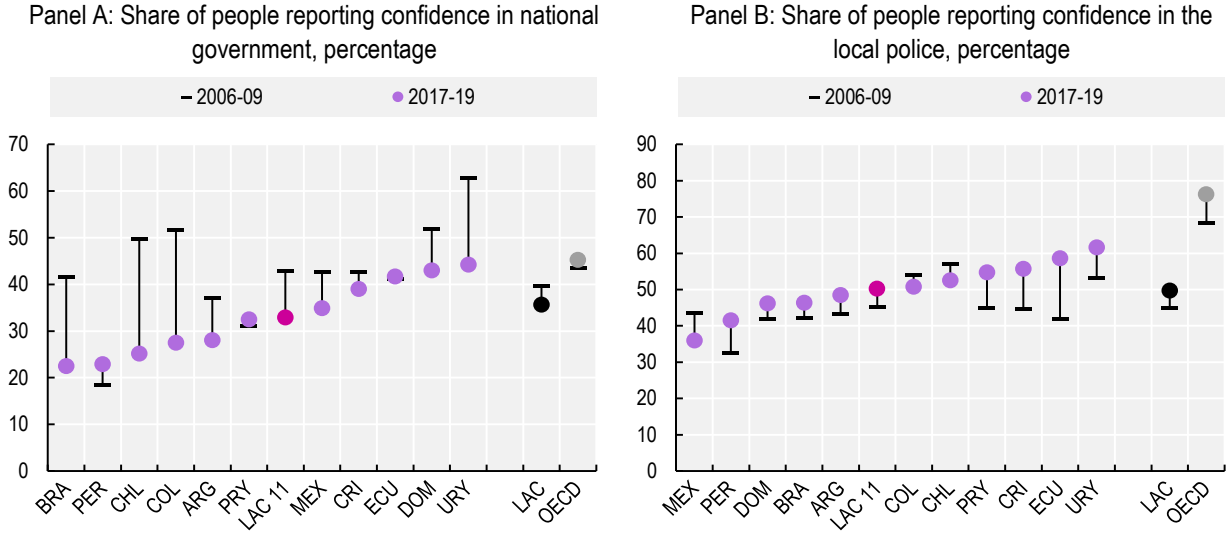
Trust in institutions: Government and police

Trust in institutions is an important aspect of public governance, affecting people's willingness to co-operate with public institutions in the pursuit of the common good (Praia Group on Governance Statistics, 2020[73]). Trust in institutions is also affected by people's perceptions of a number of other dimensions of governance (such as quality of services and integrity of public officials), hence it has a claim to be used as a measure that "takes the temperature" of the overall relation between citizens and policy makers.

One-third of the population in the focal countries trusts their national government (Figure 4.21, Panel A), 10 percentage points less than in 2006-09, and well below the OECD average (45%). Trust in government is lowest in Brazil and Peru, where less than one in four people trust the national government, and highest in the Dominican Republic, Ecuador and Uruguay, where more than 40% of the population trust the national government. Trust in the national government has halved in Brazil, Chile and Colombia since 2006-09. Conversely, trust in national government increased the most (by 4.5 percentage points) in Peru.

Half of the population in the focal countries trusts the local police, 5 percent points higher than in 2006-09 (Figure 4.21, Panel B). Trust in the police is highest in Ecuador and Uruguay, where about 60% of the population trust the police, and lowest in Mexico, where less than 40% of the population do. Compared to 2006-09, trust in the police has increased the most in Ecuador, Costa Rica and Paraguay (by 10 percentage points or more), while the highest drop (by 7.5 percentage points) occurred in Mexico, which fell from just below the regional average to the bottom of the league.

Figure 4.21. In the focal countries, less than one-third of the population trusts their national government and half trust the local police



Note: LAC regional average comprises 21 Latin American and Caribbean countries, including the focal countries. In Panel A, this is based on the survey question, "In this country, do you have confidence in each of the following, or not? How about national government?" The data shown reflect the percentage of respondents answering "yes" (the other response categories being "no" and "don't know") and are averaged over a four (2006-09) and three (2017-19) year period. In Panel B, this is based on the survey question, "In the city or area where you live, do you have confidence in the local police force or not?" The data shown reflect the percentage of respondents answering "yes" (the other response categories being "no" and "don't know") and are averaged over a four (2006-09) and three (2017-19) year period.
Source: OECD calculations based on the Gallup World Poll (database), https://gallup.com/analytics/232838/world-poll.aspx

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Corruption

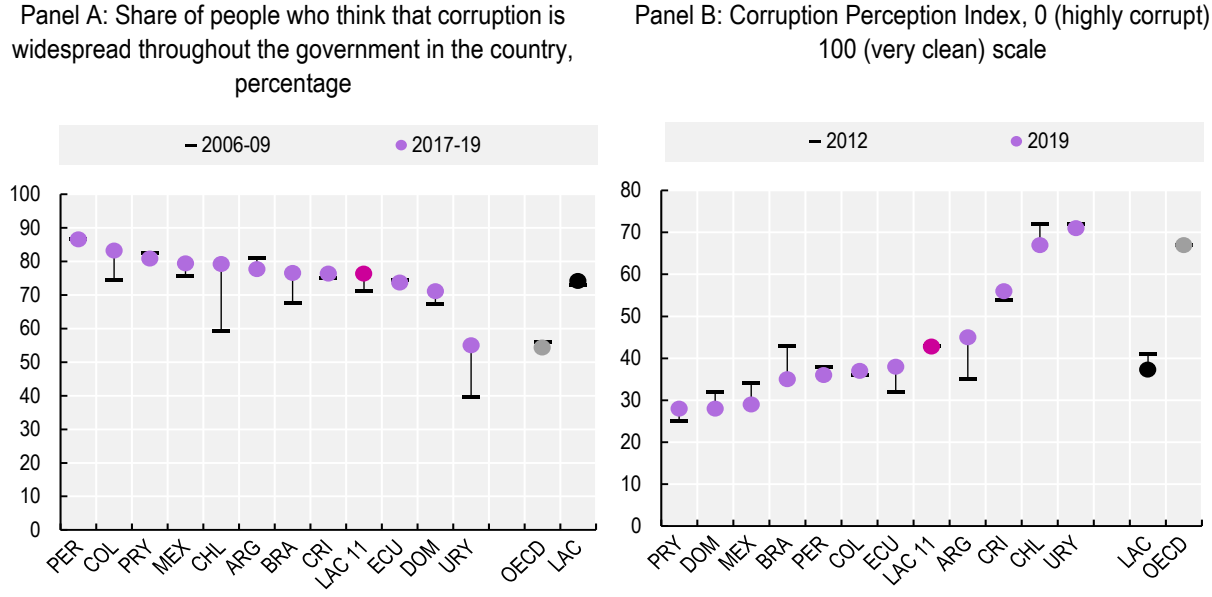
Integrity is a cornerstone of good governance and assures citizens that the government is working in the interests of all, rather than for a few (OECD, 2020[74]). Measuring corruption is challenging, and available indicators, mainly from expert assessments or household surveys, tend to focus on different aspects of it. While each measure, taken in isolation, may provide a partial but potentially distorted view of the issue at hand, using multiple measures of corruption in combination allows to understand its different facets (Exton and Fleischer, forthcoming[54]).

In the focal countries, 76% of people think that corruption is widespread throughout their national government (Figure 4.22**,** Panel A); this share increased by 5 percentage points compared to 2006-09 and is well above levels observed across OECD countries (55%). People's own perceptions of corruption in the government are the highest in Paraguay (87%), Colombia and Paraguay (all above 80%) and lowest in Uruguay where (at 55%) it is in line with the OECD average.

Household survey measures of corruption capture only petty corruption and fail to reveal aspects of corruption that are less visible to households, such as political corruption, lobbying or manipulation of the political process by special interest groups (UNODC, 2018[75]). Information on these aspects can be gathered through measures based on expert assessments, which nevertheless have their own biases. When considering the assessments of experts and business people in Transparency International's 2019 Corruption Perception Index, the average level of corruption in the public sector among the focal countries was 43, on a scale from 0 (highly corrupt) to 100 (the total absence of corruption), which is below the OECD average level of 67 (Figure 4.22, Panel B). This implies higher corruption among the focal group. By this measure, perceived public sector integrity is highest in Chile and Uruguay (with scores in line with

the OECD average or just above) and lowest in the Dominican Republic, Mexico and Paraguay (with scores below 30). The Transparency International regional average has remained stable since 2012, with progress in Argentina and Ecuador (with gains of 10 and 6 points, respectively) and declines in Brazil (a fall of 8 points), followed by Chile and Mexico (5 points).

Figure 4.22. Both people's and experts' perceptions of corruption are higher in focal countries than in the OECD average



Note: In Panel A, LAC regional average comprises 21 Latin American and Caribbean countries, including the focal countries. It is based on the question, "Is corruption widespread throughout the government in this country, or not?" The data shown reflect the percentage of respondents answering "yes" (the other response categories being "no" and "don't know") and are averaged over a four (2006-09) and three (2017-19) year period. In Panel B, LAC regional average comprises 27 Latin American and Caribbean countries, including the focal countries. Transparency International's annual Corruption Perception Index (CPI) ranks countries based on how corrupt a country's public sector is perceived to be by experts and business executives. The CPI is a composite index that combines information from 13 surveys and expert assessments from 12 independent institutions specialising in governance and business climate analysis to arrive at a score from 0 (highly corrupt) to 100 (very clean).
Source: OECD calculations based on the Gallup World Poll (database), https://gallup.com/analytics/232838/world-poll.aspx (Panel A) and on Transparency International Corruption Perception Index 2020 (database), https://transparency.org/cpi2020 (Panel B)

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Support for democracy and tax morale

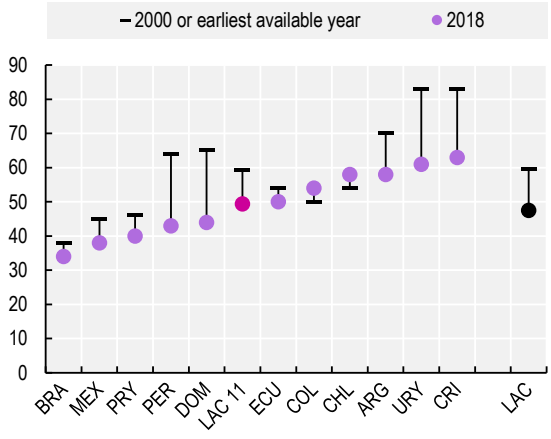
Electoral democracy is a relatively recent phenomenon for many Latin American countries. The legacy of past autocratic regimes, military coups and foreign interference still linger in public opinion, where just below half (49%) of the population in the focal countries support democracy over all other forms of governance, down by 10 percentage points from 2000 (Figure 4.23, Panel A). Support for democracy is lowest in Brazil and Mexico (below 40%) and highest in Costa Rica and Uruguay (above 60%). In recent years, support for democracy decreased the most in the Dominican Republic, Peru and Uruguay (by more than 20 percentage points). Among all other focal countries, it increased only in Chile and Colombia (by 4 percentage points).

Across Latin American countries, support for democracy strongly correlates with measures of government integrity: correlation with the Corruption Perception Index is 0.80 (Figure 4.23, Panel B). Both measures are comparatively high in Chile, Costa Rica and Uruguay, while they are much lower in Brazil, Mexico and

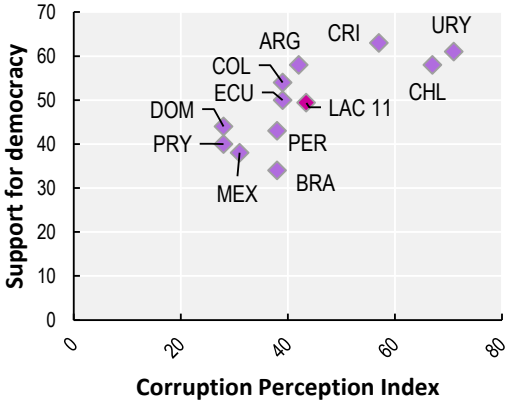
Paraguay. Support for democracy also tends to go hand in hand with trust in the police, while the relation with trust in national governments is not statistically significant.[27]

Figure 4.23. Support for democracy is closely linked to measures of government integrity

Panel A: Share of people reporting that democracy is preferable to any other kind of government, percentage



Panel B: Corruption Perception Index, 0 (highly corrupt) – 100 (very clean) scale (x-axis) and share of people reporting that democracy is preferable to any other kind of government, percentage (y-axis)



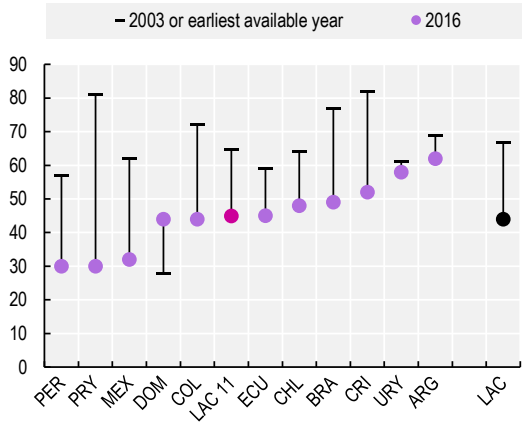
Note: This is based on the question, "With which of the following statements do you agree most?" with response categories "democracy is preferable to any other kind of government", "under some circumstances, an authoritarian government can be preferable to a democratic one", "for people like me, it does not matter whether we have a democratic or a non-democratic regime" and "don't know". The data shown reflect the percentage of respondents answering "democracy is preferable to any other kind of government". LAC regional average comprises 18 Latin American and Caribbean countries, including the focal countries. The earliest available year is 2004 for the Dominican Republic. In Panel B, data refer to 2018 for support for democracy and to 2019 for the Corruption Perception Index. The Corruption Perception Index (CPI) is a composite index that combines information from 13 surveys and expert assessments from 12 independent institutions specialising in governance and business climate analysis to arrive at a score from 0 (highly corrupt) to 100 (very clean).
Source: Latinobarometro (database), http://www.latinobarometro.org/latOnline.jsp and Transparency International Corruption Perception Index 2020 (database), https://transparency.org/cpi2020

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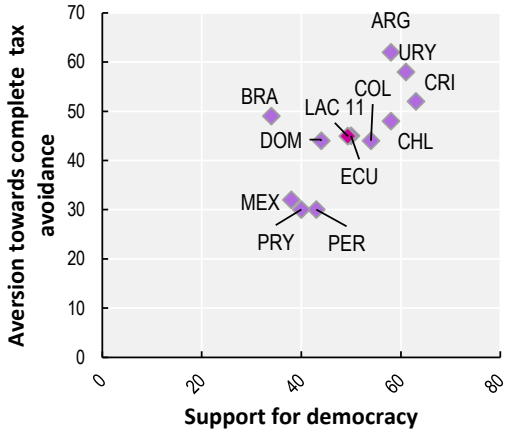
As with support for democracy, less than half (45%) of the population in the focal countries agree with the statement that it is never justifiable to avoid paying all one's taxes, down from 65% in 2003 (Figure 4.24, Panel A). Aversion towards complete tax avoidance is highest in Argentina and Uruguay (above 55%) and lowest in Mexico, Paraguay and Peru (below 40%). Compared to 2003, the only improvement occurred in the Dominican Republic (16 percentage points) while the largest falls occurred in Costa Rica, Mexico (-30 percentage points) and Paraguay (-51 percentage points). Aversion towards complete tax avoidance is strongly correlated with support for democracy (0.69) (Figure 4.24, Panel B), trust in the police (0.65) and government integrity (CPI) (0.64). This is in line with previous studies (OECD, 2019[76]) which also link decreasing tax morale (defined as the intrinsic motivation to pay taxes) with the economic slowdown, rising poverty and inequality and social discontent in Latin America.

Figure 4.24. Only half of the population think it is completely unjustifiable to avoid paying taxes, a share that has decreased since the early 2000s and is correlated with support for democracy

Panel A: Share of people reporting that it is not at all justifiable to manage to avoid paying all one's taxes, percentage



Panel B: Share of people supporting democracy, percentage (x-axis) and share of people reporting aversion towards complete tax avoidance, percentage (y-axis)



Note: This is based on the question, "On a scale of 1 to 10, where 1 means 'not at all justifiable' and 10 means 'totally justifiable', how justifiable do you believe it is to evade paying taxes?". The data shown reflect the percentage of respondents answering "not at all justifiable". LAC regional average comprises 18 Latin American and Caribbean countries, including the focal countries. The earliest available year is 2005 for the Dominican Republic. In Panel B, aversion towards total tax avoidance data refer to 2016 and support for democracy data to 2018. Support for democracy is based on the question, "With which of the following statements do you agree most?" with response categories "democracy is preferable to any other kind of government", "under some circumstances, an authoritarian government can be preferable to a democratic one", "for people like me, it does not matter whether we have a democratic or a non-democratic regime" and "don't know". The data shown reflect the percentage of respondents answering "democracy is preferable to any other kind of government".
Source: Latinobarometro (database), http://www.latinobarometro.org/latOnline.jsp.

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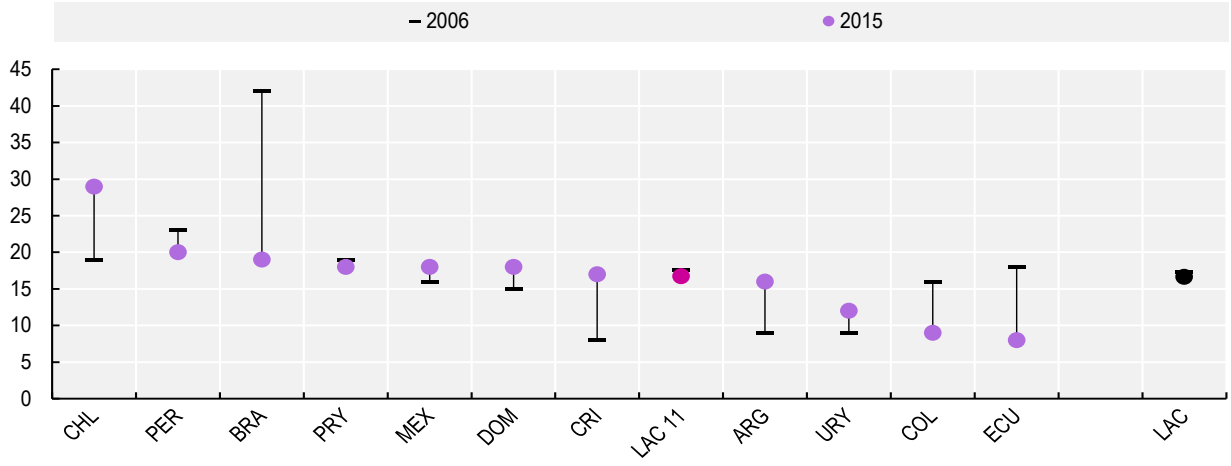
Perception of discrimination and unjust inequality

Norms of tolerance and non-discrimination towards people and groups from different backgrounds, appearance or beliefs are essential for fair and inclusive co-operation (Scrivens and Smith, 2013[70]). They also represent critical elements of social capital.

The share of people who declare they belong to a discriminated group in the focal countries stands at 17%, a proportion that is little changed from its 2006 level (Figure 4.25). This share ranges from below 10% in Colombia and Ecuador to almost 30% in Chile. Across the focal countries, average perception of discrimination increased in 2010 and 2011 but reverted to earlier (2006 and 2009) levels in 2015. Compared to 2006, Brazil registered the highest drop (-23 percentage points), although perceptions of discrimination remain among the highest in the region, followed by drops in Colombia and Ecuador, where perception of discrimination is among the lowest. Chile (with the highest perceptions of discrimination) as well as Costa Rica and Argentina registered the strongest increases (10, 9 and 7 percentage points respectively).

Figure 4.25. Close to one in five people in Latin America declare belonging to a group that experiences discrimination

Share of the population who report belonging to a discriminated group, percentage



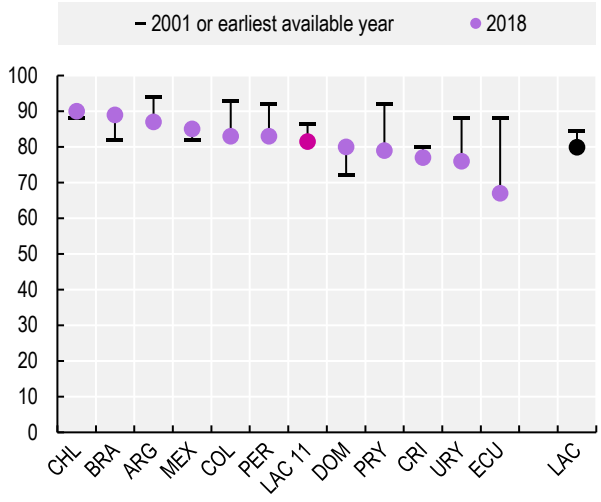
Note: This is based on the question, "Would you describe yourself as part of a group that is discriminated against in (country)?" The data shown reflect the percentage of respondents answering "yes" (the other response categories being "no" and "don't know"). LAC regional average comprises 18 Latin American and Caribbean countries, including the focal countries.
Source: ECLAC Statistics, CEPALSTAT database, https://cepalstat-prod.cepal.org/cepalstat/tabulador/ConsultaIntegrada.asp?idIndicador=2258&idioma=i.

StatLink https://stat.link/rz2pg1

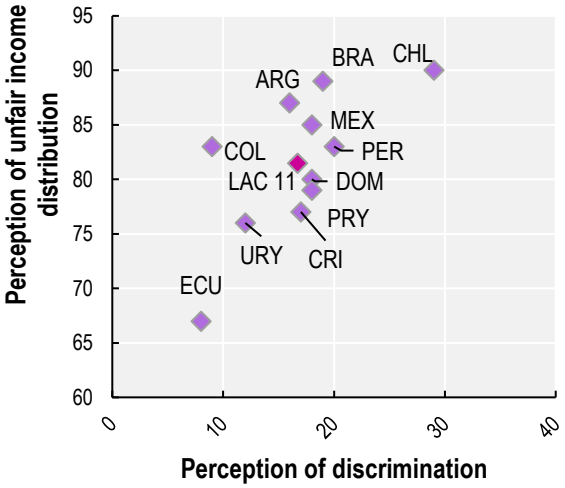
Feelings of discrimination on grounds that are beyond an individual's control translate into dissatisfaction with income inequality: 81% of Latin American respondents report that income distribution is unfair or very unfair, down from 86% in 2001 (Figure 4.26, Panel A). This measure is highest in Brazil and Chile (around 90%) and lowest in Ecuador (below 70%), where it dropped by more than 20 percentage points from 2001, the highest drop in the region. Perceptions of income inequality as unjust dropped by more than 10 percentage points in Paraguay and Uruguay, but increased by 7 and 8 percentage points in Brazil and the Dominican Republic, respectively. Perceptions of discrimination and income inequality significantly correlate (Figure 4.26, Panel B), with both measures particularly high in Chile and Brazil, and relatively low in Ecuador and Uruguay.

Figure 4.26. More than 80% of the Latin American population perceives the income distribution to be unfair

Panel A: Share of people reporting the income distribution is unfair or very unfair, percentage



Panel B: Share of the population who declare belonging to a discriminated group, percentage (x-axis) and share of people reporting the income distribution is unfair or very unfair, percentage (y-axis)



Note: This is based on the question, "How fair do you think income distribution is in (country)?" with response categories "very fair", "fair", "unfair", "very unfair" and "don't know". The data shown reflect the percentage of people who replied "unfair" or "very unfair". LAC regional average comprises 18 Latin American and Caribbean countries, including the focal countries. The earliest available year is 2007 for the Dominican Republic. In Panel B, perception of discrimination refers to 2015 and perception of unfair income inequality to 2018. Perception of discrimination is based on the question, "Would you describe yourself as part of a group that is discriminated against in (country)?". The data shown reflect the percentage of respondents answering "yes" (the other response categories being "no", and "don't know").

Source: Latinobarometro (database), http://www.latinobarometro.org/latOnline.jsp and ECLAC Statistics, CEPALSTAT database, https://cepalstat-prod.cepal.org/cepalstat/tabulador/ConsultaIntegrada.asp?idIndicador=2258&idioma=i.

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The impact of COVID-19 on social capital

Effectively responding to the coronavirus (COVID-19) pandemic requires co-ordinated action and citizens' willingness to comply with restrictions and to make necessary behavioural changes on behalf of the public good. The low levels of social capital evidenced by many indicators in this section suggest that the social contract between government and citizens in the region is fragile: prior to the pandemic, there was considerable dissatisfaction with persistent inequalities and with the functioning of the political system, growing distrust of institutions, and low and declining support for democracy (Zechmeister, 2019[77]; ECLAC, 2021[78]). The demand for greater equality and non-discrimination has led, in some cases, to social mobilisations and protests that called for substantive transformations to build fairer and more inclusive societies[28] (ECLAC, 2021[78]).

The expansion of the middle-income strata and the consolidation of a citizenry that is more demanding of spaces for participation and less tolerant of inequalities and corruption contributed to these mobilisations and protests. Throughout the region, citizens are increasingly questioning the discrimination and inequality that permeate institutions and social relations. These features are crystallised in a culture of privilege whose roots go back to the continent's colonial origins, a culture that justifies deep socio-economic, gender, ethnic and racial inequalities (ECLAC, 2021[78]; OECD, forthcoming[79]).

The trend in the region towards reduced support for democracy is particularly worrying. A United Nations policy brief (UN, 2020[80]) set out three ways in which the pandemic is threatening democracy in the region. First, by increasing inequality and further exacerbating the differences in well-being outcomes between social groups, strengthening the perception that democratic governments have not responded adequately to the needs of the most vulnerable. Second, in some cases, emergency measures taken to restrict social interaction may have infringed human rights, by reducing the ability of civil society actors to mobilise and hold governments accountable. They may also have created an opportunity for illegitimate actors (such as armed groups and criminal organisations) to reassert control over territories. Third, the release of large amounts of public funds to undertake action to combat the virus, often in a less than transparent manner, has led to an increase in allegations of corruption and misuse of funds, which is likely to further erode trust in democratic governments.

Perceptions of the performance of the region's governments during the pandemic vary widely. Results from an opinion poll collecting responses from 371 opinion leaders and prominent journalists who regularly publish their views in the Latin American media reveal that, between April and August 2020, opinion leaders' approval of the way the government was handling the COVID-19 crisis generally declined in almost all the Latin American countries for which data are available. The largest drop occurred in Peru: from 91% of respondents approving in April 2020 to 23% in August 2020. Mexico is the only country where the opinion leaders' approval increased: from 7% in April 2020 to a still low 28% in August 2020. Approval was highest in Argentina and Colombia (above 70%), while lowest in Brazil (17%), the country registering the highest number of COVID-19 deaths (ECLAC, 2021[78]).

While there was no statistically significant change between the 2019 Corruption Perception index (CPI) and the 2020 CPI, evidence from the Gallup World Poll, mainly referring to the period between late August 2020 and November-December 2020, shows a general increase in trust in the national government (up by 5 percentage points from 2019) and a drop in perceptions of corruption (down by almost the same amount) across the focal countries (Figure 4.27, Panel A and B), which mirrors developments in the OECD countries.

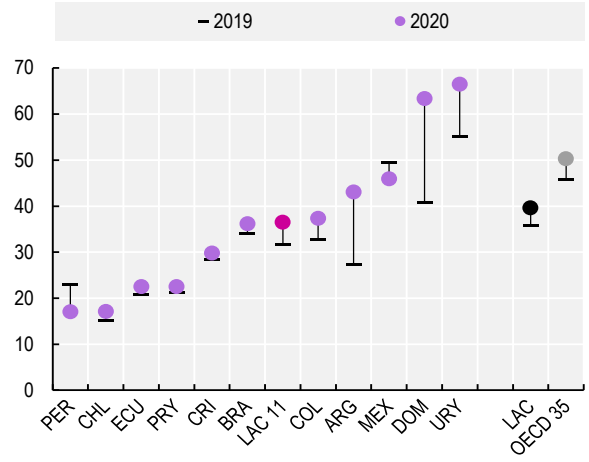
In 2020, trust in the national government and perception of corruption were strongly correlated (-0.92) (Figure 4.27, Panel C). Trust in the national government is lowest where perception of corruption is highest: in particular, in Peru, fewer than 1 in 5 people trust the government, and more than 90% of the population think that corruption is widespread throughout the government. Conversely, trust in the national government is highest where perception of corruption is the lowest: in the Dominican Republic and Uruguay more than 60% of the population trust the government and less than 55% think that corruption is widespread throughout the government.

The increase in trust in institutions, also observed in OECD countries, carries many elements of a "rallying round the flag" effect, which refers to national unity in the face of common threats. This effect is characterised by temporary surges in public approval for nation states' governments or political leaders during periods of crisis or war (OECD, 2021[81]).

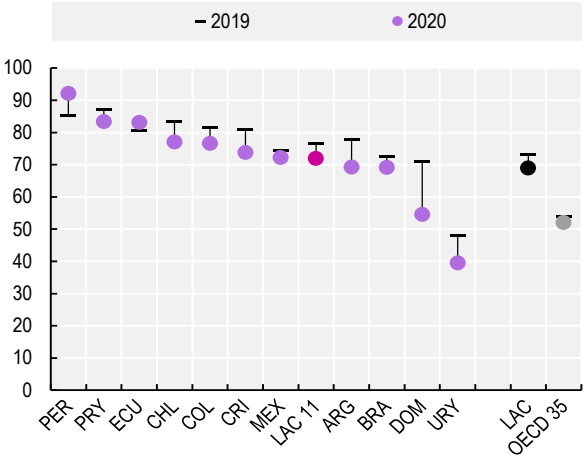
The mild average increase in trust in the local police across the focal countries (by 3 percentage points) hides diverging patterns (Figure 4.27, Panel D). Trust in the police increased the most in Costa Rica (by 13 percentage points), Uruguay (by 9 percentage points) and Chile (by 7.3 percentage points), while it dropped in Paraguay (7 percentage points).

Figure 4.27. In 2020, trust in the national government and perception of corruption were strongly correlated

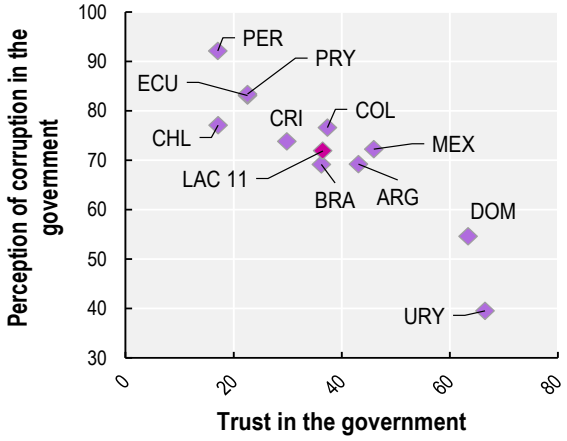
Panel A: Share of people reporting confidence in national government, percentage



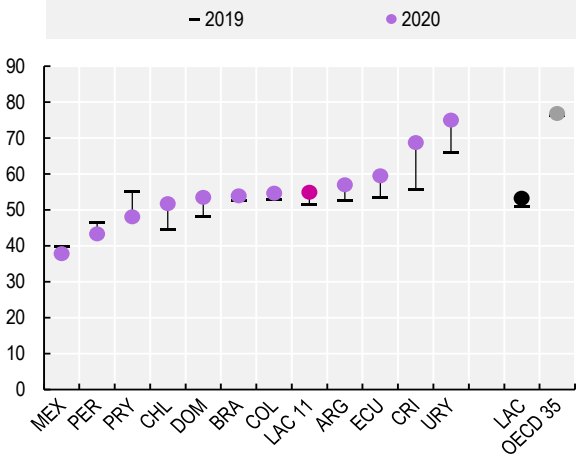
Panel B: Share of people who think that corruption is widespread throughout the government in the country, percentage



Panel C: Share of people reporting confidence in national government, percentage (x-axis), and share of people who think that corruption is widespread throughout the government in the country, percentage (y-axis)



Panel D: Share of people reporting confidence in the local police, percentage



Note: Trust/confidence in the government is based on the survey question, "In this country, do you have confidence in each of the following, or not? How about national government?". The data shown reflect the percentage of respondents answering "yes" (the other response categories being "no", and "don't know"). Perception of corruption in the government is based on the question "Is corruption widespread throughout the government in this country, or not?". The data shown reflect the percentage of respondents answering "yes" (the other response categories being "no", and "don't know"). Trust in the police is based on the survey question, "In the city or area where you live, do you have confidence in the local police force, or not?". The data shown reflect the percentage of respondents answering "yes" (the other response categories being "no", and "don't know"). LAC regional average comprises 21 Latin American and Caribbean countries, including the focal countries. OECD 35 excludes the Czech Republic and Luxembourg, due to incomplete data. In all the countries of the focal group, the mode of data collection changed between 2019 and 2020 (moving from face-to-face to phone-based interviews). As a result, certain countries may have modified the respondent pool in certain ways that cannot be adjusted via weighting techniques (Srinivasan and Clifton, 2020[82]; Helliwell et al., 2021[83]). More than 500 observations are available for each country. Data collection dates for 2020 are as follows: Sep 7 – Nov 20, 2020 in Argentina; Sep 10 – Nov 11, 2020 in Brazil; Sep 11 – Nov 16, 2020 in Chile; Aug 21 – Oct 27, 2020 in Colombia; Sept 15, 2020 – Jan 4, 2021 in Costa Rica; Sep 24 – Oct 23, 2020 in the Dominican Republic; Aug 26 – Oct 23, 2020 in Ecuador; Sep 08 – Nov 18, 2020 in Mexico; Nov 28 - Dec 28, 2020 in Paraguay; Oct 29, 2020 – Jan 6, 2021 in Peru; and Sep 24 – Nov 30, 2020 in Uruguay.

Source: OECD calculations based on the Gallup World Poll (database), https://gallup.com/analytics/232838/world-poll.aspx.

StatLink https://stat.link/lmxwci

Issues for statistical development

Harmonised data on volunteering for Latin American countries are available only for formal volunteering provided through organisations. This means that informal forms are completely neglected. Additionally, no information is available on the amount of time spent on volunteering or its frequency. Data on interpersonal trust are available, but the question wording is not aligned with the recommendations of the OECD Guidelines on Measuring Trust (OECD, 2017[71]). According to the Guidelines, an ideal data set to measure institutional trust should consider, in addition to trust in the political system (i.e. the government, political parties, parliament) and in the judicial system (i.e. the police, military, courts), trust in non-political institutions (i.e. the civil service). Information on this dimension of institutional trust is currently missing for Latin American and Caribbean countries.

Data on corruption are gathered through expert assessments or household surveys focusing on corruption perceptions or experiences of bribery. Household surveys are biased towards petty corruption and miss some less visible aspects, such as revolving doors and undue lobbying, while expert assessments lack transparency and ignore the perspective of citizens (Exton and Fleischer, forthcoming[54]). The United Nations Praia City Group recommends relying on multiple measures of corruption to understand its different facets (Praia Group on Governance Statistics, 2020[73]).

It is only recently that data on norms, values and expectations have been collected more frequently in the region. Country coverage is still limited (to 17 countries, for most indicators), and in some cases timeliness needs to be urgently improved (i.e. the latest available year refers to 4 or 5 years ago).

Even though measuring non-discrimination has been recognised as a fundamental principle and norm in international law on human rights, achieving this is still challenging. One difficulty is that discrimination is seldom directly observable. This has led to the use of different methodologies for its measurement. One is the self-reporting of experiences of discrimination captured through surveys, which has the advantage of approximating the prevalence of discrimination in society with acceptable validity levels, and it allows identifying the groups who feel most affected by discrimination (ECLAC, 2021[84]). The United Nations monitors progress in the achievement of SDG Goal 10.3 through a measure of the proportion of adults who report having personally experienced discrimination or abuse in the past 12 months.

Currently, most National Statistical Offices (NSOs) in Latin America and the Caribbean do not collect the necessary information to produce indicators based on self-reported experiences of discrimination. The webinars organised by the OECD, ECLAC and the European Commission[29] in September 2020 compared experiences on the most appropriate modalities to measure discrimination through surveys, stressing the importance of implementing short modules in the multipurpose household surveys carried out by the region's NSOs.

The recommendations made by the UN Office of the High Commissioner for Human Rights (OHCHR) and the experiences accumulated in academic research, in public opinion studies and in the surveys carried out by some countries in the region are important inputs to advance the measurement of discrimination. Discrimination does not manifest itself in the same way in all contexts, so it is inevitable that differences in measurement exist, but this should not prevent the production of an indicator built on the basis of comparable questions. The paucity of countries collecting this type of information indicates that there is an opportunity to generate dialogue that would allow reaching consensus on a harmonised regional measure (ECLAC, 2021[84]).

Finally, it is also critical that NSOs advance in the production of data that allow disaggregating measures of discrimination by some attributes that allow to adequately identify groups especially vulnerable to discrimination, such as indigenous peoples and Afro-descendants, people with disabilities, migrants and other minorities, as well as the settings in which discrimination occurs. While information on discrimination has increased over time, there is still much room for improvement (ECLAC, 2021[84]).

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Notes

[1] While these four capitals are discussed mainly at country level, it should be noted that they are systemic by definition, with implications beyond a country's boundaries (e.g. biodiversity, climate change). Multilateral agreements and international regulations also play an important role in preserving these four types of globally interconnected capital.

[2] These results are consistent with SDG Indicator 15.3.1 ("Proportion of land that is degraded over total land area"). The indicators of natural land cover and land change have been preferred for the higher cross-country comparability, transparency of construction, and longer and more updated time series.

[3] Throughout this report, the eleven focal countries refer to Argentina, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, Mexico, Paraguay, Peru and Uruguay.

[4] Afforestation is the action of planting trees on an area of land in order to make a forest. Reforestation is the act of planting trees on an area of land that has become empty or spoiled.

[5] A protected area is "a clearly defined geographical space, recognised, dedicated and managed, through legal or other effective means, to achieve the long-term conservation of nature with associated ecosystem services and cultural values" (IUCN Definition 2008).

[6] The indicators of terrestrial and marine protected areas do not answer important and policy-relevant questions such as the extent to which protected areas are protecting national or global biodiversity (as protected areas are not necessarily sited optimally with respect to biodiversity conservation objectives) or whether protected areas are effectively managed or enforced.

[7] The Aichi Biodiversity Targets are a set of 20 global targets defined under the "Strategic Plan for Biodiversity 2011-2020", adopted at the tenth meeting of the Conference of the Parties (COP 10) held in Nagoya, Aichi Prefecture, Japan, from 18 to 29 October 2010. The Conference of Parties, known as COP, is the decision-making body responsible for monitoring and reviewing the implementation of the United Nations Framework Convention on Climate Change. It brings together the 197 nations and territories – called Parties – that have signed the Framework Convention.

[8] These indicators inform on coverage, but not on effectiveness, equitability, representativity and connectivity, which are also referenced in the Target.

[9] https://unfccc.int/kyoto_protocol

[10] Sunk costs are investments that were made in the past and are no longer considered for accounting purposes, but which were essential expenses for current profitability.

[11] https://www.cbd.int/sp/targets/rationale/target-11/

[12] Aichi Biodiversity Target 11 states that, "By 2020, at least 17 per cent of terrestrial and inland water, and 10 per cent of coastal and marine areas, especially areas of particular importance for biodiversity and ecosystem services, are conserved through effectively and equitably managed, ecologically representative and well connected systems of protected areas and other effective area-based conservation measures, and integrated into the wider landscapes and seascapes."

[13] For example, this was recognised during the Latin America and the Caribbean Climate week 2021 (LACCW21), virtually hosted by the Government of the Dominican Republic in May 2021 (UNFCCC, 2021[88]). This event, co-organised by the UN Climate Change, the United Nations Development Programme (UNDP), the United Nations Environment Programme (UNEP), the World Bank Group (WB), together with regional partners including the Economic Commission for Latin America and the Caribbean (UNECLAC), the CAF–Development Bank of Latin America and the Inter-American Development Bank (IDB), aimed to boost the region's response to climate change and build regional momentum ahead of the UN Climate Change Conference COP26 in November 2021 in Glasgow (UNFCCC, 2021[89]).

[14] On average, over the last two decades, 76% of GDP growth was accounted for by employment (as opposed to productivity), compared with 54% in Europe, 36% in the United States and 4% in China (OECD et al., 2020[33]).

[15] Based on the sum of airport, port, rail and road investment needs for Argentina, Brazil, Chile, Colombia, Ecuador, Mexico, Paraguay, Peru and Uruguay as calculated in the Global Infrastructure Hub's Global Infrastructure Outlook in February 2020 (World Economic Forum, 2020[40]).

[16] The estimated share of GDP (in %) spent on all infrastructure and through both public and private investment is East Asia and the Pacific (7.7), Central Asia (4.0), Latin America and the Caribbean (2.8), Middle East and North Africa (6.9), South Asia (5.0) and sub-Saharan Africa (1.9) (Fay et al., 2017[39]).

[17] Estimates of the resources allocated to R&D, available from the World Bank, are affected by national characteristics (periodicity and coverage of national R&D surveys across institutional sectors and industries, use of different sampling and estimation methods). They may differ from National Accounts data, due in part to the different treatments of software R&D in the totals.

[18] These levels are well below the regional average for Latin America and the Caribbean (0.71%). The latter measure is population-weighted and, as such, gives more weight to Brazil, which is the best performer in the region.

[19] This measure is one of the IAEG indicators (17.4.1) used to monitor countries' performance on SDG target 17.4: "Assist developing countries in attaining long-term debt sustainability through co-ordinated policies aimed at fostering debt financing, debt relief and debt restructuring, as appropriate, and address the external debt of highly indebted poor countries to reduce debt distress."

[20] The six emerging market and developing economies as identified by the World Bank are the following: East Asia and Pacific (which includes China, Indonesia and Thailand), Europe and Central Asia (which includes Poland, the Russian Federation and Turkey), Latin America and the Caribbean (which includes Argentina, Brazil and Mexico), Middle East and North Africa (which includes Egypt, Iran and Saudi Arabia), South Asia (which includes Bangladesh, India and Pakistan) and sub-Saharan Africa (which includes Angola, Nigeria and South Africa).

[21] As noted by ECLAC (2020): "The youth population needs a higher level of education, relevant training and better preparation for lifelong learning. In addition to persistent structural divides, inequalities in capacity-building and the sphere of work, which affect the young particularly, will need to be addressed if progress is to be made along the path of sustainability with equality."

[22] The WHO define overweight and obesity for adults on the basis of the Body Mass Index (BMI). BMI is a single number that evaluates an individual's weight in relation to height and is defined as weight in kilograms divided by the square of height in metres. Adults who have a BMI between 25 and 30 are considered overweight. Adults with a BMI of 30 or over are defined as obese.

[23] Poor diet is defined as a cluster of 14 risk factors comprised of low fruit, nuts, and seeds; high sodium; low vegetables; high processed meat; and other elements (OECD/The World Bank, 2020[59])

[24] A combined systematic review and a meta-analysis conducted in PubMed®, Scopus®, Web of Science® and EMBASE® databases and 36 observational (35 cross-sectional and one cohort) studies to assess the impact of the first lockdown period (March-May 2020) on body weight and on body mass index (BMI) in both adults and adolescents (>16 years old) revealed that body weight increased in a significant portion of the individuals (11.1-72.4%), although a range of 7.2-51.4% of individuals reported weight loss (Bakaloudi et al., 2021[86]). A significantly higher body weight was observed with a weighted mean between-group difference (WMD) in the post-lockdown period compared to the before-lockdown period. At variance with general trends, one study in older adults (>60 years old) notably reported a significant body weight loss, suggesting a higher risk for lockdown-induced weight loss and potentially malnutrition in the elderly population.

[25] While the results may not be generalisable to other centres in France or in other countries, depending on the criteria implemented for the indication of IMV in other centres, another study from Lyon University Hospital in France tended to confirm the observation from Lille University Centre of a higher requirement for IMV in severe obesity (BMI ≥ 35) compared with lean patients (Caussy et al., 2020[85]).

[26] For example, (Knack and Keefer, 1997[87]) refer to the high correlation between levels of trust from the World Values Survey and people returning wallets that had been left on the street as part of an experiment to measure people's trustworthiness.

[27] Correlations with people's own perceptions of corruption in the government are not statistically significant.

[28] For example, although the immediate trigger for Chile's October 2019 protests was an increase in public transport costs, a number of mobilisations seeking to improve the population's quality of life had taken place since 2006. In Ecuador, demonstrations were triggered by discontent arising from the elimination of fuel subsidies, one of the measures taken by the government to reduce the fiscal deficit in order to secure a loan from the International Monetary Fund (IMF) and pay off the country's external debt. With austerity policies already prompting high levels of public dissatisfaction, the protests were framed by discontent arising from the perception that the government was backtracking on the delivery of social and economic guarantees. After a political agreement was reached to overturn the elimination of the fuel subsidies and to establish mechanisms that would target resources at the neediest sectors, the protests calmed down. They began anew, however, following the adoption of the Organic Law on Humanitarian Support to Combat the Health Crisis arising from COVID-19, which contained a string of new austerity policies, and following the announcement that eight public companies were to be closed (ECLAC, 2021[78]).

[29] https://www.cepal.org/es/eventos/webinar-la-medicion-la-discriminacion-cuestiones-metodologicas-programa-estadistico-cara-al

5 Well-being inequalities across social groups and territories

It is impossible to fully evaluate the well-being situation of a society without considering inequalities, and previous chapters have included various indicators of “vertical” inequality (such as the Gini coefficient) and deprivation (such as poverty rates). This chapter focuses on “horizontal” inequalities, or inequalities across different population groups, by gender, age, territory (urban vs rural), ethnicity and race, and educational attainment. Overall, while the focal countries have made progress in reducing inequalities in a number of well-being areas, such as education and employment, important gaps still remain. The consequences of the pandemic are likely to deepen the disadvantages experienced by vulnerable groups, widening inequalities in well-being outcomes. Overall, women, children and youth, those living in rural areas, Indigenous and Afro-descendant peoples, and those with lower education tend to experience worse material conditions, although the picture is more mixed when looking at indicators of quality of life and human and social capital.

Introduction

It is impossible to fully evaluate the well-being situation of a country without considering inequalities. This is especially the case in Latin America and the Caribbean (LAC), where inequality has been a historical and structural feature of society for centuries, persisting even in periods of substantial economic growth and social development (Sánchez-Ancochea, 2021[1]). Combatting inequalities in opportunity and outcomes is at the heart of the UN 2030 Agenda, and its objective to "leave no one behind" recognises that development which serves only a privileged few cannot be sustainable. The 2030 Agenda also recognises that inequalities are multidimensional and interlinked, going far beyond income inequality. It is also important to recognise that tackling inequalities is about addressing the situation not only of those at the lowest end of the distribution but also of those in the vulnerable middle classes (OECD, 2019[2]). This is especially important in the Latin American context where rising dissatisfaction with inequalities and living standards was one important driver of the wave of social protests in late 2019 (ECLAC, 2021[3]; Ferreira, 2020[4]; Langman, 2019[5]).

Well-being inequalities can be conceptualised and measured in different ways. The OECD Well-being Framework, for example, looks at inequalities from three perspectives: vertical and horizontal inequalities and deprivation (OECD, 2017[6]). Measures of "vertical" inequalities address how unequally outcomes are spread across all people in society – for example, by looking at the size of the gap between people at the bottom and at the top of the distribution for all dimensions of people's lives. By contrast, measures of "horizontal" inequalities focus on the gap between population groups defined by specific characteristics (such as men and women, or young and old). "Deprivation" measures focus on people who live below a certain level of well-being (such as those who live in an overcrowded household, or with insufficient income to meet basic needs). The previous chapters have already included a number of indicators of both vertical inequality (such as the Gini indicator of income inequality) and deprivation (such as poverty and overcrowding). Indeed, any high-level description of well-being outcomes that focuses on average outcomes alone will be incomplete, as inequality and deprivation are integral parts of the picture. The integration of these measures of vertical inequalities and deprivation in earlier chapters underlines that they are not a side issue: they not only affect those who are excluded or deprived in some way, but undermine overall development within a society.

This chapter focuses on the remaining type of inequality, i.e. horizontal inequality between social groups and territories. These horizontal inequalities matter both intrinsically and instrumentally, as the shared characteristics of various groups can provide a strong basis for their identity and be a source of political mobilisation.[1] Understanding differences in well-being across different groups is fundamental for the design of effective policies to leave no one behind and to raise the overall well-being of a country's population. Getting a clearer picture of the disadvantages of specific groups is particularly important in the context of the COVID pandemic, which has exacerbated pre-existing vulnerabilities for several population groups.

Horizontal inequalities and deprivation shed light on the issue of inequality of opportunities that are in large part established at birth, based on characteristics that are an in-built feature of people's lives. Inequalities of opportunity, in all life dimensions, can be understood as the share of inequalities of outcomes due to circumstances that are beyond an individual's control. While not all of these circumstances can be observed, some of them, such as gender, ethnicity and race, age or place of living, can be. A useful analogy put forward by Francois Bourguignon (Stiglitz, Fitoussi and Durand, 2018[7]) is that of a marathon where runners don't start from the same starting line; in this setting, "*ex post* inequality (i.e. inequality of outcomes) would essentially be the distribution of the finishing times", while "*ex ante* inequality would refer to the distance competitors have to run to reach the finish line". The two concepts of *ex post* (i.e. vertical inequalities and deprivations) and *ex ante* inequalities are distinct but closely inter-related: an increase in *ex ante* inequality will, other things being equal, increase *ex post* inequality. In the same way, inequality of outcome at a point of time or within a generation may affect inequality of opportunity in the future or in the next generation (Stiglitz, Fitoussi and Durand, 2018[7]). Understanding differences in well-being across

different groups is fundamental for the design of effective policies to leave no one behind and to raise the overall well-being of a country's population. Getting a clearer picture of the disadvantages of specific groups is particularly important in the context of the COVID pandemic, which has exacerbated inequalities of both outcome and opportunity, as well as the negative feedbacks between the two types of inequality.

Following ECLAC's social inequality matrix (ECLAC, 2016[8]), the chapter explores inequality among groups from the perspectives of gender, ethnicity and race, age (focusing on the particularly vulnerable age groups of children, young people and the elderly) and territory (focusing on urban-rural inequalities). In addition, it looks at inequalities by education level, an important aspect of socio-economic status. This is not an exhaustive exploration of horizontal inequalities, as there are many other personal and social characteristics that can exacerbate the disadvantage of certain individuals or groups, such as migrant status, disability or sexual orientation. However, the data needed to explore outcomes along these other dimensions are simply not available,[2] implying that improving data collection to assess them remains a priority for the statistical agenda ahead (not least in the context of the UN 2030 agenda). It is especially important to improve the availability of data that can show the intersection of multiple sources of disadvantage (e.g. gender, ethnicity or race, and socio-economic status) in order to identify the most vulnerable. On occasion, this chapter highlights examples of intersecting inequalities, but it has not been possible to do this systematically.

Gender inequalities

Significant progress has been made in improving well-being outcomes for women in Latin America over recent decades, including reducing maternal mortality (as shown in Chapter 3) and increasing labour force participation and political representation (see later in this section). However, persistent gender inequalities remain in every country in the region, holding back wider social and economic development. In order to achieve gender equality, four structural barriers have been identified as priorities to overcome in the LAC region: socioeconomic inequality and poverty; discriminatory, violent and patriarchal cultural patterns and the predominance of a culture of privilege; the sexual division of labour and unfair social organisation of care; and the concentration of power and hierarchical relations in the public sphere (ECLAC, 2017[9]).

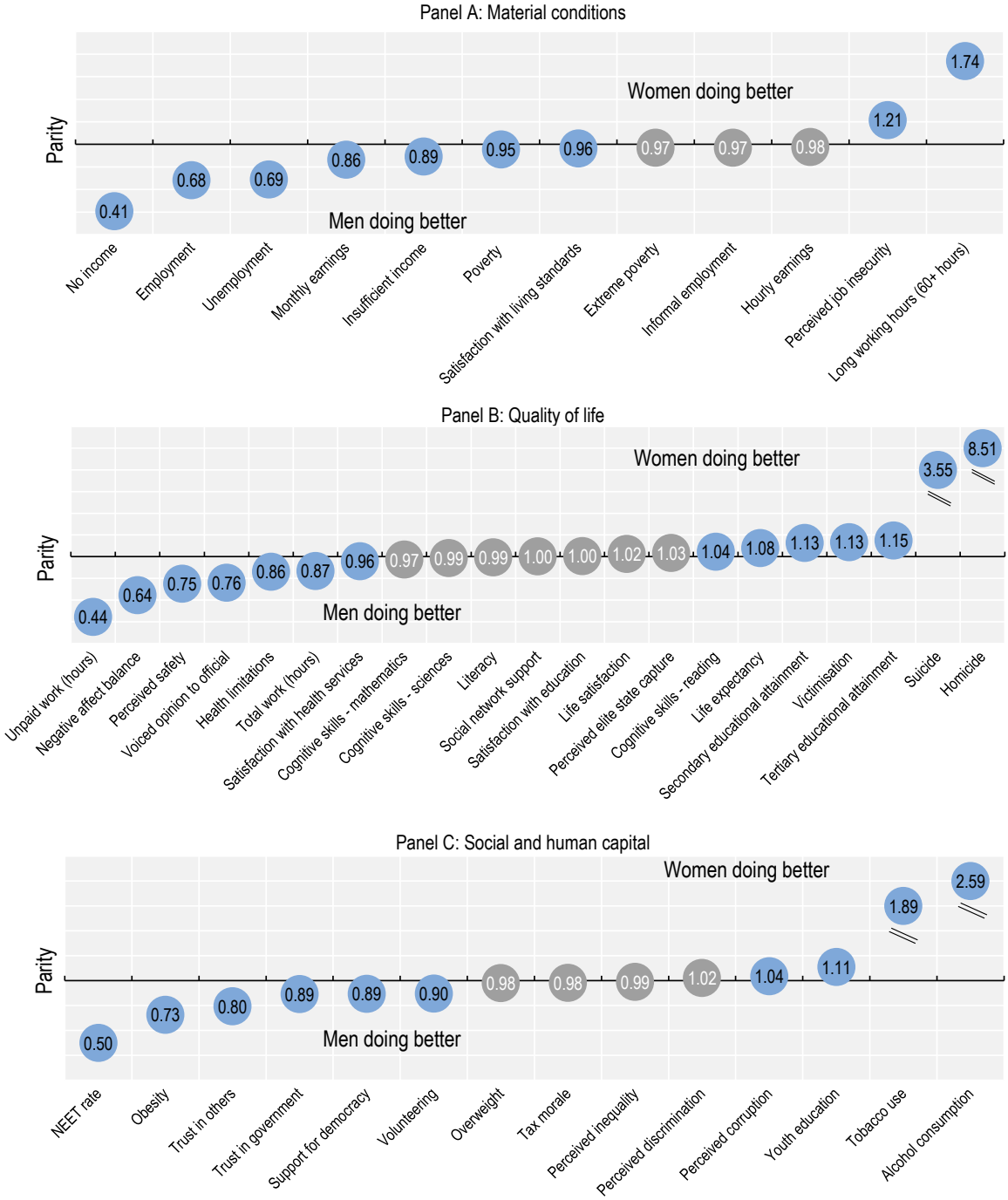
Figure 5.1 shows performance ratios for selected well-being outcomes for women in comparison to men, on average across the 11 focal LAC countries.[3] To ease interpretation, all indicators are coded in the same direction, so that 1 implies parity between men and women, ratios above 1 denote better well-being outcomes for women in comparison with men, and ratios below 1 denote worse outcomes for women.

On average in the focal countries, women perform worse than men across almost all selected indicators of material conditions (Figure 5.1, Panel A). Women are much less likely to be employed, nearly one-third more likely to be unemployed, and more likely to work in informal employment. Only regarding perceived job insecurity and overtime is the opposite true, with men more likely to do more than 60 hours per week of paid work, and more likely to be worried about losing their job in the next 12 months. However, even these "positive" indicators for women have to be understood as part of the bigger picture. For example, the disproportionate burden of unpaid care work (as is explained later) that women bear constitutes an important barrier to engaging in the labour market and increasing paid working hours, thus explaining their lower propensity for working long hours.

Women's marginalisation in the labour market is reflected, at least partly, in lower earnings – especially when looking at monthly earnings (with a gender pay gap of 14%). Overall, women are slightly more likely to live in poverty, and extreme poverty (with even starker differences when looking at the population aged 20-59 years, see Figure 5.2), are less likely to feel that their income is insufficient to meet their needs, and are more than twice as likely as men to have no income of their own.

Figure 5.1. Gender differences in well-being are mixed but overall women are more likely to be unemployed, to live in poverty and to spend more time on unpaid work

Gender ratios (distance from parity) for selected indicators of current well-being, human and social capital, 2019 or latest available year



Note: Each performance ratio is the simple average by gender calculated across the 11 focal countries for which data are available for all the inequality groups taken into consideration. As a result, performance ratios can cover a subset of the 11 focal countries. Performance ratios above 1 indicate better outcomes (i.e. higher well-being) for women, whereas performance ratios below 1 indicate better outcomes (i.e. higher well-being) for men – including negative indicators, which have been reverse-scored. Grey bubbles denote no clear difference between men and women, defined as gender ratios within 0.03 points distance to parity.

Source: OECD calculations. For a complete list of sources please refer to the "Sources and Methods" tab in the Statlink file

StatLink https://stat.link/6d3q02

In the case of the selected indicators of quality of life (Figure 5.1, Panel B), on average across the focal countries, the largest gender gap relates to homicide. Men are over eight times more likely to die by homicide. Men are also 13% more likely to report that they or their families had been victims of a crime than women. Taken together, these indicators may seem to suggest that women are less vulnerable to violent outcomes than men overall, but the reality is more complex, as is explained in the later section on "violence against women". Figure 5.1 also shows that in terms of perceived safety women fare worse than men and are less likely to feel safe walking alone at night in their neighbourhood. Women tend to be more physically vulnerable than men, and while less likely to be involved in risky activities such as crime and gang activities that may lead to violent death, they nonetheless face pervasive threats in terms of sexual assault and domestic or intimate-partner violence (IPV) that are less well-measured through comparable official statistics (see later in the section).

Overall, women live almost 6 years longer than men on average in the focal countries, with an average life expectancy of 79.8 years, compared with 74 years for men. In terms of mental and emotional well-being, the indicators are mixed. Men are over three times more likely to die by suicide than women.[4] However, women are more likely than men to experience negative affect balance, where negative emotions (such as worry, sadness, stress or anger) outweigh positive emotions (such as enjoyment or laughter) on a typical day. In terms of overall life satisfaction, there is no clear difference, with women having only marginally higher levels.

Women in the focal group are more likely to have completed secondary and tertiary education, and girls show marginally better performance in reading cognitive tests at age 15 than boys (with an average mean PISA score of 419.5 for girls, compared with 401.5 for boys). On the other hand, boys at age 15 tend to score slightly higher in cognitive tests in mathematics and science than girls. While the differences are very small, gender gaps in these fields have tended to widen over time. The pattern of boys displaying a relative strength in science has been observed across almost all countries globally that participate in the Programme for International Student Assessment (PISA), and is associated with lower graduation and employment rates of women in STEM fields later in life (Mostafa, 2019[10]).[5]

Finally, while there is little clear gender difference in perceived elite State capture, with women only slightly more likely to believe that their country is governed by powerful groups for their own benefit, women are much less likely than men to voice their opinion to an official.

A selection of indicators of social and human capital are also available by gender (Figure 5.1, Panel C). These show that, on average across the focal countries, men are more likely than women to trust others and to trust in government, as well as being more likely to volunteer and more likely to believe that democracy is preferable over other kind of governments. On the other hand, there is little gender difference in the likelihood of men and women believing that the government is corrupt or saying that they belong to a discriminated group. This latter result is counter-intuitive, given the many manifestations of gender discrimination against women.[6] Regarding human capital indicators, young men are around half as likely as women to be in neither employment nor education or training (NEET),[7] and less likely to be obese, although there is little difference in the prevalence of overweight between the sexes. On the other hand, young women are more likely to have completed upper secondary education and men are almost twice as likely to consume tobacco and over 2.5 times more likely to consume alcohol.

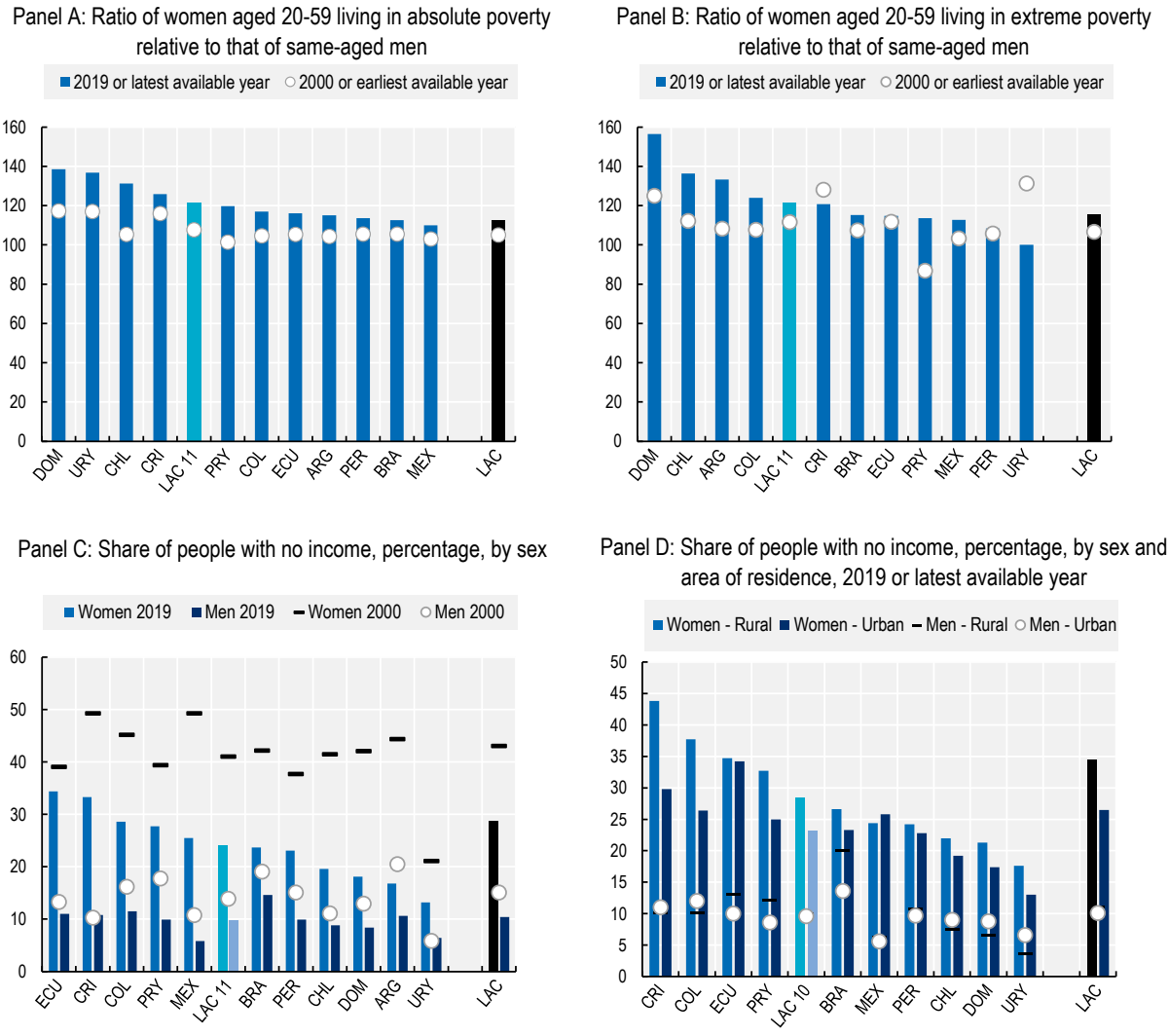
The remainder of this section looks at a selection of indicators in more detail, including indicators that do not appear elsewhere in the report but are especially significant for understanding gender inequalities (such as violence against women).

Poverty

Not only are women in Latin America more likely to live in poverty[8] than men, but the gender gap has widened even further over the last two decades. Gender differences are even starker for the working-age

population than the total population. Figure 5.2, Panels A and B, shows data for the Feminity Index of Poverty and Extreme Poverty, as calculated by ECLAC, which focuses on the population aged 20 to 59. According to this measure, in 2019, for every 100 men living in (absolutely) poor households in the region there were at least 112 women in a similar situation (see Figure 5.2, Panel A), up from a regional average of 105 women in 2002. The feminisation of extreme poverty was even higher, at 115.3 in 2019, compared with 106.6 in 2002. In Chile, the Dominican Republic and Uruguay, women aged 20 to 59 were over 30% more likely than similarly aged men to live in poor households.[9]

Figure 5.2. The feminisation of both absolute poverty and extreme poverty has increased in most focal countries over the last two decades



Note: Panels A and B show the share of women aged 20-59 living in absolute poverty (or extreme poverty) as a ratio of the shares for men aged 20-59. Values above 100 mean poverty is more prevalent for women, while values below 100 mean poverty is worse for men. LAC is the regional average as calculated by ECLAC. For Panels A and B, the latest available year is 2018 for the Dominican Republic and 2017 for Chile. The earliest available year is 2001 for Brazil, Ecuador, Paraguay and Peru; 2002 for Colombia; and 2007 for Uruguay. For Panels C and D, the latest available year is 2018 for Mexico and 2017 for Chile. The earliest available year is 2001 for Brazil, Paraguay and Peru; 2002 for Colombia; and 2007 for Uruguay. In Panels A, B and C, data for Argentina refer to the urban population only.
Source: ECLAC Statistics, CEPALSTAT database, https://estadisticas.cepal.org/cepalstat/WEB_CEPALSTAT/estadisticasIndicadores.asp

StatLink https://stat.link/v7jxuc

The income poverty measures showed here are calculated based on the assumption of the equal sharing of household income amongst all household members. One way of capturing within-household inequalities is to look at the share of people who do not have their own income. Women are much more likely than men to have no income of their own[10] (Figure 5.2, Panel C). On average, across the focal countries, almost a quarter of women (24%) had no own income, compared with 10% of men. The autonomy of women with no income is severely compromised, and their survival depends on belonging to a household where resources accessed by other household members are pooled between all members (Amarante, Colacce and Scalese, forthcoming[11])

While the drivers of gender inequalities in income poverty and economic autonomy are complex, reducing gender differences depends largely on two interlinked factors: improving women's access to quality paid work on the one hand, and introducing policies to reduce the disproportionate female burden of unpaid work on the other (ECLAC, 2014[12])These issues are explored further below.

Work and job quality

In 2019, the female employment rate was 54%, well below the male employment rate of 79% (see Statlink for Figure 5.1). Female employment rates in the region increased considerably in the late 1990s and early 2000s (by 5.3 percentage points between 1997 and 2007), but there has been little change in the level of female participation or the size of the gender participation gap since 2007 (ECLAC, 2018[13]). This deceleration in female labour force participation has affected all groups of women, but especially married women and those from more vulnerable households (Gasparini et al., 2015[14]). Overall, Latin Americans tend to have favourable attitudes towards women's right to work, with 89% of men and 92% of women in the region agreeing that any woman should have a paid job outside home if she wants one (Gallup Inc. and ILO, 2017[15]). Out of 11 world regions, only North America and Europe (excluding Eastern Europe) have higher favourable attitudes towards female employment. However, the acceptability of a woman's right or desire to work is strongly conditioned by her role and bargaining power within the household and by the circumstances of other household members. In 2015, a third of respondents from the 11 focal countries (33.7%) agreed or strongly agreed with the notion that women should work only if their partner does not earn a sufficient income.[11] This likely reflects expectations that women take on more traditional gender roles within a household, including a greater responsibility for childcare and other forms of unpaid work (see below).

Women in the LAC region face both horizontal and vertical segregation in the labour market. Horizontal segregation refers to the concentration of women in low-productivity jobs in certain sectors or occupations that tend to pay lower wages, provide weak or no social protection and have low job security (ECLAC, 2021[3]). For example, across 17 LAC countries for which data are available, around four-fifths of female workers in 2018 (79.2%) were employed in low-productivity sectors such as agriculture, commerce and services, compared with 58.3% of male workers (Gender Equality Observatory for Latin America and the Caribbean, 2021[16]). Women are also disproportionately employed as domestic workers, with 14.3% of female workers in the region in the domestic work sector in 2018, compared with only 1% of men (ILO, 2019[17]). The concentration of women in commerce, domestic service and accommodation and food service activities has been associated with a high incidence of female part-time work and relatively low wages (ILO, 2016[18]). An ILO analysis of 10 world regions showed that 37.7% of employed women in Latin America and the Caribbean worked short weekly hours (35 hours or less), a higher share than the global average of 34.2% (ILO, 2016[18]). Gender inequality in weekly working hours was also much higher than the global average, with a gender gap of 19.6 percentage points in the LAC region (with only 18.1% of men working 35 weekly hours or less), almost twice as high as the global gap of 11 percentage points (ILO, 2016[18]).

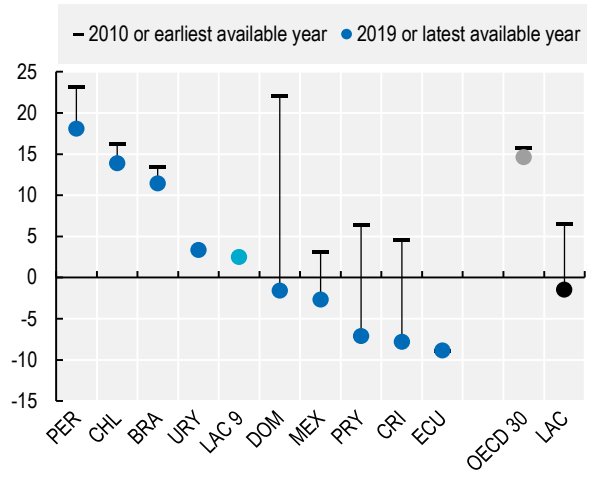
Vertical segregation, on the other hand, refers to the difficulties women experience in developing professionally and gaining access to positions with greater decision-making power and better pay. Due to interacting factors such as gender stereotypes and prejudices, unsupportive employer policies, and lack of opportunities for gaining managerial experience, women tend to be employed at the lower levels of the hierarchical structure, and once in this position they usually remain trapped in the lowest-paying, lowest-ranking or least responsible jobs. This leads to a vicious cycle where a large proportion of women are excluded from economic decision-making and influence, further hindering progress towards gender equality (ECLAC, 2018[13]).

These, and other factors, imply that overall women in Latin America tend to earn less and are more likely to work in informal jobs. On average, across the countries considered, a gender pay gap exists in both hourly earnings (Figure 5.3, Panel A) and monthly earnings (Figure 5.3, Panel B) of employees. The difference is more striking and more consistent across individual countries for monthly earnings, a pattern that is consistent with the fact that women are more likely to work fewer hours overall. The gender pay gap is lower for the regional average (LAC) than for the focal group average (LAC 10 in Figure 5.3, Panel A, and LAC 9 in Panel B), which in turn is lower than for the OECD average. Trends over time are mixed: out of the six countries for which comparable time series on monthly earnings are available, half (Uruguay, Brazil and Paraguay) saw a marked reduction in the gender gap between 2010 and 2019, and half (Argentina, Costa Rica and Mexico) saw little change or even a slight increase (Figure 5.3, Panel B).

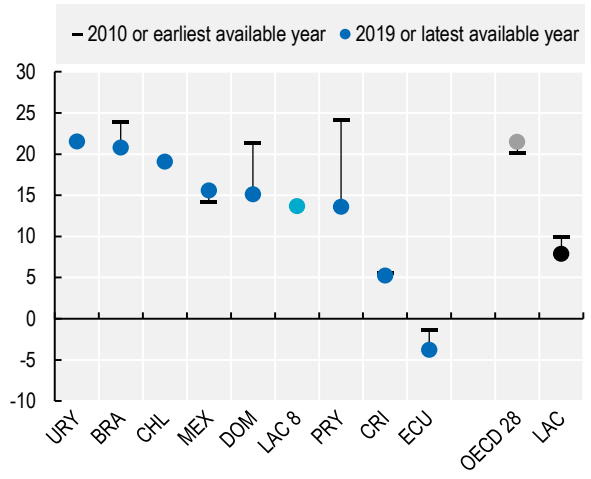
It should be noted that these data are based on earnings of employees only, and levels of pay are lower and gender differences larger when looking at the labour earnings of the self-employed. On average across the LAC region in 2017, the relative incomes of self-employed women and men were indexed at 81.6 and 87.6 respectively, when compared with a baseline of 100 for women's total average labour earnings (ILO Regional Office for Latin America and the Caribbean, 2019[19]). The gap with the baseline for employed women and men was smaller (at 104.7 and 107.3, respectively). In general, women with significant unpaid work and domestic care responsibilities are more likely to be self-employed than those without (ILO Regional Office for Latin America and the Caribbean, 2019[19]).

Figure 5.3. Women are more likely to work in informal employment than men in most focal countries, and their average monthly earnings are 14% lower than men's

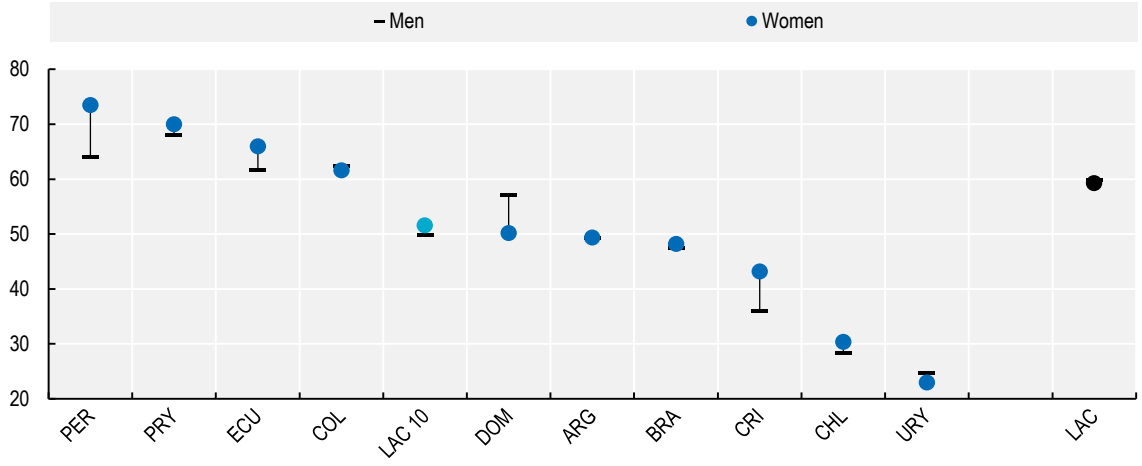
Panel A: Gender pay gap in mean hourly earnings



Panel B: Gender pay gap in mean monthly earnings



Panel C: Informal employment rate, 2019 or latest available year



Note: The gender pay gap is defined as the difference between mean hourly (monthly) earnings of men and women relative to mean hourly (monthly) earnings of men. Earnings of employees relate to the gross remuneration in cash and in kind paid to employees, as a rule at regular intervals, for time worked or work done together with remuneration for time not worked, such as annual vacation, other type of paid leave or holidays. For monthly earnings, data reported as weekly and yearly are converted to monthly in the local currency series, using data on average weekly hours if available. Data for earnings have been converted to constant 2017 international dollars using purchasing power parity rates for private consumption. In Panel A, the latest available year is 2017 for Chile and 2016 for Peru. The earliest available year is 2012 for Brazil, 2014 for Ecuador and 2015 for Chile and the Dominican Republic. LAC 9 excludes Argentina and Colombia, as data are not available. LAC regional average comprises 11 Latin American and Caribbean countries, including the 8 focal countries with available data for both the earliest and latest available years. OECD 30 excludes Australia, Canada, Colombia, Iceland, Japan, New Zealand and the United States, due to breaks in the time series or incomplete time series. In Panel B, the latest available year is 2017 for Chile. The earliest available year is 2011 for Costa Rica, 2012 for Brazil, 2013 for Mexico and 2014 for Ecuador. LAC 8 excludes Argentina, Colombia and Peru, as data are not available. LAC regional average comprises 9 Latin American and Caribbean countries, including the 6 focal countries with available data for both the earliest and latest available years. OECD 28 average excludes Australia, Canada, Chile, Colombia, Hungary, Iceland, Japan, Lithuania and New Zealand, due to breaks in the time series or incomplete time series. In Panel C, the latest available year is 2015 for Brazil. LAC 10 excludes Mexico, due to incomplete time series. LAC regional average comprises 20 Latin American and Caribbean countries, including the 10 focal countries with available data.

Source: OECD calculations based on ILOSTAT, https://ilostat.ilo.org/data/

StatLink https://stat.link/kuwfym

While, globally, men are more likely than women to work in informal employment, in most lower to middle-income countries, including in the majority of LAC countries, the opposite is true (ILO, 2018[20]). On average, across the focal countries, 51.6% of female total employment was informal in 2019, compared with 49.2% of men (LAC 11, Figure 5.3, Panel C).[12] These averages mask large differences in informality rates across countries, which were noted in Chapter 2. While informal workers of both sexes face a greater range of general and occupational risks than formal workers, women and men tend to face different types of vulnerabilities when working informally (OECD/ILO, 2019[21]). For example, men are more likely to suffer from the physical hazards of working in the unsafe, unregulated conditions associated with informal work, thereby experiencing much higher rates of occupational injury (both fatal and non-fatal) than women (ILO, 2021[22]). The risk of work-related injury or illness is further compounded by the low rates of health and social protection coverage among informal workers. However, men are more likely to work in top-tier informal employment (e.g. as employers), while women are more likely to be at the bottom of the hierarchy (Jutting and de Laiglesia, 2009[23]). Women are also more likely to work in low-status jobs that afford them little control over their working conditions or treatment, such as domestic work, home-based work or contributing family work, than their male counterparts (ILO, 2018[20]). These women may face specific issues associated with working in private homes, i.e. often in situations that are less protected by State regulations and off-limits to labour inspectors (ILO, 2016[24]). The power imbalance faced by women working in vulnerable informal conditions means that, in addition to the usual disadvantages of informal work (low pay, unsafe working environments, labour precarity, etc.), they are also more likely to experience sexual harassment and other forms of violence and gender-based discrimination (UN Women, 2020[25]).

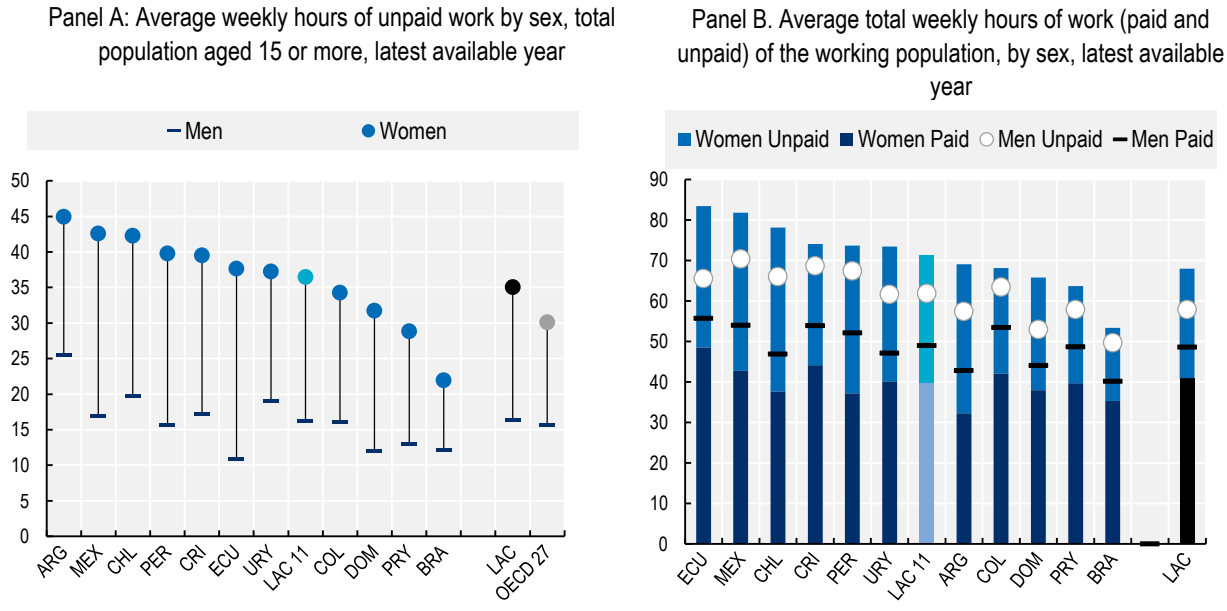
Unpaid care and domestic work

Women's relatively low participation in paid employment stands in contrast to their high participation in unpaid work in their own households. In Latin America, women take on over three-quarters (77%) of all unpaid work in the home, with care and home maintenance tasks being the most prevalent (ECLAC, 2018[13]). Overall, in the focal countries, women spend over twice as much time as men on unpaid work, with an average of 36.5 hours per week compared with 16.2 hours for men (LAC 11, Figure 5.4, Panel A). The gender gap in unpaid working time among the 11 focal countries, at 20.3 hours, is larger than both the LAC average (18.7 hours) and OECD average (14.8).[13]

The economic value of unpaid work is substantial: it is estimated at being equivalent to an average of 20% of GDP across 10 Latin American countries, with women accounting for 70% of this contribution (ECLAC, 2021[26]). This work provides a fundamental contribution to individual and social well-being, especially in terms of supporting the needs of vulnerable household members (children, the elderly, disabled people) in the absence of adequate public childcare and care structures. However, it remains a largely invisible and unrecognised aspect of work, the burden of which falls disproportionately on women, and it stands as a barrier to greater female participation in paid employment. The drivers of gender imbalances in unpaid work are various but are mainly linked to cultural factors (social norms that reinforce traditional gender stereotypes) and weaker labour market incentives for women (given the relative lack of well-paid, secure and rewarding job opportunities). The burden of unpaid care and domestic work increases for women at the lower end of the income distribution. Recent time-use data for 11 LAC countries[14] show that women in the poorest quintile allocate approximately 6 hours to unpaid care and domestic work per day, compared with 2.5 hours for women in the richest quintile (UN Women, 2019[27]).

Female workers face a double burden, as they are faced with a larger share of unpaid work in addition to their paid employment (Figure 5.4, Panel B). On average in the focal countries, working women spend almost 10 hours longer on total work time (including both paid and unpaid work) than men, at 71.3 weekly working hours, compared with 61.9 for men. This gender gap is broadly similar to the regional LAC average gap, although the regional LAC average total working hours are slightly lower (67.9 total weekly hours for women and 57.9 for men).

Figure 5.4. Women spend over twice as many weekly hours on unpaid work as men, and working women spend almost 10 hours more in paid and unpaid weekly work



Note: Data refer to 2019 for Mexico, 2017 for Brazil, Colombia and Costa Rica, 2016 for the Dominican Republic and Paraguay, 2015 for Chile, 2013 for Argentina and Uruguay and 2012 for Ecuador. LAC regional average comprises 11 Latin American and Caribbean countries (in Panel A) and 10 Latin American and Caribbean countries (in Panel B), in addition to the focal countries. OECD 30 excludes Chile, Colombia, the Czech Republic, Iceland, Israel, the Slovak Republic and Switzerland, as data are not available. Data for OECD countries are collected in the format of minutes/day dedicated to each activity and refer to the age group 15-64. Data are harmonised *ex post* by the OECD. The OECD average for weekly hours of unpaid work was calculated by taking the available time-use data on daily hours and multiplying them by 7. In Panel B, data for both women and men represent stacked totals.
Source: ECLAC Statistics, CEPALSTAT database, https://estadisticas.cepal.org/cepalstat/WEB_CEPALSTAT/estadisticasIndicadores.asp and OECD Time use (database), https://stats.oecd.org/Index.aspx?DataSetCode=TIME_USE

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Violence against women and sexual autonomy

Latin America is one of the most unsafe regions in the world when it comes to violent crime, with men in the focal group 8.5 times more likely than women to die by homicide (Figure 5.1). However, other types of violence are missed by homicide statistics. While, globally, women are less likely to suffer violence in the context of armed conflict or criminal activity, they are more likely to experience violence and injury from intimate partners and other people close to them (Heise L and Garcia Moreno C, 2002[28]). Girls and women are also more likely to experience sexual violence and harassment overall (Jewkes, Sen and Garcia Moreno, 2002[29]), including outside of the home – at work, school and other public places (Gherardi, 2016[30]). While timely and internationally comparable data on the full range of violence and harassment experienced by women are lacking, there is widespread acknowledgement that gender-based violence is an urgent problem in Latin America (ECLAC, 2020[31]). It is becoming even more of a pressing issue since the pandemic and associated lockdown measures have exacerbated women's exposure and risk in this domain (see below).

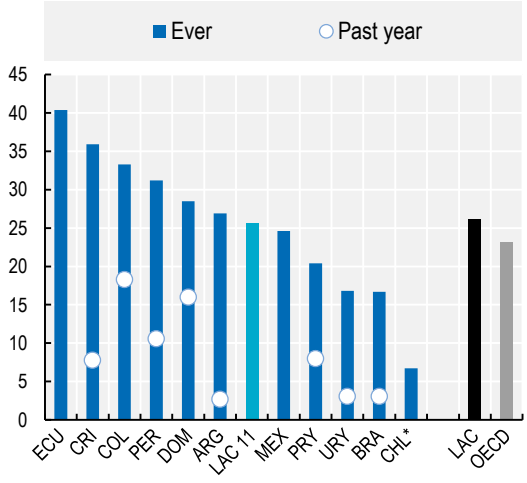
The consequences of violence against women differ in important ways from those applying to men. Physical and sexual violence against women brings a range of reproductive health consequences, such as sexually transmitted infection, premature birth, pregnancy loss and adolescent pregnancy[15] (WHO, 2013[32]; Bott et al., 2012[33]). In order to avoid dangerous situations outside the home, women may restrict

their behaviour, such as being more frequently absent from school or the workplace, which directly affects their academic and labour market outcomes, and their well-being overall (Gherardi, 2016[30]). Even the threat of potential violence is enough to reduce women's freedoms, economic opportunities and quality of life. The trauma of experiencing violence can also lead to increased incidence of mental health problems such as depression and alcohol or substance abuse (WHO, 2013[32]). Finally, there is also an important family and intergenerational aspect to domestic violence: in homes where women experience violence from their partner, children are also more likely to experience violence themselves, both in childhood and later in life[16] (Bott et al., 2012[33]).

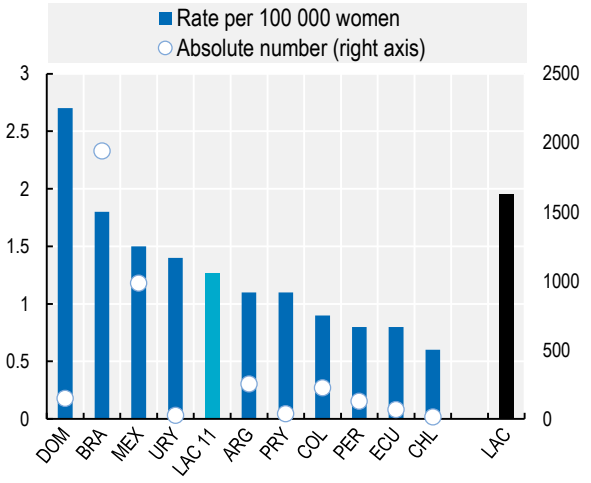
Overall, across the 11 focal countries, one in four women aged 15-49 (25.6%) have experienced some form of intimate partner violence (either sexual, physical or both) in their lifetime (Figure 5.5, Panel A). While this is only slightly higher than the OECD average (23.1%), estimates are not directly comparable, as the OECD average refers to a larger population (women aged 18-74). Some focal countries also have data on the incidence of intimate partner violence in the previous year (SDG indicator 5.2.1); in both Colombia and the Dominican Republic, over half of those who reported some lifetime experience of partner violence also reported experience in the past 12 months. These numbers certainly underestimate the true prevalence of domestic violence, as evidence shows that the majority of cases go unreported (Gracia, 2004[34]).

Figure 5.5. 1 in 4 women aged 15-49 in the focal countries have experienced intimate partner violence in their lifetime, while thousands of women are victims of femicide every year

Panel A: Percentage of women who reported physical and/or sexual IPV, among women aged 15-49 who had ever married or cohabited, latest year



Panel B: Femicide, rates per 100 000 women and absolute numbers, 2019



Note: In Panel A, the chart shows the incidence of intimate partner violence (IPV) committed by any lifetime partner, except for Colombia and Peru, which shows IPV committed by the current or most recent partner. The asterisk denotes that data for Chile are not directly comparable as they refer to sexual assault only. Data refer to 2017 for Brazil and Peru, 2016-2017 for Chile, 2016 for Mexico, 2015 for Argentina and Colombia, 2013 for the Dominican Republic and Uruguay, 2011 for Ecuador, 2008 for Paraguay and 2003 for Costa Rica. Data pertaining to the past year are not available for Ecuador, Mexico, Chile and the OECD average. The OECD average refers to the population aged 18-74. The LAC regional average comprises 22 Latin American and Caribbean countries, in addition to the focal countries. In Panel B, the chart shows data for deaths classed as femicide. The left axis shows rates per 100 000 women, while the right axis shows absolute numbers. The LAC regional average comprises 19 Latin American and Caribbean countries, in addition to the focal countries.
Source: National surveys as harmonised in (Bott et al., 2012[33]) and OECD Family Database, http://www.oecd.org/social/family/database.htm (Panel A); CEPALSTAT, https://estadisticas.cepal.org/cepalstat/WEB_CEPALSTAT/estadisticasIndicadores.asp (Panel B)

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Femicide is the most extreme form of violence against women. It strengthens gender divisions, upholds male dominance and disempowers women by rendering them chronically and profoundly unsafe (GHRC - USA, n.d.[35]). While there is no international definition of femicide, a shared understanding is that it does not simply refer to the murder of women, but the murder of women by men *because* they are women (Russell, 1976[36]). Femicides can be motivated by hatred, contempt, pleasure or a sense of ownership over women (Caputi and Russell, 1990[37]). There is also evidence to suggest that although guns are the most widespread means of intentional killing in Latin America, women are more likely than men to die because of suffocation, strangulation or beating (INEGI, 2019[38]).

In 2019, at least 4 676 women were victims of femicide across 18 Latin American countries, according to available data, and there were at least 3 821 femicides in the 11 countries of the focal group (ECLAC, 2019[39]). This corresponds to an average femicide rate of 1.3 per 100 000 women in the LAC 11 focal group and 2.6 per 100 000 women across the LAC region. The higher LAC average rate reflects the exceptionally high levels of femicide observed in recent years in a number of Central American and Caribbean countries such as El Salvador, Honduras and Santa Lucia. Comparing rates of femicide between regions is not straightforward, as definitions and data sources can differ. However, to give some context, on average across 16 European countries for which data were available, 0.53 women per 100 000 were killed by an intimate partner or family member in 2018 (Eurostat, 2021[40]) (although this is based on a narrower definition of femicide that excludes gender-related deaths outside of the home or family).

Violence against women is a global phenomenon, with complex causes. It is not a private, personal issue shaped only by individual factors, but a deep-seated and urgent social problem. Social realities that drive gender-based violence include structural aspects (such as conflict, poverty or lack of economic opportunities for women and girls), cultural factors (such as harmful gender norms) and discriminatory formal and informal institutions (such as racism, inadequate legal frameworks, lack of access to justice, and property ownership rules) (Michaeljon, Bell and Holden, 2016[41]). The OECD Development Centre's Social Institutions and Gender Index provides comparative evidence on the role of formal and informal social institutions in shaping gender inequality (Box 5.1) in Latin America.

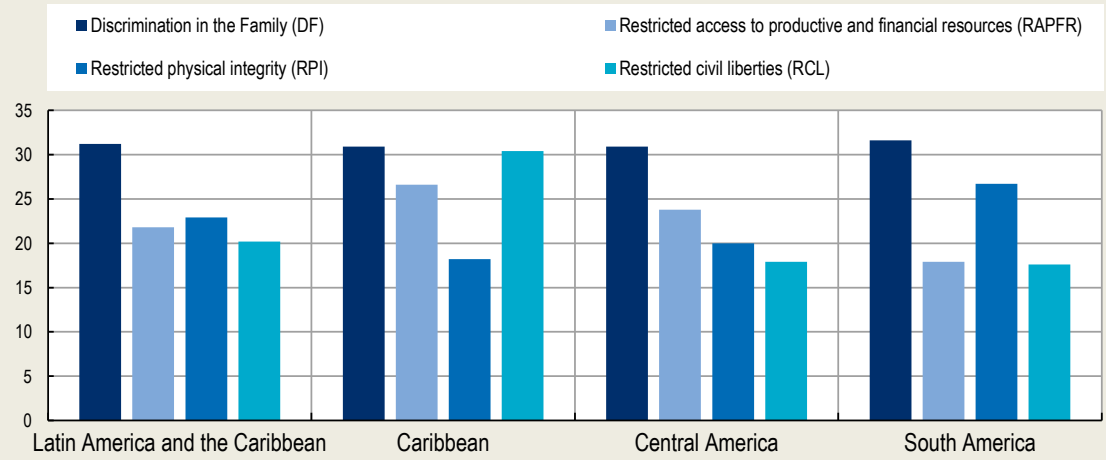
Box 5.1. Findings from the Social Institutions and Gender Index (SIGI)

The Social Institutions and Gender Index (SIGI), developed by the OECD Development Centre, measures discrimination against women in social institutions across 180 countries. By taking into account laws, social norms and practices, the SIGI captures the underlying drivers of gender inequality, with the aim of promoting gender-transformative policies that are built on data and evidence. The SIGI is also one of the official data sources for monitoring Sustainable Development Goal (SDG) indicator 5.1.1.

The SIGI and its dimensions look at the gaps that legislation, attitudes and practices create between women's and men's rights and opportunities. The SIGI covers four dimensions, spanning major socio-economic areas that affect women's and girls' entire lifetimes:

- The "Discrimination in the family" dimension captures social institutions that limit women's decision-making power and undervalue their status in the household and the family.
- The "Restricted physical integrity" dimension captures social institutions that increase women's and girls' vulnerability to multiple forms of violence and limit their control over their bodies and reproductive autonomy.
- The "Restricted access to productive and financial resources" dimension captures women's restricted access to and control over critical productive and economic resources and assets.
- The "Restricted civil liberties" dimension captures discriminatory laws and practices restricting women's access to, and participation and voice in, the public and social spheres.

Figure 5.6. SIGI dimension scores in the LAC region and its sub-regions



Note: Scores range from 0 to 100, with 0 indicating no discrimination and 100 indicating absolute discrimination.
Source: Social Institutions and Gender Index, http://stats.oecd.org

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The SIGI is a composite index, with scores for the overall index, its dimensions and indicators ranging from 0 (in the case of no discrimination) to 100 (in the case of full discrimination against women). Figure 5.6, which presents a summary of SIGI dimension scores in the LAC region and its sub-regions, shows that "Discrimination in the family" is the dimension featuring the worse performance, underscoring the presence of deep discrimination in intra-household dynamics between men and women. All three sub-regions tend to score similarly in the other dimensions, with the exceptions of the Caribbean in the "Restricted civil liberties" dimension and of South America in the "Restricted access to productive and financial resources" dimension. The Caribbean's poor performance in "Restricted civil liberties" is primarily the result of weak legal frameworks governing women's ability to confer their nationality to their husband or children; low incentives for women's political participation and representation; and weak guarantees of equal rights for women who apply for passports and travel documents. South America's poor performance in the "Restricted access to productive and financial resources" dimension stems from weak legal frameworks governing women's rights in the workplace, and the prohibition on women entering certain professions in some countries.

In terms of the region's performance in a global context, the overall SIGI score for the LAC region is 25.4, which is higher (i.e. implying poorer performance) than in Europe (17) and North America (18.1, when excluding Mexico), but lower than in Africa (40.3) and Asia (35.9).

Source: OECD (2020[42]), *SIGI 2020 Regional Report for Latin America and the Caribbean,* Social Institutions and Gender Index.

While not an indicator of violence per se, high rates of adolescent fertility in the LAC region affect women's well-being in a variety of ways. While there has been a dramatic reduction in fertility rates in Latin America and the Caribbean, they remain high among adolescent women (Ullman, 2018[43]). Adolescent motherhood has consequences across a range of dimensions of young women's well-being in Latin America, exacerbating the intergenerational transmission of poverty and deprivations in educational attainment (ECLAC, 2014[44]; ECLAC/UNICEF, 2007[45]), and implying an infringement of young people's access to sexual and reproductive health information and services. Another related violation of human rights is child marriage, which appears under SDG 5.3 and disproportionately affects girls. The situation in Latin America

and the Caribbean varies widely from one sub-region to another: 15% of girls aged 15-19 are or have been married or are in informal unions in the Caribbean, against 20% in Central America. Across the region as a whole, child marriage rates have remained stable over the last 30 years, with the Dominican Republic featuring among the top 20 countries internationally with the highest prevalence of child marriage (OECD, 2019[46]). Child marriage and adolescent fertility rates are highly correlated in the LAC region and worldwide: where child marriage is more pervasive, adolescent fertility rates are also higher (OECD, 2020[42]).

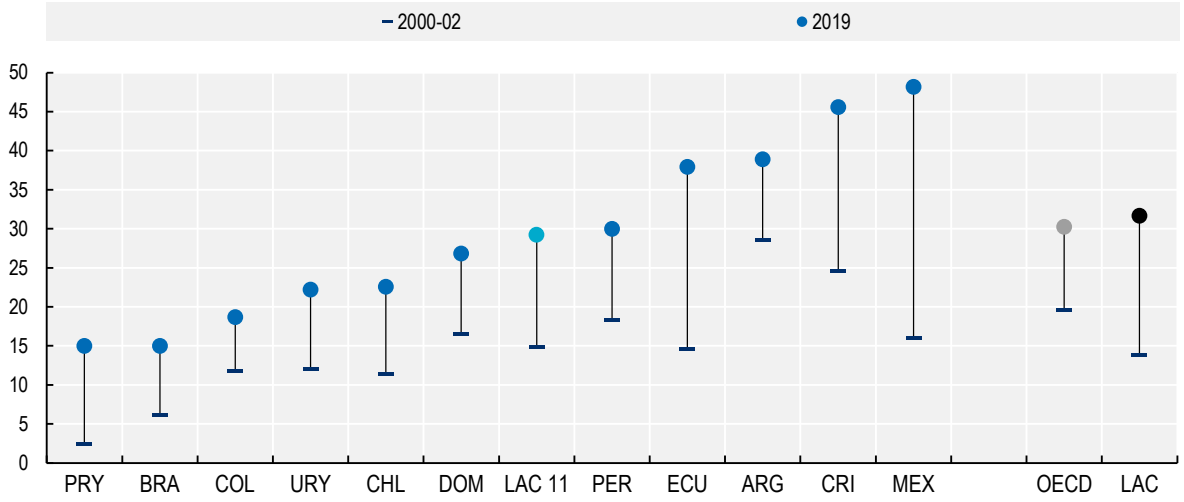
Women's political participation

Representation in political decision-making is central to achieving an inclusive and gender-equal society. Countries in the focal group have made substantial progress in this regard, with the average share of women in parliament almost doubling since 2000, from 14.8% up to 29.2% in 2019 (Figure 5.7). Mexico and Costa Rica came close to achieving full gender parity by 2019 (with female parliamentary representation of 48.2% in Mexico and 45.6% in Costa Rica). The increase in female parliamentary representation was greater over the reference period across the focal group than for the OECD average, meaning that although female representation was higher in the OECD at the start of the 2000s (at 19.6%), the average OECD level of female parliamentary representation was similar to that in the focal group by 2019 (at 30.2%).

Legislation is an effective way to increase the participation of women in the political sphere, and a growing number of countries in Latin America (less so in the Caribbean) have established political-electoral gender parity laws. Currently, three groups can be identified in terms of progress with gender quotas: in the first group, a total of 10 countries (Bolivia, Costa Rica, Ecuador, Nicaragua, Mexico, Honduras, Panama, Argentina, Peru and Colombia) have enacted regulations to stipulate complete gender parity in popularly elected positions; the second group (Brazil, Chile, El Salvador, Haiti, Paraguay, the Dominican Republic, Uruguay and Guyana) have implemented various gender quotas with percentages for positions ranging from 20% to 40%; and the third group have no parity or quota stipulations for popularly elected positions (UN Women, 2021[47]). While, depending on how these measures have been implemented and enforced, this has helped to normalise the participation of women in the public sphere and facilitated women's access to political representation, this progress cannot be taken for granted. Indeed the very fact that legal mechanisms are necessary shows that improvements in gender equity are not automatic in this area, and where laws have been instated, efforts to resist their application or limit their effectiveness generally follow (UN Women, 2021[47]). For example, at the local level, where quotas are less applied and enforced, women obtained only 15.2% of mayoral positions in the 2018-2019 elections across the LAC region, compared to 5% in the 1990s (UN Women, 2021[47]). In addition, improvements in women's access to public or popularly elected positions have not translated into a presence that reflects their diversity in terms of Indigenous or Afro-descendant status, sexual orientation, or other marginalised identities or statuses, and more efforts are needed to improve this situation (UN Women, 2021[47]). Finally, as elsewhere, women in the public political sphere in the LAC region continue to face threats in terms of physical violence and online intimidation, risks that have been exacerbated through the rise of openly discriminatory rhetoric in ultra-conservative discourse (UN Women, 2021[47]).

Figure 5.7. The average share of women in focal group parliaments has doubled (to around 30%) over the past two decades

Share of seats held by women in national parliaments, percentage



Note: LAC is the regional average for Latin America and the Caribbean as calculated by ECLAC.
Source: ECLAC Statistics, CEPALSTAT database, https://estadisticas.cepal.org/cepalstat/WEB_CEPALSTAT/estadisticasIndicadores.asp?idioma=I, and IPU Inter-Parliamentary Union, Women in Parliaments, for OECD average, http://archive.ipu.org/wmn-e/world-arc.htm

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Impact of COVID on gender inequalities

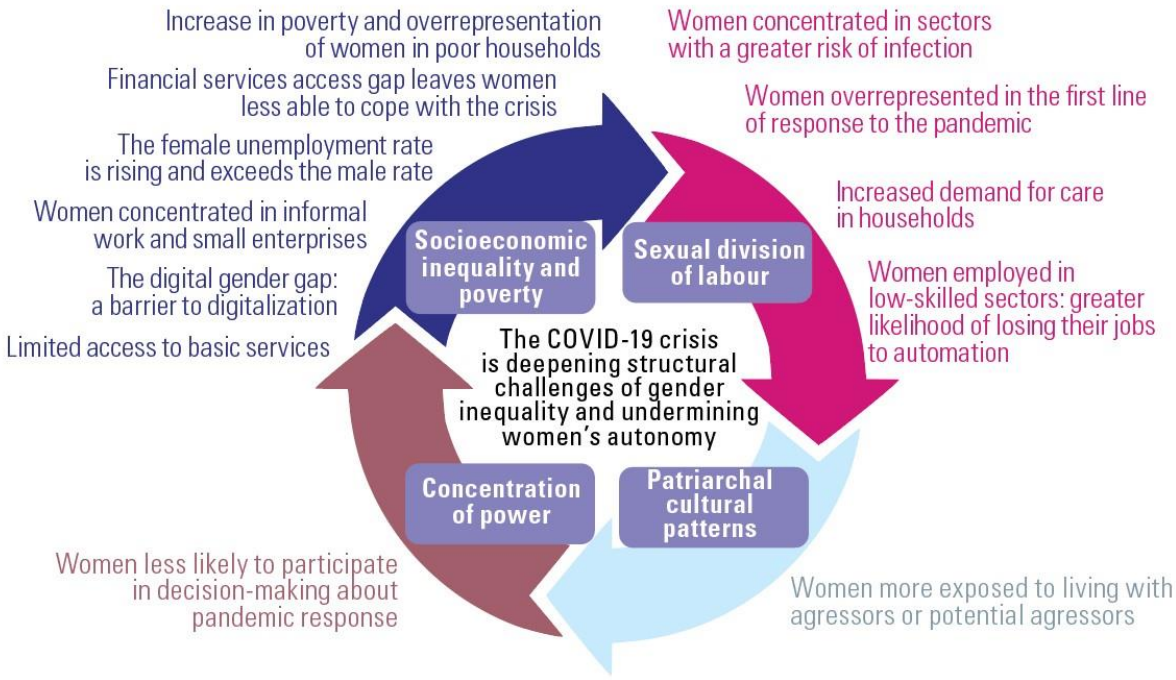
The economic, social and health impacts of the pandemic have been very different for men and women. Integrating a gender perspective into policy responses will therefore be fundamental to the efficacy of mitigation and recovery efforts (UN Women, 2020[48]).

Regarding the health consequences, clear gender disparities have emerged through the course of the COVID-19 pandemic. As of February 2021, more women were being tested (57%) than men throughout the world, and they accounted for slightly more than half of all confirmed cases (51%). However, men made up a higher share of reported hospitalisations (53%), intensive care admissions (68%) and deaths (57%) globally (Global Health 50/50, APHRC and ICRW, 2021[49]), reflecting higher incidence of chronic diseases (i.e. hypertension) and of risky and or health-reducing behaviours (i.e. smoking), as well as immunological differences (World Bank, 2020[50]). However, there are still many unknowns, and while the availability of data by gender has improved during the course of the pandemic, as of February 2021 only 51% of countries reported sex-disaggregated case data and only 41% reported sex-disaggregated death data (Global Health 50/50, APHRC and ICRW, 2021[49]).[17]

While women experience lower fatality rates overall, they are more likely to work in paid and unpaid roles with high levels of exposure to the virus, such as frontline healthcare roles and jobs in sectors that require women to interact with other people during the confinement phase (such as agriculture or domestic work) (World Bank, 2020[51]). This is especially true in Latin America, which has the highest share of female healthcare workers in the world (half of doctors and more than 80% of nurses) (Inter-American Development Bank, 2018[52]), in addition to the very high share of women working in agriculture and domestic services.

Beyond the direct health impacts of the pandemic, the economic and social consequences are differentiated by gender in a number of key areas. As shown above, women in the region already faced vulnerabilities on a number of fronts before the onset of the pandemic, hence the danger that the subsequent economic and social crises will further undermine women's autonomy and deepen structural inequalities (see Figure 5.8).

Figure 5.8. The impact of the COVID-19 crisis on gender inequality and women's autonomy



Source: (ECLAC, 2021[53])

Overall across the region, women have experienced disproportionately negative outcomes in labour market indicators, due to their over-representation in sectors that have been more affected by pandemic control measures (such as restaurants and hotels, commercial activities and domestic services) (ECLAC and ILO, 2020[54]). The female unemployment rate is expected to reach 22.2% for 2020, a 12.6 percentage point increase year-on-year (ECLAC, 2021[53]). Latin American women have experienced a greater proportional fall in employment (by 18.1%, compared with 15.1% for men), as well as greater exits from the labour market (15.4%, compared with 11.8% for men) (ECLAC and ILO, 2020[54]). In total, the negative impact of the pandemic is expected to wipe out a decade's progress in increasing women's labour market participation in Latin America (ECLAC, 2021[53]).

The high rate of women withdrawing from the labour market was likely due to them taking on an even greater unpaid work burden related to increased care responsibilities, home schooling and other tasks during the pandemic (ECLAC and ILO, 2020[54]; OECD, 2020[42]). In addition to deepening gender inequalities in unpaid and paid work time, the increased unpaid workload is undoubtedly having a mental health impact, exposing women to higher levels of stress and anxiety. A survey conducted during the quarantine period in Chile revealed that women experienced higher prevalence of symptoms of mental health problems than men, and that they felt more overwhelmed and under stress (63.3%, compared to 46.3% among men (ECLAC, 2021[3]). Higher rates of poverty amongst women before the pandemic may also deepen gender inequalities in income and poverty. It is estimated that 118 million women in the region

will be living in absolute poverty following the crisis (compared with a total poor population of 187 million in 2019) (ECLAC, 2021[53]; ECLAC, 2021[3]).

Confinement measures taken to limit the spread of the virus have likely increased the risk of violence, exploitation and harassment faced by women. The frustration and uncertainty caused by lockdown situations can lead to anger amongst men that manifests itself through increased violence against women, both within and outside the home (OECD, 2021[55]; OECD, 2020[56]). Further, travel restrictions, increased economic dependency and disruptions to support services mean that abused women may be trapped in dangerous situations (OECD, 2020[57]). There is a widespread perception that the scale of violence against women in Latin America has become a "shadow pandemic", although timely, high-quality data are lacking to fully understand the scope of the problem (UN Women, 2020[58]). Available data show mixed outcomes across countries. For example, amongst the countries in the region that have released data on calls to help centres for March-June 2020, calls increased year-on-year compared with 2019 in Mexico, Paraguay and Peru, while they fell in other countries, such as Ecuador and the Dominican Republic (ECLAC, 2021[3]). However, these trends need to be interpreted with caution, as a drop in calls may not correspond to lower rates of violence, as women are likely to face greater limitations on the use of hotlines during confinement periods. Available femicide data are also mixed but show a decrease in the number of reported cases in eight of the ten countries for which data are available (Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, Honduras, Paraguay and Peru), with data for Panama remaining stable, and those for Mexico pointing to an increase in March-June 2020, compared with the same period in 2019 (ECLAC, 2021[3]).

At the time of writing, data from the Gallup World Poll (referring to 2020) shed some light on the impact of the first months of the pandemic on people's well-being across a number of dimensions (see Box 5.2). Between 2019 and 2020, the share of women saying they were satisfied with their living standards or that they had someone to count on for support fell more than for men; women's life satisfaction also declined more than for men (Figure 5.9).

Box 5.2. Inequalities in the impact of the pandemic on self-reported well-being

At the time of writing, very little internationally comparable data were available to compare well-being outcomes before and after the onset of the pandemic, and even less data allowing for comparisons between different population groups. However, 2020 data from the Gallup World Poll were available for all focal countries and for a majority of OECD countries, providing some indication of the impact of the first year of the pandemic on various aspects of self-reported well-being. Given the way the pandemic unfolded over the year, with peaks and troughs of the virus infection rate occurring at different times in different countries, the timing of the survey fieldwork is critical (OECD, forthcoming[59]). In the focal countries, Gallup data collection for 2020 ranged from 21 August 2020 to 6 Jan 2021.[1] Although this encompasses a wide timeframe, the pandemic was already well-advanced even at the time of the earliest surveys. While it is likely that understanding the full impact of the pandemic on the different aspects of people's well-being will not be possible for several years, the data available from the Gallup World Poll can give some initial insights into a number of subjective dimensions of people's lives based on a range of self-reported indicators. Figure 5.9 shows the differentiated impact of the first months of the pandemic for three variables: satisfaction with living standards (Panel A), life satisfaction (Panel B) and social network support (Panel C).

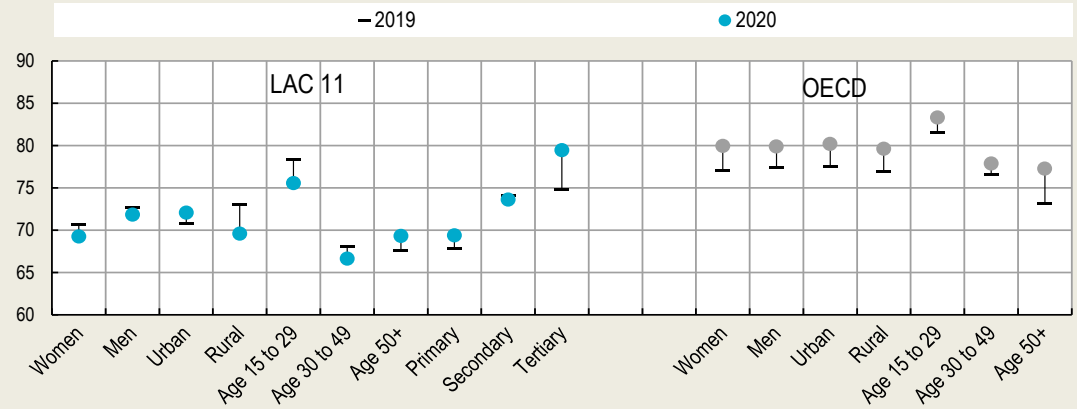
Across the three indicators shown, the magnitude of the impact and the level of differentiation between groups was larger for the focal countries than for the OECD average. Across OECD countries, satisfaction with living standards increased for all groups with available data between 2019 and 2020 (educational breakdowns for the OECD average were not available with sufficient data coverage to include in the analysis), a reflection of the buffering role that government policies played in protecting people's material conditions (through job retention schemes, more generous unemployment and social assistance benefits, etc.) during the first year of the crisis (OECD, forthcoming[59]).

However, across the focal group countries, the average share of people satisfied with their living standards decreased very slightly (from 72% in 2019 to 71% in 2020). While changes in satisfaction with living standards were small for all groups, Figure 5.9 highlights some differences in both the magnitude and direction of the various indicators. Overall, among the focal countries, the share of people satisfied with their living conditions fell slightly more for women than for men; it fell in rural areas while increasing slightly in urban areas; it fell among young people while increasing slightly among middle-aged and older adults; finally, it increased by five percentage points (from 75% in 2019 to 80% in 2020) among people with tertiary education, while remaining broadly stable for those with primary education (up by 1 percentage point) and for those with secondary education.

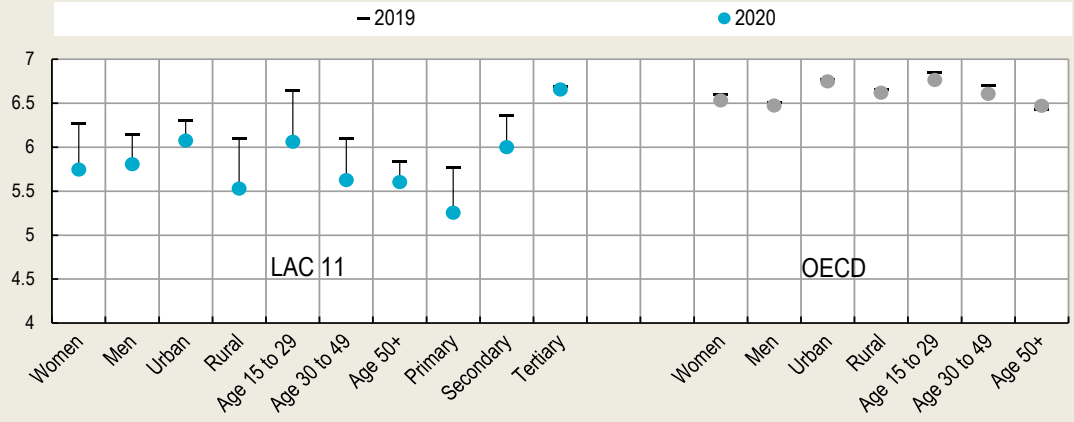
The differences in life satisfaction and social network support are starker. While in OECD countries, both indicators changed only marginally between 2019 and 2020, changes were much larger across the focal countries: the decreases in life satisfaction were greater for women (-0.5 points) than for men (-0.3), for those living in rural areas (-0.6) than for those in urban centres (-02), for young people (-0.6) than for prime age (-0.5) and older people (-0.2), and for the low-educated (-0.5) than for those with tertiary education (-0.04). Women and those living in rural areas also experienced the largest decreases in social network support, while slightly different patterns can be observed when considering age (with people aged 30-49 showing the largest reduction) and education (with those with secondary education showing a larger decrease than others).

Figure 5.9. Differentiated impacts of the pandemic on different measures of self-reported well-being

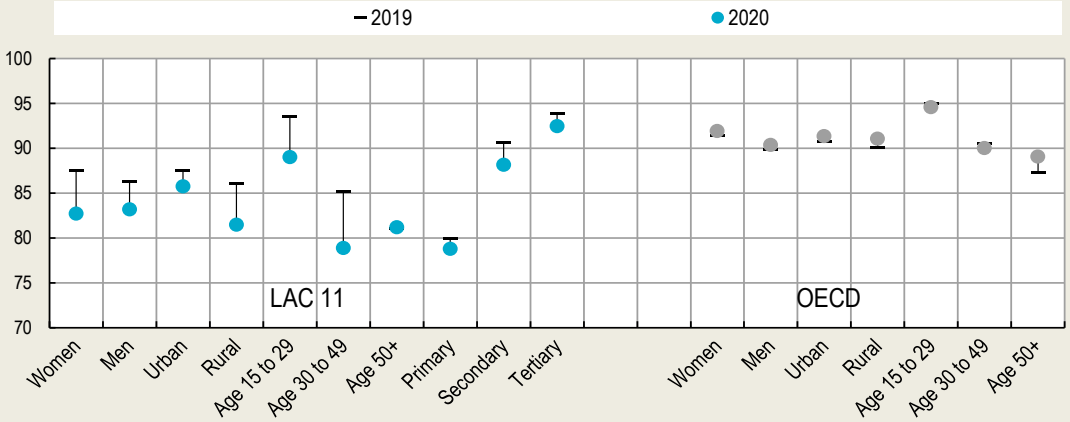
Panel A: Share of people satisfied with living standards, percentage, 2019 vs. 2020



Panel B: Mean values for life satisfaction, 11 point scale from "worst" (0) to "best" (10) possible life, 2019 vs. 2020



Panel C: Share of people with someone to count on in times of need, percentage, 2019 vs. 2020



Note: Selected indicators from the Gallup World Poll.
Source: OECD calculations based on the Gallup World Poll (database), https://gallup.com/analytics/232838/world-poll.aspx

StatLink https://stat.link/xuktbv

Notes:
1. Data collection dates for 2020 were as follows: Sep 7 – Nov 20, 2020 in Argentina; Sep 10 – Nov 11, 2020 in Brazil; Sep 11 – Nov 16, 2020 in Chile; Aug 21 – Oct 27, 2020 in Colombia; Sept 15, 2020 – Jan 4, 2021 in Costa Rica; Sep 24 – Oct 23, 2020 in the Dominican Republic; Aug 26 – Oct 23, 2020 in Ecuador; Sep 08 – Nov 18, 2020 in Mexico; Nov 28 - Dec 28, 2020 in Paraguay; Oct 29, 2020 – Jan 6, 2021 in Peru; and Sep 24 – Nov 30, 2020 in Uruguay.

Issues for statistical development in gender statistics

Improving the availability of high-quality and comparable gender statistics is central to achieving a better understanding of the realities of women and girls and for designing policies that effectively address their needs. The importance of gender statistics for monitoring well-being and sustainable development has been recognised by both governments and statistical offices in the LAC region, especially in the context of the UN 2030 Agenda.[18] The pandemic has further underlined the need for gender-specific information to inform effective policy responses and recovery strategies. Many Latin American statistical offices have prioritised the collection of sex-disaggregated data (such as on labour market outcomes) despite the additional pressures and limitations they have faced due to Covid-19, often through innovative approaches such as adapting existing operations, generating new statistical operations or improving alternative sources and administrative records (ECLAC and UN Women, 2021[60]).

Beyond improving the availability of sex-disaggregated data wherever possible, better data are needed on a range of specific and under-measured issues that affect women and girls uniquely or disproportionately, such as discrimination in the workplace, sexual harassment, unpaid work, reproductive health and autonomy, economic autonomy and different forms of gender-based violence.

Time-use surveys are a particularly rich source of information on activities performed by men and women and on the distribution of time spent on these activities by gender. Time-use measurement has a long history in the region, with gender-focused work on time-use issues gradually developed over the last four decades through the Regional Gender Agenda in Latin America and the Caribbean (ECLAC, 2019[61]). In 2015, the member states of the Statistical Conference of the Americas of the Economic Commission for Latin America and the Caribbean adopted the Classification of Time-Use Activities for Latin America and the Caribbean (CAUTAL) in order to harmonise time-use surveys in the region (ECLAC/INEGI/INMUJERES/UN-Women, 2016[62]). As of 2019, 19 countries in the region had run at least one-time-use survey (ECLAC, 2019[61]).

However, not all of these surveys are fully incorporated into the system of official statistics as a regular data collection tool, and the CAUTAL classification system is not yet universally applied by countries (ECLAC, 2016[63]). In addition, vulnerable groups such as the rural population and ethnic and racial minorities are often under-represented in survey samples (ECLAC, 2016[63]). There are also issues to consider related to the most effective mode of time-use data collection. In recent years, two main approaches have been used, i.e. either including a short list of questions on time use as a module within existing household surveys or conducting a stand-alone survey collecting information on the breadth of time-use activities in more detail. The advantage of the former is that it is more cost-effective and allows for the joint analysis of time use with other modules of the survey. The latter provides much richer information, but at a higher cost. Ideally, both modes could be employed, with a repeated inclusion of a limited number of questions in regular household surveys supplemented by lower frequency surveys to provide more context. For this to happen, time-use measurement should be integrated as a core aspect of national statistical planning and budgeting (Villatoro, 2017[64]). Further, a harmonised approach to time-use measurement should be applied in a consistent manner so as to ensure the comparability of results across countries and over time. Finally, as far as possible, including a representative sample of the most vulnerable populations would shed light on the links between deprivations in time use and other forms of disadvantage experienced by vulnerable women.

Inequalities through the life cycle

The life cycle can be categorised into four basic stages: childhood, youth, adulthood and old age. While in terms of well-being each stage presents its own opportunities, risks and challenges, childhood, youth and old age are times of particular vulnerability. The well-being of children is highly dependent on their family and surroundings, and experiences in early life can be fundamental to determining outcomes across the life course

(OECD, 2021[65]). As children grow into young adults, they gain independence, but their ability to thrive with more autonomy often depends on a successful transition to working life and on the skills and opportunities that support this. They also have to navigate the demands of moving away from a dependent role within their families to starting families of their own (with these roles themselves highly dependent on gender). Eventually, as individuals move through adulthood into old age, they once again enter a stage of greater dependency, with increased needs for health care and other support (OECD, 2017[66]; Cecchini et al., 2015[67]).

This section will take a closer look at these life cycle differences, focusing on childhood, youth and old age, compared to adulthood. A number of indicators referring to the well-being of children and young adults have already been covered in previous chapters due to their relevance to broader societal outcomes.[19] Those indicators, pertaining to child mortality, child malnutrition, youth employment and educational attainment, will not be covered in detail here, but references to figures featuring in other sections of this report will be provided as needed.

The COVID-19 pandemic has the potential to exacerbate intergenerational differences in well-being outcomes in Latin America. Children are among the "hidden victims" of the pandemic; despite being spared from high rates of mortality due to the virus, they have been heavily impacted by disruptions at all levels, particularly children in households where pre-existing stressors have been accentuated by the crisis. The pandemic has also exposed vulnerable teenagers and young adults to higher risks of disengagement and dropout from education and training, in a region where youth unemployment is already high. Finally, the COVID-19 outbreak has posed severe challenges for older people, who are not only at higher risk of serious health complications in case of infection, but also disproportionately affected by confinement measures restricting their access to care and support.

For youth and the elderly, this section shows figures summarising outcomes relative to the "middle-aged" adult population. Generally speaking, the youth group covers the population aged around 15 to 29 (thus having some overlap with children), while the middle-aged group covers the population aged around 30 to 55, and the elderly population those aged over 55. However, the exact age range used differs for each indicator, depending on the available information, with more information provided in the Statlink for each figure.

Life cycle inequalities: Children

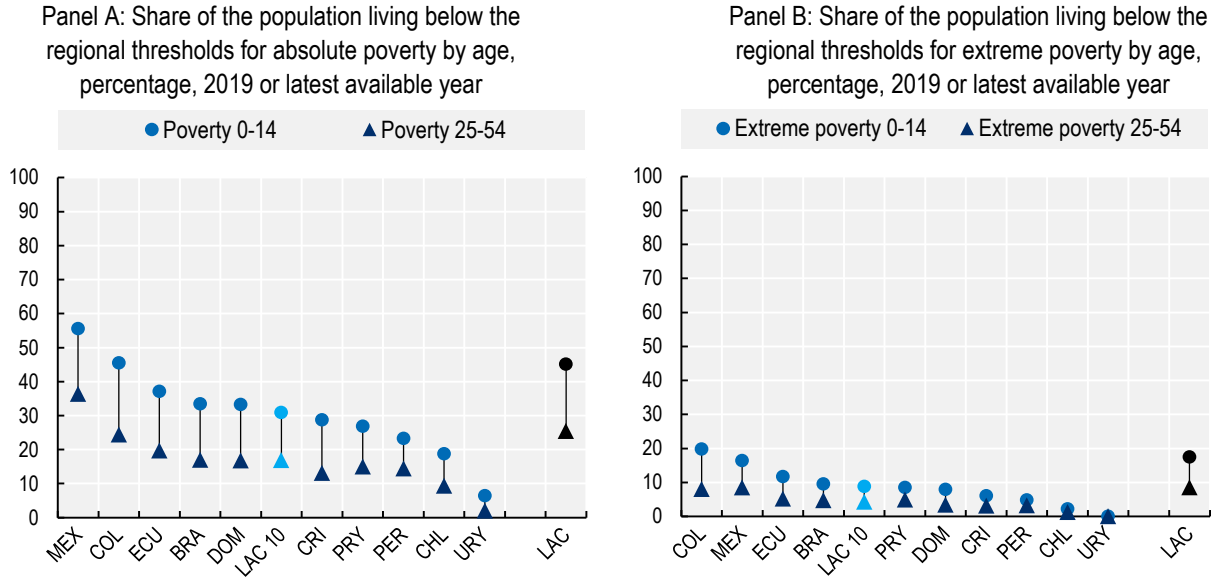
Childhood is a critical period for determining factors involved in individual development that will continue to shape well-being throughout the life course. In this sense, experiences in childhood matter for both the well-being that children enjoy today, and for the resources that will help to sustain societal well-being over time. In 2019, children aged 0-14 made up just below a quarter (24%) of the population in Latin America and the Caribbean (World Bank, 2020[68]). Research highlighting links between well-being in childhood and in adulthood is extensive, particularly with regards to the influence that family conditions and children's early experiences have on educational outcomes in later life (OECD, 2021[65]; OECD, 2015[69]). Because children are dependent members of society, their well-being largely depends on the well-being of their own families and communities.

Child poverty

Growing up in poverty is harmful to children's well-being and development, both in the short term and in the long run as adults (Thévenon et al., 2018[70]). Childhood poverty has certain specificities that heighten children's vulnerability. Given the dependence of children on their families, poverty may also be cumulative for children and adolescents, and there is a strong intergenerational component to child poverty. There is extensive evidence that those who live in poor conditions at an early age are more likely to experience poverty as adults (Kendig, Mattingly and Bianchi, 2014[71]). Finally, the effects of childhood poverty may be irreversible, as in the case of malnutrition or recovery from preventable disabilities (UNICEF/CEPAL, 2019[72]). As a rule in Latin America and the Caribbean, the lower the age group, the higher the incidence

of poverty (ECLAC, 2018[13]). In 2019, 31% of children aged 0-14 were living in absolute income poverty in the focal group of countries, compared with 17% for those aged 25-54 (Figure 5.10, Panel A.). Extreme poverty rates followed a similar pattern, affecting 9% of children aged 0-14, compared with 4% of the 25-54-year-old population (Figure 5.10, Panel B.). Across the focal group, results vary greatly but are generally in line with the national levels described in Chapter 2. Thus, in Mexico, the share of children aged 0-14 living in absolute poverty is almost nine times higher than in Uruguay (Figure 5.10, Panel A.).

Figure 5.10. Children experience very high levels of absolute and extreme poverty compared to the working-age population



Note: Data on absolute and extreme poverty refer to the regional poverty and extreme poverty rates as calculated by ECLAC. Data refer to 2019 for all Latin American countries except for Mexico (2018) and Chile (2017). LAC is the regional average for Latin America and the Caribbean as calculated by ECLAC. LAC 10 average excludes Argentina due to a lack of available data.
Source: ECLAC Statistics, CEPALSTAT database, https://estadisticas.cepal.org/cepalstat/WEB_CEPALSTAT/estadisticasIndicadores.asp

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Child labour

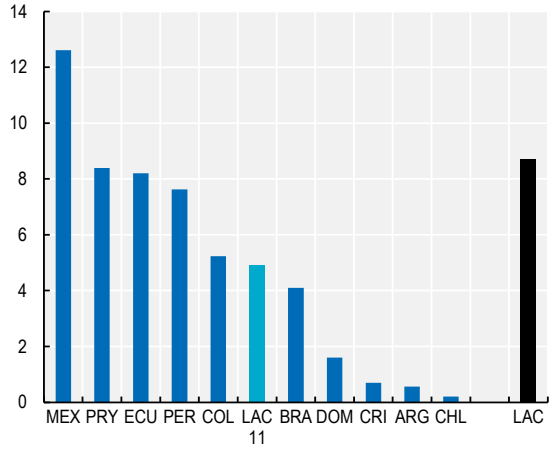
One of the main consequences of child poverty is driving children into the workplace (Thévenon et al., 2018[70]). Generally, children tend to work because their own material conditions and those of their families depend on it, as child labour is part of how families, especially poor ones, buffer negative shocks to income (Thévenon et al., 2018[70]). Child labour appears to be more sensitive to changes in permanent household income and adult wages than to changes in children's wages. To make matters worse, children are naturally vulnerable, and adults may take advantage of this. The consequences of child labour affect almost all dimensions of life. Beyond impacts on their physical health and psychological and social development, child labourers tend to have limited access to school, reduced safety and less time for leisure and interactions with friends and family (Santana, Kiss and Andermann, 2019[73]).

A number of Latin American countries need to make further progress in order to reach the target set by SDG 8.7 of ending child labour in all its forms by 2025 (UNDESA, 2020[74]). On average across the focal group, 5% of children aged 10-14 are employed according to the latest data. In Mexico, more than one in ten children aged 10-14 years are employed, compared with one in five hundred in Chile (Figure 5.11, Panel A.). The prevalence of paid child labour is twice as high for boys (11%) as for girls in the focal group (Figure 5.11, Panel B).[20]

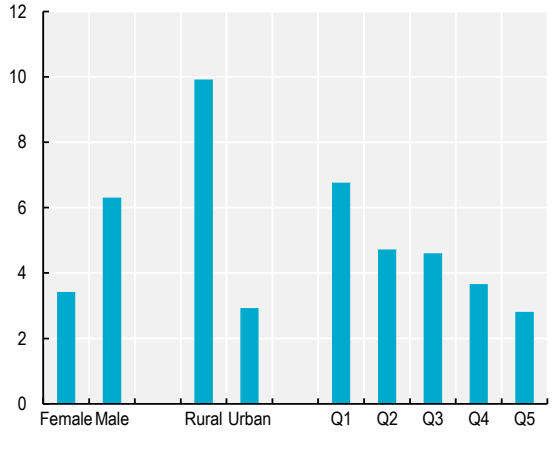
Child labour is also more common in rural areas (10%) than in urban areas (3%) in the focal group, and over half of all child labour (52%) is in agriculture (ILO, 2017[75]). Child labour is concentrated in the lowest income quintile across the focal group (7%). Nonetheless, child labour is also present when looking at the higher income quintiles (3.7% in Quintile 4 and 2.8% in Quintile 5) in the focal group, indicating that poverty is not the only factor that determines child labour (Figure 5.11, Panel B.). Finally, while data are available for only a limited selection of countries, child labour is much more prevalent amongst Indigenous communities, especially for those aged in their mid-teens (Figure 5.11, Panels C and D). In Ecuador, Peru, Brazil and Mexico, between 30.4% and 43.5% of Indigenous children aged 14-17 work, shares that are much higher than among their non-Indigenous peers.[21]

Figure 5.11. Boys, as well as rural, poorer and Indigenous children are more likely to be employed in child labour

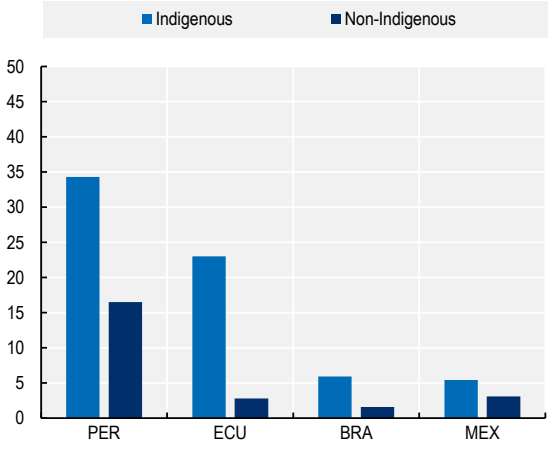
Panel A: Share of employed children aged 10-14, percentage, 2018 or latest available year



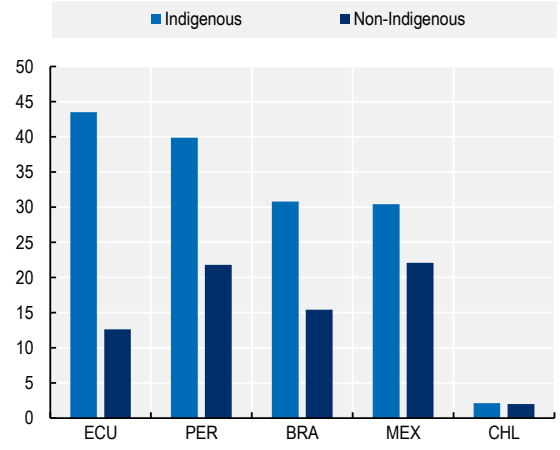
Panel B: Average share of employed children aged 10-14 by gender, area and equivalised income quintile in the LAC 11 focal group, percentage, 2018 or latest available year



Panel C: Share of 5-14 year-olds in the labour market by ethnicity, percentage, 2016 or latest available year



Panel D: Share of 14-17 year-olds in the labour market by ethnicity, percentage, 2016 or latest available year



Note: In Panel A and B, the latest available year is 2019 for Argentina and 2015 for Chile and Peru. In Panel C and D, the latest available year is 2015 for Brazil and Chile.

Source: SEDLAC database (CEDLAS and The World Bank), https://www.cedlas.econo.unlp.edu.ar/wp/en/estadisticas/sedlac/, and ECLAC (2020), "Los pueblos indígenas de América Latina – Abya Yala y la Agenda 2030 para el Desarrollo Sostenible: desafíos desde una perspectiva territoria"

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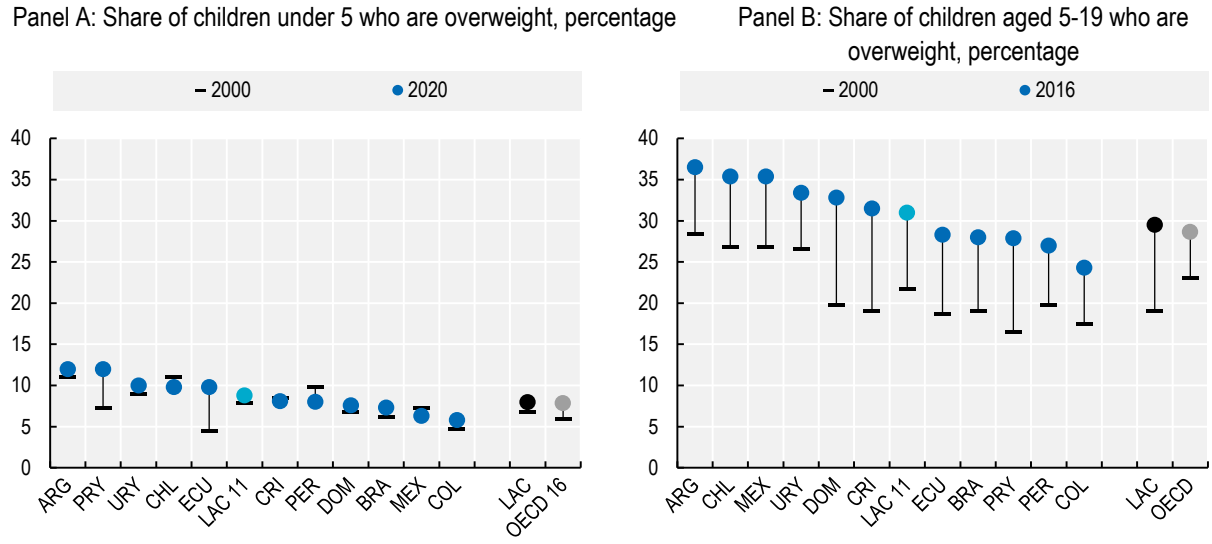
Child malnutrition

Although child health has improved in many respects, many children in Latin America remain vulnerable and face severe risks – some of which are specific to their age group. International development initiatives such as the SDGs have contributed towards improving child health and monitoring the impact of specific actions in Latin America (Arnesen et al., 2016[76]; Grove et al., 2015[77]), and the region has made progress in reducing child mortality in the past two decades. This is reflected in a decrease not only in the number of children who die before reaching the age of five (see Chapter 3) but also in the number of children affected by diarrheal diseases and pneumonia (PAHO, 2017[78]). A core component of human capital is for people to be well-nourished throughout their lives, yet many children in Latin America are unable to access sufficient nutritious food nor attain a balanced diet that meets their needs for optimal development and growth, ultimately enabling a healthy, active life (OECD/The World Bank, 2020[79]). Malnutrition at an early age has consequences in other areas of well-being such as cognitive and educational outcomes later in life, shaping an individual's long-term socio-economic status (OECD/The World Bank, 2020[79]). As part of the UN 2030 Agenda, SDG target 2.2 aims to end all forms of malnutrition by 2030 (UNDESA, 2020[74]).

Chapter 4 showed that in the five focal countries where data are available (Argentina, Colombia, Mexico, Peru and Paraguay), one in ten children below five years old are stunted on average (Figure 4.18, Panel A), with this share ranging from below 2% in Chile to almost 13% in Colombia. On average, stunting rates have almost halved since 2000, with the largest drop in Paraguay and Peru (by more than 10 percentage points) and the smallest in Argentina and Chile (by 1 percentage point or less), countries where stunting rates were already below the regional average.

Overweight and obesity are another consequence of malnutrition. Chapter 4 showed that on average in the focal countries, almost 60% of the adult population is overweight and 25% is obese, up from 50% and 21% respectively in 2000. While the prevalence of overweight tends to increase with age, overweight in childhood is nonetheless significant in the LAC region. While the share of children under age 5 who are overweight changed little between 2000 and 2020 across the focal countries (from 7.8% to 8.8%), a much greater increase occurred among children aged 5-19 (Figure 5.12, Panel A), rising from 22% in 2000 to 31% in 2016, a level that exceeds the LAC regional average (29.5%) by 1.5 percentage points, and the OECD average (29%) by 3 percentage points.

Figure 5.12. The share of 5-19 year-olds who are overweight increased from 1 in 5 in 2000 to almost 1 in 3 in 2016



Note: In Panel A, LAC regional average comprises 27 Latin American and Caribbean countries, including the focal countries. OECD 16 includes Australia, Belgium, Canada, Chile, Colombia, the Czech Republic, Estonia, Germany, Greece, Japan, Mexico, the Netherlands, Poland, Portugal, the Slovak Republic and the United States, due to missing data for other OECD countries. In Panel B, LAC regional average comprises 33 Latin American and Caribbean countries, including the focal countries.
Source: WHO, https://apps.who.int/gho/data/view.main.CHILDOVERWEIGHTv (Panel A) and https://apps.who.int/gho/data/node.imr.NUTOVERWEIGHTPREV?lang=en (Panel B)

StatLink https://stat.link/iandgw

Life cycle inequalities: Young adults

One-quarter of the Latin American population are aged between 15 and 29, and two-thirds of this age group (over 100 million young people) live in poor or vulnerable households (OECD/CAF/ECLAC, 2016[80]). Further, most youth, especially those from households in the bottom of the income distribution, have access only to poor quality services and precarious jobs, while having low savings and experiencing little social mobility. This sharp disconnect between society's expectations and demands on the one hand and actual socio-economic outcomes on the other has fuelled social dissatisfaction and weakened trust in democratic institutions (OECD/CAF/ECLAC, 2016[80]). Figure 5.13 summarises some of these intergenerational disparities in the focal group of countries. As mentioned above, the youth category focuses on people aged around 15-29 and the middle-aged category on adults aged around 30-55, although the exact age range differs for each indicator (see Statlink for Figure 5.13 for more details).

In the selected indicators of material conditions (Figure 5.13, Panel A), on average across the focal countries, in 2019 young people are only half as likely to be employed as middle-aged adults (with an employment rate of 39% for 15-24 year-olds, compared with 77% for 25-54 year-olds. While this may reflect the fact that younger people are more likely to be in education or other activities, their unemployment rate is three times higher (at 18.8%, compared with 6.1% for the comparison group), suggesting that young people actively seeking employment have a harder time to enter the labour market than their older peers. Young people are also more likely to work in informal employment than the middle-aged comparison group (with an informal employment rate of 64% for 15-24 year-olds, compared to 48% for 25-54 year-olds in

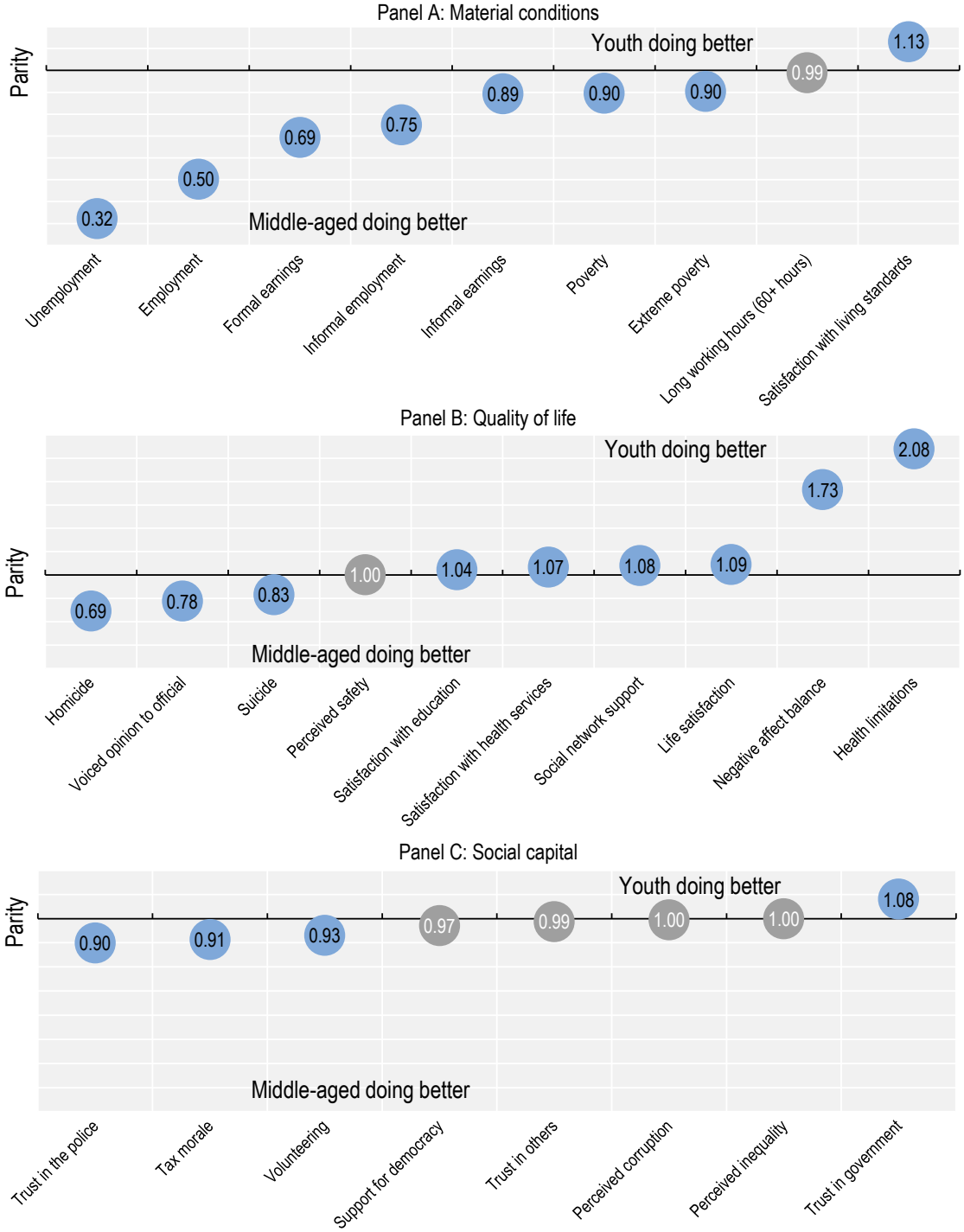
2019). Lack of decent employment opportunities is one of the most significant factors affecting the inclusion of youth in countries of the focal group and in the region more widely, and there are strong links between informal employment, poverty and social exclusion (ILO, 2015[81]). Indeed, young people are more likely to be in absolute poverty and extreme poverty compared with middle-aged adults. Nonetheless, young people are 13% more likely to be satisfied with their living standards than middle-aged adults.

Regarding quality of life, the picture is more balanced. As health deteriorates with age, young people have much better health than the middle-aged across the focal countries. For example, they are half as likely to say that they have health limitations that prevent them from doing usual activities and 73% less likely to have a negative balance of emotions (i.e. to experience more negative than positive emotions in a given day), and they report higher levels of life satisfaction, social network support and satisfaction with education and health services. However, although there is no difference in levels of perceived safety reported by young people and the middle-aged, young people are 31% more likely to be the victim of homicide, particularly among young men (see below). Young people are also 17% more likely to commit suicide than the middle-aged across the focal countries.

Finally, across the selected indicators of social capital, young people are less likely to voice their opinion to an official, less likely to trust police, less likely to say that tax avoidance is completely unjustifiable and less likely to volunteer. However, they are slightly (8%) more likely to trust their national government. Finally, there is little clear difference between youth and the middle-aged for trust in others, perceived corruption, perceived inequality (the share of people thinking the income distribution is unfair) and support for democracy over all other forms of governance.

Figure 5.13. Differences in well-being outcomes are mixed when comparing young people and middle-aged people, but young people are more likely to be unemployed, work in informal jobs and be victims of homicide

Age ratios (distance from parity) for selected indicators of current well-being and social capital, 2019 or latest available year



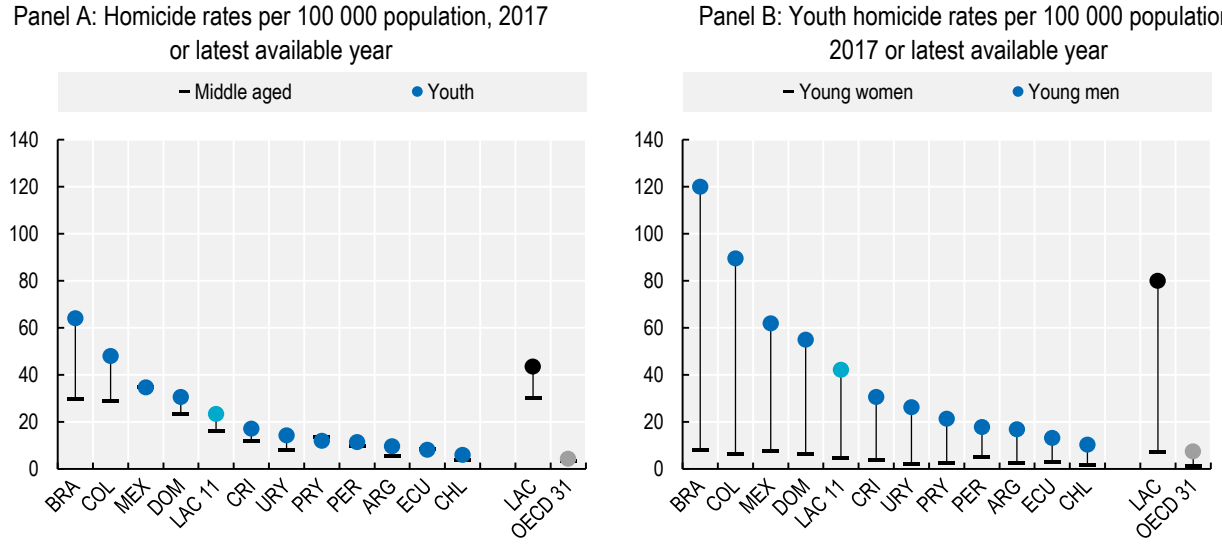
Note: Each performance ratio is the simple average by age group calculated across the 11 focal countries for which data are available for all the inequality groups taken into consideration. As a result, performance ratios can cover a subset of the 11 focal countries. Performance ratios above 1 indicate better outcomes (i.e. higher well-being) for youth, whereas performance ratios below 1 indicate better outcomes (i.e. higher well-being) for the middle-aged – including negative indicators, which have been reverse-scored. Grey bubbles denote no clear difference between youth and middle-aged, defined as age ratios within 0.03 points distance to parity.
Source: OECD calculations. For a complete list of sources please refer to the "Sources and Methods" tab in the Statlink file

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Homicide and violence

Homicide is by far the most important cause of death among young people in Latin America, with young men accounting for the large majority of both victims and perpetrators (UNODC, 2019[82]). The average rate of homicide for young people was 23 per 100 000 population in 2017 in the focal countries, much lower than the LAC regional average (44 per 100 000) but still over five times higher than the OECD average (4.3 per 100 000) (Figure 5.14, Panel A). Across the focal countries, young men are over nine times more likely to die from homicide than young women, with a male youth homicide rate of 42 per 100 000 compared with 4.5 per 100 00 for female youth.

Figure 5.14. Across the focal countries, young men are nine times more likely to die from homicide than young women



Note: Youth are defined as people aged 15-29. Middle aged are defined as people aged 30-59. Data refer to 2016 for all countries, except for Argentina and Mexico (2017) and Costa Rica, the Dominican Republic and Paraguay (2014). LAC regional average comprises 25 Latin American and Caribbean countries, including the focal countries. OECD 31 excludes Belgium, Ireland, Korea, Lithuania, the Slovak Republic and Turkey, due to missing data.
Source: UNODC, https://dataunodc.un.org/data/homicide/Homicide%20by%20sex%20and%20age%20group

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The drivers of the rise of violence, and particularly of violence linked to organised crime, in the LAC region are complex. However, poverty tends to exacerbate the likelihood of young people becoming involved in criminal activities with a heightened risk of violence. Criminal organisations such as gangs provide young Latin Americans with a sense of identity and belonging: when poverty is widespread, employment options are limited and the State is absent, many young people turn to gangs in the *barrio* to acquire power, cash income, space and a feeling of belonging that no other social institution gives them (OECD/CAF/ECLAC, 2016[80]; Escotto, 2015[83]; Soto and Trucco, 2015[84]).

Violence tends to occur unevenly throughout the territories of Latin American countries, with high levels in deprived urban areas. Slums and shanty towns are both violent and poor, a scenario that reproduces and exacerbates social exclusion. Youth in these areas bear the burden of stigmatisation for a way of life seen as violent, and they are hence often denied dignity and solidarity. As a result, many of them are marginalised and fall victims to exploitation in adult-led criminal practices, in part because individuals under 18 years of age cannot be held criminally responsible (ECLAC, 2014[12]). Young people may also be victims or perpetrators of collective violence in school or community environments, directed either by youth groups towards specific individuals (young or not) or by neighbourhood groups or authorities towards young individuals or groups. Two cases of this type of violence have become significant in the youth setting: violent confrontation between groups of young people, which can have serious social impacts — in the case of gangs, for example; and school bullying perpetrated through social networks — including cyberbullying, to which girls are more likely to be subject (UNESCO, 2017[85]; OECD/CAF/ECLAC, 2016[80]).

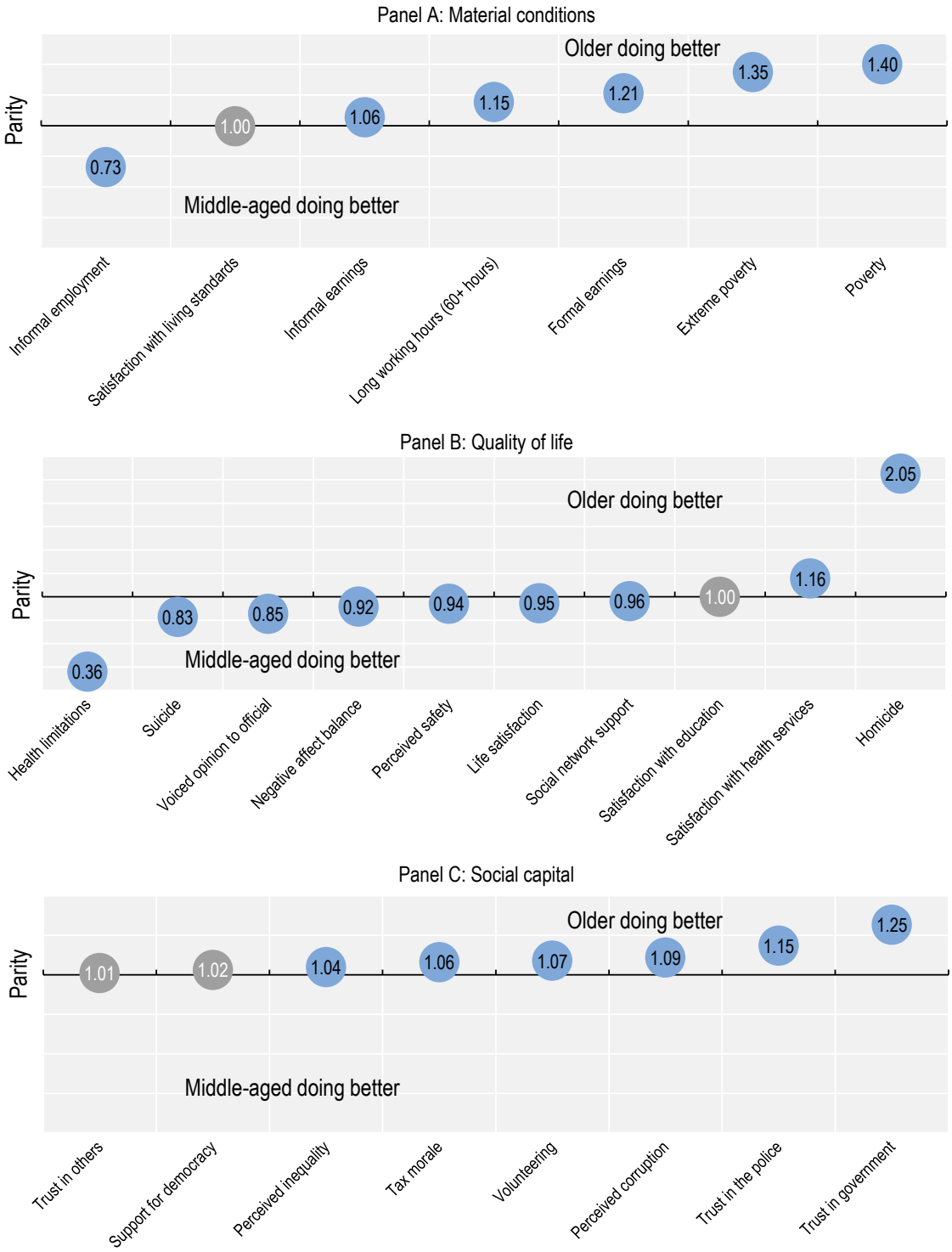
Life cycle inequalities: The elderly

Latin America is undergoing a deep demographic transformation. As life expectancy rises, the proportion of elderly people in the population increases, as does their age. Better understanding their needs and leveraging their active contribution to society become critical challenges (ECLAC, 2016[8]; Huenchan, 2013[86]). Figure 5.15 provides an overview of selected well-being outcomes for the older population (aged around 55 and over), compared with the middle-aged population (aged around 29-54). In terms of material conditions, older people are 35% less likely to live in extreme poverty than middle-aged adults and 40% less likely to live in absolute poverty. Their earnings are higher than the comparison group, whether they work in formal (+21%) or informal employment (+5%). However, there is no difference in satisfaction with living standards between the two groups, and older people are 15% less likely to work longer hours than the middle-aged comparison group, but they are much more likely to be in informal employment, as discussed later.

In terms of quality of life, however, most indicators show worse outcomes for the elderly across the focal countries, with the exception of satisfaction with services (health and education) and homicides. Elderly people are almost two-thirds more likely than the middle-aged comparison group to report physical limitations due to health reasons, less likely to voice their opinion to an official, more likely to experience more negative than positive emotions on a given day, less likely to feel safe walking in their area, less likely to have someone to count on in a time of need, more likely to commit suicide, and report marginally lower life satisfaction (with an average score on a 11-point scale of 5.8, compared with 6.1 for the middle-aged comparison group). These outcomes stand in contrast to the experience of OECD countries, where elderly people generally report better outcomes than their prime-age peers, in particular for life satisfaction, which is strongly associated with mental health problems, social ties and social network support (Gigantesco et al., 2019[87]; Costa and Ludermir, 2005[88]; Kawachi, 2001[89]).

Figure 5.15. While older people tend to be less likely to live in poverty than the middle-aged comparison group, they experience lower outcomes across a range of quality-of-life indicators

Age ratios (distance from parity) for selected indicators of current well-being and social capital, 2019 or latest available year



Note: Each performance ratio is the simple average by age group calculated across the 11 focal countries for which data are available for all the inequality groups taken into consideration. As a result, performance ratios can cover a subset of the 11 focal countries. Performance ratios above 1 indicate better outcomes (i.e. higher well-being) for older people, whereas performance ratios below 1 indicate better outcomes (i.e. higher well-being) for middle-aged – including negative indicators, which have been reverse-scored. Grey bubbles denote no clear difference between older and middle-aged, defined as age ratios within 0.03 points distance to parity.
Source: OECD calculations. For a complete list of sources please refer to the "Sources and Methods" tab in the Statlink file

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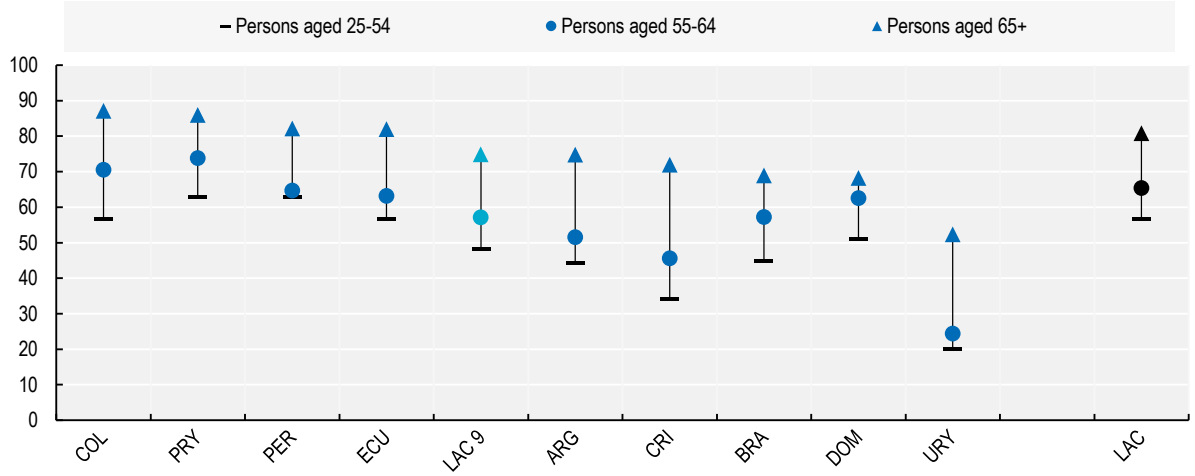
Despite this mixed picture, elderly people tend to have stronger confidence in the capacity of collective action to address their own needs as well as the broader societal problems faced by Latin America. The older age group is 25% more likely to trust in government, 15% more likely to trust in the police, 9% less likely to think that government is corrupt, 7% more likely to volunteer, 6% more likely to believe that tax avoidance is never justified and 4% less likely to believe that the income distribution is unfair. There is no clear difference in trust in others and support for democracy over other forms of government between the elderly and middle-aged populations.

Informal employment

As Figure 5.15 shows, elderly people are much more likely to be employed in informal work than their middle-aged peers. The share of older people in informal employment is particularly high in Peru, Paraguay and Colombia, where it reaches over 80% of total employment among persons aged 55 or above (Figure 5.16). Despite the progress with employment formalisation throughout Latin America over the past decade, a high proportion of older people still lack social security coverage (ECLAC, 2015[90]; ECLAC, 2015[91]), contributing to higher levels of vulnerability and inequality. For example, old age poverty in Colombia is high, as low-skilled workers spend much of their working lives in informal employment, without paying pension contributions (OECD, 2019[92]). In Brazil and Argentina, informal workers retire later than others for the same reason, until they reach the age to benefit from a non-contributory pension (OECD, 2019[93]; OECD, 2018[94]).

Figure 5.16. People aged 55+ in the focal group have higher rates of informal employment than prime-aged workers, especially after age 65

Informal employment as a share of total employment, percentage, 2019



Source: ILO, https://www.ilo.org/shinyapps/bulkexplorer23/?lang=en&segment=indicator&id=EMP_NIFL_SEX_ECO_RT_A

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The demographic transition in Latin America is likely to have an impact on pension systems – placing their sustainability at jeopardy. This is the case for both individual saving plans (due to the imbalance between the years of contributions and those over which benefits are drawn) and pay-as-you-go systems (due to a higher ratio of retirees to people of working age). Both developments may lead to measures to encourage working for longer (e.g. by raising the legal retirement age) (ECLAC-ILO, 2018[95]). In a context of fewer multigenerational households, many older people may therefore be left with little choice but to keep working until a later retirement age to meet their own needs. The older persons who reach this stage of life with the least protection are those who suffered deprivations in earlier stages (ECLAC, 2016[8]).

Pension coverage

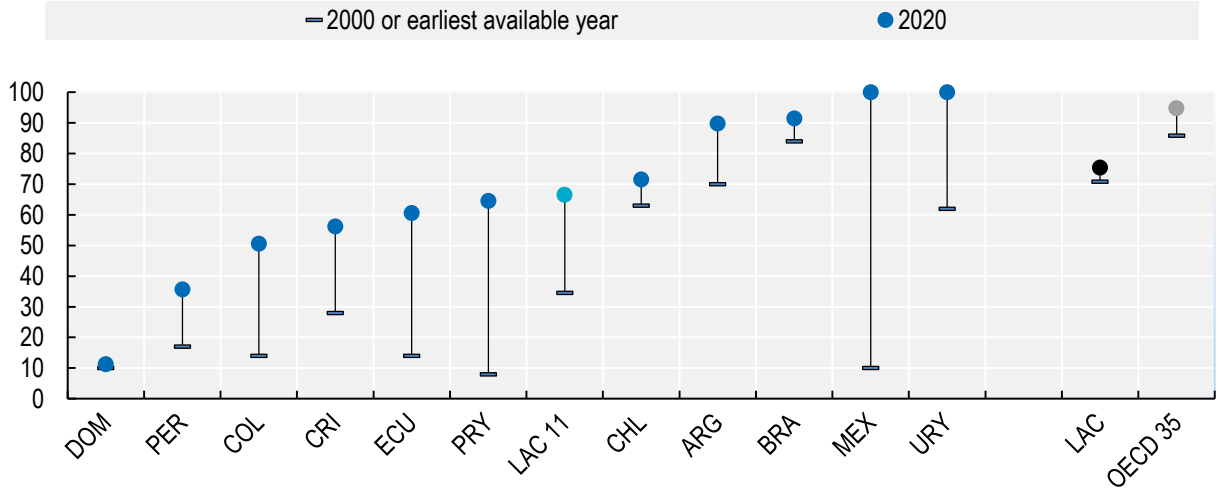
The low pension coverage is a major policy challenge faced by most Latin American and Caribbean countries, both in terms of the proportion of workers participating in pension schemes and the proportion of the elderly receiving some kind of pension income. Efforts to close the coverage gap through non-contributory (or "social") pensions are at the heart of the policy debate in the region. However, these policies may pose significant fiscal challenges (OECD/IDB/The World Bank, 2014[96]). A key determinant of pension coverage in the region is the type of employment people have. Frequent transitions between formality, informality and inactivity generate significant contribution gaps in workers' careers, which put the adequacy of future retirement incomes at risk. In almost all systems, incomplete contribution histories result in lower pension entitlements, or even ineligibility (OECD/IDB/The World Bank, 2014[96]). As a result, a large share of older people in Latin America have to rely on sources of income other than contributory pensions, including income from informal work (Figure 5.16) and social pensions.

Figure 5.17 shows that huge progress has been made in pension coverage across the focal countries over the last two decades, with average coverage rates almost doubling from 35% in 2000 to 67% in 2020. Mexico shows a particularly impressive improvement, from only 10% coverage in 2000 to universal coverage in 2020. However, coverage rates vary substantially across focal countries - from only 11% in the Dominican Republic in 2020, to 100% in Mexico and Uruguay – and on average, almost one-third of the eligible population above statutory pensionable age do not receive a pension.

Women tend to have lower pension coverage than men, and the value of their pensions tends to be less, thus exacerbating the socio-economic disadvantage faced by older women and reflecting the discriminations women face on the labour market and other areas throughout their working life (ECLAC, 2018[97]). Across the focal countries in 2014-2015, only in Ecuador and Uruguay was pension coverage (marginally) higher for women than men, and the value of pension income was 20-42% lower for women than men in the majority of focal countries (only in Argentina, Brazil and Colombia was the gap less than 20%, and only in the Dominican Republic was there no substantial difference between men and women) (ECLAC, 2018[97]).

Figure 5.17. Over the past two decades, only two focal group countries reached full pension coverage, and one-third of the eligible population do not receive a pension

Share of population above statutory pensionable age receiving a pension, percentage



Note: This indicator shows the proportion of older persons receiving a pension, measured by the ratio of persons above statutory retirement age receiving an old-age pension to persons above statutory retirement age (including contributory and non-contributory). The earliest year available is 2003 for Chile and 2004 for the Dominican Republic. LAC is the regional average for Latin America and the Caribbean as calculated by UN DESA. OECD 35 excludes Ireland and Korea, due to incomplete time series.
Source: UN DESA Global SDG Indicator Database, indicator 1.3.1, https://unstats.un.org/sdgs/indicators/database/

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The impact of COVID-19

Children

The COVID-19 pandemic may have devastating impacts on child well-being in the short, medium and long term, with repercussions at a physical, mental or socio-economic level, even though children have been relatively spared from the direct mortality impacts of the pandemic (UNICEF, 2021[98]; OECD, 2020[99]). Children have been less affected from an epidemiological perspective, although at the time of writing there is still uncertainty around precisely how the disease infects and spreads among children (Hobbs et al., 2020[100]). At the time that Latin America became the epicentre of COVID-19 cases in the second half of 2020 (PAHO, 2020[101]), millions of children in the region were living in poor households with no or little access to healthcare, whilst no longer receiving an education and being continuously exposed to violence and conflict (UNICEF, 2020[102]).

The especially intense strains on children's lives during the extended periods of lockdown may follow them into the medium and long term. School closures may have severe effects especially on vulnerable families and children beyond the stress endured during lockdowns. During the first wave of the pandemic in Latin America, it is estimated that approximately 95% of children enrolled in education were out of school (UNICEF, 2020[103]). First, the success of provisional educational measures implemented during school closures, for example remote learning, largely depends on the quality of home learning environments (OECD, 2020[104]). In Latin America, this meant that the consequences for child learning were particularly serious, with certain students set to never return to school (UNICEF, 2020[102]). Second, closures entailed the interruption of various parallel services, including school meals, infirmaries, drinking water and even the psychosocial support external to their household. Since the beginning of the pandemic, 80 million Latin American children have been denied hot meals in the region (WFP, 2020[105]). Children with disabilities have also been disproportionately affected (ECLAC, 2020[106]), as they are even more likely to miss out on

their special education needs whilst compromising parents' abilities to meet new demands of home schooling for other children. Thus, interrupted educational services have severe consequences on children's current well-being and may leave scores of children ill-equipped for their pursuit of a brighter future (OECD, 2020[104]).

The measures imposed by lockdowns throughout 2020 resulted in increased household tensions, economic uncertainty, social isolation as well as added stress on caregivers (UNICEF, 2020[107]; OECD, 2020[99]). 21% of adolescents aged 13-17 in Latin America reported more arguments with their parents and other household members during quarantine, increasing the risk of domestic violence (UNICEF, 2020[108]). Child protection services were already relatively weak in Latin America following a decade of gradual deterioration (ECLAC, 2020[109]). Recent research estimates that 55% of children in the region experience physical aggression and 48% suffer psychological aggression (Cuartas et al., 2019[110]). Potential impacts on victims include lifelong impairments in emotional and cognitive capacities, along with antisocial and/or high-risk behaviour (Cuartas et al., 2019[110]). The COVID-19 crisis may also lead to the first increase in child labour in the region after almost 20 years of progress (ECLAC, 2020[109]). As seen in Chapter 2, one of the main impacts of COVID-19 has been a rise in poverty levels, which is pushing vulnerable families to use every resource available to them in order to increase household income and ensure survival, including sending children to work.

Young adults

COVID-19 exposes youth in the region to higher risks of disengagement and dropout from education and training and may increase the overall number not in education, employment or training (NEET). Although the reasons for disengagement and dropout are complex and change over time (Aarkrog et al., 2018[111]), COVID-19 may act as a potent multiplier through various vectors. These include breaks in education and training that lead to declines in performance and loss of motivation, the loss of connections with supportive adults and positive peer interactions, and increases in household poverty and higher household stress (OECD, 2020[104]). In addition, the practical or workplace learning components of vocational education and training are less well-suited to remote learning. Many youths are likely to have been the first to lose their jobs in 2020 – particularly those in the informal economy and in sectors such as tourism, non-electronic commerce, transport and other services in which teleworking is not an option (ILO, 2020[112]). These prolonged periods of inactivity or unemployment may lead to further discouragement and exclusion.

The unprecedented impact of COVID-19 in the region has the potential for long-term effects on youth unemployment. As seen in Figure 5.9, employment opportunities for young people in the focal group were already poor before the crisis hit, especially for young women (whose unemployment rate in 2020, at 22%, is almost 7 percentage points higher than that of men), and whose share not in employment, education or training, at 29%, is twice as high). Together, these elements paint a negative picture for youth well-being in Latin America, which is characterised by a dangerous pattern of self-reinforcing aspiration gaps.

Elderly

The COVID-19 outbreak poses significant challenges for older people. First, older people (and older men in particular) have higher risks for developing serious complications in case of infection. Second, the development of illness in old age has a larger potential to significantly deteriorate older people's general health status. Third, stronger confinement measures tend to affect older people disproportionately, significantly changing their day-to-day lives and restricting their independence. These challenges will be heightened for those who are in poor health, living alone or in long-term care, and for those caring for a family member (OECD, 2020[104]).

COVID-19 will also have considerable impacts on older people's social connections. Limiting their exposure to COVID-19 requires older people to self-isolate and rely on support networks and local care services for necessities, such as grocery shopping and cooked meals. In times of need, older people are more likely than middle-aged people to report not having a family member or friend that they can rely on.

Furthermore, many older people live alone. For instance, in Argentina and Uruguay, almost one-third of the population aged 80 or above live on their own (34% and 32%, respectively) (IDB, 2017[113]). Moreover, changes in family structures and women's increasing participation in the labour market during the past decades in Latin America have lowered families' capacity to care for people with dependencies.

Moreover, COVID-19 is disrupting routine health care for the many older people with chronic health conditions – although in many countries taking care of elderly and sick relatives was still allowed under confinement. COVID-19 poses particular risks for elderly residents in long-term care facilities, in terms of increased mortality and low subjective well-being (OECD, 2020[104]). A sizeable proportion of older people across Latin America are care-dependent (12% of people over 60, 27% of those over the age of 80), and by 2050 more than 27 million people over age 60 may need long-term care (Cafagna et al., 2019[114]). Moreover, the communal living environment of long-term care facilities and the vulnerability of residents are conducive to the rapid spread of influenza virus and other respiratory pathogens (OECD, 2019[115]; Lansbury, Brown and Nguyen-Van-Tam, 2017[116]). To protect residents, some long-term care facilities were shut off from visitors. The absence of contact with family members has, however, negative effects on psychological well-being, especially in the case of a prolonged outbreak (OECD, 2020[104]).

Issues for statistical development

Children

Measuring child well-being is a challenge, as children are not generally the main target of common data collection instruments such as household surveys, unless specifically designed for them. Age-disaggregated data covering the child population aged under 15 is therefore scarce, and there is little information on child-specific issues, such as access to initial and early childhood education programmes, learning outcomes and cognitive skills, social and emotional well-being, malnutrition and other aspects of health status, and violence against children (both in the household and in schools). Measuring the well-being of children carries additional difficulties and considerations compared to other population groups, such as taking into account the strong consequences of child development on later life outcomes and the close connection between children's well-being and the opportunities and resources found within their families, schools and communities. This is a concern in the context of the UN 2030 Agenda, as in order to achieve the SDG targets related to children (e.g. the eradication of child poverty in target 1.2, or ending violence against children in target 16.2), countries must have accurate, timely and disaggregated data.

In addition, even where children are covered in household surveys, these can fail to measure their situation in the most marginalised positions, such as children with disabilities, children experiencing maltreatment and children living outside the home. Surveys are therefore not fully representative of all children, and more specific surveys could help provide a clearer picture. Countries of the focal group have made progress in this regard, and for instance Chile, Costa Rica, Mexico and Peru have all developed specific survey tools for measuring child disability (INEC, 2018[117]; INSP, 2016[118]; SENADIS, 2015[119]; INEI, 2014[120]). Administrative data can provide important information on the situation of institutionalised children and the provision of child protection services. Finally, experts increasingly see value in listening to children's thoughts and views on aspects of their own lives. While there are challenges to collecting self-reported data for children, especially at a young age, techniques have been established to do this,[22] and just as with adults, subjective measures can act as a valuable complement to (rather than replacement for) other measures of child well-being (OECD, 2021[65]).

One important measurement initiative is the Multiple Indicator Cluster Survey (MICS) programme, instigated by UNICEF, which aims to support governments in carrying out surveys focused on children through technical assistance, material support and standardised methodologies. To date, 34 MICS surveys have been completed across 18 countries in the region (UNICEF, 2021[121]). Examples of topics covered in the surveys include access to education; experiences of child labour; child discipline; access to water, sanitation and handwashing facilities; and exposure to insecticide.

Young adults

Over one-third of the SDG targets refer to young people either implicitly or explicitly, with major focuses on empowerment, participation and well-being. Youth-specific targets (under goals on hunger, education, gender equality, decent work, inequality and climate change) call for better information on inequalities in an intergenerational setting. The current, limited scope of analysis highlights the importance of further developing longitudinal studies, for instance, which include those that follow people from birth. An important (and much less expensive) option is to include retrospective questions on parents' conditions (and on the well-being outcomes of respondents at previous stages of their life) in cross-sectional surveys: while cognitively demanding and liable to memory biases, these questions have the potential to significantly enhance research and policy design (OECD, 2017[6]).

There are specific measurement gaps in this study relating to young people's health. For example, relatively few epidemiological studies of mental health among young people exist in the region – and those that do exist are difficult to compare due to differences in measurement instruments, the range of subject ages as well the periods covered (ECLAC, 2014[12]).

This lack of comparable data is also problematic for addressing challenges that have not been mentioned in this section, such as alcohol and substance abuse. National youth surveys may include the issue in detail, yet methodological differences impede comparability. In this regard, international studies such as the Global School-based Student Health Survey (GSHS) developed by the WHO are of particular relevance for shedding light on regional trends, but fail to capture adolescents who do not attend school - and for whom substance abuse is often prevalent.

Finally, in relation to gender and sexual identity, the limited available data on LGBT (Lesbian, Gay, Bisexual, Transgender) adolescents and youth stands in stark contrast to their disproportionate vulnerability and exposure to risks (CDC, 2020[122]; Coker, Austin and Schuster, 2010[123]). According to data from the 2015 national Youth Risk Behavior Survey (YRBS), lesbian, gay and bisexual (LGB) students in the United States were 140% more likely (12% vs. 5%) to not go to school at least one day during the 30 days prior to the survey because of safety concerns, as compared with heterosexual students (Kann et al., 2016[124]). LGBT youth were also at greater risk for depression, suicide, substance use and risky sexual behaviours. Nearly one-third (29%) of LGB youth had attempted suicide at least once in the prior year, as compared to 6% of heterosexual youth (Kann et al., 2016[124]).

Elderly

As the LAC region faces a demographic transition characterised by an ageing population, it will become increasingly necessary to better monitor and understand issues of specific importance for the well-being of older people. This has long been recognised in the region, and as far back as 2006, following the establishment of the 2002 Madrid International Plan of Action on Ageing, ECLAC produced a *Manual for Indicators of Quality of Life in Old Age* (ECLAC, 2006[125]). This manual covered measurement of a number of topics included in the well-being framework, including economic security (labour force participation, social protection, poverty), health and well-being (health status, lifestyle risks) and the social environment (social network support, social participation, violence and maltreatment of the elderly). However, at the current time, a number of data gaps exist for compiling regular and harmonised statistics on the well-being of older people.

In terms of the health of the elderly, there is relatively little information available regarding chronic conditions, functional capacity, self-perceived health status, depression, lifestyle habits, out-of-pocket expenses, surgeries and the use of medication or assistive devices (NASEM, 2015[126]). Although the proportion of people with disabilities tends to increase with age, few statistical offices compile comparative statistics in this field (ECLAC-ILO, 2018[95]). There are no comparable data on the share of people in long-term care.

Time-use surveys could be a useful tool to improve the evaluation of the care services that older people in Latin America receive and request. Other, more specific surveys on the population aged 60 or above

should be a priority for countries of the region in order to keep track of the rapidly ageing population and better understand causalities in different areas at the end of the life cycle.

Territorial inequalities

The Latin American and Caribbean region is characterised by a high spatial concentration of population and economic activity, with 80% of the population living in urban areas (55% in cities and 25% in towns) (UNDP, 2020[127]; OECD/European Commission, 2020[128]), the highest share among world regions and much higher than the world average of 56%. Large inequalities in living conditions also mark different locations within a country (ECLAC, 2020[129]). Figure 5.18 shows performance ratios for selected well-being outcomes and resources for future well-being for people living in rural areas in comparison to those living in urban areas, on average across the 11 focal LAC countries. To ease understanding, all indicators are coded in the same direction so that higher ratios always correspond to better performance for people living in rural areas.

While satisfaction with living standards and employment do not much differ, on average, across rural and urban areas in the focal countries (Figure 5.18, Panel A), informal employment is around one-third higher in rural areas than in urban areas, while rural monthly earnings in the formal sector are around one-third lower than in urban areas. People living in rural areas are two-thirds more likely to live in poverty than those in urban areas (with rural poverty rates of 29% compared with urban poverty rates of 17.4%), and over three times more likely to live in extreme poverty (with respective rural and urban extreme poverty rates of 11.2% and 3.6%). People in rural areas are also more likely to live in poor housing conditions: they are three times more likely to live in dwellings built with low-quality materials and over one-third more likely to live in overcrowded dwellings, compared to their urban counterparts.[23] Availability of infrastructure is also more limited in rural areas; just below 70% of the population have access to water and sanitation facilities, compared with almost universal coverage in urban areas, and less than one-third of households in rural areas have access to the Internet, as compared to more than half in urban areas (56%).

On the other hand, people in rural areas are less likely to be unemployed (5% of the rural population was unemployed, compared to 8% of urban dwellers in 2019), but informal earnings are almost one-third lower than in urban areas. Income inequality is also lower in rural areas, when considering both the Gini coefficient and the gap between the income share of the top and bottom 20% of the population.

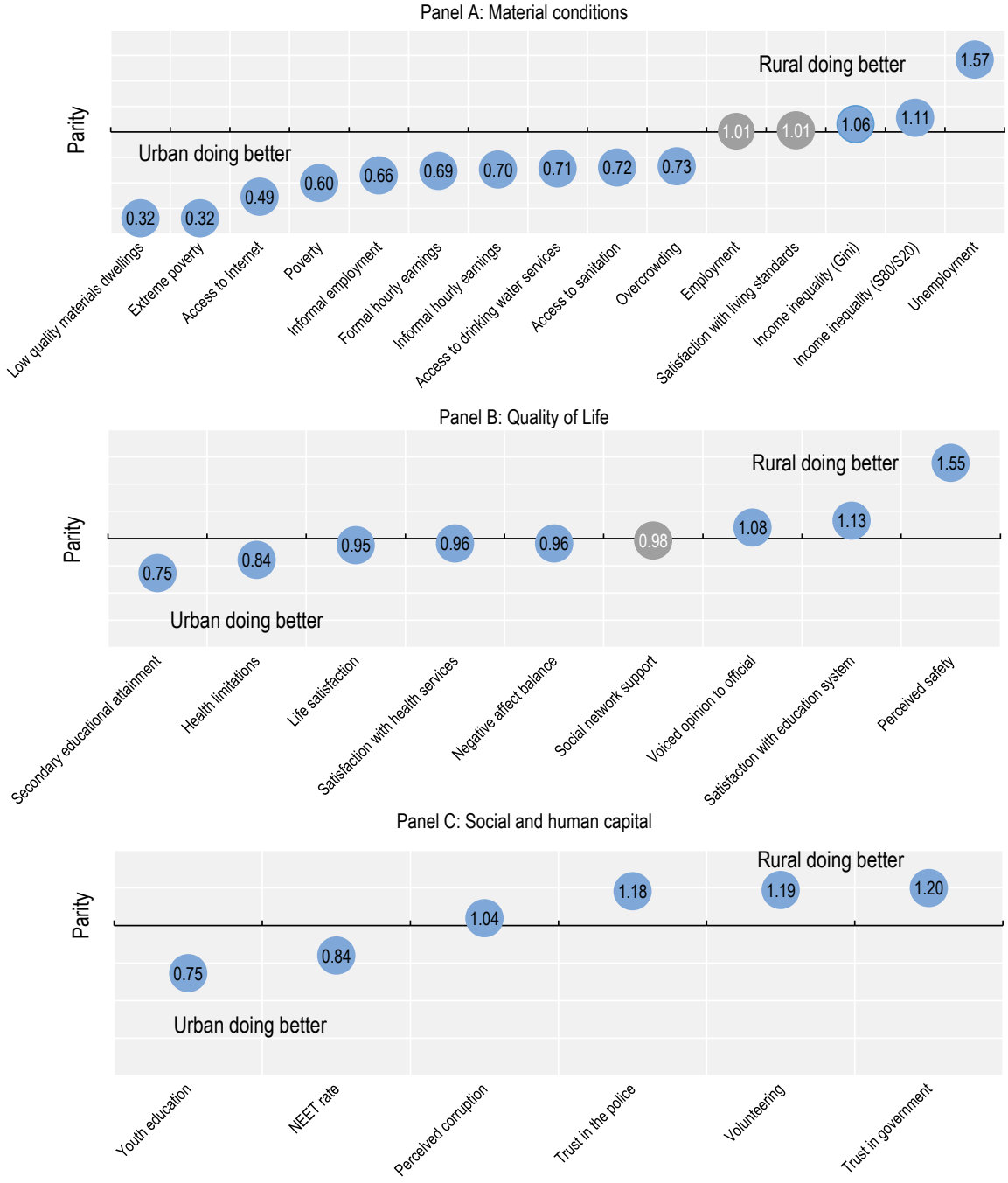
When looking at quality of life (Figure 5.18, Panel B), people living in rural areas feel safer and civic engagement is higher. They are 55% more likely to report feeling safe when walking alone at night in the area where they live and 8% more likely to voice their opinion to an official than their respective urban counterparts in the focal countries. People living in rural areas are also 13% more likely to be satisfied with the education system, possibly reflecting their lower educational attainment, less awareness about the limitations of the education system, and lower standards when evaluating it (Cárdenas et al., 2008[130]). On the other hand, people living in rural areas are more likely to report health problems that prevent them from doing the things that people of their age normally do, reflecting higher poverty and informality and limited availability and access to healthcare, which can discourage people to seek treatment. People in rural areas are also slightly less likely to report satisfaction with the availability of quality healthcare. Additionally, people in rural areas are slightly more likely to report more negative than positive emotions on a given day (negative affect balance) and to report slightly lower life satisfaction than people in urban areas.

Social capital is generally higher in rural areas (Figure 5.18, Panel C): across the focus countries, people in rural areas are almost 20% more likely to have volunteered their time than people in urban areas, 20% more likely to trust the national government, 4% less likely to believe that government is corrupt and 18% more likely to trust the police. On the other hand, human capital is lower in rural areas than in urban areas (Figure 5.18, Panel C): the share of young adults (aged 20-24) with upper secondary educational

attainment is 25% lower in rural areas, while the proportion of youth (aged 15-24) not in education, employment or training, and not working exclusively in the home (NEET), is 16% higher.

Figure 5.18. In rural areas, people feel safer, are more civically engaged and social capital is stronger, but fare worse than people in urban areas in many well-being dimensions and in human capital

Territorial ratios (distance from parity) for selected indicators of current well-being, human and social capital, 2019 or latest available year



Note: Each performance ratio is the simple average by territorial area calculated across the 11 focal countries for which data are available for all the inequality groups taken into consideration. As a result, performance ratios can cover a subset of the 11 focal countries. Performance ratios above 1 indicate better outcomes (i.e. higher well-being) for rural, whereas performance ratios below 1 indicate better outcomes (i.e. higher well-being) for urban – including negative indicators, which have been reverse-scored. Grey bubbles denote no clear difference between urban and rural, defined as territorial ratios within 0.03 points distance to parity.
Source: OECD calculations. For a complete list of sources please refer to the "Sources and Methods" tab in the Statlink file

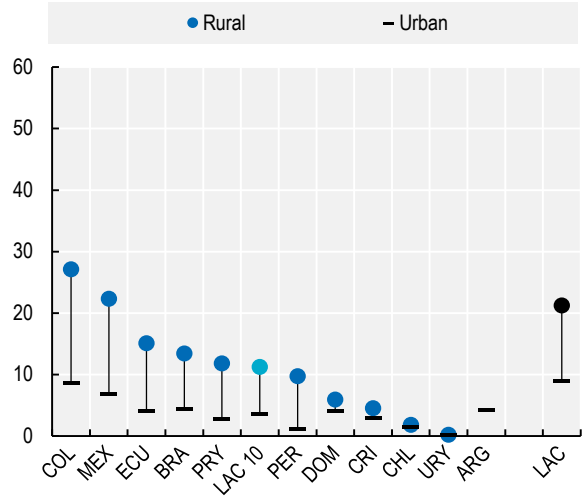
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Income inequality and poverty

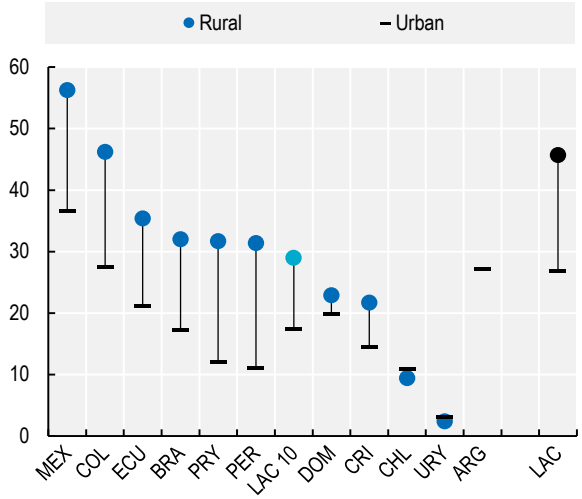
Absolute and extreme poverty are generally higher in rural areas (Figure 5.19). The shares of people living in households with income insufficient to buy a basic food basket (ECLAC's definition of extreme poverty) as well as other necessary goods and services (ECLAC's definition of absolute poverty) are, respectively, 8 and 11 percentage points higher in rural areas in the focal countries, on average. On these definitions, extreme and absolute poverty are highest in Colombia and Mexico (above 20% for extreme poverty and above 45% for absolute poverty). Rural/urban gaps are largest in Paraguay and Peru (where the shares of people living in extreme and absolute poverty in rural areas are more than four times and more than two times larger than in urban areas, respectively) and lowest in Chile (with gaps limited to 0.2 and 0.4 percentage points) and Uruguay (where more people live in poverty in urban areas than in rural areas).

Figure 5.19. Extreme poverty in rural areas is three times that in urban areas in the focal countries

Panel A: Share of the population living in extreme poverty, percentage, 2019 or latest available year



Panel B: Share of the population living in absolute poverty, percentage, 2019 or latest available year

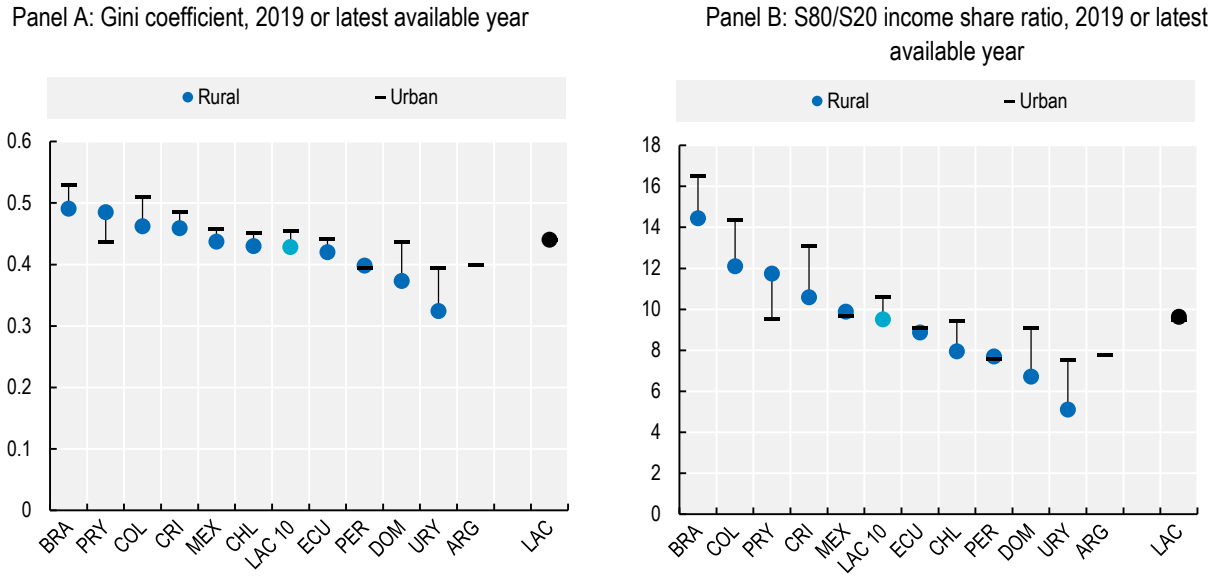


Note: Regional extreme poverty is defined by ECLAC as the share of people living in households with income insufficient to buy a basic food basket. ECLAC absolute poverty refers to households with an income insufficient to buy a basic food basket and other non-food necessities. The latest available year is 2018 for Mexico and 2017 for Chile. LAC 10 excludes Argentina, as data for rural areas are not available. LAC is the regional average for Latin America and the Caribbean calculated by ECLAC.
Source: ECLAC Statistics, CEPALSTAT database, https://cepalstat-prod.cepal.org/cepalstat/tabulador/ConsultaIntegrada.asp?idIndicador=3328&idioma=i

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When looking at the distribution of income across the population (Figure 5.20), income inequality is higher in urban areas than in rural ones, except in Paraguay (where it is higher in rural areas) and in Peru (where there is almost no difference between the two). The two income inequality measures presented (the Gini coefficient, which focuses on the middle of the income distribution, in Panel A; and the S80/S20 income ratio, which informs about the gap between the income of the top 20% and bottom 20%, presented in Panel B) convey, with few exceptions, a consistent picture.

Figure 5.20. Income inequality is higher in urban areas, with the sole exceptions of Paraguay and Peru



Note: The latest available year is 2018 for Mexico and 2017 for Chile. LAC 10 excludes Argentina, as data for rural areas are not available. LAC is the regional average for Latin America and the Caribbean calculated by ECLAC.
Source: ECLAC Statistics, CEPALSTAT database, https://cepalstat-prod.cepal.org/cepalstat/tabulador/ConsultaIntegrada.asp?IdAplicacion=1&idTema=935&idIndicador=3289&idioma=i (Panel A) and https://cepalstat-prod.cepal.org/cepalstat/tabulador/ConsultaIntegrada.asp?idIndicador=3328&idioma=i (Panel B)

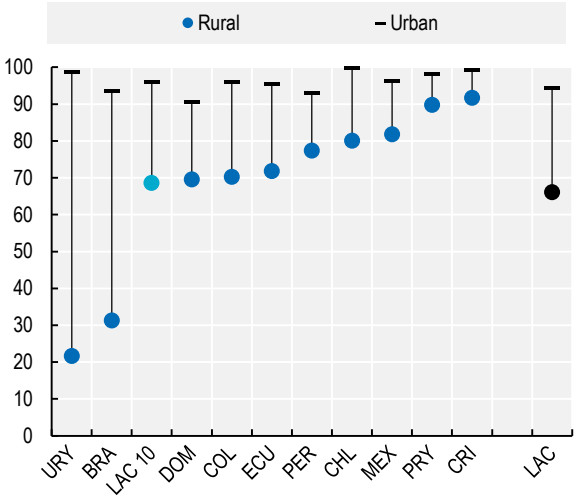
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Housing infrastructure

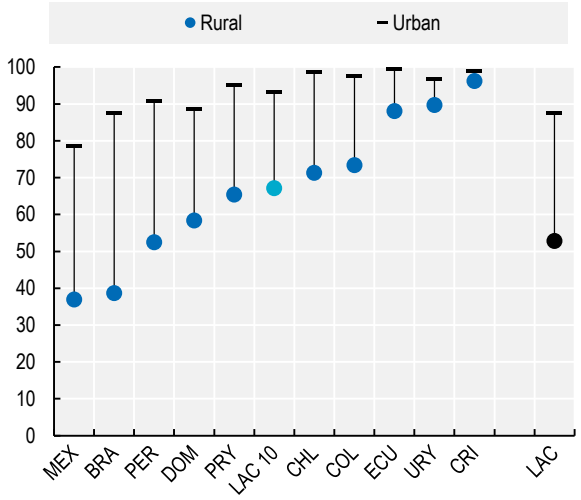
Infrastructure coverage is more limited in rural areas, where just below 70% of the rural population have access to water and sanitation, while the coverage is almost complete in urban areas. Coverage in rural areas is the lowest (below 40%, Figure 5.21) in Brazil (for both water and sanitation), Mexico (for sanitation only) and Uruguay (for water only) and highest (almost 90% and above) in Costa Rica (for both water and sanitation), Paraguay (for water only) and Uruguay (for sanitation only).

Figure 5.21. Just below 70% of the rural population have access to water and sanitation, while coverage is almost complete in urban areas

Panel A: Share of the population with access to water, percentage, 2018 or latest available year



Panel B: Share of the population with hygienic restrooms, percentage, 2018 or latest available year



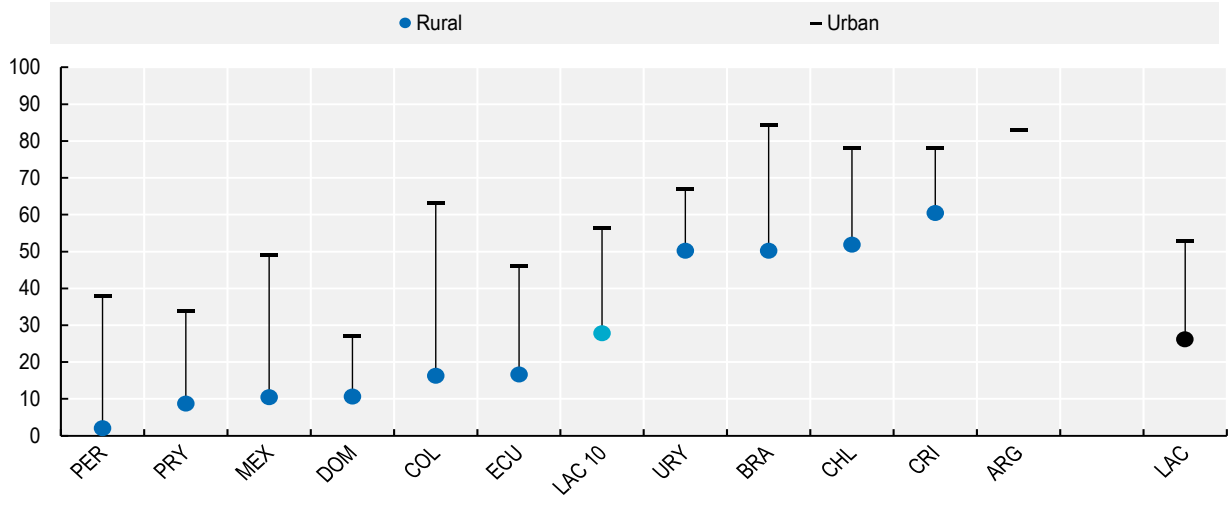
Note: The latest available year is 2017 for Chile (Panel A and B), Paraguay (Panel A) and 2015 for Brazil (Panel A and B). LAC 10 excludes Argentina, as data for rural areas are not available. LAC regional average comprises 16 Latin American and Caribbean countries, including the focal countries.
Source: Socio-Economic Database for Latin America and the Caribbean (CEDLAS and The World Bank), https://www.cedlas.econo.unlp.edu.ar/wp/en/estadisticas/sedlac/estadisticas/ (accessed in June 2021)

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Differences in access to the Internet in the focal countries are also wide: only 27% of households in rural areas have Internet access, but close to half of those in urban areas (Figure 5.22). The Internet access of rural households ranges from less than 10% in Paraguay and Peru to about half in Chile, Costa Rica and Uruguay, countries where rural access is also greater.

Figure 5.22. Around one-third of households have Internet access in rural areas, half the urban level

Share of households with Internet access, percentage, 2019 or latest available year



Note: The latest available year is 2019 for Argentina and Brazil, 2017 for Chile and Ecuador and 2018 for all the other countries. LAC 10 excludes Argentina, as data for rural areas are not available. LAC regional average comprises 15 Latin American and Caribbean countries, including the 10 focal countries with available data.
Source: ECLAC Statistics, ECLAC Household Survey Data Bank (Banco de Datos de Encuestas de Hogares (BADEHOG)) for Argentina, Brazil, Chile, Colombia, Costa Rica, Ecuador, Paraguay, Peru, and Uruguay; ITU World Telecommunication / ICT Indicators Database 2020, https://www.itu.int/en/ITU-D/Statistics/Pages/publications/wtid.aspx, for all the other countries

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The impact of COVID-19 on urban-rural inequalities

The marked spatial concentration and high population density in Latin America, together with large territorial inequalities, are high-risk factors that accelerate the spread of COVID-19, particularly in population segments that experience significant vulnerabilities and material deprivations (ECLAC, 2020[129]). The people at greatest epidemiological risk, as well as the most vulnerable to the pandemic's socio-economic impacts, are those living in overcrowded dwellings, with limited access to water or sanitation, in particular those living in slums or informal settlements in urban areas who also frequently have pre-existing health conditions. These are largely informal workers, with limited or no assets, nor social security and often no Internet access. Among the urban poor, family dysfunctions are common, which, under lockdown measures, can lead to domestic violence and child abuse. Many of these conditions apply also to poor people living in rural areas (Lustig and Tommasi, 2020[131]). In these conditions, staying at home is unhealthy, unsafe and very hard for people who cannot work from home and need to go out to earn a living. The economic and social impacts will be the highest in disadvantaged neighbourhoods in large urban areas and will exacerbate pre-existing problems (ECLAC, 2020[129]).

Access to water and handwashing facilities, and to sanitation more generally, are essential to contain the spread of COVID-19. Access to the Internet and to digital services has become necessary to continue regular activities (education and work, when possible), to gain access to health care and, more generally, for living (to keep social connections, for leisure, etc.). Information technologies will therefore be crucial to limit the consequences of future crises of this type.[24]

Issues for statistical development

Harmonised well-being data are not always available by urban and rural areas, and are very limited in some well-being domains (e.g. health status, knowledge and skills, civic engagement and empowerment, and human capital). When looking at the individual indicators used in this section, the scope for improvement is broad. For example, the indicator measuring overcrowding, defined as the share of households with more than two people per bedroom, could be better refined: bedrooms can have different surfaces and could be bigger in rural areas. Moreover, the indicator does not account for urban slums or informal settlements. A more precise measure would consider the square metres available per person in the dwelling. However, this information is not widely available for Latin American countries, nor for OECD countries more widely.

As this section shows, geography matters for well-being, and the binomial classification urban/rural can hide a more nuanced reality: urban areas differ from each other, as cities have different sizes, while rural areas can have different characteristics and geographies (from well-serviced communities near urban areas to remote and sparsely-populated places with limited access to basic services). The collection of harmonised indicators for cities, urban and rural areas requires harmonised definitions for the delineation of these areas. National definitions vary considerably across countries and thus limit international comparability. A new method, called the Degree of Urbanisation, has been endorsed by the 51st session of the United Nations' Statistical Commission as the recommended method for international comparisons. The Degree of Urbanisation classifies the entire territory of a country into three classes: 1) cities, 2) towns and semi-dense areas, and 3) rural areas. The Degree of Urbanisation has two extensions. The first extensions identifies cities, towns, suburban or peri-urban areas, villages, dispersed rural areas and mostly uninhabited areas. The second extension adds a commuting zone around each city to create a functional urban area (FUA) or metropolitan area (European Commission et al., 2020[132]).

Another important spatial level to understand inequalities in Latin America and the Caribbean is the region. Regions are of different forms and size depending on the country (e.g. northeast Brazil, southwest Mexico and Norte Grande in Argentina) and have specific sociocultural identities and shared problems.[25] Comparable well-being data at regional level are very limited for Latin America (Box 5.3). A regional scale would allow for a more holistic approach to the various socio-spatial and geographical aspects of development and the interactions between them, such as urban and peri-urban dynamics, rural development, river basins, natural resource management and governance, clean energy conversion and connectivity infrastructure. At the regional level, the realities of the different areas and the differences between them can be better identified, investments can be better focused and human settlements can be better recognised and sustainably managed as part of ecosystems (ECLAC, 2020[129]). Measuring well-being outcomes at the level of different regions would, however, require larger sample sizes than those currently available in the LAC region, or the mobilisation of administrative records. The OECD has also been conducting work to develop typologies to classify regions, for example based on a region's accessibility to Metropolitan areas (Fadic et al., 2019[133]).

Finally, while (as this chapter has shown) rural areas tend to be more deprived in terms of access to basic services (such as water, sanitation, electricity), these indicators are capturing very extreme manifestations of deprivation, which may not be the most meaningful measures for relatively more developed countries and for urban areas. Different thresholds may be required to measure relative deprivation in urban areas (such as, for example, the number of hours a day the service in question is available, or the quality of water) (Santos, 2019[134]). Better and more comparable information about access to waste retrieval services and access to public transport services along with their frequency would also be highly relevant.

Box 5.3. Regional disparities in well-being are stark in the Latin American countries featured in the OECD Regional well-being framework

The *OECD Regional Well-being* web tool allows to measure well-being at regional level and compare 403 OECD regions based on eleven well-being dimensions (income, jobs, housing, access to services, health, education, community, civic engagement, environment, safety and life satisfaction). Regions are classified on two territorial levels, reflecting the administrative organisation of countries: large regions (TL2) and small regions (TL3). Small regions are classified according to their access to metropolitan areas (Fadic et al., 2019[133])Data are available for three OECD Latin American countries: Chile, Colombia and Mexico.

According to the report *OECD Regions and Cities at a Glance 2020* (OECD, 2020[135]), which describes how OECD regions and cities are progressing in their efforts to build stronger, more sustainable and more resilient economies and societies, Chile, Colombia and Mexico face stark regional disparities. In each of the three countries, there are two regions that are in the top 20% of the OECD regions in some well-being dimensions: in Chile, Ñuble performs in the top for environment and health, and Aysén leads in life satisfaction and jobs; in Colombia, Vichada performs in the top for environment and Arauca in community; and in Mexico, Baia California Sur is among the top 20% of OECD regions in community and Tamaulipas in life satisfaction. In contrast, most Chilean regions are in the bottom 20% of OECD regions in income, housing and civic engagement; all Colombian regions are in the bottom OECD 25% of regions in terms of safety and all Mexican states are in the bottom 20% of OECD regions in the dimensions of income and health.

Additionally to the *OECD Regional Well-being* web tool (https://www.oecdregionalwellbeing.org/), the OECD web tool *Measuring the distance to the SDGs in regions and cities* measures the distance towards the SDGs in more than 600 regions and 600 cities of OECD and partner countries. For Latin America, information is available for Argentina, Brazil, Chile, Colombia, Costa Rica and Mexico (https://www.oecd-local-sdgs.org/).

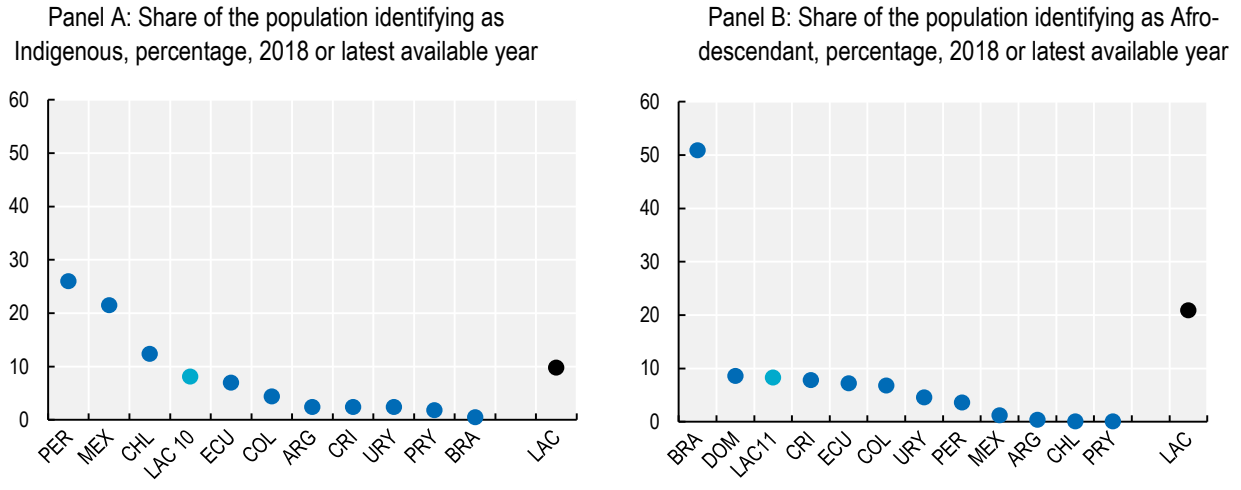
Notes:

1. This work was produced before Costa Rica became an OECD member.

Ethnic and racial inequalities

In Latin America, the concept of ethnicity is most commonly used with reference to Indigenous people and the concept of race primarily for Afro-descendants (ECLAC, 2016[8]). Across the LAC region as a whole, around 10% of the population self-identify as Indigenous and 21% as Afro-descendant (Figure 5.23). In the 11 focal countries, the proportions are a little lower but still substantial, with around 8% identifying as Indigenous and a similar proportion identifying as Afro-descendant. The size of these groups varies substantially across countries (Figure 5.23): 26% of the population in Peru and 21.5% of the population in Mexico self-identify as Indigenous, compared with 0.5% in Brazil; on the other hand, over half of the Brazilian population (50.9%) identify as Afro-descendant, compared with less than 0.5% in Argentina, Chile and Paraguay. Aside from these differences in size, these groups also display significant social and linguistic diversity within and across countries. It is estimated that there are 800 different Indigenous Peoples across the LAC region (ECLAC et al., 2020[136]), and while the Afro-descendent population in the region has a common history rooted in slavery, today it is highly varied culturally, socio-economically and racially, both within and across countries (World Bank Group, 2018[137]).

Figure 5.23. On average across the focal countries, 8% of the population identify as Indigenous and 8% as Afro-descendant



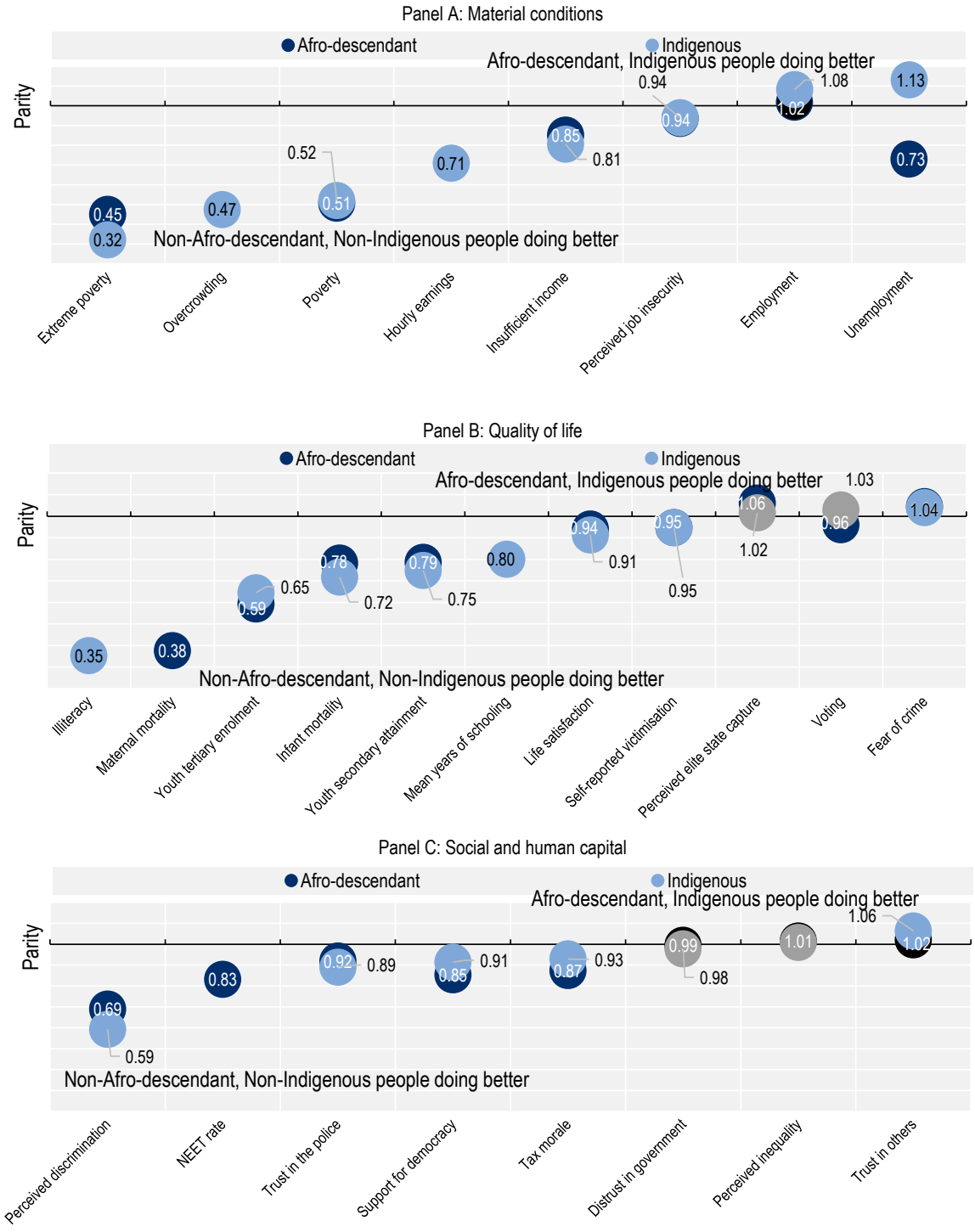
Note: Data refer to 2018 for Colombia, 2017 for Chile and Peru, 2015 for Mexico, 2014 for Dominican Republic, 2012 for Paraguay, 2011 for Costa Rica, and Uruguay, and 2010 for Argentina, Brazil and Ecuador. The LAC regional average includes Bolivia, Guatemala, Honduras, El Salvador, Nicaragua, Panama and Venezuela in addition to the focal countries and covers data collection years ranging from 2007 to 2018.
Source: "The Indigenous people of Latin America - Abya Yala and the SDG Agenda: Tensions and challenges from a territorial perspective" (ECLAC and FILAC, 2020[138]) for Panel A, and "Afro-descendants and the social inequality matrix: Inclusion challenges" (ECLAC, 2020[139]) for Panel B

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However, both Indigenous and Afro-descendant populations in the region face shared challenges in terms of exclusion, deprivation and discrimination. Figure 5.10 shows that across almost all the available indicators for material conditions, quality of life, and social and human capital, Indigenous people tend to have lower well-being outcomes than non-Indigenous people, and Afro-descendant people tend to have lower well-being outcomes than non-Afro-descendant people.[26]

Figure 5.24. Across most of the selected indicators, Indigenous and Afro-descendant people experience worse well-being outcomes than the comparison group

Ethnicity and race ratios (distance from parity) for selected indicators of current well-being and human and social capital, 2019 or latest available year



Note: Each performance ratio is the simple average, calculated across the focal countries for which data are available (see the "Sources and Methods" tab in the Statlink file for details on the countries covered per indicator). All indicators have been coded so that performance ratios above 1 indicate better outcomes (i.e. higher well-being) for Indigenous and Afro-descendant people, whereas performance ratios below 1 indicate better outcomes (i.e. higher well-being) for Non-Indigenous and Non-Afro-descendant people. Grey (for Indigenous) and black (for Afro-descendant) bubbles denote no clear difference with the reference group, defined as performance ratios within 0.03 points distance to parity. The default reference group for the comparisons is the population who are non-Indigenous *and* Non-Afro-descendant, however there are some exceptions. For the Indigenous performance ratios for employment, unemployment, hourly earnings, overcrowding, illiteracy, mean years of schooling, youth secondary attainment, youth tertiary attainment, and infant mortality, the comparison group is non-Indigenous only (i.e. the comparison group includes Afro-descendant people). For the Afro-descendant performance ratios for infant mortality and maternal mortality, the comparison group is Non-Afro-descendant only (i.e. the comparison group includes Indigenous people).
Source: OECD calculations. For a complete list of sources please refer to the "Sources and Methods" tab in the Statlink file

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When looking at the available indicators of material conditions (Figure 5.24, Panel A), Indigenous people are twice as likely to live in absolute poverty and over three times as likely to live in extreme poverty as non-Indigenous people. They also earn lower hourly earnings. Afro-descendent people are twice as likely to live in poverty and over twice as likely to live in extreme poverty as non-Afro-descendant people. Both Indigenous and Afro-descendant people are less likely to think that their income is sufficient to meet their needs or to have a greater fear of losing their job than their respective comparison groups. However, the picture is more mixed when looking at employment and unemployment. There is no substantial difference in employment rates for Indigenous and Afro-descendant people with reference to the comparison group; and while Afro-descendant people are more likely to be unemployed than non-Afro-descendant (with unemployment rates of 9.8% and 7.1% respectively), Indigenous people are 13% less likely to be unemployed than the comparison group. These "positive" labour market outcomes for Indigenous employment and unemployment and Afro-descendant employment need to be interpreted with caution, as they mask the fact that the type of jobs available to workers in both groups tend to be of low quality. Globally, Indigenous people are more likely to work in informal jobs than non-Indigenous, and the gap is even higher in Latin America, where on average, the informality rate is 87% for Indigenous workers compared with 51% for non-Indigenous (ECLAC and FILAC, 2020[138]). Afro-descendant workers are more likely to work in the informal sector than non-Afro-descendant workers in most focal countries with available data (World Bank Group, 2018[137]), although the gaps are smaller than for Indigenous workers.[27] Informal jobs entail higher vulnerability, such as employment in intensive agriculture, which has led to an increase of rural Indigenous workers migrating away from their communities to work under precarious conditions in degraded living situations (ECLAC and FILAC, 2020[138]). One of the principal characteristics of informal work is a lack of social protection, including pension coverage, an issue that is explored in more detail later in the section. Finally, Indigenous people are over twice as likely to live in overcrowded conditions.[28]

For the available indicators of quality of life (Figure 5.24, Panel B), Indigenous and Afro-descendants tend to perform worse in areas related to health and education. Infant mortality is higher for both Afro-descendant and Indigenous infants than the comparison group, and maternal mortality is over 2.5 times higher for the Afro-descendant population than for non-Afro-descendants. Young people in both groups are less likely to complete secondary education and less likely to access tertiary education than the comparison group. In addition, illiteracy is almost three times higher for Indigenous people than for non-Indigenous, and mean years of schooling are also lower.

Across other selected indicators of quality of life, however, the differences are smaller or more ambiguous. Both groups report slightly lower levels of life satisfaction, and slightly higher rates of reported victimisation. However, both groups show slightly lower fear of crime, slightly lower perceptions of elite State capture (the belief that their country is governed by the powerful for their own interests) than their comparison groups. While Afro-descendants were slightly less likely to have voted in the last election compared with non-Afro-Descendants, Indigenous people were marginally more likely to have voted than non-Indigenous. These results are sometimes counter-intuitive and underline the need for better data and more research

on these issues. For example, the slightly lower fear of crime goes against what is known about the increased exposure to State and paramilitary violence experienced by Indigenous peoples, indicating that it may not be the best measure to capture the types of risks these groups face. The differences are also very small and may not be statistically significant (in the summary charts, any difference of 3% or below is presented as showing no clear difference).

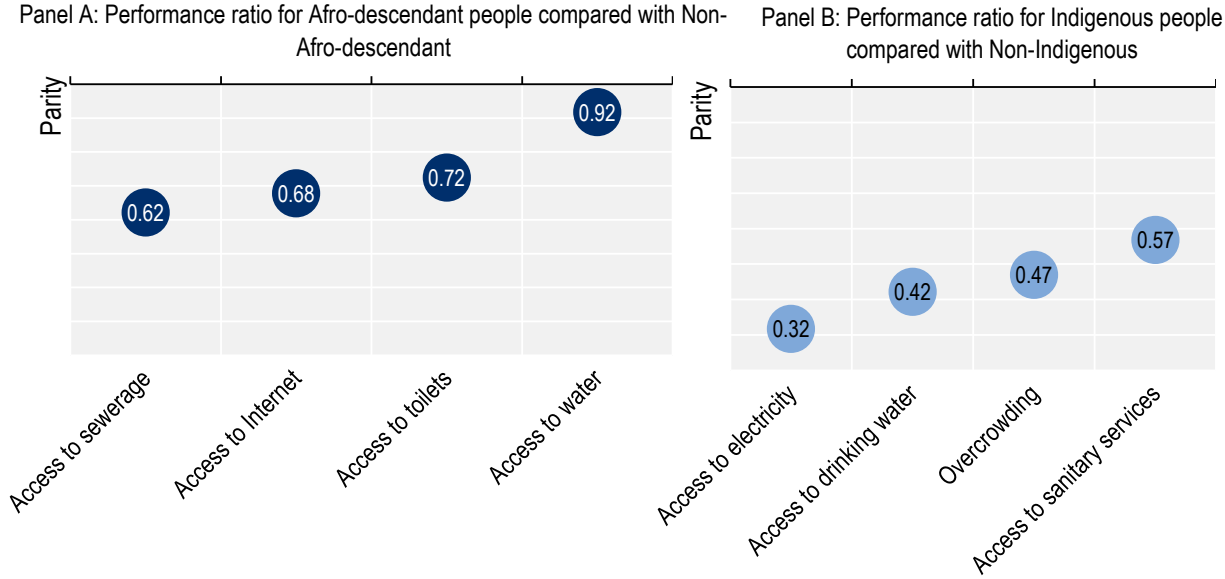
Finally, regarding the available indicators of social and human capital, the biggest gap is observed in perceived discrimination, with Afro-descendant and Indigenous people significantly more likely than non-Afro-descendant and non-Indigenous people to believe they belong to a discriminated group. Both groups are less likely to trust the police, to support democracy over other forms of governance, and to believe that tax avoidance is always unjustifiable (i.e. lower tax morale). When considering trust in government, trust in others and perceived inequality (i.e. the share of people believing that the income distribution is unfair), there is very little difference between the Indigenous and Afro-descendant groups and their comparison groups, while Afro-descendants aged 15-29 are more likely to be neither in employment nor in education (NEET) than non-Afro-descendants (with NEET rates of 26% for Afro-descendants and 21% for non-Afro-descendants).

Housing conditions and basic services

Inadequate housing and insufficient access to basic services heighten the vulnerability of those affected and are more likely to impact those who experience other forms of material deprivation as well, such as income poverty. Across a range of indicators related to housing conditions, Indigenous and Afro-descendant people experience worse outcomes than their comparison group (Figure 5.25). Afro-descendant people are less likely to have access to water, toilets, the Internet and sewerage than non-Afro-descendants. Gaps in housing and service outcomes are even larger for the Indigenous population, and they are less likely than non-Indigenous to have access to sanitation services, twice as likely to be living in overcrowded dwellings, and around three times less likely to have access to electricity.

Figure 5.25. Across a range of housing and services indicators, Afro-descendant and Indigenous people experience worse outcomes than others

Ethnicity ratios (distance from parity) for selected indicators of housing and services, 2019 or latest available year



Note: Performance ratios have been calculated by dividing the average results for Afro-descendant (Panel A) and Indigenous (Panel B) people across the focal countries for which data are available by the average results for Non-Afro-descendant (Panel A) or Non-Indigenous (Panel B). Performance ratios above 1 indicate better outcomes (i.e. higher well-being) for Afro-descendant (Panel A) or Indigenous (Panel B), whereas performance ratios below 1 indicate better outcomes (i.e. higher well-being) for Non-Afro-descendant (Panel A) or Non-Indigenous (Panel B) – including negative indicators, which have been reverse-scored.
Source: OECD calculations. For a complete list of sources please refer to the "Sources and Methods" tab in the Statlink file

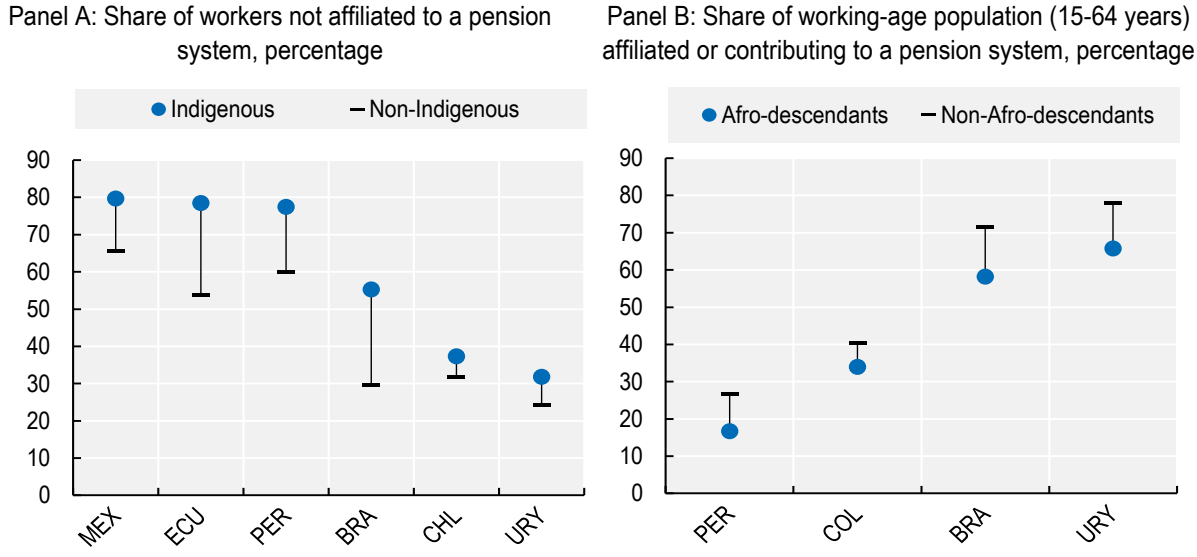
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Pension coverage

Social protection, as discussed in Chapter 2, can take a variety of forms, encompassing basic welfare guarantees, insurance against risks arising from the context or the life cycle, and the moderation or repair of social harm that occurs when social risks materialise (Cecchini et al., 2015[140]). It provides an essential safety net in times of increased vulnerability, such as unemployment or old age, although many types of protection are linked to formal employment. Informal workers are therefore less likely to access social benefits for health care, old-age pensions, insurance against unemployment, injury or maternity.

While comparable social protection data are not widely available for Indigenous or Afro-descendant populations, data on pension coverage give an indication of gaps in social protection by ethnicity and race. Figure 5.26 shows that across the countries and age groups with available data, Indigenous and Afro-descendant people have lower pension coverage than others. Around four out of five Indigenous workers are not affiliated to a pension system in Mexico (80%), Ecuador (79%) and Peru (78%), representing a gap of between 25 percentage points (in Ecuador) and 14 (in Mexico) with respect to non-Indigenous workers (Figure 5.26, Panel A). In the four countries with available data (Figure 5.26, Panel B), the Afro-descendant working-age population is consistently less likely to be affiliated to a pension system than the non-Afro-descendant comparison group.

Figure 5.26. In focal countries with available data, large gaps exist in pension coverage by ethnicity and race



Note: For Panel A, data refer to 2016 for Ecuador, Mexico, Peru and Uruguay, and to 2015 for Brazil and Chile. For Panel B, the data refer to 2018 for all countries.
Source: "The Indigenous people of Latin America - Abya Yala and the SDG Agenda: Tensions and challenges from a territorial perspective" (ECLAC and FILAC, 2020[138]) for Panel A, and "Afro-descendants and the social inequality matrix: Inclusion challenges" (ECLAC, 2020[139]) for Panel B

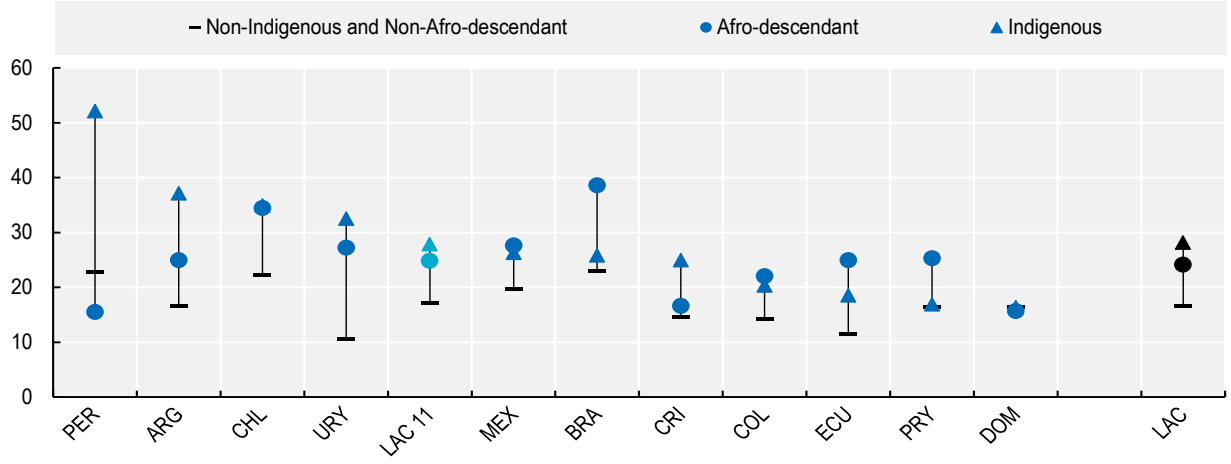
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Discrimination

Discrimination and racism are both cause and effect of the existing inequalities in well-being outcomes by ethnicity and race in Latin America. They have been constant presences in the region for centuries, having their roots in the process of colonisation and slavery. Starting at the beginning of the 20th century, the concept of *mestizaje* – the notion that most people were of mixed race and discrimination was non-existent – gained widespread acceptance in the region (Sánchez-Ancochea, 2021[1]). However, the existence of ethnic and racial discrimination has become increasingly recognised by governments in recent decades, leading to improved data by ethnicity and race. On average across the focal countries, 29% of Indigenous people and 25% of Afro-descendant people say they belong to a discriminated group, compared with 17% of people who are neither Indigenous nor Afro-descendant (Figure 5.27). Large differences exist across countries, with over half (52%) of Indigenous people in Peru and almost four-fifths (39%) of Afro-descendant people in Brazil reporting they belong to a discriminated group. Experimental surveys in four Latin American countries (Brazil, Colombia, Mexico and Peru) using a spectrum of skin colour (from darkest to lightest) as an identifying category show that inequalities in social and economic status, and in experience of discrimination, are as much a function of skin colour as of ethno-racial grouping (Telles, 2014[141]).

Figure 5.27. At least 1 in 4 Indigenous and Afro-descendant people feel they belong to a discriminated group, compared with less than 1 in 6 among others

Share of people saying they belong to a discriminated group by ethnicity, percentage



Note: Data shows pooled results for 2010, 2011, and 2015 to ensure adequate sample size. Indigenous refers to people who self-identified as Indigenous and Afro-descendant refer to those who self-identified as Black or Mulato in the Latinobarómetro survey.
Source: OECD calculations based on Latinobarometro (database), https://www.latinobarometro.org/latOnline.jsp

StatLink https://stat.link/3y1xpo

The impact of COVID-19 on ethnic and racial inequalities

The deprivation of both Indigenous and Afro-descendant populations implied high vulnerability to the consequences of the pandemic. The common challenges faced by the two groups in terms of poverty, informality, lack of social protection, inadequate housing and other areas increase the risks that they have experienced during the pandemic, in terms both of the direct health impact as well as of broader socio-economic outcomes (ECLAC, 2021[142]; ECLAC et al., 2020[136]). These disadvantages are reinforced by spatial inequalities, and Indigenous and Afro-descendant people will face different risks depending on

whether they live in urban or rural areas and depending on the specific territories in which they are concentrated due to historical patterns of settlement.

The Indigenous population is no longer predominantly rural in all Latin American countries, and already according to the 2010 round of censuses most Indigenous people lived in cities in four out of the 12 countries for which information was available (ECLAC et al., 2020[136]). Further, those who live in cities tend to live in deprived conditions: 36% of Indigenous urban dwellers in the region live in slums, nearly twice the proportion of non-Indigenous urban dwellers (World Bank, 2015[143]). This has important implications for responses to the pandemic focused on Indigenous peoples, as the concentration of Indigenous environmental migrants and displaced persons living in very precarious conditions in large cities exposes them disproportionately to the risk of illness and death from COVID (ECLAC et al., 2020[136]).

Nonetheless, many Indigenous people continue to live in rural areas, and at the regional level the Indigenous population accounts for 24% of the total rural population of Latin America (ECLAC et al., 2020[136]). As described in the previous section, rural areas face greater deprivation in terms of access to water and sanitation (necessary to prevent the spread of the virus), as well as in access to the Internet (which is needed to participate in remote schooling or economic activities during periods of social distancing). However, Indigenous peoples in rural areas tend to be especially marginalised, due to their remoteness from public services (including health care services), the continued encroachment and appropriation of Indigenous territories, and other factors linked to the systematic erosion of their political, economic, social and cultural rights (ECLAC et al., 2020[136]). The emphasis on communal life and practices in traditional Indigenous communities, while being a source of cultural resilience, also implies increased risk of spreading the disease during the pandemic (ECLAC et al., 2020[136]).

Approximately three to seven million Indigenous people live in forest areas, maintaining traditional languages, knowledge and cultural practices (ECLAC et al., 2020[136]). The relationship between forests and the Indigenous peoples who inhabit them is profound and reciprocal: the forests provide subsistence and cultural continuity for Indigenous communities, who in turn practice traditional and sustainable techniques of forest management and use that contribute to the restoration and adaptation of forests and their biodiversity. These areas are increasingly exposed to large-scale industrial activity such as mining and agriculture, which not only destroy forest habitats but also bring large numbers of external workers to the areas, thus promoting the spread of the virus. Indigenous peoples in voluntary isolation and in a phase of initial contact[29] (covering an estimated 200 Indigenous groups, mainly in the Amazon and the Gran Chaco of Paraguay) are especially vulnerable in this respect, as monitoring activities to ensure their protection have been reduced during the pandemic (ECLAC et al., 2020[136]).

Indigenous peoples have implemented a number of collective efforts to address the pandemic, where official State responses have been lacking or deficient. For example, measures such as closing the territorial boundaries of communities have been implemented in almost all countries in the region, and without them it is likely that the health impact among Indigenous peoples would be even greater. Strategies of reciprocity and inter-community cooperation have made up for shortfalls in the coverage of humanitarian aid provided by governments, and traditional medicine techniques have been used to complement or replace formal healthcare, where access to formal health systems has been inadequate. Similarly, in the face of insufficient data to track the progress of the disease and mortality rates amongst Indigenous peoples, some communities have created their own epidemiological monitoring systems (ECLAC et al., 2020[136]).

The Afro-descendant population, on the other hand, is predominantly urban, with a level of urbanisation exceeding 70% in most countries in the region, and reaching 97% in Uruguay (ECLAC, 2021[142]). Due to the higher levels of poverty experienced by Afro-descendant people, they tend to live in more overcrowded dwellings, often in slums or informal settlements, making social distancing almost impossible (ECLAC, 2021[142]). The crisis has also put a spotlight on the vulnerabilities inherent in certain previously less visible occupations, especially in informal employment. For example, Afro-descendent women are more likely to

work in the domestic sector than non-Afro-descendant women in most LAC countries with available data.[30] Domestic work, being largely indoors and in close contact with employers or other clients, entails a higher exposure to the virus, whether it be in a private home or in medical or care environments. Further, the high rates of informality in the domestic care sector, and the essential nature of these service during the pandemic, has meant that domestic workers typically lacked the option to stay at home (ECLAC, 2021[142]).

Data from Brazil show clearly the disproportionate impact of the pandemic on the Afro-descendant population. Various studies and surveys from the first months of the pandemic (up to July 2020) showed that in Brazil, the second-highest risk factor for death from COVID among hospitalised people was being of African descent (the highest risk factor being age), and the Afro-descendant population was at 47% greater risk of death than the non-Afro-descendant population. Afro-descendant people were almost half as likely to work remotely as the non-Afro-descendant population (with 9% and 17.6% of the respective populations working from home). While education has played a role (with an illiterate Afro-descendent patient being 3.8 times more likely to die from COVID-19 than a non-Afro-descendant patient with higher education), even when comparing people with the same level of education, there were 37% more deaths amongst Afro-descendants, rising to 50% more when comparing people with higher education, suggesting that discrimination and racism have played a role (ECLAC, 2021[142]).

Issues for statistical development

Huge progress has been achieved in the measurement of ethno-racial inequalities in the Latin American region over recent decades. This has been thanks largely to the efforts of social movements advocating for better data to make the needs of Indigenous and Afro-descendant populations more visible, supported by the ongoing process of democratisation in the region (Telles and Paschel, 2014[144]). In the 1980s, only around half of Latin American countries identified Indigenous populations in their national censuses, and only two countries (Brazil and Cuba) included questions to differentiate Afro-descendants. By the 2010 round of censuses, almost every country in the region either included a question to identify Indigenous and Afro-descendant people or planned to do so (Loveman, 2021[145]; ECLAC, 2019[146]).

While censuses are powerful sources of information, they take place only once every decade. Further efforts are needed to improve the availability of disaggregated data by race and ethnicity (ideally identifying not only Indigenous status overall, but also the specific Indigenous groupings, where appropriate) across other data sources such as household surveys and administrative data. This includes the need for data that is better disaggregated by ethnicity and race for medical and death records so as to more accurately evaluate the differentiated health impact of the COVID crisis on Indigenous and Afro-descendant populations (ECLAC, 2021[142]; ECLAC et al., 2020[136]).

Many of the priorities for improving measures of well-being outcomes by ethnicity and race in the Latin American region are common with those in OECD countries. These include (Balestra and Fleischer, 2018[147]) :

- Expanding all relevant data collection exercises to include ethnicity/race/Indigenous identity variables, while respecting the fundamental rights and privacy of individuals by ensuring appropriate measures for data protection and disclosure control.
- Involving relevant communities in the processes of survey development (including the wording of question and response categories), validation of the accuracy of self-reported information, data collection efforts, and the dissemination of results. This will build trust and improve data quality.
- Ensure the representation of hard-to-reach populations, such as Indigenous communities, through non-standard sampling techniques such as time-location sampling or respondent-driven sampling, and include these communities among pre-coded response options where applicable.
- Gather information on diversity in both population censuses and surveys in order to provide robust demographic statistics and timely data that allow assessing multiple well-being outcomes and

discriminatory experiences. Where possible, link census, sample survey data and administrative records pertaining to these populations.

- When data are compared across two or more different collections, consideration needs to be given to how and when the data was collected. Also, assumptions about uncertainties in the resulting data need to be made explicit. Wherever possible, national statistical offices should invest in developing diversity statistical standards and provide clear guidance to improve consistency and comparability across all data sources (censuses, surveys, administrative data).
- Allow respondents to declare more than one identity to allow for the fluidity of ethnic and racial classifications, and to better mirror the increasingly diverse make-up of societies. Statistical categories should reflect demographic changes as well as evolutions in the understanding of racial and ethnic identities.

On this last point, there is a need for more debate and reflection on multiple identities in the region and how to address this issue in national statistical systems, a discussion that should be held with organisations of Afro-descendant and Indigenous peoples. Ethnicity and race are social rather than biological constructs, meaning that the way people identify themselves (and are identified by others) is largely dependent on context and situation, allowing for multiple identities to co-exist (ECLAC, 2020[139]). However, official statistics in the region tend to employ self-identification with exclusionary categories, allowing for the capture only of the "main" category selected. Information on the size of different ethnic and racial populations has an undeniable political component, as it can impact the targeting of resources or of the population's access to decision-making processes,[31] so ensuring its accuracy and representativeness should be a priority.

The impact of ethnicity and race in shaping well-being outcomes is mediated by other intersecting variables such as gender, age, geographic location and socio-economic status. Indigenous and Afro-descendant women, people living in rural areas, the elderly, and people with lower education or other socio-economic markers tend to be more vulnerable, with those accumulating multiple risks being the most deprived. Better understanding the intersectionality of disadvantage requires including larger samples of ethnic and racial minorities in population surveys in order to allow for a more robust analysis of groups with multiple sources of vulnerability. It is also important that data on the situation of Indigenous and Afro-descendant peoples should be analysed with an awareness of the relevant social, territorial and cultural contexts.

From a more conceptual standpoint, the Indigenous notion of well-being, as encompassed in Ecuador's Buen Vivir framework or Bolivia's Vivir Bien framework, puts a greater emphasis on communal relations (including relations between the community and the natural environment) and collective practices than other Western societies (Garcia and Viteri, 2018[148]). Indigenous perspectives are seldom incorporated into well-being measurement exercises (although Ecuador and Bolivia are notable exceptions). This underscores the need to involve relevant communities in the process of survey development wherever possible. Incorporating Indigenous priorities would also entail a better measurement of important aspects specific to their communities such as territorial rights,[32] the maintenance of language, cultural artefacts and representations, and the protection of sacred sites and traditional knowledge (OECD, 2019[149]).

Educational inequalities

Education allows individuals to acquire the skills needed to understand and master the world, opening opportunities and enhancing their control over their lives (OECD, 2011[150]). Despite improvements in educational attainment, still less than half of the population in the focal countries aged 25 or more has attained at least upper secondary education, compared to more than 70% on average in the OECD (see Chapter 3).

Figure 5.28 shows performance ratios for selected well-being outcomes and resources for future well-being for people with primary education (dark blue) and secondary education (light blue) in comparison to those with tertiary education, on average across the 11 LAC countries in the focal group. To ease understanding, all indicators are coded in the same direction so that the higher the ratio, the better the relative performance of people with primary and secondary education.

Education has a strong positive impact on people's material living conditions (Figure 5.28, Panel A). In general, people with lower educational attainment experience lower material living conditions. People with primary education and those with secondary education are, respectively, 11 and 6 times more likely to be poor, are more likely to report having insufficient income to meet their needs (respectively twice and 50% more), and less likely to be employed, compared with people with tertiary education. When employed, they are more likely to be in informal employment and to earn less, and more likely to work long hours compared to those with tertiary education. Primary and secondary educated people are also more likely to fear losing their job and more likely to be unemployed. However, the likelihood to be unemployed is slightly higher for secondary educated than for primary educated people. This could be explained by the increasing labour market polarisation, mainly driven by digitalisation, which narrows the demand for middle-skill jobs in favour of low- and high-skill employment (OECD, 2020[151]; OECD, 2017[152]).

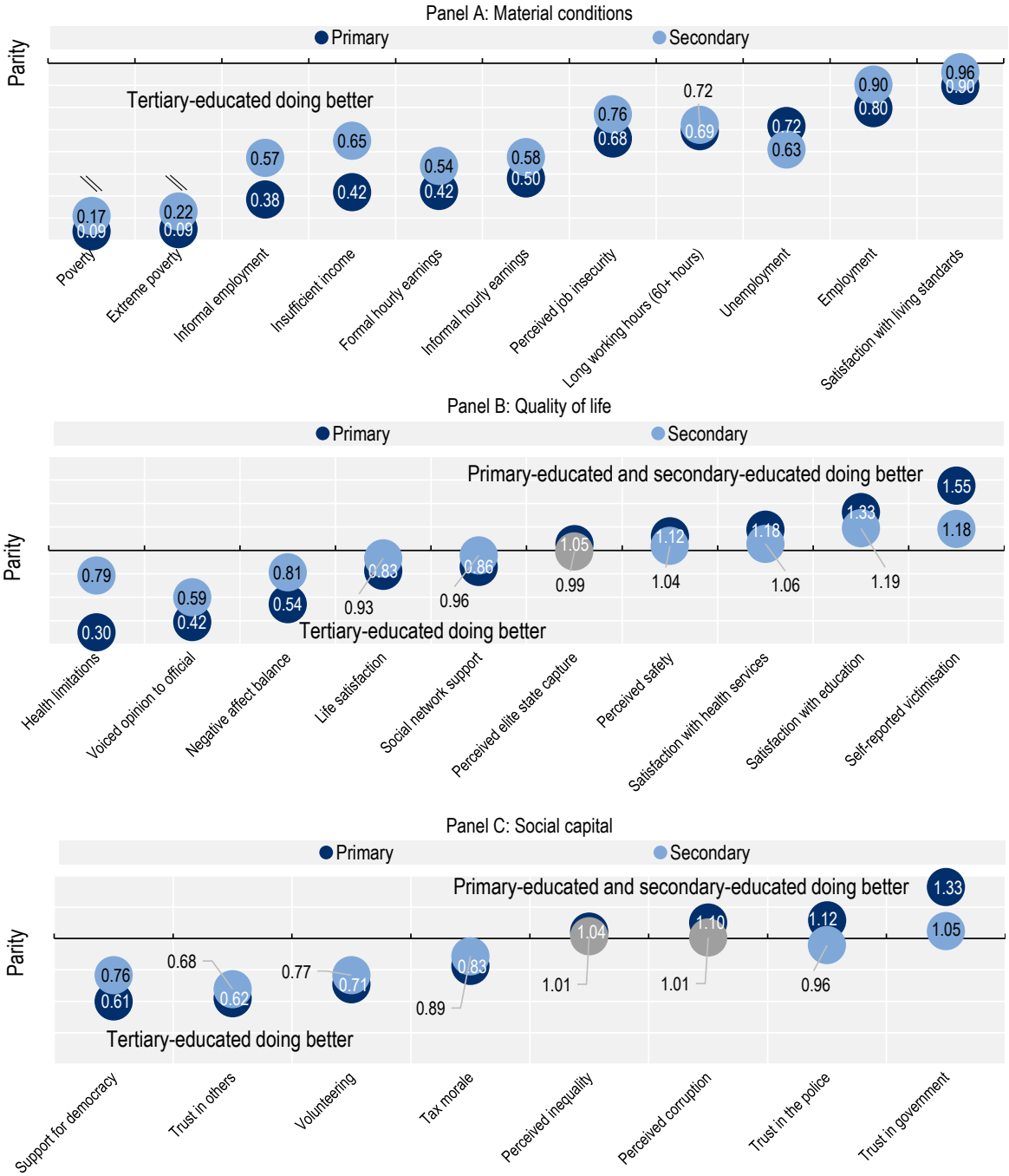
The relation between education and quality of life is less clear-cut (Figure 5.28, Panel B). On average, primary and secondary educated people, in comparison with the tertiary-educated, report lower life satisfaction, higher negative affect balance, and less social network support. Primary and secondary educated people are also less likely to voice their opinion to an official, while the perception that the country is governed by a few powerful groups for their own benefit is widespread and consistent across all education levels. People with primary education are three times more likely than people with tertiary education to report limitations in daily activities due to health problems, while people with secondary education are also slightly more likely to report these limitations. This pattern is partially explained by differences in the age distribution across education levels: due to the rise of educational attainment over time, the share of people aged 50 or more (who are also those who are more likely to report health limitations) is higher for those with primary education (41%) than for those with tertiary education (19%) on average across the focal countries. However, when comparing the share of those who report health limitations across the age groups, this is also consistently lower for those with tertiary education compared to those with primary education.

Satisfaction with services (health care and education) is much higher among people with primary and secondary education than among those with tertiary education. This can be partially explained by the fact that people with higher education have more awareness about the limitations of the education and health systems, as well as higher standards when evaluating them (Cárdenas et al., 2008[130]). Safety and the perception of safety are also higher among primary educated people: only 21% of them reported having been victim of a crime in the previous 12 months, compared to 27% and 32% for secondary and tertiary educated people, respectively. The education gap for perceived safety is smaller, with the share of those feeling safe when walking alone at night in their neighbourhood being only 4 percentage points higher for primary educated people relative to their tertiary-educated counterparts.

Educational inequalities in social capital are smaller (Figure 5.28, Panel C). While support for democracy, trust in others, volunteering and support for paying taxes are lower for people with primary or secondary education than for the tertiary educated, the perception of an unequal distribution of income is very similar across all levels of education (around 80% of people in all educational categories think that the distribution of income is unfair). Trust in government is higher among primary and secondary educated people (40% and 31% of them, respectively, trust the government, compared to 30% among tertiary educated). Perception of government corruption is high, but lower among primary educated people (69% of them think that corruption is widespread across the government) compared to secondary (75%) and tertiary (76%) educated. Compared to people with tertiary education, trust in the police is higher among people with primary education, but slightly lower among people with secondary education, compared with the tertiary-educated.

Figure 5.28. People with less education face poorer material conditions, while the situation is less clear-cut for quality of life and social capital

Education ratios (distance from parity) relative to tertiary-educated for selected indicators of current well-being and social capital, 2019 or latest available year



Note: Each performance ratio is the simple average by education calculated across the 11 focal countries for which data are available for all the inequality groups taken into consideration. As a result, performance ratios can cover a subset of the 11 focal countries. Performance ratios above 1 indicate better outcomes (i.e. higher well-being) for primary-educated and secondary-educated, whereas performance ratios below 1 indicate better outcomes (i.e. higher well-being) for tertiary-educated – including negative indicators, which have been reverse-scored. Grey bubbles denote no clear difference with the reference group (tertiary-educated), defined as education ratios within 0.03 points distance to parity.
Source: OECD calculations. For a complete list of sources please refer to the "Sources and Methods" tab in the Statlink file

StatLink https://stat.link/cjs156

The impact of COVID-19 on educational inequalities

The impact of COVID-19 on the lower-educated population is likely to have been more severe across a number of dimensions of well-being, given their vulnerability in terms of material conditions and some dimensions of quality of life. COVID-19 impacted the lower educated more severely, as they were more likely to lose their job or experience other forms of job disruption compared to higher educated workers (OECD, 2021[153]). When employed, lower educated people were more likely to be essential workers (e.g. working in transport, cleaning, essential retail), more at risk of being exposed to the virus and less likely to be able to telework, compared to higher educated workers (OECD, 2020[154]). As they are also more likely to be unemployed and to experience financial strain, lower educated people are also more likely to experience depression and anxiety. As noted in Chapter 3, school closures and the shift to remote learning in most countries is likely to have exacerbated gaps in learning outcomes, with a particularly negative impact on vulnerable students with poor Internet connections or weak digital skills or without enough space of their own to focus (OECD, forthcoming[59]).

The rapid spread of COVID-19 and the severity of its effects on human health have called for people to rapidly acquire and apply information on preventative measures and to adapt their behaviour to avoid getting or spreading the virus. Health literacy (i.e. the capacity to acquire, understand and use health information in a sound and ethical manner) has become critical during the pandemic to help people understand the reasons behind official recommendations and reflect on the outcomes of their actions (Paakkari and Okan, 2020[155]). People's health literacy is influenced by their level of education, adding an additional dimension to the vulnerability of the low-educated.

Issues for statistical development

Information on well-being outcomes is often available by education, with the exception of housing conditions and infrastructures. However, for some indicators (such as insufficient income, fear of losing the job, perceived elite State capture) information is not available by educational attainment, but only by years of education, which do not necessarily inform on the level of education attained by individuals (because of the possibility of "repeat years"). Further harmonisation of education categories at the source level is needed to ensure a consistent approach to educational inequalities based on educational attainment across the well-being dimensions and indicators.

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Notes

[1] As noted by Deere, Kanbur and Stewart (2018[7]), "any significant horizontal inequality is unjust since there is no reason why people should receive unequal rewards or have unequal political power merely because they are black rather than white, women rather than men, or of one ethnicity rather than another"; at the same time, "horizontal inequalities have been shown to raise the risk of violent conflict significantly", (as they) "provide powerful grievances which leaders can use to mobilise political protest, by calling on cultural markers (e.g. a common history or language or religion) and pointing to group exploitation" (p. 87).

[2] These issues are not completely absent from data collections. On the contrary, migration has long been included as a background variable in censuses, administrative records and some household surveys, although the under-measurement of the migration population remains a challenge. Disability has also been considered in many recurrent measurement instruments in the region, but there is a lack of standardisation and therefore of comparable measures on this issue. And as for sexual orientation and gender identity, there is an almost total lack of data.

[3] Throughout this report, the eleven focal countries refer to Argentina, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, Mexico, Paraguay, Peru and Uruguay.

[4] One explanation for men's increased suicide rates may be the pressure of restrictive norms of masculinity. When men fail to comply with the masculine norms dictated by society, this may induce important psycho-social consequences (OECD, 2021[55]). However, it should also be noted that while worldwide men are two to three times more likely to commit suicide, women are more likely to suffer episodes of major depression, and when counting both successful and unsuccessful suicide attempts, women are more likely than men to attempt suicide (Tsirigotis, Gruszczynski and Tsirigotis, 2011[157]).

[5] It should also be emphasised that these differences are likely not due to natural differences in ability by gender, but are rather the consequence of social conditioning through discriminatory norms and the educational environment, and that this has the effect of encouraging boys' performance and discouraging girls' performance in these areas (UNESCO, 2021[159]).

[6] Possible explanations could include the fact that men tend to participate more in the public space and therefore experience some forms of discrimination that women do not. Another possible explanation is that social norms normalise some types of discrimination, making women less likely to be aware of the discriminatory aspects of their situations. However, more research is needed to fully understand this result and to confirm its validity.

[7] Once again, the disproportionate burden of unpaid care and domestic work taken on by women plays a role. In the LAC region, 57.8% of women aged 15-29 who are not in employment, education or training (categorised as NEET) are engaged in unpaid care and domestic work (as are 66.1% of women aged 25-29), compared with only 7%of men aged 15-29 in the NEET category. (ECLAC, 2020[160]).

[8] Throughout this chapter, as for the rest of this report, 'poverty' refers to the absolute poverty rate as calculated by ECLAC, and 'extreme poverty' refers to the extreme poverty rate as calculated by ECLAC, unless otherwise stated (see Chapter 2, Box 2.1).

[9] As explained in Box 2.1 (Chapter 2), the extreme poverty threshold is calculated as the value necessary to purchase the basic food basket without additional goods and services, while absolute poverty adds to the costs of the food basket those of essential non-food components.

[10] It should be noted, however, that women with zero income need not be poor (and indeed, due to the dominance of traditional family structures many of the region's most affluent families are likely to be headed by a sole male earner with the wife earning no income). This indicator therefore says as much about women's agency and overall economic autonomy as it does about their poverty outcomes.

[11] Results across the focal countries ranged from 17.5% of respondents in Brazil to 51.3% in Mexico (Latinobarómetro, 2015[165]).

[12] The gap is even larger when considering non-agricultural employment: on average, across the focal countries, 50% of women's non-agricultural employment was informal in 2019, compared with 46% of men's (ILO, 2021[164]).

[13] However, it should also be noted that the methodology used in LAC countries to record time use is different from that used in most OECD countries, hence the two values are not fully comparable.

[14] Argentina, Brazil, Chile, Colombia, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Peru and Uruguay.

[15] According to survey data from 11 Latin American countries in the mid to late 2000s (ranging from 2004 to 2009), in most countries the reported prevalence of partner violence was two to three times greater among women whose first live birth occurred before age 17 (or age 15) compared with those whose first birth occurred after age 24 (Bott et al., 2012[33]).

[16] From (Bott et al., 2012[33]): "[There are] a number of findings that suggest exposure to violence in childhood may have long-term and intergenerational effects. For example, after controlling for other factors, the most consistent risk factor for experiencing physical or sexual intimate partner violence against women across all countries was a history of 'father beat mother'. Similarly, the prevalence of intimate partner violence was significantly higher (usually around twice as high) among women who reported having experienced physical abuse in childhood compared with those who did not. Partner violence was also significantly higher (usually more than twice as high) among women who reported experiencing sexual abuse in childhood compared with those who did not. In addition, children living in households where women had experienced intimate partner violence were significantly more likely than other children to be punished with hitting, beating, spanking, or slapping (note that surveys did not always identify who punished the children)."

[17] Gender imbalances in the health impact of Covid also need to be considered beyond overall infection and death rates. A preliminary study in the United Kingdom, based on data collected via a symptom tracker app, indicated that women under 60 were much more likely to suffer from "long Covid" symptoms (lasting longer than a month, and with the potential of leading to long-term illness), with women in the 40-50 age group twice as likely as similarly-aged men to be affected (Sudre, Murray and Varsavsky, 2020[166]).

[18] Latin American governments state the importance of gender-specific information systems in the Montevideo Strategy (ECLAC, 2017[9]), a joint declaration of the priorities for the implementation of the Regional Gender Agenda in the context of the UN 2030 Agenda. Statistical offices in the region also emphasised the importance of the gender perspective when formulating the prioritised set of SDG indicators for Latin America and the Caribbean. As a result, the regional framework agreed by the Conference of Statisticians of the Americas (CEA) underlines the importance of monitoring the structural challenges faced in the pursuit of gender equality, particularly with respect to time use and women's physical and economic autonomy (ECLAC, 2019[156]).

[19] Chapter 3 on Quality of Life includes the mortality rate of children aged under five, as it is an important indicator of overall health status and systems. Chapter 4 on the Resources for Future Well-being includes the NEET rate (Youth not in education, employment or training), youth informal employment, youth educational attainment and child malnutrition, given the importance of these indicators not only at an individual level, but also as a reflection of the stock of human capital within societies.

[20] Although gender differences in child labour may also be due to under-reporting for girls, who are more likely to be involved in less visible forms of labour such as domestic work in households (ILO, 2017[158]). Girls are also more likely to be involved in unpaid work: global estimates show that 55% of children performing household chores are female (Thévenon et al., 2018[70]).

[21] In the context of Indigenous peoples, it is important to distinguish exploitative forms of child labour from domestic and productive activities that take place in childhood as part of family support and knowledge transferral strategies based on the formative processes of their own culture. It is a fundamental element in the processes of upbringing and the transmission of ancestral knowledge and traditions and constitutes a way of progressively developing skills and abilities for adult life. Therefore, it is part of their "right freely to participate in the cultural life of the community", as stated in Article 27 of the Universal Declaration of Human Rights (United Nations, 1948[162]). The available data do not allow to differentiate between Indigenous people living in traditional communities and those who do not.

[22] For example in the *Children's World* survey, which uses visual and story-telling techniques to elicit meaningful responses (OECD, 2021[65]).

[23] No information is, however, available on urban slums and informal settlements, which are excluded from the data on overcrowding in urban settlements.

[24] Beyond digital infrastructure, the share of jobs that are amenable to remote work (which is linked to the skills profile of predominant occupations) is also an important determinant of exposure to the virus.. Recent OECD work has shown that capital regions have the highest potential for remote working, with rates that are 8 percentage points higher than the respective country average (OECD, 2020[135]).

[25] Regions with sub-national government are also responsible, including through public spending, for many public policies that matter for well-being and SDGs – particularly for Federal countries such as Mexico, Brazil and Argentina. A 2016 review of OECD countries found that OECD sub-national governments were responsible for around 40% of total public expenditure and 60% of total public investment. Of these public resources, at least 70% were invested in core areas of the SDGs, such as education, public services, economic affairs and environmental protection (OECD, 2020[161]).

[26] Figure 5.24 gives only a general indication of differences rather than a precise assessment of the current situation, as data availability and timeliness vary widely depending on the measure (see the Statlink and the Note to Figure 5.24 for more detail). These issues reflect the overall shortcomings of available data and the need for more timely and comprehensive data on well-being by ethnicity and race in the region (see the later section on "Issues for Statistical Development"). Nonetheless, the over-arching message that Indigenous and Afro-descendant people experience worse outcomes than their comparison group in most well-being measures is valid and clear.

[27] Afro-descendants were 3% more likely to work in the informal sector in Brazil (2015) and Uruguay (2005) and 1.3% more likely in Colombia (2015). However in Ecuador, Afro-descendants were 3.5% less likely to work in the informal sector (World Bank Group, 2018[137]).

[28] However, it should be noted that interpreting the overcrowding indicator is not straightforward for Indigenous communities, as living in close proximity may be associated with residential and kinship patterns specific to each culture and – in that sense – would denote cultural robustness.

[29] Defined as follows: "Indigenous peoples in voluntary isolation are Indigenous peoples or segments of Indigenous peoples who do not maintain sustained contacts with the majority non-Indigenous population, and who generally reject any type of contact with persons not part of their own people. They may also be peoples or segments of peoples previously contacted and who, after intermittent contact with the non-Indigenous societies, have returned to a situation of isolation and break the relations of contact that they may have had with those societies… Indigenous peoples in initial contact are Indigenous peoples or segments of Indigenous peoples who maintain intermittent or sporadic contact with the majority non-Indigenous population, generally used in reference to peoples or segments of peoples who have initiated a process of contact recently. However, 'initial' should not necessarily be understood as a temporal term, but as a reference to the scant extent of contact and interaction with the majority non-Indigenous society." (Inter-American Commission on Human Rights /Rapporteurship on the Rights of Indigenous Peoples, 2013[163]).

[30] Afro-descendant female workers were more likely to be domestic workers than non-Afro-descendant female workers across all five focal countries with available data from the latest census (Brazil, 2010; Costa Rica, 2011; Ecuador, 2010; Mexico, 2015; Peru, 2018) (ECLAC, 2020[139]).

[31] For example, in Chile, the share of the Indigenous population in the abbreviated 2017 Census was the basis for determining the number of reserved seats for Indigenous representatives in the Constitutional Convention process to reform the Chilean constitution.

[32] Also relevant for Afro-descendant peoples.

6 Policy through a well-being lens: Experiences from LAC and wider OECD countries

The LAC region faces a number of persistent challenges to societal well-being, which are being aggravated by the COVID-19 pandemic. Addressing these challenges calls for a multidimensional approach to public policy. This chapter describes how such an approach can help LAC countries to address the highly interconnected challenges they face by: 1) systematically focusing government action on the well-being outcomes of greatest need; 2) fostering a more coherent, whole-of-government approach to improving societal well-being; 3) encouraging more anticipatory governance; 4) strengthening the social contract between governments and citizens; and 5) leveraging new forms of international co-operation. Practical examples are provided of how a multidimensional approach can be embedded throughout the policy cycle.

Challenges to societal well-being in LAC countries

Improving the measurement of multidimensional well-being is important but not sufficient for promoting policies that foster inclusive and sustainable development. The main focus of this report has been to bring together the available comparative evidence on well-being and sustainability in the LAC region and to identify areas for statistical development. The scope of this exercise – spanning material conditions, quality of life, resources for future well-being and inequalities of opportunity – illustrates the breadth of the indicators needed to inform public policy about the full range of aspects that shape people's lives. However, while the development of a comprehensive indicator set is essential for gaining a more complete picture of a country's challenges and resources, the mere existence of such information is not enough to ensure its policy use. A well-being policy approach uses well-being indicators and evidence in an integrated way throughout the policy cycle to work towards a more comprehensive, long-term and integrated vision of development. It firmly focuses government action on what matters most to people and society, rather than on a single (or very narrow range of) objective(s), such as GDP growth, independently of others (European Union, 2021[1]). An increasing number of governments around the world are incorporating elements of such an approach (whether or not they use the specific "well-being" label) in recognition of the fact that dealing with the major challenges of the world today requires moving beyond traditional, short-term and silo-oriented ways of thinking and acting.[1]

Taking a multidimensional approach to public policy is especially important for the LAC region. The previous chapters have shown that even before the pandemic, Latin American and Caribbean countries were facing persistent challenges across multiple dimensions of well-being and sustainability and that the pace of progress in areas such as poverty and inequality was beginning to slow. Recent social unrest in the LAC region has underlined the magnitude of the disconnect and the dissatisfaction experienced by many citizens towards their governments. The impact of the COVID-19 crisis has further deepened the societal challenges, impacting every dimension covered in this report, and will likely continue to do so for the foreseeable future. The multifaceted nature of the policy challenges faced by the LAC region were explored in detail in the 2019 edition of *Latin American Economic Outlook* (OECD et al., 2019[2]). That report focused on how the development challenges and opportunities in the region have evolved with the region's overall progress in the last decades, showing how GDP growth alone cannot address the structural obstacles to achieving inclusive and sustainable well-being due to the existence of various "development traps" that need to be addressed together (Box 6.1).

Box 6.1. Societal well-being in LAC countries is challenged by several "development traps"

The 2019 *Latin America Economic Outlook* identified four development traps in LAC countries, whose circular and self-reinforcing dynamics keep countries stuck in low levels of overall well-being:

- **A productivity trap:** In LAC countries, stagnant productivity performance is associated with an export structure biased towards primary sectors with low levels of sophistication (such as agriculture, fisheries or mining). This export structure presents barriers to entry and does not generate backward linkages in the economy. This, in turn, makes it difficult for micro, small and medium-sized enterprises, which are abundant in LAC, to connect to international markets. Hence, the region is poorly integrated into global value chains. The LAC's weak participation in these global chains is also associated with low levels of technology adoption and few incentives to invest in productive capacities. Overall competitiveness remains low, making it difficult to move towards a more sophisticated export structure and towards higher added-value segments of the global value chains. This fuels a vicious circle that negatively affects productivity. The

COVID-19 crisis has deepened this productivity trap, as the Latin America and Caribbean region was hit especially hard by GDP contraction in 2020 (OECD, 2020[3]).

- **A social vulnerability trap:** Most people in LAC countries who have escaped poverty have become part of a vulnerable middle class that relies on low-quality and often informal jobs with little or no social protection and low and often unstable income. Just over 61% of the region's workers are in informal employment, defined as workers who do not benefit from employment-related social protection programmes, such as pensions, paid annual leave or sick leave (see Chapter 2). Unstable income prevents these workers from investing in further education and training and thus from moving to higher productivity jobs, keeping them stuck in vulnerable positions. The COVID-19 crisis has exacerbated this situation, bringing lower employment rates, a rising share of informal jobs in the labour market and increasing poverty (see Chapter 2). While digital technologies have helped many to navigate the crisis, the digital divide has prevented the most vulnerable from benefiting from these solutions (see Chapter 3, section on Knowledge and Skills). In addition, confinement measures combined with a lack of Internet access have generated a significant educational backlog among the most vulnerable children and youth, threatening human capital formation and thus future well-being (OECD et al., forthcoming[4]).
- **An institutional trap:** The expansion of the middle class in LAC, which represented approximately one-third of the population before the COVID-19 crisis, has translated into mounting aspirations and demands by citizens for better quality public services and institutions. The region's institutions have struggled to respond effectively, giving rise to an institutional trap, with declining citizen trust and satisfaction and deepening social disengagement. In turn, citizens' low levels of trust and satisfaction with government is weakening public revenues and limiting governments' capacity to create better services. In addition, undervalued public services are prone to becoming highly politicised and weakly professionalised, which limits their capacity and reinforces the low value placed on such services (OECD, 2020[5]).

  The pandemic's impact on poverty and inequality is likely to fuel further social discontent and poses additional challenges (OECD, 2020[3]), as it has impacted LAC in a context where trust in government is structurally low (see Chapters 3 and 4). Strengthening the social contract between governments and citizens is therefore essential to enable successful collaboration to improve the well-being of current and future generations.
- **An environmental trap:** Lastly, the LAC countries are being held back by environmentally and economically unsustainable development models that have a strong bias towards material- and resource-intensive economic activities. Compared to 2000, intact forest area in the LAC region fell by around 9% (by around 400 000 square kilometres), while high levels of local water stress (e.g. 45% in the Dominican Republic and 26% in Mexico[1]) lead to water scarcity (see Chapter 4). The environmental trap is reducing the sustainability of economic development and heightening people's vulnerability to environmental risk, with cascading effects on other well-being outcomes. This highlights the need to transform the economic development model of LAC countries and to direct post-COVID-19 economic stimulus programmes towards building economic models grounded in environmental sustainability (OECD, 2020[3]).

Note:
1. Water stress refers to gross freshwater abstraction as a proportion of the total available renewable freshwater.

These four development traps interact and reinforce each other, creating vicious circles that compromise progress towards greater societal well-being. For example, while addressing the productivity trap is a clear pathway for raising living standards in a region where jobs remain precarious and informality is prevalent (the vulnerability trap), informality itself acts as a headwind against efforts to increase productivity (the

productivity trap). The lack of an adequate safety net and weak health and educational services (the institutional trap) further increases people's vulnerability (the vulnerability trap). At the same time, this vulnerability trap reduces tax compliance, with less than half (45%) of the population in the focal countries believing that tax avoidance can never be justified (Chapter 4), creating further barriers to improving institutional quality (the institutional trap). Similarly, the environmental trap increases vulnerability by depleting the resources that are needed for sustainable economic development, and is worsened by low diversification of economic productivity (the productivity trap) as well as by institutional obstacles to securing direct investment in environmentally friendly technologies (the institutional trap). Given their interconnectedness, overcoming these complex development challenges requires a strong multidimensional approach and co-ordinated policy responses.

This chapter describes how a multidimensional lens can support efforts by LAC governments to raise well-being for all, now and in the future. In the following section, it outlines the building blocks of a multidimensional approach to public policy and describes its value in terms of: 1) guiding a whole-of-government approach to raising societal well-being; 2) helping to increase the effectiveness and efficiency of public spending; 3) encouraging more anticipatory governance; 4) strengthening the social contract between governments and citizens; and 5) informing international co-operation. Next, it provides an overview of emerging practice in applying a multidimensional lens to public policy, including relevant experiences from the LAC region and OECD countries. Unless otherwise stated, the LAC-specific findings in this section stem from bilateral meetings between the OECD Secretariat and LAC countries. The last section summarises the main conclusions and highlights opportunities to further develop a multidimensional approach to public policy in LAC countries.

The value of a multidimensional development approach in the LAC region

What is a multidimensional approach to public policy?

Multidimensional well-being frameworks take a wider perspective on societal progress, moving "beyond GDP" (European Union, 2021[1]). In addition to the Sustainable Development Goals (SDGs), adopted by 193 nations in 2015, more than half of all OECD countries have developed their own tailor-made multidimensional well-being frameworks and indicator sets, several of which pre-date the SDGs (Exton and Fleischer, forthcoming[6]; Exton and Shinwell, 2018[7]). Multidimensional frameworks aim to better address the multifaceted nature of country development by considering social, environmental and economic goals, as well as inclusion and sustainability (European Union, 2021[1]). Conceptual frameworks, which describe the different domains and dimensions of societal well-being, are often operationalised through a set of well-being metrics to assess levels of current well-being, inequalities and resources for future well-being:

- **Current well-being** indicators include measures of *quality of life* (e.g. health, safety, knowledge and skills, social connectedness, civic participation) alongside measures of *material well-being* (e.g. income and wealth, jobs, housing conditions). Measuring the multiple dimensions of people's current well-being provides a comprehensive view of the final outcomes that matter to people and that policy makers are ultimately seeking to improve.

  Indicators of current well-being typically consist of a wide range of objective measures, often complemented by some subjective indicators. People's own experiences of their lives (e.g. their life satisfaction, trust in others and in public institutions, fear of crime, and perceived discrimination) can alert policy makers to issues that are not picked up by objective measures (OECD, 2013[8]).[2]
- The measurement of **inequalities** highlights the diversity of people's experiences and living standards, based on personal characteristics (e.g. gender, age, socio-economic background, race or ethnicity) as well as the regional distribution of well-being outcomes within countries. Measuring

inequalities is particularly relevant in the LAC region, where socio-economic and regional disparities run deep through societies, as seen in the previous chapters of this report.

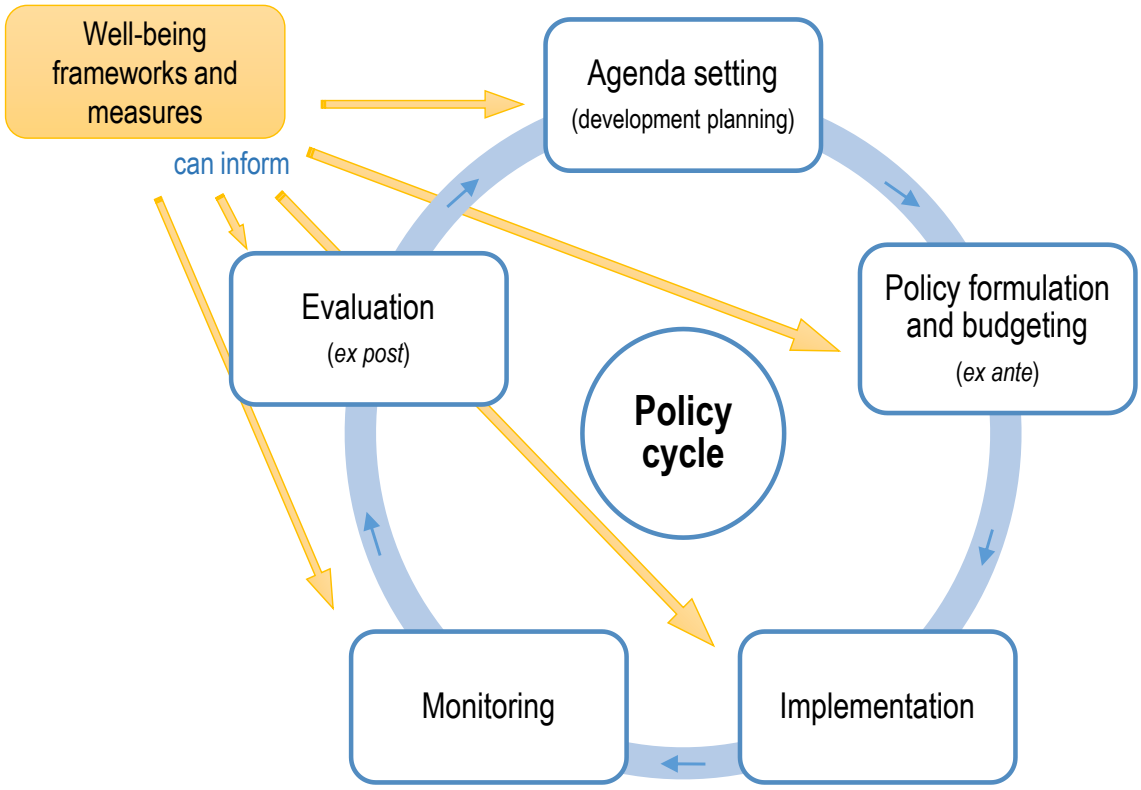
- Measures of **sustainability** focus on the key resources that are needed to underpin well-being now and into the future. The OECD and others conceptualise these as "capitals", such as social capital, human capital, natural capital and economic capital (OECD, 2013[9]; Exton and Fleischer, forthcoming[6]). A "capitals approach" acknowledges that gains in current well-being are not sustainable if they deplete the resources that shape well-being over time. This includes trust and citizens' willingness to positively contribute to societal outcomes (social capital), future health and educational outcomes (human capital), natural assets, ecosystems and their services on which we depend (natural capital), and the produced and financial assets that support sustainable economic development (economic capital).

In addition, measures of transboundary effects help assess country impacts on well-being elsewhere, for example in terms of carbon footprints, foreign aid or export of waste (Stats NZ, 2018[10]; CBS, 2020[11]; UNECE, Eurostat and OECD, 2013[12]).

Multidimensional frameworks place the focus on desired policy outcomes, rather than on the means to get there (Durand and Exton, 2019[13]). Over the last decades, governments have often given priority to GDP growth relative to other goals, implicitly assuming that well-being would follow. However, a growing body of evidence shows that economic growth and well-being do not necessarily go hand in hand. Around the world, countries with similar levels of GDP per capita display very different societal outcomes in other areas (OECD, 2020[14]) (OECD et al., 2019[2]). As discussed in Chapter 1, this is also true for middle- and upper-middle-income countries, including many LAC countries.[3] The divergence between GDP and wider societal outcomes underlines the importance of looking "beyond GDP" and applying a multidimensional approach to societal progress (Stiglitz, Sen and Fitoussi, 2009[15]; Stiglitz, Fitoussi and Durand, 2019[16]). While reinvigorating economic activity is a key priority in the LAC region in the wake of the pandemic, the form and quality of economic recovery (rather than the quantity of economic activity alone) will determine the extent to which this can improve lives (Sarracino, 2019[17]).

A multidimensional approach to public policy focuses governments' attention on the range of societal outcomes, as well as their interactions, that are key to a well-functioning and resilient society (European Union, 2021[1]). It does so by using well-being frameworks and measures in an *integrated* way and throughout the policy cycle (Figure 6.1).

Figure 6.1. Well-being frameworks and measures can inform every stage in the policy cycle



Source: Adapted from Exton C. and M. Shinwell (2018[7])

In the **agenda-setting stage**, a situational analysis of multidimensional outcomes helps governments to identify priority areas for action (Durand and Exton, 2019[13]). Comprehensive dashboards of well-being indicators, typically developed by National Statistical Offices, can provide a diagnostic tool to identify countries' strengths and weaknesses and to compare performance against other countries. Even where comprehensive data do not (yet) exist, multidimensional frameworks can help guide the agenda-setting process as a conceptual tool, by encouraging governments to consider each of the dimensions and domains of societal well-being.

Embedding well-being frameworks in the **policy formulation and budgeting stage** is important to align government spending and policy development with identified societal priorities. From a practical perspective, using a smaller set of societal well-being indicators for this purpose helps to make the application of a multidimensional lens manageable in the budgeting and policy formulation stage (Stiglitz, Fitoussi and Durand, 2019[16]). The development of such smaller, policy-focused well-being frameworks has often been led by Treasuries or other central government bodies, based on various selection methodologies: in France, the 10 *Nouveaux Indicateurs de Richesse* ("the New Wealth Indicators") were the product of broad public consultation; in New Zealand, the five overarching well-being objectives that guide the budget and policy development process were selected based on a diagnostic well-being scan, using the full suite of well-being indicators; and in Italy, a set of 12 well-being indicators was selected by an expert committee established by the Prime Minister (Durand and Exton, 2019[13]). Whether established based on data analysis, expert groups, focus group discussions or a combination of these approaches, the chosen set of well-being objectives needs to have broad societal legitimacy and support to serve as the basis for government decision-making (Durand and Exton, 2019[13]).

During and following **policy implementation**, the wider diagnostic set of well-being indicators can support **monitoring and evaluation** of the effectiveness of policy interventions on the desired outcomes, as input into the ongoing cycle of policy development. Here, a broad and comprehensive set of well-being indicators enables governments to track the development of well-being outcomes and their distributions over time and to evaluate the impact of specific policy programmes on desired societal outcomes.

The value of a multidimensional approach to public policy

Multidimensional well-being frameworks can underpin a better targeted, more coherent approach to addressing the complex development challenges that LAC countries face. Improving the well-being of society requires policies that take into account the wide range of well-being determinants and factors and how these vary across people and time. Anchoring policy in a comprehensive framework also supports the strategic alignment of outcome objectives across government. Around the world, central government departments tend to be organised in siloes where policies on economic, environmental and social issues are designed, implemented and monitored largely separately from each other. In these siloed processes, each ministry works towards its own set of objectives, with few incentives to invest in outcomes that fall under the responsibility of other departments (APPG, 2014[18]). In this context, economic statistics are often used mostly to assess economic policies, social statistics mostly for social policies, and environmental statistics mostly for environmental ones (Durand and Exton, 2019[13]). Instead, a multidimensional outcomes-based framework provides a clear statement about the aspects of people's lives that the government is jointly seeking to improve, which typically span multiple government departments and imply a shared responsibility for their attainment. A multidimensional approach puts a core set of societal well-being objectives and indicators (spanning environmental, economic and social objectives and including short- and long-term perspectives) at the heart of all policy development. These multidimensional policy frameworks do not replace sectoral, inter-sectoral, regional or sub-population frameworks or analysis. They rather bring them together in an overarching, whole-of-government framework that enables policy makers to see the bigger picture and the ways in which their work and objectives intersect with those of other departments. Strengthening a whole-of-government approach to raising societal well-being is particularly important in the LAC region, as the development challenges it faces are highly interconnected rather than isolated processes.

Multidimensional outcomes frameworks can help to strengthen the effectiveness and efficiency of public expenditure to raise societal well-being in the region. Existing development traps mean that the fiscal space for LAC governments to invest in raising societal well-being is limited. While there are large differences between LAC countries, on average, tax revenues remain low at 23% of GDP in 2019 – more than 10 percentage points below the OECD average (OECD et al., 2021[19]). This makes it essential that governments deploy public spending in the most strategic and co-ordinated manner possible on the policies and programmes that will deliver the highest societal returns on investment. In addition to considering the well-being returns of each individual line of expenditure, governments need mechanisms for taking a holistic view across their budgets, to minimise negative spill-overs and maximise positive synergies. A common framework of shared outcomes, spanning all government departments, can help to facilitate this process. The ultimate aim of this co-ordination is to fully harness the opportunities for spending in each policy ministry to create positive feedback loops that support the objectives of other ministries (e.g. targeted spending on health or education that has positive impacts on labour force participation and productivity, or that reduces social protection expenditure). At the same time, such co-ordination can improve policy design by helping to anticipate and mitigate risks when well-intended actions in one policy area trigger problems in other areas that will then require additional expenditure to address (i.e. policies that add to the burden on social or environmental protection systems – for example, by raising the price of essential goods, triggering unemployment or increasing environmental pollution). As the COVID-19 crisis is putting further pressures on public revenues, co-ordinating spending on the policies and programmes that raise societal well-being in the most cost-effective manner is now more crucial than ever.

A multidimensional approach can help lay the foundations for rebuilding trust between citizens and governments in LAC countries. The pandemic has highlighted the important role of effective collaboration between governments and citizens in determining societal outcomes (Borgonovi and Andrieu, 2020[20]; Bartscher et al., 2020[21]). However, as described in Chapters 3 and 4 of this report, the COVID-19 crisis has hit many LAC countries in a context where the social contract between governments and citizens has already been structurally weakened. Strengthening trust in government is therefore fundamental for effective collaboration between governments and citizens in building forward, post-pandemic. The OECD distinguishes between five key drivers of trust in government that relate to government competencies (responsiveness and reliability) as well as the values that guide government actions and behaviours (integrity, openness and fairness) (OECD, 2017[22]). Establishing societal well-being objectives through a trusted and transparent participatory process that reflects the diversity of voices in society can help strengthen government openness, responsiveness and fairness. This is particularly important in the LAC countries, where civil society's participation in the definition of societal goals and development strategies remains limited to date (OECD et al., 2019[2]; OECD, 2020[3]; Máttar and Cuervo, 2017[23]). Using an inclusive and participatory approach to define societal well-being priorities can help reconnect governments and citizens based on a shared sense of purpose, as a starting point for mobilising collective action towards these objectives. By operationalising a well-being vision into a well-being measurement framework, with indicators for each of the societal goals, governments' public accountability towards these goals can be strengthened, laying a sounder basis for maintaining trust over time. The joint development of a well-being framework and measures can thus be an important part of wider efforts to reconnect governments and citizens that focus on each of the five drivers of trust in government. This includes the importance of further efforts to strengthen public sector integrity and accountability as well as promoting and protecting civic space, that is, the set of legal, policy, institutional and practical conditions necessary for non-governmental actors to access information, express themselves, associate, organise and participate in public life (OECD, 2017[24]).

Multidimensional frameworks can also support more long-term planning by encouraging systematic consideration of both well-being outcomes today and resources for tomorrow. Many multidimensional frameworks include forward-looking components, such as indicators of the social, human, natural and economic capital stocks that support future well-being. As such, they respond to the critique that GDP fails to take sustainability into account – in terms both of whether economic growth is itself sustainable over time, but also whether growth is coming at the price of environmental and social costs that offset the benefits of growth (Exton and Shinwell, 2018[7]). Maintaining a clear distinction between current well-being outcomes and resources for future well-being helps to clarify the important trade-offs that often exist between the two. This is particularly important as future well-being outcomes can easily be overshadowed by current concerns (Boston, 2016[25]).

Just as national policy making can benefit from broader, well-being focused perspectives, a multidimensional approach can also help inform international co-operation. The COVID-19 pandemic has highlighted the importance of multilateral governance and international co-operation for coping with and responding to the crisis. In the wake of the pandemic, and considering countries' aspirations for more equal and sustainable futures, there is an opportunity to broaden the objectives of international co-operation towards wider well-being outcomes and to move beyond the current income-related indicators that still largely influence the allocation of public concessional finance today. Looking forward, a multidimensional approach can encourage a change in perspectives and practices, allowing for the creation of renewed partnerships that take into account the multidimensionality of development – by considering social, environmental and economic goals as well as their interconnections – and that favour a whole-of-government approach. Multidimensional frameworks can also help draw greater attention to transboundary effects and the interconnected nature of development outcomes, strengthening the basis for shared agenda-setting and a more coherent approach across countries. By helping individual countries better appreciate how their national and local policies may affect global public goods and cross-border outcomes,

a multidimensional approach can encourage stronger alignment between national development outcomes, on one side, and regional and global ones, on the other.

The scope for mutual learning and policy dialogue based on a broader view of development outcomes applies more generally to a vision for a renewed multilateral and co-operation system based on equal footing. Despite the significant uptake of the 2030 Agenda by countries in the LAC region, including the Agenda's multidimensional view of development, traditional economic indicators such as GDP and Gross National Income (GNI) continue to largely determine eligibility for donor assistance. Since higher levels of GNI per capita are taken to reflect a higher degree of development, middle and higher-income economies can be excluded from financial aid, as they are considered to be sufficiently developed. Yet often these countries continue to face important structural challenges and combine good performance on some objectives of the 2030 Agenda with lower performance on others. Wide within-countries inequalities may also translate into a country-level measure of GNI per capita that exceeds the threshold for Overseas Development Assistance eligibility whereas a large part of the country, or even the majority of the population, still falls short of it. These situations are not anomalies or idiosyncrasies reflecting specific national circumstances, but the natural consequence of relying on narrow, average measures that can hide large discrepancies and inequalities in well-being outcomes. A multidimensional approach is therefore important to inform regional dialogue and co-operation.

A multidimensional approach to public policy: Building on experience from Latin America and around the world

Although policy applications of well-being metrics and frameworks differ across countries, a number of emerging experiences are creating a strong knowledge basis for countries to learn from each other. The ways in which multidimensional concepts and evidence are integrated throughout the policy cycle differs between countries (Exton and Shinwell, 2018[7]; Durand and Exton, 2019[13]).This partly reflects the fact that the most effective approaches, models and tools need to work within local circumstances. There is therefore no such thing as a universal "multidimensional approach" to public policy. Nonetheless, recent decades have seen a growing number of practices embedding multidimensional perspectives throughout the policy cycle. This section describes these emerging practices, drawing on relevant case studies from LAC countries as well as wider OECD experiences. The evidence is organised around the main stages of the policy cycle (see Figure 6.1):

- **Agenda-setting:** Building on a multidimensional framework to identify well-being priority areas for government action, favouring a long-term view and a focus on prevention.
- **Budgeting:** Aligning government spending with societal well-being outcomes of highest priority and using the budget process as a tool to drive stronger policy coherence.
- **Policy formulation and implementation:** Using multidimensional outcome-based frameworks to encourage a whole-of-government approach to raising well-being, to identify the package of interventions most effective in achieving the selected priority areas, and to strengthen policy coherence towards these priorities.
- **Outcomes-monitoring and policy evaluation:** Using a multidimensional lens to monitor societal progress and to guide evaluations that consider the breadth of outcomes that are important to societal well-being.

Using multidimensional frameworks in agenda-setting

Using a multidimensional framework to guide the government agenda-setting process helps to focus government action on the well-being outcomes of the highest priority. More than half of OECD countries have developed well-being measurement and policy frameworks that go "beyond GDP" to specify the

range of outcomes that are important for the well-being of people today and in the future (Stiglitz, Fitoussi and Durand, 2019[16]). In many countries, conceptual well-being frameworks have been underpinned by measurement frameworks that enable governments to identify priority areas for government action. Grounding government priorities in a diagnostic societal well-being scan can increase transparency on the range of outcomes that have been considered in agenda-setting. This can then play an important role in increasing public accountability and strengthening citizens' trust in government. It also encourages more anticipatory governance by systematically considering current well-being outcomes as well as well-being resources for tomorrow. Even where comprehensive data are not readily available, conceptual frameworks can help embed wider considerations into the government agenda-setting process by outlining the core components of societal well-being – and their interrelationships – that need to be considered.

In the development of well-being frameworks, many governments have engaged in a national dialogue to come to a broadly shared vision, across politicians, civil society, businesses, academics and policy makers, on what makes for a good life (Exton and Shinwell, 2018[7]; León Guzmán, 2015[26]; RREE, 2010[27]). Such participatory processes can offer important value to both governments and citizens: well-listening governments can learn more about citizens' perspectives, issues and concerns, particularly among those who are most vulnerable. At the same time, citizens can gain a deeper understanding of the often complex interplay between the societal well-being outcomes at stake and can play a more direct role in public agenda-setting and decision-making (OECD, 2020[28]). An inclusive process that actively reaches out to those who face higher barriers or are less used to or willing to "get involved" is essential to make sure that well-being frameworks incorporate the views of people in society who are underserved or less heard.

Table 6.1 provides an overview of the main "beyond GDP" frameworks and measures used by LAC governments. The most notable example of a multidimensional societal progress framework used by LAC countries is the 2030 Agenda, an internationally agreed set of policy goals and targets centred around the core elements of current well-being, inequalities, the sustainability of well-being over time, and transboundary effects. As will be discussed in more detail below, national development plans also play an important role in multidimensional agenda-setting in LAC countries. Some countries, including Ecuador and Bolivia, have developed their own local well-being frameworks to help inform policy development. In addition, the use of multidimensional measures, such as multidimensional poverty indices, has helped advance the "beyond GDP" agenda in LAC countries (Table 6.1).

Table 6.1. Overview of the main "beyond GDP" frameworks and measures applied to public policy in LAC countries

Framework	Type	Uses in LAC	Approach to well-being	Main scope
Agenda 2030 (the UN Sustainable Development Goals)	Policy commitments and supporting measurement framework	• Development vision and planning • Goal and target-setting • Budget allocation • Monitoring and evaluation	Aspirations and deprivations	Whole-of-government
National development plans (various)	Vision statements and conceptual framework (sometimes accompanied by policy measures)	Including: • Development vision and planning • Goal and target-setting • Budget allocation • Horizontal (sectoral) and vertical (subnational) co-ordination • Monitoring and evaluation	Aspirations	Whole-of-government
Buen Vivir (Ecuador)	Conceptual and measurement framework	• Non-official well-being measurement[1] • Development vision and planning	Aspirations and deprivations	Whole-of-government
Vivir Bien (Bolivia)	Conceptual framework	• Development vision and planning	Aspirations	Whole-of-government
Multidimensional	Measurement framework	• Official poverty measurement	Deprivations	Sectoral

Framework	Type	Uses in LAC	Approach to well-being	Main scope
measures of poverty		• Development planning • Goal and target-setting • Budget allocation • Monitoring and evaluation		
Social Progress Index	Conceptual and measurement framework	• Non-official development measurement (Paraguay)[1] • Development vision and planning	Aspirations and deprivations	Whole-of-government
Multidimensional targeting measures	Targeting measures	• Targeting social policy	Deprivations	Sectoral

Note:
1. Official measures generally imply recognition of this measure by the national statistical office as one of the country's leading indicators, in addition to having periodic updates of its data. Non-official measures have generally been one-off, non-periodic efforts to collect data and calculate a measure, with more limited use and recognition.
Source: Adapted from Montoya and Nieto-Parra (forthcoming[29])

The 2030 Agenda has received significant commitments from most governments and statistical offices in the LAC region. Many LAC countries have adapted their institutional frameworks to comply with the 2030 Agenda (Table 6.2), appointing responsibility for the co-ordination of efforts towards achieving the SDGs to either existing public agencies or newly established (inter-institutional) commissions (ECLAC, 2021[30]). The 2030 SDG agenda has also been a significant driving force behind broadening the agenda-setting process and encouraging statistical development in the region. Several LAC countries have aligned their national development plans with the SDGs (CLAD, 2018[31]). For example, in Guatemala, the *Plan Nacional de Desarrollo K'atun: nuestra Guatemala 2032* contains 129 goals, of which 90% are in line with the 2030 SDG objectives. Similarly, in Colombia, 98% of the goals established in the 2018-2022 National Development Plan (*Pacto por Colombia, pacto por la equidad*) are aligned with the SDG agenda (Joint SDG Fund, 2021[32]).

Table 6.2. Legal frameworks underpinning compliance with the 2030 Agenda in LAC countries

Country	Leading institution or body	Technical secretariat	Legal framework for the 2030 agenda	Legal provisions
Argentina	National Council for the Co-ordination of Social Policies	-	Decree No. 499-2017	• Appoint lead institution • Promote co-ordination
Bolivia	Inter-institutional Committee of the Goals of the PDES and Sustainable Development (CIMPDS)	-	Multi-ministerial Resolution No. 001/2017	• Create lead body • Identify stakeholders • Promote co-ordination • Goal monitoring
Brazil	Government Secretariat of the Presidency	-	Decree No. 9980-2019	• Appoint lead institution • Promote co-ordination • Goal monitoring
Chile	National Council for the implementation of the 2030 Agenda for Sustainable Development	Ministry of Social Development	Decree No. 49-2016	• Create lead body • Identify stakeholders • Promote co-ordination • Facilitate Public-Private Partnerships • Encourage citizen participation • Goal monitoring
Colombia	High-level Inter-institutional Commission for the enlistment and effective implementation of the 2030 Agenda	National Planning Department	Decree No. 280-2015	• Create lead body • Identify data gaps • Identify stakeholders • Promote co-ordination • Facilitate Public-Private Partnerships • Create accountability mechanisms

Country	Leading institution or body	Technical secretariat	Legal framework for the 2030 agenda	Legal provisions
				• Goal monitoring and evaluation
Costa Rica	High-Level Council of the SDGs	Ministry of Planning and Economic Policy	Decree No. 40203	• Create lead body • Facilitate Public-Private Partnerships • Create accountability mechanisms • Encourage citizen participation • Goal monitoring and evaluation
Dominican Republic	Inter-institutional Commission of High Political Level for Sustainable Development	Ministry of Economy, Planning and Development	Decree No. 23-16	• Create lead body • Identify stakeholders • Promote co-ordination • Goal monitoring
Ecuador	Technical Secretariat of Planning	-	Executive Decree No. 622	• Appoint lead institution • Promote co-ordination
Mexico	National Council of the 2030 Agenda for Sustainable Development	President's office	Agreement to create an SDG specialised technical committee	• Create lead body • Promote co-ordination • Create accountability mechanisms • Goal monitoring and evaluation
Panamá	Inter-institutional and Civil Society Commission	Ministry of Social Development	Decree No. 393-2015	• Create lead body • Identify stakeholders • Promote co-ordination • Facilitate Public-Private Partnerships • Create accountability mechanisms • Goal monitoring
Paraguay	Inter-institutional SDG Commission 2030 Paraguay	Ministry of Foreign Affairs	Decree No. 3581-2020	• Create lead body • Identify stakeholders • Promote co-ordination • Create accountability mechanisms • Goal monitoring
Uruguay	Planning and Budget Office (OPP)	-	Resolution No. 988-2016	• Appoint lead institution • Promote co-ordination • Goal monitoring

Source: Adapted from ECLAC (2021[30])

Some LAC countries have developed local well-being frameworks in consultation with stakeholders from across society. For example, in Ecuador, the notion of "buen vivir" ("good living") refers to the ambition to pursue collective well-being in a sustainable relationship with the environment. The concept has its origin in the worldview of the indigenous peoples of the Andes and the Amazon (originally "Sumak Kawsay" in the Quechua language). Approved by referendum in September 2008, Ecuador incorporated the concept of Buen Vivir into its constitution. The Ecuadorian Constitution was the first in the world to recognise nature as having constitutional rights (León Guzmán, 2015[26]). Similarly to Ecuador, *Vivir Bien* was put forward as an alternative vision of development in Bolivia, building on principles of balance and harmony, with strong roots in the indigenous worldviews of the Aymara peoples of the Andean region. The Vivir Bien framework was incorporated into Bolivia's 2009 Constitution to guide state action (Weyer, 2017[33]). Even though the Buen Vivir and Vivir Bien frameworks represent important steps in moving towards more balanced approaches to development, to date, they mostly remain conceptual frameworks with relatively little impact on the way public policy decisions are made.

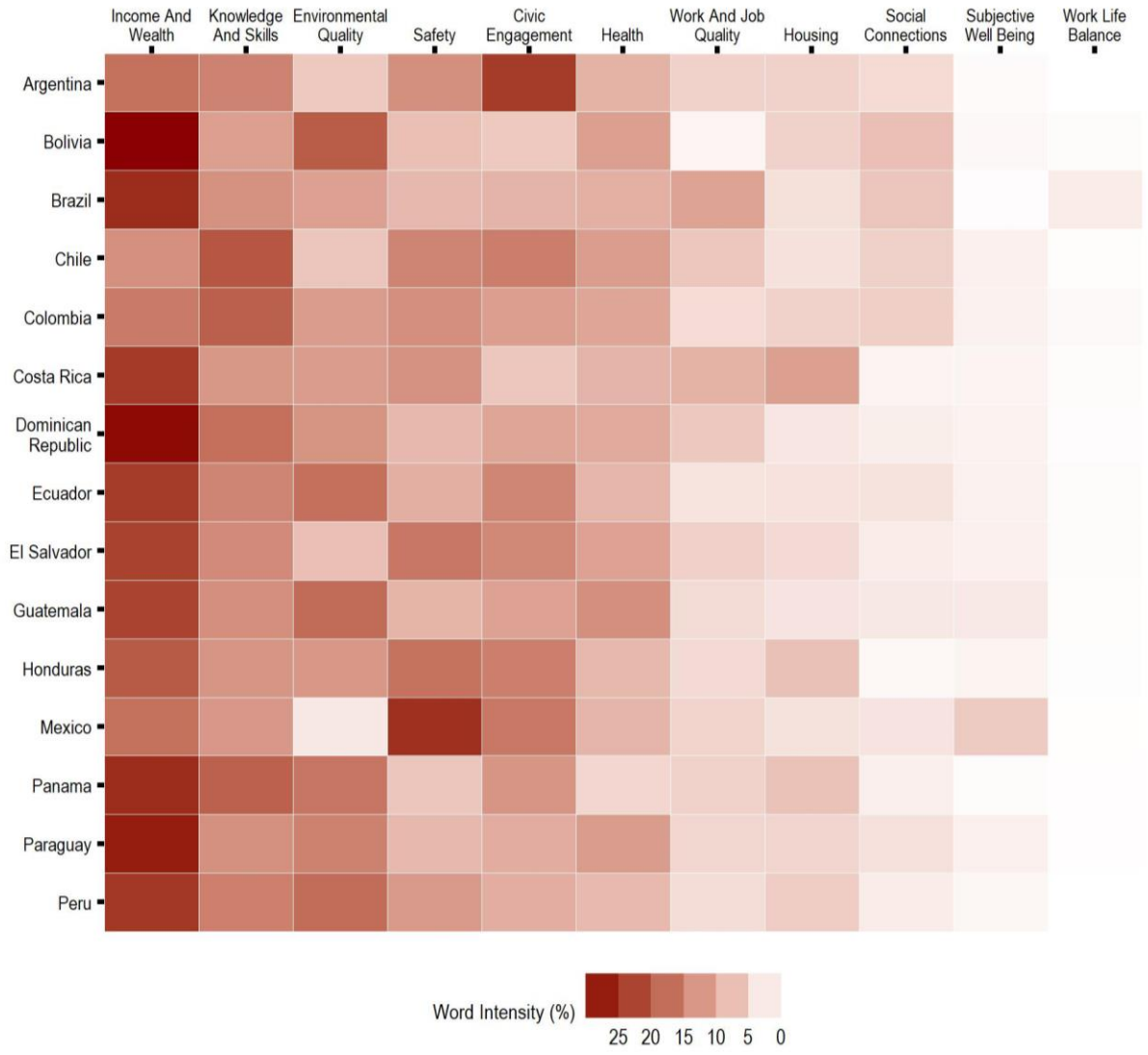
Broad public and political support, as well as specific institutional mechanisms that anchor well-being priorities into long-term government operations, are important to ensure a continuous commitment (Montoya and Nieto-Parra, forthcoming[29]). For example, in Ecuador, changes in the political environment have resulted in a weakening of support for the Buen Vivir approach. Several OECD countries have "locked in" certain aspects of a multidimensional approach through legislation to help extend public accountability for societal well-being outcomes beyond electoral cycles (Durand and Exton, 2019[13]; Ormston,

Pennycook and Wallace, 2021[34]). France, Italy and New Zealand, as well as Scotland and Wales, have created legal requirements for their governments to report on well-being outcomes and to engage in a regular public consultation on which well-being outcomes should be considered. For example, Scottish Ministers have a duty to consult on, develop and publish a new set of National Outcomes for Scotland at least every five years (Durand and Exton, 2019[13]). Although there is never a guarantee that an administration will give continuity to the previous administration's strategy, a vision of overarching societal goals that has been developed for and by the people is generally more difficult to discard (OECD, EU and UN ECLAC, 2019[35]).

The use of multidimensional measures, such as multidimensional poverty indices (MPI), has also framed well-being-oriented programmes in LAC countries. The LAC region has a long tradition of measuring poverty from a multidimensional perspective. The MPI (Alkire, 2018[36]) complement traditional monetary poverty measures by capturing a wider range of deprivations that people face, including in areas such as health, education, housing, job and social security, and social connectedness (0). Although the MPI do not represent a comprehensive well-being framework as such,[4] they are an important step towards using multidimensional measures in the policy process, for example to better target government initiatives to those most in need. Colombia, for instance, has used information from its national multidimensional poverty index to support the information from the national multidimensional targeting system (SISBEN IV) to deliver new social assistance programmes and services (*Ingreso Solidario*) to the most vulnerable during the COVID-19 crisis, going beyond traditional income-based poverty measures (MPPN, 2020[37]; Prosperidad Social, 2021[38]). The United Nations Human Development Index (UNDP, 2018[39]) and the Social Progress Index (Social Progress Imperative, 2020[40]) have also gained considerable traction in LAC countries over the last decades (Montoya and Nieto-Parra, forthcoming[29]). The use of these multidimensional measures has encouraged a more evidence-based approach to government agenda-setting and policy development by taking into account the multifaceted nature of progress.

National development planning plays a crucial role in the agenda-setting process in LAC countries and is increasingly fostering a multidimensional view of what development is about (OECD et al., 2019[2]). The concept of development planning gained currency outside the socialist countries in the 1950s and 1960s, following a broad consensus in favour of state intervention in the economy (e.g. the Marshall Plan). This popularity continued for more than two decades, after which the global popularity of national planning dwindled in the 1980s, especially among high-income countries. From the early 2000s onwards, LAC countries' commitment to the UN Millennium Development Goals – followed in 2015 by the approval of the 2030 Agenda – motivated many of them to pursue their development goals in a more structured way. This has led to the emergence of a new generation of development plans (Chimhowu, Hulme and Munro, 2019[41]). Currently, at least 18 LAC countries have national development plans in place (OECD et al., 2019[2]). A review of development plans in the LAC region against the OECD Well-Being Framework using text mining analysis shows that, in terms of current well-being, national development plans tend to focus most strongly on income and wealth, reflecting widespread concerns in the region about poverty (see Figure 6.2). In addition, the well-being domains of knowledge and skills, environmental quality, safety, civic engagement, and health also feature relatively commonly. There is more limited reference in development plans to issues of work and job quality, housing and social connections, whereas subjective well-being and work-life balance are least commonly mentioned as part of the development plans (see Figure 6.2).

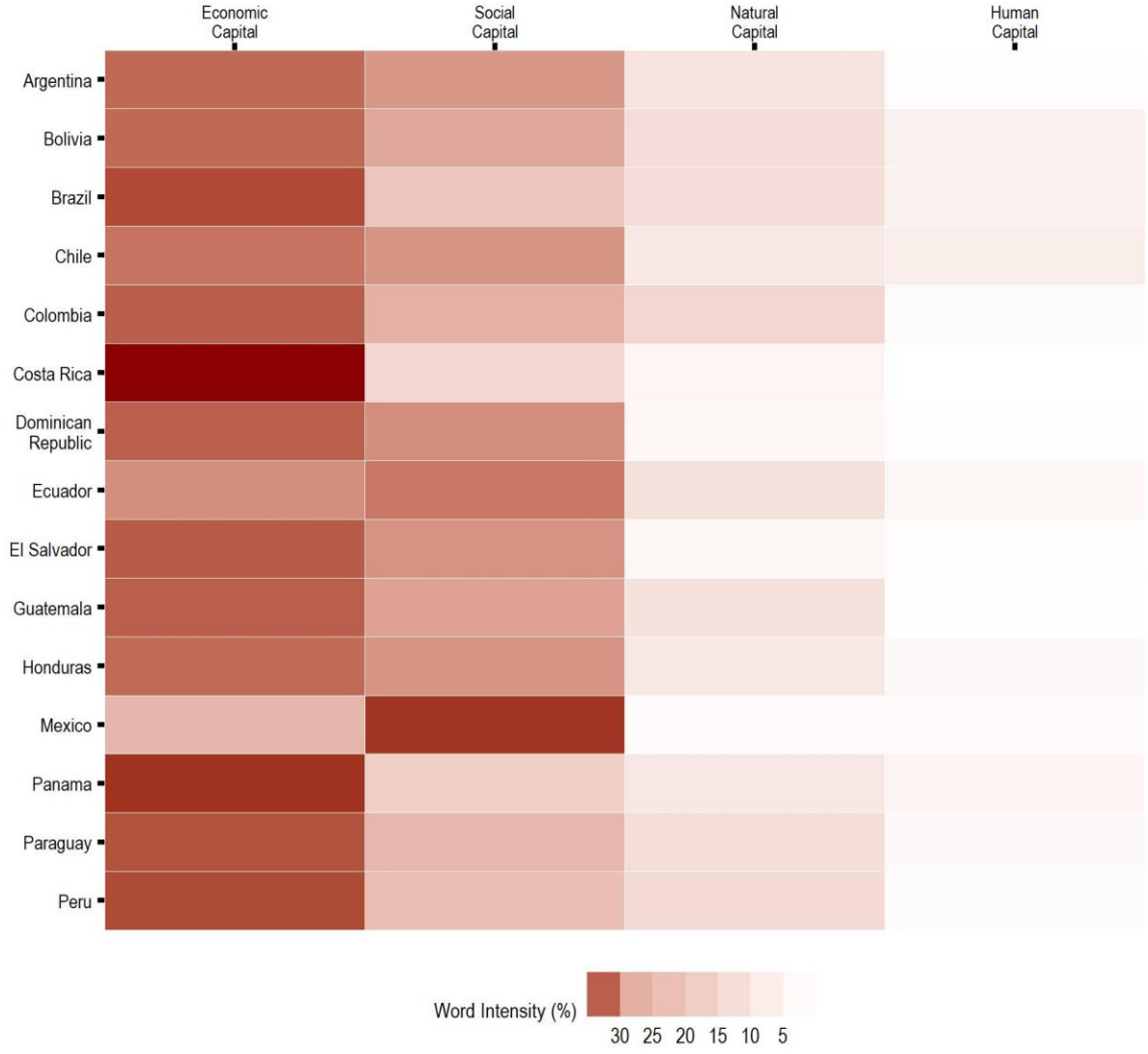
Figure 6.2. Current well-being domains featuring in LAC national development plans



Note: The colour intensity indicates the frequency of references in the national development plans of 16 LAC countries to the dimensions of the OECD Well-Being Framework. As a colour darkens, the frequency of references to a given dimension within the plan increases. The sum of the relative frequencies across all dimensions in a country's national development plan is 100. Each country's text data comes from the latest development plan (or its equivalent) approved by the end of 2020. See methodological details in Annex 6.B.
Source: Authors' elaboration based on text analysis of country national development plans

In terms of sustainability, national development plans in LAC countries focus strongly on economic capital, with more limited references to the other resources needed to sustain well-being over time. The text mining analysis indicates that development plans in the LAC region refer most frequently to the development of economic capital (such as gross capital formation, infrastructure investment, research development and managing external debt). This is followed by references to aspects of social capital, such as trust in government and institutions, perceptions of corruption, and tax morale. Across LAC countries, natural capital (such as in relation to greenhouse gas emissions, endangered species and deforestation) features less clearly. The development of human capital (such as in relation to youth Not in Employment, Education, or Training [NEET], child malnutrition and tobacco consumption) is least frequently referred to in LAC national development plans.

Figure 6.3. Future well-being domains featuring in LAC national development plans



Note: The colour intensity indicates the frequency of references in the national development plans of 16 LAC countries to the dimensions of the OECD Well-Being Framework. As a colour darkens, the frequency of references to a given dimension within the plan increases. The sum of the relative frequencies across all dimensions in a country's national development plan is 100. Each country's text data comes from the latest development plan (or its equivalent) approved by the end of 2020. See methodological details in Annex 6.B.
Source: Authors' elaboration based on text analysis of country national development plans

Embedding a stronger long-term focus in national development plans is important to ensure that the plans foster more sustainable development. Improving well-being is a long process and cannot be achieved by a single administration. Using a multidimensional framework to systematically consider both well-being today, as well as resources for tomorrow, can help to identify sustainable pathways for development. Nonetheless, as the heat map above shows (Figure 6.3), apart from economic capital, LAC national development plans include very few references to the other important resources needed to sustain well-being over time. This may partly reflect the large diversity in the scope of LAC national development plans. In some countries, development planning is a medium-term process linked to a single (4 to 6 year) administration, as in Colombia, Costa Rica, Ecuador and Mexico. In others, these plans seek to define long-term development goals and strategies beyond the current political cycle, as in Paraguay and the

Dominican Republic (ILPES/AECID, 2020[42]). Several LAC countries, including Paraguay and Uruguay, have formulated long-term plans through participatory processes with a broad representation of different stakeholders (Box 6.2). Aligning national development plans with the 2030 Agenda, as is done for example in Paraguay, Argentina and Guatemala, also encourages a longer-term perspective. Combining long-term planning with strong accountability mechanisms for current achievement is important to leverage the strengths of both approaches (see later section on "Multidimensional Monitoring and Evaluation").

Box 6.2. Participatory approaches to developing national development plans in Paraguay

The Paraguay 2030 National Development Plan

Already in 2014, Paraguay published a long-term roadmap for public policy up to 2030. The 2030 Paraguay National Development Plan was the first to bring different sector plans together in a single, overarching plan focused on three strategic axes: 1) poverty reduction and social development; 2) inclusive economic growth; 3) strengthening Paraguay's projection in the world. These axes were intersected by four cross-cutting themes: 1) equality of opportunity; 2) efficient and transparent public management; 3) territorial development and land management; and 4) environmental sustainability. The preparation of the development plan, published in December 2014,[1] was led by the Technical Secretariat for Economic and Social Development Planning (STP, by its Spanish acronym) and built on a participatory approach to establish a country vision up to 2030 and to define concrete development goals (OECD, 2018[43]).

Once the 2030 Plan had been established, the Paraguay government created a select committee within the planning authority to monitor its implementation. The 2030 National Development Plan has been an important mechanism to align both sector-based strategies and sub-national strategies with those for the country as a whole. The goals embedded in this plan have provided sub-national decision-makers with more precise guidance about the most strategic areas for public investment. Ministries, secretariats and other public entities must prepare sector plans based on the objectives and strategic axes of the National Development Plan, in co-ordination with the Planning Secretariat. Although all policies are expected to be aligned with the Plan's guidelines, key elements such as the annual budget allocation have nonetheless remained largely independent of the planning process (Montoya and Nieto-Parra, forthcoming[29]).

After the next administration took office in 2018, the government decided to update the 2030 National Development Plan. The current administration took up the plan prepared by the past administration and built on that basis. Among other changes, they added a fourth strategic axis: the political and institutional strengthening of Paraguay. In addition, specific objectives were adjusted throughout this follow-up process, defining monitoring indicators, baseline values and targets for 2023 and 2030.

Note:
1. By Presidential decree No. 2794.

Aligning government budgets with societal well-being priorities

In LAC countries, limited alignment between national development plans and budget allocation reduces the plans' impact on overall well-being outcomes. Government budgets are a key instrument to link government priorities with the allocation of resources for implementing these priorities (Durand and Exton, 2019[13]). Currently, there is no clear connection between national development plans and government budget allocation in many LAC countries, and often funding is insufficient to fully implement the plans (OECD et al., 2019[2]; Montoya and Nieto-Parra, forthcoming[29]). National planning, budget allocation and policy design remain separate processes in many LAC countries, which have their own discretionary

criteria and ways of functioning. Budgeting is linked to the development planning process in a few countries, such as Costa Rica, Ecuador and Colombia (Montoya and Nieto-Parra, forthcoming[29]). For example, in Colombia, development plans are co-ordinated by the National Planning Department and include a strategic part (the Development Plan, containing objectives and programmes) as well as a financing part (the Multi-year Investment Plan) (Box 6.3). Nonetheless, the process of budget allocation remains independent of the planning process in most of the region's countries (RedSNIP, 2020[44]). This means that, in many cases, the objectives in the national development plans provide a country vision, at times even embedded within a country's constitution, without having much influence over crucial elements of government decision-making, such as budget allocation.

Box 6.3. Linking development planning to budget allocation: The Colombian National Planning Department

The Colombian National Planning Department (DNP, by its Spanish acronym) is responsible for co-ordinating national development planning as well as the government budget process. After each administration takes office, the DNP prepares a draft national development plan for consultation, in co-ordination with the President's office and the Ministry of Finance, based on the elected government's campaign proposals. The national development plan defines an administration's objectives and outlines guidelines and targets for the responsible public institutions, including indicators to track progress towards the objectives. In the 2018-2022 National Development Plan, each target was also associated with one or two SDGs from the 2030 Agenda (DNP, 2020[45]).

In addition to co-ordinating the planning process, the DNP is also responsible for co-ordinating the Multi-year Investment Plan, which allocates the national public investment budget to the strategic objectives in the National Development Plan and provides strategic guidelines to public institutions in charge of policy implementation. The first draft of the National Development Plan, prepared by the DNP, goes through three different bodies to ensure: 1) civil society's participation; 2) technical and financial feasibility; and 3) enactment into law.

In the first stage, the development plan is submitted to a National Planning Council, which gathers input into the draft proposals by bringing together representatives from territorial entities, the economic, social, environmental and education sectors, as well as civil society organisations, indigenous peoples, ethnic minorities and women's groups (CNP, 2020[46]). In the second stage, the objectives and targets of the draft plan are discussed with the public institutions responsible for achieving them, and adjusted if necessary. The National Council of Economic and Social Policy (CONPES) – consisting of the President, Vice-President and all ministers – reviews the draft plan before the Ministry of Finance links it to the Nation's General Budget Project. In the final stage, the government presents the draft plan to Congress to allow for any final changes. Once approved, Congress issues the National Development Plan by law, which then forms the basis and strategic direction for the government programme. The National Planning Department subsequently provides technical assistance and monitors and evaluates policy implementation.

The budget process can be an important lever for strengthening policy coherence towards overall societal objectives. Carrying societal well-being priorities through from national development plans into the process of allocating the government budget is important to increase the responsiveness of government actions to the needs of current and future generations. Developing clear financing streams for the objectives outlined in national development plans, as in the case of Colombia, is important to ensure their effective implementation. A next step would be to use societal well-being priorities – that have broad public legitimacy – to inform the allocation of the annual budget across government. An increasing number of

countries are starting to use well-being frameworks as tools to integrate a wider multidimensional perspective into the budget process. France, Italy and Sweden, for example, have complemented standard economic and fiscal reporting that typically accompanies the budget with the monitoring of a dashboard of well-being indicators in order to put the budget discussion into a wider multidimensional perspective (Durand and Exton, 2019[13]). Similarly, several LAC countries are using SDG indicators to inform the budget deliberations and to track budgetary contributions to the SDG objectives. For example, the Mexican government links its budgetary programmes to SDG goals, to determine the share of each goal linked to any budgetary programme and, conversely, the number of budgetary programmes linked to each goal (Ministry of Finance and Public Credit and UNDP, 2017[47]; Hege and Brimont, 2018[48]). Due to their international focus, the SDGs are very broad in nature. Therefore, localising the SDGs within countries' unique contexts is fundamental to make them operational as part of the budgeting and policy development processes.

Assessing budget proposals for their expected impact on selected well-being priorities can help embed a well-being lens into strategic decision-making and policy development. In addition to their use in informing the budget narrative and tracking budgetary contributions to societal well-being goals, well-being frameworks can also serve as an *ex ante* evaluation framework that enables a more comprehensive assessment of budget proposals in light of a country's societal objectives. By doing so, well-being frameworks can not only help answer questions on "where should we be spending less or more?" but also on "how can we spend it better?", by encouraging the development of budget proposals that minimise negative spill-overs and maximise synergies between spending programmes. For example, since 2019, the New Zealand government assesses all budget proposals against a set of five overarching societal well-being priorities, to help drive policy coherence towards these societal objectives (Box 6.4). The Government of Canada has also taken steps to build a better understanding of how its budget investments affect people differently, building on its Gender-Based Analysis Plus (GBA+) methodology.[5] As a next step, the Canadian Government is now working to better incorporate well-being measures into its budget decision-making (Government of Canada, 2021[49]). Other countries and regions have similarly expressed an interest in more closely integrating multidimensional outcomes frameworks into their budgetary processes, including Ireland (Government of Ireland, 2021[50]), Iceland (Jakobsdóttir, 2020[51]) and Wales (Future Generations Commissioner for Wales, 2019[52]).

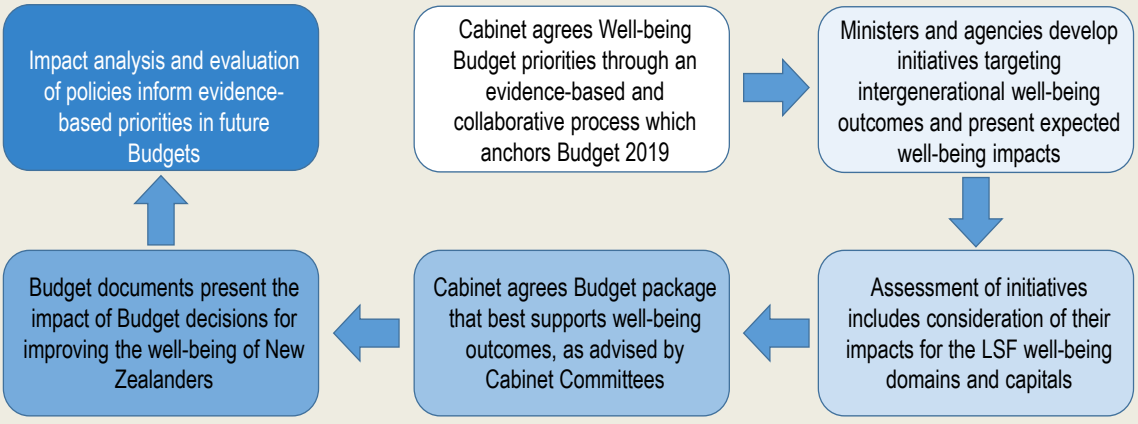
Box 6.4. The New Zealand Wellbeing Budget

In May 2019, the New Zealand Government released its first Wellbeing Budget. The Wellbeing Budget builds on analysis of well-being data in the New Zealand Treasury's Living Standards Framework (LSF) Dashboard (https://lsfdashboard.treasury.govt.nz). The LSF dashboard, first released in December 2018, is a national adaptation of the OECD Well-Being Framework. It includes twelve domains of current well-being and inequalities in outcomes for each of these twelve domains, as well as indicators of resources for future well-being (Human capital; Social capital; Financial and physical capital; and Natural capital) (New Zealand Treasury, 2019[53]).

Since 2019, the New Zealand Treasury uses analysis of data in its Living Standards Framework Dashboard to identify a long list of well-being priorities. Based on this list, a smaller set of budget priorities are shortlisted by ministers, and then the full Cabinet decides on the final budget priorities (Huang, Renzio and McCullough, 2020[54]). Between 2019 and 2021, the New Zealand Wellbeing Budget priorities have focused on: supporting a just transition to a low-emissions economy, shaping the future of work, reducing inequalities, improving child well-being, and improving physical and mental health outcomes (New Zealand Government, 2018[55]; New Zealand Government, 2021[56]; New Zealand Government, 2019[57]). The selected budget priorities are described in a Budget Policy Statement. As part of its well-being approach, from 2019, the Budget Policy Statement includes a *Wellbeing Outlook* (an analysis of current well-being, inequalities, and the sustainability of well-being outcomes) to complement the budget's traditional *Economic and Fiscal Outlook* as the basis for setting government priorities. The new Wellbeing Outlook helps to create greater transparency in terms of the data that underpins the selected well-being priorities.

Following the release of the Budget Policy Statement (generally in December), ministries are invited to submit funding requests for policy proposals that are aligned with the government well-being priorities. In doing so, government ministries are strongly encouraged to work together to put forward budget bids that target the overarching well-being priorities. Ministers are appointed to co-ordinate the budget bids to help drive policy integration. As a result, the 2019 New Zealand budget saw as many as 10 agencies come together to jointly put in a budget bid to help address issues of family and sexual violence (Huang, Renzio and McCullough, 2020[54]). In their proposals, ministries are required to present evidence of how their funding request supports well-being, and to present expected well-being impacts, which build on a cost-benefit analysis model (including an optional monetary evaluation component, called CBAx) that has been specifically aligned with a well-being approach (New Zealand Treasury, 2018[58]). Those policy proposals that are considered to best support the identified societal well-being priorities are selected, upon which the final budget is released (usually in May) (Figure 6.4).

Figure 6.4. New Zealand's well-being budget process



Source: New Zealand Government (2018), Budget Policy Statement, Budget 2019

A multidimensional approach to policy formulation and implementation

A lack of integration and co-ordination of strategies, policies and implementation has long been recognised as one of the main impediments to sustainable development, globally (OECD, 2019[59]). Inconsistent policies and fragmented programmes entail a higher risk of duplication, inefficient spending, lower quality of service and difficulty in meeting goals. This ultimately leads to a reduced capacity to deliver and to unsustainable choices and pathways (De Coning, 2007[60]; OECD, 2019[59]). The associated costs – both in terms of reduced well-being and of financial spending – are significant. In the United States, for example, the US Government Accountability Office has estimated that actions from Congress and executive branch agencies to reduce fragmentation, overlap and duplication in government programmes from 2011 to 2018 have generated about USD 262 billion in reported financial benefits (GAO, 2019[61]; OECD, forthcoming[62]).

A multidimensional lens can support policy makers in designing policies that are mutually reinforcing and that anticipate and manage any trade-offs that may occur. Maximising synergies and minimising disruption is particularly important in the LAC region, where highly interconnected development challenges need to be addressed through limited government budgets that have become further constrained by the impact of COVID-19 (OECD, 2020[3]). The UNSSC Knowledge Centre for Sustainable Development builds on the metaphor of a Rubik's cube to illustrate the importance of policy coherence for sustainable development (Van Weerelt, 2018[63]; OECD, 2019[64]). Thinking of the different sides of the Rubik's cube, it is easy to see how movements on one side of the cube impact on the others. Policy makers need to constantly be mindful of the fact that what appears to be a solution in one area may inadvertently cause damage in another area. Increasing this awareness helps to create a more coherent, effective and efficient approach to raising societal well-being (Van Weerelt, 2018[63]; OECD, forthcoming[62]).

Since the 2000s, development planning has contributed to foster a whole-of-government approach to public policy in LAC countries. National development plans are an important co-ordination mechanism for government strategies and programmes, both horizontally (across the sectors of government) and vertically (between different government levels) (OECD et al., 2019[2]). Several LAC countries have created a specialised planning agency responsible for preparing development plans and co-ordinating policy development across sectors. These planning authorities are usually responsible for drafting development plans and strategies and overseeing implementation, both at the national and sub-national level. By co-ordinating the policy planning process, and in some cases also government budget allocation, planning authorities have contributed to improving co-ordination across different government departments and between different levels of government (Montoya and Nieto-Parra, forthcoming[29]). In some countries, planning authorities are also responsible for monitoring and evaluating the implementation of public policies.

Screening policy proposals ex ante against a core set of societal well-being objectives can further strengthen policy coherence. In recent years, several OECD countries have started to put a set of societal progress objectives at the heart of *all* policy development (Box 6.5). Doing so can help overcome siloed approaches in which each ministry works towards its own set of objectives, with few incentives to invest in outcomes that fall under the responsibility of other departments (APPG, 2014[18]). Assessing policies right across government departments for their multidimensional well-being impact, ex ante rather than ex post, can lead to better strategic alignment and stronger cross-government collaboration in addressing societal issues. In addition, multidimensional frameworks can draw attention to well-being issues that are commonly overlooked or left unaddressed in more traditional analysis, but which can nonetheless form barriers to progress in other areas. Even though considering externalities and spill-over effects has long been an important part of the work of many policy analysts, putting a core set of societal objectives at the heart of all policies makes such assessments more systematic in three important areas: 1) the agencies assessing their impacts on multidimensional outcomes; 2) the domains and dimensions of societal well-being that are being considered; and 3) the consistency in indicators used to measure and report on these domains and dimensions (OECD, forthcoming[62]).

Box 6.5. Embedding well-being priorities in the policy development process

Wales: The Well-being of Future Generations Act

The Well-being of Future Generations (Wales) Act 2015 requires all public bodies to place seven well-being goals – selected based on a large-scale public consultation process – at the centre of their decision-making. These seven goals are: *a prosperous Wales, a resilient Wales, a more equal Wales, a healthier Wales, a Wales of cohesive communities, a Wales of vibrant culture and thriving Welsh language, and a globally responsible Wales*. The Act emphasises that each of these goals is as important as the others and that, as much as possible, public bodies must work towards all of them, rather than focusing on one or two. The Act sets out five ways of working by public bodies to achieve the seven goals: thinking long-term; integrating objectives across government; involving a wide group of societal stakeholders; working in collaboration; and favouring prevention (acting to prevent problems occurring or getting worse).

In total, 44 public bodies are currently subject to the duties of the Act, ranging from the Welsh Government to local health boards, fire and rescue authorities, the national parks authority and several national bodies (such as the Arts Council, Higher Education Funding Council and Sport Wales). As the Act applies to Welsh Minsters and national councils, as well as to local authorities, it forms an important mechanism to encourage both horizontal and vertical coherence across government towards shared objectives. While the Act places a well-being duty on all public bodies to foster multilevel alignment in well-being strategies; importantly, it does so in a way that allows flexibility for context-appropriate goals and strategies at the local level.

Transparency and accountability are an important part of the Act. The Future Generations Commissioner supports the public bodies listed in the Act to work towards achieving the well-being goals. When the Future Generations Commissioner for Wales makes recommendations to a public body, this body must publish a response. If the public body does not follow a recommendation, it must explain why, and what alternative action it will take. In addition, Audit Wales is responsible for assessing the extent to which the 44 public bodies are acting in accordance with the sustainable development principle (including the "five ways of working") when setting their well-being objectives and taking steps to meet them. The Auditor General must provide a report on the examinations to the National Assembly for Wales at least a year before each Assembly election (Audit Wales, 2020[65]).

Source: Future Generations Commissioner for Wales (2021[66]), http://www.futuregenerations.wales/about-us/future-generations-act

While many LAC governments approve development plans by law, there are often no binding mechanisms in place to ensure that the identified well-being priorities will be considered by all government agencies (Montoya and Nieto-Parra, forthcoming[29]). Recent experience from Costa Rica nonetheless highlights the value of *ex ante* assessments of government policies and programmes against societal priorities (Box 6.6). The approach, in this case focusing on the impacts of *social sector* programmes on poverty, could be further extended to assess policies *across sectors* against a *core set* of well-being priorities. Where data are not available to support multidimensional impact assessments, qualitative policy screening methodologies could be used. For example, the government of Bhutan uses Multiple Criteria Analysis to assess policy proposals against nine domains that are seen as the key ingredients of Gross National Happiness (GNH)[6] (GNH Centre Bhutan, 2021[67]). Concept notes for new policy proposals are submitted to the Gross National Happiness Commission, which then gathers experts to apply the screening tool by providing a qualitative judgement about whether the proposed policy is expected to have a negative, uncertain, neutral or positive effect on the GNH domains (GNH Centre Bhutan, 2021[67]; Durand and Exton, 2019[13]). In a similar way, the United Arab Emirates' Happiness Impact Assessment Tool involves a qualitative assessment of the impact of a given proposal on seven domains that are considered to shape

societal well-being.[7] Policy proposals must work through a set of screening questions for each domain before they can be presented to the Cabinet (Government of United Arab Emirates, 2021[68]; Durand and Exton, 2019[13]). The goal of such impact assessment tools is to foster dialogue among stakeholders and to guard decision-making against unbalanced perspectives, rather than being used as a tick-box exercise.

Box 6.6. *Ex ante* impact assessment in Costa Rica

Ex ante impact assessments helped the Costa Rican government to achieve more efficient budget allocations and to improve the co-ordination of several social policy interventions. As part of the preparation of Costa Rica's 2019-2022 National Development Plan, the Costa Rican planning authority (MIDEPLAN) used statistical modelling to assess the opportunity cost of expanding different programmes in terms of their potential impact on reducing multidimensional poverty. To that end, a series of simulations were carried out to quantify the impact of 13 key social policy interventions on the multidimensional poverty index over four years (2019-2022) (MIDEPLAN, 2018[69]). The selected social programmes were part of the overall poverty reduction strategy and included scholarships, school canteens and health campaigns that target different dimensions of poverty, such as health outcomes, educational outcomes and social security (Table 6.3).

The simulations were based on a model that allowed introducing a controlled change in certain variables, such as the number of scholarships offered, to observe its impact on the multidimensional poverty index. This enabled MIDEPLAN to identify the combination of beneficiaries for the 13 social programmes that would have the biggest impact on reducing the multidimensional poverty index. The identified combination would decrease multidimensional poverty between 2.3% and 2.7% by 2022, representing between 36 639 and 41 408 households being lifted out of poverty. The model also provided insights into differences in impact at the national and regional levels.

Table 6.3. *Ex ante* impact assessment of a co-ordinated strategy to reduce multidimensional poverty in Costa Rica

Responsible institution	Programme	2017 beneficiaries baseline	2022 beneficiaries target (established using simulations)
National Scholarship Fund (FONABE)	Scholarships	95 000	130 000
Ministry of Public Education (MEP)	PANEA school canteens	775 001	800 000
	School transport programme	143 697	159 697
Joint Institute of Social Aid (IMAS)	AVANCEMOS programme	180 282	184 300
National Institute of Learning (INA)	Training graduates	10 645	15 968
Ministry of Labour and Social Security (MTSS)	PRONAMYPE training programme	-	15 000
Housing Mortgage Bank (BANHVI)	RAMT housing subsidy	1 026	3 570
Institute of Aqueducts and Sewers (AyA)	ASADAS quality drinking water programme	1 344 399	1 375 995
Social Security Fund (CCSS)	Health insurance	334 479	354 479
	Non-contributory regime insurance	116 000	131 000
Ministry of Health (MS)	Education and Nutrition Centres and Comprehensive Child Care Centres	27 000	31 620
National Child Welfare Agency (PANI)	Young mothers scholarships	2 138	2 500
	Care centres network	28 244	34 244

Note: Estimations were made using 90% confidence intervals. In all cases, 1 000 simulations were carried out. The simulation model was based on the following assumptions: 1) new beneficiaries did not benefit from the programme in the previous year; 2) beneficiaries are distributed regionally according to the proportion of poor households experiencing each type of deprivation; 3) efficiency in resource allocation is achieved by prioritising multidimensional poor households in each region; and 4) there are no "leaks" in the allocation systems.
Source: Adapted from MIDEPLAN (2018[69]) and Fernandez (2018[70]).

In addition to strengthening horizontal alignment across ministries, a joint well-being framework can help align the contribution of each level of government to societal objectives.[8] Sub-national governments play a vital role in achieving well-being objectives, as they have core responsibilities for many well-being areas. They are also in more direct contact with their communities, including the most vulnerable groups, for example, through social workers and frontline staff (OECD, 2018[71]). When using well-being frameworks to create more aligned multilevel governance, sufficient flexibility for local governments to focus on well-being priorities that are particularly relevant in their area is important (OECD, EU and UN ECLAC, 2019[72]) (Box 6.5). National planning offices form an important mechanism to align national and sub-national level development strategies. For example, in Paraguay, the development plan up to 2030 helps to align both sector-based strategies at the national level as well as national and sub-national strategies (Box 6.2). Strong vertical alignment also offers opportunities for peer learning and upscaling of successful well-being approaches developed at local and regional levels, as around the world sub-national governments are at the forefront in applying well-being metrics and concepts in public policy (Whitby, Seaford and Berry, 2014[73]; OECD, forthcoming[62]).

Applying a multidimensional lens to policy calls for mechanisms to build new understandings of the interconnectedness of societal outcomes and of ways of incorporating these in policy design and implementation. A challenge in using a multidimensional lens in public policy is that it can quickly push analysts beyond their areas of expertise (Durand and Exton, 2019[13]). Several of the well-being initiatives led by national governments in countries have therefore included components of civil service capacity-building. For example, the United Arab Emirates' Wellbeing Academy[9] offers programmes to federal and local government entities on how to integrate the consideration of multidimensional outcomes into policies, programmes and services. Multidisciplinary teams or commissions can also play an important role in bringing together the array of specialist knowledge that is needed to assess policies for their multidimensional impacts. While multidisciplinary capability is particularly important for central government agencies, there is also value in considering how the knowledge base that underpins each of the identified societal well-being goals can be made more readily accessible across the system of government (OECD, forthcoming[62]).

Multidimensional monitoring and evaluation

Using multidimensional indicators to monitor societal progress

Monitoring societal *outcomes*, in addition to policy *outputs*, helps to stay focused on the range of goals that policies are ultimately trying to achieve (OECD et al., 2019[2]). Underpinning societal progress frameworks with a clear set of metrics not only fosters more evidence-based agenda setting, it also increases public accountability for progress towards societal well-being goals and provides valuable input into the policy development process. Around 2019, at least 14 LAC countries had monitoring and evaluation systems in place or were developing them (OECD et al., 2019[2]). Several monitoring initiatives in LAC countries have focused on bringing together multidimensional indicators on societal well-being outcomes. This includes outcome monitoring initiatives led by INEGI and CONEVAL in Mexico, initial steps to measure Buen Vivir in Ecuador, as well as ongoing work on a Social Well-being Measurement Framework in Chile (Box 6.7).

Box 6.7. Well-being outcomes monitoring initiatives in LAC countries

Well-being measurement initiatives in Mexico

In Mexico, the National Institute of Statistics and Geography (INEGI, by its Spanish acronym) has developed a well-being indicators portal (www.inegi.org.mx/app/bienestar) that brings together objective and subjective indicators for 12 domains of current well-being, covering both material living standards and quality of life. The well-being indicators are provided for each Mexican state, to highlight opportunities and constraints for regional development (OECD, 2015[74]). The regional well-being portal, constructed in collaboration with the OECD, builds on the OECD Well-Being Framework. Well-being dimensions captured in the INEGI indicator set include: Accessibility to services; Community; Education; Work; Work-life balance; Income; Environment; Civic engagement and governance; Health; Satisfaction with life; Safety; and Living environment (OECD, 2015[74]).

In addition, for more than 10 years, Mexico's National Council for the Evaluation of Social Development Policy, CONEVAL**,** has been generating information that serves as input for the design and evaluation of social development policy (CONEVAL, 2020[75]). CONEVAL has created a Social Policy Monitoring System (SIMEPS) that follows a range of indicators over time to help assess the achievement of objectives in social development programmes and the National Development Plan. While this system includes some indicators on well-being outcomes (e.g. the percentage of students achieving at least the basic proficiency level in the PISA test), it mainly monitors output indicators (e.g. the school enrolment rate). CONEVAL is also in the process of developing a Social Rights Information System (SIDS, by its Spanish acronym) comprising a wide set of indicators that complement the multidimensional poverty measures, including indicators on education, health, social security, nutrition and living standards. Mexico's 2013-2018 National Development Plan has, for the first time, incorporated indicators to track progress on the achievement of the set objectives. Based on these indicators, CONEVAL prepared its first assessment of progress for the six-year period (CONEVAL, 2018[76]).

The measurement of Buen Vivir in Ecuador

Since 2015, the National Statistics Office of Ecuador (INEC, by its Spanish acronym) has advanced an agenda for measuring well-being under the Buen Vivir precepts. In designing the measurement framework, INEC undertook substantial consultation with international experts, academics, civil society, private sector representatives, international organisations and focus groups consisting of Ecuadorean citizens (León Guzmán, 2015[26]; García, Moreno and Viteri, 2018[77]). This process resulted in the selection of 25 indicators across seven dimensions of well-being: Housing; Water and sanitation; Health; Employment and economic security; Education; Community relations and subjective well-being; and Environmental practices. The Buen Vivir measurement framework has an aspirational aim to measure those things that make for a good life, to complement existing measures with a focus on well-being deprivations, such as the Multidimensional Poverty Index.

Despite the progress on translating the Buen Vivir framework into a monitoring framework, the measures are not collected regularly by INEC. Unlike the Multidimensional Poverty Index, the Buen Vivir measures have no official status. This partly reflects changes in Ecuador's political environment, which have resulted in weakened support for the Buen Vivir approach, promoted initially by former President Rafael Correa. While there is continued consensus on the need for robust poverty statistics, there is less support for the measurement of people's wider well-being outcomes, partly given the financial cost of additional data collection (Montoya and Nieto-Parra, forthcoming[29]).

The Social Well-being Measurement Framework in Chile

The Chilean Ministry of Social Development and Family is currently developing a Social Well-being measurement framework. Social protests in Chile during 2019 highlighted the need to better understand the needs and concerns of citizens. In response, the government has started development of a measurement framework and instrument to collect more comprehensive data on Chileans' well-being and quality of life. Using the OECD Well-Being Framework as a starting point, the Chilean Ministry of Social Development is in the process of developing a Social Well-being Survey to complement the existing National Socio-economic Characterisation Survey (CASEN), which provides data on material living standards (Income; Work and earnings; and Housing outcomes). The Social Well-being Survey aims to collect complementary data on quality of life, focused on both outcomes and opportunities. This includes indicators on: Health; Work-life balance; Education; Social relations; Civic engagement and governance; Environmental quality; Personal security; and Subjective well-being (Ministry of Social Development and Family, 2020[78]).

Underpinning societal well-being objectives with a clear set of metrics is an important part of increasing accountability. For example, in Colombia, the National Management and Results Evaluation System (SINERGIA, by its Spanish acronym) helps to track progress against its National Development Plan objectives. SINERGIA has three high-level objectives: 1) monitoring the implementation of the National Development Plan; 2) monitoring progress at the sub-national level; and 3) evaluating the implementation and impact of selected public policies (SINERGIA, 2020[79]). SINERGIA is also responsible for monitoring progress towards the SDGs. To monitor the National Development Plan objectives, SINERGIA continuously updates its open system containing information on the progress achieved by 24 sectors, 61 public entities, and 96 programmes, building on over 670 indicators. SINERGIA generates regular progress bulletins for government sectors and the Presidential Council for Management and Compliance, which also inform the President's periodic reports to Congress. In addition, SINERGIA has an early warning system for public institutions that are lagging in progress towards meeting their goals, which allows policy makers to implement necessary corrections to increase the chances of goal fulfilment.

Using multidimensional frameworks to evaluate "what worked" for improving well-being

Using multidimensional frameworks to evaluate "what worked" for improving societal well-being can help accelerate societal progress. Multidimensional frameworks provide more comprehensive guidance for policy makers on the range of outcomes that needs to be considered in evaluating the success of government interventions, including inequalities and intergenerational impacts. In recent decades, important advances have been made internationally in terms of the range of data that is used to assess policy impacts beyond traditional outcome indicators such as income, educational qualifications and health status. Government agencies, such as HM Treasury in the United Kingdom, have developed specific guidelines for using well-being as a core consideration when appraising and evaluating public policy (Durand and Exton, 2019[13]). Building capacity for *ex post* evaluation of well-being impacts is important to ensure ongoing strategy and policy improvements so as to more effectively and efficiently address societal issues.

Policy evaluation has gained ground in LAC countries, but ongoing work is needed to make evaluation frameworks more comprehensive. Several LAC governments have created permanent mechanisms and institutions to evaluate programmes in line with national development objectives (Box 6.8). Generally, countries attach responsibilities for policy monitoring and evaluation to the same agency (e.g. SINERGIA in Colombia, CONEVAL in Mexico and SINE in Costa Rica). In Mexico, impact evaluations have led to the redesign of large social programmes (e.g. the former *Progresa*) to ensure a more significant impact on the well-being of beneficiaries. Although policy evaluation is commonly used in the LAC region, further progress can be made in using a wider range of well-being outcomes when deciding on the variables for

impact evaluations. A shared well-being framework can help to focus evaluation activities on a set of societal outcomes that are relevant across government, encouraging a more holistic assessment of how interventions contribute to the variety of aspects that shape societal well-being. As mentioned above, this stands in contrast with more siloed approaches in which economic statistics are mostly used to assess economic policies, social statistics for social policies, and environmental statistics for environmental ones (see earlier section on "The value of a multidimensional approach to public policy").

Some OECD countries have established dedicated institutes to bring together academic expertise and knowledge on "what works" as input into ongoing policy development. For example, in the United Kingdom, the *What Works Centre for Well-being* has been established as an agency dedicated explicitly to synthesising evidence on ways to improve different well-being outcomes. Rather than focusing on a particular sector, the Centre aims to inform policy development across the system of government. Funded through research grants and contributions from government departments, the Centre also organises learning events and publishes regular newsletters to encourage policy makers to incorporate the evidence into their work (Box 6.8).

Box 6.8. Using policy evaluation to accelerate progress towards societal objectives

Policy evaluation by SINERGIA in Colombia

The National System for the Evaluation of Management and Results (SINERGIA, by its Spanish acronym)[1] conducts four types of policy evaluation: 1) process evaluations, examining the operation and processes of public interventions; 2) institutional evaluations, to determine the institutional strengths and weaknesses that may facilitate or hinder policy implementation; 3) outcomes evaluation, assessing to what extent targeted societal outcomes are being met; and 4) impact evaluation, quantifying the effects attributable to public interventions and assessing the causality between interventions and outcomes (SINERGIA, 2020[79]). For example, SINERGIA recently evaluated the impact of the Conditional Cash Transfer programme *Familias en Acción* on poverty, education and health outcomes. It concluded that the programme increased the probability of children moving from fifth to sixth grade of school in major cities (i.e. from primary to secondary school level) by 5%, and that it led to a 2% reduction in both the probability of child labour among children and teenagers and the probability of pregnancy among teenage women (Arteaga and Pecha, 2020[80]).

The UK What Works Centre for Well-being

In the United Kingdom, the What Works Centre for Well-being aims to develop and share evidence that governments, businesses and civil society can use to improve well-being across the country. The Centre provides advice across government agencies on the drivers and measurement of well-being outcomes as well as on how to integrate well-being evidence into public policy. It forms part of a network of seven UK What Works Centres that address different policy issues or geographic regions. These centres help ensure that, high quality, independently assessed evidence shapes decision-making at every level by:

- collating existing evidence on the effectiveness of policy programmes and practices
- producing high-quality synthesis reports and systematic reviews in areas where they do not currently exist
- encouraging policy makers to use these findings to inform their decisions by sharing findings in an accessible way, including through regular newsletters, courses and learning events.

Note:
1. SINERGIA is run by the Public Policy Monitoring and Evaluation Directorate (DESEPP, by its Spanish acronym) of the National Planning Department.
Source: https://whatworkswellbeing.org

Improving the statistical infrastructure is essential for LAC countries to strengthen multidimensional monitoring and evaluation. The LAC region has made significant progress in advancing the "beyond GDP" measurement agenda, particularly in the context of the SDG framework. Nonetheless, ongoing work is needed to ensure sufficient indicator coverage, the granularity of data, timeliness and international comparability to improve the monitoring of societal progress and to be able to broaden the focus on policy evaluation. Chapters 2 to 4 of this report have described the statistical development that is needed to better measure dimensions of both current and future well-being. Chapter 5 has summarised the statistical issues that need to be addressed to better assess inequalities of opportunity by gender, age, ethnicity and race, geographic distribution and education level. In addition, stronger mechanisms are needed to make sure that the insights gained through monitoring and evaluation are acted on as part of the policy development process.

Multidimensional measurement frameworks to support renewed international partnerships

Regional and international development partnerships and an open, rule-based multilateral system are essential to support development in the LAC region. The COVID-19 pandemic, with its devastating impact on every country in the region, has raised the urgency for internationally co-ordinated responses that not only "build forward better" but also "build forward together". Domestic policies have shown their limits, and multilateral co-operation has become an imperative to overcome shared challenges. New forms of co-operation are needed that better respond to the interconnectedness of countries' outcomes and their increasing aspirations for a greener and fairer world. Policy discussions and mutual learning could benefit from a shared vision of the future of the LAC region and of the key challenges and opportunities to achieving it, supported by a set of measures that could be used to monitor progress and to benchmark countries' performance. A shared, holistic vision – that considers outcomes across dimensions (social, environmental and economic), groups, and time scales (short- and long-term) – can play an important role in helping to identify opportunities for partnerships across LAC countries and with other world regions. While the 2030 Agenda provides a global blueprint of policy commitments based on a broad understanding of development that is multidimensional and universal, many regional organisations or country groupings (ranging from the European Union to the BRICS (RIS, 2016[81]) and the APEC) have complemented it with visions and objectives tailored to their specific circumstances as a basis for regional dialogue and co-operation.

Multidimensional frameworks can help address the limitations of using GDP and GNI as the basis for development objectives and co-operation. Although income is recognised as being extremely volatile and often misleading, nowadays country classifications that are used to determine eligibility for Official Development Assistance (ODA) and for specific instruments therein rely on aggregate income. This includes the International Development Association (IDA), whose thresholds determine the operational availability of concessional finance from the World Bank and guide decision-making on access to concessional finance for a number of other multilateral financial institutions, such as the Asian Development Fund, the African Development Bank, the Asian Development Bank and the IMF. The income criterion is also part of the criteria for Identification and Graduation of Least Developed Countries (LDCs). Yet, there is now widespread agreement that development is much broader than increases in per capita national income per se. Development is a multifaceted process with the ultimate goal of improving the well-being of citizens, now and for future generations. The pace and pattern of economic growth can play an important role in driving other dimensions of development, but certain key well-being outcomes are loosely or even negatively related to aggregate incomes. As a result, transitions in income groups can be at odds with progress on a number of relevant development indicators (OECD, 2017[82]). Development challenges exist on a continuum and do not disappear after countries achieve a level of GNI per capita above the threshold for determining eligibility to ODA of IDA. On the contrary, the structural challenges faced by newly

upgraded countries can be compounded by the sudden loss of financial aid after graduating from ODA eligibility or other concessional finance.

The Development in Transition (DiT) framework (ECLAC, 2021[83]; OECD et al., 2019[2]) has advocated the need for broader frameworks and measures to inform international co-operation. The Development in Transition (DiT) approach looks at international co-operation as a facilitator for development, based on three main pillars: 1) redefining governance based on inclusiveness; 2) strengthening institutional capacities by aligning domestic and international priorities; and 3) broadening the tools of engagement to include knowledge sharing, multilateral policy dialogues, capacity building, and co-operation on science, technology and innovation (OECD et al., 2019[2]). A shared multidimensional measurement framework can support a broader approach to international partnerships beyond financial co-operation. It can help underpin renewed international partnerships that can support countries' access to knowledge and technology and can provide a platform for sharing experiences and lessons learnt across countries. It can also mobilise international finance to address key well-being issues that affect current and future generations that extend beyond issues of poverty. Multidimensional frameworks also help draw more attention to transboundary effects, providing countries with further insights into the cross-border impacts of their national and local policies. As such, a multidimensional approach can support partnerships that better align national, regional and international efforts by identifying key interlinkages between countries' development strategies and international well-being goals.

Multilateral institutions are increasingly deploying multidimensional frameworks that cover a variety of development outcomes and recognise the different pathways countries can follow to achieve them. For instance, the European Council has noted the importance of international co-operation with middle-income countries and stressed that "measures of development should look beyond GDP per capita and consider other dimensions, including inequalities within countries and climate change" (Council of the European Union, 2021[84]). Individual countries have also taken steps in this direction. For example, Uruguay has built its international co-operation policy on the concept of DIT and on an understanding of the multifaceted nature of development challenges (see Box 6.9). As countries rebuild after the pandemic, incorporating multidimensional perspectives into engagements and discussions with international partners can be an important first step to help establish shared priorities to be monitored across the region.

Box 6.9. Uruguay's International Co-operation Policy for Sustainable Development by 2030

The Uruguayan government has defined its strategic priorities for developing an international co-operation strategy aligned with the Sustainable Development Goals and the 2030 Agenda. In 2020, the Uruguayan Agency for International Co-operation[1] (AUCI, by its Spanish acronym) started the process to develop the 2021-2024 United Nations Strategic Co-operation Framework (MECNUD, by its Spanish acronym), promoted by the United Nations System and co-ordinated by AUCI. The starting point of this process was an exchange meeting convened by the President of the Republic with the participation of 15 representatives of member agencies of the United Nations System to inform them about public policy guidelines to shape international co-operation. More than 300 representatives of national and international organisations participated, including in four general workshops, two specific workshops and numerous interviews with government representatives. Within this framework, the Uruguayan government defined its strategic priorities around the following axes:

1. ***An economy that innovates, generates employment and guarantees the sustainability of development:*** fostering innovation and sustainable production, and developing a strategy for the creation of employment and a private sector committed to social development;
2. ***An efficient, transparent and accountable state with presence across all the territory:*** fostering decentralisation and local development, and a state that guarantees citizen coexistence and eradicates violence;
3. ***Public policies that ensure quality education, social protection and health for all:*** promoting the transformation of education, social and territorial cohesion and health care;
4. ***A society that leaves no one behind:*** empowering vulnerable social groups, including women, deprived and economically vulnerable people, children and youth.

Note:
1. AUCI is responsible for co-ordinating the non-refundable international co-operation for development that Uruguay provides and receives. It was created in 2010 within the Presidency of the Republic. One of its mains goals is to prioritise and negotiate the international co-operation that Uruguay receives and align it with the country's development priorities.
Source: AUCI (2020[85]; 2021[86])

Conclusion

Taking a multidimensional perspective can support LAC countries in addressing the highly interconnected societal challenges they face, which have been further aggravated by the COVID-19 crisis. Multidimensional frameworks can strengthen the effectiveness and efficiency of government efforts and expenditure to raise societal well-being by: firmly focusing government action on the well-being outcomes of greatest need; fostering a more coherent, whole-of-government approach to achieving societal objectives that maximises possible synergies and actively anticipates and manages trade-offs between government actions to raise well-being; and encouraging more anticipatory governance that systematically considers well-being outcomes and inequalities today as well as resources for tomorrow. Anchoring government action in a broadly shared societal vision of what makes for a good and meaningful life can also lay the foundation for strengthening the social contract between governments and citizens and can play a pivotal role in generating public support for required structural reforms. Lastly, multidimensional frameworks can help inform and strengthen international co-operation, in line with a Development in Transition approach. The value that a multidimensional approach can offer is particularly relevant in the wake of the COVID-19 pandemic, whose impacts are putting further pressure on societal well-being as well as on the available government budgets to address them.

Governments in LAC countries have already taken important steps in adopting a "beyond GDP" approach to public policy. LAC countries have a long history of applying multidimensional measurement approaches, particularly in relation to poverty. The use of multidimensional indices, such as the Multidimensional Poverty Index and the Human Development Index, has fostered more comprehensive and evidence-based approaches to public policy. Most countries have also made significant progress in collecting new data that provide more insights into societal well-being. Similarly, the LAC region's commitment to international well-being frameworks, such as the 2030 SDG agenda, and the development of localised well-being frameworks signal a move towards stronger multidimensional perspectives. The uptake of the 2030 Agenda and the region's strong tradition of national development planning have contributed to promoting longer-term and more co-ordinated whole-of-government approaches to policy making. Several countries have established plans in a participatory way and with a long-term focus to help drive more sustainable development.

Participative approaches to developing multidimensional frameworks and establishing societal priorities can help strengthen the social contract between governments and citizens. Wide public engagement in the development and periodic review of multidimensional well-being frameworks is essential to ensure the legitimacy and public support for such frameworks to guide government decision-making and to mobilise collective action towards the identified societal goals. In doing so, reaching out to those who are less able to, used to or willing to "get involved" is fundamental to make well-being frameworks and national development strategies more responsive to excluded groups like informal workers, women, indigenous populations, racial-ethnic minorities and youth (OECD, 2020[87]). Participative approaches to developing multidimensional frameworks offer important value for both governments and citizens: they enable governments to learn more about the perspectives, issues and concerns of the citizens, particularly those who are most vulnerable. At the same time, they allow citizens to gain deeper understandings of the complex interplay between social, economic and environmental issues, as well as the short- and long-term objectives of governments. In this way, participative approaches can strengthen democratic functioning by giving citizens a more direct role in public agenda-setting and decision-making. Establishing broad societal support for a framework can also help guard the continuation of multidimensional approaches against the impacts of political changes.

While national development plans are increasingly taking a multidimensional view, economic goals remain largely dominant, partly because of information gaps on non-economic goals. Analysis of LAC national development plans has shown that there is a limited focus on the wider forms of capital that are needed to sustain well-being over time, going beyond economic capital. Even where comprehensive data does not yet exist, well-being frameworks can help inform more balanced agenda-setting as part of the development planning process by outlining the core components of societal well-being – and their interrelationships – that need to be considered. In addition, strengthening the statistical infrastructure can help further inform the agenda-setting process by providing better data on the range of outcomes that shape societal well-being. In turn, this can help to increase the transparency of the agenda-setting process, foster public dialogue about the right priorities to select and strengthen government accountability on societal progress. Improving the measurement of multidimensional outcomes will also strengthen the monitoring of societal progress and help broaden the evaluation of the impact of government interventions. Specific areas for statistical improvement have been detailed in Chapters 2 to 5.

In addition, stronger links are required between, on the one hand, the multidimensional objectives set out in legal frameworks and national development plans, and, on the other hand, their actual implementation, including through budget allocation and policy development. Currently, even though several national development plans are enshrined in law, their role is often limited to setting a vision for the country, without sufficient mechanisms to enforce adherence to the plan's guidelines during budget allocation, policy development and implementation. Good intentions embodied in constitutional arrangements and legal frameworks often do not match the actual operation of governments. This includes the connection between development plans and government budget allocation, which needs to be strengthened to arrive at more

balanced spending across well-being priorities (OECD et al., 2019[2]). Using societal well-being priorities – that have broad public support – as the basis for government spending is key both to enable the highest well-being return on investment and to strengthen public accountability. Similarly, using a core set of well-being objectives in the *ex ante* assessment of policy proposals right across government can help underpin a more coherent, whole-of-government approach to improving societal well-being. Building on existing good practices and strengthening the links between "objectives" and "implementation" can make the difference between a national development plan that remains a high-level vision versus one that is grounded in broadly shared societal objectives and so can become a powerful lever in mobilising collective action to improve lives.

In the context of the COVID pandemic, a well-being approach to policy can guide the process of building forward better by helping governments reprioritise, redesign, realign, and reconnect in a number of ways. It can give clarity on goals, priorities, and measures of success: articulating what building forward better means in practice. It helps to identify both pre-existing and new or accumulated vulnerabilities to target support more effectively. It addresses topics that are sometimes less visible in policy, but which matter a lot for people's quality of life and which have been significantly negatively impacted in the pandemic such as social connections, mental health and subjective well-being. It builds resilience in systems, including not just in economic and natural systems, but also social systems (such as institutions and trust). It also establishes collaborative networks across government departments and agencies focused on shared outcomes, these are needed to deliver on multidimensional integrated agendas such as will be required to implement inclusive and sustainable recovery plans.

Finally, multidimensional measurement frameworks have the potential to guide decision-making at the regional and international level as well as at the national (and sub-national) level. The COVID-19 crisis has provided an urgent reminder that the key challenges facing governments today are not confined within national borders (just as with climate change, or migration for example). To build forward better, countries need to build forward together as much as possible. Agreeing on a shared set of priorities to be monitored using common indicators across the region (which is a political as much as a technical process) would help LAC countries to identify common challenges as well as relative areas of strength or weakness. This, in turn, would support evolution towards a broader and more flexible range of international partnership modalities (beyond financial aid alone) that are better adapted to the needs of countries in an era of Development in Transition.

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Annex 6.A. Multidimensional Poverty Indices in LAC countries

Multidimensional poverty indices provide information on experienced deprivations across a range of well-being outcomes, at both aggregate levels and for specific subgroups of interest (e.g. based on gender, age, geographic location, indigenous descent or disability status) (Annex Table 6.A.1). In LAC countries, these indices are increasingly being incorporated within the policy cycle to help to inform the design of policies aimed at reducing poverty, to distribute public budgets, to target social programmes and to monitor and evaluate the outcomes of poverty-reduction programmes. Currently, Uruguay is in the process of developing a national multidimensional poverty index.

Annex Table 6.A.1. National Multidimensional Poverty Indices in LAC countries

Country	Dimensions	Data source	Number of years covered	Disaggregation	Current policy uses
Chile	• Health • Education • Housing, environment • Labour, social security • Networks, social cohesion	National Socioeconomic Characterisation Survey (CASEN)	5 years (2009, 2011, 2013, 2015, 2017) [a]	Regional level [b], urban/rural, indigenous population, gender, and age cohort	• Official poverty measure • Official SDG monitoring
Colombia	• Health • Education • Utilities, housing • Labour; Childhood, youth	National Living Standards Survey (ENCV)	9 years (2011-2019)	Department level, urban/rural, gender and age	• Official poverty measure • Official SDG monitoring • NDP target-setting and monitoring
Colombia (municipalities)	• Health • Education • Utilities and housing • Labour; Childhood, youth	2018 National Population and Housing Census (CNPV)	1 year (2018)[1]	Municipal level and urban/rural	• Official poverty measure • Social policy targeting • COVID-19 response
Costa Rica	• Health • Education • Housing and Internet • Employment • Social protection and equity	National Household Survey (ENAHO)	9 years (2010-2019)	Regional level [c] and urban/rural	• Official poverty measure • Official SDG monitoring • NDP target-setting and monitoring • *Ex ante* appraisal • Budgeting
Dominican Republic	• Health • Education and child care • Housing and environment • Employment and livelihood • Social relationships • Digital gap, social harmony	MPI Questionnaire within the Quality of Life Indicators Survey	1 year (2015) [f]	Municipal level and urban/rural	• Non-official poverty measure
Ecuador	• Health, water and food • Education • Habitat, housing, environment • Labour and social security	National Survey of Employment, Unemployment and Under-employment (ENEMDU)	11 years (2009-2019)	Urban/rural	• Official poverty measure • Official SDG monitoring • NDP target-setting and monitoring
El Salvador	• Health and food security • Education • Housing • Employment • Habitat	Multiple Purpose Household Survey (EHPM)	4 years (2014-2017)	Department level, urban/rural, gender, and income quintile	• Official poverty measure • Official SDG monitoring

Guatemala	• Health, food, nutritional sec. • Education • Housing • Employment • Utilities	Living Conditions Survey (ENCOVI)	1 year (2014)	Department level and urban/rural	• Non-official poverty measure
Honduras	• Health • Education • Housing • Employment	Multi-Purpose Household Survey (EPHPM)	7 years (2012-2018)	Department level, urban/rural, and gender	• Official poverty measure • Official SDG monitoring
Mexico	• Health services • Education lag • Housing features and quality • Basic utilities • Social security • Food security • Income[e]	Expanded National Survey of Household Income and Expenditure (MCS-ENIGH)	6 years (2008, 2010, 2012, 2014, 2016, 2018)	Federal level (every two yr.), municipal level (every five yr.), rural/urban, indigenous, gender, disability, age group	• Official poverty measure • Official SDG monitoring
Panama	• Health • Education • Housing, utilities, Internet • Employment • Environment and sanitation	Multi-Purpose Survey (EPM)	2 years (2017-2018)	Province level, urban/rural and indigenous population	• Official poverty measure • Official SDG monitoring
Panama (children[2])	• Health • Education • Housing • Water and sanitation • Child protection	Multi-Purpose Survey (EPM)	1 year (2018)	Province level, urban/rural and indigenous population	• Non-official poverty measure
Panama (districts and townships)	• Health and water • Education • Housing and basic services • Employment • Environment and sanitation	2010 Population and Housing Census (CPV)	1 year (2010)	District and township [d] levels, and urban/rural [g]	• Non-official poverty measure
Paraguay	• Labour and social security • Housing and services • Health and environment • Education	Permanent Survey of Households (EPH)	4 years (2016-2020)	Urban/rural	• Official poverty measure

Notes: Official measures generally imply that the measure is recognised by the country's national statistics office as one of the country's priority indicators, leading to periodic updates of the data used to compute them. Non-official measures, conversely, have generally been one-off, non-periodic efforts to collect data and calculate a measure, with more limited use and recognition. In the Disaggregation column, the disaggregation by gender generally allows comparing data according to the gender of the head of the household. (a) The previous version of the MPI-Chile, which now contains four dimensions, covered the years 2009, 2011, 2013, 2015 and 2017; the current version, which contains five dimensions, covers 2015 and 2017. (b) Chile is divided into 16 administrative regions, which in turn are subdivided into 56 provinces. (c) The disaggregation level into "regions" refers to the six planning regions of Costa Rica (socio-economic or functional regions). (d) Panama is administratively divided into provinces, these, in turn, into districts, and these, into townships. Panama's IPM-C, calculated using 2010 census data, allows disaggregation at the district and township levels (*"distritos"* and *"corregimientos",* respectively). (e) CONEVAL designed the methodology for Mexico's multidimensional poverty measure. It combines income poverty and deprivations in six basic social rights, summing up seven dimensions in total. (f) Data were collected through the IPM Questionnaire between November and December 2015. The index's development was carried out during 2016, but it was not officially published until 2017. (g) The urban/rural disaggregation is available only for some of the dimensions (housing and basic services, and access to the Internet).

1. There is also a calculation of the multidimensional poverty index with data from the 2005 Census, carried out by DNP–SPSCV.

2. After the implementation of a national MPI in Panama, data revealed that 48% of people living in conditions of multidimensional poverty were under age 18 (MPPN, 2019[88]). Therefore, the Panamanian government decided to implement a Children's IPM to complement the national MPI. The IPM-NNA includes dimensions adapted to the measurement of different vulnerabilities suffered by children and adolescents, such as protection and recreation (López-Calva, 2019[89]; MEF, MDS, and INEC, 2018[90]).

Source: Adapted from Montoya and Nieto-Parra (2021) based MPPN (2020[91]); Mexico (CONEVAL, 2010[92]); Colombia (Angulo, Díaz and Pardo, 2013[93]); Chile (Ministerio de Desarrollo Social, 2015[94]); El Salvador (STPP and MINEC-DIGESTYC, 2015[95]); Costa Rica (INEC, 2015[96]); Ecuador (Castillo Añazco and Jácome Pérez, 2017[97]); Honduras (SCGG and INE, 2016[98]); the Dominican Republic (SIUBEN, 2017[99]); Panamá (MEF, MDS and INEC, 2017[100]); Paraguay (INE, 2021[101]); and Guatemala (MDS and OPHI, 2018[102])

Annex 6.B. Heat maps methodology

The heat maps included in the Figures 6.2 and 6.3 were created by analysing the national development plans of 15 LAC countries using the statistical software R. The national development plans analysed include those of Argentina (2015-2019), Bolivia (2016-2020), Brazil (2016-2019), Chile (2018-2022), Colombia (2018-2022), Costa Rica (2019-2022), the Dominican Republic (2010-2030), Ecuador (2017-2021), El Salvador (2014-2019), Guatemala (2032), Honduras (2018-2022), Mexico (2019-2024), Panama (2015-2019), Paraguay (2030) and Peru (2021).

Two separate analyses were run to create two heat maps referring to the 11 current well-being dimensions and the 4 future well-being dimensions. For each analysis, the texts of the national development plans were coded according to the dimensions in the OECD Well-Being Framework. “Coding” refers to the process of capturing words or group of words (expressions) of interest from the text and putting them into different categories (dimensions). The coding was done using Spanish or Portuguese words or expressions, non-case sensitive, for which the English translations are provided in Annex Table 6.B.1 and Annex Table 6.B.2.

In a first step, different categories were created in R, one for each dimension of the OECD current and future well-being framework. The text data from the national development plans was imported and cleaned by removing unnecessary words, punctuation, numbers and extra blank spaces between words. Then, the data were transformed to have one column and multiple rows. Each row is a token, i.e. our unit of analysis. A token may be a word or group of words (an expression) derived from the text. The text data was arranged to have a table of one token per row. Each token created from the cleaned text was matched with one of the dimensions based on the words and group of words (expressions) defined in Annex Table 6.B.1 (current well-being) and Annex Table 6.B.2 (future well-being). In a final step, the number of matched tokens were counted for each dimension and relative frequencies for each country were computed. The sum of the frequency of all the tokens of a country's national development plan, distributed across all dimensions, is 100. In the heat maps, different shades of the same colour were used to illustrate the intensity (frequency) of each well-being dimension in each national development plan.

Annex Table 6.B.1. Current well-being

	Tokens
Income and wealth	Income; GDP; growth; credit; economic; production; consumption; living standards; poverty; food safety; food insecurity; pension; pensions; retired; retiree; money transfers; money transfer; subsidy; subsidies;
Knowledge and skills	education; science; sciences; scientist; scientific; knowledge; students; reading; math; philosophy; English; literacy; book; books; library; libraries; wisdom; culture; school; schools; instruction; educational proficiency; proficient students; cognitive abilities; cognitive ability; educational achievement; dropout rate; PISA; educational system; numeracy; school supplies; school bus; university; universities; university student; formation; formations; technical professional training; vocational technique; vocational technician; professional technique; professional technician; pedagogy; pedagogical; pedagogical; interpersonal skills; school infrastructure;
Safety	Safety; safe; insecurity; insecure; murder; policeman; police; peace; pacific; peaceful; femicide; victim; victims; crime; crimes; criminal; criminals; road deaths; death road; traffic accident; traffic accidents; road accidents; gang; gangs; gang members; hired assassin; delinquency; delinquent; assault; theft; extortion; kidnapping; violence; violent; drug trafficking; drug dealer; traffic; offense; offenses; illicit; murder; murders;
Social connections	social connection; social connections; social network; social networks; community network; community networks; support network; support networks; social support network; community; communities; interactions; friend; friends; good coexistence; family strengthening; family; social cohesion; teamwork;
Work and job quality	Job; jobs; work; works; wage; salary; employees; maids; routine; worker; workers; domestic worker; domestic workers; unemployment; unemployed; underemployment; underemployed; informal; informality; income work; income jobs; income job; primary job; secondary job; occupation; occupations; social insurance; social security; smes; msmes; self-employed; informal

	Tokens
	workers; formalisation; active employment policy; active employment policies; liberal professionals;
Subjective well-being	Welfare; subjective well-being; life satisfaction; standard life satisfaction; feeling; feelings; happiness; happy; sad; depression; anxiety; suicide; suicides; tranquillity; serenity; resilience; perception; perceptions; good to live; live well;
Work-life balance	Balance work life; work life balance; work balance; working day; working hours; leisure; day off; rest; playground; paid work; unpaid work; employment relationship; labour relations; worker welfare; workers welfare; worker's welfare; workers' welfare;
Housing	House; apartment; property; accommodation; home; homes; houses; housing; residence; shelter; inn; ranch; address; slum; villages; poor neighbourhood; district; inadequate housing; access sanitation; access drinking water; internet access; internet; informal settlements; capacity; decent housing;
Health	Life expectancy; health; hygiene; health personnel; doctor; doctors; nurse; nurses; medicine; nutrition; nutritious; malnutrition; sound; healthy; food; alcohol; child mortality; maternal mortality; mortality rate; premature death; premature deaths; primary attention; hospital; hospitals; clinic; clinics; out-of-pocket health expenses; catastrophic health expense; catastrophic health expenditures; physical disability; handicapped; sport; sports; morbidity; HIV; sex education; disease; illnesses; disorder; disorders;
Environmental quality	Environmental quality; environmental management; air quality; environment; nature; sustainability; sustainable; pollution; contamination; air; earth; water; clean; cleaning; green; forest; natural disaster; natural disasters; volcano; volcanoes; earthquake; earthquakes; tremors; tremor; tsunami; tsunamis; fire; fires; landslides; landslide; inundation; floods; storm; storms; mother earth; CO2 emission; CO2 emissions; decarbonisation; fossil fuels; clean energies; clean energy; ground; soils; land use planning; green job; green jobs; green economy; environmental protection; forest management; forest management; climate change; bioeconomy;
Civic engagement	Vote; votes; polls; election; elections; voter; voters; plebiscite; referendum; electorate; elected; electoral; political voice; common action; open government; e-government; digital government; dialogue; citizen agreement; citizen agreements; democratic pact; democracy; transparency; transparent; citizen consultation; citizen consultations; citizen participation; purposeful participation; social cohesion; civil society; political representation; advice; local government; local governments; popular query; leaders; leadership; civil organisations; civil associations; community action boards; human rights; empowerment; activism; activist; activists; collective; collectives;

Annex Table 6.B.2. Future well-being

	Tokens
Economic capital	gross capital formation; capital formation; research; research development; infrastructure investment; fixed asset production; intellectual property; intellectual property assets; foreign debt; public debt; private sector leverage; financial net worth; government equity; macroeconomic stability; investment;
Natural capital	Biodiversity; species extinction; gas emission; carbon emission; intact forests; untouched forests; wild forests; native forests; environmental protection area; natural cover; water stress; renewable energy; recycling; material footprint; environmental footprint; green footprint; soil nutrition; deforestation; deforested; reforest; reforestation; environmental protection; natural protection; global warming; Amazonia; amazon;
Social capital	trust government; trust state; institutional trust; trust institutions; interpersonal trust; police trust; trust police; trust armed forces; trust judiciary; legitimacy; corruption; corrupt; corrupt; democracy; support democracy; discrimination; inequality; volunteering; voluntary; volunteers; volunteer; morality taxes; satisfaction public services; national institutions; court system; ethic; citizen trust; public trust; transparency; open government;
Human capital	NEET; not in education, employment, or training; overweight; obesity; child malnutrition; tobacco; tobacco use; tobacco consumption; cigarette; cigarettes; alcohol; alcohol consumption; informality; informal work; school dropout; uneducated youth; young uneducated;

Notes

[1] In recognition of the fact that there are many policy frameworks that incorporate aspects of a "well-being" policy framework without necessarily using the term well-being, particularly in the LAC region, the remainder of this chapter refers to multidimensional outcomes frameworks as well as well-being frameworks. See the section "What is a multidimensional approach to public policy?" for an explanation of the content and scope of such frameworks.

[2] As described here, more "objective" indicators include employment status, income and educational outcomes. A crucial distinction is that, even when such aspects of people's lives are self-reported (e.g. in surveys), they relate to objective aspects of living standards (e.g. qualifications obtained; incomes received) that a third party can also observe and measure. By contrast, more subjective measures (e.g. life satisfaction, feelings of safety) are directly concerned with people's experiences and perceptions – and while they can be validated with reference to objective data, the target construct of such measures is inherently subjective in nature.

[3] Most LAC countries are upper middle-income, including 9 of the 11 countries that were the focus of the preceding statistical chapters (Argentina, Brazil, Colombia, Costa Rica, Dominican Republic, Ecuador, Mexico, Paraguay and Peru). The remaining two focal countries, Chile and Uruguay, are high-income countries.

[4] Multidimensional poverty indices (MPIs) are important policy tools in the LAC region, and they embody many elements of the multidimensional and people-focused approach that is central to well-being. For example, almost all MPIs used by governments in the region consider aspects of housing and utilities, health, education and employment (see Annex Table 6.A.1). The primary function of MPIs is to broaden the definition of who can be considered poor or vulnerable, beyond monetary measures, in order to provide more extensive information for the effective targeting, monitoring and evaluation of poverty reduction and other social programmes. As such, their focus is on identifying current deprivation across different groups and areas. By contrast, well-being approaches describe both the level and the distribution of outcomes across a whole society as well as the resources that sustain these outcomes over time. In this sense, well-being approaches represent an aspirational view of what is important for a good life both today and tomorrow, over and above the absence of deprivation (which is nevertheless recognised as an essential building block). Several elements of current well-being, such as civic voice and engagement, work-life balance, job quality, social connections, environment and subjective well-being, are only rarely included in MPIs. More significantly, resources for future well-being at the societal level are almost entirely excluded from MPIs – for obvious reasons, given their primary purpose.

[5] GBA+ is an analytical tool developed by the Government of Canada to enable policy makers to examine the potential impacts (both intended and unintended) of a policy, plan, programme or other initiative on diverse groups of people. It considers gender as well as other identity factors such as age, ethnicity, indigenous heritage, geography, socio-economic status, family status and mental or physical disability (Government of Canada, 2021[103]).

[6] These domains are: Living standards; Education; Health; Ecological diversity and resilience; Community vitality; Time use; Psychological well-being; Good governance; and Cultural diversity and resilience (GNH Centre Bhutan, 2021[67]).

[7] These domains are: Economy; Health; Education; Culture and society; Government services and governance; and Environment and infrastructure (Government of United Arab Emirates, 2021[68]).

[8] The need to better link national and sub-national planning and monitoring, especially in the context of the SDGs, was highlighted by participants in the 2019 Bogotá (Colombia) conference on Policy uses of well-being and sustainable development indicators in Latin America and the Caribbean.

[9] See https://wellbeingacademy.hw.gov.ae.

How's Life in Latin America?

MEASURING WELL-BEING FOR POLICY MAKING

Many Latin American countries have experienced improvements in income over recent decades, with several of them now classified as high-income or upper middle-income in terms of conventional metrics. But has this change been mirrored in improvements across the different areas of people's lives? *How's Life in Latin America? Measuring Well-being for Policy Making* addresses this question by presenting comparative evidence for Latin America and the Caribbean (LAC) with a focus on 11 LAC countries (Argentina, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, Mexico, Paraguay, Peru and Uruguay). Spanning material conditions, quality of life, resources for future well-being, and inequalities, the report presents available evidence on well-being both before and since the onset of the pandemic, based on the OECD Well-being Framework. It also identifies priorities for addressing well-being gaps and describes how well-being frameworks are used in policy within Latin America and elsewhere around the world, providing lessons for governments on what is needed to put people's well-being at the centre of their action. The report is part of the EU Regional Facility for Development in Transition for Latin America and the Caribbean.

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