



# LATIN AMERICAN AND CARIBBEAN SOCIETIES IN THE POST-PANDEMIC CONTEXT (2021-2022)

EXECUTIVE SUMMARY



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Pbr. Pedro Brassesco  
Diocese of Gualeguaychú, Argentina

**Director of the Knowledge Management Center**

Mg. Guillermo Sandoval Vásquez

**Study coordinator**

Dr. Agustín Salvia

**Compiler/author researcher**

Lic. Enzo Rave  
Social Debt Observatory  
Pontificia Universidad Católica Argentina

**Study participants**

Research teams from the Network of Social Debt Observatories of Latin America and the Caribbean (Red ODSAL) Organization of Catholic Universities of Latin America and the Caribbean (ODUCAL)

**Technical assistance**

Mónica D'Amico  
Social Debt Observatory  
Pontificia Universidad Católica Argentina

**Knowledge Management Center Council of CELAM**

Card. Oscar Andrés Rodríguez (Coordinator) • Msgr. Jaime Calderón (Sub-Coordinator) • Msgr. Jorge Eduardo Lozano • Msgr. Pedro Ossandon • Msgr. Pierre André Dumas • Msgr. Jaime Mancera • Msgr. José Dolores Grullón • Pbr. David Solano • Pbr. Enrique Quiroga • Pbr. Peter Hughes • Sr. Maricarmen Bracamonte • Dr. Waleska Sanabria • Dr. María Clara Bingemar • Dr. Rodrigo Guerra • Dr. Adrián Arias • Dr. Juan Esteban Belderraín • Dr. Juan Carlos Nuñez

**Knowledge Management Center Team**

Mg. Guillermo Sandoval (Director) • Dr. Agustín Salvia (Coordinator of the Socio-Anthropological Pastoral Observatory Area) • Mg. Francisco Campos (Coordinator of the Shared Knowledge Area).

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Carrera 5 N° 118-31

Air P.O. Box 51086

Phone: (571) 587 97 10

Fax: (571) 587 97 17

celam@celam.org



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I hope that in these times in which we live, recognizing the dignity of every human person, we can revive a worldwide desire for brotherhood among all of us. Among all: “Here is a beautiful secret to dream and to make our life a beautiful adventure. No one can fight life in isolation. [...] We need a community to support us, to help us and where we help each other to look ahead. How important it is to dream together! [...] Alone we run the risk of having mirages in which we see what is not there; dreams are built together.” Let us dream as one humanity, as walkers of the same human flesh, as children of this same earth that shelters us all, each one with the richness of his or her faith or convictions, each one with his or her own voice, all brothers and sisters.

*Encyclical Letter Fratelli Tutti of the Holy Father Francis on fraternity and social friendship, 8.*

*The Vatican, 2020*



We are also hurt by the fact that, in terms of housing and health, the deficits are far from being reduced. This is evidenced by the fact that, although just over 8% of the world population lives in our region, infection amounts to 20% of the global total, and deaths account for 30% of all deaths due to COVID in the world. We are also concerned about the state of democracy in our countries. The population perceives major deficits that need to be seriously addressed.

The panorama for Latin America and the Caribbean in 2023 is not very encouraging. Although it is true that each country has its own reality, many of them will face similar challenges, such as dealing with the dire effects of the pandemic, addressing the effects of high inflation and increasing poverty, with their correlates in terms of violence, migration and political representation crisis.

All this leads us to search for improved paths. We can never forget that God always continues to create, and to do so today He asks us to put our intelligence and our hands in motion. Commitment to justice and solidarity is rooted in love of God and neighbor. This teaching, when thoroughly assumed, has a very clear consequence in the social dimension of evangelization.

In this sense, we present this report with the hope placed in God and also in each one of our brothers, under the protection of Our Lady of Guadalupe.

**Msgr. Jorge Eduardo Lozano**  
**Archbishop of San Juan de Cuyo, Argentina**  
**General Secretary of Celam**



# Introduction

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In the midst of the recovery of Latin America and the Caribbean from the COVID-19 pandemic, the need to continue with dynamic, inclusive and sustainable growth remains primordial and increasingly urgent. After a 6.9% rebound in 2021, regional Gross Domestic Product (GDP) is expected to grow by 3% in 2022, a higher rate than expected due to higher commodity prices.

However, uncertainty at the global level stemming from the war in Ukraine, rising interest rates in developed countries and persistent inflationary pressures will affect the economies of the region. Low growth rates of 1.6% and 2.3% are expected in 2023 and 2024. To consolidate recovery, promote growth and reduce poverty and inequality, countries must continue to invest in social programs and infrastructure. That said, they can improve the efficiency of public spending and thus obtain an increase of 4.4% in GDP on average.

The Social Panorama 2022 report of the Economic Commission for Latin America and the Caribbean (ECLAC) projects that 201 million people (32.1% of the total population of the region) live in poverty, out of whom 82 million (13.1%) are in extreme poverty. Despite a slight decrease in 2021, projections indicate that poverty and extreme poverty rates remained above pre-pandemic levels in Latin America and the Caribbean in 2022. Projected levels of extreme poverty in 2022 represent a quarter-century reversal for the region.

Nevertheless, the incidence of poverty is higher in some population groups in the region: more than 45% of the child and adolescent population lives in poverty and the poverty rate for women between 20 and 59 years of age is higher than that of men in all countries. Similarly, poverty is considerably higher among the indigenous or Afro-descendant population.

Indeed, the aftermath of the COVID-19 crisis will take years to fade if Latin American and Caribbean countries do not take immediate action to promote a recovery process. With extreme poverty at its highest level in decades, long-standing challenges in infrastructure, education, innovation and spending efficiency must be addressed with policy reforms that also deal with the effects of climate change and take advantage of the enormous opportunities for growth towards more sustainable economies.

In the educational sphere, since the beginning of the pandemic, students in the region have lost an average of two-thirds of their school days, either partially or completely. This is equivalent

to an estimated loss of 1.5 years of learning and affects to a greater extent the youngest and most vulnerable students. Latin America and the Caribbean suffered the longest educational blackout at the international level (an average of 70 weeks of school closures compared to 41 weeks in the rest of the world), which exacerbated pre-existing inequalities in terms of access, inclusion and quality. During this period, one of the main constraints to educational continuity was inequalities in access to connectivity, equipment and digital skills. In 2021, in 8 out of 12 countries in the region, more than 60% of the poor population under 18 years of age did not have connectivity at home. This is why it is urgent to address the silent crisis of education to prevent the risk of a lost generation.

If action is not taken now, ECLAC warns of the risk of permanent scarring in the educational and labor trajectories of the younger generations in the region. For example, the percentage of young people aged 18 to 24 who are neither studying nor gainfully employed increased from 22.3% in 2019 to 28.7% in 2020, especially affecting young women (36% of them were in this situation, compared to 22% of men). In the medium term, it will be necessary to recover primary education to counteract the lost years of learning with policies for re-enrollment and retention of students, leveling learning, prioritization of fundamental competencies to close knowledge gaps, implementation of programs to meet learning goals and development of health and psychosocial and emotional well-being of teachers and students.

The long-term costs of the crisis in health and education must be urgently addressed, both to revive growth and to mitigate the rise in inequality. As for employment, it rose to near pre-pandemic levels by the end of 2021, after a 20% drop. However, the share of full formal employment has fallen by almost 5 percentage points due to strong growth in precarious and informal jobs. In fact, many of the new jobs, especially for women, can be found in small companies that are often informal. In turn, projected unemployment in 2022 represents a 22-year setback, especially affecting women, for whom unemployment rose from 9.5% in 2019 to 11.6% in 2022.

Opportunities can emerge in the industrial sector following crises that trigger large-scale economic restructuring. For example, although the services sector has been badly hit, accelerating digitization could help boost sectors such as IT, finance and logistics, which in turn can improve market competitiveness and increase economic efficiency. However, if structural factors are not addressed, weak and slow growth is likely to persist and be insufficient to make progress in the fight against poverty and social tensions.

The region is suffering the increasingly severe effects of climate change, which has already caused significant economic and social losses. Hurricanes, floods and droughts are becoming more frequent, and it is estimated that 17 million people could be forced to leave their homes and nearly 6 million people could fall into extreme poverty by 2030, mainly due to lack of safe drinking water as well as increased exposure to excessive heat and flooding.

Green growth is an opportunity for the region as Latin America and the Caribbean contributes only 8% of global GHG emissions and has enormous green comparative advantages, which can be leveraged for new industries and exports. In addition, the region has enormous potential in renewable electricity -solar, wind and geothermal- and vast natural capital -water, trees, biodiversity- that offers the potential for new industries.

The scenario for Latin America in 2023 is not very encouraging. Although it is true that each country has its own reality, many of them will face similar challenges, for example, dealing with the harmful effects of the COVID-19 pandemic, the high levels of inflation, the increase in poverty, violence, the crises of migration and political representation, among others. In this context, the greatest challenge for Latin America will be to mitigate the effect of external economic shocks that will generate post-pandemic imbalances at the global level. This complex scenario increases the difficulties of governments to respond to the problems of the most vulnerable populations and could generate greater political instability. The lack of state capacity is manifested both in the weakness to confront the advance of organized crime and in the inability to implement public policies with a significant impact on the lives of the most deprived sectors of the population.

On the other hand, in the political field, the main challenge for the continent is the threat that democracy is experiencing. It is a very deep crisis, which goes beyond Latin America, but which manifests itself in the region very strongly. The rulers' disconnection with the citizens' demands is becoming increasingly evident, and this is manifested in the growing dissatisfaction of the population with rulers and institutions and in the punishment vote for the ruling parties. In the last 15 elections, the ruling parties, regardless of their political orientation, were defeated.

Institutions lack legitimacy, not only leaders or political parties. Institutions are being strongly questioned. Politicians are not the only ones who are distrusted, but also legislators, judges, doctors, academics, the press. This crisis of representation leaves the door open to the emergence of new populist and authoritarian figures who capitalize on citizen discontent to gain followers.

In conclusion, we are facing a cascade of crises that has exacerbated the inequalities and shortages in the region. This is not a time for gradual changes, but for transformative policies. Intersectoral public policy efforts are needed to link education with health, labor and social protection, and to establish mechanisms to guarantee a level of well-being and income in an era of volatility and uncertainty. To this end, it is essential to build new social pacts accompanied by fiscal contracts to advance in the strengthening of democracy and social cohesion and guarantee the financial sustainability of social protection systems in the region. Social institutionality is a critical factor for the effectiveness of social policies and a transversal element for achieving inclusive social development.

# 1. Economic situation

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- According to the most current data from the World Bank (2023), the economy of Latin America and the Caribbean grew 6.8% in 2021 (after the -6.2% drop in 2020). In 2022, this growth is expected to slow down to around 3.6%. Projections for the following two years show no signs of a satisfactory recovery, as this deceleration trend is expected to continue with 1.3% in 2023 and 2.4% in 2024.<sup>1</sup>
- According to ILO (2022a), the war in Europe has negative effects for Latin America and the Caribbean. On the one hand, it has a direct impact on the increase of food and hydrocarbon prices -since both Russia and Ukraine are exporters of cereals and the former has a high share in global fuel production-. This is the biggest price shock since the 1970s. In emerging and developing economies, the number of low-income households is significant, so that the rise in these prices has a direct correlation with the increase in the value of the basic food basket, giving rise to a distributive-regressive impact, as evidenced by the fall in per capita GDP.
- The indirect impact of the war is evidenced by the general deterioration of the world economy and changes in the terms of trade. As a result, there is a reduced supply of foreign exchange from trade and, in addition to the turbulent international context, access to external financing also becomes more difficult. As a result, governments have fewer tools to manage their economies.
- International trade has also been adversely affected by the Russian-Ukrainian war. Before the conflict, the WTO (2022) forecasted a growth of 4.7%; after the conflict, this projection dropped to 3%. Additionally, the interruption of shipping lanes and/or economic sanctions between countries increases the cost of transporting food and fuel. As a result, it is estimated that the value of energy products will increase by 55% with respect to 2021 and agricultural production by 15%. This change has generated deferred impacts according to the type of production to be exported and imported by country.

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<sup>1</sup> In 2021, the world economy grew by more than 6%. The projection for 2022 was 4.4%, but the Russian invasion of Ukraine in February of this year only exacerbated the already existing problems. Currently, the world economic growth projection is 3.1% (IMF, 2022).

- For those countries in the region that export hydrocarbons there is a benefit of 17%, which includes Bolivia, Colombia, Ecuador, Venezuela, Guyana and Suriname. On the other hand, energy-importing countries will pay the costs of the increase, with the Central American and Caribbean economies being the main ones affected (ECLAC, 2022b).

## 2. Social situation

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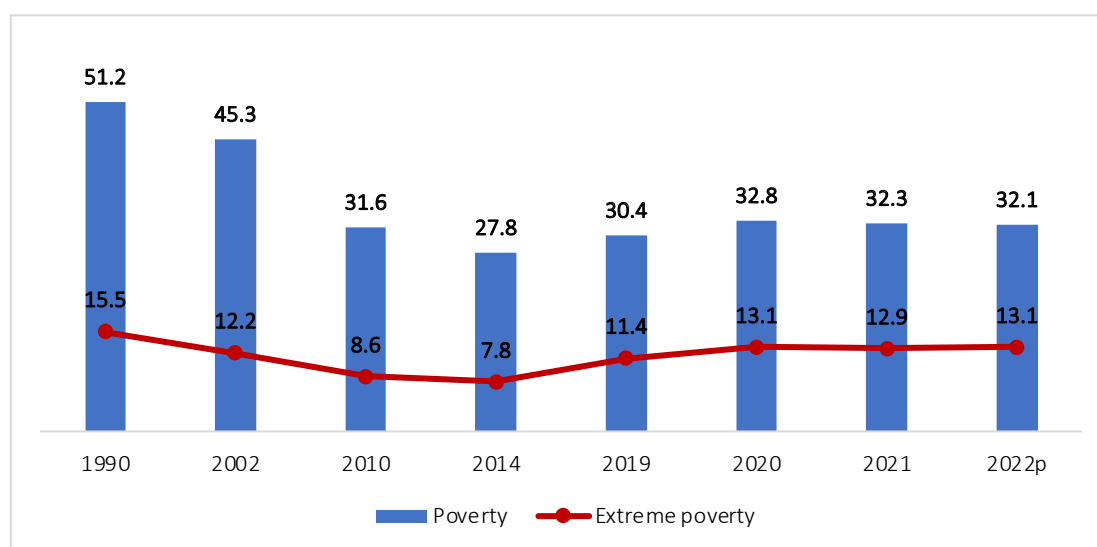
### 2.1. Poverty and inequality

- Although the economic recovery of 2021 helped many households to overcome income poverty, ECLAC (2022c) data for the last two years and projections for 2022 published in November are not encouraging: currently more than one third of the population in Latin America and the Caribbean is poor and the incidence of extreme poverty has reached levels not seen for 20 years.
- In terms of population, this means that approximately 201 million people did not have sufficient income to cover their basic needs and that, out of them, more than 80 million people lacked the resources even to acquire a basic food basket. These figures imply, with respect to 2019, that 15 million additional people will be in poverty and 12 million additional people will be in extreme poverty.
- There are poverty projections by country published by ECLAC (2022b) that show for 2022 a worsening of the trends observed in 2021, with a higher incidence of poverty and/or stagnation in its reduction. According to these projections, only Bolivia, Guatemala, Panama, Dominican Republic and Uruguay would close 2022 with poverty figures lower than those of 2021 (with percentage differences of less than one percentage point).
- The countries with the highest incidence of poverty in 2022 would be Honduras (56.3%), Guatemala (49.5%), Nicaragua (46%), Colombia (38%), Mexico (36.2%) and Bolivia (30.3%). On the other hand, Argentina, Ecuador, El Salvador and Peru would register poverty levels between 25% and 30%, whereas Paraguay, Brazil, Costa Rica and Panama would have figures ranging between 20% and 23%. The three countries with the lowest incidence of poverty would be Dominican Republic (18.6%), Chile (8.9%) and Uruguay (4%). It should be noted that these projections contemplate a base scenario of inflation, so the situation could be more serious in the event that the rise in prices exceeds the forecasts (ECLAC, 2022b).
- In terms of interannual variation (2021-2022), in Colombia, Mexico, Paraguay and Brazil there will be a strong setback in the fight against poverty given that, if inflation behaves according to forecasts, poverty would grow by 1.7 percentage points in Colombia, 1.3

percentage points in Mexico, 1.2 percentage points in Paraguay and 1.1 percentage points in Brazil (ECLAC, 2022b).

- Regarding inequality, ECLAC (2022c) calculations for the Gini Index in the region show a stagnation in the reduction of inequality since 2017 -after having observed a constant fall since 2002-. Currently, the region does not show significant improvements in income distribution.

Figure 1. Poverty and extreme poverty rates for Latin America and the Caribbean (18 countries\*). 1990-2022. As percentage of population.



Source: own elaboration based on data calculated by ECLAC (2022c).

\*Weighted average of the following countries: Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Uruguay and Venezuela.

p: corresponding to projections.

Table. Total poverty projections 2021-2022. As percentage of population.

	2021	2022 (base scenario)	2022 (base scenario + 2 p.p. of additional inflation*)
Argentina	29.5	29.6	30.2
Bolivia	31.2	30.3	30.7
Brazil	21.4	22.5	23
Chile	8.7	8.9	9.2
Colombia	36.3	38	39.2
Costa Rica	21.1	21.2	22.3

Ecuador	29.7	29.4	30.3
El Salvador	26.4	26.5	27.4
Guatemala	46.9	49.5	50.5
Honduras	56.2	56.3	57.3
Mexico	34.9	36.2	37.2
Nicaragua	45.3	46	46.8
Panama	21.6	20.8	21.2
Paraguay	21.8	23	23.4
Peru	25.1	25.5	26.1
Dominican Republic	19.2	18.6	19.3
Uruguay	4.3	4	4.4

Source: own elaboration based on projections by ECLAC (2022b).

\*2,0 puntos porcentuales adicionales a las expectativas de inflación correspondientes al IT 2022.

## 2.2. The labor market after the 2020 crisis

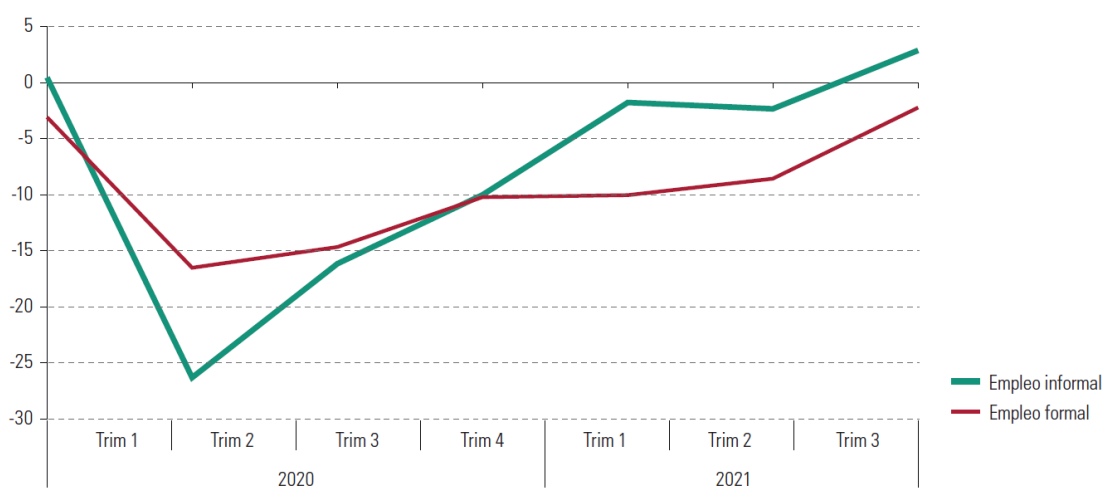
- According to ILO (2022b), Latin America and the Caribbean was the region most affected by the recessive effects of the pandemic, not only because of the high levels of infection and mortality, but also in economic terms. It is estimated that in 2020, the GDP of Latin America was reduced by 7.5% and more than 36 million jobs were lost.
- Latin America and the Caribbean is not exempt from the global trends surrounding the labor market crisis: although improvements in participation, employment and unemployment rates have been observed, projections for 2023 show a slow recovery process, in which unemployment would be around 8.8%.
- One of the main characteristics of Latin America is labor precariousness, evidenced by the inability of the labor market to absorb the labor force in the formal sector, which leads people to work in informal or indigent jobs in order to obtain income and subsist. According to ILO (2022b), in 2021, one out of every two employed persons in the region was working informally, which shows the persistence of this structural problem.
- During 2020, informality influenced the deepening of the COVID-19 pandemic crisis. Unlike previous crises -in which people who lost their jobs were recruited by the informal sector- the year 2020 has left higher levels of inactivity, as laid-off and self-employed people have dropped out of the labor force. However, between the third quarter of 2020 and the



first quarter of 2022, the recovery of labor in the region has been driven by a significant increase in informal employment, which grew by between 50% and 80% (ILO, 2022b).

- ILO (2022b) also warns that the labor informality rate will continue to grow in Latin America and the Caribbean as long as formal jobs do not increase. This situation is critical considering the current context of uncertainty, low expectations of economic growth and the loss of purchasing power due to inflation. In this sense, this economic scenario affects the incomes of workers in the informal sector with greater intensity.
- On the other hand, following the latest data published by ECLAC (2022c), note can be taken of the gender gaps at the labor market level, both in the crisis scenario of 2020 and in the recovery process of 2021-22. While in 2019 the gap between the unemployment rate of men and women was 2.7 percentage points, projections for 2022 would indicate that this gap grew by 3.8 percentage points.
- Similarly, the participation rates projected by ECLAC also show that the labor force would still not recover to 2019 levels. In this case, the 2022 projection for the female participation rate stood at 51.1%, whereas the male participation rate was 74.9%.

Figure 2. Evolution of the number of workers (formal and informal) compared to 2019. Latin America and the Caribbean (10 countries\*). In percentage variation.



Source: ECLAC (2022c).

\* Argentina, Bolivia, Brazil, Chile, Costa Rica, Dominican Republic, Ecuador, Mexico, Peru and Uruguay.

## 2.3. Social protection

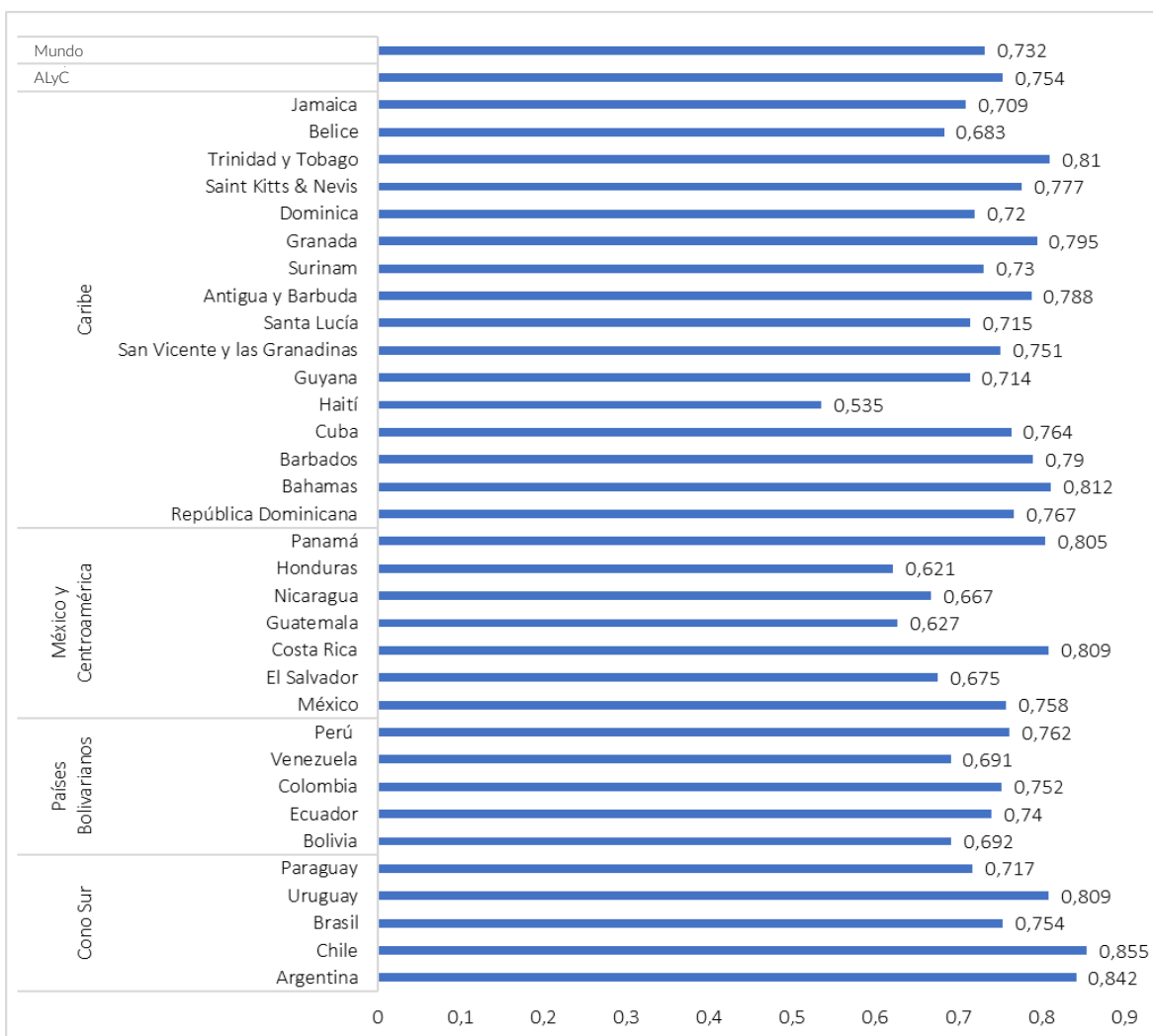
- Taking into consideration the most current ILO data (2021) on social protection, in Latin America and the Caribbean 56.3% of the population was covered by at least one social protection benefit in 2020 (this percentage is above the world average, which is 46.9%).
- Although the region is far from guaranteeing universal social protection coverage, there is a large percentage of people covered by benefits related to old age (75.4%) or health (75.4%). The same is not true of benefits for occupational accidents, vulnerability and maternity (in no case exceeding 40%).
- According to ECLAC (2022c), Latin America and the Caribbean recorded a historical level of investment in social spending in 2020 that, on average, reached 13.8% of GDP. Currently, spending continues at levels higher than those observed before the pandemic, but a downward trend is beginning to be recorded, as in 2021 it stood at around 13% of GDP. In general, this decrease in spending coincides with the non-continuation of support programs and emergency transfers that were implemented in 2020.

## 2.4. Human development

- The *Human Development Index* (HDI) prepared by the UNDP has been worsening for two years at the global level, after five consecutive years of improvement at the aggregate level. HDI is a tool that complements income poverty measures when it comes to assessing people's living conditions, as it includes three dimensions in its composition: a long and healthy life (life expectancy at birth), knowledge (expected/achieved years of schooling) and a decent standard of living (GNP per capita).
- HDI calculations for 2021 (UNDP, 2022) yielded an average score of 0.754 for Latin America and the Caribbean. This result indicates that the region has high human development and places it above the world average. However, as in the rest of the world, the regional HDI performance has been worsening for the last two years, which evidences that the region has not been able to recover the levels of human development achieved until the pandemic appeared.
- Although the regional HDI score for 2021 would indicate that the region has high human development, this average conceals different particular situations. In this regard, Chile, Argentina, Uruguay, Panama and Costa Rica stand out as countries with very high human development (with scores higher than 0.800).

- On the other hand, there is a group of countries with medium human development (with scores between 0.550 and 0.699), consisting of Belize, Honduras, Guatemala, Nicaragua, Venezuela and Bolivia. Haiti is the only country in Latin America and the Caribbean with low human development.

Figure 3. HDI scores for Latin American and Caribbean countries. 2021.



Source: own elaboration based on UNDP (2022).

## 2.5. Feeding

- Considering FAO (2022) global estimates, nearly 3.1 billion people could not afford a healthy diet in 2020, which represented an increase of 112 million more people com-

pared to 2019. Despite the hopes pinned on economic revival, world hunger increased even more in 2021. In Latin America and the Caribbean, undernourishment<sup>2</sup> rose from 6.7% in 2019 to 8.6% in 2021. This last figure indicates that 56.5 million people were affected by hunger in Latin America and the Caribbean.

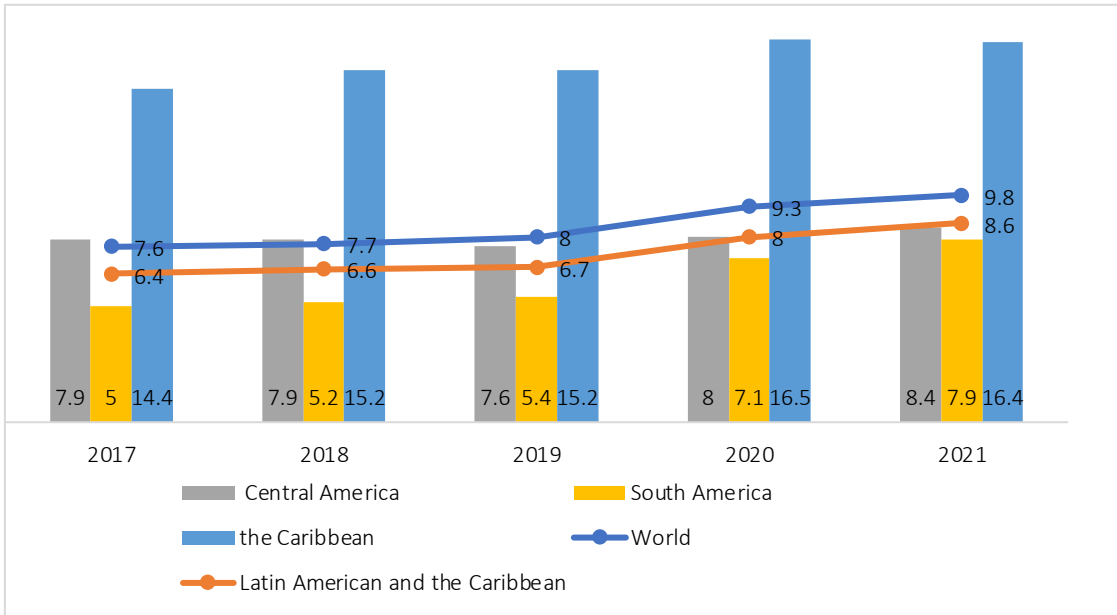
- In the case of severe or moderate food insecurity,<sup>3</sup> it can be noted that the values for Latin America and the Caribbean are above world averages. In 2021, severe or moderate food insecurity reached 4 out of every 10 people in the region, which translates into 239.7 million people who experienced lack of access to food in the region (60 million more people compared to 2019).
- The record of severe food insecurity shows that, although Latin America and the Caribbean had values similar to those of the world, a gap opened up after 2020. By 2021, 14.2% of the population in the region had suffered the most severe forms of food insecurity, in contrast to 11.7% at the global level. In absolute terms, this implies that more than 80 million people experienced severe food insecurity in the region during 2021 (31 million more compared to 2019).

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2 Undernourishment is defined as the condition of an individual whose usual food consumption is insufficient to provide him/her with the amount of dietary energy needed to lead a normal, active and healthy life. It is measured by taking into account the prevalence (percentage) of individuals in the population living in households where at least one adult suffers food insecurity (FAO, 2022).

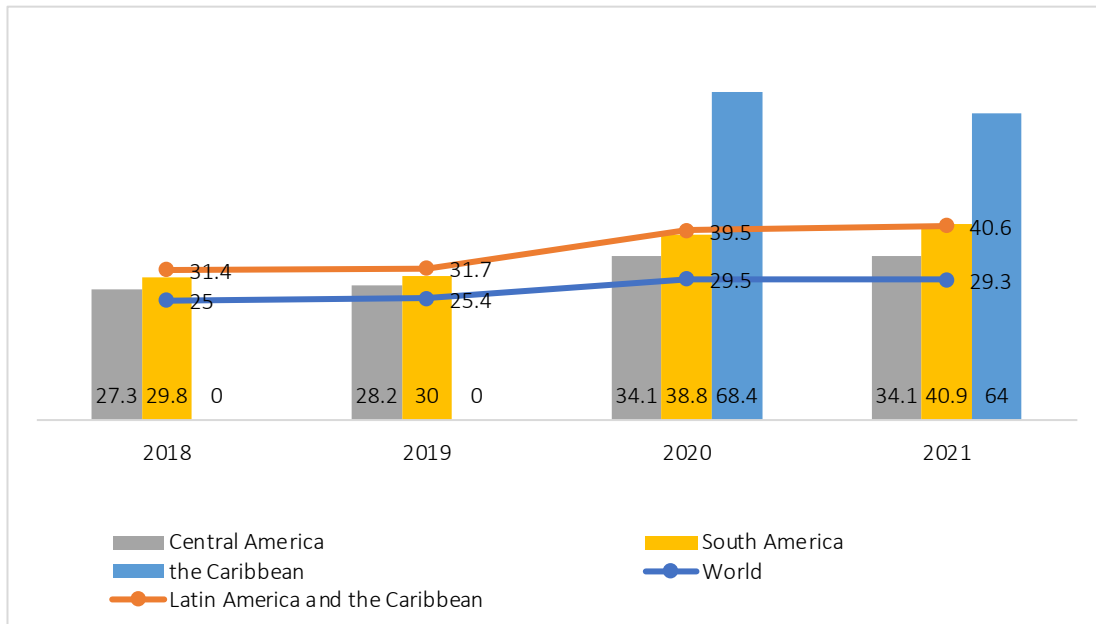
3 Food insecurity refers to limited access to food, at the individual or household level, due to lack of money or other resources. The severity of food insecurity is estimated using data collected with the Food Insecurity Experience Scale (FIES) survey module, a set of eight questions asking respondents to report conditions and experiences normally associated with lack of access to food (FAO, 2022).

Figure 4. Prevalence of undernourishment. World and Latin America and the Caribbean regions. 2017-2021. In percentages.



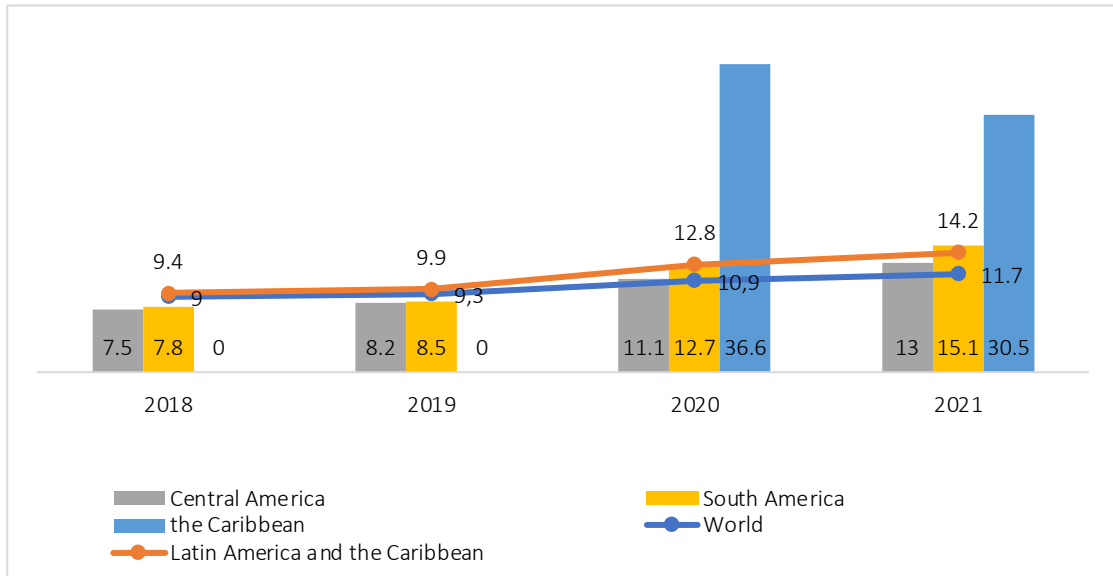
Source: own elaboration based on FAO data (2022).

Figure 5. Prevalence of severe or moderate food insecurity. World and Latin America and the Caribbean regions. 2018-2021. In percentages.



Source: own elaboration based on FAO data (2022).

Figure 6. Prevalence of severe food insecurity. World and Latin America and the Caribbean regions. 2018-2021. In percentages.



Source: own elaboration based on FAO data (2022).

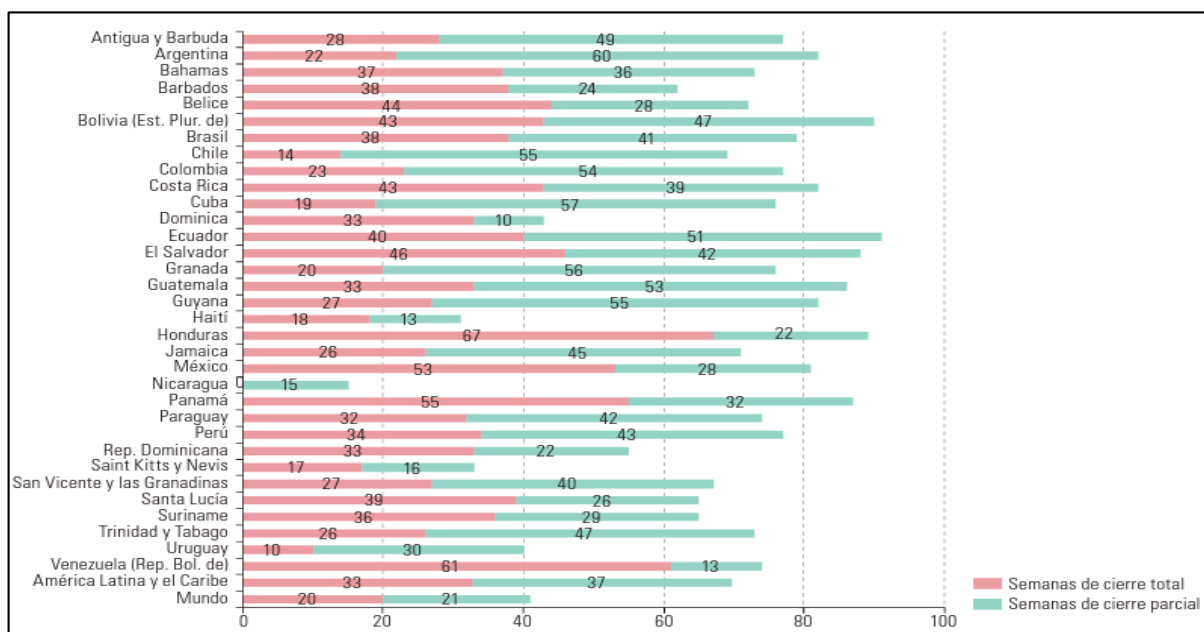
## 2.6. Education

- Despite the progress made in recent decades in terms of access and inclusion in education at all levels, from early childhood to higher education, the countries of the region had serious debts in terms of equality and quality prior to the crisis caused by the pandemic, which made it difficult to achieve the targets of Sustainable Development Goal (SDG) 4 by the year 2030.
- In 2021, spending on education reached 4.1% of GDP (30.5% of total social spending) in Latin America and the Caribbean. Although the average public spending on education in the countries of the Organization for Economic Cooperation and Development (OECD) in 2019 reached 4.9% of GDP, slightly higher than that of the region (4% of GDP in 2019), spending on education by educational level is 6 times the amount per student in Latin America and the Caribbean in pre-primary, 5.7 times in primary, 5.3 times in secondary and 6.1 times in tertiary education.
- Since the beginning of the pandemic, students in the region have lost an average of two-thirds of their school days, either partially or completely. This is equivalent to an estimated loss of 1.5 years of learning and affects mostly the youngest and most vulnerable. Latin Ame-

rica and the Caribbean suffered the longest education blackout at the international level (an average of 70 weeks of school closures compared to 41 weeks in the rest of the world), which exacerbated pre-existing inequalities in terms of access, inclusion and quality.

- During the pandemic, one of the main constraints to educational continuity was inequalities in access to connectivity, equipment and digital skills. In 2021, in 8 out of 12 countries in the region, more than 60% of the poor population aged under 18 years did not have connectivity at home. According to ECLAC (2022c), the percentage of young people aged 18 to 24 years who are neither studying nor gainfully employed increased from 22.3% in 2019 to 28.7% in 2020, especially affecting young women (36% of them were in this situation, compared to 22% of men).
- On the other hand, although there is a high participation of women at all levels of education, significant gender gaps persist in terms of performance and areas of training. On average, female students perform worse in mathematics and science during basic education, disparities that deepen in the lower income quartiles. Furthermore, in most countries of the region, the proportion of female graduates in STEM (science, technology, engineering and mathematics) does not exceed 40%.
- According to ECLAC (2022c), young women's interest in STEM is influenced by factors such as their parents' educational level and profession, the socioeconomic level of the household, and the influence of female peers and the media. In turn, the burden of domestic work and unpaid chores that falls mostly on female students, especially in the case of those belonging to low-income strata, constitute an obstacle throughout women's lives, both in their educational and work trajectories. This burden also limits the time they can devote to continuous learning activities, exploring cyberspace and acquiring new digital skills that motivate access to STEM careers (Vaca-Trigo and Valenzuela, 2022).

Figure 7. Total and partial closure of primary and secondary educational establishments. Countries of Latin America and the Caribbean. February 2020-March 2022. In number of weeks.



Source: ECLAC (2022c).

## 2.7. Towards the end of the COVID-19 pandemic: infections, deaths and vaccination.

- Epidemiological trends in 2022 show indications of a slowdown in COVID-19 infection levels and a marked drop in the number of deaths. Following the 2021 vaccination processes, evidence would indicate that mass immunization was fundamental in reducing the negative effects of the virus.
- According to WHO data<sup>4</sup> updated to December 2022, the global balance of the pandemic is 643,875,406 confirmed cases of COVID-19 and 6,630,082 deaths. The American continent is the second most infected region in the world and has the record number of deaths due to COVID-19, with 2,876,420 people dead. Out of this total, 60% corresponds to Latin America and the Caribbean (1,781,009). Approximately 3 out of every 10 deaths from COVID-19 occurred in Latin America and the Caribbean, making the region one of the hardest affected by the virus.
- The high number of deaths in Latin America and the Caribbean is largely due to the incidence of comorbidities or chronic diseases in the population of the region, including

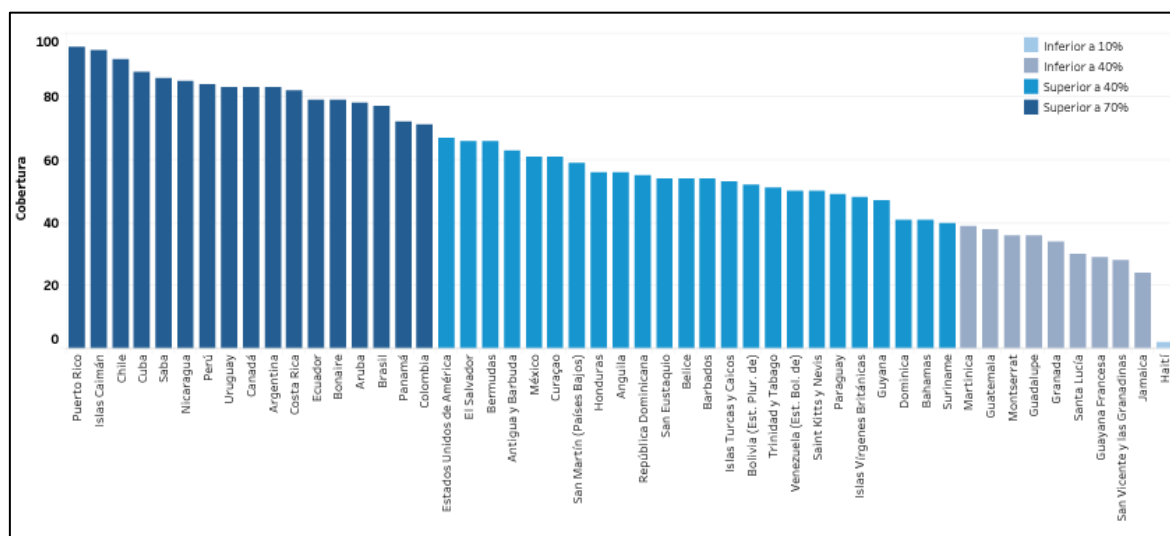
4 See OMS (COVID-19 Dashboard): <https://covid19.who.int/>



cardiovascular, renal, respiratory, diabetes, obesity and hypertension diseases. The population with these types of diseases was the most susceptible to severe disease by COVID-19, compared to those without comorbidities (PAHO, 2021).

- In turn, it is worth noting the inability of Latin American health systems to respond to the demand for services implied by the pandemic, mainly in terms of availability of beds in intensive care units and the shortage of key supplies such as artificial respirators and oxygen. Added to this is the unequal access to vaccines, which lasted practically the entire 2021.
- According to PAHO data (2022), there was no equitable access to COVID-19 vaccine in 2021. The vaccination process was very heterogeneous in Latin America and the Caribbean due to the limited vaccine supply resulting from production and early purchases by high-income countries.
- Data for the Americas updated to September 2022 show that 69.4% of the population of the countries in the region had completed their vaccination schedule against COVID-19. Only 17 countries had reached the target of 70% vaccination coverage, whereas 24 countries exceeded 40% coverage. Ten countries were still below 40% and one below 10%.

Figure 8. Coverage of the complete vaccination schedule -two doses- against COVID-19 in the Americas (updated as of September 10, 2022). In percentages



Source: PAHO (2022).

## 2.8. Childhood and adolescence

- Considering the special vulnerability of children and adolescents, it is estimated that households with children will have more difficulties in recovering from the consequences of the pandemic. This is confirmed by current UNICEF (2022) data for Latin America and the Caribbean.<sup>5</sup>
- In principle, households with children in the region are generally more vulnerable to the inflationary effects of the post-pandemic. For example, whereas 17% of households without children do not cover their basic needs with their income for more than two weeks, this rises to 31% for households with children. In terms of food, whereas 26% of households without children have to reduce their food portions for economic reasons, this rises to 50% for households with children in the region.
- Information from ECLAC (2022c) indicates that, whereas total poverty in Latin America and the Caribbean stood at around 32% in 2021, poverty among children and adolescents reached 45%. It is estimated that this represents around 81 million children and adolescents, out of whom 35 million would be living in extreme poverty.
- When analyzing infant mortality rates in the region, progress can be noted in terms of their reduction. Whereas the regional rate was 14.2 deaths per 1000 live births in 2019, in 2022 this dropped to 13.1 deaths per 1000 live births. If the rates are analyzed by sub-region, the trend towards a reduction in infant mortality in most countries is confirmed.
- Child labor deprives children from enjoying and living their childhood with dignity, being detrimental to their adequate physical and psychological development. UNICEF and ILO (2021) have warned that, if no measures are taken to mitigate child labor, due to the COVID-19 pandemic, 2022 could end up with 168.9 million children (5 to 17 years old) in such situation, 8.9 million more than the figure for 2020.

## 2.9. Migrants

- According to IADB and OECD (2021) estimates, the number of international migrants residing in Latin America and the Caribbean had a 50% increase, from 8.4 million to 12.8 million between 2015 and 2019. This dynamic was accompanied by a change in the

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5 Data collected between November 2021 and March 2022 through a telephone survey conducted by UNICEF in 12 countries in Latin America (Bolivia, Brazil, Chile, Colombia, Costa Rica, El Salvador, Guatemala, Honduras, Panama, Paraguay, Peru and Uruguay) and the Eastern Caribbean.

nature of migration in the region, since traditionally the flows consisted of emigration to developed countries and/or outside Latin America and the Caribbean.

- Currently, data show a trend of intra-regional migratory movements. This change is directly related to the deterioration of Venezuela's socioeconomic situation, as millions of Venezuelan men and women have moved in search of better life opportunities -and approximately 80% of these migrants have settled in Latin American and Caribbean countries-.
- Between 2015-2019 in Latin America and the Caribbean, 5,404,088 permits were issued to citizens from the region. Out of this total, more than 40% were granted to Venezuelans, 10% to Colombians, 8% to Bolivians, 8% to Peruvians and 7% to Haitians.

## 2.10. Older persons

- According to IADB (2022), Latin America and the Caribbean has managed to increase life expectancy to 75 years in 2021. Although the worst moments of the COVID-19 pandemic were characterized by affecting -in terms of higher mortality- the elderly, it is estimated that this will not affect the demographic trends of the region in the medium and long term.
- Latin America and the Caribbean is the fastest aging region in the world: by 2085 it is expected to be the first region in the world, where 1 in 3 people will be over 65 years old. Taking into account UN projections (2019), it will take less than 30 years for Latin America and the Caribbean to increase the percentage of elderly people from 10% to 20% of the population (in Europe this transition took 56 years). In this regard, Latin American and Caribbean countries face a challenge as they will have to rethink socioeconomic strategies to respond to this aging process.
- Within this framework, IADB (2022) published the results of the Quality of Life Index of Older Persons (number of years that a person aged 65 can expect to live in good health and without poverty), which allow taking note of the situation in which older people in the region find themselves. At the aggregate level, an improvement stands out: in 2000, a person aged 65 or older could expect to live 7.1 years in good health and without poverty, increasing to 9.7 years in 2019.

# 3. Environmental situation

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## 3.1. Climate change and associated phenomena

- The rate of temperature increase doubled at the regional level, since between 1961-1990 the increase was 0.1 °C per decade, which rose to 0.2 °C per decade between 1991-2021.
- Regarding the preservation of glaciers -which are directly affected by rising temperatures- recent data would indicate that ice masses in the tropical zone of the Andes have been reduced between 25% and 50% from the 1950s to the present day. Whereas glaciers in the tropical Andes lost about -0.95 m of water equivalent per year during 1990-2020, glaciers in the dry Andes and southern Andes lost -0.72 m and -0.56 m, respectively. According to the WMO (2022), these data represent the highest rates of ice mass loss worldwide, with a consequent shortage of freshwater for Andean populations and ecosystems.
- Likewise, it should be noted that in the last three decades (1993-2022) the relative sea level increased at a rate of  $3.33 \pm 0.4$  mm per year, according to the global average. In the South Atlantic and tropical North Atlantic, this occurred at a rate of  $3.53 \pm 0.0$  mm and  $3.28 \pm 0.1$  mm per year, respectively. In areas near the Gulf of Mexico this occurred at a rate of  $3.48 \pm 0.1$  mm per year, whereas around Central America and the southern Caribbean, it was  $3.23 \pm 0.1$  mm per year. As for the Pacific slope, the rate of change was  $2.23 \pm 0.2$  mm per year.
- According to data from the United Nations Office for Disaster Risk Reduction (UNDRR, 2022) in Latin America and the Caribbean, 175 disasters occurred during the period 2020-2022.<sup>6</sup> Out of these, 88% were due to meteorological, climatological or hydrological causes. In turn, these disasters were the cause of 40% of recorded deaths due to disasters and 71% of economic losses.

## 3.2. Legal protection of the environment

- According to the information provided by ECLAC Observatory-10,<sup>7</sup> currently only 10 countries in Latin America and the Caribbean have domestic climate change mitigation legislation.
- A milestone in the protection of environmental rights occurred in April 2021, when the Regional Agreement on Access to Information, Public Participation and Access to Justice in Environmental Matters in Latin America and the Caribbean (Escazú Agreement) entered into force.
- This binding international treaty is a pioneer in environmental protection and the first in the world to include provisions on human rights defenders in environmental matters. There are currently 13 States Parties to the Escazú Agreement, where the instrument is already in full force and effect. In turn, there are 12 States that have signed but not yet ratified it and 9 States that have not yet signed the agreement.

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7 See: <https://observatoriop10.cepal.org/es>

## 4. Socio-political situation

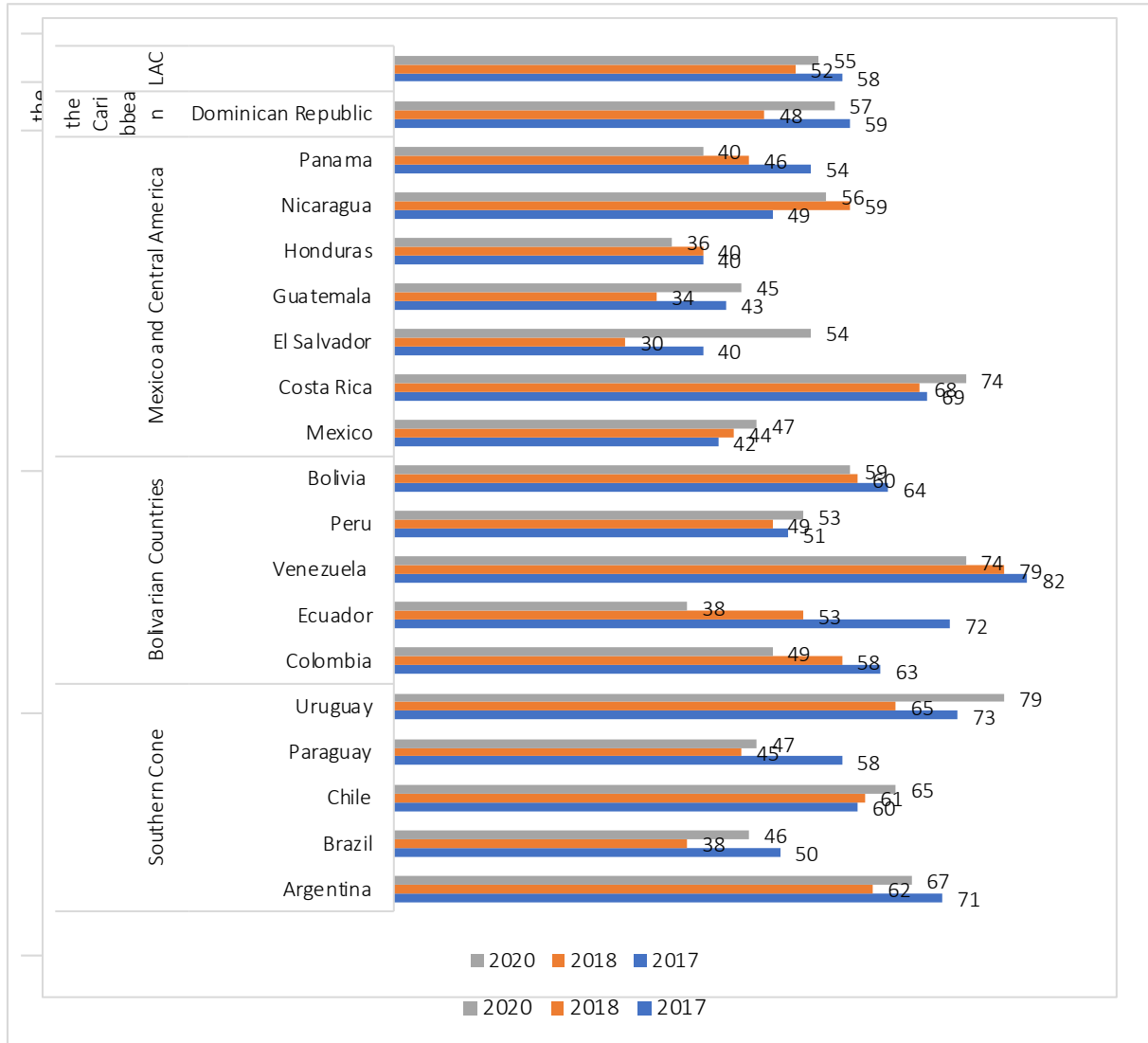
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- Despite the consolidation of democratic life in Latin American countries, the pandemic induced certain trends in public opinion. Although 6 out of 10 Latin Americans and Caribbeans consider democracy to be the best form of government (Latinobarómetro, 2021), this support has remained stable over the last 10 years, without returning to the levels of the 2000-2010 decade, which were higher (LAPOP, 2021).
- In this sense, by 2021 it was recorded that 57% of Latin Americans were dissatisfied with the functioning of democracy. Likewise, the pandemic contributed to intensify the tendencies of dissatisfaction with democracy -despite the fact that most people consider it the best form of government-.
- In terms of confidence in the rule of law, in 2021 only one third of people in the region said they believed that their basic rights were protected. This is an alarming statistic, as it implies distrust in institutions and skepticism regarding democracy.
- As discussed in previous sections, the region has not been exempted from the devastating socioeconomic consequences of the pandemic. In these terms, in 2021, 60% of people in the region declared that their economic situation had worsened -this means an increase of 20 percentage points with respect to 2018/19-. It should not be ignored that this socioeconomic deterioration contributes to popular discontent with democracy, mainly in terms of representation, polarization and social conflict.
- A striking fact at the regional level is the “punishment vote” in the presidential elections held in 2020, 2021 and 2022, which evidences the translation of the socioeconomic consequences of the pandemic at the electoral level -although this trend was already visible in 2019-. In the elections held in the Dominican Republic, Bolivia, Ecuador, Nicaragua, Peru, Honduras, Chile, Costa Rica, Colombia and Brazil, the ruling parties lost the elections, giving rise to alternations in the executive powers.
- Corruption is known to be a widespread phenomenon in Latin America and the Caribbean, where corruption scandals have become increasingly frequent in the last decade. The perception of corruption in the region indicates that nearly two-thirds of Latin American citizens believe that more than half or all politicians are corrupt (LAPOP, 2021).

- On the other hand, several political processes have recently been triggered in the region that show a significant escalation of social conflict, accompanied by a crisis of representation and, in some cases, higher levels of authoritarianism.
- Some cases illustrate the political processes currently taking place in the region. Peru has not been able to overcome the deep institutional crisis that has been dragging on for a decade and the removal of President Castillo in December 2022 unleashed a wave of protests and repression that claimed the lives of 47 people. In Brazil, society is highly polarized and the results of the last elections were violently challenged by radicalized groups that, in addition to calling for military intervention, violently attacked the federal headquarters of the executive, legislative and judicial branches in early 2023. On the other hand, Chile has not yet found the necessary consensus to respond to the demands of the social outburst of 2019, since the proposal for a new Constitution was widely rejected in the plebiscite of September 2022. In Nicaragua, Daniel Ortega's regime perpetuates itself in power under the cover of the elections held in November 2022, which the international community considers as highly fraudulent. In addition, in the last year, the persecution and imprisonment of opponents, the censorship of the media and the closure of civil society organizations have intensified.

**Figure 9. Perception of democracy as the best form of government. Latin American and Caribbean countries, 2017, 2018 and 2020.**

In percentage of people who believe that democracy is the best form of government.

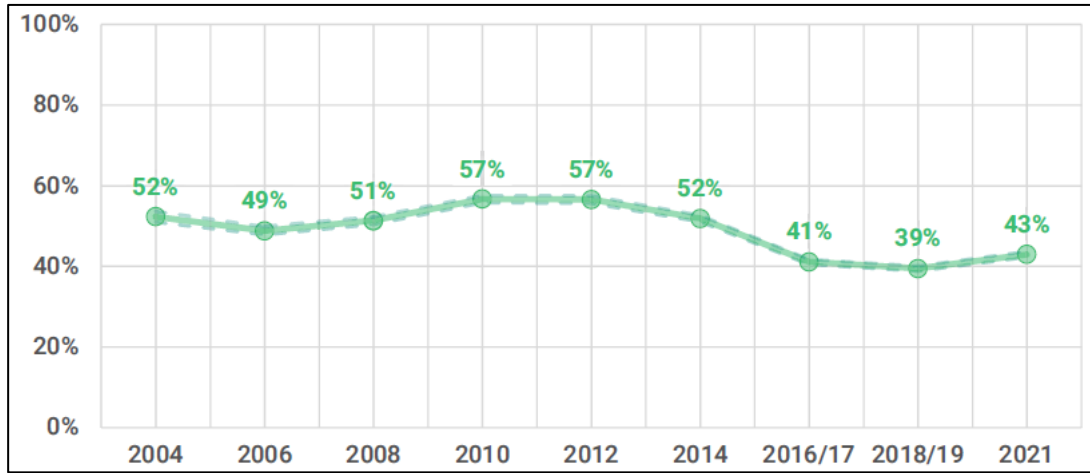


Source: own elaboration based on ECLACSTAT (2022) data.

Data downloaded from CEPALSTAT are special tabulations of opinion polls conducted by Corporación Latinobarómetro in the respective countries.



Figure 10. Satisfaction with democracy. Latin America and the Caribbean, 2004-2021.  
In percentage of people who reported being satisfied with democracy.



Source: LAPOP (2022).

# 5. Economic, social, environmental and socio-political situation in Latin America and the Caribbean sub-regions

## 5.1. Southern Cone

- Despite the fact that the countries of the Southern Cone have the best quality of life in the region -with the exception of Paraguay-, the pandemic deepened and worsened some problems, such as the difficulty in reducing poverty and inequality. In turn, despite having relatively high-quality health systems compared to the rest of the region, the pandemic ravaged this sub-region, particularly Brazil, one of the countries with the highest levels of infections and deaths in the world.

### Economic situation

- According to ECLAC (2022a), in the Southern Cone countries -excluding Argentina due to its chronic inflation (with an increase of 95%)- a regional average of 11.3% variation in the CPI as of December 2022 is observed with respect to the same period of the previous year, with Uruguay being the country that suffered the least increases (9.3%), followed by Paraguay (11.5%), Brazil (11.9%) and Chile (12.5%).
- This sub-region registers the lowest average growth rate in the region, with 4.2% (first quarter 2022). Uruguay leads the growth of the sub-region with a variation rate of 8.3%, followed by Chile with 7.2% and Argentina with a rate of 6%. With a notorious difference are Brazil, with a rate of 1.7%, and Paraguay, with a negative variation of its GDP of -2%.
- The Southern Cone is the second sub-region -after the Caribbean- with the highest debt levels (57.5% of regional GDP). Argentina has a debt equivalent to 80% of its GDP, followed by Brazil with 78.5%. Uruguay is further behind with a debt of 62% of its GDP,

although it was the only country in the region that increased its debt from 2021 to 2022. The lowest percentages are those of Chile with 35.8% and Paraguay with 31.1%.

- The second sub-region most favored by the international context in its terms of trade -after the Bolivarian Countries- is the Southern Cone, with *Terms of Trade* (TOT) of 111.2 (second quarter 2022). Brazil leads with a TOT of 129, followed by Argentina and Chile, both with TOTs of 112. Lastly, Paraguay (TOT 108.9) and Uruguay (TOT 93.7) are located at the bottom of the list).

## Social situation

- Considering the poverty estimates developed by ECLAC (2022c) for 2021, it is recorded that 8.3% of people were in extreme poverty in Brazil, 6% in Paraguay, 3.7% in Argentina, 3.1% in Chile and less than 1% in Uruguay. According to the same estimates, Argentina is the country in the sub-region with the highest percentage of total poverty (27.3%), followed by Brazil (24.3%), Paraguay (20.9%), Chile (10.8%) and Uruguay (4.8%). In 2021, child poverty (children and adolescents aged 0 to 17 years) stood at 42% in Argentina, 39% in Brazil, 28% in Paraguay, 20% in Chile and 10% in Uruguay (ECLAC, 2022c).
- Based on data from SEDLAC,<sup>8</sup> it can be seen that in 2021 unemployment affected Brazil and Chile more intensely (14% and 13.2%, respectively). Argentina and Uruguay had unemployment levels of around 8% and in Paraguay unemployment stood at 6%. According to ILO (2022b), labor informality during the first quarter of 2022 stood at 63.6% in Paraguay, 44.5% in Argentina, 38.3% in Brazil, 26.3% in Chile and 19% in Uruguay.
- In 2021, Argentina and Brazil had an investment in social protection of more than 70% of total public expenditure, whereas in Chile this represented 55.3% of total public expenditure, in Uruguay 45% and in Paraguay 35% (ECLAC, 2022c).
- Uruguay stands out because, despite being one of the countries with the lowest infant mortality, in 2022 it reached 5.8 deaths per 1000 live births -the highest value in the last 4 years-. It is worth mentioning that Paraguay -the country with the highest infant mortality rate in the Southern Cone- recorded the same rate in 2019 and 2022 (16.4), despite having achieved an improvement between 2020-2021.<sup>9</sup>

8 SEDLAC (CEDLAS and World Bank). Accessed in January 2023.: <https://www.cedlas.econo.unlp.edu.ar/wp/estadisticas/sedlac/>

9 ECLACSTAT Statistical Databases and Publications. Accessed in November 2022: <https://statistics.cepal.org/portal/cepalstat/index.html>

- Regarding data on the COVID-19 pandemic,<sup>10</sup> the information from Brazil stands out, with 34.4 million confirmed cases and 690 thousand deaths, being the most affected country in Latin America and the Caribbean in terms of infection and mortality. Argentina accumulated 9.7 million infections and 130 thousand deaths, whereas Chile reported 4.9 million cases and 62 thousand deaths. Both Uruguay and Paraguay did not exceed 1 million infections. Whereas the former accumulated 7.5 thousand deaths, the latter almost doubled this number, reaching 19.6 thousand.
- Chile is ranked as the country with the highest number of vaccinations<sup>11</sup> against COVID-19 applied per 100 inhabitants in the sub-region -almost 3 doses per person-. It is followed by Uruguay, Argentina and Brazil with 2.5 vaccines applied per person. In Paraguay, vaccination has not yet reached 1.5 vaccines per person.

## Environmental situation

- Among the extreme weather events, mention may be made of the mega-drought in central Chile -which continued in 2021, reaching 13 consecutive years, being the longest in the region-. In addition, in the Paraná-Plata basin, damage to agriculture caused by the worst drought since 1994 severely reduced soybean and corn harvests. In the Southern Cone, droughts caused a 2.6% decrease in the 2020-2021 cereal harvest, compared to the previous season (WMO, 2022).
- According to INPE,<sup>12</sup> Brazil's Amazon rainforest deforestation situation in the period 2021-2022 shows an 11% decline in illegal logging -the first period with encouraging data after a decade of steadily increasing deforestation-. However, in absolute terms, this means that the world's largest tropical forest lost 11,568 square kilometers of trees to illegal logging between August 2021 and July 2022. Nor should it be ignored that, beyond this recent decline in illegal logging, 2021 was the worst year in 15 years with more than 13,000 square kilometers of forest area lost.

## Socio-political situation

- According to the latest *Democracy Index* (EIU, 2022), Uruguay is one of the best performing countries in the world, qualifying -together with Costa Rica- as a full democracy.

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10 WHO Coronavirus (COVID-19) Dashboard. Accessed in December 2022: <https://covid19.who.int/>

11 Our World in Data COVID-19 dataset. Accessed in December 2022: <https://ourworldindata.org/coronavirus>

12 INPE. Accessed in December 2022: <http://www.obt.inpe.br/OBT/assuntos/programas/amazonia/prodes>

On the other hand, Chile, Argentina and Brazil are considered countries with deficient democracies, whereas Paraguay is considered a hybrid regime.

- In the Southern Cone, the cases of Argentina, Brazil and Chile stand out. These three countries are undergoing different major political processes. In Argentina -submerged in a severe economic crisis since 2018- the socio-political polarization is increasingly escalating and the beginning of an institutional crisis seems to be looming with multiple clashes between the ruling party and the opposition, and between the executive branch and the justice system. In Brazil, the division that society has suffered during the last 6 years has led to a difficult governance scenario for the recently elected President Lula da Silva, who had to face radicalized sectors that refuse to accept the electoral results and have escalated violence to the point of invading the headquarters of the Supreme Court, the Congress and the Executive Branch. Finally, Chile has not yet managed to respond to the demands of the social outburst of 2019, since President Gabriel Boric -in addition to not finding the necessary consensus to carry out the agenda of social reforms demanded by the Chilean people- has the delicate task of promoting new agreements for the drafting of an alternative constitutional project after the majority rejection of the text submitted to a plebiscite in September 2022.

## 5.2. Bolivarian Countries

- In general terms, this group of countries benefited from the rise in energy commodity prices, since they are energy exporters. However, the recessionary effects of the pandemic had a direct impact on their informal economies, with a large loss of purchasing power and an increase in poverty rates.
- The humanitarian situation in Venezuela has motivated millions of people to migrate to countries such as Colombia, Peru and Ecuador. In a context of difficult recovery, the region still faces a great challenge regarding the integration of Venezuelan migrants into its socio-economic systems, since a large part of these flows have been irregular.

### Economic situation

- With respect to the Bolivarian Countries, there was a 6.3% increase in regional prices (excluding Venezuela, whose inflation was 157.2% in the period analyzed). Bolivia recorded a 1.8% interannual variation, whereas Colombia reached 9.7% and Peru 8.8%. Ecuador had an intermediate variation of 4.2% (ECLAC, 2022a).

- The Bolivarian Countries have a GDP variation rate of 9.8 points (first quarter 2022), the highest in the region. Bolivia's performance stands out, with an increase of 23.1 points. The information available for the Bolivarian Countries indicates that Colombia has a debt equivalent to 55.2% of its GDP, whereas Ecuador's debt reaches 59% of its GDP.
- The most favorable TOTs during the second quarter of 2022 were those perceived by the Bolivarian Countries -Peru, Ecuador and Bolivia- (114.5). This is due to the fact that these countries are exporters of energy, which is affected by considerable increases in its value. This is evidenced in Bolivia's TOT result, set at 132.9, followed by Ecuador (106.8) and Peru (103.8).

## Social situation

- Indigence levels in 2021 in this sub-region reached 15% in Colombia, 9.9% in Bolivia, 7.6% in Ecuador and 4.1% in Peru. The incidence of total poverty reached more than 35% of the Colombian population, almost a third of the population of Bolivia and Ecuador and about 20% of the Peruvian population (ECLAC, 2022c). In this sub-region in 2021, child poverty reached 50% of children and adolescents in Colombia, approximately 40% in Ecuador and Bolivia and 28% in Peru (ECLAC, 2022c).
- Regarding unemployment,<sup>13</sup> figures ranging between 4% and 6% are observed in Ecuador, Peru and Bolivia, rising to more than 15% in Colombia. According to information available from ILOSTAT,<sup>14</sup> labor informality would have reached 68.4% in Peru, 68.6% in Ecuador and 63.2% in Colombia.
- With respect to social protection, in 2021, whereas Colombia, Ecuador and Bolivia allocated between 37% and 46% of their public spending for these purposes, in Peru this represented 30% of total public spending.
- The Bolivarian countries have managed to reduce infant mortality rates in the last 4 years. In 2022, Peru, Ecuador and Colombia recorded mortality rates ranging between 9.7 and 10.9, whereas Venezuela has a rate of 14.8 deaths per 1000 births. In contrast, in Bolivia this rate reaches 24.9 deaths per 1000 births. However, this is the country in the sub-re-

13 SEDLAC (CEDLAS and World Bank). Accessed in January 2023: <https://www.cedlas.econo.unlp.edu.ar/wp/estadisticas/sedlac/>

14 ILOSTAT. Accessed in January 2023 (on the basis of national surveys): [https://www.ilo.org/shinyapps/bulkexplorer31/?lang=es&segment=indicator&id=SDG\\_0831\\_SEX\\_ECO\\_RT\\_A](https://www.ilo.org/shinyapps/bulkexplorer31/?lang=es&segment=indicator&id=SDG_0831_SEX_ECO_RT_A)

gion with the highest rate of reduction in infant mortality between 2019-2022 (ECLACSTAT, 2022).

- The progress of the COVID-19 pandemic shows that Colombia has the highest number of accumulated cases in the sub-region, with 6.3 million. It is followed by Peru with 4.3 million, and Bolivia and Ecuador with approximately one million cases each. Venezuela, on the other hand, reported 500,000 infections. In terms of the number of deaths, Peru ranks third in Latin America and the Caribbean, with 217.5 thousand deaths. Colombia recorded 141.9 thousand deaths, whereas Ecuador and Bolivia 35.9 thousand deaths and 22.2 thousand deaths, respectively.
- The vaccination campaigns of these four countries show significant differences. Whereas Peru applied more than 2.5 vaccines per person, Ecuador slightly exceeded 2 vaccines per person. In Colombia, less than 2 vaccines per person were administered. In Bolivia and Venezuela, there were less than 150 doses per 100 inhabitants.

## Environmental situation

- Although the Amazonia occupies a large part of Brazil, the territories of the Bolivarian Countries also make up the largest tropical forest in the world. According to WWF (2022) data, during 2021 the fifth highest historical record of total primary forest loss - due to deforestation and fires - was reached, with an estimate of 2 million hectares affected. Bolivia, Peru and Colombia led -after Brazil- the loss of primary forests during 2021.
- Hurricane Julia affected nearly 5,000 families in northern Colombia and caused severe landslides in Venezuela, where at least 50 people died.

## Socio-political situation

- Data from the *Democracy Index* (EIU, 2022) show that Peru and Colombia have deficient democracies, whereas the political systems of Bolivia and Ecuador qualify as hybrid regimes. On the other hand, Venezuela is the worst performing country in the region, being considered a country with an authoritarian regime.
- In Peru, the perception of corruption was the highest in the region, with 88% of people considering that most politicians are corrupt. This statistic is no coincidence in a country that has been going through a deep institutional crisis for some years, where electoral polarization and fragmentation in Congress have produced a serious governance crisis that

has led to the appointment of 7 presidents in the last 10 years. This situation has resulted in a worrying social upheaval in recent months, since after the dismissal of President Castillo in December 2022, massive protests and violent clashes took place, which have so far left 47 people dead.<sup>15</sup> The Inter-American Commission on Human Rights has recently visited Peru to observe the worrying human rights situation in this context.<sup>16</sup>

- On the other hand, Colombia faces great socio-political challenges in the context of the first appointment of a left-wing government in the country, following the victory of Gustavo Petro in the June 2022 elections. The new government will have to face the structural problems of the country, such as poverty, labor informality and the continuity of the peace agreement with the guerrillas, while it will have to find consensus and tools to carry out a progressive reform agenda, in order to fulfill the electoral promises made in the elections.
- In Venezuela, the pandemic only aggravated the humanitarian crisis that had already been plaguing the country, together with the systematic violations of human rights that multiple international organizations have denounced in recent years. In spite of this, 2023 could be a turning point for the situation in this Bolivarian country, since the war between Ukraine and Russia has rearranged the balance of power in the world with profound consequences on trade. For this reason, a gradual recomposition of relations between Venezuela and the United States could take place. Likewise, the figure of Guaidó as interim president lost legitimacy, giving chances to the Venezuelan opposition to organize a new roadmap based on the 2024 elections. These factors, both internal and external, could lead to a new stage of dialogue in the country in order to establish a new democratic coexistence and institutional recovery.

### 5.3. Mexico and Central America

- It is important to bear in mind that Central American economies are strongly linked to the pace of expansion and contraction of the United States, being more prone to suffer disruptions depending on the performance of the United States economy.
- On the other hand, persistent poverty and labor informality, as well as low levels of human development -mainly due to deficiencies in education and access to basic services- are of concern. These factors, together with serious security problems marked by drug trafficking and organized crime, mean that this region continues to concentrate the largest flows of irregular migration to the United States.

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15 The New York Times in Spanish, January 10, 2023. See.

16 Página 12, January 13, 2023. See.



## Economic situation

- For the first half of 2022, the GDP growth rate in Central America was 5.8 points (first quarter 2022), with Panama's growth standing out with a GDP variation rate of 13.6 points. In turn, regional inflation was perceived at 8.4% in June 2022, with Panama being the least affected country with a 5.2% increase in its CPI. Honduras, Nicaragua and Costa Rica had increases of around 10%. In Mexico, inflation reached 8%, whereas El Salvador (7.8%) and Guatemala (7.6%) had intermediate values.
- The average debt of the sub-region reaches 50.5% of the regional GDP. However, Costa Rica and Panama have higher debt values, with 69.9% and 60.7%, respectively. Both Honduras and El Salvador have debt equivalent to 55% of their GDP. The debt of Nicaragua is 43.7% of GDP and that of Mexico is 38.6%. Guatemala is the country with the lowest proportion of debt, accounting for 29.6% of its GDP.
- The current situation makes international trade conditions more unfavorable for this sub-region. The TOT for the sub-region is 67.2 (second quarter 2022), although there is a wide gap between the countries that compose the sub-region. Whereas the TOTs for Mexico and Costa Rica are 96.2 and 81.1, respectively, in the case of Guatemala the TOT drops to 49 and in the case of El Salvador to 42.5.

## Social situation

- The most current ECLAC (2022c) estimates indicate that extreme poverty is 9.2% in Mexico, 8.3% in El Salvador, 5.7% in Panama and 3.7% in Costa Rica. On the other hand, total poverty estimates show that 37.4% of people are poor in Mexico, 30.7% in El Salvador, 17.3% in Panama and 15.6% in Costa Rica.
- The 2021 data show that Honduras was the country with the highest percentage of poor children and adolescents in Latin America and the Caribbean, with 62%. Mexico had 51% of poor children, whereas in El Salvador this percentage was 42%. On the other hand, Costa Rica and Panama had child poverty levels of less than 30% (ECLAC, 2022c).
- With regard to unemployment in this sub-region, it should be noted that according to SEDLAS,<sup>17</sup> Costa Rica and Panama registered rates above 10%, whereas in Mexico and

17 SEDLAC (CEDLAS and World Bank). Accessed in January 2023: <https://www.cedlas.econo.unlp.edu.ar/wp/estadisticas/sedlac/>

El Salvador they were below 5%. The information available from ILOSTAT<sup>18</sup> shows, for 2021, levels of informality of 69% in El Salvador, 57.1% in Mexico, 55.7% in Panama and 40.8% in Costa Rica.

- Compared to countries in the rest of the sub-regions, Central American countries have low percentages of social protection spending in relation to their total public expenditures. Mexico stands out with the highest percentage of social protection spending (44.3%), as well as El Salvador (36.4%) and Costa Rica (35%).
- In Central America, Guatemala has the highest infant mortality rate, reaching 19.8 in 2022, surpassing the values for 2020 and 2021. Costa Rica also slightly increased its infant mortality rate in 2022 compared to 2021.
- Information related to the evolution of the pandemic shows that Mexico has accumulated 7.1 million infections and 330.6 thousand deaths (it ranks second in the region in terms of the number of deaths). In Costa Rica, Panama and Guatemala, the number of infections exceeds one million. In El Salvador, there are 200,000 confirmed cases, whereas in Belize and Nicaragua there are less than 6,000.
- Excluding Mexico, Guatemala is the Central American country with the highest number of deaths due to COVID-19, with 19.9 thousand deaths. It is followed by Honduras, Costa Rica and Panama, with 11,000, 9,000 and 8,500 deaths, respectively.
- When looking at the number of doses of vaccines administered in this sub-region, two groups of countries can be mentioned: those that administered less than 150 vaccines per 100 people (Belize and Guatemala) and those that administered less than 200 vaccines per 100 people (Panama, El Salvador, Mexico, Nicaragua and Honduras). Only Costa Rica exceeded 200 vaccines per 100 inhabitants.
- In terms of migration, the complex situation in recent years regarding people migrating from and through Central America to North America cannot be overlooked. IOM (2022) highlights economic insecurity, violence, crime and the effects of climate change as the main factors that trigger these extra-regional movements. The phenomenon of migrant “caravans” has been on the rise since 2018 and increasingly includes families with children.
- It is estimated that in 2020 there were 900,000 displaced persons in Honduras, Guatemala and El Salvador -both within and outside their territories-. Out of this total, more

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18 ILOSTAT. Accessed in January 2023 (on the basis of national surveys): [https://www.ilo.org/shinyapps/bulkexplorer31/?lang=es&segment=indicator&id=SDG\\_0831\\_SEX\\_ECO\\_RT\\_A](https://www.ilo.org/shinyapps/bulkexplorer31/?lang=es&segment=indicator&id=SDG_0831_SEX_ECO_RT_A)

than half a million people made cross-border journeys and 70% were in the United States (IOM, 2022). The first data for 2021 showed the serious situation of these displacements in relation to children, since out of the 226,000 migrants from Honduras, Guatemala and El Salvador who arrived at the border with the United States during the first half of the year, an estimated 34,000 were unaccompanied minors.

## Environmental situation

- Hurricane Julia severely affected Central America, causing at least 28 deaths in the sub-region, where it triggered major flooding after passing over land.<sup>19</sup>
- Precipitation anomalies in 2021 particularly affected Central America: in central Mexico there was 60% above normal precipitation, whereas in Guatemala, El Salvador and Nicaragua precipitation anomalies were between 20%-50% below normal (WMO, 2022).

## Socio-political situation

- The evaluation of political systems in Central America is quite heterogeneous. Whereas Costa Rica is considered a full democracy -with a good position in the world ranking-, Nicaragua is considered a country under an authoritarian regime. At intermediate levels, Mexico, El Salvador and Honduras qualified as hybrid regimes (EIU, 2022).
- In this sub-region, the state of human rights in Nicaragua is alarming, marked by increasing limitations on freedom of expression, arbitrary detentions and harassment of opponents. It is estimated that 3,000 national and international NGOs have been banned in the country, at the same time that 26 national and 3 international news media companies have been censored. Furthermore, during 2022, the political persecution in this country reached members of the Catholic Church, both lay and clergy, who have been considered as opponents of the regime. Daniel Ortega's perpetuity in power has generated almost unanimous rejection by the international human rights community and organizations, which consider that the elections held in November 2021 were neither fair nor free.<sup>20</sup>
- In El Salvador, President Nayib Bukele requested for the tenth time the extension of the state of emergency in the country,<sup>21</sup> under the argument of continuing to combat gangs

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19 DW in Spanish, October 12, 2022. See.

20 Perfil, December 17, 2022. See.

21 Infobae, January 11, 2023. See.

and organized crime. Multiple human rights organizations, both national and international, have expressed their opposition to the suspension of constitutional guarantees during this regime of exception and warn about the possible consolidation of an authoritarian regime in the Central American country. In turn, several institutional anomalies in Bukele's administration have been qualified by the IACHR as violations to the independence of powers.

- In Mexico, President Andrés Manuel López Obrador, who already has the 2024 elections and the reelection of his party, Morena, on his agenda, completed four years in office. Within this framework, the president - who many consider to be a populist - called for a march in support of his government, which turned out to be massive. However, the situation in Mexico is far from favorable: there are higher levels of violence, corruption scandals have reached the president's family and economic growth prospects for 2023 are lower than those for 2022.<sup>22</sup>
- In 2022, Honduras began a period of political change marked by the shift to the left and the electoral victory of Xiomara Castro, the first woman to govern the country. The new government of Honduras will have to face a tradition of political instability, authoritarianism and persistent social problems led by poverty, hunger and inequality.

## 5.4. The Caribbean

- The Caribbean sub-region is more exposed to global economic uncertainty due to the characteristics of its productive systems, which are mostly agricultural and dependent on external supply. In parallel, this sub-region suffers directly from the inequality in the supply of vaccines against COVID-19, with the lowest vaccination rates in Latin America and the Caribbean -with the exception of Cuba-. It is to be expected that by 2023 the vaccination levels established as targets by the WHO will be reached. In this regard, this represents a great opportunity for economic recovery, especially to boost the tourism sector, which is a key area for economic growth and foreign exchange earnings.
- This group of countries is among the most exposed to the consequences of climate change and extreme events. The 2022 hurricane season caused problems in energy supply and serious damage to civil infrastructure, which continues to be deficient in many ways.

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22 The Washington Post, December 5, 2022. See.

## Economic situation

- The information available for the Caribbean according to ECLAC (2022a) indicates that the country least affected by inflation was Guyana with 4.7% variation in its CPI, followed by the Dominican Republic with 9.5% and Suriname with 55.1%.
- Debt levels in the Caribbean reached an average of 70.8% of GDP, where Suriname shows worrying rising numbers (131.2%) due to the devaluation of its currency. Behind is the Dominican Republic with 47.7% and Guyana with 33.4%, both with lower debt levels than those presented in 2021.

## Social situation

- The information available for the Dominican Republic shows that, in 2021, indigence affected 5.2% of people and total poverty 22.5% (ECLAC, 2022c). On the other hand, unemployment in this country reached 7.3%. In the case of informal economy, ILOSTAT<sup>23</sup> shows that in 2021 Jamaica had 58% of labor informality, Dominican Republic 57.3% and Saint Lucia 32.5%.
- The percentages of social protection expenditure in relation to total public expenditure are dissimilar in this sub-region: whereas in Cuba this represents 70% of total public expenditure, in Haiti it barely exceeds 10%.
- Countries such as Belize, Guyana, Jamaica, Saint Vincent and the Grenadines, Suriname, Trinidad and Tobago and Saint Lucia slightly increased their infant mortality rates in 2022 compared to 2019 (ECLACSTAT, 2022). In this sub-region, two extreme cases are exposed: whereas Cuba has the lowest infant mortality rate in Latin America and the Caribbean (4 deaths per 1000 live births), Haiti has the highest (43.4).
- Data on the progress of coronavirus in the Caribbean indicate that Cuba is the country with the most infections, exceeding one million, followed by the Dominican Republic, with 0.6 million. Barbados, Trinidad and Tobago and Jamaica have approximately 100,000 accumulated cases. Bahamas, Haiti, Guyana and Suriname have between 30,000 and 80,000 cases. Finally, Saint Vincent and the Grenadines, Saint Lucia, Antigua and Barbuda, Grenada, Dominica and Saint Kitts & Nevis do not exceed 10,000 infections.

23 ILOSTAT. Accessed in January 2023 (on the basis of national surveys): [https://www.ilo.org/shinyapps/bulkexplorer31/?lang=es&segment=indicator&id=SDG\\_0831\\_SEX\\_ECO\\_RT\\_A](https://www.ilo.org/shinyapps/bulkexplorer31/?lang=es&segment=indicator&id=SDG_0831_SEX_ECO_RT_A)

- Cuba ranks first in the Caribbean in the number of people killed by COVID-19, with 8,000 deaths. The Dominican Republic, Trinidad and Tobago and Jamaica have between 3,000 and 5,000 cumulative deaths. Whereas Guyana and Suriname have approximately 1,000 deaths, the rest of the Caribbean countries do not exceed that number.
- This sub-region has the lowest number of COVID-19 vaccines administered per 100 inhabitants. All countries applied less than 150 vaccines per 100 inhabitants, with two exceptions: on the one hand, Cuba, which applied more than 350 doses per 100 inhabitants (it is the country that applied the most vaccines per 100 inhabitants in all of Latin America and the Caribbean), and on the other hand, Haiti, which has the lowest number of vaccines applied in the entire region (only 4 doses per 100 inhabitants).

## Environmental situation

- The 2022 hurricane season was one of the most intense according to storm records in the region. In particular, hurricanes Fiona, Ian and Julia caused devastating effects in the Caribbean. The government of the Dominican Republic estimated that 2,497 homes had been affected and 12,485 had been displaced to safe areas after the passage of Hurricane Fiona.
- As for the supply of services, 709,272 people were without electricity and 1,151,384 people's access to drinking water was affected. In Puerto Rico, catastrophic flooding, landslides and widespread power outages were reported following the passage of this hurricane.<sup>24</sup> On the other hand, Hurricane Ian hit Cuba with particular intensity, causing severe material damage and a total cut in the power supply of the island.<sup>25</sup>
- In the case of the Caribbean, there is a general lack of climate change mitigation legislation,<sup>26</sup> as the following countries do not have this type of legal tool: Venezuela, Suriname, Guyana, Trinidad and Tobago, Cuba, Jamaica, Haiti, Dominican Republic, Saint Vincent and the Grenadines, Saint Lucia, Barbados, Antigua and Barbuda and Saint Kitts & Nevis.

## Socio-political situation

- This sub-region also presents a heterogeneous picture with respect to the quality of its political systems. The worst performers are Cuba and Haiti, considered authoritarian and

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24 CNN in Spanish, September 20, 2022. See.

25 BBC News Mundo, September 28, 2022. See.

26 See: <https://observatoriop10.cepal.org/es>

hybrid regimes, respectively. On the other hand, countries such as Jamaica and Trinidad and Tobago obtained ratings that positioned them as deficient democracies (EIU, 2022).

- The United Nations High Commissioner for Human Rights has recently declared that Haiti is in the worst humanitarian and human rights situation in decades.<sup>27</sup> Events in Haiti led to a wave of violence when protests against President Jovenel Moïse began in 2019. Events became increasingly complex since the assassination of the president in 2021. Since then, security problems and the institutional crisis have worsened.<sup>28</sup> A new outburst of inflation, the devaluation of the currency and the increase in fuel prices only increased the riots, looting, demonstrations and clashes between armed gangs, even leading the Prime Minister, Ariel Henry, to request international assistance to control the situation. The presidential and legislative elections and the constitutional referendum scheduled in Haiti for September 2021 are still postponed.

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27 Haití: La comunidad internacional debe actuar ya para evitar una tragedia, según Türk. Press release from the Office of the United Nations High Commissioner for Human Rights, November 3, 2022.

28 Página 12, October 18, 2022. See.

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