

The challenge of financing for development in Latin America and the Caribbean

Alicia Bárcena

USG and Executive Secretary of the Economic Commission for Latin America and the Caribbean (ECLAC)



Financing for Development

Regional perspectives and the role of the UN Regional Commissions
Dialogue of the Executive Secretaries of the Regional Commissions with the UN
General Assembly Second Committee

UN Headquarters, New York, 23 October 2017

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The challenge of financing

Greater access to external private flows which have become the main source of external financing

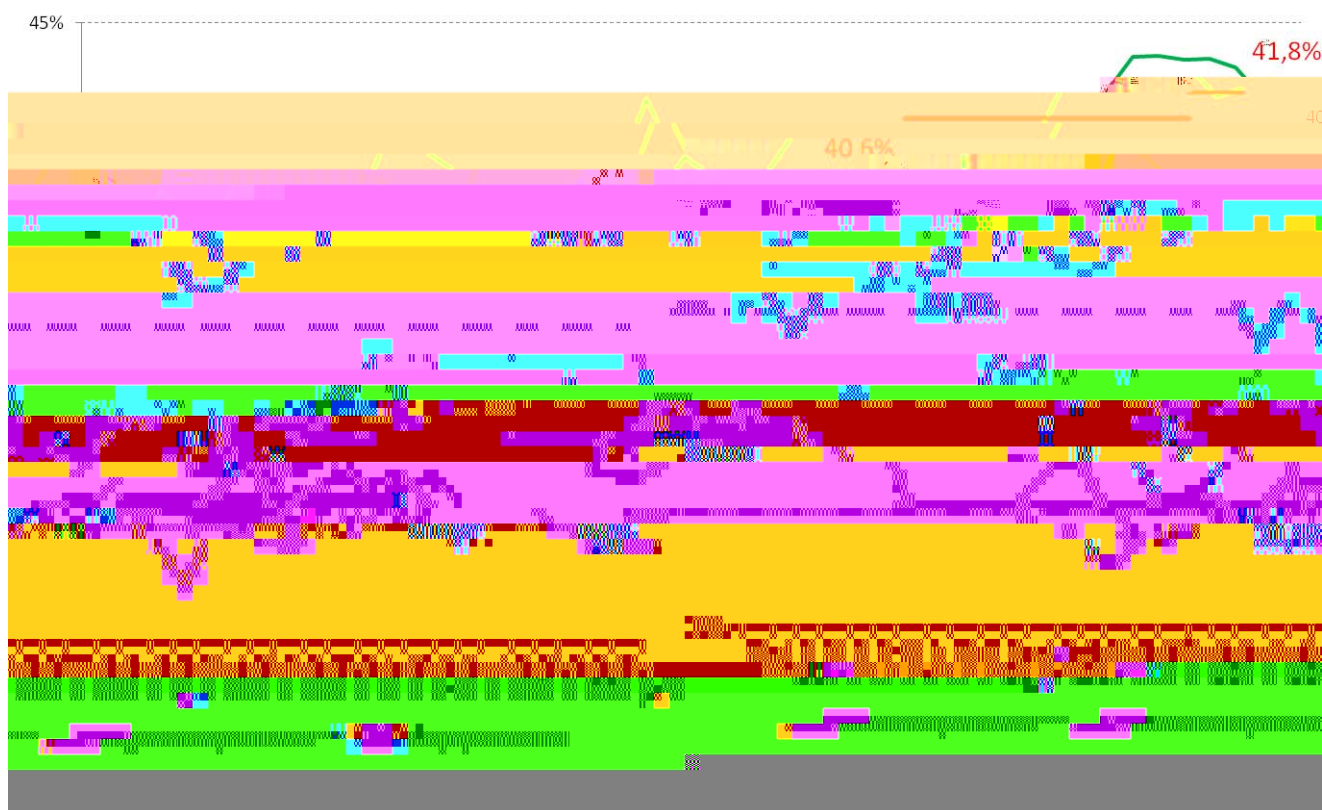
Mobilizing private

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Latin American Investment rate vis a vis other developing regions

LATIN AMERICA AND SELECTED REGIONS: GROSS FIXED CAPITAL FORMATION, 1970-2015
(as a percentage of GDP)



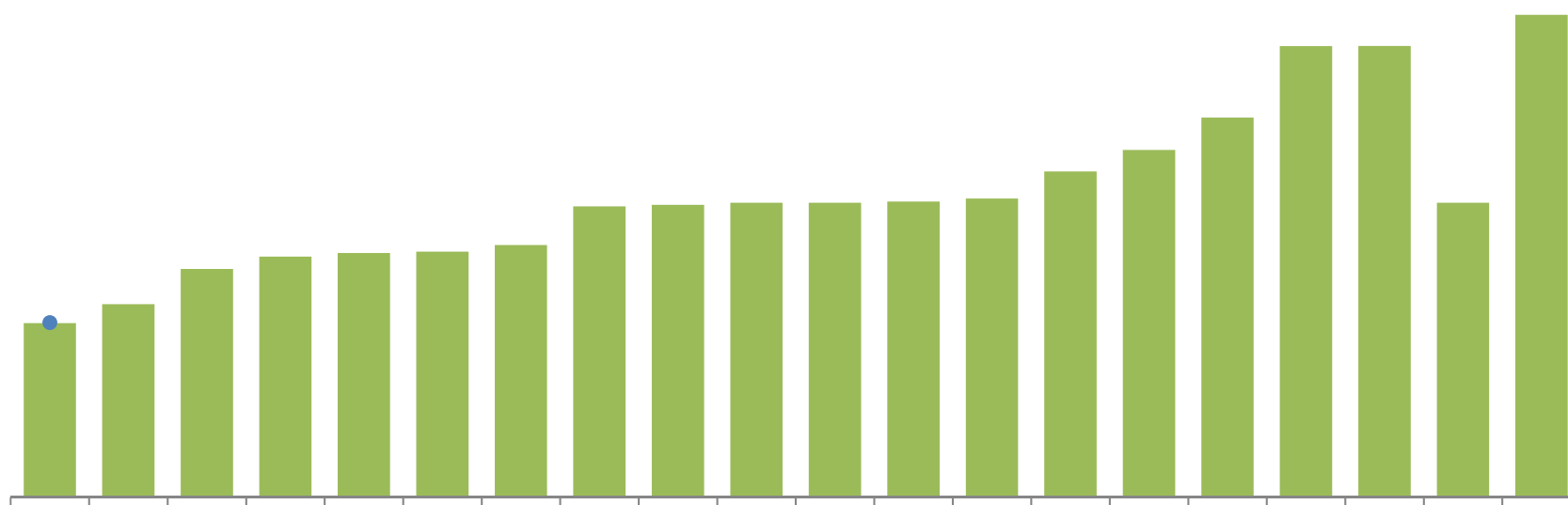
Source: Economic Commission for Latin America and the Caribbean (ECLAC) and World Bank on the basis of official figures.

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Improved domestic resource mobilization through a decade of fiscal reforms

TAX REVENUES IN LATIN AMERICA AND THE OECD 2000 AND 2015
(In percentages of GDP)



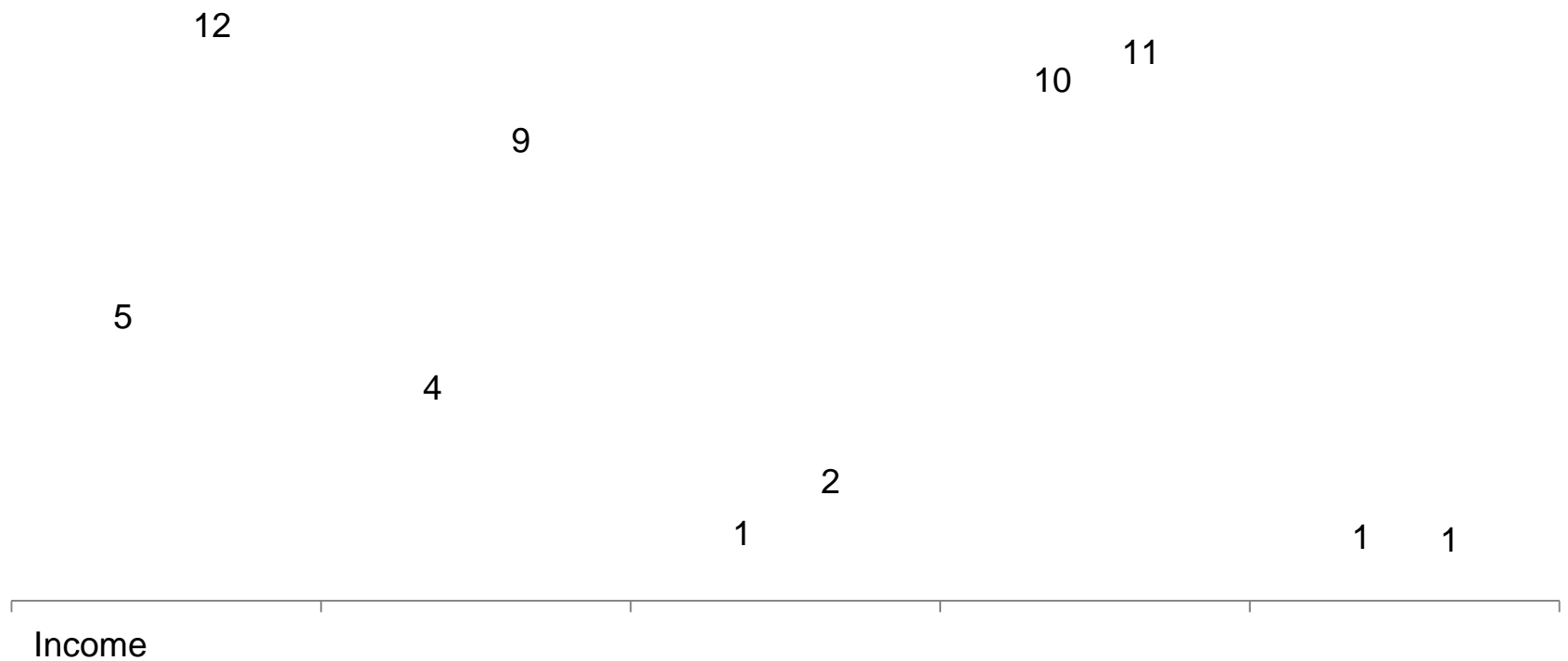
Source RevStat.

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But tax revenues are regressive highly dependent on indirect taxes and direct taxation remains particularly weak



Tax evasion and trade misinvoicing need to be significantly reduced

LATIN AMERICAN TAX COLLECTION AND ESTIMATED EVASION 2015
(Percentage of GDP and billion of dollars)

Estimated evasion:
US\$340 billion
(6.7% of GDP)

LATIN AMERICA AND THE CARIBBEAN TAX LOSSES
ASSOCIATED WITH TRADE MISINVOICING 2004-2013
(Billion of dollars and percentage of GDP)

Estimated tax losses:
US\$31 billion
(0.5% of GDP)

Effective control of tax evasion and illicit flows requires international cooperation and networking

- Illicit flows represent a huge transfer of financial resources out of developing economies
-

Public debt exhibits varying levels of vulnerability

LATIN AMERICA GROSS AND NET PUBLIC DEBT,
NON FINANCIAL PUBLIC SECTOR, 2015
(Percentages of GDP)

18/06/2015

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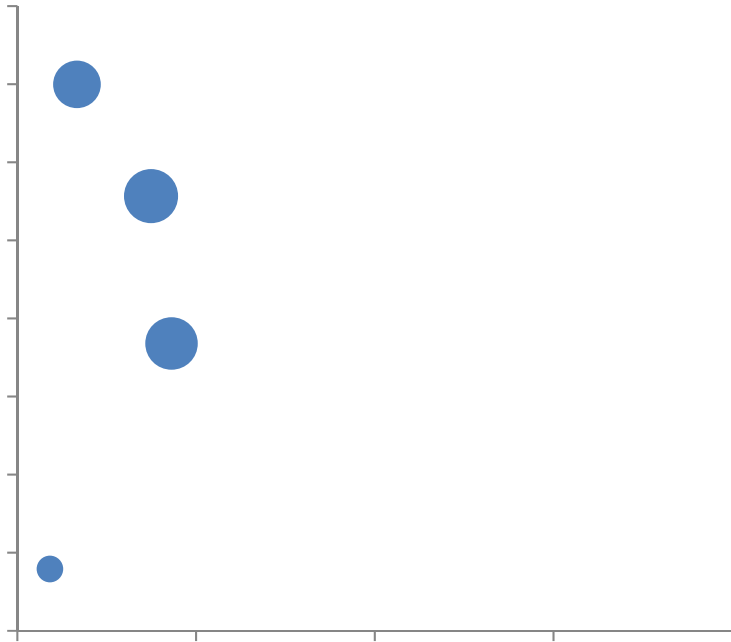
Financial inclusion requires innovative practices and instruments

- Financial inclusion is an unfinished business for the region
- LAC has the lowest levels of household financial inclusion
- In LAC, on average, only 45.8% of adults have at least one account at a financial institution
- This is below the global average (61%) other developing regions ,
- Only 45% of small and Medium Sized Firms have access to the formal financial system while 67.5% of large firms have access to formal systems. Gap of 1.5 times

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SECRETARÍA DE ECONOMÍA

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ECLAC is advocating to create a Resilience Fund with debt relief and the Green Fund

- Relief for 2 billion multilateral debt out of the total of 42 billion dollars
- Establish a Resilience Fund to restore and rebuild new infrastructure after disasters
- Countercyclical funds for addressing external shocks since Caribbean is ineligible to borrow concessional funds to rebuild and go to market rates
- Adaptation to climate change infrastructure in coastal areas

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