

# Latin America



**Alicia Bárcena Ibarra**  
Executive Secretary of the Economic Commission for Latin America and the Caribbean, and Chair of the Global Agenda Council on Latin America

## Key challenges



### 1 Corruption



### 2 Education and skills development

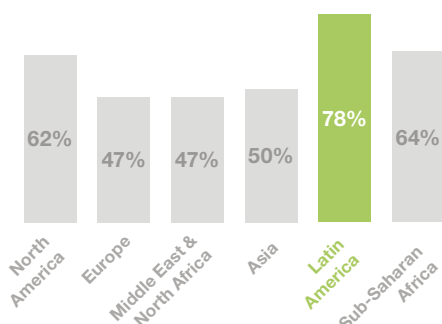


### 3 Increasing inequality

# 77%

of Latin American respondents believe that **corrupt political leaders** are a very big problem

Latin American respondents, above all other regions, believe that **education is a very important factor\*** to get ahead in life



\*Percentage of people who ranked education as "very important" (10 on a scale of 0-10)

Source: Pew Research Center Global Attitudes Project, 2014

Corruption has long been regarded as a significant problem for Latin America – perhaps the most significant of all. As such, it's little surprise our respondents have identified this as the biggest concern currently facing the region, followed by education and increasing inequality.

But for Alicia Bárcena Ibarra, the United Nations Executive Secretary of the Economic Commission for Latin America and the Caribbean (ECLAC), "institutions at the national and sub-national levels in the region have already undergone deep changes to further build their capacities for greater transparency and accountability". In 2012, the government of Ecuador implemented systematic anti-corruption measures, including a rise in police salaries; this subsequently resulted in the country gaining four points, year on year, in Transparency International's annual Corruption Index. The most recent index also showed that Uruguay has become Latin America's least corrupt country, and is now on a par with the United States.

While governmental respondents ranked corruption as their third-biggest challenge, business figures placed it at their top priority. In any case, it is clear that strengthening institutions and the rule of law must remain a high priority on the governance agenda in the region.



**We need an enhanced equilibrium between the state, the legislative and judicial branches, the civil society and private sector.**



"We need an enhanced equilibrium between the state, the legislative and judicial branches, the civil society and private sector, which are instrumental for change."

Honest, balanced institutions will be essential if Latin America is to tackle its financial concerns. Bárcena

Ibarra underscores the need for policies to transform informal economies into formal ones. While micro, small and medium-sized companies encompass more than 70% of employment, which is often informal, they contribute very little to the region's GDP.

At the same time, the recurring income distribution gap should be reduced by improving education equality, in terms of achievement, access to information and communication technologies and social integration. This year's Survey shows that Latin Americans regard education as the most important factor for getting ahead in life.

While recognizing the importance of education has pushed governments to extend public resources poured into the sector from 3.4% of GDP in the 1990s to 5.3% in 2011, Bárcena Ibarra insists there is an urgent need to improve quality, raise the profile of technical training and increase coverage of pre-schooling, secondary and tertiary schooling.

"Technical and vocational training are fields of education that have been left behind, both in terms of public and private investments. Knowledge, innovation and technology are not sufficiently stimulated by our society. Without major agreements between public and private institutions, the needs of the labour market and modern technology are not connected to technical education."

Investing in the formation of capital and infrastructure are a "high priority for the region", which has excessively relied on consumption and exports. "In this slowdown of the economy, Latin America is extremely vulnerable to the external context. The only way our region can counteract is through investments, both public and private."

Current investments represent 21.7% of continental GDP – levels Bárcena Ibarra says fail to cover the needs in infrastructure, education and health. By comparison, investments in Asia reach 40% of GDP, while the OECD boasts levels ranging between 32% and 36% ■