

# 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

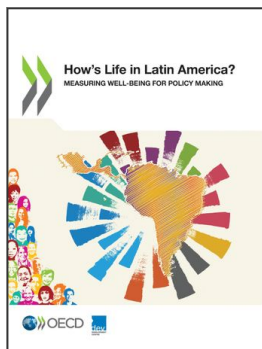
On almost all indicators, the focal-country average masks substantial differences in levels and trends between countries. Beyond these cross-country variations are some equally marked differences in how well-being is distributed within countries, and women, children, elderly and youth, those living in 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.



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