



Latin America and the Caribbean: **Effective Governance, beyond Recovery**



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UNDP partners with people at all levels of society to help build nations that can withstand crisis, and drive and sustain the kind of growth that improves the quality of life for everyone. On the ground in nearly 170 countries and territories, we offer a global perspective and local insight to help empower lives and build resilient nations.

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Background and objective

The United Nations Development Programme (UNDP), as the global network for development within the United Nations, in its commitment to the Latin American and Caribbean region, recognizes the new challenges for the region due to the COVID-19 crisis. To respond to this, it is updating its regional governance programmatic offer with a view to achieving the implementation of the 2030 Agenda.

Latin America and the Caribbean continues to be hard hit by COVID-19. Although the world ends 2020 with more than 78 million cases and more than 1.8 million deaths, the LAC region represents 20% of total cases and 30% of total deaths worldwide. A disproportionate representation considering LAC countries are less than 9% of the world population.

Added to this level of impact are the consequences of a pandemic in the economic, social and political spheres. These consequences refer to pre-existing conditions in the region, including low trust in institutions, political and social polarization, perception of State capture, and weak mechanisms of political representation. Low economic growth in the region is compounded by high inequalities and fiscal frailty. In other words, COVID-19 goes beyond a health crisis and must be understood from the point of view that COVID-19 is a governance crisis due to its systemic nature.

After a series of seven consultations with a diversity of actors in the region carried out between September and November 2020, it was concluded that the magnitude of the governance crisis requires recognition that it is an unprecedented crisis. It is clear from the consultations that innovative solutions are required and that to achieve the required changes it is necessary to act differently.

The consultations recognized the starting point is the redefinition of the social contract, understood as the search for new political and social agreements that can guarantee economic prosperity, peace and social cohesion. Multilateral institutions must accompany these agreements to allow the construction of the new social contract.

Based on the UNDP approach that development for Latin America and the Caribbean is a three-lane road – productivity, inclusion and resilience – with effective governance as the necessary foundation, the following eight principles collected during the consultations are proposed. These guiding principles seek to promote discussion in accordance with national realities. The starting point is the premise that the implementation of these transformations cannot be postponed.

In order to change the dynamics of low growth, high inequality and high vulnerability, these principles of effective governance are proposed for Latin America and the Caribbean to guide the construction of a “normality” that is not only new, but also better. These principles are not exhaustive, but rather a starting point for the necessary conversation on sustainable recovery and aimed at achieving the implementation of the 2030 Agenda in this decade.

Priority principles for a sustainable recovery



1. Fiscal policies that allow sustainable, inclusive spending and are friendly to economic growth

Fiscal regimes are transformed to guarantee collections that strengthen the capacity of the State to provide quality public services, allowing sustainable, fairer and more inclusive spending that promotes the universality of social protection and is friendly to economic growth.



2. Transformation of the capacities of the State with innovation

Objectives, rules, and structures are adapted to citizens' expectations to guarantee the provision of efficient and effective public services. The results obtained are consistent with the agreements forged between various actors. Constant experimentation is established as necessary in the permanent search for innovation for better results.



3. Transparency, publicity of information and accountability in public management

The information that concerns public management is open, accessible, and timely. The decisions and implementation of the tasks of the State are accessible to the citizenry. Decision makers, at all levels and in all sectors, take responsibility for their actions.



4. Reconstruction of trust and legitimacy in political, economic, and social actors

Measures are being applied to rebuild trust in political, economic, and social actors, now clearly diminished. Dynamics of legitimacy must be built through open decision processes, renewed agreements, and effective results, changing the way in which citizens "experience" their relationship with the State.



5. Citizens as an active part in the construction of agreements

Citizens are an active part of the permanent search for agreements around the construction of inclusive and prosperous societies that benefit the majority of the population.



6. Elimination of the use of violence as negotiation mechanism between social and political actors

Citizen security is established as an essential result of development, reinforcing the prevention and reduction of insecurity and violence in a comprehensive manner. The use of violence or the threat of violence as a negotiation mechanism between social and political actors is eliminated.



7. The rule of law and access to justice is applied equally to all citizens

The law and access to justice is equal for all citizens, without privileges and is applied impartially with equity and justice. The institutions that guarantee justice and the promotion of human rights are strengthened.



8. Intergenerational equity and environmental sustainability as priority objectives

Sustainability (economic, social, and environmental) is established as the goal of governance for development.

Propositions to address COVID-19 as a governance crisis

The consensus of the consultations carried out is twofold. On the one hand, it was concluded that we are facing an opportunity. On the other, it was concluded that, if we emerge from this pandemic without having established clear parameters that strengthen effective governance, we will have wasted an opportunity. These are outlined in at least three main areas of attention:

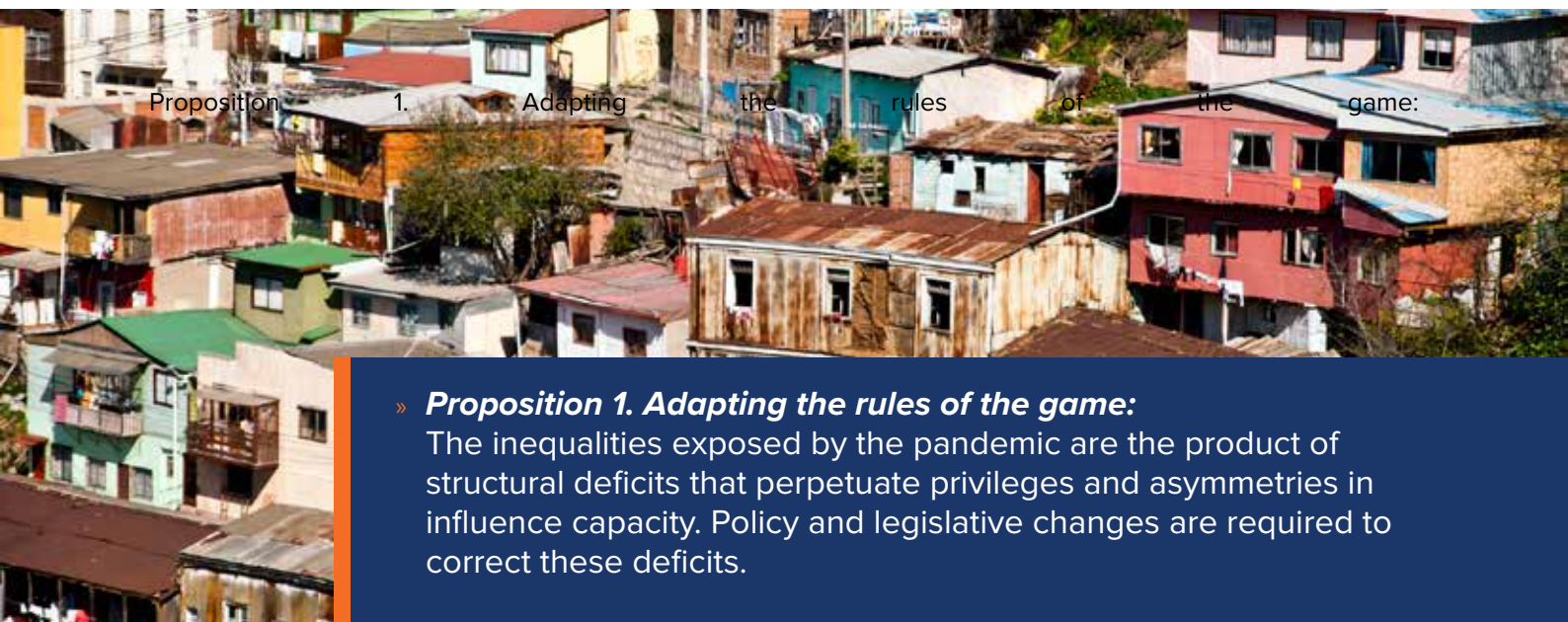
- » Opportunities for changes in the arena of public policies
- » Opportunities for changes in the rules of the game
- » Opportunities for changes in the actors involved in the political arena

The multidimensional magnitude of the current governance crisis requires a conversation about the need to adapt the “rules of the game” that govern the design and implementation of public policies for human development. The recovery and reconstruction of the social fabric and equitable economic productivity will be based on the political agreements and governance processes that are put in place. The result will be commensurate with political agreements and permanent processes that create opportunities and allow access to fair and inclusive forms of social and economic productivity.

The COVID-19 pandemic highlights a governance crisis that is also, potentially, an exceptional opportunity to forge new agreements between government, the private sector, civil society and communities. These agreements must be built on solutions and install the need to establish a recurrent search for results that produce legitimacy of the process and outcome. The pandemic has revealed vulnerabilities in the current institutional framework and has exposed inequalities and structural deficits that must be addressed.

As societies emerge from the immediate consequences of the crisis, we must aim for more than marginal response corrections and aim for a sustainable recovery. A better and stronger health system can be built, as well as a more resilient and equitable economy that generates opportunities and equal access to these opportunities for the next decade.

To realize this opportunity, we have identified some imperatives on how to approach this improved new normal:



Proposition 1. Adapting the rules of the game:

» **Proposition 1. Adapting the rules of the game:**

The inequalities exposed by the pandemic are the product of structural deficits that perpetuate privileges and asymmetries in influence capacity. Policy and legislative changes are required to correct these deficits.

An inclusive reconstruction plan for Latin America and the Caribbean focused on the 2030 Agenda and the enabler Sustainable Development Goal 16 on peace, justice and inclusive institutions. This will be key to positioning the principles of governance for the region through the translation of consensus into actions of the programmatic Agenda towards 2030 with a focus on sustainable development, socio-economic recovery, robust social protection systems, transparent and efficient justice systems, and the enabling of opportunities for peaceful coexistence in the most violent and conflictive region in the world.

The rules of the game must be refined by sitting the sectors at the table and bringing international knowledge and experience, based on solid evidence. UNDP has built capital in these processes that is available, including its tools and methodologies, as well as a presence in the countries. It is necessary to reinforce processes of dialogue and generation of consensus, innovation in the inclusion of actors – both in the dialogue processes, as well as in the continuous processes of recovery and inclusive participation that enhances the increase of knowledge on the part of citizens.

institutions to achieve social cohesion accompanied by digital resilience and innovation. Without transformed public institutions, there will be no peace or sustainable development. Quality public services centered on people require innovative institutional transformations to bring services closer together and digitalization of processes. It is necessary to complement these transformations with the reduction of the digital divide, which is a reflection of structural inequalities. This will restore trust between citizens and governments and strengthen the rule of law and social protection.



» **Proposition 2. Formulating fair and supportive fiscal pacts that allow sustainable, inclusive, and friendly expenditures for economic growth:** The economic and productivity crisis caused by the pandemic and the respective economic recession is reducing the income capacity of governments, putting their income at risk and weakening its capacity for responsiveness and solutions.

The plans for the reconstruction of the region must address regional taxation with the participation and alliance of strategic actors. This requires a broad coordinating component, and prioritizing issues of financial recovery, a social protection plan, strengthening health systems, interregional trade as sources of future growth, and an investment plan that addresses digital connectivity and innovation.

Launch a research program on the political economy of fiscal reforms. In the face of rapidly changing social protection needs, there is a need for a better understanding of the social and political conditions necessary for the promotion of fiscal pacts based on broad coalitions. UNDP is in a unique position to build bridges between academia and state institutions with respect to building an agenda on the political economy of recovery.



» **Proposition 3. Strengthening the capacity of the State:**
The role of the State has been and will continue to be fundamental to establish positive balances and promote prosperity, well-being, and social cohesion in societies.

Redefinition of the role of the state in the provision of public services, based on reaffirming the universality of access. This includes programming aimed at strengthening the adaptation capacity of public institutions, including improvements in response times, decision-making mechanisms, and mechanisms for monitoring citizens' expectations. This programming also extends to supporting transformation processes of the control bodies (Ombudsman, Comptrollers, Procurement agencies, among others), as well as parliaments based on the importance of the robustness of oversight and accountability institutions.

COVID-19 and its social distancing measures have exposed new public management challenges. The responsibility to respond to the pandemic depends largely on the State, which as an institution faces a crisis of legitimacy and trust. But citizens now expect the State to provide health services, relief, protection and even comfort in this time of uncertainty. The State also faces the dangers of misinformation and “disinformation” to a greater extent. In the post-pandemic recovery phases, the State will once again be tasked with “building back better” in the jargon of recovery operations. This means that the State must be strengthened to be more adaptable, to achieve institutional transformations and to transition from providing analog responses to digital solutions.

The State and public institutions need to respond with higher levels of efficiency in the provision of public services (with greater transparency and co-creation to regain the trust and legitimacy of citizens). During the pandemic, the public health system has borne the main weight of the response, but so also have public institutions to ensure that law and order are maintained, and the rule of law prevails. In the post-pandemic periods, it will be a major challenge to restore the central functionality of government and strengthen the provision of public services, including administration and justice.



» **Proposition 4. Regaining trust and legitimacy:**
The pandemic has generated more information, but not necessarily more knowledge. Social media has taken over much of the public and political debate.

Promote innovative forms of citizen participation with an emphasis on representative democracy methodologies. This can be achieved through the application of deliberative democracy methodologies that can play an important role in complementing and strengthening the work of institutions of representative democracy.

Take advantage of the opportunities offered by technology to promote changes in the role of the State, where people are the center of public policies. Innovation and technology can be an enabler of mechanisms for active transparency, accountability, better processing and use of data, establishing new mechanisms for participation and deliberative democracy, and promoting advances in open government policies. A fundamental aspect is to ensure that the different social groups have access to technologies (that no one is left behind), and education is also required on what these technologies are going to allow.

A new normal is about to begin and the State, in order to strengthen its legitimacy, must be prepared with effective governance strategies. UNDP's approach to tackling COVID-19 has been threefold. It is about preparedness, response, and recovery. Governance has a key role to play in these three stages. Forge agreements among stakeholders to prepare and implement response plans and strategies that are inclusive and under the rule of law. But more importantly, to ensure that the agreements consider a recovery that ensures that institutions continue to function, relief assistance reaches where it is most needed and peace and social cohesion can be strengthened.



» **Proposition 5. Achieving equal access to capacities and opportunities:** The sustainability of the recovery requires rebuilding social and productive structures in an equitable and efficient manner.

COVID-19 is exposing inequalities in new dimensions. Although the virus affects everyone, regardless of race, ethnicity, gender or origin; the economic and social consequences of its impact are not equal, since they are different and more severe for the most vulnerable. Resilience needs a new name, as we are about to start a recession that will bring people back into poverty and increase the distrust of citizens (an explosive mix).

Generate human development metrics, to monitor progress and challenges, with a focus on recovering the legitimacy of policies in a democratic framework. Strengthening the capacities of States for the production, use, and dissemination of data can contribute to greater participation and increased public trust. Information management is key for public policies; for citizens to get involved it is necessary to share data; data must be shared with the public to strengthen trust. Academia, think tanks and the private sector can support the analysis of information, on issues of transparency and accountability that contribute to legitimacy.

For middle-income economies, struggling to become middle-class societies, such as those in Latin America and the Caribbean, governance turns out to be the most relevant instrument for recovery. This means creating opportunities for people to shape their destinies and collaborate. Governance is the process by which opportunities are generated (its application is linked to the practice of democracy, as well as to political and civil rights that lead to sustainable development).

Programmatic Effective Governance offer updated towards 2030

To contribute to societies' achievement of the necessary effective governance, within the framework of the eight guiding principles and five proposals set out above, the United Nations Development Programme, understanding that the construction of a new Social Pact cannot be postponed, updates its programmatic offer and puts at the service of the region:

- » Its proven experience as convenor and facilitator of dialogue and concerted efforts aimed at finding the agreements that effective governance requires.
- » Rapid response methodologies, adapted to the reality of each country, that generate recommendations and routes to follow in terms of public development policies.
- » The supply of knowledge produced by the organization in the various aspects of development that includes, but is not limited to, global, regional and national Human Development Reports.
- » An experienced team with capacity to respond with quality and in real time.
- » An organization willing to work at the national level.

UNDP must consolidate itself as an effective instrument for the member states of the United Nations system to achieve development objectives aligned with the SDGs and defined by their sovereign processes. UNDP is also the development agency with the largest presence worldwide. It is an agency that offers local solutions to complex problems with global content and quality.



Participants in the consultation process on Effective Governance, beyond recovery.

The Regional Bureau for Latin America and the Caribbean wishes to thank the following people for their participation and collaboration in the governance consultations that took place between the months of September and November 2020 (arranged alphabetically by name). In total, about eighty highly prestigious experts from 26 countries in the region participated. The consultations, as this document summarizes, have confirmed that the consequences of the COVID-19 pandemic are of such depth that we need to redouble our efforts and renew the approach to effective governance.

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| Érica Rodríguez | UCM professor and international consultant |
| Farah Urrutia | Secretary for Access to Law and Equity, OAS |
| Fernando Henrique Cardoso | Former President Brazil |
| Francisco Rodríguez | Director and founder of the Petroleo por Venezuela foundation |
| Gabriel Boric | Deputy, Chile |
| Gabriel Silva | Deputy, Panamá |
| Hernando Gómez Buendía | Colombian academic, journalist and political activist, Director and General Editor of the magazine "Razón Pública" |
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| Vanessa Rubio Márquez | Senator of the LXIV Legislature of the Congress of Mexico |
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| Xavier Saez-Llorens | Professor of Pediatrics, Head of the Department of Infectious Diseases and Director of Clinical Research at Hospital del Niño |
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* In addition to these consultations, there was collaboration and feedback from an additional series of feedback conversations, including informational meetings with UNDP Resident Representatives in Latin America and the Caribbean; the leadership of the governance, conflict prevention and rule of law area of UNDP in New York; feedback from a select group of regional journalists and with the group of experts in dialogue and mediation “*Red Públicos y Comunitarios LATAM*”.



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