



## PAVING THE ROAD: EFFECTIVE GOVERNANCE

Paving the three-lane lane road requires effective governance as a parallel requisite. Policies and rules to promote productivity, inclusion, and resilience are, in the end, agreements among actors (state and non-state actors). Ultimately, however, no rules function if the agreements among the actors involved are broken, if people do not comply, or people do not believe that others will follow the rules.

If existing governance frameworks cannot effectively respond to the distributional tensions arising from an uneven development process, societies will find alternative ways to adapt. In extreme cases, violence can become a mechanism to process conflict. Indeed in LAC, we see that homicide rates are much higher than those of countries with similar levels of GDP per capita, in particular for some countries in Central America and the Caribbean (Vignette 12). People can also “opt out” of the social contract—for example by avoiding taxes or seeking public services from the private market. In other cases, people may just “vote with their feet” and leave. In LAC, we see that the number of people moving abroad has almost tripled between 1990 and 2020 (Vignette 13). All of these individual actions are symptoms that show that tensions are not being processed in a way conducive to inclusive development.

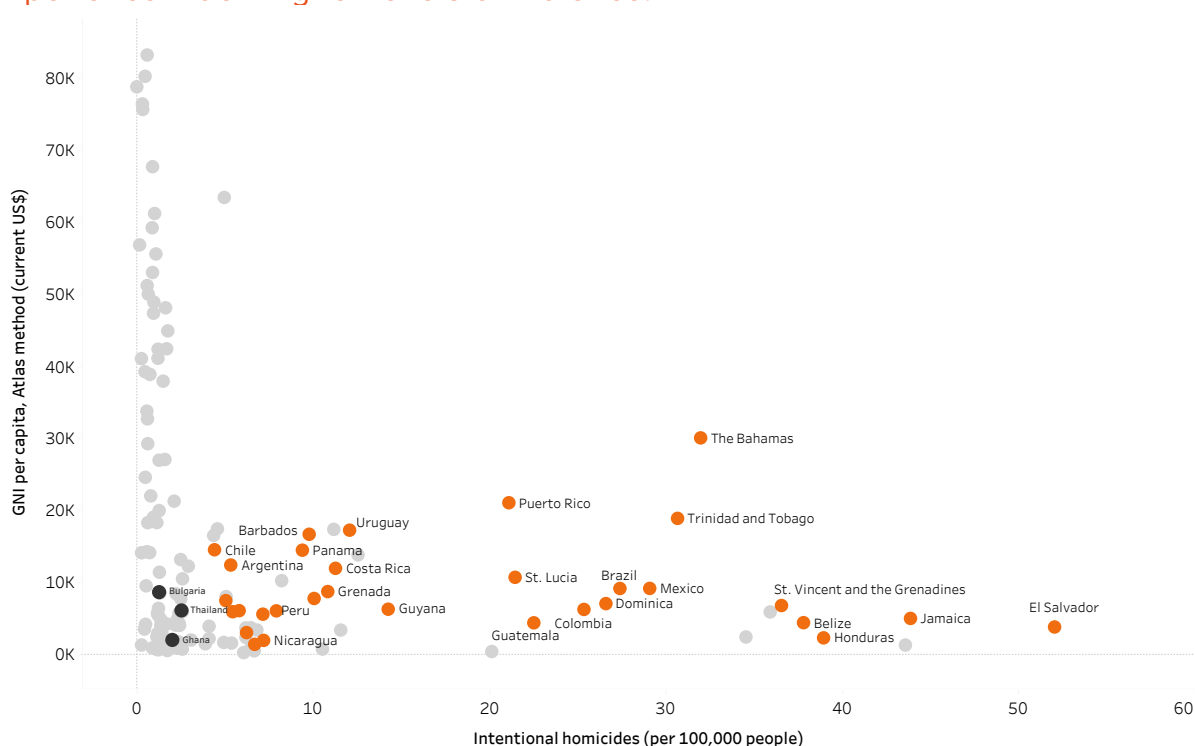
One key factor that undermines the effectiveness of governance is the unequal distribution of power in the policy arena. Power asymmetries, the fact that actors have different capacity to “influence” the system, can lead to policies marked by exclusion, capture and clientelism, ultimately contributing systematically to poor development outcomes. Unfortunately, almost 3 in 4 citizens in LAC believe that their country is governed in the interest of a few powerful groups rather than for the good of all (Vignette 14). If citizens do not believe that institutions are responsive to the needs of all, they may choose not to cooperate. Moreover, while issues such as the “rule of law” have improved greatly over the past century, many countries in the region have continually seen their progress set back at various points along this trajectory (Vignette 15). In some countries, the application of rules still depends very much on who you are. One way this manifests is in the region is in the context of unequal access to justice. In LAC, 4 in 10 people are imprisoned without a conviction—a group disproportionately comprised by people from vulnerable and marginalized backgrounds (Vignette 16). While the distribution of power in the policy arena remains highly unequal in the region, countries have progressed in a few areas—for example in expanding women’s representation at multiple levels of decision making (Vignette 17). Including previously excluded groups in the policy arena strengthens their voice and subsequently their ability to make the system more responsive to the demands and aspirations of those communities—ultimately fostering more equitable development outcomes.

Changes in governance can come from many different types of actors or coalitions among actors—including elites, citizens, and international actors. From a democratic perspective, citizens have four primary ways to voice their demands: voting, social organization, political organization, and public deliberation. Over the past few years, social organization was a particularly important channel in LAC, as citizens across the region took to the streets in protest—reflecting their growing frustrations about the concentration of development gains as well as the concentration of power (Vignette 18). These protests were an important reminder of the need to continue investing in building and maintaining a robust “civil society space.” While civil society space in LAC expanded steadily throughout the 1980s and 1990s, it has recently begun to shrink again (Vignette 19). Moreover, as technology has both advanced the speed and reduced the cost of information flows, civil society space is being threatened in new ways. One key way this is happening is through the increased creation and spread of false information—including misinformation and disinformation (Vignette 20). This carries with it broader political concerns, such as potentially deepening levels of political polarization and weakening trust.

## Vignette 12

# KILLING DEVELOPMENT: THE DEVASTATING EPIDEMIC OF CRIME AND INSECURITY

In comparison to countries with similar levels of GDP per capita, countries in LAC experience much higher levels of violence.



Source: World Bank World Development Indicators database (GNI per capita) and UN Office on Drugs and Crime's International Homicide Statistics database (Homicide rate).  
Note: LAC countries are denoted in orange and non-LAC countries are denoted in grey. Homicide rate data is for the most recent year available (circa 2015-2018). GNI per capita data corresponds to that same year.

Development is a very uneven process, accompanied by heterogeneity in outcomes across sectors, across regions and across income groups. Such process, Albert Hirschman elegantly established about 60 years ago,<sup>45</sup> constantly generates tensions and demands for the redistribution of resources and power. In this sense, conflict is inherent to development.

Long term outcomes in terms of prosperity, equity and peace will always depend on the way in which such tensions are processed. Indeed, it depends on the way in which actors interact to solve these tensions; in other words, it depends on effective governance. If tensions are solved by excluding some groups systematically, inequity and violence are more likely to characterize societies. Indeed, we see that throughout Latin America

45 Hirschman (1958).

and the Caribbean violence has become a mechanism to adapt to these tensions and to process conflict. The UNDP Regional Human Development Report 2013-2014 “Citizen Security with a Human Face”<sup>46</sup> showed the ways in which crime and insecurity undermine development in Latin America and the Caribbean. Crime erodes the well-being of citizens and deters economic growth.<sup>47</sup> Despite recent progress in citizen security and marginal reductions in violence, LAC remains the most violent region in the world. Indeed, a 2018 report by the Igarape Institute<sup>48</sup> states that while Latin America is home to 8 percent of the world’s population, 33 percent of all homicides take place there. Moreover, according to UNODC data for 2018, 15 of the 20 countries with the highest homicide rates in the world are in LAC.

We see in this graph that homicide rates (expressed per 100,000 inhabitants) in the region, in particular for some countries in Central America and the Caribbean, are much higher than those of countries with similar levels of income per capita. For example, Honduras and Ghana have similar GNI per capita rates, however Honduras suffers 39 homicides per 100,000 people, while Ghana suffers just 2. Similarly, while Mexico has a homicide rate close to 30, Bulgaria, with a similar GNI per capita, has a rate close to 1. The homicide rate in Colombia is over 25, while in Thailand it is only around 3.

Vilalta, Castillo and Torres<sup>49</sup> offer an overview of four existing theories to answer this question in the region. As they explain, the *economic perspective* argues that individuals weigh the costs (of eventual punishments) and benefits to decide whether or not to engage in crime. The *socio-structural perspective* links changes in crime and violence with changes in societal structures, culture, and institutions. For example, it would interpret rising violence as a result of factors such as worsening labor market conditions and economic crises. The *political perspective* argues that recent political processes in LAC countries have fostered inefficiency and corruption within many government agencies charged with public safety. This has been accompanied, for example, by anti-drug policy agendas that have had unintended effects on expanding illegal markets as well as diverting resources away from social policies toward policing and criminal justice systems. Finally, *social disorganization theory* argues that “antisocial and criminal behaviors are socially learned.” According to this view, local social dynamics such as peer networks and neighborhood structural characteristics combine to shape crime patterns. Depending on the country context, a combination of these theories helps to explain crime in LAC.

Empirical research offers support for the different theories: the sense of impunity in some countries encourages law offenders to engage in criminal activities;<sup>50</sup> the lack of confidence in police and justice systems sometimes prevents victims from reporting crimes<sup>51</sup> (moreover, it is not rare that corrupt police collaborate with organized crime in some countries, for money or out of fear); support for extralegal violence is significantly higher in societies characterized by low support for the existing political system;<sup>52</sup> and the lack of economic opportunities also plays a role, as a strong correlation between crime and youth unemployment has been found.<sup>53</sup> Evidence also demonstrates the effect of inequality on crime.<sup>54</sup>

As this booklet emphasizes, the road to development in LAC requires effective governance as a pre-condition to improve productivity, inclusion and resilience. That is, effective governance is about creating socio-economic opportunities, strengthening institutions and enhancing citizen security. These are challenging tasks as these figures show. Fact-based initiatives such as INFOSEGURA<sup>55</sup> which aims to promote and improve the quality of information on citizen security in the region, are critical public policy instruments to address this challenge.

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46 UNDP (2014).

47 Enamorado et al. (2014).

48 Muggah and Aguirre Tobón (2018).

49 Vilalta, Castillo and Torres (2016).

50 Walsh and Menjivar (2016).

51 Cao and Zhao (2005).

52 Cruz and Kloppe-Santamaria (2019).

53 Wong and Ramakrishnan (2017).

54 Enamorado et al. (2016).

55 Infosegura (2022).

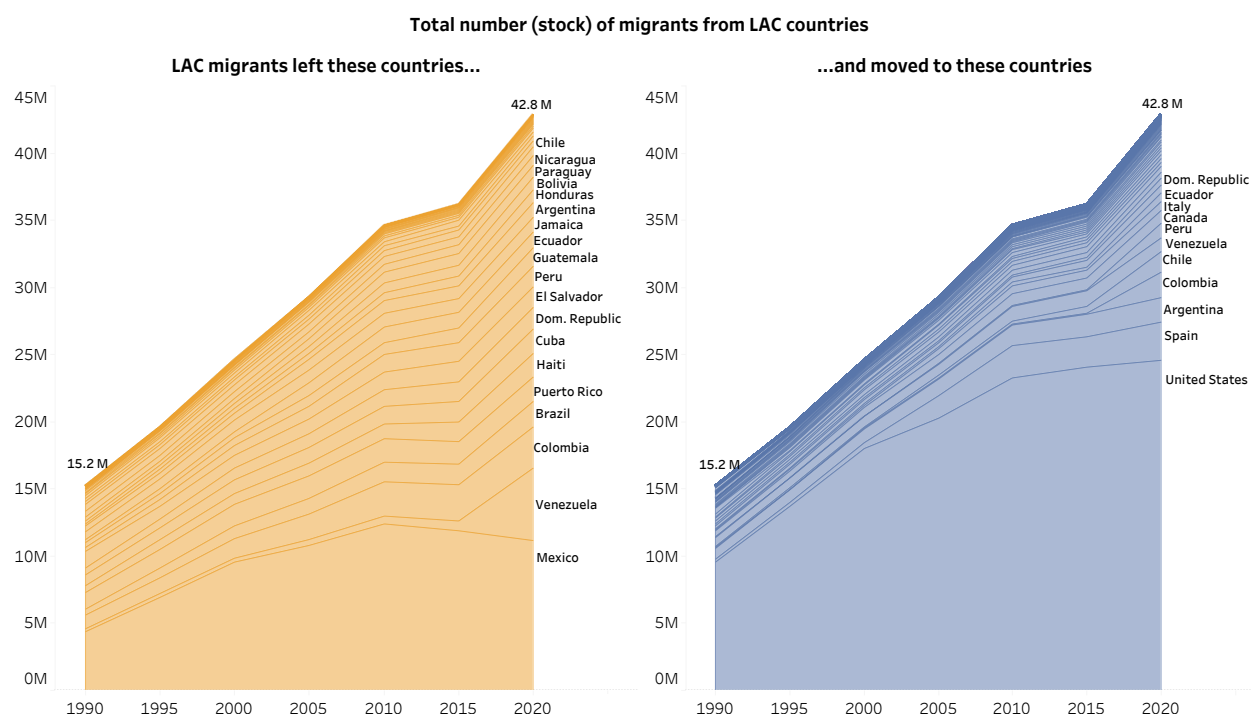
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## Vignette 13

# LEAVING FOR A BETTER LIVING: MIGRATION AND REMITTANCES

Over the past thirty years, the number of people born in LAC countries who are living abroad has almost tripled. In 2020, 42.8 million were living in other countries, though many stayed within the LAC region.



Source: United Nations, Department of Economic and Social Affairs, Population Division (2020). International Migrant Stock 2020.

Note: Stocks are calculated mid-year and include all foreign-born residents in a country (including refugees) regardless of when they entered the country. Stock data should not be confused with annual migration flow data (i.e. the number of migrants that entered or left a country within one year).

One way in which people adapt to the tensions that arise from the uneven process of development is by migrating, or “voting with their feet.” In 2020, around 3.5% of the world’s population was living in a country different from the one that they were born in. In LAC, this share is almost double—around 6.5% of the region’s population. In the sub-region of the Caribbean, it is far higher still—reaching over 20%.

Using data from UNDESA’s International Migrant Stock<sup>56</sup> database, this graph shows the evolution of migration from LAC countries during the thirty-year period from 1990 to 2020. Note that this graph presents data on migration “stocks,” or the number of foreign-born residents in a country at a given point in time. This is different from data on migration flows, which tracks the number of migrants that entered or left a country within a given year. Overall, we see an increasing trend of migration in the region. The number of people born in LAC countries that are living abroad almost tripled between 1990 and 2020, rising from 15.2 million

<sup>56</sup> UNDESA (2020).

to 42.8 million. However, the speed at which migration stocks were increasing has slowed down for almost all countries since 2010. The recent steep increase in the graph is primarily driven by the rapidly changing patterns of migration from Venezuela since 2018.<sup>57</sup>

The two panels in the graph present the same overall trend data, but the left-hand panel reveals which countries migrants are leaving from while the right-hand panel reveals which countries they are moving to. As we can see, Mexico has consistently been the origin country with the largest total number of migrants while the United States has consistently been the destination country receiving the largest total number of migrants. As of 2020, over 24 million people born in a LAC country lived in the United States. However, beyond North America, European countries (such as Spain and Italy) and other LAC countries (such as Argentina and Colombia) are among the most common destinations for international migrants from the region.

Why do people choose to leave their home country and move abroad? In economics, the discussion on the causes of migration derives from the notion that migration movements are motivated by the balance of wage differentials, the probability of finding a job, and costs (pecuniary or otherwise) for different individuals. In other words, many people migrate in pursuit of greater economic opportunities and returns to their labor – and, contrary to popular belief, it is not just “lower- skilled” workers who migrate from poor countries to rich countries (“negative selection”). For example, a 2005 study<sup>58</sup> by Chiquiar and Hanson found that in the case of Mexico, it is primarily young adults with moderately high levels of schooling that choose to migrate to the United States (“positive selection”). It is important to remember that while the pursuit of economic opportunities is a key “pull” factor for migrants, there are also many “push” factors which motivate people to leave their home countries – such as violence or lack of opportunities. Undeniably, violence and crime have been found to be key determinants among emigrants from the northern part of Central America. Indeed, 23%, 44% and 56% of individuals from Guatemala, El Salvador and Honduras respectively who have been victims of crime more than once report intentions to emigrate within the next three years.<sup>59</sup>

As migrants earn better wages working abroad, they are able to send money to their families back home. Remittances are an integral source of income for many families in LAC countries. They represent the main source of income in 35% of households in Honduras, 29% of households in Mexico and Guatemala, 17% of households in the Dominican Republic, and 6% of households in El Salvador.<sup>60</sup> While remittances are crucial since they alleviate poverty and speed up growth – at the macro level they also pose challenges as it might affect labor supply and appreciate exchange rates in recipient countries. Remittances have been increasing in LAC for eight consecutive years. According to data from a report led by the Inter-American Development Bank,<sup>61</sup> remittances to LAC grew 9% in 2017 (the highest annual rate observed in 11 years) to reach USD 77.02 billion (roughly 7% of total LAC GDP of around USD 10 trillion). If we look at the evolution of remittances inflows as a share of GDP for LAC countries since 1980, we see that although Mexico has clearly received the largest amount of remittances, countries from Central America and the Caribbean are the ones that have historically received the highest levels when the amount is compared to the size of their economies.

Migration in LAC is on the rise, and mostly driven by the people opting out of the social contract in places where development has resulted in unresolved, distributional tensions. However, for countries that choose to host migrants in a productive and inclusive manner, migration can represent an opportunity. While there is a lot of controversy over the impacts of migration to host country labor markets – the standard labor model of supply and demand (which is simplistically used to oppose migration by predicting a drop in wages due to increased labor supply) does not take into account the fact that supply and demand is differentiated by skillsets. Newcomers tend to compete with previous migrants, who often have skillsets similar to theirs, rather than with host country workers. Research has actually found positive effects of immigration on the

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57 UNHCR (2019).

58 Chiquiar and Hanson (2005).

59 Hiskey et al. (2018).

60 IADB (2018).

61 Ibid.

average wages of host- country workers.<sup>62</sup> Moreover, immigration can bring other important benefits to host countries such as higher levels of innovation,<sup>63</sup> an increased labor supply with more diverse skills, fiscal support,<sup>64</sup> and consumption. However, for migrants to assimilate and contribute productively, host countries need to (i) support their insertion to the host economies in order to enhance productivity, (ii) provide access to basic services and build social capital to promote inclusion and (iii) generate the adequate safety nets so migrants can become resilient.

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62 Ottaviano and Peri (2011).

63 Chellaraj, Maskus and Mattoo (2008).

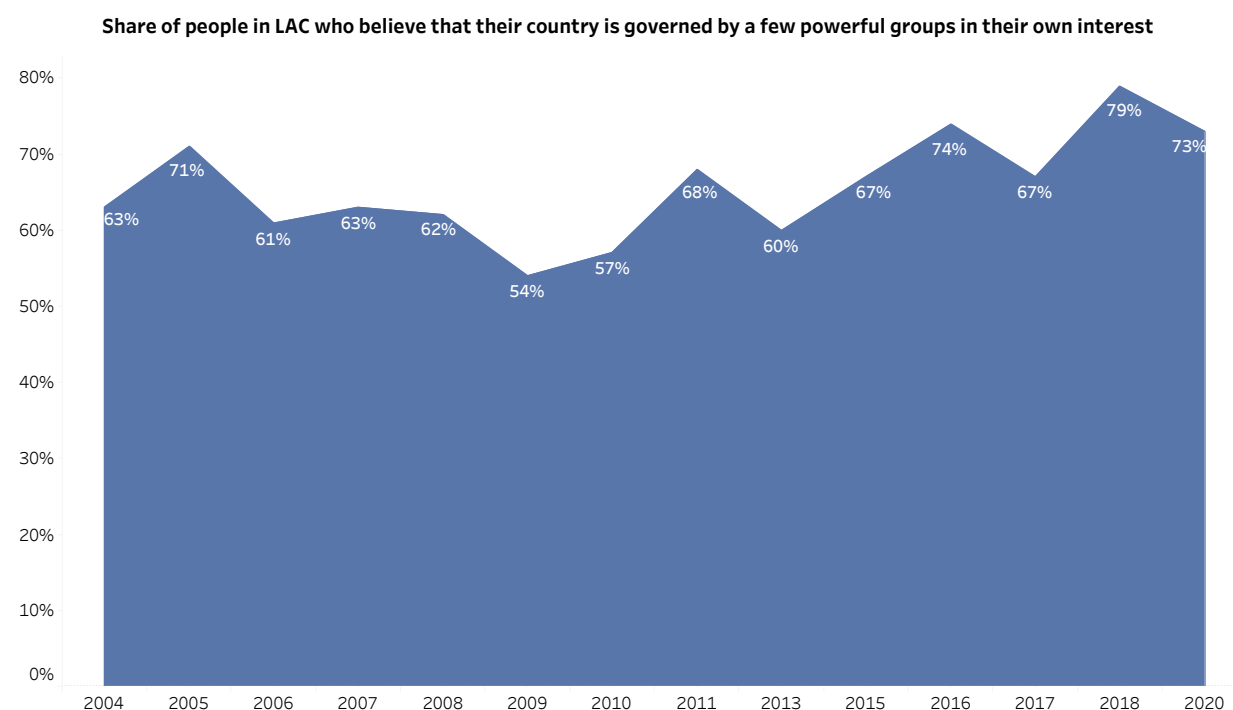
64 OECD (2013).



## Vignette 14

# RULING FOR THE FEW? HOW WEAK LEGITIMACY CAN HINDER COMPLIANCE AND COOPERATION

The majority of people in LAC believe their country is governed by a few powerful groups in their own interest rather than in the interest of the public good. In 2020, almost 3 in 4 people agreed on this.



Source: Latinobarómetro Annual Report 2021.

Do you think your country is governed in the interest of a few powerful groups or is it governed for the good of all? According to 2020 perceptions data from Latinobarómetro,<sup>65</sup> 73% of citizens in Latin American countries believe that their country is governed in the interest of a few powerful groups. In countries such as Paraguay and Costa Rica, this number reaches as high as 93% and 89% respectively. Since data on this indicator started being collected in 2004, more than half the population has consistently believed this.

The widespread belief that countries are governed to benefit “the few” rather than “the many” suggests that the legitimacy of institutions may be of concern in the region. We can think of three key sources of legitimacy: outcome-based legitimacy, created when a government is reliable in delivering on its commitments such as the provision of public services; procedural or process-based legitimacy, derived

65 Latinobarómetro (2021).

from perceptions of fairness in the way that decisions, policies, or laws are designed and implemented; and relational legitimacy, where individuals recognize authority encouraged by a shared set of values or norms.<sup>66</sup> The recent increases in the share of people who hold the belief that their country is governed by and for the few since 2013 may reflect the erosion of procedural legitimacy. Why does procedural legitimacy matter for development? Because when people believe that rules are fair, they are more likely to comply with them voluntarily. Voluntary compliance is a key enabler of cooperation and coordination, and thus ultimately an important foundation of positive governance-development dynamics. As explained by Margaret Levi,<sup>67</sup> “...citizens are willing to go along with a policy they do not prefer as long as it is made according to a process they deem legitimate, and they are less willing to comply with a policy they like if the process was problematic.”

If citizens do not believe that institutions are responsive to the needs of all, they may choose not to cooperate. We can think of this as “opting out” of the social contract. One common example of this is tax morale. Since the gains of evading taxes are high vis-à-vis the potential costs (i.e. penalties), people “decide” whether or not to pay taxes. This decision is likely to be affected by their perceptions of procedural legitimacy, i.e. whether they perceive the tax system is fair, both in terms of how taxes are collected and how they are spent (as well as by strategic considerations linked to the presence of penalties, but let us leave that aside for a moment for the sake of the argument). This may also materialize in the choice to rely on the private provision of services such as education and health. For example, in Central American countries such as Guatemala and Honduras, there are respectively five to seven times as many private security guards than public police officers.<sup>68</sup>

This type of “exit” has consequences for the social cohesion across groups and can potentially lead to conflict as the stability of the social contract erodes. This was reflected, for example, during the 2013 protests in Brazil in anticipation of the 2014 FIFA World Cup. The demands of protesters for “FIFA standards” for their public schools and health centers can be seen as a reflection of the belief that public money was being spent unfairly in the interest of a powerful few rather than in the collective interest of the many.

Now, what can policy-makers do to improve this dynamic? A good starting point to promote process legitimacy is to enhance “ex ante” accountability mechanisms by creating a more participatory or inclusive decision-making process that is responsive to the demands of ordinary citizens. In other words, expanding the policy arena, which is the place where power asymmetries manifest. While this is easy to say, it is difficult to do—especially given the historical inertia of institutions and the distribution of power in society. The “extractive institutions”<sup>69</sup> created in Latin America centuries ago are still found to have impacts on inequality, income levels, and racial disparities today. However, this does not mean that change is impossible. Incremental changes, such as increasing the contestability of the policy arena by enabling more citizens’ voices to be heard can be crucial in charting the path toward a new equilibrium for both governance and development.

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66 López-Calva and Lach (2016).

67 Levi (1997).

68 Kinosian and Bosworth (2018).

69 Acemoglu and Robinson (2012).

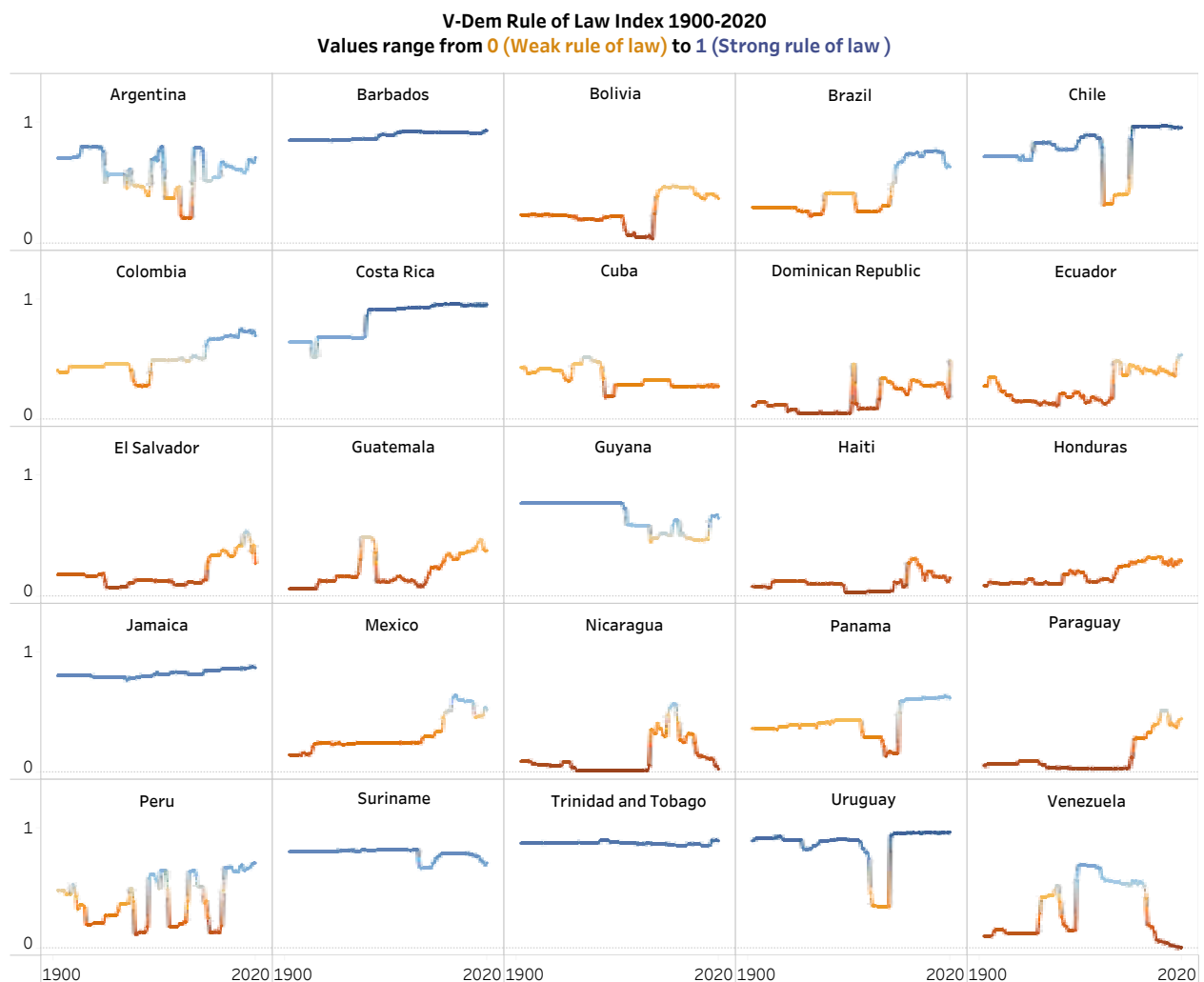
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## Vignette 15

# “TO MY FRIENDS, ANYTHING; TO MY ENEMIES, THE LAW”: CHANGES IN THE RULE OF LAW

Achieving progress in the rule of law in LAC countries has been a constant battle. Although generally improving, most countries still have a long way to go.



Source: “V-Dem [Country–Year/Country–Date] Dataset v11.1” Varieties of Democracy (V-Dem) Project. [doi.org/10.23696/vdemds21](https://doi.org/10.23696/vdemds21).

The “rule of law” is invoked frequently in discussions about governance. But what is it? The rule of law involves two main components. First, the rules must be applied impersonally. This means that they must be applied in the same way to every person—regardless of who they are. Second, the people who are in charge

of applying and enforcing the rules are also subject to the same rules. If both of these two components are consistently present, then we can say that a society has a “strong” rule of law.

Collecting data on the rule of law to compute changes over time and make comparisons across countries is difficult, given the inherent challenges in measurement. While no measure is perfect, we can still learn from the data that is available. We use the Rule of Law Index<sup>70</sup> developed by the Varieties of Democracy (V-Dem) project at the University of Gothenburg, to explore how countries in the region have performed in the rule of law since 1900. The index ranges from 0 (a weak rule of law, denoted in redder tones) to 1 (a strong rule of law, denoted in bluer tones). Overall, we see that most countries are generally improving in terms of the rule of law in the long term, though not all. Moreover, there are several countries that have recently experienced a downturn. With a few exceptions (i.e. Barbados, Chile, Costa Rica, Jamaica, Trinidad and Tobago, Uruguay), the data suggest that across LAC the application of rules still depends very much on who you are and/or the rulers are not fully subject to the rules. This is reflected in the unfortunately common saying in the region: “To my friends, everything; to my enemies, the law.”

It is also important to note that progress within countries has rarely been linear. While overall, we see progress toward a stronger rule of law, that progress has been incremental and has been full of backslides and bumps along the way. Establishing the rule of law is not something that happens overnight. In most cases, it is a constant struggle. The rule of law is not a given feature of societies nor is it ever finitely “achieved.” At its core, we can think about the rule of law as a norm. Like many other norms, it is the result of a cooperative agreement among the members of a given society and thus it may be difficult to sustain if members have incentives to violate it. This is what makes it particularly difficult to sustain in contexts where some people have more bargaining power than others and more capacity to influence the political system.

What does it take to make progress toward the rule of law? This is a topic that we still have a lot to learn about. As Francis Fukuyama has observed<sup>71</sup>, the vast literature on “transitions to democracy” is not matched by serious analysis of how countries “transition to the rule of law.” One way to think about this transition, however, is that in order to make progress in the right direction, we need to fundamentally strengthen the different “roles of law.” Building on Chapter 3<sup>72</sup> in the World Bank *World Development Report 2017: Governance and the Law*, we can think of three fundamental roles of law: the role of law in ordering power (it must establish credible limits to the exercise of power); the role of law as an effective tool for contestation (to challenge policies and decisions and to adapt rules to changing circumstances); and the role of law in ordering behavior (to reward socially desirable behaviors and deter socially undesirable behaviors)<sup>73</sup>. If we understand clearly what kind of role the law must play and what are the instruments to strengthen those roles, we can work to progress in the direction of the rule of law.

In order to strengthen these roles of law and transition towards the rule of law, two practical elements are crucial: resources to make the roles of law credible and constraints on the individualistic, partial, application of rules. Examples of resources include tools such as enforcement technologies or inclusive processes that enable compliance, whereas examples of constraints include instruments such as access to information, formal checks and balances, civil society audits, and effective electoral systems. Mungiu-Pippidi<sup>74</sup> presents some examples of successful transitions, which show that, under certain circumstances, the rule of law is

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70 The Rule of Law Index uses expert surveys and includes historical data dating back to 1789. According to V-Dem’s codebook (V-Dem Dataset, 2021), the Rule of Law Index measures “to what extent laws are transparently, independently, predictably, impartially, and equally enforced, and to what extent the actions of government officials comply with the law.” The index is formed from fifteen sub-indicators which include compliance with high court, compliance with judiciary, high court independence, lower court independence, executive respects constitution, rigorous and impartial public administration, transparent laws with predictable enforcement, access to justice for men, access to justice for women, judicial accountability, judicial corruption decision, public sector corrupt exchanges, public sector theft, executive bribery and corrupt exchanges, and executive embezzlement and theft.

71 Fukuyama (2010).

72 World Bank (2017).

73 A fourth role of law, from a less positivist and more normative perspective, is the expressive role of law: law as a way to reflect a system of beliefs about what are the values a society considers as the backbone of its collective identity.

74 Mungiu-Pippidi and Johnston (2017).

actually achievable as a sustainable agreement among actors in society. Though, as former UK Prime Minister Gordon Brown has said: “in establishing the rule of law, the first five centuries are always the hardest”.

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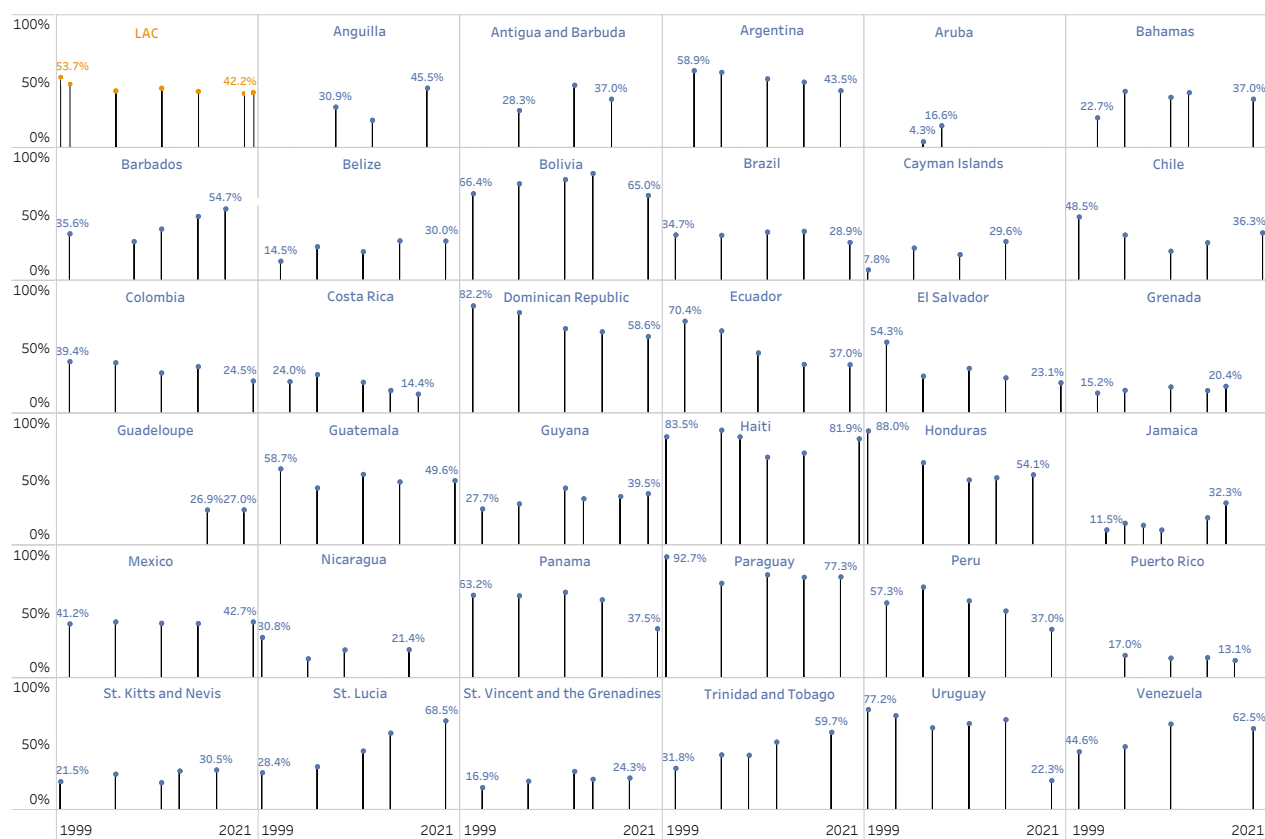
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## Vignette 16

# JUSTICE DELAYED: FOUR OUT OF TEN PEOPLE ARE IMPRISONED WITHOUT A CONVICTION

While there has been an important reduction over time in the percentage of detainees without a definite sentence in LAC, on average 4 out of 10 people that are in prison are still detained pending sentencing.



Source: World Prison Brief

Note: Individual country calculations include all the data available for each country at each point in time over the past two decades. The LAC average considers only the following years: 1999, 2000, 2005, 2010, 2015, 2020, and 2021, as they are the years with the most information available.

LAC has made important progress in strengthening the rule of law, however, as the previous vignette shows—countries in the region still have a long way to go. There are many different ways in which the rule of law can deteriorate or be undermined. One of these is unequal access to justice, since this is a basic service to which everyone must have access in an expeditious manner. Justice that is delayed, becomes, actually, injustice.

This vignette focuses on the number of people who are in prison without a conviction in LAC. Why does the excessive use of pre-trial detention or a slow resolution of a person's legal situation undermine the rule of law? Basically, for three reasons: it undermines the presumption of innocence<sup>75</sup>, it can encourage corruption and, finally, it can promote criminality. Pretrial detention significantly increases the likelihood of conviction and is related to the socio-economic conditions of the accused.<sup>76</sup> That is, a person who has been detained for some time prior to their sentence tends to be more likely to plead guilty to the crime for which they are accused, and, in addition, has a relatively more unfavorable appearance before the court, inspiring less confidence than a person who has not been detained while awaiting sentence. Importantly, evidence shows that people in vulnerable groups constitute the largest proportion of people detained awaiting justice, and this is particularly true for judicial systems that operate through the bond payment mechanism. This fundamentally violates the first principle of the rule of law – that the law be applied equally for all – since it is certain vulnerable groups to whom justice comes slower. Likewise, corruption tends to manifest itself during the waiting-for-a-sentence stage because, in many cases, it is subject to less scrutiny, and, in turn, is subject to greater discretion compared to subsequent judicial stages.<sup>77</sup>

Unfortunately, the negative impacts are not only limited to the weakening of the rule of law. According to recent economic literature, it also has negative causal effects on the individual's well-being, and, at a more aggregate level, on economic and social well-being.<sup>78</sup> This is largely because it is costly to keep people in detention, and their trajectories of socioeconomic achievement are altered. In a related way, in addition to reducing employment, detention pending conviction increases future crime through a criminogenic effect (although its net effects are ambiguous), something that is consistent with economic literature that studies the negative impact of crime incarceration in general, as well as detentions without conviction, on the formation of social and human capital.<sup>79</sup>

The evidence for LAC is consistent with this pattern. According to data from the *World Prison Brief*,<sup>80</sup> on average, the percentage of people detained without a conviction for Latin America and the Caribbean is over 40%<sup>81</sup>. That is, more than 4 out of 10 people in prison in the region are there without a sentence. When we examine the subregional averages, we see that in the Caribbean this percentage is even higher: over 50% of the population detained is awaiting justice, which is almost double the number observed in the European Union.

If we complement this data with the average time that people spend in prison without a conviction, we see a picture that requires policy responses. Although time data is scarce, we know, for example, with surveys for the period 2016-2019 in several Caribbean countries, that detainees awaiting trial spend, on average, from 2.5 to 4 years in prison before a sentence.<sup>82</sup> In other countries in the region where information is available, it is estimated that 59% of people detained without a sentence spent up to six months in prison, and 16% spent more than six months. In addition, 49% of the people detained pending their sentence ended up without receiving a single day in prison, either because they were not guilty or were punished without prison.

How has the situation changed over time in LAC? When we examine the percentage of detainees awaiting sentence within the total number of prisoners for the years available, we see that, in the region, in the last 20 years, there has been a reduction in the percentage, going from 53.7% to 42.2%.

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75 See, for example, Article 11 of the "Universal Declaration of Human Rights."

76 Leslie and Pope (2017).

77 Open Society Justice Initiative (2011).

78 Dobbie et al. (2018).

79 Aizer and Doyle (2015).

80 World Prison Brief (2021).

81 This average incorporates the most recent observation for all available countries and regions in LAC.

82 Bergman et al. (2020).



What kinds of efforts have led to a reduction in the percentage of detainees without sentencing in these countries? Many, but an important one is that starting in the mid-1990s there was a process of reforms to the criminal justice system that implied a change from an inquisitorial system, where by law it was established as a general rule that defendants indicted for serious and moderately serious crimes had to remain in a regime of custodial control throughout their process or during a large part of it,<sup>83</sup> to a system characterized by procedural models of an accusatory nature. This was an important change, especially because within its objectives it was sought to use preventive detention in a manner consistent with International Human Rights Law. Examples of this include the reform of the Guatemalan Penal Code in 1994, the Peruvian reform of 2006, that of Panama that came into effect in September 2011, and that of Uruguay, where in 2017 the Government transitioned from an inquisitorial system to an accusatory one.

Are these efforts sufficient? While they have been fundamental, unfortunately, they are still not enough. In each country and in each context the measures necessary to resolve this situation will be different, but swift and concrete policy action is required.

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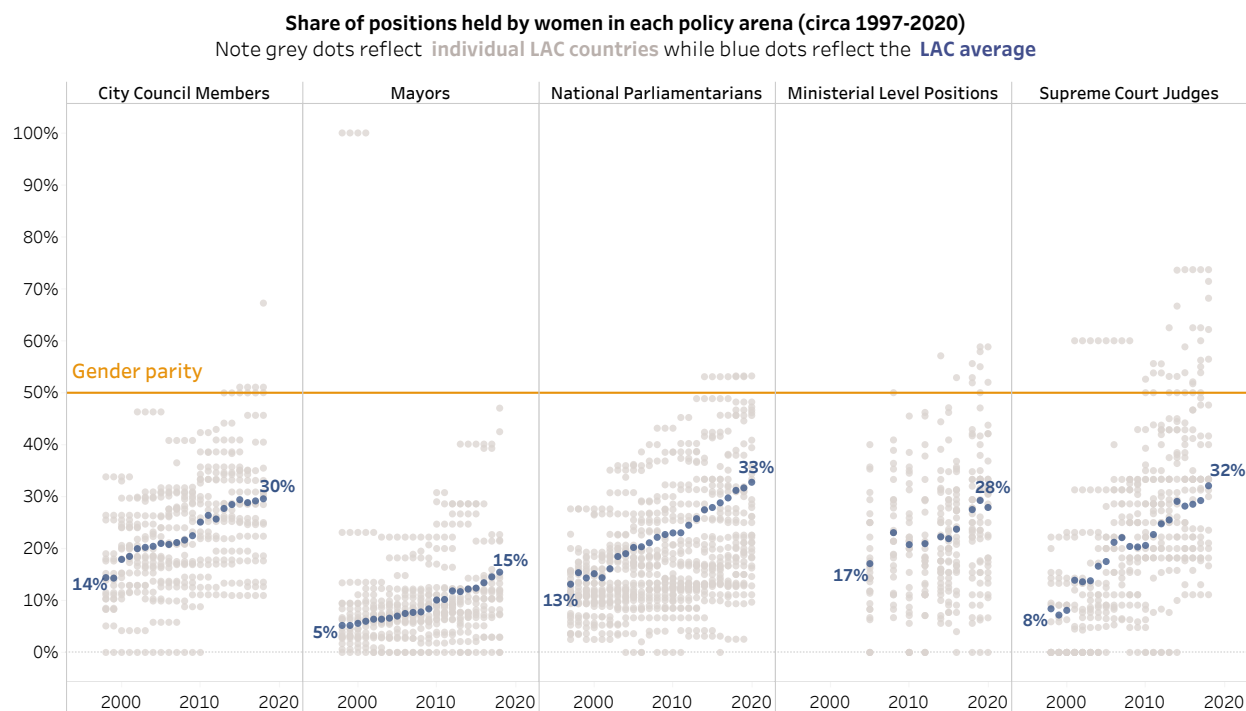
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83 CEJA (2013).

## Vignette 17

# WOMEN, POWER, AND THE CHANGING FACE OF POLITICAL REPRESENTATION

While women’s representation across various policy arenas is increasing on average in LAC, it still lags far behind gender parity in most countries.



Source: Data from CEPALSTAT (City Council Members, Mayors, Supreme Court Judges) and World Bank Gender Data Portal (Ministerial Level Positions, National Parliamentarians).

Gender inequality is about power asymmetries. In the late 1970s, Robert Putnam reflected on the status of women in policy decisions in his comparative study on political elites.<sup>84</sup> Quoting Elizabeth Vallance,<sup>85</sup> he concluded that, “where power is, women aren’t.” The challenge for achieving gender equity by rebalancing power has to be addressed in different spheres: the household, the market, and society at large. At the household-level, for example, women’s ability to make decisions about resource allocation or family planning are critical dimensions of empowerment; in the market, women’s access to economic opportunities, career advancement, and fair wages are of fundamental concern; at a societal level, the main focus of this vignette, women’s capacity to influence decision-making is paramount to progress in terms of equity.

<sup>84</sup> Putnam (1976).  
<sup>85</sup> Vallance (1979).

Fortunately, over the past several decades the face of politics has changed in many Latin American and Caribbean countries. Not only have women been elected to the highest office many times in Latin America and the Caribbean since 1990—but women’s representation is also expanding across multiple policy arenas from the national to the local level. From (circa) 1997 to (circa) 2020, the share of women in important policy arenas in LAC (on average) has increased greatly: from 14% to 30% among city council members, from 5% to 15% among mayors, from 13% to 33% among national parliamentarians, from 17% to 28% among those in ministerial level positions, and from 8% to 32% among supreme court judges. However, despite progress on average, representation in most countries is still well below parity level and heterogeneity across countries remains substantial. Moreover, it is important to note that while women’s representation overall has been increasing, minority women such as Afro-descendants and indigenous women remain systematically excluded from the policy arena.<sup>86</sup>

If we look closer at the country-level data, we see that only 19 of the 46 LAC countries included in the dataset achieved “gender parity” (defined in this case as a share of women greater than or equal to 50%) at some point in time in at least one policy arena in the past two decades. While 10 countries have had gender parity in the supreme court during this period, the numbers are far lower in the other policy arenas: just 5 countries have had gender parity in ministerial level positions; 3 in city council member positions, 2 in the national parliament; and only 1 in terms of mayors.

Why does it matter to have women in political leadership? Support of women’s leadership has a normative value in itself and should be a guiding principle in our societies. However, it also has an instrumental value by helping to make the system more responsive to women’s demands and aspirations. Evidence suggests that enhancing women’s representation in the policy arena can help to bring a gender-lens to policy—for example in issue areas such as travel mobility, starting a job, equal pay, marriage and divorce, parental leave, running a business, asset management and inheritance, and pensions. For example, research on Brazil finds that women’s representation in municipal government leads to the adoption of more “women-friendly” policies in areas such as domestic violence and childcare.<sup>87</sup>

Given the importance of women’s representation in the policy arena both intrinsically and instrumentally—what can be done to accelerate its progress? Gender quotas (laws stipulating a required share or number of women in political positions) are an increasingly common solution, and perhaps one of the main drivers of why political representation has increased. However, even where quotas exist, informal norms may clash with formal legal structures—leading to situations in which quotas remain unimplemented<sup>88</sup> or strategically circumvented. For example, in the LAC region, we saw this in the case of the “*Juanitas*” and, more recently, the “*Manuelitas*” in Mexico,<sup>89</sup> where women ran for office on the ballot in compliance with gender quotas—only to later renounce their position and cede it to a man. Cases such as this reveal the deeply entrenched discriminatory norms and beliefs still held by so many about women’s ability to lead. Moreover, according to data from the World Values Survey<sup>90</sup> Wave 7 (2017-2020), on average in Latin America (across the 10 countries included in the survey), 22% of people still agree or strongly agree with the statement that “men make better political leaders than women do,” reflective of the region’s historical *machista* culture.

While women continue to face both formal and informal barriers to entering the policy arena in Latin America and the Caribbean—the region represents a positive example of change in many ways. Not only has the share of women in politics increased, but it has coincided with the improvement of more gender-equitable development outcomes (such as women’s attainment of higher education) as well as more gender-equitable rules of the game (such as gender quota laws). These achievements have in turn respectively helped to redistribute greater *de facto* and *de jure* power to women, which further strengthens their voice in the

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86 Escobar-Lemmon and Taylor-Robinson (2014).

87 Meier and Funk (2016).

88 Milazzo and Goldstein (2017).

89 Pimienta Franco (2018).

90 Haerpfer et al. (2020).

policy arena and subsequently their ability to make the system more responsive to women's demands and aspirations.

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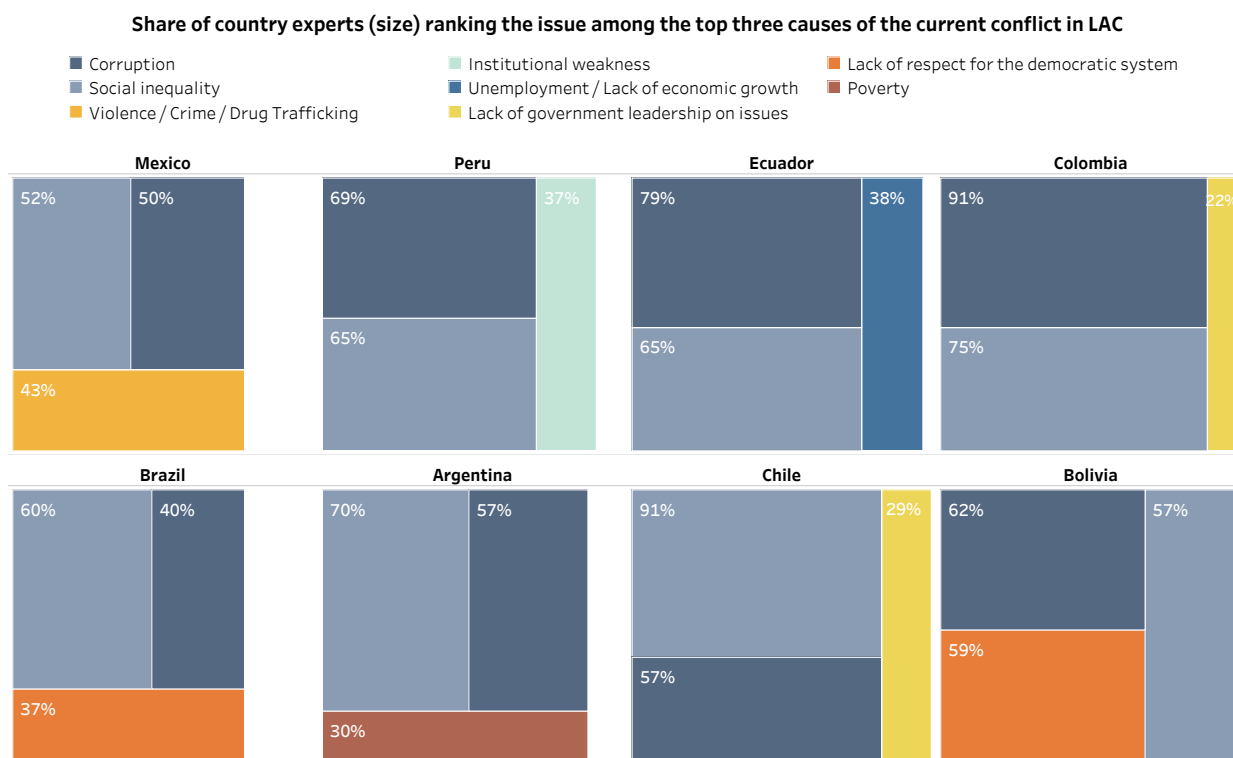
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## Vignette 18

# “NO SOMOS NI DE IZQUIERDA, NI DE DERECHA”: REFLECTIONS ON THE ROLE OF GOVERNANCE FAILURES ASSOCIATED TO THE RECENT SOCIAL UNREST

Social inequality and corruption rank among the top three causes of LAC’s current conflict. However, depending on the country, other factors matter a lot too.



Source: Data from IPSOS survey of public opinion leaders on “The Crisis in Latin America.” December 2019. [www.ipsos.com/sites/default/files/ct/news/documents/2019-12/la\\_crisis\\_en\\_america\\_latina.pdf](http://www.ipsos.com/sites/default/files/ct/news/documents/2019-12/la_crisis_en_america_latina.pdf)

In late 2019 and early 2020, protests swept across the LAC region. While there has been extensive commentary on what sparked this widespread social unrest, most of the coverage has focused on the role of social inequality or corruption. Some researchers<sup>91</sup> have rightly argued that there is a “crisis of expectations,”

91 Ferreira and Schoch (2020).

appealing to the Tocqueville Paradox. While these have undoubtedly been some of the most critical factors in driving people to voice their frustrations on the streets, they are not necessarily the only underlying causes, or even the proximate factors.

While there is little data available on the issue, a survey conducted by IPSOS in December 2019 helps us to gain some more insight about the governance failures that have become evident in the region. In this poll of public opinion leaders on the “The Crisis in Latin America,”<sup>92</sup> IPSOS asked country experts to identify the top three reasons for the current conflict in the region. As this the graph in this vignette shows, while experts across all countries consistently ranked social inequality and corruption among the top three causes, depending on the country—other factors mattered a lot too. These other factors included frustrations with actors’ inability to effectively or fairly cooperate in the policy arena (institutional weakness, lack of government leadership on issues, and low valuation of the democratic system) as well as their failure to deliver on development outcomes (unemployment/lack of economic growth, violence/crime/drug trafficking, and poverty).

Using the World Bank World Development Report 2017’s<sup>93</sup> governance “infinity loop” as a framework, we can see that these issues relate to both sides of the loop—“the rules game” (where agreements on higher-level rules that shape the policy arena play out) and the “outcome game” (where the effectiveness of policies for development plays out). These two cycles (respectively) feedback into long-term governance dynamics by redistributing among the actors the capacity to influence the system. We can think about this infinity loop as describing the ways in which countries are able to process tensions.

From this lens, if we reflect on development results in recent decades in LAC, we see patterns of mediocre and slowing growth; we see persistently high levels of inequality (despite declines since the 1990s); we see a deteriorating fiscal balance; we see high levels of vulnerability among the population (despite declines in poverty); we see an increasing concentration of income at the top; we see disproportionately high levels of violence; and a large youth population in need of employment opportunities. It is thus unsurprising to see the widespread agreement of experts on the role of social inequality in driving the region’s conflict (ranging from 52% of experts in Mexico to 91% in Chile). However, we also see the importance of issues like violence/crime/drug trafficking in Mexico (43% of experts), unemployment and lack of growth in Ecuador (38% of experts), and poverty in Argentina (30% of experts).

Now, if we turn our attention to the rules in LAC, we see patterns of low and declining perceptions of government effectiveness, trust in institutions, and control of corruption. Unsurprisingly, we see widespread agreement of experts on the role of corruption in driving the region’s conflict (ranging from 40% of experts in Brazil to 91% in Colombia). However, we also see the importance of issues such as institutional weakness in Peru (37% of experts), lack of government leadership on issues in Colombia and Chile (22% and 29% of experts), and lack of respect for the democratic system in Bolivia and Brazil (59% and 37% of experts).

Considering the interplay between outcomes and rules can help us to better understand some of the longer-term dynamics behind the region’s social unrest. If we look at the case of Chile, for example, it can be interpreted as a crisis of expectations generated by the gaps between these two games. On the “outcome” side, Chile experienced high levels of growth and an expansion of the middle class—within a context of persistent inequality. On the “rules” side, these changes were accompanied by new expectations for better governance and better services. In this context, protests calling to fundamentally rethink the constitution, can be read as a demand that solving this problem at the outcome level through a policy solution is not enough—that it also needs to be solved at the level of the rules.

Whether interpreting the protests through the lens of outcomes or rules—one message very clearly emerges: this is an issue of governance as an underlying factor (with ideology not playing an obvious role). It reflects

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92 Ipsos (2019).

93 World Bank (2017).

the growing frustration about the concentration of development gains as well as the concentration of power. As shown in Vignette 14, the share of the population in LAC believing that their country is governed in the interests of a few powerful groups is at an all-time high. The demands stemming from this feeling are succinctly reflected in a phrase that has been sighted on multiple protest posters and graffiti walls across the region: *“No somos ni de izquierda, ni de derecha, somos los de abajo y vamos por los de arriba,”* which roughly translates as “We are neither from the left nor from the right, we are the people at the bottom and we are coming for those at the top.” At its core, the social unrest in the region reflects a frustration with elite capture that undermines the effectiveness of governance.

In order to foster more positive long-term governance dynamics in the region, it is critical that we strengthen the foundations of “representative democracies” (as opposed to what Guillermo O’Donnell calls “delegative democracies”).<sup>94</sup> While countries across the region have undergone a “first” institutional transition from authoritarian regimes to delegative democracies, not all countries have successfully undergone a “second” transition to become fully representative democracies. The critical difference is moving beyond the establishment of mechanisms of vertical accountability (in which governments are democratically elected by the people) to also intentionally strengthen and consolidate mechanisms of horizontal accountability (in which systems of checks and balances are effectively institutionalized within government). Without stronger horizontal accountability, countries across the region may continue to struggle in effectively processing the emergent social, economic, and political tensions.

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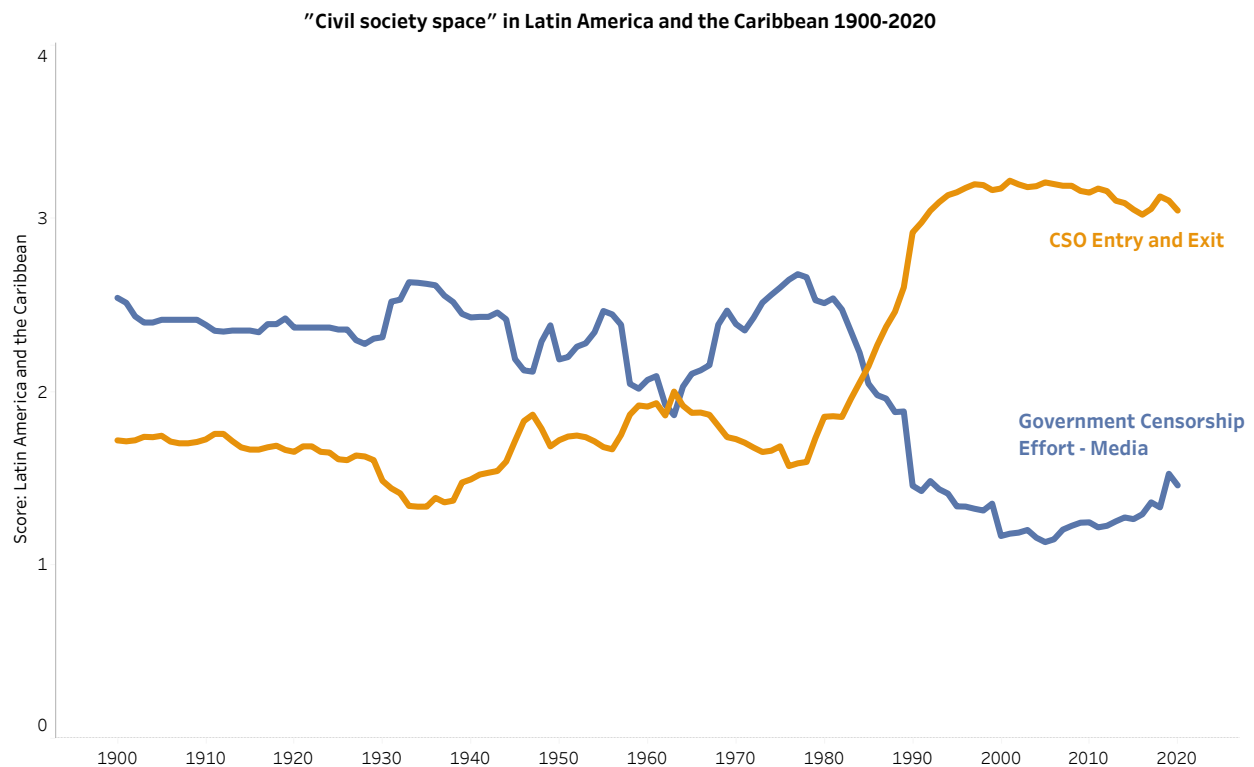
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94 O’Donnell (1994).

## Vignette 19

# A VIEW FROM THE BOTTOM-UP: HOW IS “CIVIL SOCIETY SPACE” CHANGING?

Since the late 1970s, civil society space in LAC expanded steadily. However, since the early 2000s it has remained stagnant and more recently it has begun to shrink.



Source: “V-Dem [Country–Year/Country–Date] Dataset v11.1” Varieties of Democracy (V-Dem) Project. [doi.org/10.23696/vdemds21](https://doi.org/10.23696/vdemds21).

Note: Figure based on World Development Report 2017 Figure 8.10. The “CSO entry and exit” variable is measured on a 0–4 scale, ranging from 0 (more constrained) to 4 (less constrained). The “government censorship effort (media)” variable is reversed and measured on a 0–4 scale, ranging from 0 (less censorship) to 4 (more censorship). CSO = civil society organization.

Over the past half century, our global society has undergone a transition from a society divided by ideology to a society united by ideals.<sup>95</sup> The 2030 Agenda for Sustainable Development with its 17 Sustainable Development Goals (SDGs) are a reflection of this transition. While countries across the world have very different political systems—ranging from more autocratic to more democratic regimes (and in fact, most countries have a mix of these different elements)—there is a growing agreement about what types of policy outcomes these systems should work toward achieving for their citizens.

95 López-Calva (2018).



An important way by which democratic societies advance progress toward achieving these goals is by engaging citizens. We can think in particular of four complementary pillars<sup>96</sup> by which citizens play a role in democratically influencing policy outcomes: voting, political organization, social organization, and public deliberation. This vignette dives deeper into the democratic pillar of social organization in LAC.

Using data from the Varieties of Democracy (V-Dem) database,<sup>97</sup> this graph looks at how the institutional environment for social organization is changing in the region. To explore this, the graph looks at how two key variables are changing in tandem: “CSO entry and exit” and “government censorship of the media.” The first variable measures the extent to which governments impede the formation or operation of civil society organizations (CSOs) and the second variable measures the extent to which governments routinely attempt to censor media either directly or indirectly (in the case of indirect censorship, this may take the form of actions such as politically motivated awarding of broadcast frequencies, withdrawal of financial support, influence over printing facilities and distribution networks, selected distribution of advertising, onerous registration requirements, prohibitive tariffs, or bribery. Indeed, effective social organization requires both an institutional setting which enables citizens to collectively act and make demands (which often happens through autonomous civil society organizations) as well as available channels through which those demands can be publicized and made accessible (which often happens through independent media organizations). It is important to note, however, that in our age of social networks, rapid information flows, and rising misinformation (see Vignette 20)—the impacts of media censorship on civil society space may be changing.

In a way, the size of the “space” that civil society has for social organization can be thought as the distance between these two variables (calculated as the score for CSO entry and exit minus government censorship of media). A “large” civil society space would thus be one with a high score in CSO entry and exit (closer to 4) and a low score in government censorship of media (closer to 0). Conversely, a “small” civil society space would be one with a low score in CSO entry and exit (closer to 0) and a “high” score in government censorship of media (closer to 4). When we look at the data over time, we see that for most of the 20th century, civil society space in LAC was very small—and was actually “negative.” Starting in 1978, the size of civil society space began expanding steadily and rapidly (and becoming “positive” in 1985). This expansion coincided with the transition away from military dictatorships in several countries across the region. Since the early 2000s, however, the size of civil society space has remained relatively stagnant in the region. Not only has its expansion halted, however, in recent years the trend has begun to reverse. This is in line with global trends, which have experienced a slight retraction since 2011.

If LAC’s democracies are to remain strong, healthy, and vibrant—it is critical that governments invest in expanding civil society space. Social organization is a vital pillar of democracy and serves as a means for citizens to voice their demands in ways that other mechanisms of democratic participation cannot necessarily achieve. This is ever more important in the current political moment we are living in now—one in which LAC’s citizens are increasingly losing trust that governments are willing to respond to the needs of the “many” rather than only the “few” (see Vignette 14). To ensure that democracies function for all, we need to create space in which citizens can peacefully mobilize to raise their collective voice.

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<sup>96</sup> World Bank (2017).

<sup>97</sup> Coppedge et al. (2021).

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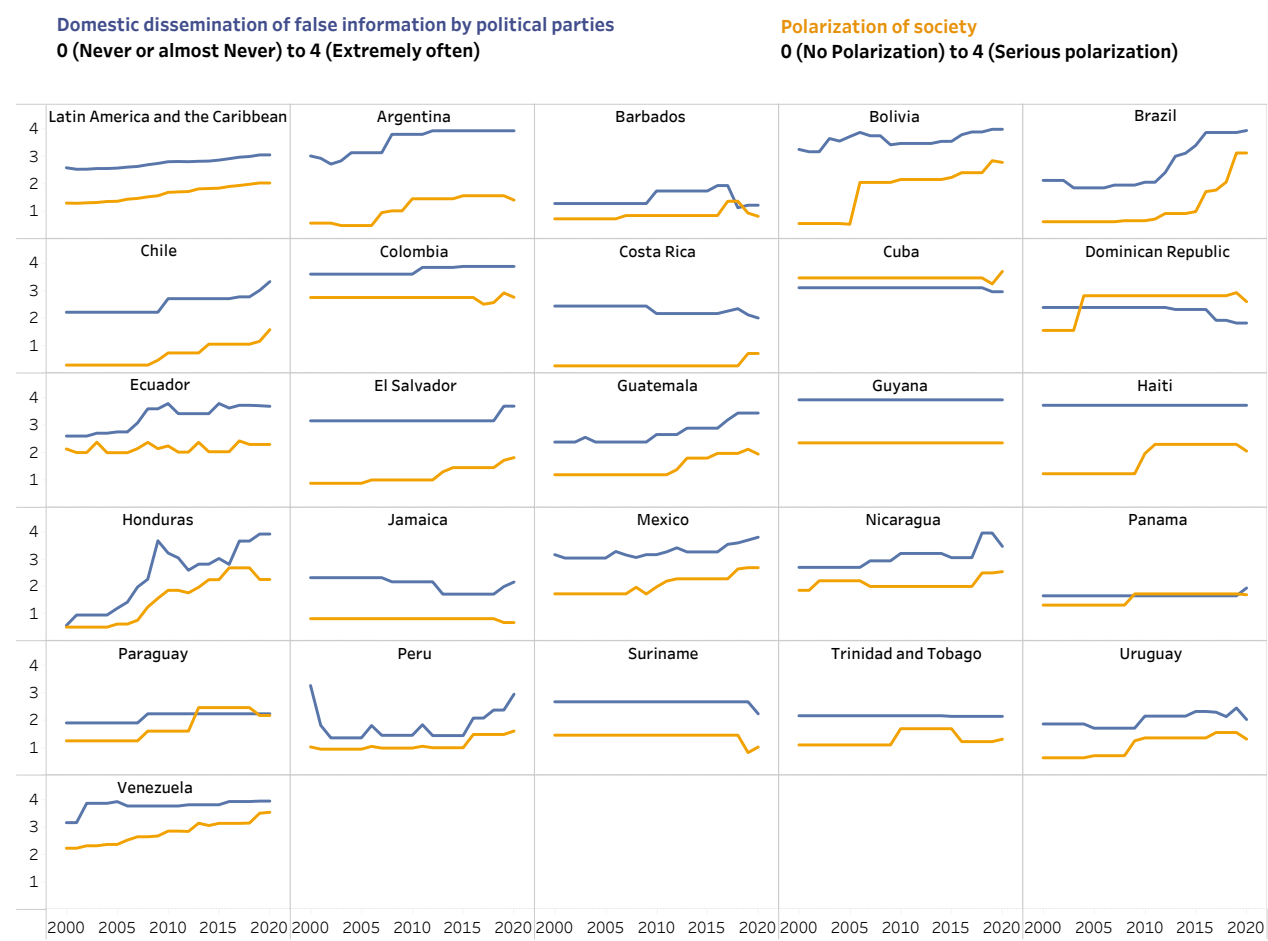
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# Vignette 20

## ACCOUNTABILITY IN A TIME OF MISINFORMATION: GOING BEYOND TRANSPARENCY

On average in LAC, the frequency of political dissemination of false information and levels of societal polarization are increasing in tandem.



Source: Mechkova, Valeriya, Daniel Pemstein, Brigitte Seim, Steven Wilson. 2020. Digital Society Project Dataset v3. Note: Variables scales are reversed from original data.

Transparency is a critical element of making governance more effective. By making information available, it creates a foundation for greater accountability to citizens. In recent decades, transparency has been on the

rise across Latin America and the Caribbean. According to data from the Global Right to Information Rating,<sup>98</sup> 25 countries in LAC have laws securing citizens' right to information. Colombia was the first country in the region to pass such a law in 1985, and Saint Kitts and Nevis was the most recent country to do so in 2018.

While transparency is a necessary condition for promoting accountability, it is not a sufficient condition.<sup>99</sup> We can think about transparency as a first step. While transparency makes information available, we also need publicity to make information accessible, and accountability mechanisms to make information actionable. Information, per se, is nothing without publicity and accountability. If information does not reach the interested audiences, its effect is negligible. Similarly, even if information reaches the public, if it does not lead to consequences, its effect is not only negligible but potentially harmful. For example, we have seen, unfortunately, many cases in LAC where people can access detailed information about corruption cases, but nothing happens to those who are responsible. This leads to frustration and destroys trust.

We can think about this progression from transparency to accountability as the “information value chain.”<sup>100</sup> Recently, one way in which the information value chain has been broken in Latin America and the Caribbean is the intentional creation and spread of false information (what is known as “disinformation”). In many cases these pseudo-facts are created for political purposes and target specific audiences, with the intention to induce certain outcomes (for example, by influencing voting behavior). This system has been called the “fake news” industry—a term widely used by politicians in recent times. It's important to note that false information can also be spread unintentionally (what is known as “misinformation”).

The rise of disinformation and misinformation has been facilitated by the rise of technology. Technology—particularly the rise of social media and messaging apps—has reduced the cost of disseminating information to massive audiences. This has made the “publicity” industry more competitive and created a new social dynamic in which people often take access to information as equivalent to knowledge. While knowledge is difficult to build and constantly update, information has become easy to get, and public debates are increasingly based on false—and often deliberately false—information. Indeed, a 2018 study<sup>101</sup> by scholars at MIT found that false news spreads much more rapidly than true news—and this effect is particularly salient for false political news (in comparison to false news about topics such as terrorism, natural disasters, science, urban legends, or financial information).

According to the 2018 Reuters Institute Digital News Report,<sup>102</sup> citizens in LAC countries are facing high exposure to false information, and are very concerned about what news is real and what news is fake on the internet. In each of the four LAC countries included in the study (Brazil, Chile, Mexico, and Argentina), over 35% of respondents stated that they were exposed to completely made-up news in the last week—reaching as high as 43% of the sample in Mexico. Moreover, over 60% of respondents stated that they are very or extremely concerned about what is real and what is fake on the internet when it comes to news—reaching as high as 85% of the sample in Brazil. This high level of concern is consistent with recent experiences with political disinformation in the region—for example, the use of automated bots to influence public opinion in Brazil, Argentina, and Venezuela.<sup>103</sup> This problem carries with it the concern for broader potential consequences such as deepening political polarization<sup>104</sup> or the erosion of trust in the media. Indeed, as the graph in this vignette shows, over the past few decades years, the political dissemination of false information and levels of societal polarization are increasing in tandem in LAC. While there is heterogeneity at the country level, data reveal jointly rising trends in countries such as Brazil, Chile, Guatemala, Honduras, Mexico, and Peru. There is a concern in the region about how disinformation campaigns, coupled with microtargeting of political messages and sophisticated online advertising through social networks and online platforms, could affect the

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98 The RTI Rating (2022).

99 Naurin (2006).

100 World Bank (2017).

101 Vosoughi, Roy and Aral (2018).

102 Reuters Institute (2018).

103 Forelle et al. (2015).

104 Tucker et al. (2018).

outcome of democratic elections. There is a lot we can do in this area to protect the information value chain and the quality of elections—such as “clean campaign” agreements between political parties, the creation of independent fact-checking services, greater enforcement by social media companies, and the promotion of information literacy among citizens. In LAC, these initiatives are still nascent, but they are growing. It is important to recognize, however, that combatting the challenge of disinformation campaigns will require the coordinated action of multiple stakeholders such as electoral courts, the media, civil society, academia and tech businesses (such as Facebook, Google, WhatsApp, and Twitter). Without a strong coalition of actors, it will be difficult to successfully repair the information value chain and achieve accountability.

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