



Government at a Glance: Latin America and the Caribbean 2024



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Latin America
and the Caribbean
2024**

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Foreword

This fourth edition of *Government at a Glance: Latin America and the Caribbean*, a joint project of the OECD and the Inter-American Development Bank (IDB), responds to the growing demand for quantitative and qualitative evidence on public governance in the Latin American and Caribbean (LAC) region. It brings together the expertise developed by the OECD in collecting information on public governance practices based on OECD instruments, with the in-depth country knowledge and presence of the IDB in most LAC countries. Over time, the LAC regional edition of *Government at a Glance* has included an increasing number of indicators in a variety of public governance areas that allow LAC and OECD countries to be benchmarked.

The LAC region stands at a crossroads of environmental sustainability and equitable development. Governance plays a pivotal role in navigating this transition head-on, particularly given existing inequalities, limited fiscal capacity and declining public trust. This edition's focus chapter provides evidence on how governments can support a just green transition by strengthening participation and stakeholder engagement in decision making, improving key public management competences, and enhancing public integrity.

The indicators in this edition cover 11 areas, organised into 3 broad categories: 1) public governance outcomes: trust in public institutions, and satisfaction with public services; 2) achieving results with good governance practices: governance of the policy cycle, open government, regulatory governance, budgeting practices, managing public procurement, infrastructure planning and delivery, and digital government and open government data; and 3) the resources public institutions use and how they are managed: public revenue, public spending, public employment and representation, and managing human resources.

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Executive Summary:

Key facts and data

Latin American and Caribbean (LAC) countries have the potential to achieve a green transition that brings sustainable economic growth and addresses structural inequalities. Yet, to fulfil their potential, their governments must rise to the task.

While democracies in the region have become more firmly established, trust in government has continued to decline, inequality and informality remain challenges, and governments have limited fiscal space to address pressing problems, including climate change and other environmental issues. The region needs a more ambitious and comprehensive deployment of public governance tools if it is to achieve a green transition.

Government at a Glance: Latin America and the Caribbean 2024 presents internationally comparable indicators of public governance practices and reforms. Overall, the evidence laid out in this report underlines how the region has made progress in several areas, including establishing participatory mechanisms and public integrity regulations, and addressing gender gaps in public administration. The indicators show that LAC countries need to improve in areas such as citizen and stakeholder engagement, key public governance competencies to drive sustainable prosperity, and public integrity if they are to achieve sustainable and inclusive prosperity.

Citizen and stakeholder engagement mechanisms exist in policymaking, but must become more effective to ensure equal access, representation and inclusiveness in public decisions

- As of 2022, 36.3% of the population in 16 LAC countries reported having trust in government, 3.9 percentage points (p.p.) lower than in 2008 (40.2%). Only 31.4% of people in the LAC region believed they had a say in what the government does.
- Although 15 LAC countries have open government strategies to enhance the participation of women in public decision making, and 14 have strategies targeted at youth, only 8 have strategies to involve socially or economically marginalised people. In 2022, 10 out of the 15 surveyed LAC countries had at least one digital platform to enhance participation in public consultations.
- LAC countries are increasingly adopting more advanced practices to engage stakeholders in developing regulations. Out of 11 surveyed countries, 8 (73%) had improved their engagement mechanisms for developing subordinate regulations since 2019, according to the iREG index on stakeholder engagement. However, challenges remain in how they use and respond to this engagement: by 2022, only five of these countries required stakeholders' comments to be considered for the resulting regulations; six required policy makers to publish their responses to comments.
- Female representation in public management and politics has improved. The share of women in senior management positions in government was higher in the LAC region (43%) than in the OECD-EU countries (42%) in 2022. However, progress in closing gender gaps in politics is slow: the proportion of female parliamentarians increased from 28% in 2019 to 31% in 2023 on average across 24 LAC countries, compared to 34% across OECD countries.
- A large majority of the 13 surveyed LAC countries practise gender budgeting (77%), which aims to address gender disparities in policy and resource allocation, compared to 61% of OECD countries.

Governments must reinforce key governance competencies to achieve sustainable and inclusive growth

- Maintaining robust financial resources is essential if governments are to be able to address unforeseen challenges in the environment and society. General government revenues in LAC countries averaged 31.5% of gross domestic product (GDP) in 2022, an increase from 30.4% in 2019, although below the OECD average of 39.7%. Government spending on investments (4.8% of total government expenditure) and social benefits (34.8%), both essential for a just green transition, are substantially lower in LAC countries than in OECD countries, which average 7.4% of spending on investments and 41.4% on social benefits.
- LAC governments face the twin challenges of increased debt burdens and low levels of domestic revenue mobilisation. General government gross debt in the region has risen from 46% of GDP in 2007 to around 66% of GDP in 2022; however, this remains considerably lower than the OECD average of 109.8% in 2022. In 2021, the average tax-to-GDP ratio in LAC countries was 21.7% of GDP, compared to 34.2% among OECD countries.
- Among the 12 surveyed LAC countries, only 5 – Chile, Colombia, the Dominican Republic, Honduras and Mexico – use green budgeting, which refers to integrating climate and environmental considerations into decisions on taxes and public spending, compared to 67% of OECD countries.
- Centres of government (CoGs) in nine surveyed LAC countries are responsible for whole-of-government national strategies, focusing on planning and monitoring. However, only five countries task CoGs with strategic forecasting and risk assessment, which should improve their capacity to react to crises.
- Public procurement and infrastructure can be used to promote social objectives, sustainability and environmental responsibility. In 2022, 16 of the 19 surveyed LAC countries (84%) used their central e-procurement systems in one or more stages of the public procurement cycle and reported having policies or strategies to pursue social objectives through central public procurement. Out of the 19 surveyed LAC countries, 14 have a central government strategy to promote the participation of small and medium-sized enterprises (SMEs) in public procurement (74%); however, only 9 have a strategy for green public procurement (47%) and 7 for responsible business conduct (36%). In contrast, only 4 out of 15 surveyed countries (Brazil, Chile, Costa Rica and Peru) align their long-term infrastructure plans with environmental or climate action plans, compared to 73% of OECD countries.
- Sound recruitment practices can help the public workforce respond to a changing environment. LAC countries lag behind OECD countries in their use of proactive practices, scoring 0.26 on average in the proactive recruitment practices index in 2022, compared to the OECD average of 0.45. Out of 15 LAC countries surveyed, 7 use communication campaigns to attract skilled employees, while only 4 offer career advancement opportunities or access to learning and development programmes.
- In 2022, all seven surveyed LAC countries had developed a national digital public infrastructure to deliver digital services, which included interoperability frameworks and, in six countries, shared networks, essential for government communication and data exchange.

LAC countries need better implementation of existing public integrity regulations to prevent undue influence and policy capture

- Public perceptions of corruption remain high in the LAC region. According to the Gallup World Poll, 75.5% of respondents in 2023 believe that corruption is widespread throughout their government, compared to 53.6% on average among OECD countries.
- To mitigate public integrity risks in the public sector, all six of the LAC countries with available information have established safeguards, such as regulations requiring members of government to submit interest declarations when they take office. However, Chile is the only country in which all government members have submitted their declarations.
- There are also implementation gaps related to lobbying and political finance. Three of the six LAC countries with available information have a legal definition of lobbying, but only Chile has established a supervisory body and has investigated non-compliance with regulations on lobbying activities. All six countries have regulations that ban anonymous donations and require contributions to political parties and candidates to be registered and reported. However, only in Argentina, Mexico and Peru is information about the number of cases related to breaches of political finance regulations published by an independent oversight body.

Chapter 1.

Strengthening participation, public management and integrity to build trust and support the green transition in Latin America and the Caribbean

The need for a green transition represents both a challenge and an opportunity for countries in Latin America and the Caribbean (LAC). The region faces unique structural challenges including fragile social protection systems, low productivity and weak trust in institutions. It is also one of the most vulnerable regions to the impact of climate change (OECD et al., 2022^[1]). Governments need to ensure that they use the green transition as an opportunity to address structural inequalities while also fostering sustainability.

Democracies in the LAC region have become more firmly established. They have stronger institutional systems for protecting and promoting individual rights and freedoms while allowing long-term sustainable gains in well-being. At the same time, countries in the region operate in an environment of multiple crises deepened by high levels of interdependency and exposure to external shocks. In a democracy, resilience ensures that the system can withstand challenges and threats while remaining responsive to the needs and aspirations of their citizens. This resilience fosters an environment of stability and predictability, which is essential if people are to have faith in the institutions that govern them and for building trust.

Maintaining democratic resilience is key for countries in the LAC region to successfully implement a just green transition. This means maintaining high-quality institutions that ensure representative government and participatory engagement alongside respect for fundamental rights, encourage governance practices that can address emerging issues and adapt to changing circumstances, and promote equitable and inclusive policies. In democracies, the continuous search for trust allows governments to build and improve public consensus to implement the ambitious combination of climate, energy, social, macroeconomic and tax policies that the green transition requires (OECD et al., 2022^[2]).

This chapter considers how governments in LAC countries can best harness sound public governance to pursue a green and equitable economic transition while addressing the region's underlying inequalities and structural challenges. The section that follows describes the key challenges faced by the region and outlines a path towards a just green transition to overcome those challenges, emphasising the role of public governance. The chapter then explores three dimensions for action. First, enhancing inclusive and participatory processes and policies to overcome representation gaps and build trust. Second, reinforcing key competencies in public institutions to deliver sustainable and inclusive growth. Third, protecting the public interest against corruption, the erosion of public integrity and undue influence. By prioritising all of these areas together, governments in the LAC region can contribute to achieving the dual goals of democratic stability and sustainable and inclusive growth.

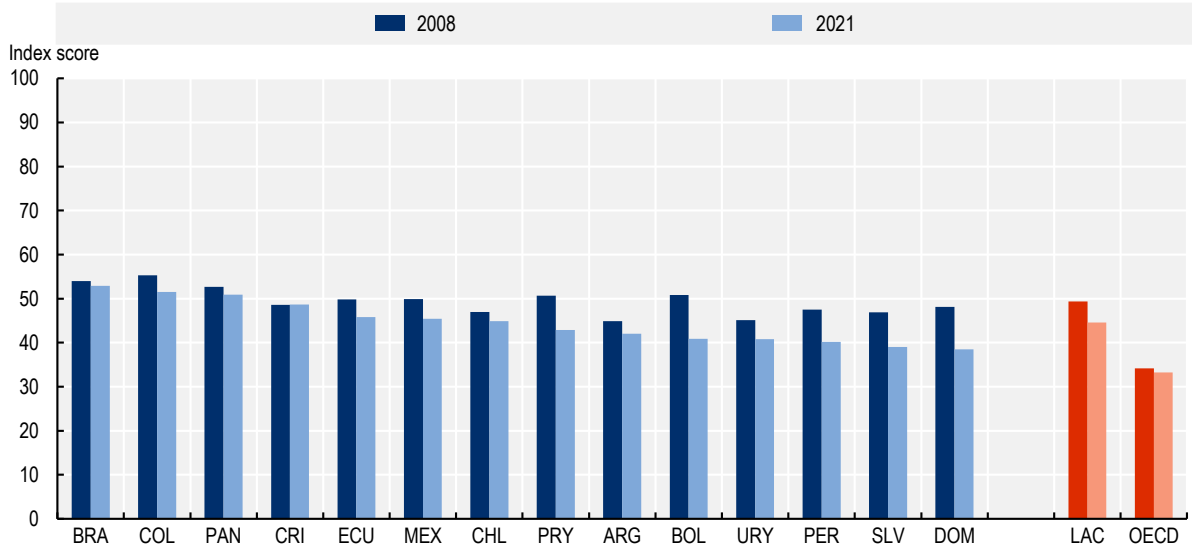
1.1. Harnessing public governance for a sustainable and inclusive socio-economic transition

1.1.1. Inequalities, climate change and lack of trust

Income inequality continues to be a major issue in many LAC countries. In the two decades running up to the COVID-19 pandemic, most countries in the region made significant progress in reducing income inequality (OECD, 2021^[3]; OECD, 2020^[4]). Nonetheless, it remains high and continues to hinder social and economic cohesion among population groups (Figure 1.1). High levels of inflation during 2022 and 2023 reduced real incomes across the region and worsened levels of income inequality, especially among those at the lower end of the scale. During the initial five months of 2022, the average price increase experienced by households in extreme poverty in the LAC region was 3.6 percentage points (p.p.) higher than the increase for the average household (Figure 1.2). This can be explained by the fact that price increases mainly affected basic resources such as food and energy, which make up a greater share of the spending of poorer households. Overall, poverty rates at the end of 2022 remained above pre-pandemic levels, with 32.1% of the region's population living in poverty, and 13.1% in extreme poverty (UN Economic Commission for Latin America and the Caribbean, 2022^[5]).

Figure 1.1. Income inequality in Latin American and Caribbean countries, 2008 and 2021

Gini index for LAC countries

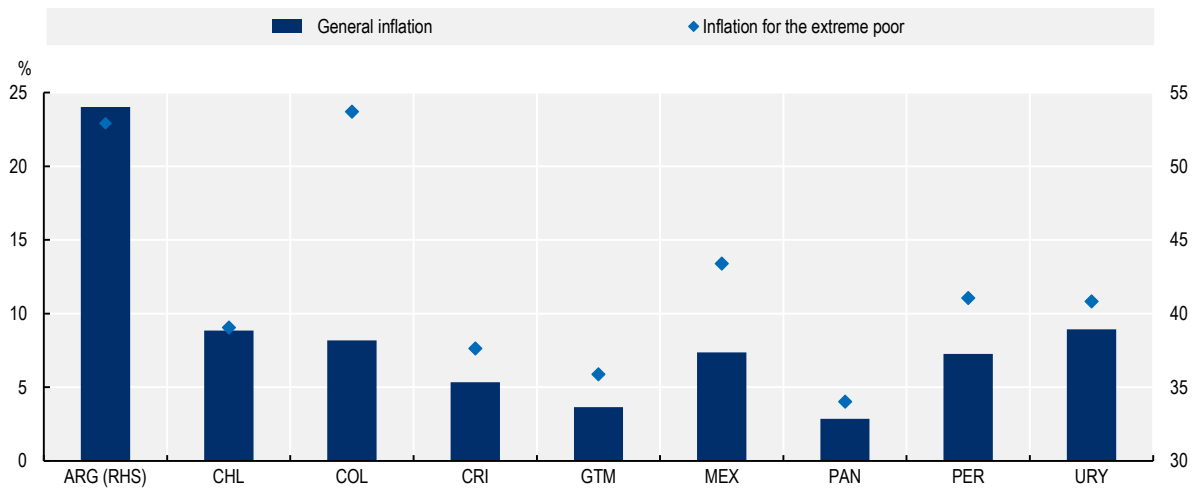


Note: Gini index measures the extent to which the distribution of income (or, in some cases, consumption expenditure) among individuals or households within an economy deviates from a perfectly equal distribution. Thus, a Gini index of 0 represents perfect equality, while an index of 100 implies perfect inequality. 2021 data for Chile and Mexico are for 2020. 2008 data for Chile are from 2009. The 2021 OECD average is for 2020.

Source: World Bank, Poverty and Inequality Platform. Data are based on primary household survey data obtained from government statistical agencies and World Bank country departments. Data for OECD countries are mostly from the Luxembourg Income Study database. For more information and methodology, see <https://pip.worldbank.org/>.

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Figure 1.2. Inflation levels for the general population and the extreme poor in selected LAC countries, first five months of 2022



Note: Argentina is plotted on the right-hand side (RHS) axis. Year-to-date average of year-on-year growth of national consumer price indexes (CPI) vs. growth of extreme poverty lines 2022. Extreme poverty lines are based on the cost of a basic food basket that covers basic food needs and provides the minimum caloric requirement of the members of a reference household. The Chilean extreme poverty line also includes a share of non-food basic goods and services. For Colombia and Peru, the food and non-alcoholic beverages division of their CPI was used. For Panama, the data cover the districts of Panama and San Miguelito.

Source: OECD et al. (2022^[2]), *Latin American Economic Outlook 2022: Towards a Green and Just Transition*, <https://doi.org/10.1787/3d5554fc-en>.

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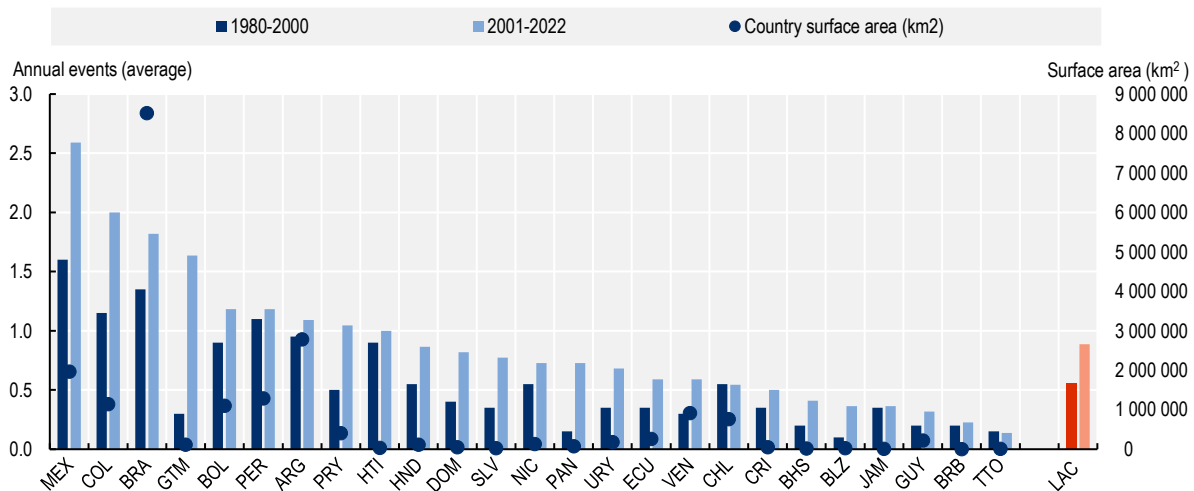
The prospects for addressing inequality and poverty levels are affected by the weak outlook for economic growth. The LAC region experienced a severe downturn during COVID-19, with gross domestic product (GDP) falling by 7.0% in 2020. After a strong rebound in 2021 (7.4%), growth slowed during the shocks of 2022. Over the medium term, growth in the LAC region is forecast to remain at 2.3-2.6% for the next five years, below the world average (IMF, 2023^[6]). Growth in the region appears to face structural challenges. The OECD has previously estimated that potential growth rates per capita in LAC are substantially lower than in advanced economies (OECD et al., 2022^[2]).

Economic inequality frequently acts as a catalyst for social disparities, as income gaps impede access to essential resources and services. Consequently, the LAC region sees lower levels of satisfaction with health, and less confidence in the judicial system, than on average in OECD countries (see Chapter 2). The intersection of economic disparities and social inequalities also compounds the challenges faced by marginalised groups in LAC countries, including women, minorities and indigenous communities. For instance, inequalities intersect at all stages of women’s lives, limiting their access to justice, rights and empowerment opportunities and perpetuating gaps in areas such as education, employment and health, hindering progress towards a rights-based social transformation that would benefit all social groups (OECD, 2023^[7]). Low levels of education can also significantly affect these populations’ political decision-making ability and hinder levels of participation, leaving the underprivileged with limited political agency. Data from the OECD Trust Survey show that political efficacy has significant implications for the strength of representative democracy (OECD, 2022^[8]). For example, in Colombia, 61% of individuals with high education levels consider themselves well-equipped to understand politics, compared to 45% of those with low levels.

A second major set of challenges facing the LAC region are the impacts of climate change. Much of the region is located in a zone which is highly vulnerable to climate-related problems (OECD, 2023^[9]), from rising sea levels affecting low-lying coastal areas to increasingly frequent and severe extreme weather events such as hurricanes and droughts. Indeed, compared to the decades between 1980-2000, the average number of extreme climate-related weather events has already increased by 60.2% on average in the LAC region between 2001 and 2022 and is rising in most countries (Figure 1.3) (OECD et al., 2022^[11]). The region’s vulnerability stems from a combination of factors, starting with geographical location but also including limited infrastructure for disaster resilience, economic reliance on climate-sensitive sectors such as agriculture and densely populated coastal urban centres. The consequences of climate change are already being felt in the form of disrupted ecosystems, water scarcity, food insecurity and population displacement.

Climate change is likely to exacerbate already high levels of inequality within countries. Vulnerable groups are usually the most affected by natural disasters, for example, through land loss and lack of access to food or water (OECD et al., 2022^[11]). Climate change is projected to push 5 million more Latin Americans into poverty by 2030 (Jafino et al., 2020^[10]).

Figure 1.3. Frequency of climate-related extreme weather events in LAC, 1980-2000 and 2001-22

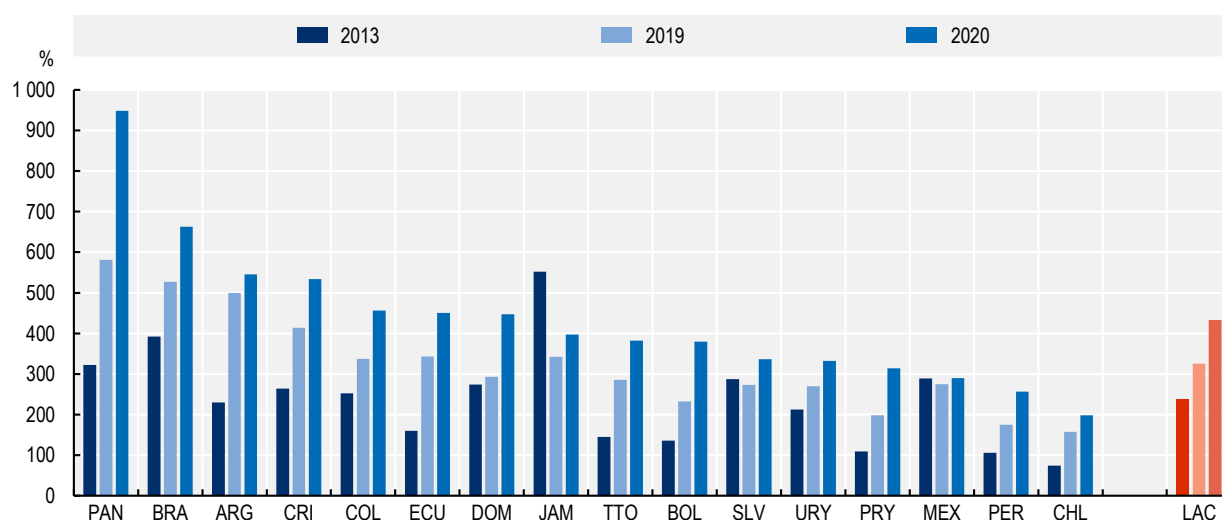


Note: Based on Alejos (2018^[11]), extreme weather events were defined as a natural disaster affecting 100 000 or more people, or resulting in 1 000 or more deaths, or causing estimated economic damages of at least 2% of GDP. The following natural disasters were considered: landslides, storms, droughts and floods. The secondary axis refers to the countries’ surface area.

Source: OECD et al. (2022^[2]), *Latin American Economic Outlook 2022: Towards a Green and Just Transition*, <https://doi.org/10.1787/3d5554fc-en>.

Governments also have limited fiscal space to finance their responses to inequality, climate change and other environmental issues. LAC governments face the twin challenges of increased debt burdens and low levels of domestic revenue mobilisation. General government gross debt in the LAC region has risen from 46% of GDP in 2007, prior to the global financial crisis, to around 66% of GDP in 2022. Although there are many countries with higher debt levels, this issue is compounded by low levels of domestic revenue mobilisation. In 2021, the average tax-to-GDP ratio in LAC countries was 21.7% of GDP compared to 34.2% among OECD countries (see Chapter 10). The difference is mainly explained by the region's low revenues from income taxes and social security contributions compared to the OECD average. As a result, debt-to-tax ratios have risen sharply in most LAC countries (Figure 1.4). High debt ratios require governments to devote a substantial proportion of expenditure to debt repayment, leaving less funding for other issues. This issue will have been exacerbated by the rises in interest rates experienced in 2022.

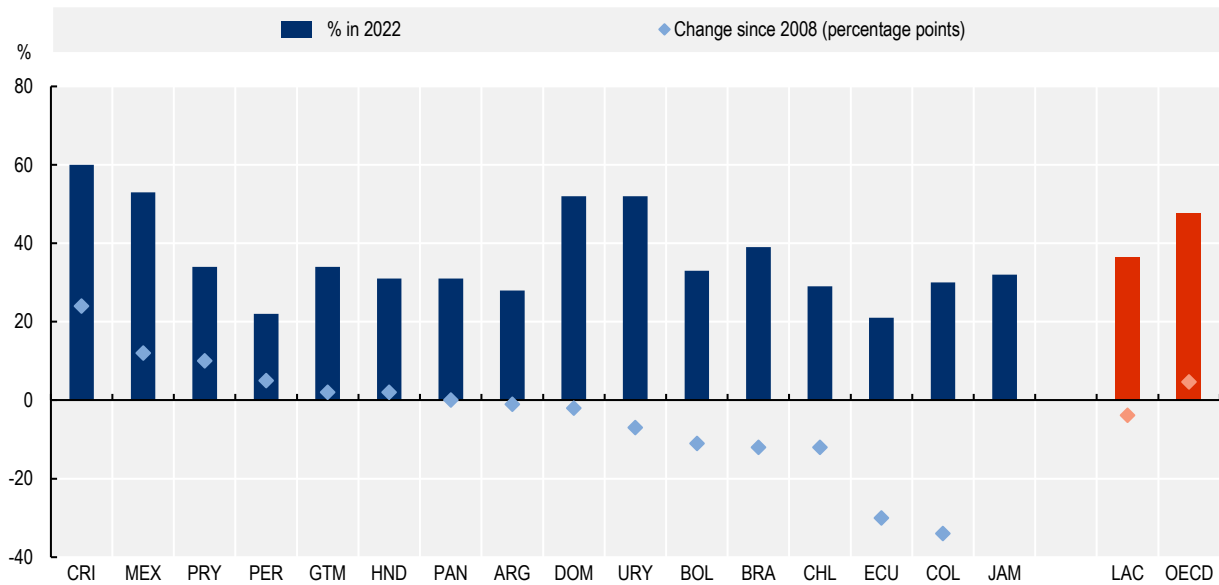
Figure 1.4. Gross public debt-to-tax ratio in selected Latin American and Caribbean countries, 2013, 2019 and 2020



Source: OECD et al. (2022^[2]), *Latin American Economic Outlook 2022: Towards a Green and Just Transition*, <https://doi.org/10.1787/3d5554fc-en>.

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The third challenge that the LAC region faces is people's lack of trust in their governments and in public institutions. In democratic countries, trust is an important indicator of how people perceive the quality of, and how they interact with, public institutions. Although robust institutional reforms have allowed more Latin Americans to exercise their political rights, and electoral procedures have worked reasonably well in the continent, levels of public trust in Latin America continue to be lower than in OECD countries and other regions (OECD, 2023^[12]). Furthermore, trust in the region has declined over the last decade, with only 36.3% of those in LAC countries on average expressing confidence in their government in 2022, 3.9 p.p. below the average share in 2008 (Figure 1.5).

Figure 1.5. Trust in national government, 2022 and its change since 2008

Source: Gallup World Poll 2023 (database).

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A certain level of trust is required to carry out reforms and set priorities with legitimacy. Without sufficient trust in public institutions, the effectiveness of public policies and initiatives could be compromised. This is particularly true for policies where the time profile of payoffs is uncertain, where the public are incurring costs now, in the hope of generating benefits in the future. All future payoffs come with a degree of uncertainty, and the public will only support such investment if they believe government has the competence and values to deliver them. Higher levels of trust in government facilitate consensus and collective action, as well as a willingness to support policy reforms that entail short-term sacrifices for specific groups, in exchange for very significant but diffuse long-term payoffs. (OECD, 2022^[8]). If governments make clear promises about what people can expect from them and implement reforms that enable them to keep their promises, this can build public trust (Keefer and Scartascini, 2022^[13]).

In turn, trust levels and effective action on climate are interdependent. There is broad consensus in LAC countries that climate change is a major issue that requires a whole of government, and society, response. Yet, consensus on the desirability of tackling the climate crisis is not sufficient to ensure effective policy responses – much of the success hinges on government's capacity to build trust and consensus for action. Specifically, trust in public institutions can improve the feasibility and effectiveness of climate policies by a) overcoming conflicting interests among population groups (collective action problems); b) creating space for sustainable long-term policies; c) increasing the acceptability of environmental policies; d) facilitating the creation of broad coalitions in favour of climate change policies that exceed electoral cycles (GOV/PGC/RPC/SBO(2021)1).

The erosion of trust in public institutions and the persistence of high levels of inequality in the LAC region are not isolated phenomena. In fact, they are deeply interconnected, creating a feedback loop that compounds the region's challenges. The mistrust that citizens feel toward their governments is often rooted in a perception that they are not effectively addressing inequality (Keefer and Scartascini, 2022^[13]), and that public institutions lack either the competence or the values to improve living standards. When people see that economic disparities persist, that opportunities are unequally distributed and that marginalised groups continue to face discrimination, it erodes their faith in the ability of public institutions to bring about positive change. This, in turn, makes it more difficult to enact the policies required to address regional issues, specifically because of the costs these policies impose upfront on large segments of the population. This lack of trust can also lead to reduced compliance with policies and less willingness to co-operate with government initiatives aimed at reducing inequality (Keefer and Scartascini, 2022^[13]).

Trust in democratic public institutions is a multidimensional concept driven by two complementary components that can be addressed by governments: competence and values. Competence can be understood as having the ability, capacity and good judgement required to fulfil a specific mandate. Public institutions demonstrate competence by being responsive to citizens' needs and reliable in tackling complex challenges, anticipating risks and minimising uncertainties. Values mean the underlying intentions and principles that guide public actions. Values are reflected in the openness, transparency, integrity and fairness of government operations (OECD, 2023^[12]). Levels of trust are also influenced by a country's broader economic, cultural and institutional conditions (Brezzi et al., 2021^[14]).

Lessons from other countries are important. The OECD Trust Survey found that in 2021 50% of people in 22 OECD countries believed that their governments should do more to fight climate change, but only just over one-third (35.5%), on average, were confident that their country would succeed in reducing greenhouse gas (GHG) emissions (OECD, 2022^[8]). People may not be confident that public institutions are competent and reliable enough to deliver policies effectively, and for long enough, to generate benefits (OECD, 2022^[15]). Cross-nationally, people's confidence that their country will reduce GHG emissions has a positive impact on trust in national government. In other words, investing in public governance to deliver more effective policies to fight climate change may pay off in securing more credibility and trust in government more widely (OECD, 2022^[15]).

1.1.2. Towards a just green transition

A successful just green transition in LAC will require a combination of substantial financial resources, clear policy frameworks and international co-operation. To lead such a transition, LAC countries need to have a co-ordinated strategy, good regulations that consider all groups of the population and, most importantly, coherent public governance to efficiently manage these resources. Transition efforts should aim to create opportunities for sustainable economic growth and address environmental challenges, improve the quality of life for different groups living in the region, and support trust in public institutions over the long term. A comprehensive, enduring public governance strategy should aim to achieve both inclusiveness and sustainable development.

Placing inclusiveness at the forefront of policies will be key. A just transition demands a steadfast commitment to inclusiveness, recognising that sustainable and equitable development is only achievable when every segment of society is empowered and given the opportunity to thrive. To bridge existing gaps in access to high-quality services, governments must have strong public governance that actively works to ensure equal access, inclusiveness in public decision making and policies that address people's individual needs to improve their quality of life. Further, a just transition does not only require the benefits of development to be equitably distributed among the population but must also safeguard the well-being of future generations.

The pursuit of a sustainable and resilient future, requires both recovery and rebuilding, focusing on both the economy and the environment. From an economic perspective, the recovery should prioritise job creation, small business support, and overall economic stability, especially in the wake of global crises. On the environmental side, the recovery must emphasise the restoration of ecosystems, the reduction of carbon emissions and the preservation of biodiversity. This dual approach recognises the interconnectedness of economic well-being and environmental health, ensuring that as countries rebuild economies, they do so in harmony with the planet, safeguarding the resources that sustain it in the long term.

The green transition in LAC requires commitment, long-term strategies, plans and programmes to execute priorities on climate neutrality and resilience. The OECD has recently published advice on using governance tools and processes to address the climate crisis, identifying 15 key policy priorities for building climate resilience (OECD, 2023^[9]). It has also provided a framework for building consensus and trust among the population for delivering green policies in the next decade, using the right tools for climate and environmental action, and building a more capable, responsive and resilient public sector (see Box 1.1).

Box 1.1. A framework for public governance to deliver environmental outcomes.

The OECD has created a framework spelling out how good public governance can influence environmental outcomes. It has five key components: steering, ensuring implementation, leading by example, building ownership and support, and influencing and co-ordinating at the global level.

Steering

- Setting the necessary political ambition and agenda including a strategic long-term vision.
- Designing and formulating policies and managing their interactions and trade-offs through appropriate planning and strategic co-ordination.

Ensuring implementation

- Securing the implementation and enforcement of policies in practice through core and innovative public management tools.

Leading by example

- Taking assertive measures to make government procurement, services and assets greener, promoting an adaptation domino effect.

Building public ownership and support

- Promoting public acceptance of the reforms and possible trade-offs required for action on climate and other green goals.

Influencing and co-ordinating at the global level

- Building government tools and capabilities to address global challenges and consider the international impact of policy actions.

Source: OECD (2022^[15]), *Building Trust and Reinforcing Democracy: Preparing the Ground for Government Action*, <https://doi.org/10.1787/76972a4a-en>.

The transition also requires adaptability. Governments need to be ready to adjust policies and strategies as new environmental, social and economic challenges arise. By enabling flexible reactions and adaptability during crisis, the centre of government (CoG) can serve as the cornerstone for effective responses and transformations. This central administrative body must be able to co-ordinate and integrate various ministries and agencies, breaking down silos to ensure a holistic approach to environmental issues. This entails setting clear sustainability objectives and regularly assessing progress through data-driven metrics. The CoG can facilitate the allocation of resources to priority areas, promote cross-sector collaboration and streamline decision-making processes.

1.2. Strengthen public governance to enhance participation and inclusive policy making

Latin American countries have a rich diversity of ethnic and social groups. Inclusive and democratic decision-making processes in the region should reflect this diversity by actively involving all segments of society in policy discussions, decision-making processes and resource allocation. Inclusive policies, education and employment opportunities empower individuals from all backgrounds, ensuring that they have a fair chance to participate in and benefit from the economic and social fabric of their communities. Further, if they are to achieve sustainable and inclusive growth, and, in particular, be able to address the climate and environmental crises, LAC countries need to make greater use of their citizens' voices. Governments in the region can harness their existing strengths in participation, inclusion, innovation and co-operation to improve their ability to solve complex problems and deliver novel solutions.

This section presents what LAC countries can do to enhance effective democratic participation in politics and decision making. It also covers how they can use public governance to promote inclusiveness by crafting policies that address the needs and challenges of different demographic groups. Participation is considered democratic when everyone affected by the decision has an equal chance to affect the decision itself (Warren, 2022^[16]) and when views from different stakeholders are sought in the policy cycle (OECD, 2022^[15]). More advanced forms of political participation and representation may help governments in the region to build a just and green transition and strengthen trust.

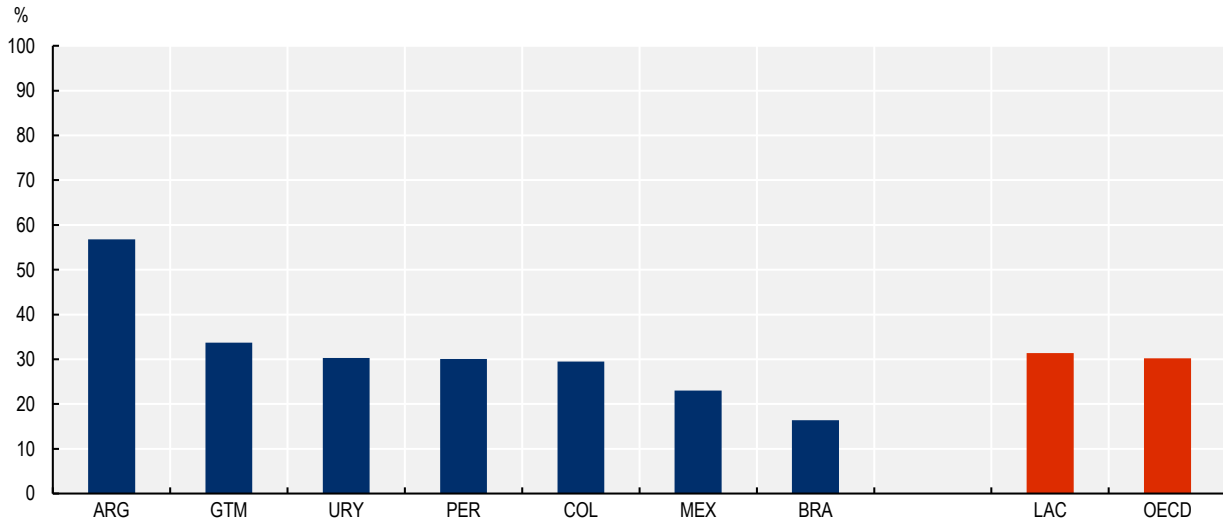
1.2.1. Participation and stakeholder engagement in public decision making

In many countries, the public see limited opportunities to voice their preferences and participate in democratic processes meaningfully. According to the World Values Survey, only 31.4% of people in seven LAC countries believe they have a say in what the government does (Figure 1.6). Considering that the essence of democracy revolves around the exercise of power through the governed, citizens should expect political representation and participatory processes to offer them sufficient influence over governmental decision making (OECD, 2022^[15]). Inclusive public governance should aim to allow a diverse range of groups in society to participate throughout the policy-making cycle, through the use of inclusive and participatory mechanisms. Such mechanisms can foster a stronger sense of belonging, prevent the marginalisation of certain population groups and build trust in public institutions, ultimately strengthening democratic systems and reducing the profound disparities that have long characterised LAC societies.

Many governments are now turning to public participation to further engage citizens. To safeguard support for democratic systems in the face of future shocks, it is important for governments to seek the most effective forms of citizen participation to complement their existing representative democracy processes. Institutionalising effective rules and processes for public participation in a way that is consistent with representative democracy will be key to building democratic resilience for inclusive and sustainable growth.

Figure 1.6. Having a say in what government does, 2022 (or the nearest year)

Share of the population that is confident that the political system allows them to have a say in what the government does



Note: Data for Argentina are from 2017. Data for Brazil, Colombia, Mexico and Peru are from 2018. Data for Uruguay are from 2022. The LAC average is based on the countries shown in the figure.

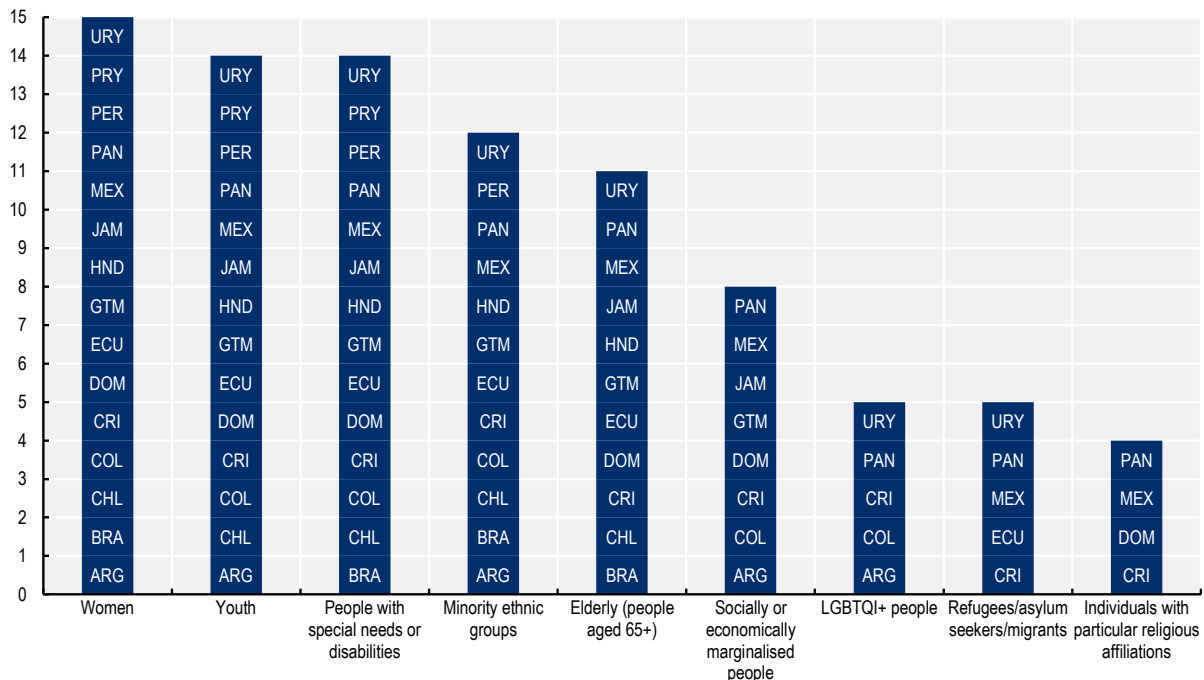
Source: Own calculations based on the World Values Survey, 2017-22; OECD Trust Survey (<http://oe.cd/trust>).

Participatory decision making can make policy processes more inclusive, and their results more aligned with the needs of diverse groups in society. Most LAC countries have a strategy to encourage the participation of women, young people and those with special needs or disabilities in decision making (Figure 1.7). This signals the commitment to promoting equal access to public participation in the region. Such strategies can help governments empower these historically marginalised communities and work towards dismantling barriers that have hindered their full participation in public decision making.

Empowering and engaging youth to address intergenerational considerations in core government functions is also critical to a sustainable and inclusive recover. Many youth organisations are concerned about the lack of opportunities for young people to shape governments’ response and recovery measures. For instance, the COVID-19 crisis generated uncertainty for young people, and if their perspectives on policies are not heard in this type of crisis, they are at more risk of exclusion, lower employment and higher poverty rates (OECD, 2022_[17]). Only 15% of the population in OECD countries felt their government considered young people’s views when adopting lockdown and confinement measures. Likewise, more than one-third of OECD-based youth organisations (38%) estimated their members’ trust in government had fallen since the start of the COVID-19 crisis, while only 16% reported an increase (OECD, 2022_[17]).

Inclusive governance can also foster trust in public institutions among marginalised communities, giving them a stake in shaping the direction of public policies. When fundamental civic freedoms are assured and marginalised groups gain access to opportunities and resources, it may be easier for them to take part in civic life and democratic processes, potentially enhancing the overall health of democratic institutions (OECD, 2022_[18]). This engagement, in turn, can make governments more responsive to the needs of all citizens. Therefore, by embracing inclusiveness, LAC countries could not only take significant steps towards reducing political inequalities but also lay the foundation for enduring democratic resilience in the face of evolving social dynamics. However, only half of the surveyed LAC countries have strategies to involve socially or economically marginalised people in decision making, which limits their opportunity hear from these groups and in turn address their concerns (Figure 1.7).

Figure 1.7. Groups for which there is a dedicated strategy or policy to encourage their participation in decision making, 2021



Source: OECD-IDB (2022), Survey on Open Government; OECD (2021), Survey on Open Government.

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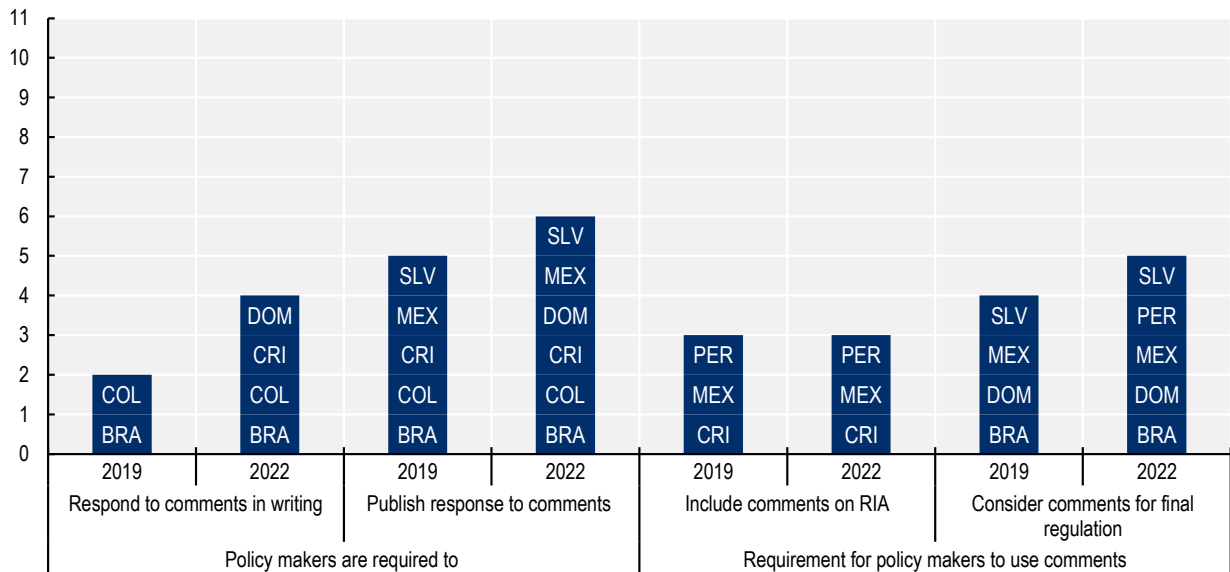
Countries should design engagement and consultation processes that allow people to reach a negotiated stance and build consensus for important, and potentially controversial, policy changes such as the green transition. This transition may involve a shift of resources between economic sectors and political constituencies, potentially triggering opposition from interest groups. Encouraging people, civil society groups, representatives from minority groups and local communities to participate throughout the policy-making process can promote greater ownership and more inclusive policies that appropriately consider specific needs. Policy makers should also bring the private sector on board by raising awareness of responsible business practices. Adapting the consultation strategy to specific socio-political contexts is vital, as is devising empowering and empathic communication strategies about the proposed reform.

Governments need to establish and mainstreaming both in-person and online forms of participation to obtain feedback that allow for informed decisions that respond to diverse needs. The use of different forms of participation could also boost government adaptability during critical decision-making periods (OECD, 2023_[12]). The culture of deliberation, in many different forms, is notably widespread in the majority of Latin American nations, with citizens exhibiting keen interest and the ability to engage in more structured and systematic participation. For instance, most LAC countries use in-person meetings and focused consultations with expert groups to develop their subordinate regulations (see Chapter 5). More particularly, during Chile's constitutional reform, a parallel in-person consultation was held with indigenous peoples to include their voices in the new constitution. However, there is still more LAC countries can do to make use of innovative forms of public participation. For example, deliberative processes (e.g. citizens' assemblies and panels) bring together groups of citizens who are broadly representative of society to tackle challenging policy issues, such as the climate transition (OECD, 2020_[19]).

Digital technology can also help governments to increase participation opportunities. More than two-thirds of surveyed LAC countries (67%) use digital portals to facilitate access to participatory policy making, either government-wide (47%) or institution specific (20%) (see Chapter 4). During the COVID-19 pandemic, several LAC countries either adopted or increased their use of virtual forms of stakeholder engagement, in response to the restrictions imposed by the crisis. These tools have since remained in use, as a way of facilitating feedback (see Chapter 5). Digital technologies can also increase the scale and speed of consultations, in line with the standards and practices found in OECD countries (OECD, 2023_[12]).

In this context, governments need to protect civic freedoms in the digital sphere. This is a precondition if citizens and civil society organisations are to access accurate information, express their views and thrive without their rights being limited by discrimination, hate speech, mis- or dis-information, arbitrary or unlawful intrusion into their personal data, or threats to their privacy. Governments should take these concerns into account when using digital technology for consultations. Given the digital divides in the region, such technologies should also be complemented by more traditional approaches – and governments will need to place a particular focus on accessibility for under-represented groups.

Even though LAC countries are increasingly adopting more practices to engage stakeholders while developing regulations, they are not always required to use the results of their consultations. All 11 surveyed LAC countries require policy makers to engage with stakeholders in the development of all or a subgroup of regulations developed by the executive power (see Chapter 5). However, at present only five countries (Brazil, the Dominican Republic, El Salvador, Mexico and Peru) require policy makers to consider stakeholders' feedback in drawing up the final regulations (Figure 1.8). LAC countries could do substantially more to ensure that feedback from stakeholders systematically informs policy making, to improve the design of future policies and regulations, and to support meaningful stakeholder engagement over time.

Figure 1.8. Use of comments for developing subordinate regulations, 2019 and 2022

Source: OECD-IDB Indicators of Regulatory Policy and Governance (iREG) for Latin America and the Caribbean Surveys 2019 and 2022, www.oecd.org/gov/regulatory-policy/ireg-lac.htm.

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Public participation could be further extended to several phases of the policy-cycle. Governments should also facilitate ways for stakeholders to offer their input during policy implementation, enabling them to express their ideas or voice their concerns about current policies. This involvement can enhance the quality of existing regulations by incorporating real-world feedback from individuals directly affected by them. In the LAC region, all 13 surveyed countries have legislation on petitions or other forms of citizens' initiatives; while 10 countries (77%) have provisions on handling citizens' complaints within government entities (see Chapter 4).

1.2.2. Representation and diversity in public life and workforce

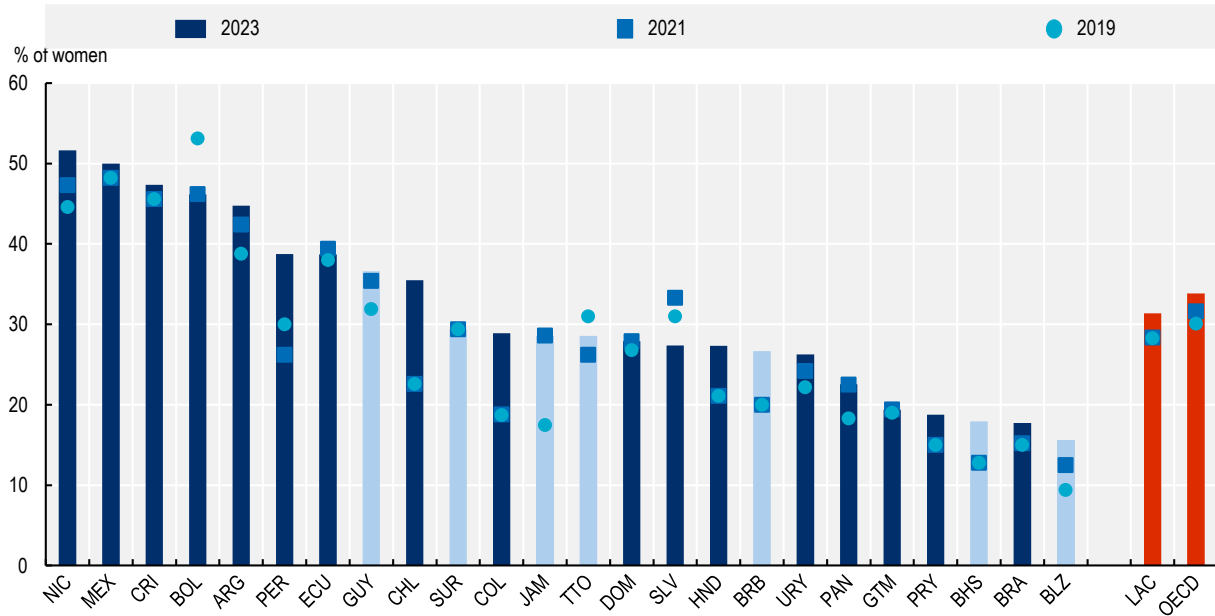
Diversity and representation in decision-making bodies have been longstanding concerns in Latin American and Caribbean countries. Public and elected bodies have been historically dominated by men and majority groups and, despite some improvement in recent years, inclusive representation is still a long way off (Naranjo Bautista et al., 2022^[20]). The LAC region needs to have a more ambitious agenda for diversity in the public sector, which goes from complying with established laws and quotas, to bringing about a deeper change in culture.

Greater ambition to achieve inclusive and representative policy making would help overcome the profound gaps in LAC societies and make them more resilient to internal and external shocks. Governments increasingly recognise the need to strengthen democratic representation of historically under-represented groups, such as youth, women and minorities. This applies to both decision-making bodies, be they elected or appointed, and the public workforce implementing the policies. Such representation not only allows these groups to have a say in how policies are designed and implemented, but also results in more responsive and accountable policy outcomes (OECD, 2022^[8]).

Despite some progress, levels of representation of women in political life continues to be low in LAC countries with the gap closing at a slow pace. Members of legislative bodies in the region have significant influence over nationwide policies, as they both initiate and enact a large majority of primary laws. This broad reach has a wide impact, making the voices of these representatives crucial in shaping policies. On average 31% of parliamentarians in LAC countries were women in 2023, compared to 28% in 2019, lagging just slightly behind OECD countries in 2023 (34%). Only Chile, Colombia and Peru have narrowed their legislative bodies' gender gap by more than 10 p.p. in the last 4 years; in most countries the gap only narrowed marginally or remained the same. Only in Nicaragua and Mexico do women have 50% or more of the seats in congress or parliament (Figure 1.9).

Low levels of political representation amongst women can negatively affect their political participation and their perceptions of the legitimacy of public institutions, further deterring them from participating in decision making. The *2015 OECD Recommendation on Gender Equality in Public Life* calls on governments to consider measures to achieve gender-balanced representation in decision-making positions in public life by encouraging greater participation of women in parliaments and in all levels of government (OECD, 2016^[21]). Policies such as gender quotas on electoral lists have had an impact in some countries. For instance, in 2015, Chile established a requirement that 40% of places on electoral lists should be for women, which partly contributed to improving parity (35%) in the 2022 Congress. This represented a significant increase, since in the 2018 Congress only 22.6% of seats were held by women, and much more rapid change than in previous electoral cycles, when the share held by women had been growing by only an average of 1.6 p.p. per electoral cycle.

Figure 1.9. Gender equality in legislatures and electoral gender quotas, 2019, 2021 and 2023



Note: Bars in light blue represent countries without electoral quotas in their lower or single house parliaments. Methodology: Data refer to the share of women parliamentarians recorded as of 1 February 2023. Percentages represent the number of women parliamentarians as a share of total filled seats. Source: Inter-Parliamentary Union (IPU) PARLINE (database).

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Age diversity among legislators can also contribute to more robust democratic systems, ensuring representation of all age demographics. In 2023, only 27% of parliamentarians were less than 40 years old on average in LAC countries, even though 48% of the population in the region is aged between 20 and 40 years. Younger legislators bring in the voices and perspectives of a generation that will inherit and shape the future and could balance intergenerational interests in the green transition. The *2022 OECD Recommendation on Creating Better Opportunities for Young People* advises countries to promote youth participation in civic and democratic processes and decision making, and representation in public institutions at all levels, including legislative and executive bodies (OECD, 2022^[22]).

The gender gap in decision-making positions is also apparent in the public sector. Although, on average, there has been gender equality in public sector employment since 2011 in the LAC region, women were still under-represented at senior and middle-management levels in 2021, hindering their participation in strategic decisions and the implementation of public programmes. The Inter-American Development Bank (IDB) has conducted detailed research on women in leadership positions in LAC countries, showing that women tend to occupy lower-ranking positions within an organisation, which points to structural barriers that prevent them reaching more senior positions in the hierarchy. It argues that both “glass ceilings” and “sticky floors” remain significant barriers (Naranjo Bautista et al., 2022^[20]).

Workforce diversity also extends to the inclusion of other under-represented groups, such as people with disabilities and indigenous peoples. Some LAC countries use tools to increase diversity and the participation of under-represented

groups in their public sector recruitment processes. For instance, 10 out of 15 surveyed countries allow recruitment processes to be adjusted to accommodate medical conditions or disabilities, while 6 countries use communication strategies to specifically attract under-represented groups. In addition to these policies, 10 of 15 LAC countries (67%) set targets or quotas to include people with disabilities in public workforce, and 4 have targets for indigenous peoples (Chapter 13). However, it is actual diversity in the public sector workforce, rather than just policies and quotas, that brings the benefit of a range of perspectives when implementing policies. Only Colombia meets its established legal quota for people with disabilities in the public sector (3.6%), which is set between 0.5 and 4% depending on the total number of jobs in each entity, while LAC countries overall reported that on average only 1.1% of public service employees were people with disabilities (Chapter 12).

Data on the implementation of diversity policies and quotas is often lacking, posing a significant challenge. This is a concern in LAC countries since they do not tend to collect or make public data about the number of people from under-represented groups in either their decision-making bodies or their workforce. Such lack of information hinders the evaluation of the effectiveness of policies. To address this gap, there is a pressing need for countries to develop transparent reporting mechanisms and comprehensive data collection strategies that encompass the full range of organisational structures, thereby enabling a more accurate understanding of the impact and success of diversity initiatives in the public sector.

1.2.3. Inclusive policy making

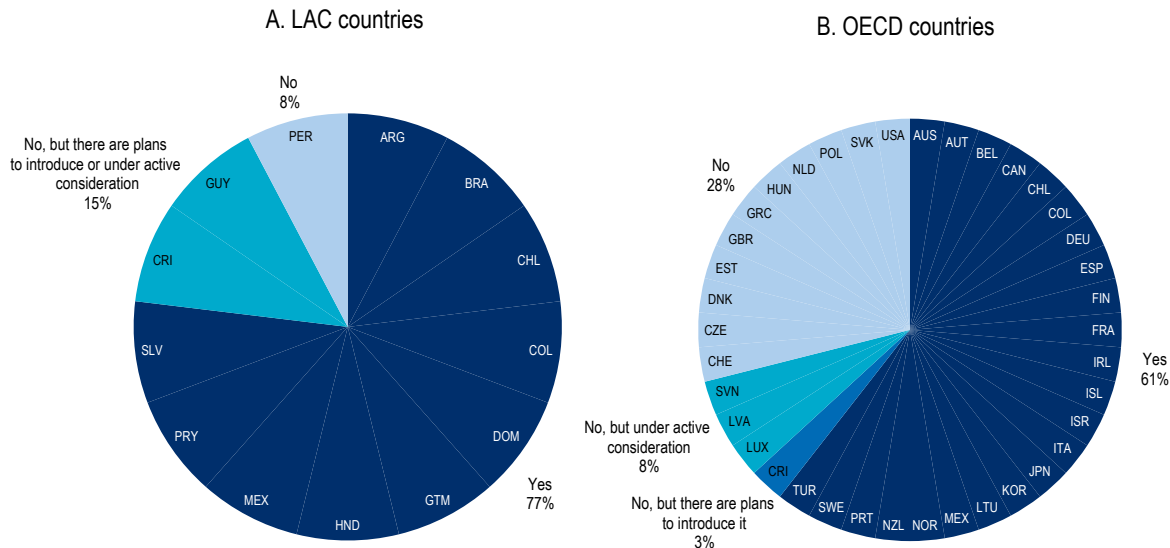
Countries are increasingly using practices to ensure that inclusion is systematically considered in policy making. Understanding the impacts of laws, regulations and policies on the full range of social groups is essential for promoting equity and fairness and building trust in government institutions. Further, poorly designed policies tend to have a disproportionate impact on under-represented groups, such as women, youth and marginalised communities. Inequality, structural barriers for certain groups and historical disadvantages can intersect in complex and dynamic ways to exacerbate the adverse effects of misguided decisions.

For example, infrastructure has traditionally been a male-dominated sector, leaving women with little or no say in investment decisions that affect their economic opportunities, day-to-day lives and well-being. Women and men have different needs and use infrastructure differently due to their specific social roles, economic status or preferences. In addition, poor infrastructure poses specific threats to women's safety and well-being. The issue of time poverty (i.e. when the time used for commuting or caring responsibilities leaves people with less time for pursuing personal goals and meeting their own needs) is one example of how infrastructure can have differentiated impacts by gender, but also by socio-economic background. Time poverty may deter women from entering (or re-entering) the labour force, lead them to accept lower-paid jobs or influence their choice to enter the informal sector, which might allow them more flexibility to provide care for family members. Recent studies have found women are more likely than men to leave their job due to a long commute. The conclusions suggest that women with an hour-long commute are 29.1% more likely to leave their current job than if they have a 10-minute commute, compared with 23.9% more likely for men (OECD, 2021^[23]).

Despite the potential of using infrastructure policies to tackle gender inequality, out of 15 surveyed LAC countries, only Costa Rica, Mexico and Peru (20%) report that they have aligned their long-term strategic visions for infrastructure with inclusion and gender mainstreaming objectives (see Chapter 8). In comparison about one-third of OECD countries have aligned their long-term infrastructure plans with gender mainstreaming policies (OECD, 2021^[23]).

Spending measures can affect different groups in society differently, and more countries are factoring these distributional impacts into their public expenditure and budget processes. The number of OECD countries using gender budgeting has doubled between 2016 and 2022 to 61% (OECD, 2023^[12]), while 77% of LAC countries reported using it in 2022 (Figure 1.10). In Colombia, for example, the 2018-22 National Development Plan required the budget authorities to submit an annual report to the National Congress on the budget allocations aimed at guaranteeing the equity for women through tracking and monitoring how funds are allocated and spent (OECD, 2023^[24]). However, there is room to improve the efficacy of gender budgeting in the LAC region. For example, they could make greater use of assessments of the gender impact of budget measures before they are brought forward. At present, only 20% of LAC countries practising gender budgeting systematically undertake gender impact assessments (see Chapter 6).

Figure 1.10. Existence of gender budgeting in LAC and OECD countries, 2022



Source: IDB-OECD (2022), Survey on Gender Budgeting; OECD (2022), OECD Survey on Gender Budgeting.

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1.3. Reinforce key competencies to deliver sustainable and inclusive growth

Governments need to reinforce key public governance competencies if they are to address the climate crisis. They must remain responsive to the needs of their citizens and provide reliable help in the event of shocks. This section highlights some of these competencies: ensuring strategic policy coherence; greater use of data, technology, and evidence in policy making; building more resilient public finances; and, most importantly, developing and maintaining the right skillsets among public service workers and managers to lead a fair and just transition towards a greener economy.

1.3.1. Policy coherence and co-ordination for an evidence-based green transition

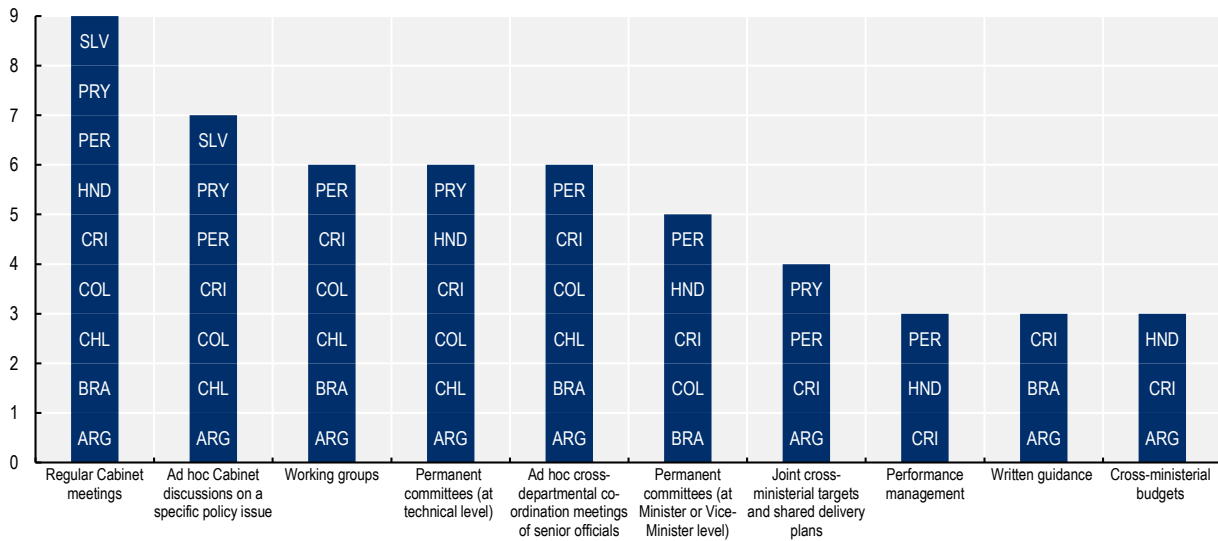
Co-ordinated and integrated policies are crucial to achieving a fair green transition in the LAC region. Policy makers need to work strategically and achieve high levels of co-ordination across sectors and levels of government to ensure a coherent public governance agenda that can support this transition. As the *OECD Recommendation on Policy Coherence for Sustainable Development* (OECD, 2019_[25]) identifies, this integrated approach will need to balance economic, social and environmental trade-offs while also leveraging policy spillovers across different policy fields. Colombia’s Multistakeholder Platform (Plataforma Multiactor), developed by the National Planning Department, is a concrete example of the kind of tool that can be used to achieve policy coherence by engaging the relevant stakeholders. This platform brings together civil society’s contributions to achieving the Sustainable Development Goals (SDGs) across regions.

Whole-of-government policy co-ordination and regulatory and policy coherence are critical because they signal to different stakeholders – including public entities, the market and citizens in general – the need to mobilise resources to achieve priority public policy objectives. For instance, one of the key roles of governments is to design and deliver policies and investments to tackle environmental risks. By doing so, they set expectations and provide guidance for the private sector and civil society to adapt to the new green solutions and outcomes. Having a coherent regulatory framework, and certainty over the rules and their long-term permanence, are fundamental if the private sector is to successfully participate in the green transition. Since efforts developed in silos can lead to unsustainable solutions, governments should use systemic approaches to support coherence across policy areas and build consensus around the need for concerted action (OECD, 2022_[15]). For example, if stakeholders are not aligned with the need to mitigate carbon emissions, they may resist reforms that require them to adapt their practices and invest in greening their operations. Conversely, the widespread adoption of green practices not only sets an example for others but also offer consumers the option to avoid products and services that do not meet their expectations.

Similarly, whole of government policies on public procurement and the development of sustainable infrastructure projects could contribute to setting an example towards a green transition.

In this context, the centre of government (CoG) could play a critical role in making sure that various sectors such as energy, transport, agriculture and environmental protection take a holistic approach to the green transition. The majority of CoGs in the LAC region report being responsible for policy co-ordination; however, the type and depth of mechanisms they use to do so vary widely. The most common practices are regular cabinet meetings or ad hoc cabinet discussions. More advanced mechanisms, such as joint cross-ministerial targets and shared delivery plans are only used by a few countries (Argentina, Costa Rica, Paraguay and Peru) (Figure 1.11). Strengthening co-ordination on issues that cut across multiple sectors is key to tackling a multi-dimensional long-term policy challenge like the green transition. The COVID-19 pandemic showed what was possible: in a process led by the centre of government, countries were able to pool public health expertise and reallocate resources to address key issues. This could provide lessons on how to address other pressing issues such as climate change.

Figure 1.11. Main mechanisms used by the centre of government to co-ordinate policies, 2022



Source: OECD-IDB Centres of Government Survey 2022.

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A whole-of-government approach also requires a greater focus on preparedness. Lack of preparedness to cope with severe climate events may exacerbate their impact, not just on the population’s well-being or access to services, but by increasing political disenchantment, particularly among the most vulnerable. In this context, CoGs can contribute by strengthening strategic planning to support the green transition. Although CoGs in five out nine surveyed some LAC countries are responsible for national risk assessments and scenario planning, more could be done to ensure that these are enshrined in long-term strategies. Tools such as dashboards to monitor the implementation of policy priorities or specific support to executing ministries, are not commonly used in the LAC region (see Chapter 3).

1.3.2. Leveraging the generation of data for evidence-based policy making

The rapid pace of change in today’s world demands constant updates and adjustments to policy decisions, making it imperative to keep data current and relevant. In an era of increasingly complex challenges, ranging from natural disasters to global pandemics, the ability to collect, analyse and act upon relevant data is essential. Data are vital for crafting effective strategies that can address societal challenges and drive positive change. These approaches enable governments and organisations to anticipate potential crises, allocate resources efficiently, tailor interventions based on real-world insights, and foster a more adaptive and secure future for all.

Reliable data and connected and integrated information systems are the cornerstone of a broader culture of evidence-based policy making and policy implementation. However, the governance of data is still a challenge for many governments. Among nine surveyed countries in the LAC region, for example, only Argentina, Chile and Peru give their CoGs exclusive responsibility for data governance, while in Colombia, responsibility is shared with another agency (see Chapter 3). The management of data during the COVID-19 pandemic has shown that there is room for CoGs to strengthen their role in data governance and monitoring functions (see Box 1.2).

Box 1.2. Real-time monitoring during the COVID-19 pandemic

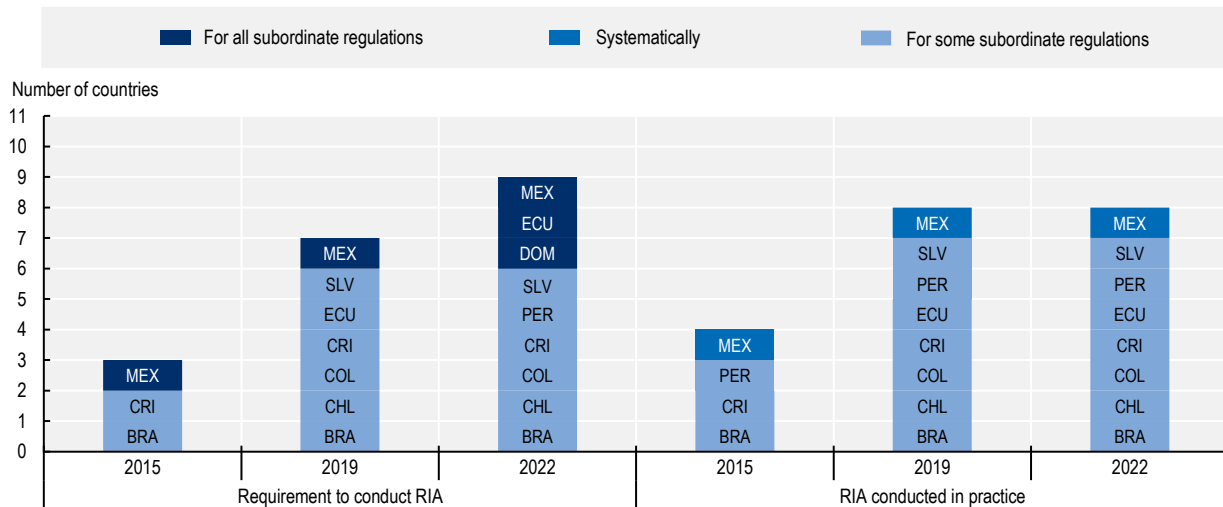
At the onset of the COVID-19 crisis, most governments in LAC countries established some form of performance dashboard and regular (often daily) updates to inform the decision-making processes of government leaders. In different countries and at different times during the pandemic, these dashboards typically included a combination of input indicators (e.g. availability of ventilators, protective equipment), process indicators (e.g. number of PCR tests applied, vaccines distributed), output indicators (e.g. bed occupancy rates, intensive care occupancy rates, vaccination rates) and outcome indicators (e.g. number of cases, positivity rates, number of deaths). They might also include other leading indicators from different sectors (e.g. traffic mobility rates, viral loads in wastewater that could predict subsequent changes in the other indicators) and on other relevant policy areas, such as economic activity or employment. These included the use of real time predictions through nowcasting tools to capture the rapid variations produced by the pandemic and policy decisions.

While this certainly represented an advance in the use of data to inform policy decisions, the pandemic also exposed some of the challenges of using existing information systems to properly feed decision makers with real-time inputs from automated processes:

- lack of governance frameworks and the technology infrastructure needed to integrate different types of health data
- differences in definitions, methodologies or platforms making interoperability difficult across data sources
- insufficient coverage of personal electronic health records
- lack of regulation on confidentiality
- lack of capabilities to analyse data.

Source: Adapted from IDB (2023), *The Centre of Government, revisited: a decade of global reforms* / Ray Shostak, Martín Alessandro, Patrick Diamond, Edgardo Mosqueira, Mariano Lafuente

Well-designed, evidence-based regulations, making use of already existing data, can level the playing field, foster innovation and protect vulnerable groups, contributing to a stable and sustainable economic environment. Regulatory impact assessments (RIAs) aim to use evidence and data to clearly identify policy goals, assess different alternatives to addressing problems, and determine the most effective and efficient way of achieving those goals. All OECD countries have already adopted some form of RIA. While this approach is gaining traction in LAC countries for the development of regulations initiated by the executive, in practice, not many countries do so systematically (Figure 1.12). Achieving policy coherence on sustainability has to be a horizontal effort for administrations; policy makers need to embed environmental considerations, such as climate and biodiversity, into their regulatory impact assessments (OECD, 2023^[26]). Increasingly, OECD countries are formally requiring policy makers to consider the environmental impacts of regulations (OECD, 2021^[27]). In the LAC region, Chile and Mexico require policy makers to consider the environmental and sustainability impact of alternative policy options but in LAC and OECD countries alike, the inclusion of these considerations is not yet a widespread or systematic practice (OECD, 2023^[26]).

Figure 1.12. Requirement to conduct RIA and RIAs conducted in practice, 2015, 2019 and 2022

Source: iREG OECD-IDB 2022; iREG 2020.

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1.3.3. Resilient public finances

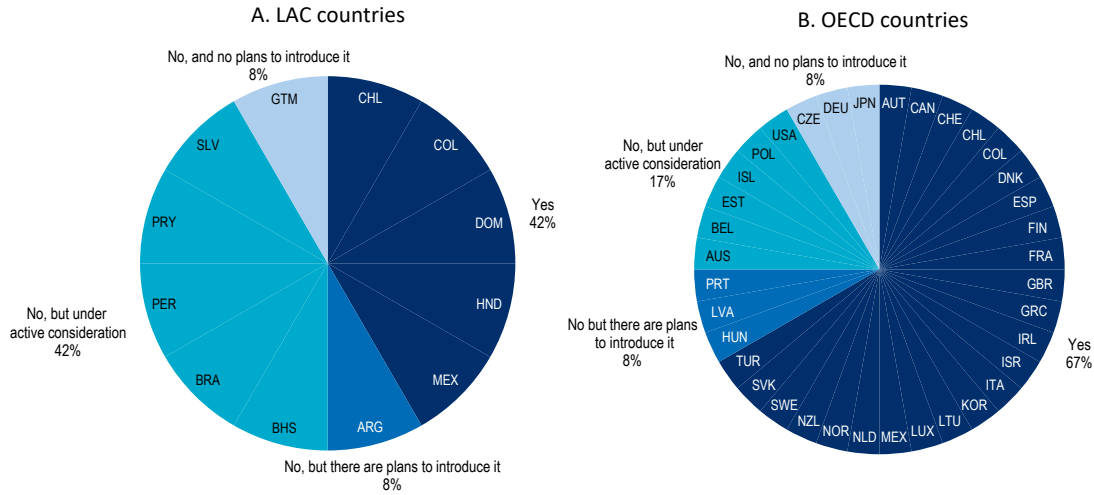
Governments need credible public financial management frameworks if they are to build trust in their budgetary governance and maintain enough fiscal space to be able to invest in policy priorities and finance crisis responses when needed. After the severe economic downturn caused by the COVID-19 pandemic in 2020, Latin American and Caribbean countries experienced a robust recovery in 2021. However, this slowed down in 2022 due to the adverse global economy, rollbacks of fiscal and monetary stimulus packages, weak projected growth, and inflationary pressures which prompted increases in interest rates by central banks (OECD et al., 2022^[2]). The economic growth outlook in the region remains low (Beylis et al., 2023^[28]). This may make it harder for governments to improve social conditions, strengthen their fiscal positions and promote long-term inclusive growth (Galindo and Nuguer, 2023^[29]).

As elsewhere, the COVID-19 pandemic tested the flexibility of fiscal frameworks in the LAC region. LAC countries joined many OECD countries in resorting to the use of contingency and extra-budgetary funds, supplementary budgets, and other measures including loans and resource readjustments. Responses to the pandemic within the region were not homogeneous and were influenced by different institutional realities and the tools available (see Chapter 6). However, in most cases, issues of new debt formed part of the mix, substantially increasing the region's debt levels from 46.0% of GDP in 2013 to 66.3% of GDP in 2022 (see Chapter 10).


Fiscal rules are one of the most common tools countries use for ensuring fiscal discipline while leaving room to tackle unforeseen circumstances. Twelve LAC countries have fiscal rules, with the most common being fiscal balance and debt rules (Cardenas et al., 2021^[30]). In these countries, the fiscal reactions to the COVID-19 pandemic were broadly consistent with their fiscal responsibility frameworks. Most countries resorted to existing escape clauses or built-in adjustments for cyclical factors. However, Colombia, Paraguay and Peru temporarily suspended their fiscal rules, while Chile and Mexico revised their fiscal targets for 2020 (IMF, 2020^[31]).

In a context of substantially increased debt levels, which leave limited fiscal room for manoeuvre, governments could make more effective use of budgeting and public financial management processes to address the climate crisis (see Chapter 10). Only 5 of the 12 surveyed LAC countries (Chile, Colombia, the Dominican Republic, Honduras and Mexico) use green budgeting mechanisms (42%) compared to 67% of OECD countries; another 5 countries are considering their use (Figure 1.13). The LAC countries that do use green budgeting have put the enabling environment and required institutional arrangements in place. However, there is scope to improve the adoption of tools and methods for green budgeting, and to increase accountability and transparency by also engaging civil society in its monitoring (see Chapter 6). Most OECD countries that apply green budgeting have adopted transparency and accountability measures to guide public institutions in achieving green objectives. For example, France and Italy prepare green budget statements as part of each government budget to demonstrate how it is coherent with their green goals (OECD, 2022^[15]).

Figure 1.13. Existence of green budgeting in LAC and OECD countries, 2022



Source: OECD-IDB (2022), Survey on Green Budgeting; OECD (2022), OECD Survey on Green Budgeting.

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As well as expanding the use of green budgeting mechanisms in the LAC region, countries should also pay attention to increasing their effectiveness. Governments need to adopt methodologies to assess environmental effects and use modern multi-annual budgetary frameworks linked to strategic planning, to ensure that sufficient resources, time and expertise are provided, as well as ensuring that there is political support to the deployment of this kind of tools (OECD, 2022^[15]).

Governments could also enhance the resilience of their public finances in the face of major and severe climate-related events. In 2022, natural disasters, many driven by climate change, are estimated to have caused economic losses of USD 313 billion globally (AON, 2023^[32]). Budgetary frameworks for emergencies should allow funds to be rapidly reallocated to cover immediate post-disaster needs. For example, Colombia has financial strategies that use budget reallocations as a tool to finance foundational components of a system or network (lower-layer risks) and to meet needs in the aftermath of a climate-related disaster.

1.3.4. Planning and delivering resilient public infrastructure

Infrastructure governance plays a critical role in combatting the climate crisis and ensuring continuity of service in the event of climate-related and other shocks. Infrastructure assets and operations will be increasingly exposed to the impacts of climate change, directly affecting public service provision. Different studies attribute 50-70% of GHG emissions to infrastructure (OECD/The World Bank/UN Environment, 2018^[33]). Developing reliable, sustainable and resilient infrastructure will require the realignment of the infrastructure planning and delivery processes.

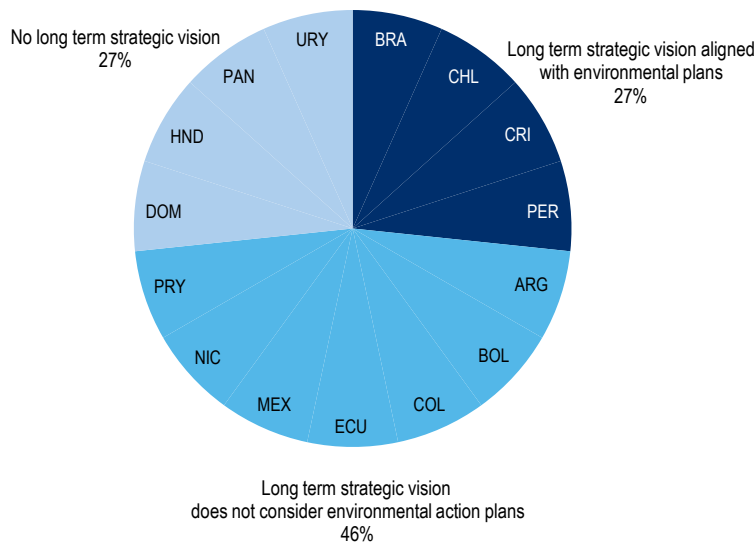
Out of 15 LAC countries surveyed, only Brazil (Box 1.3), Chile, Costa Rica and Peru (27%) explicitly align their long-term strategic vision for infrastructure with their environmental or climate action plans (Figure 1.14). In contrast, 73% of OECD countries align their long-term infrastructure plans with environmental and climate action policies (OECD, 2022^[15]).

Box 1.3. Linking the strategic vision for infrastructure with green objectives in Brazil

The Minister of Economy in Brazil has been working to integrate green objectives into its long-term infrastructure plan. For example, the infrastructure plan incorporates efforts to conserve and restore natural habitats. This involves measures to protect forests, rivers, and biodiversity, recognising their importance in mitigating climate change and maintaining ecological balance. It also integrates resilience and adaptation into the design of projects through measures to withstand natural disasters like floods and storms and includes the use of green infrastructure such as permeable pavements and green roofs. Finally, the economic forecasts generated by the Ministry and transferred to sectors for their sectoral plans consider anti-deforestation rules and the impact of climate change on agricultural productivity.

Source: Information collected through the OECD Infrastructure Governance Survey.

Figure 1.14. Alignment of a long-term strategic vision for infrastructure with sustainability, 2022



Source: 2022 IDB-OECD Survey on the Governance of Infrastructure.

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LAC countries could do more to harness the greening of infrastructure to strengthen their commitments to long-term climate goals, international benchmarks and other environmental objectives. Even though increasing numbers of countries in the region are using tools to assess environmental considerations in infrastructure projects, challenges remain (CEPAL, 2023_[34]). Existing challenges include establishing environmental criteria to select infrastructure projects; delivering, operating, maintaining, upgrading and retiring infrastructure assets in ways that reduce carbon emissions and the environmental footprint; and influencing behaviour to opt for sustainable alternatives (OECD, 2022_[15]). For example, 22 out of 32 OECD countries surveyed (69%), have goals related to investing in infrastructure projects that are key to promote sustainability and 19 (59%) aim for cross-sector synergies to avoid duplication and minimise negative environmental impacts (OECD, 2023_[35]). The United States, for example, took various steps to ensure that the resources passed under the Infrastructure Investment and Jobs Act are applied in ways that are consistent with environmental priorities (see Box 1.4).

Box 1.4. Guiding infrastructure investment to ensure coherence with sustainability objectives in the United States

The United States has taken several actions to ensure that the USD 1.2 trillion passed in the Infrastructure Investment and Jobs Act is effectively implemented and meets sustainability objectives:

- **Steering mechanisms:** An executive order set six implementation priorities, including for infrastructure that is climate resilient and which helps address the climate crisis. An Infrastructure Implementation Task Force established by executive order and led by a newly appointed White House Infrastructure Implementation Coordinator, provides guidance from the centre of government, alongside the heads of six federal agencies.
- **Strengthening project alignment:** Given that the vast majority of infrastructure investment is implemented at the state level, infrastructure co-ordinators have been appointed in all of them to work with the Task Force.
- **Capacity building:** The reinforced implementation effort has resulted in guidance produced by the Office of Management and Budget (OMB) for ministries and agencies. The federal government is hiring to fill over 8 000 essential and mission-driven roles to implement the law including engineers and scientists to combat climate change.

Source: OECD (2022), *Infrastructure governance for green and climate-resilient infrastructure*, report discussed during the September 2022 meeting of the Working Party of the Leading Practitioners on Public Procurement (LPP).

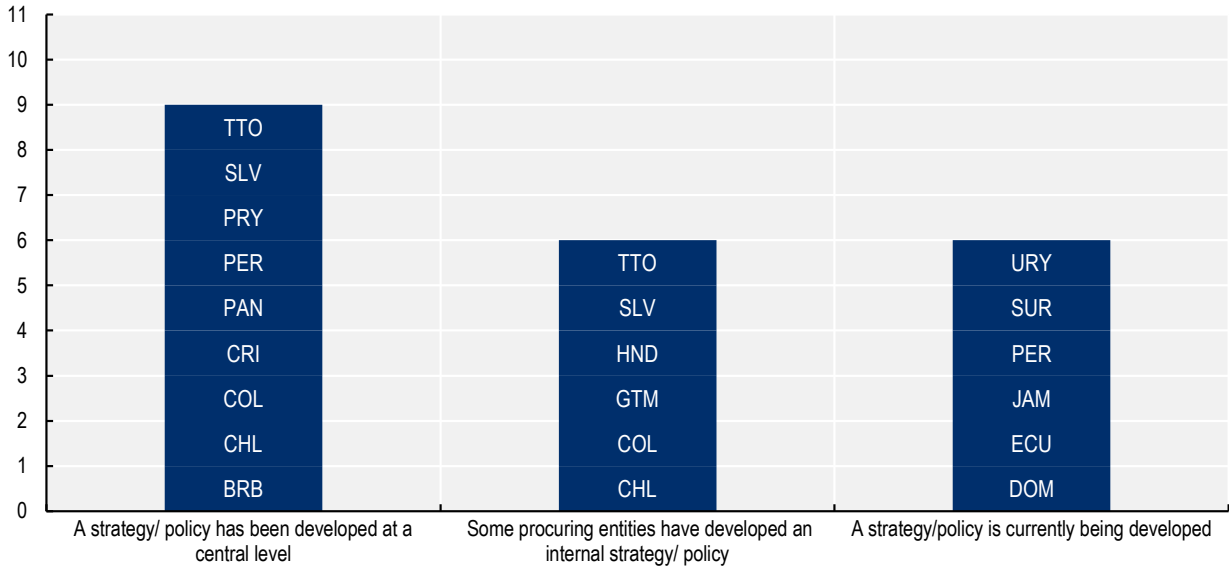
1.3.5. Using procurement practices to promote sustainability

Public procurement in the LAC region accounted for 6.6% of GDP and 17.4% of government expenditure in 2021. The size of this expenditure means that governments can leverage strategic public procurement to nudge public entities and suppliers to promote sustainable production practices and supply chains.

Green public procurement (GPP) (i.e. public purchasing of products and services which are less environmentally damaging when their whole life cycle is taken into account) is used by some LAC countries to achieve policy objectives in the area of environmental protection. Out of 19 surveyed LAC countries, 9 (47%) have strategies or policies on GPP in place at the central level (Figure 1.15). In contrast, among OECD countries, all 32 surveyed countries have an active GPP framework (OECD, 2023^[12]). However, having a GPP policy or strategy is not sufficient to ensure that environmental considerations are embedded into public procurement. Out of 19 surveyed LAC countries, only Panama's central procurement authority integrates GPP as an award criterion all the time (see Chapter 7).

One common challenge in implementing GPP is that it risks overloading procurement with policy objectives on top of its primary objective of achieving value for money. One way to prioritise the use of such objectives is to understand the importance of the potential and actual contribution public procurement makes to the attainment of that objective (be it economic, social or environmental). Other challenges include the perception that green products and services may be more expensive than conventional ones; a lack of technical knowledge among procurement officials on integrating environmental standards into the procurement process; and, the absence of monitoring mechanisms to evaluate whether GPP has achieved its stated goals (OECD, 2015^[36]).

Figure 1.15. Strategic public procurement to pursue green objectives, 2022



Source: IDB-OECD (2022), Survey on the Implementation of the 2015 OECD Recommendation on Public Procurement.

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1.3.6. Skills and management in the public service

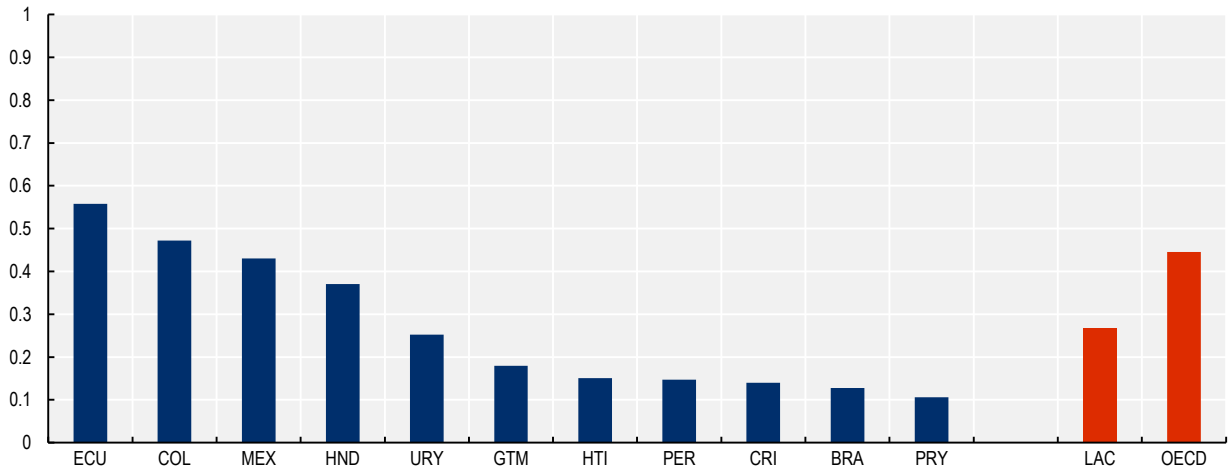
Capable public servants are the backbone of effective governance, as they are responsible for designing policies and translating them into tangible actions that drive social progress. Their roles range from policy formulation to service delivery, and their effectiveness greatly influences the outcomes of public initiatives. The strategic significance of the professionalisation of the public service, competitive selection processes, and continuous learning and capacity building cannot be overstated in ensuring that public servants’ efforts are directed towards inclusion and sustainability. The capabilities of senior level civil servants are particularly important in steering public sector organisations through uncertainty, transforming public administrations in the right direction and delivering value to citizens (OECD, 2023^[37]).

Public sector employment accounted for 11.6% of total employment on average in the LAC region in 2022, compared to 20.8% on average across OECD countries (see Chapter 12). Public employment systems in the region remain heavily career-based, characterised by competitive selection to enter the civil service and corps-like careers. In such systems, senior civil service positions may often only be filled by existing civil servants. While this type of system helps to develop a professional, independent and merit-based public service, it can also limit the ability of administrations to adapt to changing circumstances and attract or retain different skillsets and competencies. In recent years, several countries – including Brazil, Chile and Colombia – have sought to make their public service more flexible and forward looking. For instance, Brazil has made efforts to promote mobility within careers to strengthen the professionalisation of the civil service and development of capacities (OECD, 2023^[37]). However, the region’s public employment still lags behind OECD countries in developing a civil service with the autonomy, professionalism and capacity needed to enhance public sector efficiency and innovation, and increase policy effectiveness (Salazar-Morales and Lauriano, 2021^[38]). Merit-based recruitment and promotion for the most senior levels of the civil service could also be strengthened in the region (Gerson, 2020^[39]).

Forming a diverse body of qualified civil servants aligned with their governments’ sustainable and inclusive goals means attracting and retaining professionals with the right skills. This entails positioning the public service as an employer of choice, informing employment policies based on what attracts and retains skilled employees, providing adequate remuneration and equitable pay, and proactively seeking to attract under-represented groups and skill sets (OECD, 2019^[40]). The OECD has developed a composite indicator on the use of proactive recruitment practices to attract candidates with the skills needed. The index measures, among other things, the use of tools to attract talented candidates, including the deployment of communication strategies through diverse channels. According to this index, there is substantial room for LAC countries to improve their use of public service recruitment techniques (Figure 1.16). For example, they could strengthen their use of targeted recruitment campaigns, widen the use of headhunting or speed up hiring processes for those with skills in high demand (see Chapter 13).

Figure 1.16. Index on the use of proactive recruitment practices, 2022

Score from 0 (minimum) to 1 (maximum)



Note: Average for OECD is from 2020 instead of 2022. The composite index is made up of the following aspects of proactive recruitment: 1) benefits highlighted in recruitment material; 2) policies to attract more and better candidates with in-demand skills; 3) the use of methods to determine what attracts skilled employees; 4) adequate pay systems to attract good candidates; and 5) use of actions to improve the representation of under-represented groups.

Source: OECD-IDB (2022), Public Service Leadership and Capability Survey; OECD (2020), Public Service Leadership and Capability Survey.

StatLink  <https://stat.link/yanvxh>

As well as strengthening their recruitment practices, countries need to support a learning culture in the civil service, to develop the skills needed to keep up with the fast-changing nature of work. For instance, 13 out of 14 LAC countries (93%) report providing training to their public servants on access to information and 9 provide training on stakeholder participation (64%) (see Chapter 4). However, only 5 out of 19 countries (Chile, Colombia, Haiti, Panama, and Trinidad and Tobago) have mandatory training for public procurement officials, as part of their efforts to ensure officials to have adequate competencies (see Chapter 7).

Senior level public servants are a special category of public servants, as they play an important role at the interface between the political level and professional operations in public administrations. However, most LAC countries do not use a specific framework for senior public management positions, and 14 out of 15 countries surveyed do not identify potential senior managers or encourage career mobility (see Chapter 13). Advancing the development of such frameworks would allow administrations to identify potential senior level public servants and develop their leadership capabilities, as well as those of current senior public servants. This would help prepare these public officials to support fast-moving political agendas, manage and transform vast public organisations, motivate and inspire their workforces, and be accountable for results.

Developing professional and leadership competencies is also linked with the need to professionalise the public service and maintain its relevance in the face of evolving challenges. There are specific public sector areas where governments are making effort to professionalise the public service, as is the case with public procurement. Public procurement is recognised as a profession in 13 out of 33 OECD countries (39%), but only in 2 out of 19 LAC countries, Paraguay and Trinidad and Tobago (10%) (see Chapter 7).

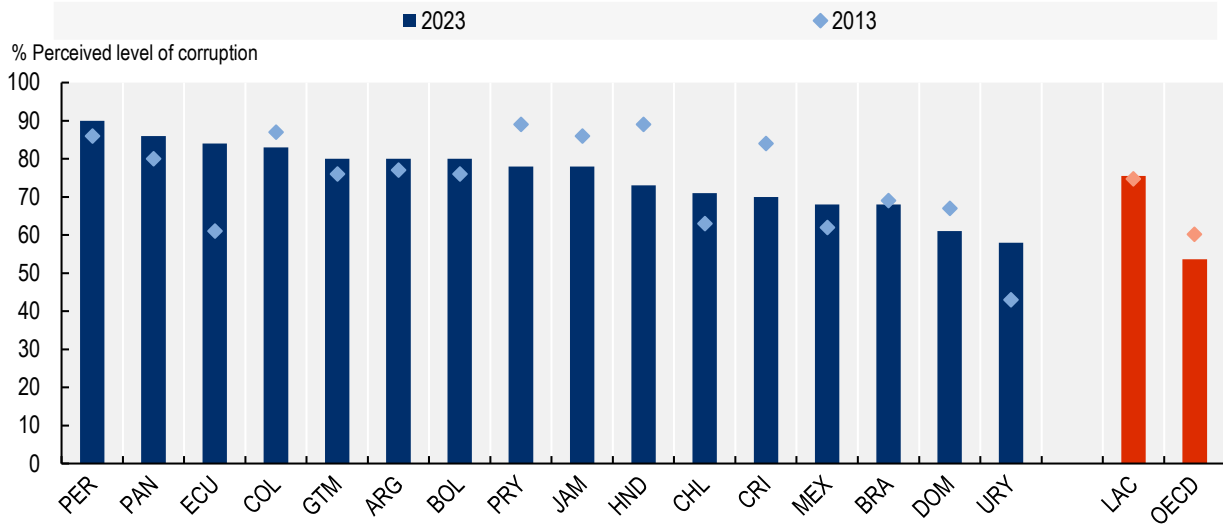
1.4. Protect against risks of corruption and lack of integrity

Maintaining effective public integrity rules to reduce the risk of corruption, as well as undue influence and policy capture, combined with strong accountability and oversight, are key to sustainable well-being and democratic governance. In times of crisis, it is particularly important for democratic systems to safeguard themselves against the dangers posed by corruption and lack of integrity, which can undermine the public's confidence in government institutions (OECD, 2023^[12]) and deepen threats to social cohesion. In 2023, 72% of people in LAC believed that a few powerful groups were governing their countries for their own benefit (Latinobarometro, 2023^[41]). This section presents the key actions governments need to take to promote integrity and transparency, and for the effective oversight needed to hold the public sector accountable for its actions.

1.4.1. Integrity and anti-corruption

Corruption is a primary obstacle to good public governance. It undermines government efficiency by influencing the decisions of public and private actors. Public perceptions of corruption remain high in the LAC region. As of 2023, 75.5% of respondents in the LAC region felt that corruption was widespread in government in their country, compared to 53.6% on average among OECD countries, according to the Gallup World Poll (Figure 1.17).

Figure 1.17. Perceptions of corruption in LAC and OECD countries, 2013 and 2023

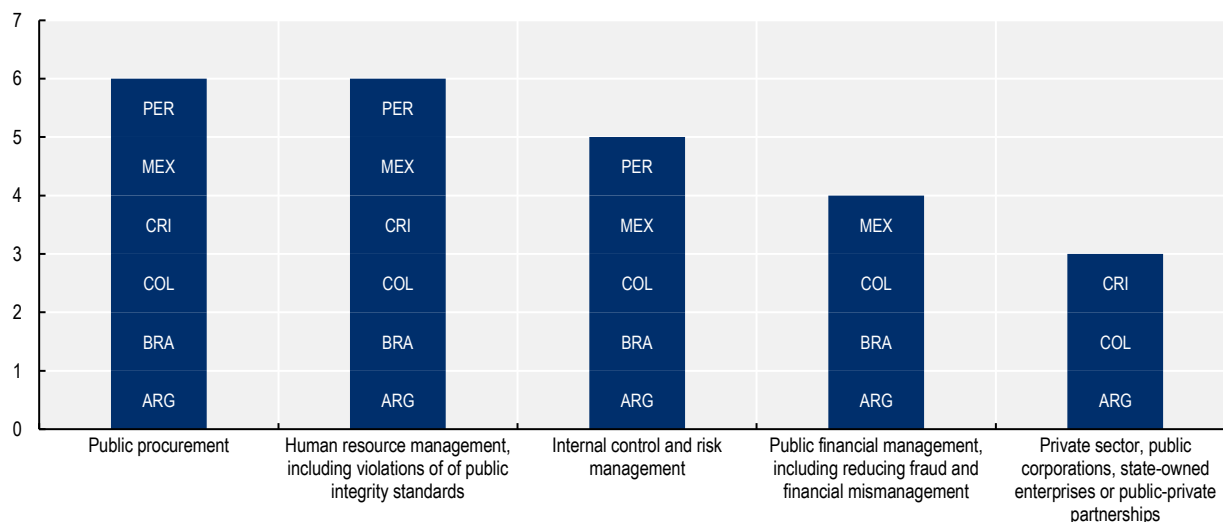


Note: The perceived level of corruption is measured by the Gallup World Poll. It shows the share of respondent that answer positively to the question: "Is corruption widespread throughout the government in this country, or not?"
 Source: Gallup World Poll 2023 (database).

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Public integrity plays a key role in enhancing productivity, reducing inequalities and bolstering the capabilities of the public sector (OECD, 2018^[42]). To protect themselves from corruption and promote integrity, governments need to have policies in place that ensure accountability in decision-making processes, promote transparency in political finance and election processes, reduce conflict of interest among public officials, and maintain clear and fair lobbying procedures. It is particularly important for the public institutions responsible for green governance to adhere to integrity and transparency standards. Not only because this will ensure the legitimacy and increase acceptance of their policies, but because the effects of undue influence in green policies, decision making and delivery will have particularly grave consequences for the communities most affected by climate change (OECD, 2022^[15]).

Countries should take a co-ordinated and strategic approach to mitigating public integrity risks in the public sector, most notably corruption (OECD, 2017^[43]). Some countries in the LAC region have opted for a single national integrity or anti-corruption strategy (e.g. Argentina, Colombia and Costa Rica), although strategic integrity objectives may be shared among several government documents owned by various authorities. In 2020, Colombia made it mandatory for all government entities at the national and subnational levels to adopt the national integrity code, which provides a consolidated framework for managing their operations and monitoring compliance with their functions. In 2023, Chile adopted the National Public Integrity Strategy, a strategy grounded in evidence and participatory methods design to enhance the levels of transparency, integrity and the fight against corruption. Six out of the seven LAC countries with available information have established strategic objectives for reducing fraud and other types of corruption across the public sector. Efforts to safeguard public integrity commonly focus on areas such as public procurement and human resource management. Only Argentina, Colombia and Costa Rica have strategies that also consider the private sector, publicly owned enterprises and public-private partnerships (Figure 1.18).

Figure 1.18. Areas with strategic objectives for mitigating public integrity risks, 2020

Source: OECD (2022), Public Integrity Indicators (database), <https://oecd-public-integrity-indicators.org>.

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1.4.2. Transparency and oversight to protect against corruption

To safeguard the integrity of decision-making processes and service delivery, politicians and senior officials in government should prioritise transparency. They should openly disclose any affiliations that they may have with special interest groups that could influence public initiatives and policies away from the public interest. While four out of the six surveyed LAC countries have regulations defining situations of conflict of interests, and all six require public officials to submit declarations on conflict of interest, these regulations are not always implemented. Chile is the only LAC country with a 100% submission rate of interest declarations among members of the government over the last six years. Argentina is the only country that has imposed sanctions for non-compliance in conflict of interest situations over the past three years (see Chapter 3).

These concerns and threats to integrity also translate into potential conflicts of interest among public officials involved in green policy making. As the global community increasingly recognises the urgency of addressing environmental challenges, the decisions made in crafting green policies hold significant implications for the well-being of both current and future generations. Without robust conflict-of-interest regulations, there is a risk that public officials may prioritise personal or industry interests over broader environmental goals, compromising the legitimacy of the policy-making process. By implementing stringent measures, governments can uphold transparency, maintain public trust, and foster a regulatory environment that genuinely prioritises sustainable practices and the preservation of natural resources. One way to strengthen the regulations preventing conflict of interest around green initiatives, could be to require public officials involved in climate and environmental decision-making processes to make their meeting diaries public, as well as the topics addressed in these meetings (OECD, 2022_[15]).

In designing and implementing policies, governments also need to engage diverse groups, including interest groups, and consider the impacts that policies will have or are having on them. In this context, engagement between interested stakeholders and government through lobbying and other influence practices is a common part of the democratic process (OECD, 2010_[44]). However, public policies suffer when lobbying practices are not transparent or not regulated, and when interest groups monopolise influence, manipulate public opinion, sway government decisions and ultimately hinder the effective implementation of policies. This is particularly sensitive during discussions on climate policies where various economic sectors and industries have vested interests in the results of negotiations (OECD, 2022_[15]).

Regulations on lobbying activities enhances transparency in policy design, as they make it clear which activities are allowed or prohibited, how they should be disclosed and how they will be monitored. Only a few countries in the LAC region have lobbying regulations. For instance, Chile, Mexico and Peru define lobbying activities in their legal frameworks. Implementation of these policies is also lacking in the region: only Chile and Mexico have publicly accessible lobbying registers online (Figure 1.19).

To ensure that public servants comply with their legal responsibilities and deliver on their objectives in accordance with already established rules requires oversight, and eventual sanctions in the event of any breaches. The design and implementation of

effective oversight mechanisms involve creating clear channels for citizen engagement, establishing independent auditing bodies and using advanced technology for real-time monitoring. By integrating these mechanisms, policy makers can not only identify and rectify deviations from established policies promptly but also demonstrate their commitment to transparency and responsiveness in the policy making and service delivery processes. This proactive approach ensures that the public sector remains accountable and continuously strives to meet the expectations of the citizens it serves.

However, out of six surveyed countries, only Chile has a supervisory function in central government to monitor potential breaches in transparency over lobbying activities, or sanctions for breaches on lobbying regulations. Chile is also the only LAC country that has carried out any investigations into non-compliance with lobbying regulations over the past year or imposed any sanctions (Figure 1.19). This underscores the region’s limited capabilities to monitor and sanction breaches of lobbying practices and regulations. To strengthen their control over lobbying practices, including those around green-related issues, LAC governments could require that lobbying disclosures include information on the objective of lobbying activities, their beneficiaries, the decisions targeted, and the types of practices used (OECD, 2022^[15]). There are areas where oversight is becoming more commonplace in the LAC region, however. For instance, 10 out of 11 countries (3 more than in 2019) have oversight bodies in charge of supervising the work of policy makers by overseeing the quality of the rule-making process, including stakeholder engagement activities and how regulatory impact assessment are conducted (see Chapter 5).

Figure 1.19. Lobbying regulations, investigations and sanctions, 2022



Source: OECD (2022), Public Integrity Indicators (database), <https://oecd-public-integrity-indicators.org>.

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Interest groups can also exert undue influence over public affairs if electoral campaigns and political parties are poorly regulated. All six LAC countries surveyed have regulations in place on electoral campaigns and political financing of political parties, which ban anonymous donations and require contributions to be registered and reported. Despite these regulations, however, political parties have only submitted their annual accounts on time during the past five years in Mexico, compared to in 54% of OECD countries over the same period. This shows the significant gap between rules and practice in this area across LAC countries (see Chapter 3).

Integrity risks may be greater for some government activities, requiring a heightened focus on mitigation strategies, tools and resources. This is the case for public procurement and infrastructure projects, where risks of corruption are high due to the resources involved, the complexity of operations and rules, and the number of stakeholders involved. There are integrity risks at every stage of the infrastructure or procurement cycle. For instance, at the planning stage, conflicts of interest could influence procurement officials to argue for specific needs that are not really justified, or they could favour a specific bidder during bid evaluation, or ignore quality deficiencies in the goods or services procured during the contract management phase (OECD, 2016^[45]). The most commonly used mechanisms by LAC countries to address conflicts of interest in public procurement are requiring officials to make mandatory declarations of no-conflict of interest and limiting public officials and political appointees from participating in public procurement opportunities (14 out of 19 countries, 74%), and conducting all infrastructure procurement processes online to foster transparency (8 out of 15 countries, 53%). However, only Uruguay has incentives for officials to prevent bids from being rigged to favour one bidder (see Chapters 7 and 8).

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Chapter 2.

Trust in government

2.1 Trust in government

Trust is defined as a person's belief that another person or institution will act consistently with their expectations of positive behaviour. Trust in government is a multidimensional concept that provides a general measure of how people perceive the performance and values of public institutions in democratic countries (OECD, 2022; Brezzi et al., 2021). Trust in each other and toward public institutions can enhance social cohesion, nurture political engagement and fuel economic growth both directly, by reducing transaction costs, and indirectly by, for example, creating a reliable environment for investment (OECD, 2022; Keefer and Scartascini 2022; Brezzi et al., 2021). Conversely, lack of trust was found, for instance, to reduce collaboration and innovation inside private and public sector organisations. As such, it is important for countries to understand what drives trust in public institutions (OECD, 2022). Despite a general lack of sound data on the drivers of trust in public institutions in Latin America, recent research by the Inter-American Development Bank (IDB) finds that people's trust in government and government resilience in the face of crises could both be positively affected by making it clearer what citizens can expect from governments, public sector reforms that enable governments to keep their promises, and institutional reforms that strengthen the commitments that citizens make to each other (Keefer and Scartascini, 2022).

On average, 36.3% of the population in the 16 Latin American and Caribbean (LAC) countries with available data reported trusting their national government in 2022, which is 3.9 percentage points (p.p.) lower than in 2008 and 11 p.p. below the OECD average (47.5%), according to Gallup World Poll. Trust in public institutions varies across countries due to cultural, socio-economic and institutional factors. The percentage of the population that trust their government varies in the region, with Costa Rica (60%) and Mexico (53%) having high levels of trust in 2022. Between 2008 and 2022, trust increased the most in Costa Rica (24 p.p.), and Mexico (12 p.p.) (Figure 2.1).

Trust also varies across age groups in LAC; on average young people tend to trust the government less than older population. In 2022, on average 34.5% of the population aged 15-29 in LAC countries trusted the national government, compared to 43.1% of those aged 50 and over. In 2022, the largest differences in trust between the oldest and youngest cohorts were in the Dominican Republic (26 p.p.), Mexico (17 p.p.) and Colombia (14 p.p.) (Figure 2.2).

Trust is an important indicator for measuring how people perceive the quality of government institutions in democratic

countries and how they relate to them. While trust it is not in itself a necessary outcome of democratic governance, a certain level of trust is required for governments to successfully carry out public sector reforms. Better evidence on the levels and drivers of trust in LAC is required to disentangle its multidimensionality and enable governments to propose and adjust their actions with the goal of earning their citizens' trust.

Methodology and definitions

Data are from the Gallup World Poll (GWP), which is a cross-national and longitudinal survey based on a nationally representative and probability sample of about 1 000 individuals per country. In some countries, data refer exclusively to the capital or largest cities. The GWP includes questions on confidence in the national government. The questions on confidence in the national government allow for a binary response (yes or no). For more information on the survey methodology please consult: www.gallup.com/178667/gallupworld-poll-work.aspx. Updated trust data for Chile, Colombia, Costa Rica and Mexico will be available in June 2024 from the OECD survey on Drivers of Trust in Public Institutions.

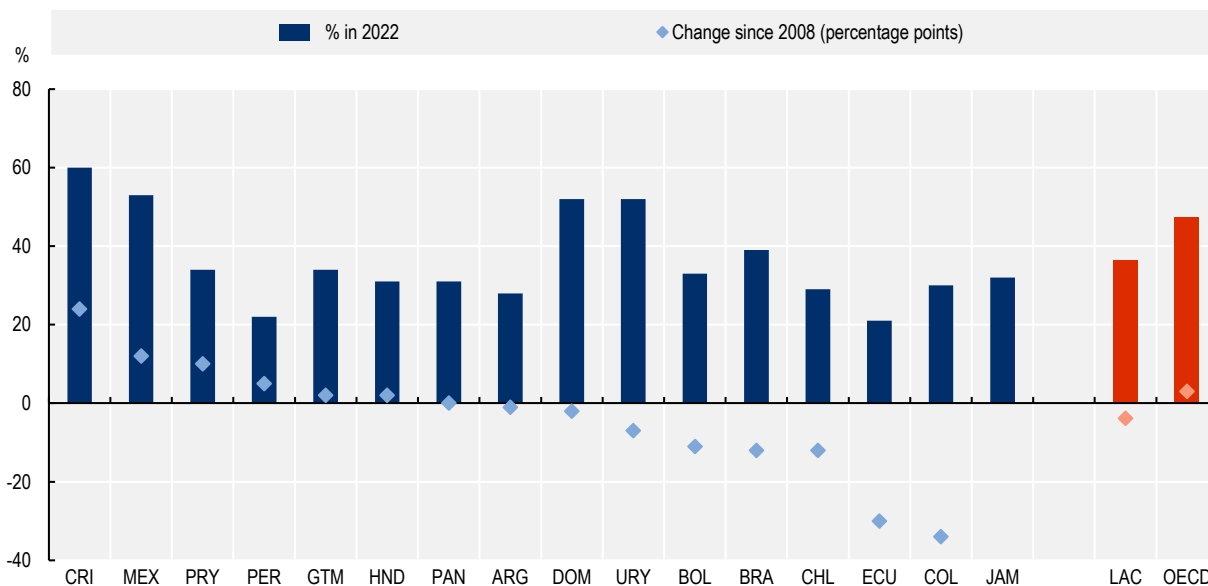
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Figure notes

- Figure 2.1. Average for the OECD is from 2007 instead of 2008.
- Figure 2.1 and Figure 2.2. Refer to the share of respondents who answered "yes" to the question "Do you have confidence in your national government?"

Figure 2.1. Trust in national government, 2022 and its change since 2008



Source: Gallup World Poll 2023 (database).


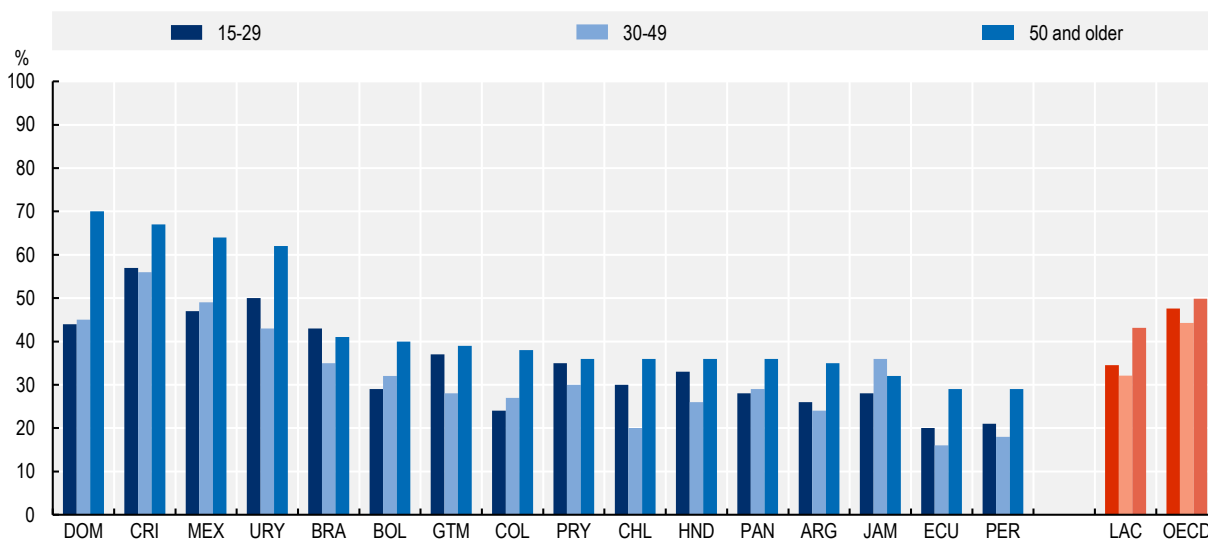
StatLink  <https://stat.link/3kxebv>

Figure 2.2. Trust in national government by age group, 2022



Source: Gallup World Poll 2023 (database).

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2.2 Satisfaction with public services

Public services such as hospitals, schools and courts affect the lives of many and serve as points where people interact with public institutions and government. Satisfaction is a widely used indicator to gauge public sector performance from the citizen's or user's perspective. The term may encompass a range of different aspects of the services – such as access, responsiveness and quality (Baredes, 2022). Satisfaction with public services also influences trust in government and in the civil service (OECD 2022). Moreover, well-functioning public services improve productivity by providing essential education and healthcare, as well as a sound judicial system, all of which drive economic growth.

On average, 66% of the population in Latin America and the Caribbean (LAC) are satisfied with the education system in 2022, similar to the average for OECD countries (67%) in the same year. In Nicaragua, more than 80% of the population are satisfied with the education system, making it the country with the highest satisfaction rate in the region. It is notable that between 2022 and 2011, most LAC countries have only experienced minor changes in satisfaction with the education system, or none at all. However, there are a few exceptions, such as Brazil, where satisfaction with education has improved by 9 percentage points (p.p.) since 2011, with 64% satisfied in 2022 (Figure 2.3).

In 2022, more than half of the population in LAC countries were satisfied with the healthcare system (53%). The regional average has fallen slightly since 2011 (-2.6 p.p.). This is due to large falls in satisfaction in a handful of countries, even though there were small or no improvements in the level in 10 out of the 18 countries surveyed. This is a striking result following the COVID-19 pandemic. The three countries with the highest satisfaction levels are Costa Rica (70%), Nicaragua (67%) and El Salvador (63%), followed by Uruguay (63%), which had the highest satisfaction rates in 2011 (75%) (Figure 2.4).

Only 38% of people in the LAC region reported confidence in the judicial system in 2022 – although that is an improvement since 2011 when the average was 32%. People's confidence in the judiciary improved in 11 out of 18 LAC countries during this period. Costa Rica (18 p.p. increase), Guatemala (10 p.p.) and Nicaragua (13 p.p.) showed significant increases in confidence between 2011 and 2022 (Figure 2.5). It is worth noting that justice services are used by a smaller share of the population

than health and education. Accordingly, confidence in the judicial system and the courts is less likely to be based on experience than with healthcare and education.

Methodology and definitions

Data are from the Gallup World Poll (GWP), which is a cross-national and longitudinal survey based on a nationally representative and probability sample of about 1 000 individuals per country. In some countries, data refer exclusively to the capital or largest cities. The GWP includes questions on confidence in the judicial system and satisfaction with education and health systems. The questions on confidence in the above institutions allow for a binary response (yes or no). For more information on the survey methodology please consult:

www.gallup.com/178667/gallupworld-poll-work.aspx.

Further reading

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Figure notes

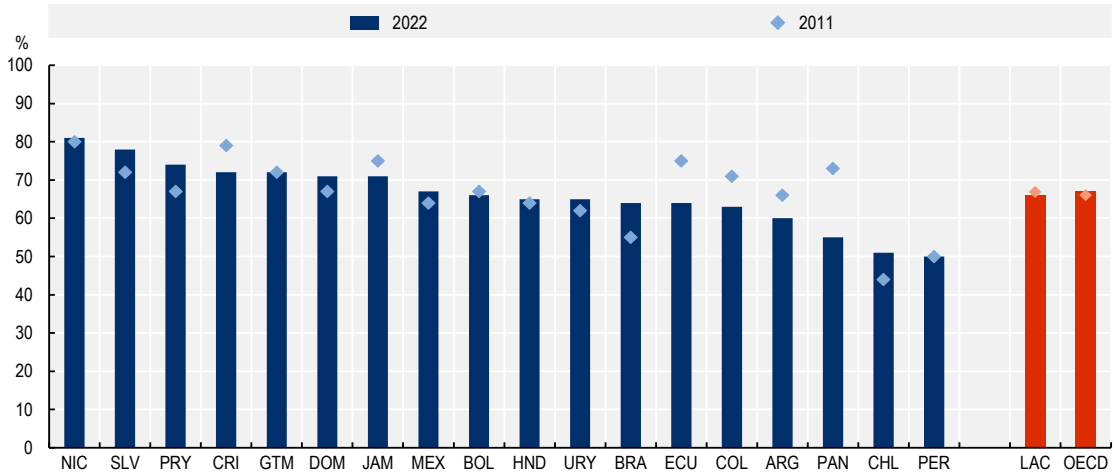
Figure 2.3, Figure 2.4 and Figure 2.5. Due to missing data, the OECD averages for 2011 are calculated using 2012 data for Norway and Iceland.

Figure 2.3. The data refer to the question "In the city or area where you live, are you satisfied or dissatisfied with the educational system and the schools?"

Figure 2.4. The data refer to the question "In the city or area where you live, are you satisfied or dissatisfied with the availability of quality health care?"

Figure 2.5. The data refer to the question "In this country, do you have confidence in each of the following, or not? How about judicial system and courts?"

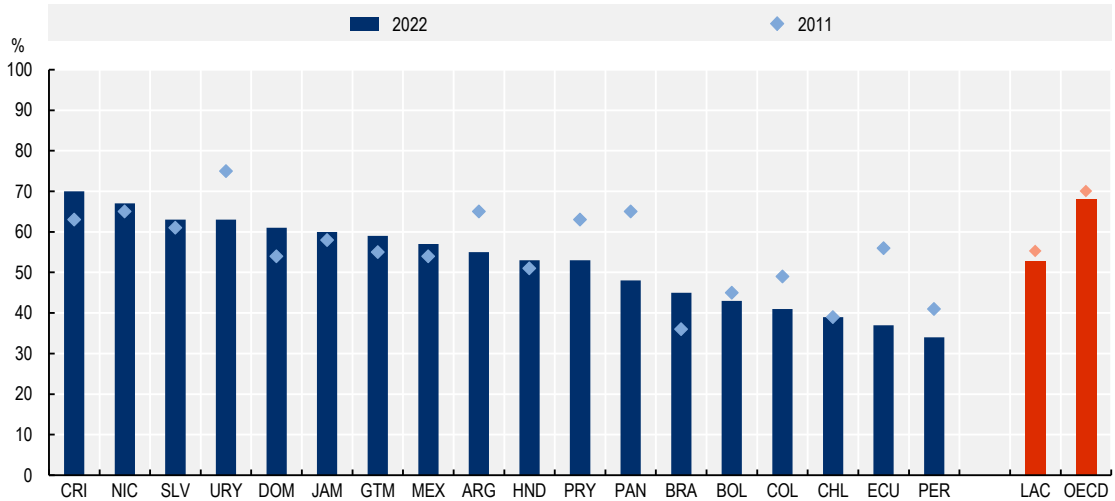
Figure 2.3. Citizen satisfaction with the education system, 2011 and 2022



Source: Gallup World Poll 2023 (database).

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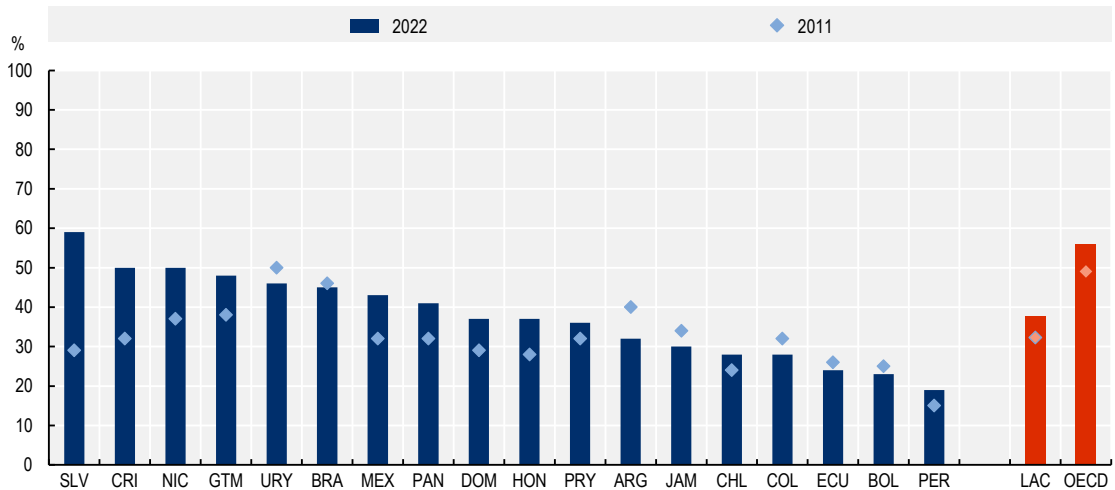
Figure 2.4. Citizen satisfaction with the healthcare system, 2011 and 2022



Source: Gallup World Poll 2023 (database).

StatLink <https://stat.link/elvt2c>

Figure 2.5. Citizen confidence in the judicial system, 2011 and 2022



Source: Gallup World Poll 2023 (database).

StatLink <https://stat.link/nelo7t>

2.3 Political efficacy and representation

A fundamental element of democracy is the principle that people are free to express opinions and have equal opportunities to be represented in government decision making. People who feel they can influence political processes are more likely to participate in civic life through voting, or by engaging with politicians and political parties. Political efficacy refers to individuals' feeling that they can participate in and influence political processes. People who feel they have no political voice are less likely to comply with laws and regulations, and more likely to engage in protests such as boycotts, or to exit the democratic process entirely by not engaging or abstaining from voting (Prats and Meunier, 2021). For this reason, political efficacy plays a key role in reinforcing democratic institutions by promoting active citizenship and motivating people to engage in democratic processes.

In Latin American and Caribbean (LAC) countries, on average only 31.4% of the population think that the political system allows people like them to have a say in what the government does. Although the lack of available data limits the comparison, this is similar to the average for OECD countries (30%). However, there are differences across countries. Out of the seven LAC countries with available information, only in Argentina do most people (57%) believe that the system allows them to have a say in government actions. In most of the other countries where data are available (four out of seven countries), between 30% and 34% of the population believe their voices are being heard (Figure 2.6).

By the late 1990s and early 2000s, the LAC region witnessed a significant breakthrough in democratisation, with almost all countries adopting a democratic system of government. Although democracy in the region showed resilience even during the COVID-19 pandemic and subsequent crises, there are indications of democratic erosion and backsliding into authoritarianism in several countries (International IDEA, 2021). For instance, satisfaction with democracy has declined in 15 out of 18 LAC countries over the last decade, from an average of 56% of the population expressing satisfaction in 2012 to 41% in 2021 (-15 p.p.). Haiti stands out with the lowest level of satisfaction with democracy in 2021, with a mere 11% of the population saying they were satisfied with the way democracy works in their country, a significant decline of 33 p.p. since 2012. Several other countries also experienced substantial declines over that period, including Brazil (-35 p.p.), Peru (-31 p.p.), Colombia and Panama (both -29 p.p.), and Argentina (-26 p.p.). Uruguay goes against the prevailing trend by showing the highest value with 82% of their population expressing satisfaction with democracy (Figure 2.7).

The decline in satisfaction with democracy may hamper people's willingness to participate in democratic processes, such as national elections. Voter turnout in parliamentary or congressional elections is a basic indicator of citizen participation and political efficacy. Indeed, in the LAC region voter turnout fell in 20 out of 27 countries, with the average declining from 69.4% to 62.7% (- 6.7 p.p.) between 2010 and 2023 (Figure 2.8).

Methodology and definitions

The World Values Survey (WVS) started in 1981. The 7th round of the WVS was conducted in 2017-21 and includes 64 countries and territories. Samples employed are random probability representative of the adult population. The usual sample size is 1 300 per country.

The Americas Barometer by the LAPOP Lab conducts surveys of democratic values and behaviour focusing on LAC countries. Each country survey is implemented based on a national probability design. Survey participants in LAC countries are voting-age adults interviewed face-to-face in their households.

Further reading

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International IDEA (2021), *The State of Democracy in the Americas 2021: Democracy in Times of Crisis*, <https://doi.org/10.31752/idea.2021.93>.

Prats, M. and A. Meunier (2021), "Political efficacy and participation: An empirical analysis in European countries", *OECD Working Papers on Public Governance*, No. 46, OECD Publishing, Paris, <https://doi.org/10.1787/4548cad8-en>.

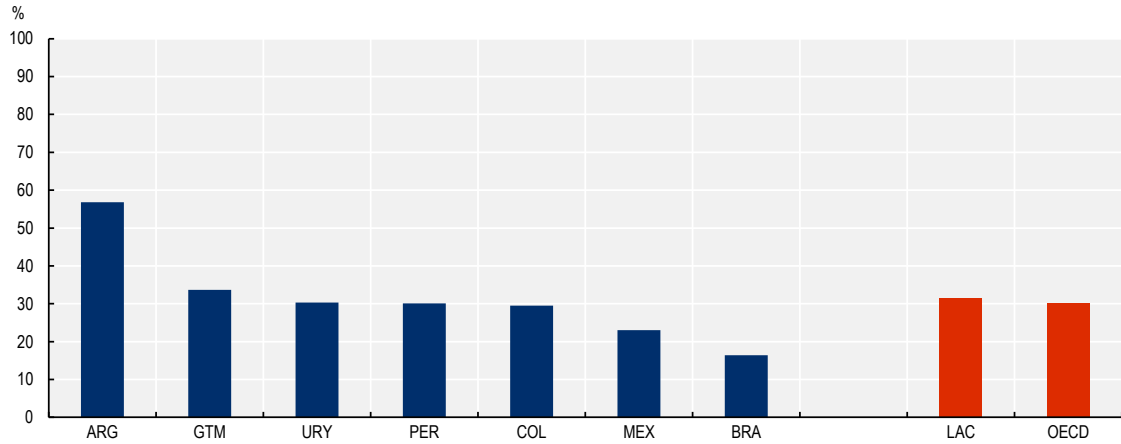
Figure notes

Figure 2.6. Refers to the question "How much would you say the political system in your country allows people like you to have a say in what the government does?". OECD average is based on 21 countries.

Figure 2.7. Data refer to the share of people who answered "satisfied" and "very satisfied" to the survey question: "In general, would you say that you are very satisfied, satisfied, dissatisfied, or very dissatisfied with the way democracy works in (country)?" Data for Argentina are from 2017. Data for Brazil, Colombia, Mexico and Peru are from 2018. Data for Uruguay are from 2022.

Figure 2.8. Voter turnout is the percentage of registered voters who voted in each election.

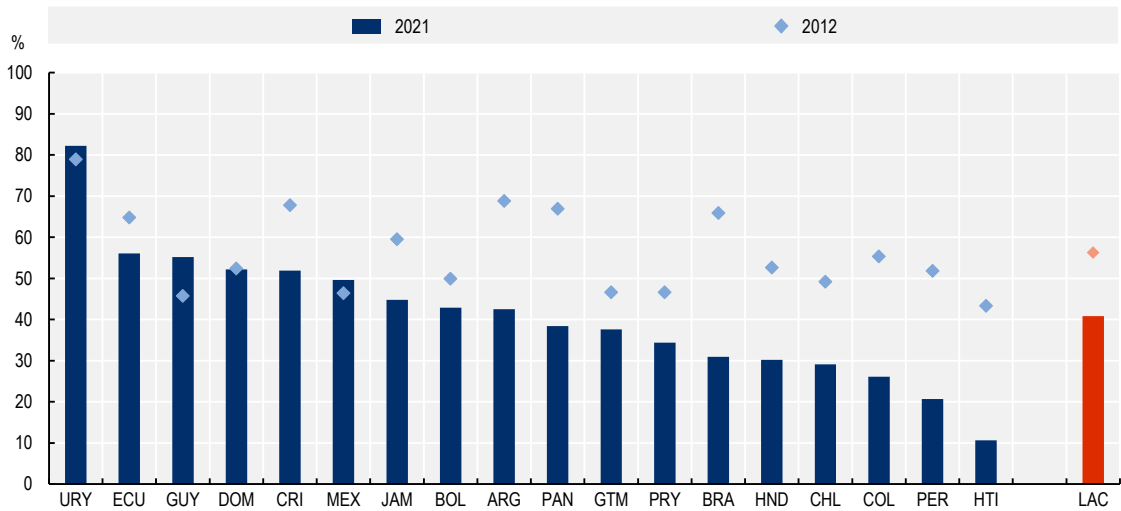
Figure 2.6. Having a say in what government does, 2022 (or the nearest year)



Source: Calculations based on the World Values Survey, 2017-22; OECD Trust Survey (<http://oe.cd/trust>).

StatLink <https://stat.link/soh8er>

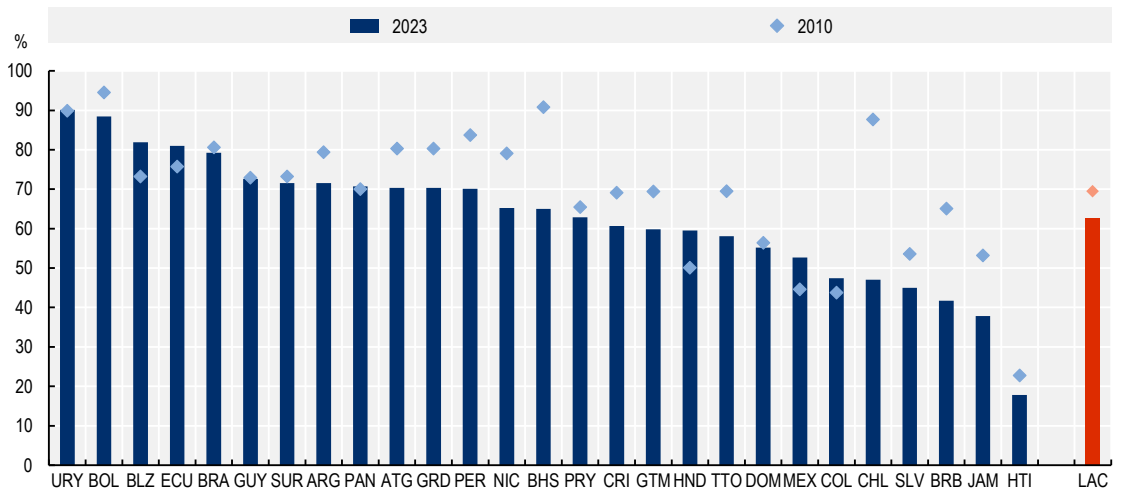
Figure 2.7. Satisfaction with democracy, 2012 and 2021



Source: The Americas Barometer by the LAPOP Lab.

StatLink <https://stat.link/ywpsnz>

Figure 2.8. Voter turnout in parliamentary elections, 2010 and 2023 (or the closest available year)



Source: International IDEA (2023), Voter Turnout Database.

StatLink <https://stat.link/8h5fwt>

Chapter 3.

Governance of the policy cycle

3.1 Functions of the centre of government

The centre of government (CoG), also known as the Office of the President, the Chancellery, the Cabinet Office, the General Secretariat of Government, among others, refers to the unit or group of units that serve the Head of the Executive (President or Prime minister and the cabinet collectively). The CoG often plays an important role in bridging the relationship between administrative officials and political appointees. It serves as a conduit for translating government agendas into whole-of-government strategies that guide policymaking across government. The CoG role in steering of public administration is also increasingly expanding into other areas including policy reforms, strategic planning, policy development, coordination between ministries, monitoring and data governance (OECD, forthcoming).

CoGs are gaining greater relevance as a growing number of cross-cutting issues require whole-of-government approaches and coherent responses. In the nine surveyed Latin American and Caribbean (LAC) countries, the most common functions for which CoGs hold full or shared responsibility are strategic planning, defining whole-of-government strategic policy priorities, policy co-ordination across government, and monitoring the implementation of government policy. CoGs in the region play an active role in anticipating risk and strategic foresight (seven out of nine countries, 78%), as well as managing the transition between outgoing and incoming governments (six out of nine countries, 67%). They play a less prominent role in areas such as data governance, with five of the surveyed countries allocating this function to other government bodies (Table 3.1).

The way CoGs co-ordinate among line ministries and agencies takes different forms in different countries. All nine surveyed CoGs act as facilitators or provide support to line ministries. In six out of nine countries, CoGs have a leadership role, providing clear policy direction to line departments, and in the same number, they act as arbitrators or mediators in conflicts between line departments. For instance, in Brazil the CoG, with the support of the president, is in charge of mitigating and resolving disagreements between ministry interests related to cross-cutting government initiatives. Similarly, the Colombian CoG has set up the Presidential Office for Stabilisation and Consolidation, which facilitates inter-institutional co-ordination of policies to implement the final peace agreement and to stabilise and consolidate intervened territories. Interestingly, in four out of nine LAC countries (44%), CoGs actively participate in the substantive content of policy making (Figure 3.1).

To facilitate policy co-ordination between government entities, CoGs in LAC countries use a variety of tools. All nine surveyed CoGs hold regular cabinet meetings, while seven hold ad hoc

cabinet meetings to address specific public policy issues. Other commonly used strategies to facilitate co-ordination are CoG-led working groups, permanent technical committees and ad hoc cross-departmental meetings, each used by six of the nine CoGs (67%), and permanent ministerial committees, used by five (56%). In contrast, only three out of the nine CoGs (33%) rely on written guidelines or cross ministerial budgets to facilitate co-ordination across government (Figure 3.2). Despite these differences in strategies, the CoGs in seven out of nine countries report having a high level of influence over the co-ordination between line ministries while their influence is considered moderate in the remaining two. In Paraguay and Peru, their reported influence increased from moderate in 2018 to high in 2022 (Online Figure F.1.1).

Methodology and definitions

Data are from the OECD-IBD Centres of Government Survey 2022, conducted during May-July 2022 in nine LAC countries. Respondents were senior officials who provide direct support and advice to heads of government and the council of ministers or cabinet.

The survey specifically targets the centre of government. It is not concerned with other units, offices or commissions that may report directly to the president or prime minister but are, effectively, carrying out functions that might equally well be carried out by line ministries.

Line ministry refers to any ministry which exercises delegated, sectoral powers and is responsible for the design and implementation of an area or sector of public policy and administration (e.g. agriculture, education, economy, foreign affairs), in line with the government programme and strategy.

Further reading

OECD (forthcoming), *Compendium of Practices: Steering from the Centre of Government in Times of Complexity*.

OECD (2020), *Policy Framework on Sound Public Governance: Baseline Features of Governments that Work Well*, OECD Publishing, Paris, <https://doi.org/10.1787/c03e01b3-en>.

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Figure notes

F.1.1 (Centre of government's influence over co-ordination between ministries, 2018 and 2022) is available online in Annex F.

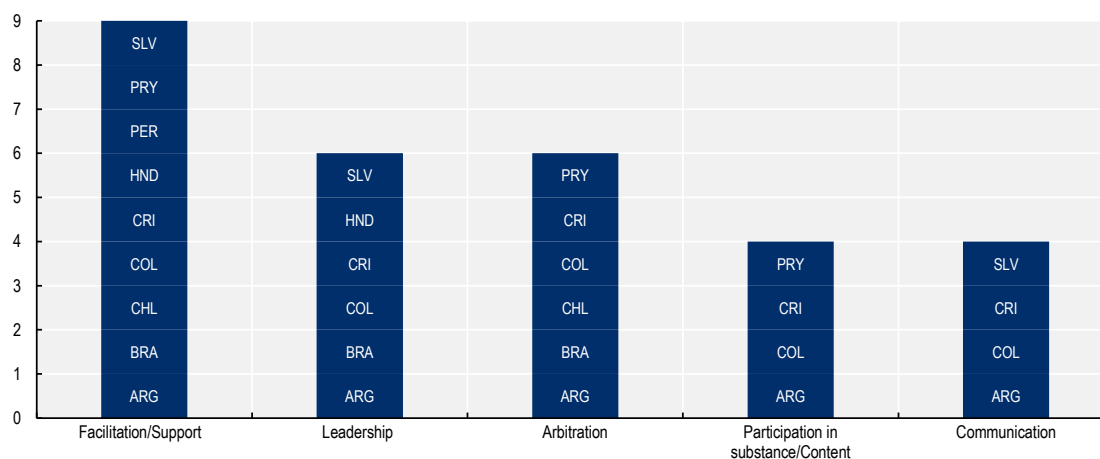
Table 3.1. Responsibilities of the centre of government, 2022

	CoG's responsibilities for the definition and design of whole-of-government national strategies					CoG's responsibilities for the implementation of whole-of-government strategic priorities						
	Identifies and defines whole-of-government strategic priorities		Co-ordinates the design of long-term strategic planning with line departments		Mandates line departments to develop long-term strategic plans in different cross-cutting areas	Monitors implementation		Collects reports on implementation and carries out evaluations		Ensures line ministries' proposals are linked to government priorities		
	2018	2022	2018	2022	2018	2022	2018	2022	2018	2022	2018	2022
Argentina	○	●	●	○	○	○	●	●	●	●	●	●
Brazil	●	●	○	●	○	●	●	●	●	●	●	●
Chile	●	●	●	○	○	○	●	●	●	●	●	●
Colombia	●	●	●	●	○	●	●	●	●	●	●	●
Costa Rica	●	●	●	●	●	●	●	●	●	●	●	●
El Salvador		●		○		○		●		○		○
Honduras	○	●	○	○	○	●	●	●	○	○	○	○
Paraguay	●	●	○	○	○	○	●	●	●	●	○	○
Peru	●	●	○	●	●	○	●	●	●	●	●	●
LAC Total												
● Yes	6	9	4	4	2	4	8	9	8	7	7	6
○ No	2	0	4	5	6	5	0	0	0	2	1	3

Source: OECD-IBD Centres of Government Survey 2022.

StatLink  <https://stat.link/it3oww>

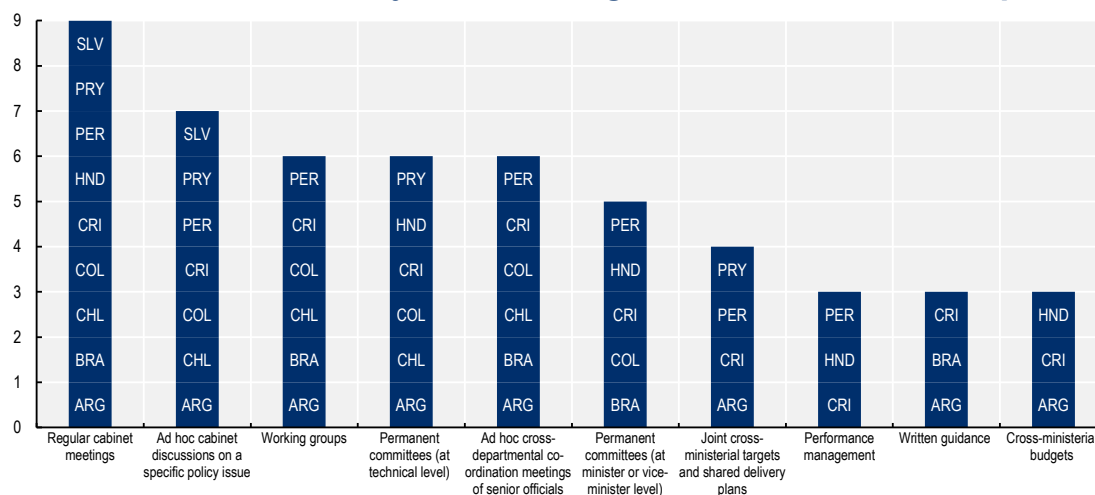
Figure 3.1. Role of the centre of government to supporting co-ordination between line ministries, 2022




Source: OECD-IBD Centres of Government Survey 2022.

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Figure 3.2. Main mechanisms used by the centre of government to co-ordinate policies, 2022



Source: OECD-IBD Centres of Government Survey 2022.

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3.2 Strategic management and monitoring in the centre of government

In many Latin American and Caribbean (LAC) countries, the centre of government (CoG) serves as a vital support mechanism for the head of government (i.e., the president) and their respective cabinets of ministers. Traditionally, one of the CoG's primary roles is to ensure that the policies proposed and implemented by line ministries are aligned with overarching strategic priorities (e.g. high-level outcomes that a government aims to achieve) and national strategies (e.g. comprehensive plans formulated by a government to achieve strategic priorities), typically outlined in the government agenda or programme. Strategic planning and prioritisation tend to involve actors from several areas of the administration as well as external stakeholders, requiring the CoG to take a co-ordinated approach across government. To achieve this, many CoGs collaborate with line ministries to establish targets and define action plans, aligning budgetary resources with these plans. Some CoGs also monitor progress towards defined targets during the implementation of strategies and policies, and provide assistance to line ministries to improve their performance.

A central role of CoGs is to define and design whole-of-government national strategies to ensure that government resources and actions are aligned with existing strategic priorities. In 2022, CoGs in all nine surveyed LAC countries were responsible for identifying and defining whole-of-government strategic priorities, an increase from six in 2018. However, it is less common for CoGs in the region to lead or co-ordinate the definition of a whole-of-government approach with line ministries. Only four of the nine CoGs in the region (44%) co-ordinate efforts with line departments to ensure a coherent approach in the design of long-term strategic plans, or require line ministries to develop long-term strategic plans in cross-cutting areas. Once these whole-of-government strategic priorities have been designed, CoGs play a prominent role in implementing them. All nine LAC CoGs monitor the implementation of strategic priorities, and seven (78%) collect reports on the implementation of strategic priorities. Similarly, the CoGs in six out of nine countries (67%) are responsible for ensuring that line ministers' proposals align with the government's priorities (Table 3.2).

A key aspect of the structure of CoGs is whether they have a dedicated unit (e.g. a delivery unit) responsible for monitoring the implementation of policy priorities. Notably, CoGs in eight of the nine (89%) surveyed LAC countries have a dedicated unit in place. In six of these, the unit has periodic data-driven follow-up meetings. Furthermore, five units use monitoring dashboards

and five provide support to line ministries to improve the implementation of national strategies. The monitoring units of Chile, Colombia, Costa Rica and Peru stand out for using all three tools to monitor the implementation of policy priorities (Figure 3.3).

Strategic planning requires anticipating risks and defining how current or future governments should manage any potential crises they may face. To enhance their preparedness, all nine surveyed CoGs in the region have established mechanisms to co-ordinate with local governments during crises, including those stemming from natural disasters. Well over half the CoGs in the region (seven out of nine) have responsibilities related to either national risk assessments or scenario planning exercises or both: five conduct national risk assessments and five strategic forecasting exercises (Figure 3.4). Even when foresight activities are carried out, it is crucial to link these to actionable response plans and provide training and awareness for the leaders and officials responsible for their implementation, as demonstrated by the COVID-19 experience (Shostak et al., 2023).

Methodology and definitions

Data are from the OECD-IDB Centres of Government Survey 2022, conducted during May-July 2022 in nine LAC countries. Respondents were senior officials who provide direct support and advice to heads of government and the council of ministers or cabinet.

Strategic planning is a tool for identifying short-, medium- and long-term priorities and goals (e.g. "improve education" or "achieve energy security") and laying out a set of present and future (collective) actions for achieving them.

Risk management refers to the design and implementation of actions and remedies to address risks.

Further reading

OECD (forthcoming), *Compendium of Practices: Steering from the Centre of Government in Times of Complexity*.

OECD (2020), "Building resilience to the Covid-19 pandemic: The role of centres of government", *OECD Policy Responses to Coronavirus (COVID-19)*, OECD Publishing, Paris, <https://doi.org/10.1787/883d2961-en>.

Shostak, R. et al. (2023), *The Center of Government, Revisited: A Decade of Global Reforms*, Inter-American Development Bank, <https://doi.org/10.18235/0004994>.

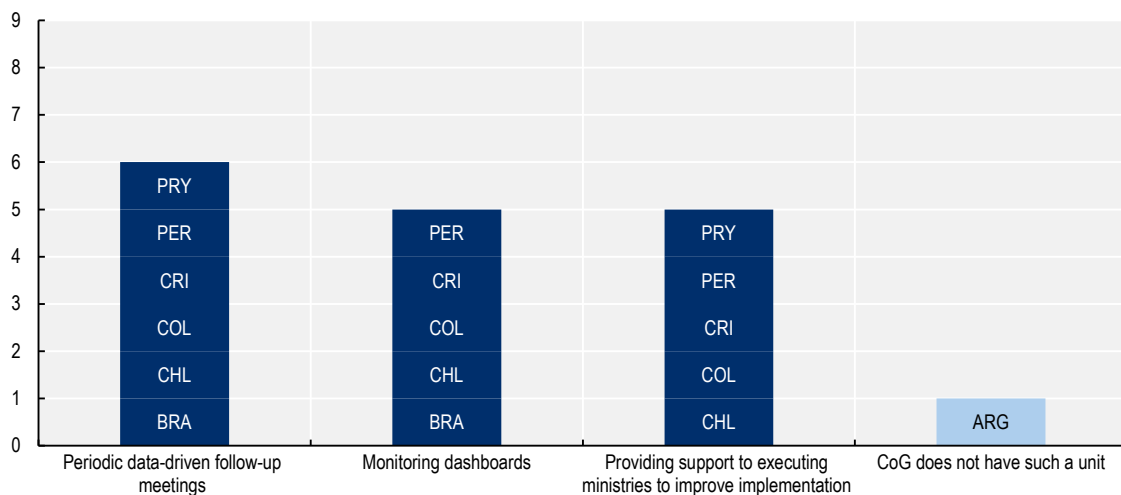
Table 3.2. Responsibilities of the centre of government for strategic planning, 2018 and 2022

	CoG's responsibilities for the definition and design of whole-of-government national strategies						CoG's responsibilities for the implementation of whole-of-government strategic priorities					
	Identifies and defines whole-of-government strategic priorities		Co-ordinates the design of long-term strategic planning with line departments		Mandates line departments to develop long-term strategic plans in different cross-cutting areas		Monitors implementation		Collects reports on implementation and carries out evaluations		Ensures line ministries' proposals are linked to government priorities	
	2018	2022	2018	2022	2018	2022	2018	2022	2018	2022	2018	2022
Argentina	○	●	●	○	○	○	●	●	●	●	●	●
Brazil	●	●	○	●	○	●	●	●	●	●	●	●
Chile	●	●	●	○	○	○	●	●	●	●	●	●
Colombia	●	●	●	●	○	●	●	●	●	●	●	●
Costa Rica	●	●	●	●	●	●	●	●	●	●	●	●
El Salvador		●		○		○		●		○		○
Honduras	○	●	○	○	○	●	●	●	●	○	●	○
Paraguay	●	●	○	○	○	○	●	●	●	●	○	○
Peru	●	●	○	●	●	○	●	●	●	●	●	●
LAC												
● Yes	6	9	4	4	2	4	8	9	8	7	7	6
○ No	2	0	4	5	6	5	0	0	0	2	1	3

Source: OECD-IBD Centres of Government Survey 2022.

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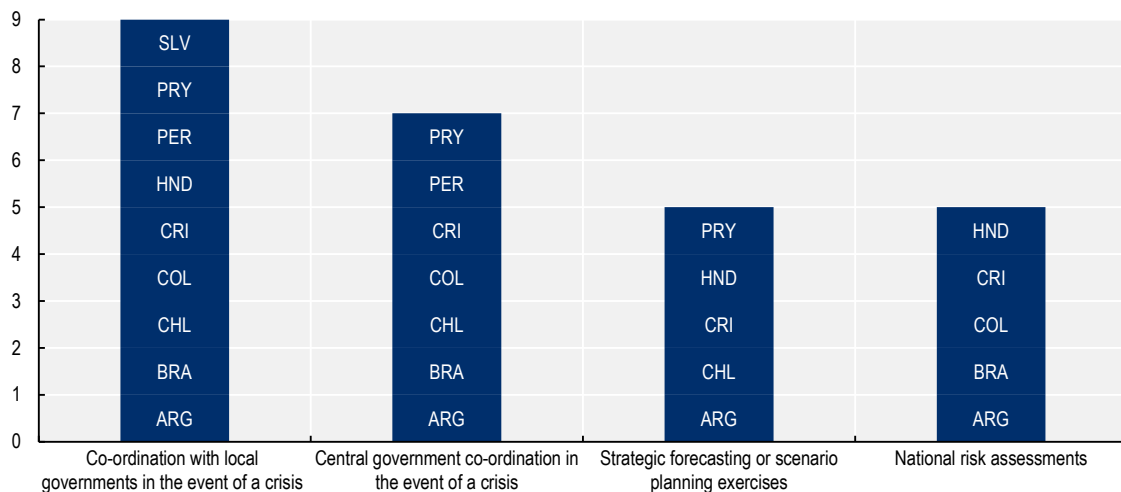
Figure 3.3. Tools used by monitoring units to track implementation of policy priorities, 2022



Source: OECD-IBD Centres of Government Survey 2022.

StatLink  <https://stat.link/3h12o9>

Figure 3.4. Responsibilities of the centre of government for risk and crisis management, 2022



Source: OECD-IBD Centres of Government Survey 2022.

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3.3 Communication functions of the centre of government

The communication functions of centres of government (CoGs) are vital for ensuring effective dissemination of government objectives and to foster transparency, accountability and public engagement (OECD, 2021). Moreover, as digital technology fuels the demand for instant information, CoGs are responsible for ensuring the accurate and timely dissemination of government messages to all segments of society. The digital transformation has also allowed ministries and officials to engage with citizens in real time. Against this backdrop, a co-ordinated and comprehensive communication strategy is essential for fostering trust in the government's integrity and approach (Shostak et al., 2023).

Handling media engagement is one of the most common communication functions for CoGs in the Latin American and Caribbean (LAC) region, assigned to CoGs in six out of the nine surveyed countries (67%). CoGs also lead their governments' communication strategy in five of those countries (56%), a similar share as in OECD countries, and play a leading role in communications during crises in six (67%, compared to 58% of OECD countries). Government websites, email marketing, social networks, online video and online advertising, known as digital communication, are part of the functions of four out of nine CoGs (44%). A large majority of OECD countries recognise evaluation as a core communication competency, however many of them consider it to be one of the top three most challenging competencies for CoGs (OECD, 2021). Only the CoGs in El Salvador and Paraguay evaluate communication activities to determine their relevance, effectiveness and whether they are achieving their objectives, and to inform future communication activities. Some countries have a whole-of-government approach to communication, with the CoG co-ordinating strategies and executing them in collaboration with other government institutions. This is the case for seven of the surveyed LAC countries. For instance, in Colombia and Peru, each line ministry has its own press or social communication chief responsible for media engagement who operates within a whole-of-government public communication network and co-ordinates with or adheres to guidelines set by their CoGs (OECD, 2021 and Figure 3.5).

Having clear objectives for the CoG's communication activities is essential to their effectiveness. The most common objectives across surveyed LAC countries are defining strategies for communicating government policy priorities and promoting transparency (in seven out of nine countries each, 78%). Other less common objectives of communication activities in the LAC region are increasing public knowledge about policies or services, handling crises or emergencies (four out of nine in both, 44%) and gauging and evaluating public sentiment (three out of nine, 33%) (Figure 3.6).

The role of public communication is not limited to informing; it can also play a central role in strengthening transparency and accountability. By raising awareness of shortcomings in policy delivery and helping to explain the challenges faced it can help to improve the design and implementation of policies and services. To achieve this, governments must have adequate tools for communicating with citizens. Eight out of nine LAC countries (89%) use speeches by the head of government or other government leaders to disseminate information about the government's progress. Three countries complement the speeches by publishing regular accountability reports and two with dashboards for the public to consult. Public communication can also help strengthen trust by improving governments' responsiveness and, in turn, citizens' perception of fairness. One way to achieve this is through Q&A sessions with citizens, where the government responds to citizens' concerns. These are only used Colombia and Honduras (Figure 3.7).

Methodology and definitions

Data are from the OECD-IDB Centres of Government Survey 2022, conducted during May-July 2022 in nine LAC countries. Respondents were senior officials who provided direct support and advice to heads of government and the council of ministers or cabinet.

Public communication is understood as any communication activity led by public institutions for the public good. It is distinct from political communication – political parties, debates or elections – to the extent possible. Media engagement is the management of relationships with journalists to promote government policy or defend the reputation of the government in the news. This includes proactive engagement through press releases and organising radio and TV interviews as well as reactive engagement, such as responding to negative news stories.

Further reading

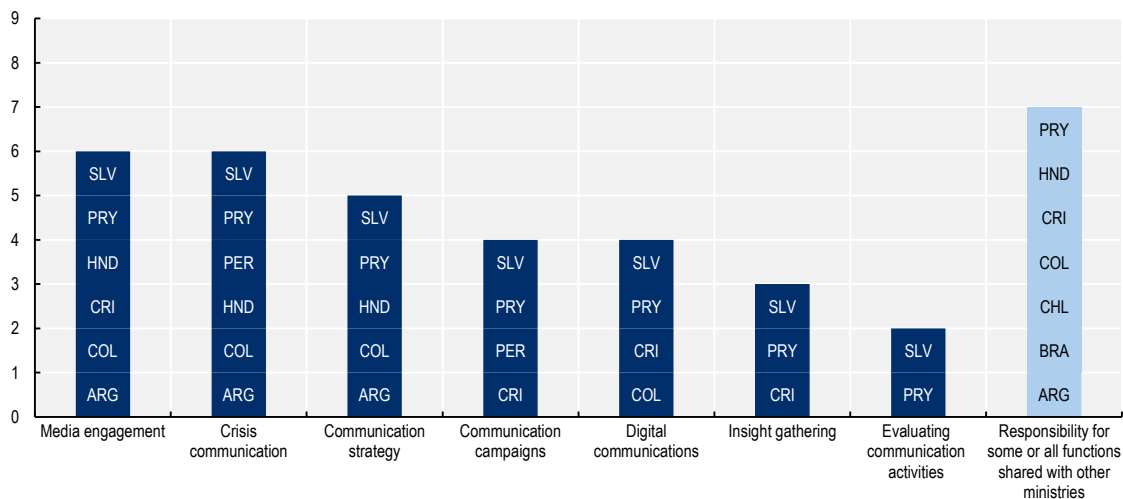
OECD (2021), *OECD Report on Public Communication: The Global Context and the Way Forward*, OECD Publishing, Paris, <https://doi.org/10.1787/22f8031c-en>.

Shostak, R. et al. (2023), *The Center of Government, Revisited: A Decade of Global Reforms*, Inter-American Development Bank, <https://doi.org/10.18235/0004994>.

Figure notes

Figure 3.7. Argentina is not included since it does not use any of the listed communication tools.

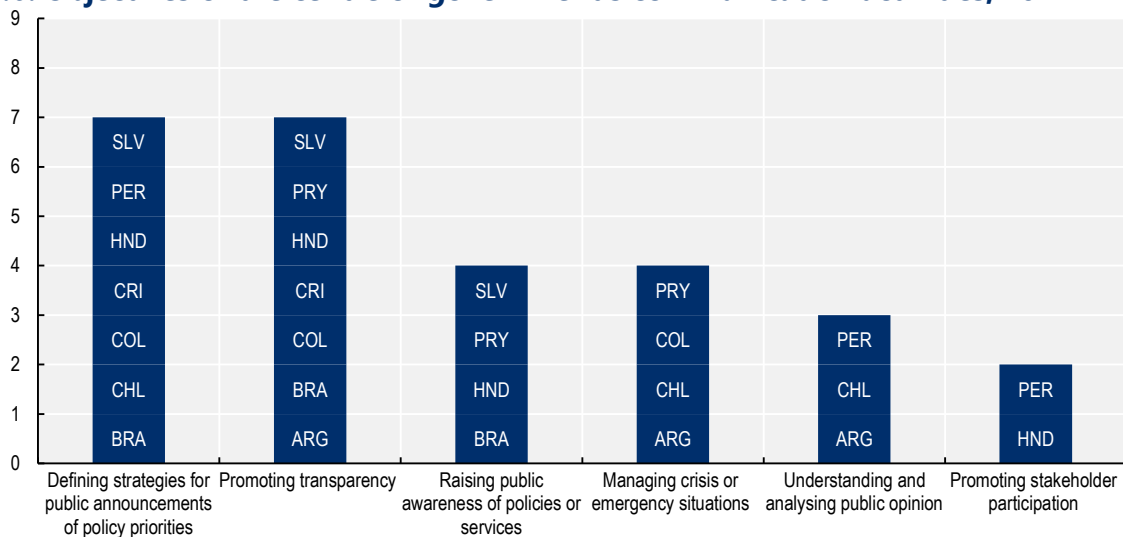
Figure 3.5. Centre of government communication functions, 2022



Source: OECD-IDB Centres of Government Survey 2022.

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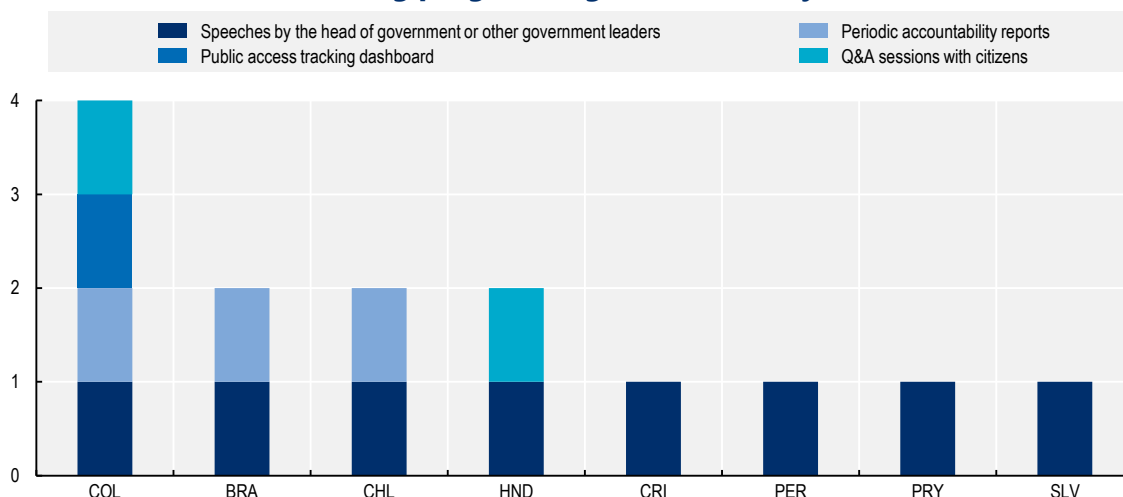
Figure 3.6. Objectives of the centre of government’s communication activities, 2022



Source: OECD-IDB Centres of Government Survey 2022.

StatLink <https://stat.link/q4pfnq>

Figure 3.7. Forms for communicating progress in government objectives, 2022



Source: OECD-IDB Centres of Government Survey 2022.

StatLink <https://stat.link/8ryzbi>

3.4 Public communication campaigns

To ensure their relevance and impact, the messages and channels used in public communication campaigns about government policies need to be tailored for different target populations (OECD, 2021). Such targeted communication campaigns can help ensure that people in all segments of the population are informed and engaged and feel heard by their government. Such campaigns can be targeted based on demographics, including young people, the elderly, women, LGBTQI collectives or other under-represented groups. Targeting can also be based on the values different groups have, for example with regard to specific topics. Countries also need to systematically evaluate the impact of their public communication campaigns and strategies, including both their intended and unintended consequences, to determine how well they met their objectives. This can then pave the way for improving future campaigns.

In Latin America and the Caribbean (LAC), conveying core policy messages to specific demographics does not yet appear to be a widespread practice among centres of government (CoGs). Out of the nine surveyed countries, only Costa Rica, Honduras and Peru reported targeting public communication campaigns at specific populations. All three of these countries target women, ethnic minorities and the LGBTQI community, while Costa Rica and Honduras also have campaigns aimed at the elderly, migrants and people with disabilities. Costa Rica, which addresses every group in the survey, is the sole country targeting young people (Figure 3.8). The limited use of such tailored campaigns in the LAC region underscores the potential to make more use of tailored communication approaches to increase the effectiveness of policies and the engagement of different citizens in the development and implementation of such policies.

The evaluation of communication campaigns provides governments with tangible evidence of the campaign's impact on citizens and can enable the continuous improvement of such campaigns. It can also help demonstrate how much communication campaigns have contributed to the achievement of government priorities and their return on investment. Among the nine surveyed LAC countries, five (56%) evaluate the impact of their communication campaigns. All of these countries assess the number of people reached by the campaign. Brazil, El Salvador and Paraguay also measure the level of awareness

reached and changes in the uptake of public services. Brazil uses the greatest number of criteria to evaluate communication campaigns; it also measures behavioural changes in the population and possible reasons why the communication activities might not have achieved all their goals. There is potential for improvement in the region, through the adoption of more advanced and varied criteria to assess communication campaigns that go beyond output indicators and by integrating social listening as a key component of evaluation. So far, no LAC country assesses whether communication campaigns had an effect on stakeholders' involvement in a particular policy or reform, and nor do any of them assess whether campaigns had any unintended effects (Figure 3.9).

Methodology and definitions

Data are from the OECD-IDB Centres of Government Survey 2022, conducted during May-July 2022 in nine LAC countries. Respondents were senior officials who provide direct support and advice to heads of government and the council of ministers or cabinet.

A communication campaign is a planned series of communication activities relating to a specific policy through one or multiple channels, such as social media, broadcast media or events, over a defined period of time.

Further reading

Shostak, R. et al. (2023), *The Center of Government, Revisited: A Decade of Global Reforms*, Inter-American Development Bank, <https://doi.org/10.18235/0004994>.

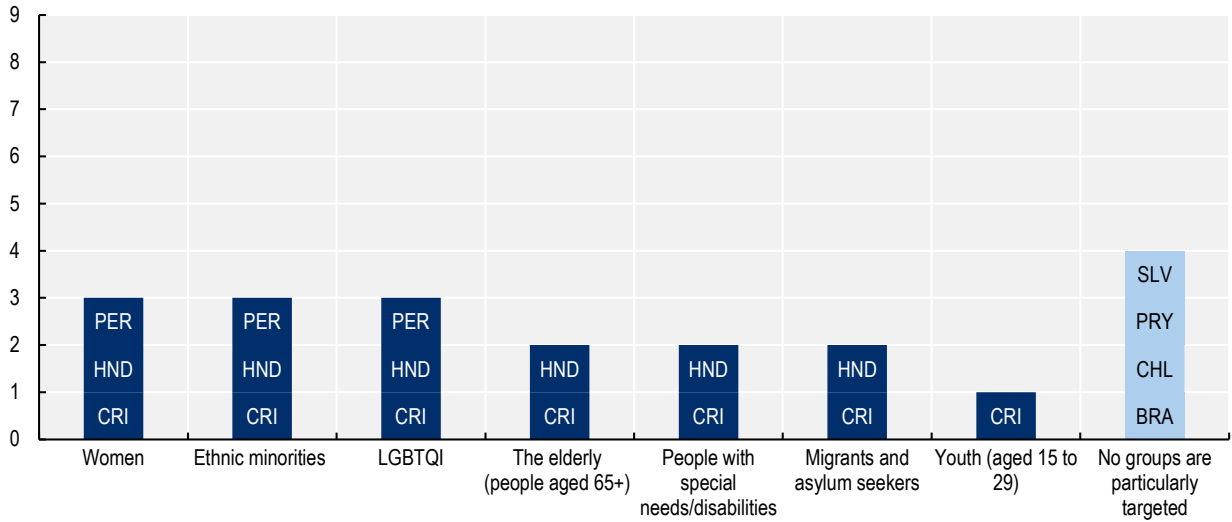
OECD (2021), *OECD Report on Public Communication: The Global Context and the Way Forward*, OECD Publishing, Paris, <https://doi.org/10.1787/22f8031c-en>.

Figure notes

Figure 3.8. Data are not available for Argentina, Colombia and Guatemala.

Figure 3.9. Argentina, Chile, Colombia and Honduras are not included since they do not evaluate the impact of their communication campaigns. Data are not available for Guatemala.

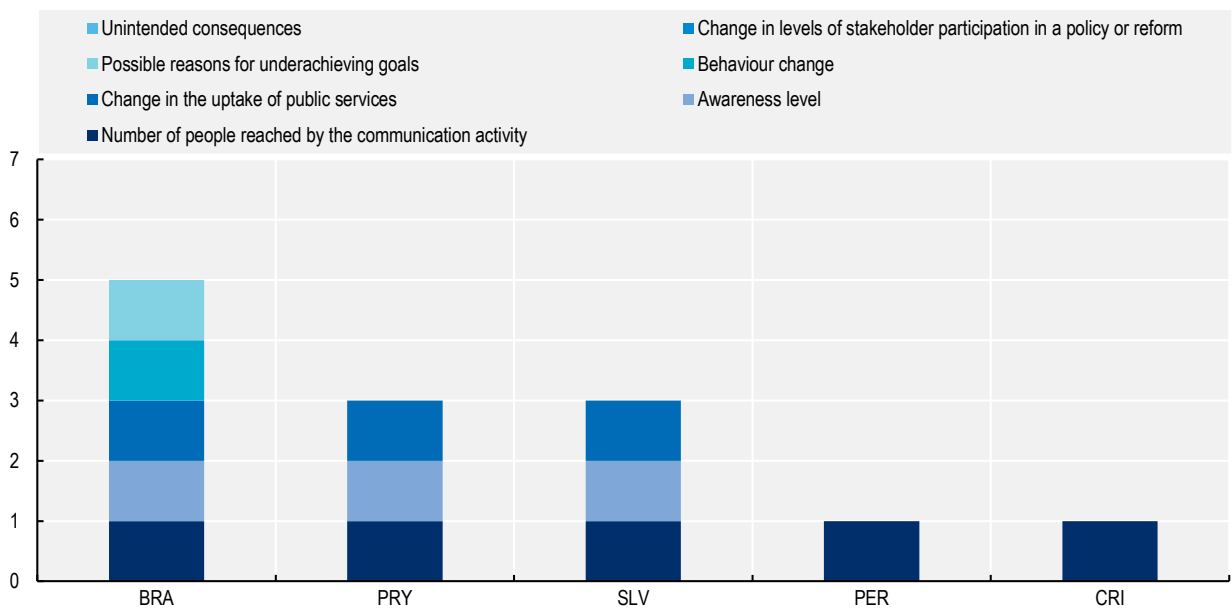
Figure 3.8. Target groups for communication strategies, 2022



Source: OECD-IDB Centres of Government Survey 2022.

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Figure 3.9. Criteria for evaluating the impact of communication activities, 2022



Source: OECD-IDB Centres of Government Survey 2022.

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3.5 Rule of law

The rule of law is a fundamental pillar of democratic governance, ensuring that all individuals and organisations, including the government, are subject to the same rules, standards and principles. Legal cultures encompass a variety of elements, such as laws, codes, statutes, traditions, procedural rulings and international agreements. These components work together in a system to uphold the rule of law, protecting rights and limiting government powers, ensuring government accountability. It also facilitates the effective provision of public goods and promotes economic development by creating a predictable and transparent legal environment for businesses to operate in fostering economic growth and stability, while acting as a safeguard against breaches of integrity and corruption. Under the rule of law, every person is entitled to equal treatment in accordance with the law and fair judgment from independent and impartial courts (Venice Commission, 2011).

The World Justice Project (WJP) Rule of Law Index assesses several dimensions of the rule of law, with each scoring between 0 and 1, where 0 is the weakest and 1 the strongest adherence to the rule of law. The *constraints on government powers* dimension measures the extent to which those who govern are bound by law. It considers mechanisms that restrict and ensure accountability for the powers wielded by the government and its officials, as well as non-government checks, including a free and independent press. The *fundamental rights* dimension covers the degree to which governments abide by international human rights law established under the United National Universal Declaration of Human Rights, including rights to equal treatment and absence of discrimination, to life and security, and to freedom of opinion and expression. Countries' scores for these two dimensions are highly correlated in Latin America and the Caribbean (LAC). Most LAC countries score between 0.5 and 0.7 for fundamental rights, and between 0.4 and 0.6 for constraints on government. In contrast, most OECD countries score over 0.7 for both dimensions. However, the results vary widely within the region. Costa Rica (0.79 and 0.78), Uruguay (0.78 and 0.75) and Chile (0.72 and 0.71) have the highest scores for both dimensions, while other countries score under 0.5 (Figure 3.10).

The rule of law is also crucial to fighting corruption. The *regulatory enforcement* dimension of the WJP Index measures as one of its subdimensions whether the enforcement of regulations and public services delivery are subject to bribery, undue influence from private interests or other illicit inducements. The average score in the LAC region is 0.63 implying that the enforcement of regulations and delivery of public services can still be unduly influenced by private interests.

Barbados (0.84), Uruguay (0.81), and Antigua and Barbuda (0.78) have the highest scores among LAC countries, similar to the OECD average of 0.83 (Figure 3.11).

One of the functions of the rule of law is to provide an impartial system that resolves conflicts without discrimination. The *civil* and *criminal justice* dimensions of the Rule of Law Index measure as one of their subdimensions whether the justice system or its agents discriminate based on socio-economic status, gender, ethnicity, religion, national origin, sexual orientation or gender identity. A similar pattern is found for these measures as the other dimensions, with lower LAC averages than the OECD for both civil justice (0.51 compared with 0.66) and criminal system (0.39 versus 0.59). There are notable differences between these two scores across most LAC countries, with most recording a lower score for criminal justice. In particular, El Salvador (0.16), Trinidad and Tobago (0.18), and Brazil (0.10) have lower scores on the impartiality of their criminal system, compared with their scores for civil justice (0.61 for El Salvador, 0.58 for Trinidad and Tobago, and 0.46 for Brazil). Uruguay (0.79 for civil justice and 0.62 for criminal) and Costa Rica (0.71 for both) have the highest scores for both measures, showing that both their criminal and civil law systems are committed to being free from discrimination (Figure 3.12).

Methodology and definitions

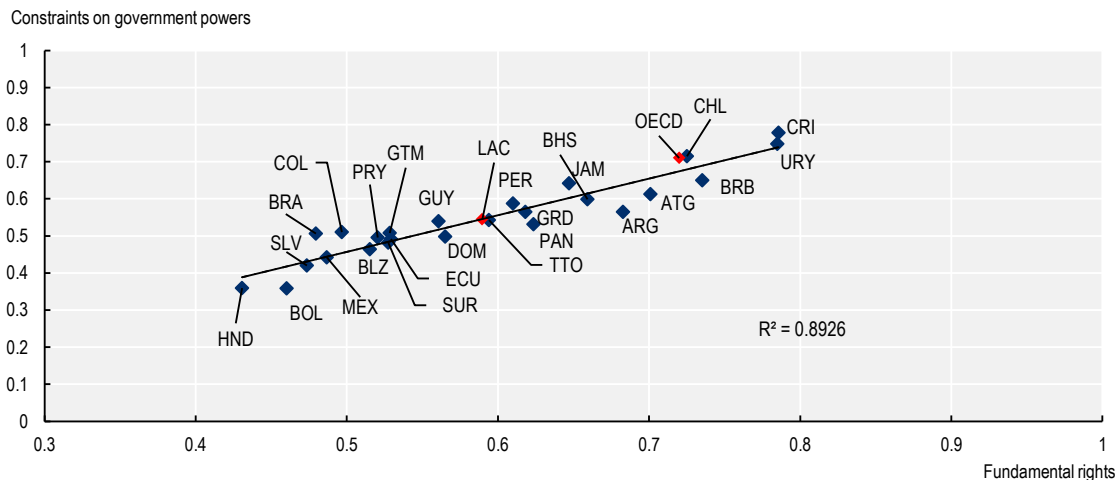
The Rule of Law Index captures eight dimensions: 1) constraints on government powers; 2) absence of corruption; 3) open government; 4) fundamental rights; 5) order and security; 6) regulatory enforcement; 7) civil justice; and 8) criminal justice. The World Justice Project collects nationally representative samples (some countries restrict their sample to major urban areas) in a mix of face-to-face/online surveys and local expert interviews in each country. All country scores are normalised to a range between 0 (weakest adherence to the rule of law) and 1 (strongest adherence to the rule of law) for each dimension.

Further reading

Venice Commission (2011), *Report on the Rule of Law*, Venice Commission of the Council of Europe, [www.venice.coe.int/webforms/documents/?pdf=CDL-AD\(2011\)003rev-e](http://www.venice.coe.int/webforms/documents/?pdf=CDL-AD(2011)003rev-e).

WJP (2023), *Rule of Law Index 2023*, World Justice Project, Washington, DC, worldjusticeproject.org/rule-of-law-index/downloads/WJPIndex2023.pdf.

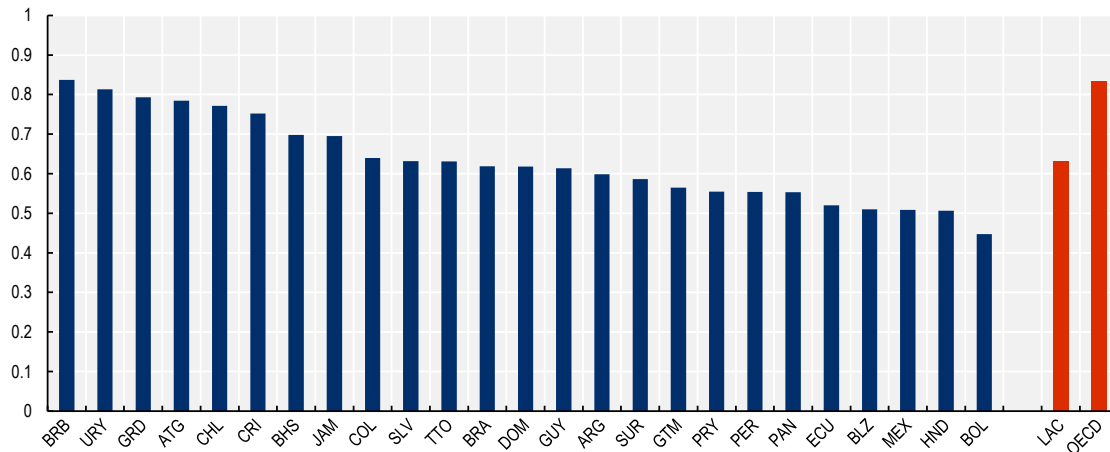
Figure 3.10. Rule of Law Index: Limited government powers versus fundamental rights, 2023



Source: WJP (2023), Rule of Law Index 2023.

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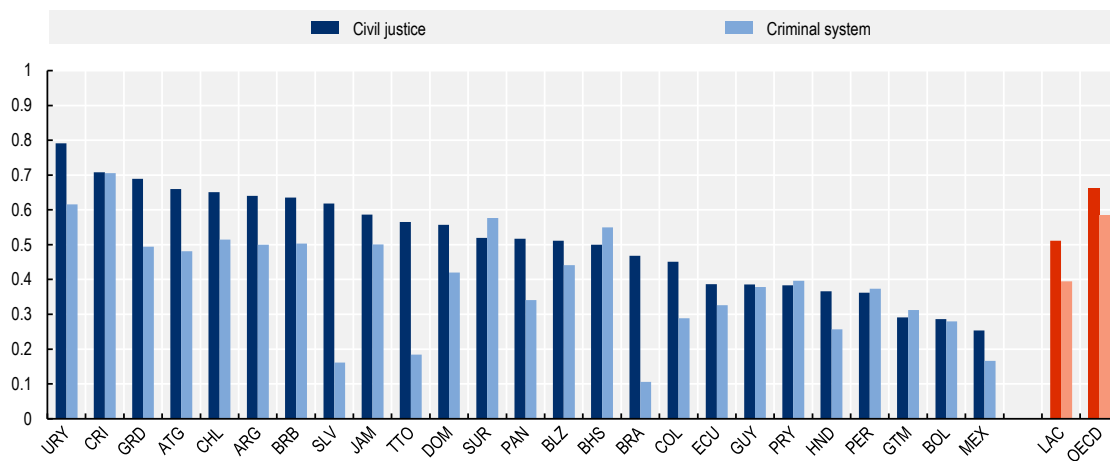
Figure 3.11. Rule of Law Index: Freedom of regulatory enforcement from improper influence, 2023



Source: WJP (2023), Rule of Law Index 2023.

StatLink <https://stat.link/7a35rb>

Figure 3.12. Rule of Law Index: Freedom of civil and criminal justice systems from discrimination, 2023



Source: WJP (2023), Rule of Law Index 2023.

StatLink <https://stat.link/aqdfsz>

3.6 Financing of political parties and electoral campaigns

Political parties and election campaigns are the basis of modern democracies, reflecting the interests of citizens and playing a crucial role in the election of representatives. Financial contributions enable individuals and entities to support candidates and political parties that align with their political views. However, unregulated contributions pose a risk of undue influence and policy capture. Ensuring transparency through rules and oversight of electoral finance is therefore crucial for strengthening the integrity of the democratic process.

Political parties and election campaigns can be financed through the allocation of resources by the state (direct and indirect public funding) or from resources given by individuals and legal entities (private funding). Establishing clear and equitable allocation criteria for public funds, and increasing transparency about sources, are key measures to level the playing field in political competition. Levels of public funding of political parties and election campaigns vary considerably across countries. In the six Latin America and the Caribbean (LAC) countries with data available, 38% of political parties' revenues come from public sources. In Brazil (63%) and Mexico (53%) public funding makes up more than half of parties' revenues, whereas in Chile (24%) and Peru (20%) the share is considerably lower (Figure 3.13).

Countries should have regulations on both the use of public funds and on mitigating the risk of undue influence in politics. All six LAC countries with available data have regulations that ban anonymous donations, and all contributions made to political parties and candidates must be registered and reported. These restrictions exist in only 55% of OECD countries. Similarly, all six LAC countries prohibit political parties from receiving financial contributions from publicly owned enterprises (compared to 80% of OECD countries) and require parties and/or candidates to report their finances, including expenses, during electoral campaigns, which enable the use of public funds to be monitored, compared to 93% for OECD countries (Figure 3.14).

However, rules and regulations serve little purpose if they go unimplemented or if non-compliance does not result in appropriate enforcement actions. It is essential to have mechanisms for overseeing compliance and sanctioning breaches. All six LAC countries have an independent oversight body responsible for overseeing the financing of political parties and election campaigns. However, only in Argentina, Mexico and Peru have these oversight bodies published information about the number of cases related to breaches of political finance regulations, the number of investigations conducted and a breakdown of the different types of sanctions issued. Furthermore, despite being required to in all countries, only Mexico reports that all its political parties have submitted annual

accounts within the timelines defined by national legislation for the past five years, indicating lack of transparency in the region. In contrast, political parties in 54% of OECD countries have submitted their annual accounts in time over the same period (Figure 3.15). These data indicate a gap between the existence of strict regulations on political finance and actual compliance, whether voluntary or through the use of oversight mechanisms.

Methodology and definitions

Data were collected through a questionnaire based on the OECD Public Integrity Indicators on Accountability of Public Policy Making. Six countries from the LAC region responded. Respondents were senior officials responsible for integrity policies in central government. The OECD Public Integrity indicators measure the state of play against the OECD Recommendation on Public Integrity.

Further reading

OECD (n.d.), Public Integrity Indicators, <https://oecd-public-integrity-indicators.org/> (accessed on 15 November 2023).

OECD (2020), *OECD Public Integrity Handbook*, OECD Publishing, Paris, <https://doi.org/10.1787/ac8ed8e8-en>.

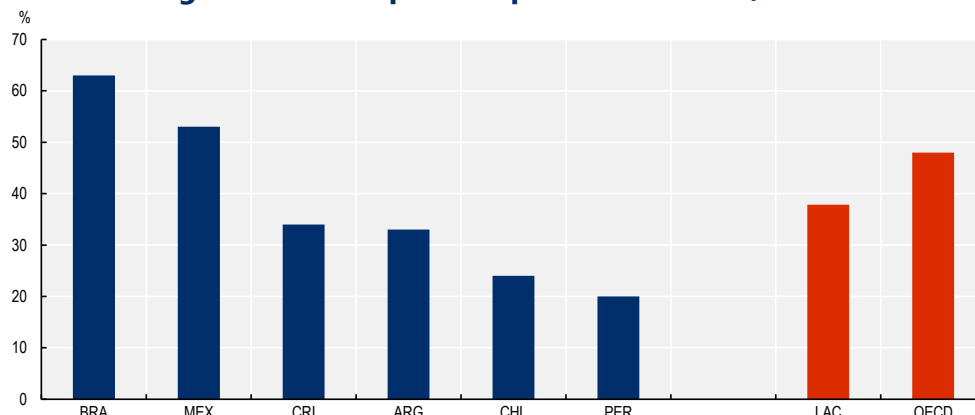
OECD (2017), "Recommendation of the Council on Public Integrity", *OECD Legal Instruments*, OECD, Paris, <https://legalinstruments.oecd.org/en/instruments/OECD-LEGAL-0435>.

Figure notes

Figure 3.14. Inner ring: ban on anonymous donations, and all contributions made to political parties and/or candidates must be registered and reported. Middle ring: ban on contributions from publicly owned enterprises. Outer ring: parties and/or candidates must report their finances (funding and expenses) during electoral campaigns.

Figure 3.15. Inner ring: all political parties have submitted annual accounts within the timelines defined by national legislation for the past five years. Middle ring: The body has published as a minimum the following information: 1) number of cases related to breaches of political finance regulations; 2) number of investigations conducted; and 3) a breakdown of the different types of sanctions issued. Outer ring: an independent body has the mandate to oversee the financing of political parties and election campaigns. Data for Costa Rica on political parties' compliance with the submission of annual accounts are not available.

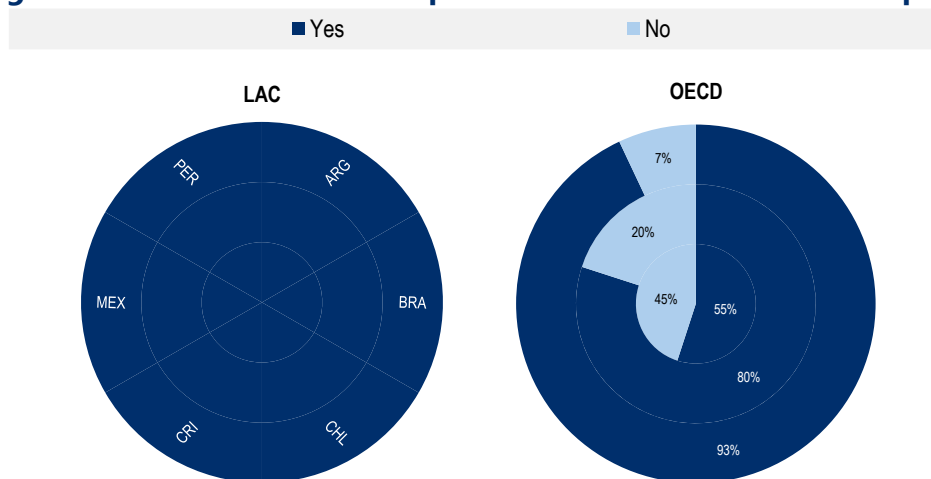
Figure 3.13. Public funding as a share of political parties' revenues, 2022



Source: OECD (2022), Public Integrity Indicators (database), <https://oecd-public-integrity-indicators.org/>.

StatLink <https://stat.link/v9d74a>

Figure 3.14. Regulations on contributions to political finance and election campaigns, 2022

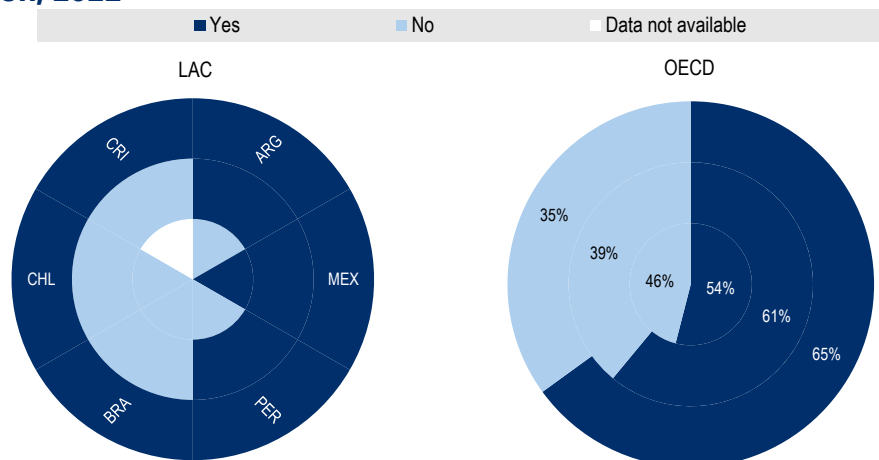


Note: Inner ring: ban on anonymous donations, and all contributions made to political parties and/or candidates must be registered and reported. Middle ring: ban on contributions from publicly owned enterprises. Outer ring: parties and/or candidates must report their finances (funding and expenses) during electoral campaigns.

Source: OECD (2022), Public Integrity Indicators (database), <https://oecd-public-integrity-indicators.org/>.

StatLink <https://stat.link/vf70lz>

Figure 3.15. Oversight of political finance and election campaigns: Independent oversight and public information, 2022



Note: Inner ring: all political parties have submitted annual accounts within the timelines defined by national legislation for the past five years. Middle ring: information on breaches, investigations and sanctions are published. Outer ring: an independent body has the mandate to oversee the financing of political parties and election campaigns.

Source: OECD (2022), Public Integrity Indicators (database), <https://oecd-public-integrity-indicators.org/>.

StatLink <https://stat.link/wpt4mv>

3.7 Managing conflicts of interest and lobbying

Identifying, regulating and managing potential conflicts of interest among policy makers, as well as potential undue influence from interest groups, are key elements to strengthen and enhance transparency and accountability. Failure to identify and manage conflicts of interests correctly can undermine the impartiality of policy making and service delivery. If not appropriately regulated, conflicts of interest can also open the door for potential policy capture by private interest groups. Likewise, while interest groups provide valuable insights on public policies, the misuse of lobbying practices can result in them exerting undue influence through the use of covert information or manipulation of public opinion, prioritising their interests over public ones.

Governments can establish frameworks with clear definitions of circumstances and relationships that may lead to conflict of interest situations to prevent the potential conflict of interests of public officials. Four out of six Latin America and the Caribbean (LAC) countries with available data have regulations with such definitions. To ensure the identification and management of potential conflict of interest situations, public officials should also be transparent about any affiliations or special interest they may have. All six LAC countries have regulations which require members of government to submit interest declarations, at the very least upon entry, renewal or change in public office. However, there are issues with compliance, since Chile is the only LAC country where all government members have submitted all interest declarations during the last six years (Figure 3.16).

To improve compliance with conflict-of-interest regulations, it is important to monitoring potential breaches and impose necessary sanctions. In five of the surveyed LAC countries, sanctions for breaches of conflict-of-interest provisions are defined and proportional to the severity of the offence (compared to 78% of OECD countries). However, out of the six LAC countries, only in Argentina the authority responsible for monitoring has issued recommendations for resolution within 12 months for all cases of conflict of interest detected for the past three years (35% of OECD countries). Also only Argentina has issued sanctions in cases of non-compliance with disclosure obligations, non-management or non-resolution of a conflict-of-interest situation in the past three years. Among OECD member countries, 55% have issued such sanctions during the same period (Figure 3.17). These data highlight a gap between regulations and their effective implementation in LAC countries. Undue influence through unregulated lobbying activities also presents a risk for policy makers and the public interest. Lobbying should be regulated to ensure transparency about the participation of private interest groups and prevent undue influence. However, only three out of six LAC countries (Chile, Mexico and Peru) have a definition of lobbying activities in their legal frameworks, and only Chile and Mexico have made their

lobbying registers publicly accessible online (Figure 3.18). Moreover, Chile is the only LAC country with available data that has a supervisory function in its central government to oversee issues with the transparency of lobbying activities. This further underscores the region's limited capabilities to monitor and sanction breaches in lobbying practices. Chile is also the only LAC country that has carried out any investigations into non-compliance with lobbying activity regulations over the past year (Online Figure F.1.2).

Methodology and definitions

Data were collected through a questionnaire based on the OECD Public Integrity Indicators on Accountability of Public Policy Making. Six LAC countries responded. Respondents were senior officials responsible for integrity policies in central government. The OECD Public Integrity indicators measure the state of play against the OECD Recommendation on Public Integrity.

Special interest groups are groups, usually limited in number relative to the population, that are well-organised and have significant financial resources to focus on influencing public policies and regulations.

Undue influence is the attempt to influence the design, implementation, execution and evaluation of public policies and regulations administered by public officials, whether by providing covert, deceptive or misleading evidence or data; manipulating public opinion; or using other practices intended to manipulate the decisions of public officials.

A conflict of interest in the public sector arises when a public official has private-capacity interests, which could improperly influence the performance of their official duties and responsibilities.

Further reading

OECD (2021), *Lobbying in the 21st Century: Transparency, Integrity and Access*, OECD Publishing, Paris, <https://doi.org/10.1787/c6d8eff8-en>.

OECD (2020), *OECD Public Integrity Handbook*, OECD Publishing, Paris, <https://doi.org/10.1787/ac8ed8e8-en>.

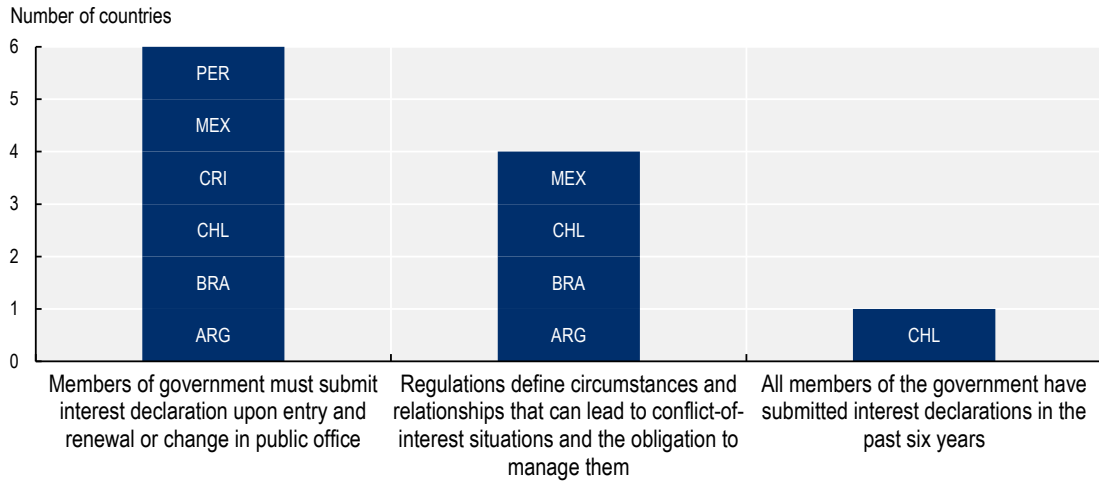
Figure notes

Figure 3.16. Data on members of the government having submitted their interest declarations are not available for Brazil and Costa Rica.

Figure 3.17. Data on recommendations issued by responsible authority for resolving for conflicts of interest are not available for Brazil. Data on sanctions issued are not available for Brazil and Peru.

F.1.2 (Oversight of and investigations into lobbying activities, 2022) is available online in Annex F.

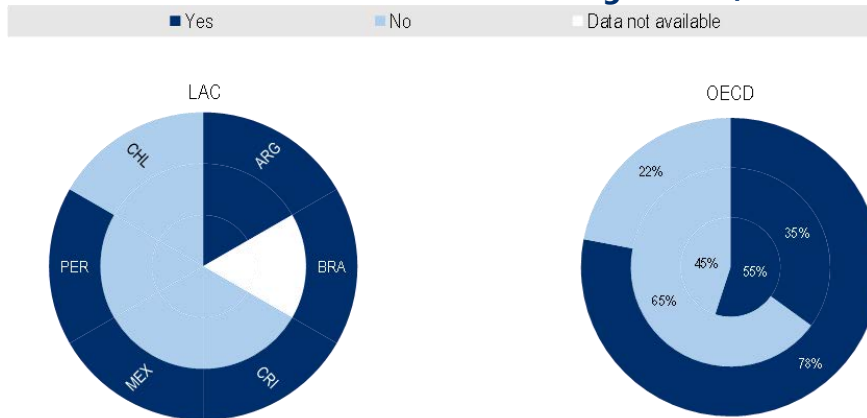
Figure 3.16. Management and oversight of private interest declarations, 2022



Source: OECD (2022), Public Integrity Indicators (database), <https://oecd-public-integrity-indicators.org/>.

StatLink <https://stat.link/o2jvkt>

Figure 3.17. Sanctions for breaches of conflict-of-interest regulations, 2022

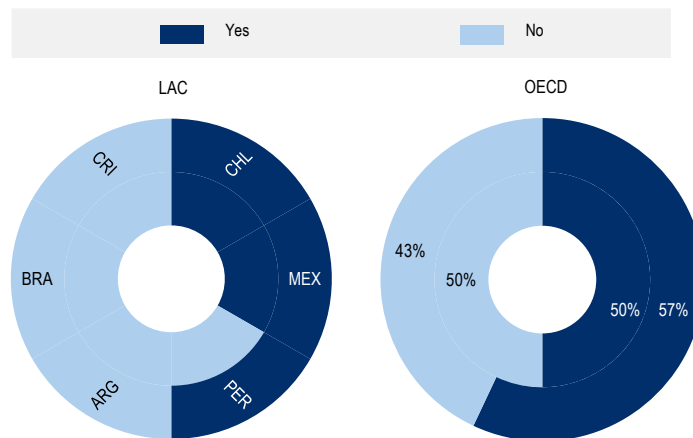


Note: Inner ring: a range of sanctions has been issued during the past three years in cases of non-compliance with disclosure obligations, non-management or non-resolution of a conflict-of-interest situation. Middle ring: the responsible authority has issued recommendations for resolution within 12 months for all cases of conflict of interest detected for the past three years. Outer ring: sanctions for breaches of conflict-of-interest provisions are defined and proportional to the severity of the offence.

Source: OECD (2022), Public Integrity Indicators (database), <https://oecd-public-integrity-indicators.org/>.

StatLink <https://stat.link/6xuyc4>

Figure 3.18. Lobbying regulations and sanctions, 2022



Note: Inner ring: the lobby register is accessible online. Outer ring: lobbying activities are defined in the regulatory framework, including which actors are considered as lobbyists.

Source: OECD (2022), Public Integrity Indicators (database), <https://oecd-public-integrity-indicators.org/>.

StatLink <https://stat.link/tclngb>

Chapter 4.

Open government

4.1 Participation in the open government policy cycle

The participation of stakeholders in public decision making is at the heart of open government. To this end, Provision 8 of the OECD Recommendation on Open Government calls on countries to grant all stakeholders equal and fair opportunities to be informed and consulted and actively engage with them in all phases of the policy cycle – design, implementation and monitoring – and service design and delivery (OECD, 2017). In order for stakeholders to be meaningfully engaged in all policy areas, open government strategies and initiatives themselves should also be designed, implemented and monitored in a participatory way. Participation of a broad group of stakeholders throughout the policy cycle can ensure that open government policies and initiatives benefit from their expertise and perspectives and end up serving the diverse needs of various groups.

Latin American and Caribbean (LAC) countries are making clear efforts to involve a range of non-governmental stakeholders, (civil society organisations, academia, the private sector, citizens and trade unions) in the design stage of developing open government policies. However, levels of engagement tend to decrease in the later policy phases. For example, eight of the surveyed LAC countries involve trade unions in the design phase of open government policies, but this decreases to three countries in the implementation phase, and none in the monitoring phase. There are similar reductions in engagement for most stakeholder groups during the implementation phase and even less countries involving these groups during the monitoring phase (Figure 4.1).

When stakeholders participate in the design of open government policies, it helps ensure that they are well-informed, balanced and address the concerns of all relevant parties. Civil society organisations participate in the design phase of open government policy documents in all 15 of the surveyed LAC countries, while academia is involved in 12 out of 15 (80%). Citizens are involved during the design phase in 11 out of 15 surveyed LAC countries (73%), while only 9 countries (60%) involve business organisations and 8 (53%) involve trade unions (Figure 4.2).

The active involvement of stakeholders during the implementation of open government policies allows for real-time feedback which can lead to policy adjustments based on on-the-ground realities. Similarly, engaging stakeholders during the monitoring phase provides feedback from those affected by the policy, which helps address unforeseen challenges and adapt policies to evolving circumstances or those that were missed during the design stage. Again, civil society organisations stand out, with 14 out of 15 surveyed LAC countries (93%) involving them during both implementation and monitoring phases. However, the same level of engagement is not extended to all

groups. Private sector business organisations are included in only eight countries during the implementation phase (53%) and in only six during the monitoring phase (40%). Citizens' participation also falls during these later stages, with only 3 out of 15 of the surveyed LAC countries (20%) consulting them during the implementation phase, and 4 out of 15 (27%) during the monitoring phase. Trade union participation is even less common with only three of the surveyed LAC countries (20%) consulting them during the implementation phase and none during the monitoring phase (Figure 4.3).

Methodology and definitions

Data were collected through the OECD Survey on Open Government, conducted between November 2020 and March 2021, and the OECD-IDB Survey on Open Government, conducted in 2022 in 15 Latin American and Caribbean countries. Respondents were delegates to the OECD Working Party on Open Government who co-ordinated the response across their respective governments.

Citizens refer to individuals, regardless of their age, gender, sexual orientation or religious and political affiliations. The term is meant in the wider sense of "an inhabitant of a particular place" and not the narrower sense of "a legally recognised national of a state".

Non-governmental stakeholders are any interested and/or affected party, including individuals, institutions and organisations, from civil society, academia, the media or the private sector.

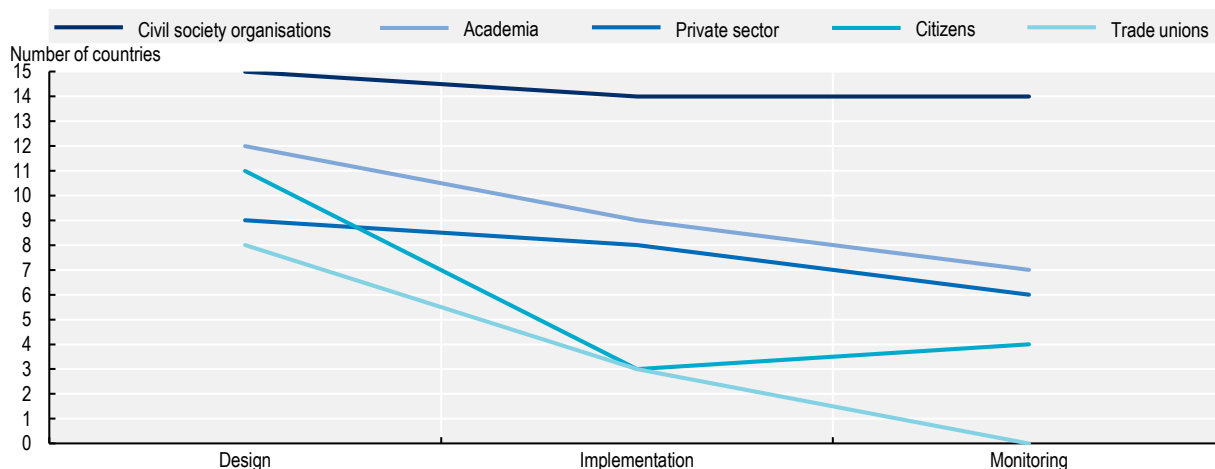
Participation is understood as all the ways in which citizens and stakeholders can be involved in the policy cycle and in service design and delivery, including providing information, consultation and engagement. In particular, consultation entails is a two-way relationship in which stakeholders provide feedback to the government and vice versa. Engagement refers to a process in which stakeholders are given the opportunity and the necessary resources they need to collaborate during all phases of the policy cycle, and in service design and delivery.

Further reading

OECD (2020), *Innovative Citizen Participation and New Democratic Institutions: Catching the Deliberative Wave*, OECD Publishing, Paris, <https://doi.org/10.1787/339306da-en>.

OECD (2017), "Recommendation of the Council on Open Government", *OECD Legal Instruments*, OECD, Paris, <https://legalinstruments.oecd.org/en/instruments/OECD-LEGAL-0438>.

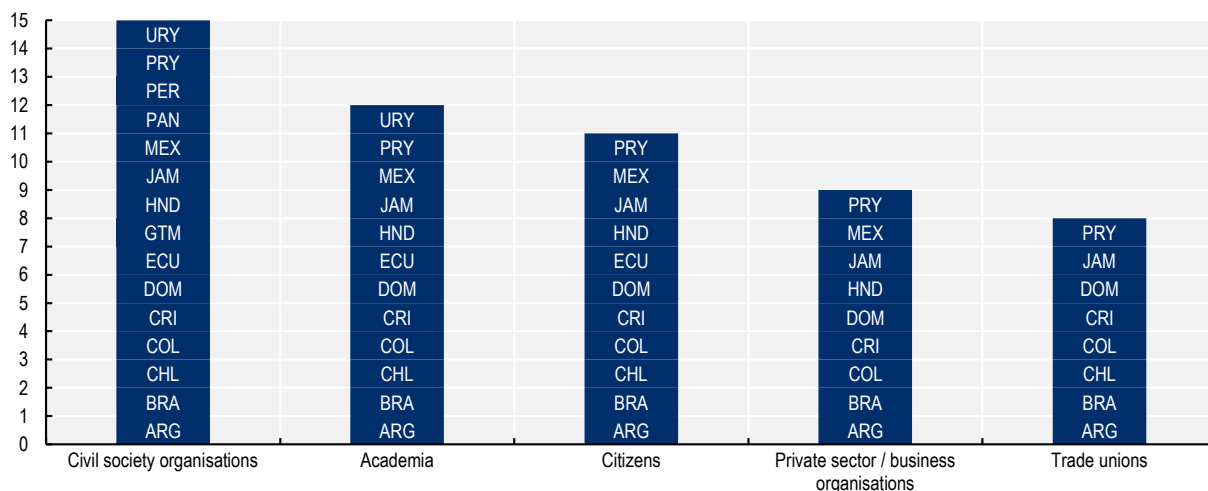
Figure 4.1. Participation of stakeholders in the open government policy cycle, 2021



Source: OECD-IDB (2022), Survey on Open Government; OECD (2021), Survey on Open Government.

StatLink <https://stat.link/k4b5ov>

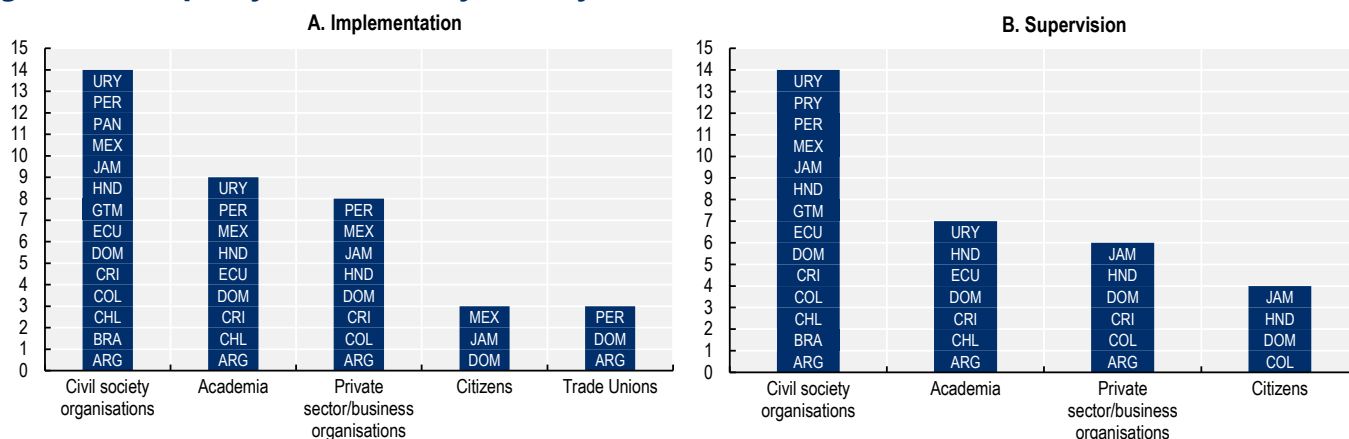
Figure 4.2. Stakeholders participating in designing open government policy documents by country, 2021



Source: OECD-IDB (2022), Survey on Open Government; OECD (2021), Survey on Open Government.

StatLink <https://stat.link/qekvc2>

Figure 4.3. Stakeholders participating in the implementation and monitoring of open government policy documents by country, 2021



Source: OECD-IDB (2022), Survey on Open Government; OECD (2021), Survey on Open Government.

StatLink <https://stat.link/yd6wfm>

4.2 Tools to increase the reach and inclusiveness of stakeholders' participation

Stakeholder participation is recognised as a pillar of good governance, enabling responsive and open policy making, thereby bolstering public trust in government and democratic resilience (OECD, 2022a). Accordingly, many countries mandate the participation of stakeholders in legislation development and design corresponding strategies. All 13 of the surveyed Latin American and Caribbean (LAC) countries with data available have legislation on stakeholder participation in policy making, and on petitions or other forms of citizen initiative. In 10 of the 13 countries (77%), there are legislative provisions on handling citizens' complaints. The collection and use of citizen feedback by government entities is less commonly covered, with only 7 out of 13 countries (54%) having a legal provision for this (Figure 4.4).

Countries in the LAC region have strategies to enhance the participation of different groups in society. For instance, all 15 of the surveyed LAC countries have specific strategies to promote the inclusion of women in their policy-making processes. In addition, 14 out of 15 (93%) have strategies to enhance youth participation and individuals with special needs. The range of strategies also varies widely by country, with Costa Rica and Panama having a strategy to encourage the participation of all nine groups listed in the survey, while other countries just have strategies for a few groups (Figure 4.5).

Governments are using digital tools to increase the scope and impact of participatory processes (OECD, 2022b). Among surveyed OECD countries, 30 out of 32 have at least one digital platform for citizen participation (94%), compared to 10 of the 15 surveyed LAC countries (67%). Four LAC countries (27%) have a single government portal compared to 15 OECD countries (47%) (Figure 4.6). Enhancing the use of these portals should be accompanied by policies to address potential digital divides and ensuring all voices are heard.

Among other factors, the impact of participation portals depends on the functionalities they offer. The most common function of portals in LAC countries is carrying out online consultations, which are offered in 8 out of the 10 countries with portals. Other common functions include providing feedback on inputs received and providing information about past opportunities for participation (both offered by 7 out of 10 countries) or providing information about upcoming consultations or related background documents (both offered by 6 out of 10 countries). Uruguay has a single participation portal with all listed functionalities, while Ecuador has multiple participation portals which share several of the listed

functionalities; in contrast Panama's participation portal only has one of the surveyed functionalities, underlining the differences in the functionalities available to citizens for participation across the region (Online Figure F.2.1).

Methodology and definitions

Data were collected through the OECD Survey on Open Government, conducted between November 2020 and March 2021, and the OECD-IDB Survey on Open Government, conducted in 2022 in 15 Latin American and Caribbean countries. Respondents were delegates to the OECD Working Party on Open Government who co-ordinated the response across their respective governments.

Citizens refer to individuals, regardless of their age, gender, sexual orientation or religious and political affiliations. The term is meant in the wider sense of "an inhabitant of a particular place". It is not meant in the narrower sense of "a legally recognised national of a state". In this wider sense, it is equivalent to people.

Stakeholders are any interested and/or affected party, including individuals, institutions and organisations, whether governmental or non-governmental, from civil society, academia, the media or the private sector.

Stakeholder participation is understood as all the ways in which citizens and stakeholders can be involved in the policy cycle and in service design and delivery.

Further reading

OECD (2022a), *Building Trust to Reinforce Democracy: Main Findings from the 2021 OECD Survey on Drivers of Trust in Public Institutions*, Building Trust in Public Institutions, OECD Publishing, Paris, <https://doi.org/10.1787/b407f99c-en>.

OECD (2022b), *OECD Guidelines for Citizen Participation Processes*, OECD Public Governance Reviews, OECD Publishing, Paris, <https://doi.org/10.1787/f765caf6-en>.

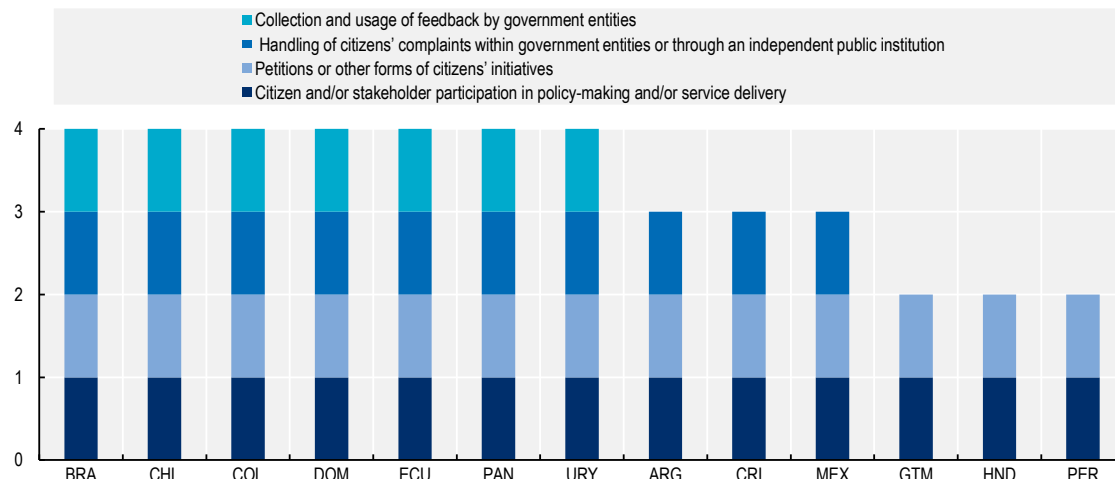
OECD (2017), "Recommendation of the Council on Open Government", *OECD Legal Instruments*, OECD, Paris, <https://legalinstruments.oecd.org/en/instruments/OECD-LEGAL-0438>.

Figure notes

Figure 4.4. Data for Jamaica and Paraguay are not available.

F.2.1 (Functions of participation portals, 2021) is available online in Annex F.

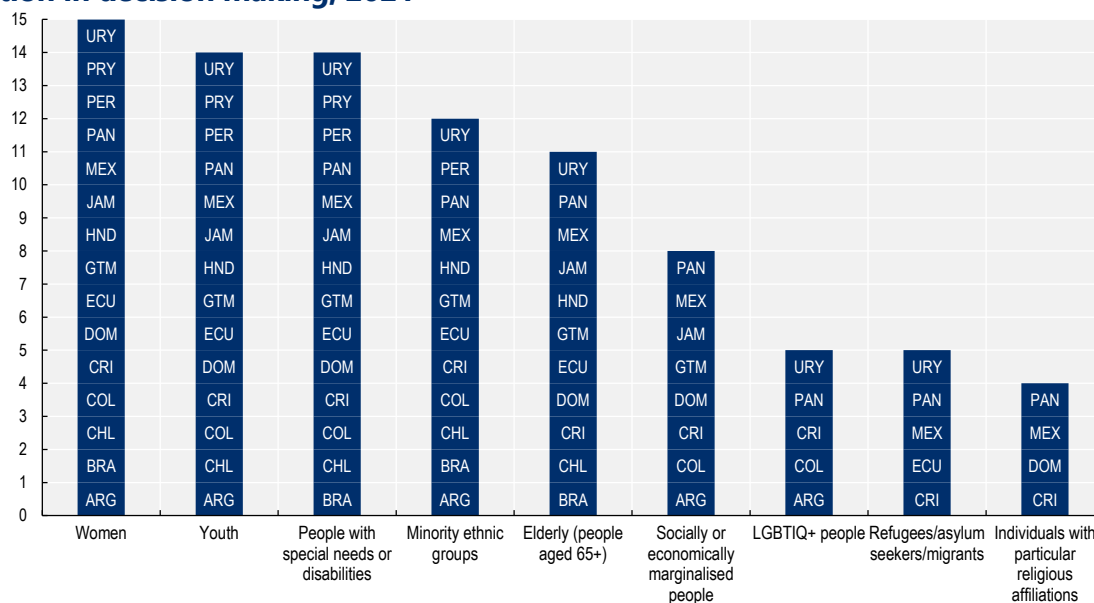
Figure 4.4. Open government elements for which there are legal provisions, 2021



Source: OECD-IDB (2022), Survey on Open Government; OECD (2021), Survey on Open Government.

StatLink <https://stat.link/412vhd>

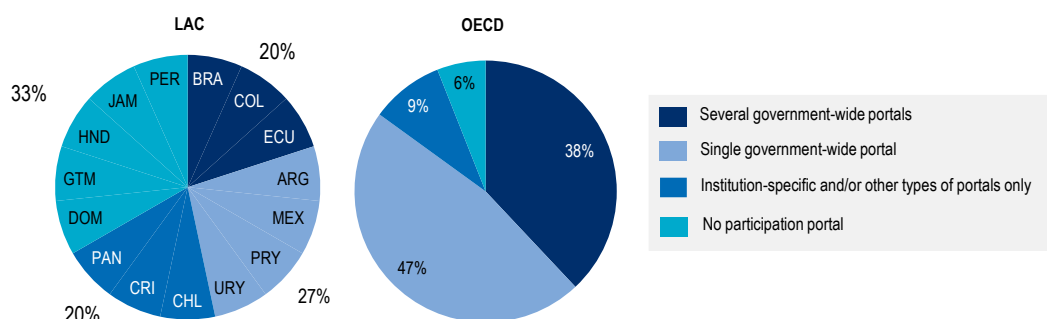
Figure 4.5. Groups for which there is a dedicated strategy or policy to encourage their participation in decision making, 2021



Source: OECD-IDB (2022), Survey on Open Government; OECD (2021), Survey on Open Government.

StatLink <https://stat.link/8ur4yt>

Figure 4.6. Availability of government-wide portals to facilitate citizen and stakeholder participation, 2021



Source: OECD-IDB (2022), Survey on Open Government; OECD (2021), Survey on Open Government.

StatLink <https://stat.link/pjqf3>

4.3 Open government literacy in public administrations

The creation of a people-centred governance culture requires the institutionalisation of open government principles and values – transparency, integrity, accountability and participation – in public administrations. Open government literacy refers to “the understanding and capability to effectively use, contribute to, and participate in open government initiatives, including access to information, and public participation in the policy making process” (OECD, 2017). The availability of toolkits, guidelines and training for civil servants on open government is crucial to integrating the principles of open government into the working of public administrations.

Written resources such as guidelines help civil servants to adhere to open government principles and ensure that they can apply them consistently. The most common guidelines in Latin American and Caribbean (LAC) countries are on proactive information disclosure and open government data, both of which are available to public officials in 10 out of 14 surveyed LAC countries with data available (71%). These are followed by guidelines on digital technologies to foster open government (available in 9 out of 14 countries, 64%) and guidelines explicitly on open government (8 out of 14, 57%). However, guidelines on media and civic freedoms are considerably less widespread, with only two countries (14%) offering guidelines on this topic. Brazil and Uruguay stand out, with guidelines on most of the listed open government topics. This comprehensive approach contrasts with the Dominican Republic, Jamaica and Peru, which only have guidelines available on two topics each (Figure 4.7).

Guidelines aimed at promoting participation of specific groups provide directions to public servants on effectively engaging with various segments of the population. Such inclusive engagement contributes on having diverse perspectives and needs for policymaking. In the LAC region, only 6 out of 13 surveyed countries (46%) have guidelines which focus on fostering the participation of specific groups. Within those LAC countries, the most attention is given to people with disabilities, with guidelines intended to foster their participation existing in five surveyed LAC countries (36%), followed by youth and the elderly, with four of the surveyed LAC countries (29%) having guidelines in place. However, individuals with particular religious affiliations, and refugees/asylum seekers/migrants are less covered, with only Costa Rica having guidelines on promoting their participation. Costa Rica stands out for its comprehensive

approach with guidelines on fostering participation among eight out of nine surveyed societal groups. The next most comprehensive are Jamaica and Uruguay, both of which have guidelines covering five groups, followed by Brazil with guidelines including four groups (Figure 4.8).

Open government principles can also be instilled into civil servants through training. The most common is training on access to information, delivered to civil servants in 13 out of the 14 surveyed LAC countries (93%), followed by training on the concept of open government and on open government data, both offered in 11 out of 14 surveyed LAC countries (79%). Conversely, training on the rights of civil society organisations is the least common, provided in only 4 of the 14 surveyed LAC countries (29%). Brazil, Colombia and the Dominican Republic are the top performers in this area, offering training to civil servants in all eight of the topics related to open government covered by the survey (Figure 4.9).

Methodology and definitions

Data were collected through the OECD Survey on Open Government, conducted between November 2020 and March 2021, and the OECD-IDB Survey on Open Government, conducted in 2022 in 15 Latin American and Caribbean countries. Respondents were delegates to the OECD Working Party on Open Government who co-ordinated the response across their respective governments.

Further reading

OECD (2022), *Open Government Review of Brazil: Towards an Integrated Open Government Agenda*, OECD Public Governance Reviews, OECD Publishing, Paris, <https://doi.org/10.1787/3f9009d4-en>.

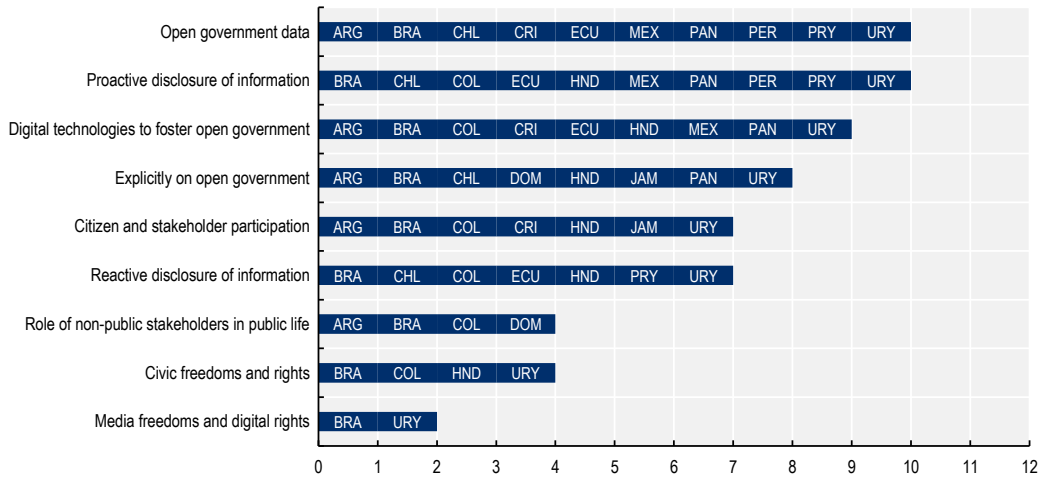
OECD (2017), “Recommendation of the Council on Open Government”, *OECD Legal Instruments*, OECD, Paris, <https://legalinstruments.oecd.org/en/instruments/OECD-LEGAL-0438>.

Figure notes

Figure 4.7 and Figure 4.9. Data for Guatemala are not available.

Figure 4.8. Data for Guatemala and Peru are not available.

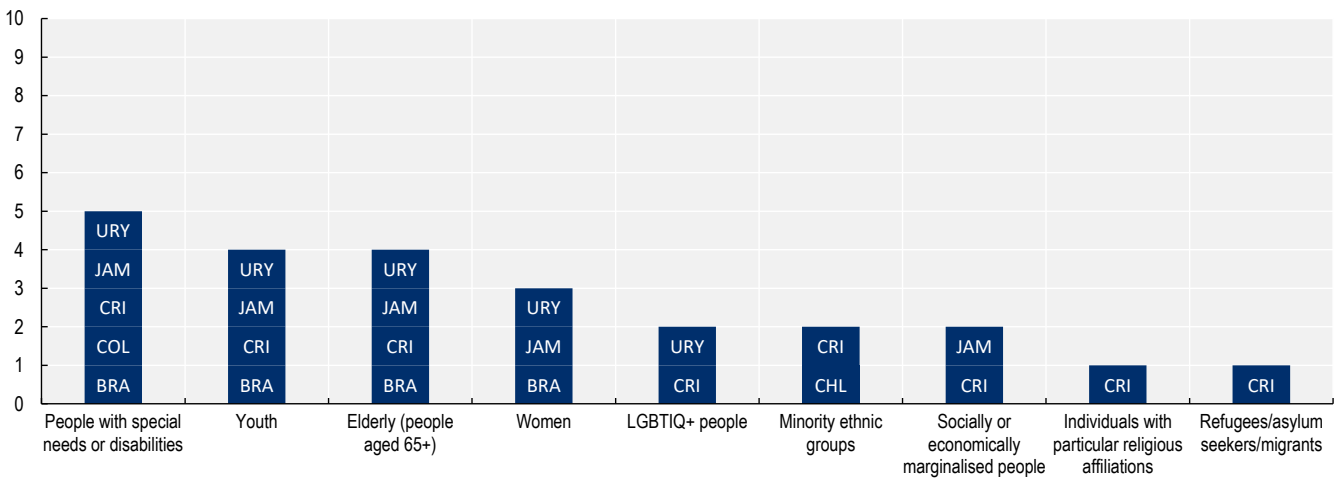
Figure 4.7. Availability of guidelines for civil servants on open government-related topics at the central/federal level, 2021



Source: OECD-IDB (2022), Survey on Open Government; OECD (2021), Survey on Open Government.

StatLink <https://stat.link/dpfeb2>

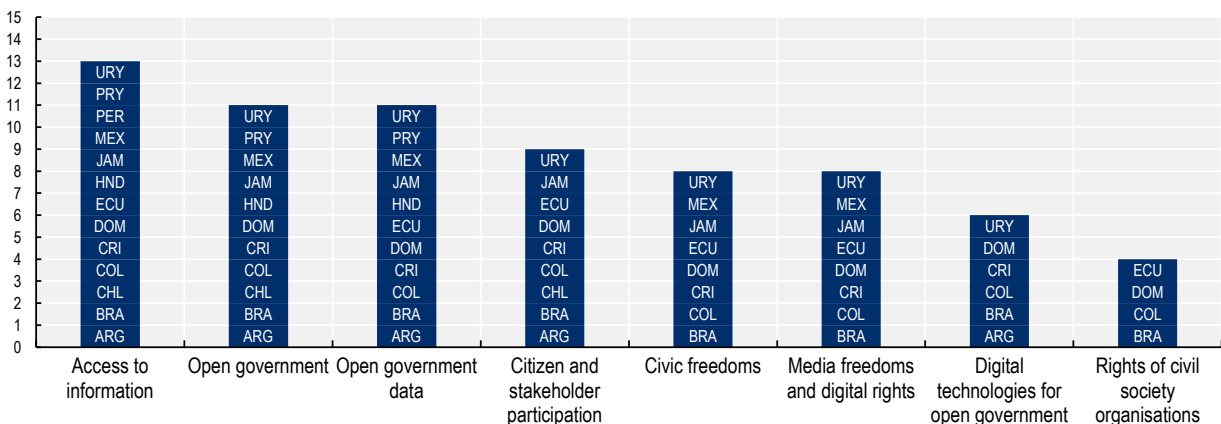
Figure 4.8. Focus of participation guidelines for civil servants on specific population groups on open government-related topics, 2021



Source: OECD-IDB (2022), Survey on Open Government; OECD (2021), Survey on Open Government.

StatLink <https://stat.link/3akwu2>

Figure 4.9. Availability of training for civil servants on open government-related topics at the central/federal level, 2021



Source: OECD-IDB (2022), Survey on Open Government; OECD (2021), Survey on Open Government.

StatLink <https://stat.link/j23ah0>

4.4 Improving the implementation of access to information laws

Transparency in public decision making is foundational to functioning democracy. It offers citizens and stakeholders insight into the public institutions that serve their interests and ensures that citizens are aware of government activities and can scrutinise them as needed. Strong access to information (ATI) laws, covering both the proactive and reactive disclosure of information, coupled with clear responsibilities for the implementation of ATI laws, ensure greater transparency across the public administration. They can also act as a bulwark against corruption and mismanagement. Promoting access to information with strong institutional oversight can support democracy at the national and regional level in Latin America and the Caribbean (LAC) (OECD, 2022).

ATI laws, applicable to all government branches and levels are vital for enabling citizens' access to documents and data, fostering informed participation in public life. ATI laws apply to a wide range of public institutions across the surveyed LAC countries. The executive, legislative and judicial branches, as well as state-owned enterprises, are subject to national ATI laws in 13 of the 14 countries with data available. The exception is Costa Rica, where each institution has its own ATI legal framework. In 12 of the surveyed countries (86%), the reach of these laws extends to the subnational level, while they encompass private entities handling public funds in 11 countries (79%), and independent institutions in 10 (71%) (Figure 4.10).

ATI laws also require implementation and oversight frameworks. The surveyed LAC countries have various institutions administering ATI laws. In 8 out of 14 countries (57%) there is an independent information commission or agency with a specific mandate for ATI. In seven countries (50%), responsibility for ATI lies with a central government authority, while four countries (29%) have ombudsmen who include it as part of a wider mandate. Responsibility is shared by multiple institutions in 6 out of 14 countries (43%), showing how differently countries approach the implementation and oversight of ATI laws (Figure 4.11). Having a dedicated access to information office or officer can also streamline processes and shows a strong commitment to information disclosure. This is required by law in 12 out of 14 surveyed LAC countries (86%), compared to only half of OECD countries (Online Figure F.2.2).

The proactive disclosure of information by governments has many benefits. It minimises administrative burdens, boosts efficiency and provides citizens with timely access to information. All the LAC countries surveyed proactively disclose at least two types of information, with all of them releasing information on the salaries or salary scales of public officials. In

contrast, policy proposals are only proactively disclosed in 6 out of 14 surveyed countries (43%). Colombia, the Dominican Republic, Ecuador, Mexico and Uruguay proactively disclose all information covered by the survey (Figure 4.12).

Where information is not proactively disclosed, there should be clear guidelines on how citizens and stakeholders can make a request for information. The accessibility of information can be significantly enhanced by support for requesters with specific needs, such as those with disabilities, with low levels of literacy, or who speak a minority language. Notably, 11 out of 14 countries provide additional support for such requesters (79%), which makes access to information much more inclusive. In contrast, only 16 out of 32 OECD countries (50%) extend such support (Online Figure F.2.3).

Methodology and definitions

Data were collected through the OECD Survey on Open Government, conducted between November 2020 and March 2021, and the OECD-IDB Survey on Open Government, conducted in 2022 in 15 Latin American and Caribbean countries. Respondents were delegates to the OECD Working Party on Open Government, who co-ordinated the response across their respective governments.

Citizens refers to individuals, regardless of their age, gender, sexual orientation, or religious and political affiliations. The term is meant in the wider sense of "an inhabitant of a particular place". It is not meant in the narrower sense of "a legally recognised national of a state".

Further reading

OECD (2022), *The Protection and Promotion of Civic Space: Strengthening Alignment with International Standards and Guidance*, OECD Publishing, Paris, <https://doi.org/10.1787/d234e975-en>.

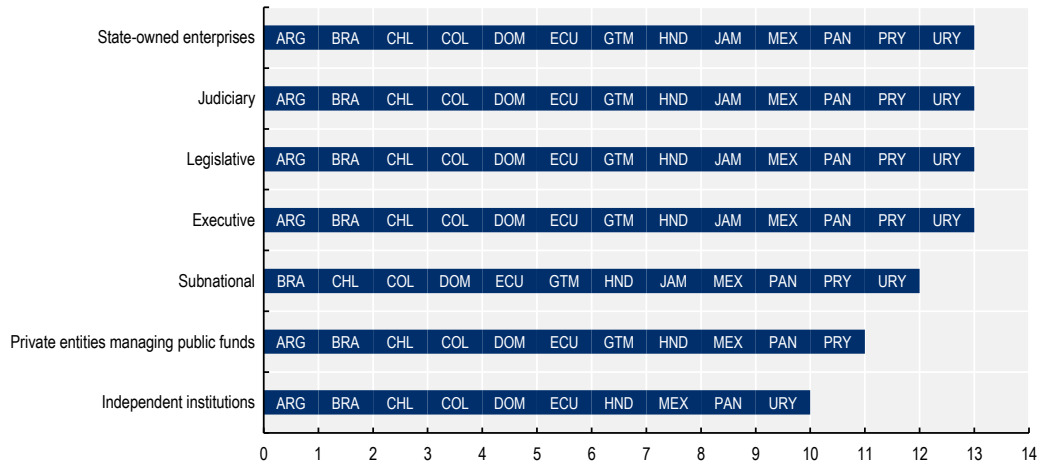
OECD (2019), *Institutions Guaranteeing Access to Information: OECD and MENA Region*, OECD Publishing, Paris, <https://doi.org/10.1787/e6d58b52-en>.

Figure notes

Data for Peru are not available.

F.2.2 (Requirement for an access to information office or officer established in law, 2021) and F.2.3 (Support for access to information requests by people with specific needs, 2021) are available online in Annex F.

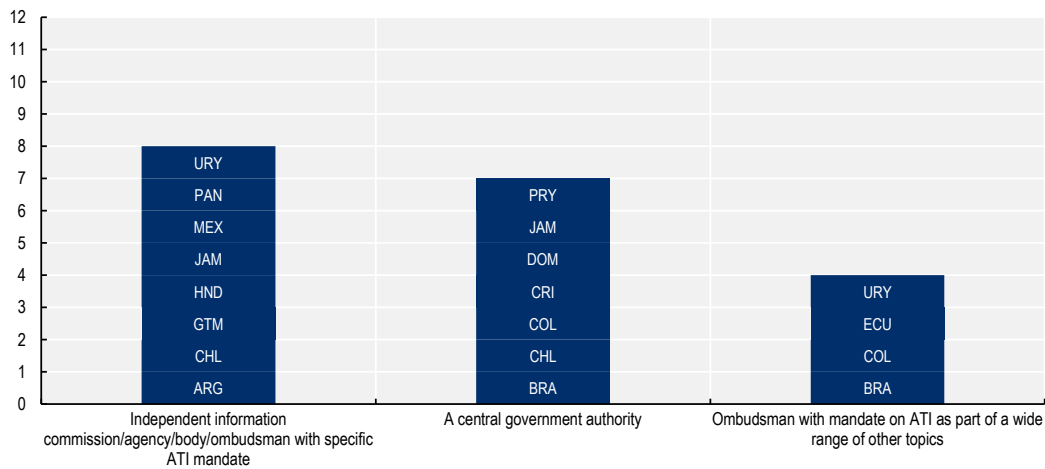
Figure 4.10. Scope of national access to information legal frameworks across levels of governments and public institutions, 2021



Source: OECD-IDB (2022), Survey on Open Government; OECD (2021), Survey on Open Government.

StatLink <https://stat.link/fm481k>

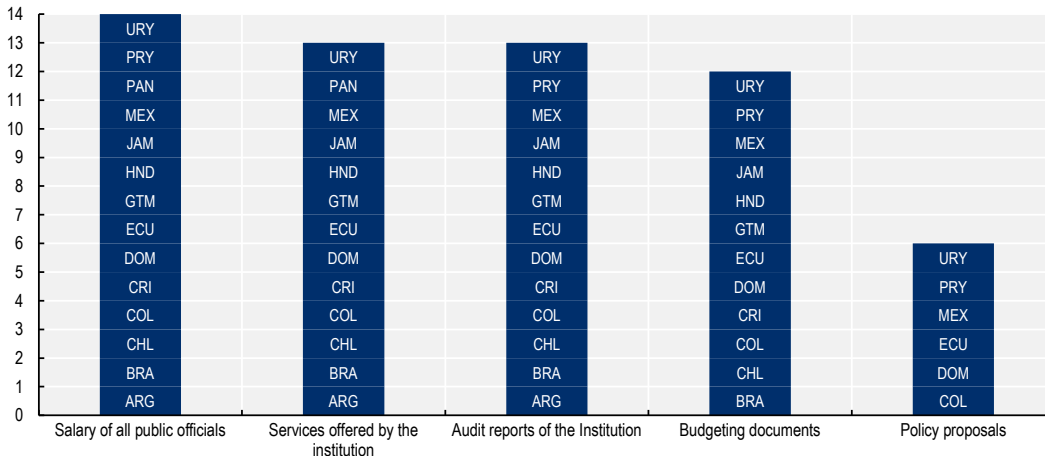
Figure 4.11. Public institutions responsible for implementing access to information legislation, 2021



Source: OECD-IDB (2022), Survey on Open Government; OECD (2021), Survey on Open Government.

StatLink <https://stat.link/web0y2>

Figure 4.12. Information proactively disclosed by the central / federal government, 2021



Source: OECD-IDB (2022), Survey on Open Government; OECD (2021), Survey on Open Government.

StatLink <https://stat.link/lyuegt>

Chapter 5.

Regulatory governance

5.1 General trends and institutional settings in regulatory policy

Well-designed and well-implemented regulations provide standards and guidelines for industry practices, and promote a level playing field, encouraging competition, innovation and efficiency. Regulatory policy establishes the practical and institutional arrangements to design, implement, enforce and review regulations. Practical arrangements refer to the tools policy makers need to develop regulations that work well in practice and deliver the expected outcomes. Institutional arrangements refer to the oversight of the use of these tools, and co-ordination at all levels of government to ensure their consistent use and implementation.

Almost all the Latin American and Caribbean (LAC) countries surveyed (10 out of 11, or 91%) have published documents promoting government-wide regulatory reform or regulatory quality improvement, covering different policy areas. The scope of these documents differs from country to country, but in all 10 they include stakeholder engagement, regulatory impact assessment (RIA), *ex post* evaluation, administrative simplification and intra-governmental coordination. In the last three years, most of the surveyed LAC countries have enacted at least one new policy instrument on regulatory policy, either to expand the scope of existing regulatory instruments or to adopt new ones. For instance, in 2020, Brazil enacted a decree to implement the RIA process, while in 2022 Chile enacted a Presidential Instructive for improving the RIA process and facilitating stakeholder engagement. Similarly, the Dominican Republic enacted the Law on Better Regulation and Administrative Simplification in 2021, which mandates stakeholder engagement, RIA and *ex post* evaluation for the development and review regulations, while Peru enacted a decree in 2021 to improve its institutional framework for better regulation (Figure 5.1).

In the last few years, there has been a surge in the number of LAC countries that have either created regulatory oversight bodies (ROBs) or given existing ROBs new oversight functions over one or more regulatory policy areas. By 2022, 10 out of 11 surveyed LAC countries had a ROB in place; the exception is Paraguay, which is in the very early stages of adopting regulatory policy. Brazil, Chile, and the Dominican Republic have recently created new ROBs responsible for overseeing stakeholder engagement, RIA and administrative simplification. In Brazil and the Dominican Republic, the ROBs also have a mandate to oversee *ex post* evaluations. The oversight functions of Peru's ROB now include both stakeholder engagement and RIA. Some LAC countries have institutions dedicated exclusively to regulatory oversight functions, such as El Salvador's Regulatory Improvement Agency (OMR) and Mexico's National Commission for Better Regulation (CONAMER). In other LAC countries these functions are carried out by a department within a ministry, along with other functions. Four of the surveyed LAC countries

have more than one ROB with different oversight mandates, which require policy makers to report to and co-ordinate with different ROBs. To enhance co-ordination, many OECD countries choose to locate their ROBs close to the centre of government (OECD, 2021). The LAC region follows a similar pattern, with 70% of countries surveyed basing one ROB at the centre of government, while the rest base them within a ministry (Table 5.1).

Sub-national governments play a crucial role in ensuring regulations are carried out effectively within their own areas of responsibility. Effective co-ordination is therefore essential if regulatory policy is going to be consistently applied across different levels of governments. Only Brazil, Costa Rica, Mexico and Peru have mechanisms for ensuring consistency between central and other government levels in the development and review of regulations and the implementation of regulatory policy, one more country than 2019. Strikingly, 7 out of 11 countries (64%) still do not have any co-ordination mechanisms at the subnational level in place, even though they have enacted policies mandating it (Figure 5.2).

Methodology and definitions

iREG indicators for Latin America and the Caribbean draw on responses to the OECD-IDB iREG Surveys 2015-16, 2019 and 2022, and the OECD iREG Survey 2021. Responses were provided by government officials and reflect the situation as at 31 October 2022 for Argentina, Brazil, the Dominican Republic, Ecuador, El Salvador, Paraguay and Peru, and as at 1 January 2021 for Chile, Colombia, Costa Rica and Mexico. Data cover regulations initiated by the executive at the national level. More information on iREG at oe.cd/ireg.

Regulation refers to the diverse set of instruments by which governments establish requirements on enterprises and citizens.

Further reading

OECD (2021), *OECD Regulatory Policy Outlook 2021*, OECD Publishing, Paris, <https://doi.org/10.1787/38b0fdb1-en>.

OECD (2012), *Recommendation of the Council on Regulatory Policy and Governance*, OECD Publishing, Paris, <https://doi.org/10.1787/9789264209022-en>.

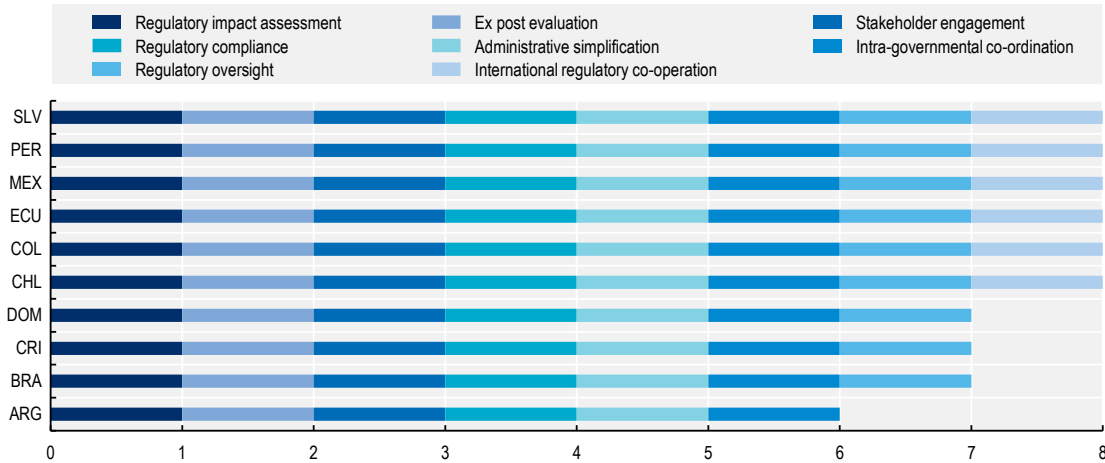
Figure notes

Figure 5.1, Figure 5.2 and Table 5.1. Data for Chile, Colombia, Costa Rica, and Mexico are for 2021 instead of 2022.

Figure 5.1. Paraguay does not appear in the figure, since they do not have any regulatory policy document.

Table 5.1. Paraguay does not appear in the table, since they do not have a ROB.

Figure 5.1. Areas covered by regulatory policies, 2022



Source: OECD-IDB Indicators of Regulatory Policy and Governance (iREG) for Latin America and the Caribbean Survey 2022, www.oecd.org/gov/regulatory-policy/ireg-lac.htm; OECD iREG Survey 2021, oe.cd/ireg.

StatLink <https://stat.link/ylnr16>

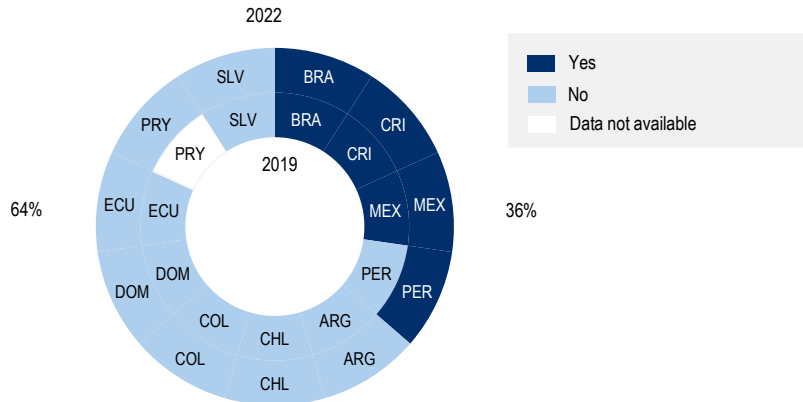
Table 5.1. Functions and locations of regulatory oversight bodies, 2022

	Regulatory oversight/co-ordination functions				Number of ROBs	Location of regulatory oversight body(s)		
	Stakeholder engagement	Regulatory impact assessment	Administrative simplification	Ex post evaluation		Centre of government	Finance/economy ministries' or treasury	Other ministries
Argentina	•	•	•	○	1	•	○	○
Brazil	•	•	•	•	2	•	•	○
Chile	•	•	•	○	1	•	○	○
Colombia	•	•	•	○	3	•	○	•
Costa Rica	•	•	•	○	2	○	•	○
Dominican Republic	•	•	•	•	1	○	○	•
Ecuador	•	•	•	•	1	•	○	○
El Salvador	•	•	•	•	1	•	○	○
Mexico	•	•	•	•	1	○	•	○
Peru	•	•	•	○	2	•	○	•
LAC Total								
• Yes	10	10	10	5	-	7	3	3
○ No	0	0	0	5	-	3	7	7
LAC Average					1.5			

Source: OECD-IDB Indicators of Regulatory Policy and Governance (iREG) for Latin America and the Caribbean Survey 2022, www.oecd.org/gov/regulatory-policy/ireg-lac.htm; OECD iREG Survey 2021, oe.cd/ireg.

StatLink <https://stat.link/w8fcue>

Figure 5.2. Existence of permanent co-ordination mechanisms to promote regulatory coherence with sub-national government, 2019 and 2022



Source: OECD-IDB Indicators of Regulatory Policy and Governance (iREG) for Latin America and the Caribbean Surveys 2019 and 2022, www.oecd.org/gov/regulatory-policy/ireg-lac.htm; OECD iREG Survey 2021, oe.cd/ireg.

StatLink <https://stat.link/yh4cs1>

5.2 Stakeholder engagement for regulation

Engaging with stakeholders is key for gathering information and feedback on policy problems, identifying solutions, and developing robust policies to improve their livelihoods. Policy makers should facilitate a range of means of engagement to accommodate diverse stakeholders, as this can both provide better information about the design of regulatory proposals and increase trust and buy-in for regulations. However, trust and buy-in only comes when stakeholders have a feeling of ownership, which happens if comments received in consultations are actually taken into account in the development of final regulations (OECD, 2021).

Latin American and Caribbean (LAC) countries have diversified the way they conduct public consultations in recent years. Countries are making more use of online means of engaging with stakeholders, combined with established non-virtual forms of consultation, such as physical meetings. By 2022, stakeholders in all 11 surveyed LAC countries were able to participate in at least some public consultations on subordinate regulations through websites or by email (up from 9 in 2019), and in 6 of 11 countries (55%) they could participate through virtual meetings (up from 3 in 2019). Likewise, all surveyed LAC countries continue to have physical public meetings for at least some of their regulatory proposals, and 10 out of 11 countries (91%) make consultation documents broadly available for comments to selected stakeholders. Nine of the surveyed LAC countries (82%) consult formally and informally with selected groups, such as labour unions, companies and academia (Figure 5.3).

The effectiveness of engaging with stakeholders depends largely on whether their inputs are made available and how they are used by policy makers. Seven of the 11 countries surveyed publish individual comments received during public consultations online, making opinions on regulatory proposals visible. However, only 4 of the 11 countries (36%) currently require policy makers to respond to comments in writing, and 6 (55%) require them to make any responses public. In addition, only in Brazil, the Dominican Republic, El Salvador, Mexico and Peru are policy makers required to consider consultation comments in the development of final regulations (Figure 5.4).

The OECD Indicator of Regulatory Policy and Governance (iREG) measures the quality of consultation and stakeholder engagement when developing subordinate regulations. Between 2019 and 2022, 8 out of 11 surveyed countries (73%) improved their iREG score on stakeholder engagement in this area, especially when it comes to its oversight. Brazil, the Dominican Republic and Peru are among the countries showing the greatest improvement, particularly in oversight, by creating new regulatory oversight bodies with mandates to ensure that public consultations are conducted appropriately. Ecuador has also improved its consultation processes by

adopting guidelines on how to conduct consultations and diversifying how it engages with stakeholders (Figure 5.5). While most countries in the region have begun enhancing their engagement with stakeholders, there is still substantial room for improvement. Countries can benefit from improving in several areas, including transparency of consultations, considering comments for final regulatory proposals, and fully implementing legally established consultation tools.

Methodology and definitions

iREG indicators for Latin America and the Caribbean draw on responses to the OECD-IDB iREG Surveys 2015-16, 2019 and 2022, and the OECD iREG Survey 2021. Responses were provided by government officials and reflect the situation as at 31 October 2022 for Argentina, Brazil, the Dominican Republic, Ecuador, El Salvador, Paraguay and Peru, and as at 1 January 2021 for Chile, Colombia, Costa Rica and Mexico. See Annex A for more information.

iREG is based on the 2012 OECD Recommendation on Regulatory Policy and Governance. It assesses the quality of stakeholder engagement using a composite indicator with four equally weighted categories: *Methodology*, *Oversight and Quality Control*, *Systematic Adoption*, and *Transparency*. The more practices a country has adopted, the higher its score. The maximum score for each category is 1; the total score ranges from 0 to 4.

The data cover regulations initiated by the executive at the national level, with a focus on subordinate regulations. Regulation refers to the diverse set of instruments by which governments establish requirements on enterprises and citizens. Subordinate regulations are created by the executive and are generally approved by the head of government, a minister or the cabinet.

Further reading

OECD (2021), *OECD Regulatory Policy Outlook 2021*, OECD Publishing, Paris, <https://doi.org/10.1787/38b0fdb1-en>.

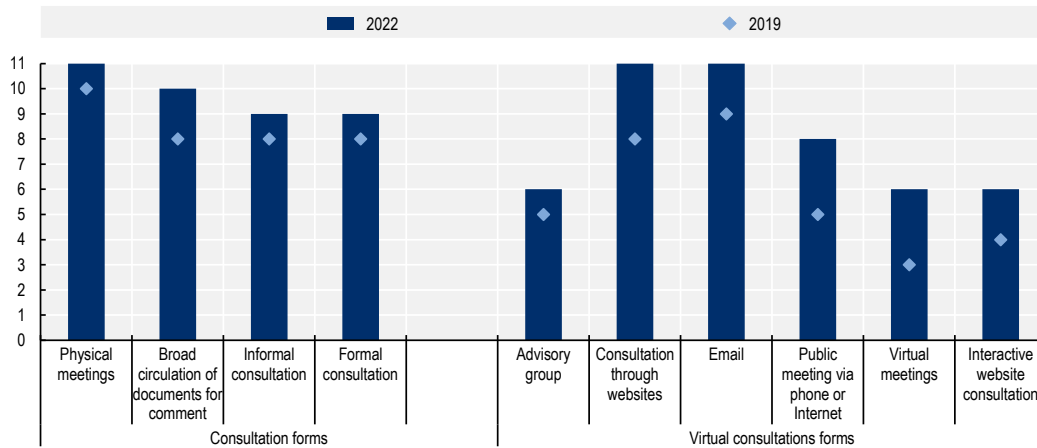
OECD (2012), *Recommendation of the Council on Regulatory Policy and Governance*, OECD, Paris, www.oecd.org/gov/regulatory-policy/2012-recommendation.htm.

Figure notes

Figure 5.3, Figure 5.4 and Figure 5.5. Data for Chile, Colombia, Costa Rica, and Mexico are for 2021 instead of 2022.

Figure 5.5. Data for 2015 do not include Argentina, the Dominican Republic, El Salvador and Paraguay. Data for 2019 do not include Paraguay.

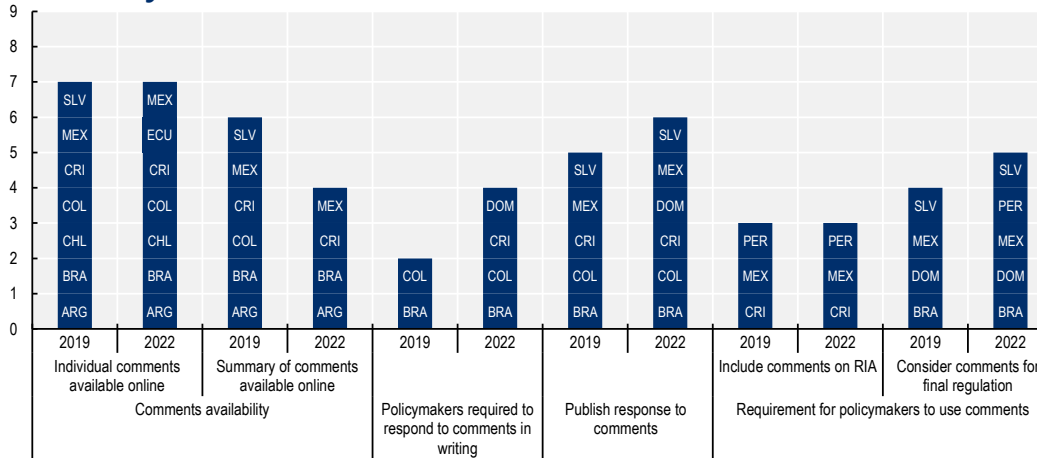
Figure 5.3. Forms of stakeholder engagement in developing subordinate regulations, 2019 and 2022



Source: OECD-IBD Indicators of Regulatory Policy and Governance (iREG) for Latin America and the Caribbean Surveys 2019 and 2022, www.oecd.org/gov/regulatory-policy/ireg-lac.htm; OECD iREG Survey 2021, oe.cd/ireg.

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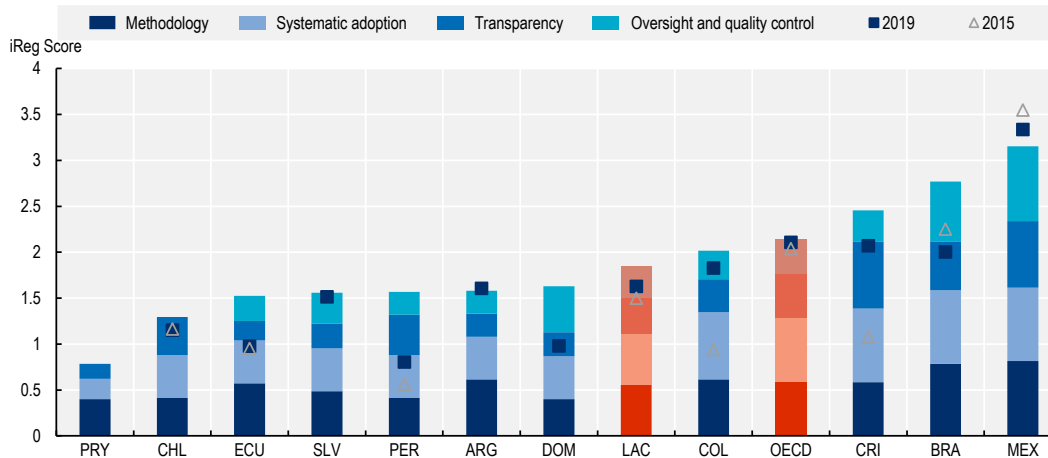
Figure 5.4. Availability and use of consultation comments, 2019 and 2022



Source: OECD-IBD Indicators of Regulatory Policy and Governance (iREG) for Latin America and the Caribbean Surveys 2019 and 2022, www.oecd.org/gov/regulatory-policy/ireg-lac.htm; OECD iREG Survey 2021, oe.cd/ireg.

StatLink <https://stat.link/man5l8>

Figure 5.5. Stakeholder engagement in developing subordinate regulations, 2022, and total score in 2015 and 2019



Source: OECD-IBD Indicators of Regulatory Policy and Governance (iREG) for Latin America and the Caribbean Surveys 2015, 2019 and 2022, www.oecd.org/gov/regulatory-policy/ireg-lac.htm; OECD iREG Survey 2021, oe.cd/ireg.

StatLink <https://stat.link/8f6510>

5.3 Regulatory impact assessment

Regulatory impact assessment (RIA) is a tool that helps policy makers to identify and assess the potential costs and benefits of regulatory proposals to society. RIA can identify potential impacts on different sectors and groups among those likely to benefit and those likely to bear costs. It can assist policy makers in identifying the best solutions for responding to the problem at hand. By assessing the potential impact of regulations, governments can improve the regulatory environment and reduce regulatory uncertainty, ensuring that they strike a balance between economic growth and the long-term well-being of the planet and future generations. In addition, RIA promotes transparency in the regulatory process by publicly stating the evidence base behind regulatory decisions, in turn increasing the likelihood of compliance.

Since 2015, increasing numbers of Latin American and Caribbean (LAC) countries require policy makers to conduct RIAs for the development of subordinate regulations; however, there remains a gap regarding the implementation of these policies in practice. By 2022, the Dominican Republic, Ecuador, and Mexico required policy makers to conduct RIA for all subordinate regulation proposals. In practice, however, policymakers only in Mexico conduct RIA systematically, while seven LAC countries only conduct RIA for some regulatory proposals. In the Dominican Republic, implementation is in its initial stages and RIAs are not yet conducted; while Ecuador has recently extended the scope of RIAs, which might explain the gap between requirements and implementation. In 5 out of 11 surveyed LAC countries (45%), RIAs are only required and carried out for a limited range of subordinate regulations. For instance, in El Salvador, policy makers conduct RIAs for regulatory proposals that are expected to have compliance costs, and in Colombia they are limited to proposals relating to technical regulations (Figure 5.6).

The requirement for policy makers to conduct RIAs are established in binding laws, decrees or resolutions in 9 out of 11 countries surveyed (82%). By 2022, eight countries had primary laws that establish the obligation for policy makers to conduct RIAs for the development of subordinate regulations, three more than in 2019. In particular, Brazil updated its Economic Freedom Act, which requires RIAs to be conducted for most subordinate regulations, except decrees; and the Dominican Republic enacted the Law for Better Regulation mandating RIAs for the development of all subordinate regulations. In 6 out of 11 LAC countries (54%), there are decrees mandating RIAs for developing regulatory proposals, 3 more than in 2019. For instance, in Chile, a presidential decree enacted in 2021 differentiates the prescribed RIAs depending on whether the expected impact is moderate or high. Ecuador recently issued a decree mandating RIAs for all regulatory proposals. In

some countries the obligation to conduct RIA is contained in more than one binding document, which usually relates to subordinate regulations expanding on the implementation of primary laws (Figure 5.7).

RIAs do not only help policy makers to identify and assess evidence on the potential effect of regulations, but also show the evidence considered for developing final regulatory proposals. By 2022, four of the eight LAC countries that conduct RIAs make all of them publicly available, while two only make some of them public. Chile and Mexico publish all their RIAs on centralised portals; Chile moved from having each ministry publishing RIAs on their individual websites to a centralised portal. Mexico publishes them on the website of its National Commission for Better Regulation (CONAMER), where the public can see the assessed impacts and comment on the results. In Costa Rica, ministries publish RIAs on their own websites but the country is moving towards using a centralised one, Sistema Control Previo (SICOPRE) (Figure 5.8).

Methodology and definitions

iREG indicators for Latin America and the Caribbean draw on responses to the OECD-IBD iREG Surveys 2015-16, 2019 and 2022, and the OECD iREG Survey 2021. Responses were provided by government officials and reflect the situation as at 31 October 2022 for Argentina, Brazil, the Dominican Republic, Ecuador, El Salvador, Paraguay and Peru, and as at 1 January 2021 for Chile, Colombia, Costa Rica and Mexico. The data cover regulations initiated by the executive at the national level, with a focus on subordinate regulations. More information on iREG at oe.cd/ireg.

Regulation refers to the diverse set of instruments by which governments establish requirements on enterprises and citizens. Primary laws must be approved by the legislature. Subordinate regulations are created by the executive and are generally approved by the head of government, a minister or the cabinet.

Further reading

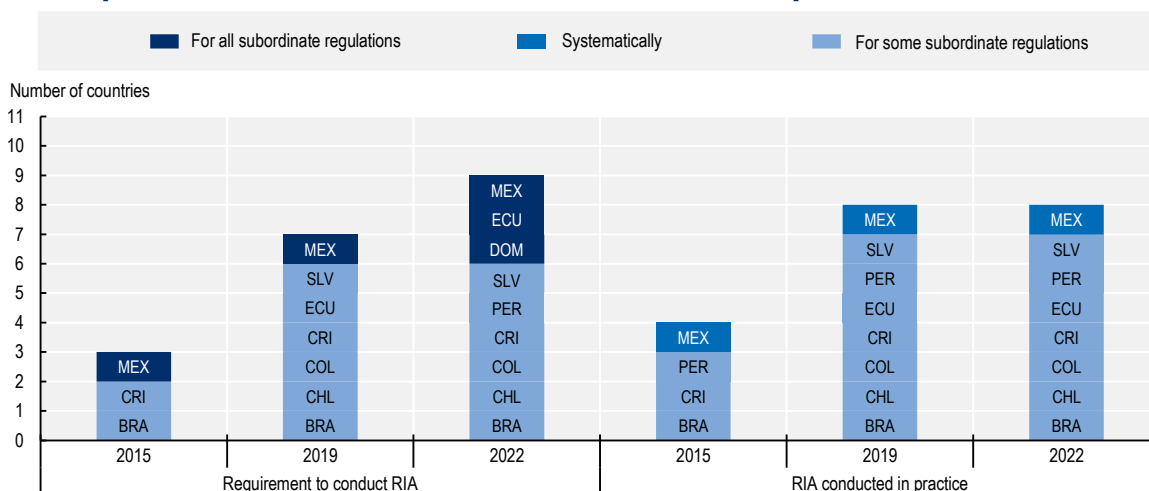
OECD (2021), *OECD Regulatory Policy Outlook 2021*, OECD Publishing, Paris, <https://doi.org/10.1787/38b0fdb1-en>.

OECD (2020), *Regulatory Impact Assessment*, OECD Best Practice Principles for Regulatory Policy, OECD Publishing, Paris, <https://doi.org/10.1787/7a9638cb-en>.

Figure notes

Figure 5.6, Figure 5.7 and Figure 5.8. Data for Chile, Colombia, Costa Rica, and Mexico are for 2021 instead of 2022.

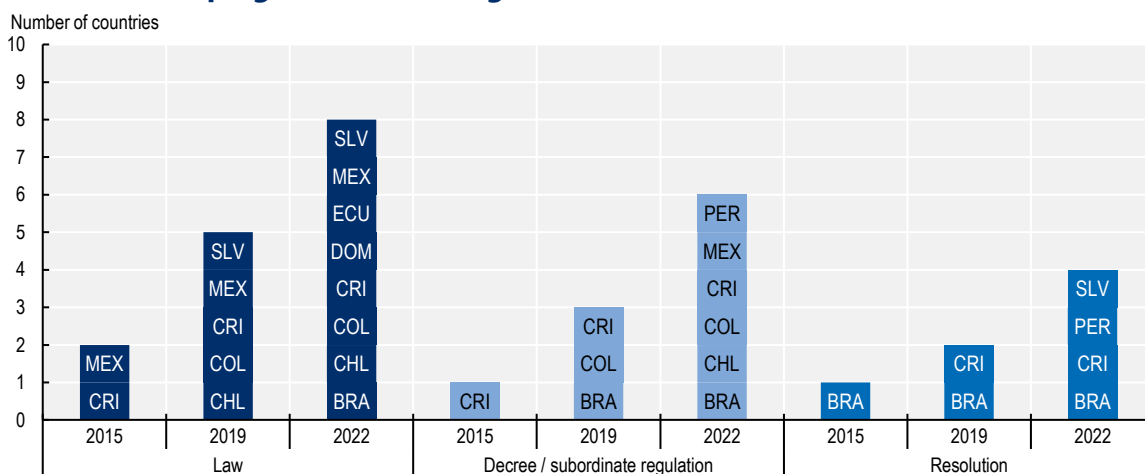
Figure 5.6. Requirement to conduct RIA and RIAs conducted in practice, 2015, 2019 and 2022



Source: OECD-IBD Indicators of Regulatory Policy and Governance (iREG) for Latin America and the Caribbean Surveys 2015, 2019 and 2022, www.oecd.org/gov/regulatory-policy/ireg-lac.htm; OECD iREG Survey 2021, oe.cd/ireg.

StatLink <https://stat.link/2i8g3m>

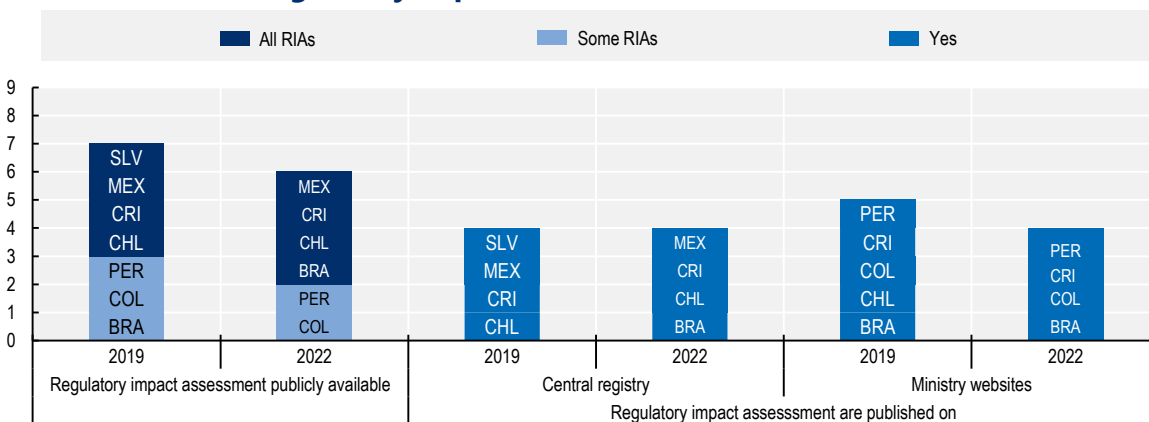
Figure 5.7. Legal instruments that establish the requirement to conduct regulatory impact assessment for developing subordinate regulations, 2015, 2019 and 2022



Source: OECD-IBD Indicators of Regulatory Policy and Governance (iREG) for Latin America and the Caribbean Surveys 2015, 2019 and 2022, www.oecd.org/gov/regulatory-policy/ireg-lac.htm; OECD iREG Survey 2021, oe.cd/ireg.

StatLink <https://stat.link/amgrs3>

Figure 5.8. Publication of regulatory impact assessments, 2019 and 2022



Source: OECD-IBD Indicators of Regulatory Policy and Governance (iREG) for Latin America and the Caribbean Surveys 2019 and 2022, www.oecd.org/gov/regulatory-policy/ireg-lac.htm; OECD iREG Survey 2021, oe.cd/ireg.

StatLink <https://stat.link/1t107b>

5.4 *Ex post* evaluation and administrative simplification

Countries enact regulations to achieve specific objectives, but even careful assessment cannot always accurately predict the impact they will have on society. Periodic reviews are needed to determine whether the predicted effects have been realised or to establish how regulations are performing if no impact assessments were conducted during their development. As the 2012 OECD Recommendation on Regulatory Policy and Governance highlights, evaluating existing regulations against clearly defined policy goals cannot only ensure that they deliver the intended policy objectives, but also that they remain up to date, cost justified, cost effective and consistent (OECD, 2012). Reviews also help identify any unintended consequences of existing regulations or administrative processes and, if they find any unnecessary burdens, can lead to administrative simplification exercises. Reviews of regulations also have broader benefits, including enhancing policy learning and improving regulatory coherence.

Countries in the Latin American and Caribbean (LAC) region have different approaches to initiating and conducting reviews of existing regulations. Some regulations include clauses prescribing that they automatically cease on a future date (sunset clauses) or that they must be reviewed within a specific timeframe. For instance, Brazil and Mexico insert either review or sunset clauses into some of their regulations. Eight out of the 11 surveyed LAC countries (72%) have a requirement to conduct periodic *ex post* evaluations on subordinate regulations. For instance, the Dominican Republic and El Salvador require *ex post* evaluations to be conducted five years after regulations are enacted to assess whether they are meeting their objectives. Mexico requires the evaluation of regulations every five years if they entail compliance costs, while Chile requires evaluations of any regulations assessed as high impact during their development four years after they were enacted. *Ex post* evaluation requirements are quite recent in most of the countries reporting them, so their implementation is still either planned or underway (Figure 5.9).

LAC countries continue to focus their efforts on administrative simplification as part of improving the regulatory environment. All 11 surveyed LAC countries have carried out administrative simplification processes in the last four years at the national level, but only 6 of them have done so at a regional or municipal level. In 2021, Mexico's federal administration conducted around 300 administrative simplification actions at the national level, including reducing response times, improving digital means where citizens can interact with the administration and eliminating or merging processes. Likewise, Peru undertook a national review of the quality of administrative procedures that resulted in the simplification or elimination of over 2000 processes (Figure 5.10).

More LAC countries have issued methodological guidelines to help policy makers maintain the consistency of administrative simplification processes. By 2022, 8 out of the 11 surveyed LAC countries (73%) had guidelines in place, 3 more than in 2019. In 2020 the Ministry of Economy in Brazil published the Deregulation Guide, which provides a compilation of international practices to assist policy makers in implementing strategies to reduce regulatory burdens. Likewise, El Salvador's new guidelines list which type of formalities should be cut from administrative procedures and the rationale for doing so (Figure 5.11).

Methodology and definitions

The iREG indicators for Latin America 2022 draw on responses to the OECD-IBD Surveys on Regulatory Policy and Governance 2015-16, 2019 and 2022. Brazil, Chile, Colombia, Costa Rica, Ecuador, Mexico and Peru were surveyed in 2015-2016, 2019 and 2022. Argentina, the Dominican Republic and El Salvador were surveyed in 2019 and 2022. Paraguay was surveyed in 2022. Responses were provided by government officials and reflect the situation as of 31 October 2022. More information on iREG at oe.cd/iereg.

Subordinate regulations are created by the executive and are generally approved by the head of government, a minister or the cabinet. Revision clauses establish a time by which there is an automatic review of the regulation. Codification consolidates all amendments made during a period of time to a given law. A legal consolidation brings together multiple laws or subordinate regulations that regulate a particular area into a single document.

Further reading

OECD (2021), *OECD Regulatory Policy Outlook 2021*, OECD Publishing, Paris, <https://doi.org/10.1787/38b0fdb1-en>.

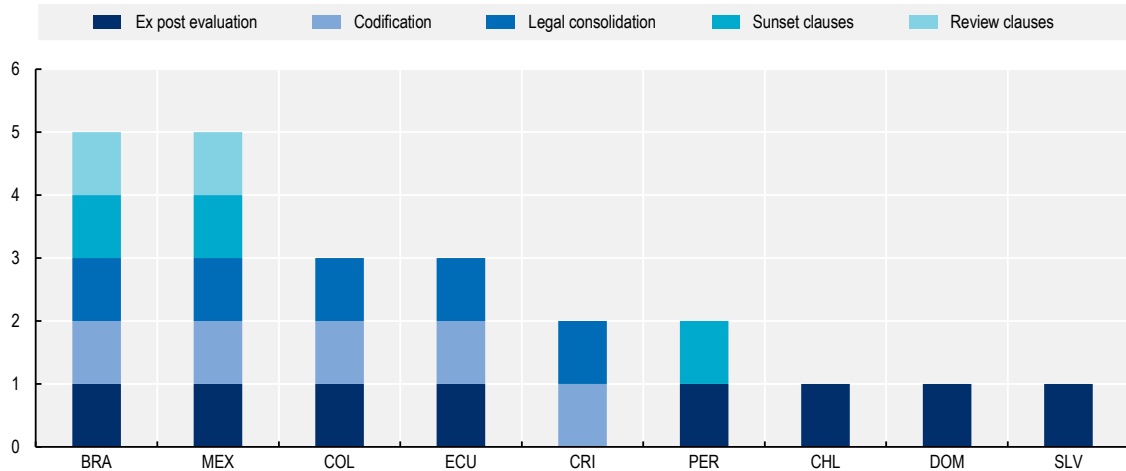
OECD (2020), *Reviewing the Stock of Regulation*, OECD Best Practice Principles for Regulatory Policy, OECD Publishing, Paris, <https://doi.org/10.1787/1a8f33bc-en>.

OECD (2012), *Recommendation of the Council on Regulatory Policy and Governance*, OECD, Paris, www.oecd.org/gov/regulatory-policy/2012-recommendation.htm.

Figure notes

Figure 5.11. Argentina and Paraguay do not use any of the listed rationales for reviewing existing regulations, therefore do not appear in the figure.

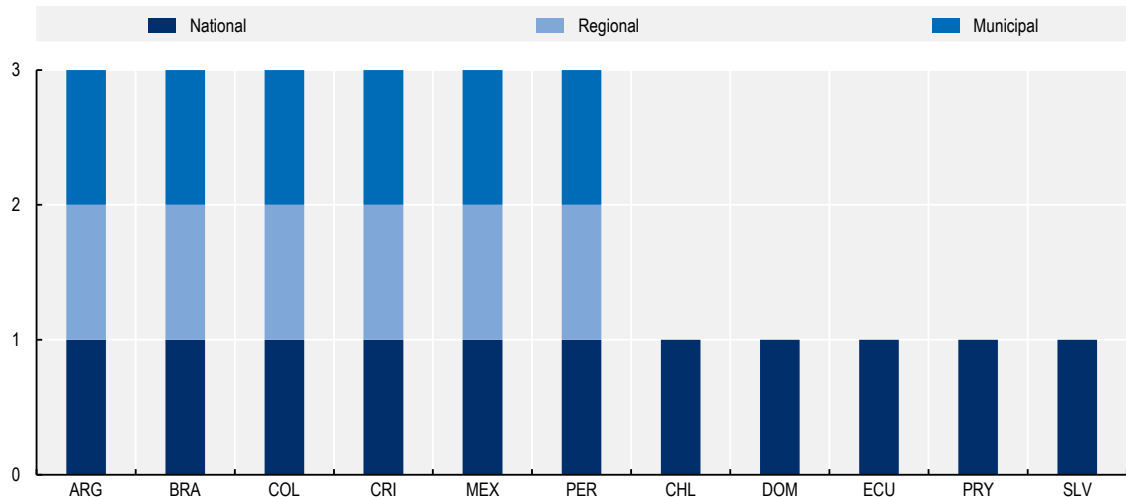
Figure 5.9. Reason for reviewing existing regulations, 2022



Source: OECD-IDB Indicators of Regulatory Policy and Governance (iREG) for Latin America and the Caribbean Survey 2022, www.oecd.org/gov/regulatory-policy/ireg-lac.htm.

StatLink <https://stat.link/ptzelg>

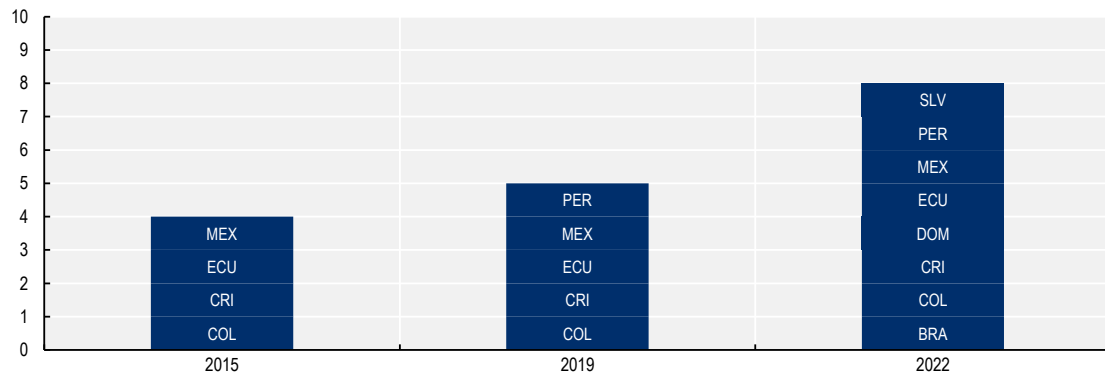
Figure 5.10. Administrative simplification by level of government, 2022



Source: OECD-IDB Indicators of Regulatory Policy and Governance (iREG) for Latin America and the Caribbean Survey 2022, www.oecd.org/gov/regulatory-policy/ireg-lac.htm.

StatLink <https://stat.link/r2fgyh>

Figure 5.11. Existence of methodological guidelines for administrative simplification, 2015, 2019 and 2022



Source: OECD-IDB Indicators of Regulatory Policy and Governance (iREG) for Latin America and the Caribbean Surveys 2015, 2019 and 2022, www.oecd.org/gov/regulatory-policy/ireg-lac.htm.

StatLink <https://stat.link/wknl7>

5.5 Resourcing of economic regulators

Economic regulators play an important role in the achievement of social, economic and environmental goals in utility sectors. Their work helps ensure the efficient delivery of essential services such as energy, e-communications, transport and water. They bring stability, predictability and confidence to markets that are constantly evolving, and occupy a unique position among consumers, operators and government. Often set up as independent bodies, their governance is extremely important, including their resourcing. Staff and budget arrangements can make or break economic regulators' performance and affect their autonomy, agility, accountability, transparency, ability and capacity.

Economic regulators rely on the expertise and skills of their staff to provide evidence-based analyses to underpin their regulatory decisions. They need to recruit the right staff to respond to changing expectations and roles, as digital and energy transitions and crises transform utility sectors. However, in practice, economic regulators may face constraints on their ability to recruit staff autonomously (OECD, 2022). Seven out of the 16 economic regulators surveyed in Latin America and Caribbean (LAC) countries (44%) need to obtain approval from a ministerial body prior to hiring (Figure 5.12). This could potentially complicate their work, especially if such requirements prevent a regulator from hiring the staff numbers required to fulfil all functions or if they make it more difficult to fill positions in a timely way.

Predictable funding allows economic regulators to plan ahead and safeguard their independence. The budget appropriation process is one place where undue influence may be present. Secure multi-year funding arrangements can contribute to the independence of a regulator by protecting it from politically-motivated budget cuts in reaction to unpopular decisions (OECD, 2014). For most economic regulators, changes to their budget after initial approval are not allowed or require approval from the legislature. Among OECD countries, the executive can make such changes under certain circumstances without oversight by the legislature for only 23% of the surveyed regulators. The share is higher in LAC countries, where 6 out of the 15 surveyed regulators (40%) face potential changes to their approved budget without the approval from the legislature (Figure 5.13). Insufficient checks and balances on changes to the economic regulator's budget could threaten the sufficiency of funding and thereby reduce the regulator's capacity.

Transparency over the allocation and use of public resources can empower society to hold public bodies to account. Such information can increase confidence that funds are being spent in the right way to deliver value for money. LAC countries frequently show good practice, supporting accountability by explaining decisions about economic regulators' budgets. For 12 out of the 15 surveyed economic regulators in LAC countries

(80%), the public body that sets the regulator's budget explains the decision on the budget allocation. This is the case for only 62% of regulators in OECD countries (Table 5.2).

Methodology and definitions

The 2021 OECD Survey on the Resourcing Arrangements of Economic Regulators by the Network of Economic Regulators (NER) collected in-depth insights into the funding and management of resources of economic regulators with a mandate in energy, e-communications, transport and water sectors. The survey analyses the resourcing arrangements as of 1 January 2021. The LAC data cover 14 regulatory bodies in 5 countries: Brazil, Colombia, Costa Rica, Mexico and Peru. Regulatory bodies overseeing multiple sectors (so-called "multisector regulators") are included in the data separately for each sector they oversee. OECD averages include data on 48 regulatory bodies in 27 OECD member countries. In general, respondents were high-level officials in regulatory agencies and/or relevant ministries.

The survey included questions on human resources (staff characteristics, contracts and salaries, recruitment, training and career development, and integrity) and financial resources (source of funding, funding procedures, funding through national budget, funding through fees, financial management and audit). Where the survey analyses staff arrangements, these arrangements concern managerial, technical and support staff, apart from members of the board and/or agency head.

Further reading

OECD (2022), *Equipping Agile and Autonomous Regulators*, The Governance of Regulators, OECD Publishing, Paris, <https://doi.org/10.1787/7dcb34c8-en>.

OECD (2014), *The Governance of Regulators*, OECD Best Practice Principles for Regulatory Policy, OECD Publishing, Paris, <https://doi.org/10.1787/9789264209015-en>.

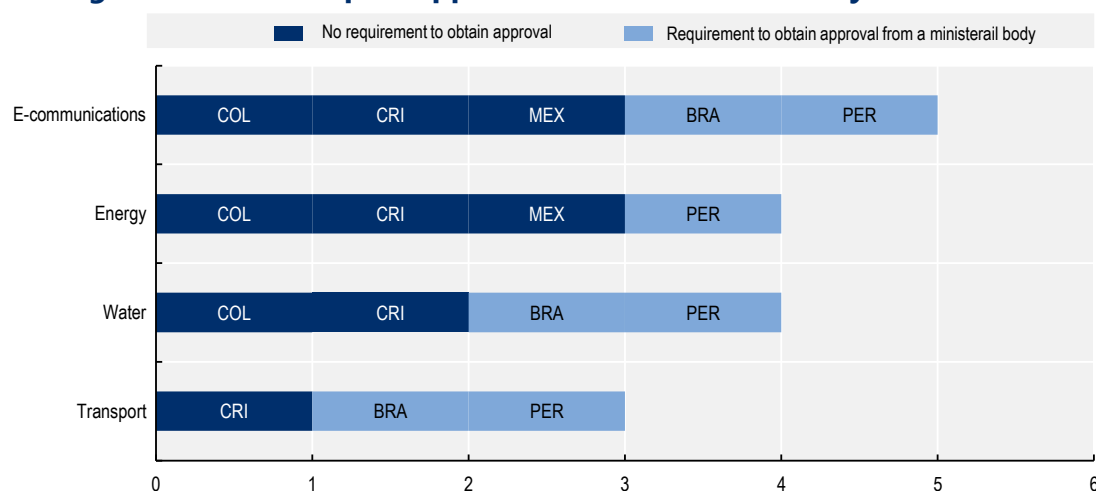
OECD (n.d.), "The OECD Network of Economic Regulators", OECD, Paris, www.oecd.org/gov/regulatory-policy/ner.htm.

Figure notes

Figure 5.12. Elements that need approval can for example include the total agency headcount or the number of new employees to recruit. Regulators are counted separately for each sector they oversee.

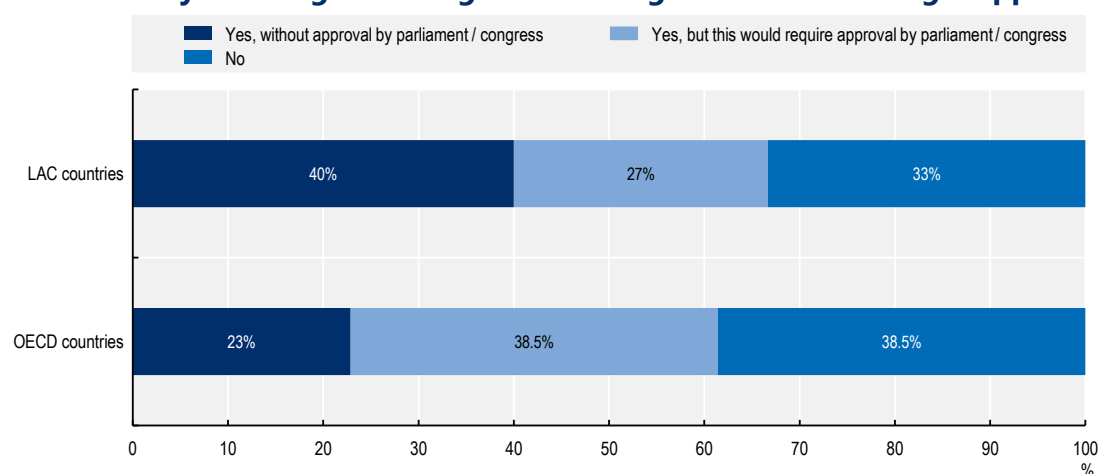
Figure 5.13 and Table 5.2. No information available for these survey questions for Mexico's National Hydrocarbons Commission in the energy sector.

Table 5.2. Empty cells denote no regulator in the dataset. Regulators are counted separately for each sector they oversee.

Figure 5.12. Regulators which require approval from an external body to recruit staff, 2021

Source: 2021 OECD Survey on the Resourcing Arrangements of Economic Regulators.

StatLink <https://stat.link/yn3bve>

Figure 5.13. Possibility of changes to a regulator's budget after initial budget approval, 2021

Source: 2021 OECD Survey on the Resourcing Arrangements of Economic Regulators.

StatLink <https://stat.link/3ygtjw>

Table 5.2. Explanation of budget decisions by the responsible body, 2021

Country	Energy	E-communications	Transport	Water
Brazil		■	■	■
Colombia	■	□		■
Costa Rica	■	■	■	■
Mexico		■		
Peru	■	□	□	■
LAC total				
■ Substantiation in a public document	3	3	2	4
▣ Substantiation in a non-public document	0	0	0	0
□ No substantiation of budget decision	0	2	1	0
OECD total				
■ Substantiation in a public document	15	10	11	7
▣ Substantiation in a non-public document	4	2	3	1
□ No substantiation of budget decision	6	3	3	4

Source: 2021 OECD Survey on the Resourcing Arrangements of Economic Regulators.

StatLink <https://stat.link/m03rzk>

Chapter 6.

Budgeting practices

6.1 Green budgeting

Green budgeting refers to the use of budgetary policy-making tools to progress climate and environmental objectives. It involves assessing the climate and environmental impact of budgetary and fiscal policies and aligning them with national and international commitments. Green budgeting comprises four building blocks applicable throughout the budget cycle: 1) institutional arrangements; 2) methods and tools; 3) accountability and transparency; and 4) enabling environment in budgeting (OECD, 2020). In 2022, 5 of the 12 surveyed countries in Latin America and the Caribbean (LAC) region (Chile, Colombia, the Dominican Republic, Honduras and Mexico) reported implementing green budgeting (42%). Argentina also has plans to introduce green budgeting and five others are actively considering it (Figure 6.1). In contrast, the majority of OECD countries – 24 of the 36 surveyed (67%) – implement green budgeting, a figure that has almost doubled between 2021 and 2022 (OECD, 2023).

The 2022 OECD Green Budgeting Index measures the degrees to which countries have adopted green budgeting. It is based on the four building blocks of the OECD Green Budgeting Framework, which helps policy makers design and develop green budgeting. Of the five LAC countries with green budgeting, Mexico scores highest overall (0.43). As with OECD countries, the highest average scores among LAC countries are for the enabling environment in budgeting (0.14) and institutional arrangements (0.12). The widest gap between OECD and LAC countries is in methods and tools: OECD countries score 0.12 on average, while LAC countries score 0.07. The exception is Mexico, which makes widespread use of green budgeting tools and scores 0.14 in this area (Figure 6.2).

A number of green budgeting tools that are widely used in OECD countries are not as common in LAC countries. Three out of the five LAC countries that practise green budgeting (60%) use carbon pricing instruments and green budget tagging, while 92% of OECD countries implementing green budgeting use carbon pricing instruments. Mexico is the only LAC country using environmental impact assessments (Figure 6.3). The gap between OECD and LAC countries is also shown in the use of emerging tools: although 25% of the OECD countries (6 out of 24) incorporate green perspectives into spending reviews (OECD, 2023), no LAC countries have yet done so (Figure 6.3).

The scope of green budgeting covers investment spending in four LAC countries, and operational spending in three. Only Colombia includes discretionary and mandatory spending. Notably, none of the countries include tax expenditure (Online Figure F.3.1). All LAC countries set the requirements for green budgeting through circulars, guidance notes or similar, while Chile and Mexico have also incorporated them into budget laws alongside other relevant legislation. Ministries of finance are

responsible for implementing the green budgeting frameworks in four of the surveyed LAC countries. In Colombia and Mexico, the Ministry of Environment is also responsible for the implementation, alongside the Ministry of Finance (Online Figure F.3.2).

Methodology and definitions

Data are drawn from the 2022 OECD/IDB Survey on Green Budgeting and the 2022 OECD Survey on Green Budgeting, encompassing responses from 12 LAC countries. Respondents were predominantly budget officials within central budget authorities. Responses represent the country's own assessment of current practices and procedures. For standardisation and consistency, the surveys considered existing or planned practices as of end-June 2022.

The 2022 OECD Green Budgeting Index has four dimensions based on the building blocks of the OECD Green Budgeting Framework, each with an equal weight (0.25). The index ranges from 0 (not implementing) to 1 (high level of green budgeting practices). Country scores were determined by adding the weighted scores of each dimension, varying from 0 to 1. The variables and weightings used were selected by OECD experts based on their relevance to the concept and have been reviewed by county delegates to the OECD Paris Collaborative on Green Budgeting. Further details on the composite index are available in Annex B.

Further reading

OECD (2023), *Government at a Glance 2023*, OECD Publishing, Paris, <https://doi.org/10.1787/3d5c5d31-en>.

OECD (2020), *OECD Green Budgeting Framework (Highlights)*, OECD, Paris, www.oecd.org/environment/green-budgeting/OECDGreen-Budgeting-Framework-Highlights.pdf.

Pimenta, C. (2022), "Advances and opportunities in green public financial management", Technical note n° 2592, Inter-American Development Bank, Washington, DC, <https://doi.org/10.18235/0004561>.

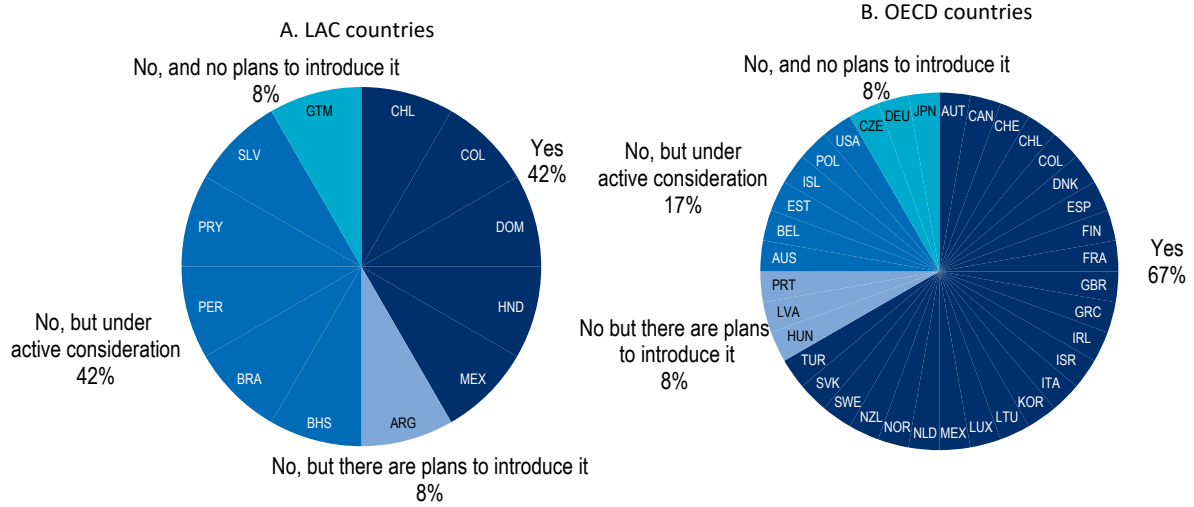
Figure notes

Figure 6.1, Panel B. Data for Costa Rica and Slovenia are not available.

Figure 6.2. The figure only shows LAC countries using green budgeting. OECD average does not include Costa Rica and Slovenia, as data are not available.

F.3.1 (Scope of green budgeting, 2022) and F.3.2 (Legal basis and institutional setting for green budgeting, 2022) are available online in Annex F.

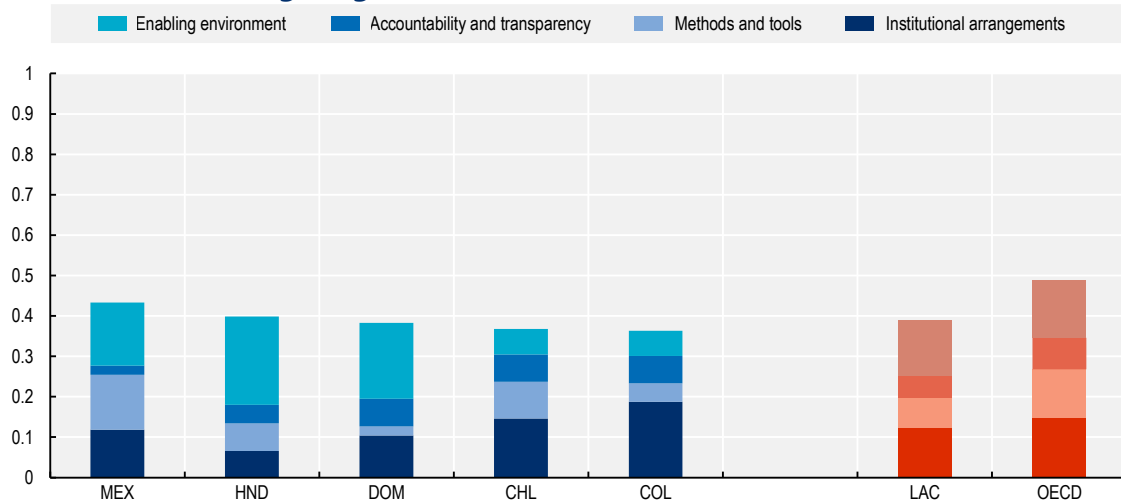
Figure 6.1. Existence of green budgeting in LAC and OECD countries, 2022



Source: OECD-IDB (2022), Survey on Green Budgeting; OECD (2022), OECD Survey on Green Budgeting.

StatLink <https://stat.link/s7in5t>

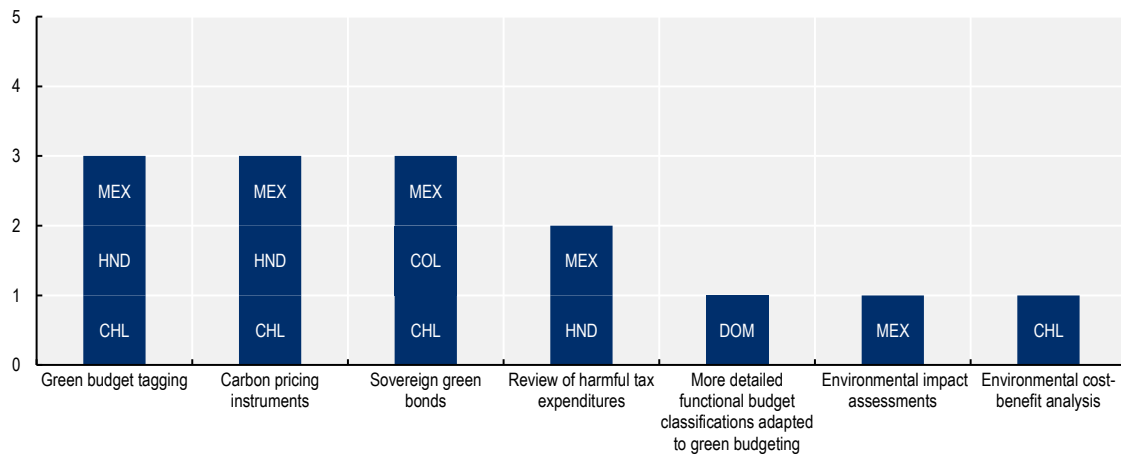
Figure 6.2. OECD Green Budgeting Index for LAC countries, 2022



Source: OECD-IDB (2022), Survey on Green Budgeting; OECD (2022), OECD Survey on Green Budgeting.

StatLink <https://stat.link/3kr0lh>

Figure 6.3. Green budgeting methods and tools, 2022



Source: OECD-IDB (2022), Survey on Green Budgeting.

StatLink <https://stat.link/saiu43>

6.2 Gender budgeting

Gender budgeting is a public governance tool that can be used to ensure that the budget reflects the priorities of the government on gender equality (OECD, 2023). When implemented effectively, gender budgeting helps reduce gender inequalities in public policies and in the allocation of resources. The successful implementation of gender budgeting requires a strong institutional and strategic framework, developing effective methods and tools to facilitate its adoption and execution, and fostering an enabling environment within the administration to support effective implementation. Accountability mechanisms and a focus on delivering and measuring impact also help ensure the effectiveness and sustainability of gender budgeting (OECD, 2023). In Latin American and Caribbean (LAC) countries, the use of gender budgeting is widespread. Of the 13 countries surveyed, 10 practise gender budgeting (77%), compared to 61% of OECD countries. In addition, Costa Rica and Guyana are considering its implementation (Figure 6.4).

The OECD's Gender Budgeting Index assesses the implementation of gender budgeting around the five building blocks of the updated OECD Framework for Gender Budgeting: 1) institutional and strategic arrangements; 2) methods and tools; 3) enabling environment; 4) accountability and transparency; and 5) impact (Gatt Rapa and Nicol, forthcoming). The average score of the 2022 Gender Budgeting Index in the LAC region (0.47) is similar to the OECD average (0.49). Three countries achieved an advanced score (0.6 or above). Argentina stands out with the highest overall score (0.75). Notably, Argentina has a legal framework that enables gender budgeting and uses a diversity of tools to implement it. Mexico (0.63) and the Dominican Republic (0.60) also achieve an advanced score, reflecting a comprehensive approach to gender budgeting and strong scores across different building blocks (Figure 6.5).

LAC countries average 0.15 for their institutional and strategic frameworks, slightly above OECD countries (0.13). Argentina, Colombia and the Dominican Republic have the highest possible score on this building block (0.20), having a well-defined legal basis (law or constitution) and clear gender equality goals. Even though the LAC region has a lower average score for enabling environments (0.08) compared to OECD countries (0.10), the Dominican Republic (0.17) stands out for its well-established enabling environment supported by central guidelines, coordination mechanisms across agencies and the availability of gender disaggregated data. Accountability and transparency (0.07) and impact (0.08) are the two building blocks where LAC countries achieved the lowest average index scores, although they were similar to those for OECD countries (0.09 for accountability and transparency and 0.07 for impact) (Figure 6.5). There is room for further improvements on oversight and the effective use of evidence gathered through gender budgeting in budget decisions.

When it comes to the methods and tools used to implement gender budgeting, LAC and OECD countries both average 0.9 (Figure 6.5). Argentina has the highest score (0.20) and is the only country that uses gender budgeting methods and tools across the different stages of the budget cycle: planning and formulation, approval, and implementation and reprioritisation. LAC countries generally use quite different tools from those most used in OECD countries. For example, the most common tool in LAC countries (8 out of 10, 80%) is gender budget tagging, followed by a gender dimension in spending reviews (5 out of 10, 50%) (Figure 6.6). In contrast, the most widespread tool across OECD countries is a gender dimension in performance setting (52%) followed by *ex ante* gender impact assessment (48%) (OECD, 2023).

Methodology and definitions

Data are drawn from the 2022 OECD/IDB Survey on Gender Budgeting and the 2022 OECD Survey on Gender Budgeting, encompassing the same data set and responses from 13 LAC countries. Respondents were predominantly budget officials within central budget authorities. Responses represent the country's own assessment of current practices and procedures. For standardisation and consistency, the surveys considered existing or planned practices as of 1 April 2022 (OECD/IDB survey) and 1 March 2022 (OECD survey).

Each of the 2022 OECD Gender Budgeting Index's five building blocks carry an equal weight (20%). The Index ranges from 0 to 1, with countries having an advanced gender budgeting practice with a score of 0.6 and above, an intermediate practice with a score between 0.3 and 0.6, and an introductory practice with a score of 0.3 and below. Country scores were determined by adding the weighted scores of each building block, individually varying from 0 to 1. Further details on the Index are available in Annex B.

Further reading

Gatt Rapa, K. and S. Nicol, (forthcoming), "OECD Framework for Gender Budgeting", OECD Publishing, Paris.

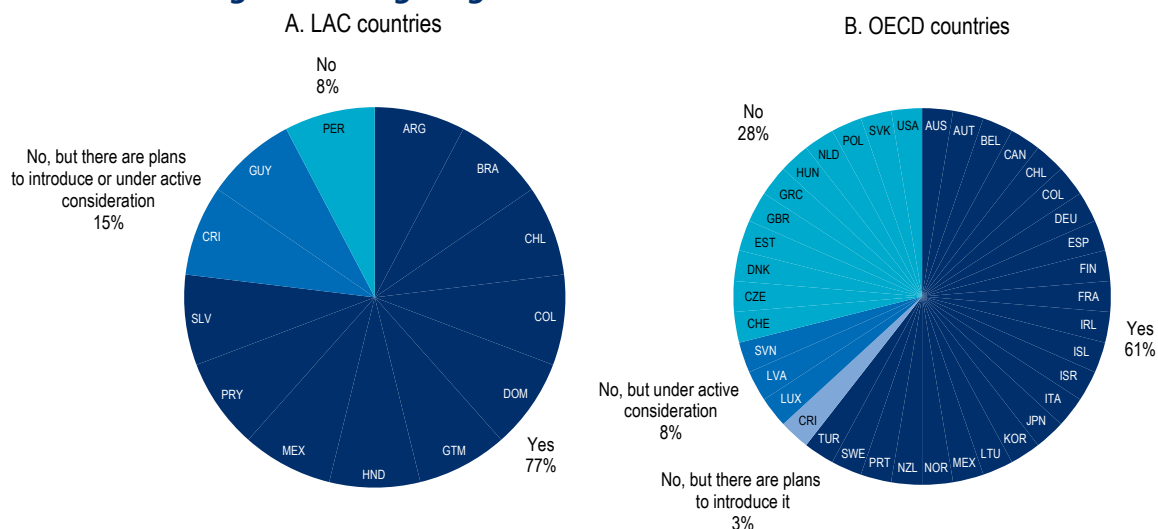
IDB (2021), "Gender Budgeting: Lessons for Central American countries and the Dominican Republic", Technical note n° IDB-TN-02123, Washington DC, <http://dx.doi.org/10.18235/0003106>.

OECD (2023), *Gender Budgeting in OECD Countries 2023*, OECD Publishing, Paris, <https://doi.org/10.1787/647d546b-en>.

Figure notes

Figure 6.5 and Figure 6.6. only show data for LAC countries that reported having gender budgeting practices in place.

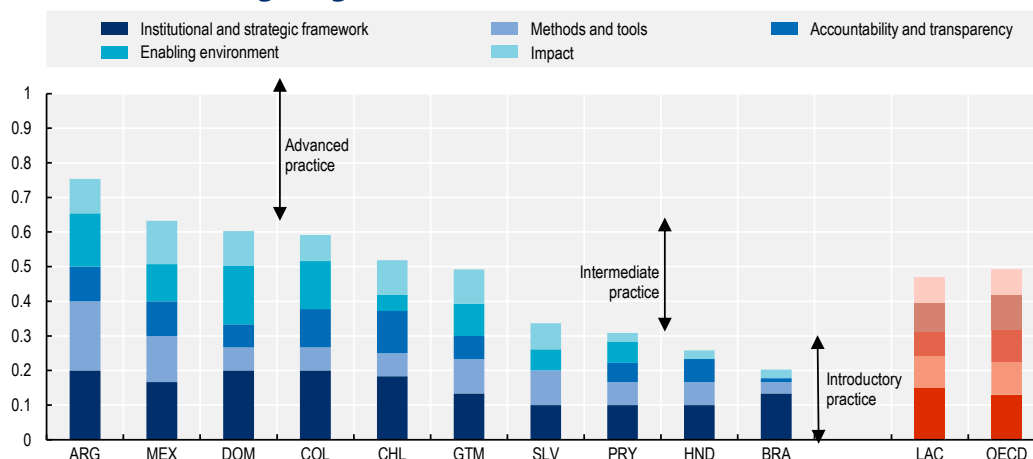
Figure 6.4. Existence of gender budgeting in LAC and OECD countries, 2022



Source: OECD/IDB (2022), Survey on Gender Budgeting; OECD (2022), OECD Survey on Gender Budgeting.

StatLink <https://stat.link/i26wyg>

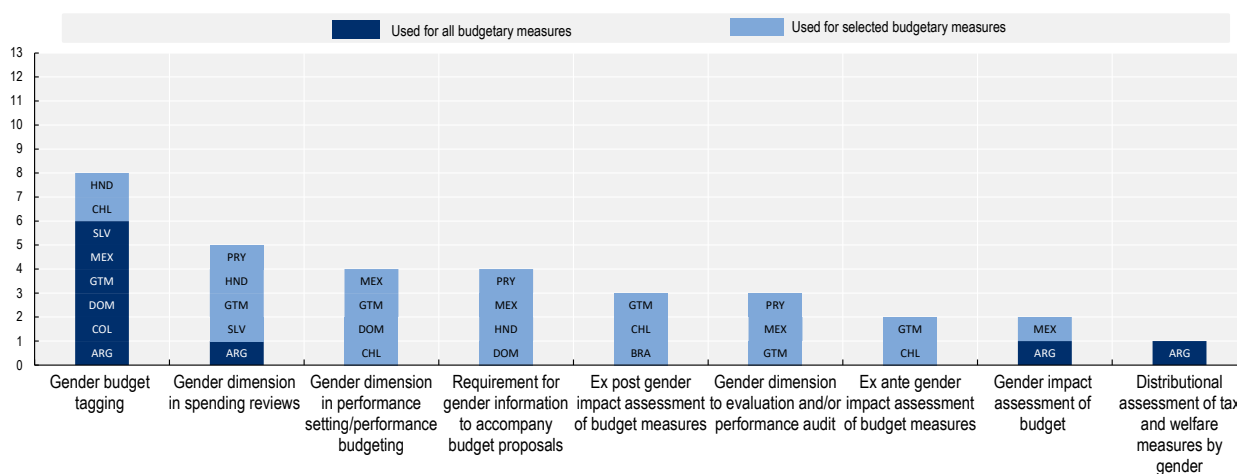
Figure 6.5. OECD Gender Budgeting Index for LAC countries, 2022



Source: OECD/IDB (2022), Survey on Gender Budgeting; OECD (2022), OECD Survey on Gender Budgeting.

StatLink <https://stat.link/nks6z8>

Figure 6.6. Gender budgeting methods and tools, 2022



Source: OECD/IDB (2022), Survey on Gender Budgeting.

StatLink <https://stat.link/xjpsne>

6.3 Spending reviews

Spending reviews are a core instrument for expenditure prioritisation and reallocation. They offer a way for governments to support the sustainability of public finances by systematically analysing existing expenditure. They also provide opportunities to align spending with government priorities and improve its effectiveness. Efficient public spending needs information and evidence to support the reallocation of resources or reformulation of programmes that are not delivering the expected results or may no longer reflect the priorities of citizens. Spending reviews are gaining momentum in Latin American and Caribbean (LAC) countries, especially considering the impact of the COVID-19 pandemic on the region's public budgets. Their scope varies from country to country, and their implementation also requires customised institutional setups. Spending reviews require the participation of all ministries or public agencies within a country. However, certain individual reviews require either the participation of a single ministry or several ministries, if it is a cross cutting review. Their roles depend both on the country's set up and which stage of the process they are involved in (e.g. implementation or decision-making phase). In 2022, 7 out of the 12 surveyed LAC countries (58%) reported carrying out spending reviews – the Bahamas, Chile, Colombia, the Dominican Republic, Mexico, Peru and Paraguay – while Brazil is considering adopting the practice. However, this share is lower than across the OECD in 2020 (84%) (Figure 6.7).

When conducting spending reviews, each government establishes its own objectives based on its needs and goals. All seven LAC countries which reported conducting spending reviews in 2022 aimed to enhance the effectiveness of their policies and programmes. This objective was shared by 29 out of 31 of the OECD countries conducting spending reviews in 2020 (94%). Another common objective for LAC countries was to align spending with government priorities, set by 71% of the LAC countries implementing spending reviews (5 out of 7), compared to 65% of OECD countries (20 out of 31). Only Chile, Colombia and Mexico (43%) aimed to control spending levels during their reviews, compared to 65% of the relevant OECD countries (20 out of 31) (Figure 6.8; OECD 2021, Figure 5.7).

Spending reviews usually fall under the responsibility of the Finance Ministry, although other government bodies always need to be involved. With regards to decision-making, the Minister of Finance approves the spending reviews topics in three out of the seven LAC countries that conduct spending reviews (43%), a larger share than of OECD countries (12 out of 31, 39%). The Minister of Finance is also in charge of making the final decision on the methodology to be used for the reviews in three LAC countries (Chile, Mexico and Peru), while in Paraguay it falls into the remit of a spending review unit, and in Colombia the National Planning Department has this task and also approves the spending review topics. In the Dominican Republic these functions are carried out by the Minister of Finance jointly with a line minister. The final decisions on spending review

reports fall to the same entities as the decision on the methodology in most countries, with the exception of Mexico, where this function is granted jointly to the President's office and the Minister of Finance (Figure 6.9).

Methodology and definitions

Data are drawn from the 2022 OECD/IDB Survey on Spending Reviews and the 2020 OECD Spending Review Survey, encompassing responses from 12 LAC countries. Where spending review practices are in place, the survey gathers information on practice design, implementation and any remaining challenges. Respondents were predominantly budget officials within central budget authorities. Responses represent the country's own assessment of current practices and procedures. The surveys considered existing or planned practices as of end-December 2021 (OECD/IDB survey) and end-December 2020 (OECD survey).

Spending reviews are tools for systematically analysing the government's existing expenditure. They are clearly linked to the budget process. The purposes of a spending review include: 1) enabling the government to manage the aggregate level of expenditure; 2) identifying savings or reallocation measures; and 3) improving effectiveness within programmes and policies.

Further reading

Doherty, L., & Sayegh, A. (2022), "How to design and institutionalize spending reviews", *IMF How To Notes*, Vol. 2022/004, <https://www.imf.org/en/Publications/Fiscal-Affairs-Department-How-To-Notes/Issues/2022/09/20/How-to-Design-and-Institutionalize-Spending-Reviews-523364>.

IDB (2018), *Better Spending for Better Lives: How Latin America and the Caribbean Can Do More With Less*, Inter-American Development Bank, Washington, DC, <http://dx.doi.org/10.18235/0001217-en>.

OECD (2021), *Government at a Glance 2021*, OECD Publishing, Paris, <https://doi.org/10.1787/1c258f55-en>.

Tryggvadottir, Á. (2022), "OECD Best Practices for Spending Reviews", *OECD Journal on Budgeting*, Vol. 22/1, <https://doi.org/10.1787/90f9002c-en>.

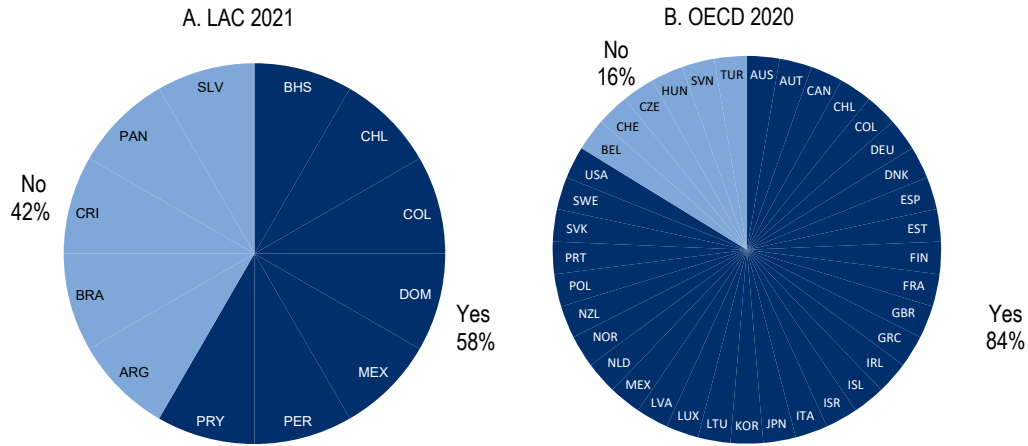
Figure notes

For 2022, data for Honduras are not available. Data for Colombia and Mexico are drawn from the 2020 OECD Spending Review Survey.

Figure 6.7. Data for the OECD are from 2020 and do not include Costa Rica.

Figure 6.8 and Figure 6.9. only show data for the LAC countries that conducted spending reviews.

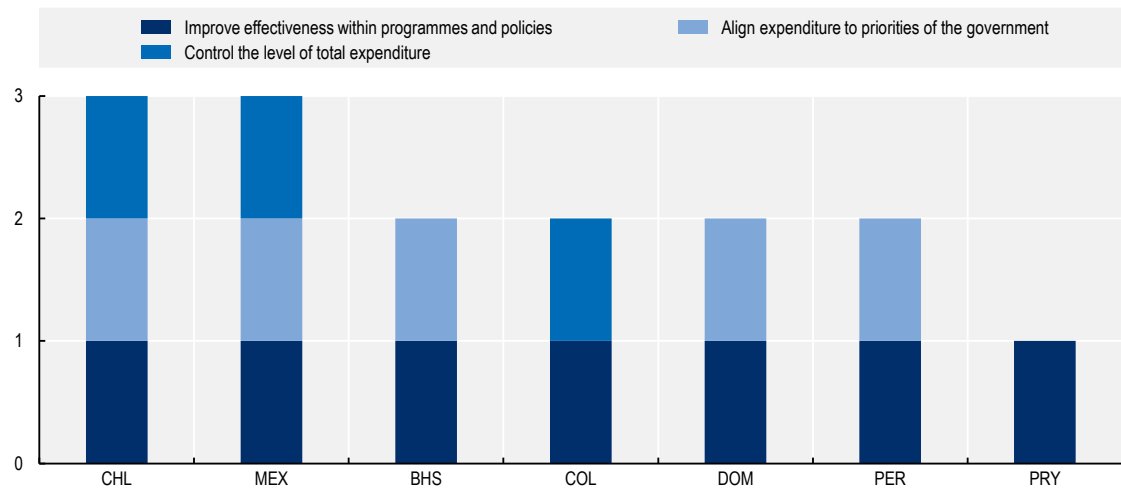
Figure 6.7. Countries conducting spending reviews in LAC and OECD members, 2021



Source: OECD-IDB (2022), Survey on Spending Reviews; OECD (2020), Spending Review Survey.

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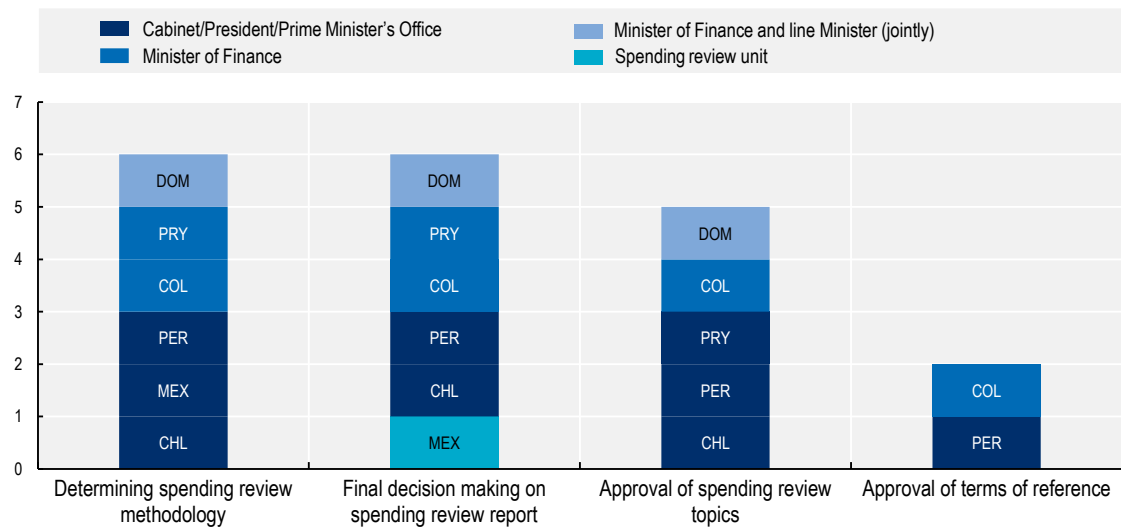
Figure 6.8. Main objectives of spending reviews over the previous three years, 2021



Source: OECD-IDB (2022), Survey on Spending Reviews; OECD (2020), Spending Review Survey.

StatLink <https://stat.link/4irj1d>

Figure 6.9. Actors responsible for decision making on spending reviews and their functions, 2021



Source: OECD-IDB (2022) Survey on Spending Reviews; OECD (2020), Spending Review Survey.

StatLink <https://stat.link/j5lmfq>

6.4 Special feature: Managing health spending during COVID-19

Health systems worldwide were at the forefront of the response to the COVID-19 pandemic. In a context of urgency and uncertainty, additional financial resources were allocated to this sector, and procedures were often relaxed to cope with emergency requirements. As a result, and in a similar way to OECD countries, Latin American and Caribbean (LAC) countries resorted to the use of contingency and extra-budgetary funds, supplementary budgets, and other measures including loans and resource readjustments, as well as tracking these measures. As elsewhere, the response to the COVID-19 within LAC was not homogeneous and was influenced by different institutional realities and the available tools.

LAC countries used different channels to allocate resources to meet specific urgent needs. One of the most common responses in LAC countries during the initial stages of the pandemic was to reprioritise funds from the existing health budget, used by 8 of the 13 LAC countries surveyed in 2020 (62%) and still used by 5 out of 13 in 2021 (38%). The same numbers used loans from international organisations or countries as additional sources of funds: 8 out of 13 in 2020, and 5 out of 13 in 2021. The budgetary measures implemented by LAC countries to cope with the COVID-19 pandemic varied between 2020 and 2021. In 2020, most LAC countries responded to COVID-19 with supplementary budgets voted by legislators to reallocate and increase the spending capacity of the Ministry of Health and/or other health sector institutions. In contrast, by 2021, most countries were including their budget response to COVID-19 in the regular annual health sector budget process (Table 6.1).

The COVID-19 pandemic also affected revenues from health social security contributions for most surveyed LAC countries, but in different ways. Given the impact of the pandemic on economic activity and employment, most countries with data available reported a fall in social security contributions in 2020 (Argentina, Colombia, Costa Rica, El Salvador, Honduras and Uruguay). By 2021, Colombia's contributions increased, while Argentina and El Salvador were still experiencing reductions. Despite the impact of the pandemic on employment, Brazil, the Dominican Republic and Paraguay reported increases in both 2020 and 2021. Contributions remained stable in Haiti in both years (Figure 6.10).

All surveyed LAC countries adopted a methodology to track and report their health expenditures during the COVID-19 pandemic to ensure the accountability of COVID-19 expenditure and to promote transparency. Most countries published reports of measures and expenditures related to the pandemic (12 out of 13, or 92% in 2020, and 11 out of 13 in 2021). For instance, Paraguay developed the digital tool *Mapa Inversiones + Modulo COVID-19* to keep track of all COVID-19 related expenditures,

such as programmes, contracts, grants and donations related to the health emergency. Furthermore, most countries dedicated special COVID-19 budgets or accounting codes that allowed such expenditure to be managed separately from the regular budget, making it easier to track and report (Figure 6.11).

Methodology and definitions

The 2021 OECD survey on health financing and governance responses to COVID-19 in Latin America and Caribbean countries collected data between June and September 2021 on budgetary measures in the health sector in response to the pandemic, including information on the strategy for budget implementation and its oversight. Respondents were senior budget and health officials in the finance and health and social security ministries in 13 LAC countries.

Contingency funds are used to finance unforeseen emergencies. The use of these funds does not require the approval of the parliament or congress (beyond the approval of the annual budget). Extra-budgetary funds are special government-owned funds that are not part of the budget and receive pre-allocated levies (e.g. through fees and general revenue fund quotas). Supplementary budgets are proposed amendments to the annual budget, used to authorise additions or changes to allocations that were not provided for in the original approved budget (require parliamentary approval, but are subject to simpler legislative procedures).

Health social security contributions are compulsory payments to general government that confer entitlement to receive a (contingent) future social benefit.

Further reading

IDB (2018), *Better Spending for Better Lives: How Latin America and the Caribbean Can Do More with Less*, Inter-American Development Bank, Washington, DC, <http://dx.doi.org/10.18235/0001217-en>.

OECD (2022), "Health budgeting and governance responses to COVID-19 in Latin America and the Caribbean: Lessons for improving health systems' resilience", *OECD Journal on Budgeting*, Vol. 22/2, <https://doi.org/10.1787/d62fa6ef-en>.

Figure notes

Table 6.1. Data on strategies to implement the health budgetary response for El Salvador and Haiti are not available for 2021.

Figure 6.10. Data for Guatemala, Jamaica, and Peru are not available for 2020 and 2021. Data for Honduras and Uruguay are not available for 2021.

Figure 6.11. Data for El Salvador for 2021 are not available.

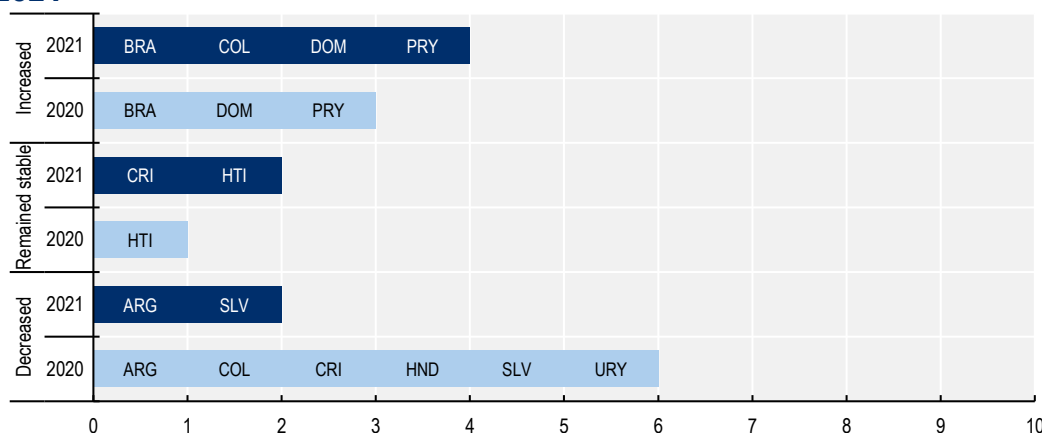
Table 6.1. Main source of funds for health budgetary response to COVID-19 and strategy for implementation, 2020 and 2021

Countries	Sources of funds associated with health budgetary response to COVID-19							Strategies to implement the health budgetary response to COVID-19		
	Reprioritised funding from within an existing health budget	Reprioritised funding from other sectors across government	Transfers between fiscal years	Contingency funds for unanticipated events	Loans from international organisations/ countries	Grants from international organisations/ donors	Salary discounts for certain public officials and/ or discounts from public pensions pay-outs	Supplementary budgets to increase/reallocate spending subject to parliamentary votes	Contingency extra-budgetary funds created to channel health sector COVID-19 response	Included within the regular annual budget process of the health sector
Argentina					•▲			•▲		
Brazil			▲					•▲		
Colombia	•			•▲			•		•	
Costa Rica	•▲			•▲				•▲	▲	
Dominican Republic	•▲	•▲			•	•			▲	
El Salvador	•▲	•			•▲	•				
Guatemala	▲	▲	▲	•	•				▲	
Haiti	•	•▲	•▲			•				
Honduras	•▲				•▲	•▲			•▲	
Jamaica	•	▲				•▲			•▲	
Paraguay	•	•▲					•		▲	
Peru			•▲	•▲	•				▲	
Uruguay					•▲	•▲	•▲			
LAC Total										
● 2020	8	4	3	4	8	6	3	9	3	
▲ 2021	5	5	4	3	5	3	1	4	7	

Source: OECD (2021), Survey on Health Financing and Governance Responses to COVID-19 in Latin American and Caribbean Countries.

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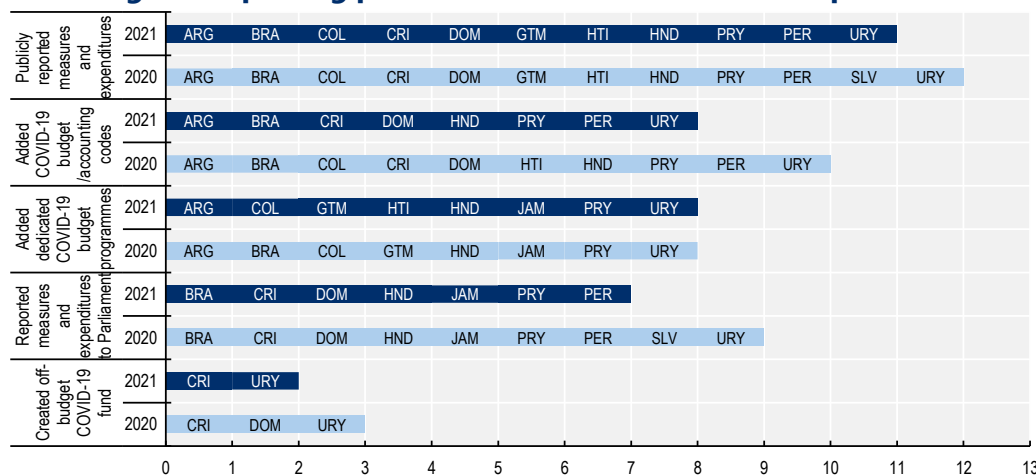
Figure 6.10. Impact of the COVID-19 crisis on revenue from health social security contributions, 2020 and 2021



Source: OECD (2021), Survey on Health Financing and Governance Responses to COVID-19 in Latin American and Caribbean Countries.

StatLink <https://stat.link/eocyrk>

Figure 6.11. Tracking and reporting processes for COVID-19 health expenditure, 2020 and 2021



Source: OECD (2021), Survey on Health Financing and Governance Responses to COVID-19 in Latin American and Caribbean Countries.

StatLink <https://stat.link/em91uf>

Chapter 7.

Managing public procurement

7.1 Size of public procurement

Governments procure substantial amounts of goods and services to implement policies and deliver public services. This process entails using public funds to purchase goods, services and works by governments and state-owned enterprises. It is crucial for countries to prioritise efficiency, effectiveness and value for money in public procurement, as these factors directly affect citizens' quality of life.

Public procurement expenditure averaged 17.4% of total government expenditure across Latin America and the Caribbean (LAC) countries with available data in 2021, a slight increase from 16.9% in 2019. However, looking at a longer period (2014-21), the share of procurement expenditure decreased in most LAC countries, and on average in the region by 3.8 percentage points (p.p.). Peru had the highest share of procurement expenditure (45.6% of total spending) in 2021, with a significant proportion dedicated to investment. Brazil, Chile and Costa Rica spent the smallest share on procurement, all at around 17% of total expenditure. Chile has seen the largest reduction in procurement expenditure with a decline of 5.5 p.p. since 2019 (Figure 7.1).

When measured relative to GDP, procurement expenditure remained unchanged on average in the LAC region between 2019 and 2021, at 6.6% of GDP. This average conceals significant variations across countries, however. El Salvador (2.0 p.p.) and Peru (1.2 p.p.) experienced the highest relative increases in procurement spending as a share of GDP over that period, while levels fell in Chile (-0.5 p.p.) and Colombia (-0.2 p.p.). Peru's expenditure on procurement stands out, at 11.0% of GDP in 2021, compared to Mexico on 3.8% (Figure 7.2).

In LAC countries, subnational governments are key actors in public procurement, as most procurement expenditure is allocated to those levels. On average, 33.5% of procurement expenditure in LAC countries was by central level of government in 2021, while local levels accounted for 41.7%. This was mostly due to countries with federal governments, which tend to allocate more resources and expenditure to subnational governments. Brazil stands out with a large share of procurement expenditure allocated to local government (49.7%) and the state level (34.9%), but only 15.4% to the central government. In contrast, all other LAC countries with available data allocated more than half of their procurement expenditure to the central level, with Paraguay (90.2%) and El Salvador (87.3%) having the highest share (Figure 7.3). The share of procurement spending at the local level decreased fell in most LAC countries between 2019 and 2021, by 2.5 p.p. on average. Mexico (-8.0 p.p.) and Colombia (-6.8 p.p.) saw the largest decreases (Online Figure F.4.1).

Methodology and definitions

The size of general government procurement spending is estimated using data from the IMF Government Finance Statistics (IMF GFS) database which applies the concepts set out in the Government Finance Statistics Manual (GFSM). The GFSM provides a comprehensive conceptual and accounting framework suitable for analysing and evaluating fiscal policy. It is harmonised with the other macroeconomic statistical frameworks, such as the System of National Accounts (SNA). However, some differences exist between the GFSM and the SNA frameworks in several occurrences which led to the establishment, to a large extent, of correspondence criteria between the two statistical systems.

General government procurement includes intermediate consumption (goods and services purchased by governments for their own use, such as accounting or information technology services) and gross fixed capital formation (acquisition of capital excluding sales of fixed assets, such as building new roads). Costs of goods and services financed by general government, also part of government procurement, were not included in this indicator because they are not accounted separately in the IMF GFS database. For this reason, the figures are not compared to the OECD data on general government procurement spending which is based on the SNA.

Government procurement includes the values of procurement for central, state and local governments. The subnational component refers to state and local governments. Social security funds have been excluded from this analysis, unless otherwise stated.

Further reading

OECD (2019), *Productivity in Public Procurement: A Guide to Better Practice*, OECD Publishing, Paris,

www.oecd.org/gov/public-procurement/publications/productivity-public-procurement.pdf (accessed on 21 November 2023).

OECD (2015), "Recommendation of the Council on Public Procurement", *OECD Legal Instruments*, OECD, Paris, www.oecd.org/gov/public-procurement/OECD-Recommendation-on-Public-Procurement.pdf.

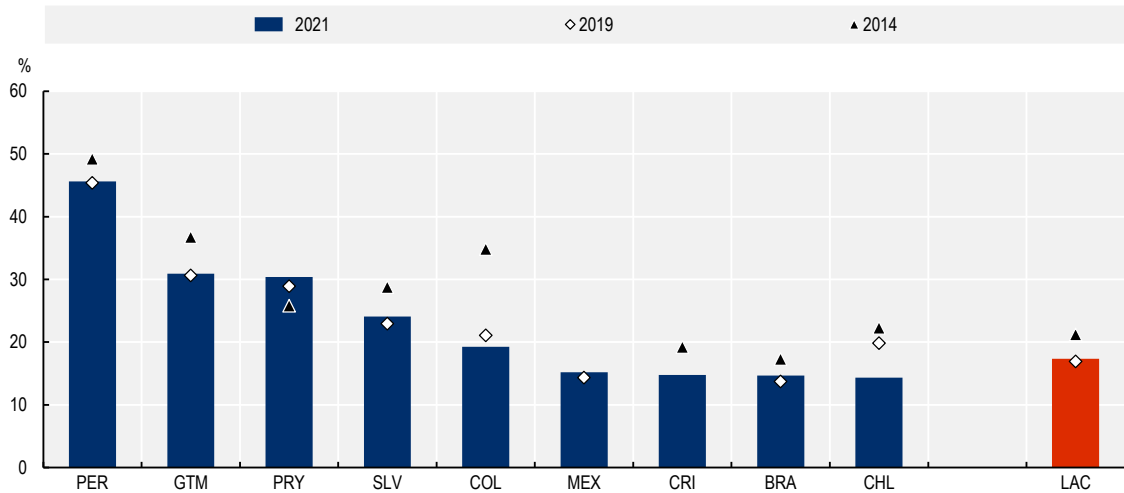
Figure notes

Data for Mexico, Paraguay and Peru are recorded on a cash basis. Data for Costa Rica and Mexico are not included in the LAC average.

Costs of goods and services financed by general government are not included in government procurement because they are not accounted separately in the IMF Government Finance Statistics (database).

Figure F.4.1 (Change in the distribution of general government procurement spending across levels of government, 2019 to 2021) is available online in Annex F.

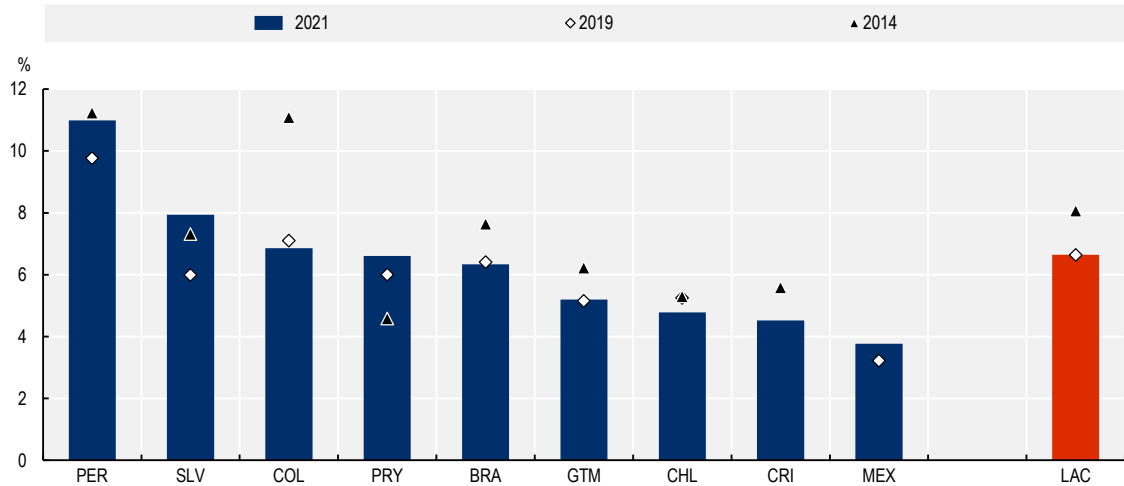
Figure 7.1. Government procurement spending as a share of total government expenditures, 2014, 2019 and 2021



Source: IMF Government Finance Statistics (IMF GFS) database.

StatLink <https://stat.link/4i526k>

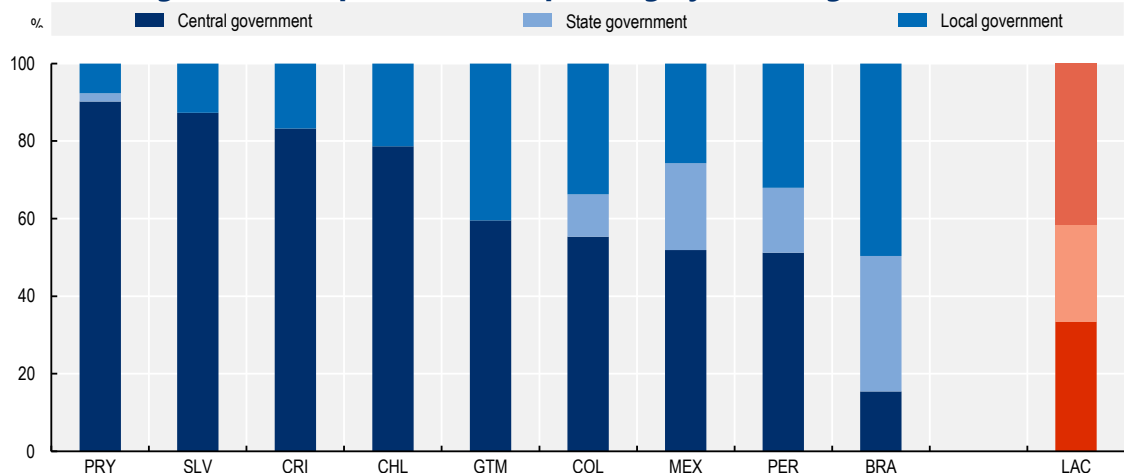
Figure 7.2. Government procurement spending as percentage of GDP, 2014, 2019 and 2021



Source: IMF Government Finance Statistics (IMF GFS) database.

StatLink <https://stat.link/20wrq7>

Figure 7.3. General government procurement spending by level of government, 2021



Sources: IMF Government Finance Statistics (IMF GFS) database.

StatLink <https://stat.link/78fknj>

7.2 E-procurement and transparency of the public procurement process

Public procurement plays a critical role in the delivery of goods, services and works. Having transparent and innovative procedures is key to ensuring efficient, inclusive and cost-effective public procurement, as well as mitigating corruption risks and inefficient practices. The use of information and communication technology (ICT) throughout all stages of public procurement has several benefits, such as increasing transparency, facilitating the monitoring and evaluation of public procurement spending, improving digital access to public tenders, increasing outreach and competition, and allowing irregularities to be detected more easily (OECD, 2020). It can also help to save money and time by reducing administrative burdens and potential mistakes during the various stages of the public procurement cycle.

In 2022, 16 of the 19 surveyed Latin American and Caribbean (LAC) countries (84%) used their central e-procurement systems in one or more stages of the public procurement cycle. They are most likely to use these systems in the early stages of the cycle: for announcing tenders in all 16 countries, allowing bids to be submitted electronically in 13 out of 16 (81%) and notifying the award of the bid in 14 out of 16 (88%). The functionality used least is the electronic submission of invoices, used by only 4 out of 16 countries (25%). Chile, Colombia and the Dominican Republic have the most complete e-procurement systems, as they report having all the functionalities in place. In contrast, Haiti and El Salvador use their e-procurement systems only to announce tenders (Figure 7.4).

Integrating e-procurement with other e-government systems (e.g., budgeting systems, business and tax registries, social security databases, and financial systems for payment) can help public officials to collect and identify data in an agile and timely manner. In the LAC region, 11 out of the 19 surveyed countries (58%) have integrated their e-procurement systems with other e-government systems. Since 2018, Chile has integrated its e-procurement system with its Government Financial Management System (Figure 7.5).

Openness and transparency in procurement require public disclosure of information about potential suppliers participating in the bidding process, including companies' beneficial ownership. There is some form of disclosure in 15 out of the 19 LAC countries surveyed (79%). In nine countries the bidder is required to provide this information when registering as a supplier and is responsible for updating it, while in eight countries, bidders declare this information each time they participate in a public procurement process (Figure 7.6).

Methodology and definitions

Data were collected through the 2022 IDB-OECD Survey on the Implementation of the 2015 OECD Recommendation on Public Procurement from 19 Latin American and Caribbean countries. The survey focused on the 12 principles in the recommendation, covering issues such as e-procurement, systems' integration and integrity in public procurement. Respondents were officials responsible for procurement policies at the central government level and senior officials in central purchasing bodies that are part of the Inter-American Network on Government Procurement (INGP).

E-procurement refers to the integration of digital technologies to replace or redesign paper-based procedures throughout the procurement cycle. The public procurement cycle refers to the sequence of procurement activities from needs assessment, competition and award to payment and contract management, as well as any subsequent monitoring or auditing.

Beneficial ownership refers to the natural person(s) behind an entity, whether a legal person or arrangement, who exercise(s) control over it.

Further reading

OECD (2020), *Towards a new vision for Costa Rica's Public Procurement System: Assessment of Key Challenges for the Establishment of An Action Plan*, OECD, Paris, www.oecd.org/gov/public-procurement/publications/Towards-a-new-vision-for-Costa-Rica-s-public-procurement-system.pdf.

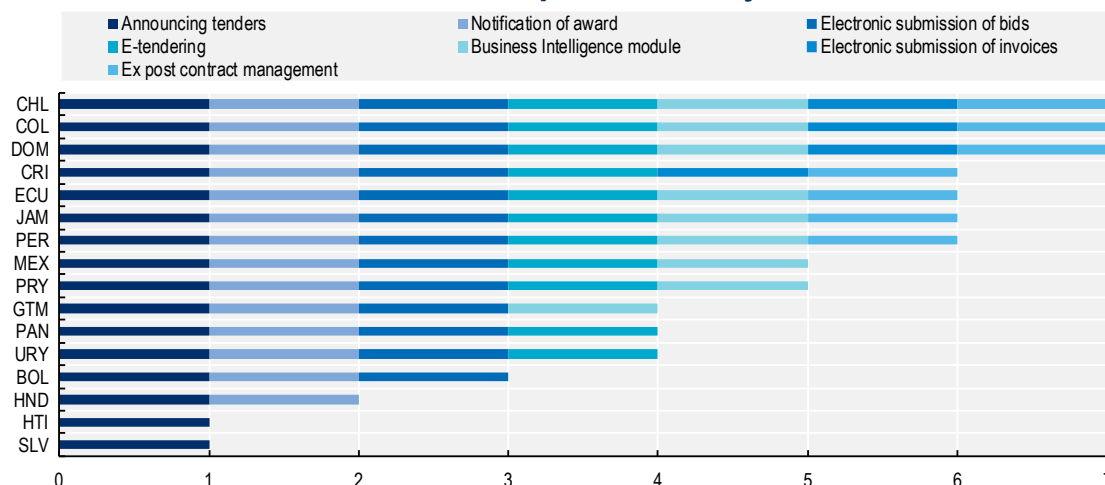
OECD (2015), "Recommendation of the Council on Public Procurement", *OECD Legal Instruments*, OECD, Paris, <https://legalinstruments.oecd.org/en/instruments/OECD-LEGAL-0411>.

Pimenta, C. and A. Seco (2021), *Financial Management Information Systems (FMIS) – Project Guide: Strategic, Functional, Technological, and Governance Issues in the Design and Implementation of New Platforms for Public Financial Management Systems*, Inter-American Development Bank, Washington, DC, <http://dx.doi.org/10.18235/0003342>.

Figure notes

Figure 7.4. Barbados, Suriname and Trinidad and Tobago are not in the figure since they do not have a centralised e-procurement system.

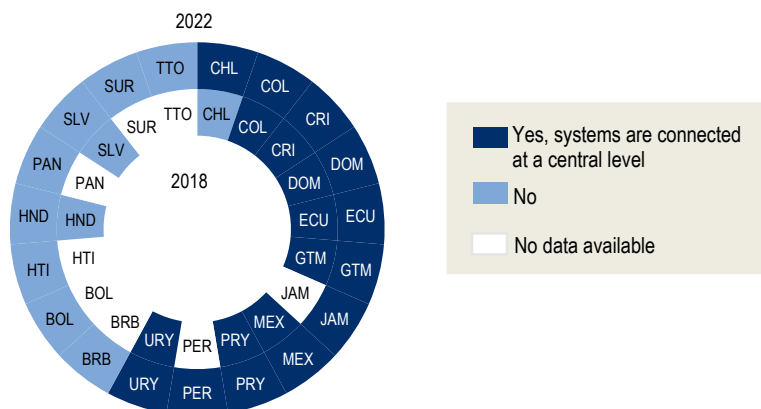
Figure 7.4. Functionalities of the centralised e-procurement system, 2022



Source: IDB-OECD (2022), Survey on the Implementation of the 2015 OECD Recommendation on Public Procurement.

StatLink <https://stat.link/6uo20d>

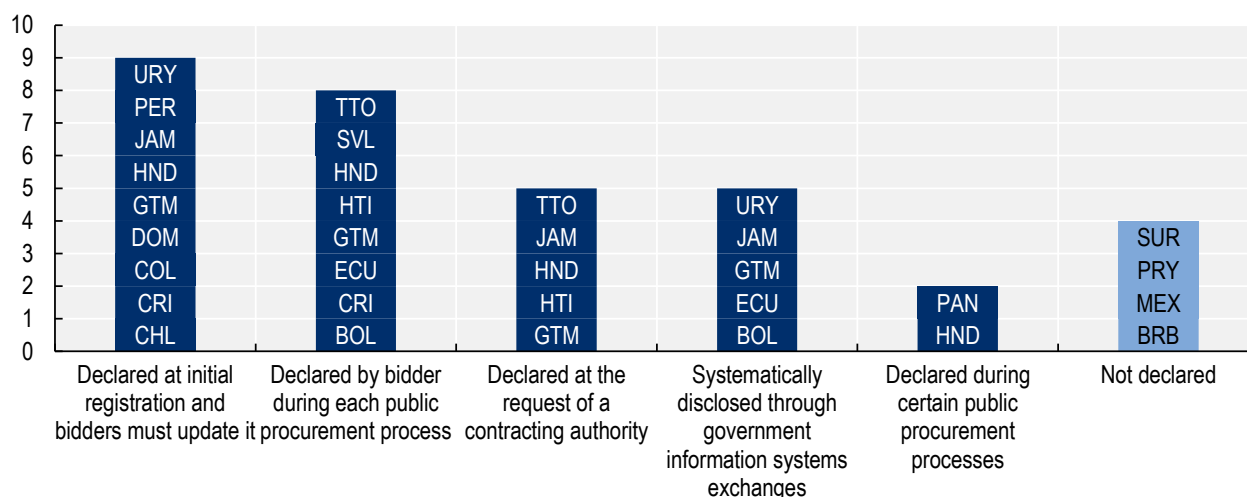
Figure 7.5. Integration of the e-procurement system with other e-government systems, 2018 and 2022



Source: IDB-OECD (2022), Survey on the Implementation of the 2015 OECD Recommendation on Public Procurement; IDB-OECD (2018), Survey on Public Procurement.

StatLink <https://stat.link/ct70wj>

Figure 7.6. Disclosure of beneficial ownership of companies bidding for public procurement procedures, 2022



Source: IDB-OECD (2022), Survey on the Implementation of the 2015 OECD Recommendation on Public Procurement.

StatLink <https://stat.link/r5pkbo>

7.3 Professionalisation of public procurement

As public procurement processes become more strategic about achieving governments' social and economic goals, professionals in the field need to acquire specific skills and competencies. It is thus in the best interest of governments to provide specialised capacity building and development programmes for public procurement officials. In fact, most inefficiencies in public procurement such as delays, and overpricing are related to the capacity of the public procurement workforce. These inefficiencies cause estimated losses in the Latin America and Caribbean (LAC) region of an average of around 1.4% of GDP annually (Muñoz Miranda et al., 2022). Professionalising this workforce has become a top priority in public procurement reforms; at its most basic, creating an environment that enables such professionalism means cultivating the values and principles of a fair and transparent public procurement system (OECD, 2023). Consequently, the starting point for any procurement system must be a team of professionals who value the public good, the rule of law and transparency (Cruz and De Michele, 2022).

In 2022, 17 out of 19 surveyed LAC countries (89%) did not recognise public procurement as a standalone profession in the public administration, with Paraguay and Trinidad and Tobago the only countries to do so. This contrast with 39% of OECD countries. This lack of recognition in LAC prevents countries from identifying the right skills and competencies in the hiring process, and it can also make it challenging to attract and retain qualified personnel. Recognition may help procurement professionals to identify possible career paths and understand the capabilities they need to develop to meet their career aspirations (OECD, 2023). Paraguay offers an accreditation programme for the technical competencies of staff working in the various operational procurement units, while Trinidad and Tobago sets training standards, competency levels and certification requirements to promote best practices in procurement (Figure 7.7).

Eleven out of the 19 surveyed LAC countries (58%) have implemented at least one of a range of targeted measures to professionalise their public procurement workforces. For instance, 6 out of 19 (32%) have competency models, which define the critical skills necessary to enter a given procurement function. The same number apply certification processes for public procurement officials. These include Peru, which has conducted an impact assessment of its certification processes, helping to improve them and in turn improve the professionalisation of its officials (Figure 7.8).

Finally, conflict of interest is one of the most crucial risks for public procurement officials. To identify, prevent and manage

this issue, 14 out of 19 countries (74%) require public officials to declare that they have no conflict of interest or notify any potential conflict of interest for each public procurement process. The same proportion of countries limit certain public officials from participating in public procurement opportunities. In contrast, only 3 out of 19 LAC countries (16%) prohibit officials from holding certain positions after leaving office. Costa Rica has the most measures in place (six), followed by Colombia, Panama, and Trinidad and Tobago, which each reported implementing five measures (Figure 7.9).

Methodology and definitions

Data were collected through the 2022 IDB-OECD Survey on the Implementation of the 2015 OECD Recommendation on Public Procurement in 19 Latin American and Caribbean countries and reflects the situation as of April 2022. The survey focused on the 12 principles in the recommendation, covering issues such as performance management, procurement workforce capacity and integrity in public procurement. Respondents were officials responsible for procurement policies at the central government level and senior officials in central purchasing bodies that are part of the Inter-American Network on Government Procurement (INGP).

Elements that contribute to recognising public procurement as a profession include job classification in the legal framework, a professionalisation strategy, a competency model, a certification framework, capacity building systems, and incentive mechanisms such as clear career paths and professional networks.

Further reading

Cruz, J. and R. De Michele (2022), "From fishing to catching: Developing actionable red flags in public procurement to prevent and control corruption", Inter-American Development Bank, Washington, DC, <http://dx.doi.org/10.18235/0004595>.

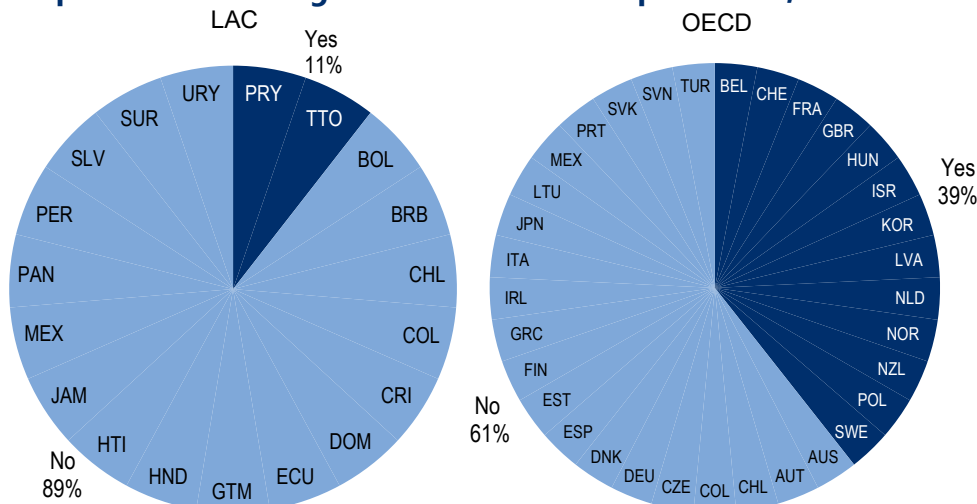
Muñoz Miranda, A. et al. (2022). "Digital transformation of public finances in Latin America and the Caribbean", Interamerican Development Bank, Washington, DC, <http://dx.doi.org/10.18235/0004271>.

OECD (2023), "Professionalising the public procurement workforce: A review of current initiatives and challenges", *OECD Public Governance Policy Papers*, No. 26, OECD Publishing, Paris, <https://doi.org/10.1787/e2eda150-en>.

Figure notes

Figure 7.7. Data for OECD is from 2020.

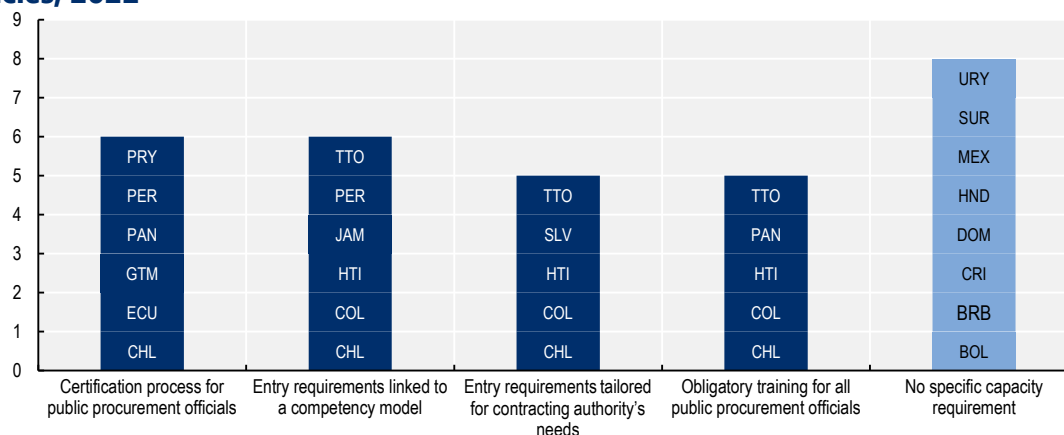
Figure 7.7. Public procurement recognised as a standalone profession, 2022



Source: IDB-OECD (2022), Survey on the Implementation of the 2015 OECD Recommendation on Public Procurement; OECD (2020), Survey on the Professionalisation on Public Procurement.

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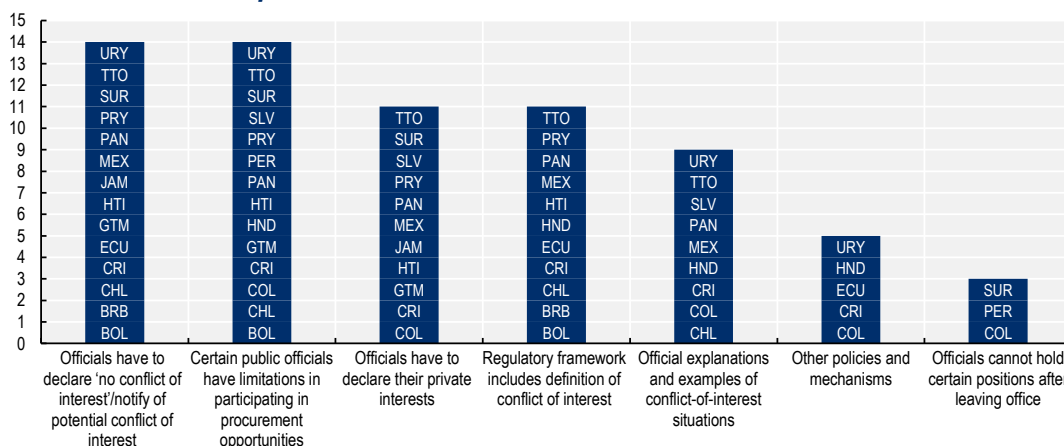
Figure 7.8. Measures in place to ensure that public procurement officials have adequate competencies, 2022



Source: IDB-OECD (2022), Survey on the Implementation of the 2015 OECD Recommendation on Public Procurement.

StatLink <https://stat.link/ug7hkd>

Figure 7.9. Policies and mechanisms to identify, prevent and manage conflicts of interest of public procurement officials, 2022



Source: IDB-OECD (2022), Survey on the Implementation of the 2015 OECD Recommendation on Public Procurement.

StatLink <https://stat.link/32zw6e>

7.4 Alignment of public procurement strategies with social objectives

Beyond saving costs and promoting operational efficiency, public procurement is strategically placed to promote social objectives such as sustainability, inclusion, community development and environmental responsibility. These objectives are promoted by a range of actions, including mechanisms to foster innovation, providing conditions for small and medium-sized enterprises (SMEs) to compete on equal footing, and favouring companies mindful of environmental sustainability and gender equality criteria. Although the use of public procurement as a strategic policy instrument is not a recent phenomenon, it is being increasingly adopted by public administrations in LAC countries (Delgado et al., 2023). Since governments define the rules for public procurement processes, they can also establish regulations that consider social objectives while tendering, awarding a bid or evaluating projects.

Indeed, 16 out of 19 surveyed LAC countries (84%) reported having policies or strategies in their central public procurement systems designed to pursue one or more social objectives. One of the most frequently pursued objectives relates to policies or strategies for SMEs, either at the central level or by procuring entities (14 out of 19 countries, or 74%). Likewise, 9 out of 19 LAC countries (47%) have central-level green procurement strategies or policies. For instance, Colombia has initiated sustainable public procurement programmes, leading to planning procurement policies with environmental criteria within ministries. In addition, seven of the surveyed LAC countries have policies concerning responsible business conduct (37%), six on women-owned enterprises (31%), and four on innovation of goods and services (21%), while around 25% of surveyed countries are currently developing strategies for all these objectives at a central level. With a more limited scope, in Chile, Colombia, El Salvador, Guatemala, Honduras, and Trinidad and Tobago, some central purchasing agencies (CPAs) have developed internal strategies or policies for green public procurement (Table 7.1). The number of LAC countries relying on strategic public procurement to pursue social objectives indicates that it is being increasingly used to tackle some of the most pressing social issues in the region such as inequality and climate risks.

In addition to policies or strategies, all surveyed LAC countries have regulatory frameworks for public procurement that also consider at least one social objective. The most common objective is the environment (89%), followed by labour rights (74%) and integrity standards (63%). Only Jamaica and Suriname have public procurement regulatory frameworks that consider long-term unemployment. Jamaica, Paraguay, and

Trinidad and Tobago have regulatory frameworks covering seven of the eight social objectives surveyed (Figure 7.10).

Finally, social objectives can be used as a criterion to award procurement bids. The criterion used most frequently is whether a proposal considers SMEs (11 out of 19 countries reported using this 50% of the time or more). This is followed by green public procurement (four countries reported a frequency of 50% or more). Panama reported always using this criterion when awarding bids, Costa Rica and Paraguay use it 75% of the time, while Colombia considers it 50% of the time (Figure 7.11).

Methodology and definitions

Data were collected through the 2022 IDB-OECD Survey on the Implementation of the 2015 OECD Recommendation on Public Procurement in 19 Latin American and Caribbean countries and reflects the situation as of April 2022. The survey focused on the 12 principles in the recommendation, covering issues such as strategic procurement and public-private interactions. Respondents are officials responsible for procurement policies at the central government level and senior officials in central purchasing bodies part of the Inter-American Network on Government Procurement (INGP).

A strategic/policy framework is a high-level document approved by national authorities, such as parliament and government, that sets out a country's policy goals for a specific sector or area. Strategic frameworks can include targets, roadmaps and action plans. A regulatory framework is a system of rules such as laws, decrees, cabinet directions or any other legal documents that govern and regulate specific policies. Responsible business conduct entails compliance with laws, such as those on human rights, environmental protection, labour relations and financial accountability.

Further reading

Eguino, H. and R. Delgado (eds.) (2023), *Fiscal policy for resilience and decarbonization: Contributions to the policy dialogue*, Technical Note No. IDB-TN-2652, Inter-American Development Bank, <https://doi.org/10.18235/0004750>.

OECD (2022), "Integrating responsible business conduct in public procurement supply chains: Economic benefits to governments", *OECD Public Governance Policy Papers*, No. 14, OECD Publishing, Paris, <https://doi.org/10.1787/c5350587-en>

Orjuela E., J. and L. Harper (2018), *Toolkit: Promoting Women in Public Procurement*, Inter-American Development Bank, Washington, DC, <http://dx.doi.org/10.18235/0001295>.

Table 7.1. Strategic public procurement to pursue social objectives, 2022

Country	Green public procurement	SME	Innovative goods/services	Women-owned business	Responsible business conduct
Barbados	◆	◆■			
Bolivia		◆			
Chile	◆◆	◆■	◆●	◆	◆
Costa Rica	◆	◆	■	■	◆
Colombia	◆◆	◆■	◆	◆	◆■
Dominican Republic	■	◆		◆	
Ecuador	■	◆	■	■	■
El Salvador	◆◆	◆●		◆●	◆●
Guatemala	●				
Haiti		◆			
Honduras	●	◆	◆	◆	◆
Jamaica	○■	○			
Mexico	○	○			
Panama	◆	◆	■	○	
Paraguay	◆	◆■	◆		◆
Peru	◆■				◆■
Suriname	■	■	■	■	■
Trinidad and Tobago	◆◆				◆●
Uruguay	■	◆	■	◆■	■
LAC Total					
◆ A strategy/policy has been developed at a central level	9	14	4	6	7
● Some procuring entities have developed an internal strategy/ policy	6	1	1	1	3
■ A strategy/policy is currently being developed	6	5	5	4	5
○ A strategy/ policy has been rescinded	2	1	0	1	0

Source: IDB-OECD (2022), Survey on the Implementation of the 2015 OECD Recommendation on Public Procurement.


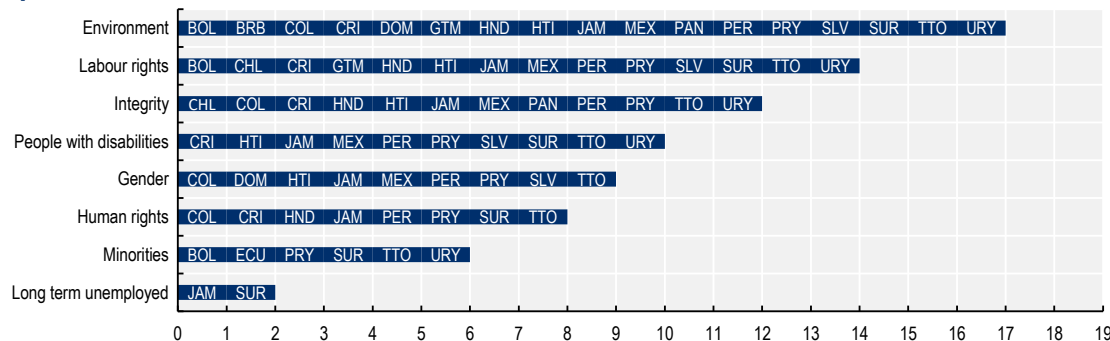
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Figure 7.10. Regulatory framework that considers social objectives in public procurement processes, 2022



Source: IDB-OECD (2022), Survey on the Implementation of the 2015 OECD Recommendation on Public Procurement.


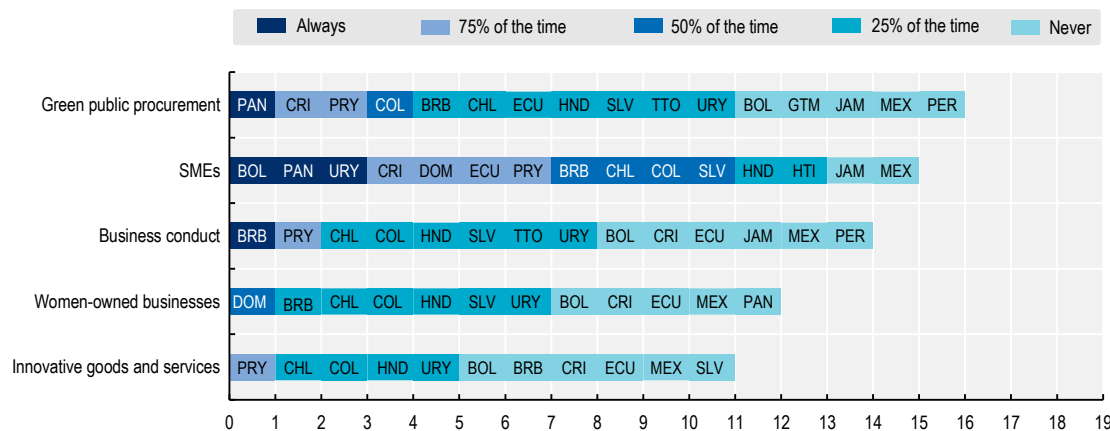

StatLink  <https://stat.link/dmicys>

Figure 7.11. Frequency with which CPAs integrate policy objectives as award criterion, 2022



Source: IDB-OECD (2022), Survey on the Implementation of the 2015 OECD Recommendation on Public Procurement.

StatLink  <https://stat.link/wobpes>

7.5 Integrating public procurement processes with other public governance areas

On average across Latin American and Caribbean (LAC) countries, 17.4% of total government expenditures are executed through public procurement systems (see 7.1 Size of public procurement), which shows the key role that public procurement plays in countries' economies. This makes it of the highest importance that public procurement systems are aligned and build synergies with other areas of public governance. For instance, it is good practice to ensure that public finance management (such as budget planning and human resources allocation) is integrated into the procurement processes. Similarly, public procurement policies should include risk management strategies to identify potential risks in processes and projects. Identifying risks early allows governments to be prepared to respond appropriately if they do materialise. The need for these risk strategies was evident during the COVID-19 crisis, which led to increased demand for goods and services and disruptions in supply chains. These pushed public procurement systems to introduce emergency procurement measures, such as direct contracting and expedited bidding procedures, among other measures. Public procurement processes are also relevant to public infrastructure contracting, given the size of expenditure in the sector. Having public procurement frameworks in place for infrastructure contracts and maintaining well-defined procedures can help reduce the risks of corruption and inefficiencies.

All 19 surveyed LAC countries have mechanisms in place to ensure that planned procurement processes are integrated with public finance management systems. In particular, 15 out of the 19 (79%) have established mechanisms to guarantee that no request for tender takes place without a certification of the availability of funds; and the same number of countries have indicated that their public procurement plans are aligned with budget planning. However, only eight countries (42%) responded that their procurement plans have detailed descriptions of the human and/or financial resources needed for adequate implementation. Costa Rica, Haiti, Honduras, Mexico, Panama, Peru, and Trinidad and Tobago use all three of these mechanisms to improve the coherence of procurement and public finance management (Figure 7.12).

Only 8 of the 19 surveyed LAC countries (42%) reported having one or more tools in place to assess potential risks in the public procurement system. Six of these (32%) use risk databases, five (26%) have a risk assessment methodology, three (16%) use risk assessment results and two (14%) have a risk register. Chile and Peru reported having all four of these risk management tools in place but more than half of the surveyed LAC countries (11 out of 19, 58%) do not use any of them (Figure 7.13).

Lastly, in all but one of the surveyed countries (95%), procurement linked to infrastructure projects is regulated either through general procurement regulations or through specific infrastructure ones. These should promote fairness and transparency, while preventing corruption and increasing the quality of projects, which are required to meet pre-established standards and specifications. In 53% of surveyed LAC countries (10 out of 19) all infrastructure projects are subject to general public procurement regulations, while in 42% (8 out of 19) there are specific regulations for some or all infrastructure projects (Figure 7.14).

Methodology and definitions

Data were collected through the 2022 IDB-OECD Survey on the Implementation of the 2015 OECD Recommendation on Public Procurement from 19 Latin American and Caribbean countries. The survey focused on the 12 principles in the recommendation, covering issues such as risk management and the integration of public procurement with overall public finances. Respondents were officials responsible for procurement policies at the central government level and senior officials in central purchasing bodies that are part of the Inter-American Network on Government Procurement (INGP).

Public infrastructure projects are those that include facilities, structures, networks, systems, plants, property, equipment or physical assets and the companies that employ them, which provide public goods or goods that satisfy a fundamental, politically mandated need that the market cannot provide on its own.

Further reading

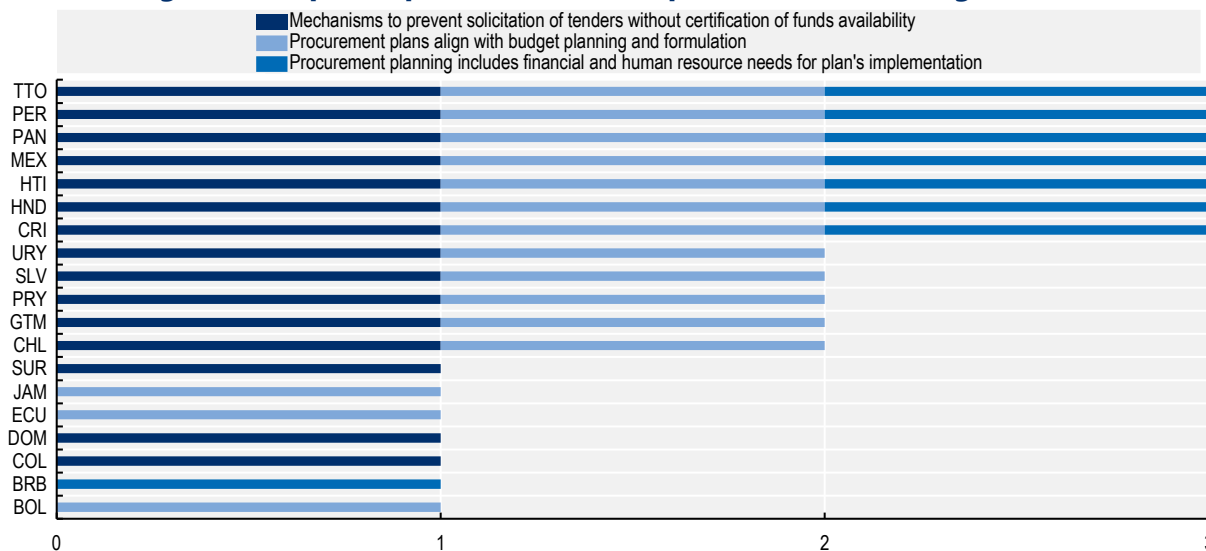
Pimenta, C. and A. Seco (2021), *Financial Management Information Systems (FMIS) – Project Guide: Strategic, Functional, Technological, and Governance Issues in the Design and Implementation of New Platforms for Public Financial Management Systems*, Inter-American Development Bank, Washington, DC, <http://dx.doi.org/10.18235/0003342>.

OECD (2020), "Stocktaking report on immediate public procurement and infrastructure responses to COVID-19", *OECD Policy Responses to Coronavirus (COVID-19)*, OECD Publishing, Paris, <https://doi.org/10.1787/248d0646-en>.

Figure notes

Figure 7.14. Chile has a robust regulatory framework regarding infrastructure, aimed at promoting fairness and transparency, while preventing corruption and increasing the quality of projects.

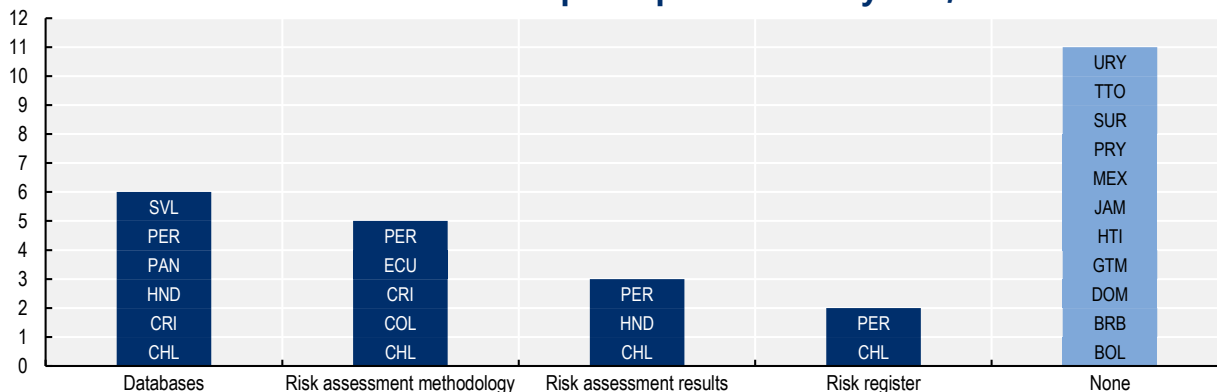
Figure 7.12. Integration of public procurement with public finance management, 2022



Source: IDB-OECD (2022), Survey on the Implementation of the 2015 OECD Recommendation on Public Procurement.

StatLink <https://stat.link/dqu9an>

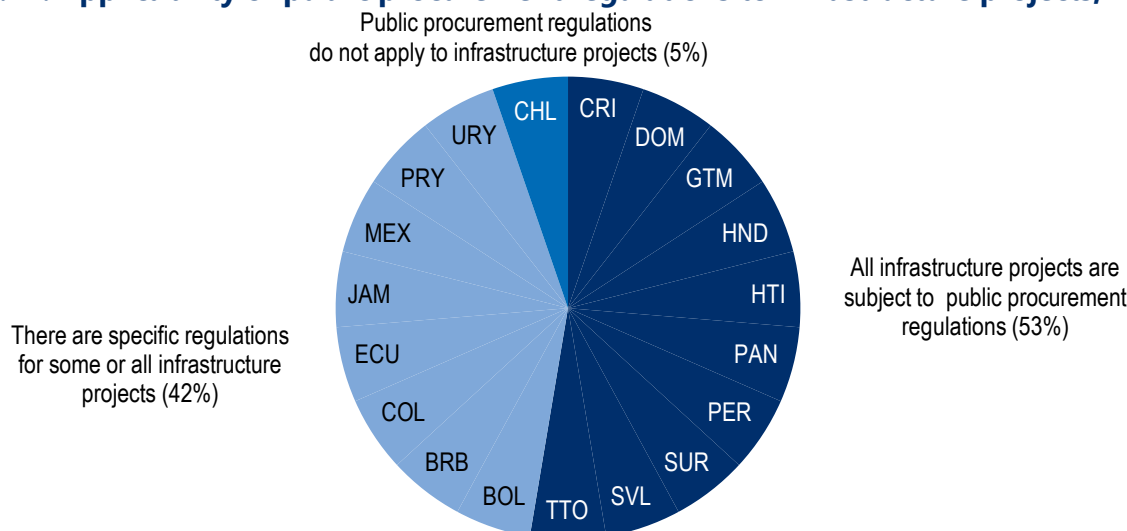
Figure 7.13. Tools for risk assessment of the public procurement system, 2022



Source: IDB-OECD (2022), Survey on the Implementation of the 2015 OECD Recommendation on Public Procurement.

StatLink <https://stat.link/23ytcg>

Figure 7.14. Applicability of public procurement regulations to infrastructure projects, 2022



Source: IDB-OECD (2022), Survey on the Implementation of the 2015 OECD Recommendation on Public Procurement.

StatLink <https://stat.link/wxmf6c>

Chapter 8.

**Infrastructure planning and
delivery**

8.1 Long-term strategy for sustainable infrastructure

A long-term strategic vision for infrastructure projects provides clarity on a project's objectives and ensures that investment plans are financially sustainable. Long-term infrastructure plans help governments to align projects to policy objectives such as climate change mitigation, gender equality, human rights and regional development, increasing their joint impact and enhancing the projects' benefits. However, for long-term planning to be effective, it should define a transparent, coherent and accountable institutional framework which entrusts the relevant institutions and levels of government with clear and consistent mandates, ample decision-making powers, and the right skills and competencies (OECD, 2020).

Long-term infrastructure planning in the Latin America and Caribbean (LAC) region is more common for individual sectors than at a cross-sectoral level. Only 4 out of 15 surveyed countries (27%) have a long-term national cross-sectoral infrastructure plan in place, while 11 countries (73%) have sector-specific plans (e.g. education, energy or transport). For long-term strategies to be effective and sustainable over time, countries need institutions to monitor and co-ordinate their implementation and provide continuity across government terms. In most surveyed countries, each line ministry or agency assesses its own long-term infrastructure needs (10 out of 15 countries, 67%). The exceptions are Bolivia, Colombia and Costa Rica, where the Ministry of Planning/Infrastructure is in charge of these assessments; and Brazil, which created its Inter-ministerial Committee for Infrastructure Plan in 2020. Only four of the surveyed LAC countries have mechanisms to co-ordinate the development and review of infrastructure plans across sectors, and four across levels of governments, with Brazil and Costa Rica having both (Figure 8.1).

Although long-term infrastructure plans are usually sector specific, a majority of LAC countries (8 out of 15, 53%) explicitly consider how to align their infrastructure strategies with key policy areas. In 6 out of 15 countries (40%), long-term infrastructure plans are aligned to national long-term visions or other national documents that set overall strategic priorities. A few countries have plans that consider how to align the strategic vision for infrastructure to specific policy areas, such as climate and environmental plans (four countries); gender mainstreaming policies (three countries); or land use, regional development or human rights commitments (two countries each) (Figure 8.2). The small number of countries considering how to integrate their infrastructure plans with climate action plans and gender policies demonstrates that there are still challenges to overcome in long-term infrastructure planning.

Tracking the implementation of long-term infrastructure plans serves to verify the correct use of the resources and to evaluate whether the established objectives of the infrastructure plan are

being met. Four of the six surveyed LAC countries with long-term infrastructure plans that span over more than ten years have benchmarks in their planning documents to monitor them. One of the most common benchmarks is a project timeline to monitor their plans (used by three countries). For instance, sectoral plans in Brazil have benchmarks to monitor costs, timeliness and the need for institutional reforms and capacity building. Brazil, Costa Rica and Chile use cost estimations as a benchmark for tracking the effectiveness of their long-term planning (Figure 8.3).

Methodology and definitions

Data are from the 2022 IDB-OECD Survey of Infrastructure Governance conducted in July 2022, with responses from 15 LAC countries. Respondents were predominantly senior officials in central/federal ministries of infrastructure, public works and finance, as well as in infrastructure agencies and other line ministries.

Governance of infrastructure refers to the policies, frameworks, norms, processes and tools used by public bodies to plan, make decisions, implement and monitor the entire life cycle of public infrastructure.

A long-term national infrastructure plan is a politically sanctioned document that requires concrete action in terms of infrastructure services to society over the long term. This might go beyond a normal political mandate period. The design of the vision requires a process that distils complex and multi-faceted infrastructure issues, cutting across a multiplicity of actors, sectors and interests, into a coherent set of decisions with long-term impact, including projects and processes.

Further reading

OECD (2020), "Recommendation of the Council on the Governance of Infrastructure", *OECD Legal Instruments*, OECD, Paris, <https://legalinstruments.oecd.org/en/instruments/OECD-LEGAL-0460>.

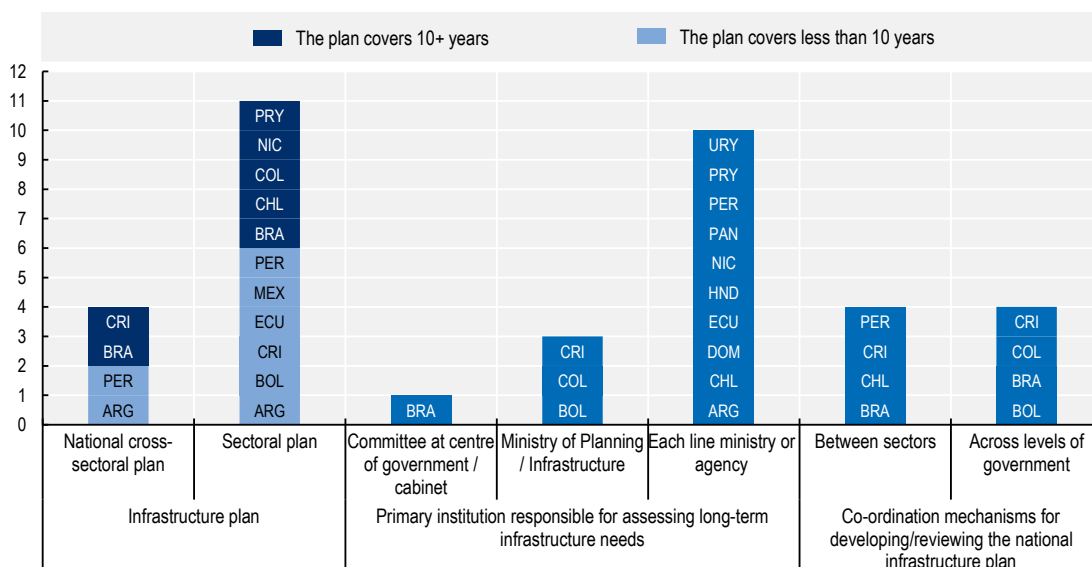
OECD (2017), *Getting Infrastructure Right: A Framework for Better Governance*, OECD Publishing, Paris, <https://doi.org/10.1787/9789264272453-en>.

Figure notes

Figure 8.2. While regional development programmes are not a common practice in Mexico, there is a development program for municipalities of the region Isthmus of Tehuantepec.

Figure 8.3. This figure only includes countries with long-term infrastructure plans (Brazil, Chile, Colombia, Costa Rica, Nicaragua and Paraguay).

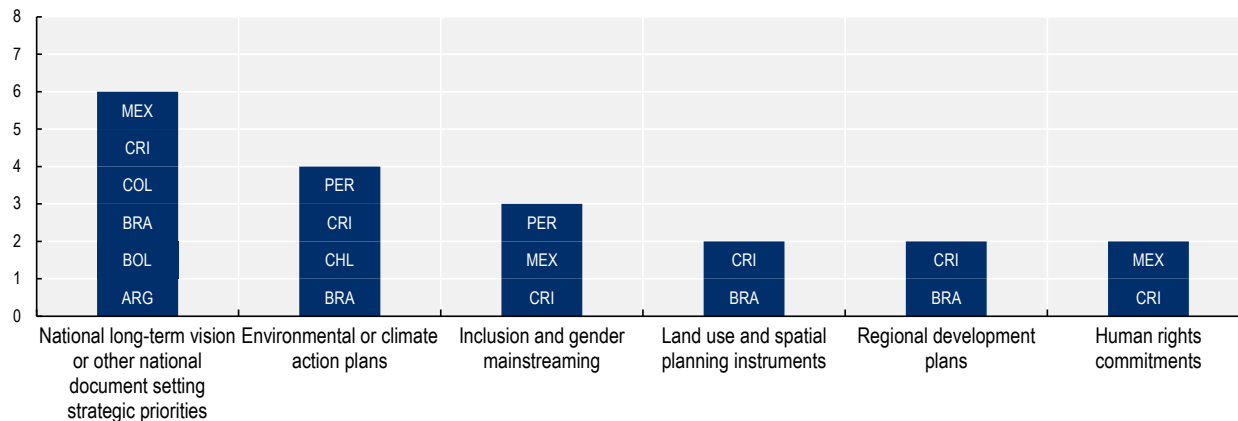
Figure 8.1. Framework for the governance of long-term infrastructure planning, 2022



Source: 2022 IDB-OECD Survey on the Governance of Infrastructure.

StatLink <https://stat.link/0w3l9p>

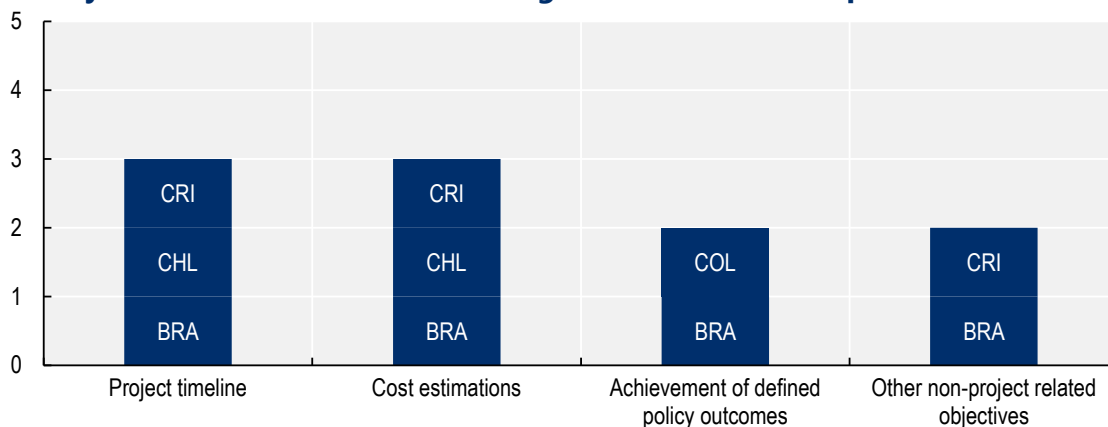
Figure 8.2. Alignment of a long-term infrastructure plans with key policy objectives, 2022



Source: 2022 IDB-OECD Survey on the Governance of Infrastructure.

StatLink <https://stat.link/6ku0tc>

Figure 8.3. Project benchmarks included in long-term infrastructure plans, 2022



Source: 2022 IDB-OECD Survey on the governance of infrastructure.

StatLink <https://stat.link/9qep8k>

8.2 Assessment of value for money and affordability of infrastructure projects

Public infrastructure projects are gateways for social and economic growth. When deciding which projects to undertake, governments should also consider their value for money, which entails the optimal combination of quality, quantity, features and costs, calculated over the project's lifetime. Moreover, projects need to be cost-effective and affordable for both the government and the end-user. To ensure this, many countries have frameworks with clear criteria and methodologies for assessing projects' value for money and defined roles for each stakeholder involved in the process. These frameworks consider which costs should be assessed to determine a project's affordability, such as construction, maintenance, operation and monitoring expenses.

Countries in the Latin America and the Caribbean (LAC) region have different configurations for their frameworks for assessing value for money and affordability of infrastructure projects. In 11 out of 15 surveyed LAC countries (73%), finance ministries play a gatekeeping role in approving all proposed infrastructure projects and/or determining whether they comply with established requirements. In Brazil and the Dominican Republic, finance ministries only have this gatekeeping role for public-private partnership (PPP) projects. The frameworks in 6 out of 15 LAC countries (40%) have formal processes to assess the value for money of all PPP projects, while 3 countries restrict this assessment to PPP projects above a certain threshold. In addition, in the Dominican Republic, Ecuador and Nicaragua, all projects are assessed by an independent and impartial expert, while in Bolivia, Chile and Costa Rica, these expert assessments are only carried out for projects of specific relevance. It is worth highlighting that the Dominican Republic conducts both internal and independent expert value for money assessments for all infrastructure projects (Table 8.1).

LAC countries use different methodologies to assess infrastructure projects' affordability and value for money. The most common is the cost-benefit analysis, used by 13 out of 15 surveyed countries (87%). The second most common methodology for evaluating infrastructure projects is cost-effectiveness analysis, employed by 7 of the 15 surveyed LAC countries for PPP projects (46%) and by 9 (60%) for other infrastructure projects. Similarly, some LAC countries assess projects through cash-flow estimates over the project cycle (7 out of 15 for PPP projects, 5 out of 15 for other projects). Additionally, other methodologies are used by fewer countries, such as business case methodology, used only by Brazil and Mexico. It is worth highlighting that Brazil uses all the methodologies considered in the survey to assess its infrastructure projects (Figure 8.4).

Which costs are considered when assessing a project's affordability are just as important as the methodologies used to determine value for money. Most LAC countries consider construction costs (14 out of 15, 93%) and both maintenance and operation costs (12 out of 15, 80%). However, only a few countries assess other costs, such as estimates for adaptations and renovations (only considered by four countries) and costs related to decommissioning (only Colombia) (Online Figure F.5.1). There is scope to improve on cost estimates, which would help to reduce the risks of delays to infrastructure projects due to adaptation issues or closure of works due to missed deadlines or lack of compliance with regulatory frameworks.

Methodology and definitions

Data are from the 2022 IDB-OECD Survey of Infrastructure Governance conducted in July 2022, with responses from 15 LAC countries. Respondents were predominantly senior officials in central/federal ministries of infrastructure, public works and finance, as well as in infrastructure agencies and other line ministries.

Public-private partnerships are long-term agreements between the government and a private partner whereby the private partner delivers and finances public services using a capital asset, sharing the associated risks with the public sector.

Affordability means that projects can be accommodated within the government's current and future budget constraints. Affordability from the end-users' perspective refers to their ability and willingness to pay tariffs or other user charges associated with access to and use of the infrastructure asset.

Further reading

IDB (2022). *Risk Matrix and PPP Contract Standardization, Best Practice, and Gap Analysis in Brazil*.

<http://dx.doi.org/10.18235/0004213>.

OECD (2020), "Recommendation of the Council on the Governance of Infrastructure", *OECD Legal Instruments*, OECD, Paris, <https://legalinstruments.oecd.org/en/instruments/OECD-LEGAL-0460>.

Figure notes

F.5.1 (Coverage of costs estimates to assess the affordability of infrastructure projects, 2022) is available online in Annex F.

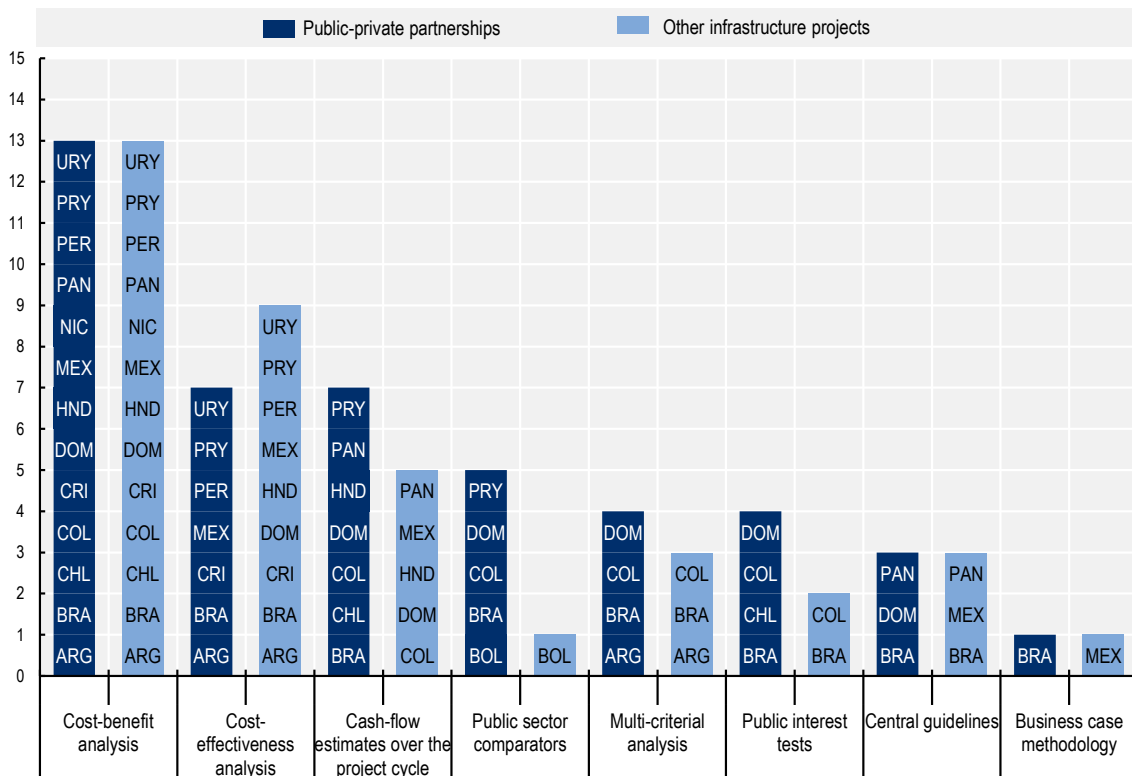
Table 8.1. Framework for assessing value for money and affordability, 2022

	Gatekeeping role of the ministry of finance for project approval	Existence of a formal process to evaluate value for money		Independent and impartial expert assessment
		PPPs	Other infrastructure projects	
Argentina	✓	○	○	○
Bolivia	✓	✓	✓	▲
Brazil	●	○	○	×
Chile	✓	...	...	▲
Colombia	×	✓	✓	○
Costa Rica	✓	...	...	▲
Dominican Republic	●	✓	✓	✓
Ecuador	✓	...	...	✓
Honduras	✓	...	...	×
Mexico	✓	✓	...	○
Nicaragua	✓	...	...	✓
Panama	✓	✓	✓	×
Paraguay	✓	...	...	×
Peru	✓	✓	✓	×
Uruguay	+	○	○	○
LAC Total				
✓ All projects	11	6	5	3
○ Projects above a certain threshold	0	3	3	4
● Only for PPPs	2			
▲ Projects of specific relevance	0	0	0	3
+ Other	1	0	0	
× None	1	0	0	5
... Not available/Not applicable	0	6	7	0

Source: 2022 OECD-IDB Survey on the Governance of infrastructure.

StatLink  <https://stat.link/e16gg5>

Figure 8.4. Methodologies for assessing infrastructure projects, 2022



Source: 2022 OECD-IDB Survey on the Governance of infrastructure.

StatLink  <https://stat.link/rkmu06>

8.3 Life cycle perspective in infrastructure procurement

The life cycle of an infrastructure project includes its planning, prioritisation and funding, design, procurement, construction, operation, maintenance, and decommissioning. A life cycle perspective in infrastructure procurement means that all these stages are considered when making procurement decisions. Considerations should also include the project's impact on other objectives, such as environmental protection or gender equality, over its entire lifespan. Such a perspective can lead to more sustainable, inclusive and cost-effective infrastructure decisions. The OECD Recommendation on the Governance of Infrastructure highlights that contracting authorities must carefully evaluate the optimal risk allocation and use value for money analytical tools to compare assessments of service delivery options throughout the project's life cycle. In addition, contracting authorities can support their procurement officials to make use of the whole life cycle of infrastructure projects to achieve important complementary objectives such as inclusion, responsible business conduct or environmental goals.

Considering the limited resources available to governments, one of the first and most important stages of the procurement process is identifying and choosing the proposals offering the best value for money. A large majority of Latin America and Caribbean (LAC) countries with data available (12 out of 14, 86%) use a combination of financial and qualitative criteria to identify the proposals offering the best value for money. To make the procurement process fair and ensure that enough resources are allocated to the projects to achieve the expected results, half of the LAC countries with data available also use mechanisms to manage abnormally low or high tenders. Abnormally low bids raise concerns about the bidder's capability to perform the contract, while high ones suggest overpricing and a potential lack of value for money. These issues can compromise fair competition between tenderers, so governments try to identify them early. One of the most important criteria for identifying the proposals that offer the best value for money is to evaluate the life cycle perspective of the infrastructure project but only Brazil uses this when assessing project proposals (Figure 8.5).

During their life cycle, infrastructure projects are exposed to risks including inefficiency, financial uncertainty, cost overruns, low quality and integrity breaches. Managing and assessing risks during the entire procurement life cycle is key to distinguishing and foreseeing factors that may hamper the projects' realisation. In 2022, 10 out of 14 LAC countries surveyed (71%) conducted

risk management activities to cover the entire infrastructure procurement life cycle (Figure 8.6).

Finally, having a life cycle perspective should mean public procurement officers can leverage the infrastructure project procurement process to achieve complementary policy objectives. For instance, some LAC countries are making their infrastructure procurement processes more environmentally sustainable by enabling public procurement officials to identify projects that promote responsible business conduct (6 countries out of 14), and environmental protection (5 countries out of 14). Fewer countries are taking advantage of infrastructure projects to promote gender equality (three countries), or innovation or social policy objectives (two countries each) (Figure 8.7).

Methodology and definitions

Data are from the 2022 IDB-OECD Survey of Infrastructure Governance conducted in July 2022, with responses from 15 LAC countries. Respondents were predominantly senior officials in central/federal ministries of infrastructure, public works and finance, as well as in infrastructure agencies and other line ministries.

The life cycle of public infrastructure means all the stages of a public infrastructure asset's lifespan, from planning, prioritisation and funding to design, procurement, construction, operation, maintenance and decommissioning.

Value for money is what the government judges as an optimal combination of quality, features and price, calculated over the whole project's lifetime.

Further reading

IDB (2020), Public Investment Profile for Disaster Risk Reduction: A Macro-Economic Study, <http://dx.doi.org/10.18235/0002697>.

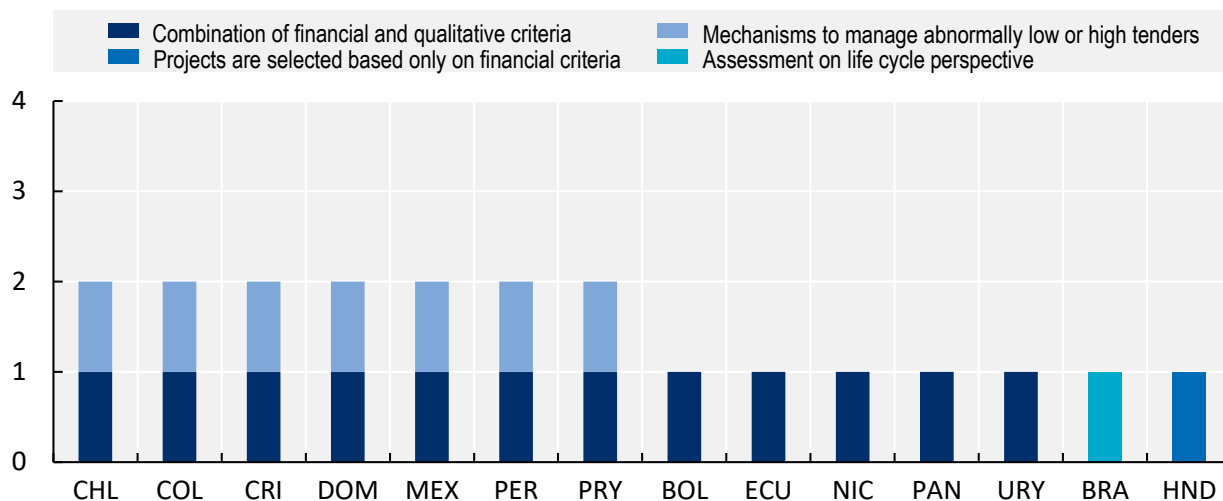
OECD (2021), "Women in infrastructure: Selected stocktaking of good practices for inclusion of women in infrastructure", *OECD Public Governance Policy Papers*, No. 07, OECD Publishing, Paris, <https://doi.org/10.1787/9eab66a8-en>.

OECD (2020), "Recommendation of the Council on the Governance of Infrastructure", *OECD Legal Instruments*, OECD, Paris, <https://legalinstruments.oecd.org/en/instruments/OECD-LEGAL-0460>.

Figure notes

Data for Argentina are not available.

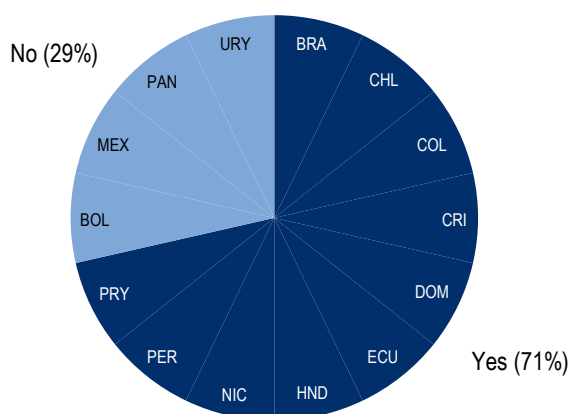
Figure 8.5. Mechanisms to help identify proposals offering the best value for money, 2022



Source: 2022 IDB-OECD Survey on the Governance of Infrastructure.

StatLink <https://stat.link/grm5ny>

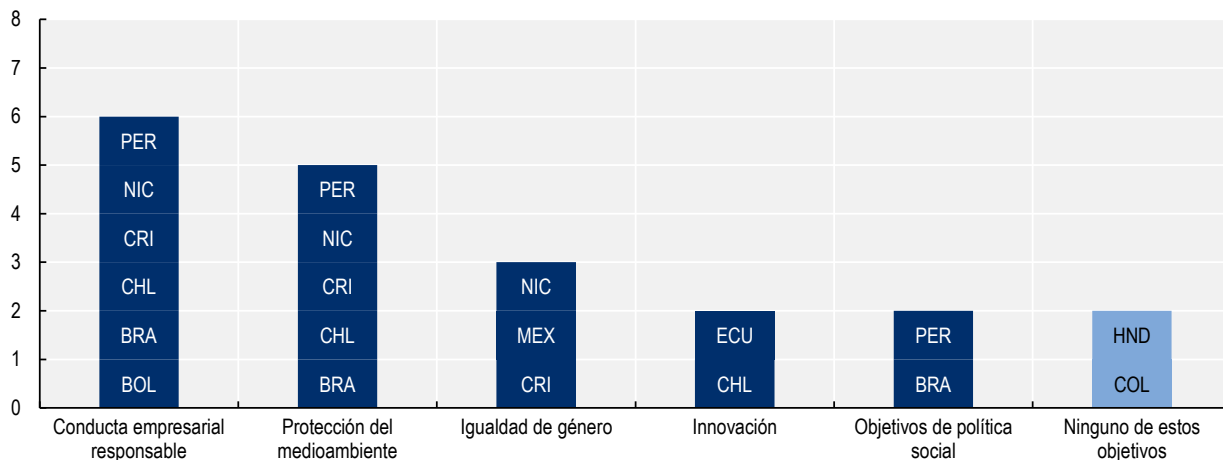
Figure 8.6. Risk management activities covering the entire infrastructure procurement life cycle, 2022



Source: 2022 IDB-OECD Survey on the Governance of Infrastructure.

StatLink <https://stat.link/kf0myz>

Figure 8.7. Support to procurement officials to leverage infrastructure procurement to achieve complementary objectives, 2022



Source: 2022 IDB-OECD Survey on the Governance of Infrastructure.

StatLink <https://stat.link/04ygal>

8.4 Open, inclusive and transparent infrastructure projects

Open, inclusive and transparent infrastructure projects play a pivotal role in facilitating stakeholder participation, but also in having competitive procurement process to achieve projects' desired objectives. When stakeholders see their input has a tangible impact on decisions, such as in the development of infrastructure plans, this fortifies their trust, creating a positive cycle of increased and improved participation. This trust cultivates a sense of ownership among stakeholders, underlining the importance of their voices (OECD, 2022). Likewise, allowing the participation of foreign or regional firms from outside the project area, deterring bid-rigging (i.e. contractors agreeing in advance who will win the bid) and promoting e-procurement can all help create an open and inclusive projects. To encourage competitive procurement processes that provide an equal opportunity to bidders of all sizes, governments can also streamline administrative procedures, facilitate subcontracting opportunities and enable small companies to participate in contracts that exceed their budgets.

Stakeholder participation in the long-term planning of infrastructure projects allows those potentially affected by them to share concerns and generate input that can help improve both the planning and the resulting projects. Latin American and Caribbean (LAC) countries with long-term infrastructure plans use different mechanisms to facilitate stakeholder participation in their development. In 2022, six countries have stakeholder participation mechanisms in place. For example, four countries disseminate planning drafts to relevant stakeholders for comment. Brazil publishes drafts of infrastructure planning for the public to comment on, while Colombia has consultation platforms where citizens can provide feedback throughout the planning process (Figure 8.8).

The procurement process can also increase inclusiveness and boost competitiveness by being open, neutral and transparent. In the LAC region, 9 out of 15 surveyed countries (60%) ensure the openness of the procurement process by allowing firms from other countries or other regions within the country to participate in the process. Countries use mechanisms to foster the neutrality of the process, such as designing tender documents to avoid them from being restrictive or tailored (8 out of 15 countries, 53%), and to foster transparency, such as having e-procurement systems for the full procurement cycle and publishing future procurement opportunities (both also 8 out of 15 countries). It is worth noting that, of the 15 countries surveyed, only Uruguay has incentives for officials to prevent bid-rigging, an important mechanism for reducing the risk of collusion (Figure 8.9).

Open procurement processes for infrastructure projects can facilitate access to competitors of all sizes. To this end, 13 of the surveyed LAC countries (87%) have one or more mechanisms in place to facilitate the participation of smaller firms in procurement processes. For instance, 6 out of 15 countries (40%) allow subcontracting and joint bidding arrangements. Bolivia, Brazil, Costa Rica and Uruguay have simplified administrative procedures to reduce the burdens of participating, while Brazil, Costa Rica, Mexico and Panama allow smaller firms to participate even if they cannot bid for the entire contract. Peru facilitates the participation of small and medium-sized enterprises (SMEs) by granting them a 5% bonus on their bidding scores (Figure 8.10).

Methodology and definitions

Data are from the 2022 IDB-OECD Survey of Infrastructure Governance conducted in July 2022, with responses from 15 LAC countries. Respondents were predominantly senior officials in central/federal ministries of infrastructure, public works and finance, as well as in infrastructure agencies and other line ministries.

Stakeholders are any interested and/or affected party, including individuals (regardless of their age, gender, sexual orientation, religious and political affiliations) and institutions and organisations, whether governmental or non-governmental, from civil society, academia, the media or the private sector.

Further reading

IDB (2023), "The public sector's drive for the implementation of Building Information Modelling in Latin American countries", Technical Note, n° IDB-TN-2637, Washington, DC, <http://dx.doi.org/10.18235/0004711>.

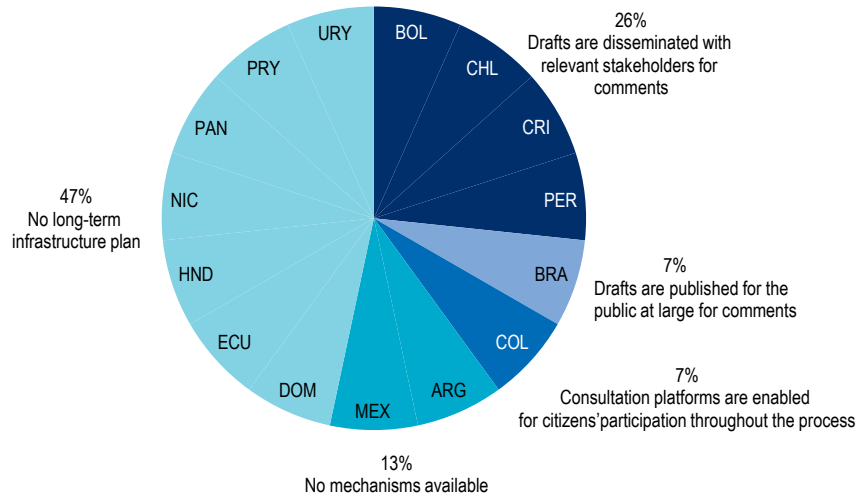
OECD (2022), *Building Trust to Reinforce Democracy: Main Findings from the 2021 OECD Survey on Drivers of Trust in Public Institutions*, Building Trust in Public Institutions, OECD Publishing, Paris, <https://doi.org/10.1787/b407f99c-en>.

OECD (2020), "Recommendation of the Council on the Governance of Infrastructure", *OECD Legal Instruments*, OECD, Paris, <https://legalinstruments.oecd.org/en/instruments/OECD-LEGAL-0460>.

Figure notes

Figure 8.10. Argentina and Honduras are not included since they do not use any of the listed mechanisms.

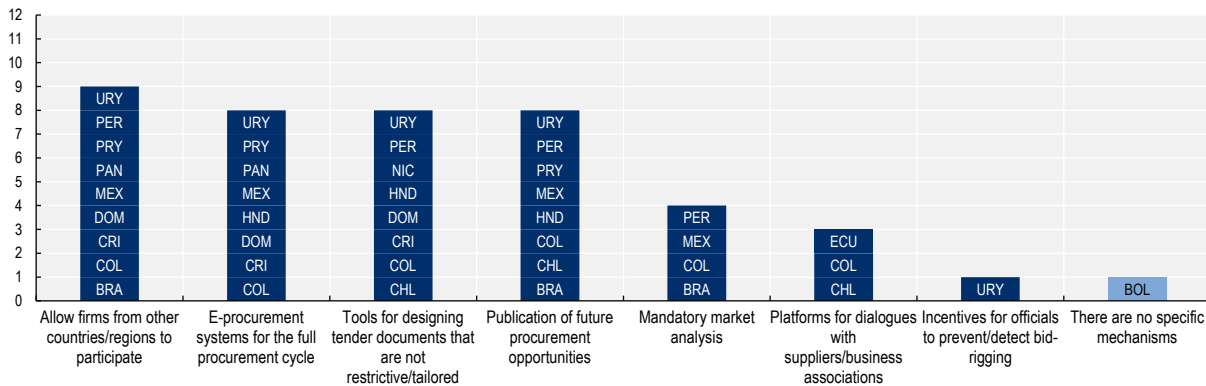
Figure 8.8. Stakeholder participation in the development of long-term infrastructure plans, 2022



Source: 2022 IDB-OECD Survey on the Governance of Infrastructure.

StatLink <https://stat.link/2fq38r>

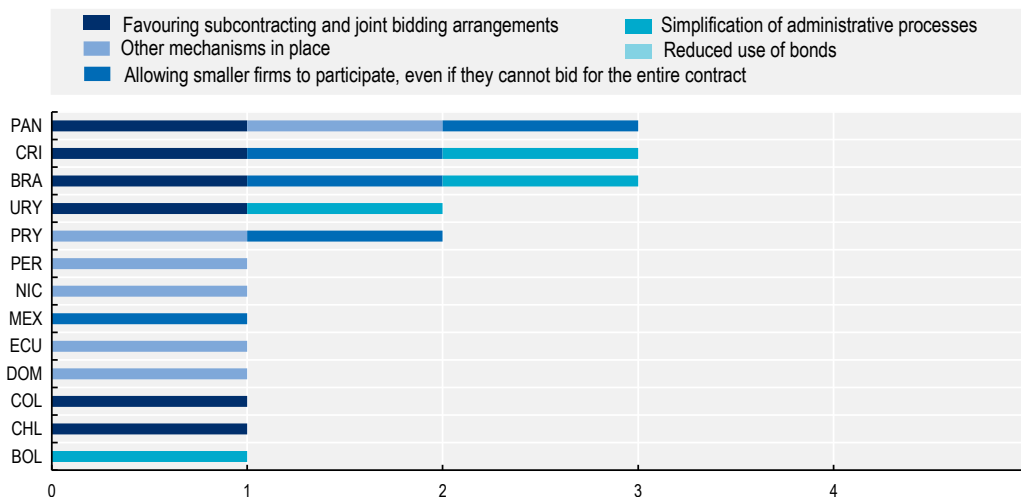
Figure 8.9. Mechanisms for open, neutral and transparent infrastructure procurement processes, 2022



Source: 2022 IDB-OECD Survey on the Governance of Infrastructure.

StatLink <https://stat.link/p7jv6l>

Figure 8.10. Mechanisms for inclusive access to procurement opportunities, 2022



Source: 2022 IDB-OECD Survey on the Governance of Infrastructure.

StatLink <https://stat.link/jqmb4u>

Chapter 9.

Digital government and open government data

9.1 Designing and delivering inclusive and user-driven public services

Public services represent the most common interactions that people, businesses and organisations have with governments. Putting users at the centre of the design and delivery of public services can improve resource allocation and provide services that respond more effectively to users' needs and expectations. This can also positively affect satisfaction and trust with governments (OECD, 2022a). The adoption and use of public service standards can help public sector institutions to take a common and consolidated approach to designing and delivering services across institutional boundaries, giving users a more unified experience when they access public services through different channels (online or offline).

Countries in Latin America and the Caribbean (LAC) are adopting standards to define a common approach when designing and delivering government services. Six out of seven surveyed countries have developed a service standard (86%), compared to 85% of OECD countries (28 out of 33) (Figure 9.1). The standards in both LAC and OECD countries have similar purposes and scopes. In all six of the LAC countries with service standards, they cover the requirement to understand user needs or expectations, which is also the case in 76% of OECD countries. They are less frequently used to facilitate cross-border services between countries, since only two out of the six surveyed LAC countries with standards and 30% of OECD countries include this requirement. Similarly, only two LAC countries and 33% of OECD countries use standards to encourage greening efforts among public sector teams and their suppliers (Table 9.1).

To better meet user needs and expectations, governments in the LAC region could make greater efforts to employ service design and user research methods to effectively involve users while designing government services. Less than half of the surveyed LAC countries have adopted methods facilitating a deeper understanding of user needs. Just three LAC countries each use design thinking sessions, focus groups, public consultation through websites and usability testing. A similar pattern is observed among OECD countries except for usability tests, which are adopted by 61%. Only two of the seven countries have embraced A/B testing (compared to 18% of OECD countries) and first-click testing (used by only 9% of OECD countries) (Figure 9.2).

Methodology and definitions

Data were collected through the OECD Survey on Digital Government 2.0, which was designed to monitor the implementation of the OECD Recommendation of the Council on Digital Government Strategies and assess countries' progress towards a human-centric and whole-of-government digital transformation of public processes and services. Survey data will be used to compile the OECD Digital Government Index.

The data presented in this section correspond to an initial analysis of the information collected through the survey which was launched in November 2022. They contain responses from 33 OECD countries, including 4 LAC OECD countries (Chile, Colombia, Costa Rica, and Mexico), and 3 accession LAC countries (Argentina, Brazil and Peru). Survey respondents were senior officials in central and federal governments, who were leading and/or implementing digital government reforms, and who gathered data from different parts of the public sector as relevant.

Public services standards are a set of principles that provide a shared definition for the quality and behaviours associated with public service design and delivery.

A/B testing is a user experience testing technique based on the comparison between two versions of the same product or service.

First-click testing is a testing method for websites, apps or platforms that examines the "first click" users make when interacting with the system, to evaluate how intuitively the design guides users to start tasks effectively.

Usability testing is a testing technique based on the evaluation of a system by its users, ensuring effectiveness and efficiency, and measuring the degree to which the system is adapted to their needs.

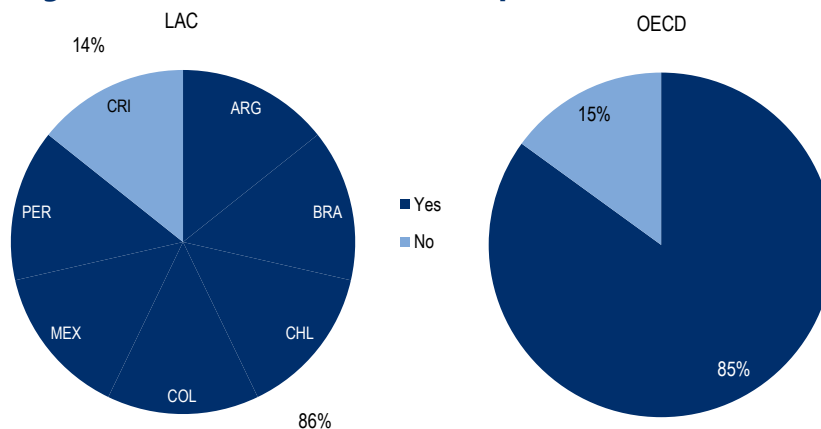
Further reading

OECD (2022a), *Building Trust to Reinforce Democracy: Main Findings from the 2021 OECD Survey on Drivers of Trust in Public Institutions*, Building Trust in Public Institutions, OECD Publishing, Paris. <https://doi.org/10.1787/b407f99c-en>.

OECD (2022b), "OECD Good Practice Principles for Public Service Design and Delivery in the Digital Age", *OECD Public Governance Policy Papers*, No. 23, OECD Publishing, Paris, <https://doi.org/10.1787/2ade500b-en>.

OECD (2020), "The conceptual framework", in *Digital Government in Chile – Improving Public Service Design and Delivery*, OECD Publishing, Paris, <https://doi.org/10.1787/d4498e23-en>.

Figure 9.1. Whole-of-government service standard in place at the central/federal level, 2022



Source: OECD (2022), Survey on Digital Government 2.0.

StatLink <https://stat.link/cuwtk5>

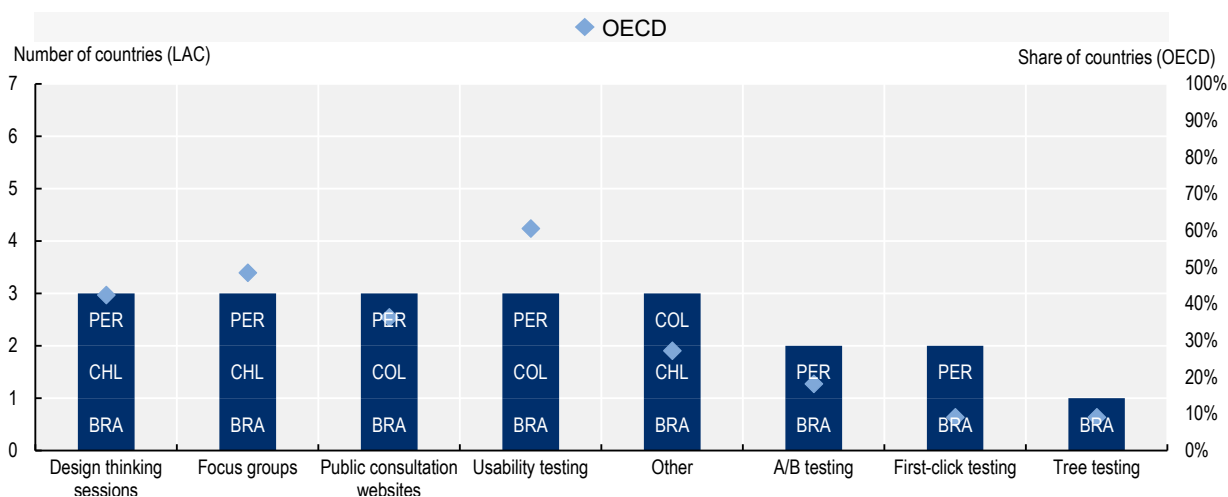
Table 9.1. Requirements on common standards on service design and delivery, 2022

	Understand user needs or expectations	Be transparent about the design and delivery of services	Equip teams to design and deliver high quality services	Use digital technology and data to transform services	Increase strategic use of data to transform services	Interact with users in the design and delivery of services	Encourage a consistent methodology for delivering services	Curate ecosystem of scalable tools, practices and resources	Implement an omni-channel strategy	Facilitate cross-border services	Encourage teams and suppliers greening efforts
Argentina	●	●	●	●	●	○	●	●	○	○	○
Brazil	●	●	●	●	●	●	○	○	○	○	○
Chile	●	●	○	○	○	●	○	○	○	○	○
Colombia	●	●	●	●	●	●	●	●	●	○	●
Costa Rica	○	○	○	○	○	○	○	○	○	○	○
Mexico	●	●	●	●	●	○	●	●	○	●	○
Peru	●	●	●	●	●	●	●	●	●	●	●
LAC Total											
● Yes	6	6	5	5	5	4	4	4	2	2	2
○ No	1	1	2	2	2	3	3	3	5	5	5
OECD Total											
● Yes	25	21	23	22	18	23	23	17	15	10	11
○ No	8	12	10	11	15	10	10	16	18	23	22

Source: OECD (2022), Survey on Digital Government 2.0.

StatLink <https://stat.link/71e2hp>

Figure 9.2. Methods used to test digital government services with the involvement of users and/or providers, 2022



Source: OECD (2022), Survey on Digital Government 2.0.

StatLink <https://stat.link/czykfr>

9.2 Developing scalable and secure digital public infrastructure

Digital public infrastructure (DPI) refers to the common, foundational digital systems that enable the delivery of services in the digital age. Elements of DPI can be developed by the public or private sector, or co-developed to benefit the delivery and access to services across both sectors, and eventually across borders. DPI needs to be standards-based and re-usable.

The seven Latin American and Caribbean (LAC) countries surveyed have made mixed progress in establishing DPI at the central/federal government level in 2022. LAC countries outperform the OECD in key areas, including the adoption of interoperability frameworks (adopted by all LAC countries compared to 91% of OECD ones) and shared networks (adopted by six LAC countries, or 86%, compared to 82% of OECD countries), which are crucial for communication and data exchange across government agencies. Other elements of DPI are less widespread: four LAC countries (57%) have common digital payment solutions (similar to OECD countries at 55%). Furthermore, three of the seven LAC countries have digital tools to notify users during the process of accessing a service (43%) compared to 55% of OECD countries and only two each (29%) have implemented metadata management and base registry frameworks, compared to 61% and 64% of OECD countries respectively (Figure 9.3).

Digital identity is a core pillar of DPI, but systems in LAC countries do not provide wide enough access to public services or promote cross-sector interoperability. National digital identity systems only enable access to half or more online public services in four of the seven surveyed LAC countries (57%), compared to 73% of OECD countries (Online Figure F.6.1). Digital identity governance could be reinforced in LAC countries to secure the trusted use of digital identities across sectors. While six out of the seven surveyed LAC countries have a body or ministry responsible for digital identity, only in Brazil does the mandate cover both the public sector and the wider digital economy, which is the case in 64% of OECD countries (Figure 9.4). This indicates a critical opportunity for LAC countries to establish more robust and comprehensive digital identity frameworks, empowering users beyond simply accessing government services.

Other types of digital public infrastructure, such as cloud infrastructure, are relevant to enabling the digital transformation of governments at scale. Making this infrastructure available to public institutions enhances efficiency and scalability when digitalising government processes and services. Of the surveyed LAC countries, only Argentina has a dedicated cloud infrastructure strategy for the public sector, compared to 36% of OECD countries. However, four (57%) have included the adoption of cloud infrastructure within their national digital government strategies to enable scalable government services,

compared to 24% of OECD countries (Figure 9.5). When looking at specific cloud solutions, LAC countries lag behind their OECD counterparts; only three each (43%) provide cloud computing (compared to 64% of OECD countries), platform as a service (67%) and software as a service initiative (61%) (Online Figure F.6.2). This shows the need for greater efforts to translate strategies into concrete solutions.

Methodology and definitions

Data were collected through the OECD Survey on Digital Government 2.0, which was designed to monitor the implementation of the OECD Recommendation of the Council on Digital Government Strategies and assess countries' progress towards a human-centric and whole-of-government digital transformation of public processes and services. The data will be used to compile the OECD Digital Government Index.

The data presented in this section correspond to an initial analysis of the information collected through the survey which was launched in November 2022. They contain responses from 33 OECD countries, including 4 LAC OECD countries (Chile, Colombia, Costa Rica, and Mexico), and 3 accession LAC countries (Argentina, Brazil and Peru). Survey respondents were senior officials in central and federal governments, who were leading and/or implementing digital government reforms, and who gathered data from different parts of the public sector as relevant.

Base registry frameworks are structured and standardised systems of trusted, authentic and authoritative sources of basic public information.

Metadata management is the organisation, control and administration of data describing the structure, content or use of some other data.

Further reading

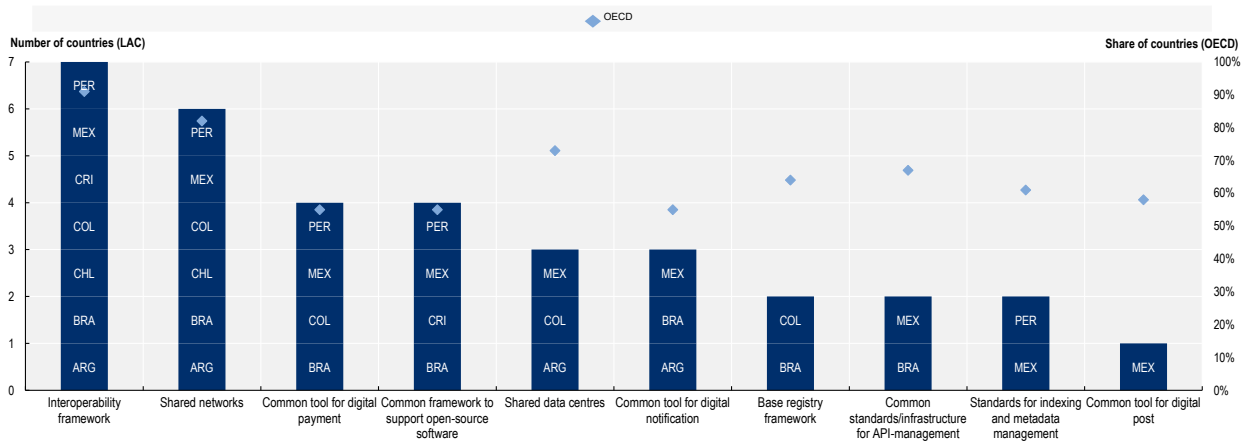
OECD (2023), "Recommendation of the Council on the Governance of Digital Identity", *OECD Legal Instruments*, OECD, Paris, <https://legalinstruments.oecd.org/en/instruments/OECD-LEGAL-0491>.

Figure notes

Figure 9.5. National digital government strategies (NDGS) are directives/principles that central governments define to incorporate digital technologies as a priority for the public administration.

F.6.1 (Percentage of online services accessible with digital identity system(s), 2022) and F.6.2 (Cloud infrastructure initiatives available to all public sector institutions of the central/federal government, 2022) are available online in Annex F.

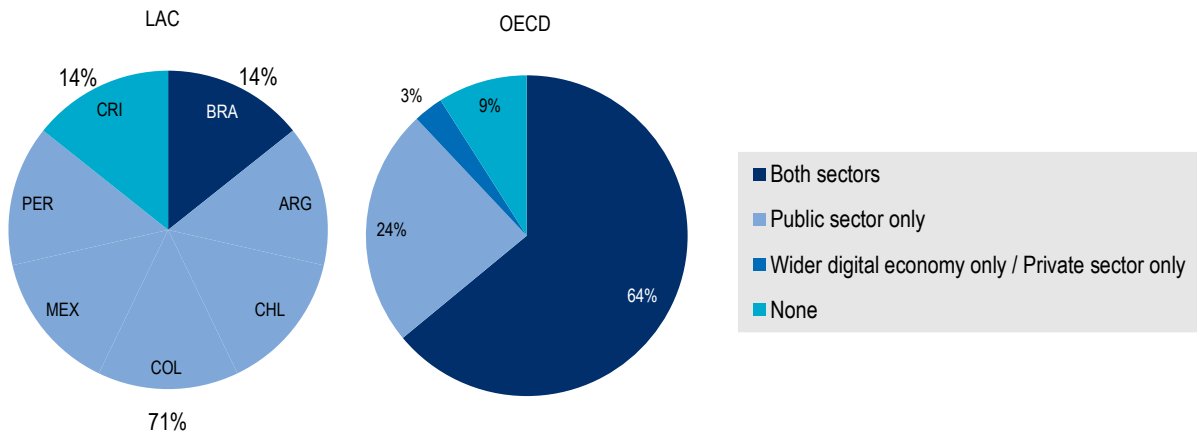
Figure 9.3. Digital public infrastructure in place at the central/federal government level, 2022



Source: OECD (2022), Survey on Digital Government 2.0.

StatLink <https://stat.link/th9a52>

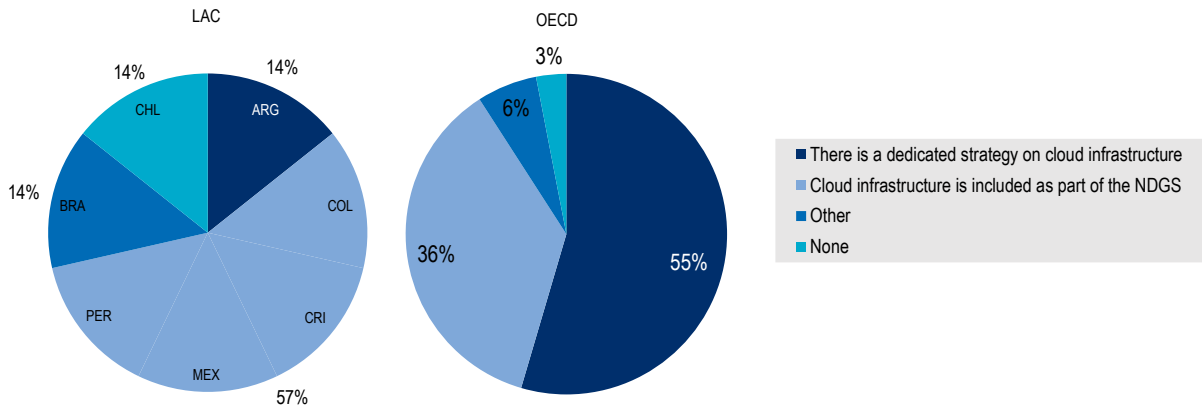
Figure 9.4. Scope of the mandate of the steering body or ministry for digital identity, 2022



Source: OECD (2022), Survey on Digital Government 2.0.

StatLink <https://stat.link/sq3m8>

Figure 9.5. Strategic approach to cloud infrastructure in central/federal government, 2022



Source: OECD (2022), Survey on Digital Government 2.0.

StatLink <https://stat.link/s9xb1h>

9.3 Open government data

Data form some of the most valuable resources in today's world. Open government data (OGD) policies aim to ensure everyone has access to data from public bodies in open, free and accessible formats. They have become crucial for addressing both longstanding and emerging policy issues, such as the recent pandemic and the green transition.

The Open, Useful and Re-usable data (OURdata) Index benchmarks efforts made by governments to design and implement national OGD policies. The 2023 results show that, on average, the six Latin American and Caribbean (LAC) countries included in the OURdata Index score 0.37 (out of a maximum of 1), which is below the OECD average of 0.48. Brazil (0.56), Colombia (0.55) and Peru (0.52) perform above both averages, demonstrating more mature open data policies, in particular in the area of data availability. Mexico (0.27), Costa Rica (0.19) and Chile (0.13) still have room to improve, especially in government support for data re-use (Figure 9.6).

On average, the LAC countries surveyed score below the OECD average in all three pillars of the index. The data availability pillar measures the extent to which governments have adopted and implemented requirements to publish open government data. It also assesses engagement with stakeholders to identify data demand and whether high-value datasets are available as open data. LAC countries score an average of 0.26 for this pillar, significantly below the OECD average of 0.48 (Figure 9.7). These lower results are explained by the lack of robust policy frameworks and stakeholder engagement among some LAC countries.

The second pillar, on data accessibility, measures both the existence of requirements to provide data in open, timely and re-usable formats, with good-quality metadata, delivered through application programming interfaces (APIs), and the implementation of those requirements. It also assesses stakeholder engagement on the central open data portal. This pillar has the highest average score (0.31) for the surveyed LAC countries, albeit still below the OECD average of 0.59 (Figure 9.7).

The third pillar, on government support for data re-use, measures the extent to which governments proactively promote the re-use of open government data inside and outside the government. The LAC average is 0.20, compared to the OECD average of 0.37 (Figure 9.7). This indicates that governments

could do more to partner and engage with external stakeholders and potential data users to deliver better policies and services (OECD, 2023).

Methodology and definitions

The 2023 edition of the OURdata Index provided data for 36 OECD countries and 4 accession countries, including 4 LAC OECD countries (Chile, Colombia, Costa Rica and Mexico), and 2 LAC accession countries (Brazil and Peru). Data were collected through the OECD Survey on Open Government Data in 2022. The survey covers the period 2020-21, meaning the results do not capture any new policies or practices implemented after this period. The primary respondents were government officials responsible for data or open government policies. For more information on OURdata Index, see Annex C.

The OECD defines open data as non-discriminatory data access and sharing arrangements where data are machine-readable and can be accessed and shared free of charge and used by anyone for any purpose, subject at most to requirements that preserve integrity, provenance, attribution and openness.

Further reading

OECD (2023), "2023 OECD Open, Useful and Re-usable data (OURdata) Index: Results and Key Findings", *OECD Public Governance Policy Papers*, No. 43, OECD Publishing, Paris, <https://doi.org/10.1787/a37f51c3-en>.

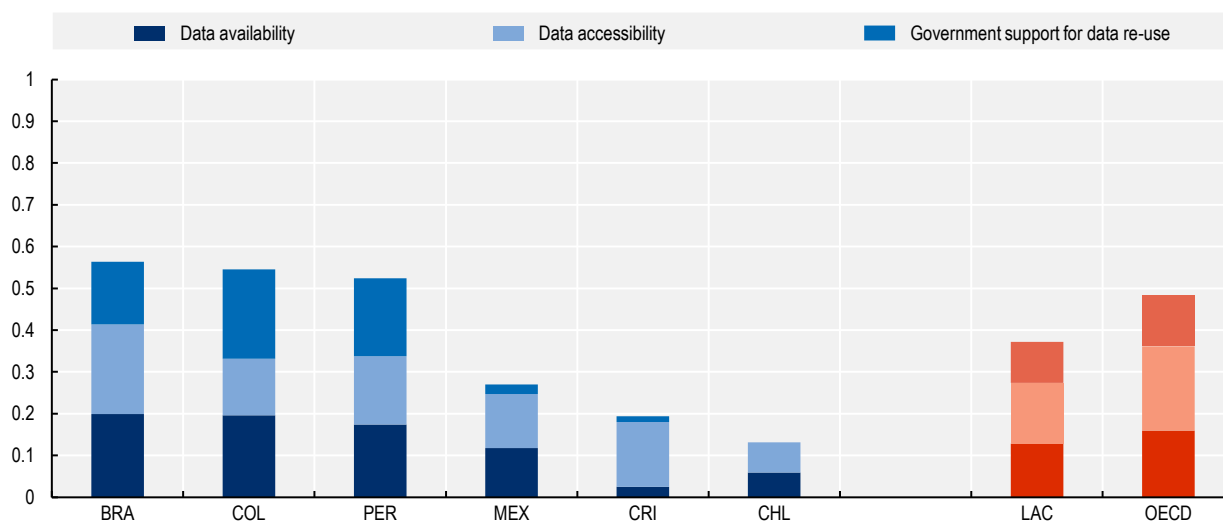
OECD/CAF (2023), *Digital Government Review of Latin America and the Caribbean: Building Inclusive and Responsive Public Services*, OECD Digital Government Studies, OECD Publishing, Paris, <https://doi.org/10.1787/29f32e64-en>.

OECD (2021), "Recommendation of the Council on Enhancing Access to and Sharing of Data", *OECD Legal Instruments*, OECD, Paris, <https://legalinstruments.oecd.org/en/instruments/OECD-LEGAL-0463>.

Figure notes

Figure 9.6. The OURdata composite score is the unweighted average of the three pillar scores, which range from 0 to 1.

Figure 9.6. OURdata Index composite score, 2023



Source: OECD (2022), Survey on Open Government Data 5.0.


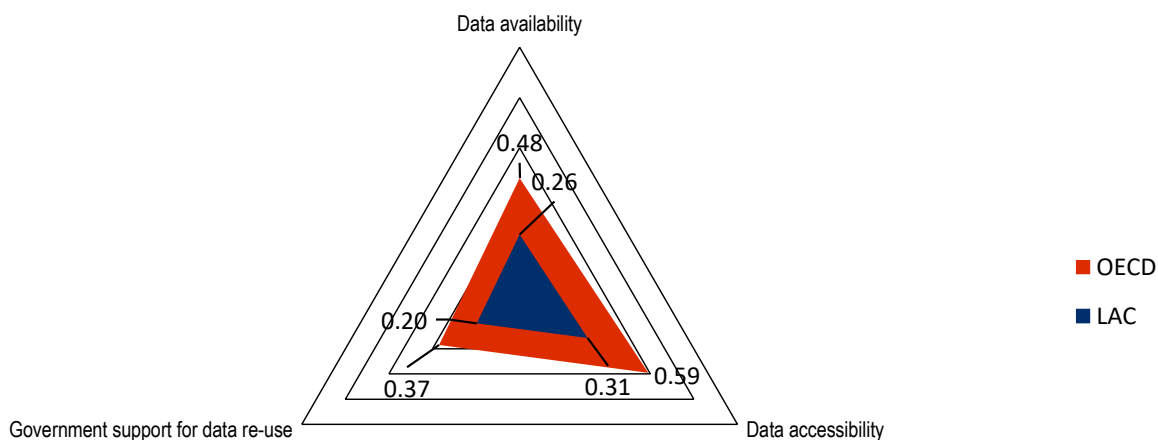
StatLink  <https://stat.link/nlym1u>

Figure 9.7. OURdata Index three pillars, OECD and LAC averages, 2023



Source: OECD (2022), Survey on Open Government Data 5.0.

StatLink  <https://stat.link/1ein3p>

Chapter 10.

Public revenues

10.1 General government revenues

Government revenues refer to the income generated by the government. The primary sources of revenue in Latin American and Caribbean (LAC) countries are typically taxes, social contributions and customs duties. In some LAC countries, such as Chile, Colombia, Ecuador and Mexico, a significant share of revenue may also derive from non-tax sources, such as income from state-owned enterprises or royalties on natural resources. Governments use revenues to provide public goods and services and to redistribute income through social benefits and subsidies that in turn can contribute to reducing income inequality, among other purposes. Revenue policies can also be used to encourage socially beneficial activities, for example, through tax breaks for research and development; or to discourage harmful ones for example through taxes on carbon emissions or tobacco use.

General government revenues in LAC countries averaged 31.5% of gross domestic product (GDP) in 2022 compared to 39.7% in OECD countries. This represents an increase between 2019 and 2022 of 1.1 percentage points (p.p.), exceeding pre-pandemic levels (from 30.4% of GDP in 2019), as economic activity rebounded, and commodity prices surged. OECD countries also experienced a similar return of revenues to pre-pandemic levels, from 37.6% in 2019 to 39.7% in 2022. Within the LAC region, Brazil (43.27%), Ecuador (39.38%), Argentina (33.42%) and Jamaica (30.08%) had the highest general government revenues relative to GDP in 2022 (Figure 10.1). Countries rich in natural resources, such as oil or minerals, tend to have higher government revenue, as exemplified by Ecuador. However, these differences also reflect policy decisions. For instance, Brazil's revenues as a share of GDP exceed the OECD average, primarily due to the country's high tax revenue ratio (OECD et al., 2023). Over the longer term, average, government revenues as share of GDP increased by 2.1 p.p. between 2007 and 2022 in LAC countries and by 2.6 p.p. across the OECD (Figure 10.2).

The average general government revenues per capita differ substantially between LAC countries (USD 6 152.86 PPP) and OECD countries (USD 22 559.56 PPP). Revenues per capita also vary widely within the region. Argentina, Brazil and Chile collect around USD 8 000 PPP per capita, while Honduras and Guatemala collect under USD 1 700 PPP, and Haiti just USD 197 PPP (Figure 10.3). LAC countries also differ in how much COVID-19 affected government revenue, and the subsequent rebound. Those experiencing the strongest downturn in real government revenue per capita between 2019 and 2020, such as Suriname (-24.8%), Panama (-21.3%) and Peru (-20.6%), also experienced some of the fastest growth between 2020 and 2021. Suriname's growth of 42.1% in per capita government revenues during that period meant it had both the sharpest fall and the largest rebound among LAC countries (Online Figure F.7.1). These variations in Suriname were the result of years of economic

mismanagement, exacerbated by the global economic crisis caused by the pandemic, combined with a stark currency devaluation and an inflation spike as the monetary system gradually transitioned to a freely floating exchange rate (IMF, 2022).

Methodology and definitions

Data are from the IMF World Economic Outlook (WEO) database (October 2023), which is based on the Government Finance Statistics Manual (GFSM). The GFSM provides a comprehensive conceptual and accounting framework suitable for analysing and evaluating fiscal policy. It is harmonised with the other macroeconomic statistical frameworks, such as the overarching System of National Accounts (SNA). However, there are some differences between the GFSM and the SNA frameworks in several instances, which led to the establishment, to a large extent, of correspondence criteria between the two systems.

General government consists of central government, state government, local government and social security funds. Revenues encompass taxes, net social contributions, and grants and other revenues. Government revenues per capita were calculated by converting total revenues to USD using the implied IMF purchasing power parities (PPP) conversion rates and dividing it by population. PPP is the number of units of a country's currency needed to purchase the same quantity of goods and services in another country. Gross domestic product (GDP) is the standard measure of the value of the goods and services produced by a country during a period. For the OECD average, data are derived from the OECD National Accounts Statistics database, which is based on the SNA framework.

Further reading

IMF (2022), *Suriname: First Review under the Extended Arrangement under the Extended Fund Facility, and Financing Assurances Review-Press Release; Staff Report; Staff Statement; and Statement by the Executive Director for Suriname*, International Monetary Fund, IMF Country Report No. 22/90.

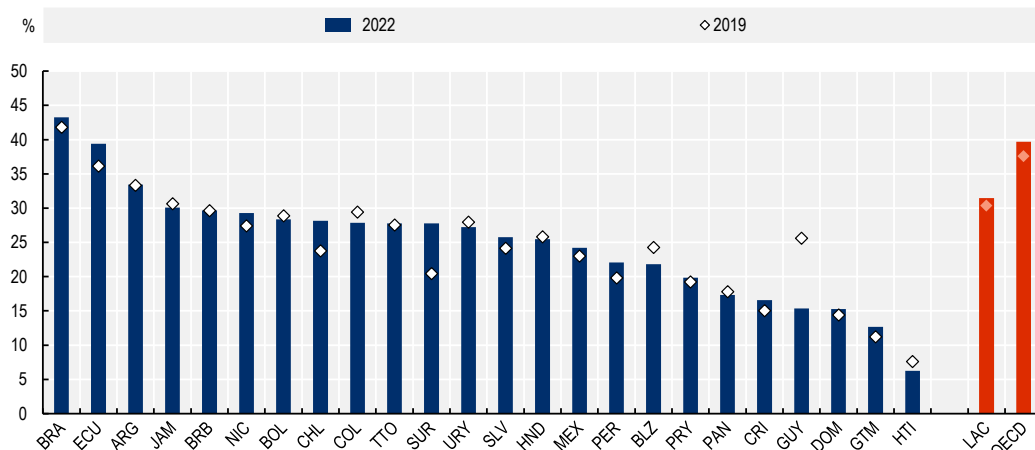
OECD et al. (2023), *Revenue Statistics in Latin America and the Caribbean 2023*, OECD Publishing, Paris, <https://doi.org/10.1787/a7640683-en>.

Figure notes

Data for 2022 for Guyana and Suriname refer to forecasts.

F.7.1 (Annual growth rate of real government revenues per capita, 2019-20, 2020-21 and 2021-22) is available online in Annex F.

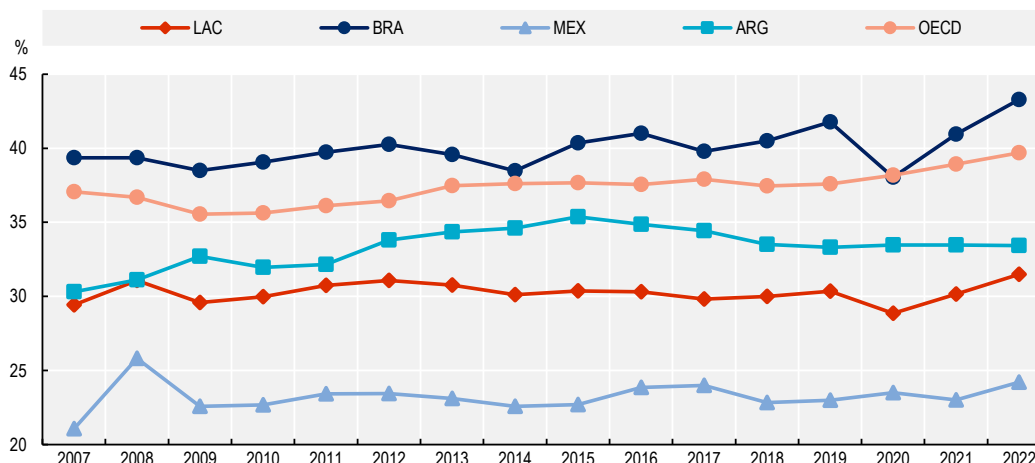
Figure 10.1. General government revenues as a percentage of GDP, 2019 and 2022



Source: Data for the LAC countries: IMF, World Economic Outlook database (IMF WEO) (October 2023); data for the OECD average: OECD National Accounts Statistics (database).

StatLink <https://stat.link/w4391j>

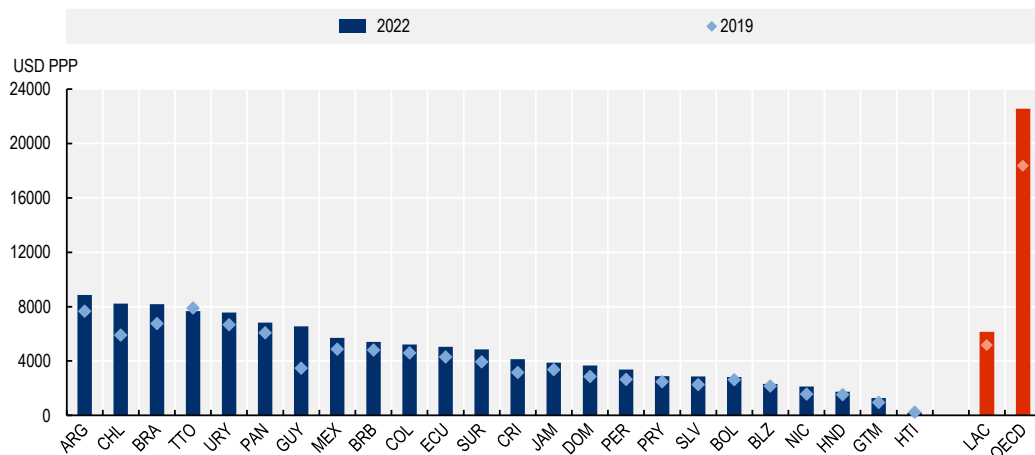
Figure 10.2. General government revenues as a percentage of GDP; LAC, OECD and largest LAC economies, 2007 to 2022



Source: Data for the LAC countries: IMF, World Economic Outlook database (IMF WEO) (October 2023); data for the OECD average: OECD National Accounts Statistics (database).

StatLink <https://stat.link/2t3b9i>

Figure 10.3. General government revenues per capita, 2019 and 2022



Source: Data for the LAC countries: IMF, World Economic Outlook database (IMF WEO) (October 2023); data for the OECD average: OECD National Accounts Statistics (database).

StatLink <https://stat.link/ds75rq>

10.2 General government structure of tax revenues

Taxes are the primary source of government revenue, playing a crucial role in funding essential public services like healthcare, education, infrastructure and defence. Determining the optimal level of taxation and associated government expenditure is a key question of fiscal policy. Well-designed taxes promote a fair distribution of the financial burden among citizens and contribute to economic stability. However, high taxation levels can discourage investment and hamper economic growth.

In Latin American and Caribbean (LAC) countries, tax revenues averaged 21.7% of gross domestic product (GDP) in 2021, which is lower than the OECD average of 34.2% in the same year. However, there are wide variations between countries. Brazil (33.5%) and Barbados (31.9%) had the highest tax ratios among LAC countries, followed by Argentina (29.1%) and Jamaica (27.9%). At the other end of the spectrum, Panama (12.7%), Paraguay (14.0%), Guatemala (14.2%) and the Dominican Republic (14.5%) all have comparatively low tax ratios (Figure 10.4). Between 2019 and 2021, tax revenues as a share of GDP have on average remained generally stable in the LAC while it increased slightly in OECD countries. Nonetheless, there were notable differences among LAC countries. Guyana saw tax revenues as a share of GDP fall of 6.4 percentage points (p.p.), attributed to a period of record-breaking GDP growth driven by its nascent and rapidly expanding crude oil production, amounting to 20.1% in 2021 and over 60% in 2022, in real terms (IMF WEO, 2023). This growth was accompanied by several generous tax cuts. Bolivia (-2.1 p.p.) also experienced falling tax revenues relative to its GDP, owing to a slowdown of the economy. In contrast, El Salvador increased its tax revenues as share of GDP in 2021 by 2.4 p.p. and Brazil by 1.5 p.p., the latter primarily driven by higher revenues from corporate income taxes and taxes on goods and services, coupled with increased royalties from oil production (Figure 10.4).

Government tax revenues typically come from three main sources: taxes on income and profits (accounting for an average of 27.6% of government revenue across LAC countries), taxes on goods and services (48.9%), and social security contributions (17.3%). These three sources collectively account for at least 85% of tax revenue in every LAC country, although the specific composition varies. LAC countries tend to be more reliant than OECD ones on tax revenues from goods and services, which account for almost half of all tax revenues, compared to less than one-third on average across OECD countries (31.9%). There are also significant differences between LAC countries. Notably, four Caribbean countries with large tourism sectors, the Bahamas (76.9%), Belize (63.7%), the Dominican Republic (59.5%) and

Jamaica (59.29%), rely heavily on taxes on goods and services. In contrast, Trinidad and Tobago (49.5%) and Mexico (43.5%) derive the largest portion of their tax revenues from taxes on income and profits. Although social security is the smallest of the three sources of revenue, it plays a significant role in Panama (44.0%), which is the LAC country with the lowest tax ratio. Beyond these primary revenue sources, property tax makes up an important share in the Bahamas (11.1%) and Argentina (10.5%) (Figure 10.5).

Methodology and definitions

Data are drawn from the OECD Revenue Statistics in Latin America database, whose classification of tax revenue is almost identical to that of the Government Finance Statistics Manual (GFSM) issued by the IMF. The GFSM provides a comprehensive conceptual and accounting framework suitable for analysing and evaluating fiscal policy. It is harmonised with the other macroeconomic statistical frameworks, such as the overarching System of National Accounts (SNA). However, there are some differences between the definitions of tax revenues used in the OECD Revenue Statistics in Latin America database and the SNA. In the SNA, taxes are compulsory payments, in cash or in kind, made by institutional units to the general government. Social contributions are actual or imputed payments to social insurance schemes to make provision for social insurance benefits that may be compulsory or voluntary. The OECD Revenue Statistics in Latin America database treats compulsory social security contributions as taxes, while the SNA considers them social contributions because the receipt of social security benefit depends, in most countries, upon appropriate contributions having been made.

Further reading

IMF, World Economic Outlook database (IMF WEO) (October 2023).

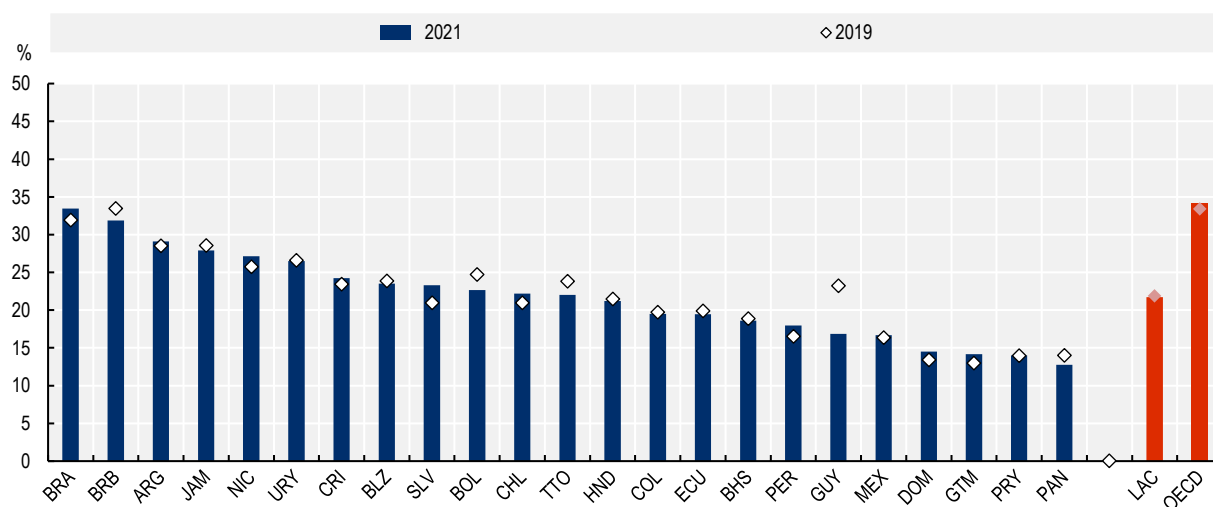
OECD et al. (2023), *Revenue Statistics in Latin America and the Caribbean 2023*, OECD Publishing, Paris, <https://doi.org/10.1787/a7640683-en>.

OECD et al. (2022), *Revenue Statistics in Latin America and the Caribbean 2022*, OECD Publishing, Paris, <https://doi.org/10.1787/58a2dc35-en-es>.

Figure notes

OECD and LAC averages are unweighted.

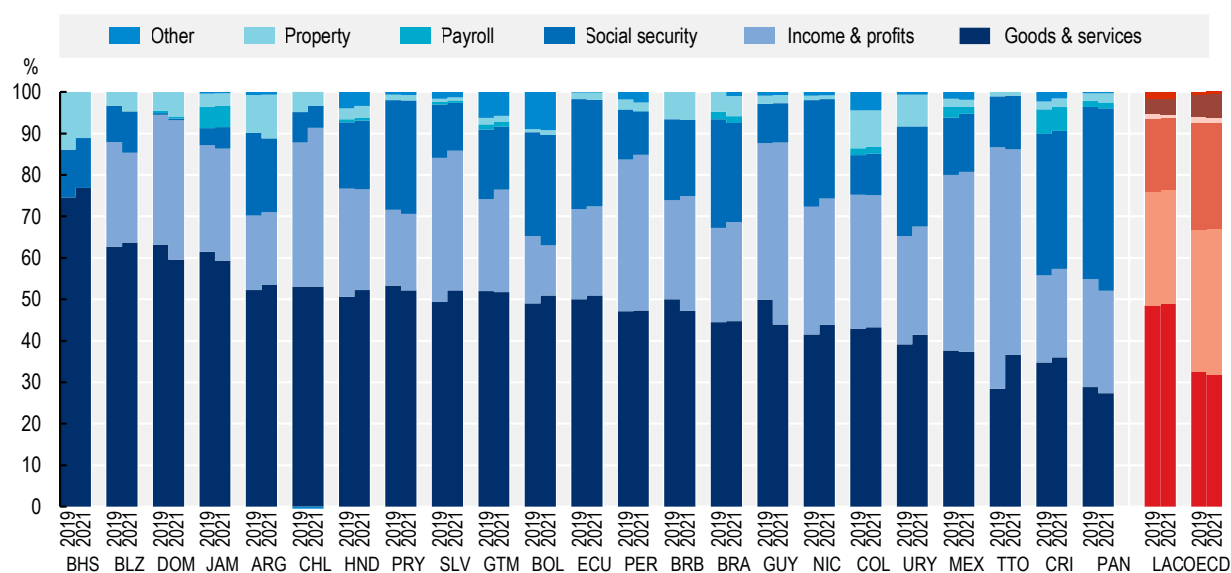
Figure 10.4. General government tax revenues as a share of GDP, 2019 and 2021



Source: OECD (2023), Revenue Statistics in Latin America (database).

StatLink  <https://stat.link/tjczp>

Figure 10.5. Breakdown of tax revenues as a percentage of total taxation, 2019 and 2021



Source: OECD (2023), Revenue Statistics in Latin America (database).

StatLink  <https://stat.link/e2onyj>

10.3 Revenue structure by level of government

Subnational governments are usually responsible for the direct provision of services to the population. However, the extent to which they can collect revenues depends on the distribution of fiscal responsibilities and powers between different levels of government. In countries where subnational governments face constraints on tax collecting, their primary revenue source is often transfers from the central government, typically earmarked in the central budget.

Countries in Latin America and the Caribbean (LAC) have traditionally been relatively highly centralised with subnational governments generating limited resources. As a result, state and local governments are largely dependent on transfers from the centre, constraining their autonomy over their finances. Although the optimal level of revenue allocation between government levels depends on the context and varies among countries, some evidence suggests more decentralised government could bring social and economic benefits (Kim and Dougherty, 2018).

On average, 71.8% of total general government revenues were collected at the central level across LAC countries in 2021, compared to 52.5% across OECD countries. All LAC countries are above the OECD average on this, but Chile stands out with 92.6% of revenues collected at the central level. However, in Chile, as well as Brazil and Colombia, social security funds are included in the central revenue figures. LAC countries collect 18.9% of revenues at state level on average, and 7.6% at local level. Conversely, Colombia stands out with 13.4% of government revenues collected at the local level (Figure 10.6), following decentralisation reforms over the past three decades (OECD, 2019). The comparatively low levels of subnational revenue collection in LAC countries reflect their limited tax jurisdiction, typically involving property taxes, motor-vehicle licences, taxes on specific services and municipal fees (OECD et al., 2023).

The pattern of changes in the distribution of revenue collection between 2019 and 2021 is mixed. On average, revenue at the central government level decreased by 0.8 percentage points (p.p.) during this period in LAC. This was largely driven by changes in Brazil, where the share of revenues at the central government level decreased by 1.7 p.p. However, in most LAC countries, the COVID-19 crisis impacted subnational revenue, leading to declines in subnational nominal tax revenues in 2020, which also highlights the limited sources of own revenues at this level of government (OECD et al., 2023). Central government's share of revenue grew particularly strongly in El Salvador (2.5 p.p.) and Ecuador (1.9 p.p.), with comparative revenue decreases in the share of social security funds (-3.5 p.p. in El Salvador and -1.3 p.p. in Ecuador). In Chile and Costa Rica, the shift in the relative weight of revenues shifted from the local level of government to the central level (Figure 10.7).

Methodology and definitions

Data are from the IMF Government Finance Statistics (IMF GFS) database, which applies the concepts set out in the Government Finance Statistics Manual (GFSM). The GFSM provides a comprehensive conceptual and accounting framework suitable for analysing and evaluating fiscal policy. It is harmonised with other macroeconomic statistical frameworks, such as the System of National Accounts (SNA). However, there are some differences between the GFS and the SNA frameworks in several instances, which led to the establishment, to a large extent, of correspondence criteria between the two statistical systems.

General government consists of central, state and local governments, and social security funds. State government applies to the federal states of Brazil and Mexico and the highly decentralised countries of Colombia, Paraguay and Peru. For detailed information on the components of revenues, see General government revenues. Data exclude transfers between levels of government in order to see the contribution of each sub-sector to general government total revenues, which are consolidated at this level. Data for the OECD average are derived from the OECD National Accounts Statistics database, which is based on the SNA framework.

Further reading

IADB (2022), *Outlook of Fiscal Relations among Government Levels in Latin America and the Caribbean*, Inter-American Development Bank, Washington, DC, <http://dx.doi.org/10.18235/0004708>.

Kim, J. and S. Dougherty (eds.) (2018), *Fiscal Decentralisation and Inclusive Growth*, OECD Fiscal Federalism Studies, OECD Publishing, Paris/KIPF, Seoul, <https://doi.org/10.1787/9789264302488-en>.

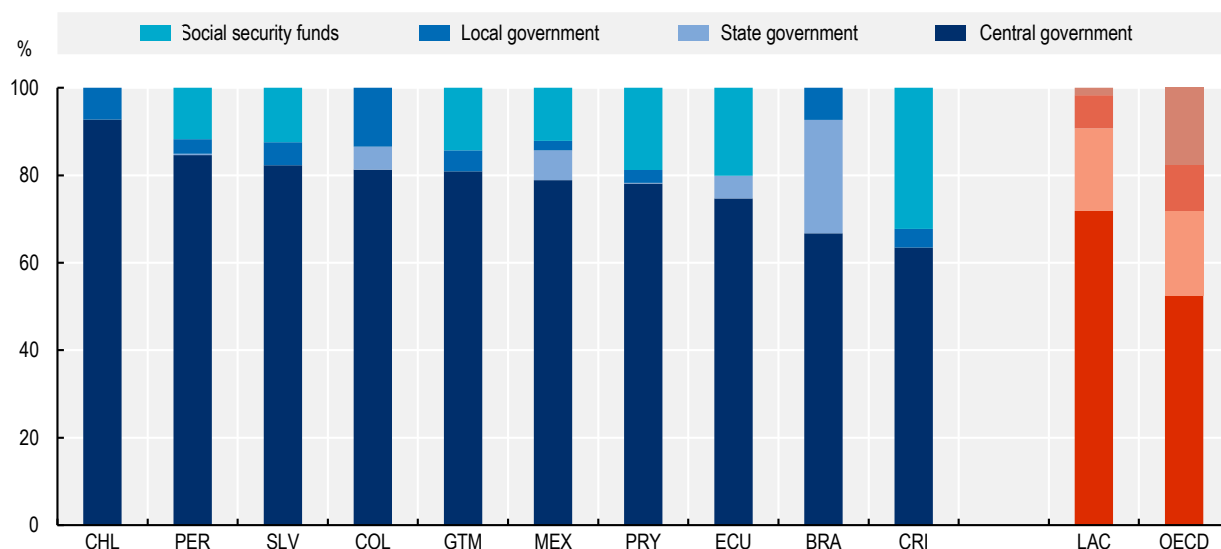
OECD et al. (2023), *Revenue Statistics in Latin America and the Caribbean 2023*, OECD Publishing, Paris, <https://doi.org/10.1787/a7640683-en>.

OECD (2019), *Asymmetric Decentralisation: Policy Implications in Colombia*, OECD Multi-Level Governance Studies, OECD, Paris, https://www.oecd.org/colombia/Asymmetric_decentralisation_Colombia.pdf.

Figure notes

Data for Mexico, Paraguay and Peru are recorded on a cash basis. Transfers between levels of government are excluded. Data for Costa Rica and Mexico are not included in the LAC average. Social security funds are included in central government for Brazil, Chile and Colombia.

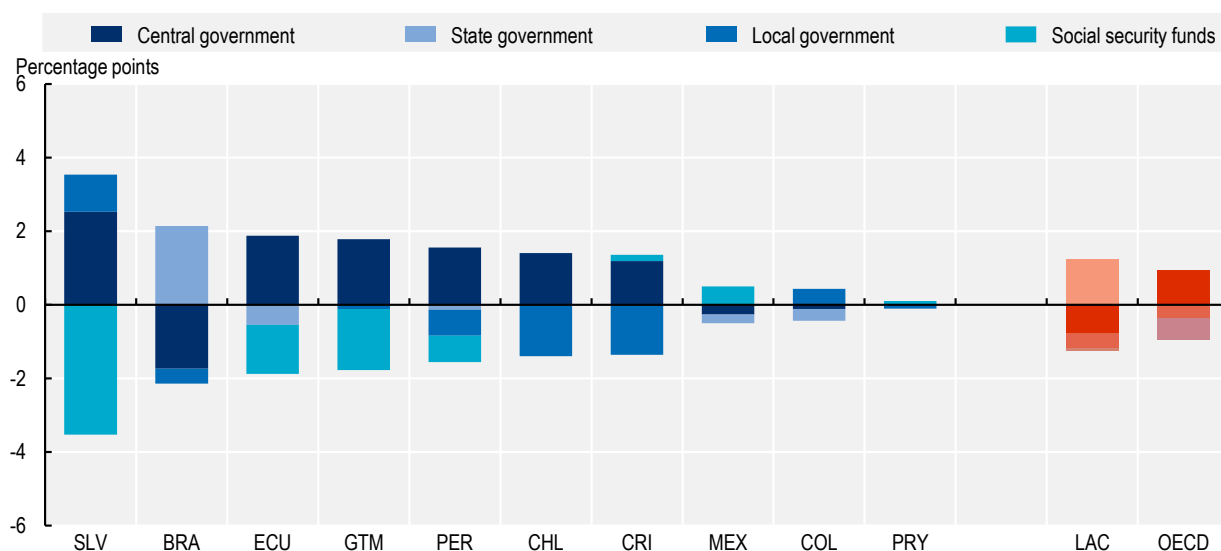
Figure 10.6. Distribution of general government revenues across levels of government, 2021



Source: Data for the LAC countries: IMF Government Finance Statistics (IMF GFS) database; data for the OECD average: OECD National Accounts Statistics database.

StatLink <https://stat.link/unxznmj>

Figure 10.7. Change in the distribution of general government revenues across levels of government, 2019 to 2021



Source: Data for the LAC countries: IMF Government Finance Statistics (IMF GFS) database; data for the OECD average: OECD National Accounts Statistics database.

StatLink <https://stat.link/d3wq59>

10.4 General government gross debt

Governments accumulate debt to fund expenditures that exceed their revenues. Government debt can be used to finance both current expenditure and investments. However, debt comes at a cost in the form of interest payments. Therefore, it should be based on an objective assessment of economic capacity gaps, infrastructural development needs, sectoral and social priorities, and a careful evaluation of costs and benefits. The cost of debt, access to capital markets and levels of debt-carrying capacities vary significantly across countries making the impact of debt highly context dependent.

In 2022, government debt in Latin America and the Caribbean (LAC) averaged 66% of gross domestic product (GDP). This is slightly higher than in 2019 (64%) but considerably lower than the OECD average (109.8%). Barbados (123%) and Suriname (120%) have the highest debt ratios, followed by Brazil (85%) and Argentina (85%) (Figure 10.8). Between 2019 and 2020, average debt ratios relative to GDP increased by 9.7 percentage points (p.p.) in LAC countries due to the combination of increased borrowing during the COVID-19 pandemic and shrinking economies. They then fell over the next two years and by 2022 were approaching pre-pandemic levels. This was driven by an economic rebound and rising inflation, despite ongoing fiscal deficits. Over the longer term, however, the debt burden in LAC countries has increased significantly. Having remained relatively stable at around 46% of GDP between 2007 and 2013, the debt ratio has steadily increased since then (Figure 10.9).

Per capita debt in LAC countries averages USD 12 963 PPP, one-fifth of the average in OECD countries (USD 65 858 PPP). In nominal terms, it rose by an average of USD 1 997 PPP between 2019 and 2022 (Figure 10.10). Almost all LAC countries saw per capita government debt increase during this period. Levels of debt significantly in Bolivia (USD 2 541 PPP) and Suriname (USD 4 677 PPP) where post-pandemic fiscal imbalances remain high (IMF, 2022). Guyana had the highest growth of real government debt per capita (67.8%) between 2019 and 2020. However, since the country was simultaneously experiencing record-breaking economic growth driven by a nascent and rapidly expanding oil production, debt as a share of GDP fell by 18 p.p. during the same period. Paraguay (40.1%) and Suriname (45.6%) also experienced significant increases of real government debt per capita due to sharp declines in government revenue and increased spending during the pandemic. Across the LAC region, average real government debt per capita increased by 6.4% during 2019 to 2022, falling by around 1% per year in 2021 and 2022 amid limited funding options and rising external borrowing costs (Online Figure F.7.2). Structural challenges and stagnant economic growth mean debt levels and the cost of debt are expected to remain high in LAC over the coming years (OECD, 2022).

Methodology and definitions

Data are from the IMF World Economic Outlook (WEO) database (October 2023), which is based on the Government Finance Statistics Manual (GFSM). The GFSM provides a comprehensive conceptual and accounting framework suitable for analysing and evaluating fiscal policy. It is harmonised with other macroeconomic statistical frameworks, such as the System of National Accounts (SNA). To increase harmonisation, correspondence criteria have been established between GFSM and the SNA framework.

Debt is generally defined as all liabilities requiring payment of interest or principal by the debtor to the creditor at a date(s) in the future. Thus, all debt instruments are liabilities, but some liabilities (e.g. shares, equity and financial derivatives) are not debt. The treatment of government liabilities in respect of their employee pension plans varies across countries, making international comparability difficult. Under the GFSM framework, unfunded government sponsored retirement schemes are included in the debt components. In the 1993 SNA, only the funded component of the government employee pension plans is reflected in its liabilities. However, the 2008 SNA recognises the importance of the liabilities of employers' pension schemes, regardless of whether they are funded or unfunded. For pensions provided by the government to its employees, some flexibility is allowed in the recording of unfunded liabilities in the core accounts. For information on the calculation of government debt per capita, see General government revenues. For the OECD average, data are from the OECD National Accounts Statistics database, which is based on the SNA framework.

Further reading

IDB et al. (2023), *Dealing with Debt: Less Risk for More Growth in Latin America and the Caribbean*, Inter-American Development Bank Publishing, Washington, DC, <http://dx.doi.org/10.18235/0004707>.

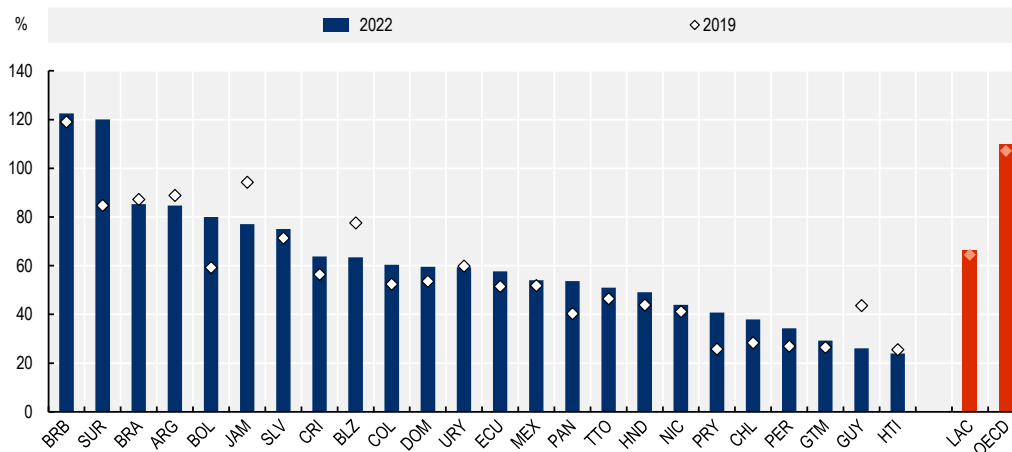
IMF (2022), "Bolivia: 2022 Article IV Consultation—Press Release; Staff Report; and Statement by the Bolivian Authorities," International Monetary Fund, IMF Country Report No. 22/333, <https://www.imf.org/-/media/Files/Publications/CR/2022/English/1BOLEA2022001.ashx>.

OECD et al. (2022), *Latin American Economic Outlook 2022: Towards a Green and Just Transition*, OECD Publishing, Paris, <https://doi.org/10.1787/3d5554fc-en>.

Figure notes

Data for 2022 for Guyana and Suriname refer to forecasts. F.7.2 (Annual growth rate of real government gross debt per capita, 2019-20, 2020-21 and 2021-22) is available online in Annex F.

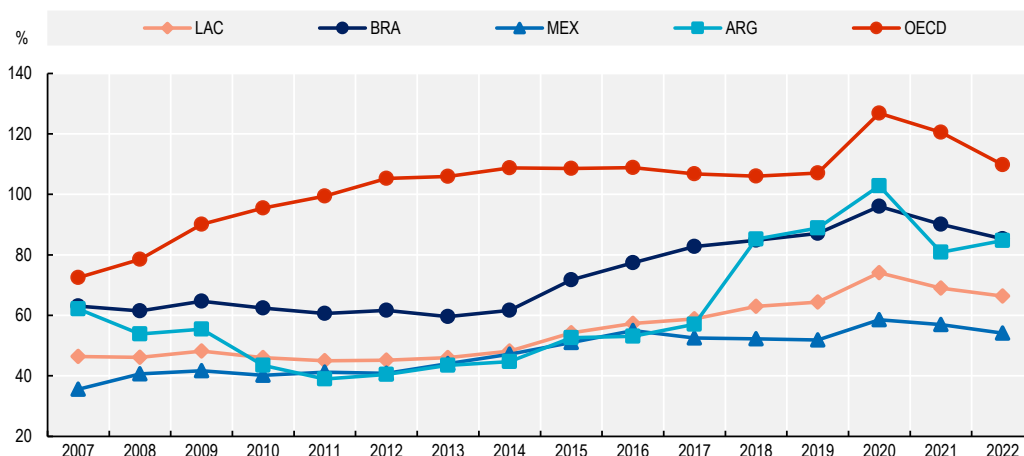
Figure 10.8. General government gross debt as a percentage of GDP, 2019 and 2022



Source: Data for the LAC countries: IMF, World Economic Outlook database (IMF WEO) (October 2023); data for the OECD average: OECD National Accounts Statistics (database).

StatLink <https://stat.link/hs7qci>

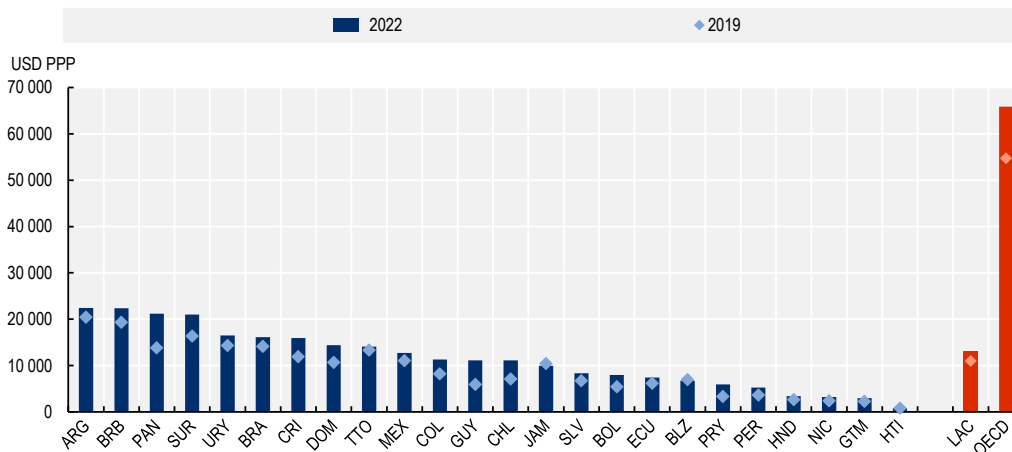
Figure 10.9. General government gross debt as a percentage of GDP; LAC, OECD and largest LAC economies, 2007 to 2022



Source: Data for the LAC countries: IMF, World Economic Outlook database (IMF WEO) (October 2023); data for the OECD average: OECD National Accounts Statistics (database).

StatLink <https://stat.link/bakl9e>

Figure 10.10. General government gross debt per capita, 2019 and 2022



Source: Data for the LAC countries: IMF, World Economic Outlook database (IMF WEO) (October 2023); data for the OECD average: OECD National Accounts Statistics (database).

StatLink <https://stat.link/ewrzq0>

10.5 Fiscal revenues from non-renewable natural resources (NRNR)

Several countries in Latin America and the Caribbean (LAC) have non-renewable natural resources (NRNRs), mainly hydrocarbons (oil and gas), metals and minerals, which constitute a significant source of public revenue. However, these resources are finite, and the revenue they generate can be highly volatile due to fluctuations in international market prices. The management of NRNRs should also address intergenerational equity: ensuring that exploiting these natural resources will not compromise opportunities for future generations or environmental sustainability.

Benchmark prices for oil and mining production rebounded sharply in 2021, driven by improved macroeconomic conditions and a supply lag. Russia's war of aggression against Ukraine along with the lifting of COVID-19 restrictions in China, prompted further price increases in 2022. Revenues from oil and gas exploration and sales in the LAC region are estimated to have risen from 2.6% of gross domestic product (GDP) in 2021 to 4.2% in 2022. However, this average is affected by developments in the comparatively small economies of Guyana and Trinidad and Tobago, as they reduce the LAC average by 1 percentage point (p.p.) (OECD et al., 2023). In 2022, revenues from mining production reached their highest level since 2011, accounting for 0.7% of GDP on average. This was a result of increased mining production coupled with rising prices on the international market (Figure 10.11).

However, over the longer term, revenues from NRNRs have significantly declined relative to GDP across the LAC region since the period from 2011 to 2014, when commodity prices last peaked. In 2011, NRNR revenues accounted for an average of 7.1% of GDP in LAC countries. A decade later, in 2021, the figure had fallen to 3.3%, but with significant differences across countries. For instance, NRNR revenues plummeted by 8 p.p. in Ecuador from 16.3% of GDP in 2011 to 8.3% in 2021 driven by a price slump and a drop in production. Bolivia (-8.8 p.p.) and Trinidad and Tobago (-7.5 p.p.) also experienced significant relative falls in NRNR revenues. Other countries such as Brazil, Chile and Peru, experienced more modest relative decreases, ranging from 0 to 3 p.p. over the course of the decade. Guyana is a noteworthy exception. Following a substantial crude oil discovery in 2015, the country commenced oil production in late 2019 (OECD et al., 2023). In 2021, oil revenues accounted for 5.1% of Guyana's GDP, a figure projected to increase in the coming years (Figure 10.12).

The composition of NRNR revenues varies among LAC countries. Hydrocarbons are the chief source of revenue in Argentina, Brazil, Colombia, Ecuador, Guyana, Mexico, and Trinidad and Tobago, compared to mining revenues. In contrast, Chile and Peru rely more on mining production for their revenue and less on hydrocarbons. Hydrocarbons have been the main source of revenue volatility over the period since 2011, while revenue from mining has changed less in most countries (Figure 10.13).

Methodology and definitions

Data are from the CEPALSTAT database. Fiscal revenues from non-renewable natural resources refer to tax payments and property rents that the public sector receives for the exploitation of these resources. These payments are classified by each NRNR considered and by the type of fiscal instrument. Fiscal regimes for such revenues relate to royalties, income tax, other taxes on income and other levies. Non-renewable natural resources refer to metals and minerals and hydrocarbons. Fiscal revenues from hydrocarbons include revenues from upstream (exploration and production) and downstream (refining and commercialisation) activities. General government and public corporations constitute the public sector. Public corporations in the case of non-renewal natural resources refer to non-financial enterprises. For further information see <https://statistics.cepal.org/portal/cepalstat/>.

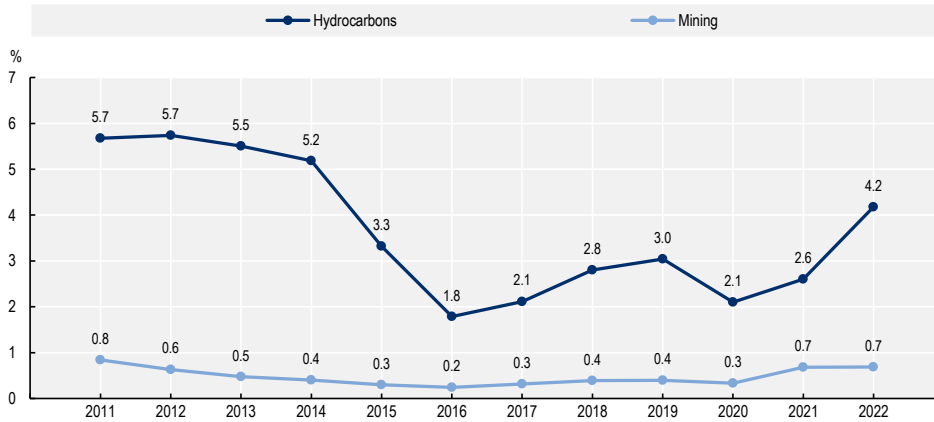
Further reading

OECD et al. (2023), *Revenue Statistics in Latin America and the Caribbean 2023*, OECD Publishing, Paris, <https://doi.org/10.1787/a7640683-en>.

Figure notes

Figure 10.11. The averages for hydrocarbon revenues are based on data from 10 countries (Argentina, Bolivia, Brazil, Colombia, Ecuador, Guatemala, Guyana, Mexico, Peru, and Trinidad and Tobago) and for revenues from mining are based on 12 countries (Argentina, Bolivia, Brazil, Chile, Colombia, the Dominican Republic, Ecuador, Guatemala, Jamaica, Mexico, Nicaragua and Peru). Figures for 2022 are based on official sources, forecasts and estimates based on the 2022 annual variation in representative products applied to 2021 revenues.

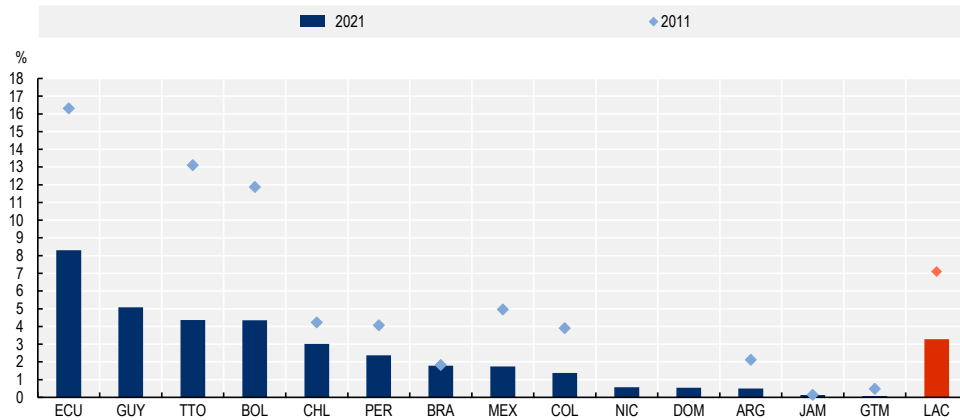
Figure 10.11. Fiscal government revenues from hydrocarbon and mining as a percentage of GDP average in LAC, 2011-22



Source: ECLAC, based on data from ECLAC’s Fiscal Revenues from Non-Renewable Natural Resources in Latin America and the Caribbean (database).

StatLink <https://stat.link/5viebf>

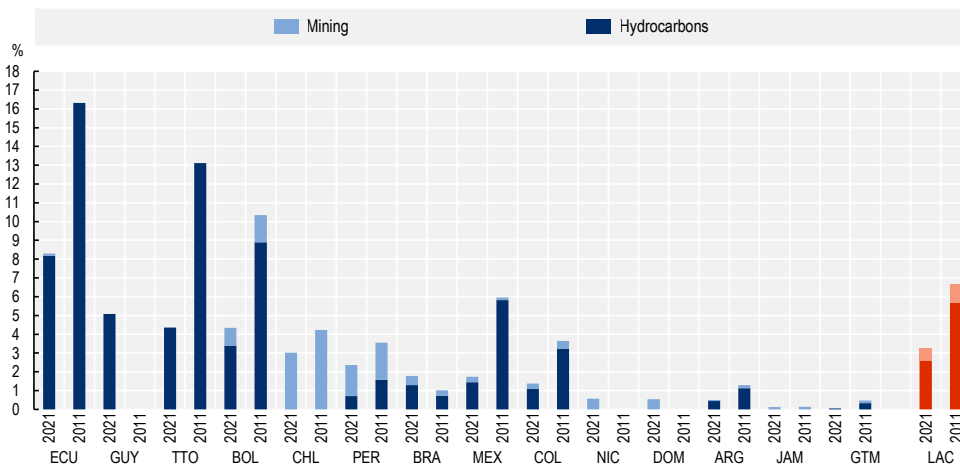
Figure 10.12. Fiscal revenues from non-renewable natural resources as a percentage of GDP, 2011 and 2021



Source: ECLAC, based on data from ECLAC’s Fiscal Revenues from Non-Renewable Natural Resources in Latin America and the Caribbean (database).

StatLink <https://stat.link/fyohbl>

Figure 10.13. Fiscal revenues from non-renewable resources by commodity as a percentage of GDP, 2011 and 2021



Source: ECLAC, based on data from ECLAC’s Fiscal Revenues from Non-Renewable Natural Resources in Latin America and the Caribbean (database).

StatLink <https://stat.link/mf9is2>

Chapter 11.

Public spending

11.1 General government expenditures

Governments are responsible for providing various services and public goods to their populations and for redistributing income through social benefits and subsidies. Government involvement in service provision varies widely across the Latin American and Caribbean (LAC) region, as does the corresponding government expenditure: while some countries rely predominantly on direct provision of services such as health and education, others opt for a mix of public and private provision.

General government expenditures in the LAC region increased slightly from an average of 34.0% of GDP in 2019 to 34.8% in 2022, while OECD countries saw a more substantial increase, from 40.8% of GDP to 43.3%. Within this average, some LAC countries saw significant reductions: by -9.9 percentage points (p.p.) in Suriname and -7.6 p.p. in Guyana. The LAC countries with the highest general government expenditure as a percentage of GDP in 2022 were Brazil (46.4%) and Ecuador (39.3%); while Guatemala (14.4%) and Haiti (8.3%) reported the lowest percentages (Figure 11.1). Differences in government spending reflect varying levels of institutional capacity, policy choices and constituent needs, among other factors.

Average government expenditure in LAC countries relative to GDP increased gradually in the period 2007-22, by a total of 4.7 p.p. In 2020, government expenditures in the LAC region increased by 3.1 p.p., probably in response to the COVID-19 pandemic, less than in OECD countries (7.4 p.p.). The pandemic required countries to increase spending on healthcare, social welfare programmes, and support for affected businesses and individuals. By 2021 this trend had reversed, with general government expenditures in the LAC region returning to pre-pandemic levels (34.0%). In contrast, although in OECD countries general government expenditures decreased in 2021, they remained above pre-pandemic levels (46.1% in 2021, compared to 40.8% in 2019) (Figure 11.2).

Average government expenditure per capita in the LAC region increased by 17.7% between 2019 and 2022 from USD 5 785 PPP in 2019 to USD 6 809 PPP in 2021, lower than the average OECD increase of 23.5%, from USD 19 928 PPP to USD 24 609 PPP. Benefitting from a surge in oil revenues, Guyana led the world in real GDP growth in 2022, and its government expenditure per capita soared from USD 3 828 PPP in 2019 to USD 8 770 PPP in 2022 (IMF, 2023). The largest reductions in expenditure per capita over the period were Trinidad and Tobago (from USD 8 994 PPP to USD 7 571 PPP) and Suriname (from USD 7 875 PPP to USD 5 409 PPP). There are significant differences across the region in per capita government spending in 2022. Argentina led the group spending USD 9 871 PPP per capita, while Haiti remained the lowest at just USD 262 PPP per capita (Figure 11.3).

Real government expenditure per capita grew at an annual rate of 5.7% in 2021-22 in the LAC region. During 2019-20, real growth was 0.9%, much lower than the 12.5% average in OECD

countries. The annual growth rate in real government expenditure per capita varied greatly within the region during 2021-22: there was rapid growth in Guyana (27.7%), Mexico (9.8%) and Brazil (9.2%), while in Chile it decreased by 18.7% (Online Figure F.8.1).

Methodology and definitions

Data are drawn from the IMF World Economic Outlook (WEO) database (October 2023), which is based on the Government Finance Statistics Manual (GFSM). The GFSM provides a comprehensive conceptual and accounting framework suitable for analysing and valuating fiscal policy. It is harmonised with the other macroeconomic statistical frameworks, such as the System of National Accounts (SNA). However, some differences exist between the GFSM and the SNA frameworks in several instances which led to the establishment, to a large extent, of correspondence criteria between the two statistical systems. General government consists of central government, state government, local government and social security funds.

Expenditures encompass intermediate consumption, employee compensation, subsidies, property income (including interest spending), social benefits, grants and other expenses, and investments. Therefore, total expenditures consist of total expenses and the net acquisition of non-financial assets. Gross domestic product (GDP) is the standard measure of the value of the goods and services produced by a country during a period. Purchasing power parity (PPP) is the number of units of country B's currency needed to purchase the same quantity of goods and services in country A. For information on the calculation of government expenditures per capita, see General government revenues. For the OECD average, data are derived from the OECD National Accounts Statistics database, which is based on the SNA framework.

Further reading

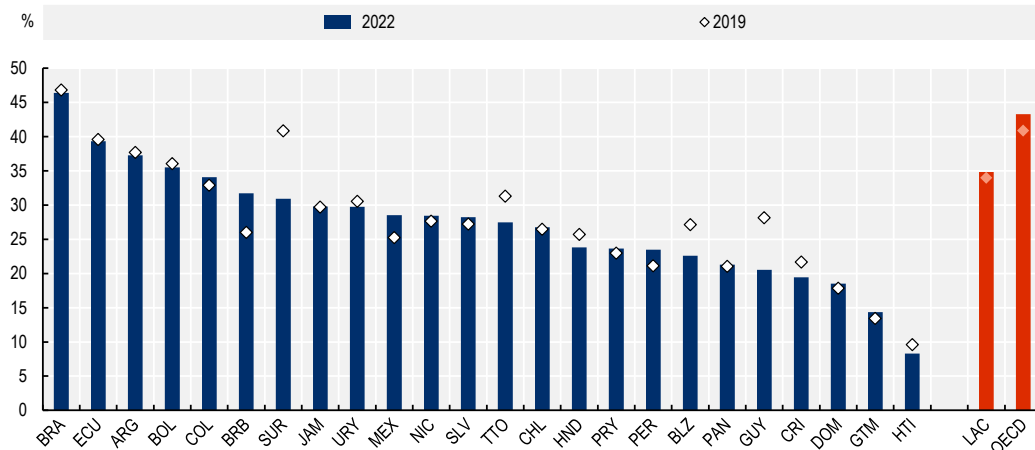
IMF (2023), Guyana Staff Concluding Statement of the 2023 Article IV Mission, International Monetary Fund, <https://www.imf.org/en/News/Articles/2023/09/11/cs91123-guyana-staff-concluding-statement-of-the-2023-article-iv-mission>.

OECD (2023), *OECD Economic Outlook, Volume 2023 Issue 1*, OECD Publishing, Paris, <https://doi.org/10.1787/ce188438-en>.

Figure notes

Data for 2022 for Guyana and Suriname refer to forecasts. F.8.1 (Annual growth rate of real government expenditures per capita, 2019-20, 2020-21 and 2021-22) is available online in Annex F.

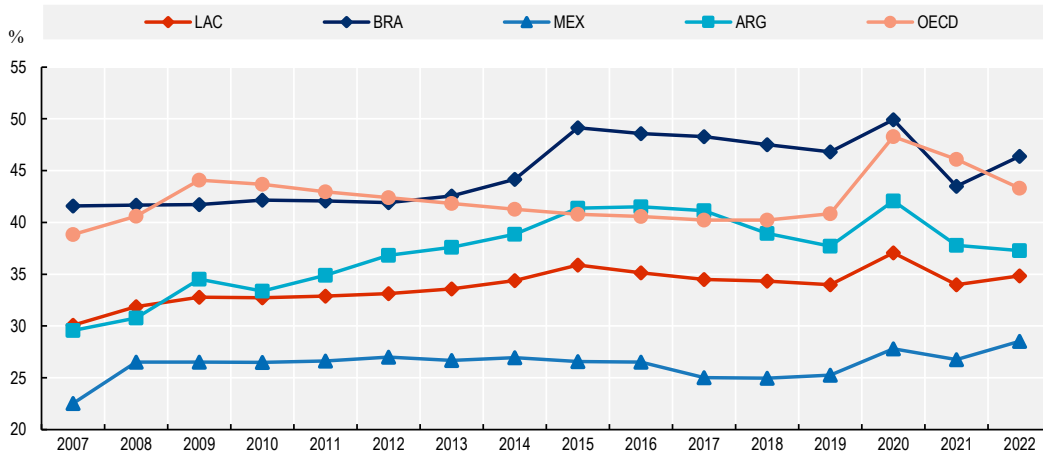
Figure 11.1. General government expenditures as a percentage of GDP, 2019 and 2022



Source: Data for the LAC countries: IMF, World Economic Outlook database (IMF WEO) (October 2023); data for the OECD average: OECD National Accounts Statistics (database).

StatLink <https://stat.link/megpk4>

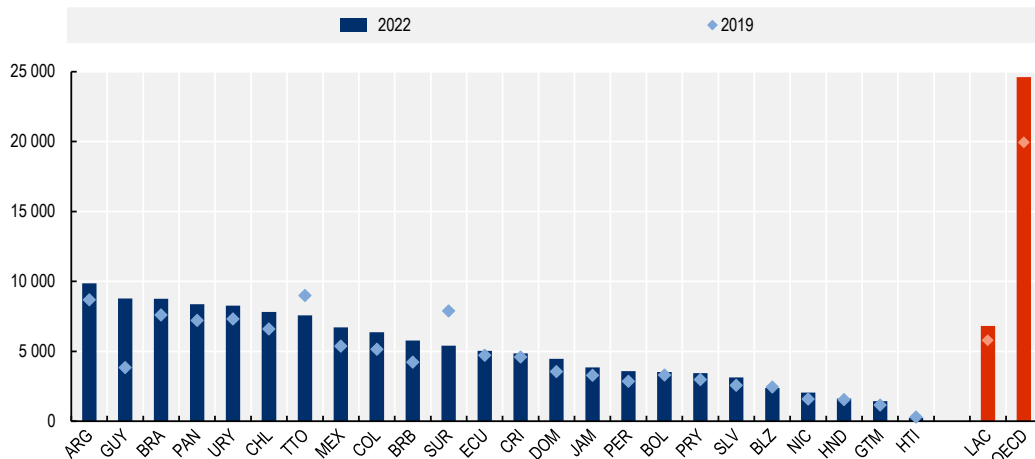
Figure 11.2. General government expenditures as a percentage of GDP; LAC, OECD and largest LAC economies, 2007 to 2022



Source: Data for the LAC countries: IMF, World Economic Outlook database (IMF WEO) (October 2023); data for the OECD average: OECD National Accounts Statistics (database).

StatLink <https://stat.link/tar3yb>

Figure 11.3. General government expenditures per capita, 2019 and 2022



Source: Data for the LAC countries: IMF, World Economic Outlook database (IMF WEO) (October 2023); data for the OECD average: OECD National Accounts Statistics (database).

StatLink <https://stat.link/b1cnm2>

11.2 Structure of general government expenditures by economic transaction

Public spending can be categorised based on economic transactions such as employee compensation, intermediate consumption, subsidies, property income (including interest), social benefits, grants and investment. This approach differs from categorising government spending by function, which groups expenditures by thematic categories (e.g. health, education or defence). It focuses instead on transactions that are cross cutting across government activities. Examining government spending by economic transaction allows a deeper insight on government spending patterns and their impact on the economy.

In 2021, social benefits and employee compensation together accounted for 60.6% of general government expenditure in the Latin American and Caribbean (LAC) region and 61.4% among OECD countries. The largest category in the region is social benefits (e.g. pensions or conditional cash transfers), accounting for 34.8% of government expenditure, an increase of 1.5 percentage points (p.p.) since 2019. OECD countries spent a greater share on social benefits in 2021 (41.4%, a 0.8 p.p. increase from 2019). Employee compensation is the second largest economic transaction in both LAC and OECD countries, making up a larger share of government expenditure in LAC countries (25.8%) than in OECD countries (20%). This share has decreased by 1.6 p.p. since 2019 in LAC countries and by 2.3 p.p. in OECD countries (Table 11.1).

Public spending patterns vary widely across LAC countries. For instance, 43.5% of Guatemala's total government expenditure was on employee compensation in 2021, the highest amongst LAC countries, while for Colombia it was only 17.9%. Chile spent the highest share on social benefits (49%), compared to only 7.1% for El Salvador. These disparities highlight the different structures of general government expenditures by economic transaction in the region (Table 11.1).

In LAC countries, property income accounted for 12.9% of expenditures in 2021, double the average share in OECD countries (5.1%). In contrast, OECD countries spent more on public investment in 2021 (7.4% on average) than LAC countries (4.8%). In 2021, subsidies made up 1.3% of expenditures in the LAC region, a slight increase from the 0.9% in 2019, while OECD countries greatly expanded their expenditure of subsidies from 2.2% in 2019 to 4.5% in 2022 (Table 11.1). This comparatively sharp rise in spending on subsidies could stem from differences in industrial policies, with OECD countries placing greater emphasis on government intervention to encourage investment in certain key sectors.

Relative to gross domestic product (GDP), government expenditures on social benefits amounted to an average of 13.3% of GDP in LAC countries in 2021, less than in OECD

countries (19.1%). Guatemala (1.8%) and Peru (2%) spent the smallest share of GDP on social benefits among LAC countries. Employee compensation amounted to 9.8% of GDP among LAC countries on average, similar to that of OECD countries (9.3%). Government spending on investments is substantially lower in LAC countries (1.8% of GDP) than the OECD average (3.4%). However, Peru (4.2%), El Salvador (3.8%) and Paraguay (3.6%) spent the most on investment relative to GDP in the region, above the OECD average (Figure 11.4).

Methodology and definitions

Data are from the IMF Government Finance Statistics (IMF GFS) database, which applies the concepts set out in the Government Finance Statistics Manual (GFSM). The GFSM provides a comprehensive conceptual and accounting framework suitable for analysing and evaluating fiscal policy. It is harmonised with the other macroeconomic statistical frameworks, such as the System of National Accounts (SNA). Expenditures encompass intermediate consumption, employee compensation, subsidies, property income (including interest spending), social benefits (consisting of social benefits other than social transfers in kind and of social transfers in kind provided to households via market producers), grants and other expenses (mainly current and capital transfers but also other minor expenditures as other taxes on production, current taxes on income and wealth etc., and adjustments for changes in pension entitlements), and investments. All these transactions at the general government level are recorded on a consolidated basis (i.e. transactions between levels of government are netted out). For the OECD average, data are derived from the OECD National Accounts Statistics database, which is based on the SNA framework.

Further reading

OECD (2023), *Economic Policy Reforms 2023: Going for Growth*, OECD Publishing, Paris, <https://doi.org/10.1787/9953de23-en>.

Pessino, C., A. Izquierdo and G. Vuletin (2018), *Better Spending for Better Lives: How Latin America and the Caribbean Can Do More with Less*, Inter-American Development Bank, Washington, DC, <https://publications.iadb.org/en/publication/better-spending-better-lives>.

Figure notes

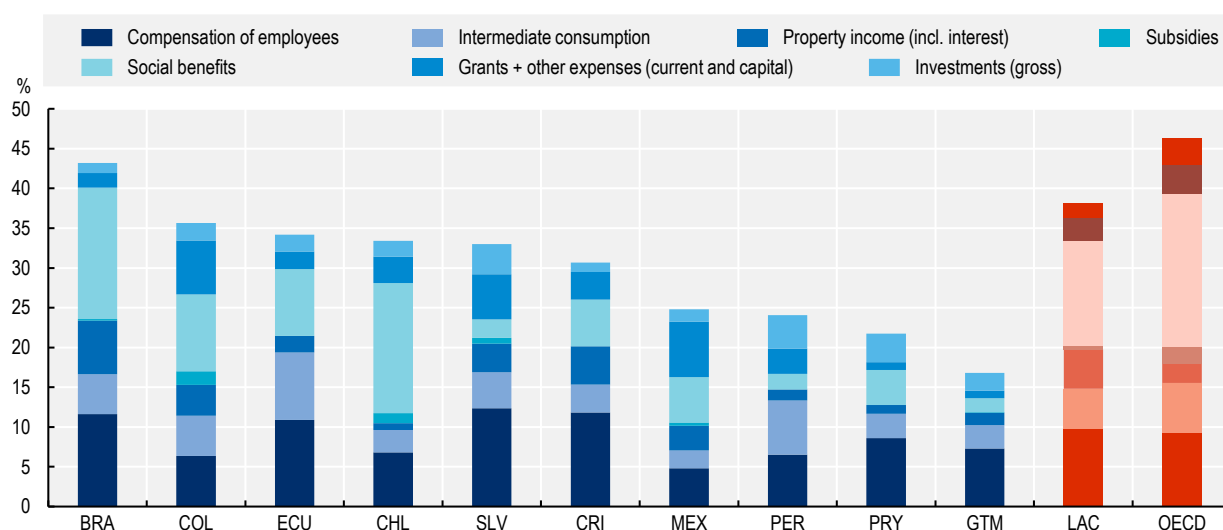
Data for Mexico, Paraguay and Peru are recorded on a cash basis. Data for Costa Rica and Mexico are not included in the LAC average.

Table 11.1. Structure of general government expenditures by economic transaction, 2019 and 2021


% of total expenditures	Compensation of employees		Intermediate consumption		Subsidies		Property income (incl. interest)		Social benefits		Grants + other expenses (current and capital)		Investments (gross)	
	2019	2021	2019	2021	2019	2021	2019	2021	2019	2021	2019	2021	2019	2021
	Brazil	27.9	26.9	11.1	11.6	0.6	0.5	15.3	15.7	38.6	38.2	4.1	4.3	2.5	2.9
Chile	27.3	20.4	11.2	8.4	4.2	3.9	3.4	2.6	19.3	49.0	25.9	9.8	8.6	6.0
Colombia	18.3	17.9	15.5	14.1	1.8	4.8	9.9	10.9	26.4	27.1	19.4	19.0	8.6	6.2
Costa Rica	..	38.6	..	11.3	..	0.0	..	15.8	..	19.2	..	11.2	..	4.0
Ecuador	31.0	31.9	25.9	24.8	0.0	0.0	9.8	6.2	20.5	24.5	5.4	6.4	7.5	6.2
El Salvador	41.3	37.5	16.1	13.7	2.6	2.3	11.6	10.8	8.6	7.1	12.8	17.1	7.0	11.5
Guatemala	44.1	43.5	15.5	17.4	0.0	0.4	8.5	9.2	10.5	10.6	6.1	5.5	15.3	13.5
Mexico	21.3	19.4	9.6	9.0	2.5	1.8	12.9	12.4	22.5	23.0	26.4	28.1	4.8	6.2
Paraguay	42.4	39.6	11.4	14.0	0.0	0.0	4.0	5.2	20.0	20.1	4.5	4.6	17.7	16.5
Peru	31.2	27.2	27.2	28.1	0.0	0.0	5.9	5.8	9.9	8.1	7.6	13.3	18.2	17.5
LAC	27.4	25.8	13.0	13.1	0.9	1.3	13.1	12.9	33.3	34.8	7.5	7.4	4.8	4.8
OECD	22.4	20.0	14.1	13.7	2.2	4.5	6.2	5.1	40.6	41.4	6.2	7.8	8.2	7.4

Source: Data for the LAC countries: IMF Government Finance Statistics (IMF GFS) database; data for the OECD average: OECD National Accounts Statistics database.

StatLink  <https://stat.link/vlgex9>

Figure 11.4. Government expenditures by economic transaction as a percentage of GDP, 2021

Source: Data for the LAC countries: IMF Government Finance Statistics (IMF GFS) database; data for the OECD average: OECD National Accounts Statistics database.

StatLink  <https://stat.link/defg9u>

11.3 Expenditure structure by level of government

How services and spending responsibilities are allocated between central and subnational governments varies significantly across countries and is largely influenced by whether a country is organised as a federal or unitary state. Many government functions require collaboration and shared financing across levels of government. Subnational governments are often seen as more adept than central governments at understanding local requirements and more able to effectively customise the delivery of public services to meet peoples' needs. Accordingly, understanding the distribution of governmental expenditure at subnational levels is key to ensuring the effective execution of public policies.

In 2021, on average, central governments in Latin American and Caribbean (LAC) countries were responsible for 62.5% of total public expenditure, significantly more than the OECD average of 45.2%. This indicates greater centralisation of fiscal responsibilities in the LAC region compared to OECD countries. The most centralised LAC countries in terms of the share of expenditure by central government were Chile (89.4%), Paraguay (78.9%) and El Salvador (78.6%). In contrast, in Mexico, a country with a federal system, central government expenditure was 41.3%, closer to the OECD average, indicating a more balanced distribution of fiscal responsibilities. While there are exceptions, like Mexico, the overall trend in the LAC region is to have spending powers more focused in central governments than subnational governments, compared to OECD countries (Figure 11.5).

Between 2019 and 2021, expenditure patterns rebalanced slightly towards the centre among LAC countries. Central governments' share of expenditure increased marginally, by 0.4 percentage points (p.p.), while state governments' share decreased by 0.4 p.p. However, some countries saw substantially greater changes than this average suggests. The share of expenditure by central government grew by 4.5 p.p. in Chile, and by 4.4 p.p. in El Salvador and Colombia, indicating greater centralisation. A similar pattern was seen among OECD countries, where central government expenditures increased by 4% on average. Two LAC countries changed away from centralisation between 2019 and 2021, with the share of central government spending decreasing in Ecuador (-2.2 p.p.), and Brazil (-1.7 p.p.). In Ecuador, this rebalancing benefited social security spending (+2.5 p.p.), while in Brazil it was directed towards the state (+0.7 p.p.) and local level (+1.0 p.p.) (Figure 11.6). The observed shift towards greater centralisation in the LAC region and OECD countries could be partially

attributed to increased central government spending in response to the COVID-19 pandemic.

Methodology and definitions

Data are from the IMF Government Finance Statistics (IMF GFS) database, which applies the concepts set out in the Government Finance Statistics Manual (GFSM). The GFSM provides a comprehensive conceptual and accounting framework suitable for analysing and evaluating fiscal policy. It is harmonised with the other macroeconomic statistical frameworks, such as the System of National Accounts (SNA). However, some differences exist between the GFS and the SNA frameworks in several instances, which led to the establishment, to a large extent, of correspondence criteria between the two statistical systems.

General government consists of central, state and local governments and social security funds. State government is applicable to the federal states of Brazil and Mexico and the highly decentralised countries of Colombia, Paraguay and Peru. For detailed information on the components of expenditures, see General government expenditures. Data across levels of government exclude transfers between levels of government in order to see the contribution of each sub-sector in general government total expenditures, which are at this level consolidated. For the OECD average, data are derived from the OECD National Accounts Statistics database, which is based on the SNA framework.

Further reading

OECD (2021), *Fiscal Federalism 2022: Making Decentralisation Work*, OECD Publishing, Paris,

<https://doi.org/10.1787/201c75b6-en>.

Radics, A. et al. (2023), *Outlook of Fiscal Relations among Government Levels in Latin America and the Caribbean*, Inter-American Development Bank, Washington, DC,

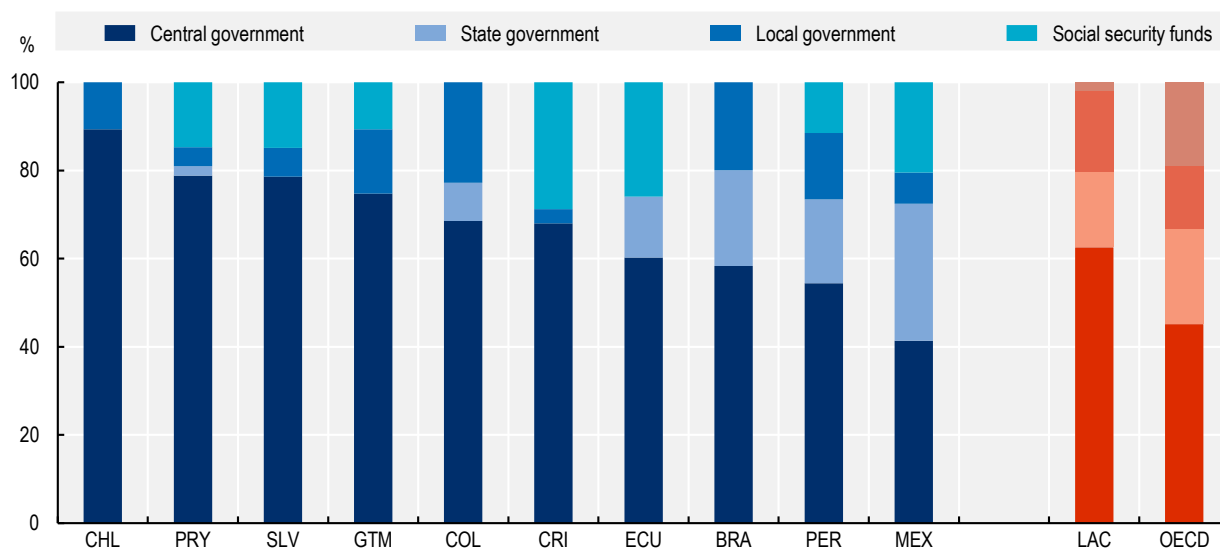
<https://doi.org/10.18235/0004708>.

Figure notes

Data for Mexico, Paraguay and Peru are recorded on a cash basis. Transfers between levels of government are excluded. Data for Mexico are not included in the LAC average.

Social security funds are included in central government for Brazil, Chile and Colombia.

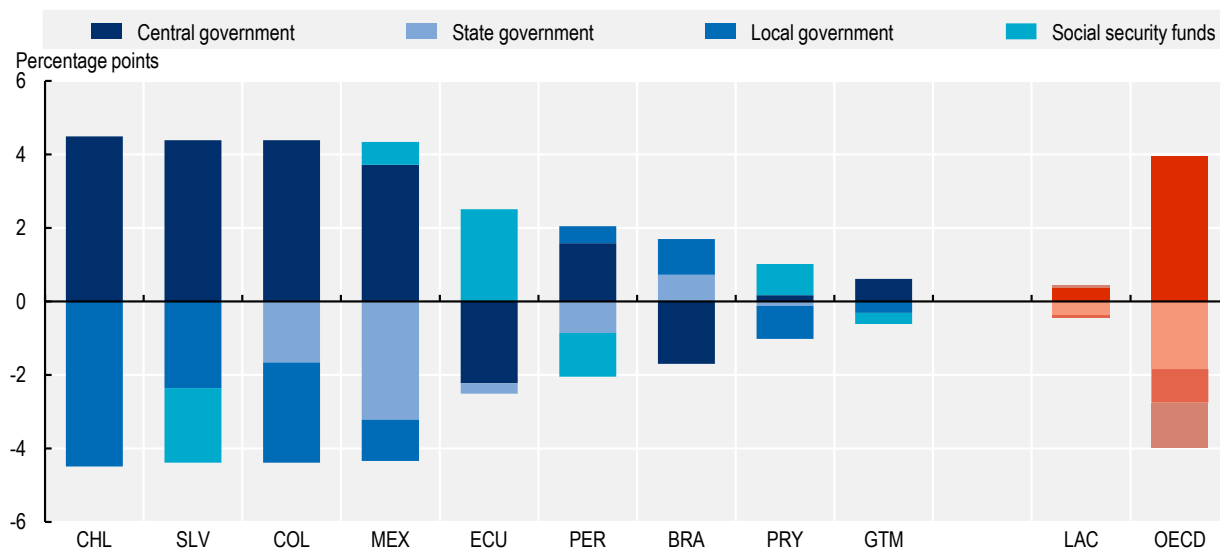
Figure 11.5. Distribution of general government expenditures across levels of government, 2021



Source: Data for the LAC countries: IMF Government Finance Statistics (IMF GFS) database; data for the OECD average: OECD National Accounts Statistics database.

StatLink <https://stat.link/m17fni>

Figure 11.6. Change in the distribution of general government expenditures across levels of government, 2019 to 2021



Source: Data for the LAC countries: IMF Government Finance Statistics (IMF GFS) database; data for the OECD average: OECD National Accounts Statistics database.

StatLink <https://stat.link/tn7osz>

11.4 General government fiscal balance

The fiscal balance is the difference between a government's revenues and its expenditures. It signals if public accounts are balanced or if there are surpluses or deficits. Recurrent deficits over time can mean the accumulation of public debt and may send worrying signals to consumers and investors about the sustainability of public accounts. These, in turn, may deter consumption or investment decisions. Nonetheless, if debt is kept at a sustainable level, deficits can help to finance necessary public investment, or, in exceptional circumstances such as unexpected external shocks (e.g. pandemics, wars or natural disasters), can contribute to maintaining living conditions and preserving social stability.

In 2022, the average general government fiscal balance in Latin American and Caribbean (LAC) countries amounted to -3.4% of gross domestic product (GDP). Only 6 out of 24 LAC countries recorded surpluses, the largest of which were in Honduras (1.6%), Chile (1.4%) and Nicaragua (0.8%) (Figure 11.7). Between 2007 and 2022 the evolution of the fiscal balance across LAC countries showed a mixed trend. From 2015 to 2021, Mexico consistently had smaller deficits than the LAC average, while Brazil and Argentina often had substantially larger ones. Differing levels of fiscal deficits can be explained by countries' differing economic structures, levels of government spending and efficiency, revenue generation capabilities, and external economic influences such as trade relationships and global market fluctuations. The size of the fiscal response to the COVID-19 pandemic also differed, reflecting both policy choices and fiscal capacity. In 2020, when the pandemic started, Brazil recorded the largest deficit (11.9% of GDP) of the three largest LAC economies, compared to the LAC average of 8.2%, and deeper even than the OECD average of 10.1%. Argentina's fiscal deficit aligned closely to the LAC average, at 8.6%, while Mexico's deficit was significantly smaller at 4.3% (Figure 11.8).

The general government primary balance is the difference between revenues and expenditures excluding net interest payments. It highlights a government's capacity to meet its financial commitments without taking on additional debt. It is a more accurate indicator of the overall state of public finances in a country than the general fiscal balance. In 2022, the average primary balance in the LAC region was 0.5% of GDP. This indicates that, in general, governments were collecting slightly more money than they were spending. Out of 24 countries, 13 had primary balance surpluses in 2022, with Jamaica (5.8%) having the largest relative to GDP. The remaining 11 countries had primary deficits (Figure 11.9).

Net interest payments for debt servicing are an inflexible part of public budgeting, and countries must always meet them to maintain access to international financial markets and

multilateral funds. On average, net interest payments among LAC countries in 2022 amounted to 3.9% of GDP, a higher proportion than among OECD countries (2.1%). The countries with the highest net interest payments relative to GDP were Jamaica (5.5% of GDP), Brazil (5.2%) and Mexico (5.0%). Chile was the only LAC country which had a negative net interest payment (-0.5%), meaning that the country earned more from interest on debt it had issued than interest it had to pay on its loans (Figure 11.9).

Methodology and definitions

Data are drawn from the IMF World Economic Outlook (WEO) database (October 2023), which is based on the Government Finance Statistics Manual (GFSM). The GFSM provides a comprehensive conceptual and accounting framework suitable for analysing and evaluating fiscal policy. It is harmonised with other macroeconomic statistical frameworks, such as the System of National Accounts (SNA). However, some differences exist between the GFSM and the SNA frameworks in several instances, which led to the establishment, to a large extent, of correspondence criteria between the two statistical systems.

Fiscal balance, also referred to as net lending (+) or net borrowing (-) of general government, is calculated as total government revenues minus total government expenditures. The fiscal balance signals whether a government is either putting financial resources at the disposal of other sectors, or using the financial resources generated by other sectors. The primary balance is the fiscal balance excluding net interest payments on general government liabilities (i.e. interest payments minus interest receipts). For the OECD average, data are from the OECD National Accounts Statistics database, which is based on the SNA framework.

Further reading

OECD (2023), *OECD Economic Outlook, Interim Report September 2023: Confronting Inflation and Low Growth*, OECD Publishing, Paris, <https://doi.org/10.1787/1f628002-en>.

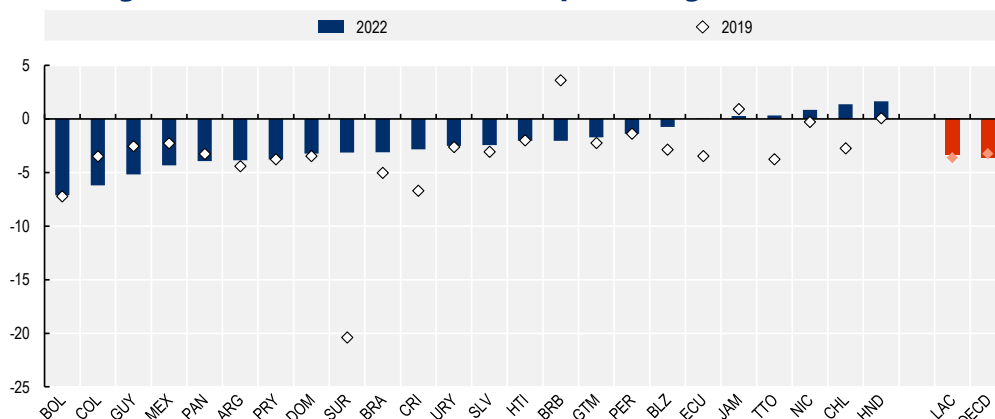
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Figure notes

Data for 2022 for Guyana and Suriname refer to forecasts.

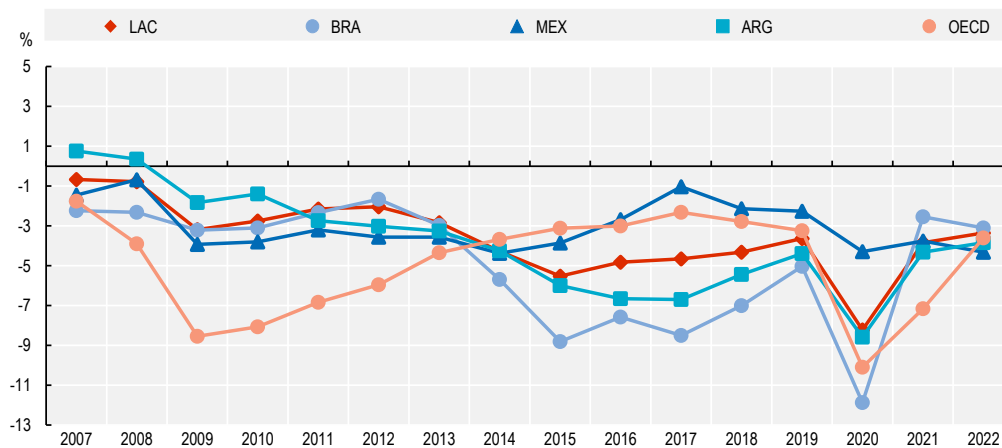
Figure 11.7. General government fiscal balance as a percentage of GDP, 2019 and 2022



Source: Data for the LAC countries: IMF, World Economic Outlook database (IMF WEO) (October 2023); data for the OECD average: OECD National Accounts Statistics (database).

StatLink <https://stat.link/2rvdwt>

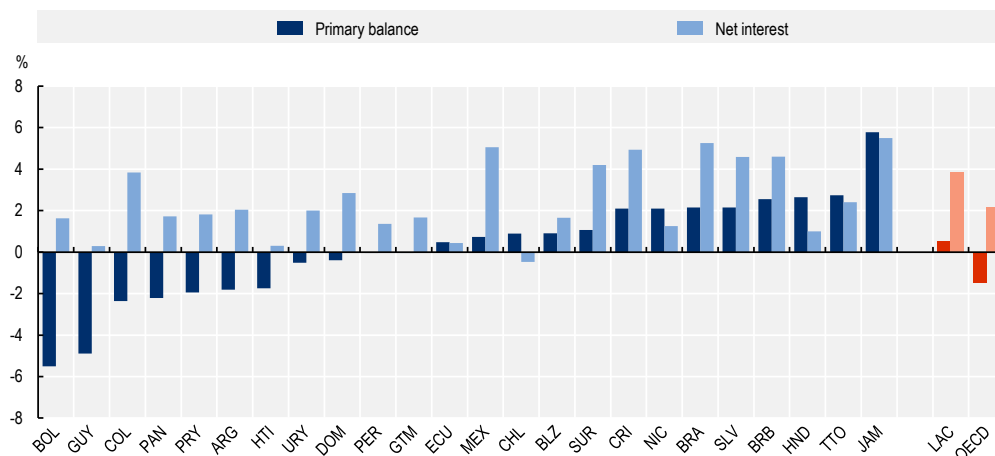
Figure 11.8. General government fiscal balance as a percentage of GDP; LAC, OECD and largest LAC economies, 2007 to 2022



Source: Data for the LAC countries: IMF, World Economic Outlook database (IMF WEO) (October 2023); data for the OECD average: OECD National Accounts Statistics (database).

StatLink <https://stat.link/mgp6jl>

Figure 11.9. General government primary balance and net interest spending as a percentage of GDP, 2022



Source: Data for the LAC countries: IMF, World Economic Outlook database (IMF WEO) (October 2023); data for the OECD average: OECD National Accounts Statistics (database).

StatLink <https://stat.link/m87qt5>

11.5 General government structural balance

The structural or underlying fiscal balance is the difference between government revenues and expenditures corrected for effects that could be attributed to the economic cycle and one-off events. Removing the effects of economic fluctuations from the figures enables policy makers to identify the underlying trends of economic aggregates and allows them to better assess the sustainability of public finances in the long run. Government revenues tend to decline during economic downturns, as incomes fall. At the same time, public spending tends to increase, as more people claim social assistance or unemployment benefits. Governments may also increase public expenditure to stimulate the economy. All these effects were visible during the COVID-19 pandemic. The structural balance is a measure of the budget balance a government would have with its current policies if the economy was operating at its full potential ("potential GDP").

Between 2019 and 2022, the average general government structural balance in the Latin American and Caribbean (LAC) region deteriorated by 1.3 percentage points (p.p.), from an average balance of -3.4% of potential GDP in 2019 to -4.7% in 2022. Similarly the OECD average balance dropped from -1.38 in 2019 to -3.8% in 2022. Most LAC countries increased their structural deficits between 2019 and 2022, with the largest increases recorded in Barbados (5.7 p.p. of potential GDP) and Colombia (4.7 p.p.). Conversely, some countries saw an improvement to their structural balance. Suriname, an outlier, improved its structural balance by 18.6 p.p. of potential GDP in the same period although it still recorded a deficit. Other LAC countries that improved their structural deficits between 2019 and 2022, albeit to a lesser extent, include Costa Rica (2.7 p.p.), Ecuador (2.7 p.p.) and Guyana (2.6 p.p.). All LAC countries had negative structural balances in 2022, with Ecuador coming the closest to equilibrium with a structural balance of -0.8% of potential GDP (Figure 11.10).

The average structural balance in the LAC region is projected to steadily improve between 2022 and 2025 by 1.4 p.p. (the same projection as for OECD countries) reaching a value of -3.4% of potential GDP in 2025, close to pre-pandemic levels (-3.4% in 2019). Notable improvements in the structural balance as a percentage of potential GDP between 2022 and 2025 are projected for Suriname (4.0 p.p.), Colombia (3.6 p.p.), and Argentina (2.9 p.p.). The only LAC countries projected to achieve positive balances by 2025 are Suriname (0.9% of potential GDP) and Barbados (0.1%), with the latter expected to reach a surplus in that year (Figure 11.11).

Among the largest LAC economies, Argentina (-1.2% of potential GDP) and Mexico (-2.8%) are projected to report structural balances closer to equilibrium than the LAC average by 2025. In contrast, Brazil's projected general government structural balance of -5.4% of potential GDP. The LAC region is projected to record an average structural balance of -4.6% of potential GDP in 2024, further from equilibrium than the OECD average of -2.7% (Figure 11.12).

Methodology and definitions

Data are from the IMF World Economic Outlook (WEO) database (October 2023), which is based on the Government Finance Statistics Manual (GFSM). The GFSM provides a comprehensive conceptual and accounting framework suitable for analysing and evaluating fiscal policy. It is harmonised with other macroeconomic statistical frameworks, such as the System of National Accounts (SNA). However, some differences exist between the GFSM and the SNA frameworks in several instances, which led to the establishment, to a large extent, of correspondence criteria between the two statistical systems.

The structural fiscal balance represents the fiscal balance as reported in the SNA framework, adjusted for the state of the economic cycle (as measured by the output gap) and non-structural elements beyond the economic cycle (e.g. one-off fiscal operations). The output gap measures the difference between actual and potential GDP, where potential GDP is an estimate of the level of GDP that would prevail if the economy was working at full capacity (potential GDP is not directly observable). For the OECD average, data are from the OECD Economic Outlook No. 114 database, which is based on the SNA framework.

Further reading

Guillemette, Y. and D. Turner (2021), "The long game: Fiscal outlooks to 2060 underline need for structural reform", *OECD Economic Policy Papers*, No. 29, OECD Publishing, Paris, <https://doi.org/10.1787/a112307e-en>.

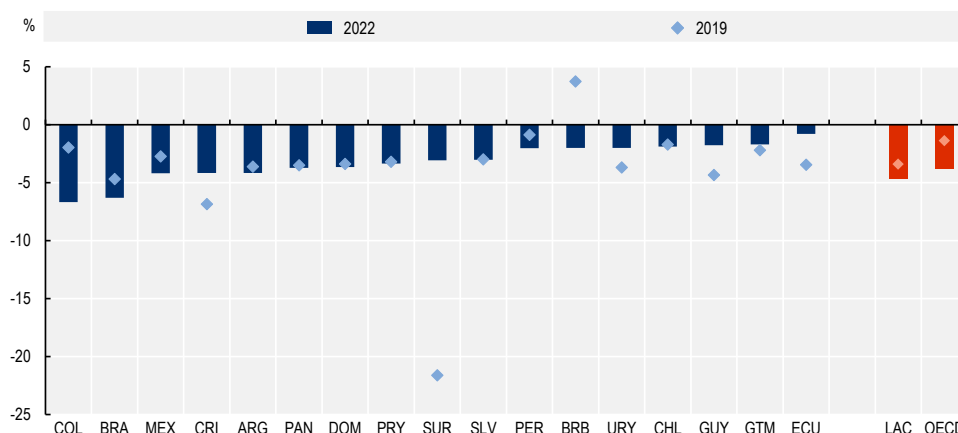
OECD (2023), *OECD Economic Outlook, Volume 2023 Issue 1*, OECD Publishing, Paris, <https://doi.org/10.1787/ce188438-en>.

OECD (2021), "Global value chains: Efficiency and risks in the context of COVID-19", *OECD Policy Responses to Coronavirus (COVID-19)*, OECD Publishing, Paris, <https://doi.org/10.1787/67c75fdc-en>.

Figure notes

Data for 2022 for Guyana and Suriname refer to forecasts.

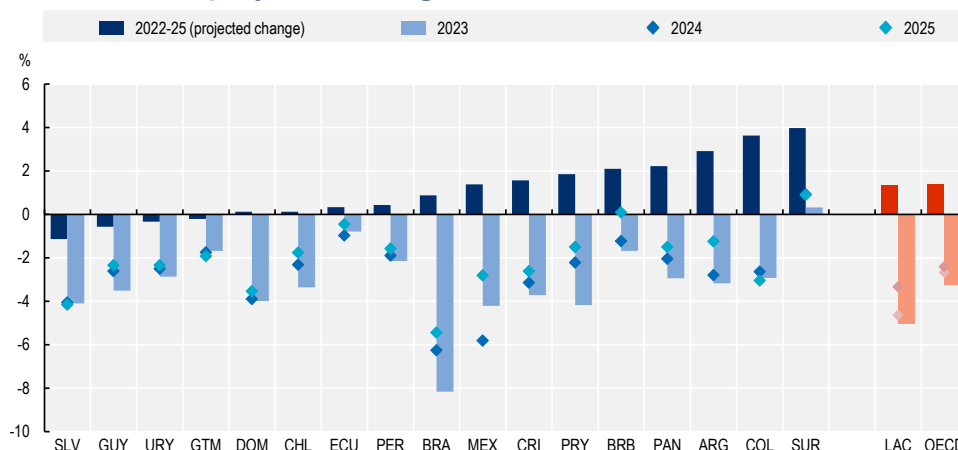
Figure 11.10. General government structural balance as a percentage of potential GDP, 2019 and 2022



Source: Data for the LAC countries: IMF, World Economic Outlook database (IMF WEO) (October 2023); data for the OECD average: OECD Economic Outlook N.114 (database).

StatLink <https://stat.link/jm4ynb>

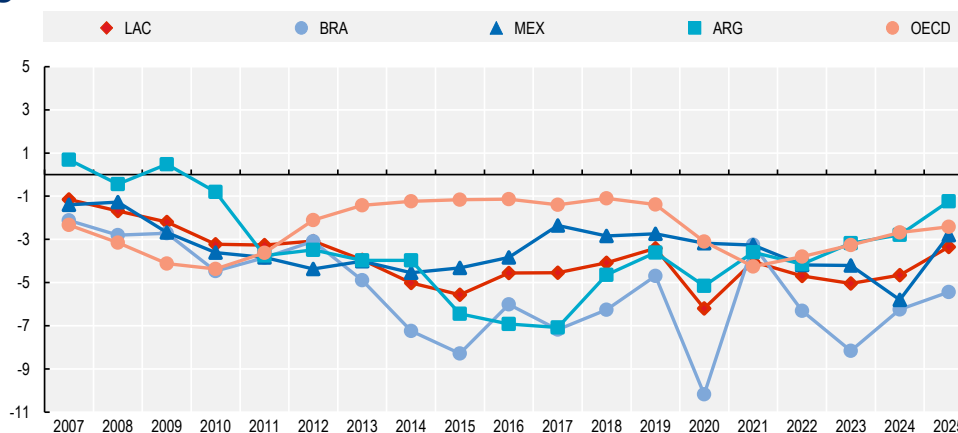
Figure 11.11. Projected general government structural balance as a percentage of potential GDP in 2023, 2024 and 2025 and projected change between 2022 and 2025



Source: Data for the LAC countries: IMF, World Economic Outlook database (IMF WEO) (October 2023); data for the OECD average: OECD Economic Outlook N.114 (database).

StatLink <https://stat.link/bir6tg>

Figure 11.12. General government structural balance as a percentage of potential GDP in LAC, OECD and largest LAC economies, 2007 to 2025



Source: Data for the LAC countries: IMF, World Economic Outlook database (IMF WEO) (October 2023); data for the OECD average: OECD Economic Outlook N.114 (database).

StatLink <https://stat.link/f4acty>

11.6 Cost effectiveness

In economic terms, effectiveness measures the degree to which an activity accomplishes its objectives. Cost effectiveness, which is the ratio of resources invested (input) to results attained (outcomes), plays a crucial role in assessing the effectiveness of government policies. The education and healthcare sectors have sufficiently well-developed and internationally standardised measures of inputs and outcomes to allow their cost effectiveness to be meaningfully compared.

Health

Health expenditure makes up a substantial portion of total public expenditure. One way to capture health cost effectiveness in broad terms is by comparing countries' improvements in life expectancy at birth (outcome) to their total health expenditure per capita (input). Current health expenditure comprises both public and private spending. This is important to note since private spending in Latin America and the Caribbean (LAC) makes up a substantially larger share of healthcare expenditure than in the OECD. In the LAC region, 32.4% of health spending was paid out-of-pocket in 2019, compared with 20% on average across OECD countries (OECD/The World Bank, 2023). Life expectancy serves as an aggregated outcome of the effectiveness of health systems, with the caveat that life expectancy is also affected by factors beyond healthcare activities and spending levels, such as life habits and the physical environment. In the LAC region, health expenditure strongly correlates with life expectancy at birth, with a correlation of 0.66. Average life expectancy in LAC countries is 73.2 years, compared to 80.1 years on average among OECD countries. However, OECD countries also spend over six times more per capita on healthcare, on average, than LAC countries.

The countries above the fitted line in Figure 11.13, such as Antigua and Barbuda, Chile, and Costa Rica, have high life expectancies relative to their health expenditure, which could indicate high health cost effectiveness. Barbados, Panama and Uruguay, and are some of the top spenders in the region, with life expectancies that align with these expenditures. In contrast, although the Bahamas has the highest spending on healthcare in the LAC region, it has relatively low life expectancy (72.6 years), which may be due to sharp increases in its healthcare expenditures in response to the COVID-19 pandemic (OECD/The World Bank, 2023).

Education

The cost effectiveness of education systems can be measured by comparing students' learning outcomes – based on scores in the OECD Programme for International Student Assessment (PISA) – and cumulative expenditure on education per student. However, PISA scores are also influenced by other structural factors, such as the amount of time students spend learning outside regular

lessons, as well as the family and social environment. The COVID-19 pandemic had an impact on the global education system, although results in reading and mathematics were already declining prior to the pandemic (OECD, 2023).

In 2020, LAC countries spent a cumulative total of USD 1 397 PPP per student on average in the course of their primary and secondary education. Average PISA scores for LAC students are slightly higher for reading (406) than for mathematics (381), with a positive correlation between cumulative expenditure per student and PISA results. This relationship is particularly strong for reading results, with a correlation of 0.64, and slightly less so for mathematics (0.59). Chile has the highest PISA scores (412 for mathematics and 448 for reading) and the highest expenditure per student (USD 2 763 PPP). Uruguay spends considerably less (USD 2 152), albeit above the LAC average, and achieves comparatively good results in mathematics (409). Mexico (USD 1 222 PPP) and Peru (USD 918 PPP) spend less than the LAC average per student but achieve slightly above-average PISA results, indicating high-cost effectiveness. (Figure 11.14 and Figure 11.15).

Methodology and definitions

Health spending measures the final consumption of healthcare goods and services (i.e. current health expenditure) including personal and collective healthcare but excluding spending on investments. Life expectancy measures how long, on average, a newborn can expect to live, if current death rates do not change.

Every three years, PISA evaluates the performance of 15-year-old students in reading, mathematics and science. Reading performance measures the capacity of these students to understand, use and reflect on written texts. Mathematical performance measures their mathematical literacy. Cumulative expenditure per student is calculated as the combined cumulative expenditure for primary and secondary education, divided by the number of enrolled students in those age groups.

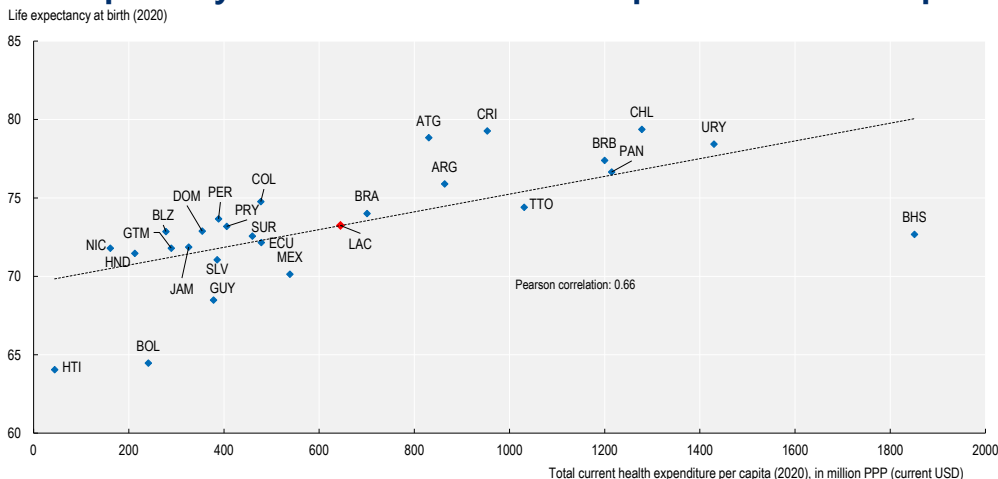
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OECD (2023), *PISA 2022 Results (Volume I): The State of Learning and Equity in Education*, PISA, OECD Publishing, Paris, <https://doi.org/10.1787/53f23881-en>.

OECD/The World Bank (2023), *Health at a Glance: Latin America and the Caribbean 2023*, OECD Publishing, Paris, <https://doi.org/10.1787/532b0e2d-en>.

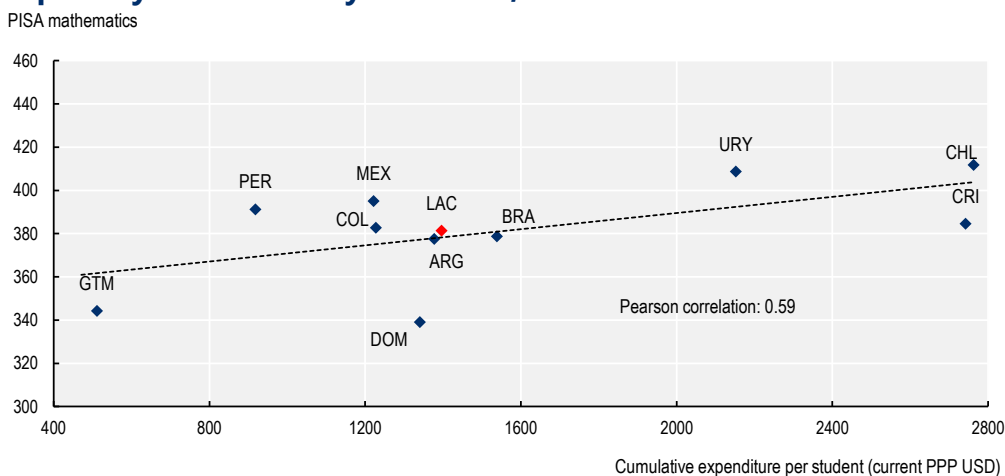
OECD (2021), *Health at a Glance 2021: OECD Indicators*, OECD Publishing, Paris, <https://doi.org/10.1787/ae3016b9-en>.

Figure 11.13. Life expectancy at birth and total current expenditure on health per capita, 2020



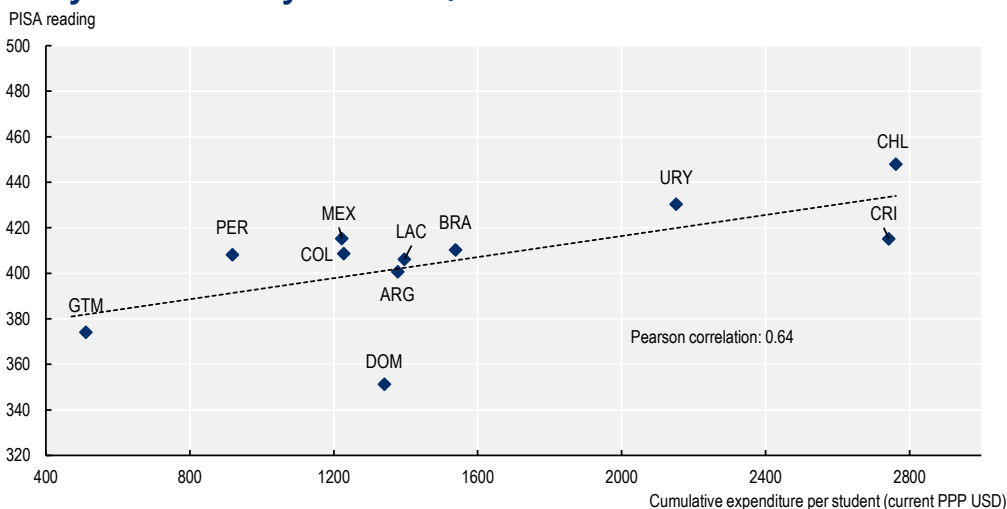
Source: World Health Organization Global Health Expenditure (database) and United Nations World Population Prospects (database).
 StatLink <https://stat.link/iu8p52>

Figure 11.14. Performance in PISA (mathematics) 2022 at age 15 and cumulative expenditure per student in primary and secondary education, 2020



Source: OECD Education at a Glance (database) and UNESCO Institute for Statistics (UIS) (database).
 StatLink <https://stat.link/95lj1s>

Figure 11.15. Performance in PISA (reading) 2022 at age 15 and cumulative expenditure per student in primary and secondary education, 2020



Source: OECD Education at a Glance (database) and UNESCO Institute for Statistics (UIS) (database).
 StatLink <https://stat.link/yfdh9v>

Chapter 12.

Public employment and representation

12.1 Employment in the public sector

Governments are responsible for carrying out various crucial functions that require a skilled and dedicated public sector workforce. It is up to the government to decide which services should be provided directly by public entities and which should be delivered through partnerships with the private sector or non-profit organisations. As a result, the size and functions of the public sector workforce differ significantly across countries in the Latin American and Caribbean (LAC) region. For example, in some countries, the government employs most healthcare providers, educators and emergency response personnel. In contrast, in other countries, these essential roles are mainly fulfilled by employees in private or non-profit organisations. This diverse context highlights the different approaches to service provision and workforce allocation in response to the region's unique socio-economic contexts and citizen expectations.

According to ILO statistics, public sector employment accounted for 11.6% of total employment on average in LAC countries in 2022. This is a smaller share than the average in OECD countries (20.8%) in 2022. However, these averages disguise significant variation in the size of public employment across LAC countries. For instance, Trinidad and Tobago (22.8%) and Argentina (19.3%) reported the highest levels of public employment as a share of total employment. In contrast, Colombia and Guatemala report the lowest percentages among Latin American countries, with less than 6% of their total workforce in public employment. In Colombia, for instance, most healthcare workers are employed by private organisations, instead of being employed by the government, which represents a share of this country's private employment (Figure 12.1).

In the period 2011-22, public employment rates increased in 9 out of 18 LAC countries; the largest increases were in Argentina and Belize, where the share of public employment all grew by 3 percentage points (p.p.). In other countries the share decreased significantly between 2011 and 2022, including Trinidad and Tobago (-4 p.p.), Costa Rica (-3.7 p.p.) and Ecuador (-2.5 p.p.) (Figure 12.1).

The pace at which the public workforce grows or shrinks provides some insights into the capacity of the public sector to adapt to changes in societal needs and economic conditions, as well as its attractiveness as an employer. Between 2014 and 2021, public sector employment in the LAC region grew by an annual average of 0.6%. However, individual countries had very different

trends. For instance, public employment grew significantly in Chile (3.5%), Guatemala (4%) and Panama (2.3%), while it shrank considerably in Barbados (-2.5%), Costa Rica (-1.4%) and Ecuador (-1.9%). Except in Brazil (-0.1%) and Uruguay (-0.2%), total employment grew in all LAC countries over the period, with an annual average increase of 1.4% for the region. In a few countries, both public employment and total employment grew; for instance, Guatemala had the highest annual average growth rate of public sector employment (4%) and the second-highest annual average growth rate of total employment (3.2%). Conversely, in most of the countries where total employment grew between 2014 and 2021, public sector employment tended to either shrink or increase more slowly than total employment. This suggests that in those countries employment has shifted between the public and private sectors (Figure 12.2).

Methodology and definitions

Data are derived from the International Labour Organization (ILO) ILOSTAT database. Data are based on the Labour Force Survey. Public sector employment covers employment in the government sector plus employment in publicly owned resident enterprises and companies. Data represent the total number of persons employed directly by these institutions regardless of the employment contract. Total employment comprises all individuals of working age, who, during a specified brief period, were in either paid employment or self-employment.

Further reading

OECD (2023), *Public Employment and Management 2023: Towards a More Flexible Public Service*, OECD Publishing, Paris, <https://doi.org/10.1787/5b378e11-en>.

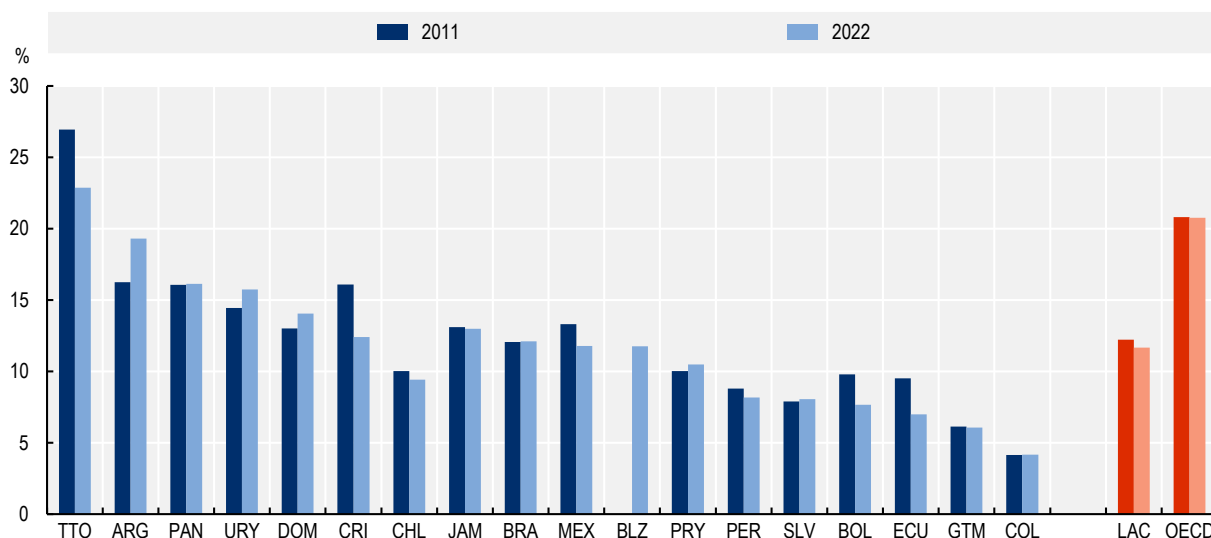
OECD (2021), *Public Employment and Management 2021: The Future of the Public Service*, OECD Publishing, Paris, <https://doi.org/10.1787/938f0d65-en>.

Figure notes

Figure 12.1. Data for OECD are for 2020 rather than 2022. Data for Belize is not available for 2011.

Figure 12.2. Data for Brazil, El Salvador, Honduras, Paraguay and Peru are based on other household surveys. Data for Argentina refer to urban areas only.

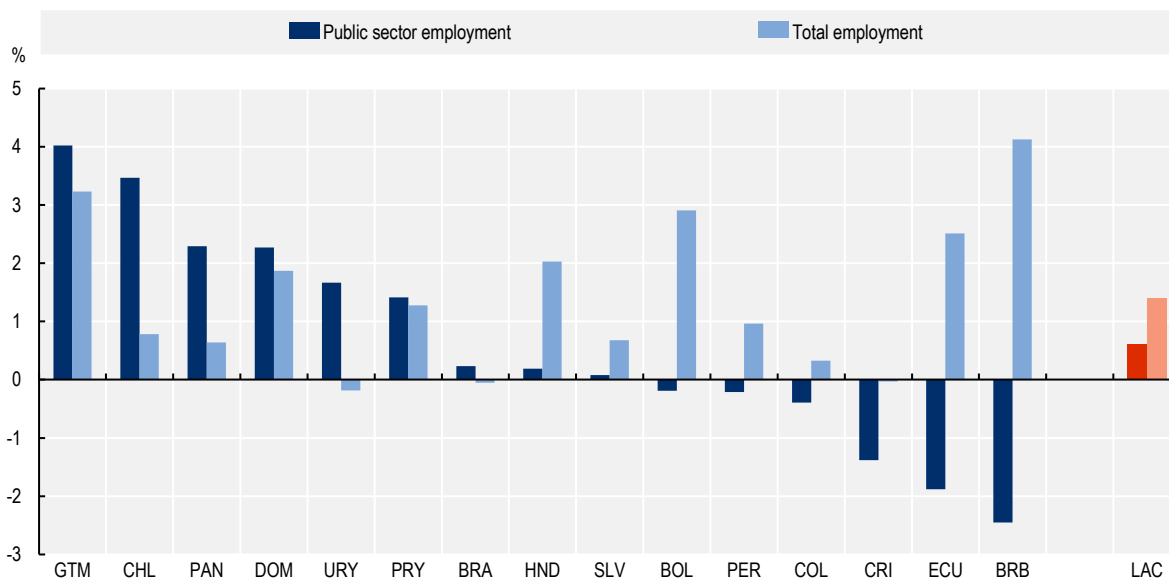
Figure 12.1. Public sector employment as a percentage of total employment, 2011 and 2022



Source: International Labour Organization (ILO) ILOSTAT (database), Employment by sex and institutional sector.

StatLink <https://stat.link/lq1wgv>

Figure 12.2. Annual average growth rate of public sector employment and total employment, 2014-21



Source: International Labour Organization (ILO) ILOSTAT (database), Employment by sex and institutional sector.

StatLink <https://stat.link/ujw0h5>

12.2 Age profile of the central government workforce

A workforce with a mix of ages can help ensure the right mix of skills, a diversity of views and approaches, and continuity in the public sector workforce. If one generation dominates the workforce, the public sector may face challenges which differ depending on the age group. Where an older generation predominates, the lack of opportune succession can represent a major challenge for the continuity of policies and services, while if public servants are predominantly from a younger generation, more investment in career development might be needed. Therefore, governments need to ensure an age-diverse workforce, which will help preserve institutional knowledge while also allowing for an orderly turnover in the workforce as older public servants retire. Achieving a balanced age profile in the central government workforce and across different positions may determine how governments in Latin America and the Caribbean (LAC) face current and future challenges, by ensuring a broad range of perspectives and experience, which can lead to more well-rounded and effective decision making.

On average, all age groups are represented in central government workforces in LAC countries, which have a slightly younger average age than the average for OECD countries. Workers aged between 18 and 34 years old make up 22% of the central government workforce in LAC countries on average, compared to 19% in OECD countries. In Belize, 44% of central government workers are under 35 years old. Workers aged 55 and over account for 26% on average in OECD countries and 21% in LAC countries. Middle-aged workers (35-54 year-olds) form the largest part of the central government workforce in both LAC countries (57%) and OECD countries (55%). (Figure 12.3).

This age diversity is not necessarily reflected in the age distributions for different positions in the public administration in the LAC region, as might be expected. Younger public servants will be at the beginning of their careers, while senior positions require more experience, so those employees will usually be older. On average among the LAC countries surveyed, over 90% of senior managers belong to either the middle or older age groups. Belize stands out, as 50% of its senior managers are under 35 years old, which might reflect the country's younger population compared to other LAC countries. Younger central

government employees have a greater presence in non-management positions (23% on average across LAC countries) than in management positions (10%). Compared to the other LAC countries, Brazil has an unusual age/position distribution, as 82% of its central government employees in secretarial positions are 55 years old or older (Figure 12.4).

Methodology and definitions

Data on central government employees by position and age range were collected through the 2022 IDB-OECD Survey on the Composition of the Workforce in Central Governments that covered 13 LAC countries. The data refer to the situation as of December 2021, while data for Argentina refer to November 2022. The survey focused on public servants in ministries and agencies in central government. Respondents to the survey were senior officials in central government human resource management (HRM) departments, and the data refer to HRM practices in central government.

Public servants are classified into three age groups: 18-34 year-olds; 35-54 year-olds; and 55 years and older. The positions used were senior management, middle management, professionals and secretarial. For definitions of the occupation levels please refer to Annex D.

Further reading

OECD (2020), *Promoting an Age-Inclusive Workforce: Living, Learning and Earning Longer*, OECD Publishing, Paris, <https://doi.org/10.1787/59752153-en>.

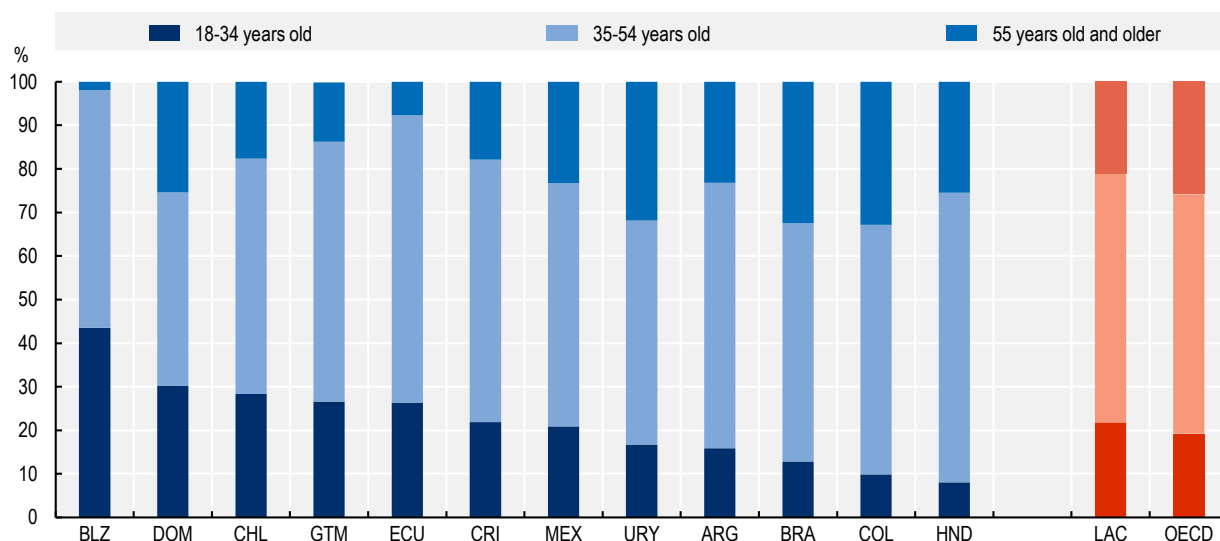
OECD (2017), *Skills for a High Performing Civil Service*, OECD Public Governance Reviews, OECD Publishing, Paris, <https://doi.org/10.1787/9789264280724-en>.

Figure notes

Figure 12.3. Data for Trinidad and Tobago are not available.

Figure 12.4. Data for Argentina, Chile, Costa Rica, and Trinidad and Tobago are not available. Data for professionals and secretarial positions are not available for Guatemala and Honduras.

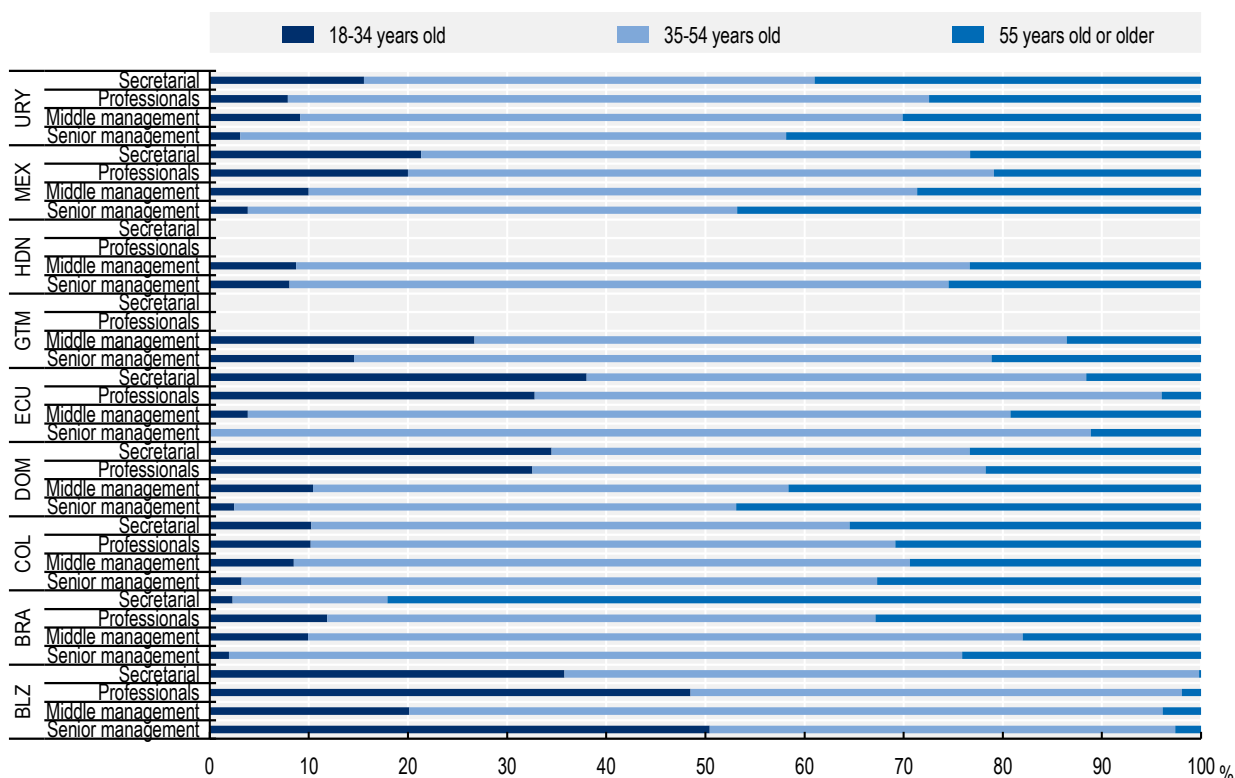
Figure 12.3. Distribution of central government employees by age, 2022



Source: IDB-OECD (2022), Survey on the Composition of the Workforce in Central/Federal Governments.

StatLink <https://stat.link/exco0z>

Figure 12.4. Distribution of central government employees by position and age, 2022



Source: IDB-OECD (2022), Survey on the Composition of the Workforce in Central/Federal Governments.

StatLink <https://stat.link/fsuop6>

12.3 Diversity in public sector employment

A diverse workforce is essential for promoting representation and inclusion of underrepresented and vulnerable groups. It strengthens government performance by driving innovation and contributing to tailor services to meet the community's needs. Diversity in the public workforce creates a more inclusive culture that reduces biases and enhances the brainpower, ideas and approaches to identifying and solving problems considering all interests and perspectives. It should consider the participation of people with disabilities as well as gender equality in employment opportunities and in representation at different levels of the administration to allow for a wide plural perspective closer to the needs of these groups both.

On average, women make up 51.5% of the Latin America and Caribbean (LAC) public sector workforce. In 10 out of 15 LAC countries, women account for more than half of public sector employees, with Brazil and Chile leading (56%), but by a very small margin over the rest. The share of female public servants increased by 2 percentage points (p.p.) on average in LAC countries between 2011 and 2021. In Trinidad and Tobago there was a 6 p.p. increase over the period, while in Costa Rica, there was a 5 p.p. increase. This over-representation of women in the public sector may relate to greater job stability and the existence of equal pay and benefits. In contrast, women are under-represented in total employment, which combines both public and private employment. On average in LAC countries, women made up only 42% of the workforce in 2021, compared to 57% on average across OECD countries (Figure 12.5).

Despite being over-represented in the public sector workforce, the picture is different in senior management, where women in LAC hold only 43% of positions on average. The Dominican Republic, Guatemala, and Honduras have the largest share of women in senior positions (57-63%). In Belize (67%) and Uruguay (67%), women hold a larger share of secretarial positions than management positions. On average, in LAC countries women hold 54% of professional positions and 55% of secretarial ones, indicating difficulties in reaching gender equality in leadership positions (Figure 12.6).

Lastly, in LAC countries with available information, public servants with disabilities make up only 1.1% of the workforce, lagging behind the region's average disability quota of 4%. Some LAC countries have established legally binding fixed quotas, and others allow greater flexibility; for example, in Colombia, the quota ranges from 0.5 to 4% depending on the total number of jobs in each entity. It is also the only country that, on average, has fulfilled its quota, with 3.6% of its public servants having disabilities (Figure 12.7). Chile gathers data and publishes a yearly report on public administrations' compliance with their 1% legal quota. However, most LAC governments do not regularly record information on this topic, which hinders the enforcement of legislation or the collection of good data on its implementation for its improvement.

Methodology and definitions

Data on public sector employment are derived from the (ILO) ILOSTAT database. Public sector employment covers employment in the government sector plus employment in publicly owned resident enterprises and companies. Data represent the total number of persons employed directly by these institutions regardless the employment contract. Data on diversity in central government were collected through the IDB-OECD Composition of the Workforce in Central/Federal Governments survey and are from 1 April 2022 in 13 LAC countries. Respondents are senior officials in central government human resources management (HRM) departments.

Disability refers to the person's physical and/or mental impairments, the functional limitations arising from them and interaction with society and the environment.

For definitions of the occupation levels used to distribute the workforce gender groups see Annex D.

Further reading

Naranjo Bautista, S. et al. (2022), *Women Leaders in the Public Sector of Latin America and the Caribbean: Gaps and Opportunities*, Inter-American Development Bank, <http://dx.doi.org/10.18235/0004597>.

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OECD (2019), "Recommendation of the Council on Public Service Leadership and Capability", *OECD Legal Instruments*, OECD, Paris, <https://legalinstruments.oecd.org/en/instruments/OECD-LEGAL-0445>.

OECD (2018), *Toolkit for Mainstreaming and Implementing Gender Equality*, OECD, Paris, www.oecd.org/gender/governance/toolkit/toolkit-for-mainstreaming-and-implementing-gender-equality.pdf.

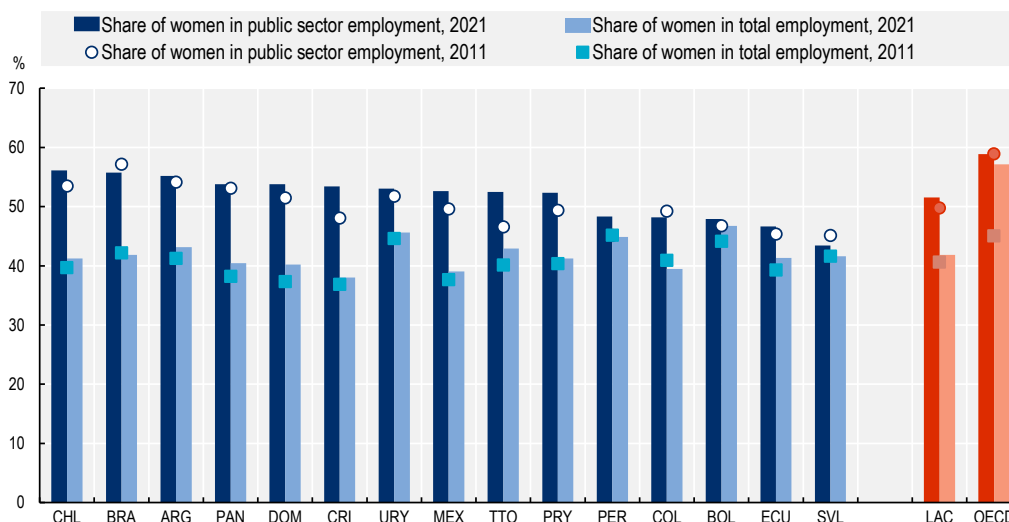
Figure notes

Figure 12.5. OECD average is for 2020.

Figure 12.6. Data for Argentina, Costa Rica, Ecuador, and Trinidad and Tobago are not available. Data for Honduras and Guatemala for professional and secretarial positions are not available. Chile has only one category for managers.

Figure 12.7. Data for public servants with disabilities are not available for the Dominican Republic. Data for Belize, Guatemala, Honduras, Trinidad and Tobago, and Uruguay are not available.

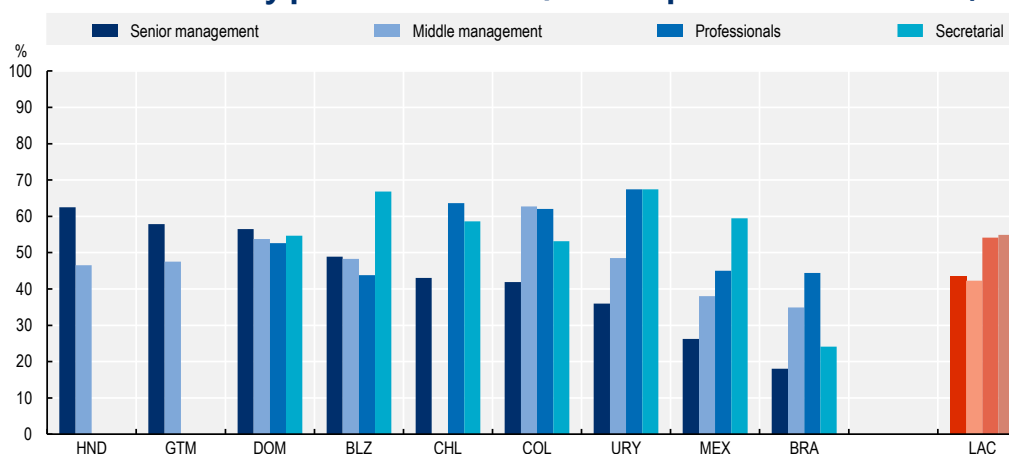
Figure 12.5. Gender equality in public sector employment and in total employment, 2011 and 2021



Source: International Labour Organization (ILO) ILOSTAT (database), Employment by sex and institutional sector.

StatLink <https://stat.link/z8k2bc>

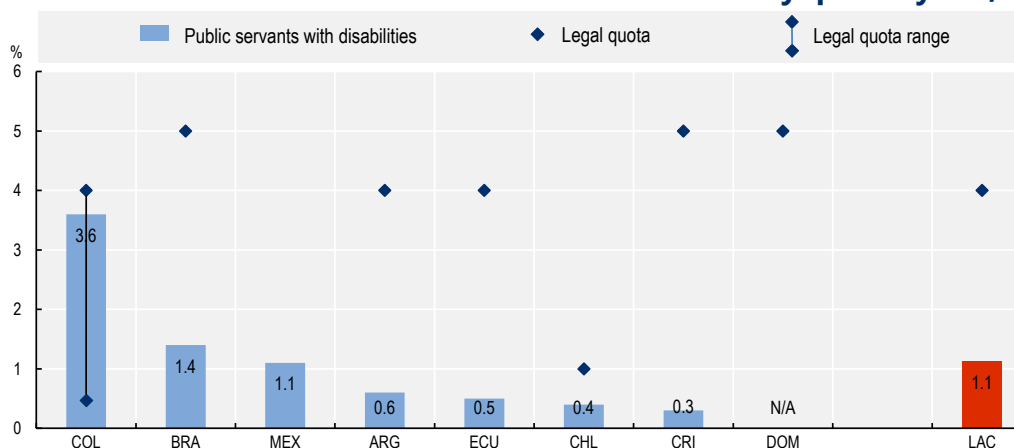
Figure 12.6. Share of women by position in central/federal public administration, 2022



Source: IDB-OECD (2022), Survey on the Composition of the Workforce in Central/Federal Governments.

StatLink <https://stat.link/rhfwqb>

Figure 12.7. Public servants with disabilities and minimum disability quota by law, 2022



Source: IDB-OECD (2022), Survey on the Composition of the Workforce in Central/Federal Governments.

StatLink <https://stat.link/ushqbr>

12.4 Gender equality in politics

Gender equality in politics means both men and women have an equal opportunity to participate in decision-making processes that affect their lives and the lives of others. There is growing evidence that gender-balanced representation in public institutions can foster more inclusive and innovative decision-making processes, and that it is also critical for restoring the health of and trust in democracies. Achieving a gender-balanced representation of the population in parliamentary bodies can strengthen the design of inclusive policies, so that they take into consideration the needs of all groups in society, including women. This representation should also extend to leadership and decision-making positions in the executive to ensure the implementation of policy considers a plurality of needs.

On average in the Latin American and Caribbean (LAC) region, women hold 31% of seats in the lower/single houses of parliament, slightly less than in OECD countries (34%). In Mexico and Nicaragua, 50% or more seats are occupied by women, and in Argentina, Costa Rica and Bolivia women hold at least 45% of seats. Overall gender parity remains a challenge in the region, with 15 out of 24 countries having 30% or less of their parliamentary seats occupied by women. A few countries have narrowed their gender gap in the last four years by at least 10 percentage points (p.p.), including Chile (12 p.p.), Peru (13 p.p.) and Colombia (10 p.p.), while in other countries the gap has widened or remained the same. To achieve gender-balanced representation, the 2015 OECD Recommendation of the Council on Gender Equality in Public Life encourages countries to take measures including disclosure requirements, quotas and parity laws and 17 out of 24 surveyed LAC countries have quotas in place. It is notable that the seven countries with the greatest share of women in parliament have legal quotas in place, contributing to giving women the space and right to be heard (Figure 12.8).

Women's representation in the executive is also a strong indicator of political commitment to achieving gender equality. In both the LAC region and in OECD countries women are under-represented in executive government positions. In LAC countries, on average, only 30% of current ministers and vice ministers are women, similar to the average in OECD countries (36%). There are a few countries where more than half of ministers or vice ministers are women. For instance, most ministries are headed by women in Chile (58%), Colombia (50%) and Nicaragua (63%), and up to 75% of vice ministers in Trinidad and Tobago are women. In contrast, in some countries, women head under 15% of ministries and vice ministries (Figure 12.9 and Figure 12.10).

For political appointments, the average share of women in leadership positions in LAC is slightly higher among the lower political functions, such as undersecretary (40%) and directors

(43%), without yet reaching parity. One exception is Trinidad and Tobago, where women account for up to 75% of directors and 70% of undersecretaries. Other countries have reached parity in one or both of these positions, such as Costa Rica, where 56% of directors are women, and Colombia, where women account for 50% of directors and undersecretaries. In total, four of surveyed LAC countries (29%) are moving towards parity, with women accounting for 43-50% of these positions (Figure 12.10).

Methodology and definitions

Data refer to the share of women parliamentarians as of 1 February 2023, 2021 and 2019. Percentages represent the number of women parliamentarians as a share of total filled seats. Countries use one of three key types of gender quotas: legislated candidate quotas, which regulate the gender composition of the candidate lists and are legally binding on all political parties in the election; legislated "reserved seats", which regulate the gender composition of elected bodies by reserving a certain number of seats for women members; and party quotas which are adopted by individual parties for their own candidate lists. Data on quotas were obtained from the Inter-Parliamentary Union's PARLINE database.

Data on women ministers in national government is from the Inter-Parliamentary Union's Women in Politics database. Data represent women appointed ministers as of 1 January of 2023. Data show women as a share of total head of ministries. Prime ministers/heads of government are also included when they hold ministerial portfolios. Vice-ministries or ministers without portfolio are not included.

Further reading

IPU/UN Women (2023), Women in Politics: 2023, www.unwomen.org/en/digital-library/publications/2023/03/women-in-politics-map-2023 (accessed on March 2023).

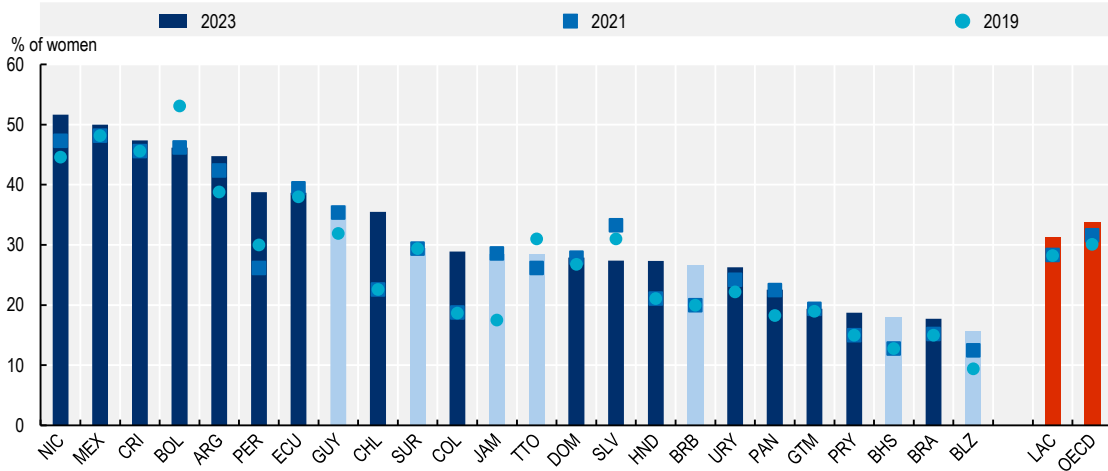
Naranjo Bautista, S. et al. (2022), Women Leaders in the Public Sector of Latin America and the Caribbean: Gaps and Opportunities, Inter-American Development Bank, <http://dx.doi.org/10.18235/0004597>.

OECD (2022), Report on the Implementation of the OECD Gender Recommendations, OECD, Paris, [C/MIN\(2022\)7](https://www.oecd.org/en/publications/2022/03/c/min(2022)7).

Figure notes

Figure 12.8. Bars in light blue represent countries without electoral quotas in their lower or single house parliaments.

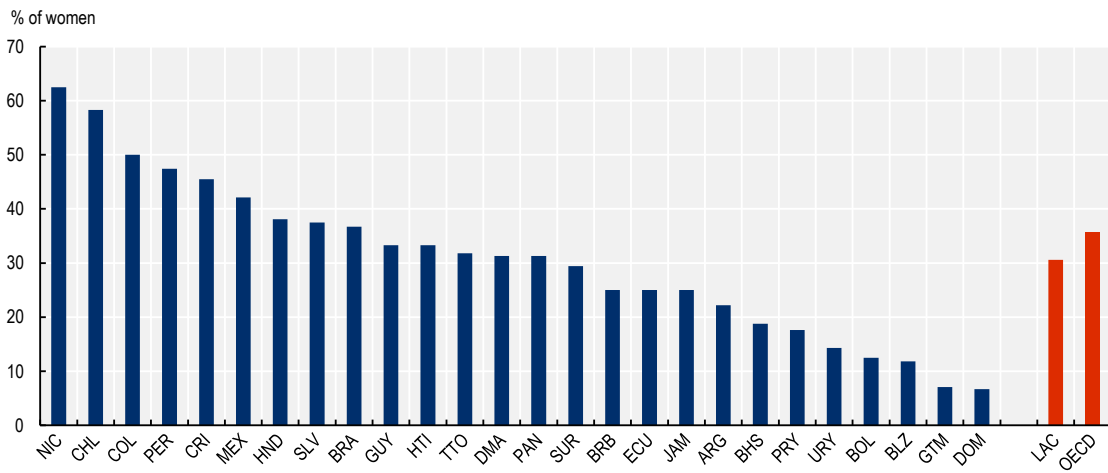
Figure 12.8. Gender equality in legislatures and electoral gender quotas, 2019, 2021 and 2023



Source: Inter-Parliamentary Union (IPU) PARLINE (database).

StatLink <https://stat.link/w40gd9>

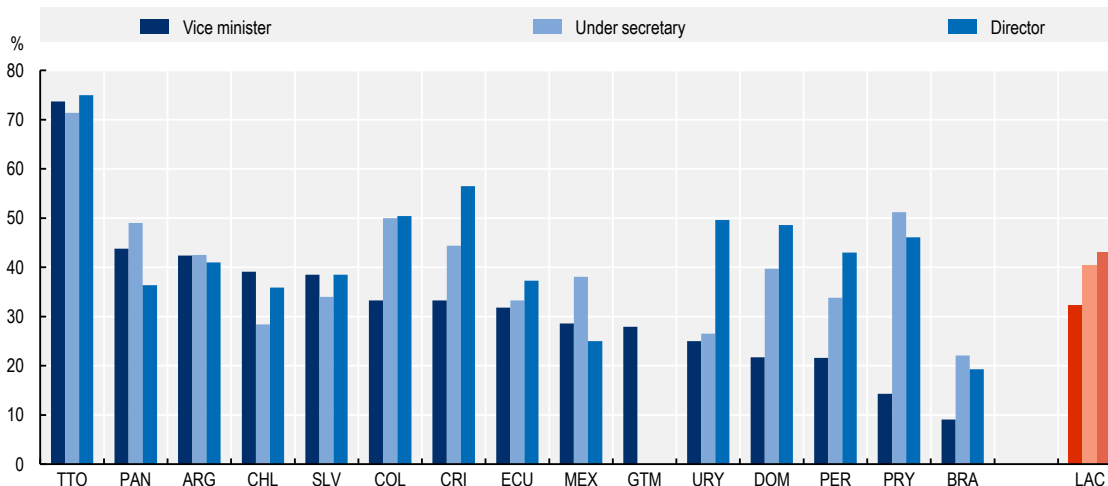
Figure 12.9. Share of women who are ministers, 2023



Source: IPU and UN Women (2023), www.unwomen.org/en/digital-library/publications/2023/03/women-in-politics-map-2023.

StatLink <https://stat.link/ldnf9y>

Figure 12.10. Share of women in leadership positions by level of leadership, 2022



Source: IDB (2022), *Women Leaders in the Public Sector of Latin America and the Caribbean: Gaps and Opportunities*, <http://dx.doi.org/10.18235/0004597>.

StatLink <https://stat.link/gt5ma7>

12.5 Youth representation in politics

The representation of young people in politics is key to strengthening their democratic engagement and encouraging whole-of-society buy-in to tackle common challenges. Having younger decision makers in parliament, as well as in other public roles more broadly, contributes to developing inclusive policies that consider and promote the interests and needs of younger generations. Younger decision makers can have unique perspectives, skills, experiences and innovative outlooks on problems that can be sometimes overlooked by older politicians. Age diversity among decision makers can also improve civic engagement and political participation among young people, which is crucial since they tend to vote less than older age groups (OECD, 2020). When young people participate in the political process, they can wield significant influence over election outcomes and, consequently, the policies that shape their country's present and future.

On average, 27% of parliamentarians in Latin American and Caribbean (LAC) countries are young (aged 40 and under); however, this share varies widely both across countries and within countries over time. Bolivia has the largest share of young members of parliament (MPs), accounting for 42% of representatives in 2023. In some countries, they make up only 5-15% of parliamentarians, while in the majority of LAC countries, representatives aged 40 or below account for between 24% and 37% of parliamentarians. Between 2019 and 2023, the average share of young members in the LAC region increased from 23% to 27%, in contrast to the OECD average which remained stable at 23% over the same period. Some countries, such as Bolivia, Suriname, and Trinidad and Tobago, have seen increases of at least 15 percentage points (p.p.) in the share of young MPs (Figure 12.11).

The average age of parliamentarians in LAC countries is 49 years old, but it can be much higher. In contrast, MPs in Bolivia and Colombia are on average 44 years old. There are a few very young MPs, and almost all LAC countries have at least one who is under the age of 30. The youngest is 19 years old and serves in Guatemala's parliament while the youngest members in the Bahamas, Bolivia, Brazil and Mexico are all 22 years old. However, these young parliamentarians are the exception (Figure 12.12).

Even though it is not strictly necessary for the age distribution of parliamentarians to reflect the population they represent, representation gaps may have an impact on how likely young people are to engage in politics. In LAC countries, 20-39 year-olds represent 48% of the voting age population, but only 27%

of MPs, a representation gap of 21 p.p. There are differences across countries, with some countries having representation gaps over 40 p.p., while the proportion of young people in parliament closely approaches their share of the actual population in Chile (a gap of 10 p.p.), Suriname (10 p.p.) and Uruguay (8 p.p.) (Figure 12.13). In regions such as LAC, where the population is very diverse even within a country – and especially in countries with indigenous population such as Brazil and Mexico – it is important that the parliament is also representative of young voices from different groups and regions (OECD, 2022).

Methodology and definitions

Data on the share of young parliamentarians refer to the share of parliamentary representatives aged 40 and under obtained from the Inter-Parliamentary Union's Parline database. Data on young people as a share of the voting-age population refer to the percentage of people aged 20-40 as a share of people aged 20 and over and were obtained from the United Nations' World Population Prospects 2022 database. Data on the average age of cabinet members were obtained from the IPU Parline database on national parliaments. The data reflect the situation as of March 2023.

Further reading

OECD (2023), *Government at a Glance 2023*, OECD Publishing, Paris, <https://doi.org/10.1787/3d5c5d31-en>.

OECD (2022), "Recommendation of the Council on Creating Better Opportunities for Young People", *OECD Legal Instruments*, OECD, Paris, <https://legalinstruments.oecd.org/en/instruments/OECD-LEGAL-0474>.

OECD (2020), *Governance for Youth, Trust and Intergenerational Justice: Fit for All Generations?*, OECD Public Governance Reviews, OECD Publishing, Paris, <https://doi.org/10.1787/c3e5cb8a-en>.

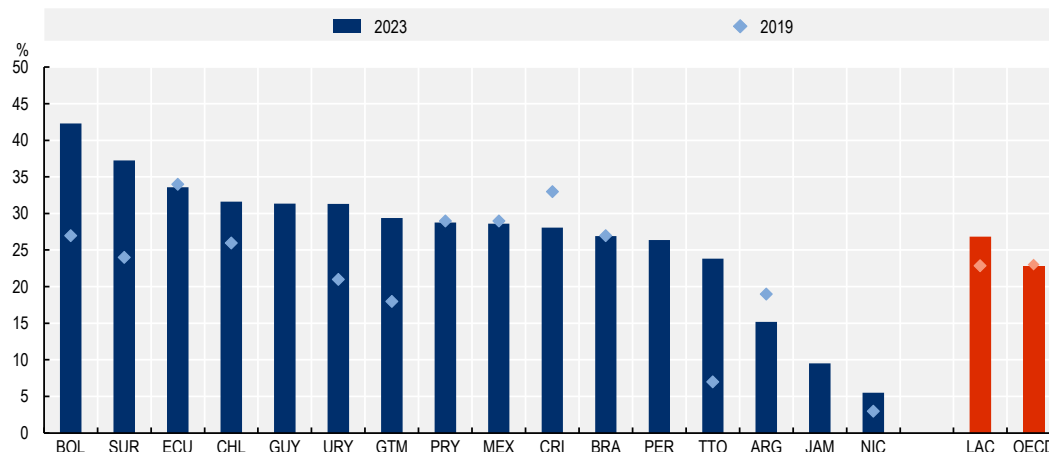
Figure notes

Figure 12.11. Data for Argentina are for 2020 instead of 2019. Data for Brazil are for 2022 instead of 2023. The LAC average for 2019 does not include Guyana, Jamaica and Peru. In bicameral systems, the data refer to the lower chamber.

Figure 12.12. In bicameral systems, the data refer to the lower chamber.

Figure 12.13. Data for the OECD average are for 2022.

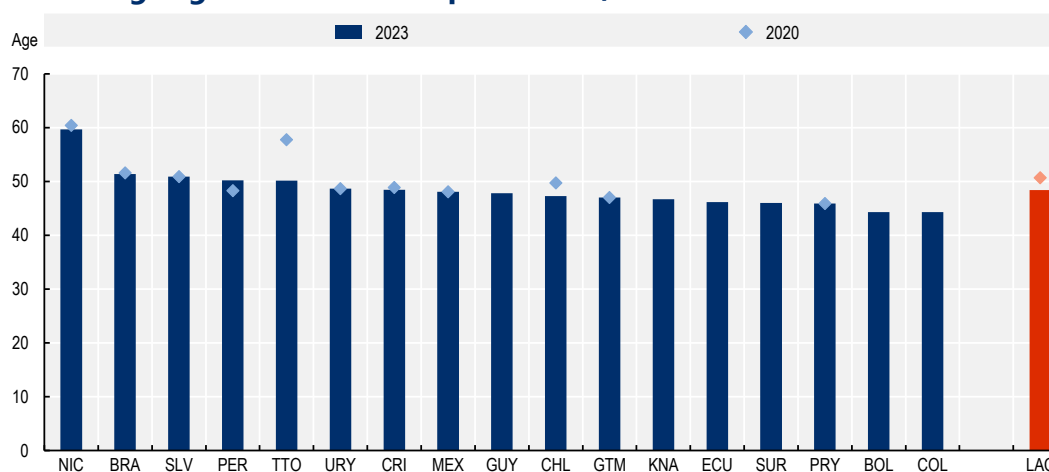
Figure 12.11. Percentage of members of parliament aged 40 and under, 2019 and 2023



Source: Parline database on national parliaments (<https://data.ipu.org>).

StatLink <https://stat.link/09xr4k>

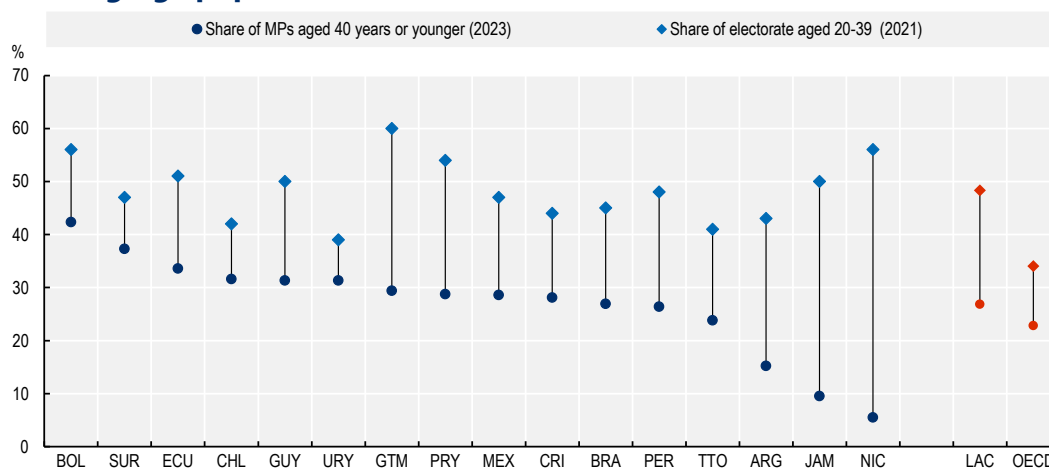
Figure 12.12. Average age of members of parliament, 2020 and 2023



Source: Parline database on national parliaments (<https://data.ipu.org>).

StatLink <https://stat.link/6xug0d>

Figure 12.13. Share of members of parliament aged 40 and under, and people aged 20-39 as a share of the voting-age population, 2023



Source: Parline database on national parliaments (<https://data.ipu.org>). United Nations, Department of Economic and Social Affairs, Population Division (2022). World Population Prospects 2022, Online Edition. OECD calculations based on OECD Demography and Population (database).

StatLink <https://stat.link/te3a80>

Chapter 13.

Managing human resources

13.1 Identifying and proactively attracting public servants

Sudden and highly complex policy challenges call for a skilled workforce. The public sector is increasingly competing for professionals, which requires a strategic approach to attracting talent. To proactively attract the right talent, governments must first identify the profile of the employees they need as part of the recruitment process, and then use targeted strategies tailored to recruiting in-demand skill sets. At the same time, they should also foster appealing work environments and well-defined career opportunities to broaden their appeal to a wider range of potential applicants and enhance both the diversity and calibre of the candidate pool.

When recruiting, governments need to identify the skills needed to meet the challenges encountered in modern-day public administration. The OECD has introduced a composite index to assess the use of proactive practices and tools for recruiting skilled candidates (OECD, 2021). These tools help employers to understand the job market and the driving factors that lead candidates to apply for public service roles and also allow governments to reach out to groups they want to recruit through tailored strategies. The index also considers governments' capacity to align with prevailing market wages. On average, Latin American and Caribbean (LAC) countries, make less use of proactive recruitment practices (scoring 0.27 on the index) than OECD countries (0.45). Colombia, Ecuador and Mexico are at the forefront on this measure (Figure 13.1).

Governments often need to use tailored recruitment processes to secure the right candidates. Among LAC countries, the most common approach to reaching sought-after candidates is targeted communication campaigns through newspapers or social media, used by 7 out of 15 countries (47%). In contrast, only Chile, Colombia and Ecuador use headhunting services to source talent for public sector positions. Similarly, just three countries – Barbados, Paraguay, and Trinidad and Tobago – have a fast-track hiring process to recruit public servants whose skills are in high demand. In Brazil, for instance, the public sector has always been perceived as attractive employer, therefore entities do not employ any tools to broaden the potential pool of candidates. (Figure 13.2). LAC countries could benefit from making more use of tailored recruitment practices to attract public servants across the different levels of government, particularly those more with skills valued in the private sector, such as digital areas.

Positioning the public sector as an appealing place to work is another way to attract candidates. LAC countries highlight different benefits of jobs in the public administration,

showcasing their stability, competitive compensation and opportunities for career growth. Job security is the most frequently emphasised benefit among LAC countries, with 10 out of 15 countries (67%) explicitly highlighting it as an advantage. Social security benefits, such as health insurance and pension plans, are showcased by 8 of the 15 countries (53%). Other crucial factors such as career advancement, work-life balance, and access to learning and development programmes are highlighted in only 4 out of the 15 countries each (27%). Only three countries highlight a positive work environment as a key selling point (Figure 13.3).

Methodology and definitions

Data were collected through the 2022 OECD-IDB Public Service Leadership and Capability Survey completed by 15 LAC countries. Respondents are senior officials in central government human resource management (HRM) departments, and the data refer to HRM practices in central government.

The composite index is made up of the following aspects of proactive recruitment: 1) benefits highlighted in recruitment material; 2) policies to attract more and better candidates with in-demand skills; 3) the use of methods to determine what attracts skilled employees; 4) adequate pay systems to attract good candidates; and 5) use of actions to improve the representation of under-represented groups. The index ranges from 0 (no use of proactive recruitment practices) to 1 (high level of use of proactive recruitment practices). Further details on the composite index are available in Annex E.

Further reading

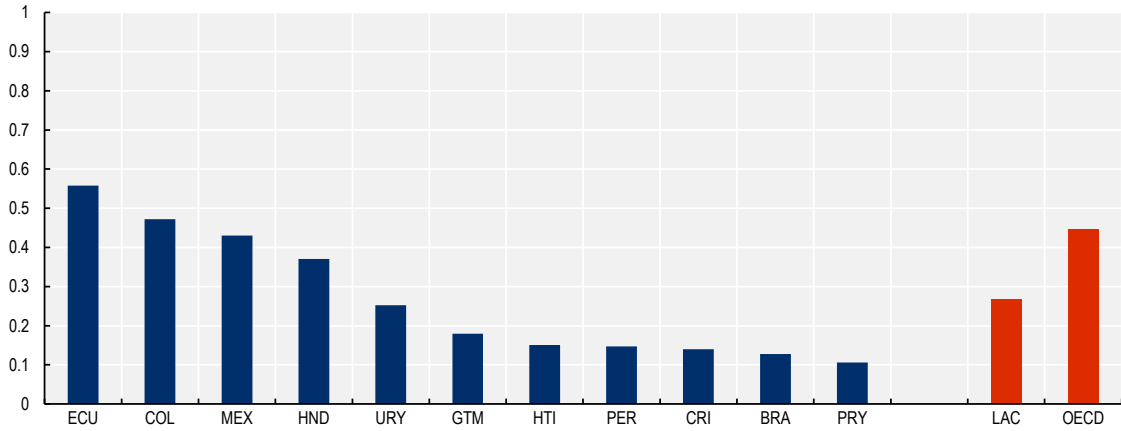
IDB (2014), *Serving Citizens: A Decade of Civil Service Reforms in Latin America (2004-2013)*, Inter-American Development Bank, Washington, DC, <https://publications.iadb.org/en/serving-citizens-decade-civil-service-reforms-latin-america-2004-13>.

OECD (2021), *Public Employment and Management 2021: The Future of the Public Service*, OECD Publishing, Paris, <https://doi.org/10.1787/938f0d65-en>.

Figure notes

Figure 13.1. Average for OECD is from 2020 instead of 2022. Barbados, Chile, El Salvador, and Trinidad and Tobago are not shown in the index, due to missing data for one or more of its components.

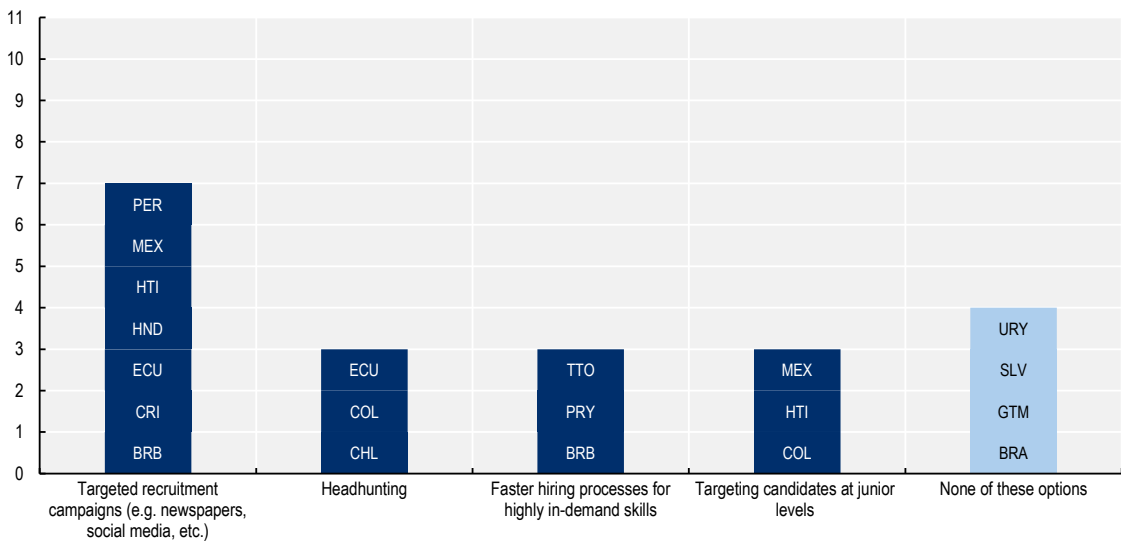
Figure 13.1. Index on the use of proactive recruitment practices, 2022



Source: OECD-IDB (2022), Public Service Leadership and Capability Survey; OECD (2020), Public Service Leadership and Capability Survey.

StatLink <https://stat.link/yanvxh>

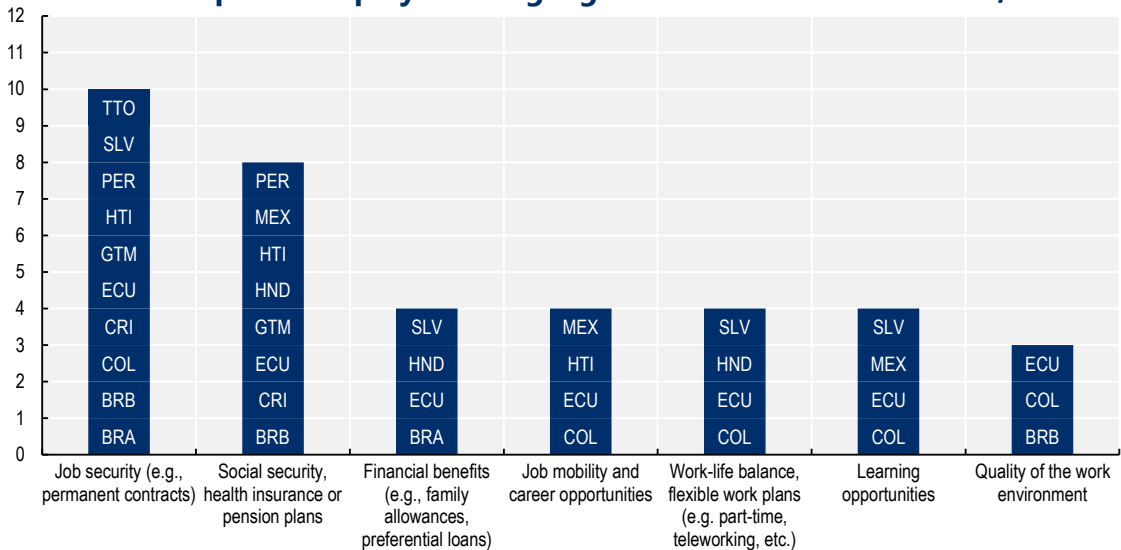
Figure 13.2. Attracting talent and those with skills in high demand, 2022



Source: OECD-IDB (2022), Public Service Leadership and Capability Survey.

StatLink <https://stat.link/oq01pu>

Figure 13.3. Benefits of public employment highlighted in recruitment material, 2022



Source: OECD-IDB (2022), Public Service Leadership and Capability Survey.

StatLink <https://stat.link/g3qmp8>

13.2 Assessment and selection practices in the public service

Enhanced public sector recruitment practices are essential for selecting candidates with profiles aligned with government needs, ensuring effective policy governance and service delivery. Competitive and meritocratic processes are good selection strategies and also safeguard against arbitrary decisions. Depending on the role, governments use direct recruitment, appointment processes or competitive group selections for multiple positions. To assess candidates and choose the right one for each role, governments employ techniques like interviews and competency and integrity tests, and review candidates' references. Although traditionally conducted face-to-face, governments are increasingly using technology to conduct some of their recruitment processes remotely, promoting a broader talent pool, reducing logistical burdens, saving costs, and increasing flexibility for both candidates and recruiters.

In the Latin America and Caribbean (LAC) region, recruitment tends to be less open to general competition as the seniority of the position increases. In 2022, 11 of the 15 surveyed LAC countries (73%) directly appointed senior management positions without a competitive recruitment process. Only five countries (33%) have candidates competing for specific positions at this level. General competition is more widely used to appoint public servants at non-managerial levels, used by 10 out of 15 countries (67%), while in 5 countries the recruitment process depends on the position being recruited (Figure 13.4).

After attracting potential candidates for a public service position, most LAC countries (11 of 15, 73%) assess applicants' motivations to join the public administration, their analytical and cognitive skills, and their behavioural competencies through a range of complementary mechanisms (e.g., interviews, tests and cv screening). Most LAC countries use interviews to assess candidates' motivation for joining (14 out of 15, 93%), similar to OECD countries (81%). Out of the 15 surveyed countries, 13 (86%) evaluate candidates' analytical and cognitive skills. These assessed through interviews in most countries (11 out of 15, 73%), although 53% use standardised tests, less commonly than OECD countries (59%). LAC countries also consider the behavioural competencies of potential public servants (10 out of 15, 67%). Again, most countries do this is through interviews (67%, compared to 75% of OECD countries). Heavy reliance on interviews requires highly skilled interviewers who are alert to potential recruitment biases. Only five LAC countries (33%) test cognitive or behavioural competencies using more structured assessment centres which may allow for a more detailed examination in practice (Table 13.1).

Conducting all or part of the recruitment process remotely can increase efficiency and ultimately assist in attracting and selecting candidates from different regions of a country. This includes conducting interviews or assessing candidates remotely, which facilitates the process for both applicants

and the administration. The use of technology to support remote recruitment processes in the public administration varies considerably across LAC countries. Only in Colombia, Ecuador, Guatemala, Honduras and Peru is it possible for recruitment to take place entirely online (Online Figure F.9.1).

Methodology and definitions

Data were collected through the 2022 OECD-IBD Public Service Leadership and Capability Survey, completed by 15 LAC countries. The survey gathered data on public employment and human resource management (HRM). Most respondents were senior officials in central government HRM departments, and the data refer to HRM practices in central government.

Public servants are all government employees who work in the public service, who may be employed through various contractual mechanisms (e.g. civil servant statutes, collective agreements or labour law contracts), on indeterminate or fixed-term employment contracts, but not normally including employees in the wider public sector who are usually regulated under alternative employment frameworks (e.g. most doctors, teachers, police, the military, the judiciary or elected officials).

A competitive process is a recruitment process in which candidates apply to a position and are assessed based on objective criteria.

Behavioural competencies are personality traits which have been used to predict workplace behaviour with varying reliability depending on the measures.

Further reading

IDB (2014), *Serving Citizens: A Decade of Civil Service Reforms in Latin America (2004-2013)*, Inter-American Development Bank, Washington, DC, <https://publications.iadb.org/en/serving-citizens-decade-civil-service-reforms-latin-america-2004-13>.

OECD (2021), *Public Employment and Management 2021: The Future of the Public Service*, OECD Publishing, Paris, <https://doi.org/10.1787/938f0d65-en>.

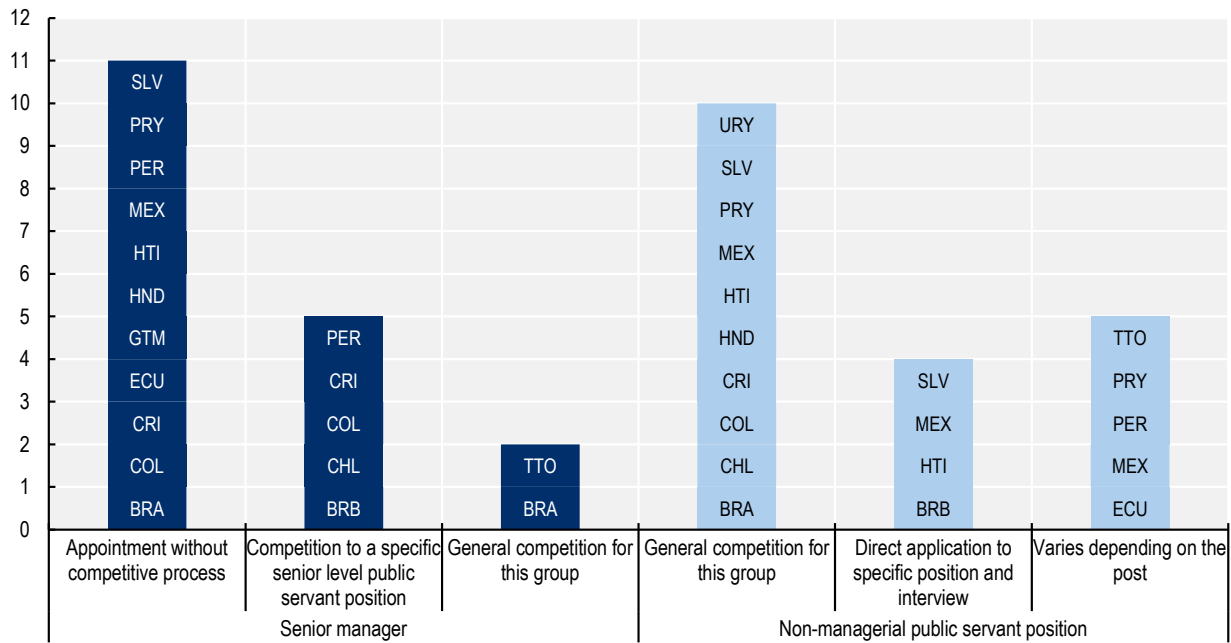
OECD (2019), "Recommendation of the Council on Public Service Leadership and Capability", *OECD Legal Instruments*, OECD, Paris, <https://legalinstruments.oecd.org/%20en/instruments/OECD-LEGAL-0445>.

Figure notes

Table 13.1. Data for OECD are from 2020 instead of 2022 and are based on 32 OECD countries.

F.9.1 (Recruitment process stages that can be completed remotely, 2022) is available online in Annex F.

Figure 13.4. Application and appointment processes for senior and non-senior level public servants, 2022



Source: OECD-IDB (2022), Public Service Leadership and Capability Survey.

StatLink <https://stat.link/lgpn4v>

Table 13.1. Methods for assessing competencies and motivation during recruitment, 2022

	CV screening	Standard exams	Interviews	Assessment centre	Reference check
Barbados			•		
Brazil		■			
Chile	■♦		■♦		♦
Colombia		■♦	■♦	■	
Costa Rica		■♦	■♦		
Ecuador	■♦		•		
El Salvador	■	■♦	■♦	■♦	
Guatemala	■♦	■	■♦	■♦	•
Haiti	•	•	•		
Honduras			■♦		
Mexico		■	■♦		
Paraguay			■♦		
Peru		■♦	■♦	■♦	
Trinidad and Tobago			■♦	■♦	
Uruguay		■♦	■♦		
LAC Total					
■ Analytical/cognitive competencies	4	8	11	5	0
♦ Behavioural competencies	2	5	10	3	1
• Motivation	3	2	14	2	1
OECD Total					
■ Analytical/cognitive competencies	4	19	20	13	1
♦ Behavioural competencies	6	7	24	13	6
• Motivation	8	3	26	8	4

Source: OECD-IDB (2022), Public Service Leadership and Capability Survey; OECD (2020), Public Service Leadership and Capability Survey.

StatLink <https://stat.link/dosj6r>

13.3 Management of senior public servants

Senior public management positions require individuals with strong leadership skills who can effectively solve problems and guide their organisations in line with the government's agenda. These positions require adeptly managing the complex interaction between political dynamics and professional operations within public administrations and play a pivotal role in achieving policy outcomes. Given this demanding context, it is crucial for governments to assess and monitor senior public servants' leadership abilities and performance and hold them accountable for fulfilling their responsibilities. It is also relevant to acknowledge the differences between senior roles and those of other public servants, which in some cases may warrant different employment frameworks.

The OECD has developed an analytical index to identify and measure two sets of policies for managing senior public servants: developing leadership capabilities, and managing performance and accountability (Gerson, 2020). Overall, the 15 surveyed Latin American and Caribbean (LAC) countries score 0.40 on average, slightly lower than the OECD average (0.49). However, LAC countries in the OECD, Chile (0.50), Colombia (0.65), Costa Rica (0.64) and Mexico (0.65), along with El Salvador (0.58), positively stand out for the use of such policies. On average, LAC countries score slightly more for their use of performance and accountability tools (0.21) than for those to develop leadership capabilities (0.19). Colombia is the top scorer (0.44) for performance and accountability tools with policies on measuring individual performance goals, collective or institutional goals and efficiency and quality performance, among others. Costa Rica scores highest in the use of tools to develop leadership capabilities (0.31), due to a well-developed competency framework for recruitment (Figure 13.5). This includes a Dictionary of Competencies of the Civil Service Regime, and performance assessments. The Costa Rican government also provides continuous professional development to its senior level public servants through the Modular Programme for Public Managers.

In some LAC countries, the employment framework for senior public servants differs in some respects from that of other public servant positions. The most common difference – in 10 of the 15 surveyed LAC countries (67%) – is that senior public servants can be dismissed or demoted more easily than other public servants, similar to OECD countries (62%). Likewise, in 40% of LAC countries, senior public servants are recruited through a more centralised process than other public servants (Table 13.2). However, most LAC countries do not use a different framework for many aspects of managing senior public positions. In 14 of the 15 LAC countries (93%) potential senior public servants are not identified early on so that more attention can be paid to the

management of their careers, nor is more career mobility encouraged (Table 13.2). Strengthening and reinforcing the employment framework can help develop a high-performing senior level public service.

Methodology and definitions

Data were collected through the 2022 OECD-IDB Public Service Leadership and Capability Survey completed by 15 LAC countries. The survey gathers data on public employment and human resources management (HRM). Respondents were senior officials in central government HRM departments, and the data refer to HRM practices in central government.

The composite index is made up of the following aspects of senior public service management: 1) the development of leadership capabilities; and 2) the use of performance and accountability tools. Each dimension is built from answers to several related questions. The index ranges from 0 (no policies to manage the senior public service) to 1 (high level of use of policies to manage the senior public service). Further details on the composite index are available in Annex E.

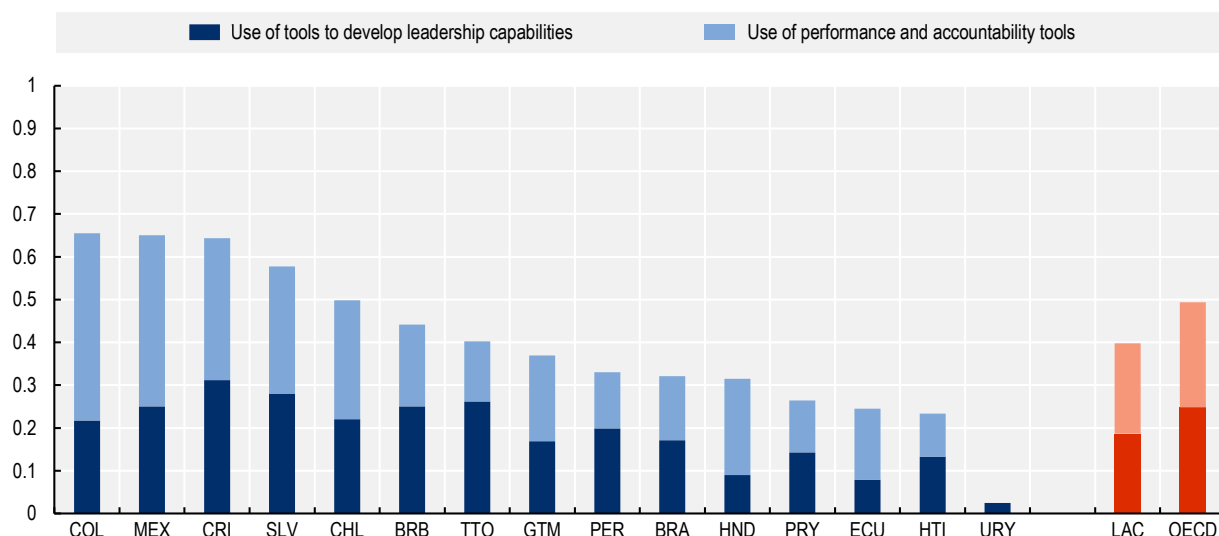
Further reading

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- Gerson, D. (2020), "Leadership for a high performing civil service: Towards senior civil service systems in OECD countries", *OECD Working Papers on Public Governance*, No. 40, OECD Publishing, Paris, <https://doi.org/10.1787/ed8235c8-en>.
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- Weber, A. and M. Lafuente (2017), "¿Cómo diseñar e implementar un segmento directivo profesionalizado?: Opciones para una gerencia pública "a la carta?", *Technical Note IDB-TN-1240*, Inter-American Development Bank, Washington, DC, <http://dx.doi.org/10.18235/0000603>.

Figure notes

Figure 13.5 and Table 13.2. Data for the OECD average refer to 2020.

Table 13.2. OECD total is based on 34 countries.

Figure 13.5. Index: Managing the senior level public service, 2022

Source: OECD-IDB (2022), Public Service Leadership and Capability Survey; OECD (2020), Public Service Leadership and Capability Survey.

StatLink <https://stat.link/y7ve5l>

Table 13.2. Characteristics of the employment framework for senior public servants, 2022

	Differences between senior level public servants compared to other public servants:									
	They are recruited with a more centralised process	They are identified early on in their careers and more attention is paid to the management of their careers	More emphasis is put into avoiding conflicts of interest	More emphasis is put into the management of their performance	They are encouraged to have more career mobility	The part of their pay that is performance-related is higher	Their appointment into a post is shorter (e.g. in case of fixed term contracts)	They can be dismissed or demoted more easily than other public servants	There are no differences, all public servants are under the same employment framework	
Barbados	○	○	○	○	○	○	○	○	○	●
Brazil	○	○	●	○	●	○	●	●	○	○
Chile	○	○	○	●	○	○	●	○	○	○
Colombia	●	○	●	●	○	●	●	●	○	○
Costa Rica	●	●	○	○	○	○	●	●	○	○
Ecuador	○	○	○	○	○	○	○	●	○	○
El Salvador	○	○	○	●	○	○	○	○	○	○
Guatemala	○	○	○	○	○	○	○	●	○	○
Haiti	●	○	○	○	○	○	○	●	○	○
Honduras	●	○	○	○	○	○	○	●	○	○
Mexico	●	○	○	○	○	○	○	●	○	○
Paraguay	●	○	○	○	○	●	●	●	○	○
Peru	○	○	●	●	○	●	○	●	○	○
Tobago	○	○	○	○	○	○	○	○	○	●
Uruguay	○	○	○	○	○	○	○	○	○	●
LAC Total										
● Yes	6	1	5	4	1	4	4	10	3	
○ No	9	14	10	11	14	11	11	5	12	
OECD Total										
● Yes	21	2	17	17	11	9	15	21	2	
○ No	13	32	17	17	23	25	19	13	32	

Source: OECD-IDB (2022), Public Service Leadership and Capability Survey; OECD (2020), Public Service Leadership and Capability Survey.

StatLink <https://stat.link/mk1lby>

13.4 Performance appraisal and accountability of senior public servants

Performance appraisal and accountability mechanisms for senior public servants serve to identify high performers, assign responsibilities and maintain the highest standards of service delivery within the public sector. They also ensure that senior level public servants are held accountable for their actions and decisions. Using appraisal and accountability mechanisms can sometimes be challenging due to the complexity of operations, bureaucratic structures, political considerations and a lack of comprehensive data. Addressing these challenges often requires promoting transparency, data-driven evaluations and a culture of openness. To this end, governments have frameworks that define the responsibilities of each managerial position, as well as sanctions for non-compliance. Such frameworks provide senior public servants with clarity about their responsibilities and create incentives to meet the objectives of their position.

The characteristics of appraisals for the performance of senior public servants vary across Latin American and Caribbean (LAC) countries. In 8 out of 15 surveyed LAC countries (53%), senior public servants are regularly assessed against their performance objectives. However, in seven countries (47%) formalised performance appraisal is not mandatory for all senior public servants. Chile and Mexico reward high-performing managers, incentives which, if correctly designed, could encourage excellence, motivate improved performance and enhance overall efficiency in delivering public services. Only Chile and Mexico assess managers' performance against specific productivity or outcome-based metrics. Conversely, with a different set of incentives, in four countries (27%), poor performance could result in dismissal (Figure 13.6). The absence of performance monitoring systems for senior public servants in most LAC countries represent a challenge, as these can serve as useful accountability and improvement mechanisms.

Most LAC countries (10 out of 15, 67%) have a law or other binding document in place that assigns responsibilities and accountabilities to senior servants regarding their objectives, which provides clarity about their roles and expected performance. In 9 of the 15 surveyed LAC countries (60%), senior level public servants are held accountable for both their management of people and of finances, similar to the share in OECD countries (57% in 2020). However, only four LAC countries

(27%) hold senior level public servants accountable for crisis or risk management, also similar to their OECD counterparts (23% in 2020). In Brazil, Colombia, Costa Rica and Mexico, senior public servants are also held accountable for the management of information and technology (Figure 13.7). This implies other countries in the region have room to improve in the way senior public servants are accountable for managing technology, such as advising on the appropriate use and potential risks associated with artificial intelligence.

Methodology and definitions

Data were collected through the 2022 OECD-IDB Public Service Leadership and Capability Survey completed by 15 LAC countries. Most respondents were senior officials in central government human resource management (HRM) departments, and the data refer to HRM practices in central government.

Senior public servants are the ones who take decisions and exert influence at the highest hierarchical levels of the public service. This does not include the political leadership and their cabinets/advisors.

Performance appraisal is a methodology and set of procedures for rating the work performance of individuals according to objective standards and criteria applied uniformly across one or several organisations.

Further reading

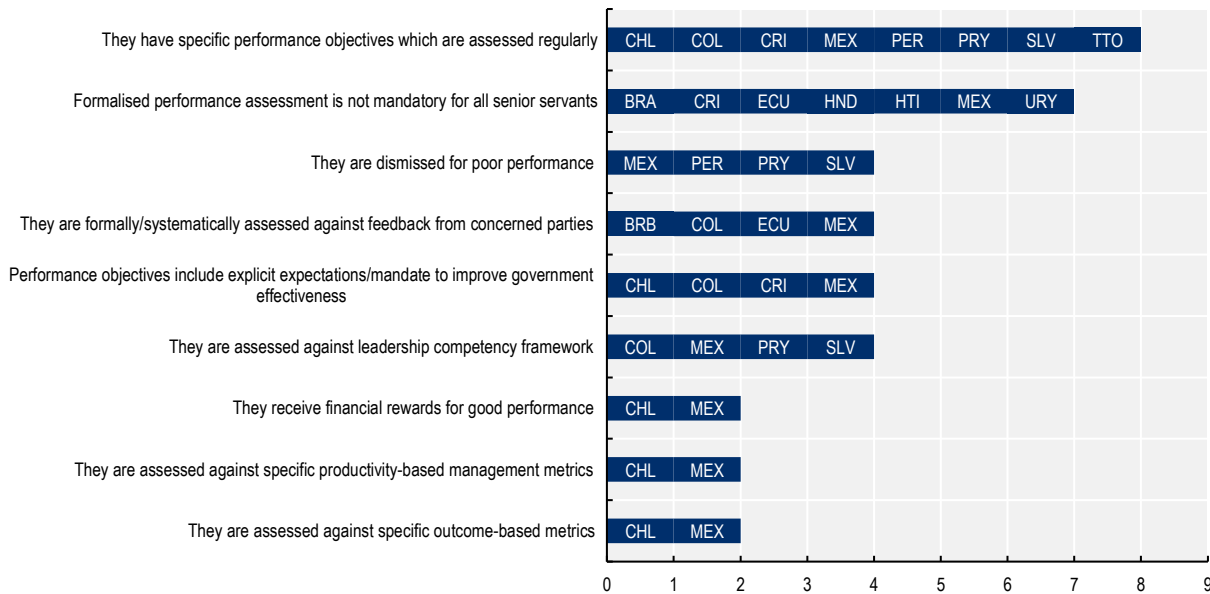
Gerson, D. (2020), "Leadership for a high performing civil service: Towards senior civil service systems in OECD countries", *OECD Working Papers on Public Governance*, No. 40, OECD Publishing, Paris, <https://doi.org/10.1787/ed8235c8-en>.

IDB (2023), *The Center of Government Revisited: A Decade of Global Reforms*, Inter-American Development Bank, Washington, DC, <http://dx.doi.org/10.18235/0004994>.

Figure notes

Figure 13.6. Guatemala is not included since senior-level public servants are exempt from performance assessments.

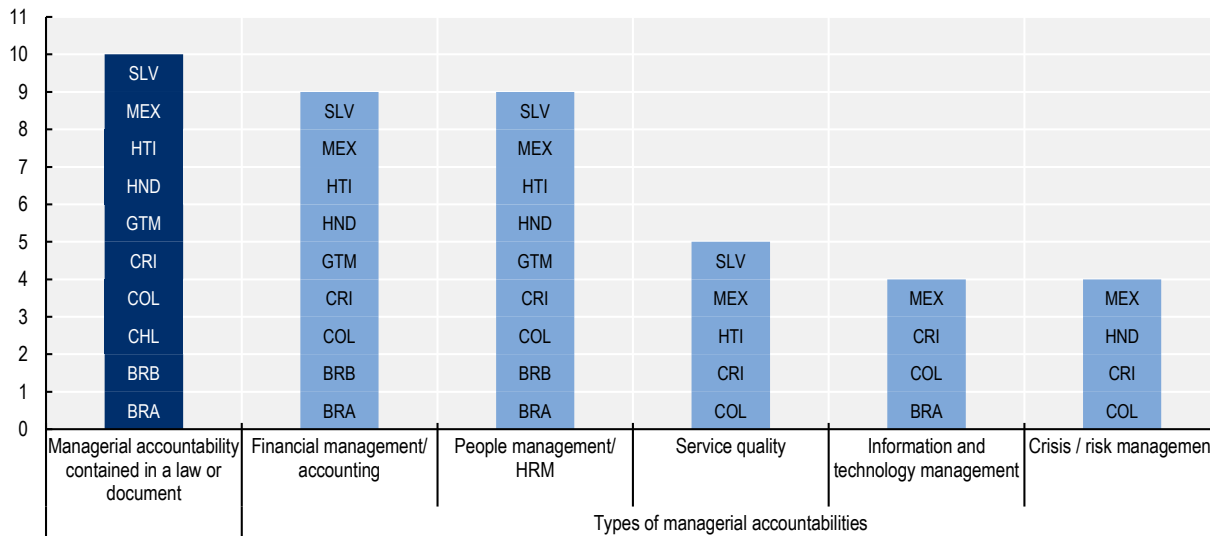
Figure 13.6. Characteristics of the performance assessment of senior-level public servants, 2022



Source: OECD-IDB (2022), Public Service Leadership and Capability Survey.

StatLink <https://stat.link/8urnqe>

Figure 13.7. Managerial accountabilities of senior-level public servants, 2022



Source: OECD-IDB (2022), Public Service Leadership and Capability Survey.

StatLink <https://stat.link/i7cj1r>

13.5 Tools to promote diversity and inclusion in the public service

Latin America and the Caribbean (LAC) is a culturally diverse region, with numerous ethnicities, languages, and social groups. Such plurality should be reflected in a diverse and inclusive public workforce to ensure that policies and services address the varied needs and perspectives of all groups. A diverse public workforce also brings innovative ideas to the public sector, as well as different perspectives on policy challenges. However, achieving diversity and inclusion in the public workforce requires targeted recruitment policies and working conditions to attract under-represented groups. Governments can proactively adopt measures to encourage those undertaking recruitment to actively seek diverse talent pools, such as quotas or gender-balanced shortlists, or to adjust processes for those with health conditions or disabilities. Likewise, organisations should offer an appealing work environment for these minorities once recruited. This can range from implementing changes in organisational culture, to providing training or internship programmes with an inclusive perspective or providing incentives that attract and encourage diversity in the workplace.

Governments can use targets and policies for specific under-represented groups. Targets are the strongest mechanism as they set specific measurable objectives. Targets for the share of people with disabilities in the whole public service are used by 10 out of the 15 surveyed LAC countries (67%), close to the share of OECD countries (73%). Five LAC countries (33%) have targets for gender balance across the whole public service, while two (13%) have targets for gender balance only at the senior levels of the public administration. This is below the share of OECD countries with gender balance targets (42% for the whole administration and 21% only for senior levels). In addition, two LAC countries (13%) have policies (but no targets) to achieve a gender-balanced workforce in central government, similar to OECD countries (12%). To favour the inclusion of young candidates, four countries (29%) have targets across the whole central administration, a larger share than for OECD countries (18%). In line with the diverse populations of the region, four LAC countries (29%) have targets for the share of indigenous peoples in the whole public service and three for ethnic minorities (21%), which compares positively to OECD countries (12% and 18%, respectively) (OECD, 2021). Ecuador makes the most use of targets to address diversity in their public workforce, with hiring targets for the entire central administration for all listed under-represented groups, while Mexico tends to favour policies over targets (Figure 13.8).

Diversity in the public workforce can also be increased by using tools that facilitate or promote the participation of a range of candidates during recruitment. In the LAC region, 10 out of 15 countries (67%) facilitate the recruitment of candidates from under-represented groups by adjusting the processes to medical

conditions or disabilities, 8 have established quotas (53%) and 4 have gender-balanced shortlists (27%). Peru uses a wide range of these tools to increase the participation of under-represented groups, and Chile has strategies to coach women to participate in recruitment process of senior level positions and has adapted their recruitment platforms to allow candidates to input their preferred names and gender identity (Figure 13.9).

Proactively attracting workers from under-represented groups also requires governments to adopt strategies to internally adapt and respond to their needs. The use of these strategies varies across countries in the LAC region. Eight of the surveyed LAC countries (53%) try to attract under-represented groups by managing organisational cultural change (i.e. values, expectations and rules) while six (40%) use communication strategies to increase applications from diverse groups. Peru has special internship programmes; Chile provides leadership coaching under its Women+ program and El Salvador has specific mentoring and coaching for candidates from under-represented groups (Figure 13.10).

Methodology and definitions

Data were collected through the 2022 OECD-IBD Public Service Leadership and Capability Survey completed by 15 LAC countries. Respondents were senior officials in central government human resource management (HRM) departments, and the data refer to HRM practices in central government.

Disability is understood as a multidimensional and dynamic phenomenon, including the person's physical and/or mental impairments, the functional limitations arising from them and the interaction with the society and the environment. Ethnicity is understood as sharing culture: practices, values and beliefs that characterise those belonging to a community.

Further reading

IDB (2022), "Women leaders in the public sector of Latin America and the Caribbean: Gaps and opportunities", *IDB Monograph*, Washington, DC, <http://dx.doi.org/10.18235/0004597>.

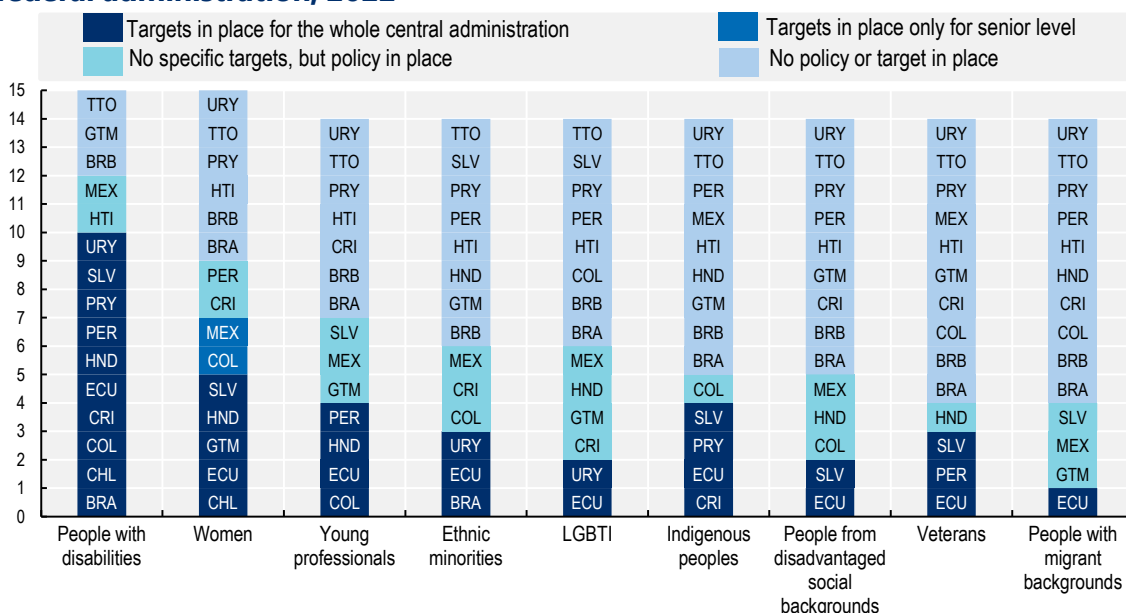
OECD (2023), *Public Employment and Management 2023: Towards a More Flexible Public Service*, OECD Publishing, Paris, <https://doi.org/10.1787/5b378e11-en>.

OECD (2021), *Government at a Glance 2021*, OECD Publishing, Paris, <https://doi.org/10.1787/1c258f55-en>.

Figure notes

Figure 13.8. Data for Chile are only available for: people with disabilities and women.

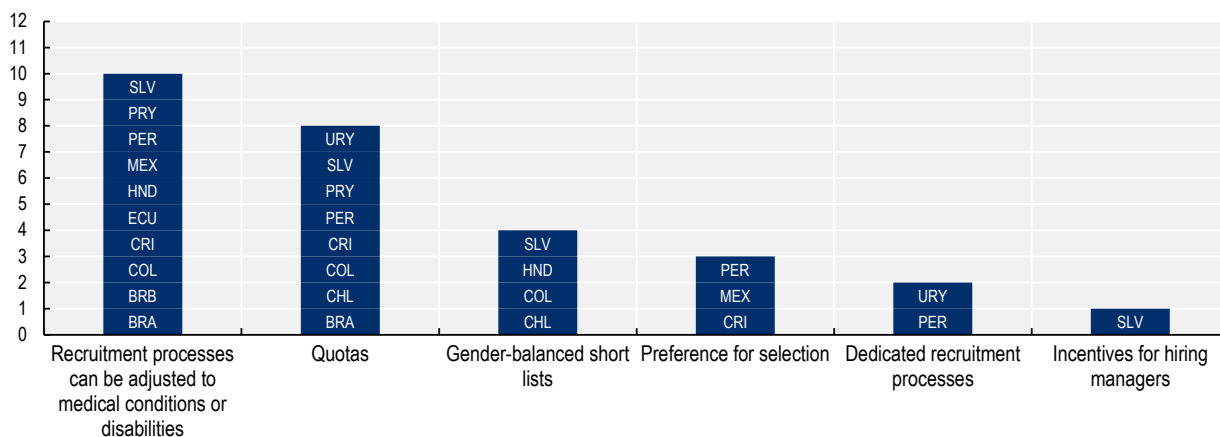
Figure 13.8. Policies and targets to improve the representation of specific groups in the central/federal administration, 2022



Source: OECD-IBD (2022), Public Service Leadership and Capability Survey.

StatLink <https://stat.link/igwbyd>

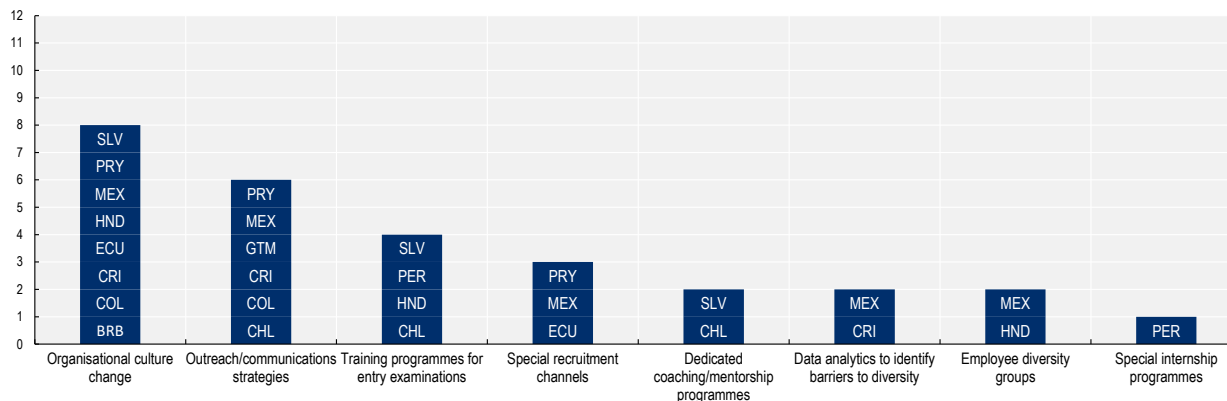
Figure 13.9. Tools used to increase the participation of under-represented groups in recruitment processes, 2022



Source: OECD-IBD (2022), Public Service Leadership and Capability Survey.

StatLink <https://stat.link/s8izx9>

Figure 13.10. Tools used to proactively attract under-represented groups, 2022



Source: OECD-IBD (2022), Public Service Leadership and Capability Survey.

StatLink <https://stat.link/z67imf>

13.6 Compensation of civil servants

Expected remuneration is one of the factors people consider when applying for a job, and also when deciding whether to remain in a post. Governments also consider this factor, as public resources are limited and should be invested in a well-prepared workforce that can meet societal demands. At the same time, candidates expect competitive salaries that reflect their preparation, effort and responsibilities, and that are fair across the administration and the wider labour market. Factors such as political interference, limited resources, inadequate budget allocation and limited human resource management capacity might contribute to disparities in pay and benefits among civil servants. These may deter highly qualified individuals from pursuing an opportunity in the public service. A competitive remuneration system that creates certainty for those involved and operates under clearly established rules increases the attractiveness of public employment. Furthermore, clear and fair criteria for salary increases help to retain civil service personnel.

In 10 of the 14 surveyed Latin American and Caribbean (LAC) countries with data available (71%), all central government ministries and agencies have the same pay structure, rules and scales (Figure 13.11). If well designed and clear enough, a centralised salary system allows for transparency, which should provide certainty and potentially attract talented individuals to join the public sector. Only in Uruguay, does each ministry determine its own criteria for remuneration rules and scales remunerated on top of a basic structure that applies to the whole administration. Chile has standards and special rules for each ministry, which coexist with common rules for the entire public sector.

In addition to pay structures, LAC countries use other criteria to define the base salary for public positions. By 2022, 9 out of 15 surveyed countries (60%) used job families and grade tables to set base salaries for their civil servants. It is less common in the region for base salaries to be set considering job and market evaluations (2 out of 15, 13%), or educational attainment or local living expenses (3 out of 15, 20%) (Figure 13.12). Not considering the wider labour-market conditions when setting public sector pay may lead to premium pay for some public sector jobs (in particular administrative and support jobs) and substantial pay gaps for others (for example, digital roles), leading to an inadequate workforce.

Pay increases are important for retaining talent in the public sector. Criteria for wage increases vary across countries in the LAC region. The most commonly used in the LAC region are automatic step increases (5 out of 15, 33%) and step increases based on performance (4 out of 15, 27%). These step increases

are based on different considerations. For instance, in Uruguay, they reflect negotiations between the government and unions, and in Honduras, they take into account annual minimum wage adjustments. Likewise, there are countries like Ecuador that do not have systematic increases, but base increases on annual inflation. Other countries grant performance bonuses instead of having fixed increases, which is the case in Brazil and Colombia (Figure 13.13).

Methodology and definitions

Data were collected through the 2022 OECD-IBD Public Service Leadership and Capability Survey completed by 15 LAC countries. The survey gathered data on broad trends of public employment and human resources management (HRM) across LAC countries. Respondents were senior officials in central government HRM departments, and the data refer to HRM practices in central government.

Public servants are all government employees who work in the public service, who may be employed through various contractual mechanisms (e.g. civil servant statutes, collective agreements or labour law contracts), on indeterminate or fixed-term employment contracts, but not normally including employees in the wider public sector who are usually regulated under alternative employment frameworks (e.g. most doctors, teachers, police, the military, the judiciary or elected officials).

Further reading

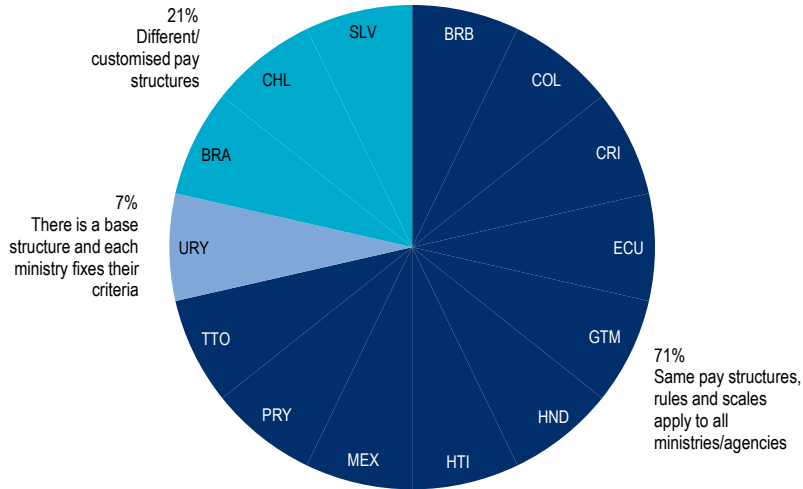
Dumas, V. and M. Lafuente (2016), "Mission impossible? How to achieve better results in health and education through better management of human resources", in *Social Expenditure in Central America, Panama and Dominican Republic at a Glance: 2007-2013*, Washington, DC, <https://publications.iadb.org/en/social-expenditure-central-america-panama-and-dominican-republic-glance-2007-2013>.

OECD (2019), "Recommendation of the Council on Public Service Leadership and Capability", *OECD legal Instruments*, OECD, Paris, <https://legalinstruments.oecd.org/en/instruments/OECD-LEGAL-0445>.

Figure notes

Figure 13.11 and Figure 13.13. Data for Peru are not available. Figure 13.12. Costa Rica, Haiti and Peru are not included, because they do not use any of the listed criteria for setting base salary for public servants.

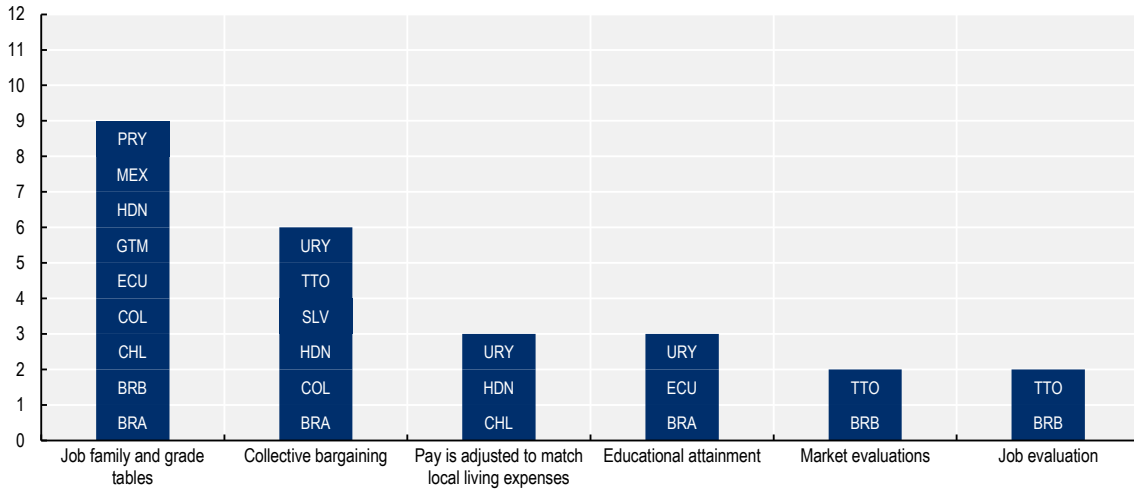
Figure 13.11. Pay system structures in the central/federal administration, 2022



Source: OECD-IDB (2022), Public Service Leadership and Capability Survey.

StatLink <https://stat.link/7yx2gp>

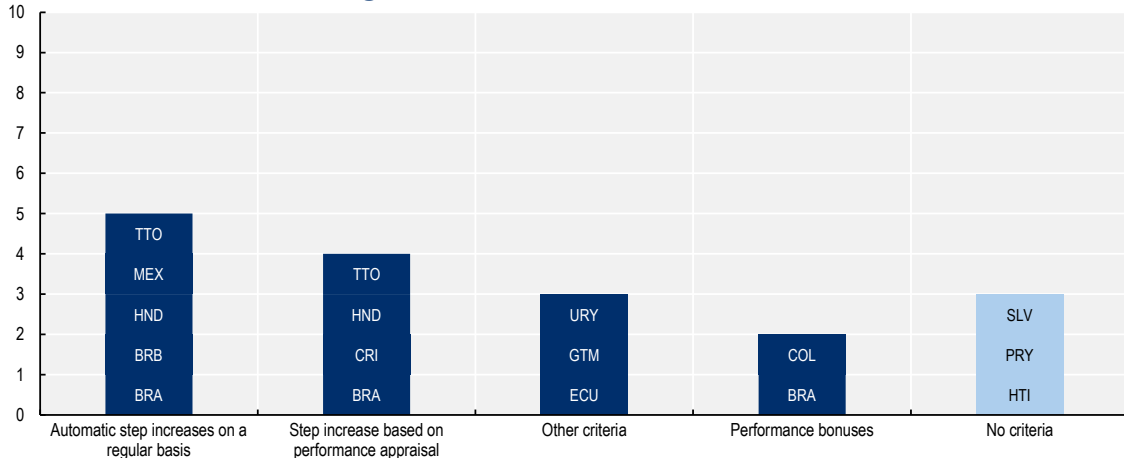
Figure 13.12. Criteria for setting base salaries in the central/federal administration, 2022



Source: OECD-IDB (2022), Public Service Leadership and Capability Survey.

StatLink <https://stat.link/ndlW3z>

Figure 13.13. Criteria for increasing salaries in the central/federal administration, 2022



Source: OECD-IDB (2022), Public Service Leadership and Capability Survey.

StatLink <https://stat.link/sva3n9>

Structure and indicators

In order to accurately interpret the data included in *Government at a Glance: Latin America and the Caribbean 2024*, readers need to be familiar with the following methodological considerations that cut across a number of indicators. Starting with Chapter 2, individual indicators are presented in a standard format on two pages. The first page contains text that explains the relevance of the topic and highlights some of the major differences observed across LAC countries and, where possible, compares them to OECD countries. This is followed by a “Methodology and definitions” section, which describes the data sources and provides important information necessary to interpret the data. Closing the first page is a “Further reading” section, which lists useful background literature providing context to the data displayed. The second page showcases the data. Figures show current levels and, where possible, trends over time.

Definition of government

Data on public finances are based on the definition of the sector “general government” found in the System of National Accounts (SNA). Accordingly, general government comprises ministries/departments, agencies, offices and some non-profit institutions at the central, state and local level, as well as social security funds. Data on revenues and expenditures are presented both for central and sub-central (state and local) levels of government and (where applicable) for social security funds. Data on employment also refer to general government, although data on employment by gender refer to the public sector, which covers both general government as well as publicly owned resident enterprises and companies. Finally, data on public management practices and processes refer to those practices and processes in the central level of government only unless specified differently.

Data sources and features for public finance and public employment data

The data on public finances and economics, based on the IMF's *Government Finance Statistics Manual* (GFSM) and IMF's World Economic Outlook (IMF WEO), were extracted from the database on 3 November 2023. Moreover, data for tax revenues, which are also part of the public finance data, were extracted from the OECD Revenue Statistics in Latin America and the Caribbean database on 3 November 2023. Finally, for the OECD averages data were based on the *System of National Accounts* (SNA) and were extracted from the *Government at a Glance online database* representing the last available update: 5 January 2024. In analogy, data for the OECD average for tax revenues were extracted from the OECD Revenue Statistics database on 5 January 2024.

The data on public employment were extracted from the *ILOSTAT* (database) on 17 February 2023.

Country coverage

Government at a Glance Latin America and the Caribbean 2024 includes data for 25 LAC countries on average based on available information.

Country abbreviations

LAC countries			
Antigua and Barbuda	ATG	Grenada	GRD
Argentina	ARG	Guatemala	GTM
Bahamas	BHS	Guyana	GUY
Barbados	BRB	Haiti	HTI
Belize	BLZ	Honduras	HND
Bolivia	BOL	Jamaica	JAM
Brazil	BRA	Mexico	MEX
Chile	CHL	Nicaragua	NIC
Colombia	COL	Panama	PAN
Costa Rica	CRI	Paraguay	PRY
Dominica	DMA	Peru	PER
Dominican Republic	DOM	Suriname	SUR
Ecuador	ECU	Trinidad and Tobago	TTO
El Salvador	SLV	Uruguay	URY

LAC and OECD averages and totals

Averages

In figures, the OECD and LAC average is presented as unweighted, arithmetic mean or weighted average of the countries for which data are available. Countries for whom data are not available are listed in the figure's notes.

If a figure depicts information for one or more years, the average includes all countries with available data. For instance, a LAC average for 2022 published in this edition includes all current LAC countries with available information for that year. For the OECD average, averages have been updated considering the latest available data (unless specified otherwise).

In the case of *Government Finance Statistics Manual* and *National Accounts* data, averages refer to the weighted average, unless otherwise indicated.

Totals

LAC and OECD totals are most commonly found in tables and represent the sum of data in the corresponding column for the LAC or OECD countries for which data are available. In the case of LAC countries, those not included in the tables are countries without available data. For OECD member countries, the totals are those published in *Government at a Glance 2023* and/or in the *Government at a Glance* online data set, unless otherwise specified. In the notes, LAC and/or OECD countries for whom data are not available are listed.

Online supplements

For several indicators, additional tables and figures presenting country-specific data or annexes with complementary information on the indicator methodology can be found online. When available, these are noted in the "Methodology and definitions" section of the indicator. *Government at a Glance: Latin America and the Caribbean 2024* also offers access to StatLinks, a service that allows readers to download the featured data's corresponding Excel files. StatLinks are found at the bottom right-hand corner of the tables or figures and can be typed into a web browser or, in an electronic version of the publication, clicked on directly.

In addition, the following supplementary materials are available online at: www.oecd.org/gov/govtaglance.htm:

- The Government at a Glance: Latin America and the Caribbean portal includes a selection of indicators and figures.
- Country fact sheets that present key data by country compared with the LAC and OECD averages for LAC countries which have completed at least 4 surveys of those featured in the country factsheets.

- The *Government at a Glance*: Latin America and the Caribbean statistical database, which includes data for a selection of quantitative indicators and the publication of qualitative data for the surveys collected by the Public Governance Directorate of the OECD via OECD.Explorer.

Per capita indicators

Some indicators (e.g. expenditures, revenues and government debt) are shown on a per capita (i.e. per person) basis. The underlying population estimates are based on the notion of residency. They include persons who are resident in a country for one year or more, regardless of their citizenship, and also include foreign diplomatic personnel and defence personnel together with their families, students studying and patients seeking treatment abroad, even if they stay abroad for more than one year. The one-year rule means that usual residents who live abroad for less than one year are included in the population, while foreign visitors (for example, tourists) who are in the country for less than one year are excluded. An important point to note in this context is that individuals may feature as employees of one country (contributing to the gross domestic product [GDP] of that country via production), but residents of another (with their wages and salaries reflected in the gross national income of their resident country).

Purchasing power parities

Purchasing power parities (PPPs) are the rates of currency conversion that equalise the purchasing power of different countries by eliminating differences in price levels between countries. When converted by means of PPPs, expenditures across countries are in effect expressed at the same set of prices, meaning that an equivalent bundle of goods and services will have the same cost in both countries, enabling comparisons across countries that reflect only the differences in the volume of goods and services purchased.

The PPP index used for LAC countries is the same that used by the IMF World Economic Outlook. The International Comparisons Program is a global statistical initiative that produces internationally comparable PPP estimates. The PPP exchange rate estimates, maintained and published by the World Bank, the OECD and other international organisations, are used by the WEO to calculate its own PPP weight time series.

Composite indicators

This publication includes descriptive composite indices in narrowly defined areas related to regulatory governance, budgeting practices, open government data and human resources management. These composite indices are a practical way of summarising discrete, qualitative information. The composites presented in this publication were created in accordance with the steps identified in the *Handbook on Constructing Composite Indicators* (Nardo et al., 2008^[1]).

Details about the methodology used to construct the composite indicators on regulatory governance, green budgeting, gender budgeting, open government data and strategic human resources management are available in Annexes A to E. While the composite indicators were developed in co-operation with OECD countries and are based on theory and/or best practices, the variables included in the indexes and their relative weights are based on expert judgments and, as a result, may change over time.

Signs and acronyms

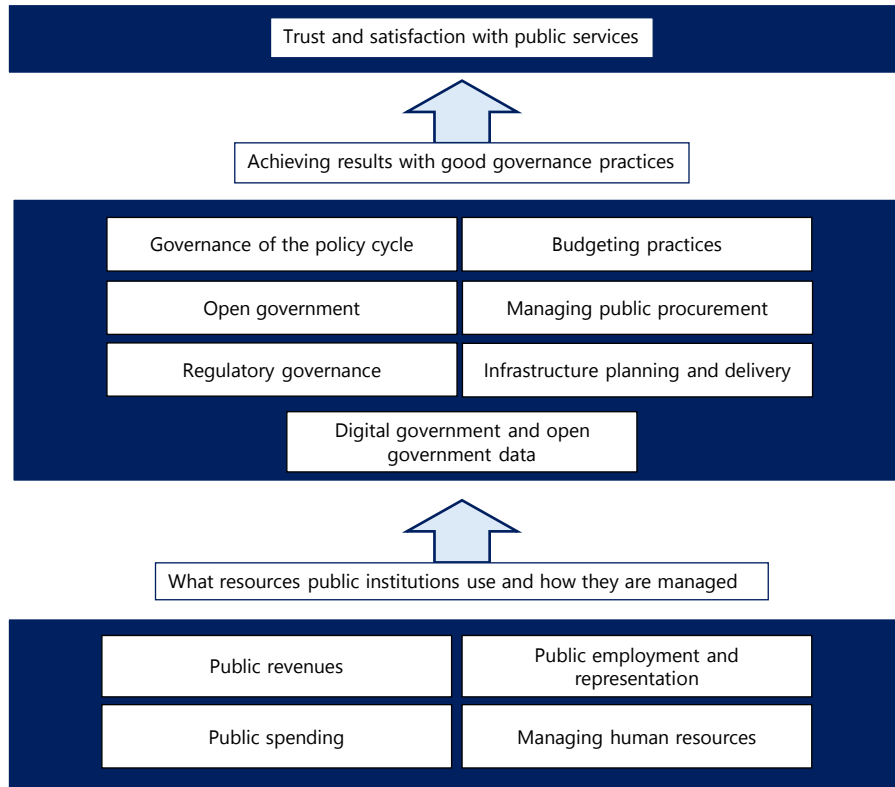
Sign/acronym	Meaning
..	Missing values
API	Application programming interface
CoG	Centre of government
CPA	Central purchasing agencies
DPI	Digital public infrastructure
GDP	Gross domestic product
GFS	Government Financial Statistics
GFSM	Government Finance Statistics Manual
GWP	Gallup World Poll
HR	Human resources
HRM	Human resources management
ICT	Information and communication technology

Sign/acronym	Meaning
ILO	International Labour Organization
IMF	International Monetary Fund
INGP	Inter-American Network on Government Procurement
IPU	Inter-Parliamentary Union
iREG	Indicators of regulatory policy and governance
ISO	International Organisation for Standardisation
IT	Information technology
LAC	Latin America and the Caribbean
NRNR	Non-renewable natural resources
OGD	Open government data
OURdata	Open, useful and re-usable data index
PISA	Programme for International Student Assessment
p.p.	Percentage points
PPPs	Purchasing power parities / private-public partnerships
RIA	Regulatory impact assessment
ROB	Regulatory Oversight Body
SDGs	Sustainable Development Goals
SHRM	Strategic human resources management
SMEs	Small and medium-sized enterprises
SNA	System of National Accounts
VAT	Value-added tax
WEO	World Economic Outlook
WJP	World Justice Project
WVS	World Value Survey

Framework of the publication

The focus Chapter of this edition on the topic of Strengthening participation, public management and integrity to build trust and support the green transition in Latin America and the Caribbean argues that governments must ensure that the green transition serves as an opportunity to address structural inequalities and foster sustainability. The focus Chapter argues that a combination of substantial financial resources, clear policy frameworks, and international cooperation is needed for a just green transition in LAC. Three specific areas for government action are identified, including to: i) enhancing inclusive and participatory processes and policies to overcome representation gaps and build trust; ii) reinforcing key competences in public institutions to deliver sustainable and inclusive growth; and iii) protecting the public interest against corruption, the erosion of public integrity, and undue influence.

In turn, the 2024 edition of *Government at a Glance: Latin America and the Caribbean* presents a new structure around three broad categories: 1) Trust and satisfaction with public services; 2) Achieving results with good governance practices 3) What resources public institutions use and how are they managed. Figure 14 presents the conceptual framework for *Government at a Glance*.

Figure 1. Conceptual framework Government at a Glance

Trust and satisfaction with public services

This section includes evidence on public governance outcomes (i.e. trust in public institutions and satisfaction with public services) as perceived by people as well as some of the drivers leading to high or low levels for each of these indicators. The satisfaction with public services section is based on the serving citizens framework that encompasses indicators on public perception on the quality of healthcare, education, and justice systems (Chapter 2).

Achieving results with good governance practices

In order to design and implement public policies and deliver public services, public institutions work through public governance processes and practices undertaken by governments to deliver to people. These address the means used by public administrations to fulfil their duties and obtain their goals. In consequence, they are often essential for ensuring the rule of law, accountability, fairness, advance in the green transition and ensure openness of government actions. Public sector reforms often target these processes; as such, they capture the public's attention. The data included in this section are generated by the different Public Governance communities and are to a large extent the specificity of Government at a Glance. This edition includes chapters on the governance of the policy cycle (Chapter 3), open government (Chapter 4), budgeting practices (Chapter 5), regulatory governance (Chapter 6), managing public procurement (Chapter 7) infrastructure planning and delivery (Chapter 8) and digital government and open government data (Chapter 9).

What resources public institutions use and how are they managed

This section of the publication refers to the resources used by governments to deliver as well as how they are mixed; these resources correspond to labour and capital. The chapters that describe inputs and public management practices include public revenues (Chapter 10), public spending (Chapter 11) and public employment (Chapter 12) as well as managing human resources (Chapter 13).

References

- Nardo, M. et al. (2008), *Handbook on Constructing Composite Indicators: Methodology and User Guide*, OECD, Paris, [1]
<https://www.oecd.org/sdd/42495745.pdf>.

Annex A. OECD Indicators of Regulatory Policy and Governance (iREG) for Latin America 2022

The Indicators of Regulatory Policy and Governance (iREG) for Latin America 2022 provide an up-to-date overview of regulatory systems in selected Latin American and Caribbean (LAC) countries, by which they develop, implement and evaluate regulations. The indicators partially cover three principles of the 2012 OECD Recommendation on Regulatory Policy and Governance: 1) stakeholder engagement; 2) regulatory impact assessment (RIA); 3) *ex post* evaluation and administrative simplification.

iREG indicators for Latin America and the Caribbean draw on responses to the OECD-IDB iREG Surveys 2015-16, 2019 and 2022, and the OECD iREG Survey 2021. Data for Brazil, Ecuador and Peru are from the OECD-IDB iREG Surveys for 2015-2016, 2019 and 2022. Data for Chile, Colombia, Costa Rica and Mexico are from the OECD-IDB iREG Surveys for 2015-2016, 2019, and from the OECD iREG Survey 2021. Data for Argentina, the Dominican Republic and El Salvador are from the 2019 and 2022 OECD-IDB iREG Surveys, and for Paraguay from the 2022 survey. Responses were provided by government officials and reflect the situation as of 31 October 2022 for OECD-IDB iREG 2022 and as of 1 January 2021 for OECD iREG 2021.

Unless explicitly stated otherwise, survey answers refer to national regulations only, i.e. regulation enacted at the central or federal level of government. Survey answers on stakeholder engagement and regulatory impact assessment only cover subordinate regulations, which are defined as regulations created by the executive that are generally approved by the head of government, a minister or the cabinet.

The OECD-IDB Survey on Regulatory Policy and Governance 2022 is an adapted version of the 2017 OECD Indicators of Regulatory Policy and Governance Survey with a particular focus on stakeholder engagement. The direct comparison between survey results, notably in the form of a composite indicator on stakeholder engagement in developing subordinate regulations is based on an identical set of survey questions that is included in the different surveys described above.

The survey is based on an ambitious and forward-looking regulatory policy agenda and is designed to track progress in the implementation of regulatory policy over time. It captures progress in countries that already have advanced regulatory practices, while recognising the efforts of countries that are just starting to develop their regulatory policy. In addition to collecting information on formal requirements, the survey gathers evidence on the implementation of these formal requirements and the uptake of regulatory management practices.

Survey answers underwent a thorough data-cleaning process carried out jointly by the OECD and Inter-American Development Bank in close co-operation with the participating countries, which involved notably ensuring consistency between survey answers and the verification of examples provided by countries to support individual survey questions.

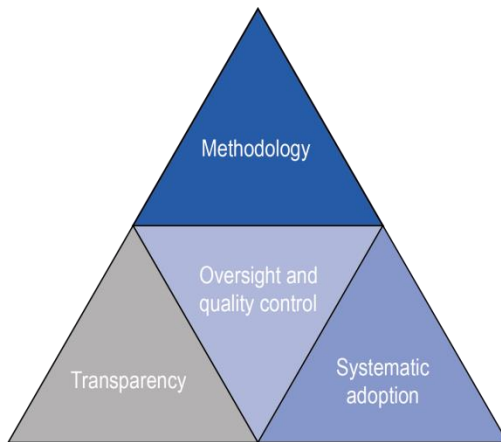
The composite indicator

Following the established methodology of the OECD Indicators of Regulatory Policy and Governance, a composite indicator on stakeholder engagement in developing subordinate regulations was developed based on information collected through the survey.

The indicator measures the adoption of good practices to engage with interested parties when developing new regulations, including different methods and openness of consultations as well as transparency and response to comments received. It consolidates information into four equally weighted categories (Figure A.1):

1. Systematic adoption records formal requirements and how often and at what stage in the rule-making process these requirements are conducted in practice.
2. Methodology gathers information on the methods used to engage with stakeholders, e.g. forms of consultation and documents to support them.
3. Oversight and quality control records the role of oversight bodies and publicly available evaluations of the consultation system.
4. Transparency records information from the questions that relate to the principles of open government, e.g. whether consultations are open to the general public and if comments and responses by authorities are published.

Figure A.1. Structure of the composite indicator



The maximum score for each category is 1, and the maximum aggregate score for the composite indicator is 4. The more regulatory practices as advocated in the 2012 OECD Recommendation of the Council on Regulatory Policy and Governance a country has implemented, the higher its indicator score. Each category is composed of several equally weighted sub-categories built around specific questions in the OECD-IDB Survey on Regulatory Policy and Governance 2022. The separate sub-categories are listed in Table A.1.

The full dataset underlying the composite indicator can be accessed on the website dedicated to the OECD Indicators of Regulatory Policy and Governance for Latin America (www.oecd.org/gov/regulatory-policy/ireg-lac.htm). The complete methodology, including all underlying questions, can be found in Arndt et al. (2015^[1]).

Table A.1. Categories and sub-categories of the composite indicator

Categories	Sub-categories
Methodology	<ul style="list-style-type: none"> • Consultation open to the general public: During early stages of developing regulations • Consultation open to the general public: During later stages of developing regulations • Guidance • Methods of stakeholder engagement adopted in early stages of developing regulations • Methods of stakeholder engagement adopted in later stages of developing regulations • Minimum periods • Use of interactive websites for consultation
Systematic adoption	<ul style="list-style-type: none"> • Formal requirements • Stakeholder engagement conducted in practice in early stages of developing regulations • Stakeholder engagement conducted in practice in later stages of developing regulations
Transparency	<ul style="list-style-type: none"> • Transparency of process • Consultations are open to the general public • Consideration of and response to stakeholder comments • Availability of information
Oversight and quality control	<ul style="list-style-type: none"> • Oversight and quality control function • Publicly available evaluation of stakeholder engagement

References

- Arndt, C. et al. (2015), "2015 Indicators of Regulatory Policy and Governance: Design, Methodology and Key Results", *OECD Regulatory Policy Working Papers*, No. 1, OECD Publishing, Paris, <https://doi.org/10.1787/5jrnwqm3zp43-en>. [1]

Annex B. Methodology for composite indexes on green budgeting and gender budgeting

General background

The narrowly defined composite indexes described here represent the best way of summarising discrete, qualitative information. “Composite indexes are much easier to interpret than trying to find a common trend in many separate indicators” (Nardo et al., 2005^[1]). However, their development and use can be controversial. These indexes are easily and often misinterpreted by users due to a lack of transparency about how they are generated, which makes it difficult to truly unpack what they are actually measuring.

The OECD has taken several steps to avoid or address common problems associated with composite indexes. The composites presented in this publication were developed using the steps identified in the Handbook on Constructing Composite Indicators (OECD/European Union/EC-JRC, 2008^[2]) that are necessary for the meaningful construction of composite or synthetic indexes.

Each composite index is based on a theoretical framework representing an agreed concept in the area it covers. The variables comprising the indexes are chosen based on their relevance to the concept. Each index is constructed in close collaboration with the relevant OECD expert groups, which advised on the variables and the weighting schemes to use for the composite.

A number of statistical analyses were also conducted to ensure the validity and reliability of the composite indexes. The survey questions used to create the indexes are the same across countries, to ensure indexes are comparable. In order to eliminate scale effects, all indicators and variables were normalised between “0” and “1” for comparability. To build the composites, all indicators were aggregated using a linear method. The index scores were determined by adding together the weighted scores of each indicator. Statistical tools (i.e. Cronbach’s alpha) were also employed to establish the degree of correlation among a set of variables comprised in each index and to check their internal reliability. This implies that all of the variables comprised in each index have intrinsic value but are also interlinked and capture the same underlying concept. Finally, sensitivity analysis using Monte Carlo simulations was carried out to establish the robustness of the index scores to different weighting options.

2022 OECD Green Budgeting Index

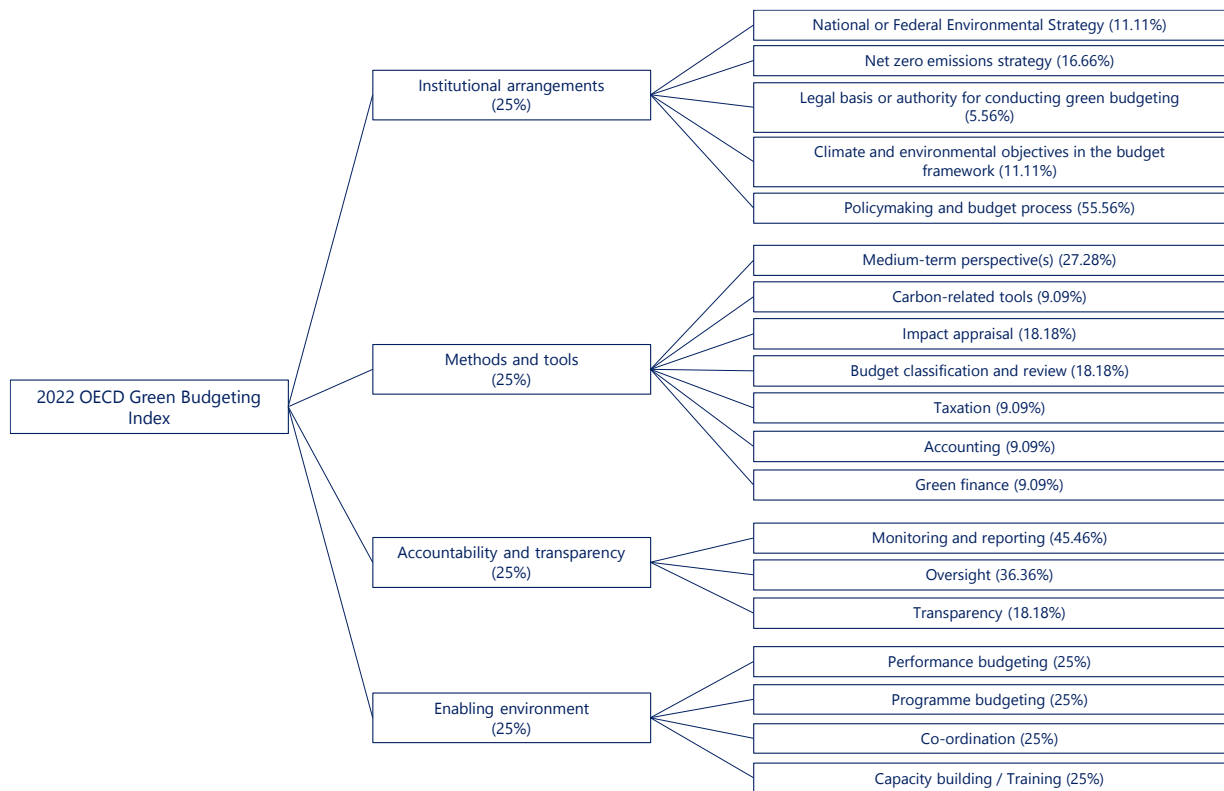
Green budgeting refers to integrating climate and environmental considerations into the budgetary process. It involves the use of special initiatives, processes and analytical tools with a view to promoting policies and investments that help achieve climate and environmental goals and commitments. The 2022 OECD Green Budgeting Index is designed around the four building blocks in the OECD Green Budgeting Framework: 1) institutional arrangements; 2) methods and tools; 3) accountability and transparency; and 4) the enabling environment in budgeting (OECD, 2020^[3]). Each building block is weighted equally (25%).

Data used for the construction of the 2022 OECD Green Budgeting Index are derived from the 2022 OECD-IDB Survey on Green Budgeting. Survey respondents were predominantly budget officials within central budget authorities in 12 Latin America and Caribbean countries. The 2022 OECD Green budgeting Index applies for the 5 countries that implement green budgeting (Chile, Colombia, Dominican Republic, Honduras and Mexico). The variables and weights comprised in the index were selected based on their relevance to the concept by a group of experts within the OECD and in consultation with country delegates to the OECD Paris Collaborative on Green Budgeting. While the 2022 OECD Green Budgeting Index allows for cross-country comparison, it is not context specific, nor can it fully capture the complex realities of the quality, use and impact of green budgeting approaches. This comparison should hence not be seen as a measurement of quality or a ranking. It shows that countries have adopted multi-initiative approaches to green budgeting by using each of the four building blocks (OECD, forthcoming^[4]).

Variables and weights

The components used in the construction of this index, and the weights given to each, are indicated in the figure below.

Figure B.1. 2022 OECD Green Budgeting Index: Variables and weights used



Statistical analyses

Sensitivity analysis was carried out to establish the robustness of the indicators to different weighting options through Monte Carlo simulations. The results of the sensitivity analysis at building block level for the 2022 OECD Green Budgeting Index show that, for most of the countries analysed, total scores are not very sensitive to the choice of values given to the categories. Cronbach’s alpha coefficient is equal to 0.75, indicating that the building blocks are measuring the same underlying construct (OECD, forthcoming^[4]).

2022 OECD Gender Budgeting Index

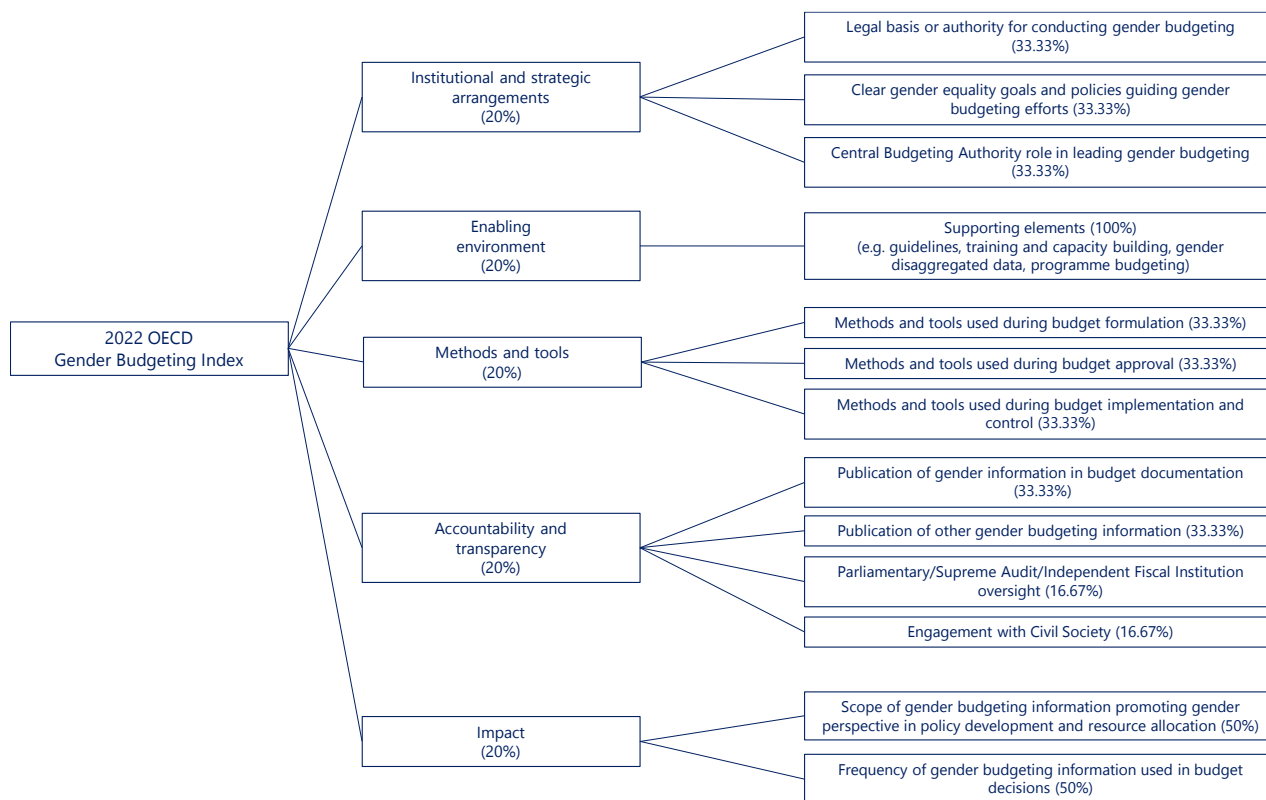
Gender budgeting refers to the integration of a clear gender perspective within the overall context of the budgetary process. It involves the use of special processes and analytical tools with a view to promoting policies and investments that help achieve gender equality goals. To strengthen the implementation of gender budgeting, the OECD has recently updated its Framework on Gender Budgeting, now capturing five building blocks: 1) institutional and strategic arrangements; 2) enabling environment; 3) methods and tools; 4) accountability and transparency; and 5) impact (Gatt Rapa and Nicol, forthcoming^[5]). The 2022 OECD Gender Budgeting Index is designed around these five building blocks. Each building block is weighted equally (20%).

Data used for the construction of the 2022 OECD Gender Budgeting Index are derived from the 2022 OECD-IDB Survey on Gender Budgeting. Survey respondents were predominantly senior budget officials within central budget authorities in 13 Latin America and Caribbean countries. The 2022 OECD Gender budgeting Index applies for the 9 countries that implement gender budgeting (Argentina, Brazil, Chile, Colombia, Guatemala, Honduras, El Salvador, Mexico and Paraguay). The variables and weights comprised in the index were selected based on their relevance to the building block by a group of experts within the OECD and in consultation with country delegates to the Senior Budget Officials (SBO) Network on Gender Budgeting. While the 2022 OECD Gender Budgeting Index allows for cross-country comparison, it is not context specific, nor can it fully capture the complex realities of the quality, use and impact of gender budgeting approaches. This comparison should hence not be seen as a measurement of quality or a ranking. It shows that countries have adopted multi-initiative approaches to gender budgeting by using each of the five building blocks (OECD, 2023^[6]).

Variables and weights

The components used in the construction of this index, and the weights given to each, are indicated in the figure below.

Figure B.2. 2022 OECD Gender Budgeting Index: Variables and weights used



Statistical analyses

Sensitivity analysis was carried out to establish the robustness of the indicators to different weighting options through Monte Carlo simulations. The results from the sensitivity analysis at the building block level for the 2022 OECD Gender Budgeting Index show that, for the majority of countries analysed, total scores are not very sensitive to the choice of values given to the categories. Cronbach's alpha coefficient is equal to 0.84, indicating that the building blocks are measuring the same underlying construct (OECD, 2023^[6]).

References

- Gatt Rapa, K. and S. Nicol (forthcoming), *OECD Framework for Gender Budgeting*, OECD Publishing, Paris. [5]
- Nardo, M. et al. (2005), *Tools for Composite Indicators Building*, European Commission, <https://publications.jrc.ec.europa.eu/repository/handle/JRC31473>. [1]
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- OECD/European Union/EC-JRC (2008), *Handbook on Constructing Composite Indicators: Methodology and User Guide*, OECD Publishing, Paris, <https://doi.org/10.1787/9789264043466-en>. [2]

Annex C. OURdata Index

Launched in 2015, the Open, Useful and Re-usable data (OURdata) Index benchmarks governments' efforts to design and implement national open government data policies. With subsequent editions released in 2017, 2019 and 2023, the Index has remained a valuable resource for policymakers and serves as a key public governance indicator, assessing the progress governments have made in ensuring open data to support policy reform.

The OECD definition of open data is "non-discriminatory data access and sharing arrangements where data is machine-readable and can be accessed and shared free of charge and used by anyone for any purpose, subject at most to requirements that preserve integrity, provenance, attribution and openness" (OECD, 2021^[1]). The OURdata Index assesses policies for open government data, i.e. government data made available as open data. Government data refers to any data produced and held by public bodies at the central/federal level of government, and in some cases, depending on national context, data aggregated by and collected from local and regional levels, for example mobility data. The OURdata index does not measure the impact of open government data, but rather focuses on assessing governments' efforts to create the conditions necessary for making open data available and enable and encourage its reuse.

The composite OURdata Index consists of three pillars and nine sub-pillars. The three main pillars of the OURdata Index are:

- **Pillar 1:** Data availability: Measures the extent to which governments have adopted and implemented formal requirements to publish open government data. It also assesses stakeholder engagement for identifying data demand and the availability of high-value datasets as open data. For example, this pillar assesses if a country has an open data strategy.
- **Pillar 2:** Data accessibility: Measures the availability of requirements to provide open data in reusable formats, and the extent to which high-value government datasets are provided in open, timely and reusable formats, with good metadata quality, and through Application Programming Interfaces (APIs). It also assesses stakeholder engagement on the central open data portal and to improve data quality. For example, the pillar measures the percentage of high-value open datasets that are accessible through a central open data portal.
- **Pillar 3:** Government support to data reuse: Measures the extent to which governments play a proactive role in promoting the re-use of open government data inside and outside government. For example, it looks at events and partnerships with civil society and business actors to raise awareness about open government data and encourage re-use.

Variable and weights

The OURdata composite score, which represents the overall open government data performance, is the unweighted average of the scores of all three pillars, which ranges from 0 to 1. Each pillar score is calculated as an unweighted average of all corresponding sub-pillars. The score for each sub-pillar is calculated by averaging the corresponding parameter and variable scores. The relative weight of each variable and parameter is determined by the number of variables and parameters within a sub-pillar. A complete account of all sub-pillars, variables and their respective weights can be found in (OECD, 2023^[2]).

Table C.1. OURdata Index

3 pillars	1. Data availability	2. Data Accessibility	3. Government support to data-reuse
9 sub-pillars	1.1 Content of the open by default policy	2.1 Content of the free and open access to data policy	3.1 Data promotion initiatives and partnerships
	1.2 Stakeholder engagement for data release	2.2 Stakeholder engagement for data quality and completeness	3.2 Data literacy programmes in government
	1.3. Implementation (availability of high-value datasets)	2.3 Implementation (accessibility of high value datasets)	3.3 Monitoring impact

Statistical validation

Several statistical tests have been executed to test the robustness and validity of the updated OURdata Index methodology (2023). Similar to previous Index methodology versions, these tests aim to demonstrate how reliable the OURdata Index is in measuring one underlying, unobservable concept (open government data maturity), as well as the validity of the choice of individual parameters and variables. Details on the statistical validation can be found in (OECD, 2023^[2]).

References

OECD (2023), "2023 OECD Open, Useful and Re-usable data (OURdata) Index: Results and key findings", *OECD Public Governance Policy Papers*, No. 43, OECD Publishing, Paris, <https://doi.org/10.1787/a37f51c3-en>. [2]

OECD (2021), "Recommendation of the Council on Enhancing Access to and Sharing of Data", *OECD Legal Instruments*, OECD/LEGAL/0463, OECD, Paris, <https://legalinstruments.oecd.org/en/instruments/OECD-LEGAL-0463>. [1]

Annex D. Classification and definition of occupations

The following classification resulted from the 2022 OECD/IDB Survey on Public Service Leadership and Capability in Central/Federal Governments which also used the same definitions as in the 2022 OECD/BID Survey on Composition of the Workforce in Central/Federal governments. Such classification defines the four main hierarchical levels of occupations. These definitions are broadly based on the International Standard Classification of Occupations (ISCO) maintained by the International Labour Organisation, and full definitions are available via the following link: www.ilo.org/public/english/bureau/stat/isco/isco08/index.htm. The classification and the definition of the occupations are an adaptation of the International Standard Classification of Occupations (ISCO-08) developed by the International Labour Organization (ILO). The reason for the adaptation is that not all countries follow the ISCO model to classify their occupations in government, as the occupations included at the national level may differ due to specific legal and administrative frameworks.

Table D.1. Classification and definition of occupations

Senior Managers
<p>D1 Managers (part of ISCO-08 1112) are top public servants just below the minister or Secretary of State/ junior minister. They can be a member of the senior civil service and/or appointed by the government or head of government. They advise government on policy matters, oversee the interpretation and implementation of government policies and, in some countries, have executive powers. D1 managers may be entitled to attend some cabinet/council of ministers' meetings, but they are not part of the Cabinet/council of ministers. They provide overall direction and management to the ministry/secretary of state or a particular administrative area. In countries with a system of autonomous agencies, decentralized powers, flatter organisations, and empowered managers, D1 managers will correspond to Director Generals.</p>
<p>D2 Managers (part of ISCO-08 11 and 112) are just below D1 managers. They formulate and review the policies and plan, direct, co-ordinate and evaluate the overall activities of the ministry or special directorate/unit with the support of other managers. They may be part of the senior civil service. They provide guidance in the co-ordination and management of the programme of work and leadership to professional teams in different policy areas. They determine the objectives, strategies, and programmes for the particular administrative unit / department under their supervision.</p>
Middle managers (have managerial responsibilities for at least 3 staff)
<p>D3 Managers (part of ISCO-08 12) are just below D2 managers. They plan, direct and co-ordinate the general functioning of a specific directorate/administrative unit within the ministry with the support of other managers usually within the guidelines established by a board of directors or a governing body. They provide leadership and management to teams of professionals within their particular area. These officials develop and manage the work programme and staff of units, divisions, or policy areas. They establish and manage budgets, control expenditures and ensure the efficient use of resources. They monitor and evaluate performance of the different professional teams.</p>
<p>D4 Managers (part of ISCO-08 121) are just below D3. They formulate and administer policy advice, and strategic and financial planning. They establish and direct operational and administrative procedures and provide advice to senior managers. They control selection, training, and performance of staff; prepare budgets and oversee financial operations, control expenditures, and ensure the efficient use of resources. They provide leadership to specific professional teams within a unit.</p>
Professionals
<p>Senior Economists/Policy Analysts (part of ISCO-08 242 and 2422) do not have managerial responsibilities (beyond managing 3 staff maximum) and are above the ranks of junior analysts and administrative/secretarial staff. They are usually required to have a university degree. They have some leadership responsibilities over a field of work or various projects, develop and analyse policies guiding the design, implementation and modification of government operations and programmes. These professionals review existing policies and legislation in order to identify anomalies and out-of-day provisions. They analyse and formulate policy options, prepare briefing papers and recommendations for policy changes. Moreover, they assess the impact, financial implications, and political and administrative feasibility of public policies. Staffs in this group have the possibility of becoming a manager through career progression. Their areas of expertise may vary from law, economics, politics, public administration, international relations, to engineering, environment, pedagogy, health economics etc. Senior policy analysts/economists have at least 5 years of professional experience.</p>
<p>Junior economists/policy analysts (part of ISCO-08 242 and 2422) are above the ranks of administrative/ secretarial staff. They are usually required to have a university degree. They have no leadership responsibilities. They develop and analyse policies guiding the design, implementation and modification of government operations and programmes. These professionals review existing policies and legislation in order to identify anomalies and out-of-day provisions. They analyse and formulate policy options, prepare briefing papers and recommendations for policy changes. Moreover, they assess the impact, financial implications, and political and administrative feasibility of public policies. Their areas of expertise may vary from law, economics, politics, public administration, international relations, to engineering, environment, pedagogy, health economics etc. Junior policy analysts/economists have less than 5 years of professional experience.</p>
Secretarial positions
<p>Secretaries (general office clerks) (part of ISCO-08 411 and 4110) are generally not required to have a university degree although many do. They perform a wide range of clerical and administrative tasks in connection with money-handling operations, travel arrangements, requests for information, and appointments. record, prepare, sort, classify and fill information; sort, open and send mail; prepare reports and correspondence; record issue of equipment to staff; respond to telephone or electronic enquiries or forwarding to appropriate person; check figures, prepare invoices and record details of financial transactions made; transcribe information onto computers, and proofread and correct copy. Some assist in the preparation of budgets, monitoring of expenditures, drafting of contracts, and purchasing or acquisition orders. The most senior that supervise the work of clerical support workers are excluded from this category.</p>

Annex E. Methodology for composite indexes on Strategic Human Resource Management

Data used for the composite indexes for Human Resources Management (HRM) are derived from the 2022 OECD-IDB Survey on Public Service Leadership and Capability and the 2022 OECD-IDB Survey on the Composition of the Workforce in Central/Federal Governments. Survey respondents were predominantly senior officials in central government HRM departments, and data refer only to HRM practices at the central government level.

Each composite index is based on a theoretical framework representing an agreed upon concept in the area it covers. The theoretical framework for these indicators refers to specific principles of the OECD Recommendation on Public Service Leadership and Capability (PSLC), which represents an international consensus on standards for a fit-for-purpose public service. Each index is constructed in close collaboration with experts and reviewed and validated by the delegates of the Working Party on Public Employment and Management.

Three composite indices have been developed to measure contemporary public sector HRM developments and dilemmas on how best to manage human resources in the public sector in the twenty first century, such as the extent of proactive recruitment practices, the management of the senior level public service, and the development of a diverse workforce. The variables comprising the indexes were selected based on their relevance to the concept.

When making cross-country comparisons, it is important to consider that definitions of the public service, as well as the organisations governed at the central level of government, may differ across countries.

Various statistical analyses were conducted to ensure validity and reliability of the composite indicators. Survey questions used to create the indexes are the same across countries, ensuring that the indexes are comparable. Missing values were at times an issue for the Public Employment and Management database. Different techniques were used to handle missing values based on the nature of the missing information, including mean replacement, expert judgment and/or elimination of the country from the calculation of each composite indicator. In order to eliminate scale effects, all the sub-indicators and variables were normalised between “0” and “1” prior to the final computation of the index. After testing several weighting options (including equal weighting and factor weights), and based on expert judgement, the index on the Use of Proactive Recruitment Practices was built on equal weights of the components; the index on Managing the Senior Civil Service was built on equal weights of the variables composing each sub-indicator and then equal weights of the sub-indicators composing the overall index. To build the composites, all sub-indicators were aggregated using a linear method according to the accepted methodology. Some statistical tools (i.e. Cronbach’s Alpha) were also employed to establish the degree of correlation among a set of variables comprising each index and to check the internal reliability of items in a model or survey. This implies that the variables included in an index each has intrinsic value and they capture the same underlying concept. Finally, sensitivity analysis using Monte Carlo simulations was carried out to establish the robustness of the indicators to different weighting options.

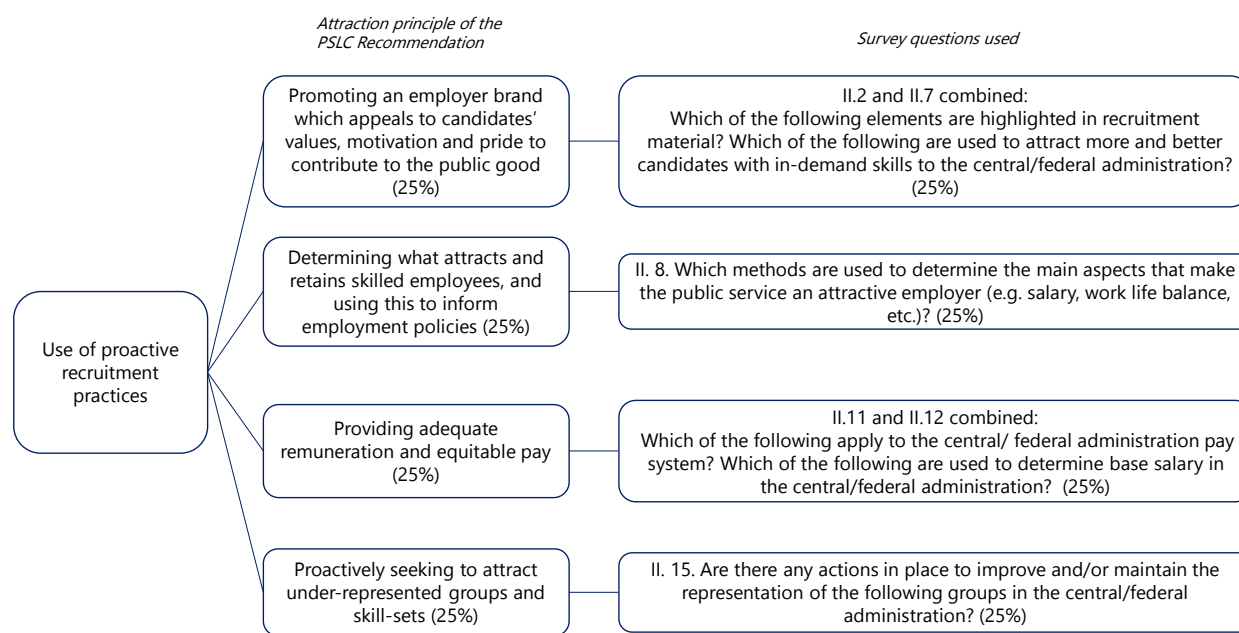
Pilot composite indicator E.1: The Use of Proactive Recruitment Practices

Governments need to attract and recruit for an increasingly diverse range of skills to keep pace with today’s policy and service delivery challenges. This is why the PSLC Recommendation calls on governments to attract employees with the skills and competencies required from the labour market, in particular by (a) promoting an employer brand which appeals to candidates’ values, motivation and pride to contribute to the public good; (b) determining what attracts and retains skilled employees, and using this to inform employment policies; (c) providing adequate remuneration and equitable pay; and (d) proactively seeking to attract under-represented groups and skill-sets. This composite indicator is organised around these four elements, each weighted equally (25%).

Variables and Weights

The following items have been used in the construction of this index and the weights are indicated in the figure below. Roman numbers refer to the module of the 2020 edition of the Public Service Leadership and Capability survey (I. = Leadership; II. = Attraction and Retention; III. = Recruitment).

Figure E.1. Variables and weights used in the use of proactive recruitment practices index



Pilot composite indicator E.2: Managing the Senior Level Public Service

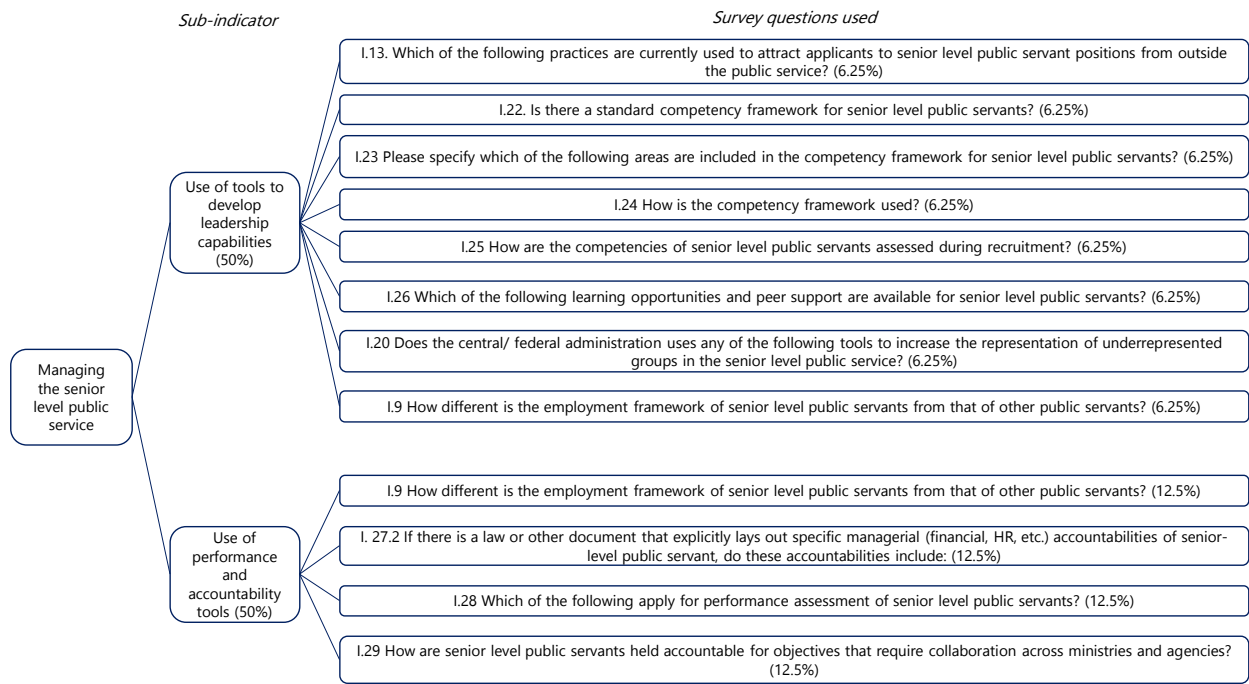
Public service leaders – senior level public servants who lead and improve major government functions – are at the heart of government effectiveness. This is why the PSLC Recommendation call on governments to build values-driven culture and leadership in the public service, in part through building leadership capability. To do this, OECD countries establish Senior Civil Service Systems to develop capable public service leaders and hold them accountable for results. This indicator is based on the Senior Civil Service systems framework developed in the recent working paper “*Leadership for a high performing civil service: Towards senior civil service systems in OECD countries*”. The indicator is divided in two sub-indicators, each weighting 1/2 of the final indicator. These sub-indicators measure:

1. The use of tools to develop leadership capabilities within the senior civil service
2. The use of tools to promote accountability for performance and results

Variables and Weights

The following items have been used in the construction of this index and were given equal weights. Roman numbers refer to the module of the 2020 edition of the Public Service Leadership and Capability survey (I. = Leadership; II. = Attraction and Retention; III. = Recruitment).

Figure E.2. Variables and weights used in the Managing the Senior Level Public Service index




A detailed Annex on the components for each of the two composite indicators, including the variables, answers options, scores and weights used to construct the composite indicators, as well as the statistical analysis carried out is available online at <http://www.oecd.org/gov/govataglance.htm>.

Annex F. Additional figures accessible online


F.1. Chapter 3. Governance of the policy cycle

F.1.1	Centre of government's influence over co-ordination between ministries, 2018 and 2022
F.1.2	Oversight of and investigations into on regulatory compliance and transparency of lobbying activities, 2022

StatLink  <https://stat.link/xu9jk0>

F.2. Chapter 4. Open government

F.2.1	Functions of participation portals, 2021
F.2.2	Requirement for an access to information office or officer established in law, 2021
F.2.3	Support for access to information requests by people with specific needs, 2021

StatLink  <https://stat.link/ynl3c8>

F.3. Chapter 6. Budgeting practices

F.3.1	Scope of green budgeting, 2022
F.3.2	Legal basis and institutional setting for green budgeting, 2022

StatLink  <https://stat.link/jqt2wi>


F.4. Chapter 7. Managing public procurement

F.4.1	Change in the distribution of general government procurement spending across levels of government, 2019 to 2021
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StatLink  <https://stat.link/np5cya>


F.5. Chapter 8. Infrastructure planning and delivery

F.5.1	Coverage of costs estimates to assess the affordability of infrastructure projects, 2022
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StatLink  <https://stat.link/v61wlr>


F.6. Chapter 9. Digital government and open government data

F.6.1	Percentage of online services accessible with digital identity system(s), 2022
F.6.2	Cloud infrastructure initiatives available to all public sector institutions of the central/federal government, 2022

StatLink  <https://stat.link/42pqte>


F.7. Chapter 10. Public revenues

F.7.1	Annual growth rate of real government revenues per capita, 2019-20, 2020-21 and 2021-22
F.7.2	Annual growth rate of real government gross debt per capita, 2019-20, 2020-21 and 2021-22

StatLink  <https://stat.link/kple9b>


F.8. Chapter 11. Public spending

F.8.1	Annual growth rate of real government expenditures per capita, 2019-20, 2020-21 and 2021-22
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StatLink  <https://stat.link/a2lmfe>

F.9. Chapter 13. Managing human resources

F.9.1	Recruitment process stages that can be completed remotely, 2022
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StatLink  <https://stat.link/hlr1xj>

Government at a Glance: Latin America and the Caribbean 2024

The 2024 edition of *Government at a Glance: Latin America and the Caribbean* provides the latest available evidence on public administrations and their performance in the LAC region and compares it to OECD countries. It includes indicators on trust in public institutions and satisfaction with public services, as well as evidence on good governance practices in areas such as the policy cycle, budgeting, public procurement, infrastructure planning and delivery, regulatory governance, digital government and open government data. Finally, it provides information on what resources public institutions use and how they are managed, including public finances, public employment, and human resources management. *Government at a Glance* allows for cross-country comparisons and helps identify trends, best practices, and areas for improvement in the public sector. Governance indicators are especially useful for monitoring and benchmarking governments' progress in their public sector reforms. Each indicator in the publication is presented in a user-friendly format, consisting of graphs and/or charts illustrating variations across countries and over time, brief descriptive analyses highlighting the major findings of the data, and a methodological section on the definition of the indicator and any limitations in data comparability.



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