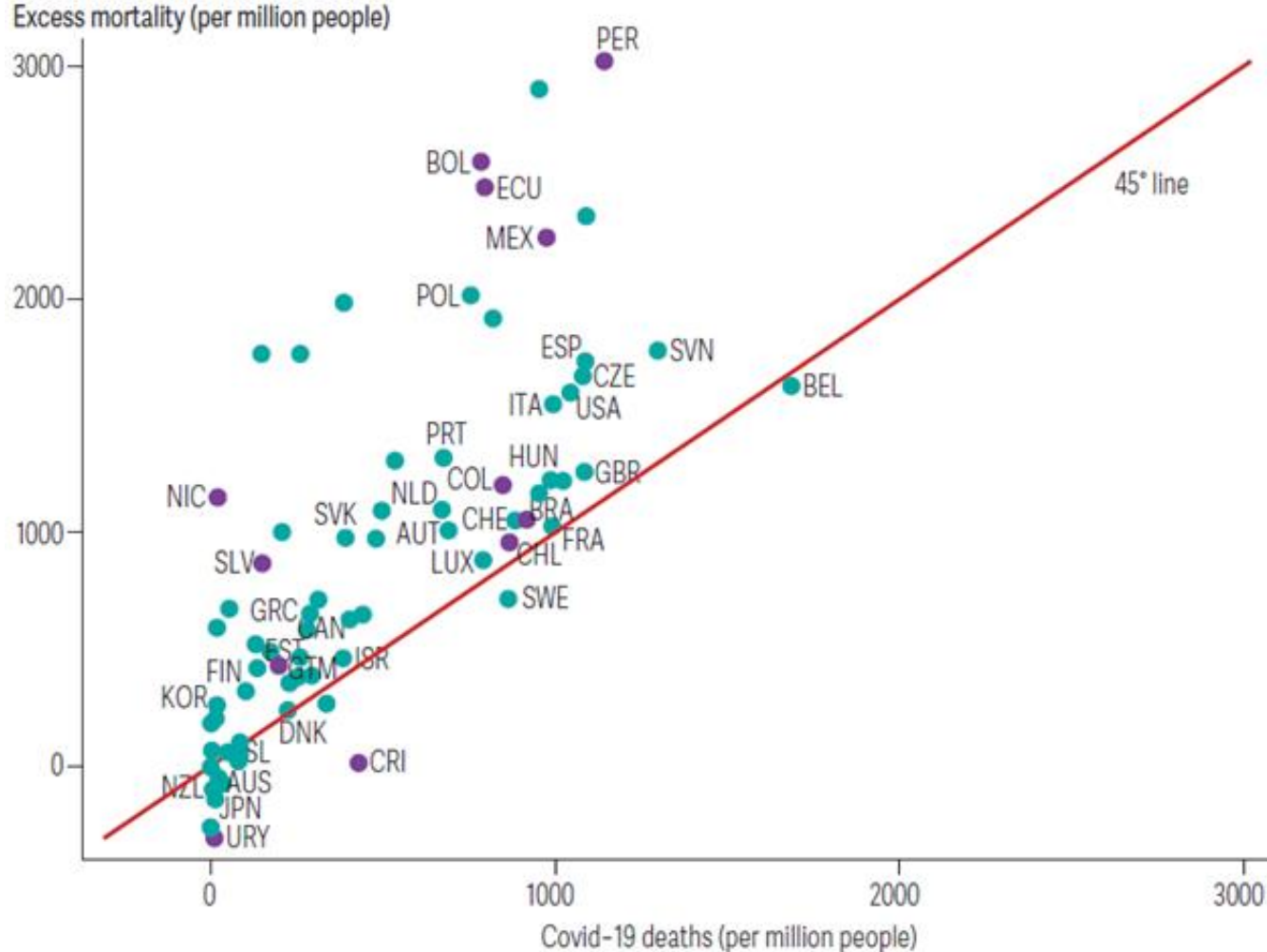


Renewing with Growth



The first year of Covid-19

Mortality was often higher than Covid-19 deaths suggest



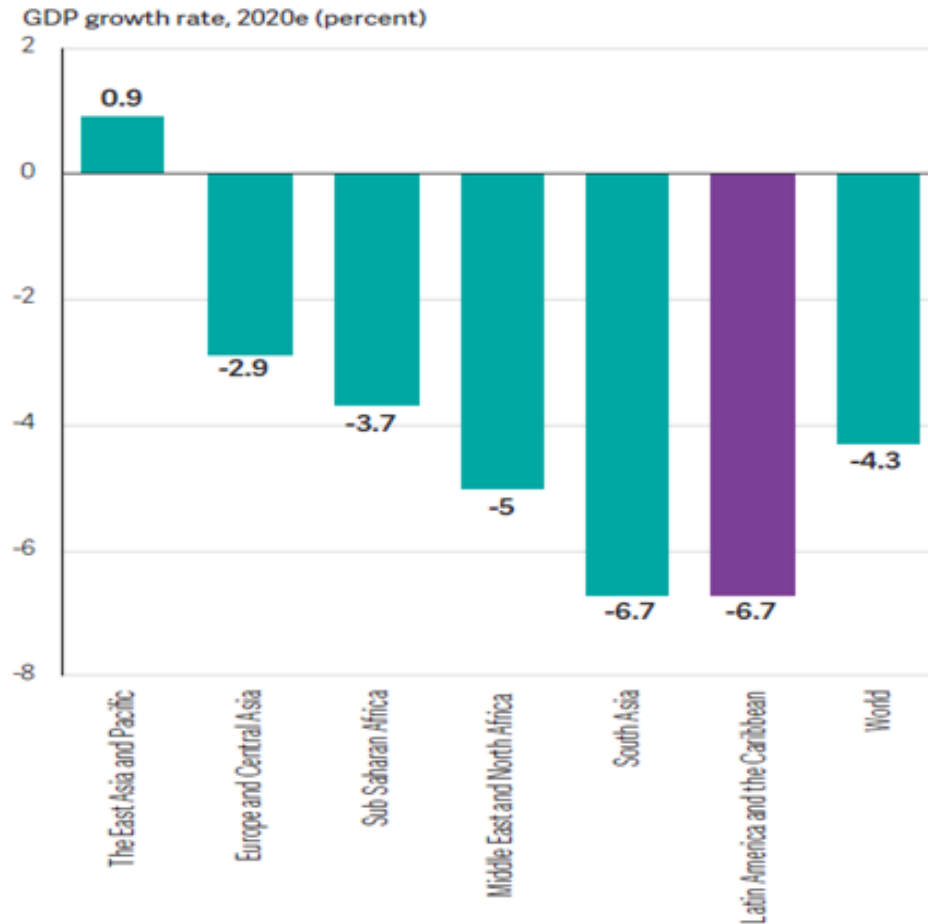
- The gap between excess mortality and official Covid-19 deaths is larger in LAC.
- Countries with apparently similar Covid-19 deaths had very different levels of excess mortality.
- The LAC region includes both some of the best and the worst performers globally.

Note: Figures are for 2020 or the longest fraction of the year for which data is available.

Source: Johns Hopkins University CSSE COVID-19 Data and national statistical agencies.

An outsized death toll

The worst economic performance in the developing world

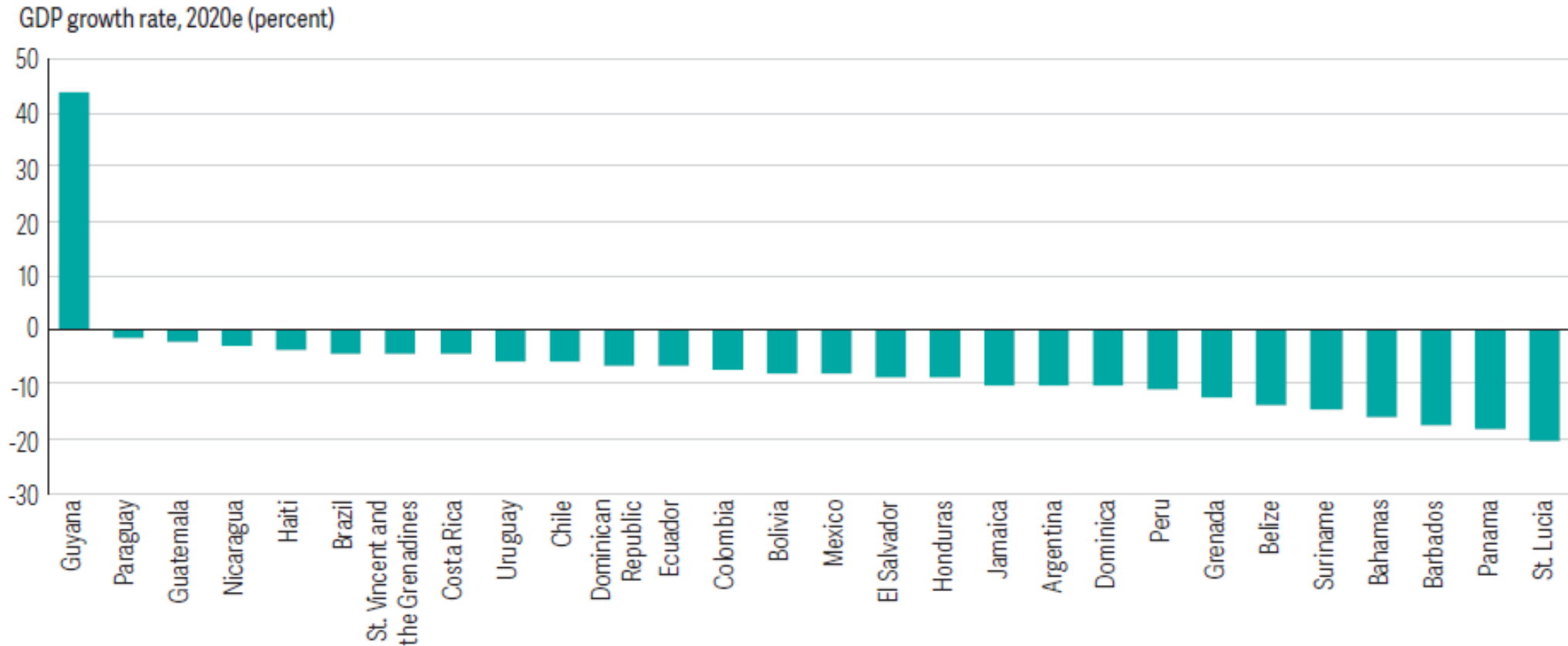


Note: Figures refer to the aggregate GDP of each geographic entity.

Source: World Bank.

Dramatic economic and social costs

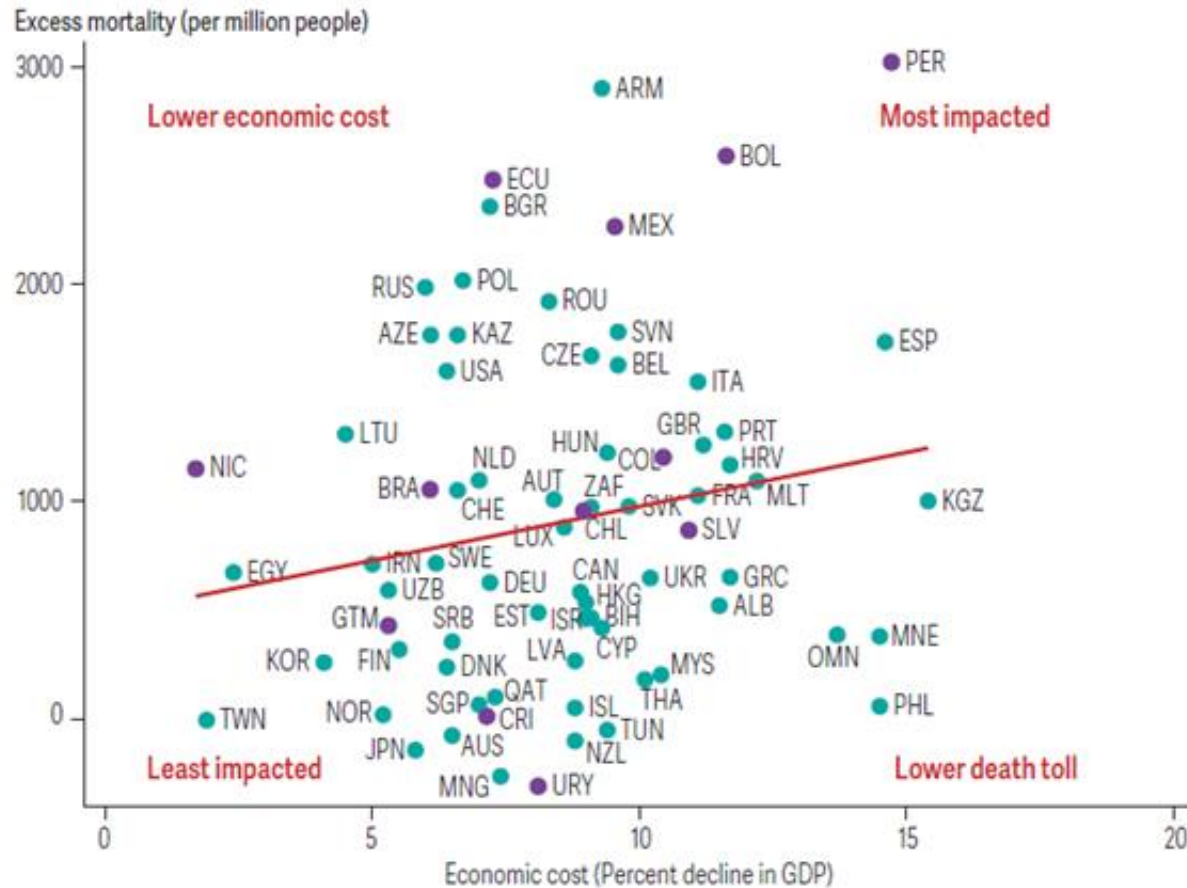
Almost uniformly negative, but worst in the Caribbean



Source: World Bank.

Dramatic economic and social costs

Death toll and economic cost across countries



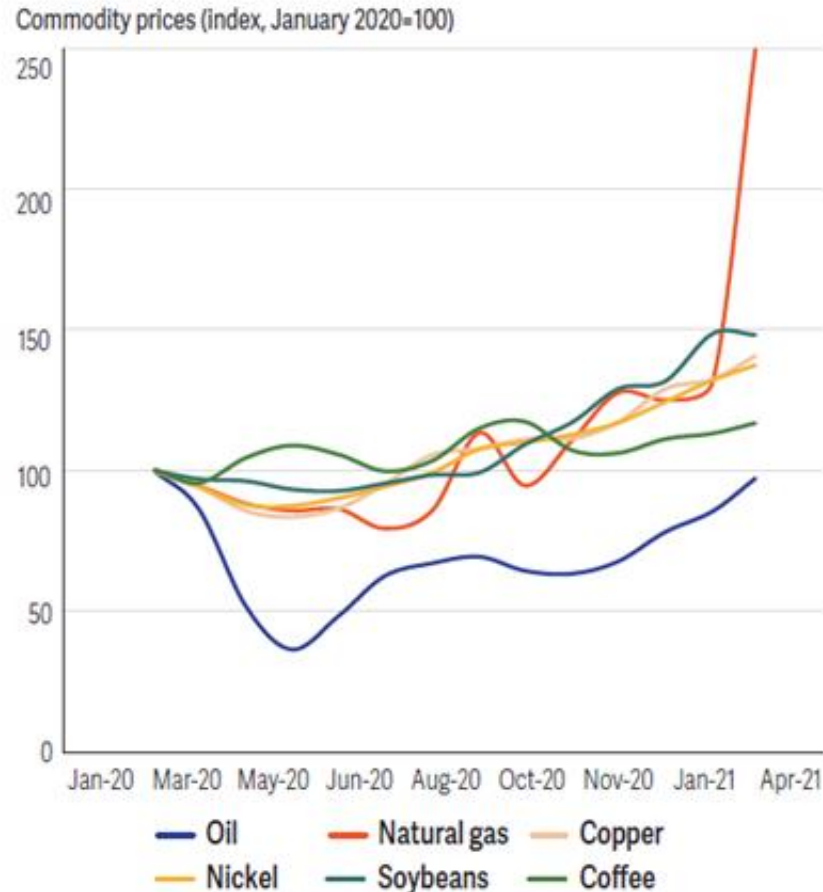
- Some East Asian and Nordic countries had the best overall performance.
- Among countries with data, some in LAC had the worst overall performance.
- Even the best performers saw their GDP growth rates fall by around 5 percentage points.

Note: The economic cost is defined as the difference between the GDP growth forecast for 2020 at the beginning of the year and the latest GDP growth estimate for 2020. Excess mortality is for 2020 or the largest share of the year for which data is available.

Source: IMF, national statistical agencies and World Bank.

Dramatic economic and social costs

Commodity prices have increased substantially



Source: Haver Analytics.

- China's growth, an important driver of commodity prices, is back to normal.
- China now accounts for a much larger share of global trade than before Covid-19.
- Trade policies did not prevent this surge and are unlikely to do so in the near future.

A more conducive external environment

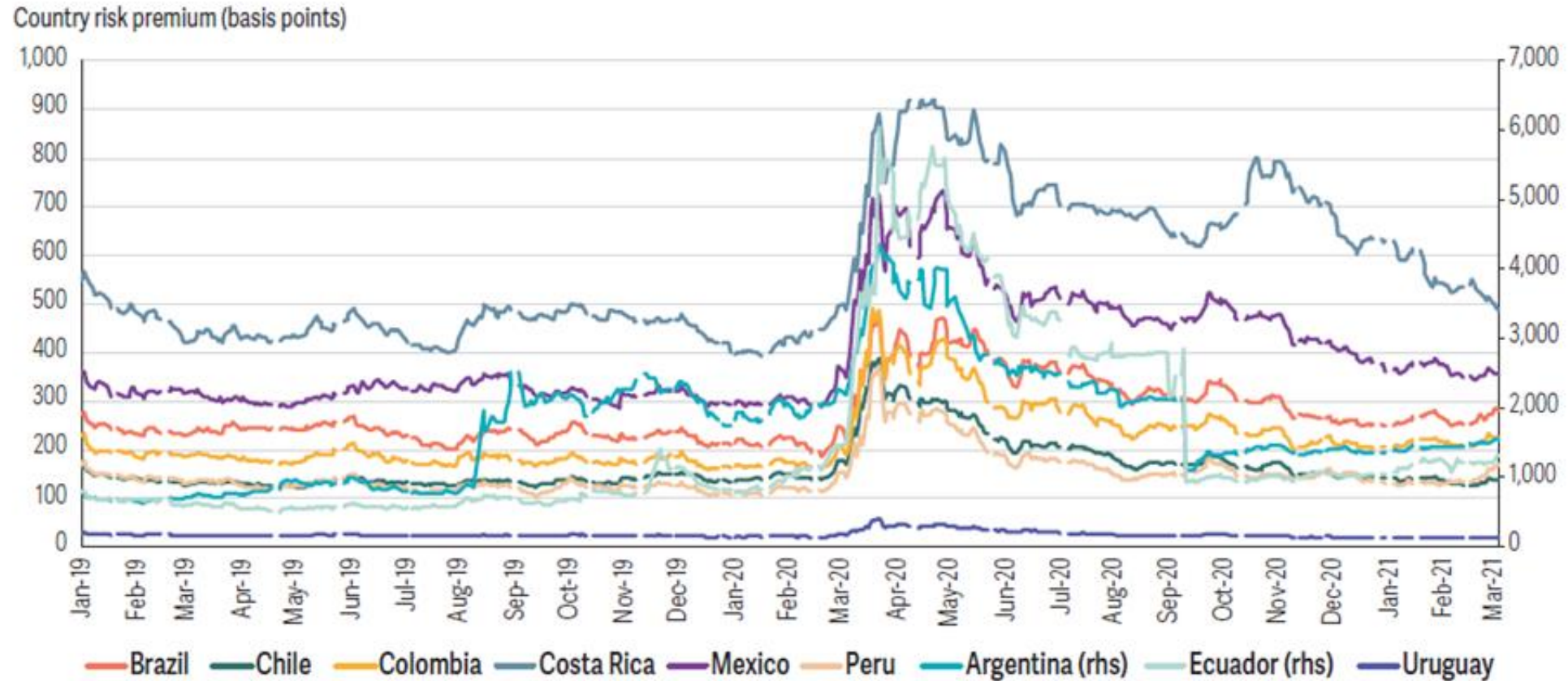
At odds with forecasts, remittances have mostly increased



Source: National central banks.

A more conducive external environment

Access to capital markets has been preserved



Source: JP Morgan.

A more conducive external environment

The near-term outlook

Containment measures have been only partially effective

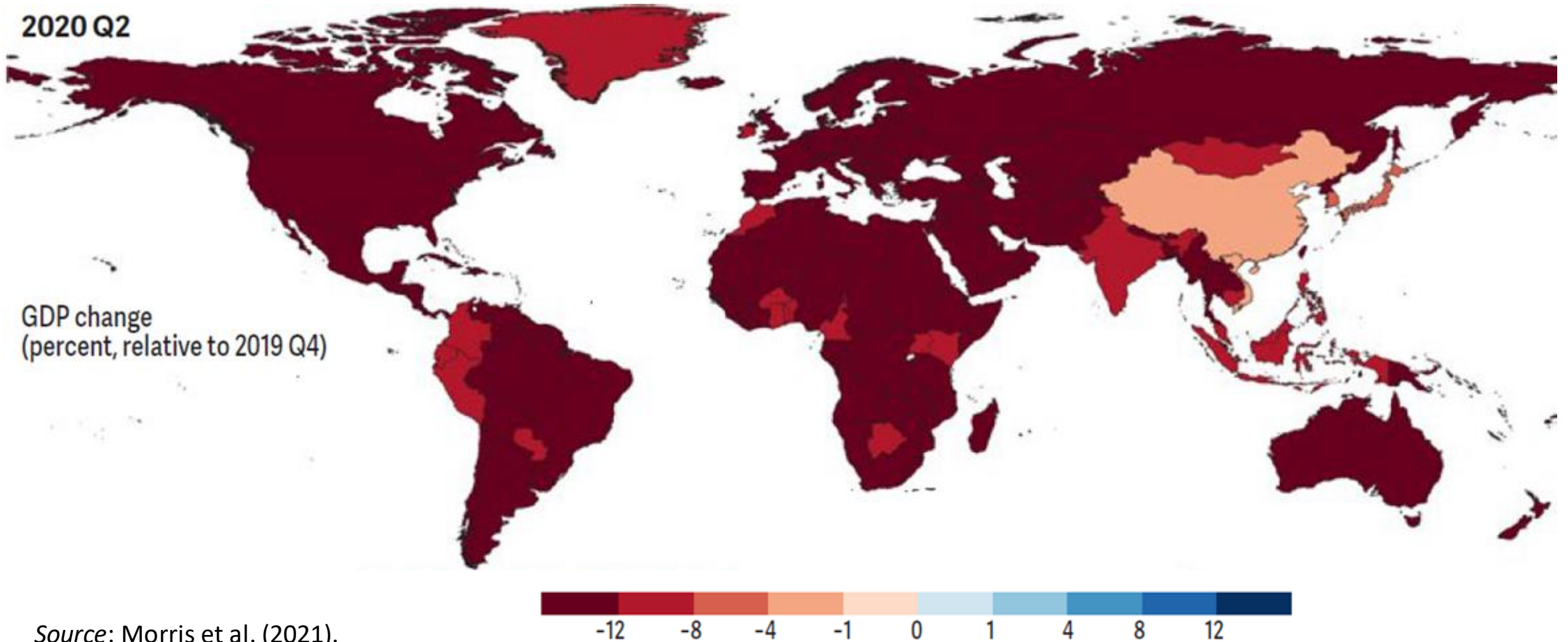
Caveat 1: Correlation is not causation. Caveat 2: The timing of containment measures matters.

	All countries		Latin America and the Caribbean	
	Excess mortality	Economic cost	Excess mortality	Economic cost
Lockdown policies				
School closing	0.30	0.22	0.24	0.07
Work place closing	0.31	0.23	0.28	0.18
Cancel public events	0.22	0.20	0.22	0.28
Restrictions on gatherings	0.33	0.21	0.44	0.32
Close public transport	0.18	0.14	0.44	-0.10
Stay at home requirements	0.34	0.30	0.42	0.19
Restrictions on internal movement	0.24	0.19	0.45	0.24
International travel controls	-0.06	0.14	-0.06	0.24
Economic policies				
Income support	-0.05	0.18	-0.09	-0.06
Debt contract relief	-0.11	0.23	-0.16	0.22
Health system policies				
Public information campaigns	-0.06	0.19	-0.01	0.25
Testing policy	-0.19	0.15	-0.27	0.24
Contact tracing	-0.14	0.09	0.06	0.13
Facial coverings	0.32	0.18	0.39	0.26
Vaccination policy	0.03	0.01	-0.10	-0.16

Note: Figures are unweighted correlation coefficients across countries.

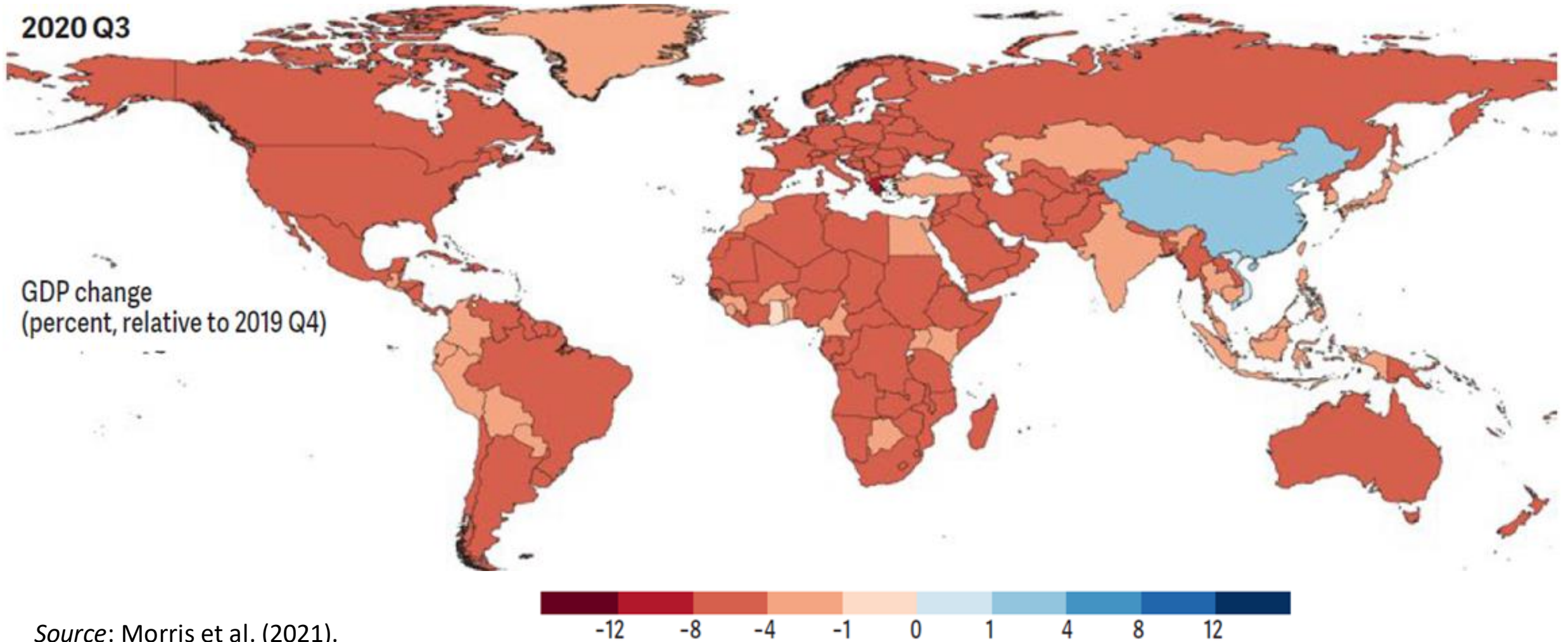
Source: National statistical agencies for excess mortality, Hale et al. (2020) for containment measures and World Bank for economic cost.

The changing geography of economic activity (Q2 2020)



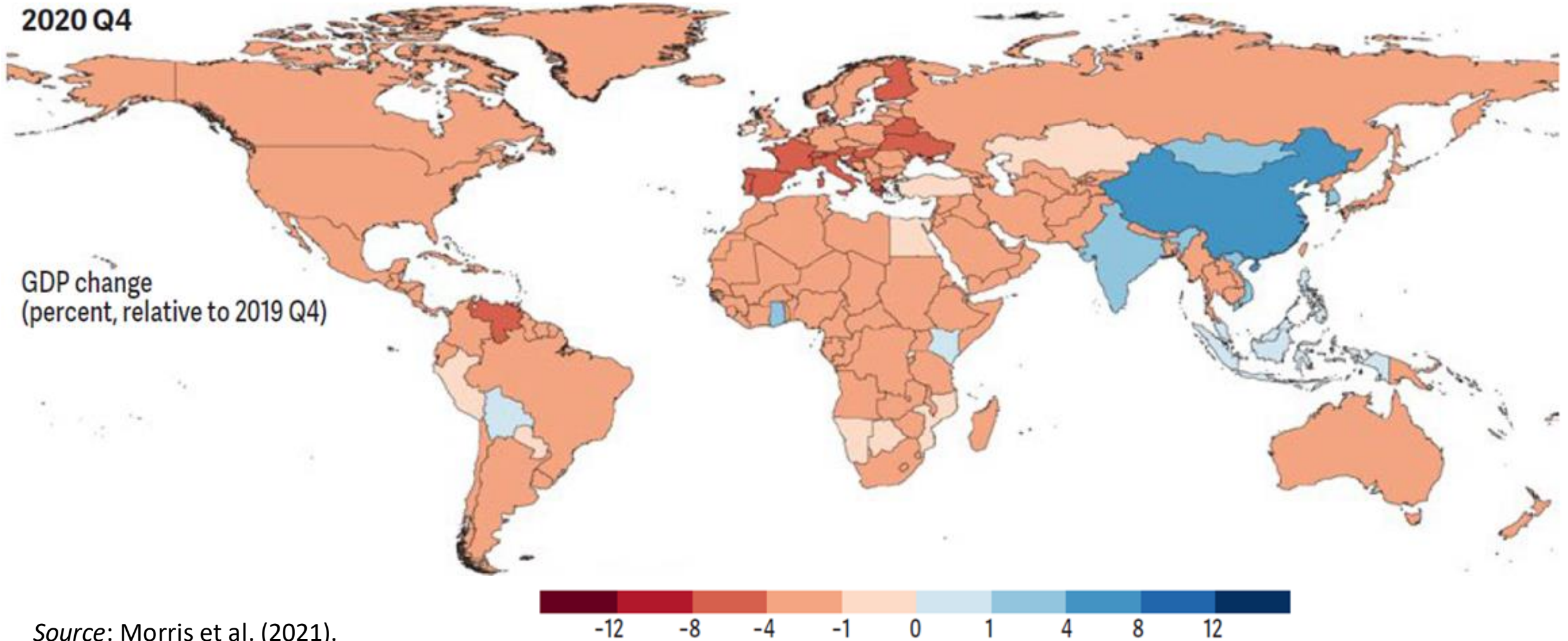
Growth prospects in the region and the world

The changing geography of economic activity (Q3 2020)



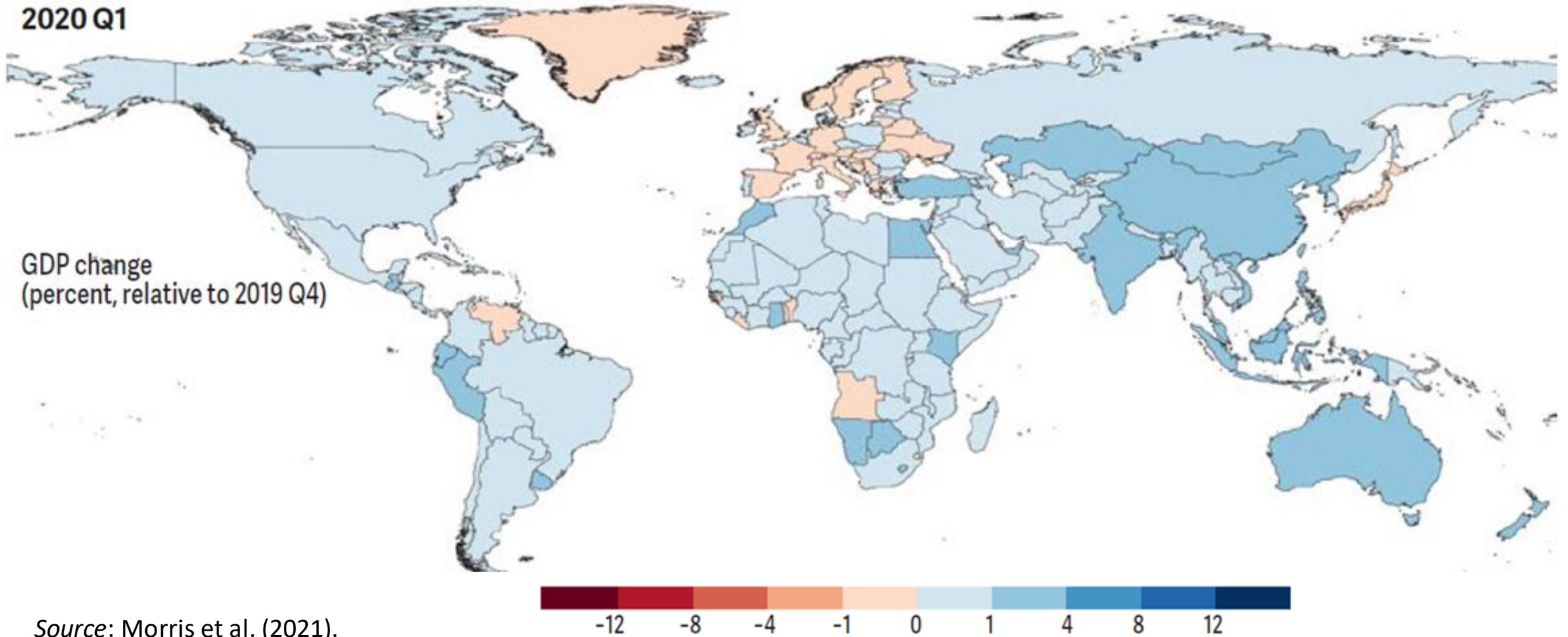
Growth prospects in the region and the world

The changing geography of economic activity (Q4 2020)



Growth prospects in the region and the world

The changing geography of economic activity (Q1 2021)

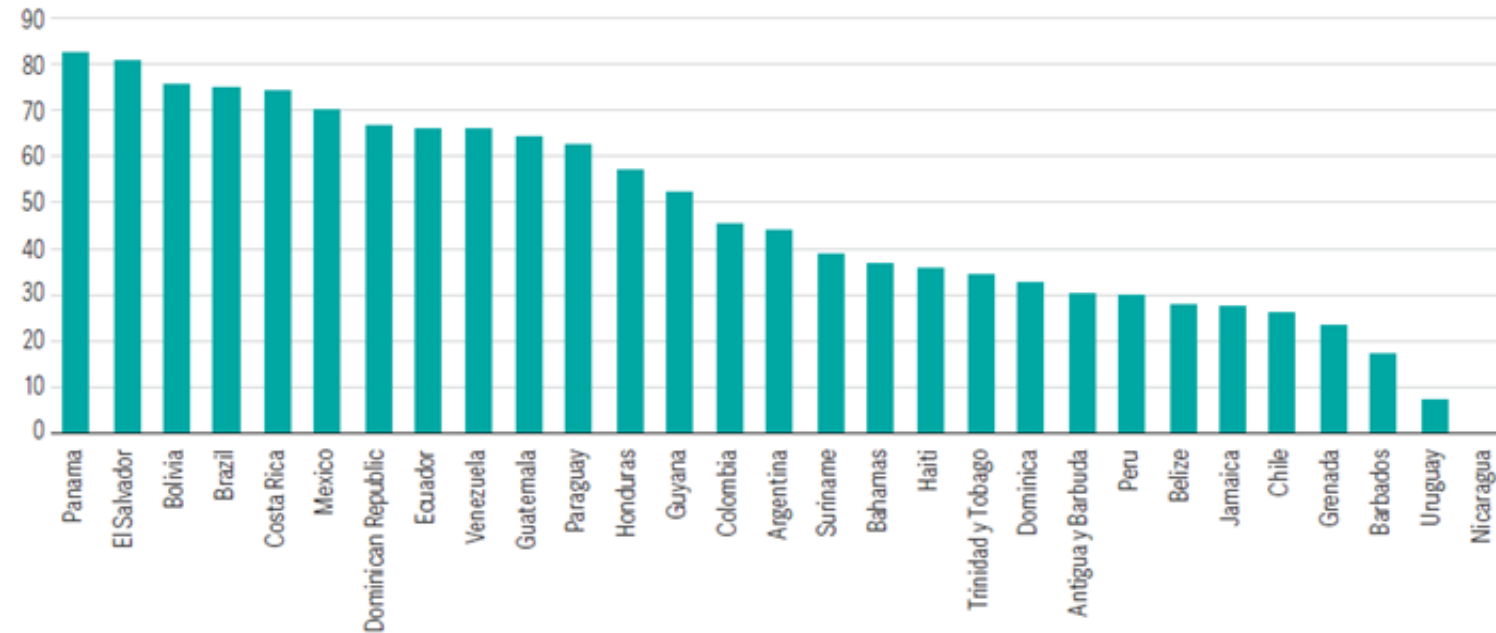


Growth prospects in the region and the world

The longer-term impacts of the Covid-19 crisis

Pervasive school closures undermine learning

Days with schools closed (percent)



Note: Data are for 353 days, beginning on February 16, 2020.

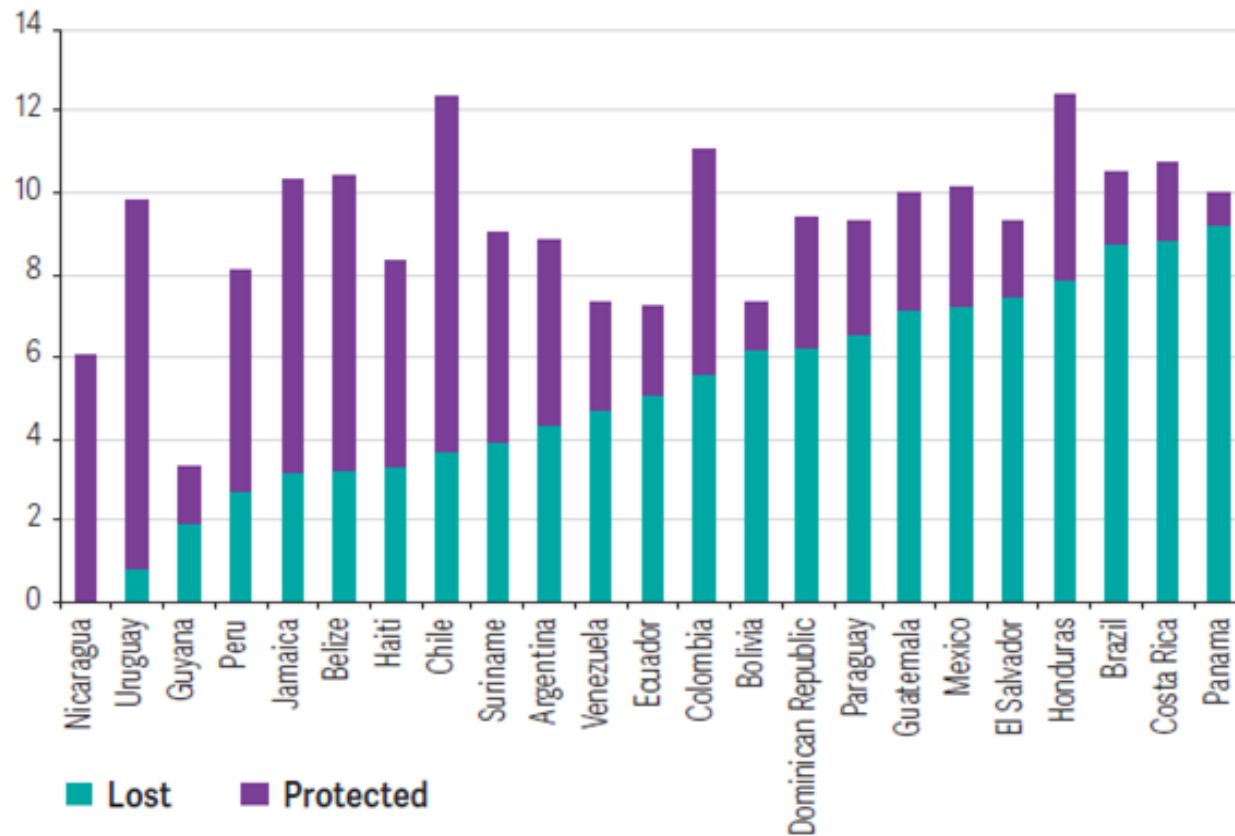
Source: UNESCO.

- Distance learning may partially offset the loss, but it is not universally available.
- The learning impact is more severe for children from poorer households.
- Many children may become detached from the education system and not return.

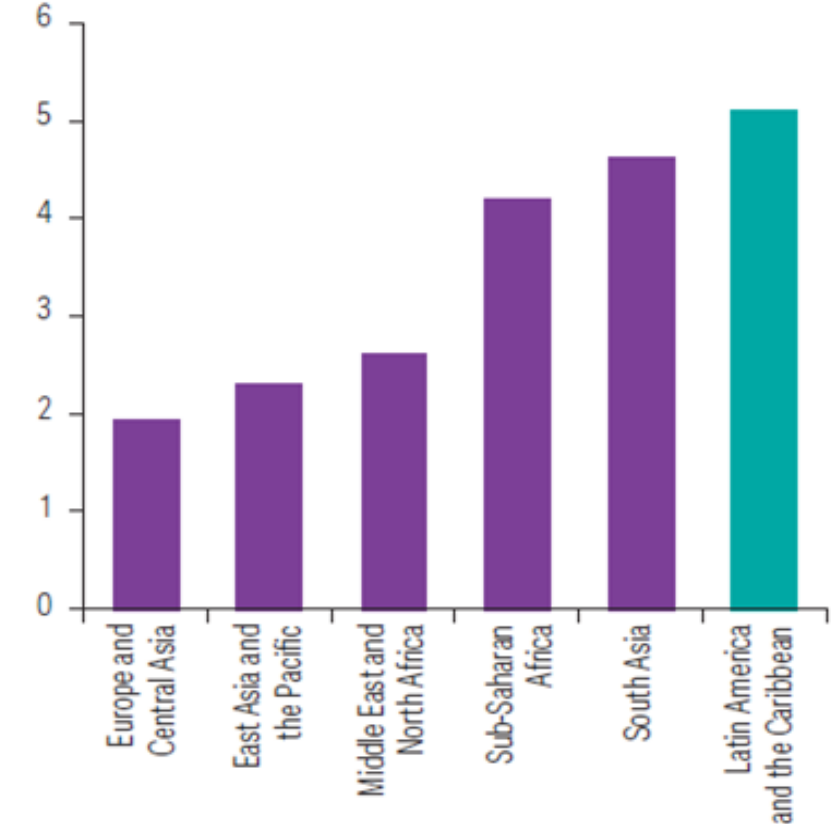
Foregone human capital

The loss in future earnings could be sizeable

Labor earnings from one year of schooling (log)



Loss in labor earnings (log)



Source: Montenegro and Patrinos (2014) for returns to schooling and UNESCO and Our World in Data for days of school lost.

Foregone human capital

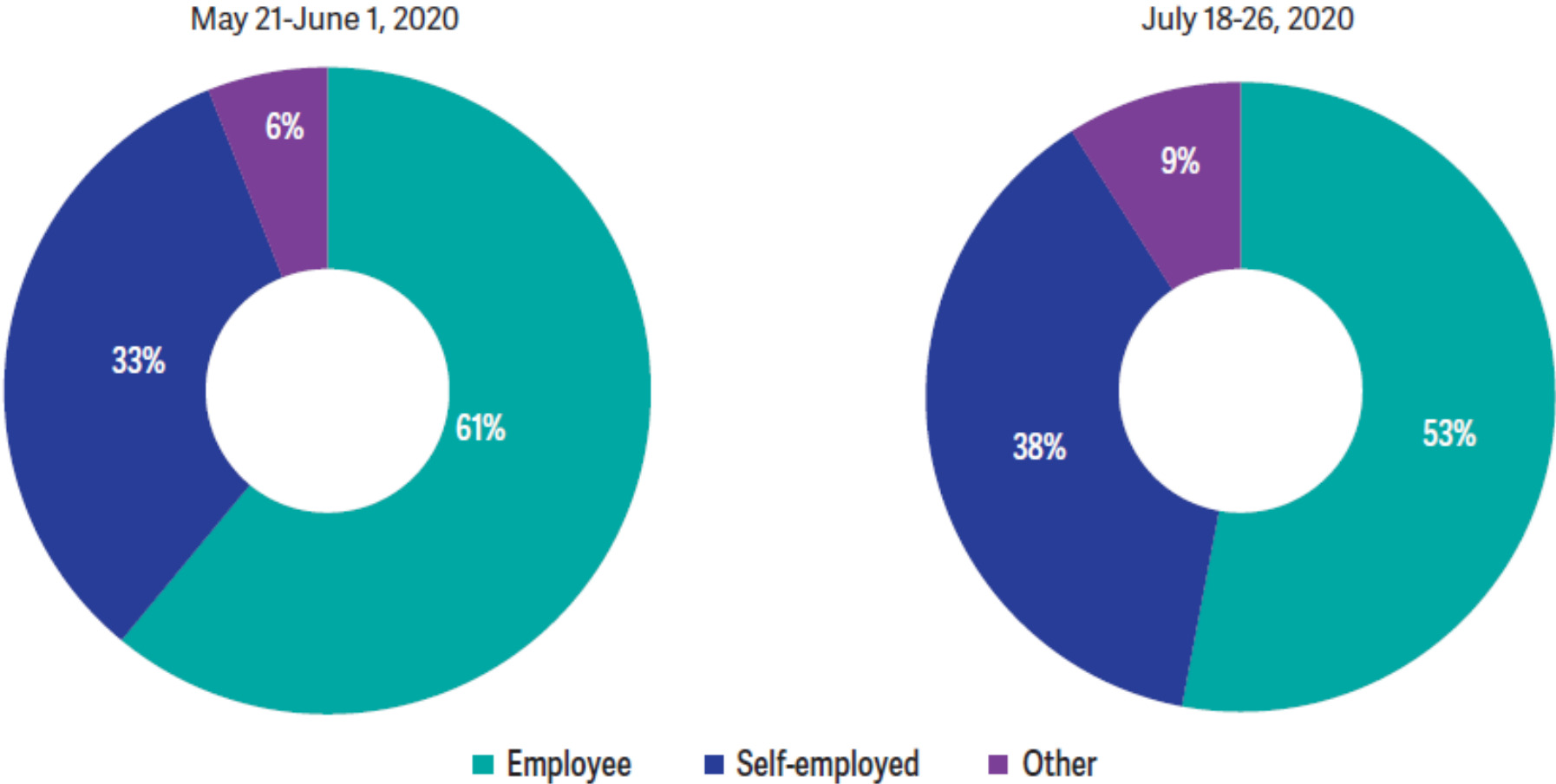
Larger employment losses among women



Note: Several agencies modified their methodology for carrying out their household surveys during the pandemic.
Source: National statistical agencies.

Depressed employment, especially among women

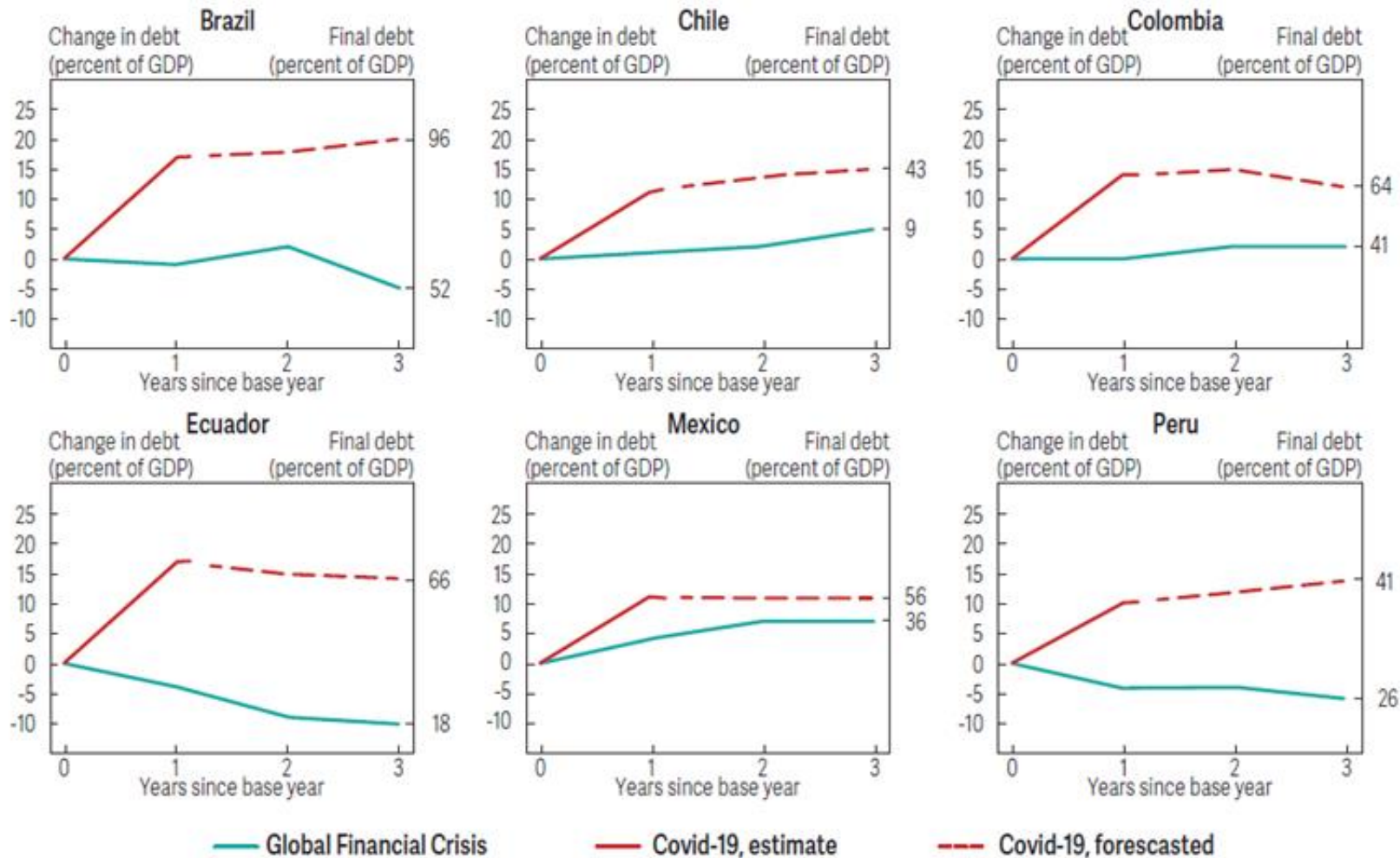
Worse jobs among the women who are still at work



Source: World Bank.

Depressed employment, especially among women

Public debt has grown substantially

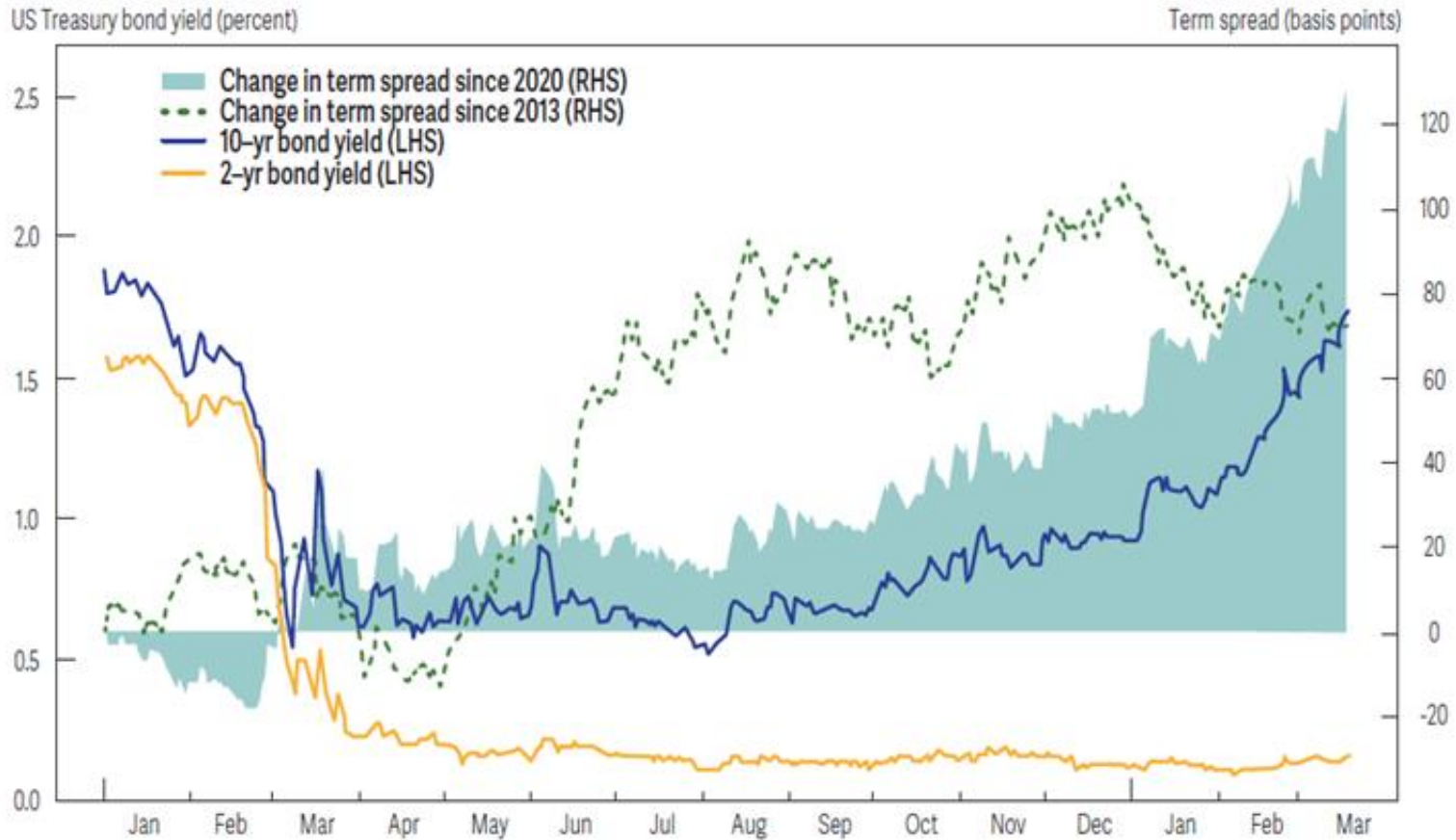


Note: The onset is 2007 for the Global Financial Crisis and 2019 for the Covid-19 crisis.

Source: World Bank.

Overindebtedness and contingent liabilities

A risk not so remote anymore: higher interest rates



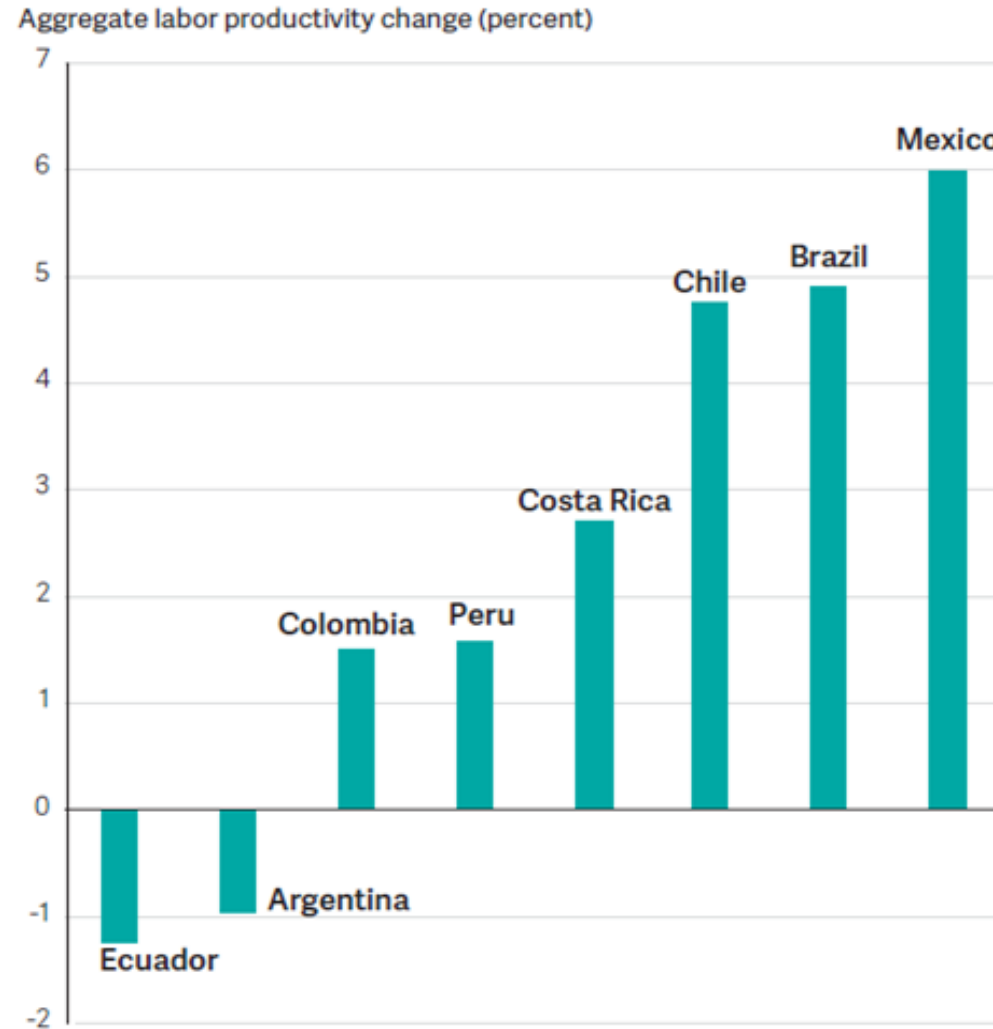
- The yield curve is becoming steeper: markets anticipate more inflation.
- By now, not too different from the curve in 2013, before the taper tantrum.
- The US stimulus package (three times the output gap) could accelerate the trend.

Note: The taper tantrum refers to the increase in US Treasury bond yields following the Federal Reserve's announcement of the future tapering of its quantitative easing program.

Source: The US Department of Treasury.

Overindebtedness and contingent liabilities

Expected productivity gain from structural change



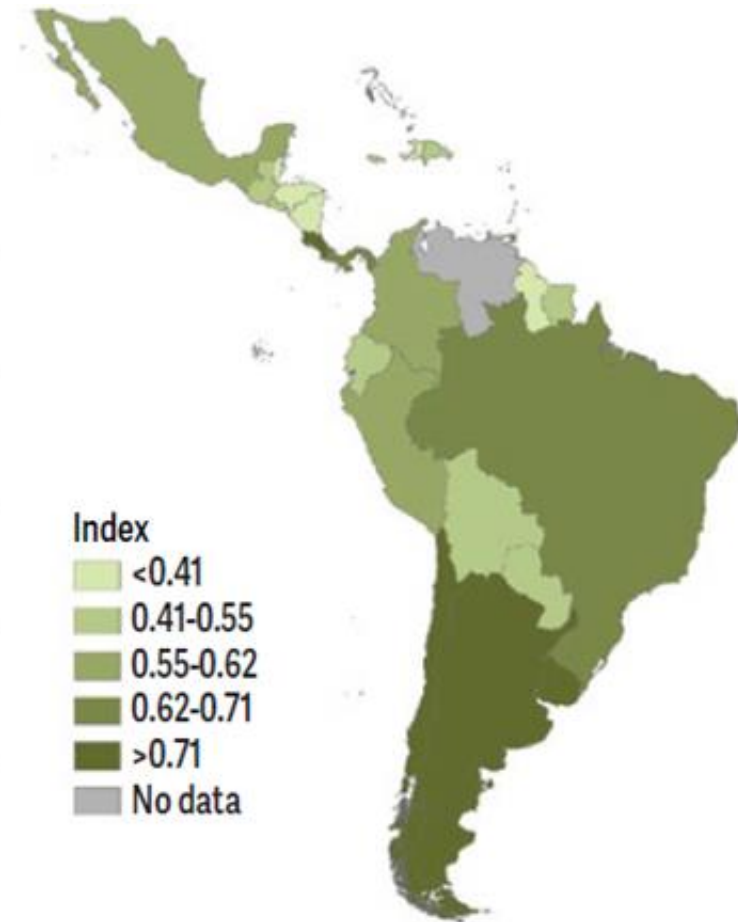
Source: National accounts for sector shares and Groningen Economic Transformation Database for sectoral labor productivity.

Structural transformation

Overall telecommunications infrastructure

Overall telecommunications infrastructure

Index



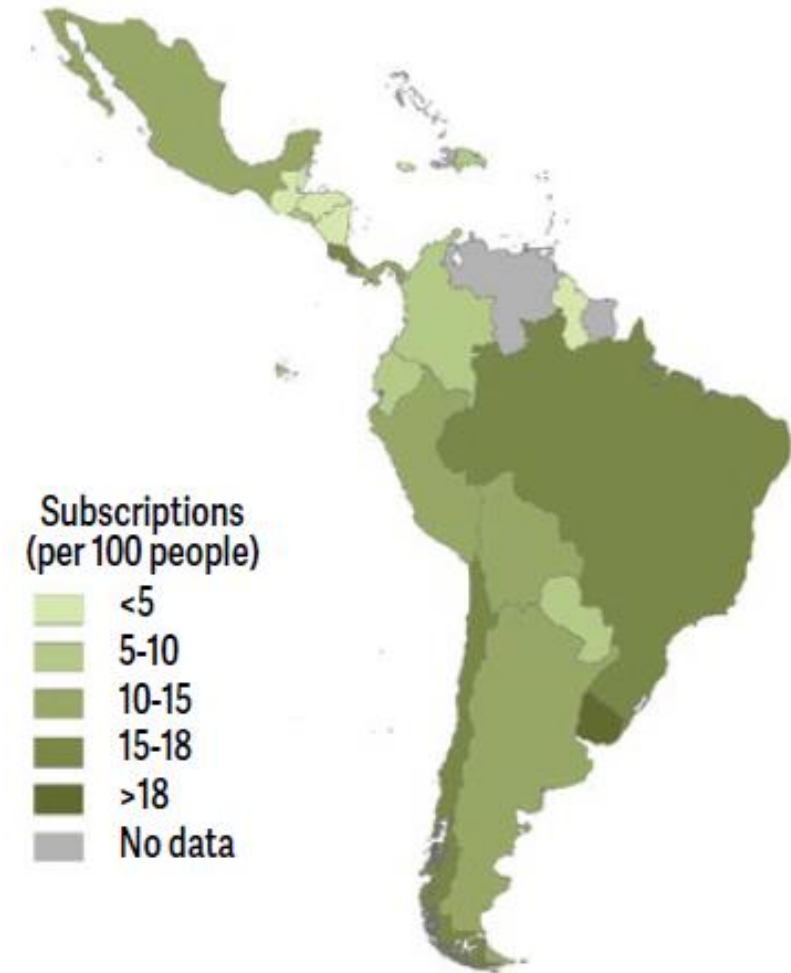
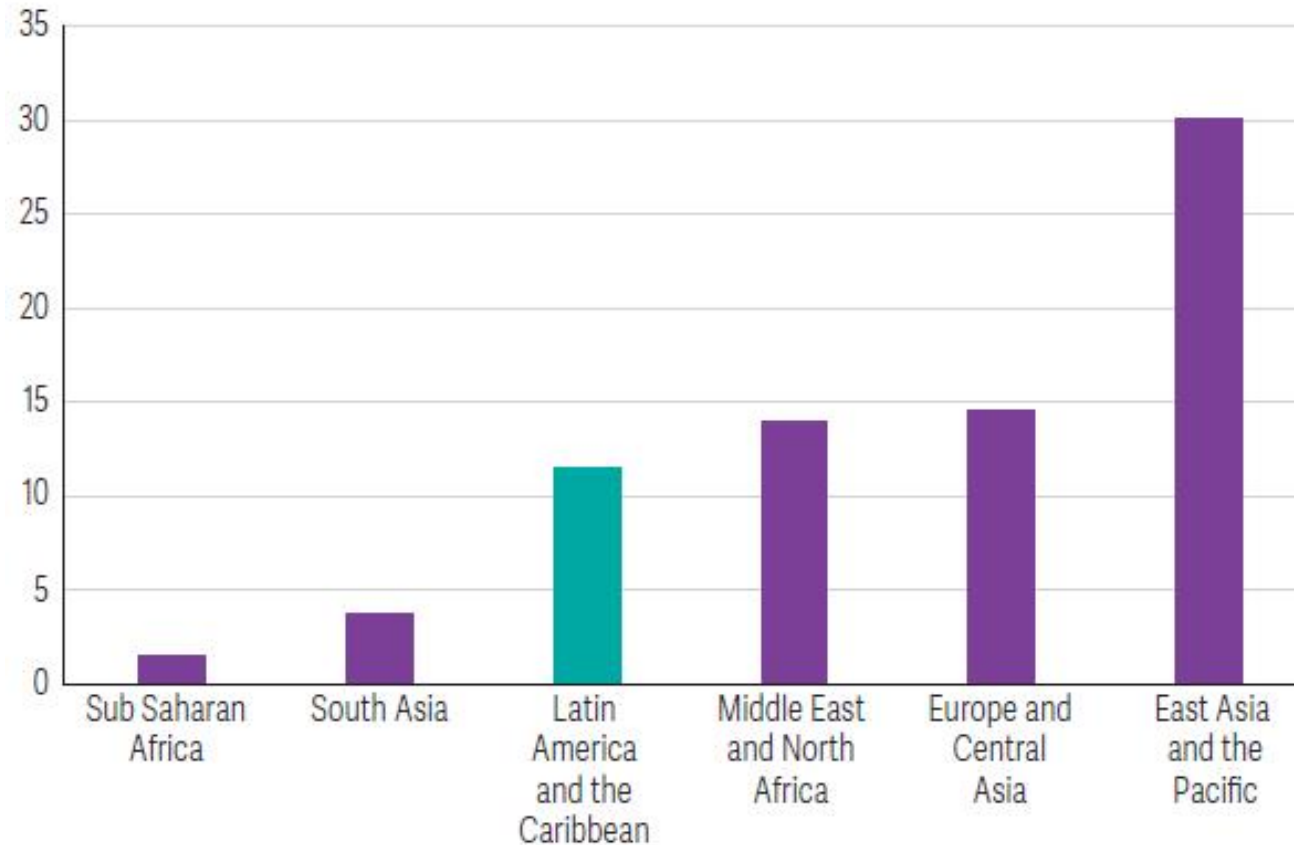
Note: The index refers to the infrastructure required for citizens to participate in e-government. Regional figures are unweighted averages across countries.

Source: United Nations e-Government index

The promise of digitization

Active fixed connections to the internet

Active fixed connections to the Internet
Subscriptions (per 100 people)



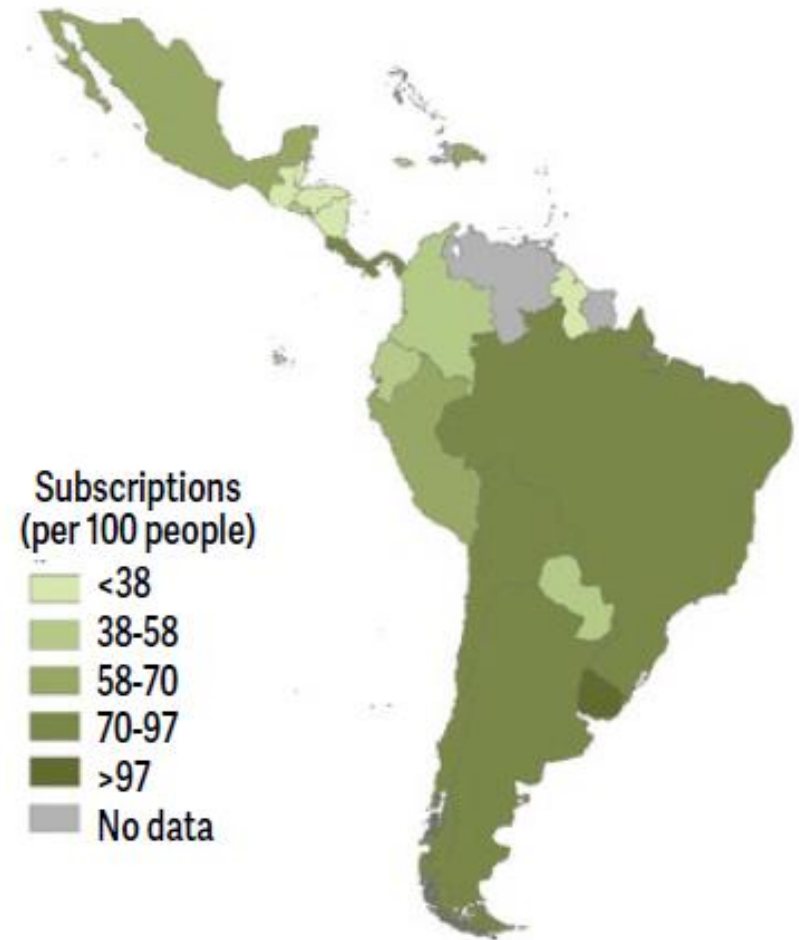
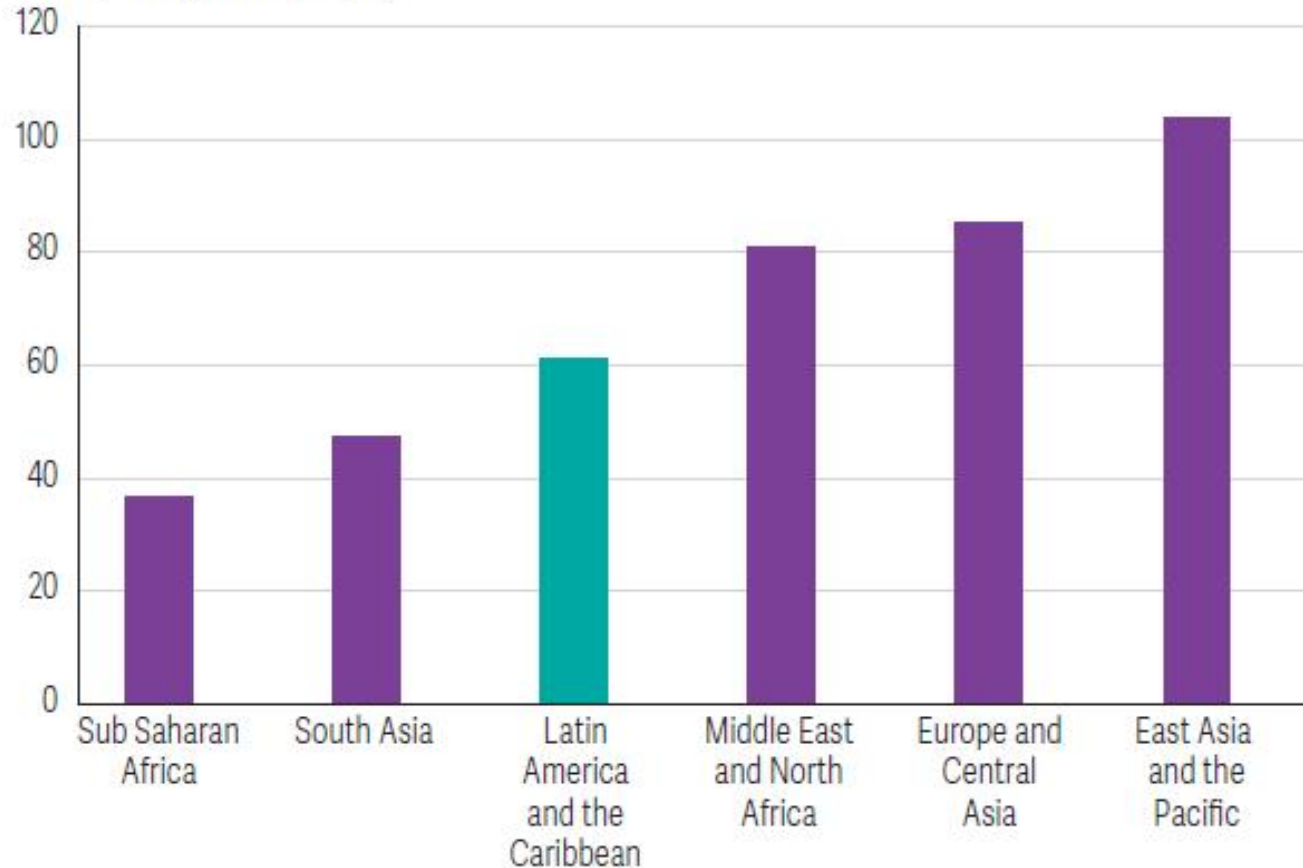
Note: Regional figures are unweighted average across countries.

Source: International Telecommunications Union.

The promise of digitization

Active smartphone subscriptions

Active smartphone subscriptions
Subscriptions (per 100 people)



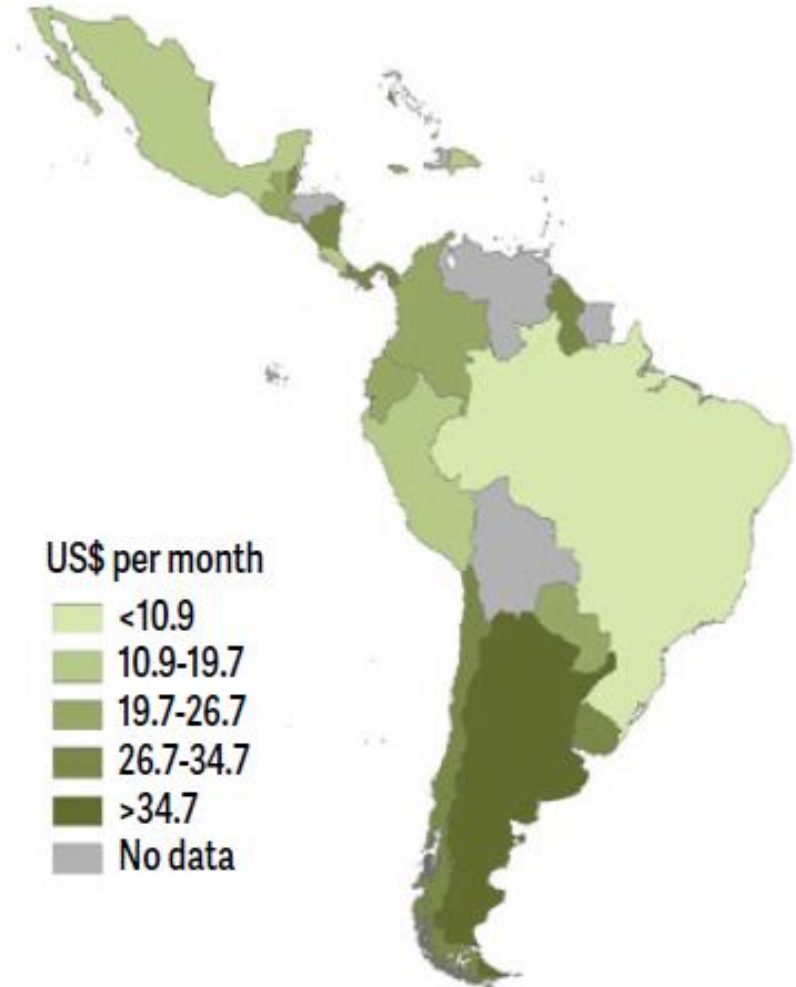
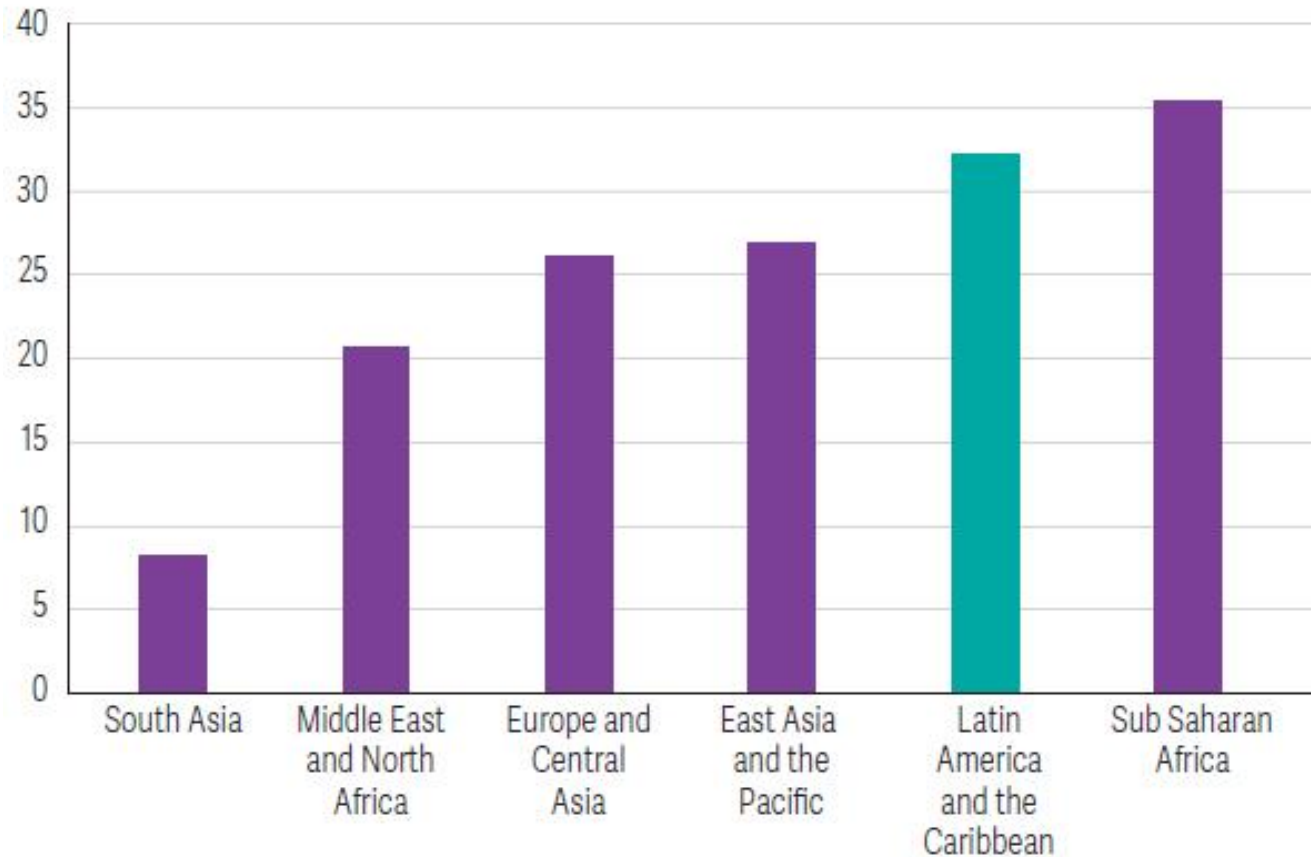
Note: Regional figures are unweighted average across countries.

Source: International Telecommunications Union.

The promise of digitization

Fixed broadband cost

Fixed broadband cost
Cost (US\$ per month)

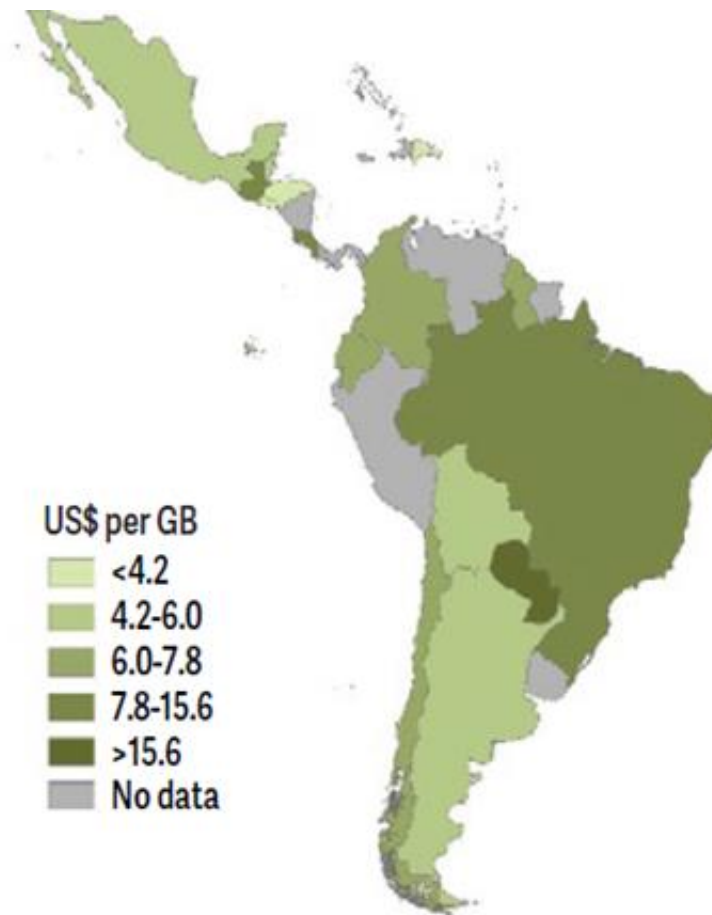
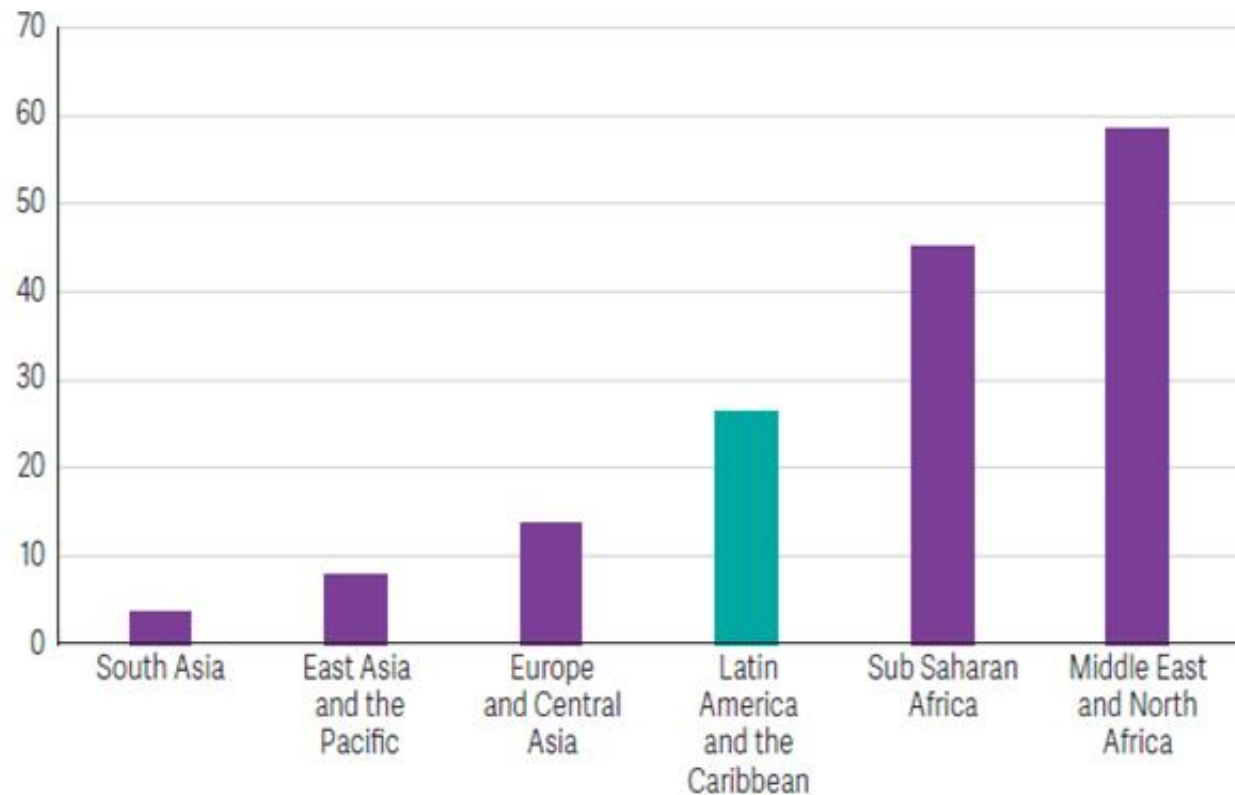


Note: Data refer to a package allowing a monthly data usage of at least 5 GB. Regional figures are unweighted average across countries.
Source: International Telecommunications Union.

The promise of digitization

Mobile broadband cost

Mobile broadband cost
Cost (US\$ per GB)



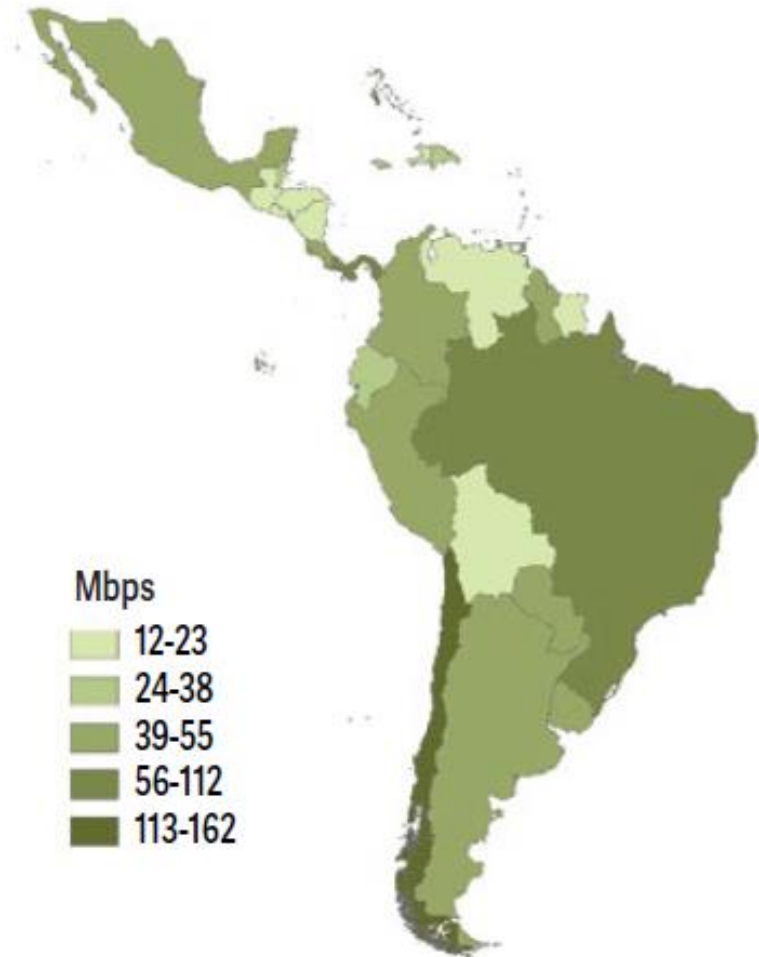
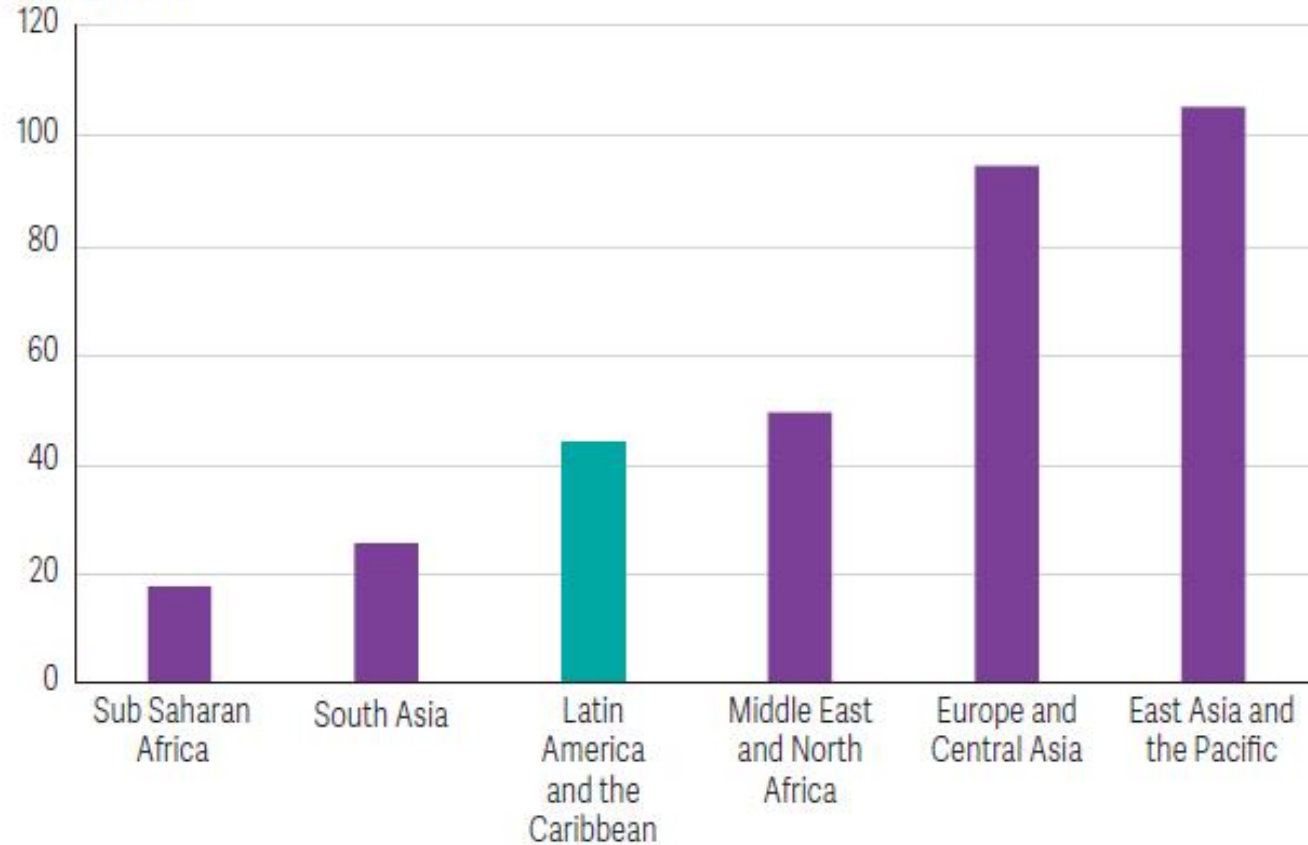
Note: Data refers to the cost of a GB of excess usage with a monthly package allowing at least 1.5 GB. Regional figures are unweighted average across countries.

Source: International Telecommunications Union.

The promise of digitization

Average broadband speed

Average broadband speed
Speed (mbps)



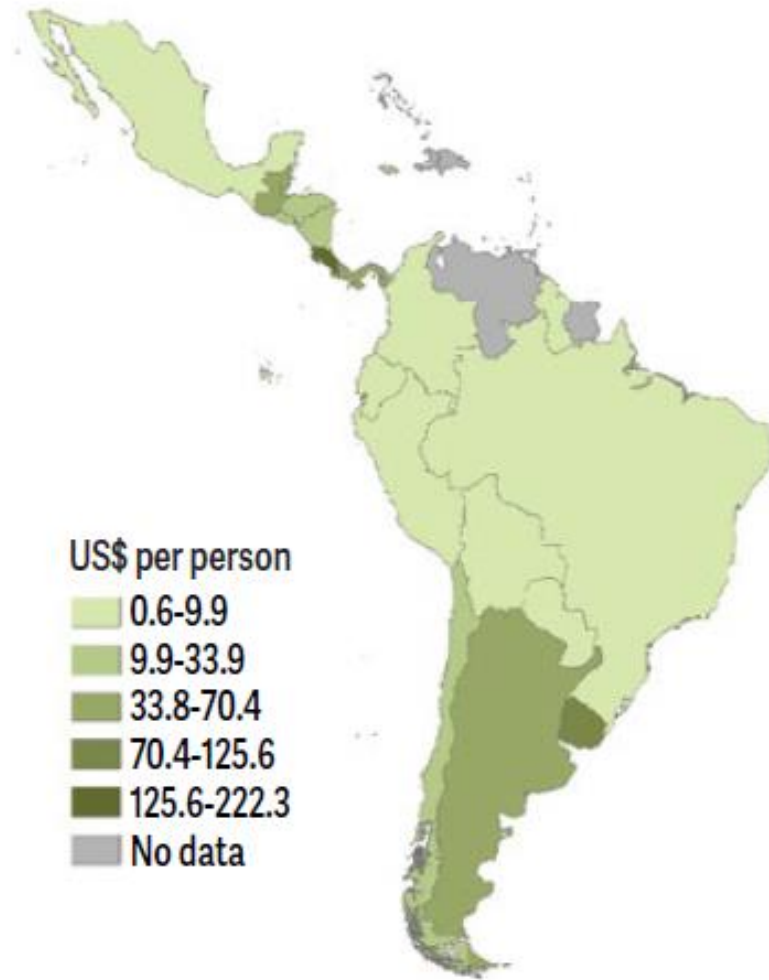
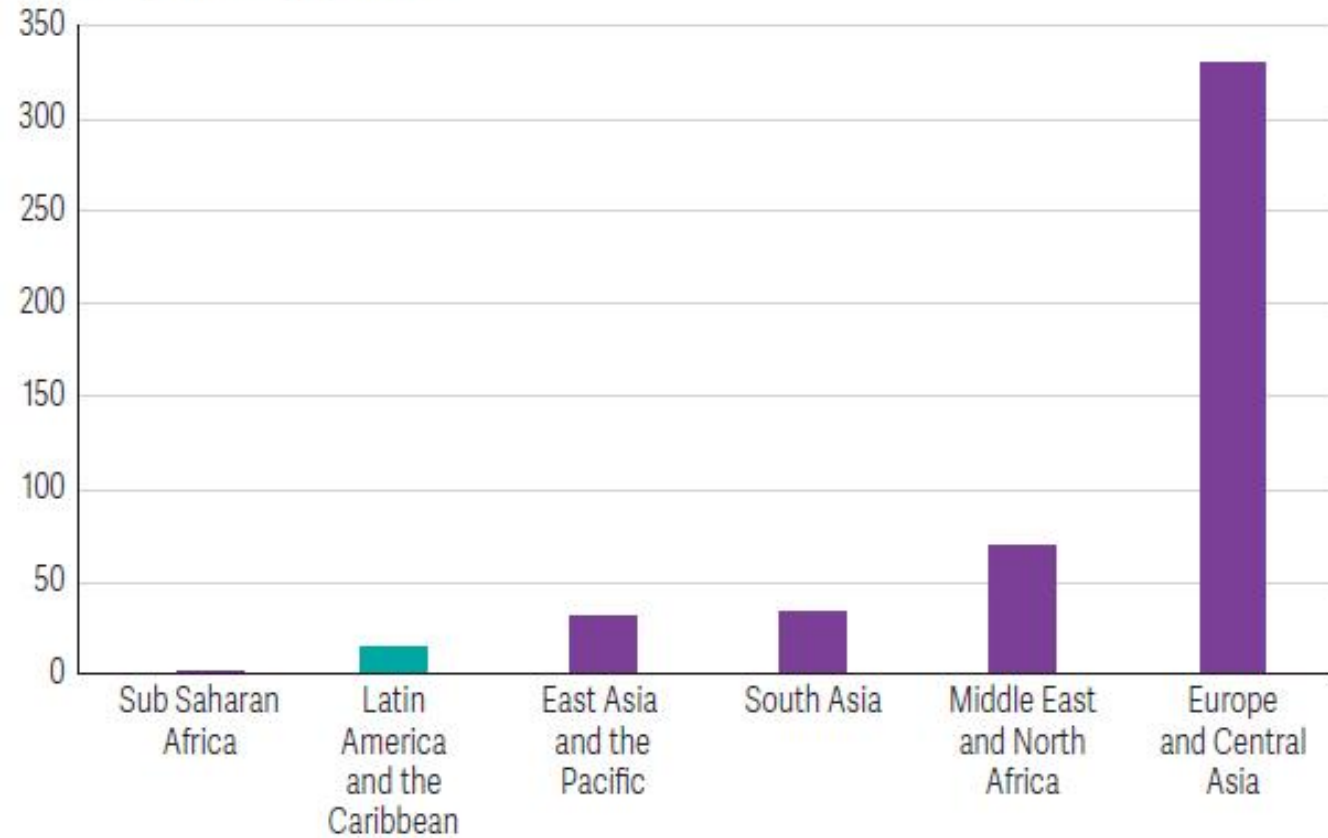
Note: Data refers to download speed. Regional figures are unweighted average across countries.

Source: Speedtest.

The promise of digitization

Exports of ICT services

Exports of ICT services
Annual exports (US\$ per person)



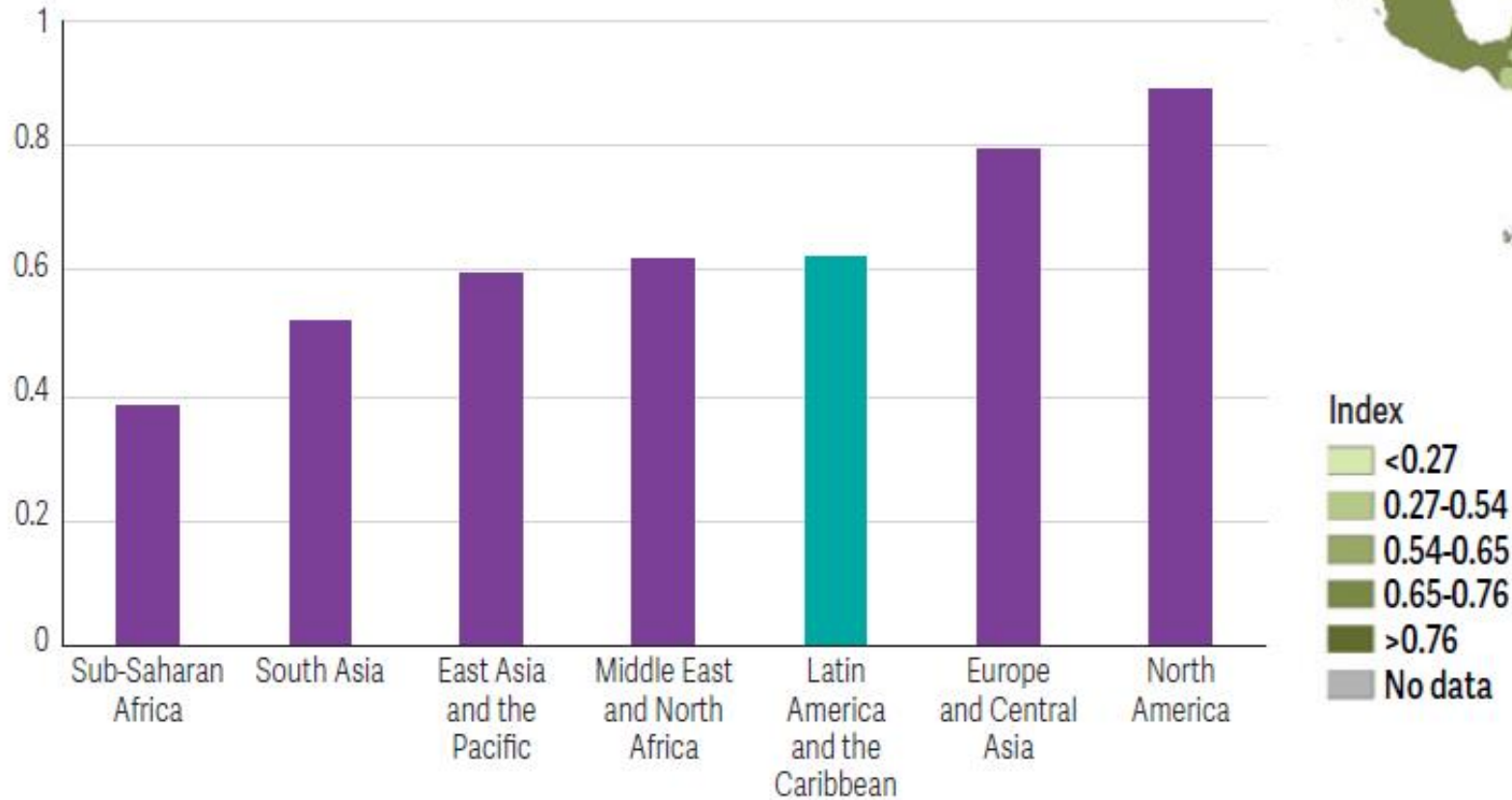
Note: ICT stands for Information and Communications Technology. Regional figures are unweighted average across countries.

Source: UNCTAD.

The promise of digitization

Digitization of government services

Digitization of government services
Index



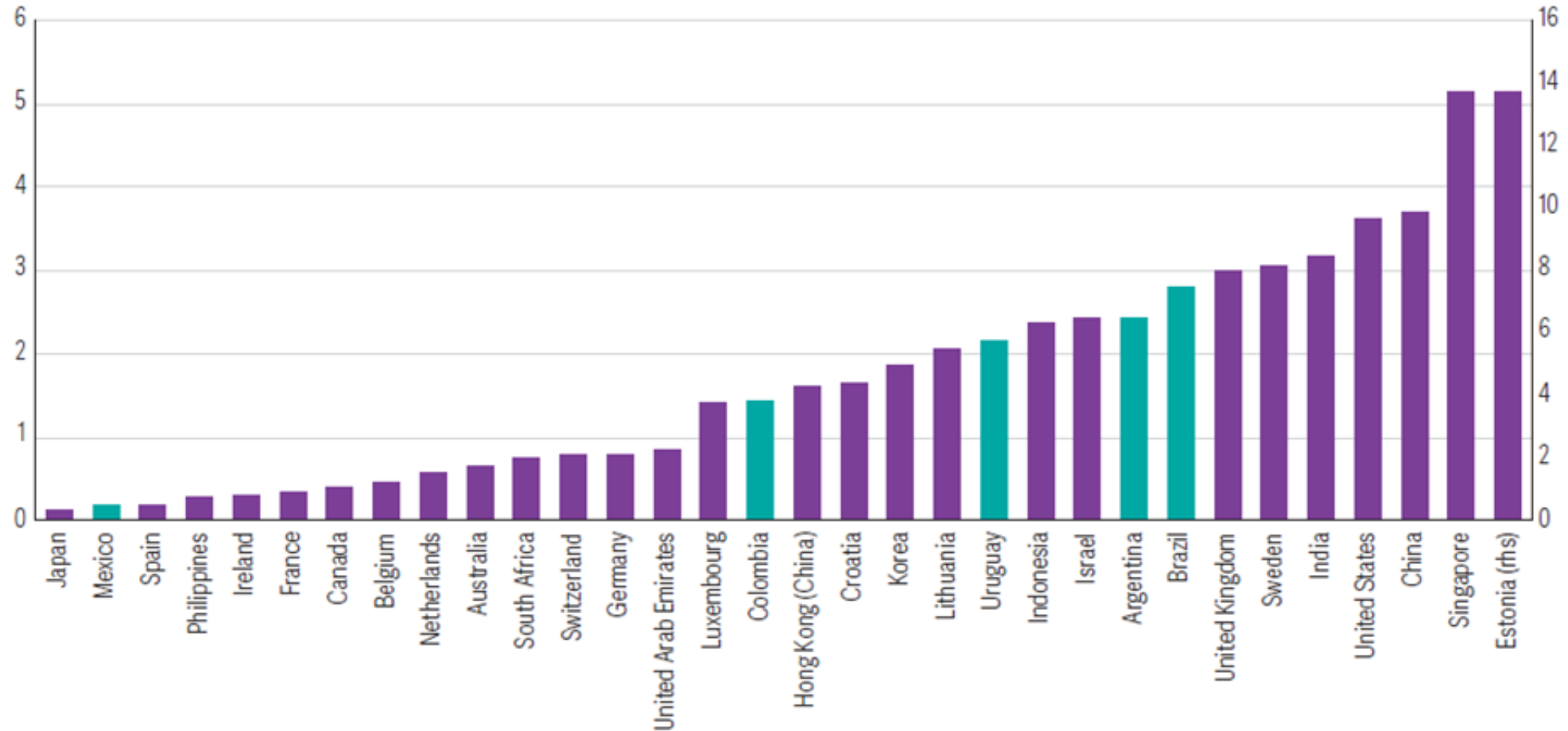
Note: The index measures the extent to which the government provide services and communicates with citizens electronically. Regional figures are unweighted average across countries.

Source: United Nations e-Government Index.

The promise of digitization

Many unicorns, very unevenly distributed (1)

Aggregate unicorn value
Value (percent of GDP)

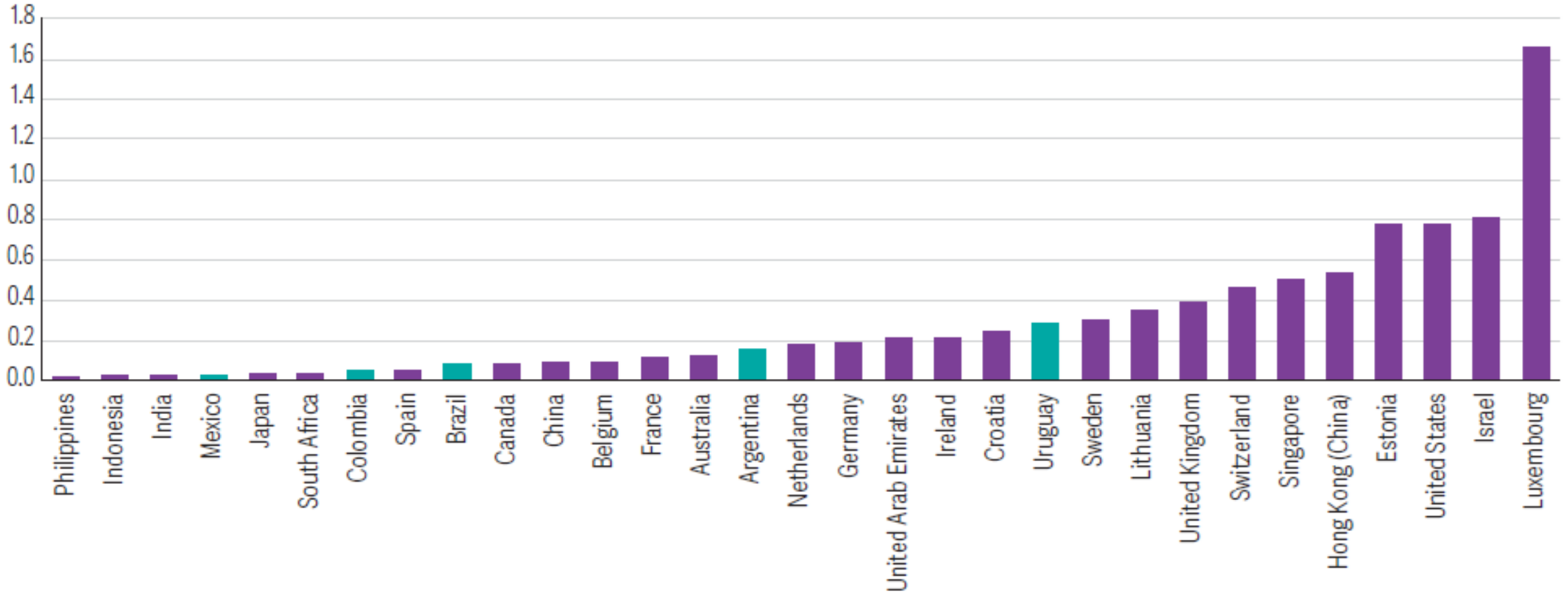


Source: CB Insights and the World Bank.

The promise of digitization

Many unicorns, very unevenly distributed (2)

Number of unicorns (per million people)

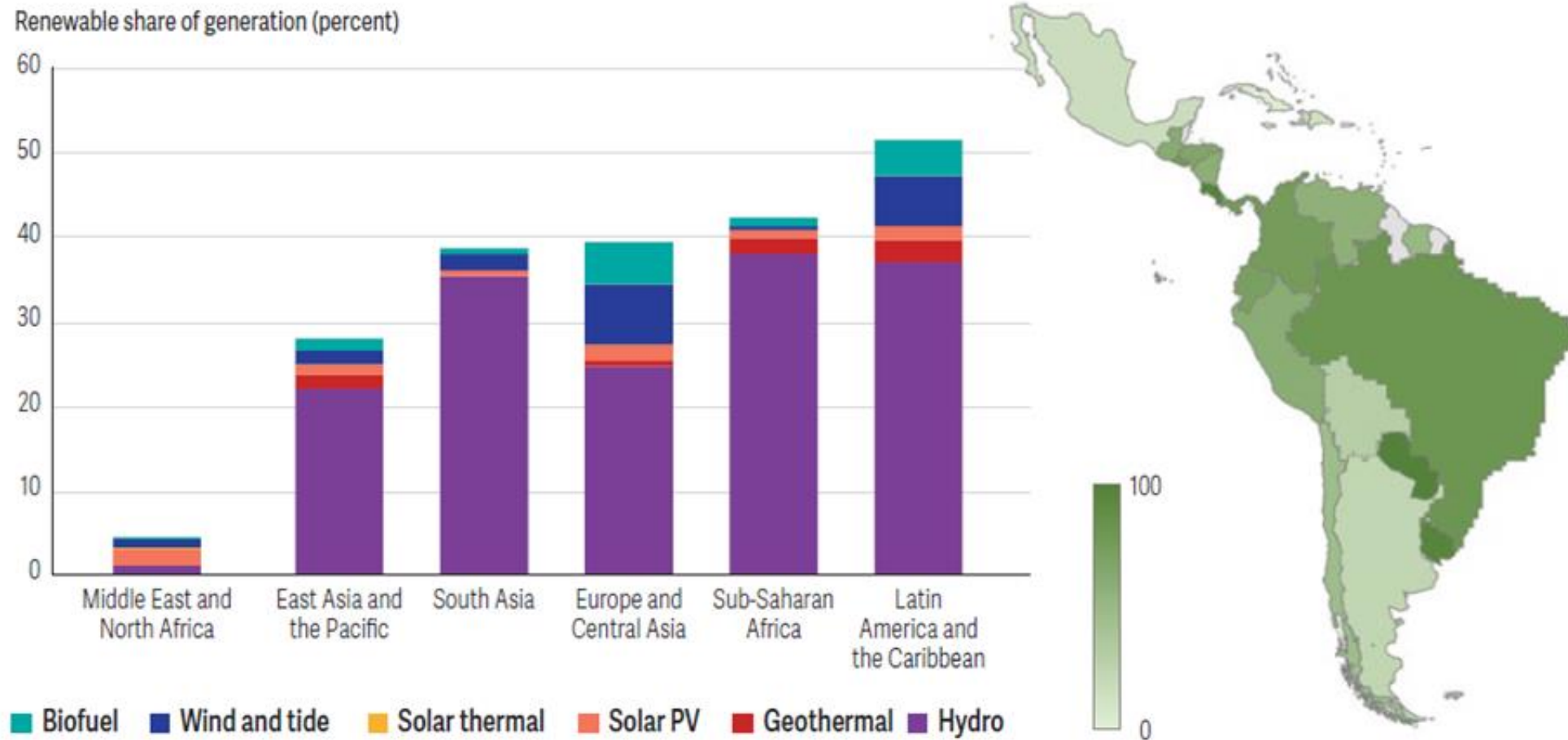


Source: CB Insights and the World Bank.

The promise of digitization

More energy for the region

The cleanest energy matrix in the developing world



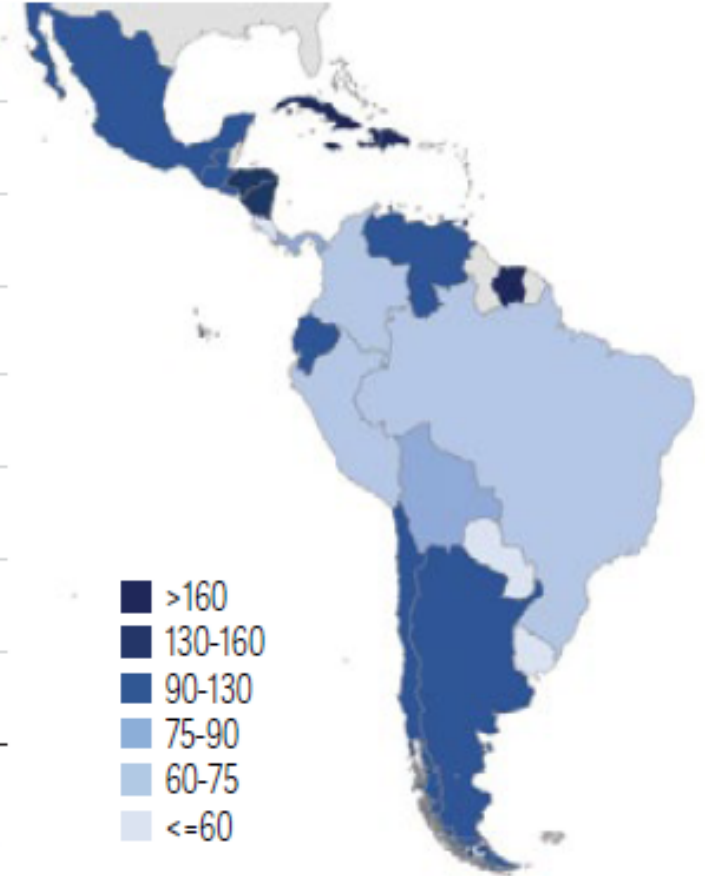
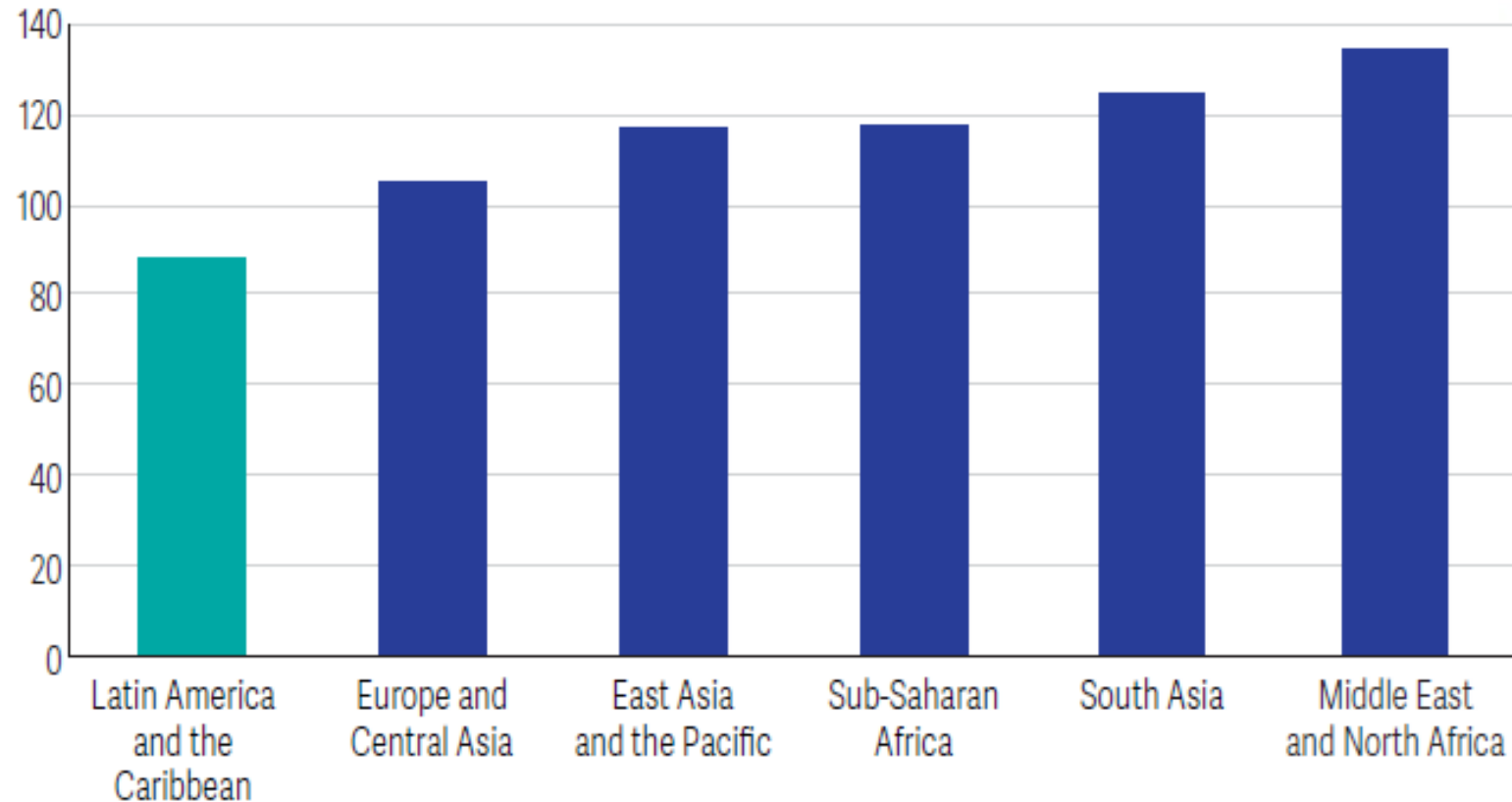
Note: Regional figures are unweighted averages across countries.

Source: IEA World Energy Balance and Statistics.

Mostly clean and potentially cheap energy

International benchmarking of efficient social cost

Social cost of generation (US\$/MWh)



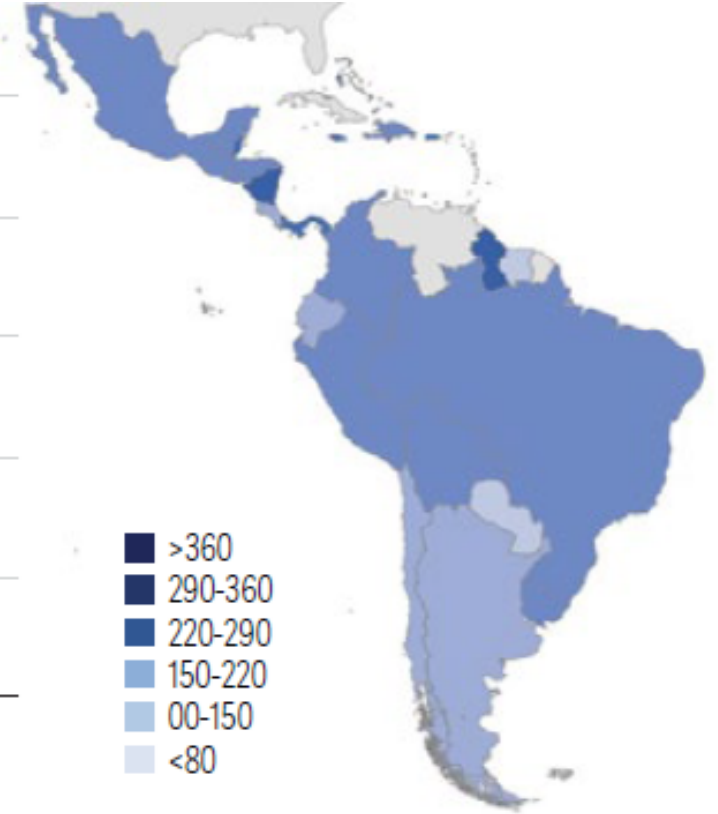
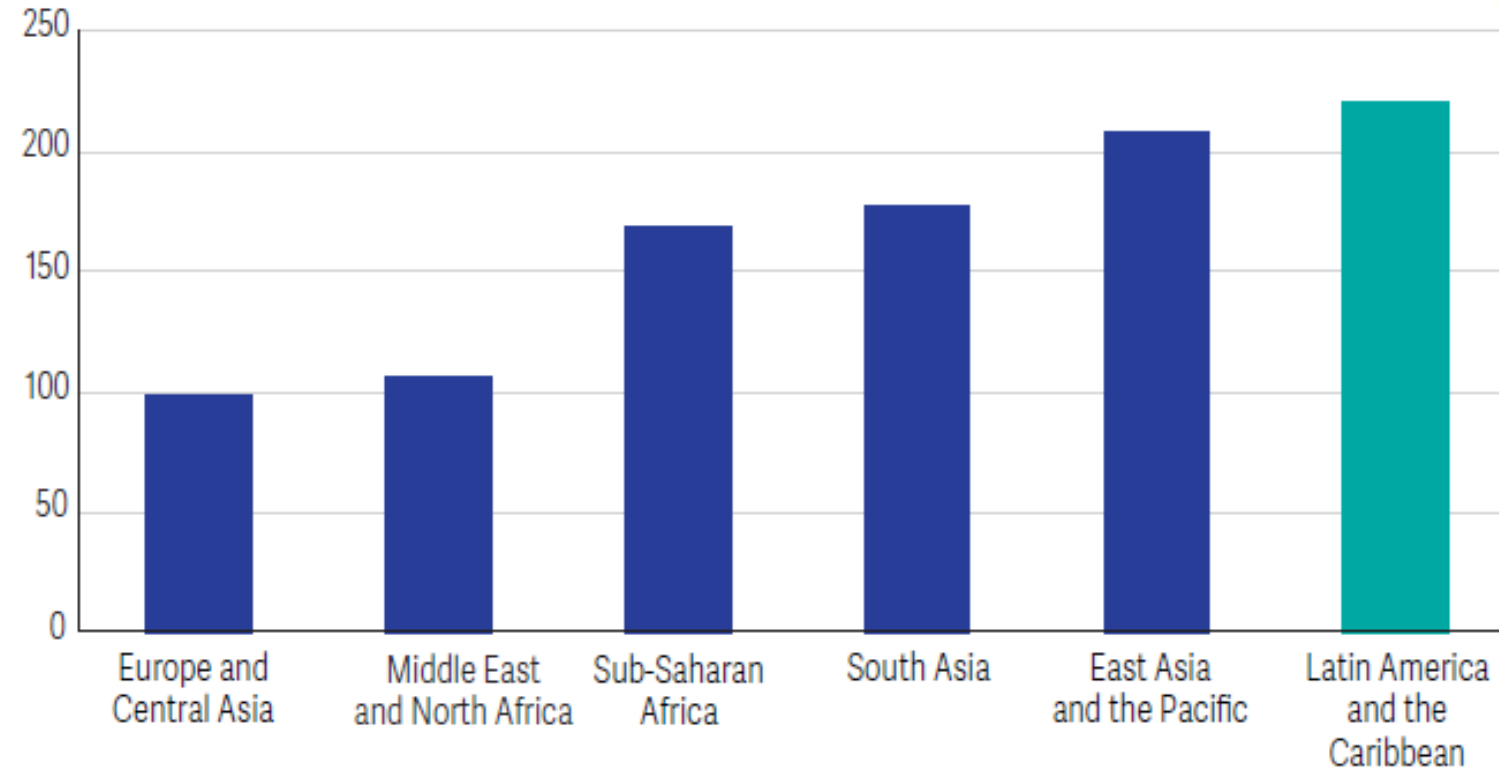
Note: Regional figures are unweighted averages across countries.

Source: IEA World Energy Statistics and Balances for electricity generation; LAZARD and IRENA for levelized generation cost by fuel.

Mostly clean and potentially cheap energy

The price of electricity paid by firms

The price paid by firms (US\$/MWh)



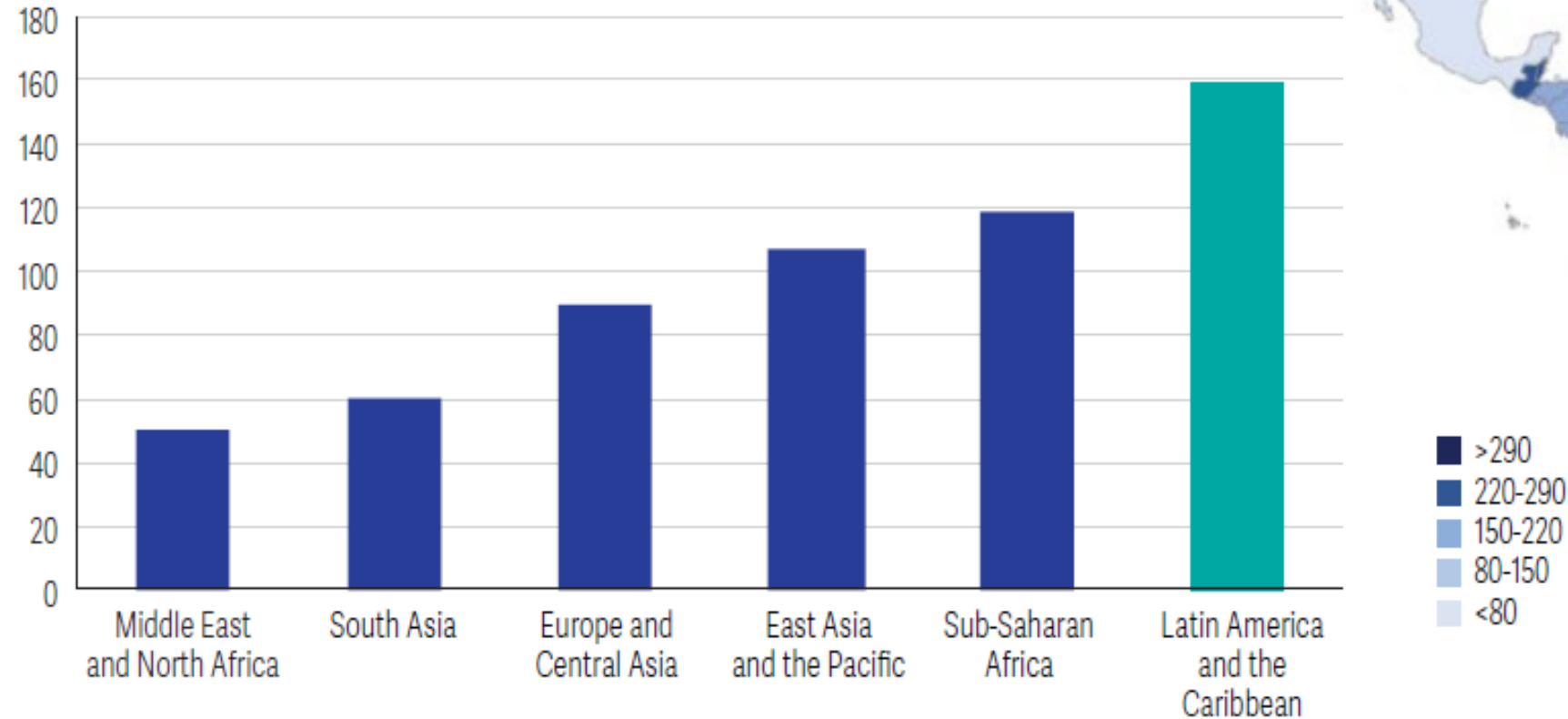
Note: Regional figures are unweighted averages across countries. The price paid by firms is based on a warehouse in the main business city. The price paid by households is for June 2020 based on average annual consumption; it does not take social tariffs into account.

Source: Doing Business (the World Bank).

Expensive electricity in practice

The price of electricity paid by households

The price paid by households (US\$/MWh)



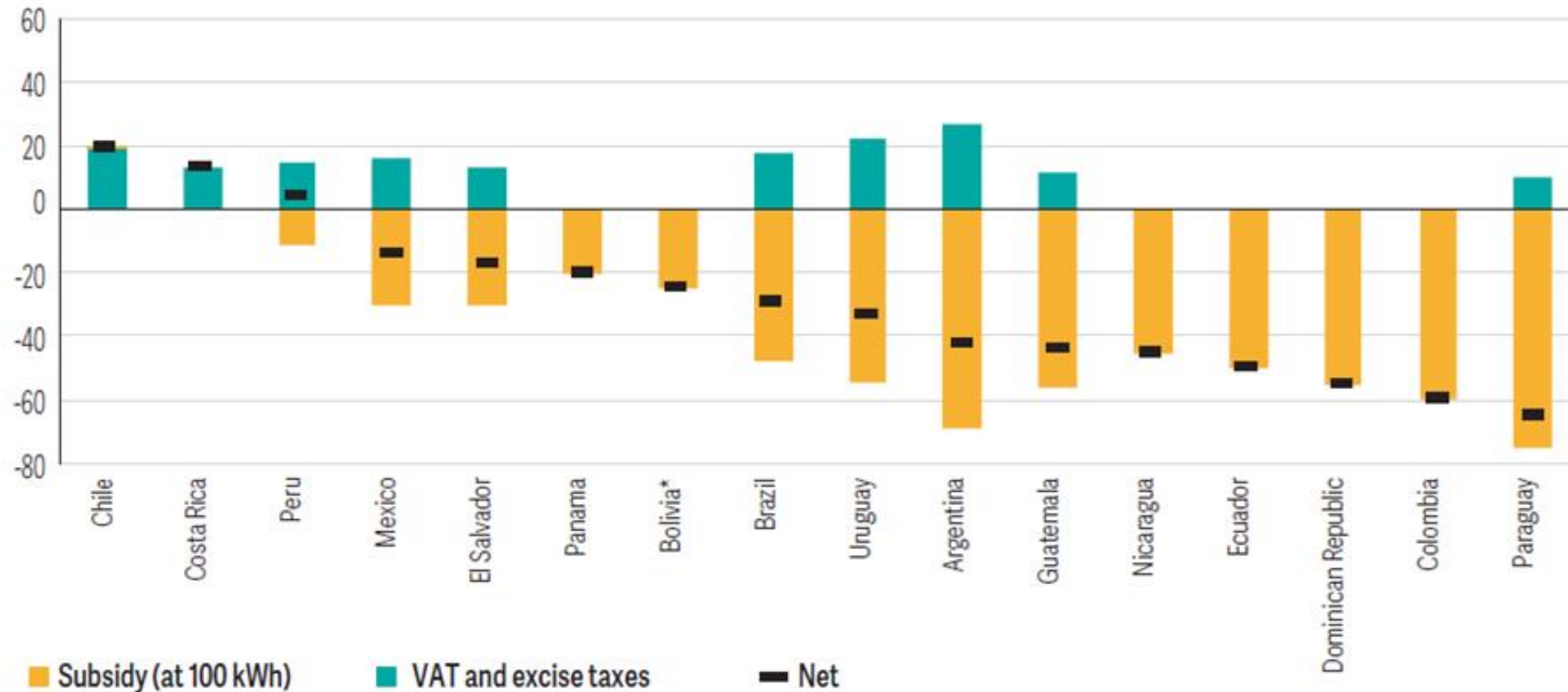
Note: Regional figures are unweighted averages across countries. The price paid by firms is based on a warehouse in the main business city. The price paid by households is for June 2020 based on average annual consumption; it does not take social tariffs into account.

Source: Global Petrol Prices.

Expensive electricity in practice

From heavy taxation to large subsidization

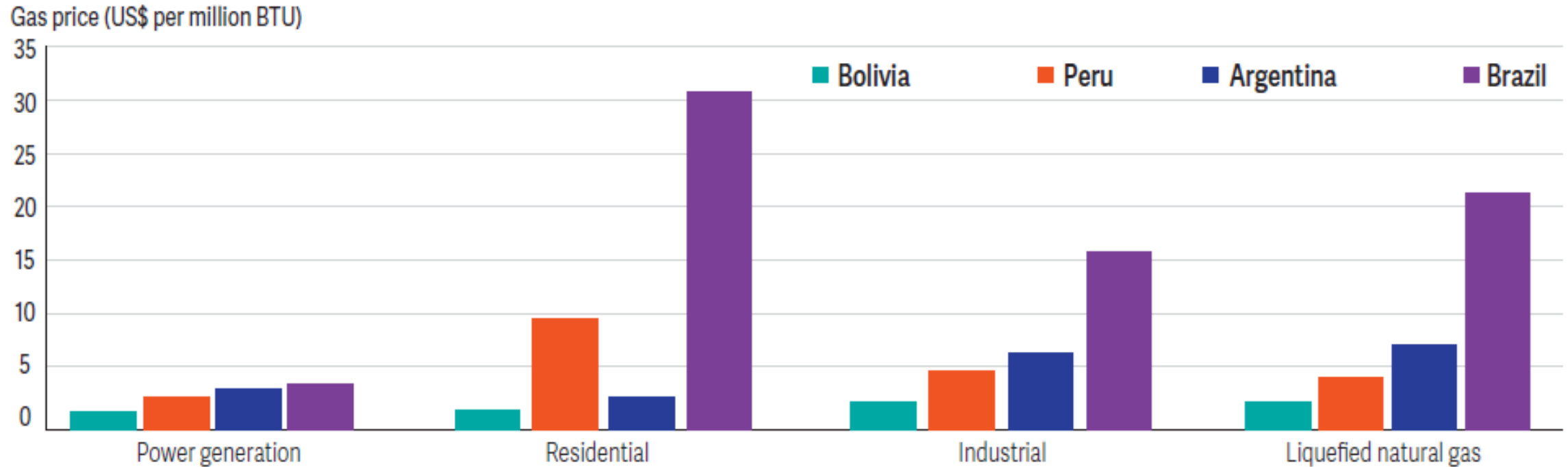
Taxes and subsidies (percent of electricity bill)



Note: For Bolivia the reference for the subsidy rate is 70 kWh per month. Figures for Colombia are for Estrato 1. Mexico is calculated using tariff 1 versus tariff 1F.

Source: National regulatory agencies and World Development Indicators.

Gas for electricity generation is heavily subsidized

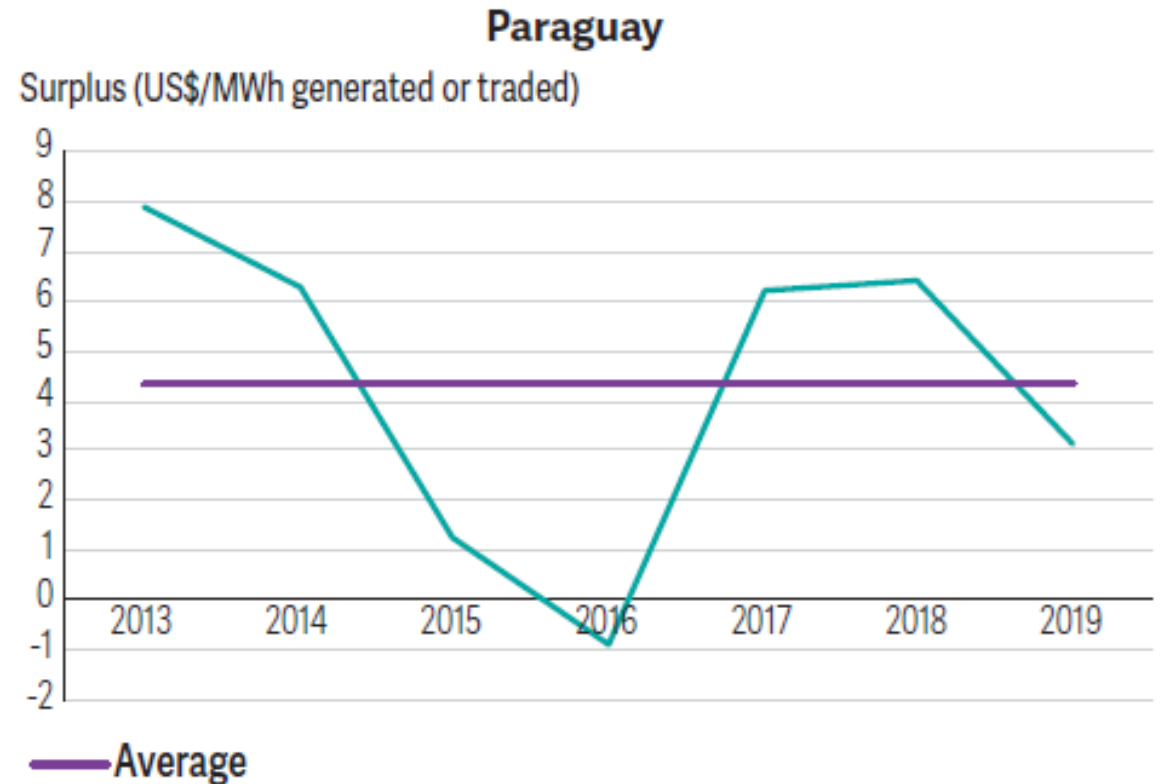
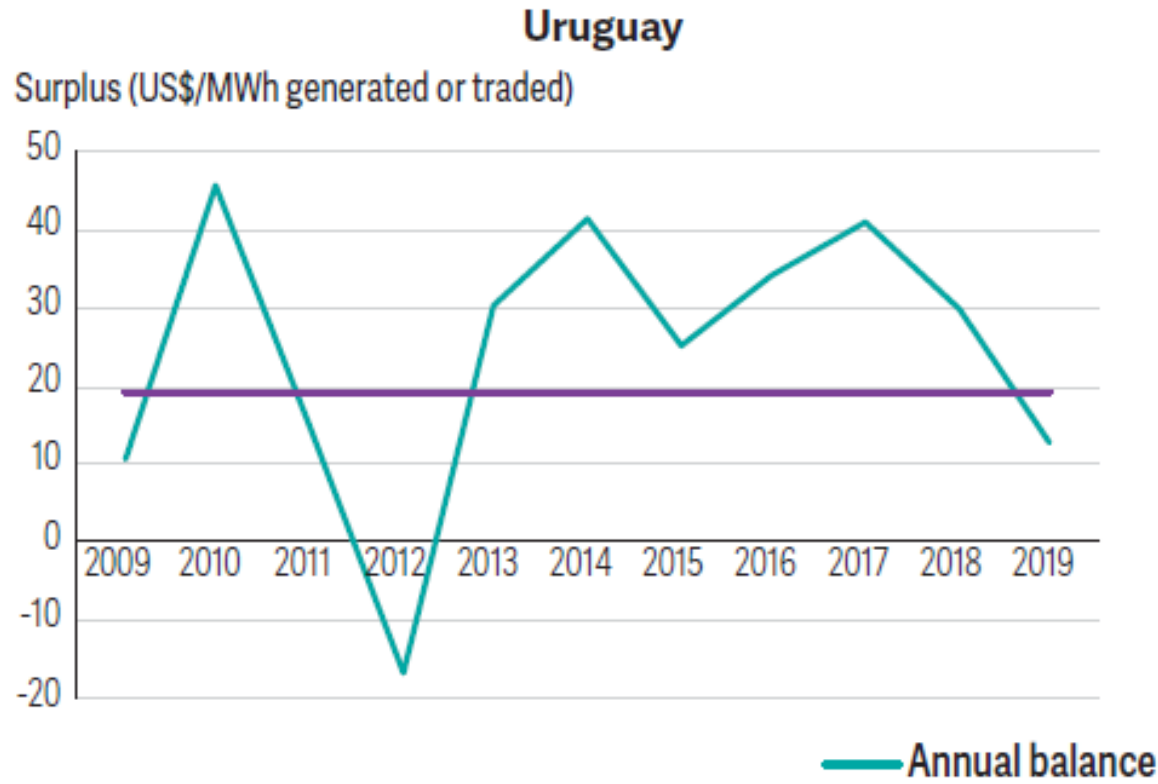


Note: BTU stands for British thermal units. Figures are for 2019.

Source: National regulatory agencies.

Electricity taxation and subsidization

Electricity tariffs as a source of quasi-fiscal revenue



Source: ANDE annual memories for Paraguay and UTE financial statements for Uruguay.

The assessment of electricity reliability

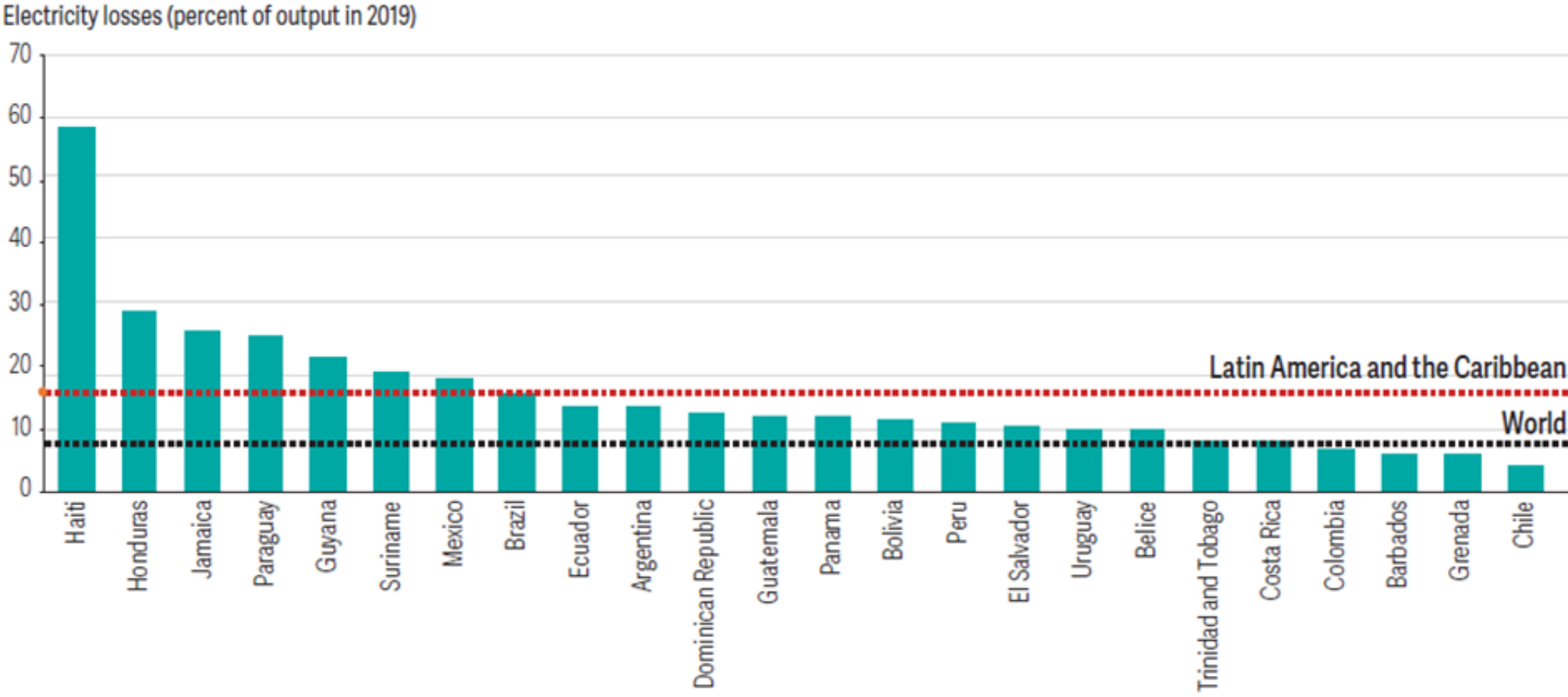


Note: SAIDI and SAIFI measure the duration and frequency of outages respectively.

Source: Doing Business (The World Bank).

Costs stemming from inefficiency

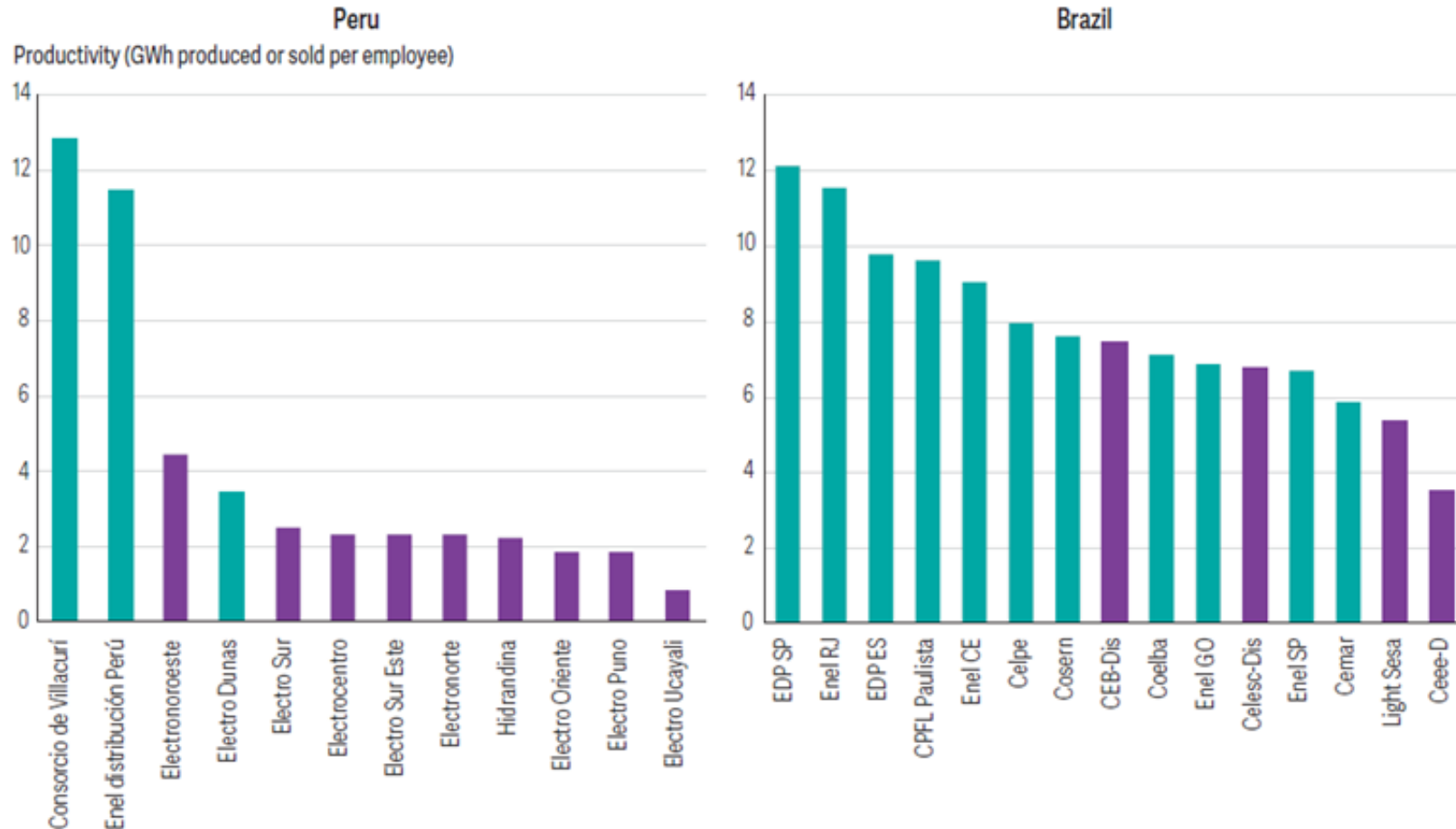
High technical and commercial losses in distribution



Source: ECLAC, IEA, Latin American Energy Organization (OLADE).

Costs stemming from inefficiency

Bloated employment in public utilities



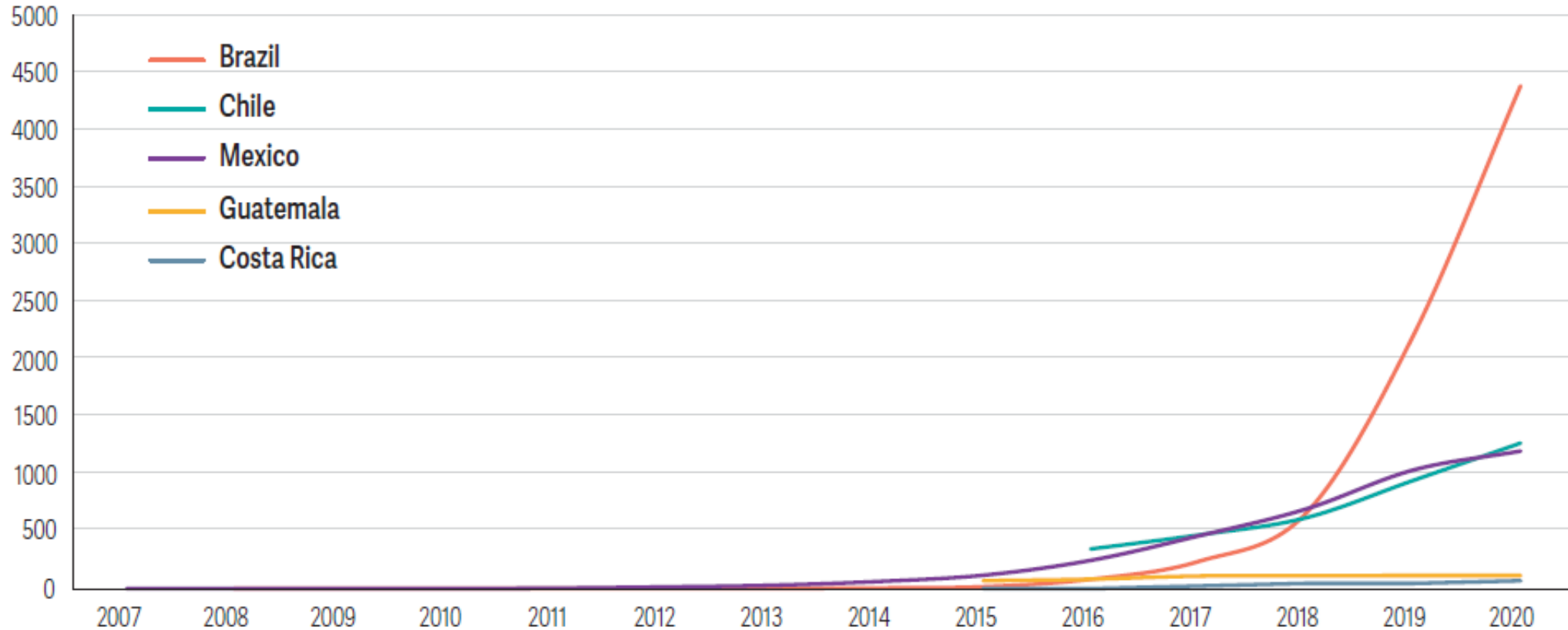
Note: Data for 2019 in the case of Brazil and 2018 for Peru. Privately-owned distribution utilities are highlighted in green and publicly owned in purple.

Source: Vagliasindi (2021).

Costs stemming from inefficiency

Distributed generation is gaining momentum

Accumulated Installed Capacity of Distributed Generation (MW)



Note: The 2020 figure for Mexico corresponds to June.

Source: The World Bank.

Making the most of distributed generation

Distributed generation is implicitly subsidized

Country	Net metering	Net billing
Argentina	No	Yes
Barbados	No	Yes
Brazil	Yes	No
Chile	No	Yes
Colombia	No	Yes
Costa Rica	Yes	No
Dominican Republic	Yes	No
El Salvador	Yes	No
Guatemala	Yes	Yes
Jamaica	No	Yes
Mexico	No	Yes
Nicaragua	No	Yes
Panama	No	Yes
Peru	Yes	Yes
Uruguay	No	Yes
Suriname	Yes	No

Source: The World Bank.

Making the most of distributed generation

The region is connected for cross-border electricity trade



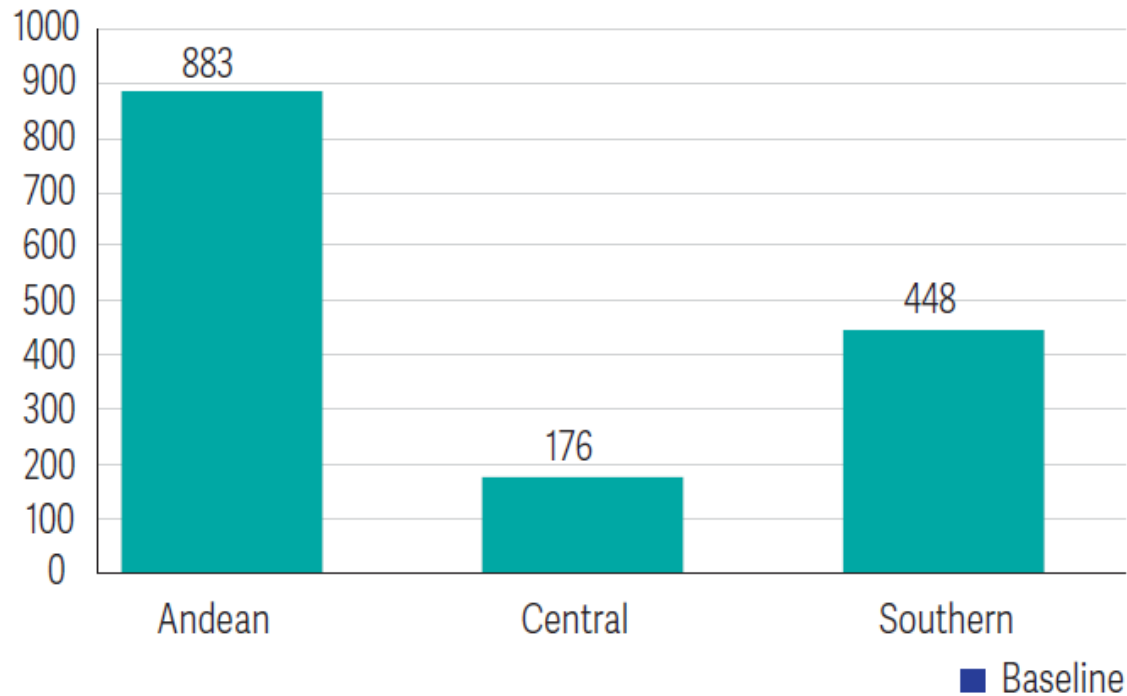
Note: Solid lines represent operational electrical interconnection networks while dotted lines are for lines under construction. The thickness of the lines indicates their transmission capacity.

Source: Comisión Regional de Interconexión Eléctrica (CRIE) and Comisión de Integración Energética (CIER).

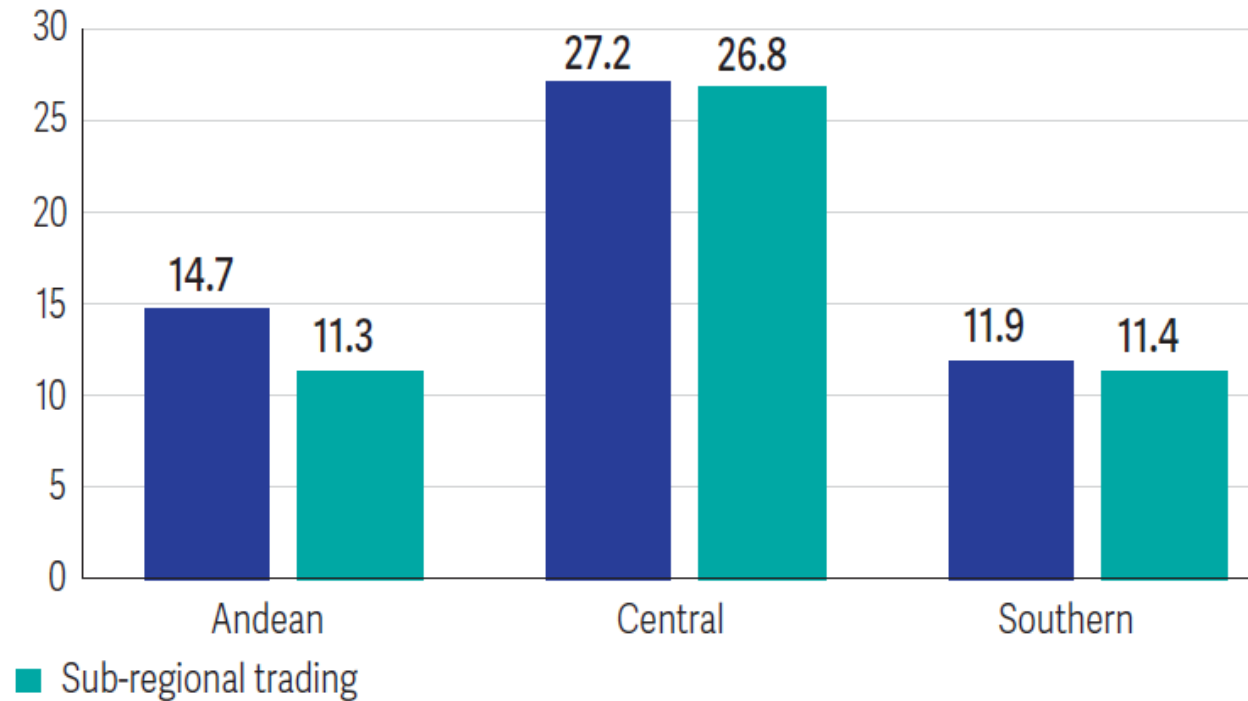
The promise of electricity trade

Substantial gains, especially in the Andean region

Annual gains from trade (US\$ million)



Average electricity price (US\$/MWh)



Note: Figures measure short-run average cost, excluding capital cost.
Source: Chattopadhyay and Timilsina (2021)

The promise of electricity trade