Executive summary

Social Panorama of Latin America and the Caribbean 2025

How to escape the trap of high inequality, low social mobility and weak social cohesion

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Explanatory notes:

Three dots indicate that the data are missing, not separately reported or unavailable.

A dash indicates that the amount is nil or negligible.

A full stop is used to indicate decimals.

The word "dollars" refers to United States dollars, unless otherwise specified.

A slash between years (e.g. 2024/2025) indicates a 12-month period falling between the two years.

Individual figures and percentages in graphs and tables may not always add up to the corresponding total because of rounding.

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Executive summary

A. Background

Most countries in Latin America and the Caribbean are caught in three development traps that are limiting progress in the well-being of their populations: low capacity for growth; high inequality, low social mobility and weak social cohesion; and low institutional capacity and ineffective governance. These challenges are compounded by climate change and the need to move towards environmentally sustainable development (Salazar-Xirinachs, 2023; Economic Commission for Latin America and the Caribbean [ECLAC], 2024a). This edition of *Social Panorama of Latin America and the Caribbean* focuses on the analysis of the second trap, and includes public policy guidelines to reduce inequality.

This document is part of the inequality research agenda implemented by the Economic Commission for Latin America and the Caribbean (ECLAC) within the framework of the Second World Summit for Social Development. Some of this work has been conveyed in various publications and regional and international events in 2024 and 2025 (ECLAC, 2024b, 2024c, 2025a, 2025b), in which ECLAC, among other things, presented the countries of the region with 10 proposals to advance towards a pact for inclusive social development. Moreover, ECLAC, along with the countries of the region, has placed inequality at the centre of the agenda of its subsidiary bodies, including the Regional Conference on Social Development in Latin America and the Caribbean, the Regional Conference on Women in Latin America and the Caribbean and the Regional Conference on Population and Development in Latin America and the Caribbean.

B. Second World Summit for Social Development: the urgency of advancing towards inclusive social development

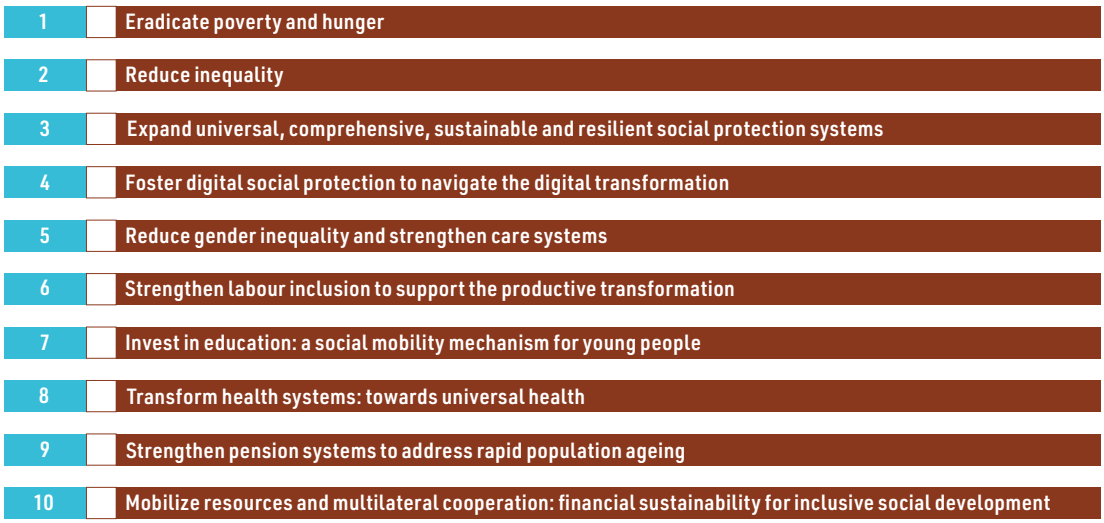
The Second World Summit for Social Development,[1] held in Qatar from 4 to 6 November 2025, was a historic opportunity for progress in achieving the Goals of the 2030 Agenda for Sustainable Development, as well as reducing inequality and strengthening social cohesion and democracy through a pact for inclusive social development (ECLAC, 2025b; United Nations, 2025). Thirty years after the first World Summit for Social Development, the global community came together in Qatar to reaffirm the commitment to inclusive social development; to agree to foster policies that ensure the eradication of poverty and hunger and the reduction of inequality and that encourage social cohesion and economic mobility; and to strengthen governance, international cooperation and the role of civil society in implementing effective policies for sustainable development.

The Second World Summit for Social Development produced the first political declaration to incorporate the concept of inclusive social development. This development strategy places people and their rights at the centre, promoting a life free from poverty, hunger and social inequalities. Achieving this level of well-being requires robust institutional policies, social participation and high, sustained, inclusive and sustainable economic growth. Among other factors, such economic growth must ensure the financial sustainability of the backbone of this development strategy: a universal, comprehensive, sustainable and resilient social protection system (ECLAC, 2025c, p. 4; 2024c, 2024d). The shift from the concept of social development to that of inclusive social development underscores the need to ensure universal access to basic services and to overcome structural obstacles that perpetuate inequalities and exclusion (ECLAC, 2025a). The 2030 Agenda for Sustainable Development, the Regional Agenda for Inclusive Social Development (ECLAC, 2020), the Montevideo Consensus on Population and Development (ECLAC, 2013) and the Tlatelolco Commitment (ECLAC, 2025c) play a key role in this transition.

[1] This edition of the *Social Panorama of Latin America and the Caribbean* does not explicitly address the specific content of the Second World Summit for Social Development as it was prepared ahead of the Summit.

In preparation for the Second World Summit for Social Development, ECLAC member States agreed to propose a global pact for inclusive social development (ECLAC, 2025b). The Commission recommended advancing towards this pact by focusing on 10 strategic proposals (see diagram 1).

Diagram 1
Ten proposals for an inclusive social development pact



Source: Economic Commission for Latin America and the Caribbean. (2025). The road to the 2025 Second World Summit for Social Development: towards a pact for inclusive social development. *ECLAC Special Report*. (1).

Countries will have to make considerable efforts to meet the commitments made at the Second World Summit on Social Development and monitor implementation. Thus, in the political declaration of the Summit, the regional commissions of the United Nations were requested to provide support for monitoring, reviewing and implementing the agreed agenda (United Nations, 2025). Specifically, the regional commissions were invited to utilize existing mechanisms and platforms and to convene meetings in advance of the follow-up to assess progress made, gaps and opportunities for action. In Latin America and the Caribbean, the Regional Conference on Social Development in Latin America and the Caribbean will be responsible for organizing these preparatory meetings.

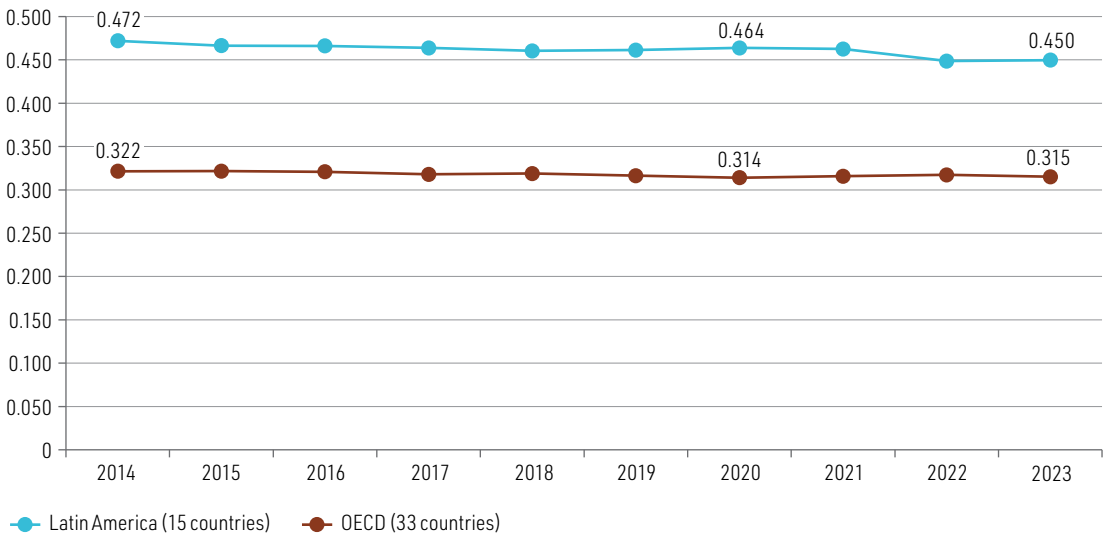
ECLAC is therefore committed to supporting the countries of the region in taking the necessary steps to honour the pact. One of the main obstacles to achieving this goal is the high and persistent inequality in the region, which must be addressed through efficient and effective action. To that end, this edition of the *Social Panorama of Latin America and the Caribbean* is focused on the trap of high inequality, low social mobility and weak social cohesion, and includes an analysis of the multidimensional nature of inequality and the need to design and implement comprehensive policies to reduce it.

C. High and persistent inequality in Latin America and the Caribbean: an obstacle to progress towards inclusive social development

High levels of income inequality in Latin America and the Caribbean are a historic and structural obstacle to progress towards inclusive social development and fuel the region's development crisis (Salazar-Xirinachs, 2023; ECLAC, 2024b). Over the past 10 years, income inequality in the region

has been persistently higher than in countries of the Organisation for Economic Co-operation and Development (OECD) (see figure 1). According to ECLAC, the extreme inequality in the region is unacceptable from a rights and social justice perspective, as well as ineffective from an economic growth perspective. Inequality not only affects people's opportunities and limits their access to well-being; it also weighs on society as a whole and on countries' development (ECLAC, 2024a, 2024b). It erodes social cohesion and the stability of social compacts in various ways, for example by fuelling distrust in institutions and in public policies and officials, and weakens the attachment to democracy (Salazar-Xirinachs, 2023; ECLAC, 2024a).

Figure 1
Latin America (15 countries) and OECD (33 countries): Gini coefficient, 2014–2023[a]



Source: Economic Commission for Latin America and the Caribbean, on the basis of the Household Survey Data Bank (BADEHOG) and World Bank Open Data. https://data.worldbank.org/.

[a] Simple averages. Latin American countries: Argentina, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Honduras, Mexico, Panama, Paraguay, Peru, Plurinational State of Bolivia and Uruguay. The OECD group does not include any countries in the Latin America group.

It impedes members of the population from exercising their rights and exacerbates the other two structural traps affecting development in the region, as it is counterproductive for economic growth and weakens institutions and governance (Salazar-Xirinachs, 2023). Hence, the uncertain and complex environment marked by challenges linked to globalization and geopolitics, accelerated technological change, and the effects of climate change, migration and weaker global economic growth, which are worsening the challenges faced in the region, has given rise to a vicious circle of structural development traps that are perpetuating the crisis (ECLAC, 2024a).

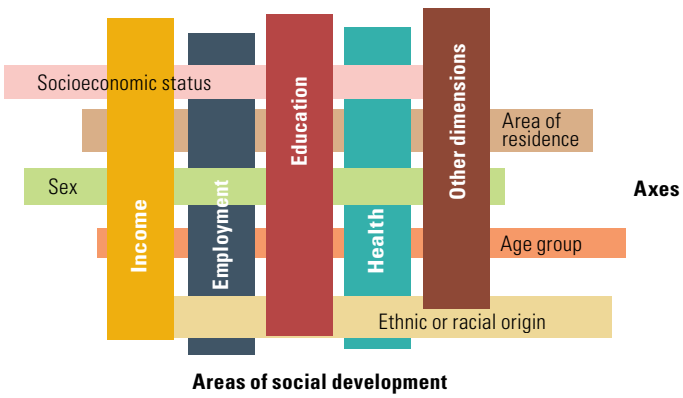
ECLAC has identified six main factors or causes that explain high inequality and low social mobility and cohesion in the countries of the region: (i) low growth, which leads to sluggish and highly informal labour markets, and large disparities in productivity, which generate segmented labour markets with large pay disparities; (ii) regressive tax systems; (iii) weak social policies and social protection policies that do little to reduce the effects of production-based inequality; (iv) education systems with serious deficiencies, that do not meet the new labour market needs linked to the technological revolution and that moreover, are segmented and thus do not fulfil their potential as a powerful mechanism for social mobility; (v) gender inequality; and (vi) high levels of inequality and spatial segregation in urban areas, where 80% of the region's population lives. These are compounded by the cross-cutting issues of discrimination and human rights violations faced by specific population groups (ECLAC, 2024b).

D. Inequality is a multidimensional phenomenon with various causes, and requires multidimensional measurement to support comprehensive policies aimed at reducing it

Although inequality has traditionally been measured in terms of income, there is now broad consensus on its multidimensional nature, which goes beyond income disparities (ECLAC, 2016, 2024b; Bourguignon, 2024; Foster and Lokshin, 2024). Inequality is a multidimensional phenomenon that manifests in areas that are crucial for the population, such as education quality and labour inclusion, and weighs on the determinants of inclusive social development.

Once this multidimensional nature has been recognized, the different forces that drive inequality and shape social, political and economic relations must be identified. ECLAC (2016) proposed a social inequality matrix as an analytical framework that captures the multidimensional nature of inequality and aims to determine the different areas in which it appears (see diagram 2). This approach enables an analysis of the interconnected and mutually reinforcing nature of the different dimensions of inequality, and the influence of factors such as gender, age, ethnicity and race, area of residence and socioeconomic origin in the distribution of resources and opportunities, thus shedding light on the deep-rooted and multifaceted causes of inequality. The recognition of these factors and mechanisms is fundamental to developing comprehensive policies that reduce inequality and allow progress towards inclusive social development (ECLAC, 2016, 2024b).

Diagram 2
The social inequality matrix in Latin America and the Caribbean



Source: Economic Commission for Latin America and the Caribbean. (2016). *The social inequality matrix in Latin America* (LC/G.2690(MDS.1/2)); Economic Commission for Latin America and the Caribbean. (2024). *The trap of high inequality and low social mobility in Latin America and the Caribbean: an obstacle for inclusive and sustainable social development*.

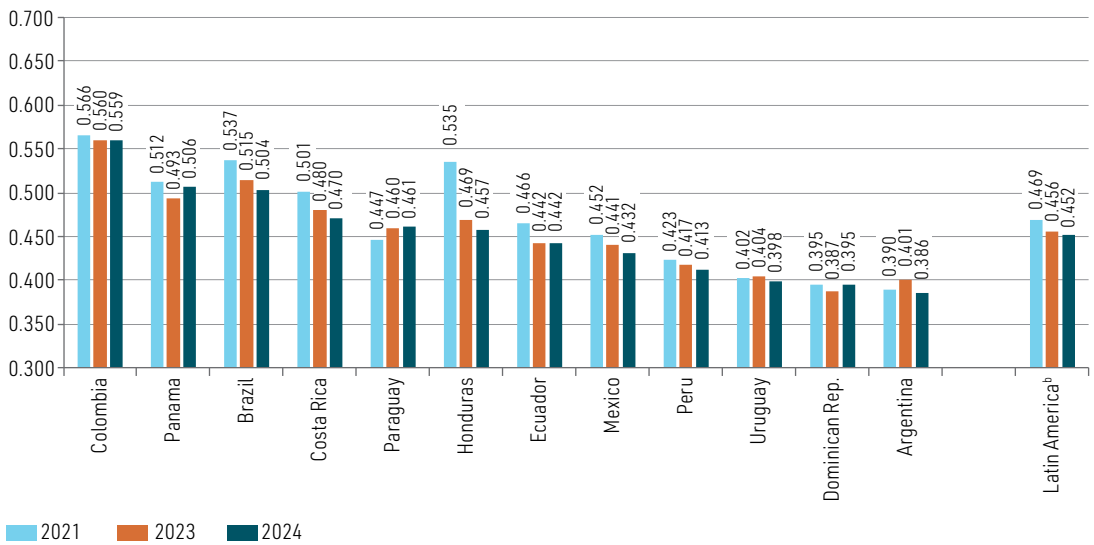
Likewise, progress in the measurement of inequality in all its dimensions is crucial. For more than seven decades, the multidimensional measurement of inequality has been fragmented and sporadic (ECLAC, 2024b; Alvaredo et al., 2023). The countries of the region face various challenges in advancing in this type of measurement. These include the need to improve and develop homogeneous sources of information that allow more accurate measurement of inequality. This requires methodological consensus to institutionalize such measurement through the definition of dimensions, indicators and procedures to obtain a reliable and robust analysis (ECLAC, 2024b, 2024c). This type of measurement would facilitate the design and implementation of comprehensive policies to address inequality in an effective and sustained manner.

E. Income inequality remains high, but is trending downward slightly

Income inequality in Latin America and the Caribbean, addressed in chapter I, is one of the clearest manifestations of the socioeconomic gaps affecting the region. It is especially high and reflected in different ways. First, the average Gini coefficient for Latin America and the Caribbean is the highest of all regions in the world, and only lower than a subregion of Africa (sub-Saharan Africa). Some Latin American countries therefore reflect the highest levels of inequality in the world (Alvaredo et al., 2023; ECLAC, 2024b). Second, according to household surveys, the highest income decile in the region accounts for an average of one third of total national income, while the lowest income decile fails to account for even 2%. This indicates an income gap of more than 20 times between the wealthiest 10% of the population and the poorest 10%, in line with a pattern of extreme concentration that highlights the need for comprehensive policies to reduce deep-rooted and persistent structural inequalities.

Analysing the trends in the Gini index, which is the most commonly used inequality indicator, the comparison of the most recent figures available in each country with those of 2014 shows an average annual decline of 0.5% in the index for 16 countries of the region (see figure 2). In 2024, the index was 0.452 (simple average for 12 countries). Although this figure is similar to that of 2023 (0.456), the comparison with 2021 (0.469) shows a slight improvement in income distribution. Between 2021 and 2024, the regional average for the 12 countries analysed fell to an annual rate of 1.3%. However, these limited variations do not indicate structural transformations.

Figure 2
Latin America (12 countries): Gini index, 2021, 2023 and 2024[a]



Source: Economic Commission for Latin America and the Caribbean, on the basis of the Household Survey Data Bank (BADEHOG).
[a] Data for 2021 and 2023 for Mexico refer to 2020 and 2022. 2021 data for Paraguay are not strictly comparable to following years.
[b] Simple average for 12 countries.

While the improvement in income distribution has been a positive development, it is important to underscore that it is due primarily to labour market forces and long-term demographic trends rather than redistributive policies. In four of the five countries where inequality declined most significantly between 2021 and 2024, the labour market was the main contributing factor. Meanwhile, shrinking household sizes owing especially to the diminishing proportion of children and adolescents —more

pronounced in the lower income groups— have contributed to the narrowing of per capita income gaps between the first and fifth quintiles. Thus, there is ample room for public policy to play a more decisive role in reducing inequality.

Despite its considerable importance, the measurement of income inequality faces formidable methodological challenges. A series of approaches, which integrate surveys with tax records and national accounts data, have been developed to address this problem and are analysed in chapter I. World Inequality Lab estimates constitute one such approach, based on distributional national accounts. Although results do not always align with survey findings, there has been a minor decline in income inequality —at least in the years since the coronavirus disease (COVID-19) pandemic—, with the wealthiest 1% now accounting for a slightly smaller share of total income (before tax) relative to the prior period.

F. The region must pursue quality education, as inequality is perpetuated by education system shortcomings

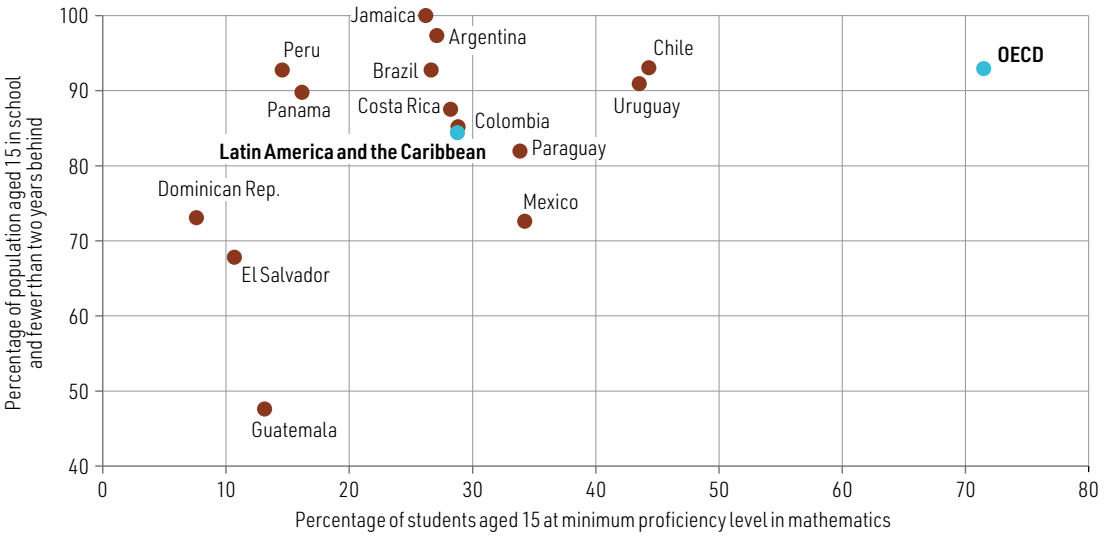
A second factor contributing to high inequality in the countries of the region is flawed education and vocational training systems. Chapter II of this edition of the *Social Panorama of Latin America and the Caribbean* notes that, despite progress in education coverage in recent decades, the countries of the region continue to face significant inclusion and quality gaps, which are associated with the axes of the social inequality matrix. Education coverage challenges remain, in particular regarding access at the pre-primary level, completion at the secondary level, and access and retention in higher education. Meanwhile, the fact that schooling does not provide students with the knowledge needed to address current global challenges points to an alarming crisis of learning.

Figure 3 shows persistent challenges in education coverage and quality in the countries of the region. On average, in the countries of Latin America and the Caribbean that participated in the 2022 round of the Programme for International Student Assessment (PISA), education coverage among the population aged 15 is nearly 14 percentage points lower than coverage in OECD countries, and the proportion of students that meet the Assessment's minimum level of proficiency in mathematics is 48 percentage points lower in the region than in OECD countries. In other words, OECD scores nearly triple regional scores, on average. These gaps limit opportunities for young people and hinder regional growth, which highlights the need for comprehensive policies that ensure school retention and relevant learning outcomes.

Responding to the need for progress on the multidimensional measurement of inequality, chapter II presents a proposal for measuring education inequality using a bidimensional index of inequality of opportunity in education.[2] An analysis of the index of inequality in learning outcomes, adjusted for access (which includes students outside the education system) and the bidimensional index of inequality of opportunity in education (which combines inequality of coverage and learning outcomes in a single indicator), shows persistent education inequality in both coverage and learning outcomes. The results show that including coverage in the analysis substantially increases inequality in learning outcomes. Similarly, the region's index of inequality of opportunity in education is more than double that of OECD countries, underscoring the inability of education systems to adequately compensate for unequal student backgrounds and advance social mobility.

[2] The bidimensional index of inequality of opportunity in education is calculated by multiplying two components: an index of inequality of opportunity in coverage, given by the percentage of the population aged 15 either not in school or more than two years behind in school, and an index of inequality of opportunity in outcomes, which estimates the proportion of learning inequality in the mathematics component of PISA that can be attributed to predetermined factors not dependent on the student, such as sex, migration status, household socioeconomic and cultural status, and school characteristics.

Figure 3
Latin America and the Caribbean (14 countries) and OECD (33 countries):[a] proportion of population aged 15 in school and fewer than two years behind, and proportion of students aged 15 who meet the minimum level of mathematical proficiency[b] of the Programme for International Student Assessment, by country, 2022
(Percentages)



Source: Economic Commission for Latin America and the Caribbean, on the basis of Organisation for Economic Co-operation and Development. (2023). *PISA 2022 Results*. OECD Publishing.

[a] Simple averages. Latin American and Caribbean countries: Argentina, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, El Salvador, Guatemala, Jamaica, Mexico, Panama, Paraguay, Peru and Uruguay. OECD countries: Australia, Austria, Belgium, Canada, Czechia, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Israel, Italy, Japan, Kingdom of the Netherlands, Latvia, Lithuania, New Zealand, Norway, Poland, Portugal, Republic of Korea, Slovakia, Slovenia, Spain, Sweden, Switzerland, Türkiye, United Kingdom and United States.

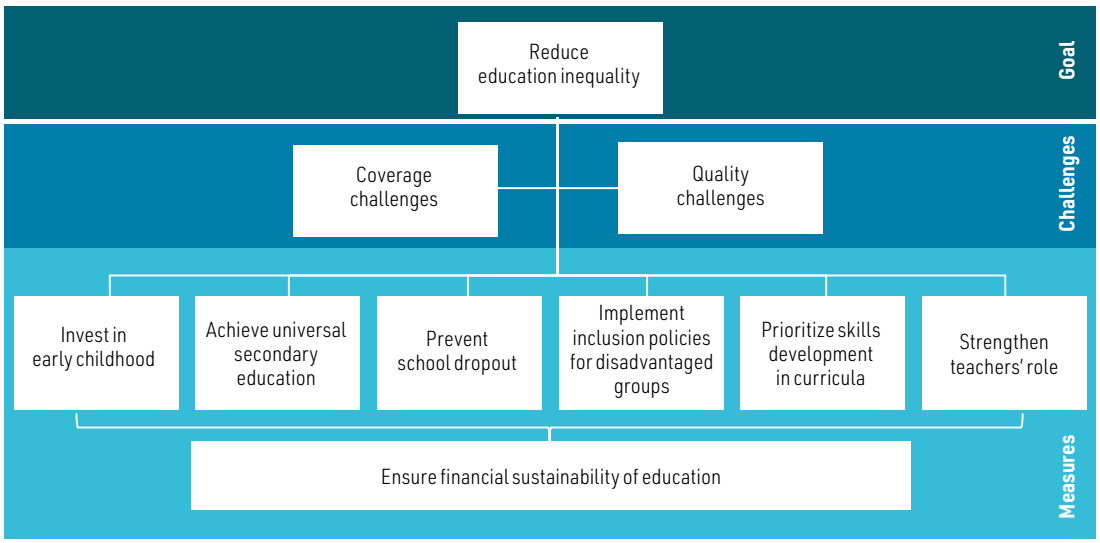
[b] The minimum level of proficiency in mathematics is level 2.

Meanwhile, although intergenerational education mobility has improved in the region in the past two decades —especially at the primary and secondary levels—, significant challenges remain in higher education, where parents' level of education continues to be a fundamental determinant. Education mobility is less prevalent in the highest and lowest income quintiles and especially limited in the lowest. This situation is compounded by a negative correlation between income inequality and education mobility: the higher a country's income inequality, the lower the probability that children will reach a higher level of education than their parents.

With a view to overcoming these challenges and harnessing the transformative potential of education, chapter II proposes a set of strategies to reduce education inequality in both coverage and quality (see diagram 3). One proposal is to move towards universal pre-primary education, given its important role in reducing school dropout and repetition and improving learning outcomes. Another recognizes the need for holistic policies that include early warning systems to prevent school dropout, programmes to strengthen educational trajectories, education services adapted to student diversity, scholarships, income protection and comprehensive care to achieve universal secondary education. An additional policy recommendation for improving learning outcomes is to focus on tailoring teaching methods to each student's level, through more personalized methods and with the support of digital and hybrid modalities; prioritize curricula that emphasize cognitive, socioemotional and digital skills; and gradually extend the school day, taking context and public expenditure on education into account. Planning, designing and implementing this type of education

policy calls for increasing financially sustainable public investment and, crucially, understanding that more and better investment in education is not a product of development but, rather, a vital prerequisite for its achievement.

Diagram 3
Strategies for reducing education inequality



Source: Economic Commission for Latin America and the Caribbean.

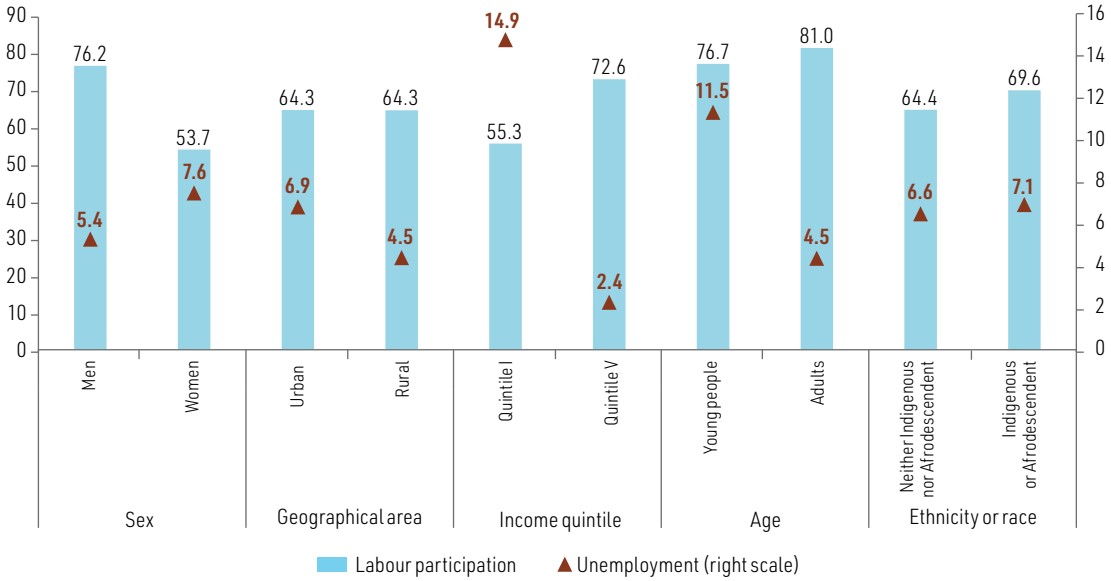
G. Amid the variety of persistent labour inclusion challenges, job formalization is fundamental for reducing inequality

Persistent inequalities in education access and quality are linked to inequality in job opportunities. As discussed in chapter II, this is not only a product of education gaps perpetuating unequal access to quality jobs and barriers to labour inclusion, but also of low economic growth, limited formal job creation and the productive heterogeneity that characterizes the region's economies. These factors create segmented and highly informal labour markets that hamper education's ability to improve living conditions and reduce inequality.

The region's labour market is profoundly unequal in structure. Increasing education levels should translate into higher labour participation, lower unemployment, better wages and more access to quality jobs for all, but this does not materialize in an equitable manner, leaving historically excluded groups at a disadvantage. Chapter II shows that one out of two women does not participate in the labour market and that unemployment rates are significantly higher among women, young people, urban residents, Afrodescendants and Indigenous Peoples (see figure 4).

Labour informality affects nearly half of employed persons, particularly women, young people and low-wage workers, which translates into a lack of legal coverage and effective access to social protection. High levels of informality limit the redistributive effect of education, creating an urgent need to link advancements in education to a labour market that creates formal, protected and quality jobs. In this regard, labour formalization should be viewed as a key strategy for reducing poverty and inequality.

Figure 4
Latin America (13 countries):[a] labour participation and unemployment rates, by social inequality matrix axis, 2023[b]
(Percentages)



Source: Economic Commission for Latin America and the Caribbean, on the basis of the Household Survey Data Bank (BADEHOG).
Note: Simple averages. "Young people" refers to persons aged 15–29 not in school, and "adults" refers to the population aged 30–59.
[a] Latin American countries: Argentina, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Mexico, Paraguay, Peru, Plurinational State of Bolivia and Uruguay. Data disaggregated by geographical area do not include Argentina, and data disaggregated by ethnicity or race do not include Argentina, Costa Rica, the Dominican Republic, El Salvador or Paraguay.
[b] Data for the Plurinational State of Bolivia refer to 2021, while those for Chile and Mexico refer to 2022.

In chapter II, a methodology[3] is applied to estimate how the labour income of the informally employed would change if they became formally employed and, thereby, to approximate the potential impact of formalization on the population's well-being. The simulations presented in the chapter show that if all informal workers became formally employed, their average income would rise by 29%, their poverty levels would fall by 12.1%–24.3% and the Gini coefficient for total labour income would decrease by 14%. Thus, progress on labour formalization is a concrete path for improving people's economic well-being and living conditions. This process must be sensitive to differences and take into account the gaps particularly affecting groups that have historically suffered exclusion or discrimination.

Boosting formal employment and reducing inequality requires the adoption of a comprehensive policy approach encompassing productive development, the labour market, regulations and care (see diagram 4). This involves transforming the production structure, strengthening strategic sectors that generate quality employment, increasing job training, implementing tax incentives and improving labour oversight and intermediation. This approach should ensure access to social protection systems for all, irrespective of employment status, and should include the design of informal-to-formal transition programmes that combine training, access to financial services and technical support, incorporating an intersectional perspective.

[3] The simulations use a partial equilibrium model enabling an evaluation of not just the individual benefits of formalization but also its potential aggregate effects on poverty and inequality levels.

Diagram 4
Labour strategies and policies for reducing inequality

Source: Economic Commission for Latin America and the Caribbean, on the basis of Espejo, A., Trujillo-Salazar, L., Caillaux, E., Figueroa, N. and Robles, C. (2023). Políticas activas de mercado de trabajo en América Latina y el Caribe: desafíos para la inclusión laboral con protección social. *Project Documents* (LC/TS.2023/192). Economic Commission for Latin America and the Caribbean; Huepe, M. (2024). El desafío de la sostenibilidad financiera de la educación en América Latina y el Caribe. *Project Documents* (LC/TS.2024/1). Economic Commission for Latin America and the Caribbean.

Strengthening education and promoting labour inclusion should be recognized as pillars of inclusive social development. Comprehensive strategies adapted to specific contexts should be planned, designed and implemented as a policy priority, supported by robust institutional capacities, a long-term vision that ensures financial sustainability, and the implementation of productive development policies that strengthen education and work to drive down inequality (ECLAC, 2024f).

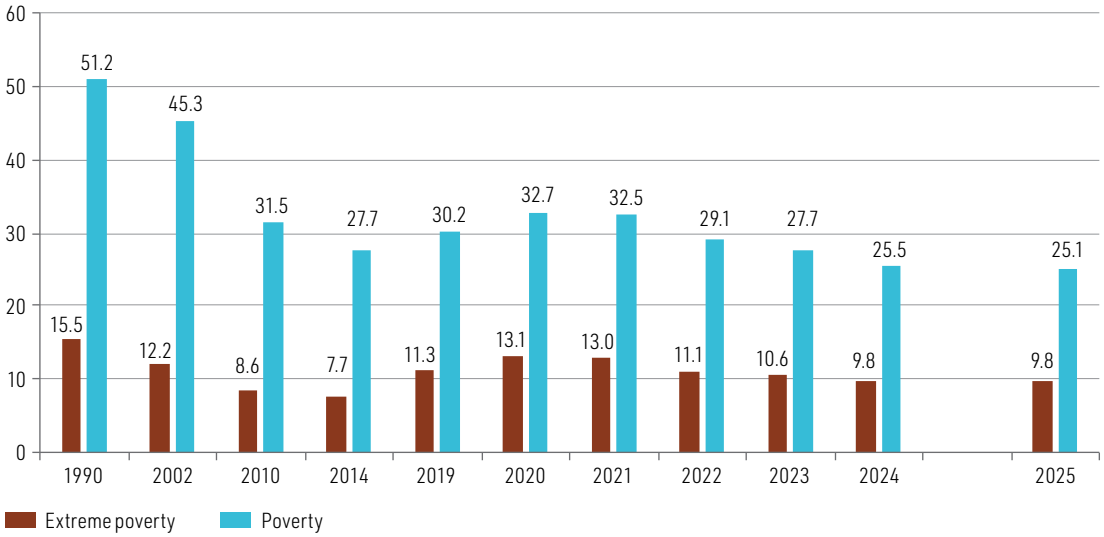
H. Monetary poverty and multidimensional poverty declined significantly in 2024

High and persistent inequality in Latin America and the Caribbean compounds the challenge of eradicating poverty, which is the most extreme manifestation of inequality. Progress on poverty elimination is essential for advancing towards inclusive social development. Chapter I of the *Social Panorama of Latin America and the Caribbean, 2025* includes an analysis of poverty from two perspectives: one that focuses on income insufficiency, and one that considers a broader set of deficiencies in different areas of well-being.

With regard to monetary poverty, 25.5% of the regional population was poor in 2024, a decrease of 2.2 percentage points since 2023 and more than 7 percentage points since 2020,[4] and the lowest rate since comparable records began (see figure 5). Meanwhile, the extreme poverty rate fell to 9.8% in 2024, down 0.7 percentage points from its 2023 level, meaning that progress was more modest than in the case of overall poverty. Extreme poverty was still 2.1 percentage points higher than in 2014, when it fell to its lowest level of the last three decades. In all the countries, wage income was the source that had the greatest impact on poverty, whether this rose or fell.

[4] The reduction in poverty in 2024 was due mainly to the performance of Mexico and, to a lesser extent, Brazil, which accounted for 60% and 30% of the regional decline, respectively. In the case of extreme poverty, these countries contributed 49% and 31% of the reduction, respectively. Without their results, the regional decline would have been small and rates would have remained at around 2019 levels.

Figure 5
Latin America (18 countries):[a] population in extreme poverty and poverty, 1990–2024 and projections for 2025
(Percentages)



Source: Economic Commission for Latin America and the Caribbean, on the basis of the Household Survey Data Bank (BADEHOG).
[a] Weighted averages of the following countries: Argentina, the Bolivarian Republic of Venezuela, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, the Plurinational State of Bolivia and Uruguay.

With regard to multidimensional poverty, ECLAC has developed a multidimensional poverty index for Latin America (MPI-LA) in response, first, to the unsuitability of the relatively undemanding thresholds used in global indices to the current context in the region and, second, to the limited comparability between national measures (ECLAC, 2025d). MPI-LA is based on the capabilities and rights approaches and incorporates deprivation indicators in four dimensions: housing, health, education, and employment and pensions. Each dimension has the same weight and is composed of three equally weighted indicators. To be considered poor, someone must be deprived in at least 4 of the 12 indicators.

The results presented in chapter I show a sustained decline in multidimensional poverty in the region, from 34.4% in 2014 to 20.9% in 2024, a downward trend that was interrupted in 2020 by the effects of the pandemic. During this period, multidimensional poverty was consistently higher in rural areas, among children and adolescents and in the poorest income quintiles. This situation confirms the existence of social groups suffering from cumulative disadvantages that leave them more vulnerable to multidimensional poverty and make it harder for them to escape it.

Around 2024, 29.1% of multidimensional poverty in the region was explained by deprivations in the dimension of employment and pensions. Some 15.2% of total poverty was due to poor-quality employment and 11.4% to lack of labour market participation. Housing accounted for 28.4% of multidimensional poverty, lack of Internet access for 11.0% and overcrowding for 10.9%. As for the remaining dimensions, education and health were responsible for 22.8% and 19.6% of total multidimensional poverty, respectively.

The situations of individual countries varied greatly. Thus, while the incidence of multidimensional poverty was over 50% in Guatemala, Honduras and El Salvador around 2024, in Costa Rica, Uruguay and Chile it affected less than 6% of the population.[5] Poverty was severest in the countries where it was most prevalent: the poor were deprived in more than two dimensions on average in Guatemala and Honduras, but in less than one and a half dimensions in Chile, Uruguay and Costa Rica.

I. Profound gender inequality persists, limiting the exercise of women's rights and autonomy

One of the factors explaining high inequality, low social mobility and weak social cohesion is gender inequality, which affects women, adolescents and girls who face discrimination in particular. As discussed in chapter III, the reduction of gender inequality is not only a human rights issue but an essential condition for progress towards inclusive and sustainable social development. This is reaffirmed in the Tlatelolco Commitment, which establishes a decade of action (2025–2035) to accelerate the achievement of substantive gender equality and the care society through political, economic, social, cultural and environmental transformations (ECLAC, 2025c). Among other requirements, this means dealing with the four structural obstacles, as identified in the Regional Gender Agenda, that perpetuate gender inequality in Latin America and the Caribbean (ECLAC, 2017) and have a direct impact on women's autonomy. These gaps are mutually reinforcing and limit women's effective exercise of their rights, access to economic opportunities and political and social participation.

The first of these obstacles is socioeconomic inequality and persistent poverty within the framework of an exclusionary growth model. Although monetary poverty has decreased in aggregate terms in the region, the femininity index of poverty has been rising, from 105 in 2003 to 113 in 2013 (Economic Commission for Latin America and the Caribbean and United Nations Entity for Gender Equality and the Empowerment of Women [ECLAC and UN-Women], 2025) and 121 in 2023, which means that women continue to be overrepresented in low-income households and face greater difficulties with labour inclusion. Likewise, individual multidimensional poverty[6] affects women more than men, mainly because of greater deprivation in the employment dimension, with women being three times as likely to suffer from this as men (ECLAC, 2025d) as a result of inequalities in the distribution of paid and unpaid work and in the social organization of care. This type of analysis reinforces the need to move ahead with comprehensive policies that link labour market policies to policies for care and co-responsibility for care between genders, the State, the private sector and households.

The second structural issue is the persistent sexual division of labour and the unfair social organization of care, which make women primarily responsible for the care work that is essential for sustaining life. In the 10 countries of the region[7] that have calculated the monetary value of unpaid household work, figures range from 19% to 27% of GDP. This is in a context of growing demand for care driven

5 The differences in results between the monetary and multidimensional measures of poverty are due to the fact that they assess different areas of well-being. The monetary indicator treats household income as a proxy for access to the goods and services needed to meet basic needs, while the multidimensional approach captures deprivations in areas such as education, health, housing and employment. Thus, it is possible for a household not to be classified as income-poor but to have multiple deficiencies in other fundamental areas of well-being, and vice versa. Poverty rates and profiles thus differ depending on the approach applied.

6 A major challenge for multidimensional measures is to capture gender inequalities. In a measure such as MPI-LA, individual deprivations are converted into household deprivations, which masks gaps within households. To assess gender gaps in the population aged 20–59 with the MPI-LA indicators, individual deprivations were not converted into household deprivations (CEPAL, 2025d).

7 The countries that have these data are Argentina (2020), Chile (2025), Colombia (2021), Costa Rica (2022), Ecuador (2017), El Salvador (2017), Guatemala (2014), Mexico (2021), Peru (2010) and Uruguay (2021).

by demographic, epidemiological and climatic changes which, together with the reduced availability of time and people to provide it, are creating a care crisis that could easily get worse (ECLAC, 2025e).

The third structural obstacle are patriarchal, discriminatory and violent cultural patterns, reflected in harmful practices that perpetuate the subordination of women and in the high prevalence of gender-based violence and the persistence of feminicide (in 2024, there were at least 11 gender-related killings of women per day). Furthermore, inequalities are exacerbated in the case of women who face multiple forms of exclusion and discrimination, such as Indigenous women, women of African descent, women with disabilities and girls and young women in migration and rural contexts, which highlights how the axes of inequality are interrelated and mutually reinforcing.

The fourth obstacle are gender relations and the concentration of power in the public sphere. Despite regulatory advances aimed at increasing political participation and the implementation of mechanisms such as parity measures and gender quotas, gender parity remains an unmet aspiration in the executive, legislative and judicial branches and in local government.

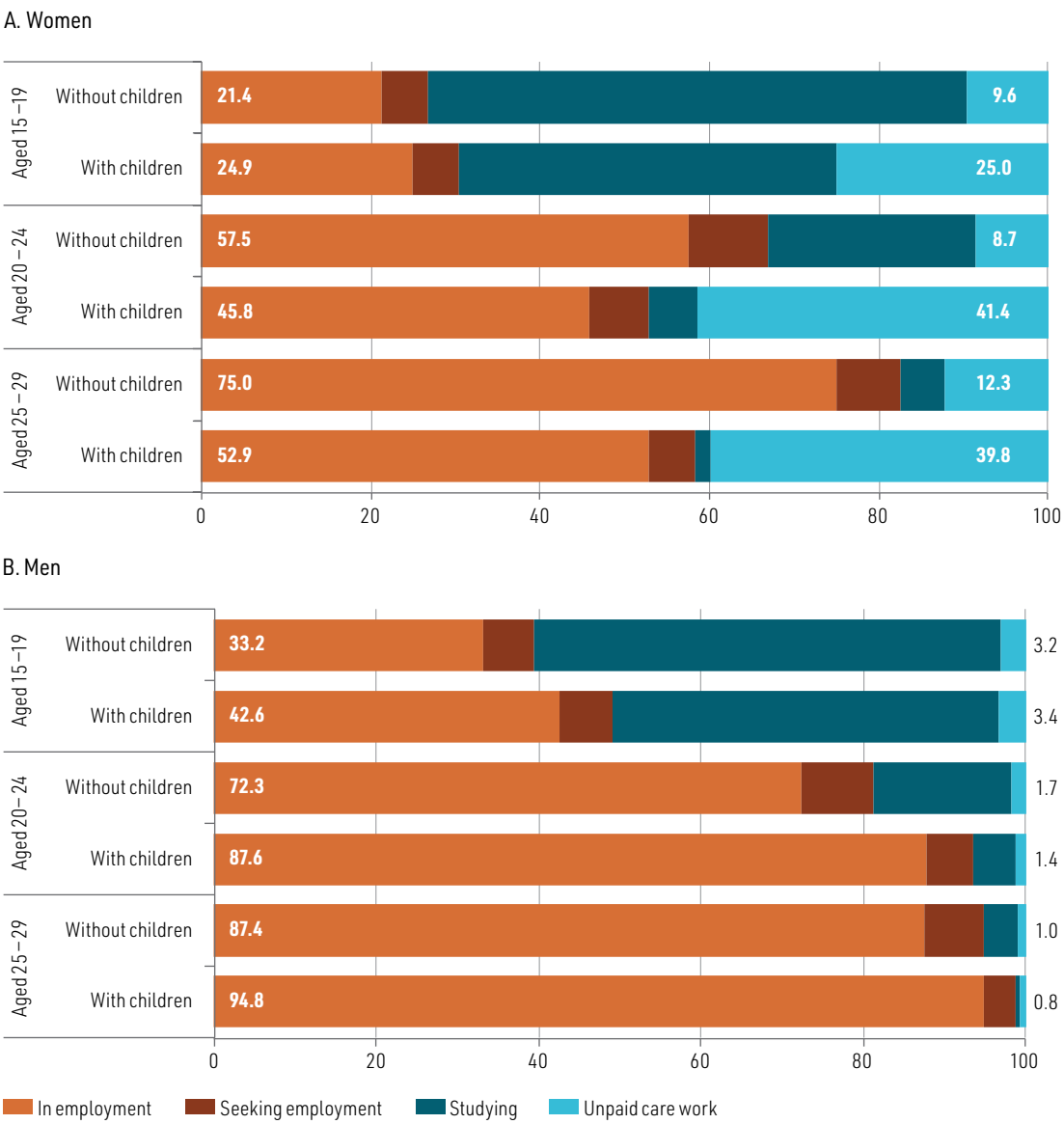
These structural obstacles manifest themselves from early ages and affect the life courses of girls, adolescents and young women, thereby reproducing inequality in its multiple dimensions, as discussed in chapter III. One important trend is the higher prevalence of child marriage, early unions and adolescent pregnancy, particularly in the lowest income quintiles. In 15 countries with information available, between 24% and 55% of women aged 20–24 in the lowest income quintile were married or in a union before the age of 18; in comparison, this figure ranges between 2% and 32% for women in the highest income quintile. At the same time, a larger proportion of men in the 15–29 age group participate in the labour market, while many women are outside the education system and paid employment and devote a great deal of time, in some cases up to 75 hours per week, to unpaid work. In all household income quintiles, the proportion of young women whose main activity is unpaid domestic and care work far exceeds that of men, especially in lower-income households. In turn, the presence of children in a household significantly increases care demands and limits young women's access to educational and employment opportunities (see figure 6).

The sexual division of labour is also reflected by gender segregation in tertiary education, especially in science, technology, engineering and mathematics (STEM) fields, with 10.8% of female tertiary graduates obtaining their degrees in these areas, compared with 29.3 % of males. Conversely, 40.6% of female graduates in tertiary education obtain their degrees in areas related to the broader care sector (education, health and welfare), compared with 21.9% of men. Gender segregation in tertiary education, together with factors linked to the sexual division of labour and the unequal social organization of care, reinforce gender gaps in the labour market and exacerbate the trap of high inequality in the region.

Addressing gender inequality requires the implementation of public policies that eliminate stereotypes and foster women's participation in all areas of knowledge, including STEM subjects. There is also a need to professionalize those working in the care sector and certify their skills, which means that the quality, perceived value and dignity of this work need to be enhanced by ongoing training policies, recognition of knowledge and access to appropriate working conditions. Likewise, given its potential to create jobs and increase incomes and to open the way to greater female participation in the labour market, among other benefits, the care economy should be treated as a strategic sector for the productive transformation that the region needs if it is to deal with the development crisis. ECLAC has accordingly called for a transition to a care society, as a new development model that places the sustainability of life and the planet at its centre while recognizing care as a fundamental human

right, ensuring the rights of both those who require care and those who provide it, and promoting the right to self-care in accordance with the principles of equality, universality and social and gender co-responsibility (ECLAC, 2025c, 2025e).

Figure 6
Latin America (15 countries):[a] main activity of population aged 15–29, by sex, age group and presence of children (aged 0 to 5) in the household, 2024[b]
(Percentages)



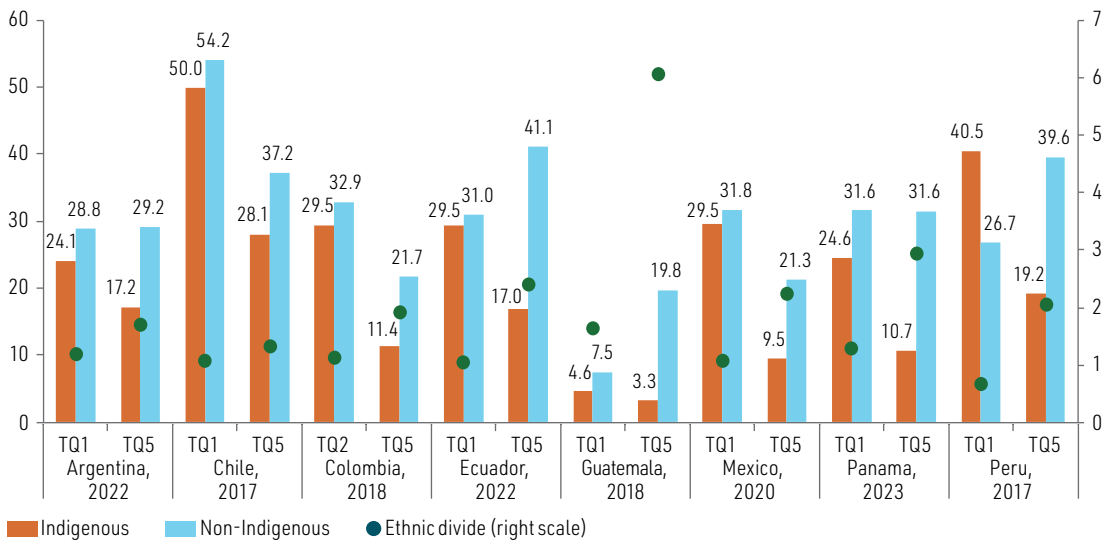
Source: Economic Commission for Latin America and the Caribbean, on the basis of the Household Survey Data Bank (BADEHOG).
[a] **Weighted averages of the following countries**: Argentina, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, El Salvador, Honduras, Mexico, Panama, Paraguay, Peru, the Plurinational State of Bolivia and Uruguay.
[b] Data are from 2023 for El Salvador and the Plurinational State of Bolivia and 2022 for Chile.

J. Inequality in the form of discrimination, exclusion and violation of the rights of persons with disabilities, Indigenous Peoples and migrants

Inequality is also reflected in rights violations and the exclusion of certain population groups, as discussed in chapter III. This is the case with Indigenous Peoples, migrants and persons with disabilities, some of the population groups targeted by the priority measures of the Montevideo Consensus on Population and Development (ECLAC, 2013), who are most affected by the trap of high inequality, low social mobility and weak social cohesion, exacerbated by exclusion, discrimination and the historical violation of their individual and collective rights.

In all the countries of the region, ancestral lands, where most Indigenous Peoples live, suffer from historical deficits in investment, infrastructure, resources and governance, and from various threats, including encroachment, environmental degradation and violence towards communities and their representatives. These challenges, combined with exclusion, discrimination and the historical violation of their individual and collective rights, give rise to intersecting ethnic and territorial inequalities reflected, for example, in a lower rate of access to higher education among young Indigenous people than their non-Indigenous peers, and an even lower rate among those living in rural areas and in regions with a high concentration of Indigenous residents (see figure 7). These gaps are also evident at the municipal level, and municipalities with a high concentration of Indigenous residents —which often overlap with ancestral lands, albeit not exactly— record lower levels of educational attainment.

Figure 7
Latin America (8 countries): percentage of Indigenous and non-Indigenous population aged 20–29 accessing higher education, in the first territorial quintile (TQ1)[a] and last (TQ5) territorial quintile of Indigenous presence at the minor administrative division level, and ethnic divide in each quintile,[b] 2020 census round
(Percentages and non-Indigenous/Indigenous ratio)



Source: Economic Commission for Latin America and the Caribbean, on the basis of special processing of census microdata available at the Latin American and Caribbean Demographic Centre (CELADE)-Population Division of ECLAC, using REDATAM.

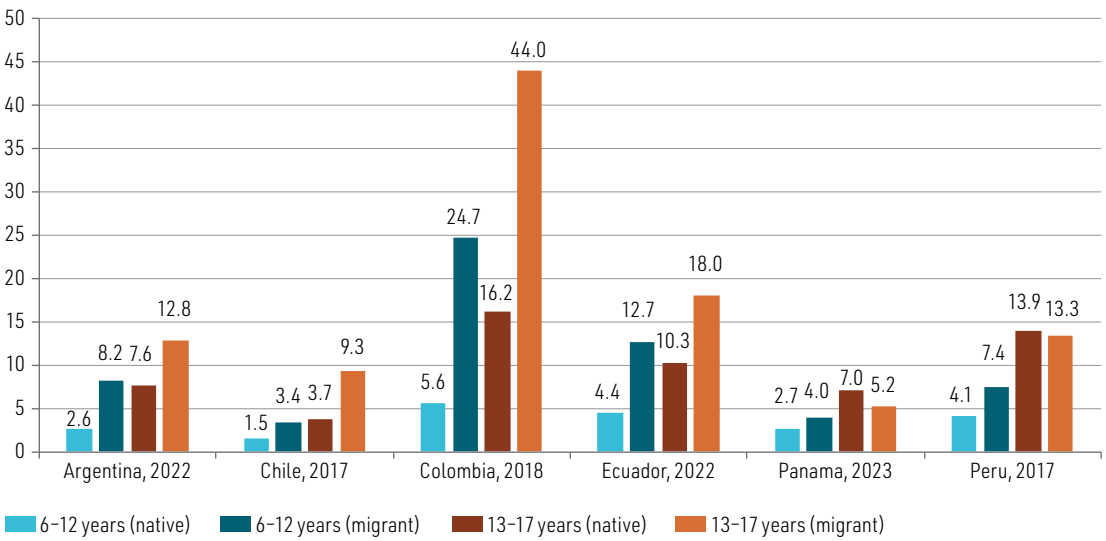
[a] In the case of Colombia, data refer to the second territorial quintile (TQ2) of Indigenous presence, as there were very few cases in the first territorial quintile (TQ1).

[b] The ethnic divide was obtained by dividing the percentage of non-Indigenous young people aged 20–29 accessing higher education by the percentage of Indigenous young people accessing higher education, in each territorial quintile.

Addressing the inequalities faced by Indigenous Peoples entails recognizing their identity and rights as such, acknowledging their defence of ancestral lands taking into consideration their territorial, cultural and sociopolitical diversity and ensuring the exercise of recognized collective rights. It is also vital to ensure access in these territories to basic services and to educational and employment opportunities that are adapted to local realities and that integrate traditional knowledge, care practices, environmental management, agroecology and collective entrepreneurship models. Affirmative action, such as quotas or specific scholarships, especially for secondary and higher education, as well as adequate infrastructure, digital connectivity and special support for bilingual teachers with intercultural training, foster educational inclusion.

Regarding international migrants, although Latin America and the Caribbean continues to register negative net migration and ever-greater migrant outflows (United Nations, 2024),[8] immigration has become more common in recent decades for many countries of the region owing to increasing intraregional migration (ECLAC, 2023a). This population group faces a variety of barriers in exercising their rights. For example, educational exclusion significantly and disproportionately affects migrant children and adolescents (see figure 8).

Figure 8
Latin America (6 countries): school-age population not attending formal educational institutions, by age group according to migration status, 2020 census round
(Percentages)



Source: Economic Commission for Latin America and the Caribbean, on the basis of special processing of census microdata available at the Latin American and Caribbean Demographic Centre (CELADE)-Population Division of ECLAC, using REDATAM.

School inclusion for migrants requires agile mechanisms for the recognition of studies and academic qualifications; accelerated education; levelling programmes and schools with extended hours that offer academic reinforcement and psychosocial support to reduce dropout rates and learning gaps; access to technical and vocational education and training; local language courses, where necessary; recognition of cultural diversity; quotas in universities; financial aid and subsidies for materials and transportation; anti-bullying protocols; intercultural curricula; and cultural diversity training within the educational community.

The discrimination faced by this population group is evident in the fact that in several countries of the region, international migrants —especially women— outnumber their native peers in the informal

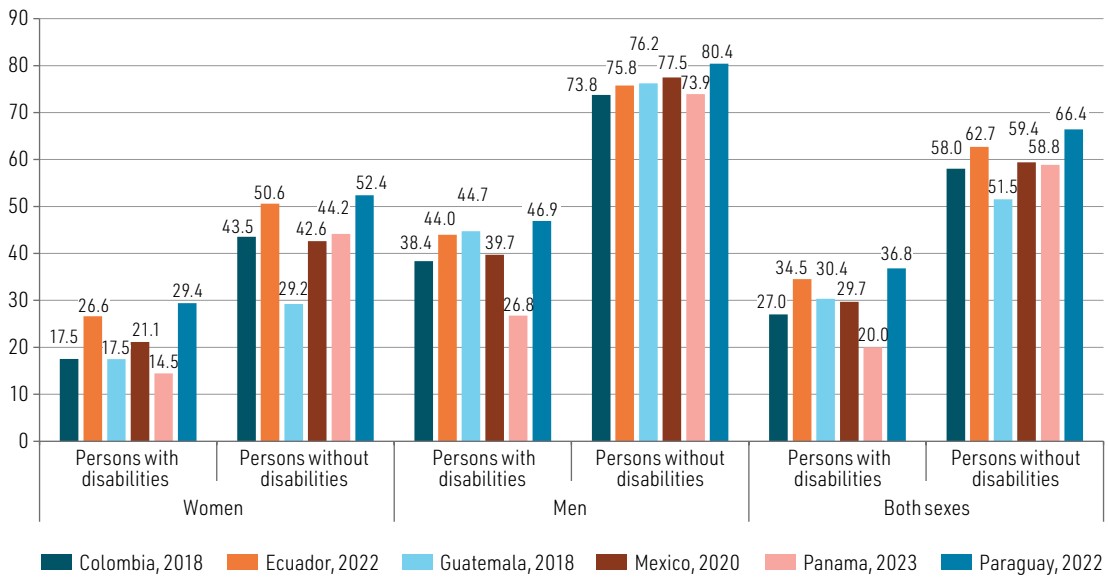
[8] Net migration is defined as the number of immigrants minus the number of emigrants over a given period.

labour market despite higher labour participation rates and educational attainment (ECLAC, 2023a). This points to barriers to accessing formal wage employment, a lack of stable employment options and, consequently, recourse to self-employment or to informal —and often precarious— jobs as an income-generating strategy.

To advance migrants' labour inclusion, there is a need for programmes to guide job-seekers; facilitate access to national and local employment and entrepreneurship programmes; and promote skill certification and technical upskilling. Also helpful are campaigns and training to foster appreciation for cultural diversity and for migrants' contributions and to combat xenophobia. While regularizing migration is critical for the educational and employment inclusion of migrants, it is not sufficient on its own, and the rights-based governance framework that ensures safe, orderly and regular migration must be strengthened.

The population with disabilities is another group that faces various social inclusion barriers and inequalities stemming from discrimination. In this regard, an international framework was forged in recent decades for the rights of persons with disabilities, along with a set of instruments aimed at promoting and protecting the exercise of these rights (ECLAC, 2021). However, implementation challenges remain, as discussed in chapter III. Persons with disabilities have fewer years of schooling and lower educational attainment than those without disabilities. On the employment front, their participation rate is lower than that of their peers without disabilities and they are more likely to not seek employment in the belief that their disability is an impediment to hiring, or because of accessibility issues, family or employer restrictions, stereotypes and stigmas regarding their fitness for work. Women with disabilities in particular suffer from exclusion, recording labour participation rates below 30%, compared with around 50% for women without disabilities (see figure 9).

Figure 9
Latin America and the Caribbean (6 countries): labour force participation (aged 15 and older), by disability status and sex, 2020 census round
(Percentages)



Source: Economic Commission for Latin America and the Caribbean, on the basis of special processing of census microdata available at the Latin American and Caribbean Demographic Centre (CELADE)-Population Division of ECLAC, using REDATAM.

To address the inequalities faced by persons with disabilities, it is necessary to ensure their access to inclusive education adapted to their needs, eliminating prejudices and exclusionary, discriminatory practices. Subsidies and financial incentives are needed for companies, institutions and individuals to hire persons with disabilities and implement the reasonable accommodations required for them to exercise their right to work on an equal basis with others. Disability must also be mainstreamed in all self-employment programmes, adopting accessibility measures and support systems and implementing inclusive training strategies for the professional development and continuing education of persons with disabilities.

The multiple and varied inequalities faced by these population groups, which are replicated in others, such as Afrodescendent populations, strengthen the call for implementation of comprehensive policies to address exclusion, discrimination and the historical violation of their rights. In that regard, their participation in the decisions that affect them is vital, as is implementation of the national and international laws and regulations for their inclusion and the exercise of their rights. Designing and implementing these policies requires strengthening institutional capabilities, as discussed in chapter IV.

K. Limited technical, operational, political and prospective institutional capabilities are weakening implementation of policies to reduce inequality

High inequality in the region is compounded by the trap of weak institutional capacity and ineffective governance, which hampers the management of vital transformations in the region (ECLAC, 2024b). The regional institutional context, marked by weakness, significant fragmentation and pressing social demands, hinders efforts to address inequality through comprehensive and effective public policies that endure over time and can be adapted to changing contexts (ECLAC, 2024a; Salazar-Xirinachs and Boeninger Sempere, 2025). Progress in reducing inequality requires a solid foundation of technical, operational, political and prospective (TOPP) capabilities; permanent, broad and representative forums for dialogue; and effective governance capable of settling differences and producing greater convergence and coordination among political, economic and social stakeholders (ECLAC, 2024b; Salazar-Xirinachs, 2023).

Amid global crises and rapid changes across multiple dimensions, the countries of the region must strengthen their capacity to develop new and agile ways to adapt to various processes and transitions, making the shift from prescriptive and aspirational thinking to a strategic and operational approach that equips institutions with the actual capabilities required to drive, implement and sustain specific transformations to overcome the development crisis (Salazar-Xirinachs and Boeninger Sempere, 2025). For this reason, ECLAC has proposed the need to strengthen TOPP capabilities, to ensure that policies aimed at reducing inequality have: (i) appropriate, evidence-based diagnoses that draw on technical capabilities; (ii) operational capabilities for strong and sound implementation; (iii) political capabilities to ensure legitimacy, viability and continuity; and (iv) prospective capabilities to maintain effectiveness and swiftly adapt to changing environments (Salazar-Xirinachs and Boeninger Sempere, 2025).

These strengthened institutional TOPP capabilities underpin the effective implementation and management of regulations, organizational frameworks, management instruments and the financial

dimension, enabling them to address the needs and rights of the entire population, with a particular focus on the groups facing the greatest obstacles to the exercise of their rights. As discussed in chapter IV, the countries of the region have advanced in that regard, including through the ratification of international human rights instruments, at the constitutional level and with regard to national legislation, and through the strengthening of their regulatory frameworks. This has been accompanied by the presence of specialized bodies within governments responsible for implementing policies that address the inequality faced by women, children and adolescents, older persons and persons with disabilities, among other groups. Nevertheless, challenges remain in providing social institutions with greater financial, technical and human resources and in combating discrimination in a more coordinated and systematic manner.

The statistical visibility of historically marginalized population groups —whose rights have been systematically violated— is also essential to strengthen institutions' technical capabilities and develop robust diagnoses that result in evidence-based policymaking. In this regard, progress has been made in both the population censuses and household surveys of the region's countries by incorporating questions and data disaggregated by the sex of the residents of each household and self-identification of Indigenous Peoples, Afrodescendants, disability status and nationality, among other aspects. Challenges nonetheless remain with the quality and availability of those data and the regularity of data collection.

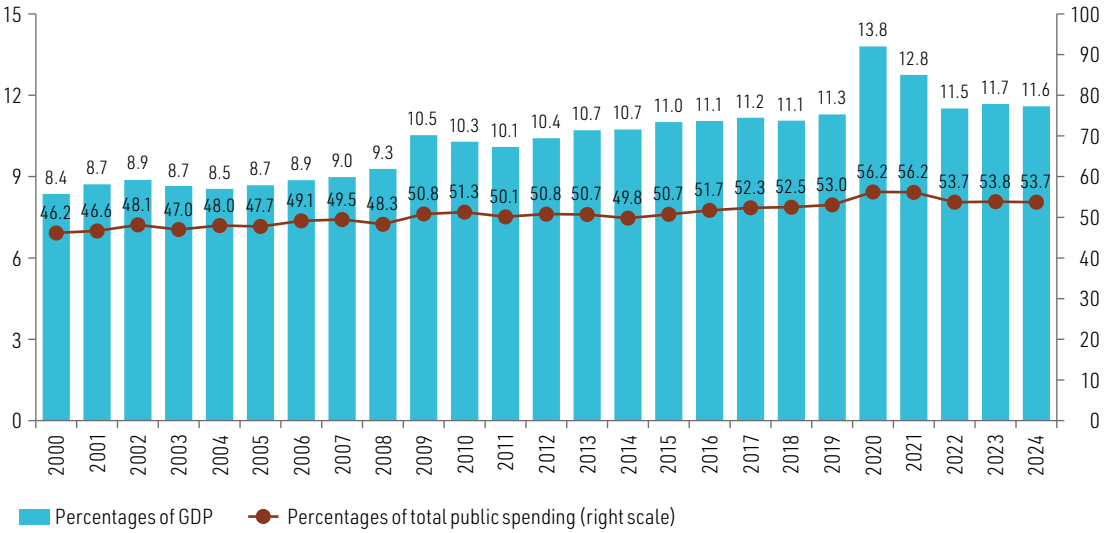
L. Social spending stabilized following the pandemic

Resource availability and financial sustainability are crucial for developing the TOPP institutional capabilities required to address the multiple inequalities in the countries of Latin America and the Caribbean and to enable the design and implementation of policies and measures to drive the transformations needed for the region's inclusive social development. Regarding social spending over the last 24 years, chapter IV shows a broadly stable growth trend in public social spending by central governments in Latin America relative to GDP between 2000 and 2019 (see figure 10). In 2020 and 2021, social spending gathered pace owing to the crisis caused by the COVID-19 pandemic, and in 2020, the highest levels of social spending of the century were recorded in the region, at 13.8% of GDP (ECLAC, 2023b). In the three-year period 2022–2024, spending fell by an average of 1.2 percentage points of GDP relative to the 2021 level and by 2.2 percentage points relative to the 2020 level. In 2024, central government social spending averaged 11.6% of GDP and 53.7% of total public spending in 24 of the region's countries.

This figure points to a stabilization of spending in recent years, following the decline from the peak levels in 2020 as a result of the COVID-19 pandemic. However, central government public social spending varies widely across the region, with three countries spending more than 15% of GDP, while seven others report spending levels below 10% of GDP.[9] At the subregional level, in the seven Caribbean countries for which information is available (Bahamas (The), Barbados, Belize, Guyana, Jamaica, Saint Lucia and Trinidad and Tobago), the average level of central government social spending was 11% of GDP in 2024, thus maintaining the trend towards stabilization seen in recent years. Meanwhile, in the 17 Latin American countries, such spending amounted to 11.6% of GDP (0.1 percentage points less than the previous year).

[9] The countries with central government public social spending above 15% of GDP are Brazil, Uruguay and Chile, while in The Bahamas, El Salvador, Guatemala, Guyana, Honduras, Panama and the Dominican Republic, spending is below 10% of GDP.

Figure 10
Latin America (17 countries):[a] central government social spending, 2000–2024[b]
(Percentages of GDP and of total public spending)



Source: Economic Commission for Latin America and the Caribbean, on the basis of official information from the countries.
[a] Simple averages. The countries included are: Argentina, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Plurinational State of Bolivia and Uruguay.
[b] The coverage of the Plurinational State of Bolivia refers to the central administration and that of Peru to general government. Data for the Plurinational State of Bolivia refer to 2021, while those for Brazil, Panama and Paraguay refer to 2023.

The share of social spending in total central government public expenditure also stabilized to some extent, averaging 53.7% for Latin America in 2024, just 0.1 percentage points lower than in the previous year. Thus, public social spending continues to be the main component of total public expenditure in Latin America. In the seven Caribbean countries mentioned above, social spending as a share of total public spending increased by 1.1 percentage points to 41.1% in 2024. This indicates certain differences in the subregion's social priorities compared with those of Latin America, as social spending represents less than 50% of total public spending.

Similarly, central government social spending per capita, in dollars at 2018 prices, averaged US$ 1,326 in 2024 among the 24 countries in the region for which information is available. This represents an increase of US$ 37 (or 2.9%) per capita relative to 2023.

Among the 17 Latin American countries, central government social spending per capita averaged US$ 1,110 in 2024, which is US$ 53 below the 2022 peak, but US$ 3 above the 2023 level. Among the seven countries of the Caribbean, social spending per person expanded significantly in 2024, by an average of US$ 121, to US$ 1,852. This represents an increase of 7% over 2023. When compared with the average for Latin American countries, these figures show a substantial gap in favour of the Caribbean, where per capita social spending in 2024 was 67% higher than in Latin America.

The regional trends in social expenditure are backdropped by a prolonged slowdown in private consumption, declining purchasing power of real wages, scant job creation, weak consumer confidence owing to high levels of uncertainty stemming from geopolitical tensions, financial volatility and trade restrictions, and the depletion of savings accumulated by families in recent years, all of which affect tax revenue. In addition, monetary policy is being kept tight to control inflation, with interest rates held above normal levels, while wide fluctuations in global commodity prices and the recent tariff hikes have further contributed to a scenario of low economic growth in the region (ECLAC, 2024e, 2025f).

Moreover, the structure of central government social spending in the six functions of government remained relatively stable between 2000 and 2024. In Latin America, the social protection and education functions continue to account for the largest shares of social spending, at 4.4% and 3.8% of GDP, respectively. The third most important expenditure function continues to be health, which represented 2.7% of GDP in 2024. This distribution is mirrored in South America, although spending on social protection is somewhat higher (6.4% of GDP). In contrast, social protection spending in Central America, the Dominican Republic and Mexico accounts for just 2.1% of GDP, similar to the level in the Caribbean, which averages 2.5% of GDP for this function.

Lastly, as shown in chapter IV, public transfers such as non-contributory pensions and cash transfers play a significant role in reducing poverty and extreme poverty. On average, across 11 countries, the effect of transfers in reducing total poverty was 2.5 percentage points in 2014, representing a 9% decrease in incidence. Although poverty levels were slightly lower in 2023, public transfers had an even greater impact that year, reducing poverty by 3.5 percentage points (a 15% drop in incidence). The trend was similar but more pronounced in extreme poverty, for which the impact rose from 2.2 percentage points in 2014 (a 24% decrease in incidence) to 2.7 percentage points in 2023 (a 31% decrease in incidence). These trends underscore the importance of social protection systems for the most vulnerable segments of the population, given their impact on the incomes of those living in extreme poverty. Nonetheless, the design of such systems must be strengthened, with the overarching goal of eradicating poverty (ECLAC, 2024d).

M. Comprehensive public policies to promote inclusive social development and overcome the high inequality trap must be adopted

Escaping the trap of high inequality, low social mobility and weak social cohesion requires designing and implementing comprehensive policies that address the six root causes of inequality (ECLAC, 2024b). The implementation of limited, isolated measures will not suffice to address the multidimensional nature of inequality. It is therefore urgent to adopt a new approach that enables the region to overcome this trap and advance towards inclusive social development through policies that link the various sectors.

The expansion of the welfare state, together with the strengthening of social protection systems and the promotion of coordinated sectoral policies, such as improvements in education and health to achieve higher levels of labour inclusion, are essential to mitigate multiple inequality gaps and lay the foundations for greater productivity and growth (ECLAC, 2024b). Universal, comprehensive, sustainable and resilient social protection systems are essential for eradicating poverty, reducing inequality and achieving inclusive social development (Arenas de Mesa, 2023). This process and approach, reflected in the 10 proposals for a pact for inclusive social development agreed upon by ECLAC member States (ECLAC, 2025a), calls for countries to make concerted efforts to expand coverage and improve learning outcomes in education systems, reduce high levels of informality in the region, strengthen labour inclusion and promote employment and decent work with a gender perspective. These actions contribute to sustainable and inclusive growth and increased productivity. In this sense, strengthening education and labour inclusion should be viewed as pillars of inclusive social development that should be coordinated with other measures, such as digital inclusion, the strengthening of pension systems and the consolidation of universal, comprehensive, sustainable and resilient health systems (ECLAC, 2023a, 2024a).

This should include comprehensive care policies and systems that address gender inequalities and overcome the structural challenges that perpetuate them in Latin America and the Caribbean, limiting the effective exercise of rights, access to economic opportunities and the political and social participation of women. This entails designing and linking care policies with other sectoral policies, while incorporating a gender and care perspective in the design and implementation of sectoral policies, in accordance with the principles of social and gender co-responsibility, universality with progressivity, financial sustainability and territorial and intersectional perspectives (ECLAC, 2025e). Moreover, it is essential to take a coordinated approach to addressing the exclusion, discrimination and historical rights violations faced by certain population groups, such as Indigenous Peoples, migrants and persons with disabilities. To this end, their participation in the decisions that affect them is vital, as is the implementation of the national and international laws and regulations that promote their social and labour inclusion.

Advancing towards comprehensive, high-quality social policies requires not only political will but, above all, a solid foundation of TOPP institutional capabilities to guide, coordinate, implement and sustain change amid uncertainty, fragmentation and disruptions (Salazar-Xirinachs and Boeninger Sempere, 2025). Adopting this approach will make it possible to design, implement and manage public policies that foster the structural transformations the region needs to address the trap of high inequality, low social mobility and weak social cohesion from a medium-term perspective that ensures financial sustainability (Salazar-Xirinachs, 2023; ECLAC, 2024b).

This must be accompanied by progress in the multidimensional measurement of inequality to ensure robustness and guarantee the soundness and accuracy of the diagnoses underpinning the design of comprehensive policies. Equally essential are joint efforts to consolidate quality information for the sustained measurement of inequality in its multiple dimensions. This will make it possible to design, implement and evaluate social policies capable of tackling and reducing the high inequality trap in the region.

N. Overview and summary of chapters

The four chapters of the *Social Panorama of Latin America and the Caribbean, 2025* include analysis of the trap of high inequality, low social mobility and weak social cohesion from different perspectives.

Chapter I focuses first on the analysis of income inequality through trends in and determinants of income distribution in the region. Next, monetary poverty is examined, and the most recent data disaggregated by sources of income and population groups are presented, along with the results of the ECLAC multidimensional poverty index for Latin America, which measures how each dimension contributes to overall poverty. With regard to multidimensional poverty, data disaggregated by area of residence, age and sex are also presented.

Chapter II provides a detailed assessment of education system weaknesses and labour market segmentation. It presents recent advances and proposals for potential inequality indices in the field of education that combine inequalities in access and outcomes in a single indicator, through a bidimensional index of inequality of opportunity in education. It also includes analysis of the intergenerational mobility of educational opportunities, along with a review of the main labour indicators that show the gaps between different population groups and provides a comprehensive overview of existing inequalities. The findings of an exercise estimating the potential impact of increased labour formalization on income inequality are also presented. The chapter concludes with a set of recommended measures and policies aimed at strengthening education and learning systems and addressing inequalities in the labour market.

Chapter III addresses gender inequality as well as inequality, discrimination and human rights violations as cross-cutting factors that affect specific population groups. It begins with an analysis of the four structural challenges of gender inequality that prevent women from fully exercising their human rights and hinder their autonomy and gender equality, particularly the sexual division of labour and the unequal social organization of care, which manifest from an early age, intensify over time and shape academic and employment trajectories. Next, it focuses on the inequality and discrimination experienced by Indigenous Peoples and Afrodescendants, migrants and persons with disabilities in the region, drawing on indicators of educational and labour exclusion and the barriers that hinder the exercise of economic and social rights, including the neglect of Indigenous Peoples' ancestral territories. The chapter ends with a series of policy recommendations for achieving gender equality and equality for other population groups facing discrimination and violence, with the objective of advancing the transformations needed to overcome the trap of high inequality, low social mobility and weak social cohesion.

Chapter IV includes an analysis of the relationship between inequality and the existing limitations in TOPP institutional capabilities, and presents progress and challenges across different dimensions of social institutional frameworks. The chapter also reviews trends in social spending and financial resources as a central dimension for tackling inequality. It concludes with an analysis of the redistributive effect of public transfers, assessing how social spending across different sectors impacts income distribution.

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Cueva de las Manos, Río Pinturas Canyon (Argentina)
Prehistoric rock art which bears witness to the culture of the earliest human societies in the region.
Bas-relief on the spiral tower at ECLAC headquarters in Santiago.

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The *Social Panorama of Latin America and the Caribbean 2025* analyses the trap of high inequality, low social mobility and weak social cohesion that is perpetuating the development crisis in the region. Inequality is a historical, structural and multidimensional problem that must be adequately measured in order to design comprehensive policies that address its multiple causes. Overcoming inequality requires a holistic approach to addressing inequalities caused by weaknesses in education systems and strengthening the role of education in intergenerational social mobility. It also requires linking up productive development policies, labour market policies, the institutional framework for social policy and care systems to strengthen labour inclusion. These measures should be supported by comprehensive policies that promote gender equality and the care society and that ensure respect for the rights of Indigenous Peoples, migrants and persons with disabilities. To implement these policies, it is essential to strengthen institutions' technical, operational, political and prospective (TOPP) capabilities and ensure efficient and financially sustainable social spending. Only through these strategies will it be possible to reduce inequality and move towards inclusive social development in Latin America and the Caribbean.

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