THE HUMAN DEBT

How Latin America and the Caribbean paid for Covid vaccines

Produced with support from:

VACUNAS PARA LA GENTE LATINOAMÉRICA

OXFAM

AGENDA REGIONAL PARA UNA VACUNA UNIVERSAL CONTRA LA COVID-19

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How Latin America and the Caribbean paid for Covid vaccines.

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AGENDA REGIONAL PARA UNA VACUNA UNIVERSAL CONTRA LA COVID-19

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OXFAM

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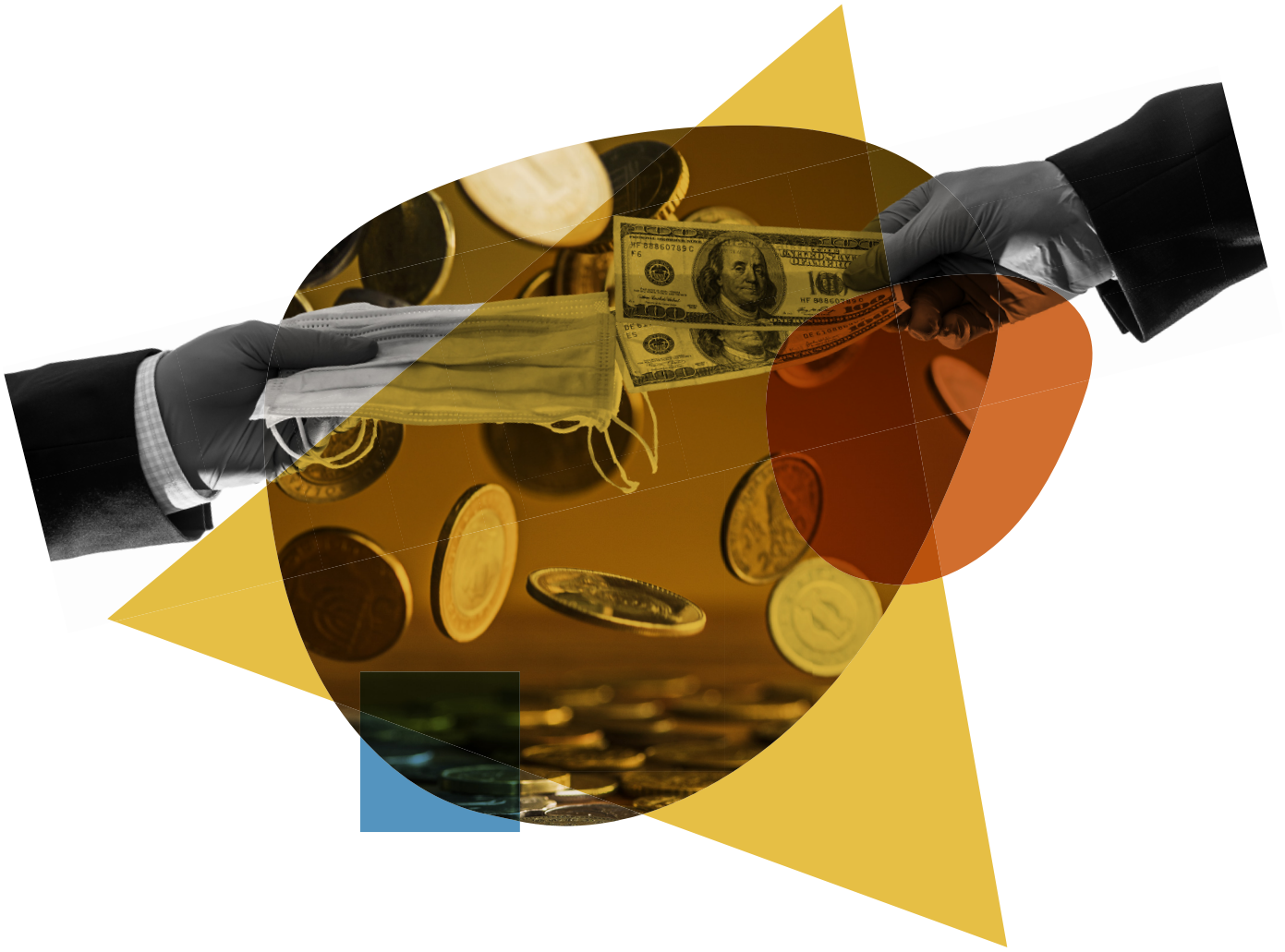


EXECUTIVE SUMMARY

On May 5, 2023, the World Health Organization (WHO) marked the official conclusion of the Covid-19 pandemic, signaling the end of a global immunization race that spanned over three years. This announcement brought immense relief to the world, yet the enduring impacts of the health and socioeconomic crises persist. In Latin America and the Caribbean, the world's most unequal region in terms of wealth distribution, the situation has continued to deteriorate. The response to the greatest health emergency in the region's history has been insufficient, unorganized, and lacking in transparency.

This deficient response to the health crisis in the region is rooted in persistent austerity policies and fragile public governance. Fiscal and tax policies have played a substantial role in exacerbating the situation, with the burden of financing the state disproportionately placed on the poorest sectors of the population, while the wealthiest remain largely exempt.

A striking example of this convergence of austerity and improvisation is evident in the handling of Covid-19 vaccines. Latin American countries found themselves at the mercy of global economic powers, resulting in the monopolization of vaccine production and distribution by these powers. The consequence has been a significant disparity in access to vaccination.

This report is centered on the healthcare and Covid-19 vaccination policies viewed through the lens of fiscal and tax policies implemented by countries in the region during the pandemic years. The key findings of this study are as follows:

a. The prevailing situation in the region is characterized by segmented and fragmented healthcare systems, with limited regulatory capacity and vertically structured programs that do not adequately address the diverse healthcare needs of individuals and communities. At the same time, the epidemiological and demographic framework in the region is overlaid on top of a context of communicable and non-communicable disease incidence, which ratchets up the pressure on the healthcare systems significantly.

b. With the exception of Cuba, healthcare spending in the region falls significantly below the levels reported in OECD member countries. That is, fiscal policies do not prioritize public health, leading to a situation of chronic underfunding, and as a result, greater difficulty for the most vulnerable populations to access healthcare services.

c. The revenue capacity of countries in the region is notably weak and regressive compared to OECD countries, further accentuating existing inequalities. Latin American tax systems are dominated by indirect taxation on goods and services and on added value, which deepen inequalities while income and wealth are taxed very little, which favors the wealthiest segments of the population.

d. Fiscal efforts, reflected in additional spending, in Latin America and the Caribbean reached 3.77% of GDP in 2020 and 2021, with significant variation among countries. **In comparison to developed nations, the fiscal response in the region was notably insufficient.** The fiscal efforts made by developed countries to tackle the pandemic was 25% in the USA, 13.7% in Germany, and 16.5% in Japan; the average in Europe was 7.2% and the global average sat at around 5.28% of GDP.

e. The region had to adapt its fiscal rules and make exceptions to accommodate extraordinary expenditures during the pandemic. Most expansionary measures were directed toward financial assistance for individuals and businesses. **Spending on vaccines accounted for a relatively small**

part of the total fiscal efforts put forth by Latin American countries, but represented an important part of the additional health spending during this period, especially for the smallest countries of the region.

f. Financing for these extraordinary expenditures primarily relied on public debt, resulting in a significant increase from 45.6% to 56.3% of GDP from 2020 to 2021. Foreign debt was the central financing mechanism for the less developed countries (Guatemala, Bolivia, and Panama), while relatively more developed countries (Brazil, Chile, and Mexico) issued internal public debt as their core financing mechanism.

g. Over the past two decades, foreign public debt in Latin America and the Caribbean has shifted toward private creditors, reducing the share of bilateral and multilateral debt. This shift has introduced challenges, including increased volatility in cash flow during uncertain economic scenarios, such as the pandemic.

The pandemic has provided a unique opportunity for a comprehensive evaluation of the prevailing fiscal regulations in Latin America and the Caribbean. It has also prompted a consideration of reforms aimed at establishing a novel institutional framework designed to expand and safeguard social expenditures, thereby securing fundamental rights, including the right to healthcare. To that end, this study presents a series of recommendations:

a. Tax systems must change substantially, moving toward more robust and better taxation, particularly focusing on the taxation of wealth. The additional resources garnered from enhanced tax collection should be channeled towards the provision of high-quality public services that unequivocally uphold and protect citizens' rights, such as the right to health.

b. Universal access to healthcare requires building comprehensive, free, and high-quality systems. Precarious healthcare access carries a high social cost for the most vulnerable populations, and perpetuates a vicious cycle of illness, poverty, and inequality.

c. Funding for healthcare systems must be stable and adequate. Building a single financing fund that collects revenue from different sources - such as social security, individual contributions, and the State budget - is an option to ensure system functionality.

d. It is urgent to build alternatives that can improve the distribution of the productive and technological capacity of essential health assets. States have the duty to undertake the research, production, and technology transfer needed to achieve universal access to healthcare. Latin America and the Caribbean can and should promote synergy among their scientific systems to develop their own technologies and products in the healthcare field.

KEY FACTORS FOR THE LAG IN COVID-19 VACCINATION IN LATIN AMERICA AND THE CARIBBEAN

1.1. Austerity and tax policies prior to the pandemic

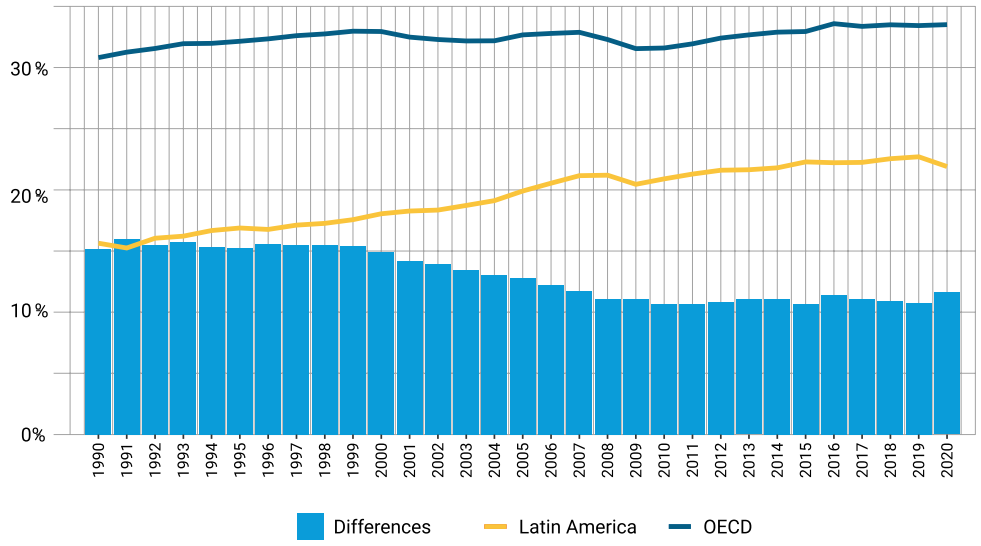
The Latin American and Caribbean region is undergoing a twofold process of economic restriction: the first process is structural and the second is political and ideological. Given its peripheral status in the global capitalist system, the economy in the region lacks significant diversity and is based on commodity exports or unrefined stages of industrial production, while also depending on developed countries for access to more sophisticated goods. Despite this deepening economic dependency, an austerity discourse has dominated Latin American economic policy for years (Rossi et al., 2020, Deleide & Mazzucato, 2019).

Examples of these austerity measures include cuts to social security, reduction in public services (through privatization, cutting state jobs, and low public investment), a short-sighted tax system and changes to regulations on businesses and labor. Proponents of austerity present it as the only economic solution, as if dismantling the State and cutting policies in support of the majority was a bitter but necessary pill to swallow in service of guaranteeing price stability and the sustainability of public debt (Blyth, 2013).

In the context of Latin America and the Caribbean, political and ideological pressures to implement an austerity agenda take the form of institutional restrictions, sometimes externally imposed as in the case of the International Monetary Fund, or self-imposed by the political and economic elite that embody the austerity ideology. While on one hand austerity preaches deregulation of the economy, on the other it imposes a series of limits on the State, restricting its scope of action through different monetary, fiscal, and budgetary rules.

The countries of the region also suffer under tax constraints. A first noteworthy aspect is the low revenue collection capacity of the countries of the region, compared to the average in OECD countries (Figure 1).

FIGURE 1. TAX REVENUES AS A PROPORTION OF GDP, AVERAGES FOR LAC AND THE OECD, 1990-2020



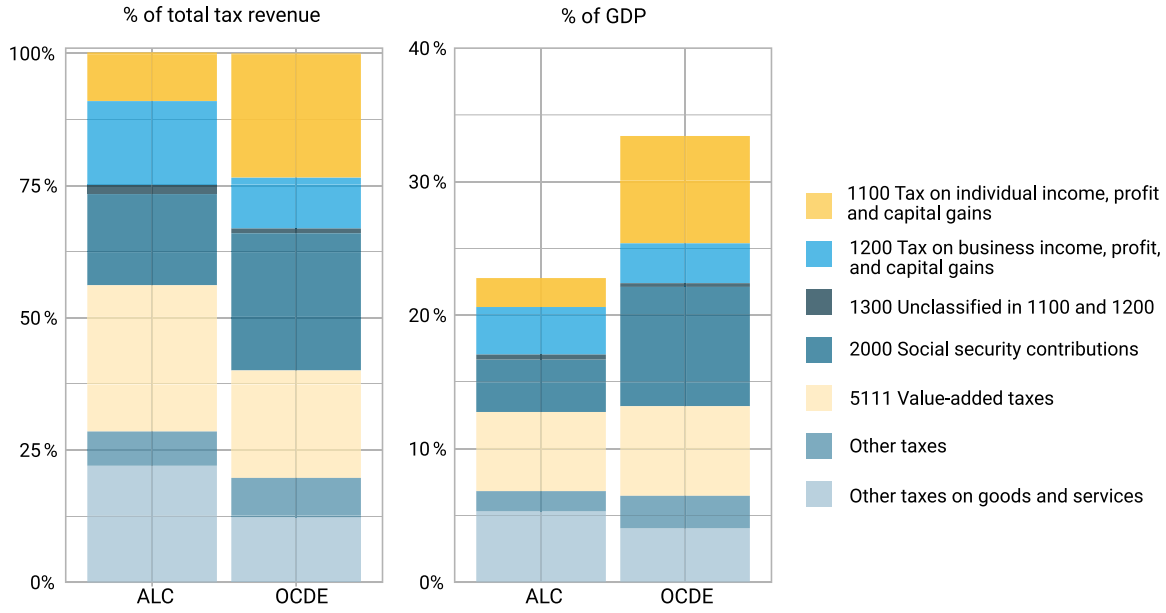
Source: OECD et al., 2022.

Although the difference between the revenue collected in Latin America and in the OECD has shrunk in recent years, there is still a significant gap. Additionally, a review of the GDP per capita levels in these two regions and countries reveals that in practice, the resources obtained by the states in each context exist on very different scales, with corresponding differences in the fiscal capacity to implement concrete public policies.

Another general characteristic of the tax landscape in Latin America is the high dependence on indirect taxation: taxes on goods and services and value-added taxes. These taxes tend to be applied across the board and affect lower income strata more significantly, as the taxes consume a greater proportion of their income, leading to deepening inequality.

In the context of the region, taxes on income and wealth are quite limited, especially when compared to developed countries, as shown in Figure 2, which shows the higher share of personal income taxes in total taxes collected in OECD countries.

FIGURE 2. AVERAGE TAX STRUCTURES IN THE LAC AND OECD REGIONS, 2019



Source: OECD et al. 2022.

Another common challenge in the region is the high rate of tax evasion, with a corresponding negative correlation on tax collection. According to ECLAC (2020), tax evasion in Latin America accounted for USD 325 billion in 2018, equivalent to 6.1% of the region's GDP. This can be attributed to several factors, such as the lack of effective controls, predominantly informal sectors in the economy, and the role of personal remittances. Moreover, companies' active pursuit of legal and illegal tax avoidance strategies included lobbying legislators, shifting their tax domiciles to tax havens, and even corruption.

Fiscal and tax restrictions in Latin America and the Caribbean have a direct impact on the ability to implement public policies, and consequently, on the provision of public health services in the region. A brief overview of the situation for healthcare systems is presented below, in terms of the system structuring and financing in the context leading up to the pandemic.

1.2. Fragmented and underfunded healthcare systems

Healthcare systems in Latin American countries have evolved substantially since the late 20th and early 21st century, rooted in the principles of solidarity, equity, and collective action. Despite these advances, millions of people still lack access to comprehensive health services that are essential to maintain a healthy life and to prevent and treat diseases (PAHO, 2018; 2014).

The predominant situation in the region is that of segmented and fragmented healthcare systems, with low regulatory capacity and highly vertical program structures, without regard to the differentiated healthcare needs of individual and communities, and limited capacity to deliver and organize services, especially in first-tier and primary care.

At the same time, the epidemiological and demographic framework in the region is overlaid on top of a context of communicable and non-communicable disease incidence, which ratchets up the pressure on the healthcare systems in the region significantly (PAHO, 2014). The result is an inefficient and inequitable system.

Despite the predominance of the segmented model in Latin America, countries such as Brazil have made progress in the creation of a single payer health system, consolidating a social security budget with various sources of funds to finance the system. In other countries, the expansion of access to services for low-income people has also been an important development.

The existence of health subsystems in most countries, with different financing rules and access to services based on the user's ability to pay and service affiliation, has given rise to an unequal model in the region. That is, for each group of people, different services will be offered depending on the type of insurance or the ability to pay, creating health subsystems that crystallize inequities (PAHO, 2018).

According to PAHO (2018), the countries of the region have followed three paths to implement universal health coverage: i) diversification of funding sources and creation of a single payer health system (Brazil, Cuba and Costa Rica); ii) creation of parallel subsystems of insurance and service provision that serve different citizens according to their labor status (Argentina, Chile, Mexico, etc.); iii) incorporation of the right to health in the services provided. The table below offers a general overview of the how healthcare systems in the countries selected for this research are organized and funded. The table also clearly shows the fragmentation of the systems.

In addition to their fragmented nature, healthcare systems in Latin America and the Caribbean are also subject to insufficient funding, especially given the level of public spending on healthcare.

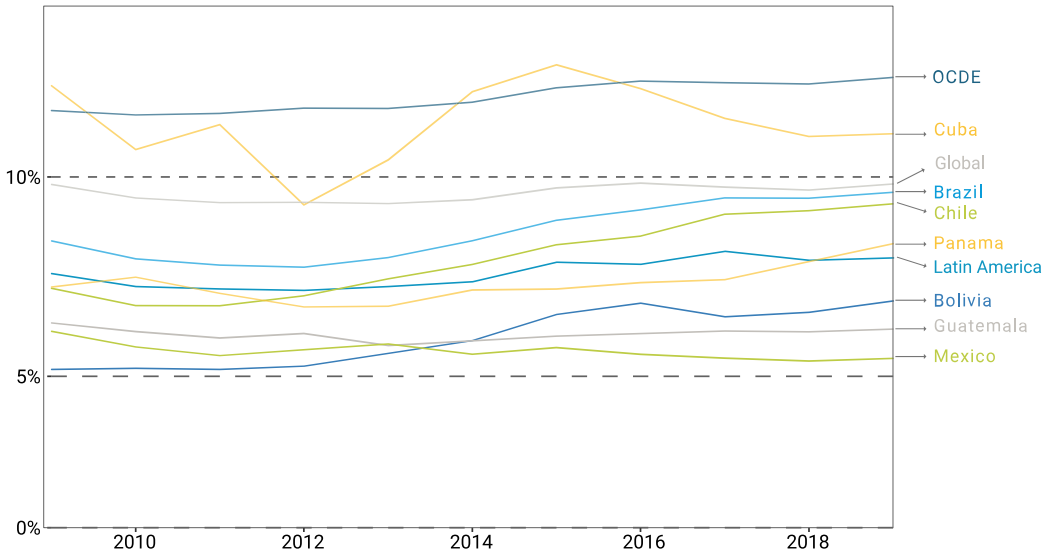
A review of total health spending as a percentage of GDP in the selected countries, with the exception of Cuba that shows greater variation, reveals a subtle trend over the two decades of the study, although to a much lesser extent than in the OECD member countries. These levels are all below the global median, again with the exception of Cuba. It should also be noted that the selected countries have shown different trajectories over time: Bolivia, Chile, Brazil and Panama have an upward curve over the last decade, while Mexico and Guatemala fail to show this growth. In the case of Brazil, GDP fell from 2015 to 2016, and grew at a very low rate in the subsequent years, which hedges this growth trajectory in absolute terms.

TABLE 1. ORGANIZATION, FINANCING, PROBLEMS, AND TRENDS IN SELECTED COUNTRIES .

COUNTRY	ORGANIZATION	FINANCING	PROBLEMS/TRENDS
BOLIVIA	System type: Public (Ministry of Health and Sports), Social Security(several), Private; Access/ Coverage: Segmented, Selective and Targeted, Universal Maternal and Child Insurance; Regulatory/ Management: Ministry of Health and Sports / National Institute of Health.	Taxes, Contributions - social security and public sector, International aid (NGOs), Direct payments, Private insurance.	Reducing exclusion of the population from the healthcare system. Most of the resources are concentrated in the social security sector, which serves a smaller part of the population.
BRAZIL	System type: Single Payer System (SUS); Complementary Medical Care System (SAMS), Direct Payment System Access/Coverage: Dual Universal Coverage, according to income or work (public + private). SUS 75% SUS; 25% Sams. Regulation/ Management: Ministry of Health.	Taxes and contributions (Social Security budget); Private insurance; Direct payments.	Coverage gap with each increase in costs.
CHILE	System type: National Health Fund (FONASA), Armed Forces Pension Systems; other public insurance; private insurance (ISAPRE); general system of guarantees. Regulation/Management: Explicit (boom). Access/Coverage: Universalization with segmentation; Ability to pay - link with type of public and private plan (FONASA 76%; ISAPRE 17%; 7% Other specific systems). Regulation/ Management: Ministry of Health, SNSS (Undersecretariat for Care Networks).	Public Sector: State, Workers' contributions; Co-payment for goods and services; Private sector: Private companies, Workers' contributions; Co-payment for goods and services; Direct payment.	Inequality; Recovery of capacities and legitimacy of the public sector.
CUBA	System type: National Healthcare System (SNS); Access/Coverage: Universal (public only, no private sector). Regulation/Management: Ministry of Health.	Funded by the government. Search for efficient allocation of public resources.	Continuing to deepen the model, seeking ways to guarantee health actions and services, taking into account the economic and financing challenges in a changing world.
GUATEMALA	System type: Public Sector (Ministry of Public Health and Social Assistance (MSPAS), Guatemalan Security Institute (IGSS), Others (military, etc.). Private Sector. Access/Coverage: Segmented. The public sector serves 70% of the population. Regulation/ Management: Ministry of Health.	Public Sector (MSPAS (taxes); Tripartite). Private Sector: Direct payment. Private insurance. Donations (NGOs).	Overlapping services and actions. Fragmentation. Non-integration of services, including between public sectors.
MEXICO	System type: Public Sector: Social Security Health System (IMSS, ISSSTE, State ISSSTEs); Corporate Health (PEMEX, Armed Forces); Public/Assistance Health (Instituto de Salud para el Bienestar- INSABI); Private Sector. Access/Coverage: Segmented. Social Security System - 40.4%, NSABI (state governments) - 43.5%. Regulation/Management: Ministry of Health.	Public Sector (Tripartite, Bipartite, Budget, Taxation). Private Sector: private insurance and direct disbursement	The healthcare system is a patchwork of diverse and often overlapping legal principles and statutes.
PANAMA	System type: Public system: Minsa (Ministry of Health); Caja de Seguro Social (CSS). Private Sector. Access/Coverage: Segmented. Social security, private and public. Regulation/Management: Ministry of Health.	Social security: tripartite financing; Public health. Private insurance and direct payments.	Fragmentation. Non-integration of services, even within the public sector. Model of care based on curative not preventive health.

Source: Becerril-Montekio & López-Dávila, 2011; Conill, 2006; Conill et al., 2010; Gattini, 2018; OMS et al., 2020; OPS, 2018; Panama & PAHO, 2022). Produced internally.

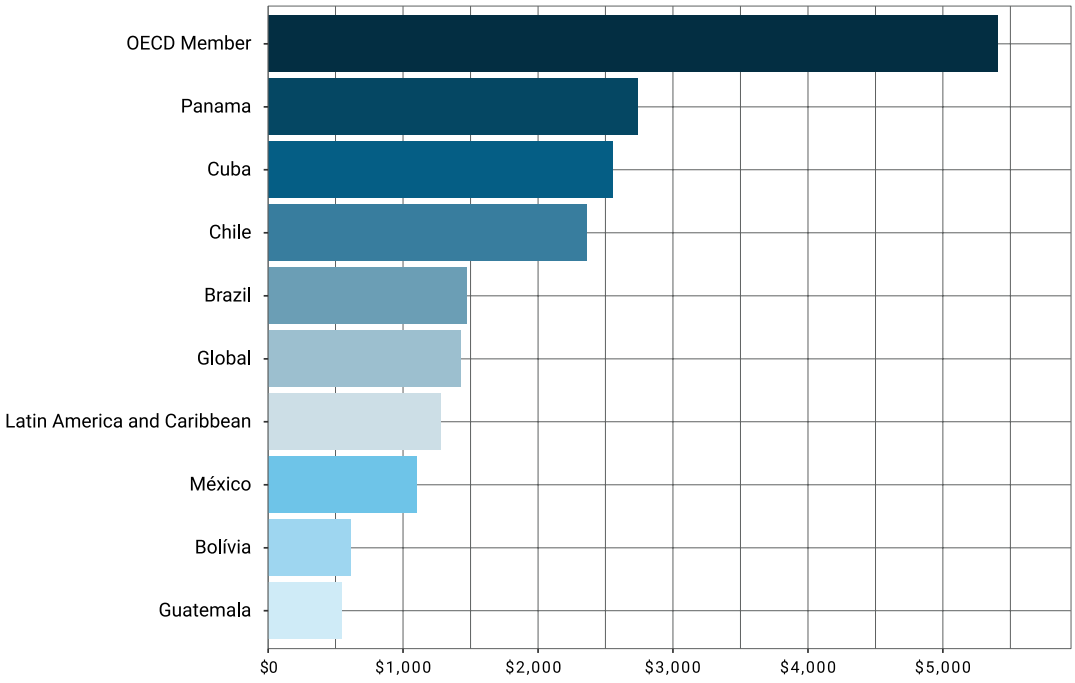
FIGURE 3. CURRENT EXPENDITURE ON HEALTH (% OF GDP), 2009-2019.



Source: World Health Organization Global Health Expenditure database

However, although the indicator of health spending in relation to GDP is important, the capacity of each system to offer health services to the population is better reflected in per capita health spending. Here there is a significant change in the country ranking, with Panama, Cuba and Chile separating themselves from the pack and, together with Brazil, ranking above the global and regional (Latin America and the Caribbean) averages, while Mexico ranks slightly lower and Bolivia and Guatemala well below the others. However, although the disparities within the region and among the selected countries are significant, the average per capita expenditure for the OECD (USD 5,407.53) is 4 times greater than the average observed for the Latin American and Caribbean region (USD 1,276.97).

FIGURE 4. CURRENT HEALTH EXPENDITURE PER CAPITA, PPP (CURRENT INTERNATIONAL DOLLARS), 2019.

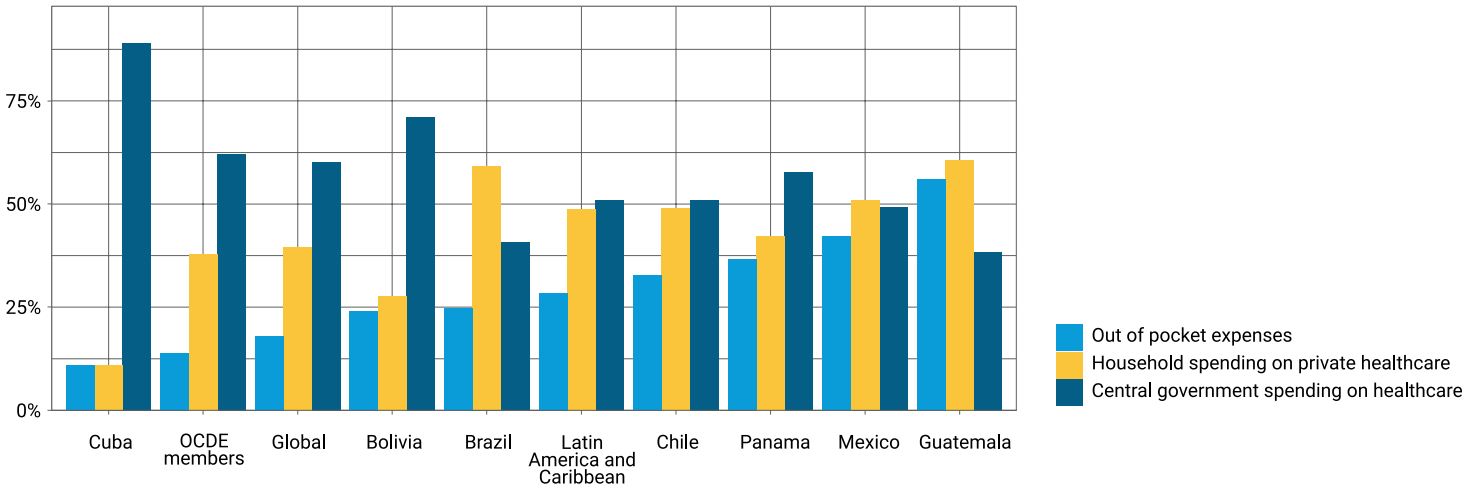


Source: World Health Organization Global Health Expenditure database

The total per capita health expenditure figures for each country hide another important dimension of the region's health systems: the distribution of public and private health spending (Figure 5). It has already been noted that Latin America is characterized by fragmented health systems, even at the public level, with profound access inequalities.

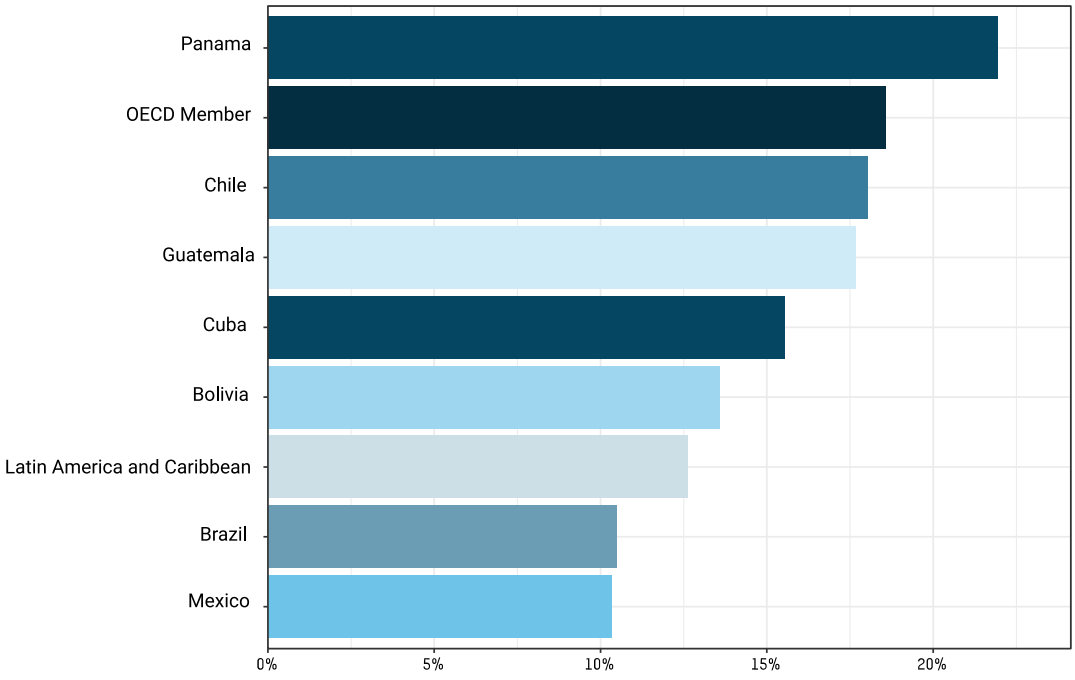
With the exception of Cuba, which has the lowest share of private spending in total health spending due to the unique characteristics of its system, private health spending represents in other countries of the region represents a significant fraction of total spending.

FIGURE 5. CENTRAL GOVERNMENT HEALTH SPENDING, PRIVATE AND OUT OF POCKET (% OF CURRENT HEALTH SPENDING), 2019



Source: World Health Organization Global Health Expenditure database

FIGURE 6. NATIONAL GOVERNMENT HEALTH SPENDING (% OF GENERAL GOVERNMENT SPENDING), 2019



Source: World Health Organization Global Health Expenditure database

Guatemala stands out in this regard, with the lowest level of per capita spending on health among the countries analyzed - its annual spending is less than half the average for the region. Despite this 60.71% of this spending is private. Within this figure, direct household payments without private health insurance intermediaries or non-profit organizations account for 55.99% of the total, which often leads to a situation in which people who do not have the income to access health services are left with no access at all or access very precarious public services. However, public spending on health as a proportion of total public spending is not far from the average for OECD countries, which may ultimately reflect the low fiscal capacity of the government as a whole.

Brazil also presents a representative case: although the country has a single payer system that portends to have universal coverage, Brazil stands out for the large-scale private participation in health spending (59.11%), surpassed only by Guatemala. However, only 25% of those expenditures are linked to direct household spending, which suggests a greater participation of private health plans in the country, which serve less than 30% of the population (IBGE, 2020). Although Brazilian public healthcare stands out for being universal, there are great inequalities in the country in terms of public and private access, in contrast to what is observed in the average of OECD countries.

The latter countries tend to have much higher spending levels, with public spending accounting for over 60%. This choice of segmented access between public and private systems in the region is also reflected in the low percentage of public spending on health in relation to total public spending, which, according to the WHO, is an indicator that reflects the countries' budgetary priorities.

Given the multiple elements considered in the study countries and the context of significant policy pressure toward fiscal austerity and restrictions on the expansion of progressive tax measures, the general outlook for Latin America and the Caribbean suggests not only fragmented and unequal healthcare systems in terms of access, but also widespread underfunding, at levels generally below global averages and often quite far from the practice in more "developed" countries.

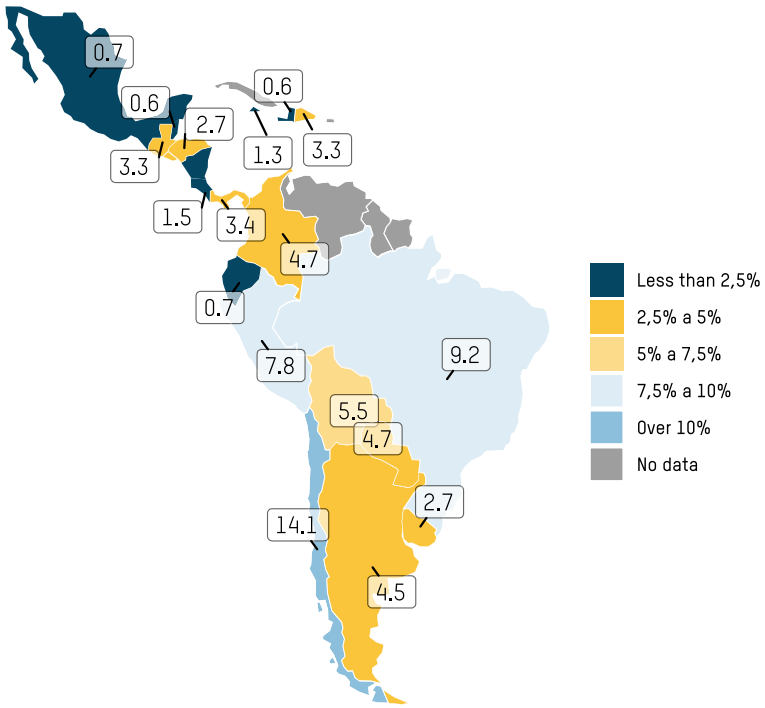
The emergence of a pandemic in this context, which put even the best-funded health systems in the world under pressure, posed major challenges for the countries of Latin America and the Caribbean

Undoubtedly, the precarious characteristics of the region's health systems influenced the high Covid-19 mortality rates observed in Latin America. To contribute to this analysis, the following sections will specifically address the context of the pandemic and the different fiscal policy responses put in place by the countries studied in the face of the global health emergency that began in 2020.

COUNTRY FISCAL EFFORTS TO PROCURE COVID-19 VACCINES

Fiscal spending in Latin America increased during the pandemic in response to the emergencies unleashed by the health, social, and economic crisis. Studies conducted by organizations such as ECLAC show how all of the countries of the region implemented a series of measures in this regard. Nonetheless, these measures were put in place in very different national economic contexts. On average, the fiscal effort - additional spending - by Latin American and Caribbean countries between 2020 and 2021 reached 3.77% of GDP, with wide variation among countries: Chile's fiscal expansion corresponded to 14.1% of its GDP, Brazil's to 9.2%, Bolivia's to 5.5%, Panama's to 3.4%, Guatemala's to 3.3%, and Mexico's to only 0.7% of its GDP. An international comparison reveals that the response in Latin America and the Caribbean in fiscal terms was clearly insufficient: The fiscal efforts made by developed countries to tackle the pandemic was 25% in the USA, 13.7% in Germany, and 16.5% in Japan; the global average sat at 5.28%, the average in Europe was 7.2% and just 3.77% of GDP in Latin America.

FIGURE 7. ADDITIONAL FISCAL SPENDING IN LATIN AMERICA TO DEAL WITH THE PANDEMIC (% OF GDP), 2020-2021



Source: International Monetary Fund. Produced internally.

In general, the pandemic response in Latin American countries was slow and disorganized (Prado et. al., 2023), often reaching the brink of humanitarian crime, as in the case of Brazil[1] (Vieira, 2021).

Many of the problems that the countries faced when tackling the Covid-19 crisis are deeply related to the neoliberal dismantling of the State in previous decades and to the ideological direction of the governments that ran the countries at the time of the pandemic, conditioning the fiscal and tax measures adopted during this period. The measures implemented in this context were characterized by fiscal expansion and acquisition of debt in momentarily favorable international conditions.

Contrary to the neoliberal gospel, no significant increase in inflation or uncontrolled spike in public debt has been observed at this time. However, the measures to increase spending had an impact on States with little structural capacity to respond to the crisis and governments that were ill-prepared to deal with an emergency of this magnitude, not to mention on governments that were explicitly opposed to policies based on scientific evidence.

These characteristics reduced the effectiveness of fiscal policies in dealing with the pandemic. This obviously does not exclude specific measures that could serve as an example for fiscal, tax and health policies going forward.

[1] The Investigative Commission created by the Brazilian Congress to examine the actions of the Federal Government of Brazil during the pandemic leveled an accusation in 2021 against former president Jair Bolsonaro and several of his ministers for crimes of extermination, persecution, and other inhuman acts.

2.1. Different strategies for fiscal expansion

Although all the countries of Latin America and the Caribbean have sought to strengthen their healthcare systems and support vulnerable households and businesses through increased spending, the tools used by each country varied considerably in terms of scope and magnitude (ECLAC, 2020). In this sense, an analysis of the fiscal policies implemented by some countries in the region can be useful to observe the diversity and effectiveness of these measures. Selected examples are listed below.

MEXICO

Mexico was one of the few countries in Latin America that declined to make any changes in its fiscal rules. The fiscal regulations enshrined in the Federal Budget and Fiscal Responsibility Law were not suspended, and no extra-budgetary funds were created (Cetrángolo et al., 2022). The country created the Emergency Prevention and Care Fund, with unspent balances from the Federal Treasury and pre-existing sovereign wealth funds, thereby contributing close to 0.7% of GDP toward health initiatives in the context of the pandemic. This strategy was complemented by a successful tax policy to combat tax evasion, which will be discussed below. Nonetheless, despite a coherent policy in fiscal and tax terms, the overall policy of the Mexican government toward the pandemic was plagued by questionable practices, including failure to incorporate scientific evidence into the pandemic response (the effectiveness of face masks was underestimated, as their use was never mandatory in the country) and the absence of clear and correct information about the disease on many occasions, even in statements by the President of the Republic (UCSF, 2021).

In regard to the central theme of this study, overcommitment to saving public budgets also played a harmful role, for example by stopping universal household income support, which undermined the effectiveness of mitigation measures in a country where over 50% of the labor force works in the informal sector of the economy (INSP, 2022).

BRAZIL

In Brazil, the Federal Government consistently and openly acted against the construction of a coherent and evidence-based policy to confront the pandemic. Nonetheless, civil society pressure was ultimately successful in promoting initiatives to combat the virus and the economic and social consequences of the pandemic. In terms of fiscal policy, under widespread pressure, the federal government led by Jair Bolsonaro initially issued declared a state of public emergency that exempted the government from the obligation to respect the annual primary balance target set for 2020, while exceeding the "spending ceiling" established for that year.

The Congress also passed a constitutional amendment to exclude and separate all expenses attributable to direct or indirect care in the Covid-19 pandemic from the ordinary federal budget. Through these measures, an extraordinary fiscal, financial and procurement regime was established, called the "Orçamento de Guerra" (War Budget). Funds were allocated to different ministries and programs, including the "Auxílio Emergencial" (Emergency Aid) program that eventually reached 35% of the country's population. However, contrary to what one might think, high public spending did not guarantee an effective health policy to combat Covid-19. Quite to the contrary: Brazil ranks 4th in the world in terms of deaths per capita, behind only Peru, the USA and Chile. It was also the site of humanitarian crises such as the one that occurred in Manaus, where the exhaustion of the oxygen supply led to a series of preventable deaths (Gazel & Cruz, 2022). This episode was the apex of a deliberate federal policy that included disinformation (with the President himself as the mouthpiece for misinformation about the seriousness of the coronavirus) and disdain for the lives lost over the years.

GUATEMALA

Guatemala, like many countries, had not initially budgeted the resources to deal with a pandemic. But the Guatemalan Constitution allows its Congress to alter the budget approved in the previous year under emergency situations. Between March and

April 2020, the Congress approved a series of specific legislative decrees authorizing borrowing and extraordinary funding for pandemic care and to finance socioeconomic support programs, according to the GT Data Laboratory (Maldonado et. al., 2022). Budgetary spending, especially in the healthcare sector, was inefficient and revealed institutional weaknesses in procurement of equipment, materials and supplies, and even in hiring human resources (Maldonado et. al., 2022). The effect of this inefficiency on the healthcare system was critical, leading to a lack of supplies and workers at the very core of the fight against the pandemic. The Data Lab study also shows how the budget spending often went to finance policies that did not reach the most vulnerable sectors of the Guatemalan population.

BOLIVIA

In Bolivia, the policy to tackle pandemic in 2020 coincided with a political crisis that reached its apex with the threat of a coup d'état and the subsequent resignation of Evo Morales. It fell to Jeanine Añez, the right-wing interim president, to declare a National Health Emergency for the Covid-19 pandemic in March 2020. Nonetheless, Bolivian fiscal policy at this early stage was practically nonexistent. Following the approval of a very harsh and widely-criticized mandatory confinement policy, the government extended the payment of existing social policies, such as the Bono Familia, and created new emergency bonds. Nonetheless, these measures were very limited, as they granted additional payments in a single and low-value disbursement to individuals[2].

Throughout 2020, protests erupted against the narrow and disorganized government response to Covid-19, which essentially excluded indigenous population (Delgado et. al., 2023). Protests increased as a large corruption scheme was uncovered in the purchase of mechanical ventilators (Miranda, 2020), which even led to the resignation and arrest of the Añez administration's Minister of Health. The process reached a crescendo with scenes of overflowing hospitals and corpses lying on public roads.

In fact, Boliva faced a health collapse in 2020 - largely expected for a country where the healthcare system is precarious (Castro & Fuser, 2021) - which was exacerbated by the central government's delay in allocating funds for the shore up the system.[3] With the arrival of Luis Arce, Covid-19 policy focused more heavily on mass testing and procurement of vaccines and medical equipment. Even so, the efforts of the new administration have not been able to guarantee mass immunization so far, which is evidenced by the low percentage of people with the complete Covid-19 vaccination schedule in relation to the rest of the countries in the region.

PANAMA

Panama was forced to revise its fiscal limits, while keeping the fiscal rules and framework in place. In October 2020, the government asked the National Assembly to change the overall fiscal deficit limits for the non-finance public sector starting in 2020, with a declining trajectory through 2025. The country also implemented a special tax regime to increase revenue during the pandemic. A series of measures sought to expand the health budget, including authorization to use the Panama Savings Fund for the national healthcare system, and the people's housing fund in the context of the pandemic. As was the case in most of the countries of the region, Panama combined existing social programs (Red de Oportunidades, Ángel Guardián, etc.) with new fiscal efforts (Plan Panamá Solidario, Subsidio Eléctrico). Even so, there were mobilizations demanding more resources and better working conditions in the healthcare sector, especially by nurses on the frontlines. This social discontent led to a strike in early 2021 against extreme working hours and delays in wage payments (Guerrel, 2021).

[2] The additional payment granted to Bono Familia beneficiaries was B$ 500 (USD 70). The Bono contra el Hambre program paid an amount of B$1,000 (USD 140) in a single disbursement.

[3] Resources for the healthcare scale-up came after the first wave of the pandemic in 2020, and are linked to the arrival of international loans, as will be mentioned below.

CHILE

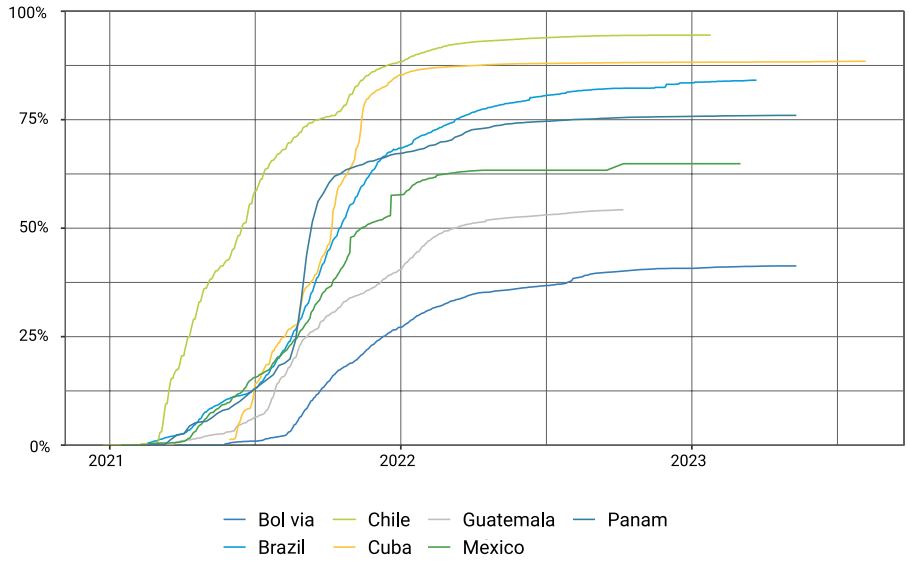
There was no explicit escape clause from the fiscal rules in Chile at the time of the pandemic. The country sought to address the pandemic scenario through the creation of a Transitory Emergency Covid-19 Fund (FET) in December 2020. This was a transitory and extra-budgetary legal structure that was planned to expire on June 30, 2022, or until all of its allocated resources were fully exhausted. The FET was established with assets from the Public Treasury, and enabled the use of existing sovereign funds, with authorization for debt of up to 8 billion dollars until the fund's expiration date. The creation of the Emergency Fund allowed the Chilean government some flexibility to respond to the extraordinary needs imposed by the health and economic crisis, without violating the application of the Structural Balance fiscal rule.

However, the different fiscal measures and policies implemented to mitigate the effects of the Covid-19 pandemic make it clear that these policies were highly improvised, and that their success cannot be measured in isolation. From the perspective of the mortality rate caused by the virus, for example, Chile and Brazil - the countries that transferred the largest budgets to pandemic response, had the second and third-highest number of deaths per million inhabitants, at over 3,000 deaths per million. In turn, Mexico, which was the country that spent the least among the selected countries, comes in below the previous two in this area, but still has a high proportion of deaths per million inhabitants. Peru is undoubtedly the most serious case in the region.

2.2. Covid vaccine procurement policies

The argument developed in the previous section also applies to vaccine procurement policy in each country: it is difficult to establish a strict correlation between fiscal expansion and effectiveness in purchasing vaccines. Once again, among the countries that expanded their spending the most during the pandemic, Chile achieved far higher vaccination rates than Brazil. By June 2021, Chile already had more than 50% of its population fully vaccinated (two doses), while Brazil had only 11%. Chile and Mexico began their vaccination campaigns on December 24, 2020, while Brazil started vaccination on January 18, 2021, and only due to the efforts of the government of the state of São Paulo, which had signed an agreement with the Chinese pharmaceutical company Sinovac (Ag. Senado, 2021). In the case of Cuba, despite starting its vaccination efforts with some delay on May 12, 2021, long after Panama (January 21), Bolivia (January 29), and Guatemala (February 25), the country quickly achieved similar vaccination levels to those of Chile and Brazil. In early October 2022, the time of the last updated data for all of the countries, Chile reported 90.2% of its population with 2 doses, Cuba had 89.1%, Brazil sat at 80.3%, Panama reported 71.6%, Mexico was at 64%, and under the global average of 62%, Bolivia had 50.4% of the population with 2 doses, and Guatemala saw 38.8%. Without denying that the availability of financial resources helped countries in their vaccine procurement policies, it seems that other variables also played a key role, such as timely governmental action (case of Chile and Mexico), and the prior existence of a universal health system and vaccine production (cases of Cuba and Brazil) or of a national vaccination plan structured for decades (cases of Brazil, Cuba and Chile).

FIGURE 8. PERCENTAGE OF THE POPULATION THAT HAS COMPLETED THE INITIAL VACCINATION SCHEDULE (TWO DOSES).



Source: COVID-19 Data Hub (Data June 2023). Produced internally.

Each country undertook different vaccine procurement processes. This study has found that the variation in these processes depends greatly on the political rather than the economic management of the pandemic. This is the conclusion reached when analyzing each government's capacity to foresee the dynamics of the so-called "geopolitics of vaccines" and to develop the most coherent strategies for the moment. Chile is an extreme case of this dynamic, where negotiations for vaccine procurement began at the beginning of the pandemic (Pichel, 2021), while Guatemala, on the other hand, was extremely late in negotiating with pharmaceutical companies, despite not having financial restrictions for the purchase of Covid-19 vaccines (Slowing & Chávez, 2022). Brazil is also noteworthy in this case, as the Brazilian government declined an early contract offered by the pharmaceutical company Pfizer, in favor of an organized corruption scheme to purchase the Covaxin vaccine, which never ultimately made it to the country.

Spending on vaccines accounted for a relatively small part of the total fiscal efforts put forth by Latin American countries, but represented an important part of the additional health spending during this period, especially for the smallest countries of the region. Although data on the purchase of vaccines are scarce, some parameters can be established in countries that did disclose overall expenditures in this area. In Brazil, vaccine procurement accounted for about 1.5% of total federal government expenditures with the pandemic, and about 10% of spending in the health sector between 2020 and 2022 (Tesouro, 2023), a proportion similar to that in Chile. In Mexico, a country with minimal fiscal expansion during the pandemic, the announced spending on vaccines corresponds to about 13% of this total and 23% of health sector spending (República, 2021). In Guatemala, the government allocated about 1.3 billion quetzales between 2020 and 2022 for vaccine procurement, which is equivalent to 6% of the country's total expenditure in the pandemic, but almost 20% of the total expenditure in the health sector in these years (Slowing & Chávez, 2022). In Panama, vaccine procurement accounted for 5.6% of the additional expenditures to combat the pandemic between 2020 and 2021, and 11% of the total spending in the health sector in this period.

2.3. Financing for fiscal expansion during the pandemic

The call for progressive tax reforms has gained traction around the world, with even greater urgency during and after the pandemic, as income, gender and race inequalities have increased sharply in Latin America (Oxfam, 2021). From March 2020 to November 2022, the wealth of billionaires in Latin America and the Caribbean increased by 21%. This growth is 5 times faster than the region's GDP, which grew at a rate of 3.9% (Oxfam, 2023). On the other hand, as has already been shown, Latin American countries tax less than OECD countries, with highly regressive tax systems in the region that have not changed over the years, which has widened inequalities and limited the fiscal space for public policies in Latin America.

Tax revenues fell during the pandemic, primarily due to the decline in economic activity. Total revenue contraction averaged 0.5 points of GDP in 2020. However, by the end of the year, many of the countries had recovered to pre-pandemic collection levels (ECLAC, 2021). What stands out here is the absence of any and all tax reform in this context. Here, *State capture*[4] by the economic elites ended up blocking any initiatives aimed at transforming the tax structure in favor of the majorities. Some governments did implement tax recovery/normalization policies to generate additional public revenues.

The most successful example was implemented by Mexico through a program to combat tax evasion and avoidance undertaken by its Tax Administration System (SAT), which managed to provide the State with resources equivalent to 1.7 p.p. of GDP (ECLAC, 2021).

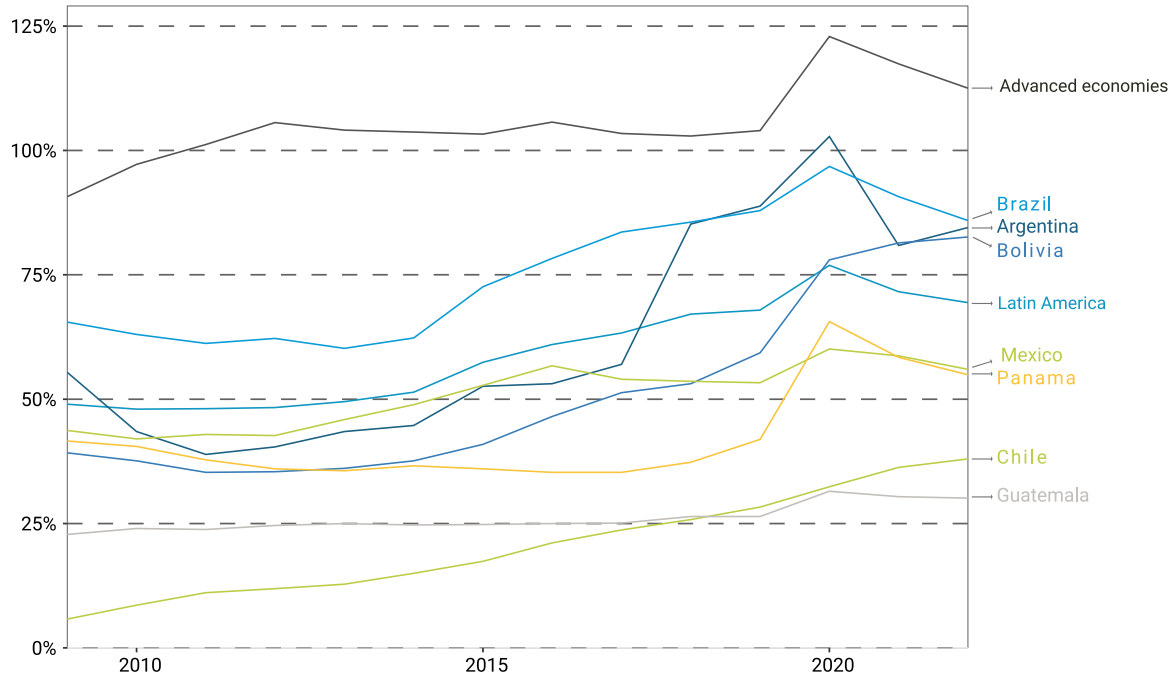
Other countries, such as Colombia, Ecuador, El Salvador, Honduras, Panama, Peru and the Dominican Republic, also implemented measures to boost tax collection, but these were much more modest and focused mainly on exempting fines, surcharges and interest.

In relation to debt, the pandemic required increased public spending in the context of declining tax revenues. The result was high primary and overall fiscal deficits (-4.2% and -6.9%, respectively, for the region), and a sharp increase in the level of public debt, from 45.6% to 56.3% of GDP (ECLAC, 2021).

Figure 9 shows how both advanced economies and Latin American and Caribbean economies raised their debt levels as a percentage of GDP during the first year of the pandemic, in 2020. The average growth of public debt in Latin America (13%) was lower than that of advanced economies (18%). Before the pandemic, in 2019, these economies already carried an average of 104% gross debt in relation to GDP (for the G7, the figure was 118%), in contrast to 67.9% for Latin America and the Caribbean. The lower growth of Latin American debt in relation to the growth of debt in the central countries is directly related to the greater fiscal effort of the latter in comparison to the effort made by Latin America. In addition to this fundamental difference, there are other specifics related to Latin American indebtedness that deserve to be analyzed.

[4] State capture, understood as "the exercise of undue influence by the elites in favor of their interests and priorities and to the detriment of the public interest, on the cycle of public policies and State entities, with potential impacts on inequality and proper democratic performance" (Cortés & Itrago, 2018).

FIGURE 9. PUBLIC DEBT (% OF GDP), 2008-2022.



Source: International Monetary Fund. Produced internally.

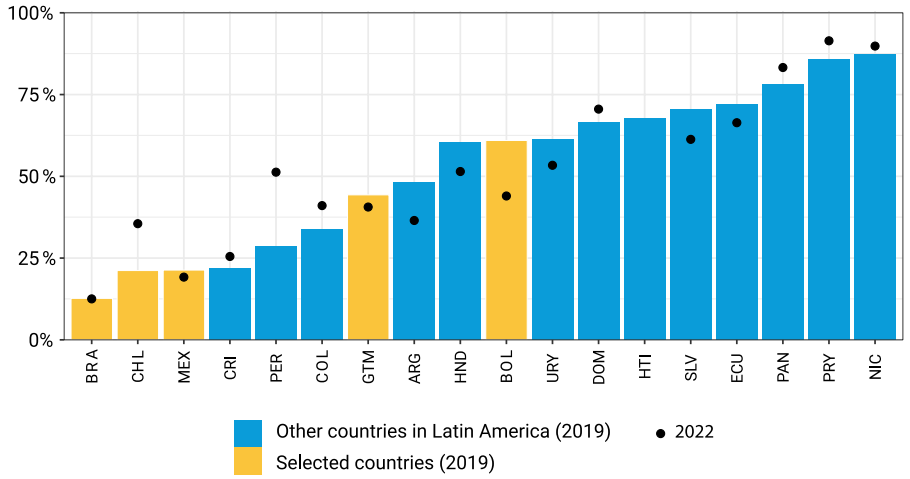
Two indicators are important in determining the level of country exposure in the context of rising public debt: The first is the proportion of debt contracted in foreign currency. The second is the relationship between foreign debt and domestic debt.

Public debt - domestic or foreign - contracted in foreign currency increases a country's exposure to exchange rate fluctuations. In countries with a growing degree of trade and financial openness, as are most of the countries in the region, a high percentage of foreign or domestic debt contracted in foreign currency leaves them vulnerable to sharp depreciations and the volatility of exchange markets (ECLAC, 2023). In recent years, this has led to an increase in the cost in local currency of external obligations, which has put pressure on public spending cuts to meet those obligations - in addition to other consequences such as inflation. As ECLAC shows, Latin America and the Caribbean have suffered from global exchange rate volatility of recent years (ECLAC, 2022).

The availability of dollars to meet debt payments adds another dimension to this complicated accounting, since the debtor country must have the necessary dollar reserves for interest payments, or constantly guarantee them through its exports, which in Latin America are anchored in low value-added commodities with socio-environmental impact.

Some countries in the region are highly exposed in terms of their public debt, with over 50% of their gross federal debt held in foreign currency, which is an added element of vulnerability in the crisis. It is no accident that the relatively less developed countries tend to borrow more in foreign currency. Among the countries studied, Brazil, Chile and Mexico have lower levels of debt, while Panama, Bolivia and Guatemala have relatively high levels. The relatively less developed countries tend to be more dependent on - and therefore more vulnerable - foreign loan flows.

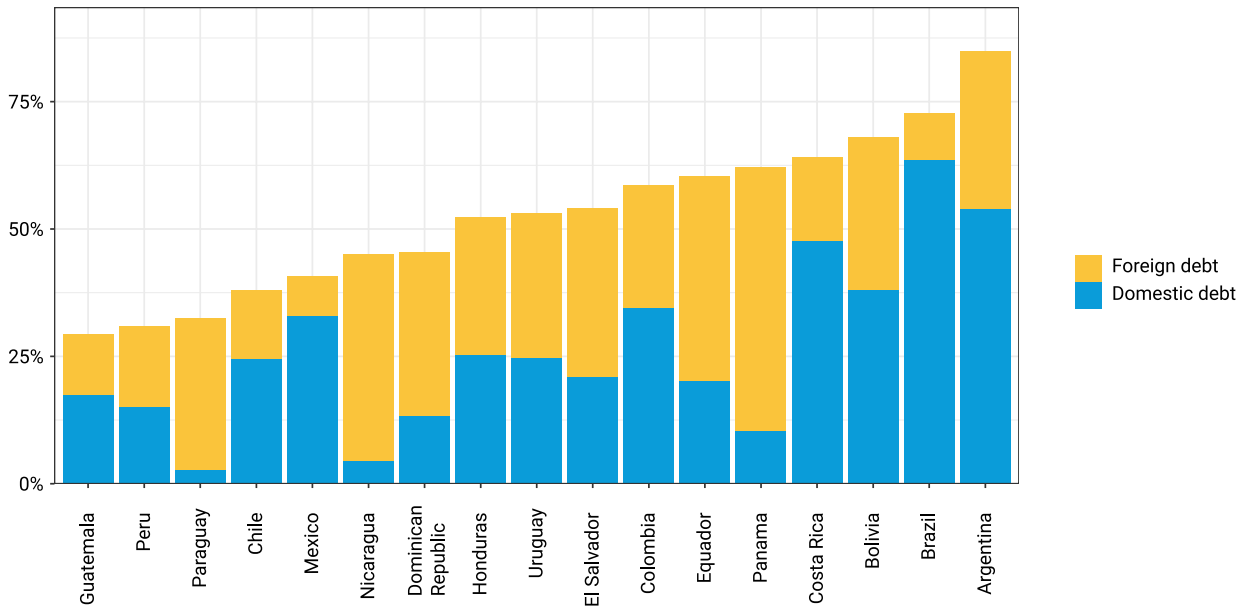
FIGURE 10. RATIO OF GENERAL GOVERNMENT GROSS DEBT IN FOREIGN CURRENCY TO TOTAL GENERAL GOVERNMENT GROSS DEBT (%), 2019-2020.



Source: CEPAL. Produced internally.

Another component related to foreign currency debt is the weight of foreign debt in Latin America. A higher proportion of foreign debt is an important indicator of economic vulnerability, not only because they are denominated in foreign currency, but also because they are often tied to the fulfillment of conditionalities, such as fiscal adjustments requirements. Countries such as Brazil and Costa Rica, for example, are characterized by high debt-to-GDP ratios, but a large part of their debt is domestic and denominated in local currency. The same holds true in countries with lower debt levels, such as Chile and Mexico. On the other hand, in countries such as Panama, Ecuador - dollarized economies - the Dominican Republic, and El Salvador, a large part of the public debt is external, which adds another layer of vulnerability to these countries.

FIGURE 11. DOMESTIC AND FOREIGN PUBLIC DEBT (% OF GDP)

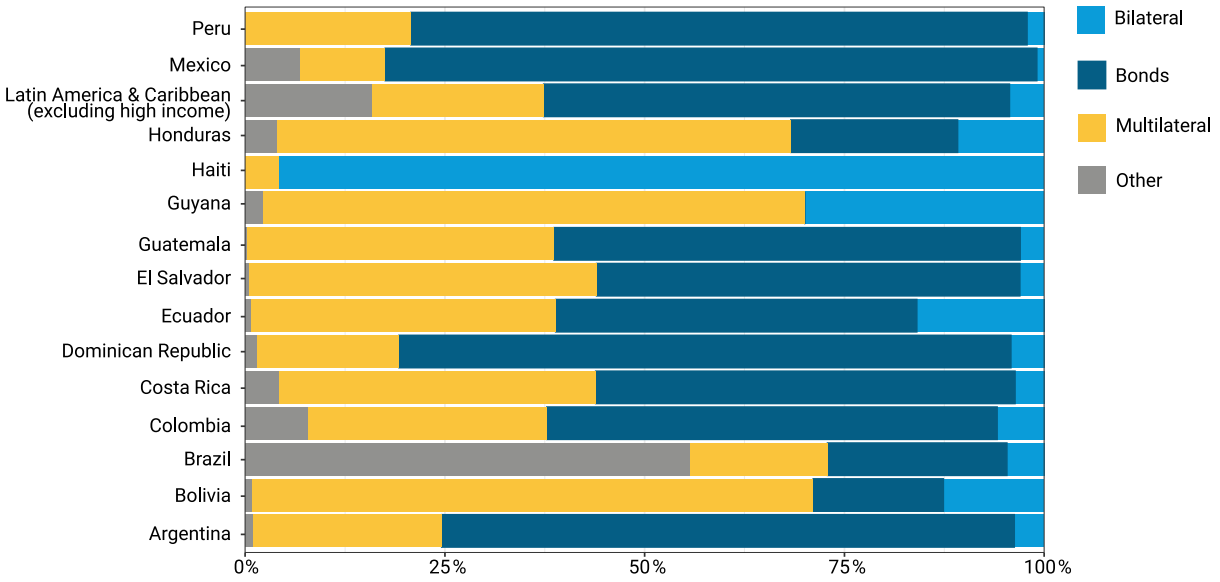


Source: ECLAC. Produced internally.

ECLAC warns that the proportion of federal government gross debt held by non-residents has increased and is above the IMF's early vulnerability threshold (20% to 60% of total debt).

Changes in the composition of foreign debts also deserve to be analyzed. Contrary to the reality of 10 years ago, when multilateral or bilateral debt was the majority among Latin American countries, Latin American foreign public debt has progressively migrated toward private creditors. This is the reality for South American countries, where the share of bilateral and multilateral debt was 67% in 2010, compared to 47% of total external debt in 2021, and the share of bonds in private hands rose from 25% to 46% in this period. This was due to increased access of these countries to international financial markets and, in the context of the pandemic, favorable conditions in these markets that encouraged countries to issue sovereign debt bonds. Nonetheless, there are some exceptions: Bolivia, Honduras, Haiti and Nicaragua have most of their public debt held in bilateral or multilateral contracts, and a good number of them still hold a significant part of their debt in multilateral contracts, such as Guatemala, El Salvador, Ecuador, Costa Rica and Colombia. The Caribbean, on the other hand, has a majority of multilateral or bilateral debt.

FIGURE 12. PUBLIC AND PUBLICLY-GUARANTEED EXTERNAL DEBT, BY TYPE OF CREDITOR (% OF TOTAL)

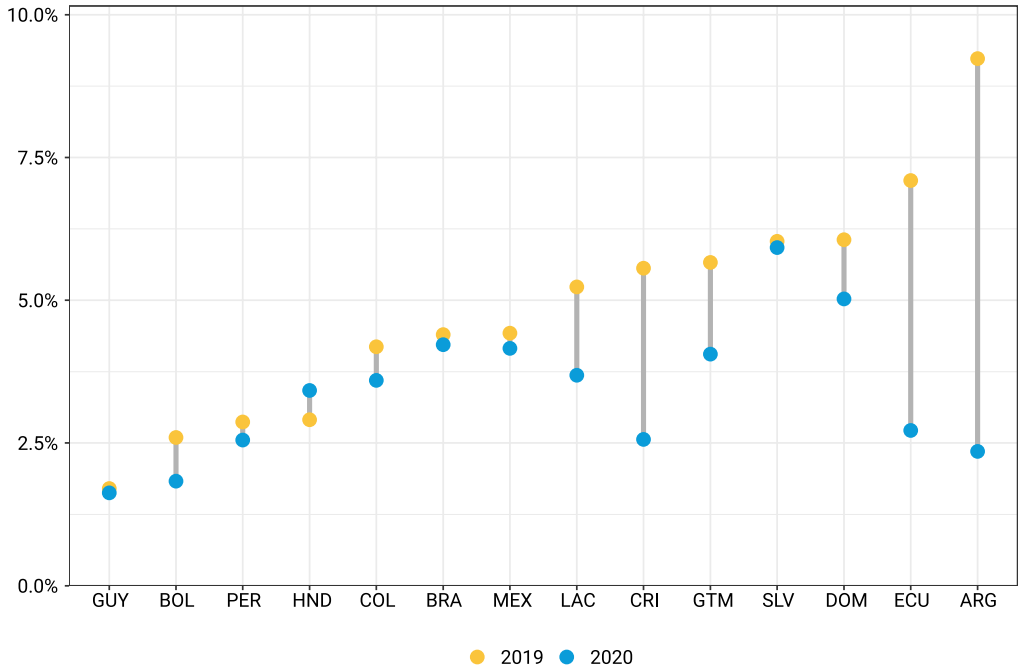


Source: World Bank. Produced internally.

The pandemic did not greatly alter the composition of countries' external debt. The countries that received the most multilateral or bilateral loans to mitigate the economic contraction or for economic reactivation in the face of the pandemic were those with the least relative development, precisely those that have the most difficulty in coping with the conditions imposed by these organizations. Guatemala received loans from the Central American Bank for Economic Integration (193.2 USD million for investment in infrastructure and hospital equipment), the World Bank (500 million USD), as well as loans from the IMF (594 million USD) to meet balance of payments needs in 2020. Bolivia received loans from CAF (350 million USD), the IDB (450 million USD) and the World Bank (254 million USD), in addition to using 100% of its IMF quota. Panama signed a biannual agreement with the IMF (255 million USD), a loan agreement with the IDB (400 million USD), with the World Bank (250 million USD) and with CAF (350 million USD).

With regard to the debt conditions, it's worth noting that the pandemic represented an exceptional moment in the world economy. In other words, sovereign debt of Latin American countries found favorable conditions for expansion in terms of interest rates, due to the increase in global liquidity, which also led to a decrease in long-term interest rates (ECLAC, 2021). In fact, debt contracts signed in 2020 were made at significantly lower interest rates than in 2019.

FIGURE 13. AVERAGE INTEREST RATE OF NEW FOREIGN DEBT CONTRACTS, 2019 - 2020.



Source: World Bank. Produced internally.

2.4. Who foots the bill for the fiscal efforts?

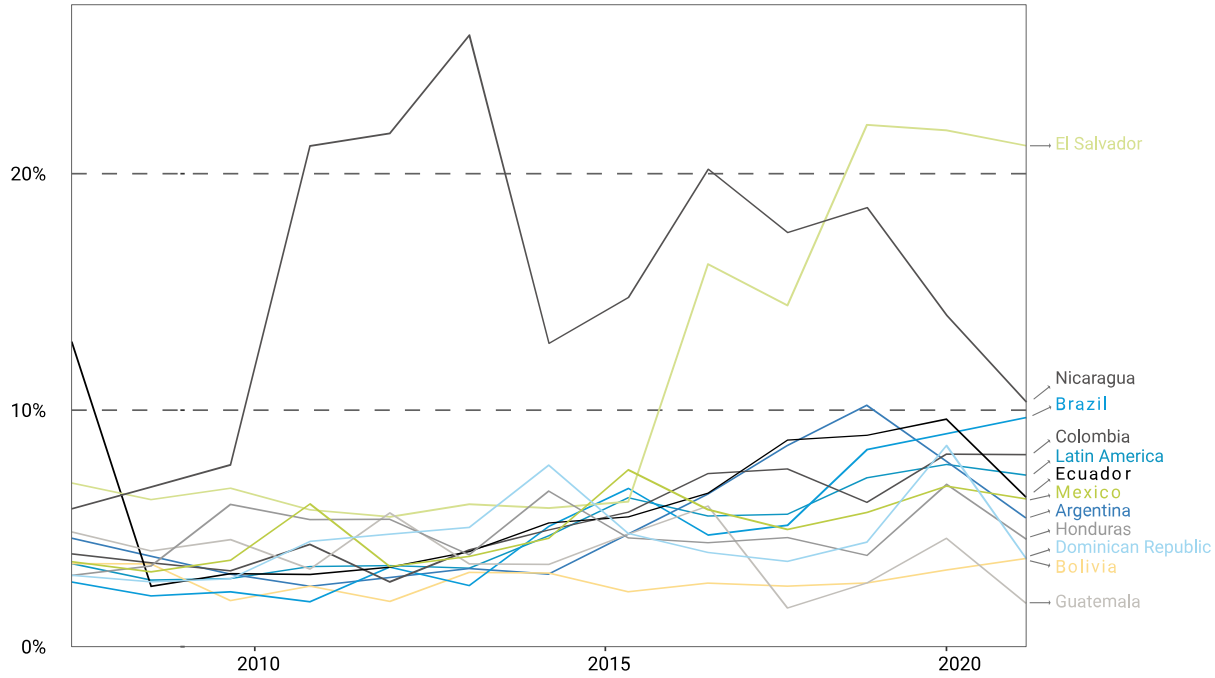
Lending by multilateral agencies, especially the IMF, has historically been criticized by Latin American countries because of the associated conditions imposed on these contracts - harsh fiscal adjustments, privatization, and trade and financial liberalization. Recent studies show how the IMF has not stopped pushing for such measures in Latin America (Oxfam, 2021).

Lending by international organizations such as the IDB during the pandemic has also been subject to criticism: an analysis of the Inter-American Development Bank's (IDB) policy in its response to the coronavirus pandemic in five Latin American countries showed that only 9% of IDB investment in this context was directed to marginalized populations, in addition to the fact that many of the loan contracts have not followed the necessary procedures to ensure transparency in the application of resources (Asociación Ambiente y Sociedad, 2022).

Nonetheless, the change in the profile of public debt to private lenders should not be seen as an advantage. The migration of debt toward private lenders is not without its problems, such as a high level of flow volatility in uncertain economic scenarios, such as during a pandemic. As in the case of IMF lending, countries are generally led to adopt fiscal adjustment measures in an attempt to keep the country an attractive place for this type of capital.

Lastly, it should be noted that the existence of public debt in national currency does not mean that the State maintains a high degree of sovereignty over its own budget. State capture (Cañete Alonso, 2018) by capital investors has maintained this type of historically high interest rates in Latin America since its production and financial opening in the 1990s. The fall in interest rates during the pandemic has been circumstantial. The best example is Brazil, which has the second highest level of public debt: in 2020, the Central Bank interest rate, which pays the debt bonds issued by the Treasury, fell to 2% p.a., and in 2021 it ended the year at 7.75%, rising to 13.75% p.a. at the end of 2022, a situation that has continued to date, even in a country with falling inflation and an unemployment rate of 8.8%.

FIGURE 14. PUBLIC DEBT SERVICE, SELECTED COUNTRIES (% OF GDP), 2008-2021



Source: World Bank. Produced internally.

Countries in the region may find it difficult to meet rising debt service obligations due to the changing global economic scenario from the end of 2021. The reduction in world economic growth, the rise in inflation, and the tightening of monetary policy in countries such as the U.S. and Germany, all mean that the public debt dynamics in the near future are increasingly unfavorable for Latin American countries.

In the coming years, the payment of sovereign debt commitments - which already implicates a budget many times larger than spending on health, for example - will exert even greater pressure on the budget that States allocate to health, education, housing and social policies.

CHALLENGES FOR A UNIVERSAL VACCINATION AGENDA IN LATIN AMERICA AND THE CARIBBEAN

3.1. Fiscal and tax policy in the post-pandemic period: a return to austerity?

Despite the significant variation in the cases studied, it is reasonable to argue that the existing fiscal rules in Latin America and the Caribbean were not able to appropriately address the health, economic and social crisis caused by the pandemic. As has been noted, the stricter these public spending rules became (in terms of number and depth,

escape clauses, time horizon, accountability of those involved in their application, etc.), the more quickly they became unsustainable and had to be abandoned (ECLAC, 2022).

In any case, temporary and forced suspension of fiscal rules has generated a window of opportunity for a critical evaluation of the current fiscal rules and of economic policy as a whole, and thus a chance to consider reforms that establish a new institutional framework capable of promoting not only the financial stability of the State as the sole purpose, but also of dealing with unexpected shocks and ensuring the protection of social spending and the guarantee of rights (ECLAC, 2022). In this sense, the publication "Hacia una reforma integral de las reglas fiscales en la región: un aporte desde los derechos humanos" by ACIJ, CESR, and Oxfam, offers a possible path toward reforms in the fiscal rules and a rethinking of tax policy in Latin America and the Caribbean. The study advocates for fiscal norms oriented from a human rights perspective. That is, the study argues for a rethinking of State action, fiscal policy, and tax norms in function of the needs of citizens and the fight against inequality. The recommendations from this report include: (i) the importance of considering the different effects of fiscal rules on different social groups; (ii) the adaptation of fiscal rules to address social and environmental challenges, instead of restrictive rules focused on reducing the State; (iii) the need to apply and monitor the rules in terms of their effect on guaranteeing human rights and reducing inequality (Izcurdia et al., 2023).

Tax system reforms are an important first step in rethinking the role of the State in Latin America and the Caribbean. States must decide on their spending priorities and how they will be financed. These are not only economic and technical decisions (as the "experts" claim), but they also have a strong political influence based on the balance of social and political forces operating within society. The countries of Latin America and the Caribbean need to commit to improving the quality of life of their citizens, overcoming the deficit in access to basic services, urban and regional disparities, deficiencies in their healthcare systems, poverty, rising unemployment rates and worsening employment quality, among other historical structural problems in the region (ECLAC, 2020). Nonetheless, in order to overcome these challenges and move forward in the construction of a robust social protection system, concrete progress must be made toward the commitments enshrined in their constitutions and international agreements.

To this end, it is urgent to lay the financial foundations for financing the necessary changes in healthcare systems, with a view toward building universal, integrated and free systems (Echegoyemberry et al., [n.d.]). The key role of fiscal policy should not be underestimated in a review of debt policies, structural adjustment programs, deregulation, privatization of essential services, reduction of public spending, and international financing mechanisms, taking into account the asymmetries and inequalities in each country. In other words, there is an urgent need to reformulate economic policy and the functions of the State, reversing the neoliberal policies adopted in past decades, with a view toward overcoming the fragile status of healthcare systems and responding to the challenges arising from the Covid-19 crisis and possible new health emergencies.

In terms of financing, governments should seek various sources of resources, both domestic and multilateral. First, tax systems must change substantially, since most countries have systems based primarily on taxes on consumption, which exert disproportionate pressure on the income of the poorest. In terms of taxation models, progress must be made in the taxation of wealth, profit, real estate and inheritances, as well as in personal income taxes, which are relatively low in the region. In other words, it is necessary to adjust the share of direct and indirect taxes to achieve a fairer system. This means that the tax base should be mainly capital, wealth, and income (ECLAC & Oxfam, 2016). It is not enough to achieve an adequate percentage of taxation in each country. It is essential to build a tax system in which everyone contributes according to their real capacity. Those who have more should contribute more (ECLAC & Oxfam, 2016).

In addition to building an adequate and fair tax system, Latin American countries should review tax benefits, which have particularly favored multinational corporations. Tax benefits (or tax expenditures)

should be adopted in function of tax justice and human rights. In this way, tax expenditures should be evaluated in terms of their impacts, the gains and losses derived from exemptions, how losses affect the amount of resources and the provision of public policies (ECLAC & Oxfam, 2016; Gerbase, 2020; Human Rights Principles in Tax Policy, 2021).

Countries must also take action in the fight against tax evasion and avoidance, (ECLAC regional data), making progress toward closing the gaps that allow tax abuse, closing tax havens, increasing tax transparency, promoting automatic exchange of tax information and registration of beneficial owners of companies, and a global registry of assets, among other instruments. An important step in this direction was taken in July 2023, with the declaration signed by fourteen countries of the region during the first regional tax summit for the creation of the Regional Tax Cooperation Platform, which will have ECLAC at its Executive Secretariat and four priority work areas in its first years: progressive tax systems, environmental taxation, review of tax benefits and taxation of the digital economy, thus closing tax abuse gaps.

In this regard, it is urgent to reverse economic policies based on the ideological discourse of austerity and to overcome the unfair and anti-economic tax system that crystallizes the region's multiple inequalities.

3.2. Building universal public health systems

The pandemic has also offered lessons on the need to build universal health systems in the different countries of the region, considering healthcare as a right. Rethinking the role of the State is an essential part of ensuring healthcare as a right, along with a reconsideration of economic policy and forms of financing from a human rights perspective.

The 1946 Constitution of the World Health Organization (WHO) established as principles: (i) health as a state of complete physical, mental and social well-being, overcoming a concept linked to the absence or presence of disease; (ii) the fundamental right to enjoy the best possible state of health, without distinction of any kind (racial, gender, religious, political, economic and/or social); (iii) the essential aspect of health for all peoples to achieve peace, and; (iv) the common danger due to unequal access to health among countries (WHO, 1946).

The aforementioned principles are essential in charting a new path for health systems in Latin America. The countries of the region must incorporate health as a fundamental right, in order make progress in legal and formal constructions of universal healthcare systems, with social participation, cooperation, and sustainable financing conditions.

With regard to how health systems are organized, it is important to ensure universal access and coverage for all persons, without discrimination, through comprehensive healthcare services that are appropriate in quality and scope, with access to medicines and diverse services and actions, without exposing citizens to financial hardship. It is also essential to understand that the absence of the right to health causes serious problems in citizens' lives, and brings a social cost and catastrophic effects for the most vulnerable people, including reduced income, increased expenses, and perpetuation of the vicious cycle of disease and poverty. Lastly, segmentation and fragmentation must ultimately be addressed as perpetuating factors of inefficiency and inequity, undermining access and universal coverage and the quality of financing.

From the point of view of financing, a good way forward could be the construction of pooled funds: a single solidarity-driven financing fund. Building a single financing fund that collects revenue from different sources - such as social security, individual contributions, and the State budget - is an option to ensure system functionality. Pooling resources is a necessary measure to overcome the obstacles that inequality and direct payments impose on healthcare services and access. The proposed model allows for a system in which everyone contributes and the State maintains a relevant presence. But the construction of a "pooling" system that brings together the different sources of financing, or of a universal care system, is not enough. It is also essential to rethink the way in which States are financed, as explained

in the previous section. In other words, it is not enough to build universal systems if the necessary material, fiscal and financial bases are not created to guarantee their proper operation. To that end, it is important to build an economic policy oriented to satisfy the demands of society, an economic policy oriented to upholding human rights.

Another important point is the role of social participation in the construction of healthcare systems, with a clear emphasis on inclusion, transparency, accountability, dialogue between the different stakeholders, and political commitment. It is also essential to incorporate traditional knowledge, taking into account the historical, economic, cultural and social characteristics of each country. Democratic and solidarity-driven participation from all actors and decisive State action is needed in the construction of a universal healthcare system.

3.3. Building a regional platform for vaccine development and production

Several studies reveal that the race to buy vaccines has had clear winners: higher-income countries and large pharmaceutical companies. Although there have been initiatives to chart other paths toward a more equitable global solution, such as the waiver proposal by South Africa and India, and the Covax Mechanism led jointly by CEPI, GAVI and the WHO, in collaboration with UNICEF, the period following the regulatory approval of the first vaccines was characterized by great competition and lack of cooperation.

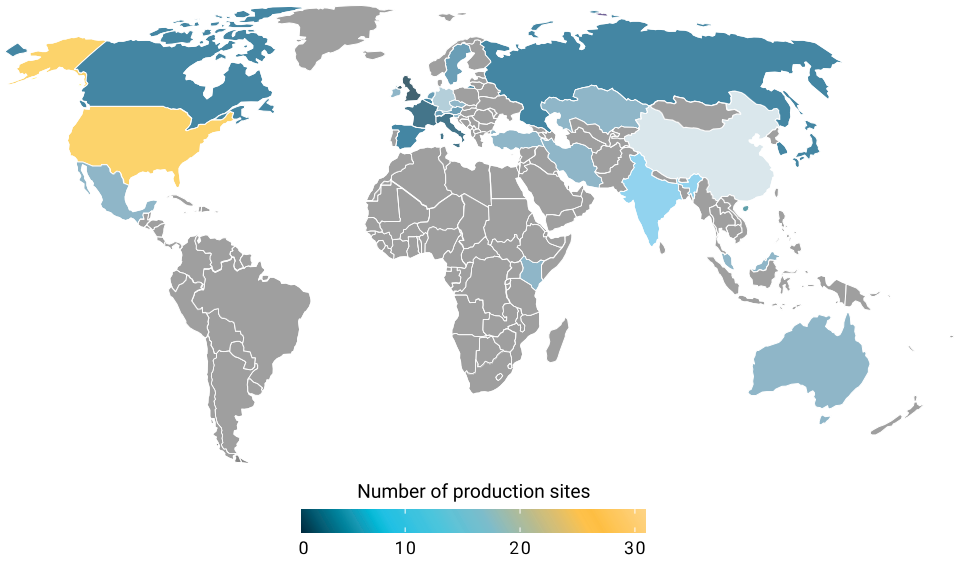
The world was uncapable of meeting the global demand for a vaccine supply, as developed countries adopted a nationalist stance in defending their vaccines and turned their backs on the Global South, further entrenching the power of pharmaceutical companies through bilateral agreements. One result of this was the stockpiling of a large part of the vaccines, more than the amount required to inoculate all of their population with a full vaccination schedule (Bermúdez, 2022; Marriot & Maitland, 2021; Ugalde et al., 2022).

Countries that were successful in securing an adequate supply of Covid-19 vaccines used two main strategies: public funding of vaccine research and development, and the issuance of pre-commercial procurement agreements (Sampat and Shadlen, 2021; Ugalde et al., 2022). Additionally, high-income countries mobilized to prevent consensus in the WTO for the relaxation of intellectual property laws (or even the use of TRIPS flexibilities, not only for vaccines, but also for medicines and tests), which could have expanded production possibilities elsewhere, at a time when the productive capacity of companies developing technologies was limited to meet the needs of the world's population (Bermudez, 2022; Marriott & Maitland, 2021).

In a context of global shortages, country income levels and the site of development and production of vaccine technologies and other essential products is a critical element for access. The case of vaccines was one of the most emblematic, but it was not an isolated event; in this same context, several countries producing essential goods to fight the pandemic also put export restrictions in place (PAHO & WHO, 2021). Figure 15 illustrates this situation, comparing countries that were able to develop and produce Covid-19 vaccines, while Figure 16 shows the percentage of the population fully vaccinated in the first six months after the start of the vaccination campaign in the United Kingdom (between December 2020 and June 2021). These two figures, inspired by Gadelha's (2022) study, show that to a large extent, countries that were able to develop their own vaccine technologies and produce them won the global dispute over access to vaccines, making them available to their populations before the rest of the world. However, it is worth noting that technology transfer initiatives were very relevant to ensure access and, given the low population participation in vaccination campaigns in some countries, vaccine availability was an essential requirement but did not necessarily translate into doses delivered[5].

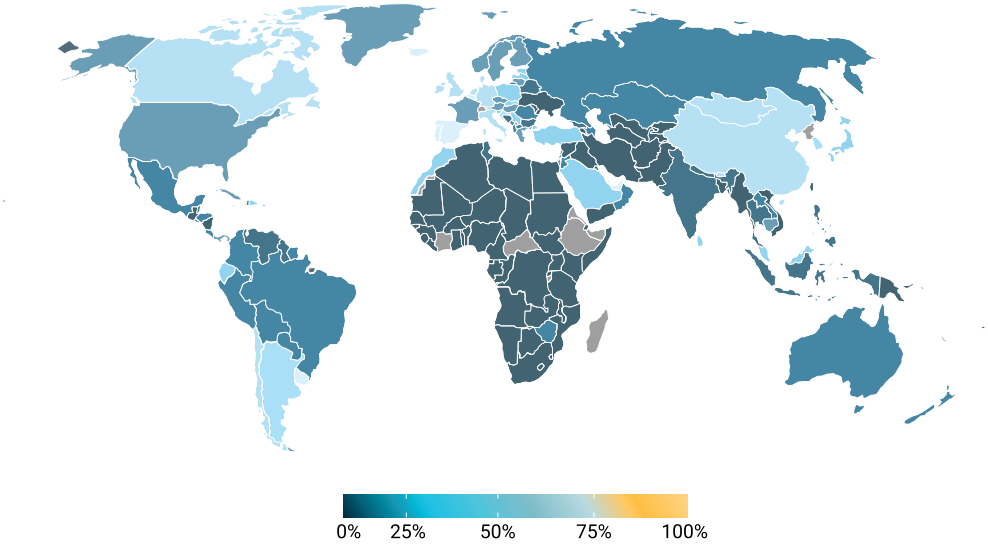
[5] The case of the United States is quite symbolic here: Although the U.S. developed and produced vaccines widely used by the global population, in addition to having acquired a large number of doses, in as of May 2023 they had not yet surpassed 70% of the population with the full vaccination schedule (Our World in Data, 2023).

FIGURE 15. NUMBER OF COVID-19 VACCINE PRODUCTION SITES (IN-HOUSE FACILITY AND CDMO, EXCLUDING TECHNOLOGY TRANSFER FACILITIES), 2023



Source: Unicef - Covid-19 Market Dashboard. Produced internally.
Note: Unicef included data reported by vaccine development offices. Nonetheless, it is important to note that Cuba has developed two vaccines and has its own manufacturing plant, as reported in Reardon (2021).

FIGURE 16. PROPORTION OF PEOPLE WHO COMPLETED THE INITIAL COVID-19 VACCINATION PROTOCOL, THROUGH JUNE 30, 2021.



Source: Our World in Data. Produced internally.

In the context of Latin America and the Caribbean, few countries were able to produce their own Covid-19 vaccines: Argentina, Brazil, and Mexico totally or partially produced the Oxford-AstraZeneca, Sinovac and Sputnik V vaccines through technology transfer agreements. In the case of the three countries mentioned above, there was prior capacity for the production of other types of vaccines, which, at a time of global emergency, was an essential foundation (UNESCO, 2021a) (UNICEF, 2023).

Cuba was the only country in the region that, in addition to production, was able to develop its own vaccines against Covid-19: Soberana and Abdala. In the face of the economic embargo, which leads the country to have its own profound difficulties in establishing trade relations with other countries, the only way to guarantee access to the entire population was to develop and produce its own vaccines at an accelerated pace. This was also possible due to the country's extensive experience in the area of immunization and biotechnology, which today produces 70% of the health equipment, supplies and medicines used in Cuba (Borges et al, 2023; Prabhala & Ido, 2023; Reardon, 2021; Ugalde et al., 2022).

Given the context of profound inequality and barriers to access to vaccines, building alternatives that can improve the distribution of the productive and technological capacity of essential health assets is an urgent task. In Africa, of note is the WHO and Geneva-based Medicines Patent Pool initiative, in partnership with the biopharmaceutical company Afrigen, which initially aimed to establish mRNA vaccine production capacity in South Africa - with the possibility of expanding the network to 15 other sites - involving middle- and low-income countries (WHO, 2023b).

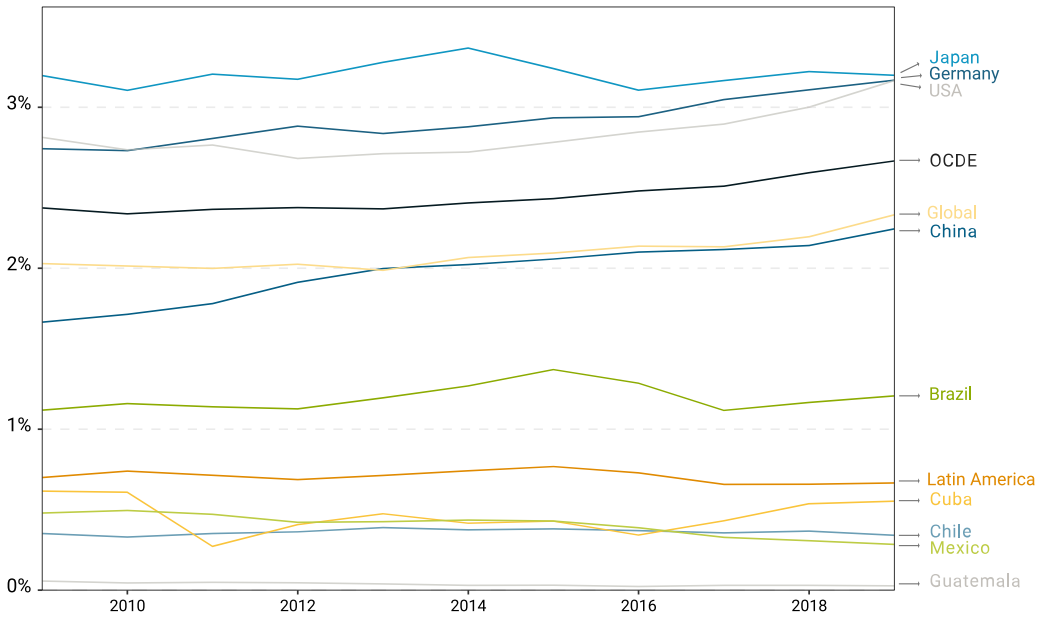
In the Americas, in keeping with various resolutions by regional and global multilateral organizations that encourage the development and local production of essential health technologies, PAHO's initiative in 2021 stands out with the creation of the regional platform to advance the production of vaccines and other health technologies for Covid-19. This resolution, based on the assessment of insufficient production capacity and high prices associated with essential health products, seeks to promote collaboration between countries and organizations in the Americas in order to take advantage of and expand existing biomanufacturing capacities in the region for the production of vaccines against Covid-19 and for other medical technologies (PAHO, 2023a, 2023b).

To this end, PAHO seeks to promote initiatives for research, development, innovation and transfer of key technologies that meet the health needs of the region, expanding productive capacities and strengthening regional value chains, while reinforcing the regulatory systems involved to ensure access to safe, effective and quality products (PAHO and WHO, 2021). The promotion of mRNA vaccine production capacity in the region, as has been done in Africa, is one of the central initiatives. Sinergium Biotech, in Argentina, and Instituto Biomanguinhos/Fiocruz, in Brazil, were the first to be selected in 2021 as regional arms for the production of these vaccines - which may target not only Covid-19, but other respiratory viruses such as influenza. These institutions even received training from the South African company Afrigen, which participated in the WHO Medicines Patent Pool initiative mentioned above (PAHO, 2021, 2023a, 2023c). The vision guiding the initiative is that this regional production will be linked to distribution of the products to all of the countries through the PAHO Revolving Fund (PAHO, 2023c).

The initiatives presented here, if successfully implemented, will undoubtedly have a positive impact on the access of countries in the region to strategic and cutting-edge technologies, such as mRNA vaccines. However, given the intense competition and expansion of economic and technological asymmetries in the field of vaccines (Gadelha et al., 2020), it is important to include actions that go beyond voluntary technology transfers,[6] promoting synergy between innovation systems to allow Latin America and the Caribbean to develop their own technologies, as in the case of Cuba. This would guarantee greater autonomy, not only in the face of the lack of global cooperation, but also in the development of technologies aimed at dealing with diseases specific to the region, or those that affect underserved populations. It is also essential to include other technologies related to vaccines as well as the production of relevant drugs.

[6] As the People's Vaccine Alliance (2022) discusses, voluntary technology transfer licenses often carry significant geographic exclusions and are accompanied by conditions that limit the autonomy of recipient countries, leaving input and production decisions under the control of the patent holders.

FIGURE 17. SPENDING ON RESEARCH AND DEVELOPMENT (% OF GDP), 2009-2019



Source: Unesco Institute for Statistics (UIS). Produced internally.

The path forward will be a difficult one, as countries with highly developed innovation systems such as the United States, Germany, Japan, and more recently China, have spending levels on R+D well above the global average, both as a proportion of GDP as well as in real terms, with the curve only rising in recent years (Unesco, 2021b).

Figure 17 shows the large difference in R&D spending relative to GDP in the selected countries, which is even larger when considered in absolute terms.
This scenario as part of long-term strategic policies produces the concrete result of concentrating a high proportion of patents from these countries. In contrast, the countries of Latin America and the Caribbean with their historic weak capacity for the development of new technologies, are below the global average in both measures, with uneven growth patterns (Unesco, 2021b).

The concept of the Healthcare Economic-Industrial Complex (Gadelha, 2003; 2022) offers a relevant framework for the creation of alternatives in countries in the region. Based on a systemic and dynamic vision of health, the concept does not limit the perception of health to the simple provision of care services, but rather it includes all of the productive sectors involved in construction of the needed "base material" for access to health: production of active ingredients in pharmaceuticals, medicines, vaccines, medical and hospital equipment, connectivity software, etc. Investments in the Healthcare Economic-Industrial Complex, with the core objective of ensuring health for the population, also requires investment in science, technology, and production development. This opens space for the transformation of peripheral economies into economies that know how to develop and produce what is necessary to maintain the welfare of their population, reducing vulnerabilities and increasing their sovereignty, especially in the face of global crises (Gadelha, 2022). These investments also carry important multiplier effects for economies, relevant for job creation and income.

In Brazil, which has the largest public health system in the world in terms of population served, this concept was responsible for policies that linked the guarantee of the right to health with the stimulation of the country's productive development, as was the case of the Partnerships for Productive Development (PDPs), which link the significant

purchasing power of the Unified Health System to the transfer of strategic technologies to public pharmaceutical laboratories, as in the case of Bio-Manguinhos/Fiocruz and the Butantan Institute. It is no coincidence that these institutions, which hold a century of strategic knowledge in public health, and which also supply vaccines to Brazil's National Immunization Program, were able to rapidly absorb the technologies of the two vaccines produced in the country (Oxford/Astrazeneca and Coronovac) and distribute them to the population at a time of profound global shortage of these goods (Gadelha, 2022; Oliveira & Silva, 2022; WHO, 2023c).

Although initially promoted from a national development perspective, the concept of the Health Economic-Industrial Complex can and should be extrapolated to a regional development perspective, bringing countries together to create synergistic capacities to overcome health vulnerabilities and promote a sustainable economic development model, both socially and environmentally.

CONCLUSIONS

While the Covid-19 pandemic has had severe impacts on a global scale, it has also exacerbated the enduring dynamics within Latin America and the Caribbean. This pertains not only to the region's internal socioeconomic structures but also to its integration into the global landscape. From both perspectives, policy responses have deepened inequalities and increased the vulnerability of a significant part of the population.

Although the countries have offered different fiscal responses to the pandemic, the constraints to the construction of pathways with greater economic justice are still present, at different scales and dimensions. Effecting structural changes in the region to address the social ills that afflict it during times of ostensible normalcy, and particularly during times of acute crises like the Covid-19 pandemic, necessitates a systemic analysis. Fiscal policies rooted in austerity perpetuate inequalities and deny a significant portion of the population access to essential goods and services. However, even in a context of greater fiscal latitude, the efficacy of public policies hinges directly upon the manner in which taxes are collected: the more wealth and income are subject to taxation, the greater the contribution to mitigating the structural inequalities that have characterized the region's historical narrative. Furthermore, fiscal policy exerts a direct influence on the establishment of universal public healthcare systems capable of transcending disparities in access, thereby ensuring health as an inherent human right, unburdened by conditions or differentiation based on income.

The pandemic has imparted a critical lesson: it is not possible to guarantee access to health without having the necessary products to care for the population (Gadelha, 2022). It has been a hard-won realization, at the cost of many lives, that the localization of product development and production holds paramount significance, especially in the case of technology-intensive materials. This factor can prove pivotal in securing access, particularly during periods of global market supply constraints. Consequently, as encapsulated in the concept of the Health Economic-Industrial Complex (Gadelha, 2003; WHO, 2023c), the assurance of the right to health transcends the provision of services alone; it hinges on the entire production chains associated with the goods and services indispensable for healthcare. Maintaining a healthcare policy divorced from scientific, technological, and industrial development policies consigns nations to a state of dependence and renders them particularly susceptible to nationalistic maneuvers by countries that have already cultivated these capabilities, especially in times of crisis.

The data show that, although there are initiatives that seek to reduce these vulnerabilities, the current context brings profound asymmetries between developed and developing countries, imposing large-scale challenges for increasing the technological and productive sovereignty of these countries - especially in R&D-intensive areas, such as the production of drugs and vaccines. Overcoming this large gap requires above all a major mobilization of resources and political strategies that can be implemented in a long-term perspective that is resistant to cyclical changes in the economy and politics. In essence, the sobering lessons from the pandemic underscore the infeasibility of conceiving policies aimed at rectifying productive and technological disparities in Latin America and the Caribbean without a robust funding model free from austerity constraints, firmly tethered to a framework of scientific, technological, and productive development dedicated to upholding and safeguarding human rights.

In the face of these asymmetries, individual countries encounter formidable impediments when endeavoring to formulate effective health strategies in isolation. Robust and enduring regional partnerships are imperative to facilitate cooperation among diverse countries with disparate capacities, with the overarching objective of ensuring access for all segments of the population. Furthermore, a global alliance underpinned by the active engagement of multilateral organizations is indispensable to ensure that the economic interests of powerful entities and Northern countries do not supersede the right to health of the populace. In stark contrast to the pandemic's exigencies, authentic cooperation

between the North and the Global South is warranted, marked by the unfettered exchange of knowledge and the dismantling of barriers related to intellectual property, especially in the context of global health crises (People's Vaccine Alliance, 2023). The assurance of the right to health, both regionally and globally, mandates the recognition that economic interests must not be ends unto themselves; they must serve the imperatives of human well-being, promoting prosperity and safeguarding the continuity of life on Earth.

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METHODOLOGY ANNEX

Extensive literature review was performed for this research, based on the consultation of documents from multilateral institutions and international non-governmental organizations, in the field of health, specifically, for example, the World Health Organization (WHO), the Pan American Health Organization (PAHO) and the GAVI Alliance, as well as those focused on promoting country development and overcoming social vulnerabilities in general, such as the Economic Commission for Latin America and the Caribbean (ECLAC), the United Nations Children's Fund (UNICEF), the Latin American Network for Economic and Social Justice, the Latin American and Caribbean Tax Justice Network, as well as previous studies by Oxfam itself. Academic articles and government documents were also consulted. The study sought to cover the initial period of the pandemic until the end of 2022, but should be considered that: i) the data series analyzed are very diverse in scope and ii) a reflection on the period prior to the pandemic is also warranted, especially the last decade, to contextualize the situation of the countries at the time of the pandemic's arrival.

Data were also collected from a wide range of sources, as shown in the table below:

SOURCE	INDICATORS
OECD	Tax revenues as a proportion of GDP, averages for LAC and the OECD Average tax structures in the LAC and OECD regions
WHO	Current expenditure on health (% of GDP) Current expenditure on health (PPP) Public spending on health (% of current expenditure on health) Private health care spending (% of current health care spending) Out-of-pocket health spending (% of current health expenditure) Government domestic expenditure on health (% of general government expenditure)
UNESCO - Institute for Statistics (UIS)	Spending on research and development (% of GDP)
UNICEF - Covid-19 Market Dashboard	Covid-19 Vaccine Production Sites (CDMO and in-house facility)
COVID-19 Data Hub	Proportion of people who completed the initial Covid-19 vaccination protocol, June 30, 2021
International Monetary Fund	Public debt (% of GDP) Fiscal effort to combat Covid-19 (% of GDP)
World Bank	Gross debt in foreign currency as a proportion of total government gross debt (%) Average interest rate on new debt contracts (%) Public and publicly guaranteed external debt, by type of creditor (% of total)
ECLAC	Domestic debt and external debt (% of GDP)

The countries were chosen based on the following criteria: representativeness in different locations in Latin America, differences in the productive structure, monetary patterns (e.g. dollarized and non-dollarized economies), and based on the observation of the progress of Covid-19 vaccination - both in relation to the start of vaccination campaigns and to the rates of population vaccinated with at least two doses so far.

Also taken into account was whether the country had or had not received vaccine donations, the national production capacity of Covid-19 vaccines and the different levels of health spending as a percentage of GDP. The objective was to create a broad overview, bringing the case studies closer to an effort to build a general picture of the situation in Latin America.

The central question of this research is: How have the fiscal and tax measures implemented during the pandemic affected vaccine procurement and vaccination strategies in Latin American countries?
From this general question, research questions with retrospective and forward-looking motivations are derived, with the objective of outlining the pre-pandemic scenario and the post-pandemic trends related to the universal Covid-19 vaccination agenda. In order to analyze the situations in the context of fiscal justice in the region, as well as the sustainability of the Covid-19 vaccine procurement strategies, we sought to answer the following research questions, highlighting the common scenario of the region and the specificities of each country:

a) Pre-pandemic scenario:
i) What were the fiscal and tax contexts in each country in the pre-pandemic period? Are the tax structures more regressive or progressive? What are the main sources of tax revenues?
ii) What was the healthcare system scenario in each country? What is the level of public and private spending on health? Is there fragmentation of public health policies?

b) Scenario during the pandemic:
i) What were the fiscal and tax policies implemented in Latin America during the pandemic? Did the implementation of these policies involve the interruption or repeal of fiscal rules?
ii) Did fiscal policy measures contribute positively or negatively to the financing of policies to combat the effects of the pandemic?
iii) What vaccines did the countries procure, and when? Which countries used donation mechanisms and agreements?
iv) What type and terms of borrowing did countries use during the pandemic?

c) Post-pandemic scenario:
i) Has the pandemic stimulated concrete initiatives to promote greater tax justice in the selected countries?
ii) Has it stimulated the debate and implementation of universal healthcare systems?
iii) What are the best ways for Latin America to be in a better position to face new global health emergencies?

The analysis of these research questions was carried out qualitatively, based on the concept of economic justice proposed by Oxfam (2023), which points out the need to build policies capable of breaking the vicious cycle of fiscal austerity, providing progressive taxation patterns and promoting public policies that reduce inequalities, increase social protection and equalize opportunities for the population in various dimensions. In addition, the best results obtained in the field of Covid-19 vaccination were also considered. For each of the aspects, data were collected to support the conclusions.


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