

Social Outlook

By Jean-Christophe Salles – Ipsos Latin-America CEO



Regional Overview

With the COVID-19 crisis, 2020 was a very tough year for Latin Americans from a social point of view. Despite the progress made in the reduction of poverty and inequality, and the expansion of the middle-income strata between 2002 and 2014, the region's economic and social progress was already showing clear signs of stagnation before the pandemic. The weakness of the welfare state and of health and social protection systems led to an unprecedented increase in unemployment, falling income and an increase in poverty that further exacerbated the pre-existing structural problems. But 2021 is showing some recovery, even if there is still a long way to go to build more inclusive societies.

What Worries Latin Americans?

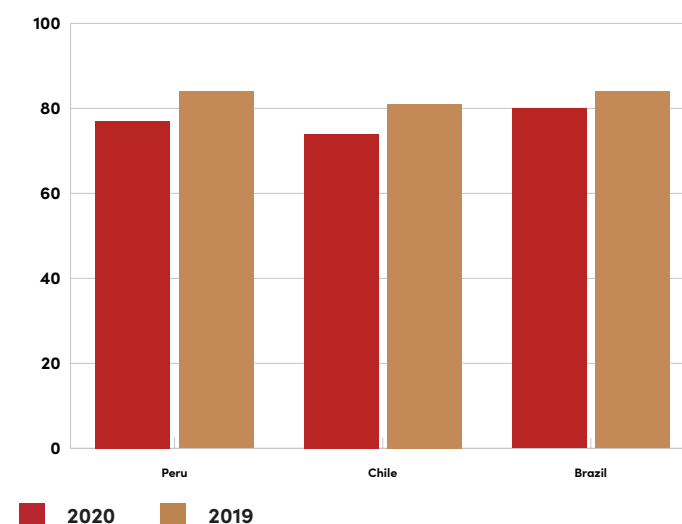
Latin America has been the region most impacted by COVID-19. 1.5 million people died from the disease, representing 32% of all deaths worldwide, four times the region's global population share of 8%. Also, World Bank calculations of "excess mortality" (the number of deaths above what is usually expected at that time of year) place Latin America substantially above other regions of the world and almost certainly the highest worldwide. This strong impact is mainly due to the difficulty of complying with quarantine and confinement measures, and four other factors increasing the risk of infection:

1. A population highly concentrated in large urban and metropolitan areas (Latin America is the most urbanised developing region in the world).
2. Overcrowded households (40% of households having more than 2.5 people per bedroom).
3. The lack of access to basic services and weakness of health systems.
4. High level of informal labour reliant on day to day income (the worst-affected sectors of the population have been the low- and lower-middle-income sectors).

But over the last few months, and particularly during Q3 2021, vaccination has accelerated significantly as availability has greatly increased. In general, Latin Americans have always been very open to vaccination, and anti-vax sentiments traditionally gain little support in the region. In Brazil, while factual inaccuracies propagated by members of the government have resonated with some, the overall trust in vaccines in the region is greater than it was before the pandemic. In Brazil, trust is at 84%, up 4% from 2019; in Peru trust is also at 84%, up 7% from 2019; and in Chile, trust in vaccines stands at 81%, up 7% from before the pandemic.

Trust in Vaccines

% of respondents that believe vaccines are beneficial for themselves and their family



Source: Ipsos Global Trends Series

COVID19 cases and citizens' concerns about the pandemic have been significantly declining over recent months. On average, in September 2021 only 31% of Latin Americans said that COVID-19 was one of the top issues facing their country today. This is a significant reduction, and the lowest level since data began to be recorded in April 2020 at the beginning of the pandemic. Concern is particularly low in Argentina (12%), Colombia (12%) and Chile (19%), whereas Brazil is more in line with the global average (36%). Concern in Peru is significantly higher (42% but declining) and Mexico (47% but increasing over time).

Today COVID-19 concern is now ranked as the sixth most worrying issue in Latin America, despite it still remaining the primary concern in all other regions globally. Crime and Violence, Corruption and Financial or Political scandals, and Unemployment, Poverty and Social Inequality are all considered to be more pressing concerns for Latin Americans.

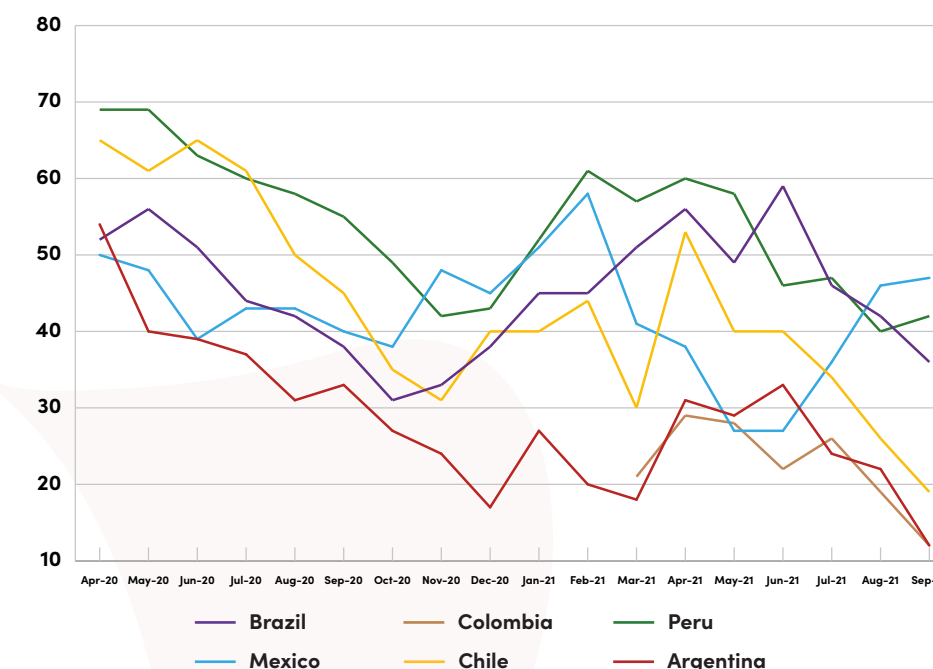
Citizen concerns are in line with opinion leaders' point of view regarding the main challenges that Latin America will face over the next 18 months. The latest Ipsos opinion leaders survey in Latin America shows that on average 80% of opinion leaders think that job creation will be the main challenge for the region over the next 18 months. In second place, 77% believe economic recovery is the most pressing issue. Next are the fight against the COVID-19 pandemic (63%) and vaccinating the population (57%).

Other topics mentioned by around half of the opinion leaders are reducing poverty (55%), reducing inequality (51%) and tackling corruption (47%). To a lesser extent, the issues of citizen security (43%) and improving education (35%) also feature.

All these top worries and challenges are significantly higher in Latin America compared with the global average. At the opposite end, Latin Americans are less concerned by climate change, moral decline, immigration control or health care and are generally more driven by social issues impacting their day to day lives.

COVID-19 Concern (by country)

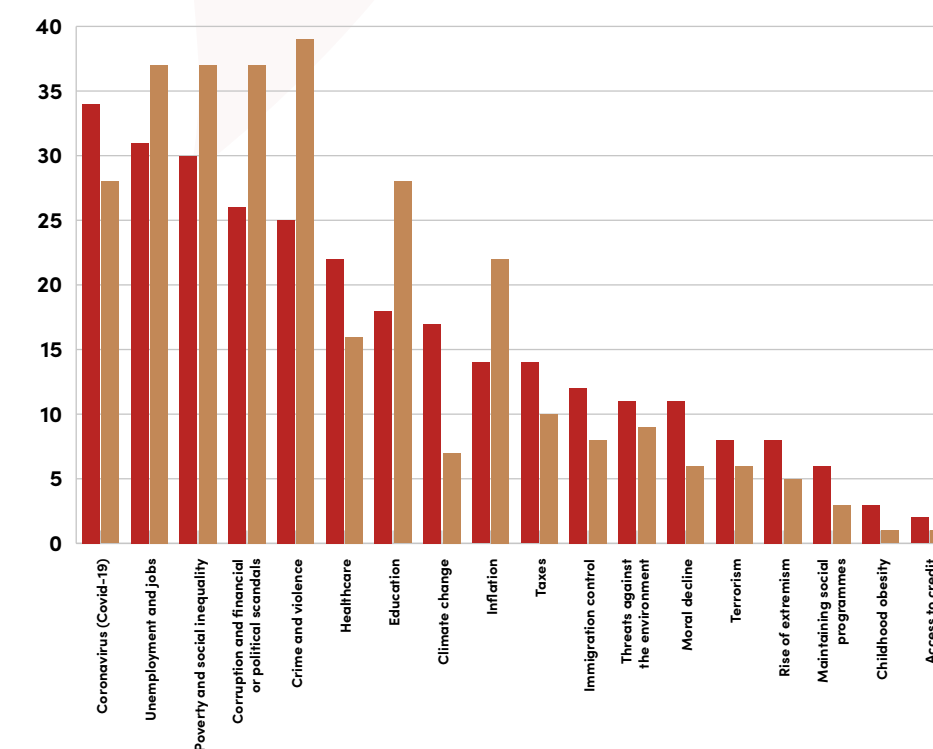
% of respondents that said COVID-19 in top 3 most worrying issues in their country



Source: Ipsos Global Advisor Series

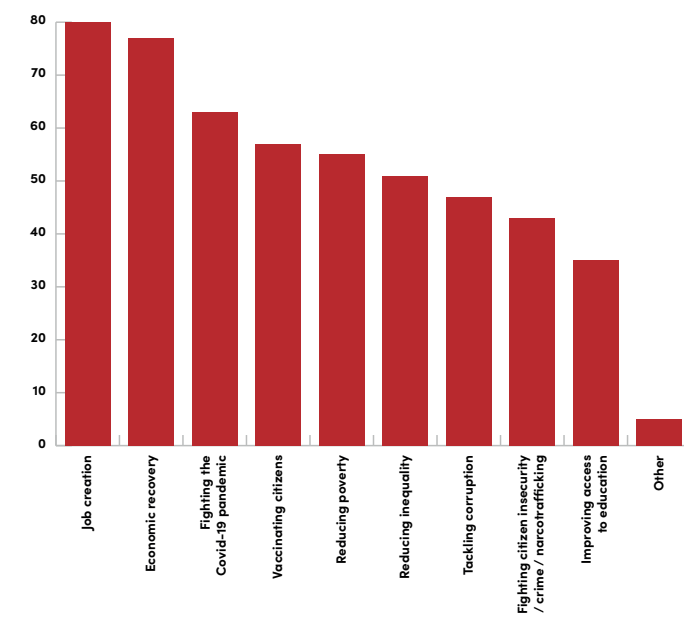
What Worries the World?

Which three of the following topics do you find most worrying in your country?



Source: Ipsos Global Advisor Series

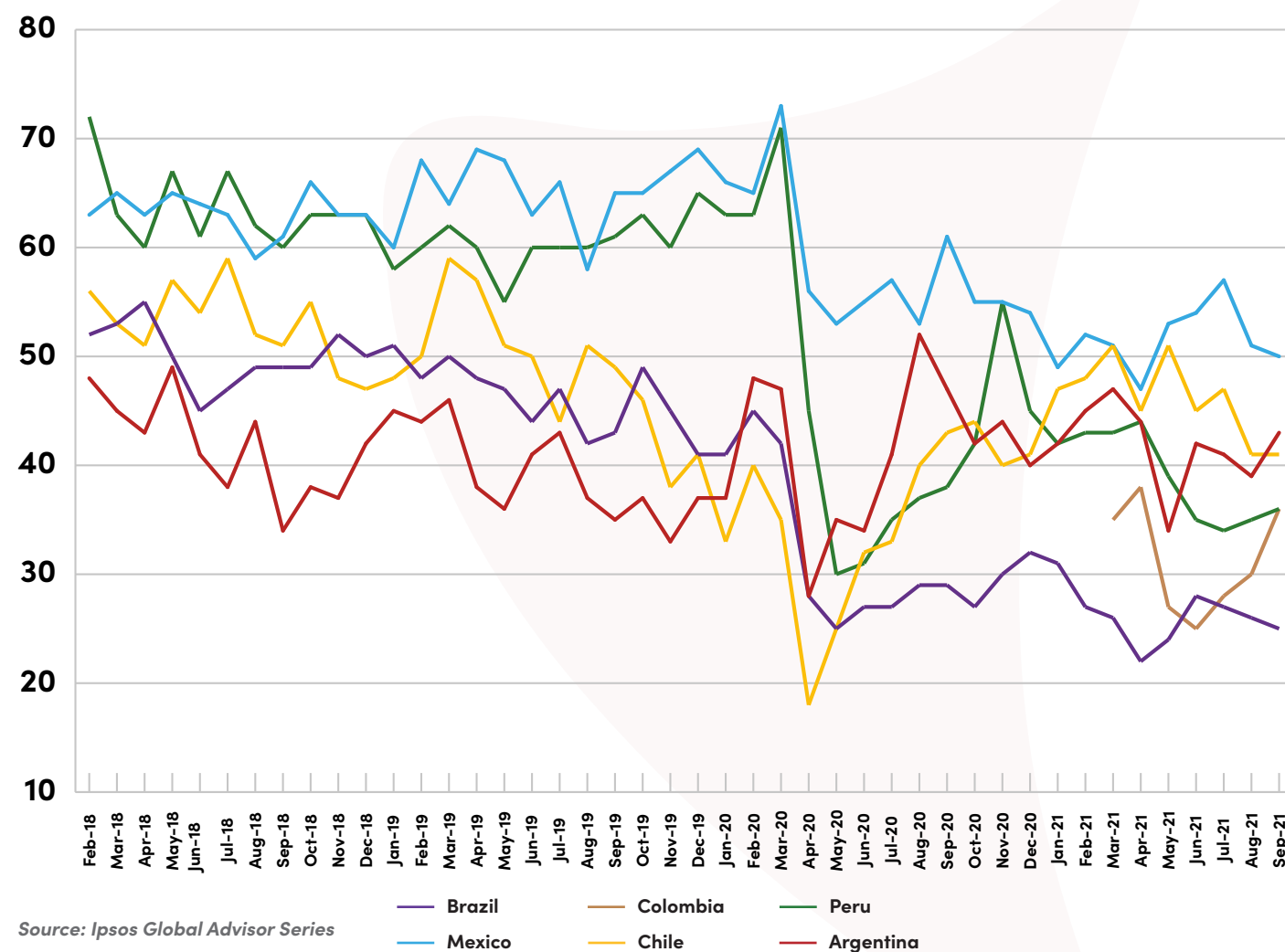
What worries Opinion Leaders in Latin America?



Source:

Crime and Violence

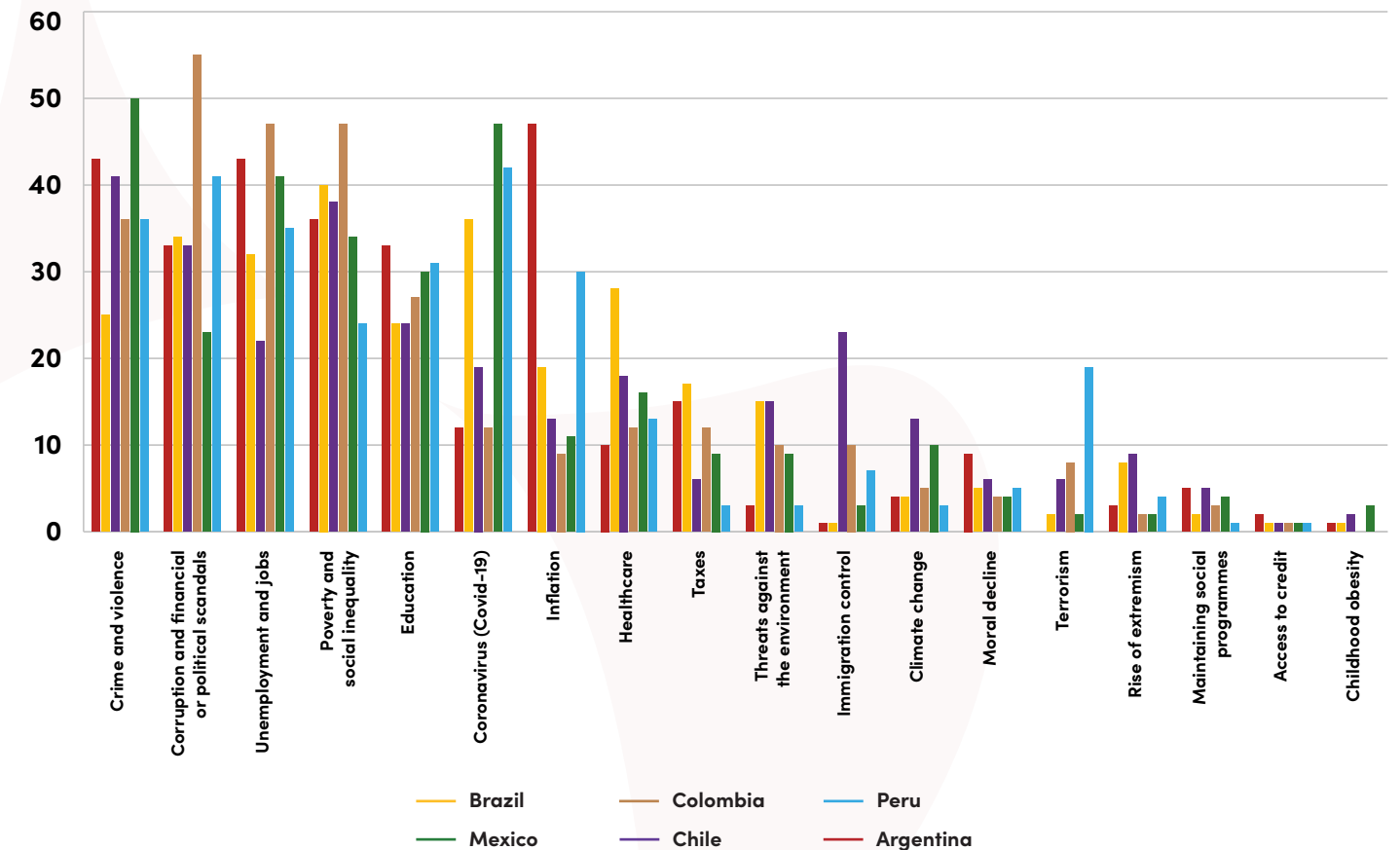
% of respondents that said Crime and Violence was one of their top three concerns



Source: Ipsos Global Advisor Series

Crime and Violence

% of respondents that said Crime and Violence was one of their top three concerns



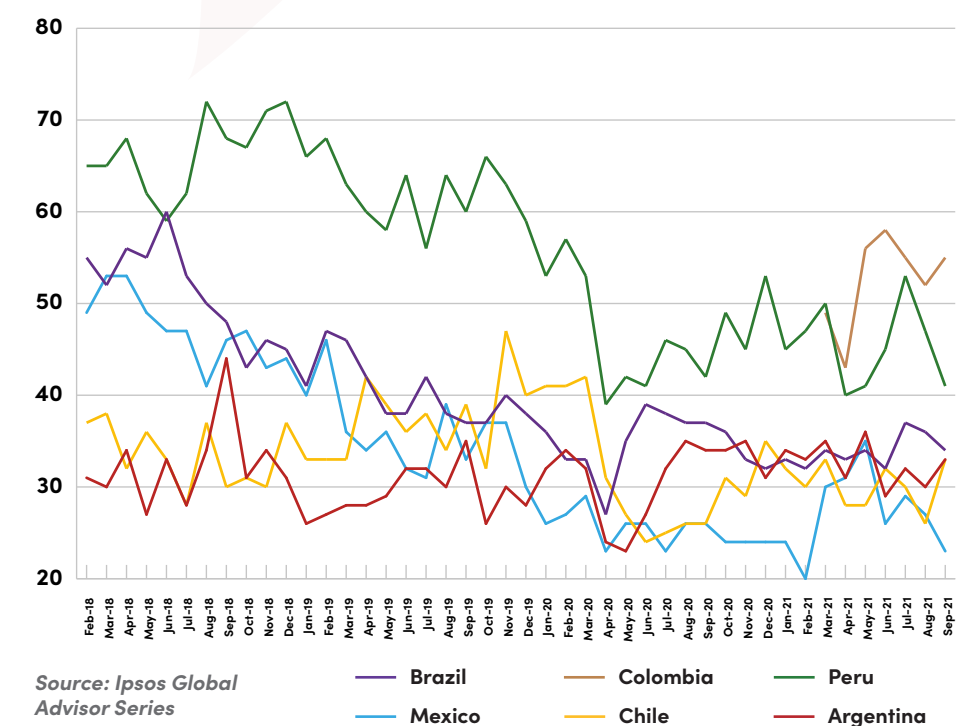
Source: Ipsos Global Advisor Series

Corruption and financial or political scandals are still a

particular concern in Colombia (55%) and Peru (41%), but interestingly have declined over time, mostly in Brazil and Mexico but also in Peru and from mid-2020 in line with Government efforts to protect families during the pandemic. These non-contributory social protection measures, including cash transfers, food and medicine deliveries and the provision of basic services, are estimated to have reached, on average, 49.4% of the population in the countries of the region and could have impacted the perception of corruption in their societies due to the benefits received.

Corruption, Financial, or Political Scandals

% of respondents that said Corruption, Financial or Political Scandals was one of their top three concerns



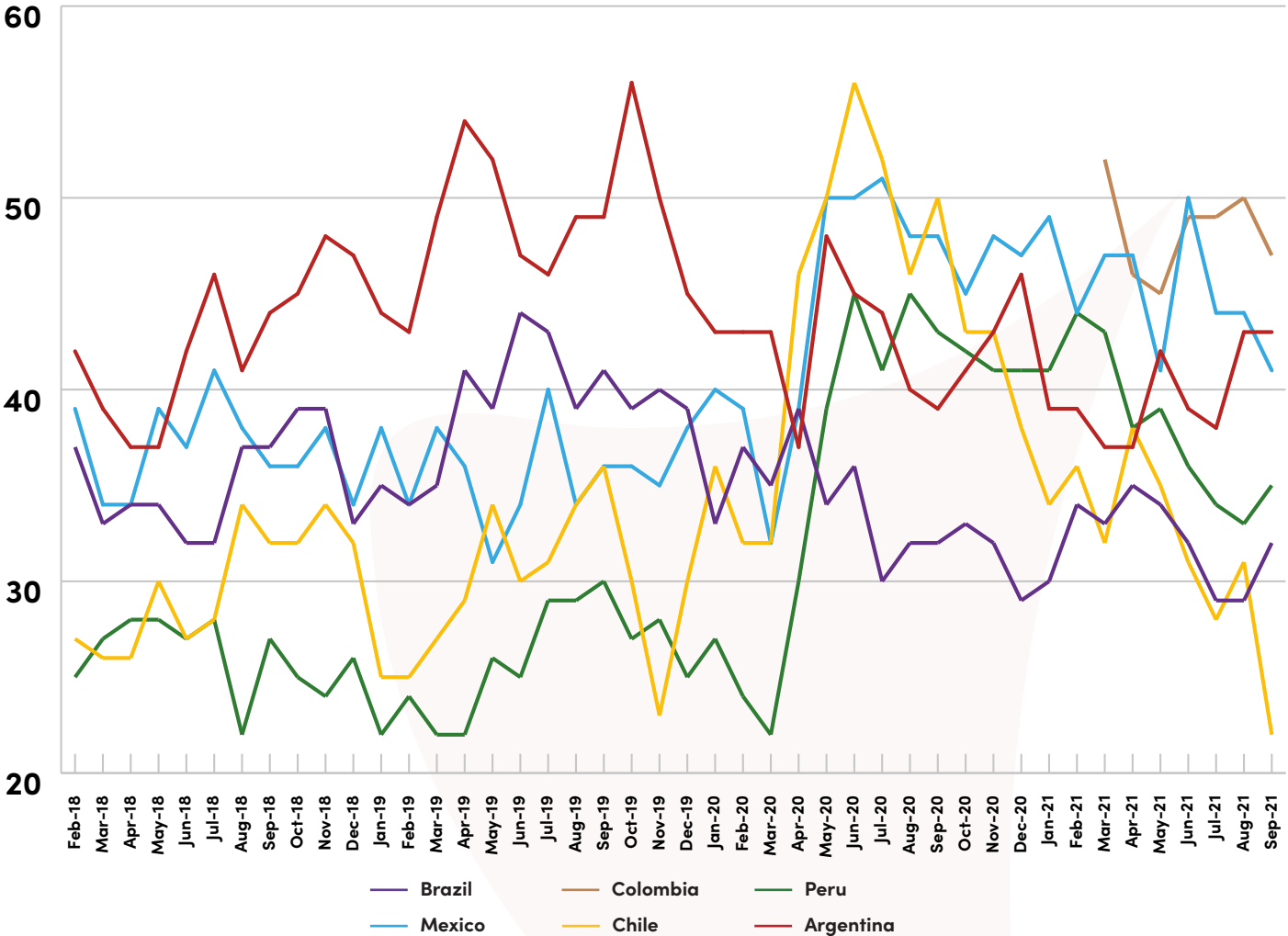
Source: Ipsos Global Advisor Series

Unemployment: Since 2015, labour market indicators have been showing adverse trends in the region, reflecting a gradual increase in unemployment and a worsening of the quality of employment. The profound effects of the pandemic, combined with the sharpest GDP contraction since 1900 (6.8%) – the most severe among developing regions – led to a sharp contraction in employment with a disproportionate impact on informal workers and women. In 2020 the unemployment rate rose by around 10% in the majority of countries in the region, especially

among women, young people, and the most vulnerable groups. But after reaching a peak in mid-2020, the worst moment of the COVID-19 crisis in the region, lockdown measures have been gradually ending, labour force participation has picked up and employment is recovering slowly. Fear of unemployment is still significant in Colombia (47%), Argentina (43%) and Mexico (41%) but has been declining month by month, reaching 22% in Chile and 32% in Brazil; lower levels than before the pandemic.

Unemployment

% of respondents that said Unemployment was one of their top three concerns



Source: Ipsos Global Advisor Series

Poverty and social inequality: Prior to the pandemic, there was already considerable dissatisfaction with the persistent inequality in the distribution of resources, which, has led in some cases to processes of social mobilisation and

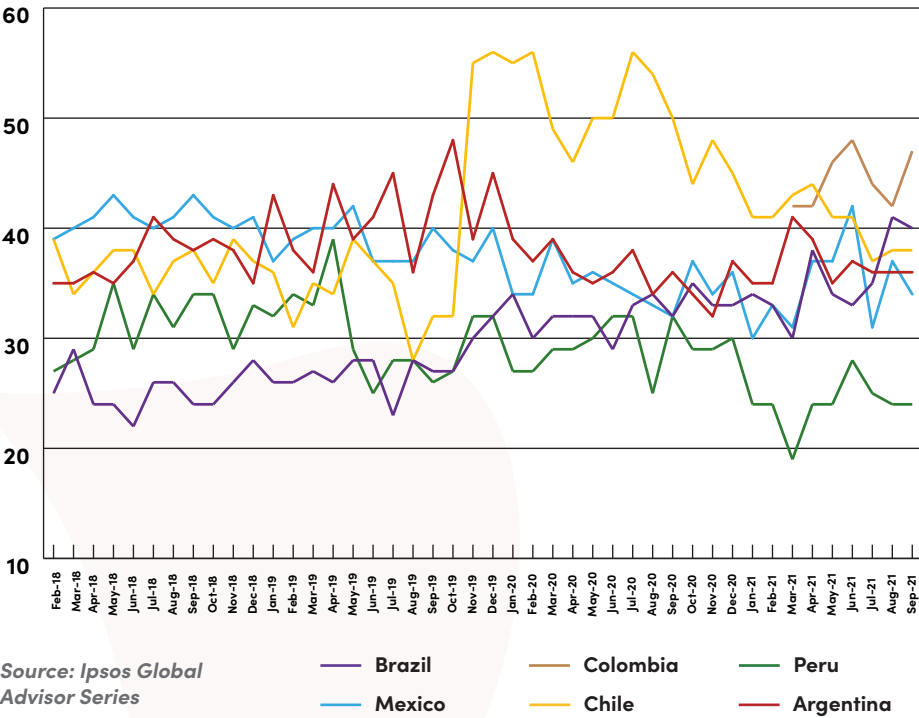
protests. In 2020 the poverty rate in Latin America was estimated to have reached 33.7% and the extreme poverty rate 12.5%. This would mean 209 million people living in poverty (22 million more than in 2019) and 78 million in extreme poverty (up

by 8 million), taking the region back to the same levels as 12 years ago. These phenomena affect women disproportionately and reinforce inequalities. As a result, in 2020 income distribution has become more unequal, with the Gini index rising by 2.9% from 46.2 to 49.1. But in 2021 the impact has been mitigated by an unprecedented set of emergency social protection programs, especially in Brazil. Poverty and social inequality concerns remain at a very high level in most countries, particularly in Colombia (47%) but have not increased over time. Here, it is also interesting to note the significant increase in Chile just before the social protest events of October 2019.

Having a large difference in income and wealth is recognised as bad for society by 90% of Brazilians, 79% of Chileans and 74% of Colombians.

Poverty and Social Inequality

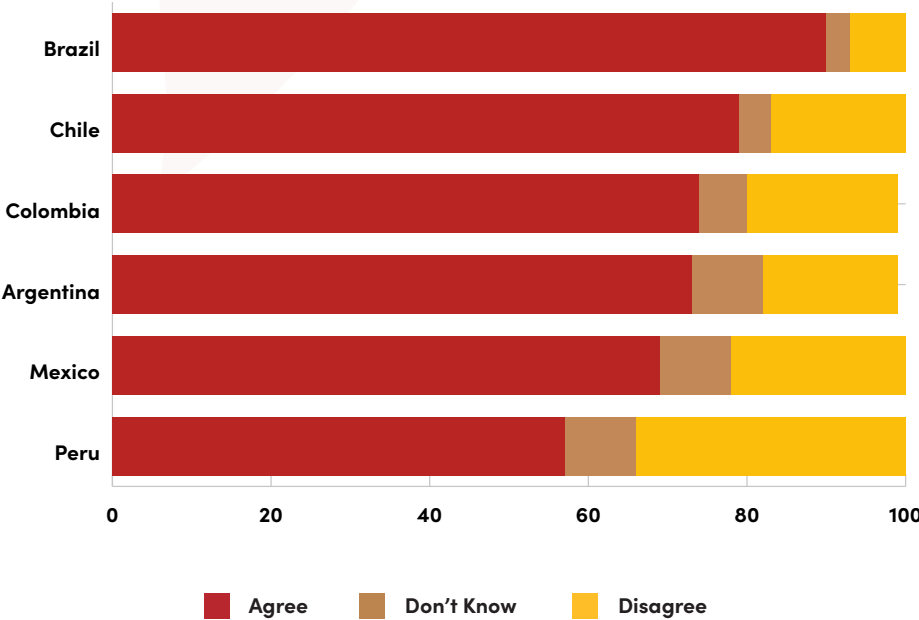
% of respondents that said Poverty and Social Inequality was one of their top three concerns



Source: Ipsos Global Advisor Series

Income Inequality

% of respondents that believe having large differences in income and wealth is bad for society overall

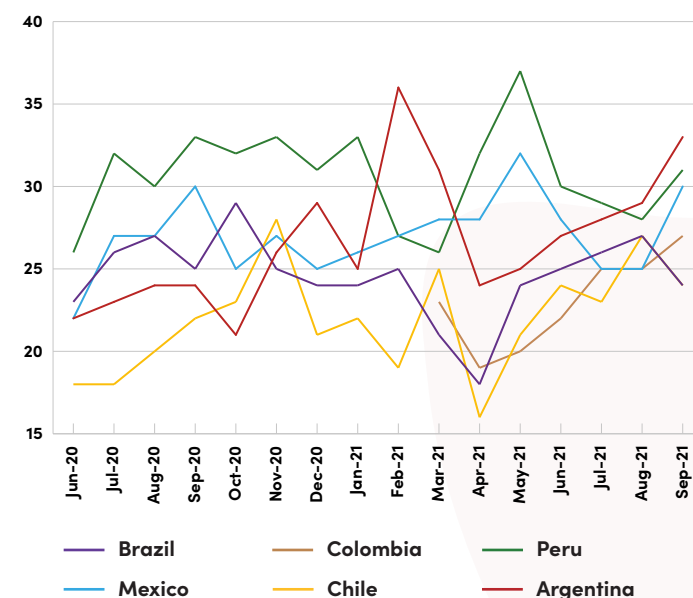


Source: Ipsos Global Advisor Series

Education: During the height of the pandemic, Latin American countries had some of the longest lockdowns anywhere in the world. Students lost between one and one-and-a-half years of education, and the probability of completing secondary education fell from 56% to 42% in 18 Latin American countries, dropping by nearly 20 percentage points for low-educated families. This has the potential to lead to a learning crisis and constitute a ‘generational catastrophe’, which could jeopardise decades of progress and deepen existing inequalities. After many months decreasing, as per other priorities, concern over education is up in almost all Latin American countries surveyed. Children returning to school have felt the impact of having lost so many months of education, and the return to the classroom is proving challenging.

Education

% of respondents that said Education was one of their top three concerns



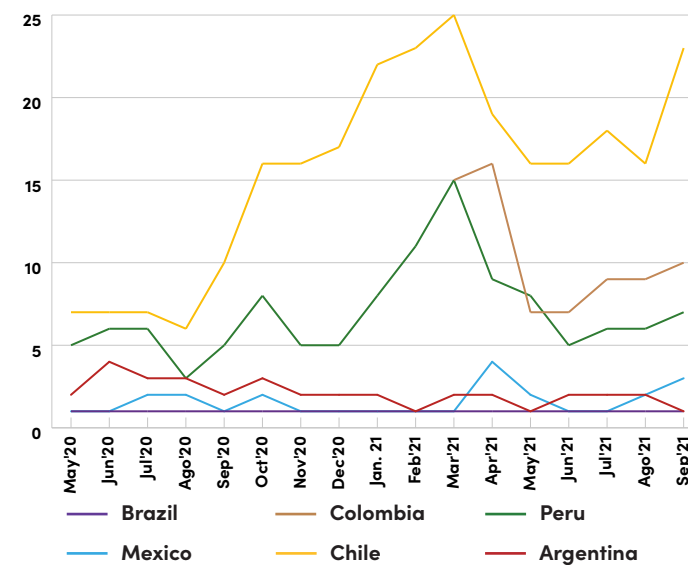
Source: Ipsos Global Advisor Series

On top of these main concerns, other issues such as **immigration and inflation** are becoming increasingly worrisome across Latin America.

Immigration has always been a relatively low concern in Latin America but concerns regarding migration have increased over the last few years, mostly linked to the Venezuelan diaspora, and have reached significant levels over the last few months in Peru, Colombia and Chile.

Immigration

% of respondents that said Immigration was one of their top three concerns

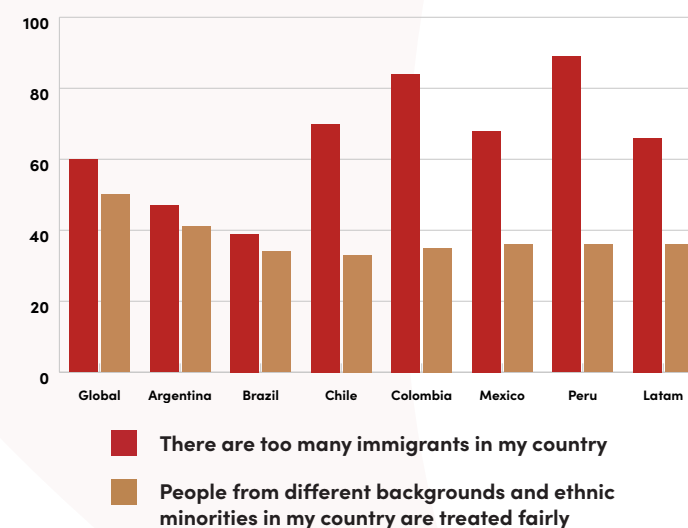


Source: Ipsos Global Advisor Series

Today 89% of Peruvians and 84% of Colombians feel there are too many immigrants in their country. These are the highest two figures among all countries in the world. Chile stands at 70%, Mexico 68%; Argentina 47% and Brazil 39%. Furthermore, most Latin Americans feel people from different backgrounds and ethnic minorities are not treated fairly in their country.

Perception of Immigrants In Latin America

% of respondents that agree with the following statements



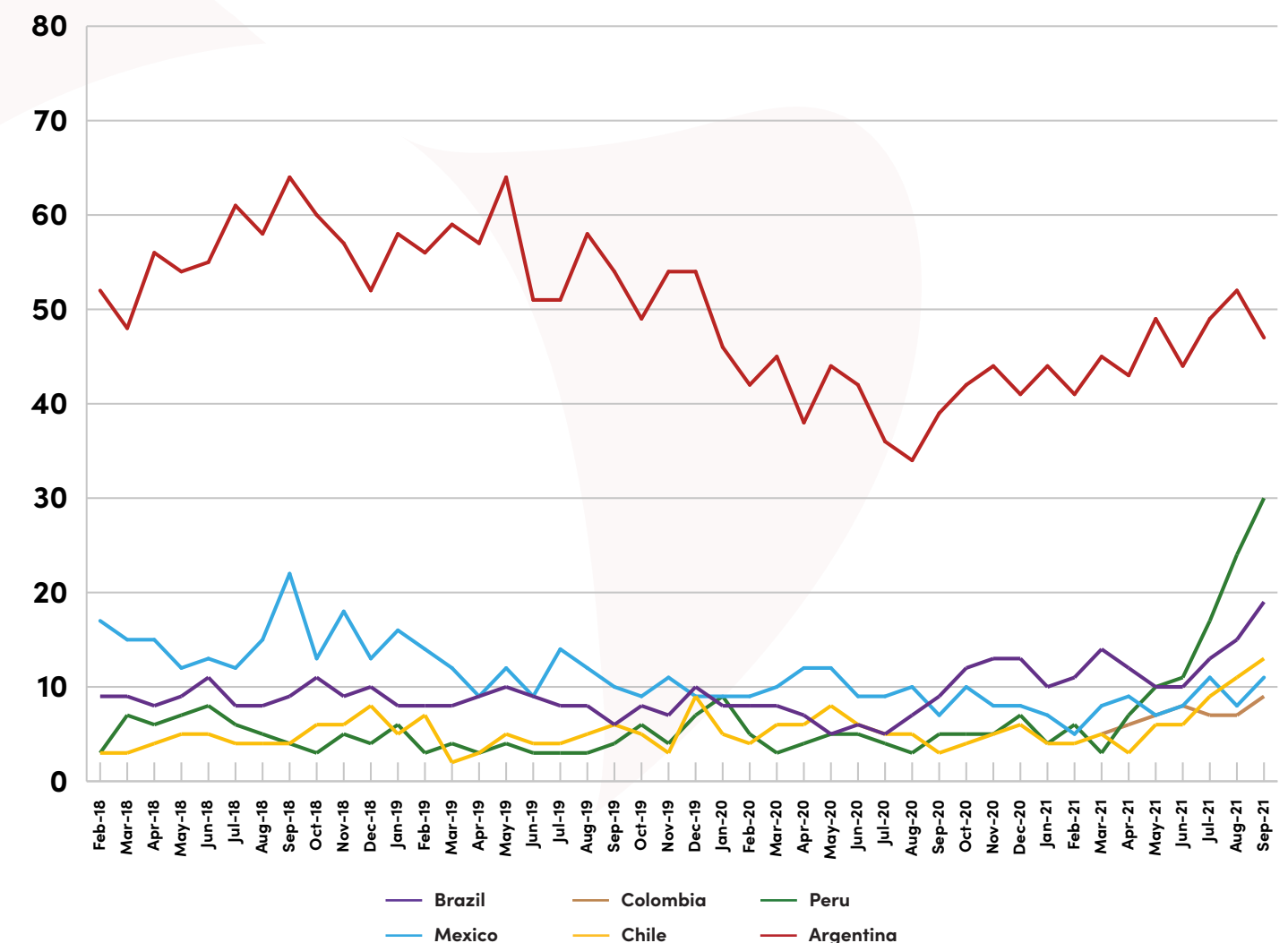
Source: Ipsos Global Advisor Series

Inflation concerns are rising. Latin America has a long history of high inflation and devaluations. In recent years this has mostly been an issue in Argentina, but over the last few months, as at a global level, inflation is growing across the

continent. In Brazil for example, inflation has already reached 10% year on year, and similar trends in other Latin American countries are increasingly becoming a concern for citizens.

Inflation

% of respondents that said Inflation was one of their top three concerns



Source: Ipsos Global Advisor Series



Is the Social System Broken?

In this overall context Latin American citizens have the strong feeling their country is NOT moving in the right direction and the gap with the global country average has been increasing over the last year.

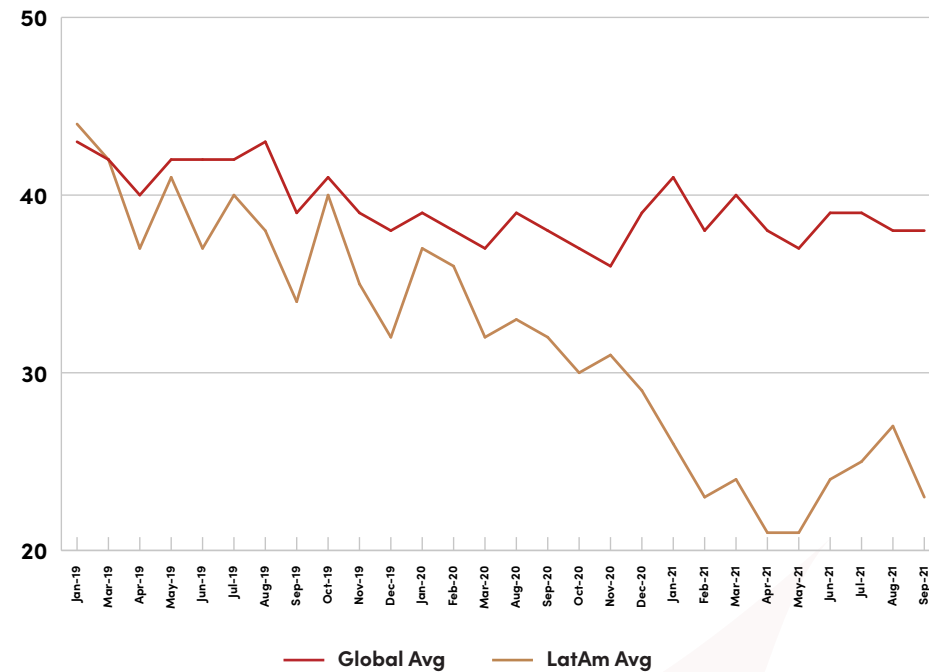
The Ipsos disruption barometer uses a number of different indicators to consider questions like personal economic and financial situation, confidence about job security, and future expectations regarding the national economy. If a country enters the red half of the graph, it means citizens' confidence is low, they are pessimistic, and looking for government intervention to deal with economic issues and regulation, all of which could generate social instability and a desire for political change.

Almost all main Latin American countries, except Mexico, are in red/negative territory. While the average for global countries shows recovery from the COVID-19 crisis and a return to positive territory, Latin America is clearly worse off than at the end of 2019. In that sense it is particularly interesting to look at Chile with a significant decline from March 2019 until the social protests of October 2019.

Furthermore, Latin America seems to be the home of the "broken system" sentiment. The top four highest-scoring countries in the 2021 index are Latin American.

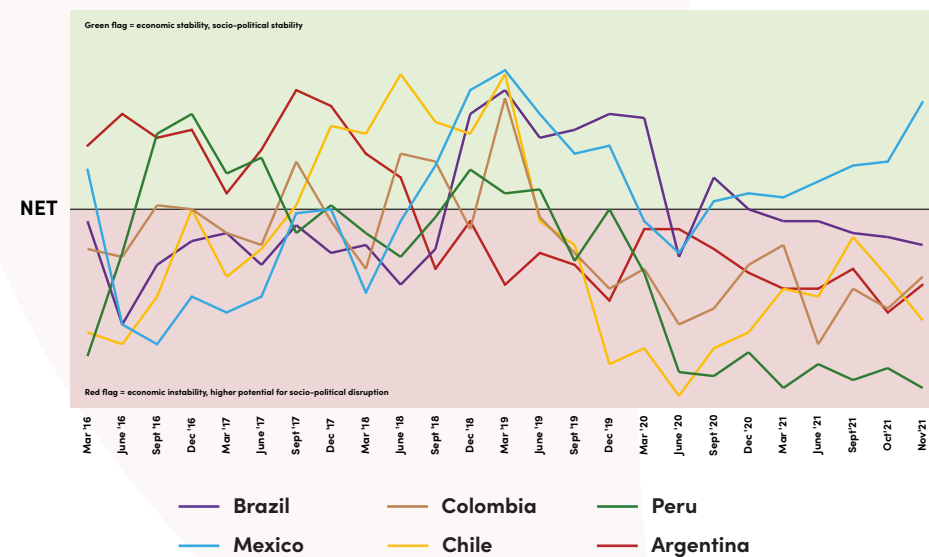
Are we moving in the right direction?

% of respondents that think their country is moving in the right direction



Are we moving in the right direction?

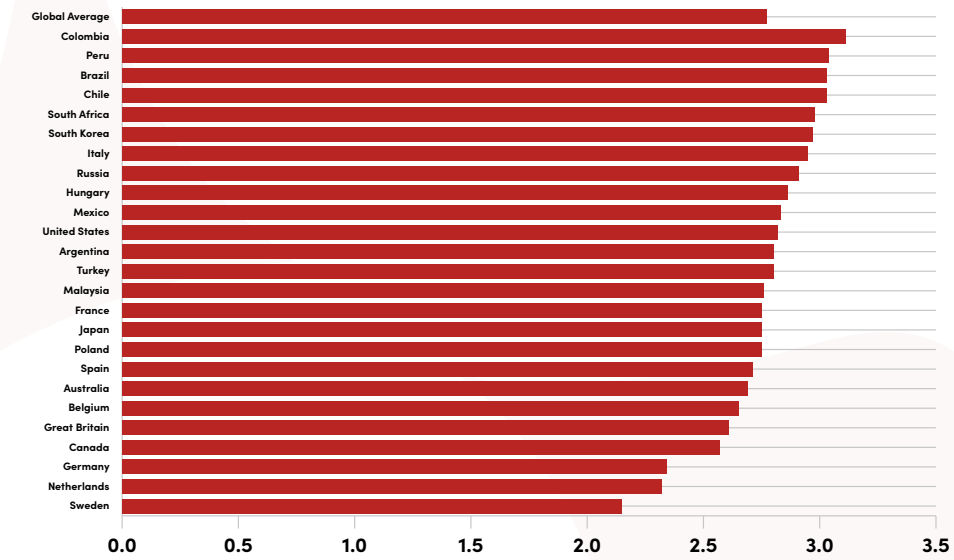
% of respondents that think their country is moving in the right direction



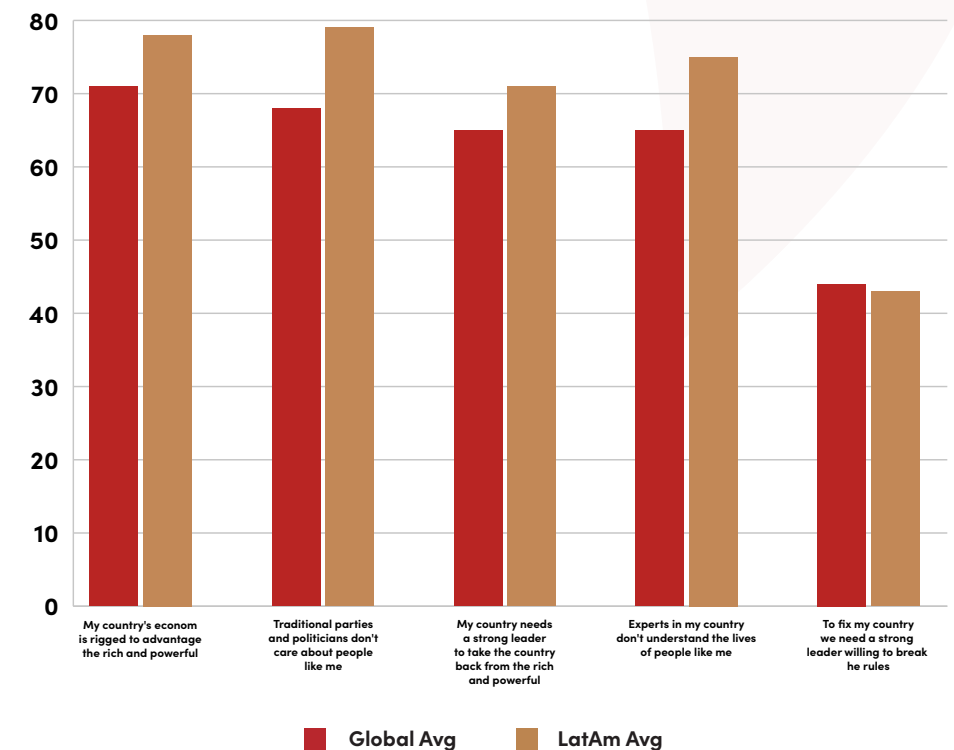
The 'Broken System' Index

Average score of 5 statements on scale from 1-5.

Higher score = more broken, Lower score = less broken



The 'Broken System' Index 2021

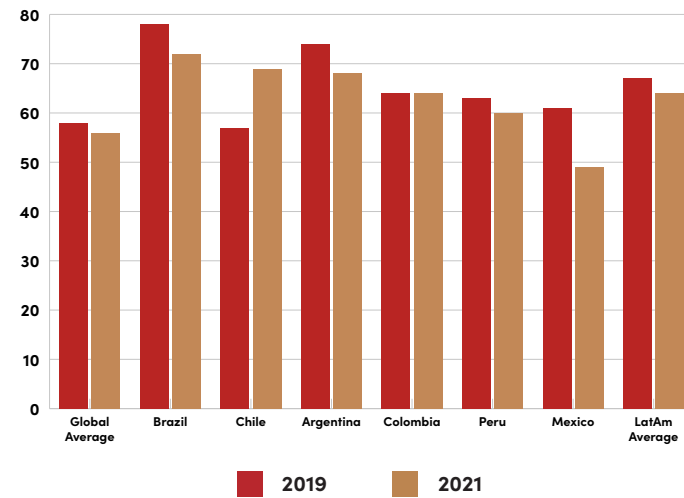


Ipsos's "Broken System" Index is highly correlated with Transparency International's Corruption Perceptions Index and the Social Progress Imperative's Social Progress Index. It takes into consideration five main questions as outlined in the accompanying graph, which make for interesting results when comparing Latin America to the global average. When asked whether the economy is rigged to the advantage of the rich and powerful, 78% of Latin Americans agreed vs 71% at global level. When asked whether traditional parties and politicians don't care about average citizens, 79% of Latin Americans agreed vs 68% at a global level. When asked if experts don't understand the lives of average citizens 75% of Latin Americans agreed vs 65% globally. When asked whether their country needs a strong leader willing to break the rules to fix their problems, 43% of Latin Americans agreed vs 44% at global level.

Additionally, 64% of Latin Americans feel their country's society is broken. This is much higher than the global average (56%) and is particularly high in Brazil (72%), Chile (69%) and Argentina (68%). Chile's score was much higher than in 2019 (+12 points), and only Mexico is below the global average (49%) and far below the 2019 score (-11 points).

Is Society Broken?

% of respondents that agree with this statement

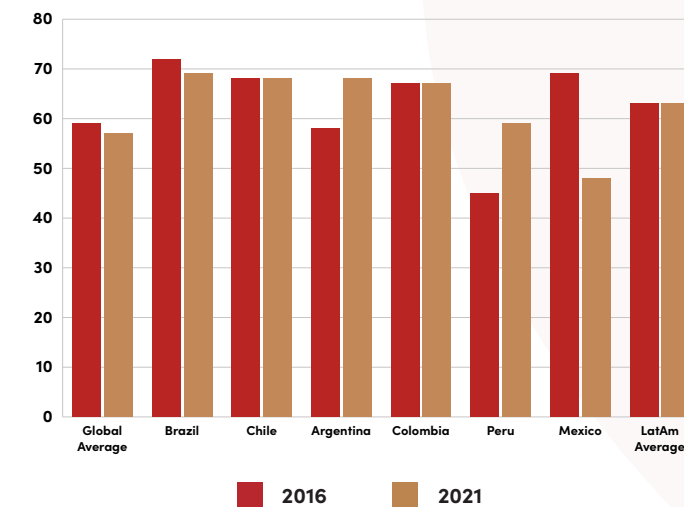


Source: Ipsos 'Broken System' Index

In parallel 63% of Latin American feels their country is **in decline**. With a clear opposition between Argentina and Peru, where citizens perceive their country much more in decline than 5 years ago (10% increase in Argentina, and 14% increase in Peru) versus Mexico where the feeling of decline, at 48%, is 21% lower than 5 years ago and below the global average of 57% in 2021.

Is My Country in Decline?

% of respondents that agree with this statement

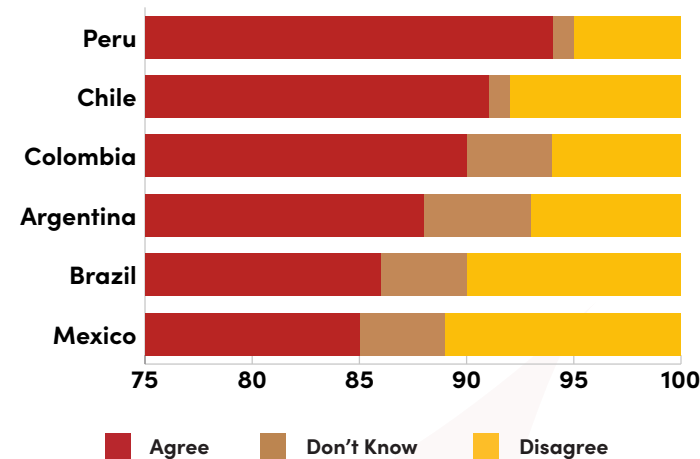


Source: Ipsos 'Broken System' Index

This perception of a broken system is generating a strong feeling of **polarisation**. Most Latin Americans agree that in my country, there is increasing conflict between people who don't share the same values (94% in Peru; 91% in Chile; 88% in Argentina; 90% in Colombia; 86% in Brazil and 85% in Mexico).

Polarisation

% of respondents that believe conflict is increasing between people who don't share the same values

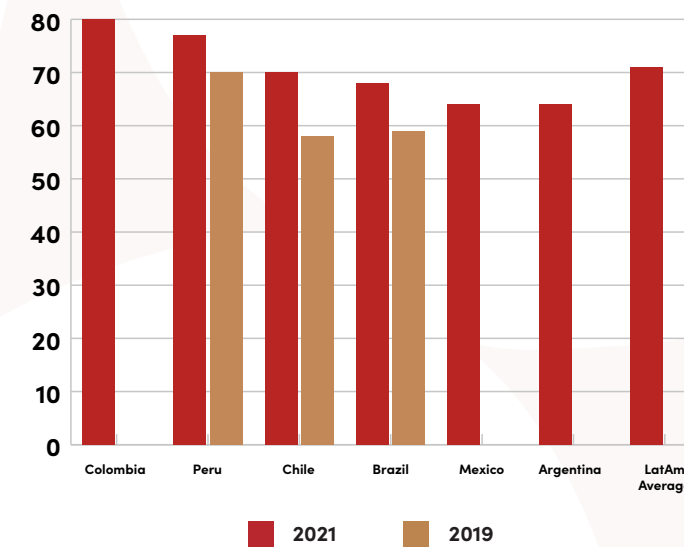


Source: Ipsos Global Trends Series

Populism and anti-elite sentiment are also much higher in Latin America than the global country average and there is a high correlation between the Broken System index and the Ipsos Populism Index. 71% of Latin Americans would like to have their country run by a stronger leader instead of the current elected government. This is particularly acute in Colombia (80%) and Peru (77%) and this sentiment has been significantly increasing over the last 2 years (there have been increases of 12 points in Chile, 9 points in Brazil and 7 points in Peru since 2019).

Distrust of Government

% of respondents who wished their country was run by a strong leader instead of the current elected government

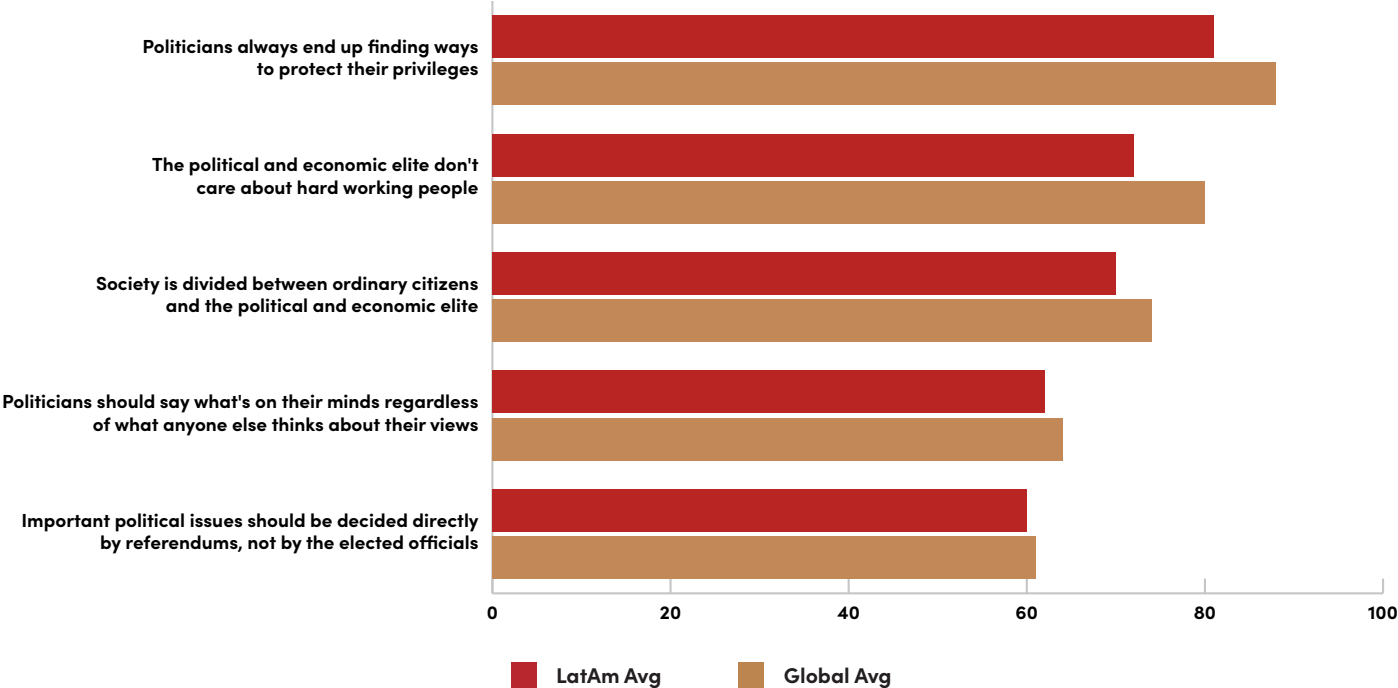


Source: Ipsos Global Trends Series

The Ipsos Populism Index is based on agreement with a series of statements, and like the Broken System index, the findings are particularly interesting. When asked whether politicians always end up finding ways to protect their privileges, 88% of Latin Americans agreed with this compared with 81% of the global average. When asked whether the political and economic elite don't care about hard-working people, 80% of Latin Americans agreed vs 72% global. When asked whether the main divide in society is between ordinary citizens and the political and economic elite, 74% of Latin Americans agreed vs 70% globally. When asked whether politicians should be able to say what's on their minds regardless of what anyone else thinks about their views, 64% of Latin Americans agreed compared with 62% of the global average. Additionally, when asked if the most important political issues in the country should be decided directly by the people through referendums and not by the elected officials, 61% of Latin Americans agreed vs 60% globally.



Populism and Anti Elite Sentiment in 2021

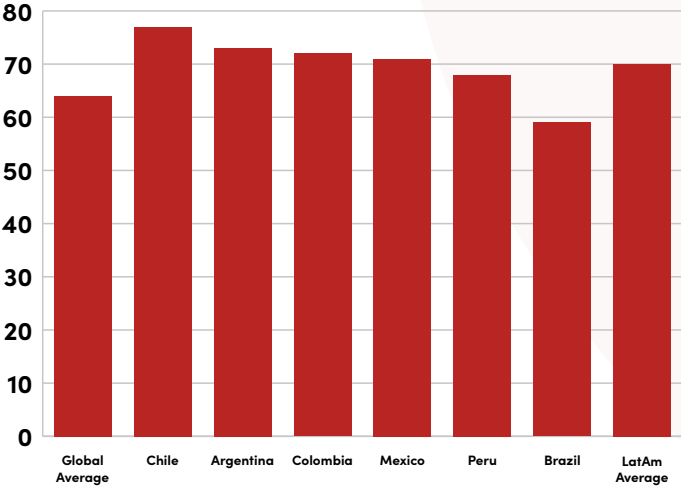


Source: Ipsos Populism Index

It is also interesting to note that in Latin America an average of 70% believe that the elite is a closely connected group with similar interests. Chile (77%) has the strongest belief that the elite is a closely connected group of people (vs a global average of 64%).

Perceptions of Elites

% of respondents that see their country's elites as a unified group

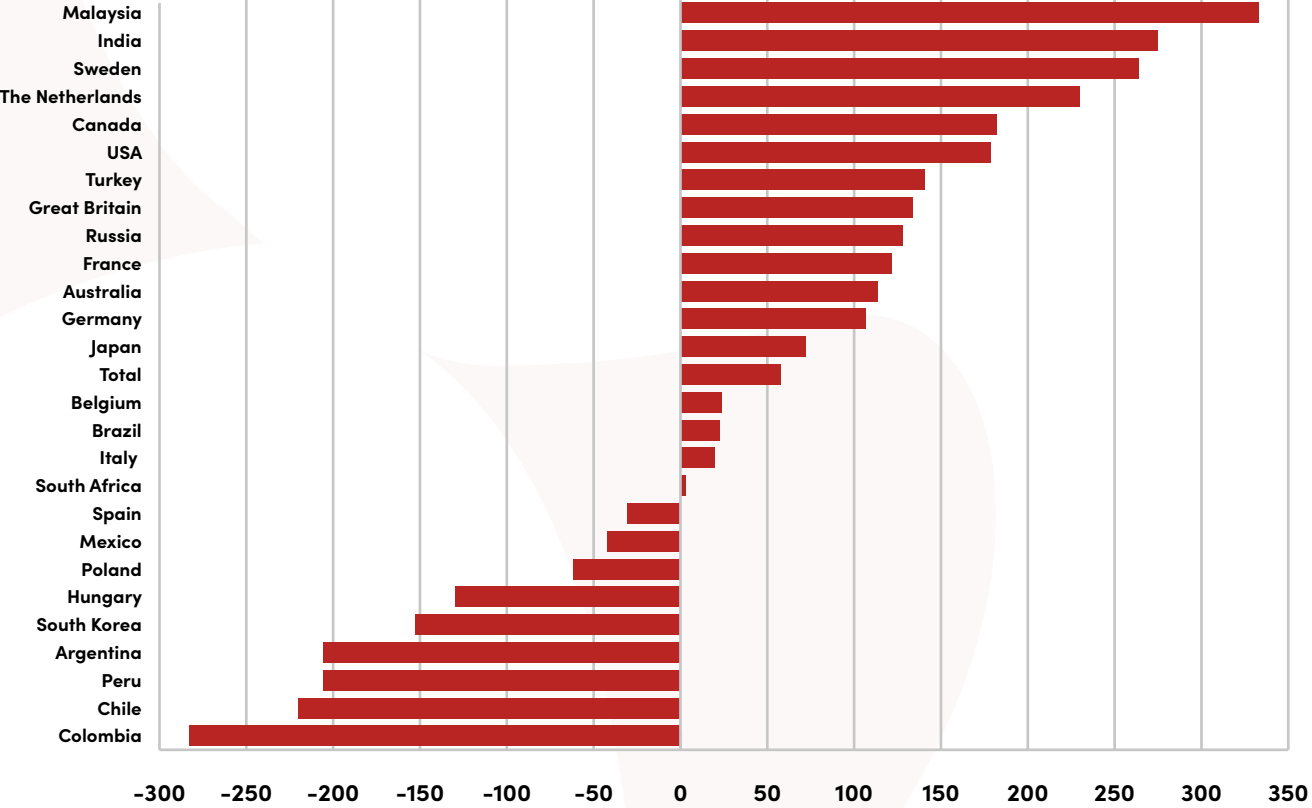


Source: Ipsos 'Broken System' Index

The “broken system” sentiment coupled with populism and anti-elite sentiment leads to low social trust in the region. The four countries with lowest **Trustworthiness** Index are in Latin America.

Trustworthiness by Country

(Score calculated as the sum of trust scores across all professions, minus the total distrust scores)



Source: Ipsos Global Trustworthiness Index

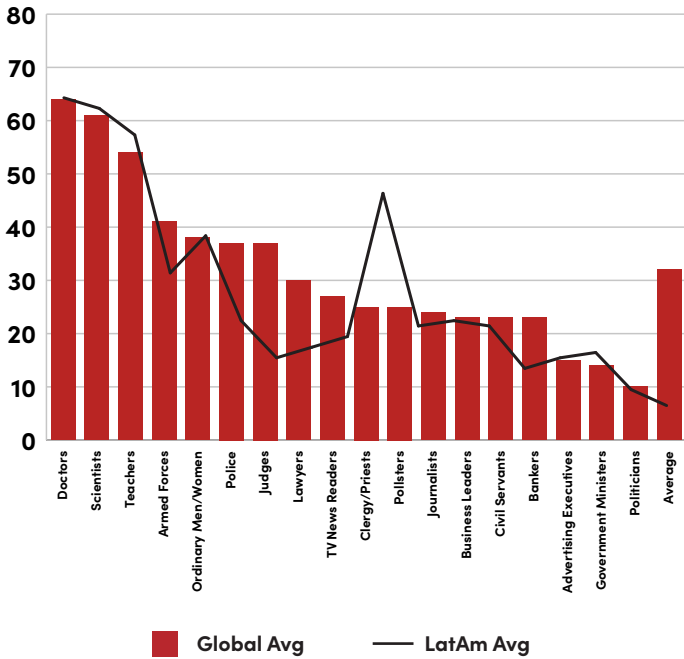
When it comes to trust, three main groupings can be identified: 1. High global and Latin American trust: E.g. doctors, scientists, teachers; 2. Low trust in Latin America but high at global level:

E.g. armed forces, police, lawyers, judges, civil servants; and 3. High in Latin America but low at global level: E.g. clergy/priests.



Trustworthiness in 2021

% of respondents that believe the following people/sectors are trustworthy



Source: Ipsos Global Trustworthiness Index

In this context of **distrust of institutions and governments**, it is fair to surmise that discontent and dissatisfaction with the political system has led to significant tensions, conflict and instability. Over the last year, in many countries across the region there have been significant protest movements and pockets of social mobilisation looking for substantive transformations to build fairer and more inclusive societies. The expansion of middle-income sectors, and the consolidation of a more demanding citizenry that is less tolerant of inequalities and corruption and more eager to participate undoubtedly contributed to those processes. It should also be noted that a large proportion of the Latin American population is either not affiliated to a pension system (53%), and/or health system (40%), a phenomenon associated with the prevailing high levels of labour informality.



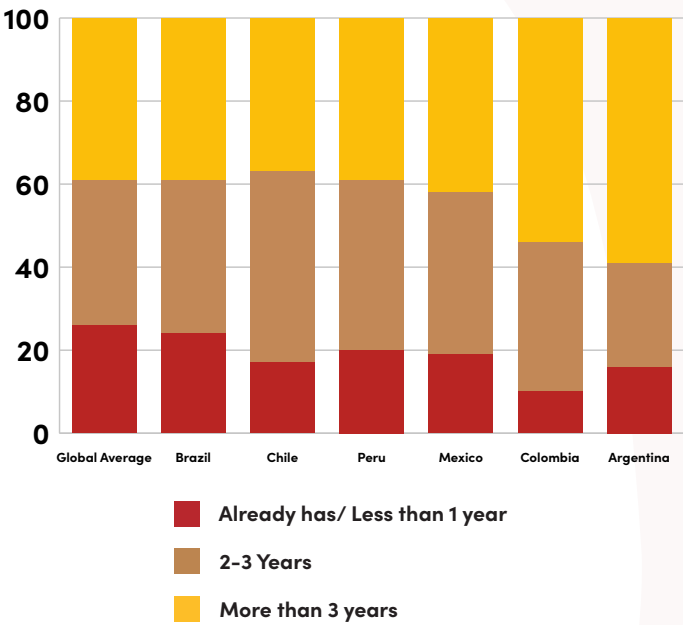
What's Next?

Against this background, it will most probably take more time for Latin America to **recover from the COVID-19 crisis** compared with other regions around the world. Close to half of Latin Americans (45%) claim it will take more than 3 years to recover; a third believe it will be 2-3 years before things are back to normal, and only 18% believe a recovery will happen in the space of one year. Brazilians are the most optimistic regarding

the speed of recovery, while Argentinians and Colombians are the most pessimistic. Opinion leaders in Latin America are more optimistic than citizens and a third of them believe that the recovery will be complete within a year, particularly in Chile (65%). However, both citizens and opinion leaders are more cautious regarding economic recovery in Argentina.

Citizen's Responses

How long will it take for your country's economy to recover from the pandemic?

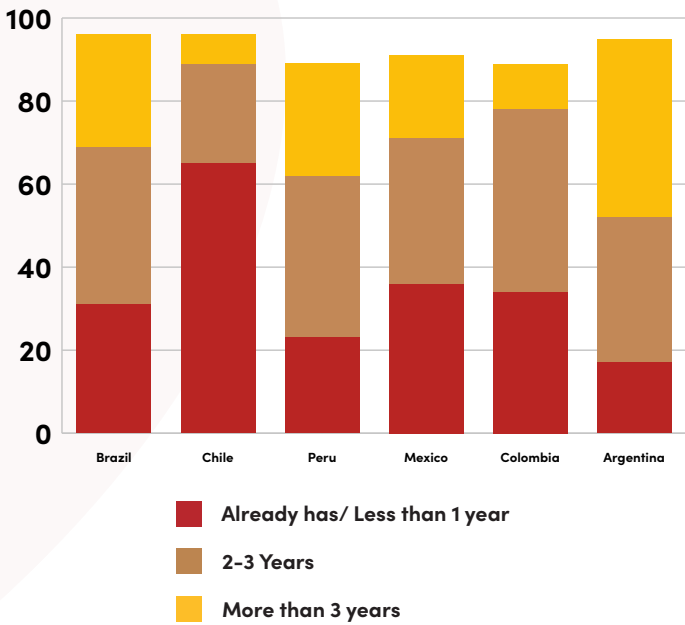


Source: Ipsos Survey for the World Economic Forum

Regarding **who will drive this recovery**, Latin Americans expect this will mostly come from large and particularly small businesses rather than government (the main driver according to the rest of the world). Only 30% of Colombians expect the government to drive the recovery compared with 49% in Chile, 47% in Brazil and 52% at global country average level. Only a minority feels this will come from non-governmental organisations and associations.

Opinion Leaders Responses

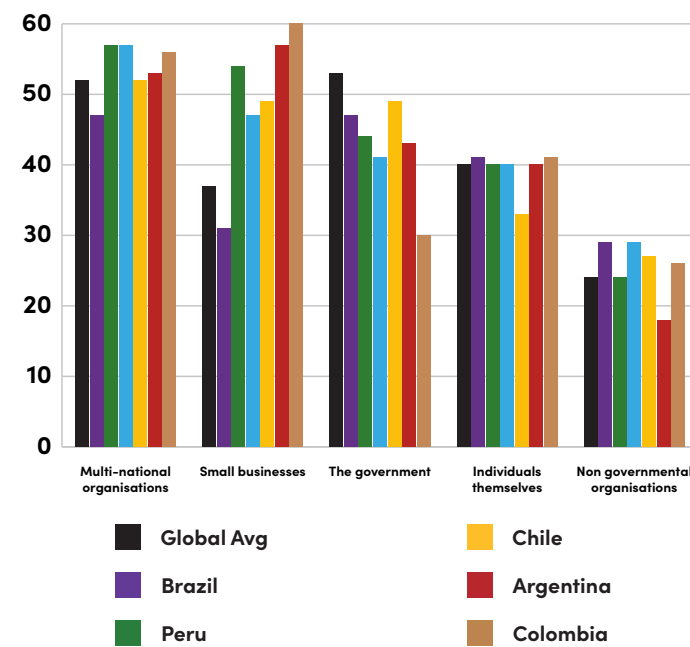
How long will it take for your country's economy to recover from the pandemic?



Source: Ipsos Survey for the World Economic Forum

Driving the Recovery

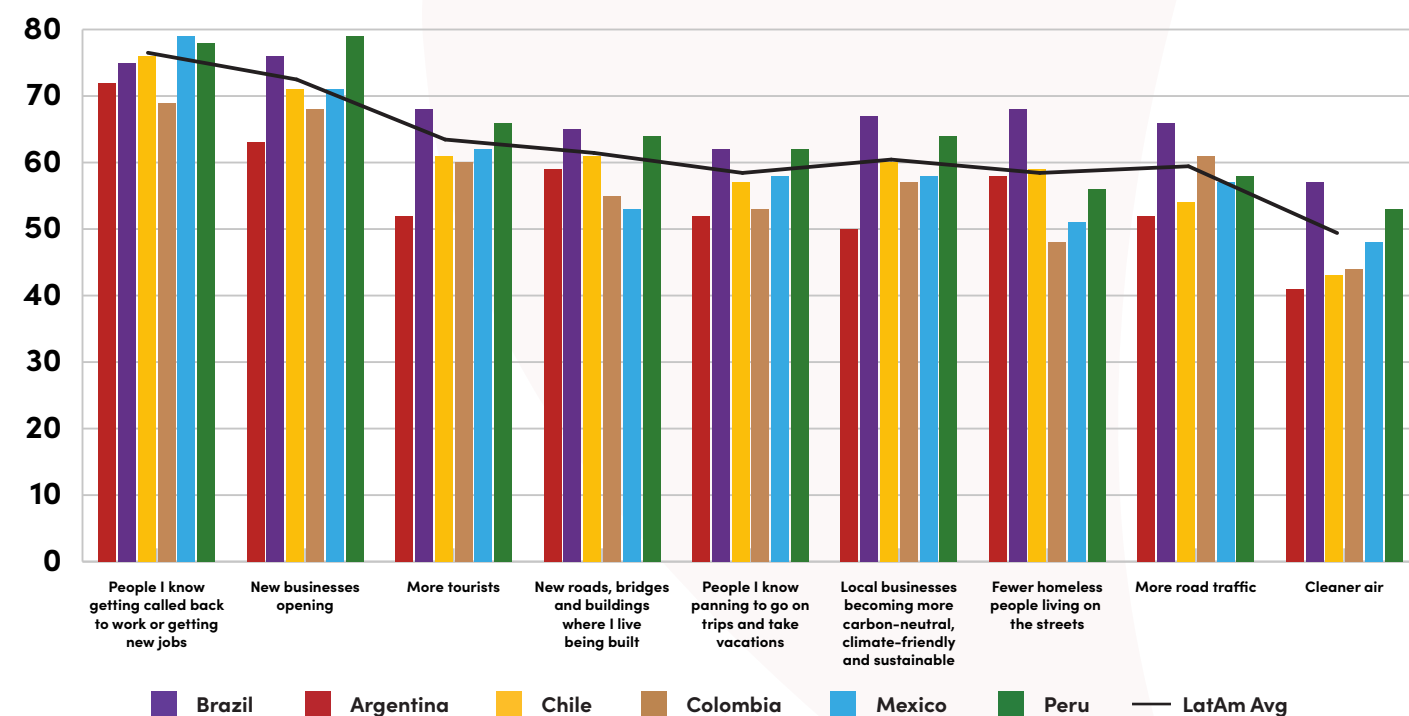
Who do you trust most to take primary responsibility for recovering the economy in your country?



Source: Ipsos Survey for the World Economic Forum

Signals of Recovery

If you saw the following happening where you live, would you say the economy has recovered from the pandemic?



Source: Ipsos Survey for the World Economic Forum

Regarding the **signals of recovery**, the two developments that are most widely viewed as indicators that the local economy is recovering from the pandemic are seeing acquaintances being called back to work or getting new jobs, which was cited by an average of 75% of respondents across Latin America, and seeing new businesses opening (71%). Close to two-thirds also cite seeing more tourists and new infrastructure projects in their area as key indicators of recovery.

However, one extremely important question that needs to be addressed is how long are emergency social protection programmes going to continue?

If they are discontinued now, many people will be unable to meet their basic needs owing to a lack of job availability and diminished labour incomes. However, there are opportunities to use more fiscally efficient resources by ensuring more transparency, improving accountability, working toward greater coherence among programmes, ensuring consistency over time, and reallocating resources to their highest social value-added uses, particularly strengthening the health system and making greater steps in education efficacy and equity. Estimates suggest the region wastes on average 4.4 percent of its GDP, larger than current average spending on health (4.1%) and almost as large as average spending on education (4.8%). The estimated range between Latin American countries is between a low of 1.8 percent of GDP in Chile to more than 7 percent of GDP in Argentina.

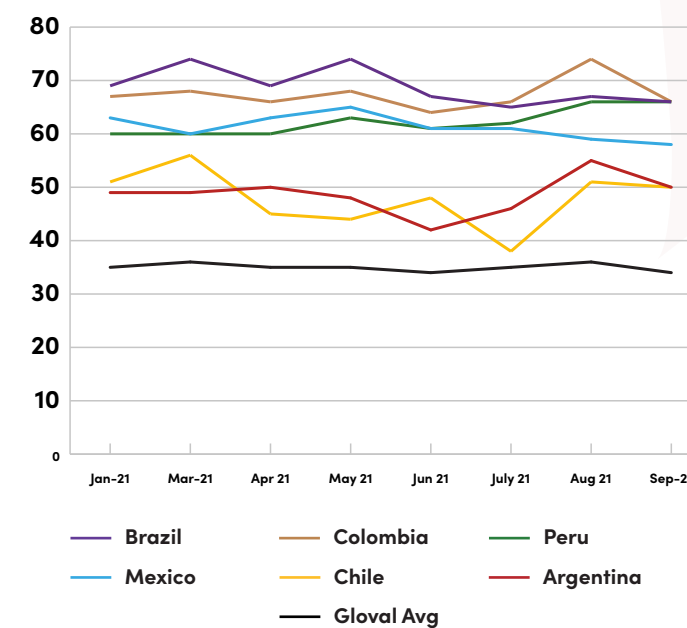
In the context of societies that are better informed, more questioning, and demanding greater participation in decision-making, the pandemic thus represents an opportunity to take a new public policy direction to build more egalitarian and resilient societies through the implementation of universal, redistributive, and solidarity-based policies with a rights-based approach. But at the same time, Latin America faces the challenge of developing competitive companies that can achieve sustained economic growth.

Latin Americans are quite optimistic regarding the future compared to the global average, and most of them feel their personal situation will be better in 6 months. They are also more altruistic and open to help others (46% in Latin America versus 33% global average).

Is now the time for a new future?

Optimism in Latin America

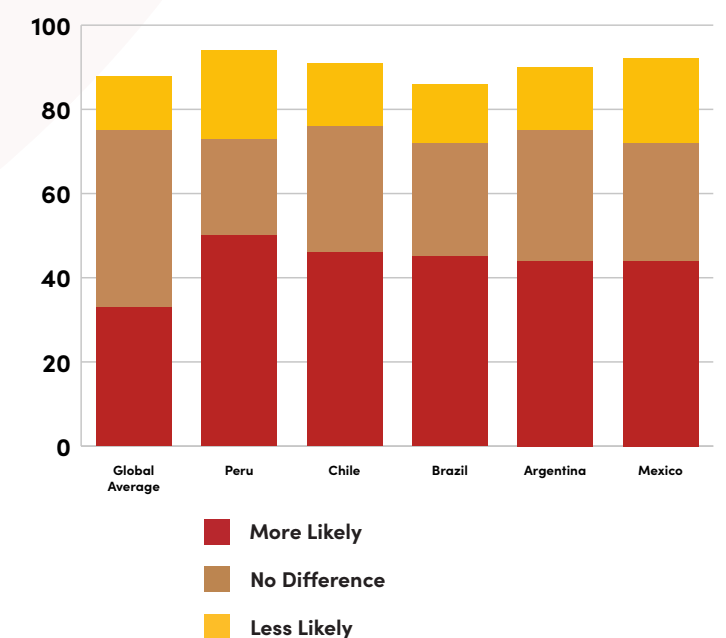
Percentage of respondents who believe their personal situation will be stronger in next 6 months



Source: Ipsos Context Advantage

Altruism in Latin America

Percentage of respondents who believe that as a result of the COVID-19 pandemic they are now more likely to help others than they did before the crisis



Source: Ipsos Inclusion and Diversity Survey