STATE OF THE REGION

First Report Summary
(1999)

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A report from Cantral America
and for Central America:

Participative research
Timely and truthful information
Objective and pluralist analysis

…to follow up the regional challenges
of human development.

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ACRONYMS

ALIDES	Alianza Centroamericana para el Desarrollo Sostenible
CCAB-AP	Central American Council for Forests an Protected Areas
CCAD	Comisión Centroamericana de Ambiente y Desarrollo
CECC	Coordinación Educativa y Cultural Centroamericana
CELADE	Centro Latinoamericano y Caribeño de Demografía
CEPAL	Comisión Económica para América Latina y el Caribe
CEPREDENAC	Centro de Coordinación para la Prevención de los Desastres Naturales en América Central
CIRCA	Centro de Información y Referencia sobre Centroamérica y el Caribe, Universidad de Costa Rica
CMCA	Consejo Monetario Centroamericano
CONARE	Consejo Nacional de Rectores (National Council of Costa Rica's State Universities)
DRALC-UNDP	Dirección Regional para America Latina y el Caribe-UNDP
EAP	Economically Active Population
FACS	Fundación Augusto César Sandino, Nicaragua
FEMICA	Federación de Municipios del Istmo Centroamericano
FLACSO	Facultad Latinoamericana de Ciencias Sociales
FUNDAUNGO	Fundación Doctor Guillermo Manuel Ungo
FUSADES	Fundación Salvadoreña para el Desarrollo Económico y Social
GDI	Gender-related Development Index
GNP	Gross National Product
GPI	Gender Empowerment Measure
HDI	Human Development Index
IDB	Inter-American Development Bank
IDC	Inversiones y Desarrollo de Centroamérica
IIDH-CAPEL	Instituto Interamericano de Derechos Humanos – Centro de Asesoría y Promoción Electoral
IMF	International Monetary Fund
INEC	Instituto Nacional de Estadísticas Costarricenses
MCACP-UCR	Maestría Centroamericana en Ciencias Políticas - Universidad de Costa Rica
MCCA	Central American Common Market
MIDEPLAN	Ministerio de Planificación y Política Económica, Costa Rica
NHDAC	National Human Development Advisory Committee
OAS	Organization of American States
OIM	Organización Internacional para las Migraciones
OPS	Organización Panamericana de la Salud
PNUD	Programa de Naciones Unidas para el Desarrollo
PREAL-UCA	Programa de Promoción de la Reforma Educativa en América Latina y el Caribe, Universidad Centroamericana de Managua, Nicaragua
PRISMA	Programa Salvadoreño de Investigación sobre Desarrollo y Medio Ambiente
SDI	Social Development Index
SEGEPLAN	Secretaría General de Planificación
SHD	Sustainable Human Development
SICA	Sistema de Integración Centroamericana (Central American Integration System)
SICAP	Central American System of Protected Areas
UCA	Universidad Centroamericana
UN	United Nations
UNDP	United Nations for Development Program
WB	World Bank

PROLOGUE

State of the Region:
A Report on Sustainable Human Development in Central America

The First Report on Sustainable Human Development in Central America has been prepared by the Reports on Human Development for Democratic Consolidation and Peace in Central America Project (State of the Region). The United Nations Development Program's Regional Office for Latin America and the Caribbean (DRALC-UNDP) and the European Union's Democratization and Human Rights Program co-sponsored this initiative.

The State of the Region's Mandate

The State of the Region Project began at the end of 1996, when DRALC-UNDP and the European Union decided to fund activities based on the Costa Rican experience of preparation, publication, and dissemination of a report on sustainable human development. The Secretary General of the Central American Integration System expressed to UNDP his interest in the preparation of a report on the state of the region. One of the key elements of that report would be a measurement of countries' and societies' degrees of preparation for regional integration. The process could then serve as a tool for reaching sustainable human development in Central America, and as a much-needed systematic follow-up on the processes of human development and integration in Central America.

The project received two mandates:

- To support initiatives for the development, publication, and dissemination of national reports on sustainable human development.
- To prepare the First Report on Human Sustainable Development in Central America.

By April 30th, 1999, four countries within the Central America isthmus had published their respective national reports, with the technical, financial, and methodological support from the State of the Region Project (Table 0.1).

The preparation, publication, and dissemination of reports on development is simultaneously a social and technical process, serving the interests, aspirations, and expectations of the region's citizens. Its goal is to contribute to sustainable human development through timely, correct, complete, and legitimate information on the performance of the countries and the region as whole. This will strengthen opportunities and capabilities for dialogue and negotiation between civil society organizations and the State. In each case, the reports seek to build a concept of human development suited to each country's circumstances, as well as to define an institutionally-backed system for measuring and evaluating country performance that has broad-based social participation.

Why a Regional Report?

One of the most serious problems in terms of consolidating Central America's identity as a region of peace, liberty, democracy, and development—which was recognized in the Tegucigalpa Protocol, and again

put forward by the Alliance for Sustainable Development (ALIDES)—is the scarcity of follow-up systems for monitoring government and societal performance on regional goals. This affects the quality of public decisions, especially the ones concerning integration. It also hinders dialogue and participation on matters of public interest, since lack of information feeds prejudices rather than supporting informed opinion. Finally, it affects the ability of the population to demand rights and fulfillment of social and political responsibilities.

In a region where an authoritarian legacy must be overcome. More transparency in managing development is needed. This, in conjunction with the dissemination of useful information for the design of development policies, will contribute to establish more sensitive institutions to the needs and concerns of the population. With lack of transparency, everyone loses. Excluded social groups, whose necessities are not met, lose. In addition, governments lose when they lack the instruments to measure their performance and compensate for, or modify negative impacts. Strengthening the transparency of this work helps to endow Central America's population with useful instruments that can provide a clearer picture of its reality. It enables the population to act within this reality in a way consistent with its possibilities, opportunities, and aspirations.

Because of this, monitoring should cover a regional agenda of priorities, upon which a process of dialogue and consensus building among diverse social and political actors in the region can be based. The present report contributes to this process, by establishing systems for measuring and evaluating performance in sustainable human development.

The Human Development Index, published annually by UNDP, represents an advance in measuring the relative development of countries. This index can and should be complemented by a group of regional and national indicators, and by an analysis concerning the aspirations, expectations, and interests identified by Central American societies. It would then be possible to evaluate regional performance expanding the framework of indicators that can be internationally compared.

Report on Regional Challenges in Sustainable Human Development

This regional report records the efforts of Central Americans to create a more united region with greater capacity to initiate the path to human development. It is a meeting place for the diverse Central American actors; a respectful approach to the social, cultural, and political plurality; an objective portrait of regional reality, beyond national borders; and a tool serving the region's governments and societies.

This reports offers the following:

- An assessment of the region's progress concerning regional sustainable human development goals, considering integration as a means for reaching them. These goals were selected in a participatory manner, and based on the most current and trustworthy indicators available1.
- An exploration of regional integration efforts in very diverse areas of human development and of the region's capacity and preparation to stimulate progress in the isthmus.
- An up-to-date database of publications related to sustainable human development in Central America.
- A way to join together civil society organizations, research institutes, and regional and national institutions related to sustainable human development.
- In summary, this report is a useful and easily accessed document for assistance in learning about, following up, and strengthening the actions and goals that sustainable human development implies (Table 0.2).

A Report of the Region and for the Region

The State of the Region Report was prepared using a decentralized strategy of research and accompaniment. Based in Central America, the process took twenty months from the inception of the coordinating team to its publication. Approximately 80 researchers of diverse approaches and nationalities, participated in the preparation of the report. Almost three hundred people participated during the consultation phase. Because of this participation, the report represents a creative balance of diverse points of view rather than those of a certain country or a small group of experts with a single vision. In sum, the report tries to unite academic rigor with local capabilities for research, social legitimacy, and vigorous mechanisms for social consultation.

A Participatory Research Strategy

The research strategy was based on the premise that a regional study is more than the sum of seven national reports. A different idea of "region" underlies the report: it is understood as a network of relationships that tie societies, economies, and political systems together, working within and beyond political borders. Rather than settling for a comparative compilation of national evolutions, the report tries to generate a regional value added.

This task was addressed using a combination of three methods. First, the topics to be addressed were identified regionally, through consultation with 150 people and institutions, rather than being defined a priori by a small group of people. The objective of the consultation was to define regional challenges whose existence and importance transcend the political and mental borders within the isthmus. Second, the information was read regionally. Though comparisons among the countries are inevitable, these are not the only ones made, nor the most frequent. Depending on the topic, other comparisons are made, such as among catchment areas, frontier zones, and relations among ethnic groups. Third, the systematic identification of regional integration efforts, or the absence of them, for each of the challenges treated, offers a counterpoint to a purely national focus. In addition, a broad definition of regional integration that incorporates the efforts of other actors, such as businesspeople, populations, and civil society, helps the report avoid getting reduced to an examination of institutional duties. Finally, workshops were carried out in five of the seven countries to discuss the research findings with the goal of collecting reactions and suggestions for the reviewing the preliminary drafts.

The report has been a first step, developed modestly and cautiously. It is based on regional research capabilities, in conditions of scarce comparative information and limited resources. One or more researchers with recognized prestige in the region worked on each topic. In addition, for the development of various of the chapters, institutional agreements were drawn up and ad hoc research networks established. In total, nineteen initial studies and special presentations were carried out, under the auspices of agreements with five institutions.

The orienting criteria for the research were the following:

- Address few topics, but with the greatest possible depth; do not try to create an exhaustive portrait of the region.
- Describe a variety of approaches to a topic, showing (dis)agreements among the actors; do not try to present a single interpretation..
- Illustrate responsibly, though not necessarily exhaustively or consistently; do not try to produce a performance balance sheet of the region in conditions of scarce comparative and pertinent information.

- Base research on quantitative indicators and on the identification of practices; do not base it on opinion essays about the topics.
- Document regional challenges; do not generate proposals lacking adequate technical foundations or social and political authenticity.

An Ongoing and Relevant Social Consultation

From the definition of topics to be addressed to the validation of research's results, the participation of Central American society has been key to this report. Perceptions and proposals from the region have been integrated into the concept, methodology, content, and development of the work. Consultations, workshops, and other social dialogue exercises were organized with representatives of regional integration institutions, labor organizations, business, ethnic groups, nongovernmental organizations, authorities, grassroots organizations, politicians, academics, and others.

Thus, during the preparation of the report various and successive consultation mechanisms were created, each one of which had its own function. At the beginning, a network of the project's national counterparts was created using the UNDP offices in the isthmus. This network allowed the definition of the regional project and the establishment of a link between the national and regional reports.

A two-stage consultative process was carried out between October 1997 and January 1998 to define the topics addressed in the report. In the first stage, 140 people from six countries in the region were interviewed. These interviews produced more than 2,300 suggestions. The interviews and their results were then sent to all of the participants, some of whom made additional suggestions. In the second stage, a workshop was held in San Jose, Costa Rica, involving UNDP counterparts and 21 representatives of regional institutions and civil society organizations. Finally, the list of topics to be addressed was placed on the project's web site.

In the second part of 1998, during the research process, an advisory council of 12 noted figures in the region was created. The council's function was to support the technical team responsible for coordinating the preparation of the report with suggestions for improving the quality, relevance, and support of the investigations. To accomplish this, drafts of the report's chapters were submitted to the council.

Finally, almost 110 people participated in five validation workshops carried out in different countries in the region during the months of January and March 1999. These people critiqued and made suggestions regarding the preliminary reports of the researchers, and contributed to the improvement of the final reports.

Limitations of the Report

The First Report on Sustainable Human Development is an effort with obvious limitations. Firstly, unfortunately, treatment of the region as a unit is unequal, since in various chapters the project was unable to obtain researchers or information from Belize. Secondly, research was based on the processing of secondary data—the compilation, verification, and contrasting of existing statistics or academic and technical studies. Thirdly, not all topics could be researched with equal depth due to the scarcity or absence of information. Finally, the researchers had relatively little time to carry out their work due to the pressures of a tight timetable.

For these reasons, all of the information sources that underlie the evaluations are carefully identified. In addition, when necessary, extensive notes were made to facilitate an adequate interpretation of data.

Final Commentary

The First Report on Sustainable Human Development inaugurates a monitoring system to follow-up on sustainable human development challenges and the evolution of regional integration. It must be emphasized that this is not a "photograph" of reality, but a selective documentation of processes. The goal of this work is to contribute to the identification of possibilities for common action. Perhaps the underlying message of the report, as the advisory committee identified, is that the future of the region, and its integration, depends on respect for diversity. This must begin with a recognition of the social gaps and the social, economic, political, and cultural plurality within the isthmus. In this sense, the report not only reaffirms regional plurality, but is a Central American exercise in pluralism.

The project's technical team coordinated the research and social accompaniment strategies for the preparation of the report. It was also responsible for editing the final text. Though extensive collaboration was received, which is recognized in each section, any mistakes contained are the exclusive responsibility of the project's coordinating team. Finally, the evaluations contained in this report do not necessary reflect the opinions of the sponsoring institutions.

San Jose, May 31, 1999

BOX 0.1

National Reports on Human Development

In 1998, the Guatemalan United Nations system published the report Guatemala: Contrasts of Development. This initiative was coordinated by Juan Alberto Fuentes, and directed by an advisory committee with representatives from SEGEPLAN and four universities, as well as various others. Twenty-seven researchers prepared the grassroots work, and more than one hundred people participated in the workshops. The report contains seven chapters, four of which address "new topics of debate," such as the use and abuse of natural resources, construction of a political democracy, Guatemalan multiethnicity, and violence and crime.

In 1999, the National Council on Sustainable Development and the UNDP office in El Salvador published the Report on the State of the Nation in Human Development in El Salvador. This endeavor was coordinated by Roberto Rivera Campos, and was supported by an academic and scientific committee made up of eight people. The report has five chapters with topics including equity and social development, economic growth and stability, democracy in transition, and water as an at-risk resource. These topics were coordinated by FUSADES, the UCA, FUNDAUNGO, and PRISMA, respectively.

In 1998, the Honduras office of the UNDP published the Report on Human Development in Honduras. This effort was coordinated by Efraín Díaz Arrivillaga, with the technical assistance of fourteen national and international consultants and advisors. It has seven chapters, some of which address the agrarian world and regional diversity in Honduras; the economic, social, and political transition; and visions of the country's development.

In Costa Rica, a consortium of four institutions—the National Council of State Universities (CONARE), the Costa Rican Ombudsman, the Costa Rican office of the UNDP, and the European Union—published, in 1997 and 1998, the third and fourth Report on the State of the Nation in Sustainable Human Development in Costa Rica. This initiative was coordinated by Miguel Gutierrez Saxe and guided by an advisory council

made up of twenty-three people from civil society and the Costa Rican government. The format of this report is five permanent topics (social equity; economic opportunities and solvency; harmony with nature; strengthening of democracy; and family relationships, social relationships, and values) as well as a special chapter. In 1997, the latter was the rural world, and in 1998, a subregional study.

The preparation of these national reports has not been strictly linked to the preparation of the regional report in terms of time period or content. In each country, the social and political actors defined their own sustainable human development goals, relevant to their reality, but not necessarily comparable among countries. In addition, the preparation of national reports advances at different paces in each country. Despite this, there is constant reference to these works throughout the regional report.

BOX 0.2

The Concept of Sustainable Human Development: Development Centered on People

Human development is a process that leads to the expansion of options available to people. At all levels of development, the three essential options people have are the following: to be able to live a long and healthy life, to be able to acquire knowledge, and to be able to access the resources necessary to enjoy a decent standard of living. If these essential options are not accessible, many other opportunities remain closed.

But human development does not end there. Other options, highly valued by many, range from political, economic, and social liberty to opportunities to be creative and productive and to enjoy personal self-esteem and guaranteed human rights.

Human development includes the previous development approaches but goes beyond them. It analyzes a range of social areas, including economic growth, business, employment, political liberty, and cultural values, all from the perspective of human beings.

The human development paradigm has four fundamental components: (1) Productivity: People must have the possibility to increase their productivity and fully participate in the productive process of generating income and in paid work. (2) Equity: It is necessary for all people to have access to equal opportunities. (3) Sustainability: Access to opportunities must be guaranteed not only for current generations, but also for future generations. (4) Empowerment: Development must be realized by people, not for them.

Source: PNUD, 1995. Informe Sobre Desarrollo Humano.

TABLE 0.1

Initial Studies and Research Networks

Initial Study	Investigator (s) Principal	Institution	Institutional Agreement
Environmental challenges: the use and management of water in Central America	Deborah Barry	PRISMA	4 PRISMA researchers
The regional challenge of opening markets	Helio Fallas		CEPAL-Mexico contributed 2 short presentations
Recent reforms in the field of education in Central America	Juan Bautista Arrién	UCA-Nicaragua	2 PREAL-UCA researchers
Recent reforms in the field of health in Central America	José Antonio Pereira Ligia E. De Nieto Edgar Martínez	Instituto Salvadoreño de Seguro Social	
Gaps in equity and human development	Pablo Sauma		CEPAL contributed a presentation
The state of law in Central America	Laura Chinchilla Justicia (UNDP)	Proyecto Regional de of an agreement between	6 researchers under the auspices IIDH-CAPEL and MCACP-UCR
Political party systems and political of an agreement between	Rotsay Rosales	MCACP-UCR	6 researchers under the auspices mediation IIDH-CAPEL and MCACP-UCR
Citizen participation in electoral processes of an agreement between	Manuel Rojas	MCACP-UCR	6 researchers under the auspices IIDH-CAPEL and MCACP-UCR
Decentralization and local governments	Patricia Durán Juan González	FEMICA	6 researchers under the auspices of an agreement between IIDH-CAPEL and MCACP-UCR
Management of risk and vulnerability	Pascal Girot	Geography Department, UCR	Agreement with CEPREDENAC
Institutional integration efforts	Evelyn Villareal	State of the Region's technical coordinating team	Support of the Secretary General of SICA

Initial Study	Investigator (s) Principal	Institution	Institutional Agreement
Business integration efforts	Richard Aitkenhead	IDC	CEPAL-Mexico contributed 1 presentation
Civil society integration efforts	Carlos Benavente	FACS	
Integration efforts of the population: international migration in Central America	Alicia Maguid		Agreement with OIM (Organización Internacional para las Migraciones)
Visions on Central America	Luis Lázaro	Asociación Cultural Incorpore	
The Central American Caribbean: A fragmented scenario of the continental platform	Alfonso Arrivillaga	Universidad de San Carlos de Guatemala	
Peace agreements and the indigenous peoples in Guatemala	Narciso Cojti		
The dark side of the street: a initial study on the phenomenon of adolescent gangs	Lorena Cuerno Clavel		
The vision of Panamenian business concerning Central American integration	Juan Jované	Universidad de Panamá	
Sociological profiles	Luis Lázaro	Asociación Cultural Incorpore	12 researchers from various entities of the region
Childhood and adolescence in	Carlos Tiffer		
Central America: legislative and juvenile penal law reform processes	Alejandro Rojas		

TABLE 0.2

Basic information about the report

- 783 bibliographical references
- 161 persons consulted regarding the topics to be addressed
- 110 participants in research workshops
- 74 researchers with specialized presentations
- 8 research coordinators
- 13 people in the advisory council
- 6 national counterparts from the UNDP
- 5 institutional agreements
- 2,300 opinions from Central Americans, of which 144 are reproduced in the margins of the report

Notes

1 The First Regional Report on Sustainable Human Development in Central America is intended to be a forum for dialogue and exchange among diverse social and academic actors. It does not substitute or challenge efforts carried out by other entities. Rather, it tries to articulate these initiatives, uniting them as much as possible in a reflection on the region's sustainable human development. Because of this, the process followed is as important as the results recorded in this document.

CHAPTER 1

The State of the Region

General Assessment

For the first time in thirty years, the region experienced, in general, a positive decade. Central America is, in 1999, in a better economic, social, and political situation than in 1990, thanks to its efforts to achieve political, social, and economic stability, and to complete the democratic transitions. The importance of ending the decades of authoritarianism and armed conflict cannot be overestimated in terms of the region's ability to restart the path toward economic growth. In recent years, Central America has been the only region in the world capable of peacefully resolving long-standing civil wars through a combination of regional and national actions, avoiding the intervention of international political and military forces. Today, no social or political group justifies social inequality in the name of political stability or national security.

An important part of the advances in this decade were built on the foundation of the Esquipulas II Presidents Summit, which established a program to pacify and democratize the region in 1987. Even though it took almost ten years to complete, Esquipulas II's primary lesson was to demonstrate that in strategic matters Central America can exist as a region. Its vision of peace helped the democratic transitions of the countries, stimulated regional commerce interrupted by the wars, and promoted the emergence of a new round of regional integration as a way to stimulate human development.

The impulse of this new round of regional integration is comparable only to that of three decades ago, which was destroyed by the civil wars. Compared to the previous round, the present one is based on a new strategy contained in ALIDES and includes new countries such as Belize and Panama; new social, environmental, and political topics; and the involvement of new institutions. Despite this, the integration process still faces challenges and shows major weaknesses, even with greater civil society participation. Diverse visions of the region, and of the type of integration possible and necessary, coexist. In contrast to the austerity of Esquipulas II, there is an inflation of regional agreements, for which the capacity and willingness to execute them is just being built. In addition, there is a divorce between governmental agendas and those of different social and economic groups. The new round comes out of a postwar era, with governments and societies pushed to resolve serious social and political problems. This is an integration pressured not only by the necessity to show tangible results, but also by the imperative to struggle for priority in the face of national challenges.

In spite of the advances cited, the economic and political achievements won are precarious and, in terms of social equity and environmental sustainability, negative for the region, though not necessarily for all of the countries. Central America is torn by regional fractures in its human development, with the following still in existence:

- Gaps in human development achievements among countries; in the isthmus there are two (or three if Belize is included) countries who are leaders in Latin America, and four who hold the lowest positions in the hemisphere.

- Internal territorial divisions in all of the countries. Alongside modern enclaves in capitals and major cities lie vast zones of poverty and low productivity, usually in rural and border areas.

- Multiple and wide divisions exist among social groups: between rich and poor, between men and women, between indigenous, Afro-Caribbean, and nonindigenous peoples, for example. These divisions in terms of equity have generated widespread poverty and excluded the majority of people from access to social services and the benefits of development.

- Divisions between economic performance, policies, and legal frameworks exist among the countries, which affect the business climate in the region. In addition, countries like El Salvador and Nicaragua, affected by war, are just now recovering the GNP that they had twenty and thirty years ago, respectively (MIDEPLAN, 1998).

- There is a physical and cultural separation of the Central American Atlantic region. Though the largest portion of the population lives in the Pacific, there is greater biological richness and territory in the Atlantic. For historical reasons that have still not been overcome, Central America, with the exception of Panama, and to a much lesser degree, Belize, has not fully exploited its special status as an isthmus nor its Caribbean location.

- Central American societies exhibit social and environmental fragility and vulnerability. The major cities and physical and economic infrastructures are in areas of high risk. In addition, the most severe rural poverty is concentrated in zones that are critical for water supplies and for preservation of regional biodiversity.

At the beginning of the twenty-first century, our main challenge is the consolidation of Central America as a region of peace, liberty, democracy, and development. It is the challenge of consolidating a pluralistic community with high levels of human security, based on economic growth, social equity, environmental sustainability, and robust ties of integration and cooperation, in a diverse and complicated region.

The Central American isthmus comprise seven countries, ten political1 borders, and almost 35 million inhabitants. In an area of 533,000 km2, multicultural and multilingual societies shelter indigenous peoples, Afro-Caribbeans, mestizos, and whites. It is from this diversity, and not in spite of it, that the challenge of a pluralist community may, finally, fulfill the “Never again!” promise from Esquipulas.

Basic Facts on the Region

The Isthmus’ Astounding Biodiversity

The Central American isthmus is a narrow bridge between oceans and a funnel for the flow of species between North and South America. Its geological history is relatively recent, and has been characterized by intense tectonic and volcanic activity. It is located in a strip of land affected by the passing of cyclones and hurricanes. In addition, droughts and floods have marked its history2. Because of its position and its geographical configuration, Central America has mechanisms of its own to reduce its vulnerability. In particular, biodiversity is a mechanism that employs nature to reduce vulnerability to natural disasters (see Chapter 9).

The isthmus is characterized by its great biodiversity and large areas of humid tropical forest. Forest covers approximately 181 million hectares, 35% of its total territory (1996 estimate). Eight percent of the

world's mangrove surface and the planet's second largest barrier reef form are found in the region. Central America contains almost 12% of the Latin American and Caribbean coasts, including 567,000 hectares of mangrove, 1,600 km of coral reef, and 237,000 km2 of continental shelf. The coasts host almost 22% of the region's population, produce at least US$750 million through fishing activities, directly provide work to 200,000 people, and are inhabited by at least 250,000 indigenous peoples who depend directly on their resources (CCAD, 1998).

Because of its hot, tropical climates, the isthmus has hydro resources superior to those of many countries in development. The average annual precipitation levels are relatively high, reaching almost 7,500 mm in some parts. Seemingly, pressures over water availability for the existing population are not justified. However, rain water is distributed unevenly throughout the region, human settlements have affected the ground water, and unsustainable agricultural practices have diminished the ability to "harvest" water.

It is estimated that 27% of the regional territory is overutilized, 22% is underutilized, and 51% correctly utilized. Between 1990 and 1995 more than two million hectares of forest were lost. Deforestation has diverse and deep-rooted causes, ranging from cultural to economic patterns: the clearings made for agricultural activities and cattle raising, extraction of wood, use of firewood for cooking, and urbanization. For example, in 1996, 92% of the total wood production was used for firewood, and the remaining 8% was for industrial usage (CCAD, 1998). The destruction of forest has affected fauna through loss of natural habitats and the overexploitation of resources, worsened by legal and illegal traffic in wild species.

Countries say that they are undertaking actions to protect forests (by creating national parks and protected areas, for example), but their efforts have still not been able to curb the destruction. At the regional level, the Central American Council for Forests and Protected Areas (CCAB-AP) has potential, but is still in its beginning phases. The best conservation experiences include civil society participation. The region has 32 protected areas of international importance: 17 RAMSAR sites (Agreement Concerning Wetlands of International Importance), 8 global resource sites, and 8 biosphere reserves. The Central American System of Protected Areas (SICAP) has a total of 704 protected areas, of which 391 are officially declared and 313 are at the proposal stage. Their situation is gravely threatened due to lack of economic resources.

Regional Population Grows Rapidly

At the beginning of the 1950s, Central America hosted a little more than 11 million inhabitants. Almost 50 years later, this statistic has tripled, reaching almost 35 million. Today, the population density of the isthmus is 65 habitants per km2. Half of these inhabitants are women, one in five is indigenous, and almost one in three is Guatemalan. In addition, four of every ten people are children or young people 14 years of age and under. Seniors (60 and over) make up six of every one hundred inhabitants. A little over half of the region's people live in rural areas, and one in every five are in the region's 26 cities with populations of over 100,000 inhabitants. El Salvador is the smallest and most densely populated country, with a density almost thirty times greater than that of the least populated country, Belize (Table 1.1).

Demographic Transition in Progress

During the 1995-2000 period, more than 1.1 million births and a little over 200,000 deaths occurred in the region every year. As a result of this, almost 900,000 people were added per year, which means a natural growth rate of 26.2 per every 1,000 inhabitants. If migration is subtracted from the natural growth rate, since Central America expels people, the population increase is closer to 850,000 (see Chapter 14).

According to the Latin American Demographic Center (CELADE), Central America is in a moderate demographic transition (CELADE, 1997b)3. CEPAL (1996) classifies El Salvador, Guatemala, Honduras, Nicaragua, and Belize, which have 81% of the region's population, as countries in moderate transition. This is based on the fact that they still show high indices of birth, mortality, and population growth. It also classifies Costa Rica and Panama as countries with completed transitions because of their lower rates of population growth.

Living Conditions Improve but Widespread Poverty Persists

Central American population's living conditions improved in the second half of the twentieth century, as the indicators on life expectancy at birth and infant mortality rate reflect4. According to data from CELADE, life expectancy jumped from 45.5 years during the 1950-1955 period to an estimated 68.9 years in the 1995-2000 period, representing a total gain of 23.5 years. The greatest gain was for women, with their life expectancy increasing 25.3 years as compared to a gain of 21.8 years for men. Infant mortality rate for the region as a whole fell from 143.5 per 1,000 live births in 1950-1955 to an estimated 37.1 per 1,000 for the five-year period 1995-2000. Guatemala and Costa Rica represent the regional extremes in terms of life expectancy and infant mortality, with differences of 12.3 years and 32 fewer deaths per 1,000 inhabitants, respectively, in favor of the latter (Table 1.2). Throughout the region, but especially in Costa Rica, El Salvador, and Panama, the challenge of assisting seniors, that is, guaranteeing subsistence and the specialized services that this population requires, is emerging.

As a result of constant regional and national efforts, more than 80% of minors under one year of age are vaccinated with six types of vaccines (diphtheria, pertussis, tetanus, poliomyelitis, tuberculosis, and measles), with the exception of Guatemala. Thus, in the period 1990-1995, poliomyelitis was eradicated in Central America. Diphtheria was also eliminated, and measles, pertussis, and tetanus were also on verge of being abolished.

Other social indicators for the region show a tendency to stagnate, however, and in some countries, to regress. This is the case of the gross national product (GNP) per capita, whose growth decelerated in the 1970s and turned negative in the 1980s (Table 1.3). Nations that suffered internal conflicts registered, in general, a deficient performance during this period. CEPAL's estimate for the period 1990-1996 suggests a modest recuperation of the regional GNP per capita, which grew an average of 1.7% annually.
Finally, widespread poverty persists in the region. Three of every five Central Americans live in conditions of poverty, and two of every five are indigent or in extreme poverty5 (see Chapter 6). As will be explored below, the countries and areas with fewer human development achievements are the most affected.

Change in the Economic Importance of the Countries

The economic importance of the Central American countries has changed substantially over the last few decades (MIDEPLAN, 1998). In 1920, Guatemala and El Salvador had the largest economies and represented a total of 55.7% of the total Central American production (excluding Panama, for reasons of information availability). Guatemala alone contributed 33.4% of the total. In 1980, Costa Rica substituted El Salvador as the second economy, and in 1990 represented, together with Guatemala, 62.4% of the total Central American production. In addition, in 1920 the size of the various economies was much more similar than in 1990. For example, the participation of each country's economy in this first year fluctuated between 12.5% and 33%, while in 1990, between 6.8% (Nicaragua) and 39.2% (Guatemala).

Economies with Different Levels of Regional Linkages

The isthmus shelters economies with very distinct levels of linkage, from those for whom Central America holds a strong economic importance as the source and destination of their foreign trade, to others for whom the rest of the region does not represent a relevant market. The most populated countries, located in the north, have the economies with the most trade ties within the region. For Guatemala and El Salvador, the first and third economies in the region, the rest of Central America is a major source of foreign exchange, representing 18.5% and 31.5% of their commercial movement (exports and imports), respectively. In addition, they are key countries within Central American commerce, concentrating 66% of the intraregional exports between the two of them (Table 1.4). Panama and Honduras are on the other extreme, with Central America carrying little weight within their total trade movement. Neither do these countries figure strongly within the totality of regional exports.

Nicaragua and Costa Rica are special cases. For Nicaraguan commerce, Central American is important, but its contribution to business within Central American is small. This is consistent with the limited size of the Nicaraguan economy (Graph 1.1). The opposite situation occurs in Costa Rica.

In 1997, intra-Central American trade reached its highest volume in history6, the result of consistent recuperation since 1987. Nevertheless, it hasn't regained the importance that it enjoyed at the beginning of the 1970s within the region's total foreign trade (Graph 1.2). Note the abrupt fall at the beginning of the 1980s, the period in which civil wars worsened.

New Round of Regional Integration Is Built Upon a Notable Political Achievement

As was mentioned at the beginning of this chapter, Central America has been the only region in the world capable of peacefully solving prolonged civil wars in the last few decades through a combination of regional and national actions rather than international political or military interventions7. In 1987, Esquipulas II established a peace program to solve three civil wars that had implications for the East-West conflict (Solís and Rojas, 1994). This regional effort is without precedence. It was an initiative of small countries developed in spite of opposition from the main world power. In addition, governments with deep ideological differences between them were party to the conflict8.

Demonstrating that a regional effort can have important national consequences, Esquipulas II renewed Central American governments' interest in integration. The resumption of periodic presidential meetings led to a new round of regional integration, through which a renovated agenda of development, peace, and democracy was established with the signing of the Tegucigalpa Protocol (1991), ALIDES (1994), and the Treaty on Democratic Security (1995). New regional institutions were created, almost a third of which still exist in 1999. New environmental, social, and political topics were incorporated in the regional agenda, and new participants like Panama, Belize, and the Dominican Republic were brought in (see Chapter 11). In addition, this round was based on a strategy of an open regionalism, in contrast to that adopted by the Central American Common Market (MCCA) thirty years ago, which was based on import substitution (see Chapters 2, 5 and 11).

At the end of the twentieth century, this new round of integration is much more complex than that of the past. First, its objective is to promote human development in countries with very diverse economies and societies, rather than the more simple objective of creating a protected regional market (see Chapter 12). Second, civil society actors are participating in this process, a group that had traditionally not been involved

(see Chapter 13). Third, business groups are carrying out microeconomic integration endeavors that are not very visible but are very dynamic (see Chapter 12). Fourth, there is an effort to reach institutional integration of an integral nature, amidst tension generated by efforts to move forward on integration in terms of community content, as opposed to a traditional plan of only intergovernmental cooperation. And fifth, a new concept of regional vulnerability has emerged, which requires a Central American strategy with coordinated actions.

The political conditions in the isthmus add more complexity to integration. On the one hand, the new round arises in a postwar period, with governments and societies pressured to resolve serious national social and political problems. This means, in other words, an integration pressured not only by the necessity to show tangible results, but by the imperative to struggle for priority alongside national challenges. On the other hand, in contrast to the past, the plurality of visions on Central America (see Chapter 2) and societal multiculturalism (see Chapter 3) cannot be ignored, since today integration is made among democratized political systems.

The Democratization Drive Gains Ground

None of the authoritarian regimes existing in 1978 survive today in Central America. Though democracy was an exception until a few years ago, today all the countries, even the oldest democracy, are experiencing a democratization drive in both national and local governments (see Chapter 8). Governments are elected by their citizenry; armed forces, where they exist, are more and more subordinated to civil power; human rights violations are not, as in the recent past of various nations, State policy; and new forms of political and institutional control, still weak in many cases, are being exerted over public authorities.

The strength and even existence of this democratization drive are, in some countries, the object of intense public debate. Many weaknesses persist within these nascent democracies; for example, the scant inclusion of indigenous peoples as full citizens, significant disparities in terms of open and transparent electoral systems, and weaknesses within the "legal State" in terms of dealing with miscarriages of justice and impunity. In every country, the citizenry expresses growing doubts and apathy toward politics, and its personal and legal security is precarious (see Chapter 8).

The existence and importance of the democratization drive is, however, unquestionable. This vigor is the work of generations of Central Americans, won at great cost. Today, finally, democracy has become a regional commitment, first taken on with the Tegucigalpa Protocol and ALIDES, as well as a constitutional guarantee in all countries.

Regional Divides

Region and regional integration are different concepts that are not mutually dependent, even though in Central America, for political and historic reasons, they have been used as synonyms9. A region is the territorial expression of historical processes, usually unplanned, through which population groups develop day-to-day ties that, though often asymmetric and even contradictory, are capable of creating a functional unit that is territorially delimited and delimitable. Regional integration is the result of policies and strategies whose goal is to link diverse economies and societies in a region. This is accomplished through the creation of an economic, social, and political space ruled by a common institutional framework, not necessarily a common government, that establishes common rules and modes of operation10.

The Central American isthmus is traversed by multiple asymmetries that go beyond national political borders, and hinder it from functioning socially, politically, culturally, and economically as an integrated region. In some cases, they even disrupt regional dynamics. Perhaps the largest of these asymmetries rests in the differences in Honduras' and Nicaragua's development with regard to the rest of Central America. Analogous to the geological faults that separate the plates in which the oceans and the continents rest, these regional asymmetries are deep economic, social, and cultural fissures that separate ethnicities, societies, and countries. They are the elements that point out obstacles, or from another perspective, challenges, to integration and human development in Central America.

Widening Gaps in Human Development Among the Countries

First among the regional divides are differences in human development. Only 20% of the Central American population live in countries with high levels of human development, according to the Human Development Index (HDI) that the UNDP publishes (Table 1.5)11. The majority of the region's population live in the four nations rated as having medium incomes: Guatemala, El Salvador, Honduras, and Nicaragua. If the region were a country, in 1997 it would have occupied 104th place out of 174 countries, with achievements similar to those of Georgia and the Republic of China.

In spite of these limitations, the HDI allows inference of some general tendencies12. For example, few regions in the world have, within such a small territory, gaps like those found in Central America. The intraregional gap is greater than the average distance between the HDI of industrialized countries and that of developing countries (1.58 times). The gap between the Central America country with the best position in the HDI and that with the worst is 94 positions. Because of this, a national standard similar to a small country in the European Community, like Portugal, and a standard similar to an impoverished African country, like the Côte d'Ivoire, coexist within the region.

Gaps in Human Development Within the Countries

Human development gaps within individual countries form a second regional divide13. It would seem that all of the countries are divided into areas of high and low human development14. In Guatemala, for instance, the HDI value of the highest rated province is 2.3 times that of the lowest rated province. In Honduras, it is 2.1 times the lowest value, and in El Salvador, 1.6 times (these are the only countries with HDI measurements disaggregated by province). The evidence for Costa Rica, although not with HDI values, suggests a similar situation (Table 1.6).

A total of 26 provinces in the three countries that have disaggregated HDI information are qualified as having a low level of human development, approximately 50% of the total number of provinces. Only one, where Guatemala City is located, reaches the international category of high human development. Proportionally, El Salvador is the country with the fewest provinces having low development levels15.

In general, which are the provinces of a country that have the best and worst performance in the HDI, or similar measures? Table 1.6 shows that, with the exception of Honduras (in which the province where Tegucigalpa is located occupies second place), the zones with the best human development are those where capital cities are located. Rural and border zones, and those isolated from the capitals, on the other hand, have the least access to human development. In Costa Rica, the municipality of Talamanca, which borders Panama and is the primary area where indigenous populations are located, is the worst qualified in the Social Development Index (SDI) that MIDEPLAN publishes. The evidence found in Belize, the only English-speaking country, suggests a pattern similar to the rest of the region16.

Gaps Between Social Groups

A third regional divide is represented by the differences between social groups within countries. Beyond national differences in human development, all of the countries show, to a greater or lesser degree, similar patterns of inequality. These domestic equity gaps impede regional integration efforts since creating an integrated region is difficult when the task must start with countries that are internally divided.

Inequalities in Income Distribution and Access to Quality Employment

In Central America, income and wealth distribution continues to be highly concentrated, and it is not improving, even in Costa Rica, according to recent measurements of the Gini coefficient (Kunar & Lustig, 1999)17. Traditional export activities, especially agriculture and assembly plants, and above all textiles, continue to be sources of wealth for the owners but not necessarily for the workers. The latter receive low salaries throughout the region, though there are notable differences between countries (see Chapter 6). New export activities, the expansion of services and especially those in finance, tourism, and other activities of the modern sector, seem equally concentrated in a few hands.

In the 1990s, open unemployment affects around 10% of the economically active population (EAP), but the region's primary problem is subemployment. On average, 40 of every 100 new urban jobs are created in the informal sector of the economy, a sector strongly linked to poverty18. Twenty percent of the salaried urban population receive pay below the legal minimum wage. However, there are large differences among countries in terms of minimum wage and (effective) protection of workers' rights (see Chapter 6).

Inequalities in Access to Education and Health Services

Inequalities in access to the basic services of health and hygiene prevail in the entire region; indicators continue being unsatisfactory in relation to standards accepted in international fora. The estimated infant mortality rate for the isthmus is 38.2 for every 1,000 live births. Infant malnutrition is a serious public health problem, with chronic malnutrition affecting an estimated 24.5% of Central American children—one of every four. In terms of basic sanitation (sewage and other systems for elimination of human wastes), 25% of the population has no adequate system, an especially serious problem in rural areas.

Reform processes in health systems have been initiated in all countries; there is no guarantee or evidence, however, that these processes will be sufficient, at least in the short term, to reduce the inequalities and reach accepted international standards (see Chapter 6).

Currently, almost one in every three Central Americans aged 15 years and older is illiterate. The situation is more serious in Guatemala and Nicaragua, among women, in rural zones, and within the indigenous populations. In 1997, one in every five children 7 to 12 years of age, and one in every three young people from 13 to 17 years of age were not enrolled in school. The preschool population is also very low. This signals insufficient action in terms of coverage and school retention, as well as in educational equity.

Of every 1,000 students who enter first grade, only 604 successfully complete the sixth grade. They take an average of 8.5 calendar years to graduate from elementary school; in other words, 1.4 calendar years for each school year. At least one in every four primary schools has only one teacher; this type of establishment serves 5% of all students. Twenty-two percent of all preschool, elementary, and secondary education teachers is not certified.

Public spending on education, covering all educational levels, was, in the 1994-1995 period, $38.70 per capita (in 1998 US$), almost 3.4% of the regional GNP. Payment of salaries represents the largest part of spending in education, in spite of the low salaries paid, and little remains for investing in and purchasing of teaching materials and equipment. All countries have begun educational reforms, but there are no signs of adequate follow-up and evaluation, so little is known regarding advances or achievements. Horizontal cooperation mechanisms in this field are weak (see Chapter 6).

Inequalities in Access to Housing and Basic Services

Toward the beginning of the 1990s, 53% of Central American housing units were considered adequate, 23% (more than a million) irrecoverable, and the remaining 24% in bad condition, but recoverable. Nicaragua and El Salvador are the countries with the largest percentages of irrecoverable homes (45% and 34%, respectively). Toward the middle portion of this decade there was an estimated total deficit of 2.5 million houses, without considering the impact of Hurricane Mitch—1.3 million because of quantitative deficits and 1.2 million for qualitative deficits (Sauma, 1999). Approximately 31% of Central Americans have no access to health services, and this percentage is higher in rural zones and in Guatemala, Honduras, and El Salvador (see Chapter 6).

Many communities have been developed in high-risk zones. When it is possible to move resident families from these areas, their place is almost immediately occupied by other families, as has occurred in Tegucigalpa and Guatemala City. As a result of Hurricane Mitch, the housing deficit grew, especially in Honduras and Nicaragua.

Gender Inequalities

The situation of women is clearly more disadvantaged than that of men. In the entire region, the HDI value lowers when the inequalities that women suffer in education, health, and income are examined. This is reflected in the Gender-related Development Index (GDI), calculated by UNDP. In addition, women have access to lower payed and poorer quality jobs and have lower levels of political participation, as is reflected in the Gender Empowerment Measure (GPI) (Table 1.7). For example, while the country with the highest HDI value in the world has a value 1.08 times higher than that of Costa Rica (the highest-rated Central American country), the nation with the best GDI value has a value 1.15 times higher, and that with the best GPI value has a value 1.57 times higher. The width of this gap, when gender inequalities are considered, occurs in all Central American countries for which information exists.

Other evidence of gender inequalities includes the following: lower rates of female participation in the labor market and higher rates of open unemployment. Illiteracy rate is, in regional average, 18.3% higher for women. With respect to the feminization of poverty, while in Costa Rica, El Salvador, and Honduras the female-male ratio19 is higher among poor people, the contrary occurs in Guatemala, Nicaragua, and Panama (Kanbur & Lustig, 1999). In reproductive health, the percentage of women who use contraceptives, (around 1990) was just 45%, with differences among the countries. Guatemala and Nicaragua showed the lowest percentages. Finally, domestic violence, especially against women, continues to be a serious problem. New is the growth in institutions that deal with this problem and growth in the number of police reports made by the population (see Chapter 11).

Indigenous Peoples Experience Multiple Inequalities

The indigenous population rose to 6.76 million people in 1992, almost 20% of the total population of the region. A large part of this population reside in Guatemala (almost 80%). Diverse studies coincide in

showing systemic inequalities that affect indigenous peoples. Independently of the country in which they live, these include lower life expectancy and access to education, and greater rates of school desertion, mortality for preventable diseases, malnutrition, infant mortality, maternal mortality, and, in general, greater incidence of poverty than nonindigenous populations (OPS, 1998) (see Chapter 6).

Differences in Business Climates

The differences among countries in their process of homologizing economic policies and national legal frameworks affecting key areas for equality regional economic life represents a fourth divide20. Certainly, in the present decade, the economic development strategy applied by the Central American nations promoted the opening up of markets and the modernization of the productive sectors, including their legal and institutional frameworks. Countries have also reached a level of macroeconomic stability (see Chapter 5)[21]. They have improved the business climate and initiated processes of economic reform based on agreements with the International Monetary Fund (IMF), the World Bank (WB), and the Inter-American Development Bank (IDB)[22]. However, large barriers still persist, which weaken integration efforts and produce unequal and changeable business climates (see Chapter 12).

First, in spite of regional agreements, the increase in direct foreign investment has provoked and extremely active competition among various Central American countries. Much of this investment is directed to intensive activities that use unskilled labor, such as textile assembly plants (maquilas). Each country has been bestowing growing concessions, including the modification of existing legislation, to favor these investments (see Chapter 5).

Second, the financial economy of the isthmus's countries is extremely unequal. Tax burdens are very different, with Guatemala and El Salvador having the least. In these countries, the burden is around 10% of the GNP, around half of what it is in Costa Rica and Panama, without including social security payments. The external public debt and its service constitute an especially serious problem in Nicaragua, as well as in Honduras. In the case of Costa Rica, the external debt was alleviated in the 1990s, but the problem of domestic debt has grown more serious. Its service amounts to various points in the GNP. The other countries do not have serious debt problems.

Third, in spite of the dynamism of the financial sector within the region (see Chapter 12)23, notable differences persist between countries. While Panama is an international financial center, countries like Honduras and Nicaragua have little financial depth or appeal. Financial expansion has not been accompanied by legislative changes. Because of this, weaknesses in the regulatory and supervisory functions of the State have appeared, which have given way to fraudulent bankruptcies that have harmed small savers. Fundamentally, banks serve the largest businesses. Access by micro- and small rural and urban businesses to the financial system continues to be very weak and dependent on international cooperation. In addition, regulatory frameworks continue to have a national character.

Fourth, business efforts of a regional character run up against the lack of a Central American legal framework (see Chapter 12), which would aid businesses to carry out activities in other countries. Neither have international negotiation, mediation, or arbitrage mechanisms been developed for the resolution of legal disagreements (see Chapters 7 and 12).

Gaps Between the Central American Pacific and Caribbean Zones

The historic separation between the Pacific and Caribbean zones forms a fifth regional divide. This gap obstructs the active participation of the majority of the Central American countries in the economic, social, and cultural life of the Greater Caribbean. It has also generated territorial and social inequalities within the countries and a history of cultural discrimination (see Chapters 2 and 3).

At the end of the twentieth century, the inheritance of the colonial period can be felt in Central America: a weak presence of national States within the Caribbean seaboard, with the exception of Belize and Panama. Seventy percent of the population resides on the Pacific seaboard, which is, in addition, site of the principal economic activities in the region (see Chapter 4). The historic separation between the Pacific and Caribbean is reflected in distinct ways. First, the separation between traditional Central America (made up by Guatemala, El Salvador, Honduras, Nicaragua, and Costa Rica) and Belize and Panama (see Chapters 2 and 3). Second, in the traditional Central American countries, with coasts on both oceans, the territories and populations of the Caribbean slope have been separated from the main political and administrative centers. This isolation has been due to lack of communication routes, as well as legal barriers to people's free movement. Third, the economy of the Caribbean has historically been based on a combination of enclave economies, subsistence activities, and services for international business; the economy of the Pacific, on the other hand, has been based on a combination of ranches, subsistence activities, and more recently, industry. Finally, the inhabitants of the Central American Caribbean developed cultures tied to the insular Caribbean societies, clearly different from those of the Central American Pacific (Arrivillaga, 1999; CIRCA, 1996).

Societal and Environmental Fragility and Vulnerability Undermine Regional Ties

The sixth regional divide is that represented by the fragility and vulnerability of its societies24. This situation magnifies the potential of natural phenomena to damage populations, their productive base, and the physical infrastructure that connects the region (see Chapter 9).

Central America is a zone impacted by recurrent phenomena and disasters, and lives under a constant threat. The recent Hurricane Mitch, in October 1998, caused the greatest regional damage registered to date, but each of the countries had experimented disasters with equal or more serious effects. If the economic impacts of all of these natural disasters were registered together in the form of national "accounts," regional economic growth would be reduced by close to a third (extrapolation based on CEPAL estimates for the decades of 1960 and 1970) (see Chapter 9).

Among the factors that increase Central America's environmental fragility are those related to use of territory, including the unorganized and insufficiently planned urbanization process, and those related to the adoption of unsustainable practices. The latter include the inadequate disposal of wastes, the overuse of hydro resources, the poor treatment of sewage, the use of herbicides and insecticides in agriculture, deforestation, and hillside agriculture without plans for soil management and conservation.

Some countries have begun actions dealing with disasters (early warning, evacuation, first aid), but few have done anything in terms of prevention and mitigation. The latter would include attacking the sources of vulnerability to reduce the impact of these events, given the impossibility of avoiding their occurrence. According to some experts' judgment, the prevention and mitigation of disasters is one of the deferred tasks of development.

The Challenges of Sustainable Human Development

ALIDES laid out, as Central America's main challenge, its consolidation as a region of peace, liberty, democracy, and development. This requires the constitution of a pluralist community, based on human security, economic growth, social equity, environmental sustainability, and the robust ties of Central American cooperation.

The First Report on Sustainable Human Development in Central America studies, in depth, the region's performance in some strategic areas laid out by ALIDES. It reveals a series of deep-rooted obstacles that slow the advance toward an integrated region. If these are not addressed urgently, the advances already gained could be in danger. These obstacles constitute challenges that cannot be deferred. They are difficult but not impossible to address, and postponement of solutions would do much damage to Central America.

- The challenge of pluralism. Chapter 2 explores the plurality of visions of the isthmus as a condition of contemporary Central America. It highlights the importance, for regional development efforts, of converting this plurality into pluralism. In other words, there is a need to add dialogue to this general level of tolerance in order to arrive at new understandings.

Thanks to the direct testimony of dozens of persons, it is possible to suggest that within the isthmus's governments and societies diverse visions of Central American identity coexist. The question "Does Central America exist?" continues to provoke different answers, some of which have accompanied us, albeit with adaptations, since the nineteenth century. What is new is what we are doing with them. Historically, Central America was an ideal that, upon managing to unite, broke apart, perhaps because few were willing to tolerate an alternative, and because in more than just a few cases Central America was an ideal for claiming regional power, or opposing it. Today, after Esquipulas and ALIDES, the same question is freely formulated and is answered in another way, that of strengthening efforts to obtain greater sustainable human development. We Central Americans have created the opportunity to convert this plurality of visions on the region into a polyphony rather than chaos.

- The challenge of social participation and the opening of larger community spaces. Chapter 3 illustrates the social, cultural, and organizational complexity of Central American societies and the challenge of creating communication linkages among actors who have traditionally lived in worlds that have few connections between them, to move to a more communitarian model of integration.

The isthmus's societies have many faces. Multicultural societies shelter, within this little strip of earth, a diversity of social classes, ethnic groups, indigenous nations, and social movements. This diversity creates a constellation of social worlds where prevents a simple answer to the question "Who are we, the Central Americans?" Perhaps the most sensible place to start would be with the recognition that there is no typical Central American. The societies within the isthmus cannot be divided simply into rich and poor people, or into whites, mestizos, indigenous peoples, and Blacks, or into workers, business people, and farmworkers, or into men who have social and political power and women who lack power, or among nationalities. They are societies that, at the end of the twentieth century, demonstrate a high level of complexity in class relations, gender, ethnicity, lifestyles, and social organization.

- The challenge of water as the lifeblood of development. Chapter 4 studies water as a measure of the region's health, development style, and environment. Without water, no development is possible. For this reason it is urgent that a regional vision and coordinated action are defined for hydro resources, in

which the integrated management of catchment areas and cooperation among countries plays a central role.

Despite living in a region with high levels of rainfall, the Central American population is beginning to put pressure on water supplies. In many places within Central America the life of the rivers has been reduced to the rainy season, leaving large rural areas without nearby water sources for almost half the year. The pollution of surface water in urban zones has converted various rivers into open sewers that threaten not only the health of the nearby populations, but also distant and coastal areas, where certain toxins end their travels. It is this contamination that limits the availability of storage areas for clean water in urban zones, incrementing distribution costs because of the necessity for treatment or for transportation from distant sources. The matter is complicated by the persistence, and in some cases the increase, of rural populations in conditions of extreme poverty, who try to survive at the expense of nature.

- The challenge of intelligent insertion in the international economy. Chapter 5 records the region's preparation for regional integration, and that of individual countries for competitively inserting themselves in the international economy. It highlights the importance of complementing national stabilization efforts and macroeconomic policy with significant advances in regional coordination. It also identifies as important the convergence of economic policies and the development of concrete actions in areas such as the infrastructure that unites Central America, uniformity in customs, and, in general, decisive actions to make integration liberties a reality: movement of people, materials, capital, and services.

In the present decade, the Central American nations have concentrated forces, both regional and national, to participate in a competitive manner in free trade zones or areas. One of the factors that will determine, in large part, the development of countries and the isthmus is the preparedness of the economies to take full and intelligent advantage of this participation (which could be referred to as the quality of international insertion).

- The challenge of reducing equity gaps and asymmetries among countries. Chapter 6 analyzes the multiple and deep breaches of equity that exist in the region, and the asymmetries that generate obstacles to integration. It recognizes that, for the first time in Central American history, no social or political group justifies social inequality in the name of political stability and national security. It highlights the urgency of strengthening coordination and cooperation mechanisms in social reforms, since good experiences are currently wasted due to lack of knowledge about them.

Social equity is a pending goal in Central America at the end of the twentieth century. The end of military conflicts, democratization of the political regimes, and modernization of economies has not managed to alleviate the historical social inequalities within the region. These inequalities, or equity gaps, are multiple: between urban and rural zones, between the rich and the poor, between the indigenous and the nonindigenous, between men and women. The region is still the scene of social inequality that negatively affects the human development of the majority of the population. Millions of Central Americans have limited or no access to opportunities for good employment, a quality education, or the services to meet their health necessities.

Certain signs, however, are hopeful. For the first time in Central American history, the necessity of greater social equity has been recognized by the region's governments, with the signing of ALIDES, as a fundamental objective of regional integration. In addition, social reforms are moving forward in all countries, which, with greater or lesser ambitions, have placed the necessity for social change on the table for discussion.

- The challenge of raising democratic quality. Chapter 7 addresses the strengths and weaknesses of the construction of legal democratic States and in the perfecting of electoral democracies. It underscores the importance of political coexistence, based on the exercise of citizen's rights and duties, for work on issues of public interest as the end and means of human development.

None of the military conflicts that in 1988 wrecked the region has endured. None of the authoritarian regimes existing in 1978 today survives. If democracy was rare until a few years ago, today all of the isthmus's countries, including its oldest democracy, are experiencing a democratization drive. Governments are elected by their citizenry; the armed forces, where they exist, are subordinated to a civil power; human rights violations are not, as they were in various countries in the recent past, a State policy; and new forms of political and institutional control are being experienced over State power, though they are still weak in many cases.

Central Americans face the great challenge of rooting democracy in the region so that, as opposed to the intents of the 1940s, this current opening results in something more than a "democratic spring." Certainly, the horror of the military conflicts is an incentive against authoritarianism, but it is not a vaccine. A lasting democratic experience requires the guaranteeing of two basic conditions: on the one hand, a democratic legal State, and on the other hand, an electoral democracy. Without these, not only are the minimal conditions for the existence of a democracy left unfulfilled, but the possibility of advancing toward higher quality democracies is curtailed.

- The challenge of strengthening local democratic governments. Chapter 8 studies recent efforts at decentralization and democratization of local governments. It highlights the importance of strengthening municipalities' finances and technical and administrative capabilities to advance, responsibly, in terms of decentralization. Democratic achievements in the municipal legal framework have been realized faster than those related to the participation of communities in local actions.

A pillar of the democratization drive during the present decade has been the effort to strengthen the responsibilities of local government as well as local democracy. Decentralization and local democracy are mutually reinforcing, since greater responsibilities within local governments make municipal power more important and confer greater democratic power to the communities. But in Central America, decentralization and local democracy are not necessarily found together, nor do they advance at the same rhythm. Evidence seems to suggest that the steps to constitute local democracies have been taken faster that those relating to decentralization.

- The challenge of regional responses to risk. Chapter 9 illustrates lessons learned and the social, economic, and environmental impact of recent natural phenomena, showing that disasters do not "stop" at political borders. It calls attention to the necessity for a regional strategy for disaster management based on identification and evaluation of damage. These are key in promoting a true reconstruction rather than a mere restoration to await the next disaster.

The tragedy left in Central America by the passing of Hurricane Mitch at the end of October 1998 emphasized the vulnerability of the region. It reminded us that here the threat of natural phenomena is continual, disasters are recurrent, and the risk is there, always. In addition, it underlined the importance of deepening human development actions, since the hurricane encountered fragile countries and societies24. The magnitude and type of damage experienced, in addition, suggests that the prevention and mitigation of natural disasters have been tasks postponed in the development processes.

- The challenge of opportunities for children and adolescents. Chapter 10 explores the future of Central American societies in the light of the opportunities and rights that children and adolescents currently have to shape a better future.

Children and adolescents represent the present and future of Central American societies. The opportunities that they have today for personal development will mark the region's way in the first half of the twenty-first century. Because their personality, habits, and values are in the process of being formed, this group is especially vulnerable. They are exposed to multiple threats during a critical stage in their personal development.

- The challenge of a regional institutionality for development. Chapter 11 analyzes the institutional transformations of the System for Regional Integration (SICA), the lack of discipline of the countries, and the weakness of effective follow-up on Central American agreements. It points to the importance of strengthening SICA's institutional and technical capabilities, and of the participation of civil society in the design and implementation of Central American agreements.

The Central American Presidents Summit, Esquipulas II, was the starting point for institutional efforts at regional integration at the end of the twentieth century. Held in 1987, it was here that the process for establishing a firm and lasting peace was approved. Esquipulas II contributed decisively to the normalization of economic and political relations within the isthmus, by making possible its gradual pacification, and facilitating its political stabilization and the democratic transition begun by the authoritarian governments of that time.

- The challenge of economic integration of business affairs. Chapter 12 illustrates in a preliminary manner microeconomic business integration efforts, in other words, the decisions that businesses adopt to strengthen their Central American presence. Three particularly relevant issues emerge as necessary to overcome the legal and institutional obstacles to the constitution of regional businesses: First, the necessity of accelerating the harmonization process in legal, commercial, and taxation areas. Second, the importance of expanding the concept of extranational investors to cover the isthmus's entrepreneurs. Third, the necessity of more thoroughly studying the industrial production linkages within the region.

A daily, not very visible current is added to the institutionalized processes of integration. In Central America businesses contribute significantly in molding regional economic processes. During the current decade they have generated a growing intraregional trade in goods and services, through investments and exports, which has permitted an acceleration to the prevailing levels of the 1970s.

- The challenge of strengthening the participation of organizations from the regional civil society. Chapter 13 documents some of the most significant efforts that diverse civil society actors carry out to integrate the region. It identifies the type of link that this plurality creates among the isthmus's countries, the main areas of action, the innovative practices, and the relevant facts.

A dynamic Central American, or regional, civil society is emerging in the current decade, characterized by its social, organizational, and ideological diversity (Morales and Cranshaw, 1998; Campos and Hernández, 1997). The regional civil society has contributed in multiple ways to the new round of integration. First, its organizations have managed to establish themselves as interlocutors of governments and integration institutions, creating new mechanisms of social participation and influence over integrationist agendas. Second, they channel important financial, technical, and human resources for the strengthening of other civil society entities and the promotion of local development programs, with participation from the communities.

Third, they are increasingly good means for the exchange of experiences and information on a large range of issues.

- The challenge of strengthening the right of people to choose their destiny. Chapter 14 documents international migration within the isthmus, as well as towards other countries within the world. In a region expelling population for the past two decades, the report identifies the imperative of strengthening the right of people to elect to stay in their places of origin or to migrate.

In the last thirty years, migratory movements in the Central American region have dramatically increased and diversified. Two new phenomena have been added to the migratory flows historically present within the region, and particularly in the border zones. Forced movements of large sectors of the population are the product of armed conflicts and political conditions that threaten people's lives. There has also been a marked increase in emigration principally to the United States, but to a lesser degree to Mexico and Canada.

The massive, spontaneous, and abrupt character of forced movements planted new challenges for the governments of the welcoming and expelling countries, international organisms, and civil society as a whole. The ability to guarantee the survival and respect for human rights of refugees, asylum seekers, the internally displaced, and repatriots during the previous decade has tested these sectors. It has emphasized the limitations of the existing traditional methods and the sources for measuring the real magnitude, characteristics, causes, and implications of these movements.

Regional Integration for Sustainable Human Development

It is not for this report to issue a final judgment on the state and potential of integration. That belongs to Central Americans and their governments. It can, however, record two findings. The first is that today, integration is not a matter solely of governments, but of societies as well. The participation of new actors seems to indicate that Central Americans believe, paraphrasing Clemenceau, that integration is too important to leave in the hands of governments. The second finding, which is discussed in greater detail, is that the simple sum of integration efforts25—of very diverse tendencies, carried out by governments, businesses, and civil society—does not necessarily render a coherent and articulated overall intregration25.

As has been mentioned, a divorce between discourse and facts exists in institutional efforts. Governments do not seem willing to complement their national agendas with a Central American agenda (Chapter 11). In business groups, intraregional investments in diverse economic sectors flourish, and transnational and multinational Central American businesses emerge. However, incongruiencies between national legal frameworks persist, as well as the absence of a regional legal framework that would permit the establishment of businesses with a regional legal identity, and mechanisms for conflict resolution (Chapter 12). On the other hand, a complex regional civil society has emerged that develops its own integration agendas, especially in the social, economic, and environmental areas. This regional civil society has become the interlocutor of governments and integration institutions. Nevertheless, it shows weaknesses in terms of its representativity, capacity to propose action, and endurance (Chapter 13).

But the report goes further. For each of the challenges investigated, it highlights the strengths and weaknesses of Central American integration efforts. In this way, it identifies little-known areas in which there is integration work: for example, migration, decentralization of the State, and support to local early warning systems for disasters. In addition, it highlights issues that have not been addressed, such as the creation of a regional legal framework for the protection of investments and legal conflict resolutions, and coordination of the reform of educational and public health systems. Other issues have been treated, but

countries have shown little discipline in fulfilling the respective agreements, for example in tariffs and duties, customs, and environmental areas.

Table 1.9 presents, based on the research in this report, a list of fifteen practical, but pending, matters, to which integration could, in the short term, contribute in terms of human development challenges. This list is not a strategic integration agenda. It does not imply complex previous negotiations nor decision making regarding the desired reach of integration efforts. Neither is it a complete list. But it does include tasks that, if they are carried out, not only benefit the population but also demonstrate the utility and advantageousness of supporting cooperation among all Central Americans.

The concept of regional integration that emerges from this report plants a different perspective. Rather than a vision taken from grand definitions, in the style of "we are or we are not one country," the research managed to identify a network of cooperation efforts among countries, social groups, and institutions, in areas that interest multiple, though not necessarily all nations. These endeavors, very diverse in their character, achievements, cost, complexity, and actors, have a richness that far exceeds the debate between integrationist rhetoric and its opposers. It is about a useful and practical integration that is forged where willingness, necessity, and shared interest exist. A task like developing a regional early warning system may not have the same appeal as the debate over grand development strategies, but it is, today, just possibly more necessary.

We must strengthen integration as a cooperative effort where it is most needed, rather than focusing on it as an abstract goal. This work is especially important in areas of weakness because of the implications this holds for the lives of millions of people and the promotion of human development as a whole.

TABLE 1.1
Central America: Estimated Population for 1998 According to Area of Residence, Masculinity Index, Territorial Area and Population Density (by Country)

Country	Total population (in thousands)	Urban population	Rural population	% of population urban	% of population rural	Masculinity index	Area (km2)	Density (inhab./km2)
Total	34,628.0	16,701.0	17,927.0	48.2	51.8	100.6	532,857.0	65.0
Belice	233.0	113.7	119.3	48.8	51.2		23,963.0	9.7
Costa Rica	3,840.0	1,900.0	1,940.0	49.5	50.5	102.3	50,900.0	75.4
El Salvador	6,031.0	3,229.4	2,801.6	53.5	46.5	96.3	20,935.0	288.1
Guatemala	10,802.0	4,217.7	6,584.3	39.0	61.0	101.8	108,889.0	99.2
Honduras	6,148.0	2,846.4	3,301.6	46.3	53.7	101.6	112,088.0	54.8
Nicaragua	4,807.0	2,825.8	1,981.2	58.8	41.2	99.7	139,000.0	34.6
Panama	2,767.0	1,568.0	1,199.0	56.7	43.3	102.0	77,082.0	35.9

Sources: Sauma (1999). The population estimates for 1998 were obtained from CELADE (1998). The population data by sex in 1998, necessary to calculate the masculinity index, were taken from CELADE (1997b). The percentages of urban and rural population are an average of 1995 and 2000 data and were taken from CELADE (1995), except for Belize, which is a 1997 estimate taken from NHDAC (1998). The statistics on territorial area come from Menjivar and Rodriguez (1998), expect for Belize, which was taken from NHDAC (1998).

TABLE 1.2
Central America: Principal Demographic Indicators
Estimated According to Country, 1995-2000

Indicator	Total	Belice	Costa Rica	El Salvador	Guatemala	Honduras	Nicaragua	Panama
Fertility:								
Crude birth rate (%)	32.3	30.9	23.3	27.7	36.6	33.5	36.1	22.5
Total fertility rate	4.1	3.6	2.8	3.2	4.9	4.3	4.4	2.6
Net reproduction rate	2.0		1.4	1.5	2.4	2.1	1.9	1.3
Mortality:								
Crude mortality rate (%)	6.2	4.3	3.9	6.1	7.4	5.4	5.8	5.1
Infant mortality rate (%)	38.2	27.1	12.1	32.0	46.0	35.0	43.4	21.4
Life expectancy at birth:								
Both sexes (years)	68.5	74.8	76.5	69.4	64.2	69.8	68.2	74.0
Men (years)	65.9	73.5	74.5	66.5	61.4	67.5	65.8	71.8
Women (years)	71.1	76.2	79.2	72.5	67.2	72.3	70.6	76.4
Population growth:								
Natural growth rate (%)	26.2		19.4	21.6	29.2	28.1	30.3	17.4
Migration rate (%)	-2.5		5.3	-1.3	-2.8	-0.7	-3.0	-1.0
Total growth rate (%)	24.7	28.0	24.8	20.4	26.4	27.4	27.3	16.4

Source: Prepared with information taken from CELADE (1998) and for Belize, from OPS (1998).

TABLE 1.3
Central America a/: Growth of GNP per Capita in the Second Half of the Twentieth Century (Annual Average Rate of Growth)

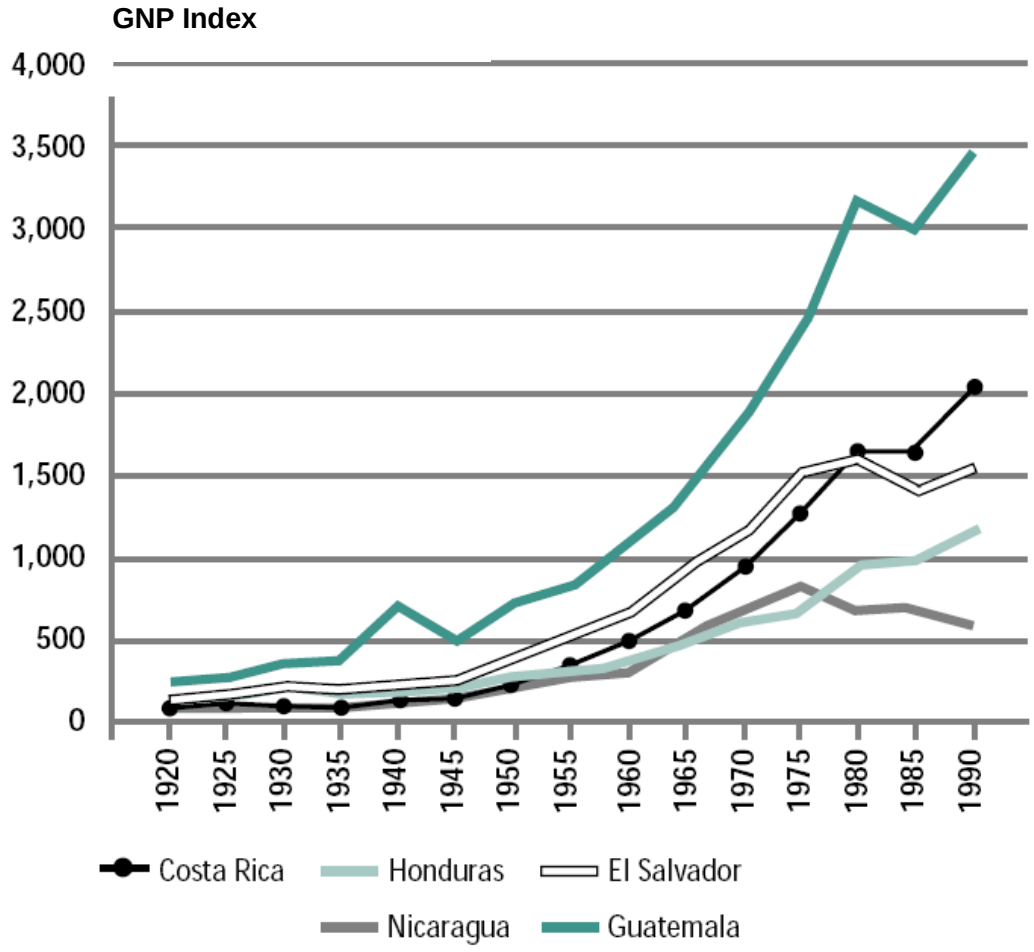
Decade	Regional annual growth of GNP per capita b/	Annual growth of GNP per capita of countries without wars c/	Annual growth of GNP per capita of countries with wars d/
1950-1960	1.7	2.1	1.7
1960-1970	2.9	2.6	3.1
1970-1980	1.7	2.1	0.5
1980-1990	-2.0	-1.1	-3.2
1990-1996 e/	1.7	1.1	2.0

a/ Includes five countries: Guatemala, Honduras, El Salvador, Nicaragua, and Costa Rica. There was no information available
for Panama and Belize.
b/ Weighted average of countries' GNP per capita, according to their population weight in the region.
c/ Honduras and Costa Rica.
d/ Guatemala, El Salvador, and Nicaragua.
e/ From a different information source.

Sources: For the period 1950-1990: MIDEPLAN (1998) and CELADE (1997). For the period 1990-1996: FLACSO (1998).

GRAPH 1.1

GNP Index per Country
(Base 100 = CR 1920)



Source: MIDEPLAN, 1998.

TABLE 1.4

Central America: Weight of Central America Within Total Foreign Trade of Each Country, and Weight of Country Within Intra-Central American Exports (Percentage)

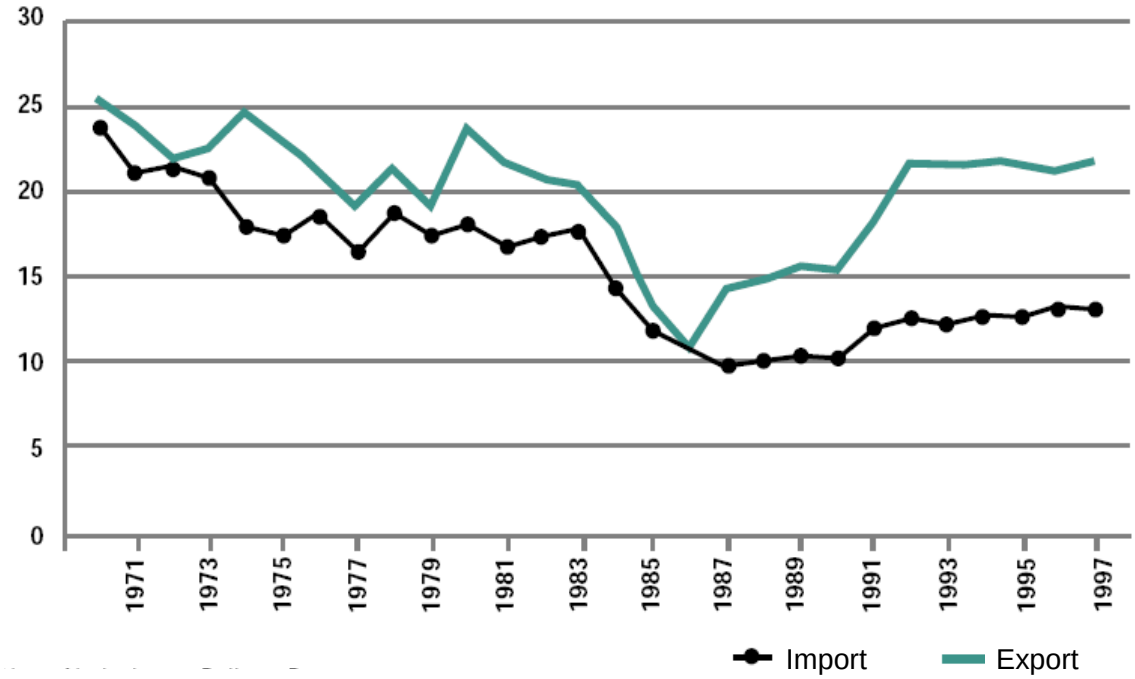
Country	Weight of Central America in the Total Foreign Trade of Country a/	Weight of Country Within Intra-Central American Exports b/
El Salvador	31.5	27.0
Nicaragua	17.5	6.0
Guatemala	18.5	39.0
Costa Rica	10.5	25.0
Honduras	10.0	6.0
Panama .c/	6.8	

a/ Weight within the country's foreign trade refers to the percentage that exports and imports toward and from Central America represent within the country's foreign trade . A percentage equal to or greater than 15% of total commerce is considered high.
b/ Weight within Central American exports refers to the percentage that each country's exports represent within the total intraregional exports. A value of 20% or more of intraregional exports is considered high.
c/ Information on the weight of Central America within Panama's commerce is for the year 1995 and refers to the Free Trade Zone of Colón.

Sources: Prepared based on information from CEPAL (1977). Information on Panama from Jované (1999).

GRAPH 1.2

Central América: Participation of Intraregional Trade Flows Within Countries Total Foreign Trade, 1970-1997



Note: Does not include Belize end Panama.
Source: CEPAL, 1998.

TABLE 1.5
Central America: Achievements in Human Development According to the HDI

Country a/	Regional population (%)	HDI position within the world b/	Neighboring countries c/	HDI differential the region d/
Costa Rica	11.1	34 (88.9)	Portugal, Brunei	1.63
Panama	8.0	45 (86.8)	Fiji, Venezuela	1.59
Belice	0.7	63 (80.7)	Brazil, Libya	1.48
Guatemala	31.2	111 (61.5)	Azerbaijan, Egypt	1.12
El Salvador	17.8	114 (60.4)	Moldova, Swaziland	1.10
Honduras	17.4	119 (57.3)	Tajikistan, Gabon	1.05
Nicaragua	13.9	126 (54.7)	Morocco, Iraq	1.00
Región	100.0	107 (64.8)	China, Georgia	

HDI is the UNDP's Human Development Index. In 1998 it was calculated for 174 countries, though the data used are from 1995.

a/ Countries in boldface letters are classified by the UNDP as countries with a high level of human development. Countries in italic letters are classified by the UNDP as countries with a medium level of human development.
b/ In the "HDI position within the world" column, the number in the first row is the position that the country occupied in 1997. The number in parenthesis is the HDI value for this year. In the case of the region as a whole (final row), the position and value are the result of weighting the Central American countries based on each's population. Treated as a hypothetical "country," the regional value is placed within the scale published by the UNDP.
c/ Neighboring countries are those in positions immediately above or below, respectively, the country in question.
d/ The column "HDI differental in the region" refers to Central America. Nicaragua, the country with the lowest level of human development, is taken as a base to approximate the magnitud of national gaps.

Sources: For the HDI: PNUD (1998); on population: CELADE.

TABLE 1.6
Central America:
Development Differences Within Four Countries a/

Country	Best-rated province	Lowest-rated province	HDI differentiald/	Location of lowest rated province	Neighboring countries in HDI extremese/
Guatemala	Guatemala (82.9)	Alta Verapaz (35.5)	2.3	Rural, no fronterizo	Mauricio (61), Yemen (151)
El Salvador	San Salvador (72.1)	Morazán (45.8)	1.6	Rural, fronterizo	Jordania (87), Kenya (137)
Hondurasb/	Islas de la Bahía (78.7)	Lempira (36.8)	2.1	Rural, fronterizo	Bulgaria (67), Costa de Marfil (148)
Costa Ricac/	Flores (91.6)	Talamanca (10.5)		Rural, fronterizo	

a/ Panama and Nicaragua do not have national reports on sustainable human development. Belize's report does not have a disaggregated human development index or other disaggregated development indices. For these reasons, these countries are not included in the table.

b/ Costa Rica appears with italicized letters because its information, due to lack of a recent population census (the last was from 1984), does not come from a HDI calculation by province, as it does for the other countries. In order to illustrate the internal differences, an update of the Social Development Index (SDI) carried out by the Ministry of National Planning and Economic Policy was used. This is based in the SDI of 1994, alternative sectors (A). This information is given by municipality and not by province as it is for other countries.

c/ In the case of Honduras, the disaggregation for HDI by province implied methodological changes, which means that the index is not comparable with those on countries of the world published by the UNDP. However, because it is inspired by the concept of human development, a comparison is included in the final column for purely illustrative purposes.

d/ For an explanation of the values in the column entitled "HDI differential," see note d of Table 1.5. Here, the unit of reference is adapted.

e/ In the final column, "Neighboring countries in HDI extremes," the HDI value obtained by the highest rated province is compared with the international point system published by the UNDP. The first number refers to the country with the value immediately above the best-rated province, and in parenthesis its ranking. The second number refers to the country with the value immediately above the province with the worst rating, and in parenthesis its ranking.

Sources: Guatemala: UNDP (1998). El Salvador: UNDP (1997). Honduras: UNDP (1998). Countries in the world: UNDP (1998). Costa Rica: MIDEPLAN (1999).

TABLE 1.7

Central America: Value, Position, and Differential Achieved in the Gender-related Development Index and the Gender Empowerment Measure (1997)

Country	HDI Value	GDI Value a/	GPI Value b/
Costa Rica	88.9	81.8	50.3
	(1.08)	(1.15)	(1.57)
Panama	86.8	80.4	46.6
	(1.11)	(1.17)	(1.70)
Belice	80.7	68.9	47.1
	(1.19)	(1.36)	(1.68)
Guatemala	61.5	54.9	47.9
	(1.56)	(1.71)	(1.65)
El Salvador	60.4	58.3	48.0
	(1.59)	(1.61)	(1.65)
Honduras	57.3	54.4	
	(1.68)	(1.73)	
Nicaragua	54.7	52.6	
	(1.76)	(1.79)	
Region	64.8	60.3	
	(1.48)	(1.56)	

The numbers inside parentheses indicate the achievement differential, that is, the number of times that the country with the highest HDI, GDI, and GPI values surpasses the respective Central American country.
a/ GDI measures the inequalities between men and women in each of the HDI components, thus it shows the differences in human development achievements by sex. Information exists on 163 countries.
b/ The GPI shows the participation of women in political life, the labor world, and in income generation, with respect to men. Information exists on 104 countries.

Source: UNDP (1998).

TABLE 1.8

Central America: Indigenous Population in 1992, by Country

Country	Indigenous Population (in millions)	Percentage of the total Population
Total	6.76	26
Belice	0.03	19
Costa Rica	0.03	1
El Salvador	0,40	7
Guatemala	5.30	66
Honduras	0.70	15 a/
Nicaragua	0.16	5
Panama	0.14	6

a/ Experts on this topic consider this datum to be overestimated and place it at closer to 6%.
Source: OPS, 1998.

BOX 1.1

Declaration of Estocolmo

In the second meeting of the Consultative Group for the Reconstruction and Transformation of Central America, celebrated in Estocolmo from May 25 to 28, 1999, the governments of Central America and the International Community decided to share responsibility for achieving the reconstruction and transformation of the countries affected by Huricane Mitch, constituting in this way, a long-term association guided by priorities defined by the Central American countries and based on the following principles and objectives:

- Reduce the ecological and social vulnerability of the region as a primary objective.
- Reconstruct and transform Central America with transparency and governability based on integration.
- Consolidate democracy and governability, reinforcing the decentralization of governmental functions and faculties, with the active participation of civil society.
- Promote respect of human rights as an ongoing objective. The promotion of gender equality, the rights of children, ethnic groups, and other minorities deserve special efforts.
- Coordinate donor efforts, guided by the priorities established by the receptor countries.
- Intensify efforts to reduce the external debt burden of the region's countries.

With the goal of responding to the magnitude of the challenge ahead, the parties agree to provide all of the interested parties with ongoing follow-up and information on the progress of reconstruction and the transformation of Central America according to the principles and objectives above mentioned.

BOX 1.2

Twenty-five Years Later

Edelberto Torres Rivas
Guatemala de la Asunción,
May 1999

More than a quarter of a century ago, the first edition of my book Processes and Structures of a Dependent Society [Procesos y Estructuras de una Sociedad Dependiente], which in its local version was called Interpretación del Desarrollo Social Centroamericano [Interpretation of Central American Social Development], was published. The society there described, its human and structural profile, has certainly changed. Then, we were on the eve of the revolution. Now we find ourselves in the initial stages of democracy. In 1970 we were almost 15 million inhabitants; now we surpass 35 million. At the beginning of the seventies, this region was substantially campesina. More rural because its demography yielded a rural population much more numerous than the urban population, and more agrarian because the GNP was basically agricultural.

Now, in 1999, the importance of the primary sector as a generator of employment, income, and foreign exchange has diminished. In that moment, we lived the deceptive euphoria of easy industrialization. Today, the indices of the second sector are immobil, pointing to a contradictory moment of stagnancy. Can the spirit be filled with enthusiasm for the transitory Eastern adventure of the maquila? Can the growth of services and, above all, the informal sector, be seen as a saving metastasis? In this half century we have become debtor societies without capabilities of repayment. The external debt now totals $20.2 billion.

In the course of two generations poverty has doubled, inequalities grew in visibility and size, and wealth has become more offensive. The regional average of GNP per capita in 1970 was $405.20, and in 1996, $1,320.20. Calculated in 1990 dollars, it is around $1,104. The most notable characteristic is the change in the spirit of the people who make decisions. My generation believed rationally in the possibilities of social change. It was thought that for this to happen, it was only a question of political efforts and time. Now, society is full of skeptics, shaped by reality's hard knocks. There has been progress, but concentrated and exclusionary.

With time, regional differences have increased. The GNP per capita in Costa Rica is $2,081, and in Nicaragua, $491. The percentage of people who live on less than a dollar a day is 18.9 in Costa Rica, and 53.3 in Guatemala. The concentration of wealth exhibits precisely the opposite relationship. Measured in percentages, the richest 10% of the population takes 35% of the total income in Costa Rica, and 47% in Guatemala. These, in my opinion, are not only underdeveloped societies, but unjust.

At the beginning of that decade, unrest in terms of the social order was growing. We didn't like the establishment and we believed ourselves capable of formulating critiques and alternatives. Every generation has the right to dream of better worlds. The reflections of a generation of young intellectuals were not directed toward democracy, but rather to revolution. Interpretación del Desarrollo Social was certainly not about the political crisis that was already near, but about its structural causes. Today in Central America, strategies including revolutionary change are precluded. And there is a uniformity of conservative political regimes, with electoral democracies that emerge in precarious conditions.

At the beginning of the seventies, four countries had military dictatorships and elections without democracy. Guatemala was already immersed in its armed conflict, until at the end of this decade, in a synchronized fashion, the Sandinistas overthrew Somoza, and the Farabundo Martí announced its final offensive, which was the beginning of El Salvador's civil war. To achieve movement toward political democracy, the region paid a terrible tribute of 300,000 dead, 1 million migrants, and the same number of refugees. This quota of

pain and suffering has no parallel in Latin American history. Today, we live in peace and look for national reconciliation. Economic growth in current conditions is seriously compromised, not because the conviction that it is possible has been weakened, but because in the current international setting everything becomes more difficult.

Central America is experiencing a cluster of contradictory challenges. The State as guarantor of democratic order must be strengthened, but separate from corporate dependencies (private sector, military). And the market must be strengthened without forgetting that half of the region's people survive painfully below the so-called poverty line. The political participation of traditionally excluded social sectors is posed, but with the expectation that their demands do not affect economic productivity and international competitiveness, an overriding objective to which everything else is sacrificed. Foreign investment and free trade are welcome, and even more so, economic integration, whatever the conditions. What is urgent is to integrate, and the bigger the counterpart the better.

These are aspects that in the seventies would never have been perceived in this way. On the contrary, the obsession was dependency, imperialism, the loss of the national profile. Central American society has changed a great deal in terms of its nationalist sensibility. The cosmopolitan flavor of outside culture is as forceful as financial power, and respects no borders or central banks. International scenarios are what force these changes. When Interpretación del Desarrollo Social appeared, these were different: those of an implacable confrontation between two systems, socialism and capitalism.

I belong to the generation that was formed intellectually and emotionally under the dictates of the Cold War. The end of this story is not near. Without the counterweight of comunism, questioning and criticism of the function of capitalism and liberal democracy becomes more urgent. In Central America, the absence of this dualism now redefines the interests of all of the actors and fills us with questions that twenty-five years ago we never would have asked. We knew where we wanted to go, but we have lost our way. Where are we heading, really, at this century's end?

TABLE 1.9

Fifteen Practical Tasks for Regional Integration

Challenge	Task
Environment and social equity	Rationalization of hillside agricultural practices to protect water sources and combat poverty through incentives for sustainable production and payment for environmental services
Social equity	Technical coordination and cooperation to expand the coverage and quality of the basic nine-year education series, with action oriented to the harmonization of social services
Social equity	Technical coordination and cooperation to develop primary health care systems, with action oriented to the harmonization of social services and benefits
Social equity	Development of systems of comparable economic and social statistics and horizontal exchange of experiences in terms of evaluation of public policies
Social equity and intelligent insertion in the international economy	Free exercise of professional skills in the region, in accordance with what is established in the Guatemala Protocol, and development of an accreditation system among Central American universities
Social equity and intelligent insertion in the international economy	Technical coordination, exchange, and cooperation in the promotion of small- and medium-sized productive businesses
Intelligent insertion in the international economy and a legal State	Creation of a regional legal identity for businesses that operate in more than one country
Intelligent insertion in the international economy and a legal State	Perfection of regional mechanisms for the resolution of trade disputes

Challenge	Task
A legal State	Full incorporation of Costa Rica and Guatemala in the Central American Court of Justice, strengthening the technical coordination, exchange, and cooperation among Human Rights attorneys and regional linkages in terms of international treatment in human rights
Quality of political representation	Strengthening of technical cooperation for the improvement of administrative handling of electoral processes
Democratic local governments	Cooperation between local governments in border zones
Regional responses to risk	Development of early warning systems to reduce impacts of natural disasters
Regional responses to risk	Reduction of the vulnerability of the Regional Logistic Corridor (the main communication conduits that link the isthmus)
Strengthening of institutional integration efforts	Development of systems to monitor compliance with integration agreements
Strengthening of civil society endeavors	Consolidation of consultative mechanisms and the participation of civil society in integration institutions

Notes

1 There are ten territorial borders in the constitutions of the seven Central American countries, according to the definitions of political boundaries.

2 Many Central American capital cities were relocated because of disasters suffered, like earthquakes and volcanic eruptions: for example Cartago, Viejo León and Antigua Guatemala. Township patterns of the Central American people, inherited from colonial times, promote a concentration of human settlements on the Central American Pacific slope, an area marked by a great number of volcanoes and seismic instability. Fertile volcanic soils occupy almost a third of the Central American region, and have withstood more than five hundred years of commercial agriculture.

3 A demographic transition is a process in which societies pass from a situation characterized by high rates of mortality and fertility, to a situation of low demographic growth, with low rates of mortality and fertility. A demographic transition is a complex phenomenon since it is related to other transformations, such as urbanization and the nutritional and health condition of the population, among other things.

4 The infant mortality rate refers to the annual number of deaths of minor children under the age of one per 1,000 live births. It is the probability of dying between birth and the first birthday. Life expectancy is the number of years a newborn child would live if the prevailing norms in the moment of birth continued being the same throughout his/her life (PNUD, 1998).

5 Here, poverty is understood as the situation in which income perceived by families is insufficient to satisfy the basic material necessities of family members. Indigence is when family income does not even permit adequate nutrition.

6 Considering the sum of exports toward the common market of the five countries, it ascended to a total of 1,612 million Central American pesos (CEPAL, 1997, in Aitkenhead, 1999).

7 In the rest of the world, the political solution to this type of conflict has depended upon the intervention of international forces to separate the conflicting parties, force them to negotiate, and later maintain peace (peacekeeping), as in Northern Ireland, Lebanon, Cambodia, and Western Africa. And the political solution to civil wars has been carried out, or has been attempted, through national negotiations, as in Colombia. The United States invasion of Panama in 1989 does not contradict this statement. There existed no civil war in Panama, and certainly not a prolonged one (more than one decade), but rather an international conflict between two governments, that of Panama and that of the U.S.

8 Esquipulas II did not resolve these conflicts per se. Rather, it expressed the willingness of the Central American governments to refrain from relying on military solutions and to mutually support each other in peace efforts. For this, a new political situation was created in the region, which facilitated the beginning of national peace talks and the involvement of international actors as facilitators, be it in the capacity of mediators or guarantors, but not as negotiators. In effect, the United Nations (UN), the Organization of American States (OAS), various European countries, and later, the United States, played decisive roles in the national negotiations to end the civil wars in Guatemala, El Salvador, and Nicaragua. The UN and the OAS, in particular, were mediators with "muscle," capable of pressuring the parties to reach an agreement. Later, they played the role of verifying compliance with the agreements. In every case it was clear, however, that the negotiations were not imposed on the conflicting parties—the governments and the guerillas.

9 The historical justification used for Central American integration is that Central America is a region. It is possible, however, to argue for integration using a different thesis: Central America should constitute itself as a region.

10 Unintegrated regions exist, such as that formed by the countries of North Africa. On the other hand, integration processes can be identified in zones where regions, at least during initial phases, do not exist. This is the case of Mercosur, NAFTA, and formerly, the Andean community.

11 Costa Rica is the country within the region that occupies the best position in terms of human development: number 34 in the 1997 HDI. Even so, its real income per capita (adjusted to PPA in dollars) is just 19% of the income per capita in the United States, the country with the highest rating in this indicator.

12 The HDI compares, in a summarized and partial manner, the situation of countries using simple indicators that are available for the majority of countries, even though numbers are a little outdated. No other tool for making international comparisons exists, however, that is quite so widely circulated. Precisely because of the need to overcome the limitations of the HDI, it is necessary to complement it with deeper analyses from the reality of each country. This explains the importance of the national reports on human development.

13 In the case of El Salvador, Guatemala, and Honduras, in recent years the UNDP has calculated the HDI by province. There also exists information by municipality for the last two countries. In other countries, a Human Development Report does not exist. In the case of Costa Rica, the absence of a population census that provides the foundation for a subnational disaggregation of the HDI, a different methodology was opted for, where a valuation of national performance is made through follow-up on a group of very diverse indicators. The Human Development Report from Belize contains, in some cases, disaggregated information, but not a subnational measure of the HDI.

14 It is important to point out that the results are not necessarily comparable on an international scale, since because of limitations of the national statistics, the calculation of the HDI at the province level has undergone methodological modifications. However, the conceptual consistency (an index based on income, education, health, and longevity data) remains. Internationally, the UNDP classifies countries as high in human development (HDI>0.800), medium (0.800<HDI>0.500), and low (HDI<0.500), according to their HDI value.

15 Honduras, in spite of the magnitude of the gap between its most extreme provinces (Islas de la Bahía and Lempira) has six provinces with a better qualification than the national average, while El Salvador has two (San Salvador and La Libertad) and Guatemala has only one (Guatemala). In the cases of Honduras and El Salvador, there are provinces that descend to the level of low human development, and others in which though they have medium human development, the index value is still higher than the national average. In both cases, the best values are obtained in the provinces where the capital cities are located, and the lowest values are found in border provinces. In Guatemala, the results are even more striking in terms of differences. Guatemala Province has a value that ranks it as having high human development, while 17 provinces are ranked as having low human development (HDI lower than 0.500).

16 Belize presents a similar pattern of concentration of development opportunities in its capital city. Similar to Honduras, Belize has a industrial and business capital, Belize City, and one where its government is located, Belmopan. Approximately 30% of the population lives in the district of Belize, which has the highest quantity of educated people. Comparing the infant mortality indicator by district with the national average (35 for every 1,000 live births), there is no doubt as to the spatial inequities. In the district of Toledo, the rate ascends to 51 for every 1,000 live births, which is 2.2 times higher than the district of Belize. As a national average, 25.3% of Belize's homes are poor, and only two districts have a higher percentage (Toledo and Cayo). Nevertheless, the district with the lowest percentage of poor homes, Stann Creek, has 16.1%, while Toledo, the poorest, reached 47.6% in 1996.

17 Even though in the peace accords in El Salvador and Guatemala, guidelines for improving the distribution of wealth, including land, were established, there were few advances achieved. In any case, the primary effects will be discernable in the medium term.

18 Around 50% of the urban employed of the region work in the informal sector, self-employed or working in establishments with fewer than five employees (see Chapter 6).

19 The femininity ratio is the relationship between the number of women and the number of men.

20 These delays do not refer to differences in economic policies and performance, since these will always exist in any region, even the most integrated. Big delays in the process of homologizing of policies refers to differences that substantially obstruct intraregional economic flows.

21 During the last few years, all of the region's countries have shown, on average, positive GNP growth rates, though not very high (lower than 5%). They have also experienced fluctuations generated by the economic trends of each country, adverse climatic conditions, and the international economic situation. Average inflation in recent years has been double digit, without reaching excessive levels, but with notable differences among countries. El Salvador and Honduras have the lowest and highest extremes of inflation, respectively. There is an important productivity problem related in large part to poor human capital and with unemployment and subemployment, which translates into a very low GNP per capita (around US$1,000). There are differences among the countries, with the GNP per capita of Costa Rica and Panama being around three and four times higher than those of Honduras and Nicaragua, respectively.

22 These agreements typically include conditions for greater openness in trade through the reduction of duties and tariffs, encouragement of exports, attraction of direct foreign investment, and reforms to the financial systems and public sector institutions. Within these countries, divergences exist regarding the meaning of the reforms, and on their extent, depth, and speed. In general, business groups pressure for deeper and more rapid reforms ("shock"), while different social, labor, and other groups oppose the reforms, or advocate for less depth and more transition time.

23 A notable expansion in the number of entities and services that make loans has been produced. The last few years have brought fusions and acquisitions of banks, especially by Salvadoran and Nicaraguan groups.

24 A fragile society is vulnerable. To be fragile is to be brittle; it is to be perishable and transitory. To be vulnerable is to be open to being injured or wounded, physically or morally. A vulnerable society is less able to absorb the consequences of natural disasters, provoked by frequent phenomena of a lesser degree, by only one of great intensity, or by an accumulation of phenomena of variable intensity (Gutiérrez et al., 1999).

25 In addition, the new governments that have emerged in the second half of the present decade have diminished interest in regional integration and have emphasized bilateral actions with extraregional countries. A case in point is the process of defining reconstruction strategies after the damage caused by the passing of Hurricane Mitch (see Chapter 9), prior to the second meeting of the Consultative Group for the Reconstruction and Transformation of Central America, in Estocolmo. However, in the course of the meeting, the vision of strategic lines for the integration and frank and decided positioning of the international community in favor of a regional strategy emerged with extraordinary force. This was presented by the Secretary General of SICA, where national and regional efforts constitute a harmonic and coherent whole.

STATISTIC CHARTS

Costa Rica

	1990	1991	1992	1993	1994	1995	1996	1997
Position in the Human Development Index	28	40	42	42	39	28	31	33
(percentages)								
Population less than 15 years old	36.1		35.9	35.7	35.3	35.0	34.6	
Female population	50.2	50.6	50.5	50.1	49.8	49.8	49.9	50.1
Rural population	55.8	55.7	55.6	55.9	56.0	56.3	56.5	56.6
(percentages)								
Pupils failed at primary school level	12.1	11.0	8.1	9.2	9.8	12.7	11.3	11.1
(average)								
Primary pupil-teacher ratio	31.9	32.2	32.3	32.4	31.4	30.6	29.5	28.6
(for every 1,000 live births)								
Infant mortality rate	14.8	13.8	13.7	13.7	13.0	13.2	11.8	14.2
Inhabitants per doctor	1,205	1,229	1,224	1,234	3,347			
(percentages)								
Rural EAP/ Total EAP	52.5	54.4	55.0	54.6	53.6	53.4	54.0	54.3
Employed people / Total labor force	4.6	5.5	4.1	4.1	4.2	5.2	6.2	5.7
Unemployed men / Total male labor force	4.2	4.8	3.5	3.6	3.5	4.6	5.3	4.9
Unemployed women / Total female labor force	5.9	7.4	5.4	5.3	5.8	6.5	8.3	7.5

	1990	1991	1992	1993	1994	1995	1996	1997
(millions of colones, current rates)								
Gross National Product	522,847.8	690,163.9	906,439.8	1,069,399.7	1,305,795.7	1,621,643.9	1,872,429.0	2,214,228.8
(millions of US dollars)								
Current account balance			-370.4	-613.4	-233.7	-102.8	-97.1	-422.0
Capital account balance			563.6	278.1	244.8	308.1	21.3	549.9
Commercial trade balance			-726.5	-1,045.6	-909.0	-689.1	-761.5	-965.3
(millions of colones, current rates)								
Total domestic debt	175,810.0	219,932.7	299,157.9	373,277.8	571,647.3	757,496.5	920,486.1	1,100,000.0
(millions of US dollars)								
Total external debt	3,172.6	3,266.9	3,288.7	3,436.3	3,255.5	3,258.6	2,858.9	2,654.8
(percentages)								
(M2 – M1) / GNP	15.5	14.4	15.4	18.3	16.5	15.0	18.4	
(annual average, 1995=100)								
Consumer price index	44.6	57.5	70.0	76.8	87.2	107.4	126.3	143.0
(percentages)								
Agricultural production / GNP	16.1	17.6	16.6	16.3	16.8	15.7	15.7	
Agricultural credit / Total credit	17.9	15.6	13.8	11.0	9.7	7.9		
(millions of hectares)								
Area planted with principal crops								
Domestic consumption		177	163	143	135	119	120	88
Export crops		193	196	201	210	217	215	220
(millions of tons:)								
Nominal catch of the fishing sector	23.8	20.8	20.5	17.5	18.9	19.3	30.5	

	1990	1991	1992	1993	1994	1995	1996	1997
(percentages)								
Independent electricity generation / total installed capacity		0.6	0.8	0.8	1.1	2.9	5.0	9.6
Hydrocarbon consumption for electricity generation	1.6	5.1	14.2	9.9	16.3	14.6	8.3	3.4
Hydrocarbon refining (production / domestic consumption)		47	35	41	41	35	45	40
(per 100,000 inhabitants)								
Rate of incarceration				107.7	118.5	143.4	155.3	164.2
Rate of prisoners awaiting sentences			34.4	24.7	29.2	33.7	33.0	20.8
(per 100,000 inhabitants)								
Costa Ricans deported or refused from Mexico	109	96	119	96	49	167	91	68

Sources:
CECC. Coordinación Educativa y Cultural Centroamericana. Secretaría General. Centroamericano de estadísticas de educación. 1998.
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El Salvador

	1990	1991	1992	1993	1994	1995	1996	1997
Position in the Human Development Index	72	94	96	110	112	115	115	112
(percentages)								
Population less than 15 years old	44.5			42.3	41.8	41.2	40.7	36.8
Female population	51.0	51.1	51.1	51.1	51.1	51.1	51.0	
Rural population	55.6	54.2	52.6	51.1	49.6	48.2	47.7	
(percentages)								
Pupils failed at primary school level	5.3			5.0			3.3	3.7
(average)								
Primary pupil-teacher ratio	44.1	44.8	46.2	43.7	41.8	35.6	36.2	38.4
(for every 1,000 live births)								
Infant mortality rate	54.0				44.0		44.0	38.6
Inhabitants per doctor	2,306	2,265	2,294	2,312				
(percentages)								
Rural EAP/ Total EAP	46.0	45.4	44.8	44.2	43.7	43.1	42.5	
Employed people / Total labor force					9.9	7.7	7.7	7.7
Unemployed men /								
Total male labor force					11.8	8.4	8.7	8.4
Unemployed women /								
Total female labor force					6.8	6.4	5.9	6.5

	1990	1991	1992	1993	1994	1995	1996	1997
(millions of colones, current rates)								
Gross National Product	36,486.9	42,594.2	49,840.6	60,522.1	70,612.7	83,129.5	91,048.1	99,699.0
(millions of US dollars)								
Current account balance	135.3	-117.8	-151.6	-82.0	-17.9	-261.6	-168.3	96.1
Capital account balance	290.7	135.6	217.0	175.5	83.8	219.5	382.7	190.2
Commercial trade balance	-657.8	-786.0	-1,101.0	-1,182.7	-1,433.1	-1,850.7	-1,646.9	-1,614.3
(millions of colones, current rates)								
Total domestic debt	7,343.8	8,565.7	9,589.3	9,995.7	11,565.3	11,959.8	11,901.2	11,707.3
(millions of US dollars)								
Total external debt	2,096.1	2,111.6	2,343.1	1,975.7	2,055.6	2,243.3	2,492.2	2,671.2
(percentages)								
(M2 – M1) / GNP	16.2	17.9	20.0	24.5	26.3	29.7	30.3	
(annual average, 1995=100)								
Consumer price index			100.0	112.1	122.1	135.9	146.0	148.8
(percentages)								
Agricultural production / GNP	17.1	17.1	14.2	13.9	14.0	14.4	13.6	
Agricultural credit / Total credit	13.8	21.4	17.9	17.4	10.6	9.8	9.7	
(millions of hectares)								
Area planted with principal crops								
Domestic consumption	488	523	565	532	526	499	471	
Export crops	219	233	224	216	215	213	214	
(millions of tons:)								
Nominal catch of the fishing sector	9.2	11.3	12.8	13.1	13.1	15.8		

	1990	1991	1992	1993	1994	1995	1996	1997
(percentages)								
Independent electricity generation / total installed capacity						10.0	15.3	15.3
Hydrocarbon consumption for electricity generation	5.7	19.5	17.7	21.7	26.6	26.7	18.8	24.3
Hydrocarbon refining (production / domestic consumption)	86	79	76	73	57	46	50	
(per 100,000 inhabitants)								
Rate of incarceration	96.9	99.1	100.7	111.3	136.5	148.5	151.3	
Rate of prisoners awaiting sentences	89.9	88.7	81.7	77.8	78.4	78.7	78.4	
(per 100,000 inhabitants)								
Salvadorians deported or refused from Mexico	45,598	40,441	26,643	28,646	22,794	19,526	20,904	18,857

a/ De 1990 a 1994 incluye solo al sector público.

Sources:
CECC. Coordinación Educativa y Cultural Centroamericana. Secretaría General. Centroamericano de estadísticas de educación. 1998.

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CMCA. Boletín estadístico 1997.

PNUD. Human development reports.

Honduras

	1990	1991	1992	1993	1994	1995	1996	1997
Position in the Human Development Index	80	100	101	116	115	116	114	116
(percentages)								
Population less than 15 years old	44.6		44.0	43.2	44.1	43.8	43.4	
Female population	49.6		49.6	49.6	49.6	49.6	49.6	
Rural population	56.4	56.3	56.1	56.0	55.9	55.9	55.0	
(percentages)								
Pupils failed at primary school level	13.3	11.5	11.7	12.1	12.8	12.1	12.1	11.9
(average)								
Primary pupil-teacher ratio	35.5	35.1	36.3	37.3	34.9	34.8	32.9	33.1
(for every 1,000 live births)								
Infant mortality rate	53			43		43	35	
Inhabitants per doctor	3,869	4,712						
(percentages)								
Rural EAP/ Total EAP	55.0	54.2	53.5	52.8	52.1	51.4	50.7	
Employed people / Total labor force					3.2			
Unemployed men / Total male labor force					3.1			
Unemployed women / Total female labor force					3.4			
(millions of lempiras, current rates)								
Gross National Product	12,537.0	16,314.0	18,800.0	22,689.0	28,862.0	37,532.0	47,831.0	61,445.0

	1990	1991	1992	1993	1994	1995	1996	1997
(millions of US dollars)								
Current account balance	-51.4	-172.5	-258.0	-327.2	-345.7	-179.7	-168.8	-94.9
Capital account balance	107.6	262.0	334.9	221.6	362.9	316.1	364.4	390.0
Commercial trade balance	-103.8	-162.7	-235.1	-428.9	-494.8	-422.5	-519.2	-605.7
(millions of lempiras, current rates)								
Total domestic debt		3,061.7	3,269.0	3,298.1	3,272.0	3,130.9	2,774.5	
(millions of US dollars)								
Total external debt		3,205.0	3,568.5	3,969.9	4,104.6	3,946.3	3,922.4	
(percentages)								
(M2 – M1) / GNP	21.9	18.2	20.4	17.9	16.5	14.8	14.4	
(annual average, 1995=100)								
Consumer price index	100.0	134.0	145.7	161.4	196.4			
(percentages)								
Agricultural production / GNP	20.0	19.5	17.5	17.7	20.9	21.2	19.3	
Agricultural credit / Total credit	18.4	16.0	14.9	12.6	14.6	11.6	11.4	
	1990	1991	1992	1993	1994	1995	1996	1997
(millions of hectares)								
Area planted with principal crops								
Domestic consumption	536	604	609	587	594	600	607	
Export crops	221	230	240	246	252	258	265	
(millions of tons:)								
Nominal catch of the fishing sector	16.0	21.4	19.1	18.3	18.4	17.6	18.5	

	1990	1991	1992	1993	1994	1995	1996	1997
(percentages)								
Independent electricity generation / total installed capacity				10.0	31.6	31.7	29.5	
Hydrocarbon consumption for electricity generation	0.1	3.3	5.7	9.7	23.0	18.3	20.6	
Hydrocarbon refining (production / domestic consumption)	54	51	32					
(per 100,000 inhabitants)								
Rate of incarceration	101.8	110.4	115.5	132.2	165.2	153.2	163.4	
Rate of prisoners awaiting sentences					91.0	91.4		
(per 100,000 inhabitants)								
Hondurans deported or refused from Mexico	14,954	18,419	25,546	26,734	32,414	27,236	31,055	24,890

Sources:

CECC. Coordinación Educativa y Cultural Centroamericana. Secretaría General. Centroamericano de estadísticas de educación. 1998.

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Guatemala

	1990	1991	1992	1993	1994	1995	1996	1997
Position in the Human Development Index	76	103	100	113	108	112	112	117
(percentages)								
Population less than 15 years old	45.4			44.8		44.3	44.0	
Female population	49.5		49.5	49.5	49.5	49.5	49.5	
Rural population	58.0	58.6	59.2	59.8	60.4	61.1	61.0	
(percentages)								
Pupils failed at primary school level			17.5	18.1	18.0	18.0	17.2	16.6
(average)								
Primary pupil-teacher ratio			35.7	31.5	27.8	33.8	34.9	34.3
(for every 1,000 live births)								
Infant mortality rate	58.7			48.5		48.5	40.3	
Inhabitants per doctor	2,270							
(percentages)								
Rural EAP/ Total EAP	58.2	58.1	58.0	57.8	57.7	57.6	57.4	
(miles de personas)								
Población desocupada registrada en Ciudad de Guatemala	1.8	1.7	1.6	1.0	1.3	1.4		
Men	1.3	1.0	1.1	0.7	0.9	0.9		
Women	0.5	0.7	0.5	0.3	0.4	0.5		
(millions of quetzales, current rates)								
Gross National Product	34,316.9	47,302.3	53,985.4	64,243.1	74,669.1	85,156.5	95,495.0	107,915.5

	1990	1991	1992	1993	1994	1995	1996	1997
(millions of US dollars)								
Current account balance	-243.1	-213.9	-915.5	-939.9	-786.3	-733.0	-363.7	-453.8
Capital account balance	127.8	793.1	1,113.6	982.5	744.4	581.5	435.9	687.0
Commercial trade balance	-437.3	-621.2	-1,236.2	-1,258.9	-1,194.7	-1,357.0	-932.9	-1,320.8
(millions of quetzales, current rates)								
Total domestic debt			3,900.4	4,451.5	4,856.7	4,486.5	5,093.0	5,862.2
(millions of US dollars)								
Total external debt	2,601.5	2,560.7	2,295.1	2,210.8	2,377.4	2,368.0	2,460.5	2,545.0
(percentages)								
(M2 – M1) / GNP	12.1	14.5	16.1	14.0	14.5	13.4	13.5	
(annual average, 1990=100)								
Consumer price index	100.0	135.1	148.9	168.9	190.0	206.0	228.7	
(percentages)								
Agricultural production / GNP	28.5	28.3	27.9	27.4	27.0	26.6	26.5	
Agricultural credit / Total credit	14.5	15.2	12.9	10.4	11.2	9.3	10.1	
(millions of hectares)								
Area planted with principal crops								
Domestic consumption	843	907	963	917	820	729	762	
Export crops	477	480	468	464	470	482	486	
(millions of tons:)								
Nominal catch of the fishing sector	7.8	7.3	7.8	10.9	11.6	11.9		
(percentages)								
Independent electricity generation / total installed capacity		0.9	7.0	13.5	22.0	28.6	32.5	36.3

	1990	1991	1992	1993	1994	1995	1996	1997
Hydrocarbon consumption for electricity generation	4.0	13.3	17.0	14.7	19.8	17.1	14.1	18.1
Hydrocarbon refining (production / domestic consumption)	41	42	41	37	35	34	32	
(per 100,000 inhabitants) Guatemalans deported or refused from Mexico	58,845	69,991	65,304	58,910	42,961	52,051	50,497	37,837

Sources:

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Nicaragua

	1990	1991	1992	1993	1994	1995	1996	1997
Position in the Human Development Index	60	85	97	111	106	109	117	127
(percentages)								
Population less than 15 years old	45.8		44.7	46.8	46.4	45.9	43.1	
Female population	49.9		51.8	51.6	51.3	51.2	50.1	
Rural population	40.2	40.6	40.9	41.2	41.5	41.9	41.5	
(percentages)								
Pupils failed at primary school level	2.1	4.2	2.1	1.7	4.1	4.2	3.8	3.4
(average)								
Primary pupil-teacher ratio	33.3	35.2	35.8	36.8	33.3	37.8	36.3	37.0
(for every 1,000 live births)								
Infant mortality rate	71.1			52.2		52.1	44.0	
Inhabitants per doctor	1,866	1,792						
(percentages)								
Rural EAP/ Total EAP	41.6	41.6	41.5	41.4	41.3	41.2	41.0	
Employed people / Total labor force	11.1	14.0						
Unemployed men / Total male labor force	9.0	11.3						
Unemployed women / Total female labor force	15.4	19.4						
(millions of córdobas, current rates)								
Gross National Product	1,565.2	74,429.3	9,217.2	11,053.1	12,310.6	14,246.7	16,624.0	19,069.2

	1990	1991	1992	1993	1994	1995	1996	1997
(millions of US dollars)								
Current account balance	-287.8	-7.9	-799.1	-630.7	-674.2	-492.5	-435.5	-523.6
Capital account balance	255.0	23.7	795.0	542.6	738.8	469.5	541.2	738.9
Commercial trade balance	-306.9	-479.0	-632.1	-477.1	-523.4	-435.3	-489.7	-675.2
(millions of US dollars)								
Total external debt	8,942.6	8,801.3	9,135.6	9,199.3	9,670.9	8,889.3	5,430.9	5,169.0
(percentages)								
(M2 – M1) / GNP	1.3	2.5	2.8	3.4	6.1	6.5	6.2	
(annual average, 1990=100)								
Consumer price index			77.1	92.1	100.0	110.9	123.8	135.8
(percentages)								
Agricultural production / GNP	24.8	23.8	24.5	25.0	26.8	27.1	28.2	
Agricultural credit / Total credit	24.1	30.2	38.7	33.6	24.9	19.7	15.9	
(millions of hectares)								
Area planted with principal crops								
Domestic consumption	404	369	372	395	436	400	411	
Export crops	187	179	166	137	148	170	161	
(millions of tons:)								
Nominal catch of the fishing sector	1.7	3.3	4.9	9.1	11.2	12.7	13.4	
(percentages)								
Independent electricity generation / total installed capacity								8.9
Hydrocarbon consumption for electricity generation	24.3	26.6	30.5	29.1	30.3	31.7	32.1	31.1
Hydrocarbon refining (production / domestic consumption)	98	102	94	88	85	70	69	

	1990	1991	1992	1993	1994	1995	1996	1997
(per 100,000 inhabitants)								
Rate of incarceration					76.4	70.5	80.5	87.1
Rate of prisoners awaiting sentences					46.0	33.5	26.2	25.2
(per 100,000 inhabitants)								
Nicaraguans deported or refused from Mexico	3039	1,265	1,682	3,438	12,330	2,521	1,878	1,172

Sources:

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Panamá

	1990	1991	1992	1993	1994	1995	1996	1997
Position in the Human Development Index	38	54	62	68	47	49	43	45
(percentages)								
Population less than 15 years old	34.9		34.2	34.1	33.8	33.4	32.0	
Female population	49.1		49.2	49.4	49.4	49.4	49.5	
Rural population	45.2	45.0	44.7	44.5	44.3	44.1	43.7	
(percentages)								
Pupils failed at primary school level	10.4	9.9	9.5	8.4	8.6	8.1	7.9	7.5
(average)								
Primary pupil-teacher ratio	26.0	25.6	25.2	25.1	24.6	24.6	25.1	25.1
(for every 1,000 live births)								
Infant mortality rate	27.4				25.1	25.1	21.4	
Inhabitants per doctor	872	863	845	820	808			
(percentages)								
Rural EAP/ Total EAP	42.8	42.3	41.9	41.4	40.9	40.5	40.1	
Employed people / Total labor force		16.1	14.7	13.3	14.0	14.0	13.9	
Unemployed men / Total male labor force		12.8	10.8	9.7	10.7	10.8	11.0	
Unemployed women / Total female labor force		22.6	22.3	20.2	20.4	20.1	19.4	
(millions of balboas, current rates)								
Gross National Product	5,313.2		5,842.3	6,641.4	7,252.7	7,733.9	7,906.1	

	1990	1991	1992	1993	1994	1995	1996	1997
(millions of US dollars)								
Current account balance								-342.9
Capital account balance								245.8
Commercial trade balance								-505.2
(millions of US dollars)								
Total external debt								5,050.5
(annual average, 1990=100)								
Consumer price index	100.0	101.3	103.1	103.5	104.9	105.9	107.3	
(percentages)								
Agricultural production / GNP	9.5	9.0	8.1	7.8	7.6	7.6		
Agricultural credit / Total credit	1.8					0.8		
(millions of hectares)								
Area planted with principal crops								
Domestic consumption	215	205	212	206	208	207	208	
Export crops	88	89	89	92	90	90	90	
(millions of tons)								
Nominal catch of the fishing sector	108.0	113.1	103.6	134.0	131.0	147.5	102.0	
(percentages)								
Hydrocarbon consumption for electricity generation	14.0	21.5	26.1	21.5	21.0	21.5	16.8	20.5
Hydrocarbon refining (production / domestic consumption)	122	107	149	136	82	82	12	
(per 100,000 inhabitants)								
Rate of incarceration					215.0	251.1	273.5	287.6
Rate of prisoners awaiting sentences		59.0	64.7	57.3	59.9	44.4	65.3	64.1

	1990	1991	1992	1993	1994	1995	1996	1997
(per 100,000 inhabitants) Panamanias deported or refused from Mexico	53	33	55	18	31	26	17	18

Sources:

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